

Market Insights & Strategy

Global Markets

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MIDDLE EAST & AFRICAN MONITOR

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REGIONAL COMMENTARY

Oil Prices Retain Positive Mood.

Crude oil benchmarks have begun this week pretty much inline with where they closed last Friday, and retain their positive tone supported by fresh data that showed OPEC production dropped by 900,000 bpd last month and Saudi Arabia's confirmation at last week's OPEC+ meeting that it will extend its voluntary 1 mio bpd cut into September as expected. Meanwhile, the number of active US oil rigs slipped by another 4 units last week to 525, this translates into a drop of 96 units year-to-date. However, further sustained crude price gains from these current levels do face some headwinds, with OPEC's spare capacity situation finally beginning to improve and China's economic rebound remaining sluggish. Saying that, geopolitical risks are also still lurking in the background, highlighted over the past few days by an intensification of the fighting between Ukraine and Russia in the Black Sea, with one attack [reportedly](#) taking place close to loading facilities operated by the Caspian Pipeline Consortium that handles Kazakhstan's transit oil exports via Russia.

UK Carbon Prices Trade At Discount To Europe.

[Reported](#) changes to carbon emission reforms in the UK, which as a result offer larger allowances to UK industries than originally expected have triggered a sharp sell-off in carbon prices with UK carbon permits last seen trading around £40 compared to €82 in Europe under the EU Emissions Trading System. Liquidity in the market as a whole has also been disrupted with limited bids and offers currently being shown, and this situation is not likely to improve until there is more official clarity on the UK government's emissions trading scheme.

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Chief Strategist

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More Than 40 Countries Attend Ukraine Peace Summit In KSA.

Saudi Arabia hosted a two-day summit this past weekend, which saw representatives from 42 countries (including the EU, China, India, the US and Brazil) meet in Jeddah to discuss ways to find a diplomatic solution to the conflict in Ukraine. A Ukrainian government delegation was also at the summit, (which follows an initial gathering in Denmark in June) and submitted Kyiv's 10-point proposal for a peace settlement, although Russia did not attend. On the summit's conclusion, no major breakthroughs were announced but it was agreed that a series of working groups would be established to focus on specific topics such as food security, humanitarian aid and nuclear safety. However, it's certainly worth highlighting the important presence of China and India at these talks, with one EU diplomat reportedly [commenting](#) that China "*participated actively and was positive about the idea of a third meeting at this level*".

Has Israel's PM Stepped Back From The Brink?

In an interview this past weekend, Israel's Prime Minister appeared to suggest that his administration would no longer pursue the full range of judicial reforms they originally planned. In the interview, Netanyahu claimed that the only remaining reform was to amend the makeup of the judge selection committee. "*That's basically what's left, because other things I think we should not legislate,*" the Prime Minister was quoted as saying by 'Bloomberg'. If this decision is confirmed, it may help ease the recent dramatic rise in political tensions within Israel's civil society which had been triggered by the governing coalition's controversial reform plans and led to unprecedented street protests. However, allowing the government to have more control on which judges are chosen to sit on the Supreme Court bench may still be unacceptable to many Israelis. It's also not clear if this potential concession will encourage the main opposition parties to re-enter negotiations with the government over these reforms while the country's parliament is in summer recess.

Iran's IRGC Is A Major 'Threat' To UK Security.

The UK's 'Sunday Times' newspaper claimed in an [article](#) published yesterday, that the Home Office was becoming increasingly concerned over reports that Iranian intelligence agents in Britain were actively recruiting criminal gangs in order to target political opponents to the regime in Tehran. "*The Iranian threat is the one that worries us the most. It's a big issue because they are getting much more aggressive and their appetite is increasing. They are very defensive to anyone challenging their regime and just want to stamp it out. They are increasing their agitation,*" a source reputedly close to the UK's Home Secretary was quoted as saying by The Times.

GCC Countries Issue Travel Warning For Lebanon.

Armed clashes which broke out between various factions within Lebanon's Ain Al Hilweh refugee camp over the past few days, has led a number of GCC and European countries to issue travel warnings on the Mediterranean country. Saudi Arabia and Bahrain have called on their citizens to leave Lebanon as soon as possible, while the UAE has reinstituted a [ban](#) on Emirati citizens travelling there. Meanwhile, Lebanon's caretaker Prime Minister has called for the fighting to end and threatened to deploy Lebanese soldiers to the camp if the violence continues, describing it as a "*flagrant violation of Lebanese sovereignty*."

Egypt's International Reserves Edge Up.

According to Egypt's Central Bank, the country's net international reserves rose to US\$34.879 bio last month from US\$34.807 bio in June. In February 2022, these reserves stood at US\$40.90 bio before sliding to a low of US\$33.14 bio in August last year. However, the banking sector's NFLs expanded by US\$2.70 bio m/m in June to reach a total record NFA deficit of US\$27.10 bio for the 2022/23 fiscal year. Meanwhile, the CB surprised most analysts (including ourselves) last week, by hiking its benchmark o/n deposit and lending rates by 100bp to 19.25% and 20.25% respectively.

Alkhorayef Wins LTOM Contract In Saudi Arabia.

The Alkhorayef Water and Power Technologies Company has been awarded a SAR1.60 bio long-term operational and maintenance contract of Riyadh's sewage treatment plants, [according](#) to the 'Mechanical electrical & plumbing' website.

Drake & Scull Seal Wastewater Contract In Jordan.

The UAE based contractor Drake & Scull International, announced last week that one of its subsidiaries has been awarded a AED 307 mio contract to build a wastewater plant in the Jordanian city of Ar Ramtha, in partnership with a local firm there.

International Visitors To Dubai Hit 8.55 Mio During H1 2023.

According to data published recently by Dubai's Department of Economy and Tourism, the total number of international visitors to the Emirate during the first half of this year rose by 20% y/y to reach 8.55 mio. This also exceeds the number of visitors recorded during the same period in 2019 and you can access more information on this story [here](#).

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	3.67295/305	-5/-2	-8/-5	-10/-7	-13/-10	-10/-7	-7/Par	10/30
USD/SAR	3.7513/16	9/12	13/18	17/22	32/42	40/50	48/58	110/160
USD/KWD	0.30750/760	-92/-82	-156/-141	-230/-200	-385/-355	-530/-470	-635/-685	-650/-500
USD/OMR	0.38498/501	-2/+3	-3/+7	-3/+13	05/25	20/50	45/95	200/400
USD/BHD	0.37698/703	12/22	28/38	40/55	85/100	120/150	150/180	310/510
USD/MAD	9.7500/9.7800	-150/+150	-400/+100	-600/-100	-600/-100	-1600/-400	-1800/-800	-3000/-1000
USD/EGP NDF	30.8956	31.40/31.70	32.20/32.50	33.20/33.50	35.65/36.05	37.80/38.20	40.05/40.55	-
USD/JOD	0.7078/7083	50/150	75/250	150/300	250/650	450/950	600/1200	850/1450
USD/NGN NDF	746.75	775.00/795.00	780.00/810.00	785.00/815.00	810.00/860.00	835.00/885.00	850.00/900.00	(NAFEX)
USD/GHS NDF	11.3750	11.00/11.30	11.10/11.40	11.20/11.70	11.40/12.00	11.50/12.30	11.90/12.90	-
USD/TND	3.0500/3.0800	Par/+100	Par/+250	Par/+350	Par/+550	Par/+700	Par/+1200	1500/3000
Crude Oil	Futures							
WTI	\$83.30							
Brent	\$86.75							

AED AND SAR IRS SPREADS

Currency	1Y	2Y	3Y	4Y	5Y	6Y	7Y	10Y
AED SOFR SPREAD	+1/10	+15/19	+19/27	+29/35	+37/46	+44/52	+50/58	+60/69
SAR SOFR SPREAD	+59/66	+63/68	+65/72	+67/76	+72/77	+73/79	+73/83	+84/92

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

AND FINALLY...

Did you know that Jordan's Dead Sea is not just the saltiest such body of water it is also the lowest point on Earth?

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