

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Number of Active US Oil Rigs Falls Again.

The number of active US oil rigs fell by 6 units last week, bringing the current total number of active rigs to 479, which is 66 rigs lower than this time last year and again supports our view that US oil output is peaking. Another potential factor at play, is the increasing number of mergers and acquisitions taking place in the US shale sector. This latter issue was highlighted recently in the latest energy survey published by the Dallas Fed which suggested that it could trigger a decline in the country's oil and gas output going forward. Meanwhile, the primary crude benchmarks have begun this week around 0.50% higher than Friday's close supported by a slightly softer US dollar, geopolitical worries and the start of the hurricane season in the Caribbean and Gulf of Mexico region.

US Issues Fresh Sanctions On Iran.

The US introduced new sanctions against Iran late last week, because of what the US Secretary of State, Anthony Blinken' said was Tehran's continued nuclear activities. *"Over the past month, Iran has announced steps to further expand its nuclear program in ways that have no credible peaceful purpose. Iran's actions to increase its enrichment capacity are all the more concerning in light of Iran's continued failure to cooperate with the IAEA and statements by Iranian officials suggesting potential changes to Iran's nuclear doctrine. In response to these continued nuclear escalations, the United States is today taking action against entities and vessels involved in the Iranian petroleum and petrochemical trade. The Department of State is imposing sanctions on three entities involved in the transport of Iranian petroleum and petrochemical products and identifying 11 vessels associated with these entities as blocked property. We remain committed to never letting Iran obtain a nuclear weapon, and we are prepared to use all elements of national power to ensure that outcome. As President Biden and the other leaders of the G7 stated earlier this month, Iran must cease its escalations with regard to its nuclear program as well as its other destabilizing actions,"* Blinken was quoted as saying in a [press statement](#). In response, the Iranian Foreign Ministry claimed that the latest US actions continued to follow the *"destructive policies of the past."*

Iranian Reformist & Conservative Candidates Face Runoff Poll.

Iran's first round of Presidential elections were held last Friday, although no one candidate secured a 50% majority. Therefore Masoud Pezeshkian, the only reformist standing in this election will face off against the ultraconservative candidate, Saeed Jalili, in a runoff vote at the end of this week. As we have mentioned previously, Pezeshkian has called for better relations with the international community in order to stabilize the country's economy, whilst Jalili is known for his strong anti-Western views. Voter turnout [reportedly](#) hit a record low of just 40%, which was pretty much expected. However, with a reformist still in the running it may just encourage more voters to come out for round two, although admittedly even if Pezeshkian were to win office it would probably not result in any major change of key Iranian policies which are driven primarily by the country's Supreme Leader.

Foreign Embassies Call On Their Citizens To Leave Lebanon.

Tensions along Israel's northern border with Lebanon remain extremely high, so much so that Saudi Arabia's embassy in Beirut has [reportedly](#) called on its citizens to leave the Mediterranean country immediately. This follows similar calls over the weekend by the embassies of Holland, Switzerland, Canada, Germany and Kuwait as fears grow that a major war between Israeli forces and Hezbollah could break out at any moment. Meanwhile, a spokesperson for Iran's UN mission warned last Friday, that if Israel embarked on a "full-scale military aggression" in Lebanon "an obliterating war will ensue". Adding that in such an event "all options, including, the full involvement of regional resistance fronts would be on the table". In response, the Israeli Foreign Minister said via social media that "a regime which threatens destruction deserves to be destroyed." He also suggested that Israel would "act strongly" against Hezbollah if it did not stop firing into Israel from Lebanon and move away from the border. Meanwhile, 18 Israeli soldiers were reportedly wounded in a drone attack launched by Hezbollah in the Golan Heights yesterday.

KSA's Foreign Reserves Hit 18-Month High.

The Saudi Central Bank's net foreign assets totaled US\$445 bio in May, which is the highest level they have stood at since November 2022, according to recent official data published on 'Bloomberg'. This increase was driven in part by dividend payments from Saudi Aramco, the bulk of which go to the government which still holds a 81.50% share in the company. Meanwhile the German-owned data platform Statista, recently [calculated](#) that Saudi Aramco remains the world's largest oil company in terms of proven reserves.

DA & ANC Finalize Cabinet Appointments.

The South African President, Cyril Ramaphosa, finally unveiled his 'Government of National Unity's' 32 cabinet minister appointees yesterday, following days of grueling talks between the ANC and the DA which at one point almost saw the entire coalition deal collapse. The DA will control 6 portfolios including Home Affairs, Environment and Public Works with the leader of the DA, John Steenhuisen, appointed as Minister of Agriculture. The ANC will retain 20 cabinet positions including the most important ministries such as Foreign Affairs, Finance, Defence and Justice. Meanwhile, other smaller parties in the GNU were allocated a total of 6 cabinet positions, with the Inkatha Freedom Party receiving 2, the Patriotic Alliance 1, the Pan Africanist Congress of Azania 1, the Freedom Front 1 and the Good Party 1.

Dubai Unveils FDI Development Program.

Dubai's Executive Council has approved the 'Foreign Direct Investment Development Program', which aims to attract AED 650 bio worth of investments to the Emirate by 2033. This program "will allocate AED 25 bio over 10 years to support the objectives of the D33 economic agenda," and seeks to "attract international companies and support the expansion of existing international companies with bases in Dubai, aligning with the Emirate's ambition to become one of the world's top three economic cities", Dubai's official media office was quoted as saying yesterday by 'The National' newspaper. You can access more details on this topic [here](#).

European Firms Sign EUR40 Bio Worth Of Deals In Egypt.

European companies are busy finalizing more than EUR 40 bio worth of commercial agreements with local firms in Egypt, the EU Commission President stated this past weekend during an investment conference in Cairo. "At this conference, European companies are signing over 20 new deals or MOUs' with Egyptian partners, which are worth over 40 billion euros. We have companies in sectors ranging from hydrogen to water management, from construction to chemicals, from shipping to aviation and to automotive," Ursula von der

Leyen was quoted as saying by the 'Euronews' media outlet. One of the larger deals reportedly involved Germany's DAI Infrastruktur and concerns the establishment of a major green ammonia project in Port Said.

JV Talks Between Ethiopian Airlines & Nigeria Collapse.

Negotiations on the establishment of a new Nigerian airline in a joint-venture with Ethiopian Airlines have failed to reach an agreement, according to various media reports. According to the 'Aviation Week' website, the initial proposal involved the set-up of a new carrier called Nigeria Air with Nigerian investors holding a 46% equity stake in the carrier, the government holding 5% and Ethiopian Airlines the rest. "The Nigerian government has lost interest in partnering with a foreign airline," Ethiopian Airlines Group CEO Mesfin Tasew was [quoted](#) as saying last week, although adding that his company would continue to pursue other JV opportunities on the continent.

Morocco & Germany Seal Climate Alliance Pact.

The German and Moroccan governments signed an energy and climate alliance agreement late last week, aimed at closer collaboration between the two countries on climate adaptation, expanding renewable energies and the production of green hydrogen. Germany is particularly keen to find new hydrogen suppliers as it works towards becoming climate-neutral by 2045. "Morocco has the best conditions for the energy transition and the production of green hydrogen. Germany wants to import hydrogen," Germany's Development Minister was quoted as saying by 'Reuters' on Friday.

FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6729/31	-6/-4	-12/-9	-15/-12	-24/-21	-29/-26	-33/-28	-35/Par
USD/SAR	3.7516/19	6/9	12/15	18/23	35/40	54/59	75/80	170/200
USD/KWD	0.30635/665	-78/-68	-130/-120	-175/-155	-320/-290	-430/-390	-510/-470	-900/-600
USD/OMR	0.38499/504	Par/+5	2/7	4/14	10/25	20/40	30/60	100/250
USD/BHD	0.37693/703	17/22	34/39	45/60	85/105	130/150	165/195	200/550
USD/MAD	9.8900/9.9200	On request	On request	On request	On request	On Request	On Request	On request
USD/EGP NDF	48.0150	48.65/48.95	49.25/49.55	49.90/50.20	51.85/52.15	53.40/53.70	55.10/55.40	-
USD/IOD	0.7080/7087	50/150	100/300	125/325	300/600	450/950	700/1200	800/1800
USD/NGN NDF	1488.21	1485.00/1515.00	1505.00/1555.00	1515.00/1575.00	1570.00/1640.00	1610.00/1690.00	1650.00/1750.00	(NAFEX)
USD/GHS NDF	15.3000	15.45/15.75	15.60/15.90	15.75/16.25	16.30/16.80	16.80/17.40	17.35/17.95	-
USD/TND	3.1100/3.1400	On request	On request	On request	On request	On request	On request	On request
Crude Oil	Futures							
WTI	\$82.15							
Brent	\$85.60							

** (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	-2/+8	+11/21	+16/26	+18/28	+21/31	+26/36	+33/43	+50/60
SAR SOFR Spread	+88/98	+91/101	+92/102	+92/102	+93/103	+95/105	+97/107	+102/112

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

AND FINALLY...

Did you know that the world's first successful human heart transplant took place in Groote Schuur hospital South Africa in 1967?

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