

Market Insights & Strategy

Global Markets

5th September 2024



MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

OPEC+ In Focus After Crude Price Drop.

Brent broke below the US\$75 threshold this week for the first time this year, following weaker than expected economic data out of the US, further concerns over Chinese demand, news that Libya's rival governments could be close to reaching a deal which could restore the African producer's oil output after days of disruptions and suggestions that OPEC+ will proceed with its plan to slowly reduce its additional voluntary output cuts from next month. But then yesterday afternoon, there were rumours that OPEC+ members were now discussing a potential delay to this increase in production and oil prices briefly rebounded slightly on the back of this, with Brent reaching US\$74.80 before sliding back again to touch a 12-month low of US\$72.80 as algorithmic traders re-emerged. The market also ignored data published by the API overnight, which suggested that there was a large 7 mio barrel draw of US crude inventories last week although this will need to be confirmed by the EIA later today. Overall the market looks set to remain fragile for now until we get some greater clarity on the direction for the US economy and what OPEC+ eventually decide to do.

Growing Risk Of Major Environmental Disaster In Red Sea.

The Houthi rebel group stepped up their attacks on shipping transiting the Red Sea this week, hitting yet another vessel operated by a Greek shipping firm with two ballistic missiles on Monday and reportedly just missing a Saudi owned tanker which was sailing close-by. At the same time salvage teams have thus far been unsuccessful in rescuing another Greek tanker the MV Delta Sounion, which was attacked by the Houthis two weeks ago, abandoned by its crew and is reportedly still on fire. The US navy has warned that unless this ship can be saved there will likely be a major environmental disaster in the Red Sea which could be four times larger than the infamous Exxon Valdez disaster in Alaska in 1989 as this Greek tanker is carrying an estimated 1 mio barrels of oil.

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US Unveils Fresh Sanctions On Russia.

The US has unveiled a range of [new sanctions](#) against Russia, with an OFAC statement saying that these measures targeted almost 400 individuals, transnational networks and *entities “involved in procuring ammunition and military materiel for Russia, facilitating sanctions evasion for Russian oligarchs through offshore trust and corporate formation services, evading sanctions imposed on Russia’s cyber actors, laundering gold for a sanctioned Russian gold company, and supporting Russia’s military-industrial base by procuring sensitive and critical items such as advanced machine tools and electronic components.”* Meanwhile, Russia’s seaborne oil exports fell by 90,000 bpd to 3.16 mio bpd last month, although this is likely due in part to a temporary halt in shipments from the country’s Prirazlomnoye field in the Arctic, which is currently undergoing maintenance. According to recent estimates published by ‘Bloomberg’ Russia’s oil shipments are around 40,000 bpd lower year-to-date compared to 2023, while at the same time imports of Russian crude by India (which had hit a new record in July) dropped by 14.50% in August to 1.80 mio bpd.

Mediators May Propose ‘Non-Negotiable’ Gaza Ceasefire Deal.

According to the ‘Jerusalem Post’ newspaper, the primary mediators behind attempts to seal a ceasefire deal in Gaza are likely to propose a final and non-negotiable agreement to the warring parties soon. *“I think that what will happen in the end is that there will be a kind of take it or leave it deal which President Biden would put forward together with the Egyptians and the Qataris, the chairman of the Foreign Affairs and Defense Committee in the Israeli Knesset was quoted as saying earlier this week, adding “then we will have to take a decision.”* However, despite a general strike and large street demonstrations across Israel, the Prime Minister has doubled-down on his demand that any ceasefire deal must allow the IDF to retain control of Philadelphi corridor (which lies along the border between Gaza and Egypt), stating during a press conference on Monday that the strip was where Hamas smuggles in weapons and calling it the group’s source of “oxygen”. Meanwhile Israel’s opposition leader, Yair Lapid, dismissed this claim, [saying](#) *“The issue of the corridor is not Netanyahu’s concern, but, rather, the Ben Gvir-Smotrich Corridor. This is his new trick to prevent the disintegration of his coalition. It is about politics, and only politics. Netanyahu spoke today as if October 7 did not happen on his watch. As if he is not responsible and guilty of the most terrible disaster and massacre in the country’s history.”* Netanyahu’s statement was also [criticized](#) by Egypt’s Foreign Ministry, who accused Israel’s Prime Minister of attempting to distract the Israeli public opinion, and cripple the negotiations on a ceasefire.

Lebanon’s Former CB Governor Arrested.

The former head of Lebanon’s Central Bank, Riad Salameh, was reportedly put under arrest on Tuesday on charges of embezzlement. The authorities *“arrested Salameh after questioning him for three hours on suspicions of embezzlement from the Central Bank exceeding US\$40 mio,”* an unnamed justice department official was [quoted](#) as saying by the ‘Al Arabiya’ media outlet. This is the first time the ex-governor has been detained since he stepped down from his position after serving at the CB for 30 years. France issued an Interpol ‘red notice’ on Salameh in May last year, but Lebanon does not extradite its citizens.

UAE’s Non-Oil Sector Rebounded In August.

The S&P Global Purchasing Managers’ Index for the UAE rose to 54.2 last month from 53.7 in July, with new orders rising at their fastest pace since March. *“The UAE PMI picked up in August and was consistent with a solid expansion in non-oil business conditions. Businesses remain confident that output growth will be sustained over the coming year, especially as sales pipelines remain strong and firms have ample levels of outstanding work to complete. Capacity constraints are also easing, which should further aid business activity,”* a senior economist at S&P Global Intelligence was [quoted](#) as saying.

IMF Releases Latest Review Of Saudi Arabia.

In its latest review of Saudi Arabia’s economy, the IMF said in a press statement that the Kingdom’s *“unprecedented economic transformation is progressing well as it advanced in its modernization and diversification efforts under Vision 2030. The recent fiscal space exercise has facilitated the recalibration of investment spending planned under Vision 2030 by reprioritizing projects and through sectoral strategies,* adding that the IMF’s directors *“welcomed the robust non-oil economic activity, stable inflation, record-low unemployment, and ample fiscal and external buffers. They underscored the importance of maintaining fiscal*

prudence, safeguarding financial stability, and continuing to implement structural reforms to support sustainable and inclusive growth.” The IMF also predicted a current account deficit of 0.1% of GDP in 2024 which could widen to 1.10% next year, although acknowledging that Saudi Arabia had more than enough FX reserves to cover this gap. You can access the full IMF report [here](#).

Iran Issues Warning To Pakistan Over Gas Pipeline Delays.

Various media outlets have reported that Iran’s government has issued a final notice to Pakistan, warning that it plans to take legal action if Islamabad fails to restart building its portion of the Iran-Pakistan gas pipeline by the end of this month. Under the original agreement, Pakistan was allegedly obligated to pay US\$1 mio per day in penalties to Iran from January 2015 if the project was not completed, this contract was then revised in 2019 and the deadline extended. The primary reason behind the lengthy delay in completing the pipeline is [reportedly](#) related to Pakistan’s concern over potential US sanctions.

China & Nigeria Sign MoU On Nuclear Energy.

The Chinese and Nigerian governments signed a range of Memorandums of Understanding this week, including the promotion of China’s ‘Belt and Road’ initiative, human resources development and cooperation in the field of nuclear energy. Nigeria has had a nuclear research reactor for more than 20 years, but the government has recently been exploring the possibility of building ‘small modular’ reactors to help resolve the country’s long-standing energy shortages. Meanwhile late last month, Beijing approved the construction of 11 new domestic nuclear reactors, in addition to 26 other such facilities already being built, which means that China (which already has 56 operational reactors) is adding more nuclear reactors to its energy grid than any other country in the world.

Swiss Embassy In Iraq Reopens After 33 Year Gap.

Switzerland officially reopened its embassy in Baghdad this week for the first time since it was closed back in 1991. This move highlights the improving security situation in Iraq and follows the recent renewal of a strategic partnership between the Iraqi Health Ministry and the Swiss pharmaceutical giant Roche, which is aimed at enhancing healthcare services and supporting digital transformation within the Middle East country’s health sector. *“By reopening the embassy, the Federal Council aims to strengthen bilateral relations with the populous country and deepen cooperation in economic, security and migration matters. The Federal Council has long recognized Iraq’s importance in the region. Iraq is resolutely looking to the future and undertaking ambitious economic and structural reforms. The country could soon realize its economic potential, previously undermined by years of war. It is also emerging as a central political actor in the region; its close relations with Iran, the Gulf monarchies and the United States reinforce its role as a bridge-builder and mediator in the region,”* a [statement](#) issued by Switzerland’s Foreign Ministry read.

Angola Reaches First-Ever SIFA Agreement With EU.

The European Union has reportedly signed a ‘Sustainable Investment Facilitation Agreement’ with Angola. This first-ever SIFA deal aims to boost Angola’s appeal to foreign investors by making investment regulations more transparent, promote the use of e-government for authorizations and enhance stakeholder involvement. The European Commission said in a statement that the agreement will also *“create a better environment for EU firms to invest in green energy, agriculture and essential minerals, helping prevent over-exploitation of its fossil fuel reserves.”*

SAIPEM Seals Two Major Contracts In Saudi Arabia.

The Italian engineering firm Saipem, has been awarded two EPC contracts worth an estimated total of US\$1 bio at the offshore Marjan oil and gas field as well as the Zuluf and Safaniyah oil fields in Saudi Arabia, according to ‘Zawya’.

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	USD/AED	3.6729/30	-3/Par	-6/-3	-8/-5	-16/-11	-24/-17	-32/-25
USD/SAR	USD/SAR	3.7535/40	6/9	11/14	16/21	35/45	52/62	73/83
USD/KWD	USD/KWD	0.30530/550	-130/-100	-225/-185	-270/-220	-450/-400	-570/-520	-630/-580
USD/OMR	USD/OMR	0.38498/503	-3/+2	-2/+3	-1/+6	7/17	15/35	35/55
USD/BHD	USD/BHD	0.37685/695	14/19	30/37	40/55	85/105	130/160	170/200
USD/MAD	USD/MAD	9.7100/9.7400	On request	On request	On request	On request	On Request	On Request
USD/EGP NDF	USD/EGP NDF	48.5300	48.95/49.45	49.70/50.20	50.20/50.70	52.10/52.60	54.00/54.50	56.10/56.60
USD/JOD	USD/JOD	0.7077/7083	50/150	100/300	125/325	300/600	450/950	700/1200
USD/NGN NDF	USD/NGN NDF	1606.33	1590.00/1640.00	1620.00/1670.00	1645.00/1715.00	1700.00/1770.00	1775.00/1875.00	1840.00/1940.00
USD/GHS NDF	USD/GHS NDF	15.6400	15.55/15.85	15.60/15.90	15.75/16.25	16.10/16.60	16.40/17.40	16.80/17.80
USD/TND	USD/TND	3.0200/3.0500	On request	On request	On request	On request	On request	On request
Crude Oil	Futures							
WTI	\$69.50							
Brent	\$72.95							

** (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	+10/17	+16/23	+25/33	+30/37	+31/38	+33/41	+50/60
SAR SOFR Spread	+97/105	+98/108	+100/110	+102/112	+104/114	+105/115	+109/119	+118/128

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

AND FINALLY...

Did you know that South Africa is currently the only country on the African continent with a commercial nuclear power plant? Its Koeberg NPP was built in the 1980s.

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