

Market Insights & Strategy

Global Markets

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REGIONAL COMMENTARY

Crude Oil Prices Drift Lower – KOC Announces Major Oil & Gas Find.

Crude prices have continued to drift lower this week on the back of a weaker than expected economic data out of China. The Asian country grew by 4.70% during the second quarter of this year, its weakest performance since Q1 2023 and much lower than the average analyst predictions of around 5.10%. In addition, the IEA [said](#) in its latest monthly report that it expects Chinese oil demand to continue to slow, stating that *"last year the country accounted for 70% of global demand gains. This will decline to around 40% in 2024 and 2025,"* although admitting that demand from other major consumers such as India and Brazil was expected to expand further. Brent crude slipped to US\$83.33 yesterday its lowest level in weeks, although the benchmark has recovered slightly this morning opening at US\$83.70. Meanwhile the state-owned Kuwait Oil Company, [announced](#) earlier this week that it had discovered a new offshore field and which initial surveys suggest could hold about 2.10 bio barrels of light crude oil and 5.10 trio cubic feet of natural gas. The field lies just east of Kuwait’s Failaka Island.

Iranian Plot To Assassinate Trump Discovered – US Media Outlets Claim.

The US security services had increased protection around Donald Trump in recent weeks, after they obtained intelligence of an alleged Iranian plot to assassinate him, various news agencies including ‘NBC’ and ‘CNN’ claimed yesterday. This claim raises further questions on how the 20-year old gunman, who attempted to kill Trump this past weekend, managed to sidestep the security measures at the former President’s campaign rally in Pennsylvania. *“Upon learning of the increased threat, the National Security Council directly contacted the Secret Service at a senior level to be absolutely sure they continued to track the latest reporting. USSS shared this information with the detail lead, and the Trump campaign was made aware of an evolving threat. In response, Secret Service surged resources and assets for the protection of former President Trump. All of this was in advance of Saturday,”* an unnamed US national security official was [quoted](#) as

saying by 'CNBC'. In response, Iran's UN mission has [said](#) that this accusation was *"unsubstantiated and malicious,"* adding however that *"from the perspective of the Islamic Republic of Iran, Trump is a criminal who must be prosecuted and punished in a court of law for ordering the assassination of General Soleimani. Iran has chosen the legal path to bring him to justice."*

GCC Views Hydrogen As A Key Sector In Its Energy Transition Plans.

Back in 2021, the IEA identified green hydrogen as one of the *"key pillars"* in efforts to decarbonize the global energy system. That same year the UNID described it as *"the fuel of the future,"* while a 2022 World Bank report said that the GCC region was very well placed to become a leader in global hydrogen production (both blue and green) due to its *"abundance"* hydrocarbons and renewable energy sources. Indeed the GCC states have been keenly focused on developing these resources over the past few years and each have unveiled specific hydrogen related strategies, with the UAE and Saudi Arabia in particular currently investing heavily in this area as well as into carbon capture. For example, ADNOC signed an agreement with BP back in 2022 to jointly develop hydrogen facilities in both the UAE and UK, whilst more recently MASDAR announced that it was partnering with Infinity Power, BP and Hassan Allam Utilities on a multi-phase green hydrogen project in Egypt.

Israeli Drone Strike Kills Syrian 'Oil Trader'.

An Israeli drone strike reportedly killed a well-known Syrian businessman, Mohammed Baraa Katerji, who was travelling in a car at the time close to Syria's border with Lebanon on Monday. Katerji was a government loyalist who had been [accused](#) of facilitating the *"fuel trade between the regime and ISIS, including providing oil products to ISIS-controlled territory"* by the US Treasury who imposed sanctions on him and his company in 2018. The *"scion of the Katerji clan"* was killed by an *"Israeli raid"* in the Sabboura area, a [statement](#) by his company read. This alleged Israeli strike followed a drone attack on the city of Eilat this past weekend, which was reportedly launched from Syrian territory. Meanwhile, tensions along Israel's northern border with Lebanon remain extremely high as the daily exchange of fire between Hezbollah and the Israeli army continues.

Egypt's Remittance Inflows Rise.

According to recent data published by the Egyptian Central Bank, remittance flows into the country totaled US\$2.70 bio in May which is 26.60% higher than the previous month and more than 73% higher than that recorded in May 2023. Meanwhile, Egypt's foreign exchange reserves hit a record high of US\$46.13 bio in June and the net foreign assets position of the country's banking sector has turned positive for the first time in more than two years. However, one weak spot is Suez Canal revenues which continue to be adversely affected by ongoing the Houthi attacks on shipping sailing through the Gulf Of Aden. Revenue from this specific source was down by 23% y/y to US\$7.22 bio during the 2023/24 FY according to a report published by 'Zawya' yesterday.

IMF Lowers Growth Forecast On KSA.

In its latest World Economic report, the IMF has lowered its economic growth forecast on Saudi Arabia for this year and now expects the Kingdom's economy to expand by 1.70% y/y compared to its previous prediction of 2.60% and which is due primarily to its oil production cuts. However, the international lender remains upbeat on Saudi Arabia's ongoing economic diversification drive, stating in [a press release](#) issued after its most recent official staff visit to the country that, *"Saudi Arabia's unprecedented economic transformation is progressing well. Prudent macroeconomic policies, transformative changes including through fiscal reforms and in the regulatory business environment and strong domestic demand have helped prop up non-oil growth. Inflation remains contained. Spending reprioritization and recalibration of major spending programs are ongoing. Efforts to diversify the economy have started to bear fruit. Building on these successes, it will be important to sustain the non-oil growth momentum, maintain financial sector stability, continue mitigating risks of overheating, reverse declining total factor productivity and ensure inter-generational equity."*

Abu Dhabi Records 3.30% GDP Growth In Q1 2024.

The economy of Abu Dhabi grew by 3.30% y/y during the first quarter of this year, according to the latest data published by the emirate's official statistics agency. The bulk of this growth was driven by the non-oil sectors especially; transportation, finance, construction, hospitality and food. The non-oil sector overall contributed 54.10% of GDP during this period its highest level recorded since 2015. You can access more details on this topic [here](#).

UAE & Ethiopia Sign Currency Swap Agreement.

The Central Banks of the UAE and Ethiopia signed a currency swap agreement worth up to AED 3 bio and ETB 46 bio yesterday, according to 'Bloomberg'. The two institutions also reportedly signed two MOUs involving the use of their two currencies in cross-border trading as well as linking-up their electronic payment and messaging systems.

Vallourec Seals Offshore Contract In Angola.

The US-based tubular solutions firm, Vallourec, has won a contract to supply 5,000t of OCTG solutions and associated services to the Kaminho deep-water project in Angola, according to the 'offshore-technology' news site.

Galfar & NDMC Wins EPC Contracts In UAE.

Galfar Engineering & Contracting and NDMC Energy have been awarded the engineering, procurement and construction contracts worth a total of US\$550 mio, for the next phase of ADNOC's gas pipeline network enhancement project according to the 'MEP' website.

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	3.6729/31	-5/-3	-9/-7	-14/-11	-26/-23	-34/-31	-40/-35	-40/-10
USD/SAR	3.7506/09	10/13	17/20	23/26	42/45	61/64	80/85	160/190
USD/KWD	0.30560/580	-70/-63	-125/-110	-175/-160	-320/-300	-420/-390	-500/-470	-900/-600
USD/OMR	0.38498/503	Par/+5	2/7	5/15	10/25	20/40	30/50	100/250
USD/BHD	0.37690/700	17/22	35/40	45/60	90/110	140/160	170/200	200/550
USD/MAD	9.7800/9.8100	On request	On request	On request	On request	On Request	On Request	On request
USD/EGP NDF	48.0468	48.35/48.65	48.85/49.15	49.35/49.65	50.90/51.20	52.55/52.85	54.35/54.65	-
USD/JOD	0.7080/7087	50/150	100/300	125/325	300/600	450/950	700/1200	800/1800
USD/NGN NDF	1558.87	1570.00/1620.00	1600.00/1700.00	1620.00/1720.00	1680.00/1780.00	1740.00/1840.00	1795.00/1895.00	(NAFEX)
USD/GHS NDF	15.4000	15.55/15.85	15.70/16.00	15.80/16.30	16.20/17.20	16.50/17.50	17.00/18.00	-
USD/TND	3.0800/3.1100	On request	On request	On request	On request	On request	On request	On request
Crude Oil	Futures							
WTI	\$80.50							
Brent	\$83.70							

** (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	Par/+10	+8/18	+14/24	+19/29	+23/33	+28/38	+33/43	+50/60
SAR SOFR Spread	+95/105	+97/107	+98/108	+99/109	+101/111	+103/113	+105/115	+112/122

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

AND FINALLY...

Did you know that the frankincense trees of Oman are inscribed as a UNESCO World Heritage Site?

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