

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Primary Oil Benchmarks Remain Firm Above US\$80.

Both Brent and WTI remain firmly above US\$80 a barrel this morning, as the northern hemisphere's summer travel season picks up pace. Aviation fuel consumption in particular is rising sharply, with US jet fuel demand already hitting 1.75 mio bpd last week, which is the highest level it's been at this time of year since 2019. Other sections of the petroleum market are also showing strength with players registering a significant weekly addition in net-bullish positions on European diesel. Another supportive factor for oil prices is geopolitics, with a ceasefire in Gaza now sadly pretty much out of play, increasing talk of an imminent full blown war between Hezbollah and Israel, as well as [news](#) of further Ukrainian drone strikes on Russian refineries.

India Imported Record Amount Of Russian Crude In May.

India's purchases of Russian crude hit a fresh record high of around 2.10 mio bpd last month, with this spike apparently linked to very attractive prices. "Russian oil was available in plenty and at better discounts last month due to lower demand from China," an unnamed official at a Indian refiner was quoted as saying by the 'Business Standard' newspaper. Russian remains India's largest source of oil followed by Iraq and Saudi Arabia.

Iran Denies Discounting Its Oil Prices.

Iran's oil minister, has denied rumours that the country had been offering its small number of international clients "massive discounts" on its crude oil. "The current government has been able to increase oil sales by using innovative methods such as utilizing the capacity of overseas refineries. We did not sell oil at massive discounts under this

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government, and I refute the recent claims made about this,” Javad Owjo, was [quoted](#) as saying by the ‘BNE-Intellinews’ site. His comments follow suggestions by two candidates standing in Iran’s upcoming Presidential election, that the government was “wasting” its oil export revenues with “markdowns”. In November last year, a ‘Reuters’ report claimed that Iranian oil was being offered at a minimum of US\$10.00 – 13.00 below the prices of the primary benchmarks.

UN Repeats Warning Over Risks Of Major War In Lebanon.

The UN Secretary- General Antonio Guterres, has expressed his concern that the ongoing tit-for-tat border clashes between the IDF and Hezbollah may soon trigger a full-blown war. *“One rash move, one miscalculation, could trigger a catastrophe that goes far beyond the border and, frankly, beyond imagination. Let’s be clear, the people of the region and the people of the world cannot afford Lebanon to become another Gaza,”* Guterres was quoted as saying late last Friday, adding that *“UN peacekeepers are on the ground working to de-escalate tensions and help prevent miscalculation, the world must say loudly and clearly: immediate de-escalation is not only possible, it is essential. There is no military solution.”* Meanwhile the Greek Prime Minister, George Gerapetritis, has described a recent [threat](#) made against Cyprus by the leader of Hezbollah as “unacceptable”, adding that Greece would *“stand by Cyprus and we will all be together in all kinds of global threats coming from terrorist organizations.”*

Houthis Target Two Ships In Red Sea & Indian Ocean.

The UK’s Maritime Trade Operations unit has confirmed that a Liberian-flagged bulk carrier sailing from China, suffered moderate damage after being hit by a drone launched by Houthi rebels whilst it was transiting the Red Sea on Sunday. The ship was reportedly able to continue its journey, but the Greek City Times’ newspaper [claims](#) that this is the 4th time this specific vessel has been targeted in the Red Sea. Meanwhile, the Houthis claim that they had also fired two cruise missiles at another commercial vessel, the ‘Stolt Sequoia’ in the Indian ocean this past weekend, if true, this suggests that the risk to shipping is now spreading further down the east coast of Africa.

KSA Set To Become World’s Largest Construction Market.

According to a recent report published by the international real estate firm Knight Frank, Saudi Arabia will likely become the world’s largest construction market by 2028. Construction output value for the residential, institutional, infrastructure, industrial, energy & utilities and commercial sectors in the Kingdom totaled US\$ 141.50 bio during the first half of this year, which is 4.30% higher than the same period in 2023. *“We are currently witnessing a historical transformation unfolding in Saudi Arabia with construction projects standing out in their design scale and value. Given the scale of development pipeline, the government is hoping to attract over US\$300 bio in investments by 2030. Notably, 38% of the existing contract award value accounts for Riyadh Province, equating to US\$54 bio, followed by Mecca and Tabuk Provinces at US\$28.70 bio and US\$28.50 bio respectively. While construction sector contract awards account for 61% of the total value, the transportation sector follows in second place at 33%, highlighting the significant investment being made in bolstering the capital’s transportation infrastructure as the population swells to a projected 10 million by 2030,”* the regional head of Knight Frank was quoted as saying in a [Press Release](#) yesterday.

EU & WB Set To Release Fresh Funds For Egypt.

The European Union has signed a EUR 5 bio long-term loan agreement with the Egyptian government under the EU’s macro-financial assistance and budget support program. The first tranche of EUR 1 bio will be released during the second half of 2024, whilst the remaining EUR 4 bio will be issued during 2025 – 2027, according to the ‘Arab Finance’ news site. Meanwhile, the World Bank yesterday approved the release of US\$700 mio in budgetary support for Egypt, which forms a part of the 3-year, US\$6 bio program that the WB had already pledged earlier this year.

Ghana Reaches Preliminary Agreement With Private Bondholders.

The Ghanaian government announced yesterday, that it had reached a preliminary agreement with two private bondholder groups to restructure \$13 bio of its international debt. Bondholders will reportedly forego US\$4.7 bio of their claims, while providing cash flow relief of about US\$4.4 bio during an IMF loan program. You can access more details on this topic [here](#)

Veolia Lands Major Desalination Contract In UAE.

The French engineering firm Veolia, has won a US\$320 mio contract on the first phase of the 818,000 cu-meter-per-day Hassyan seawater desalination plant currently under development in Dubai, [according](#) to the 'Engineering News-Record' website.

Next Decade Signs LNG Deal With Aramco.

Texas-based NextDecade Corporation signed a 20-year agreement with Aramco last week, which will [reportedly](#) see the American firm supply Aramco with 1.2 mio tons of LNG per annum on a FOB basis. This deal underlines the growing geostrategic importance of LNG, especially after the outbreak of the Russia/Ukraine war led Europe to seek new sources of gas supplies.

Wood Plc Wins Gas Contract In Iraq.

The UK based engineering firm Wood Plc, has been awarded a 3-year contract to provide front-end engineering, detailed design, procurement support, construction and commissioning assistance, on the first phase of the 'Gas Growth Integrated Project' in Southern Iraq, according to the 'Oil Review Middle East' website.

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	-28/-25	-32/-27	-30/+10
USD/SAR	3.7516/19	5/8	10/13	18/23	35/40	55/60	75/80	165/195
USD/KWD	0.30640/670	-75/-65	-130/-120	-180/-160	-330/-300	-440/-410	--520/-480	-950/-650
USD/OMR	0.38495/500	5/10	8/13	11/21	20/35	30/45	50/65	100/250
USD/BHD	0.37690/700	19/24	30/40	45/55	80/100	130/150	165/195	200/550
USD/MAD	9.9150/9.9350	On request	On request	On request	On request	On Request	On Request	On request
USD/EGP NDF	48.5374	49.00/49.30	49.95/50.25	50.00/50.30	51.50/51.80	53.05/53.35	54.40/54.70	-
USD/JOD	0.7080/7087	50/150	100/300	125/325	300/600	450/950	700/1200	800/1800
USD/NGN NDF	1488.06	1490.00/1540.00	1510.00/1560.00	1505.00/1605.00	1550.00/1650.00	1585.00/1685.00	1625.00/1725.00	(NAFEX)
USD/GHS NDF	15.175	15.30/15.60	15.45/15.75	15.60/16.10	16.20/16.70	16.60/17.30	17.20/18.00	-
USD/TND	3.1250/3.1350	On request	On request	On request	On request	On request	On request	On request
Crude Oil	Futures							
WTI	\$81.65							
Brent	\$86.00							

** (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	-3/+7	+10/20	+15/25	+18/28	+21/31	+25/35	+32/42	+50/60
SAR SOFR Spread	+90/100	+94/104	+94/104	+94/104	+95/105	+97/107	+99/109	+104/114

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

AND FINALLY...

Did you know that one of the world's first law schools was established in Berytus (Beirut) in 200 AD?

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