

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Fresh Draw Of US Crude Stocks Lifts Prices.

Crude prices rebounded overnight, after API reported a 8.58 mio barrel draw in US stocks last week against expectations of a 3.2 mio barrel reduction, whilst gasoline stocks also fell by 1.70 mio barrels, although we await confirmation of both these numbers from the EIA later today. The more positive market mood was also supported by an apparent slowdown in new COVID-19 infections in the US over the past few days.

Libyan Oil Exports Set To Plunge Again.

Libya is expected to export just 1.20 mio barrels of crude for the entire month of August, a 40% drop on the previous month, according to loading data provided by Bloomberg. This fall is driven by the ongoing civil conflict in the country and the consequent shutdown of various oil related facilities.

Massive Explosion In Beirut Injures Thousands.

A fire, allegedly triggered by the spark from a welder's torch at Beirut main port last night, then spread to a warehouse where over 2,700 tons of seized ammonium nitrate was being stored resulting in an enormous explosion which killed almost 100 people thus far and injured thousands. The incident has also caused widespread damage across the port and the city itself. The Lebanese government has declared a two-week state of emergency and three days of mourning. The chemicals behind last night's explosion were seized back in 2014 and had apparently been stored at the port ever since. Ammonium nitrate is produced as small porous pellets and is a widely used fertilizer, but it is also the primary component in many types of mining explosives. Decomposition can occur if there is an intense fire nearby, this in turn creates gases including

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nitrogen oxides and water vapour. It is this rapid release of gases that causes an explosion. A similar event occurred at a chemicals factory in Tianjin China back in 2015, the resulting blast there killed 173 people. *"I promise you that this catastrophe will not pass without accountability. Those responsible will pay the price. Facts about this dangerous warehouse that has been there since 2014 will be announced and I will not preempt the investigations,"* Lebanon's Prime Minister Hassan Diab, said during a televised statement last night. Another major concern for the country is that the incident also destroyed a number of silos at the port, which are reported to have contained over two-thirds of the country's grain stores.

Iran's Mock Carrier Capsizes Near Key Port.

After being used for target practice during a series of maritime war games conducted by the Iranian Navy late last month, a mock-up of a US aircraft carrier apparently capsized and sank as it was being towed back to its home port of Bandar Abbas. According to Forbes magazine, the vessel is now lying in shallow water just outside the harbor entrance and become a major maritime shipping hazard that will thus need to be salvaged. Bandar Abbas is a key base for the Iranian Navy. Meanwhile a fire reportedly broke out in an industrial area just outside Tehran yesterday, it is not known as yet what caused the blaze but it is just another one of numerous such incidents to take place in the country over the past few months, including an explosion near the Parchin military facility in June.

Egypt Withdraws From Talks Over Ethiopian Dam.

Egypt announced late yesterday, that it has withdrawn from talks over Ethiopia's controversial dam project for internal consultations. This comes after Addis Ababa presented a proposal yesterday, which Egyptian officials claim excludes *"operating guidelines"* as well as *"a legal mechanism to settle disputes."* Meanwhile Sudan's Water Minister, Yasser Abbas, has stated that his government may also withdraw from the negotiations, after they received a note from his Ethiopian counterpart which suggested any deal to resolve the Grand Renaissance Dam dispute, should also involve a separate agreement on the sharing of water from the Blue Nile. *"This is a significant development and a change in the Ethiopian position. This new position threatens the negotiations under the aegis of the African Union, and Sudan will not participate in negotiations which include the subject of sharing Blue Nile waters, Sudan will not allow the lives of 20 million citizens who live along the Blue Nile to be tied to an agreement on sharing the water of this river,"* Abbas was quoted as saying by the 'Euractiv' news site this morning.

China & Russia May Block US Move To Extend Sanctions On Tehran.

The Trump administration, has reportedly submitted a new resolution to the UN Security Council, calling for the current arms embargo against Iran to be extended past its October expiry date, according to a Bloomberg article published this morning. However, the US Ambassador to the UN, Kelly Craft, claimed yesterday that Moscow and Beijing are likely to veto the proposal. This in turn could see Washington threaten to invoke a "snapback" provision in the 2015 JCPOA accord to re-impose all UN sanctions against Tehran.

Saudi Arabia Reopens Land Borders – PMI Index Rises.

Saudi Arabia has reopened its land borders with the UAE, Kuwait and Bahrain as the Kingdom begins to ease restrictions which are linked to controlling the spread of COVID-19. These borders had been shut to non-commercial traffic since the 7th of March. Meanwhile, the latest HIS Markit Purchasing Managers' Index on Saudi Arabia's non-oil private sector economy rose from 47.7 in June to 50 in July, (its highest level in five months) suggesting operating conditions in this sector are beginning to stabilize.

Morocco Unveils Details Of Its Stimulus Package.

The Moroccan government, has outlined some more details on its planned economic stimulus program which was first announced by King Mohammed VI last week. The MAD 120 billion package, will be split as follows: MAD 45 bio will be set aside for investment into major infrastructure projects and MAD 75 bio will go towards facilitating access to state-guaranteed funding for local businesses. You can read more on these plans [here](#).

Government Departments In Kuwait Begin Laying-off Expats.

A number of ministries in Kuwait have begun laying-off some of their expatriate staff, according to a report by the 'Arab News' media outlet, which quoted the Kuwaiti newspaper 'Al Rai' as its source. The article suggests that government departments in Kuwait plan to dismiss up to 50% of their foreign employees, with

a focus on those working in non-technical fields. This process will apparently take three months to complete, but some affected employees directly hired by the ministries have reportedly been redeployed to companies that provide subcontracted services. You can access this story in full [here](#).

CRCC Seals Major Rail Contract In UAE.

China's rolling stock manufacturer CRRC, which is state-owned, has won the contract to manufacture, supply and commission 842 new railway wagons, for the UAE's Etihad Rail company. *"Etihad Rail is building a sustainable national railway network designed to transform the UAE's freight transport and logistics mode of operation by modernizing the haulage map for the end users, customers as well as operators,"* the chairman of Etihad Rail, Sheikh Theyab bin Mohamed, was quoted as saying yesterday by the 'National' newspaper.

Siemens Wins Compressor Contract In KSA.

Siemens Energy has reportedly been awarded a contract to supply 20 centrifugal compressor systems for Saudi Aramco's Hawiyah Unayzah Gas Reservoir Storage project.

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	-1/+2	Par/+3	2/7	10/20	20/35	40/60	135/185
USD/SAR	3.7505/08	12/17	22/27	30/45	60/75	95/115	130/150	290/340
USD/KWD	0.30570/590	18/28	35/45	45/60	90/110	130/160	170/200	250/450
USD/OMR	0.38497/502	25/40	65/8	110/140	245/275	390/440	520/620	1000/1400
USD/BHD	0.37695/700	15/20	25/40	35/55	70/100	100/130	135/165	350/650
USD/MAD	9.29225/3725	50/150	100/300	200/500	350/850	800/1800	1300/2700	3000/6000
USD/EGP NDF	15.99	16.08/16.13	16.18/16.23	16.31/16.36	16.71/16.76	1707/17.12	17.52/17.57	-
USD/JOD	0.7085/7105	65/115	80/180	130/280	250/450	325/525	425/725	1000/1800
USD/NGN NDF	388.80	392.25/395.25	396.50/399.50	403.50/409.50	420.50/426.50	439.50/449.50	456.50/466.50	(NAFEX)
USD/GHS NDF	5.7600	5.78/5.81	5.80/5.85	5.85/5.92	6.02/6.14	6.27/6.39	6.52/6.66	-
USD/TND	2.7300/7800	150/350	300/600	500/1000	1000/2000	1700/2700	2500/4000	4500/8500
Crude Oil	Futures							
WTI	42.15							
Brent	44.85							

**** (GCC FX indications above are offshore levels only)**

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+40/46	+54/60	+65/71	+72/78	+79/85	+85/91	+90/96	+109/115
SAR SPREAD	+65/71	+77/83	+90/96	+102/108	+113/119	+122/128	+131/137	+155/161

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

AND FINALLY...

Did you know that over 45% of Mozambique's population is under the age of 15?

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