

International and markets

US: Retail sales for October came in stronger-than-expected, increasing 1.7% m/m, with broad-based growth among the different components. Even when excluding vehicles and price-elevated gas, sales beat consensus (+1.4% m/m). In addition, following two months of decreases, manufacturing output increased by 1.2% m/m in October, surpassing expectations. Excluding vehicles, which soared by 11% after two months of steep losses, manufacturing was up 0.6% m/m. On the other hand, October housing starts came on the weak side, falling 0.7% from a downwardly-revised level in September, possibly impacted by construction material and labor shortages. Finally, President Biden's \$1.75trn social spending package was approved by the House, but could face obstacles in the Senate.

Europe: Several countries including Austria, the Netherlands and Germany reintroduced mobility restrictions following a spike in new virus cases. This could weigh on GDP growth in 4Q21, previously seen at <1% q/q. UK inflation leapt to a 10-year high of 4.2% y/y in October (vs. consensus of 3.9%) from 3.1% in September. The rise was driven chiefly by higher household energy (i.e. electricity and gas) and petrol costs. Meanwhile, unemployment edged down further to 5.1% in October from 5.2% in September, suggesting that the labor market has not been significantly affected by the ending of the government's furlough program in September.

China: Despite fresh Covid-19 outbreaks in multiple cities and energy shortages, China's retail sales and industrial output grew in October by 4.9% and 3.5% y/y, respectively. Meanwhile, the government agreed to release some of its strategic oil reserves, in line with the US's efforts to control surging energy prices.

Oil: Brent slipped to \$78.9/bbl (-4% w/w), a fourth consecutive week of losses, as market sentiment weakened amid a fourth wave of Covid-19 cases in Europe and potential moves by China, Japan and the US to tap their strategic petroleum reserves to counter rising fuel prices. The IEA's analysis last week that new Covid outbreaks, weaker industrial activity and higher oil prices would temper oil price gains also took some of the heat out of the market. The IEA's oil demand growth estimate for 2021 and 2022 was unchanged at 5.5 mb/d and 3.4 mb/d, respectively.

Financial markets: Global stocks fell amid hawkish Fed comments, surging inflation, and renewed virus concerns in Europe. The decline was led by US markets, with the DJIA down 1.4% w/w, while the Euro Stoxx 50 and MSCI EM lost 0.3% and

0.9%, respectively. The MSCI GCC fell 1.1% w/w, ending a multi-week winning streak, dragged down by Saudi Arabia (-1.6%) amid easing oil prices. Kuwait's All-Share fell 0.5%.

MENA Region

Kuwait: Real estate sales amounted to KD 245 million in October (-23% m/m, +11% y/y) as residential sector sales and volumes moderated (-31% and -27% m/m, respectively). Meanwhile, investment sector sales picked up, despite a modest decline in volumes, and commercial sector activity remained subdued, with only KD 4.5 million in sales from 3 transactions.

Saudi Arabia: The Crown Prince announced the establishment of NEOM Industrial City (OXAGON). The city is designed to be the largest floating industrial complex in the world that is fully supported by renewable energy. Meanwhile, inflation edged up for the second consecutive month to stand at 0.8% y/y through October from 0.6% in September, mainly driven by a lower drag from housing rentals (-2.6% y/y from -3.6% in September).

UAE: ADNOC is investing \$6 billion in drilling to boost crude oil production capacity to 5 mb/d by 2030. Moreover, Dubai launched an AED1 billion (\$272 million) Future District Fund to support the enlistment of technology companies in the emirate's stock market. In addition, Dubai introduced 5-year visas for international companies' employees in the emirate.

Egypt: The trade deficit fell by 18% y/y in August to \$2.9 billion, as exports rocketed by 51% to \$3.3 billion, while imports climbed by 8.2% to \$6.2 billion. Meanwhile, the unemployment rate rose to 7.5% in 3Q21, due to the influx into the labor market of new graduates during August and September.

Key takeaways:

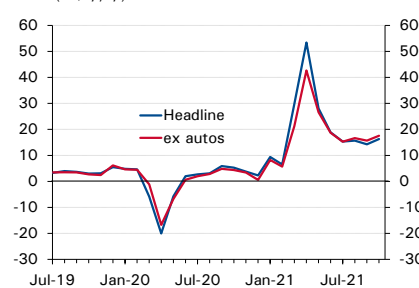
- Strong retail sales, rising wages, a steadily recovering labor market and large accumulated household savings support the idea that already-high US inflation could be persistent. The Fed may even come under pressure to accelerate its current tapering plan, which some officials are openly discussing.
- The Bank of England will have been reassured by the continued fall in UK unemployment following the ending of the government's job support program. In combination with rising and well-above target inflation, this has probably cemented the case for an interest rate hike in mid-December (likely 15 bps).
- The establishment of a new industrial city will help in achieving the Saudi government's Vision 2030 ambitions while advancing the economic diversification agenda and helping to position the country as a trade and commerce hub.

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



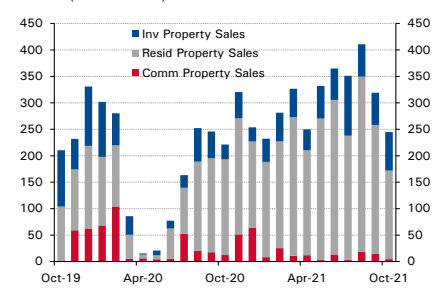
Source: Refinitiv

► **Chart 2: US retail sales** (% y/y)



Source: Refinitiv

► **Chart 3: Monthly real estate sales** (KD million)



Source: MOJ

Key data

Stock markets	Index	Change (%)	
		1-week	YTD
International			
CSI 300	4,890	0.0	-6.2
DAX	16,160	0.4	17.8
DJIA	35,602	-1.4	16.3
Eurostoxx 50	4,356	-0.3	22.6
FTSE 100	7,224	-1.7	11.8
Nikkei 225	29,746	0.5	8.4
S&P 500	4,698	0.3	25.1
Regional			
Abu Dhabi SM	8,349	0.8	65.5
Bahrain ASI	1,791	0.1	20.2
Dubai FM	3,265	4.0	31.0
Egypt EGX 30	11,338	-2.0	4.5
MSCI GCC	762	-1.1	39.3
Kuwait SE	7,283	-0.5	31.3
KSA Tadawul	11,710	-1.6	34.8
Muscat SM 30	4,064	1.3	11.1
Qatar Exchange	11,950	-0.8	14.5

Bond yields	%	Change (bps)	
		1-week	YTD
International			
UST 10 Year	1.55	-2.2	63.6
Bunds 10 Year	-0.34	-8.5	23.4
Gilts 10 Year	0.88	-3.5	68.4
JGB 10 Year	0.08	0.1	5.4
Regional			
Abu Dhabi 2027	1.81	6.8	48.0
Oman 2027	4.49	20.5	-74.8
Qatar 2026	1.73	7.6	52.3
Kuwait 2027	1.78	8.6	38.3
Saudi Arabia 2028	2.12	-2.2	31.6
Commodities			
	\$/unit	Change (%)	
		1-week	YTD
Brent crude	78.9	-4.0	52.3
KEC	81.9	-1.2	61.7
WTI	76.1	-5.8	56.8
Gold	1851.2	-0.9	-2.2

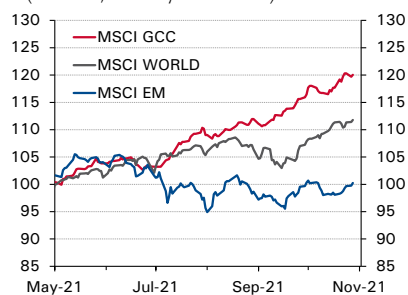
Interbank rates	%	Change (bps)	
		1-week	YTD
Bhbor - 3 month	1.52	0.0	-73.3
Kibor - 3 month	1.50	0.0	6.3
Qibor - 3 month	1.16	-0.3	3.8
Eibor - 3 month	0.37	7.6	-14.4
Saibor - 3 month	0.84	0.1	2.1
Libor - 3 month	0.16	0.4	-7.9
Exchange rates			
	rate	Change (%)	
		1-week	YTD
KWD per USD	0.302	0.1	-0.5
KWD per EUR	0.363	0.0	-0.1
USD per EUR	1.129	-1.4	-7.6
JPY per USD	114.0	0.1	10.4
USD per GBP	1.345	0.3	-1.6
EGP per USD	15.65	-0.2	-0.3

Updated on 19/11/2021

Source: Refinitiv

International equity markets

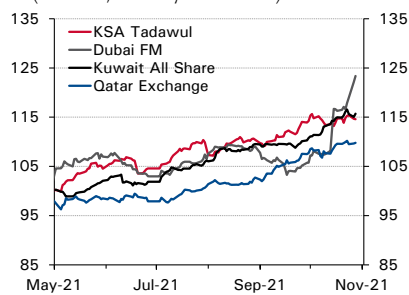
(rebased, 20 May 2021=100)



Source: Refinitiv

GCC equity markets

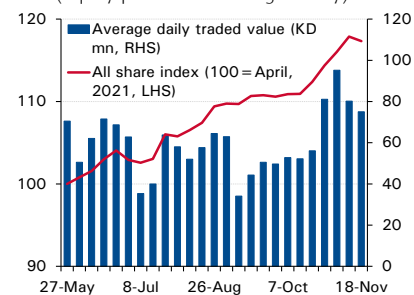
(rebased, 20 May 2021=100)



Source: Refinitiv

Boursa Kuwait

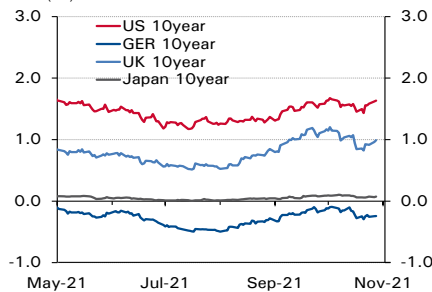
(equity prices and trading activity)



Source: Refinitiv

International bond yields

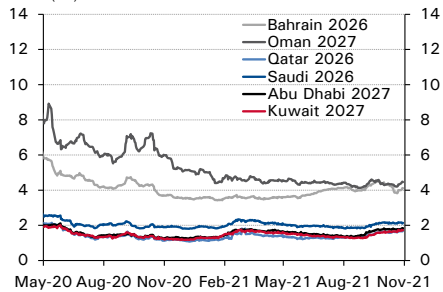
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Source: Refinitiv

GCC bond yields

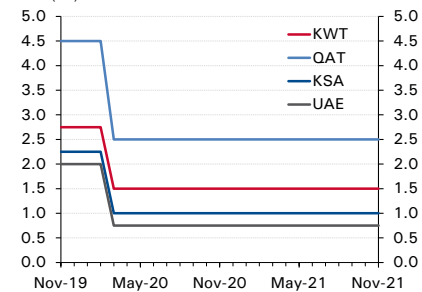
(%)



Source: Refinitiv

GCC key policy rates

(%)



Source: Refinitiv