

Market Insights & Strategy

Global Markets

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REGIONAL COMMENTARY

OPEC+ Extends Voluntary Output Cuts.

Brent crude has begun this week 1.50% above last Friday's close after eight key members of the OPEC+ grouping namely; Saudi Arabia, Russia, Iraq, the UAE, Kuwait, Kazakhstan, Algeria and Oman, said in a [statement](#) published on OPEC's website overnight that they had agreed to extend their voluntary 2.20 mio bpd production cuts by one month, (i.e. until the end of December 2024). At the same time, renewed concerns over Israel and Iran has not appeared to have fed into the market as yet, as traders and investors concentrate on the US election and await potential news on China's further economic stimulus plans which are expected to be announced later this week. Meanwhile, Slovakia's state-run gas importer SPP, has denied media reports that the EU is close to signing an agreement with Azerbaijan aimed at replacing Russian gas flows transiting through Ukraine. *"We regularly discuss the topic with our partners, but the information about the upcoming conclusion of a gas supply contract with the participation of SPP is not true,"* an SPP [statement](#) read.

Israel-Iran Tensions Linger.

It seems that concerns over Israel/Iran have unfortunately not completely died away yet. A 'Wall Steet Journal' [report](#) published late last night claimed that Iran was preparing a *"strong and complex"* response to Israel's recent counterattack on its military sites, although it remains to be seen if this a real threat or simply tough talk. The WSJ article follows a separate Axios news [report](#) on Saturday, which stated that the US had told Tehran that it may not be able to constrain Israel again. Now while we still think that a full-blown conflict remains at the lower end of probability it's not a zero risk possibility. There is admittedly a small chance of one or more of the following happening in the days and weeks ahead: 1. That Iran responds in a way that Israel decides is enough to justify attacking Iran's energy facilities. And/or 2. If Trump wins the election, and even if an Iranian counter attack is either limited or doesn't happen at all, the Netanyahu administration decides that a Trump electoral success combined with the fact Iran's air defences are currently reportedly pretty much out of action, this may be its most opportune moment to hit not just Iran's energy facilities but perhaps

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even go for broke and target the nuclear ones too, in an attempt to end any near and medium term threat from Tehran. This is something that cannot be totally ruled out, especially with certain members of Netanyahu's cabinet as well as some opposition leaders such as Yair Lapid previously calling for such action just a few weeks ago, meaning that this year's US election outcome (discussed below) may have potentially become even more important. A recent opinion [piece](#) written by Nouriel Roubini also highlights this 'grey swan' risk. Meanwhile, fresh negotiations over a ceasefire in Gaza are continuing but an article published in the 'Jerusalem Post' newspaper yesterday, quoted two unnamed security officials suggesting that Hamas was likely to reject any hostage agreement with Israel until such time as IDF operations in the strip end permanently.

All Eyes On Critical US Election.

So a critically important day in the US tomorrow, with the two Presidential candidates still neck and neck in the most closely contested election since polling began. This is highlighted by RCP's [latest](#) poll of polls which showed Trump standing at 48.5 and Harris at 48.4 last night. As we have been suggesting in recent meetings with our clients, a tight electoral outcome could in turn lead to a series of legal challenges, drawing out the final official result and perhaps in a worst-case scenario leading to some forms of violence. Only a landslide win by either candidate would avoid this, but judging by the polls that seems very unlikely. In terms of the key battleground states, Trump leads in Arizona by 2.6 points, in Nevada he leads by 1 point, in Wisconsin Harris leads by just 0.3 of a point while in Michigan she leads by 0.9 of a point. In Pennsylvania Trump leads by 0.3 of a point, in North Carolina he leads by 1.5 points, and in Georgia by 1.9 points, thus every race is well within the margin of error. One big surprise came via a 'gold standard' pollster in Iowa (i.e. a poll that historically has almost always been accurate) and which suggested yesterday that Kamala Harris was leading Donald Trump, 47 to 44 in the state, which is still within the margin of error but in a location which is not normally acknowledged as a 'swing state'. Looking at the race in the 435 seat congress, it's also very close with simulated election polling for the past 7 days showing the Democrats winning a majority 55 out of 100 times and Republicans winning 45 out of 100 times. Across in the Senate only one-third of this chamber is up for grabs this year, so 34 seats. Currently, the Democrats hold a slim majority controlling 51 seats, while Republicans hold 49 seats however, there are a handful of states including Montana and Ohio, where the Republicans are strongly convinced they will be able to retake control.

China Tells Its EV Firms To Suspend Investment In European Union - Report.

An as yet unconfirmed 'Reuters' [report](#) has claimed that the government in Beijing told the country's EV manufacturers to suspend any fresh investment in the EU following the latter's introduction of a new range of tariffs up to 45.30% on Chinese electric vehicles. One recent event, may well highlight the validity of this specific Reuters article, and that is last Thursday's [announcement](#) by a Chinese battery maker, SVOLT, who said it was abandoning plans to build two factories in Germany, and would instead shut down its European operations entirely by January 2025.

IMF Prepares To Conduct Latest Loan Review With Egypt.

An IMF team arrived in Cairo this past weekend in order to conduct a review of its current loan program with the North African country. If successful, this review would lead to the release of the next US\$1.20 bio tranche in funding under the 46-month loan program, which was approved back in 2022 and then expanded to US\$8 bio earlier this year. In press conference yesterday, it was announced that this review would begin tomorrow, while the head of the IMF, Kristalina Georgieva, said that Egypt had shown "*remarkable strength*" in challenging times, and its recent reforms have provided the economy with "*strong buffers*". Meanwhile, FITCH raised its credit ratings on Egypt last Friday from 'B-' to 'B' with a stable outlook, saying in a [statement](#) that "*Egypt's external finances have been bolstered by the Ras El-Hekma foreign investment, non-resident inflows into the debt market, and new IFI financing, facilitated by improved policy settings, including greater exchange rate flexibility and tighter monetary conditions. FX buffers have recovered, and we have somewhat greater confidence that the more flexible exchange rate policy will prove more durable than in the past. Risks to public finances are moderately reduced by measures to curb off-budget public investment and widen the tax base, while we anticipate a marked reduction in Egypt's extremely high domestic debt interest burden,*" although adding that "*Further escalation of the regional conflict represents a key risk, primarily through lower Suez Canal and tourism revenue.*"

UAE To Lead GCC Region In GDP Growth Next Year – IMF.

The head of the Middle East and Central Asian regions for the IMF, Dr Jihad Azour, [said](#) late last week that the international lender expects the UAE economy to expand by 5.10% next year, driven primarily by the non-oil sector. *“This robust growth underscores the effectiveness of the country’s economic policies. Despite global challenges, the UAE economy has demonstrated swift adaptability and leveraged modern technology to excel. Through the adoption of advanced technologies, the UAE improved its services, boosting competitiveness and reinforcing its status as a global economic and financial hub,”* Azour was quoted as saying by ‘WAM’ the UAE’s official media outlet.

KSA’s PIF To Take 54% Stake In MBC.

Saudi Arabia’s Public Investment Fund, will take a 54% stake in the media conglomerate MBC Group from the Istedamah Holding Company for SAR 7.46 bio, according to a recent stock market filing. The deal will see Istedamah sell its entire stake in MBC, valued at 179.55 mio shares and representing 54% of the company’s total capital, to PIF via a private transaction, an [article](#) published by the ‘Arab News’ media outlet reported.

Shell Resumes Battle To Offload Nigerian Assets.

The CEO of Shell Plc has said, that negotiations with Nigeria’s Upstream Petroleum Regulatory Commission over the international energy firm’s application to sell its onshore oil and gas assets to a local consortium in the West African country are continuing, despite the regulators recent decision to block this disinvestment plan. *“What we continue to see is a regulator that is engaging with us to be able to get the assurances that any regulator requires to be able to bless the transaction and that’s what we’re trying to provide to them,”* Wael Sawan was quoted as saying by the UK’s ‘Financial Times’ newspaper. Meanwhile, Olu Verheijen, a special advisor to the Nigerian President, stated last week that the local regulator had found specific issues with the transaction, although adding that she expected these to be resolved relatively soon. *“For the independent oil companies who are coming in onshore, we want to make sure that they align with our objectives of rapidly growing production. They need to ensure that there is a technical and financial capacity and that some of the obligations that need to be addressed are being addressed,”* she said.

Angola’s Economy Expected To Grow By 4.10% In 2025 – Minister.

Angola’s Finance Minister, Vera Daves de Sousa, [said](#) during a budget speech last week that her country’s economy is expected to expand by 4.10% next year, supported in part by the non-oil sector. Her department also projected that the fiscal deficit should reach 1.65% of GDP and is based on an average oil price of US\$70 a barrel, while AOA 4.6 trio of spending will be financed through borrowing in both the domestic and international markets.

FX/RATES & CRUDE MARKETS:

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Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6729/31	-4/-2	-11/-8	-15/-12	-23/-20	-29/-24	-35/-30	-65/-35
USD/SAR	3.7555/60	9/12	18/21	25/30	49/54	73/78	98/108	195/255
USD/KWD	0.30630/650	-110/-90	-220/-200	-325/-285	-545/-495	-700/-650	-800/-750	-1200/-700
USD/OMR	0.38498/503	-5/Par	-5/+2	-5/+5	Par/+10	10/25	20/50	50/200
USD/BHD	0.37698/703	11/16	23/33	37/47	75/95	110/140	160/190	200/550
USD/MAD	9.8100/9.8400	On request	On request	On request	On request	On Request	On Request	On request
USD/EGP NDF	49.0025	49.70/49.90	50.45/50.75	51.30/51.80	53.50/54.00	55.60/56.10	57.80/58.30	-
USD/JOD	0.7095/0.7100	50/150	100/300	125/325	300/600	450/950	700/1200	800/1800
USD/NGN NDF	1664.91	1660.00/1690.00	1675.00/1725.00	1710.00/1760.00	1780.00/1850.00	1860.00/1960.00	1930.00/2030.00	(NAFEX)
USD/GHS NDF	16.2500	16.30/16.60	16.45/16.75	16.55/17.05	16.90/17.40	17.35/18.35	17.80/18.80	-
USD/TND	3.0800/3.0950	On request	On request	On request	On request	On request	On request	On request
Crude Oil	Futures							
WTI	\$70.95							
Brent	\$74.60							

** (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	+0/10	+10/20	+19/29	+28/38	+37/47	+44/54	+47/57	+57/67
SAR SOFR Spread	+97/107	+96/106	+96/106	+97/107	+98/108	+99/109	+101/111	+109/119

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

AND FINALLY...

Did you know that one of the world's first ever law schools was founded by the Roman Emperor Septimius Severus in the city of Beirut in Lebanon in 200 AD?

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