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International

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## Economic Alert: Saudi, Egypt leads Arab states cutting diplomatic ties with Qatar

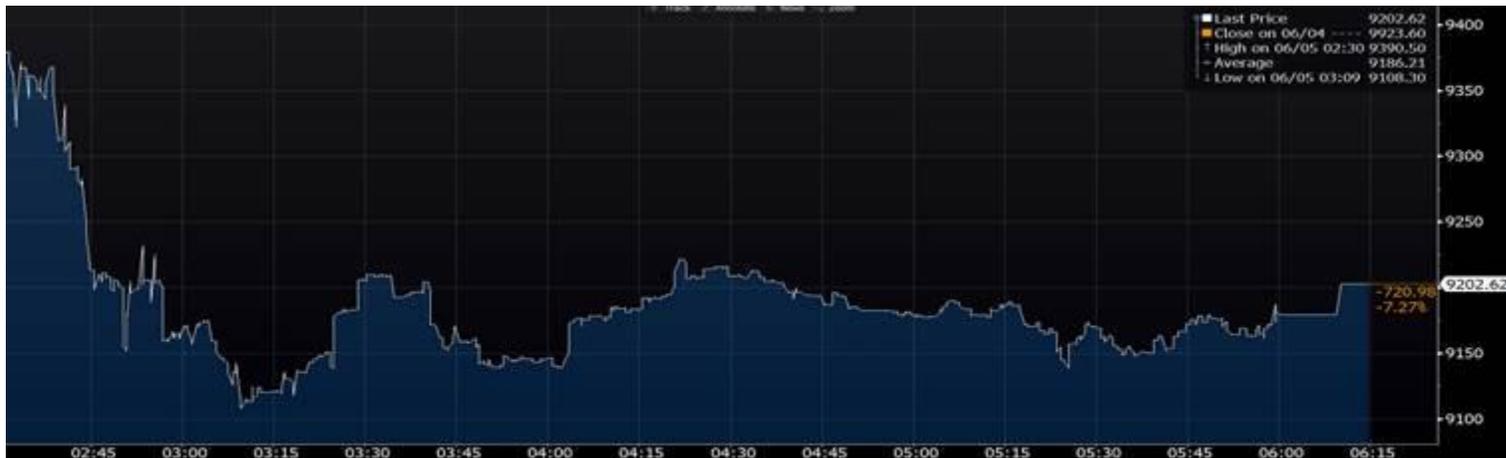
- Bahrain, Egypt, Saudi Arabia and the United Arab Emirates all announced they would withdraw their diplomatic staff from Qatar.
- The coordinated move, with Yemen and Libya's eastern-based government joining in later, created a dramatic rift among the Arab nations, many of which are in the Organization of the Petroleum Exporting Countries (OPEC).
- Saudi Arabia said it took the decision to cut diplomatic ties due to Qatar's "embrace of various terrorist and sectarian groups aimed at destabilizing the region" including the Muslim Brotherhood, Al-Qaeda, the Islamic State group and groups supported by Iran in the kingdom's restive eastern province of Qatif.
- Saudi Arabia said it would also shut its land border with Qatar, effectively cutting off the country from the rest of the Arabian Peninsula. All the nations also said they planned to cut air and sea traffic.
- Qatar said it was facing a campaign aimed at weakening it, denying it was interfering in the affairs of other countries. "The campaign of incitement is based on lies that had reached the level of complete fabrications," the Qatari foreign ministry said in a statement.
- The value of the country's sovereign bonds tumbled and contracts used by investors to bet on the currency falling surged the most in around seven years.
- At the time of writing, Brent crude prices were down by as much as 1% at USD50.31 a barrel, U.S. West Texas Intermediate futures were at USD48.32 a barrel, down by 0.9%.
- With a production capacity of about 600,000 barrels per day (bpd), Qatar's crude output is one of OPEC smallest, but tension within the OPEC could weaken the supply deal, aimed at supporting prices.

### WTI Crude Oil Price vs. Brent Crude Oil Prices



Source: Bloomberg

- At the time of writing the Doha Securities Market (DSM) index of leading Qatar shares has plummeted to QAR \$9202.62 representing a 7.27% decline.



Source: Bloomberg



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