

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Crude Oil Prices Drift Within Tight Ranges.

Brent opened steady around US\$85 a barrel this morning, despite confirmation by the EIA last night that US crude and gasoline inventories unexpectedly rose last week. In fact, Brent price movement overall has been particularly tight this week resulting in its smallest fluctuation since 2021, as players await the release of key US data whilst also keeping one eye on the geopolitical front. Meanwhile, Russia’s crude oil exports slipped by 660,000 bpd to a three-month low of 3.04 mio bpd last week, according to estimates published by ‘Bloomberg’ and was driven primarily by port maintenance work.

Red Sea Attacks Creating Logistic Logjams.

As we mentioned in our most recent [House View on Oil](#) publication, the ongoing redirection of commercial vessels away from the Red Sea and Suez Canal route is causing logistic logjams in both Asia and Europe. This was highlighted by the news that global port congestion has reached an 18-month high this month, as more container and bulk carriers take the longer maritime route via the Cape of Good Hope. Thus in order to try and manage scheduling disruptions, more cargo is being offloaded and reloaded at major transshipment hubs like Singapore resulting in longer waiting times to dock. Complicating this problem further, is the earlier than usual appearance of peak shipping season which has reportedly been triggered by a jump in restocking activity (especially in the US) as well as by clients shipping goods early on the back of stronger demand forecasts. As a result freight rates have jumped again, which in turn could have a significant inflationary impact on goods globally.

Iran Prepares To Hold Presidential Election.

Aside from the impending UK and French polls, Iran is due to hold its own snap Presidential election tomorrow after President Raisi died in a recent helicopter crash. Six candidates were originally approved to stand for election by the country’s ‘Guardian Council’, with five of them from Iran’s strongly conservative political camp and only one considered to be a reformist, although a conservative Amirhossein Ghazizadeh Hashemi, announced his sudden withdrawal from the race

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yesterday. Political analysts suggest that Mohammad Ghalibaf, the current parliamentary speaker and a former IRGC commander is front runner for the job, especially as he is reportedly a close ally of Ayatollah Ali Khamenei and general voter turnout is [predicted](#) to be low. However, another potential winner is Saeed Jalili, an ultra-conservative politician who previously served as Deputy Foreign Minister and secretary of the Supreme National Security Council, who is also believed to be on close terms with Khamenei. Whilst the outcome of this election is unlikely to result in any major policy changes, it could well be significant in determining who will eventually succeed Khamenei as the country's next Supreme Leader.

Iraqi Militia Group Warns US Over Its Support For Israel.

An Iraqi based militia group, Asa'ib Ahl Al Haq, warned earlier this week that it would target US assets in Iraq and elsewhere, if Washington supported an Israeli military offensive against Hezbollah in Lebanon. *Recently, we have noticed leaks indicating that the usurping Israeli entity intends to expand its operations by attacking beloved Lebanon and the mujahideen in Hezbollah. These leaks suggest that the United States of America will continue to support this entity. America should know that this will put all its interests in the region, particularly in Iraq, at risk and make them a target,* the leader of the group, Qais Al Khazali, was [quoted](#) as saying by 'The National' newspaper. Meanwhile, Israel's Defence Minister Yoav Gallant, said during his latest trip to Washington that *"Hezbollah understands very well that we can inflict massive damage in Lebanon if a war is launched,"* adding that *"we do not want war, but we are preparing for every scenario."*

Egypt Needs To Import More Fuel & Gas – Prime Minister.

The Egyptian Prime Minister Mostafa Madbouly, announced on Tuesday that the government has increased electricity loadshedding to 3 hours per day until next month, and will need to import additional fuel oil and natural gas worth US\$1.18 bio in order to mitigate these power cuts which are being exacerbated by concurrent extreme heat waves. *"We had said that we planned to end load shedding by the end of 2024. We do not have a power generation problem or a network problem, we are unable to provide fuel. With the increase in consumption related to the major development and population increase, there has been a lot of pressure on our dollar resources,"* Madbouly was quoted as saying by the 'New Arab' media outlet.

Saudi Arabia's 'Vision 2030' Is Ahead Of Schedule.

Saudi Arabia's Investment Minister, Khalid Al Falih, said this week that his country's primary economic development plan was ahead of schedule. *"We're more than halfway through the implementation of Vision 2030, and I'm glad to report that we're ahead of schedule on all aspects of the implementation. The Kingdom achieved the fastest economic growth rate for the year 2022 at 8.70%, and non-oil activities achieved 5.60%, and even today, the growth of non-oil activities remains strong, as non-oil activity constitutes 51% of the gross domestic product and the Kingdom's non-oil economy is larger than its oil economy,"* the minister was quoted as saying by the 'Al Arabiya' news site, adding that *"we now stand on the threshold of a new economic era that will witness exciting transformations over the coming decades."*

Gotion High Tech To Build Battery Plant In Morocco.

Gotion High Tech recently signed an investment agreement with the Moroccan government which will see the Chinese firm build a US\$1.30 bio EV-battery gigafactory in the North African country, according to a 'Reuters' article. Morocco's geographic location and free-trade agreements with both the EU and US make it an attractive destination for Chinese EV-battery manufacturers.

JV Wins US\$5.50 Bio LNG Contract In Abu Dhabi.

A joint venture consisting of Technip Energies, JGC Corporation and NMDC Energy, have been awarded an EPC contract worth US\$5.50 bio to build a low-carbon LNG facility in Abu Dhabi's Al Dhafra region, according to 'The National' newspaper.

KIA Plans To Open Rep Office In KSA.

Kuwait's sovereign wealth fund, the Kuwait Investment Authority, has announced that it will open an office in Saudi Arabia. This new office will help *"solidify bilateral relations and open new horizons for joint cooperation,"* between the two countries, KIA's chairman Anwar Al-Mudhaf, (who also serves as Minister of Finance) was [quoted](#) as saying by 'Bloomberg'. KIA has more than US\$800 bio under management and already has representative offices in London and Shanghai.

Abu Dhabi & Dubai Voted Top Cities To Work In BCG Poll.

According to a recent [report](#) published by the Boston Consulting Group, both Dubai and Abu Dhabi are ranked as two of the top five cities in the world where professionals would like to live and work, along with London, Amsterdam and New York.

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	-6/-4	-12/-9	-15/-12	-25/-22	-29/-26	-33/-28	-35/+5
USD/SAR	3.7514/17	6/9	13/16	18/23	35/40	54/59	75/80	170/200
USD/KWD	0.30660/690	-74/-64	-129/-119	-175/-155	-320/-290	-430/-390	-510/-470	-950/-650
USD/OMR	0.38497/502	4/9	8/13	11/21	20/35	30/45	50/65	100/250
USD/BHD	0.37693/703	17/22	34/39	45/55	85/105	130/150	165/195	200/550
USD/MAD	9.9200/9.9400	On request	On request	On request	On request	On Request	On Request	On request
USD/EGP NDF	48.4287	48.45/48.75	49.15/49.45	49.85/50.15	51.65/51.95	53.15/53.45	54.85/55.15	-
USD/JOD	0.7080/7087	50/150	100/300	125/325	300/600	450/950	700/1200	800/1800
USD/NGN NDF	1502.43	1510.00/1560.00	1525.00/1575.00	1545.00/1605.00	1590.00/1650.00	1630.00/1730.00	1670.00/1770.00	(NAFEX)
USD/GHS NDF	15.2500	15.35/15.65	15.50/15.80	15.65/16.15	16.20/16.70	16.70/17.40	17.20/18.20	-
USD/TND	3.1350/3.1450	On request	On request	On request	On request	On request	On request	On request
Crude Oil	Futures							
WTI	\$80.80							
Brent	\$85.15							

** (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	+25/35	+32/42	+49/59
SAR SOFR Spread	+89/99	+92/102	+93/103	+93/103	+94/104	+95/105	+98/108	+104/114

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

AND FINALLY...

Did you know that archaeological evidence suggests that humans have inhabited Iran since 100,000 BC?

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