

Market Insights & Strategy

Global Markets

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REGIONAL COMMENTARY

Oil Market Looks For Fresh Direction.

The primary crude benchmarks began this morning around last week's close, but the market remains pretty mixed and in a relatively tight range since Donald Trump's election victory. On the one hand, it's generally assumed that his plans for further deregulation of the conventional oil and gas sector in the US might be bearish for prices, although as we outlined in our [commentary](#) last Friday, any significant increase in US production over the next 12 months seems unlikely. At the same time, maximum pressure on Iran (and also perhaps Venezuela) could conversely reduce global supplies. Meanwhile, on the subject of Russian oil exports next year, Trump will likely push for a peace agreement on Ukraine which may in turn lead to an easing in sanctions on Moscow, but that's not something that will happen quickly, especially as Trump himself said last week that his incoming administration first wants to focus on domestic US issues. However China's economic performance clearly remains a key issue for oil traders, and the 1.70% sell off in Brent on Friday was driven by fresh data that showed China's crude imports fell by 9% in October. This means that for the first 10 months of 2024, China's oil imports averaged 10.94 mio bpd which is 3.70% down from the 11.36 mio bpd over the same period last year. Another development closer to home to keep an eye on, is that fresh discussions are due to begin in the Iraqi parliament this week over revenue sharing on Kurdistan's 450,000 bpd of oil exports that have been suspended for the past 1.5 years due to ongoing disagreement on the matter.

UN Compiles New Report On Red Sea Disruption.

A new, yet to be officially released 537-page [UN report](#) on the ongoing disruption to marine traffic transiting the Red Sea, apparently claims that the Houthi rebels have been monetizing this situation by charging vessel owners 'safe passage' fees, which in turn is generating as much as US\$180 mio a month for the militant group. This means that they are earning more from their high seas extortion efforts than the smuggling of illicit goods and taxing Yemen's petroleum imports, which are also key revenue sources. If true, this puts into the question whether or not they would actually halt their threat to this important shipping route even when a ceasefire in Gaza occurs. The report also claims that aside from Iran, the Houthis have built close ties with Hezbollah, describing the latter

as “one of the most important” supporters of the Houthis in Yemen, assisting them in decision-making, military support through weapons training and fighting techniques, recruitment and propaganda. The authors believe too, that the Houthis have developed ties with regional terror groups such as Al Qaeda and Al Shabaab. *“The scale, nature and extent of transfers of diverse military materiel and technology provided to the Houthis from external sources, including financial support and training of its combatants, is unprecedented,”* the report is said to state. Meanwhile in a separate development, US warplanes reportedly conducted a series of multiple strikes on advanced weapons storage facilities belonging to the Houthis in Yemen on Saturday.

Iran’s Crude Exports Fall Again.

According to estimates published by ‘Kpler’, Iran’s oil exports are believed to have slipped to around 1.47 mio bpd last month from 1.82 mio bpd in September. It’s not clear what the primary cause of this drop was, but there was probably some disruption to normal activity at Iran’s primary export hub on Kharg Island ahead of Israel’s recent retaliatory strike on Iranian military targets. In addition to this, ‘Reuters’ [claimed](#) in an article published last week that Iran’s crude oil discounts are now at their tightest in five years. Meanwhile, the head of the IAEA [may meet](#) with Iranian officials in Tehran later this week in an apparent attempt to restart discussions on Iran’s controversial nuclear program and allow IAEA inspectors back into the country. Rafael Grossi’s potential trip comes as the Iranian Rial continues to languish near its recent [record low](#) against the US dollar in the unofficial ‘kerb’ market, following the reelection of Donald Trump.

Netanyahu Claims That He and Trump See ‘Eye to Eye’.

In a video statement released yesterday, the Israeli Prime Minister claimed that he has spoken with Donald Trump three times since the latter’s US election victory. These conversations *“were designed to further tighten the strong alliance between Israel and the US. We see eye-to-eye on the Iranian threat in all its components, and the danger posed by it. We also see the great opportunities before Israel, in the expansion of peace and in other realms,”* Netanyahu was quoted as saying by the ‘Times of Israel’ newspaper. In Israel itself, the PM continues to receive heavy criticism by opposition party leaders and civil action groups for his recent sacking of Defense Minister Yoav Gallant. His removal triggered mass protests, with thousands of demonstrators blocking roads across Tel Aviv and other cities in response to what many Israelis see as a political decision that puts Netanyahu’s interests above that of the country. The two men are alleged to have had several clashes over the approach to the Gaza war and other key security issues, including the ultra-Orthodox draft exemptions and efforts to secure the release of the remaining hostages held by Hamas. Gallant has been replaced by the former Foreign Minister Israel Katz, who has virtually no real military experience but is a [well-known](#) Netanyahu loyalist, which may lead to the Prime Minister having much more control over Israel’s national security policies. In a separate development last Friday night, Israeli Air Force jets reportedly carried out strikes against apparent Hezbollah targets in Syria’s northwestern Idlib province, as well as a scientific research center near the city of Al-Safira.

Egypt’s Inflation Rate Edges Up Slightly.

Egypt’s CPI rate edged up only slightly to 26.50% y/y last month from 26.40% in September, according to the country’s official statistics agency. This was a smaller increase than most analysts had been expecting, while Egypt’s core inflation rate, (which excludes more volatile items such as fuel and certain types of food) reportedly dipped to 24.40% y/y in October.

Namibia’s Oil Ambition Runs Into Key Hurdle.

Namibia’s plan to take advantage of its potential offshore oil reserves have [reportedly](#) run into a number of unexpected challenges. One major issue is the reported discovery of higher than expected gas-to-oil ratios which makes extraction more complicated and less profitable. It may also delay production until 2030 as gas flaring is currently banned by the Namibian government.

KSA Rental Yields Remain Attractive – Sakan Report.

According to a new report published by ‘Sakan’ (a regional real estate platform), gross rental yields in both Riyadh and Jeddah currently exceed other major cities in the GCC region. For example, Q3 2024 rental yields for a 2 and 3-bedroom apartment in Riyadh averaged 9.10% and 10.10% respectively, while across in Jeddah a 2 bedroom apartment averaged 11.70% and a 3-bedroom 9.70%. *“We are pleased to launch our first*

residential real estate report at Sakan, which highlights the key themes shaping Saudi Arabia's property sector and the state of apartment and villa sale and rental in Q3. Proptech and transparency go hand in hand, and this report is our contribution to foster greater levels of transparency and provide information that will help customers make informed decisions in real estate," the CEO of Sakan was [quoted](#) as saying by the 'Zawya' media outlet.

Jereh Seals AED3.38 Bio Contract In Abu Dhabi.

China's Jereh Oil & Gas Engineering Corporation has [reportedly](#) been awarded a AED 3.38 bio EPC contract to extend remote sensing and well operating equipment to ADNOC's Bab, Bu Hasa and Southeast fields. This also forms a part of ADNOC's strategy to become a world leader in AI-powered energy technology.

KBR Wins LNG Contract In Oman.

US-based KBR has been awarded a front-end engineering design contract for the expansion of the Qalhat LNG complex in Oman. According to 'Zawya', KBR will provide engineering services for the complex's fourth LNG train, which once completed will have a capacity of 3.8 million tons per annum.

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	3.67297/307	-4/-2	-9/-6	-13/-10	-20/-17	-26/-23	-33/-28	-65/-35
USD/SAR	3.7554/59	8/11	14/17	23/26	42/47	65/70	93/103	205/235
USD/KWD	0.30700/720	-80/-60	-160/-130	-245/-205	-430/-380	-600/-550	-695/-645	-1200/-600
USD/OMR	0.38500/505	-8/-3	-10/-5	-8/Par	-6/+4	-5/+15	-5/+25	Par/+175
USD/BHD	0.37695/700	15/18	27/37	38/48	80/95	120/140	160/190	200/550
USD/MAD	9.8850/9.9150	On request	On request	On request	On request	On Request	On Request	On request
USD/EGP NDF	49.2458	49.95/50.15	50.60/50.90	51.45/51.75	53.65/53.95	55.75/56.05	57.90/58.20	-
USD/JOD	0.7092/7102	50/150	100/300	125/325	300/600	450/950	700/1200	800/1800
USD/NGN NDF	1673.15	1675.00/1705.00	1695.00/1745.00	1720.00/1770.00	1790.00/1850.00	1860.00/1930.00	1945.00/2045.00	(NAFEX)
USD/GHS NDF	16.35	16.75/17.05	16.85/17.15	17.00/17.50	17.40/17.90	17.85/18.45	18.35/19.35	-
USD/TND	3.1050/3.1250	On request	On request	On request	On request	On request	On request	On request
Crude Oil	Futures							
WTI	\$70.35							
Brent	\$73.95							

** (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	-1/+9	+10/20	+20/30	+29/39	+38/48	+44/54	+46/56	+56/66
SAR SOFR Spread	+93/103	+93/103	+93/103	+94/104	+95/105	+96/106	+98/108	+104/114

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

AND FINALLY...

Did you know that Namibia is home to the largest concentrations of ancient rock art in Africa?

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