

Market Insights & Strategy

Global Markets

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REGIONAL COMMENTARY

Crude Market Continues To Confound Fundamentals.

After a 3% rise on Monday, crude prices gave back more than 2% yesterday despite another draw in US oil and gasoline inventories, growing fears of a major supply outage in Libya, fresh attacks on Russian oil depots and refining facilities and continued regional tensions linked to the war in Gaza. So for now at least, it appears that traders remain more focused on the demand outlook in China and uncertainty over whether or not the US economy is heading for a soft or hard landing. Meanwhile looking at the fundamentals, the crude market remains in backwardation and US commercial oil inventories have been drawing by an average of 620,000 bpd over the past 8 weeks, which are both normally bullish indicators. Brent opened this morning just below the US\$79.00 level and WTI at US\$74.80 which are both just slightly above yesterday's close.

Libya's Oil Production May Soon Grind To A Halt.

As we have warned previously, renewed political instability in Libya poses a major risk to the country's oil output. This risk has now come to the fore after the government in eastern Libya announced earlier this week that it plans to [shut down](#) all crude oil output and exports. This latest upheaval is reportedly linked to disagreement between the Benghazi administration and the 'Government of National Accord' based in Tripoli, over control of the country's Central Bank. The UN and other mediators are currently trying to prevent a complete shutdown of Libya's oil output, which is believed to have already dropped by more than 400,000 bpd this week. Should a complete shutdown occur, that would effectively remove over 1 mio bpd of light-sweet crude from the global market, a grade that cannot be quickly replaced.

Ukraine Continues To Target Russian Oil & Fuel Facilities.

Ukraine has increased its attacks against Russian oil and refinery facilities with [reports](#) of a drone strike on an oil products reservoir in the Kirov region overnight. This follows news of a separate attack yesterday on the Atlas oil depot in the Rostov region near Kamensk-Shakhtinsky, which is believed to supply petroleum products to the Russian military, while another important depot in Proletarsky is allegedly still on fire after

being [attacked](#) more than 10 days ago. Kyiv claims that these are being carried out in retaliation for Russian strikes on Ukraine's own energy network.

IGU Warns Over Ongoing Underinvestment In Gas Sector.

A new report published by the Swiss-based International Gas Union has warned, that most decarbonization and renewable energy plans are underestimating the rate of global energy demand. *"Energy demand has continued to rise in developed and developing regions, while coal burning increased more than ever in 2023, remaining the biggest source of global energy emissions, which broke another record. If current energy demand and supply trends persist, 2030 targets outlined in policy driven decarbonization scenarios will most likely be missed. In fact, despite efforts to enhance efficiency and ongoing industrial decline, Europe has experienced energy demand growth. In North America, energy demand has surpassed 2019 levels and continues to climb, fueled by the transport sector and AI data centers. Asia's demand is also surging, particularly in the industrial sectors of India and China. Meanwhile, Africa's energy demand is growing faster than in most regions, driven by urban development, though it still falls short of the levels required for full energy access, as equitable electricity access remains a significant challenge in Africa and parts of South America,"* the [report](#) read, adding that if *"gas demand continues to grow as seen in the last 4 years, without additional production development, a 22% global supply shortfall is expected by 2030. If demand continues to strengthen, the shortfall will be more pronounced. This underscores the urgent need to scale up investments."*

Nuclear Deal With Iran Is 'Off The Table' – US Official.

Last week's suggestion by the new Iranian Foreign Minister, Abbas Araqchi, to begin negotiations on a completely revamped nuclear deal with Washington and its allies, was seemingly supported by Ayatollah Ali Khamenei via comments he made yesterday, in which he opined that here was *"no harm"* in engaging with Iran's *"enemy."* However, it seems pretty unlikely that the Biden administration would want to restart negotiations on reviving the 2015 JCPOA agreement just a few months before the US election. An official spokesperson for the US State Department had already [said](#) on Monday that such talks were *"not on the table right now,"* adding that *"the United States will ensure one way or another that Iran will never have a nuclear weapon, and we are prepared to use all elements of national power to ensure that outcome."* Talks over breathing life back into the JCPOA accord have been suspended since September 2022.

Egypt To Supply Lebanon With Fuel Oil.

Egypt is reportedly preparing to send 30,000 tons of fuel oil to Lebanon in an attempt to ease the Mediterranean country's major power crises, which has led to a nationwide electricity blackout since the 17th of August and severely impacted crucial infrastructure systems such as sewage and water. The blackout has been partially blamed on a delay in fuel shipments from Iraq, which officials have [claimed](#) is due to Lebanon's non-payment of previous fuel oil supplies. Meanwhile, Egypt's Minister of Petroleum and Mineral Resources, has [announced](#) a new set of incentives aimed at boosting his country's production of crude oil and natural gas which have been declining in recent years.

Questions Around Shell's Planned Sale Of Its Nigerian Assets.

Nigeria's Upstream Petroleum Regulatory Commission has allegedly blocked Shell International's proposed bid to sell its onshore assets in Nigeria to Renaissance for US\$1.3 bio, according to an article published in the 'Africa Report' magazine. One of the reasons given for the NUPRC's apparent rejection, was apparent uncertainty surrounding the buyer's capability to adequately manage Shell's assets. However, an unnamed government source [quoted](#) by the 'Business Day' news site earlier this week claimed that *"there is a 70-30 assurance that the sale will go through."*

Israel's CB Unlikely To Cut Rates Until 2025.

Israel's Central Bank's kept its benchmark lending rate unchanged at 4.50% at yesterday's MPC meeting, with the bank's governor saying afterwards that, *"I would be very surprised if the conditions are in place for an interest rate cut before the end of the year. The surprise has been how long the war has been going on. This has slowed growth but has also had an impact on inflation, and it's one of the reasons it is now once again out of our target range."* Most analysts currently don't see the BOI reducing rates until Q1 or Q2 next year as the CB focuses more on getting inflation back well within its 1-3% target range. Last month annual inflation rose to 3.20% while the BOI lowered its economic growth expectations on Israel to 1.50% in 2024.

Dubai & Abu Dhabi Top Digital Nomad Destinations Index.

A recent survey conducted by Savills Plc, looked at the world's top 25 prime residential markets and ranked them by their appeal to long-term remote workers. Top of the list was Dubai followed by Abu Dhabi, with the [report](#) stating that these two UAE cities “are attracting a flurry of senior hybrid workers in the finance and consultancy sectors, many of whom are attracted to the cities’ strong air connectivity, modern infrastructure and high quality of life”. The other cities listed by ranking were: Malaga, Miami, Lisbon, Barcelona, Palma, Barbados, Algarve, Saint Lucia, Grenada, Bali, San Jose, Cote d’Azur, Cayman Islands, Dubrovnik, Cape Town, Malta, Antigua, Mauritius, Cyprus, Palermo, Athens, Tuscany and the Bahamas.

NMDC Awarded Dredging Contract In Abu Dhabi.

The NDMC Group has won a US\$200 mio contract from ADNOC to undertake important dredging work at the Al Ruwais low-carbon LNG project. “Securing this contract for ADNOC’s pioneering LNG project underscores NMDC Group’s exceptional capabilities in delivering complex marine infrastructure. This project, which harnesses clean energy, aligns perfectly with our commitment to sustainability, a value deeply rooted in our corporate culture,” NDMC’s Group CEO was quoted as saying by the ‘Dredging Today’ website.

Galfar Wins Infrastructure Contract In Oman.

Galfar Engineering and Contracting SAOG, has [reportedly](#) been awarded a US\$304 mio contract to develop water distribution networks in Oman’s Al Dhahirah Governorate.

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	-3/Par	-4/Par	-6/-2	-14/-8	-22/-16	-32/-25	-40/-10
USD/SAR	3.7523/27	8/11	13/16	18/23	32/42	52/62	73/83	150/200
USD/KWD	0.30510/530	-120/-90	-190/-160	-240/-210	-420/-370	-540/-480	-590/-520	-950/-600
USD/OMR	0.38496/501	-1/+2	Par/+7	3/13	14/24	25/45	45/65	100/250
USD/BHD	0.37682/692	22/28	37/47	50/65	90/110	130/160	170/200	220/570
USD/MAD	9.6300/9.6600	On request	On request	On request	On request	On Request	On Request	On request
USD/EGP NDF	48.6614	48.95/49.45	49.50/50.00	50.20/50.70	51.90/52.40	53.50/54.00	55.50/56.00	-
USD/IOD	0.7077/7083	50/150	100/300	125/325	300/600	450/950	700/1200	800/1800
USD/NGN NDF	1607.38	1590.00/1640.00	1605.00/1655.00	1610.00/1710.00	1680.00/1780.00	1770.00/1870.00	1940.00/2040.00	(NAFEX)
USD/GHS NDF	15.6300	15.45/15.95	15.50/16.00	15.60/16.20	15.95/16.95	16.25/17.25	16.80/17.80	-
USD/TND	3.0100/3.0400	On request	On request	On request	On request	On request	On request	On request
Crude Oil	Futures							
WTI	\$74.80							
Brent	\$78.85							

** (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	+97/105	+98/108	+100/110	+102/112	+104/114	+105/115	+109/119	+118/128

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

AND FINALLY...

Did you know that oil and its related products currently account for 30% of global commodity exports?

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