PUBLIC

Daily
Economic Update

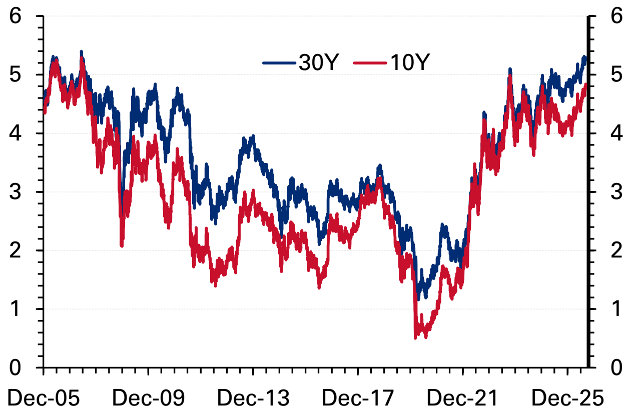
Economic Research Department
10 September 2026

US: Treasury's expanded LT bond buyback disappoints market expectations, 10Y yield hits a near three-year high. The US Treasury department boosted the long-term (LT) USTs buyback program to $6bn from $2bn following a surprise announcement last month, in which it pledged to at least double buybacks in the 10-30Y band effectively aimed at bringing yields down. The department also stated that six more planned LT UST buybacks until early November would be at least $4bn each. However, the planned numbers fell short of market expectations, as yields on 10Y UST bond climbed by 4-5bps to reach around 4.85% yesterday, their highest level since October 2023. As we have highlighted earlier, the current surge in LT yields is reflecting concerns about large fiscal deficits (around $2tn, almost 6% of GDP), higher inflation expectations over the medium to long term amid rising energy prices, a robust economic growth outlook as well as competition from massive private debt issuances. In the absence of resolution of any of these structural issues, Treasury actions may drive only limited or short-lived moves in the UST market as seen recently. Quoting the famous hedge fund manager and billionaire investor Stanley Druckenmiller, a previous mentor and boss for both Secretary Bessent and Fed Chair Warsh, who recently wrote in reaction to Bessent's expanded buy-back program that "governments defending prices against fundamentals always lose". Separately, in a Republican mid-term convention speech, President Trump vowed to hand a $5,000 dividend to every US adult citizen if Republicans win the mid-term elections, because of US's "tremendous strength and success economically". These dividends, which would require congressional approval and are unlikely to be approved, would cost the Treasury over $1tn, worsening the already poor public debt trajectory.

Japan: Reuters Tankan index signals improving business confidence. Japan's latest Reuters Tankan survey points to improving business sentiment, highlighting the economy's resilience despite rising borrowing costs and a weaker yen. The manufacturers' index rose to +21 in September from +18 in August, its highest level since December 2021, supported by strong demand from the semiconductor and data-center sectors. Meanwhile, sentiment among non-manufacturers edged up to +29 in September from +28 in August, reflecting continued strength in real estate, construction, transport, and utilities. Looking ahead, manufacturers expect confidence to improve further, with the index projected to rise to +27 over the next three months.

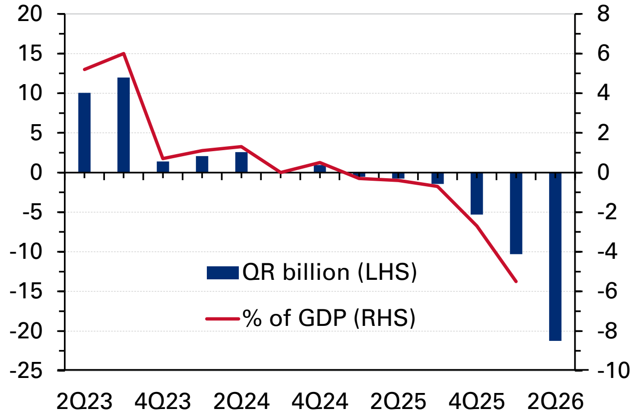
T: (+965) 2229 5500, econ@nbk.com Visit our publications | Unsubscribe from this list | Comments & feedback | NBK Sustainability

Chart 1: UST bond yields
(%)



Source: Haver

Chart 2: Qatar Fiscal Balance
(quarterly)



Source: Qatar Ministry of Finance

Qatar: Government posts largest deficit in a decade in Q2. Qatar recorded its largest fiscal deficit in a decade in Q226, with the budget balance widening to -$5.8bn (QR-21.2bn) more than double the deficit reported in Q1. A plunge in hydrocarbon revenues amid major disruption to LNG production and exports mainly drove the deterioration in public finances. Indeed, oil and gas revenues fell to just $239mn during the quarter—representing a 97% y/y decline as LNG output ground to a near halt, with non-hydrocarbon revenues outperforming for the first time in the available data by a significant margin, with help from investment income proceeds, though non-hydrocarbon revenues also fell (-4.1% y/y). Overall revenues dropped 57% y/y, while on the expenditure side, authorities responded by reducing spending (-23% y/y). Much of the adjustment came from lower capital expenditure, with major project spending falling by 50% y/y amid conflict-related disruptions and delays. Current spending was also curtailed, with both salaries and wages and other current expenditure falling (4% and 10%, respectively). Fiscal performance clearly continues to be heavily affected by Qatar's dependence on LNG exports transiting the Strait of Hormuz, making the economy particularly vulnerable to ongoing regional tensions. Nevertheless, sizable sovereign assets and a strong public-sector balance sheet leave Qatar well positioned to absorb the near-term economic and fiscal impact of the conflict while maintaining financial stability, as noted by Fitch Ratings recently with its reaffirmation of Qatar's sovereign credit rating at AA, though with a negative outlook.

UAE: Private sector credit rebounds as corporate credit regains some momentum. Domestic credit growth edged up in July to 14.2% y/y from 13.8% in June, reversing part of the slowdown seen since the series peak of 15.0% y/y in May. The improvement was driven by stronger growth in private sector credit (which accounts for 71.3% of total domestic credit) of 9.9% y/y from 8.7% in June, supported by higher lending to both corporates (7.1% y/y versus 5.8% in June) and personal credit (14.7% y/y versus 13.6%). Meanwhile, public sector credit growth (government plus GREs) remained elevated at 25% y/y, though easing from 28% in June. On the liabilities side, resident deposit growth slowed for a third consecutive month but remained firmly in double-digit territory at 13.4% y/y. The moderation came on a slower expansion in public sector deposits, which eased to 15.5% y/y from 19.3% in June, while private sector deposit growth remained broadly stable at 12.8% y/y. Despite softer growth in deposits, banking sector liquidity continued to be comfortable, with the lending-to-stable-resources ratio edging up marginally to 76.4% from 76.2% in June. Despite the impact and uncertainty caused by the regional conflict and disruption to shipping in the Strait of Hormuz, continued non-oil economic growth, abundant liquidity, and ongoing investment activity are expected to continue to support domestic credit growth over the coming period.

T: (+965) 2229 5500, econ@nbk.com Visit our publications | Unsubscribe from this list | Comments & feedback | NBK Sustainability

Saudi Arabia: Business confidence reaches highest level since the outbreak of the conflict. The official Saudi Business Confidence Index produced by GASTAT rose to 56.7 in August, its highest level since the outbreak of the US-Iran conflict. The improvement was mainly driven by stronger confidence in the industrial and services sectors, which increased by 1.9% m/m and 1.6%, respectively. In contrast, confidence in the construction sector edged down by 0.7% m/m. The overall increase reflects improved expectations about both current business conditions and the outlook for economic activity and growth across key sectors as businesses become more optimistic despite continued regional turbulence.

Daily market indicators

Stock markets	Index	Change (%) Daily	YTD
Regional			
Abu Dhabi (ADI)	10,107	0.85	1.14
Bahrain (ASI)	1,929	-0.27	-6.65
Dubai (DFMGI)	5,927	-0.32	-1.98
Egypt (EGX 30)	56,501	0.58	35.08
GCC (S&P GCC 40)	753	-0.11	2.77
Kuwait (All Share)	8,928	0.04	0.23
KSA (TASI)	11,016	-0.19	5.00
Oman (MSM 30)	7,623	0.17	29.93
Qatar (QE Index)	9,851	-0.06	-8.46
International			
CSI 300	4,573	0.30	-1.24
DAX	25,576	-1.66	4.43
DJIA	52,381	-0.77	8.98
Eurostoxx 50	6,312	-1.58	8.98
FTSE 100	10,670	-1.31	7.44
Nikkei 225	65,143	-0.19	29.41
S&P 500	7,636	-0.48	11.55

3m interbank rates	%	Change (bps) Daily	YTD
Bahrain	5.19	0.00	20.52
Kuwait	3.56	0.00	0.00
Qatar	4.00	-15.00	2.50
UAE	4.13	16.39	65.20
Saudi	4.87	4.60	1.27
SOFR	3.84	0.38	18.87

Bond yields	%	Change (bps) Daily	YTD
Regional			
Abu Dhabi 2030	4.91	4.52	94.9
Oman 2029	5.20	5.48	66.8
Qatar 2030	5.00	4.85	101.3
Kuwait 2030	4.70	-43.08	56.3
Saudi 2030	5.10	4.84	84.1
International 10YR			
US Treasury	4.84	5.25	68.2
German Bund	3.44	8.06	58.2
UK Gilt	5.26	9.00	79.1
Japanese Gvt Bond	2.88	-0.80	81.4

Exchange rates	Rate	Change (%) Daily	YTD
KWD per USD	0.31	0.00	-0.34
KWD per EUR	0.36	0.06	1.31
USD per EUR	1.16	0.08	-0.96
JPY per USD	153.54	-0.27	-1.99
USD per GBP	1.35	0.04	0.51
EGP per USD	51.14	0.33	7.32

Commodities	$/unit	Change (%) Daily	YTD
Brent crude	101.21	3.36	66.33
KEC	118.10	7.98	96.31
WTI	96.05	3.25	67.28
Gold	4416	0.50	2.09

Quoted prices/rates collected after close of last trading day (or are most recent available)

Source: LSEG / Haver. *Percentage change in price from previous trading day on 7 August 2026.

T: (+965) 2229 5500, econ@nbk.com Visit our publications | Unsubscribe from this list | Comments & feedback | NBK Sustainability