

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Oil Prices Fall As Regional Tensions Ease.

Crude prices have begun this week more than 4% below last Friday's close after Israel's attack on Iran over the weekend has been viewed as 'limited' and not significantly escalatory as many had feared, as well as the possibility of a ceasefire in Gaza. Brent has since stabilized around the US\$73.00 area this morning as players now refocus on the outlook for demand, albeit with one eye on Tehran to see if they will decide to respond to the Israeli strike. Meanwhile, US shale gas output declined slightly during the first three quarters of this year and could lead to the first annual fall in output since 2000, according to an EIA report published last week. Total US shale gas production during the first nine months of 2024 declined by 1% to 81.20 bio cubic feet per day compared to the same period last year. *"Natural gas prices are a key driver of drilling and developing wells in the three plays: Haynesville, Utica and Marcellus. US natural gas prices on the Henry Hub benchmark have generally declined since August 2022, and hit record lows during the first six months of 2024. As a result of lower natural gas prices, drilling natural gas wells has become a less profitable activity. A number of operators in the Appalachian Basin and Haynesville shut down natural gas production, due to low prices,"* the EIA report explained.

Israeli Strike On Iran Targets Air Defence Systems.

Friday night's delayed response by Israel to Iran's October 1st ballistic missile attack, appears to have been significant but also proportional, targeting only military related sites in Iran rather than the latter's energy or nuclear facilities which would have been extremely escalatory and force Tehran to respond. Initial official comments out of Tehran claimed that the damage was slight, which again perhaps indicates that Iran is not seeking to escalate the situation further, at least for now. Israel reportedly used Syrian and Iraqi airspace to conduct three waves of air strikes on 20 locations around Tehran and the west of the country, and while this still needs to be confirmed by independent sources, various Israeli officials and media outlets have claimed that the IAF managed to successfully disable Iranian air defense command-and-control sites and radars, as well as three or four S300 and S400 sites including one

situated close to Tehran's Imam Khomeini International Airport. In addition to this, drone and missile production facilities across Iran were also allegedly targeted including the secretive Parchin complex. Quickly replacing or repairing damaged Russian-made S300 and S400 platforms will likely prove difficult for Iran, especially as Moscow's own supplies are currently being actively used in its conflict with Ukraine. Ayatollah Ali Khamenei said in a speech yesterday, that despite Israeli efforts to *"magnify these actions for its own specific agenda"*, it would be *"misguided"* for Iran to overlook the attacks, while the government of Iraq has submitted a [complaint](#) to the UN over Israel's use of its country's airspace to strike Iran.

Fresh Hopes For A Ceasefire In Gaza.

A senior member of Hamas's political bureau, Husam Badran, apparently suggested over the weekend that the group was open to resuming discussions over a potential ceasefire agreement in Gaza. *"Our demands are clear and known, and a deal can be reached, provided that Netanyahu remains committed to what was already agreed upon,"* Badran was quoted as saying by the 'Times of Israel' website. Both the head of the CIA and his Israeli counterpart in the Mossad arrived in Doha yesterday to begin fresh negotiations and consider an initial plan, reportedly put forward by Egyptian mediators, to try and at least get a short-term agreement in place with a handful of hostages and Palestinian prisoners exchanged over a period of two days, before working towards a more permanent deal.

Major Lithium Discovery In Arkansas.

An [article](#) published by the US Geological Survey Department last week, suggests that there could be between 5 and 19 mio tons of lithium reserves situated in the so-called 'smackover formation' in Arkansas. The USGS opined that if these reserves are proven to be commercially recoverable, then they could far exceed the current projected 2030 global demand for lithium in car batteries. *"Our research was able to estimate total lithium present in the southwestern portion of the Smackover in Arkansas for the first time. We estimate there is enough dissolved lithium present in that region to replace U.S. imports of lithium and more. It is important to caution that these estimates are an in-place assessment. We have not estimated what is technically recoverable based on newer methods to extract lithium from brines,"* the article read, adding that *"Lithium is a critical mineral for the energy transition, and the potential for increased US production to replace imports has implications for employment, manufacturing and supply-chain resilience. This study illustrates the value of science in addressing economically important issues."*

BP Adjusts Its 'Green Energy' Targets.

In 2020 the CEO of BP at the time, Bernard Looney, unveiled the energy giant's plan to cut fossil fuel production by as much as 40% by 2030 and invest heavily into clean and renewable sources of power. However, by 2023 BP had adjusted its fossil fuel production target to just 25%, and then earlier this year the company suspended its investment into offshore wind projects and put its US onshore wind energy business up for sale. BP's new CEO, Murray Auchincloss, is now also [reportedly](#) considering reducing the firm's exposure to solar power. Certainly BP is not the only multinational energy company to begin amending its net-zero plans, but it's travails clearly highlight the ongoing difficulties publicly traded fossil fuel companies are facing in trying to effectively manage the green transition.

Egypt's Sovereign Fund To Come Under Ministry Of Investment.

According to a decree issued yesterday by the Egyptian Prime Minister and [reported](#) on by the 'Ahram Online' media outlet, the country's sovereign fund (TSFE) is to become affiliated with the Ministry of Investment and External Trade and its name changed to the Egyptian Sovereign Fund for Investment and Development. The TSFE was initially established in 2018 to serve as a private investment fund to create partnerships with local and foreign private sector investors and optimize the utilization of Egypt's state-owned assets.

Morocco Plans To Adjust Its FX Regime In 2026 – CB Governor.

Morocco will begin loosening the local currency's pegged 'basket regime' to the US dollar and the Euro in a gradual format from 2026, according to the Governor of the country's Central Bank, Abdellatif Jouahri. *"The central bank is technically ready and regulators are working on a plan for the move, we've also got the banks ready,"* the governor was [quoted](#) as saying by 'Bloomberg', adding that the aim of this process was to eventually return to a market-determined currency regime, which was halted during the COVID pandemic.

Lower Oil Prices ‘Puts Pressure’ On Angola – Finance Minister.

Angola’s Finance Minister, Vera Daves de Sousa, said during a ‘Reuters’ interview at the annual IMF & World Bank conference in Washington last week, that lower oil prices puts *"lots of pressure"* on her country, but added that the government would continue to implement economic reforms, including the phasing out of fuel subsidies. *"How many steps we didn't decide yet, but our idea is to do it in steps,"* she was [quoted](#) as saying and confirming that subsidies are estimated to amount to around 4% of Angola’s GDP this year.

KSA’s National Airline Reports Significant Growth In Q3 2024.

Saudi Arabia’s national airline Saudia, has reported a 10% y/y jump in passenger numbers for Q3 2024 with more than 9 million people using the carrier during that period. From January to September 2024, Saudia transported 25.30 million guests across 143,800 flights, according to data [published](#) by the ‘Travel and Tour’ website, while it also plans to add 131 new aircraft to its fleet. All this underlines the importance of both the airline and tourism sectors to the Kingdom’s Vision 2030 program.

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	-16/-13	-25/-20	-32/-27	-60/-35
USD/SAR	3.7552/57	14/17	25/27	34/39	60/65	85/90	112/122	260/310
USD/KWD	0.30645/665	-90/-75	-190/-170	-270/-240	-480/-430	-650/-600	-720/-670	-1150/-650
USD/OMR	0.38495/500	Par/+5	2/12	05/15	13/23	20/45	45/75	75/275
USD/BHD	0.37700/705	9/14	22/27	35/45	75/90	120/140	170/200	200/550
USD/MAD	9.8800/9.9100	On request	On request	On request	On request	On Request	On Request	On request
USD/EGP NDF	48.7482	49.05/49.35	49.70/50.00	50.40/50.70	52.25/52.75	54.35/54.85	56.45/56.95	-
USD/JOD	0.7079/7084	50/150	100/300	125/325	300/600	450/950	700/1200	800/1800
USD/NGN NDF	1638.65	1645.00/1675.00	1660.00/1710.00	1680.00/1730.00	1750.00/1820.00	1830.00/1930.00	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	\$68.65							
Brent	\$73.00							

**** (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	+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 although Lithium is a metal, it is soft enough to cut with a knife and is so light that it can float on water?

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