

Market Insights & Strategy

Global Markets

13th August 2024



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MIDDLE EAST & AFRICAN MONITOR

- **Oil Prices Edge Higher As Recession Fears Misplaced & ME Tensions Rise.**
- **Greek Tanker Attacked Four Times In Red Sea.**
- **OPEC Adjusts Its Oil Demand Forecast.**
- **Russia's Seaborne Crude Exports Fall.**
- **Libyan Oil Output Disrupted.**
- **Nigerian Refiners Face Crude Supply Constraints.**
- **FITCH Downgrades Israel's Credit Rating.**
- **Oman Pushes Forward With Personal Income Tax Plan.**
- **SGC Wins Petrochemical Contract In Saudi Arabia.**
- **CEMC Seals Housing Contract In Bahrain.**

REGIONAL COMMENTARY

Oil Prices Edge Higher As Recession Fears Misplaced & ME Tensions Rise.

Brent crude has pushed back above the US\$80 a barrel level, after fresh data suggested that fears of an imminent US recession may be misplaced and Middle East tensions continued to rise. The latter concern comes as the US announced the deployment of additional aircraft and warships into the Middle East and Mediterranean region (including a missile carrying submarine), all of which is seen as a warning to Iran not to follow through on its recent threat to *"punish Israel severely"* for the assassination of Hamas's political leader in Tehran on July 31st. A White House spokesperson said yesterday that *"The Israelis think there is an increasing probability that Iran and its proxies will attack in the coming days. We share this concern and therefore we are coordinating with Israel and other partners in the region. This view was highlighted over the weekend by Israel's Defence Minister Yoav Gallant during his visit to an IDF unit, where he reportedly said that Iran and Hezbollah "are threatening to harm us in a way they haven't done in the past," adding that he hopes "they will rethink and not lead to the outbreak of war on additional fronts. We do not want this, but we must be prepared."* Meanwhile the UK's Telegraph newspaper claimed in a recent [article](#), that the new Iranian President has disagreed with demands by IRGC hardliners for a major strike against Israel, quoting an unnamed Presidential aide as saying that *"Pezeshkian fears that any direct attack on Israel would have serious consequences."*

Greek Tanker Attacked Four Times In Red Sea.

A Greek-owned oil tanker the 'Delta Blue' which was carrying Iraqi crude to a refinery at Agioi Theodoroi, was attacked four times in the space of just 24 hours while it was transiting the Red Sea late last week, the marine intelligence site 'Trade Winds' has reported. These separate attacks were conducted by Houthi rebels who reportedly fired grenades, missiles, as well as air and sea drones against the same vessel late on Thursday and Friday, although a private security team on the tanker reportedly managed to fend off most of these attacks. Meanwhile the head of the US Navy in the Middle East, Vice Admiral George Wikoff, has suggested that military force alone will not halt such attacks and that a complete end to the current disruption of shipping in the Red Sea

will probably only be achieved by diplomacy. *“The solution is not going to come at the end of a weapon system. We have certainly degraded their capability, there’s no doubt about that. However, have we stopped them? No,”* he was quoted as saying by the ‘VOA’ media outlet.

OPEC Adjusts Its Oil Demand Forecast.

In its latest monthly report, OPEC has lowered its oil demand growth forecast for this year to 2.11 mio bpd from an original prediction of 2.25 mio bpd. OPEC said that this *“slight revision reflects actual data received for the first quarter of 2024 and in some cases for the second quarter, as well as softening expectations for China’s oil demand growth in 2024,”* adding that *“despite the slow start to the summer driving season compared to the previous year, transport fuel demand is expected to remain solid due to healthy road and air mobility.”* The organization also revised its demand growth outlook for 2025 to 1.78 mio bpd from its previous forecast of 1.85 mio bpd. Conversely in its own Short-Term Energy Outlook, the EIA sees demand growth at 1.10 mio bpd this year and 1.60 mio bpd in 2025. In addition it expects global petroleum and other liquid fuels consumption to average 102.94 mio bpd in 2024 and 104.55 mio bpd next year.

Russia’s Seaborne Crude Exports Fall.

According to research published by S&P Global Commodities, Russia’s seaborne crude oil shipments averaged 3.19 mio bpd last month, which is 520,000 bpd lower than June and the lowest level recorded in the past 12 months. The primary drivers behind this fall are believed to be lower discounts for Russian oil, improved compliance with OPEC+ output cuts, a recovery in domestic refining and a seasonal dip in demand from one of its key buyers India. Meanwhile, Russia’s overall fossil fuel exports generated EUR 656 mio in daily revenues last month, which is 3% down on June and the lowest level recorded so far this year, according to [estimates](#) published by CREA.

Libyan Oil Output Disrupted.

Libya’s oil exports are expected to slip to around 947,000 bpd this month from 1.07 mio bpd in July, according to data published by ‘Bloomberg’. This fall is due primarily to continued protest action at Sharara (the country’s largest oil field) which has disrupted production there for more than a week now. Meanwhile according to various news outlets, the Tripoli-based Prosecutor’s Office has [reportedly](#) ordered the arrest of the country’s oil minister over allegations of corruption.

Nigerian Refiners Face Crude Supply Constraints.

Nigerian refiners, including the country’s newest and largest refinery which is owned by Dangote, are reportedly facing an issue in sourcing enough crude oil to meet domestic demand. Refiners applied for 492,000 bpd of domestic crude during the first half of this year but the Nigerian Upstream Petroleum Regulatory Commission was only able to secure 177,777 bpd from local oil producers, according to the ‘Heritage Times’. As a result, Dangote has [reportedly](#) accused the NUPRC of failing to enforce a law requiring producers to prioritize domestic refiners. They also claim that this lack of enforcement is raising refiners operating costs and forcing them to import crude from outside the country.

FITCH Downgrades Israel’s Credit Rating.

FITCH Investor Services has downgraded its Long-Term Foreign-Currency Issuer Default Rating on Israel from ‘A+’ to ‘A’. It also retained its ‘negative outlook’ and warned that the country’s ongoing conflict with Hamas and Hezbollah could drag on into 2025. The agency said in a statement that its decision *“reflects the impact of the continuation of the war in Gaza, heightened geopolitical risks and military operations on multiple fronts. Public finances have been hit and we project a budget deficit of 7.8% of GDP in 2024 and debt to remain above 70% of GDP in the medium term. In addition, World Bank Governance Indicators are likely to deteriorate, weighing on Israel’s credit profile. In our view, the conflict in Gaza could last well into 2025 and there are risks of it broadening to other fronts. In addition to human losses, it could result in significant additional military spending, destruction of infrastructure and more sustained damage to economic activity and investment, leading to a further deterioration of Israel’s credit metrics.”*

Oman Pushes Forward With Personal Income Tax Plan.

In June this year, Oman’s Shura Council advanced the draft Personal Income Tax bill to the State Council for its review and approval. The final details of this bill including the timing around its potential implementation is awaited, but according to Global Finance magazine the bill proposes a personal income tax of 5 - 9% for Oman-sourced income above US\$ 100,000 for foreign nationals and a flat tax of 5% on the net income above US\$ 1 mio for Omani citizens. You can access more details on this topic [here](#).

SGC Wins Petrochemical Contract In Saudi Arabia.

South Korea’s SGC Engineering & Construction Company, has been awarded a \$189 mio contract to build an ethylene-vinyl acetate facility in Saudi Arabia’s Jubail Industrial City, according to the ‘Korea Economic Daily’ newspaper.

CEMC Seals Housing Contract In Bahrain.

The China Machinery Engineering Corporation, has been awarded a contract to build 1,269 new housing units as well as the related secondary infrastructure at Bahrain’s East Sitra project, according to the Kingdom’s state news agency.

FX/RATES & CRUDE MARKETS:

Indication Levels Only – Please Contact us on Reuters Dealing Codes FABA/FABU for any live pricing and/or information.

Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.67295/305	-5/-3	-8/-5	-11/-8	-20/-15	-28/-23	-32/-25	-40/-10
USD/SAR	3.7540/47	-1/+2	2/7	5/10	20/25	35/45	65/75	170/220
USD/KWD	0.30615/645	-95/-80	-160/-130	-190/-140	-360/-290	-490/-390	-550/-450	-950/-550
USD/OMR	0.38497/502	-2/+3	1/8	5/15	18/28	30/50	45/65	100/250
USD/BHD	0.37688/698	16/21	32/42	48/58	90/110	135/165	175/205	220/570
USD/MAD	9.8000/9.8300	On request	On request	On request	On request	On Request	On Request	On request
USD/EGP NDF	49.3228	49.90/50.30	50.50/50.90	51.25/51.75	53.30/53.80	55.30/55.80	57.30/57.80	-
USD/JOD	0.7082/87	50/150	100/300	125/325	300/600	450/950	700/1200	800/1800
USD/NGN NDF	1577.69	1545.00/1595.00	1560.00/1610.00	1580.00/1640.00	1655.00/1715.00	1725.00/1795.00	1810.00/1910.00	(NAFEX)
USD/GHS NDF	15.6300	15.80/16.10	15.95/16.25	16.05/16.55	16.50/17.00	16.90/17.50	17.40/18.00	-
USD/TND	3.0900/3.1100	On request	On request	On request	On request	On request	On request	On request
Crude Oil	Futures							
WTI	\$82.00							
Brent	\$79.85							

** (GCC FX indications above are offshore levels only)

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SOFR Spread	-1/+9	+10/17	+16/23	+25/33	+30/37	+31/38	+33/41	+50/60
SAR SOFR Spread	+97/107	+104/112	+104/112	+106/115	+109/117	+111/118	+112/121	+119/128

Note: We can quote options in the AED, SAR & KWD.

AND FINALLY...

Did you know that the very first large deposit of oil discovered in the Middle East was made by George Bernard in Iran in 1908?

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