

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Crude Prices Steady Ahead Of FED Decision.

Brent has begun this week steady at around US\$72.00 a barrel, supported in part by the fact that more than 20% of the Gulf of Mexico's oil production remains offline following a recent hurricane there, as well as continued output disruption in Libya. However, most traders are likely to remain cautious ahead the Federal Reserve's interest rate decision on Wednesday. Meanwhile, demand outlook concerns look set to linger after the latest economic data out of China showed that its industrial output grew by 4.50% y/y last month, down from 5.10% the previous month and the slowest pace reported since March, while retail sales rose by 2.10% compared to 2.70% in July. Chinese oil refinery output was also lower m/m. All this suggests that the government may well need to inject further stimulus into the economy during the final quarter of this year.

Is Record Level Of Bearish Positioning In Oil Overdone?

Eric Nuttall a partner and senior portfolio manager at Ninepoint and a well-known energy guru, suggested recently that the current paper positioning in oil (which is at its most bearish on record) has pushed the price of crude far below the levels reflected by physical fundamentals. *"Yes, Chinese demand has been especially weak with growth the lowest in 15 years (ex-COVID-19), however, this has been true for several months. We believe that while the financial demand for oil is weak, as evidenced by net speculative length at its lowest level in history, global physical demand remains okay, though admittedly growing less than originally hoped,"* he was [quoted](#) as saying last Friday by 'Bloomberg', adding that *"with global oil inventories at or near their lowest levels on record, OPEC+ is intent on preventing contra-seasonal inventory builds and will wait for its barrels to be pulled from it, US shale which has been the largest source of short-cycle supply is not growing. Additionally, oil and gas companies are entering the 2025 budget season with a weaker-than-expected oil price, so we think fundamentals are stronger than what is shown in the paper market for oil."*

Fresh Efforts To Rescue Disabled Oil Tanker In Red Sea.

According to a statement issued by the EU's Naval Mission over the weekend, fresh attempts are currently underway to prevent a Greek oil tanker (the MV Sounion) from sinking in the Red Sea and triggering a major environmental disaster. The ship suffered significant damage after being hit by missiles launched by the Houthis in Yemen two weeks ago and has been on fire since then. According to various news sources, a Greek salvage vessel is currently in the area trying to tow the tanker to a safer position in order for the fire to be extinguished and is being protected accompanied by three frigates as well as coalition air assets. *"Despite challenging conditions, with temperatures reaching up to 400°C due to the fire, the specialized salvage team successfully secured the tanker to the Aigaion Pelagos,"* the Greek state media outlet ANA-MPA reported this morning.

Time For Diplomatic End To Clashes With Hezbollah Is 'Passing' – Israeli Defence Minister.

Israel's Defense Minister Yoav Gallant, reportedly told his US counterpart Lloyd Austin last night, that the time for a diplomatic solution to clashes with Hezbollah on Israel's northern border was running out. *"The possibility of a settlement in the north is passing. Hezbollah continues to tie itself to Hamas, the direction is clear,"* Gallant warned during a phone call with Austin last night, according to the 'Times of Israel' newspaper. Meanwhile, Hezbollah's second in command has [claimed](#) that the group had *"no intention of going to war, as we consider that this would not be useful. However, if Israel does unleash a war, we will face up to it and there will be large losses on both sides. If they think such a war would allow the 100,000 displaced people to return home we issue this warning: prepare to deal with hundreds of thousands more displaced."* The Biden administration continues to try and prevent the outbreak of an all-out war between these two sides, with US envoy Amos Hochstein scheduled to meet with Prime Minister Netanyahu and other senior Israeli officials today in order to discuss the issue. Hochstein will then [reportedly](#) travel to Beirut. *"We are trying to prevent the opening of a second front in northern Israel,"* a White House National Security Council spokesman said ahead of Hochstein's visit to the region.

S&P Raises Ratings Outlook On Saudi Arabia.

S&P Global has affirmed Saudi Arabia's long and short-term foreign and local currency debt ratings at 'A/A-1' and adjusted its ratings outlook on the country from 'Stable' to 'Positive'. *"The positive outlook reflects the potential that the Saudi government's wide-ranging reforms and investments will underpin the development of the non-oil economy while upholding sustainable public finances,"* S&P said in a statement. Meanwhile, Saudi Arabia's inflation rate rose slightly to 1.60% y/y last month from 1.50% in July, according to the latest data published by the Kingdom's official statistics agency. This minor increase was driven primarily by higher housing and food prices, with the 'Saudi Gazette' [highlighting](#) a 10.70% jump in house rents and 10.80% for apartments.

Nigeria Raises Fuel Prices Again.

Nigeria's state-owned oil company NNPC Ltd announced this morning, that it has increased the price of domestic petrol by 11%, the second price increase in the past two weeks as it begins buying fuel products from the new Dangote oil refinery. This move is likely to push up the country's inflation rate which currently sits around 33.40%. Earlier this month the IMF's representative in Nigeria, Dr Christian Ebeke [reportedly](#) said that *"I think the starting point should be to ensure that there is enough supply stability of this product. The queues that we see at gas stations needs to be addressed. We also understand that for a long time, price at the pump has not been reflective of market conditions and this led to challenges to petrol supply and this challenging situation also falls for NNPC. Now, if this upward adjustment brings enough supply in the market and addresses fuel scarcity, this will be a very good development for many Nigerians because the scarcity is not really helping the productive capacity of the country."* However, he also warned that *"Nigerians are already feeling significant hardship. So our position again is while you are making these adjustments, it is very important to be mindful of the potential impact these have on the most vulnerable. Again, the narrative should really be about how to accelerate support to the most vulnerable, so they can cope with this type of shock."*

New Residential Development In Abu Dhabi Sells Out In 24 Hours.

ALDAR Properties' newest residential development project called 'Yas Riva' in Abu Dhabi sold out within 24 hours of its launch, according to a [statement](#) issued by the developer. "UAE nationals accounted for 52% of sales, driven by a desire to reside in a community of this kind on Yas Island. Expatriate residents and overseas buyers accounted for 48% of sales, giving a strong indication of Abu Dhabi's growing attractiveness to both local and international investors. The strong sales performance also showcases the desire for upscale living environments that offer not only luxury but also a unique lifestyle experience. Indian, Pakistani and British nationals make up the top three international buyers by sales volume. 60% of all buyers are under the age of 45, highlighting the popularity of the Yas Riva lifestyle amongst younger buyers. First-time buyers of an Aldar property account for 38% of sales, emphasizing Aldar's ability to continue building its customer base both within the UAE and in international markets," the ALDAR statement read.

Orascom To Expand Wind Power Project In Egypt.

Orascom Construction has announced that its consortium with Engie and Toyota Tsusho Corp, have signed an agreement with the Egyptian Electricity Transmission company to add another 150 MW of power capacity to the 500 MW Red Sea wind energy project currently under construction in Ras Ghareb.

SAIPEM Wins Major Gas Contract In Qatar.

The Italy based energy contractor SAIPEM, has been awarded a US\$4 bio offshore EPC contract to help sustain the production of Qatar's North Field offshore natural gas reservoir, according to 'Zawya'. You can access more details on this topic [here](#).

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	3.6729/30	-3/Par	-6/-3	-8/-5	-16/-11	-22/-17	-31/-26	-45/-20
USD/SAR	3.7529/32	10/13	19/24	24/29	45/50	67/72	88/93	205/255
USD/KWD	0.30480/500	-115/-85	-195/-165	-260/-230	-375/-325	-450/-400	-500/-450	-800/-500
USD/OMR	0.38495/500	-2/+1	-1/+4	Par/+7	10/25	20/45	50/70	100/250
USD/BHD	0.37685/695	15/20	30/37	45/55	85/100	130/150	170/200	220/570
USD/MAD	9.6900/9.7200	On request	On request	On request	On request	On Request	On Request	On request
USD/EGP NDF	48.4317	49.00/49.35	49.70/50.10	50.30/50.80	52.35/52.85	54.20/54.70	56.25/56.75	-
USD/JOD	0.7079/7084	50/150	100/300	125/325	300/600	450/950	700/1200	800/1800
USD/NGN NDF	1639.20	1635.00/1685.00	1660.10/1710.00	1680.00/1750.00	1745.00/1815.00	1825.00/1925.00	1895.00/1995.00	(NAFEX)
USD/GHS NDF	15.7000	15.95/16.25	16.10/16.40	16.15/16.65	16.60/17.10	17.05/17.65	17.45/18.05	-
USD/TND	3.0100/3.0400	On request	On request	On request	On request	On request	On request	On request
Crude Oil	Futures							
WTI	\$69.40							
Brent	\$72.15							

** (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	+3/13	+10/20	+18/28	+25/35	+31/41	+35/45	+38/48	+51/61
SAR SOFR Spread	+97/107	+100/110	+102/112	+104/114	+106/116	+108/118	+111/121	+120/130

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

AND FINALLY...

Did you know that Nigeria is the 7th most populous country in the world?

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