World Oil Demand - 2015/2016, mb/d	2015	Q1-16	Q2-16	Q3-16	Q4-16	2016	Y-o-Y Growth	% Chg.
Americas	24.59	24.49	24.67	25.01	24.77	24.73	0.14	0.57
of which US	19.84	19.78	20.00	20.21	20.05	20.01	0.17	0.84
Europe	13.75	13.67	13.98	14.49	14.07	14.05	0.30	2.22
Asia Pacific	8.04	8.55	7.64	7.79	8.31	8.07	0.04	0.44
Total OECD	**46.38**	**46.71**	**46.29**	**47.29**	**47.14**	**46.86**	**0.48**	**1.04**
Other Asia	12.28	12.75	12.93	12.64	13.09	12.85	0.57	4.64
of which India	4.05	4.54	4.29	4.13	4.58	4.39	0.34	8.30
Latin America	6.56	6.25	6.49	6.76	6.37	6.47	(0.09)	(1.35)
Middle East	7.97	7.98	7.79	8.37	7.74	7.97	0.00	(0.04)
Africa	3.99	4.12	4.09	4.03	4.14	4.10	0.10	2.59
Total Developing Countries (DCs)	**30.81**	**31.11**	**31.31**	**31.80**	**31.34**	**31.39**	**0.58**	**1.89**
Former Soviet Union (FSU)	4.62	4.49	4.37	4.73	5.05	4.66	0.04	0.88
Other Europe	0.67	0.68	0.65	0.68	0.77	0.70	0.02	3.52
China	11.19	11.12	11.51	11.49	11.89	11.51	0.31	2.79
Total "Other Regions"	**16.49**	**16.30**	**16.53**	**16.91**	**17.71**	**16.86**	**0.38**	**2.28**
Total World	**93.68**	**94.12**	**94.13**	**96.00**	**96.19**	**95.12**	**1.44**	**1.53**

Source: OPEC Monthly Oil Market Report - June 2017

Market expectations push oil prices lower

KAMCO MARKET REPORT

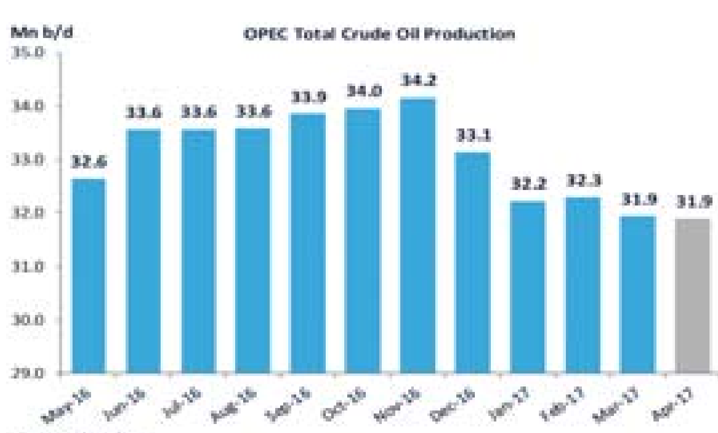
Oil markets remained fragile and mostly trended lower despite the OPEC announcing extension to its existing output cut agreement. After the OPEC meeting, which extended the agreement by a further nine months until March-18, crude prices witnessed one of the biggest daily declines in several weeks, as the market was expecting deeper cuts by the producers to curb supplies. The slide in prices continued during June-17, initially due to the announcement that US would pull out of the Paris Climate deal that would possibly result in increased drilling activity in the US and higher crude supply.

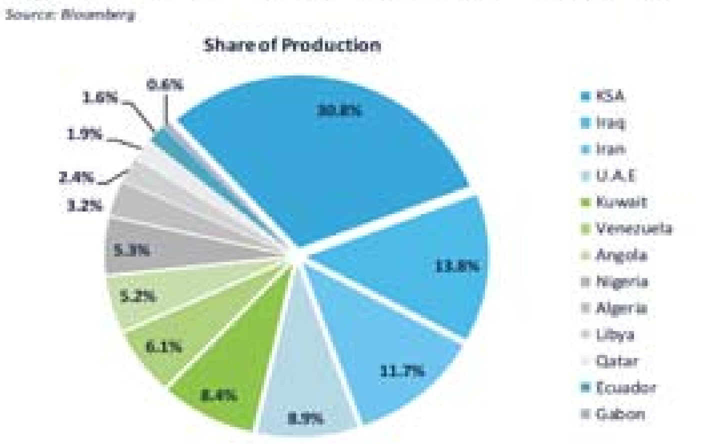
The market got another shock after the EIA reported an unexpected inventory build in the US for the first time in nine weeks, casting further doubts on the effectiveness of the OPEC output cuts that is being continuously countered by rising production in the US. Moreover, the diplomatic tensions in relation to Qatar also did not have any visible impact on oil prices, as supplies are not expected to be affected.

In addition, the revival of oil output in Libya and Nigeria further threatens to offset the effectiveness of OPEC cuts. According to the latest monthly oil production data from Bloomberg, OPEC output increased by 1% or 315 tb/d during May-17 as both Nigeria and Libya pumped additional 310 tb/d during the month. Output by Saudi Arabia continued to remain below the 10 mb/d level while UAE's decline of 40 tb/d was offset by an equivalent increase in output by Iraq.

Meanwhile, a more targeted strategy by Saudi Arabia in reducing oil supply to the US and limiting supplies to some Asian buyers is expected to have a positive impact on the oil market. According to Reuters, the Kingdom would reduce July-17 crude allocations to Asia to about 0.3mb/d, less than the level in June-17, while allocations to the US is expected to be curbed by almost 35%. This comes after China's monthly oil imports reached the second highest level on record in May-17 after increasing by almost 15.4% year-on-year taking advantage of the low oil prices. That said, purchases in June-17 is expected to be lower; however, July-17 which is a peak demand season for oil demand in China, should once again trigger higher imports.

Near term trend in oil prices is expected to be stable as estimates suggest crude inventory drawdown in the US in the coming weeks.





Source: Bloomberg

OPEC also expects higher demand for crude during 2H-17 on the back of largely improving economic fundamentals globally. According to the latest OPEC monthly report, global oil demand is expected to increase by close to 2 mb/d during 2H-17 while non-OEPC supply is expected to increase by 0.5 mb/d. The higher expected consumption would be backed by demand for higher transportation fuel in the US as well as rising oil consumption in India. Moreover, KAMCO Research expects higher domestic demand from GCC OPEC members due to seasonal summer consumption. This would further limit exports from the region and support prices in the near term.

Oil prices

Oil traded mostly below USD 50/b during May-17 and slowly started crawling up closer to the date of the OPEC meet on expectations that producers would not only renew the pact but also undertake deeper cuts. In the meeting, the producers did renew the agreement and in fact extended it by nine months as against the expectations of six months but did not impose deeper cuts on the members. This resulted in a steep decline in oil prices following the announcement as seen from the 5% fall in OPEC and Brent crude for the next two trading sessions.

The market suffered further in June-17 when the US pulled out of the Paris climate deal prompting higher drilling in the US. A surprise inventory build in the US also pushed prices further down to the lowest in more than six months for OPEC crude that reached USD 45.48/b on 9-June-17. According to the EIA report, US stockpiles increased for the first time in nine weeks with crude inventories swelling by 3.3 million barrels as against expectations of an equivalent drawdown during the week.

In the US, rig count continued to rise unabated increasing 21 weeks consecutively to reach 741 for the week ended 9-June-17. In addition, there are no near term catalysts that would see any slowdown in the number of rigs being drilled in the US. According to Rystad Energy, there is a significant number of drilled but uncompleted wells in the US that are commercially viable to put into operation even at oil price of as low as USD 40/b or USD 30/b.

However, more rigs may not necessarily mean more oil in the market. According to an EIA report, although the rig count has been increasing in the Permian Basin, the productivity of the newly drilled wells have been falling every month since September-16, as against prior expectation of seeing a first decline this month. EIA's estimate in its latest monthly Drilling Productivity Report says that the average amount of oil produced per well in the Permian Basin is expected to fall to just 602 barrels a day in July-17, down from a peak of 704 barrels a day in August-16.

World Oil Demand

World oil demand growth estimates for 2016 remained unchanged in the latest monthly oil market report from OPEC and is expected to grow by 1.44 mb/d to average 95.12 mb/d. Demand expectations for 2017 was also kept unchanged at 96.38mb/d, an increase of 1.27 mb/d as compared to 2016 despite some adjustments to demand data within the OECD region. Demand estimates for OECD America was revised lower by 50 tb/d for Q1-17, reflecting the slower-than-anticipated oil demand growth in Canada and Mexico. This was offset by an upward revision to US oil demand by almost 28 tb/d in Q1-17 to account for higher distillate oil and jet fuel demand during March-17 on the back of higher industrial production. The month saw the biggest monthly increase so far this year amounting to 0.4 mb/d or 2.4% month-on-month growth, despite disappointing data for gasoline demand that declined for the third consecutive month due to factors related to transportation sector, including a drop in vehicle sales and higher retail fuel prices that led to a decline in miles driven.

Meanwhile, oil demand data for OECD Europe for April-17 also showed weak momentum for the third consecutive month due to slower-than-expected industrial activity in Germany, UK and Turkey, in addition to slower-than-anticipated oil demand growth in the Netherlands and Belgium. The softer trends largely reflect the high baseline effect for the overall OECD Europe oil demand performance.

Oil demand in the Big 4, according to preliminary data for April-17, indicated a steep year-on-year decline in oil requirements for all product categories. Jet/kerosene and fuel oil requirements witnessed the biggest declines due to lower activity in UK's aviation sector and slow demand for bunkering, especially in France.

WASHINGTON: In this Thursday, March 23, 2017, file photo, Federal Reserve Chair Janet Yellen steps offstage after speaking at the Federal Reserve System Community Development Research Conference. — AP

3 things to watch for from Federal Reserve

WASHINGTON: There isn't much suspense about what the Fed will announce when its latest policy meeting ends: That it's raising its key short-term interest rate for the third time in six months. The job market - with unemployment at a 16-year low of 4.3 percent - has improved to such an extent that the Fed is thought to feel it's time to modestly raise its benchmark rate again. The move, to a still-low range of 1 percent to 1.25 percent, will likely lead to somewhat higher rates on some consumer and business loans. The idea is to ensure that the US economy doesn't overheat.

But beyond the announcement of another rate hike, anticipation surrounds the possibility that the Fed could signal policy shifts in a statement it will issue, in updated economic forecasts and in a news conference with Chair Janet Yellen. Investors want to know, for example, how fast the pace of rate increases may be in coming months or whether Washington's political paralysis has concerned the Fed. Here are three things to watch for after the Fed's meeting ends:

Future pace of rate hikes

After leaving its benchmark rate at a record low near zero for seven years, the Fed has raised rates three times, by a quarter-point each time - once in December 2015, again last December and a third time in March. The Fed has previously forecast that it will raise rates three times in 2017.

Though investors have pegged the likelihood of a rate increase Wednesday at near 100 percent, there's much less certainty about the prospect or timing of any further hikes. Some Fed watchers expect another increase in September. Others say the Fed may want to wait until December.

The reasoning is that the policymakers will want more time to determine whether a slowdown in growth and inflation at the start of 2017 was indeed "transitory," as they described it in May, or the start of another slump that could lead the Fed to halt its rate hikes. Investors will be watching the language in the Fed's policy statement to describe the economy, along with Yellen's comments during her news conference.

One signal could come from the Fed's quarterly "dot plot." This is an illustration representing the anonymous forecasts of each Fed official - the board members as well as the 12 regional bank presidents - for the timing of future rate hikes. It's this chart that provides the current expectation of three rate increases during 2017.

Balance sheet reductions

Starting in 2008, the Fed expanded its balance sheet five-fold to its current $4.5 trillion through purchases of Treasury and mortgage securities. The Fed began the purchases after it had cut its main policy lever, the federal funds rate, to a record low near zero. The bond purchases were intended to depress long-term borrowing rates as an additional way to energize the economy as it struggled to emerge from the Great Recession.

The Fed is no longer buying new bonds. But it's been replacing maturing bonds to prevent its portfolio from shrinking. Speculation has grown that Yellen may reveal details at her news conference of a plan to gradually reduce the portfolio.

One possibility suggested would have the Fed begin to pare its holdings late this year and then gradually shed incrementally larger amounts into next year, while allowing the financial markets to adjust to the impact. Investors are keenly interested in whatever the Fed says about its balance sheet because gradual reductions in its portfolio could raise long-term rates, even if only slightly. —AP

Secret rebates send EU plastics benchmark above its true cost

LONDON: An unregulated benchmark used to set the price of plastics in Europe has veered above the true cost in recent years, because of secret rebates chemical companies give each other that disguise the price of the main precursor, four sources familiar with the industry say.

Ethylene, a flammable gas, is the main feedstock used to synthesize the most commonly used plastics, found in the vast majority of all manufactured goods. It is produced in refineries from natural gas or crude oil, as one of the main products of the $400 billion global petrochemicals industry. When manufacturers buy and sell plastic, a benchmark of the ethylene price is often written into their purchase contracts, to reflect the raw material cost.

The sources include one person at a petrochemical company and three people who research the industry. The actual price companies charge each other for the chemical is secret, and companies tend to offer big clients discounts from the benchmark to reflect economies of scale, local market conditions, or other factors. But those discounts have grown, making the benchmark a less accurate reflection of the real costs.

Companies do not have to pass the rebates on to their customers further down the supply chain, who are contractually obliged to pay prices based on the higher benchmark. Reuters was unable to assess the degree to which the practice has hurt manufacturers of goods made from plastics. More than 10 companies that buy or sell ethylene, contacted by Reuters, declined to discuss their pricing, including any rebates they offer or receive.

"There's an understanding that this is not a perfect process," said Matthew Thoelke, senior director of olefins and derivatives at analysis firm IHS. The sources said the petrochemical companies that participate in setting the ethylene contract price while giving or receiving rebates include Europe's biggest, such as BASF, Royal Dutch Shell, Total and LyondellBasell. BASF, Shell and Total declined to comment on their pricing. LyondellBasell did not respond to Reuters request for comment. —Reuters

EXCHANGE RATES

Al-Muzaini Exchange Co.

ASIAN COUNTRIES	
Japanese Yen	2.763
Indian Rupees	4.730
Pkistani Rupees	2.898
Srilankan Rupees	1.986
Nepali Rupees	2.959
Singapore Dollar	221.080
Hongkong Dollar	38.994
Bangladesh Taka	3.763
Philippine Peso	6.145
Thai Baht	8.991
GCC COUNTRIES	
Saudi Riyal	81.147
Qatari Riyal	83.578
Omani Riyal	790.281
Bahraini Dinar	808.020
UAE Dirham	82.850
ARAB COUNTRIES	
Egyptian Pound - Cash	19.700
Egyptian Pound - Transfer	16.737
Yemen Riyal/for 1000	1.221
Tunisian Dinar	124.890
Jordanian Dinar	428.910
Lebanese Lira/for 1000	2.027
Syrian Lira	2.168
Morocco Dirham	31.611
EUROPEAN & AMERICAN COUNTRIES	
US Dollar Transfer	304.100
Euro	342.720
Sterling Pound	390.010
Canadian dollar	230.900
Turkish lira	87.010
Swiss Franc	315.780
Australian Dollar	230.810
US Dollar Buying	302.900
GOLD	
20 Gram	257.580
10 Gram	131.710
5 Gram	66.700

Dollarco Exchange Co. Ltd

Rate for Transfr	Selling Rate
US Dollar	303.900
Canadian Dolla	226.475
Sterling Pound	388.545
Euro	342.155
Swiss Frank	295.810
Bahrain Dinar	806.040
UAE Dirhams	83.135
Qatari Riyals	84.355
Saudi Riyals	81.935
Jordanian Dinar	428.545
Egyptian Pound	16.923
Sri Lankan Rupees	1.988
Indian Rupees	4.725
Pakistani Rupees	2.898
Bangladesh Taka	3.772
Philippines Pesso	6.140
Cyprus pound	167.715
Japanese Yen	3.755
Syrian Pound	2.420
Nepalese Rupees	3.962
Malaysian Ringgit	72.080
Chinese Yuan Renminbi	45.135
Thai Bhat	9.910
Turkish Lira	86.480

Bahrain Exchange Company WLL

CURRENCY	BUY	SELL
Europe		
British Pound	0.381851	0.391851
Czech Korune	0.005006	0.017006
Danish Krone	0.041765	0.046765
Euro	0. 335384	0.344384
Norwegian Krone	0.032017	0.037217
Romanian Leu	0.074521	0.074521
Slovakia	0.009085	0.019085
Swedish Krona	0.030943	0.035943
Swiss Franc	0.307381	0.318381
Turkish Lira	0.081134	0.091434
Australasia		
Australian Dollar	0.221401	0.233401
New Zealand Dollar	0.213495	0.222995
America		
Canadian Dollar	0.224544	0.233544
Georgina Lari	0.137347	0.137347
US Dollars	0.300000	0.304400
US Dollars Mint	0.300500	0.304400
Asia		
Bangladesh Taka	0.003384	0.003968
Chinese Yuan	0.043282	0.046782
Hong Kong Dollar	0.036902	0.039652
Indian Rupee	0.004272	0.004960
Indonesian Rupiah	0.000018	0.000024
Japanese Yen	0.002679	0.002856
Kenyan Shilling	0.002935	0.002935
Korean Won	0.000260	0.000275
Malaysian Ringgit	0.067304	0.073304
Nepalese Rupee	0.002974	0.003144
Pakistan Rupee	0.002705	0.002995
Philippine Peso	0.006035	0.006335
Sierra Leone	0.000038	0.000044
Singapore Dollar	0.214815	0.224815
South African Rand	0.017769	0.026269
Sri Lankan Rupee	0.001607	0.002187
Taiwan	0.009938	0.010118
Thai Baht	0.008619	0.009169
Arab		
Bahraini Dinar	0.799209	0.807709
Egyptian Pound	0.014441	0.020349
Iranian Riyal	0.000084	0.000085
Iraqi Dinar	0.000190	0.000250
Jordanian Dinar	0.423553	0.432553
Kuwaiti Dinar	1.000000	1.000000
Lebanese Pound	0.000151	0.00251
Moroccan Dirhams	0.019770	0.043770
Nigerian Naira	0.000365	0.001000
Omani Riyal	0.783450	0.789130
Qatar Riyal	0.079239	0.084179
Saudi Riyal	0.080007	0.081307
Syrian Pound	0.001289	0.001509
Tunisian Dinar	0.120892	0.128892
Turkish Lira	0.081134	0.091434
UAE Dirhams	0.081370	0.083070
Yemeni Riyal	0.000988	0.001068