Market Insights & Strategy

Global Markets

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Glenn Wepener

Chief Strategist

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Crude Prices Soften Despite Regional Tensions.

The primary crude benchmarks continued their softer performance this morning, with Brent down 1% at one stage during the early Asian trading session compared to yesterday's close. This despite ongoing tensions in the Middle East including reports of another attack on a tanker sailing off the coast of Oman overnight and US intelligence sources suggesting that Tehran may be developing plans to detonate a 'dirty bomb' or chemical weapon in Washington. As we mentioned in our most recent Iran Situation Report, oil traders are currently noting the increasing volume of Arabian crude exports successfully transiting the Strait of Hormuz with the IEA now predicting the return of a market surplus during Q4 2026. This view was supported by JP Morgan analysts who calculated that global crude oil supplies exceeded demand by 1.40 mio bpd last month. However, the risk of a fresh outbreak in fighting between the US and Iran lingers, while jet and diesel fuel supplies remain tight and their prices high. This was highlighted in IATA's latest weekly market report, which showed that the global price of jet fuel averaged US$169.82 a barrel last week, which while down 11.10% m/m was still 88.60% higher than the same period of 2025.

The Oil Market Is Showing 'Signs Of Rebalancing' – IEA.

In its latest Oil Market Report, the International Energy Agency said that the market was beginning to show signs of rebalancing with supply overtaking demand for the first time since the Iran War began. *"Global oil supplies surged by 2.30 mio bpd to 105.40 mio bpd in October, lifting output by an extraordinary 5.3 mb/d since August. The sharp increase narrowed the year-on-year output decline to 2.90 mio bpd, compared with an average 8 mio bpd loss over the March-September period. Despite continued attacks on tankers, Gulf oil exports, excluding Oman, reached 18.40 mio bpd last month, 26% below pre-war levels. The recent increase was led by crude, with flows rising to 15 mio bpd, equivalent to 82% of pre-war levels in October,"* the authors wrote, although also noting that the "*severe tightness in product supply, especially for diesel, remains the overriding concern of the broader market and consumers."*

Vance Says Iran Conflict Is Not Another 'Forever War' .
The US Vice President JD Vance has claimed that the Trump administration will not let the war with Iran drag on indefinitely. "*What I feel quite confident about the President of the United States, and again, there's no daylight here, is that whatever he ultimately decides to do, however he ultimately decides to bring the conflict to a close, he is not going to let this become a forever war. We told the American people we would do no more forever wars. Yes, the President felt he had to destroy the nuclear program. And yes, the Iranian nuclear program is a threat to the United States of America,"* Vance sated during a Fox News interview, adding that *"We are not going to allow this to become a 10- or 15-year commitment, or frankly even a two-year commitment. Despite the fact that a lot of neoconservatives and a lot of other people want us to stay there forever, we're not going to stay there forever. We promised we wouldn't."*

China's Fossil Fuel Consumption Continues To Decline.
The use of coal and gas within China's power network dropped by 7.30% last month as renewable sources, especially solar and wind, continued to increase their contribution to the country's electricity grid. Earlier this year, China's National Energy Administration revealed that coal-fired power's contribution to the country's total electricity output fell below 50% during H1 2026 for the first time ever. China aims to become carbon neutral before 2060.

Iranian Rial Slides To New Record Lows.
Iran's Central Bank has published its latest official exchange rates, with the local currency now at IRR 1,928,607 per US dollar. However, the unofficial 'kerb' market is much higher at more than IRR 2.60 mio per dollar, according to the Trend News Agency and the independent AlanChand currency site. Meanwhile, Iran is facing significant domestic gas shortages this winter, with a government official warning that the country could see a peak-demand deficit of up to 430 mio cubic metres per day in the colder months ahead, compared to a 300 mio deficit in 2025. Iran's national gas company has blamed this increased shortage on war-related damage to four of its processing plants.

France Prepares To Deploy Troops In Lebanon.
The French government is reportedly planning to deploy a significant number of soldiers to Lebanon, where they would conduct joint patrols with the Lebanese army. Paris is also looking at establishing training bases in the country to bolster the capabilities of Lebanon's armed forces and attempting to persuade other countries to participate in this initiative. However, according to a Jerusalem Post article these bases would not be located in southern Lebanon. Meanwhile, Mike Waltz the US ambassador to the UN who was visiting Beirut yesterday, has said that Hezbollah should lay down their weapons and hand them over to Lebanese government forces. *"I appreciate every Lebanese soldier that steps forward to defend their country, to restore their sovereignty, to defend their people. This is a unique opportunity in history to do that, one. And two, to Hezbollah and to their Iranian backers, no country can have two armies. I hope and pray Hezbollah will disarm. They should do that voluntarily,"* Waltz stated adding that *"Lebanese sovereignty must be fully restored."*

Dubai Airport Says Passenger Traffic Fell By 28% y/y .
Dubai International Airport has announced that it handled 50.40 mio passengers during the first nine months of this year, which was a 28.10% decline y/y as the Iran War disrupted travel to the region. Dubai was the world's busiest international hub for passengers again last year, handling 95.20 mio passengers, however the airport still expects to handle more than 70 mio travellers this year as the sector continues to recover. You can access more on this topic here.

GCC Debt Securities Held by Foreign Banks Up 41% y/y.
According to a recent FITCH report, the amount of GCC debt securities (including bonds and sukuks) held by foreign banks jumped by 41% y/y during H1 2026, whilst the UAE remained the number one destination for foreign banks' holdings of such securities. *"This growth points to the GCC's resilient credit profile, more frequent external issuances, cross-sector funding needs, deeper access to international investors, continued regulatory developments and potentially higher risk-adjusted yields,"* FITCH stated.

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Luxury Property Sales In Dubai Reach US$23.20 Bio In 2026.
Dubai's luxury real estate market recorded a total of US$23.23 bio worth of developer sales during the first ten months of this year, according to data published by the Dubai Land Department and research by fäm Properties.

FX/RATES & CRUDE MARKETS:

Indication Levels Only – Please Contact us on Reuters Dealing Codes FABA/FABU for any live pricing and/or information.
**** (GCC FX indications below are offshore levels only)**

Currency	Spot	1M	2M	3M	6M	9M	12M	2Y
USD/AED	3.6729/31	-2/Par	-5/-2	-7/-4	-12/-9	-15/-12	-18/-14	-55/-25
USD/SAR	3.7522/27	25/30	38/43	53/63	93/103	130/140	167/177	230/260
USD/KWD	0.31110/120	Par/+10	03/18	05/25	10/30	15/45	20/60	25/125
USD/OMR	0.38499/504	-5/Par	-5/Par	-10/Par	-6/+4	-2/+8	Par/+15	Par/+70
USD/BHD	0.37715/35	17/22	28/38	40/50	82/92	125/135	165/185	250/400
USD/MAD	9.7800/9.8100	On request	On request	On request	On request	On Request	On Request	On request
USD/EGP NDF	53.7046	54.40/54.70	55.10/55.40	55.80/56.10	57.85/58.15	59.80/60.10	61.75/62.05	-
USD/JOD	0.7083/7087	30/100	60/160	100/250	200/450	300/600	400/800	750/1750
USD/NGN NDF	1357.42	1365.00/1395.00	1380.00/1410.00	1390.00/1420.00	1440.00/1470.00	1475.00/1505.00	1510.00/1540.00	(NAFEX)
USD/GHS NDF	11.6750	11.60/12.20	11.65/12.25	11.70/12.30	11.75/12.75	11.80/12.80	11.85/12.85	-
USD/TND	2.9600/2.9900	On request	On request	On request	On request	On request	On request	On request

Crude Oil	Futures
WTI	$91.65
Brent	$85.10

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SOFR Spread	+32/42	+34/44	+35/45	+42/52	+46/56	+48/58	+49/+59	+50/60
SAR SOFR Spread	+114/124	+115/125	+117/127	+124/134	+130/140	+131/141	+132/142	+135/145

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

AND FINALLY…
Did you know that Tulips were cultivated by the Ottomans and exported to Europe in the early modern period, resulting in "tulip mania" in which tulip bulbs were bought and sold at exorbitant prices?

Happy Trading,

Glenn Wepener
Chief Strategist
Market Insights & Strategy
FAB Global Markets

FAB Global Markets

Market Insights & Strategy		
Simon Ballard	Chief Economist & Head of Market Insights & Strategy	Simon.Ballard@bankfab.com
Glenn Wepener	Chief Strategist	Glennmaurice.Wepener@bankfab.com
Rakesh Sahu	Analyst	Rakesh.Sahu@bankfab.com
Mohamed Al Shamsi	Analyst	Mohamedali.Alshamsi@bankfab.com
Almaha Al Nuaimi	Analyst	Almaha.Alnuaimi@bankfab.com
Saloni Chadha	Analyst	Saloni.Chadha@bankfab.com
Rohan Chawla	Analyst	Rohan.Chawla@bankfab.com

Group email: MarketInsights&Strategy@bankfab.com

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