

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Crude Prices Soften As Chinese Data Weighs.

Brent crude has begun the week just about 0.50% lower from Friday's close, as fresh weak economic data out of China continues to weigh on sentiment. According to the China's official statistics agency, urban unemployment rose to 5.20% in July from 5% in the previous three months, new home prices fell at their fastest rate in nine years and industrial output remains sluggish. The oil market also shrugged off another fall in the number of active US oil rigs which were down to 483 last week, compared to 520 during the same period last year. Overall weekly US oil output also slipped by 100,000 bpd, according to the EIA.

Blinken Back In The Region As Ceasefire Talks Stall.

The US Secretary of State landed in Israel for urgent talks yesterday, after indications suggest that the past few days of negotiations aimed at securing a ceasefire deal in Gaza were floundering, with Hamas and the Israeli government blaming each other for the stalemate. During a press conference this morning, Anthony Blinken reportedly [stated](#) that *"This is a decisive moment, probably the best, maybe the last opportunity to get the hostages home, to get a ceasefire put everyone on a better path to enduring peace and security. I'm here as part of an intensive diplomatic effort on President Biden's instructions to try to get this agreement to the line and ultimately over the line. It is time for everyone to get to yes and to not look for any excuses to say no. It's also time to make sure that no one takes any steps that could derail this process, and so we're working to make sure that there is no escalation, that there are no provocations."* Meanwhile, a senior US official issued a strong warning to Tehran last Friday not to strike Israel in retaliation for the assassination of Hamas's political chief, Ismail Haniyeh, last month. The United States *"would encourage the Iranians, and I know many are, not to move down that road, because the consequences could be quite cataclysmic, particularly for Iran,"* the unnamed official was [quoted](#) as saying by the 'AFP' news outlet, adding that *"it was Hamas, a proxy of Iran, that started this war on October 7, and it would*

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be ironic if Iran was do something to basically derail what we think is the best opportunity at a very comprehensive ceasefire and hostage release deal that we have had in many months."

Ukraine Strikes Another Oil Storage Depot In Russia.

An industrial oil and fuel storage depot in the Russian town of Proletarsk, which is situated more than 250km from the Ukrainian border, was reportedly hit by a drone strike yesterday according to [various](#) media outlets. The governor of the region, was quoted on 'Telegram' as saying that the drones were successfully intercepted but that flying debris had triggered a fire. In a statement the Ukrainian military claimed responsibility for the attack, adding that the depot *"stored oil and petroleum products that were also supplied to the needs of the Russian occupation army. Measures to undermine the military-economic potential of the Russian Federation continue."*

Red Sea Disruption Leads To Greater Fuel Consumption.

Commercial vessels that continue to be rerouted via the longer Cape of Good Hope marine trade route in order to avoid the risk of attack by Houthi rebels in Yemen, are expected to consume an additional 500,000 bpd of fuel oil in 2024, according to a [report](#) published by Trafigura last week. *"We estimate an extra 200,000 bpd of fuel oil will be consumed by oil tankers alone this year as they are diverted around the Cape of Good Hope. This equates to a 4.5% increase in annual emissions from oil tankers alone. When container ships and other vessels are considered we think an additional 500,000 barrels per day of fuel will be consumed by the shipping industry this year because of the disruptions,"* Trafigura's analysts wrote.

Power Crises In Lebanon Worsens.

Lebanon suffered another major electricity outage this past weekend after Az-Zharani (the country's sole remaining power station) ran out of fuel. *"After exhausting all possible options to extend energy production, the last power station has been put out of use and electricity has been cut in the entire country,"* a government statement released on Saturday read. Meanwhile EDL, the state-owned power company said that the forced shutdown of all production units at the facility *"came after exhausting all possible precautionary measures to prolong energy production,"* adding that it hoped to *"restart the production units at the Zahrani Plant that were forcibly taken offline, in line with the storage that will be available to it after securing fuel to gradually restore electricity supply to its previous levels."* An MP for the 'Lebanese Forces Party', Razi al-Hajj, slammed officials for this latest disruption claiming in a tweet on 'X' that, *"Forty billion has been spent on the sector since 2010. We have been waiting for 24/24 electricity for 40 years. The solution is simple: decentralizing the sector. Let the private sector handle production, distribution and tax collection. We have had enough."* The interim government is now reportedly in urgent consultations with Iraq and Egypt over emergency fuel supplies, while Algeria has also offered to provide assistance. This latest power crises again highlights the ongoing economic and political malaise in Lebanon, with EDL accounting for an estimated 40% of the country's public debt load alone.

Inflation In Nigeria Finally Begins To Ease.

Nigeria's headline inflation rate dipped to 33.40% last month from 34.19% in June, its first recorded decline since December 2022, according to the National Bureau of Statistics. However, food prices remain sharply elevated due to unseasonal weather changes, higher transport costs and security issues. The head of the World Food Program in Nigeria, reportedly warned recently that *"the national food basket inflation in Nigeria is running at 40% yearly, which is the highest in 30 years or more and the highest food inflation in Africa right now."*

BII & DP World Partner In Congo Port Project.

The UK government's development-finance agency has agreed to partner with DP World in constructing the Democratic Republic of Congo's first-ever deep-sea port at Banana, where the Congo river flows into the Atlantic ocean. *"The port is being developed in multiple phases and its capacity is expected to gradually increase over time,"* British International Investment Plc was quoted as saying earlier today by 'Bloomberg', adding that *"the investment will cut the cost of trade in the DRC by 12% and create as many as 85,000 jobs."*

MASDAR To Build 200-MW Wind Plant In Egypt.

The UAE's Masdar and Egypt's Infinity Group have agreed to partner in developing, financing and operating a 200-MW onshore wind power project in Egypt's Ras Ghareb region. This latest project follows the signing of an MOU between the UAE and Egyptian governments during COP27 and aimed at establishing one of the world's largest onshore wind projects in Egypt. This latter mega-project took another step forward in May this year, when Masdar, Infinity Power and Hassan Allam Utilities [signed](#) a land access agreement with the Egyptian Government for a 10-GW onshore wind project in West Suhag.

RSI Wins Accommodation Contract In KSA.

The Saudi based Red Sea International Company, has been awarded a SAR 658 mio contract to design, manufacture, supply and install prefabricated buildings (including accommodation units) as well as undertake the relevant civil works at the Trojena Dam project in NEOM, according to the 'MEP Middle East' website.

Kuwait Unveils New Regulations For Investors.

Kuwait's Direct Investment Promotion Authority recently unveiled a new set of regulations for those entities looking to obtain benefits and exemptions available to foreign investors operating in the country. You can access more details on this subject [here](#).

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	3.6729/30	-5/-3	-8/-5	-11/-8	-21/-16	-28/-23	-33/-27	-40/-10
USD/SAR	3.7523/28	6/9	10/13	15/20	30/37	48/58	72/82	170/220
USD/KWD	0.30557/577	-95/-80	-155/-125	-200/-170	-340/-290	-450/-400	-540/-490	-900/-500
USD/OMR	0.38498/501	-2/+3	Par/+7	3/13	14/24	25/45	45/65	100/250
USD/BHD	0.37685/695	16/21	32/42	48/58	90/110	135/165	175/205	220/570
USD/MAD	9.7300/9.7500	On request	On request	On request	On request	On Request	On Request	On request
USD/EGP NDF	48.9042	49.10/49.45	49.60/49.95	50.30/50.70	52.10/52.50	53.95/54.45	55.95/56.45	-
USD/JOD	0.7077/7082	50/150	100/300	125/325	300/600	450/950	700/1200	800/1800
USD/NGN NDF	1579.74	1555.00/1605.00	1570.00/1620.00	1590.00/1650.00	1655.00/1725.00	1740.00/1810.00	1830.00/1900.00	(NAFEX)
USD/GHS NDF	15.6300	15.55/15.85	15.60/15.90	15.75/16.25	16.10/16.60	16.40/17.00	16.80/17.80	-
USD/TND	3.0485/3.0585	On request	On request	On request	On request	On request	On request	On request
Crude Oil	Futures							
WTI	\$79.25							
Brent	\$76.10							

** (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	+98/108	+99/109	+101/111	+103/113	+104/114	+107/117	+116/124

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

AND FINALLY...

Did you know that Kinshasa (the capital of the DRC) is the second largest French-speaking city in the world?

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