

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Offshore Crude Storage Expands As Demand Slows.

A number of traders and producers have been forced to charter large tankers again, in order to store some of their excess oil stocks as global demand continues to slow. More than thirty VLCC vessels which can hold up to 24 million barrels of crude each have been chartered in the past few weeks by some of the majors including BP, Vitol, Lukoil and Shell. This in turn has seen the daily leasing rates for super tankers triple in the past seven days, according to 'Tanker Trackers.com'. Meanwhile the EIA said in its weekly report (which was published last Thursday) that US gasoline demand had dipped from 8.79 mio bpd to 8.39 mio bpd in the week ending September 4th as the US driving season began to end. US crude inventories rose by 2 mio bpd (the first weekly rise in 7 weeks) and total US crude inventories now stands at 500.40 mio barrels, around 14% above the five-year average (This does not include strategic reserves).

Focus On Upcoming OPEC+ Meeting.

Saudi Arabia and Russia are scheduled to chair an OPEC+ monitoring meeting this coming Thursday, where a review will be conducted on the current state of the oil market. Thus traders will be on the lookout for any comments regarding the possible adjustment of output limits by signatories to the accord.

US Intelligence Accuses Iran Of Plotting To Assassinate Ambassador.

Iran has allegedly been considering a possible assassination attempt on the US ambassador to South Africa, in order to avenge the death of General Qassem Soleimani, according to a report published by the 'Politico' news site yesterday. The article claims that US intelligence was

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aware of this threat and concluded that Ambassador Lana Marks had probably been chosen as a potential target due to her apparent long-term friendship with President Donald Trump. You can read the Politico article in full [here](#).

Bahrain Joins UAE In Normalizing Relations With Israel.

The US President announced late last Friday, that Bahrain has decided to follow in the UAE's footsteps and normalize relations with Israel. The official signing of the 'Abraham Accord' by the three respective countries will take place in Washington tomorrow. This move by Manama, suggests that more Arab countries are likely to follow suit in the weeks and months to come. The Sultanate of Oman, congratulated both Bahrain and the UAE, saying in a statement published by the 'National' newspaper that such rapprochement will hopefully lead to a permanent Palestinian/Israeli peace deal. *"We hope this new strategic path taken by some Arab countries will contribute to bringing about a peace based on an end to the Israeli occupation of Palestinian lands and on establishing an independent Palestinian state with East Jerusalem as its capital,"* the Omani government's statement read. Meanwhile the Israeli Prime Minister said over the weekend that; *"We now have two historic peace agreements with two Arab countries within one month. I am sure that we all praise this new age, It will be warm peace, economic peace in addition to diplomatic peace, peace between nations."*

IMF Underscores Need For Audit Of Lebanon's CB.

The IMF suggested in a press statement issued late last week, that there was a need to audit the balance sheet of Lebanon's central bank in order to fully assess its assets and liabilities. *"The audit will also help assess the impact of the Central Bank's financing of government operations and the Central Bank's financial engineering on its own at net worth. This is an important part of assessing past losses that are a part of the Central Bank's balance sheet,"* The IMF's communications director, Gerry Rice stated, adding that the international lender had also offered the Lebanese authorities technical assistance to help deal with some of their country's most immediate challenges following the massive port blast in Beirut last month.

SAMA Unveils New Rules On Currency Bureaus.

The Saudi Monetary Authority has issued new regulations governing the money exchange sector in the country. These updated rules underlined the fact that exchange bureaus are not permitted to engage in any commercial activity which they are not authorized to practice by SAMA, such as opening current accounts, investment accounts and savings accounts for either their clients or employees, issuing letters of guarantee, opening documentary credits or guarantees, accepting deposits and speculating in currencies, metals and/or stocks. The new rules will however, allow hotels and tourist offices to exchange currencies from their customers provided these currencies are then sold on to a licensed bank or exchange bureau.

Nigeria's CB Must Improve Access To Hard Currency – World Bank.

Nigeria's Central Bank should increase its efforts to ease pressure on the local foreign-exchange market in order to meet a growing demand for hard currency, the World Bank's country director for Nigeria said recently, according to the 'Naija 247 News' site. Whilst the IMF welcomes the recent resumption of dollar sales after a five-month hiatus *"continued and even stronger action and a clear commitment from the central bank will go a long way toward facilitating a stronger recovery,"* Shubham Chaudhuri, was quoted as saying. He also highlighted the potential plight of the Azura power plant, which according to a Financial Times article published last week, may default on some of its US dollar denominated debt due to a sustained shortage of hard currency in the market. *"The Azura case is just one example of the difficulties that a number of established foreign and domestic private firms in Nigeria have had in accessing the forex to meet their business and contractual obligations,"* Chaudhuri said last Friday. You can access the FT's Azura story [here](#).

Bahrain Raises US\$2 Bio Via Latest Bond Issuance.

Last week Bahrain raised US\$1 billion via a 7-year Sukuk (which was priced at 3.95%) and an additional US\$1 billion from a 12-year conventional bond with an IPT of 5.45%. The issuance reportedly attracted US\$7.60 bio in orders according to Bloomberg and was the Kingdom's second such bond sale so far this year.

CPPE Wins Pipeline Contract In UAE.

Abu Dhabi based ADNOC, has awarded the China Petroleum Pipeline Engineering firm a US\$315 mio contract to replace the two main oil pipelines that transport crude to the Jebel Dhanna export terminal, according to the 'Argus Media' news outlet. Once completed the project will increase pipeline capacity at the port by 30%.

Vodafone To Continue Talks With STC On Egypt Assets.

The UK based telecommunications company, Vodafone, announced earlier today that it was still in talks with Saudi Telecom over the latter's potential purchase of 55% of Vodafone's Egyptian subsidiary for around US\$2.4 bio, despite the expiry of an MOU on the subject. "Vodafone now looks to STC and Telecom Egypt to find a suitable agreement to enable the transaction to close," the Vodafone Group said in a statement which was published by Reuters.

ABC Eyes Blom Bank Egypt.

Bahrain's Bank ABC said last week, that it was in early talks to potentially buy Blom Bank's Egyptian subsidiary. According to the 'Arab News' media outlet, UAE based Emirates NBD has also expressed an interest in the business.

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	3.67285/295	Par/+3	1/4	3/8	10/15	17/27	30/45	130/180
USD/SAR	3.7509/11	1/4	4/9	8/18	23/33	43/53	65/80	190/240
USD/KWD	0.30570/590	20/27	35/45	50/65	110/130	155/185	210/240	360/460
USD/OMR	0.38496/501	25/40	65/85	100/150	230/280	375/425	525/575	1050/1350
USD/BHD	0.37704/707	8/18	17/33	25/40	55/75	80/110	110/140	400/600
USD/MAD	9.1450/1650	50/150	100/300	200/500	350/850	800/1800	1300/2700	3000/6000
USD/EGP NDF	15.75	15.83/15.88	15.95/16.00	16.09/16.14	16.50/16.55	16.92/16.97	17.33/7.38	-
USD/JOD	0.7080/85	65/115	80/180	130/280	250/450	325/525	425/725	1000/1800
USD/NGN NDF	385.72	388.50/399.50	392.75/395.75	39750/402.50	414.00/420.00	434.00/440.00	452.0/460.00	(NAFEX)
USD/GHS NDF	5.7800	5.81/5.86	5.87/5.94	5.95/6.04	6.18/6.30	6.42/6.54	6.68/6.82	-
USD/TND	2.7125/7325	150/350	300/600	500/1000	1000/2000	1700/2700	2500/4000	4500/8500
Crude Oil	Futures							
WTI	37.60							
Brent	40.00							

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

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SPREAD	+33/39	+46/52	+60/66	+72/78	+80/86	+87/93	+92/98	+113/119
SAR SPREAD	+65/71	+82/88	+101/107	+115/121	+129/135	+142/148	+150/156	+175/181

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

AND FINALLY...

Egypt's Ministry of Tourism and Antiquities revealed over this past weekend, the discovery of a collection of thirteen coffins believed to hold human mummies that are more than two thousand five-hundred years old. The coffins were uncovered in a well in Saqqara, which is located 20 miles south of the Egyptian capital.

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