

International

US: Initial jobless claims figures recorded another rise, signaling a stalling in the labor market recovery amid surging virus cases that has seen business closures and movement restrictions reintroduced across various states. Claims rose to 778,000 in the w/e November 21, up from 748,000 a week earlier though the unemployment rate (reported with a one-week lag) fell to 4.1% from 4.3%. Meanwhile the fading impact of government Covid-19 benefits saw personal incomes drop 0.7% m/m in October while consumer spending saw its weakest rise of the recovery at 0.5% (-0.6% y/y). Moreover, consumer confidence gauges also fell in November. Core PCE inflation – the Fed’s preferred measure of prices – eased to 1.4% y/y in October (1.6% in September).

UK: Chancellor Vishi Sunak announced a public sector pay freeze and a cut to overseas aid with the budget deficit forecast to reach 19% of GDP this year. He forecast that GDP would drop 11.3% in 2020 made worse by the fresh restrictions put in place from November, while output would be 3% below its pre-virus path in the long term. Meanwhile with possibly just days of negotiations left, a post-Brexit trade deal with the EU remains so far elusive with neither side yet willing to make concessions on key issues like fishing and the ‘level playing field’.

China: The authorities are planning to offer financial support to families to encourage them to have more children. This is to address the rising economic costs of an ageing population and shrinking workforce, a legacy of the ‘One Child’ policy.

Financial markets: Global equities were positive on fading concerns regarding the US transition of power and optimism on 2021 given vaccine developments. Markets were led by Japan’s Nikkei 225 (+4.4% w/w) and the S&P 500 (+2.3%).

Oil: Brent surged 7.2% w/w to \$48.2/bbl and at +29% month-to-date so far is on course for its largest monthly increase since May amid vaccine optimism. OPEC+ is expected to roll over current output cuts for at least three months from January, though recently higher prices and Iraqi/Nigerian disgruntlement at OPEC’s “one size fits all” policy has increased tensions and pressure to ease up on the cuts.

MENA Region

Kuwait: According to PIFSS, job growth among Kuwaitis slowed for the second consecutive quarter to 1.7% y/y in 2Q20 from

2.4% in 1Q20, on the back of the lockdown measures implemented starting mid-March. Growth in public sector hiring slowed from 2.9% in 1Q20 to an over three-year low of 2.2% in 2Q20, while private sector employment saw a drop of 0.4% y/y, following a slight increase of 0.2% in 1Q20.

Saudi Arabia: In other news, to continue supporting SMEs given ongoing stress linked to Covid-19, SAMA is studying the option of extending the deferred payments program, which is set to expire in mid-December, until the end of 1Q21. Meanwhile, SAMA was renamed the Saudi Central Bank, whose mandate was changed to include economic growth, and will be reporting directly to the King, granting it more independence.

UAE: State-run ADNOC discovered 2bn barrels in conventional crude oil boosting reserves to 107bn, in addition to 22bn barrels of unconventional crude. Abu Dhabi’s Supreme Petroleum Council approved \$122 billion of capex for 2021-25. Meanwhile, the UAE will allow 100% foreign ownership of businesses and will grant 10-year visas to certain job categories.

Oman: The government reopened the October 2027 and 2032 bonds that it sold last month to raise an additional \$0.5 billion across two tranches (\$0.2 billion for the Oct-27 at 6.3% and \$0.3 billion for the Oct-32 at 6.9%).

Financial markets: GCC markets tracked global ones with the MSCI GCC index increasing 1.4% w/w as Dubai (+4.5%) outperformed for the second consecutive week, followed by Qatar (+1.8%). Kuwait’s All-Share index increased 0.6% w/w.

Key takeaways:

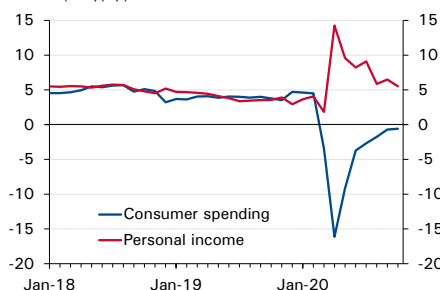
- A weakening US labor market linked to virus restrictions could jeopardize the economic recovery. Agreement on a fresh stimulus package has so far stalled and could become a pivotal issue in the crucial Georgia Senate election on January 5.
- The UK-EU trade talks are entering their final phase and a lack of agreement would likely see tariffs and quotas imposed by both sides from January, adding to the economic disruption caused by Covid.
- Job growth among Kuwaitis eased in Q2 and will face further pressures ahead amid slower hiring in the public sector due to the difficult fiscal position, and weaker private sector activity as the Covid-19 pandemic continues to evolve.
- The latest moves by the UAE on business ownership by foreigners, the granting of gold visas to some high-skilled expatriates, and social changes in Dubai will attract qualified expatriates and further improve the business environment.

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



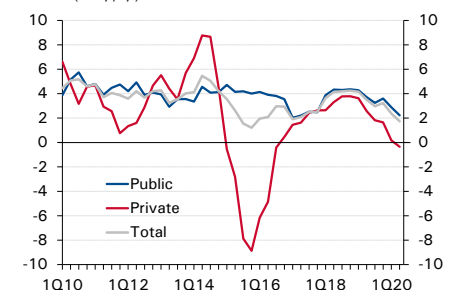
Source: Refinitiv

▶ **Chart 2: US personal income & spend.** (% y/y)



Source: Refinitiv

▶ **Chart 3: Kuwaiti employment** (% y/y)



Source: PIFSS

Key data

Stock markets	Index	Change (%)	
		1-week	YTD
International			
CSI 300	4,981	0.8	21.6
DAX	13,336	1.5	0.7
DJIA	29,910	2.2	4.8
Eurostoxx 50	3,528	1.7	-5.8
FTSE 100	6,368	0.3	-15.6
Nikkei 225	26,645	4.4	12.6
S&P 500	3,638	2.3	12.6
Regional			
Abu Dhabi SM	4,972	1.2	-2.0
Bahrain ASI	1,468	1.1	-8.8
Dubai FM	2,420	4.5	-12.5
Egypt EGX 30	10,981	0.8	-21.3
MSCI GCC	547	1.4	-3.6
Kuwait SE	5,559	0.6	-11.5
KSA Tadawul	8,693	1.3	3.6
Muscat SM 30	3,624	-0.1	-9.0
Qatar Exchange	10,290	1.8	-1.3

Bond yields	%	Change (bps)	
		1-week	YTD
International			
UST 10 Year	0.84	1.3	-106.8
Bunds 10 Year	-0.59	-0.1	-39.8
Gilts 10 Year	0.29	-1.8	-54.0
JGB 10 Year	0.03	2.0	5.2
Regional			
Abu Dhabi 2022	0.60	3.9	-144.1
Dubai 2022	0.66	5.9	-181.0
Qatar 2022	0.62	-5.9	-144.1
Kuwait 2022	0.62	-2.9	-144.1
KSA 2023	0.86	-1.7	-144.1
Commodities			
	\$/unit	Change (%)	
		1-week	YTD
Brent crude	48.2	7.2	-27.0
KEC	47.2	7.7	-31.0
WTI	45.5	8.0	-25.4
Gold	1781.9	-4.8	17.3

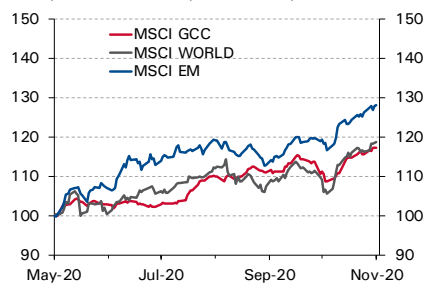
Interbank rates	%	Change (bps)	
		1-week	YTD
Bhibor - 3 month	2.25	0.0	-41.7
Kibor - 3 month	1.44	6.3	-131.3
Qibor - 3 month	1.18	15.6	-107.3
Eibor - 3 month	0.48	5.1	-172.9
Saibor - 3 month	0.83	-0.5	-140.0
Libor - 3 month	0.22	1.2	-168.4
Exchange rates			
	rate	Change (%)	
		1-week	YTD
KWD per USD	0.305	-0.1	0.7
KWD per EUR	0.363	0.0	9.1
USD per EUR	1.196	0.9	6.7
JPY per USD	104.1	0.2	-4.2
USD per GBP	1.331	0.2	0.4
EGP per USD	15.59	0.3	-2.6

Updated on 27/11/2020

Source: Refinitiv

International equity markets

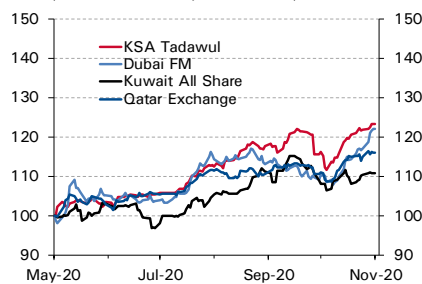
(rebased, 27 May 2020=100)



Source: Refinitiv

GCC equity markets

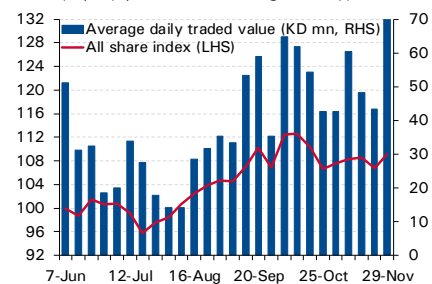
(rebased, 27 May 2020=100)



Source: Refinitiv

Boursa Kuwait

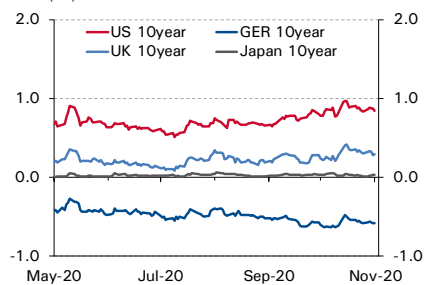
(equity prices and trading activity)



Source: Refinitiv

International bond yields

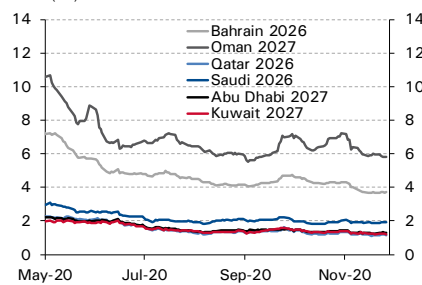
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Source: Refinitiv

GCC bond yields

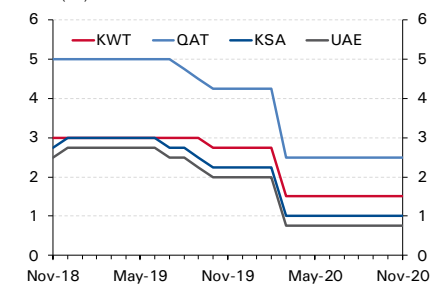
(%)



Source: Refinitiv

GCC key policy rates

(%)



Source: Refinitiv