

### International and markets

**US:** Manufacturing output for September came in better than expected (+0.4% m/m), while growth for August was revised up to 0.4% from 0.1%. Existing home sales dropped for the eighth consecutive month in September (-1.5% m/m; -24% y/y) to hit the lowest level since May 2020. Similarly, housing starts were weaker than expected (-8% m/m), with August's level revised lower as well. Meanwhile, the Conference Board's index of leading indicators continued to show weakness, falling 0.4% m/m in September, although August was revised to flat from -0.3%. Finally, new weekly jobless claims ticked down to 214K, after rising in the previous two weeks.

**Europe:** Eurozone inflation for September was revised down to 9.9% y/y from 10%. Meanwhile, the EU ZEW economic sentiment indicator recovered marginally to -59.7 in October from -60.7. In the UK, PM Truss resigned after pressure from her party's MPs. MPs are now in the process of selecting a new PM, the fourth since 2019. Earlier, the new Chancellor of the Exchequer scrapped most unfunded tax cuts announced by the Truss/Kwarteng partnership and reduced the household energy-tariff relief to six months from two years, as he looks to control public spending. New windfall taxes on banks' profits are also mooted. Meanwhile, inflation rose in September to a higher-than-expected 10.1% y/y (10% forecast) from 9.9% in August on soaring food prices; the core rate jumped to 6.5% from 6.3%. The core PPI also increased, to 14% y/y from 13.9%.

**China:** President Xi Jinping was re-appointed as the head of the Chinese Communist Party for a historic third term in the just-concluded 20<sup>th</sup> Party Congress. Xi's economic agenda will continue to focus on 'self-sufficiency' and modernization, but he made no mention of ending the controversial Zero-Covid policy.

**Financial markets:** Global equities rallied on dip-buying despite the 10-year treasury surging to a 15-year high (4.21%) amid ongoing Fed hawkishness. Gains were led by the S&P 500 (+4.7% w/w) and DJIA (+4.9%). In contrast, the Chinese CSI 300 fell 2.6% w/w on growth concerns. The MSCI GCC tracked global markets higher (+4.1% w/w), lifted by Saudi Arabia (+4.7%). Kuwait's All-Share rose a solid 3.7% w/w.

**Oil:** Brent rose 2.0% w/w on Friday to \$93.5/bbl (+20% ytd) on physical market supply tightness and hopes of a Chinese demand recovery, overriding recession fears. US DOE officials indicated that further SPR drawdowns have not been ruled out as they announced the sale of the last 15 mb of SPR releases

(180 mb in total) and a plan to buy back oil at \$67-72/bbl. A Russian oil cap at +\$60/bbl is also being considered.

### MENA Region

**Kuwait:** According to a news report, the government will submit to parliament shortly its draft four-year 'general framework' focussing on development initiatives in four key areas: (1) economic and financial reform; (2) public sector restructuring; (3) human capital development; and (4) infrastructure improvement and employment of renewable energies.

**KSA:** The Crown Prince launched the National Industrial Strategy, which aims to strengthen the industrial economy and support economic diversification in line with the Saudi Vision 2030. It aims to attract SAR1.3 trillion (\$340bn) in new investments and targets a three-fold increase in industrial GDP and a doubling of exports (value).

**UAE:** The Ministry of Finance unveiled changes to the excise tax law to support the business sector, facilitate the fulfillment of obligations for taxable persons and minimize tax avoidance.

**Oman:** According to official public finance data, Oman's budget surplus for 2022 reached OMR1.1 billion (\$2.85bn) by the end of August (4.1% of estimated pro-rated GDP). Revenues were up 47% y/y, outpacing an 11% rise in expenditures.

**Egypt:** The agreement with the IMF at the expert level on the new program's components has been finalized and an announcement will be made "very soon", according to the Minister of Finance. The parliament approved three development-financing agreements worth \$595 million with the World Bank, the French Agency for Development, and Spain.

### Key takeaways:

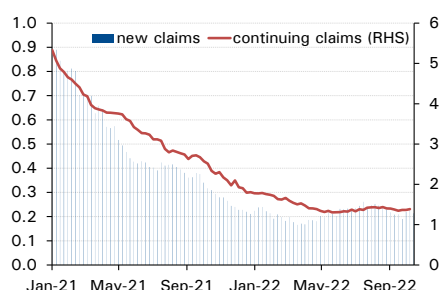
- Despite the political chaos, UK bond and currency markets appear relatively calmer, and with the Treasury reversing Truss's tax cuts, the BoE could at its Nov meeting opt for a 75 bps rate hike from the previous expectation of 100 bps.
- In Kuwait, the passage of a potential government work agenda and still-to-be ratified draft budget (FY22/23), will be a key litmus test for executive-legislative relations going forward. Identified initiatives, such as improving the business environment, education system and fiscal sustainability, will greatly improve the country's development prospects.
- Egypt's agreement with the IMF, along with GCC support, could help plug its large financing gap this year, enabling it to rebuild its foreign reserves and improve its negative NFA position while implementing the structural reform agenda.

▶ **Chart 1: Brent crude oil price** (\$/bbl)



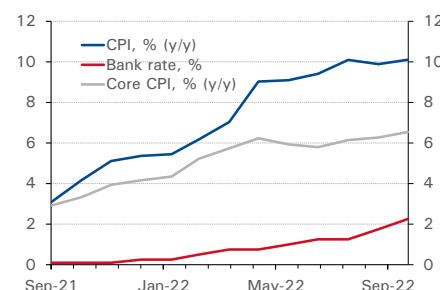
Source: Refinitiv

▶ **Chart 2: US weekly jobless claims** (millions)



Source: Haver

▶ **Chart 3: UK inflation and bank rate** (% y/y)



Source: Haver

## Key data

Stock markets	Index	Change (%)	
		1-week	YTD
<b>International</b>			
CSI 300	3,743	-2.6	-24.2
DAX	12,731	2.4	-19.9
DJIA	31,083	4.9	-14.5
Eurostoxx 50	3,477	2.8	-19.1
FTSE 100	6,970	1.6	-5.6
Nikkei 225	26,891	-0.7	-6.6
S&P 500	3,753	4.7	-21.3
<b>Regional</b>			
Abu Dhabi SM	10,114	3.5	19.1
Bahrain ASI	1,867	-0.1	3.9
Dubai FM	3,399	0.7	6.3
Egypt EGX 30	10,274	4.3	-14.0
MSCI GCC	771	4.1	4.6
Kuwait SE	7,247	3.7	2.9
KSA Tadawul	11,964	4.7	6.0
Muscat SM 30	4,453	-1.9	7.8
Qatar Exchange	12,657	-0.5	8.9

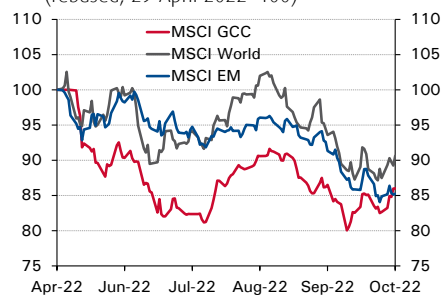
Bond yields	%	Change (bps)	
		1-week	YTD
<b>International</b>			
UST 10 Year	4.21	20.6	270.0
Bunds 10 Year	2.44	7.6	261.6
Gilts 10 Year	4.05	-27.7	307.8
JGB 10 Year	0.26	0.5	18.5
<b>Regional</b>			
Abu Dhabi 2027	5.01	12.3	180.5
Oman 2027	7.06	18.0	60.7
Qatar 2026	5.24	23.8	200.1
Kuwait 2027	4.91	1.3	186.4
Saudi Arabia 2028	5.49	32.1	159.8
<b>Commodities</b>			
	\$/unit	Change (%)	
		1-week	YTD
Brent crude	93.5	2.0	20.2
KEC	93.5	-2.4	18.3
WTI	85.1	-0.7	13.1
Gold	1651.0	0.6	-9.7

Interbank rates	%	Change (bps)	
		1-week	YTD
Bhibor - 3 month	5.12	11.9	360.2
Kibor - 3 month	3.25	6.3	175.0
Qibor - 3 month	2.45	0.0	132.5
Eibor - 3 month	4.09	30.8	372.1
Saibor - 3 month	5.29	42.4	438.2
Libor - 3 month	4.36	16.5	414.9
Sofr - 3 month	4.06	23.3	396.9
<b>Exchange rates</b>			
	rate	Change (%)	
		1-week	YTD
KWD per USD	0.310	-0.2	2.6
KWD per EUR	0.306	1.5	-11.1
USD per EUR	0.986	1.5	-13.3
JPY per USD	147.6	-0.7	28.3
USD per GBP	1.130	1.2	-16.5
EGP per USD	19.52	-0.5	24.6

Updated on 21/10/2022 Source: Refinitiv

### International equity markets

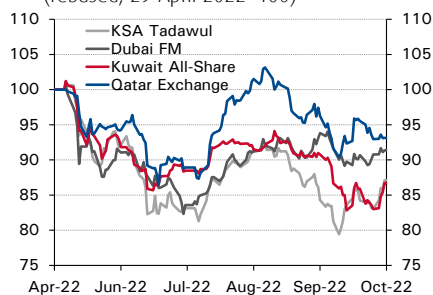
(rebased, 29 April 2022=100)



Source: Refinitiv

### GCC equity markets

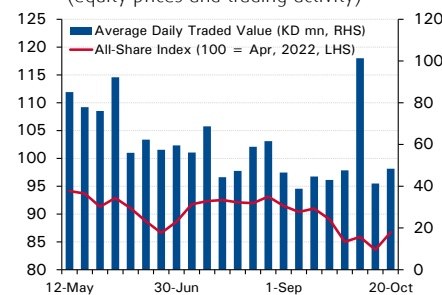
(rebased, 29 April 2022=100)



Source: Refinitiv

### Bursa Kuwait

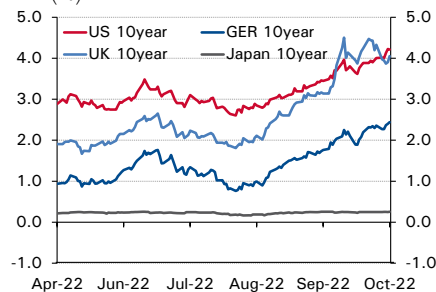
(equity prices and trading activity)



Source: Refinitiv

### International bond yields

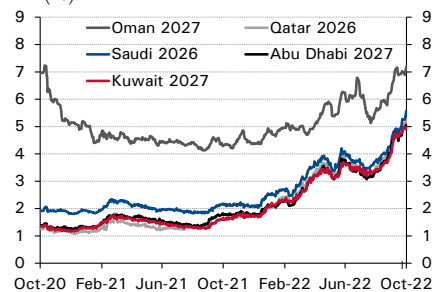
(%)



Source: Refinitiv

### GCC bond yields

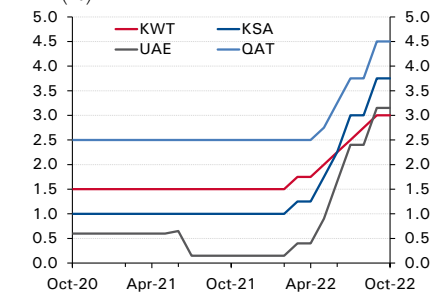
(%)



Source: Refinitiv

### GCC key policy rates

(%)



Source: Refinitiv