

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Crude Prices Edge Higher.

Brent crude opened this morning close to 1% above yesterday's close as some players begin to refocus on geopolitical risks. In this regard fighting between the IDF and Hezbollah has intensified in recent days, while various media outlets quoted Israel's Defence Minister as [saying](#) to a group of Air Force personnel yesterday that *"after we attack Iran, everyone will understand your might, the process of preparation and training. Any enemy that tries to harm the state of Israel will pay a heavy price."* Meanwhile, a recent Standard Chartered report warned that *"extreme positioning, groupthink, and algorithmic trading strategies are still generating far too much noise,"* in the oil market and adding that *"no supply glut is likely in at least Q4-2024 and H1-2025 if OPEC+ producers keep to their commitments."* This view is similar to ours, and is perhaps further underscored by new data published by JODI, which estimated that global oil demand hit a new record high in August. This is counterintuitive to current market sentiment, but again highlights the fact that crude fundamentals might not be as bad as the continued speculative short positioning suggests. On the technical front, near term support for Brent now lies around US\$74.50 and resistance at US\$77.70.

Hedge Funds Favour Fossil Fuel Vs Clean Energy Stocks – Report.

According to a new study conducted by 'Bloomberg', a majority of Hedge Funds are currently positioned net-short green technology and clean energy stocks while conversely net long oil, gas and coal firms. The authors suggest that the main reason is that that this specific investor type have concluded that *"many climate investments won't pay off as quickly, or as lucratively, as they'd hoped."* The report highlights the fact that since hitting a high in 2021, the S&P Global Clean Energy Index has since lost close to 60% of its value, while the S&P 500 Index and S&P Global Oil Index have risen by more than 50%. *"Geopolitics is the key reason why the energy transition theme isn't working out. China*

Glenn Wepener

Chief Strategist

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commands a dominant position in most of these sectors, and tariffs are spoiling the investment case,” the CEO of Kamat Capital Partners was quoted as saying. You can access the full report [here](#).

US Warns It Is Watching Shadow Fleet Cargo Transfers In Asia.

The US Treasury is actively monitoring ship-to-ship transfers by shadow vessels in southeast Asia a department official warned this week. “A significant consideration for the maritime states of Southeast Asia is the risks that come from some of these shadow fleet operations, where you have older vessels, often with questionable insurance coverage and uncertain safety records,” the US assistant secretary for energy resources, was quoted as saying by ‘Bloomberg’. Last week, OFAC [announced](#) that it had sanctioned 18 companies, individuals, and vessels for trading in illicit oil and which it believes were linked to the Islamic Revolutionary Guard Corps-Qods Force backed Houthi financial official Sa’id al-Jamal and his network.

Plan By Shell To Exit Nigeria Is Blocked.

The Nigerian government has reportedly rejected a plan by Shell to offload its onshore oil business in the west African country to the Renaissance Africa Energy Company for US\$1.30 bio. This was announced by the head of the Nigerian Upstream Petroleum Regulatory Commission, Gbenga Komolafe earlier this week. “In total, five divestment applications were submitted for approval. While four passed and secured ministerial consent, Shell’s proposal to transfer its assets to Renaissance Africa Energy Company Limited was rejected. The government remains committed to free entry and exit in business transactions, but such moves must align with national priorities,. Nigeria fully supports free market operations, but regulatory decisions must safeguard national interests,” Komolafe was [quoted](#) as saying by the ‘Pulse.ng’ news site. For almost 70 years Shell’s Nigerian oil fields formed a key part of the company’s global portfolio, but in January this year the firm announced that it planned to exit its onshore business there. There have been similar divestment moves in Nigeria by other energy majors recently including ExxonMobil, TotalEnergies and Chevron, driven in part by security concerns and rising production costs. Earlier this year the chairman of the finance committee in parliament [pointed out](#), that the cost of extracting crude oil in Nigeria now averages US\$48 per barrel compared to US\$24 in the US, US\$21 in Norway and just US\$9 in Saudi Arabia.

Former Venezuelan Oil Minister Arrested.

Venezuela’s former Oil Minister, Pedro Tellechea, was reportedly arrested earlier this week on the charge of committing “serious crimes” that threaten national interests, the Public Prosecutor’s Office announced. One of these suspected crimes [reportedly](#) involves his alleged delivery of an “automated Control and Command System” belonging to the state-owned oil company, to an entity purportedly “controlled by the intelligence services” of the USA. Tellechea had been Oil Minister since January 2023 before moving to head the Ministry of Industry & Production in August 2024. He is also the country’s second former oil minister to be detained by the Venezuelan authorities this year following the detention of Tareck El Aissami in April.

Report Claims Betting Platform Is Being Manipulated To Favour Trump.

A recent ‘Wall Street Journal’ [article](#) has alleged that the recent sharp rise in favour of a Trump election victory on the anonymous betting site Polymarket, is potentially being driven by a handful of international accounts. The authors claim that multi-million dollar bets placed on Trump actually come from just four accounts identified as : Fredi9999, Theo4, PrincessCaro and Michie, with the funds for these wagers allegedly placed using Kraken, a US based crypto currency exchange. Polymarket is [reportedly](#) funded by a venture capital firm owned by the Republican donor Peter Thiel.

Central Banks Continue To Increase Gold Holdings.

Despite a more than 30% rise in the price of gold this year alone, a number of central banks especially China, India, Russia, Iraq, Poland and Turkey have continued to increase their holdings of bullion to record levels. There are various reasons why both apex banks and individuals have been loading up on gold these past few years including, hedging geopolitical risks, questions concerning future reliable access to the US dollar, lower interest rates, rising uncertainty over the outcome of the US election and asset diversification. One of the key buyers since 2022 has been the Peoples Bank of China which purchased 225 metric tons of the yellow metal in 2023 and thus increased its gold reserves by 30% that year, according to data published by the World Gold Council. During the second-quarter of 2024, the National Bank of Poland and the Reserve Bank of India were

the two largest buyers, with Poland's governor saying that the bank planned to ensure that gold made up 20% of its reserves from a current level of just over 14%. Overall the global net purchases by CBs during the first half of this year hit a new record high of 483 tons a 5% rise compared to the same period in 2023.

New Bill Aims To Reduce Central Bank Of Tunisia's Independence.

A new finance bill proposed by MPs in Tunisia will significantly reduce the powers of the country's central bank. If this bill is enacted (which seems likely) the CBT will [reportedly](#) only be able to take decisions on monetary and FX policy in consultation with the government, but will allowed to finance the Treasury. The CB will also not be permitted to sign any agreements with international oversight agencies without the approval of the President. Earlier this year, President Saied's administration rejected a US\$1.90 bio IMF support package as it required the implementation of several key reforms such as a reduction in state subsidies. Tunisia has a budget deficit of 10% and its public debt load is now sitting close to 80% of GDP. Late last year the President openly rejected the Central Bank's independence arguing that it should lend directly to the state treasury.

Egyptian President Says IMF Deal May Need To Be Reviewed.

Egypt's President, Abdel Abdel-Fattah El-Sisi, was quoted by 'Bloomberg' suggesting recently that the country's current IMF program may need to be revised if related economic pressures became too severe for the average Egyptian. The IMF agreement is being implemented under *"extremely difficult regional, international and global circumstances. We have agreed with the IMF, and this is an important matter. I say to the government and to myself that if this challenge leads to pressures on the public they cannot bear, the situation must be reviewed and the situation with the fund must be reviewed,"* the President [reportedly](#) stated this week.

Morocco Looks To Lower Budget Deficit.

Morocco's Finance Minister, Nadia Fettah Alaoui, has [said](#) that the government aims to reduce the budget deficit to 3.50% of GDP next year from 4.00% in 2025. According to figures published by the country's Treasury Department, the budget deficit stood at MAD 26.60 bio at the end of last month compared to MAD 35.20 bio in the same period of 2023. The Finance Minister also said that GDP growth is predicted to average 3.30% this year and 4.60% in 2025.

ValuStrat Dubai Residential Price Index Hits Fresh High.

ValuStrat's Dubai residential price index hit a fresh high of 190.1 last month, with the real estate advisory and research firm saying in its latest [press release](#) that freehold villa communities were now above their 10-year price peaks and 98% of villas have doubled in value since 2020. Meanwhile apartment values grew by 24.80% in Q3 compared to the previous quarter and apartment rentals have increased by 15.4% over this past year.

ST Engineering Wins 'Smart City' Contract In Qatar.

ST Engineering's Urban Solutions division has [reportedly](#) been awarded the contract to design, build and operate an advanced smart city platform with comprehensive citywide network connectivity for Lusail City in Qatar, according to the 'MEP Middle East' website.

Continued...

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 | 3.67295/305 | -3/-1 | -5/-2 | -9/-6 | -17/-14 | -26/-21 | -32/-27 | -60/-35 |
| USD/SAR | 3.7550/55 | 17/22 | 29/34 | 38/43 | 65/70 | 90/97 | 120/130 | 260/310 |
| USD/KWD | 0.30625/645 | -110/-90 | -200/180 | -280/-260 | -520/-470 | -650/-600 | -730/-680 | -1150/-650 |
| USD/OMR | 0.38494/499 | 1/6 | 3/13 | 6/16 | 15/25 | 30/45 | 55/75 | 100/300 |
| USD/BHD | 0.37699/704 | 9/12 | 22/27 | 34/44 | 80/95 | 120/140 | 170/200 | 200/550 |
| USD/MAD | 9.88800/9.9100 | On request | On request | On request | On request | On Request | On Request | On request |
| USD/EGP NDF | 48.7372 | 49.25/49.55 | 50.00/50.30 | 50.70/51.00 | 52.85/53.15 | 54.85/55.15 | 57.05/57.35 | - |
| USD/JOD | 0.7079/7084 | 50/150 | 100/300 | 125/325 | 300/600 | 450/950 | 700/1200 | 800/1800 |
| USD/NGN NDF | 1651.15 | 1620.00/1670.00 | 1640.00/1690.00 | 1660.00/1730.00 | 1740.00/1820.00 | 1820.00/1920.00 | 1900.00/2000.00 | (NAFEX) |
| USD/GHS NDF | 16.1000 | 16.15/16.45 | 16.30/16.60 | 16.40/16.90 | 16.75/17.25 | 17.20/17.80 | 17.65/18.35 | - |
| USD/TND | 3.1000/3.1300 | On request | On request | On request | On request | On request | On request | On request |
| Crude Oil | Futures | | | | | | | |
| WTI | \$71.60 | | | | | | | |
| Brent | \$75.75 | | | | | | | |

** (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 | +2/12 | +10/20 | +18/28 | +29/39 | +37/47 | +41/51 | +43/53 | +55/65 |
| SAR SOFR Spread | +97/107 | +97/107 | +98/108 | +98/108 | +99/109 | +101/111 | +103/113 | +111/121 |

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

AND FINALLY...

Did you know that the ancient Egyptians revered gold for its power and impact, believing that it could protect them in the afterlife as it was associated with the sun god Ra and expressed a certain social status?

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