

International and markets

US: Non-farm payrolls increased by 263k in September (+315k in August), broadly in line with consensus expectations, though the lowest since April 2021. However, the unemployment rate decreased to 3.5% from 3.7% in August, as labor participation edged down to 62.3% from 62.4%. Average hourly earnings increased by 0.3% m/m, cutting the y/y increase to 5%, the lowest level since December 2021. Meanwhile, job openings plummeted by 1.1 million (10%) in August (one of the steepest falls on record) to stand at 10.1 million. Finally, the ISM manufacturing index continued to trend downward, falling to 50.9 in September from 52.8 in August, while the ISM services remained strong at 56.7, inching down from 56.9 in August.

Europe: Fitch cut its UK credit outlook to negative from stable, maintaining its 'AA-' rating and citing a significant increase in the fiscal deficit from large and unfunded budget measures. Earlier, the Truss administration scrapped the plan to abolish the top tax rate of 45%. The final PMIs for September remained in contraction territory for the Eurozone (48.1 from 48.9) and the UK (49.1 from 49.6). Meanwhile, Eurozone retail sales volume further fell -0.3% m/m and -2% y/y in August from revised -0.4% m/m and -1.2% y/y in July.

Japan: The service sector PMI rose to 52.2 in September after posting a contraction of 49.5 in August. Moreover, Japan will loosen its border policies from Oct 11, dropping a cap on daily arrivals among other rules, as it hopes the yen's sharp decline against major currencies this year will help lure tourists.

Financial markets: Global equity markets rose sharply, partially recouping earlier losses despite a big drop in US markets on Friday. The MSCI ACWI was up 1.8% w/w, led by the MSCI EM (+2.3%). The 10-year UST yield jumped 8 bps to 3.89%. The MSCI GCC followed global markets and oil prices, up 3.1%, led by KSA (+3.1%), while Kuwait rose 1.1%.

Oil: Brent climbed 11.3% w/w (+26% ytd) to \$97.9/bbl on Friday, capping five consecutive days of gains and a week in which OPEC+ announced a nominal production cut of 2 mb/d to its output effective November and for a period of 14 months. OPEC+ explained that supply cuts were needed amid indications of a coming global economic recession. In practice, actual cuts could be <0.5 mb/d as only a few countries including Kuwait (-135 kb/d), Saudi and the UAE – where output is already at or close to target levels – are expected to comply.

MENA Region

Kuwait: An Amiri decree was issued on Sunday delaying the opening of the new assembly to 18 October to allow more time for returning PM Sheikh Ahmad Al-Nawaf to form the new government. Real estate sales declined by 25% y/y in 3Q22 to reach KD810mn on falling residential sales (-46% y/y), while sales in investment and commercial sector increased by 7% and 243% y/y. CPI inflation rose 4.1% y/y in August, from 4.2% in July, marking the fifth month of softening prices from April's peak of 4.7% y/y. Domestic credit expanded by 0.8% m/m in August, and by 9.4% y/y. Business credit growth continued to weaken (+0.1% m/m) with the y/y increase at 6.4%, while household credit was up by 12.5% y/y.

UAE: Dubai Real estate sales rose by 64% y/y to AED24.3 bn in August on positive sentiment in the secondary market.

Oman: The IMF concluded its Article IV assessment, projecting growth at 4.3% in 2022, supported by rising hydrocarbon production and the recovery of non-oil activity.

Qatar: GDP grew by 6.3% y/y in 2Q22, accelerating from 2.5% in Q1 on strong activity in the non-oil sector which surged 9.7% y/y. The largest contributions came from the transportation, construction, and wholesale/retail sectors.

Egypt: Banks began setting a limit for daily dollar withdrawals from ATMs abroad, up to LE 20,000 per month (around \$1,000). The World Bank announced the approval of a \$400 million to develop sustainable infrastructure in the transport sector.

Key takeaways:

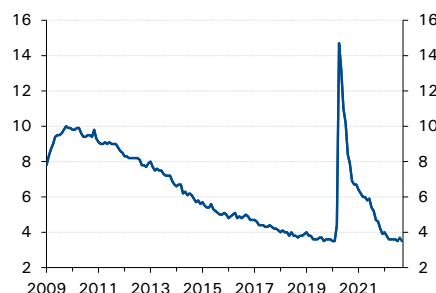
- Contrasting some other softer recent indicators, the September US jobs report showed continued labor market tightness, with ongoing job gains and a tick down in the unemployment rate. This will keep the Fed resolute in hiking rates by 75bps at its next policy meeting on 2 November.
- The UK government's policy reversal on scrapping the top tax-rate, as well as central bank intervention (albeit so far limited) helped calm financial market movements last week. However, a credible proposal on fiscal consolidation and debt reduction is still needed, alongside higher policy interest rates.
- Although in practice the OPEC+ 2mb/d output cut is unlikely to be delivered in full (and will be subject to change next year as market conditions evolve), it will still lead to a significantly tighter market and global stock drawdowns in 2023, especially after EU/G7 sanctions and price caps shut in Russian oil.

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



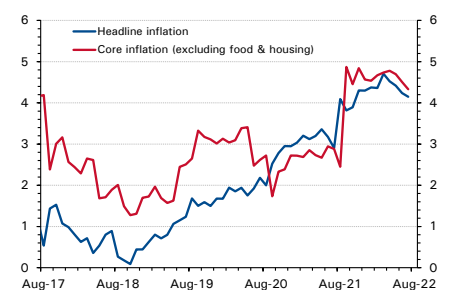
Source: Refinitiv

▶ **Chart 2: US unemployment rate**
(% y/y)



Source: Haver

▶ **Chart 3: Kuwait's inflation**
(% y/y)



Source: CSB

Key data

Stock markets	Index	Change (%)	
		1-week	YTD
International			
CSI 300	3,805	0.0	-23.0
DAX	12,273	1.3	-22.7
DJIA	29,297	2.0	-19.4
Eurostoxx 50	3,375	1.7	-21.5
FTSE 100	6,991	1.4	-5.3
Nikkei 225	27,116	4.5	-5.8
S&P 500	3,640	1.5	-23.6
Regional			
Abu Dhabi SM	9,905	1.6	16.7
Bahrain ASI	1,883	0.1	4.8
Dubai FM	3,373	1.0	5.5
Egypt EGX 30	10,011	1.9	-16.2
MSCI GCC	763	3.1	3.6
Kuwait SE	7,181	1.1	2.0
KSA Tadawul	11,758	3.1	4.2
Muscat SM 30	4,557	0.6	10.4
Qatar Exchange	13,029	2.6	12.1

Bond yields	%	Change (bps)	
		1-week	YTD
International			
UST 10 Year	3.89	8.1	237.3
Bunds 10 Year	2.20	8.8	237.6
Gilts 10 Year	4.24	14.5	326.5
JGB 10 Year	0.25	0.5	18.0
Regional			
Abu Dhabi 2027	4.58	-12.5	156.6
Oman 2027	6.81	-16.6	55.0
Qatar 2026	4.75	-9.9	172.1
Kuwait 2027	4.66	11.6	171.6
Saudi Arabia 2028	4.83	-3.6	128.4
Commodities			
	\$/unit	Change (%)	
		1-week	YTD
Brent crude	97.9	11.3	25.9
KEC	98.1	2.1	24.1
WTI	92.6	16.5	23.2
Gold	1700.5	2.3	-6.9

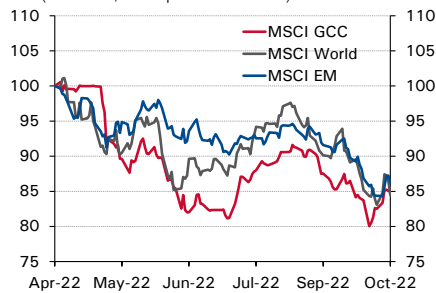
Interbank rates	%	Change (bps)	
		1-week	YTD
Bhbor - 3 month	5.00	0.0	348.3
Kibor - 3 month	3.19	25.0	168.8
Qibor - 3 month	2.45	0.0	132.5
Eibor - 3 month	3.49	-6.5	312.9
Saibor - 3 month	4.33	21.2	342.4
Libor - 3 month	3.91	15.4	370.0
Sofr - 3 month	3.74	18.6	364.8
Exchange rates			
	rate	Change (%)	
		1-week	YTD
KWD per USD	0.310	0.0	2.5
KWD per EUR	0.302	0.0	-12.2
USD per EUR	0.974	-0.6	-14.3
JPY per USD	145.3	0.4	26.3
USD per GBP	1.108	-0.7	-18.1
EGP per USD	19.63	0.7	25.4

Updated on 7/10/2022

Source: Refinitiv

International equity markets

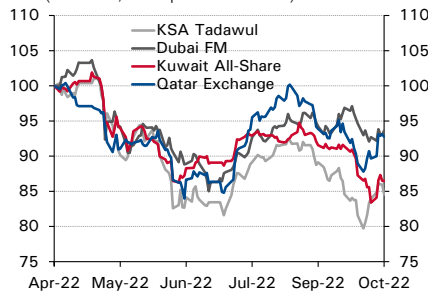
(rebased, 15 April 2022=100)



Source: Refinitiv

GCC equity markets

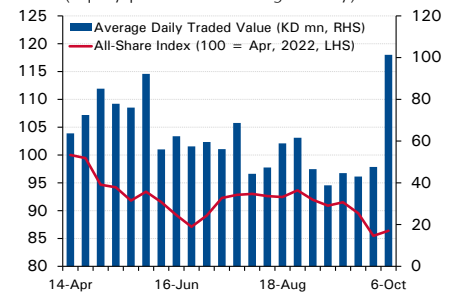
(rebased, 15 April 2022=100)



Source: Refinitiv

Boursa Kuwait

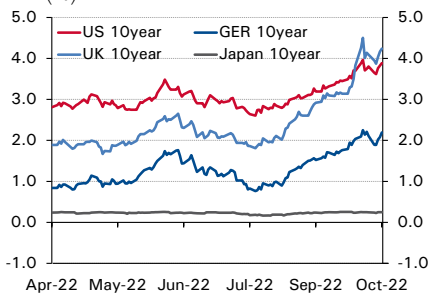
(equity prices and trading activity)



Source: Refinitiv

International bond yields

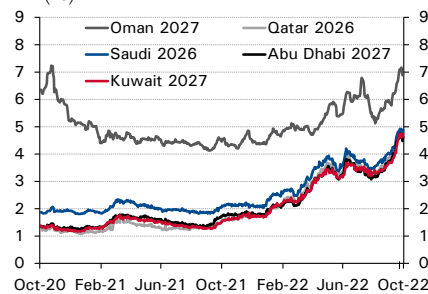
(%)



Source: Refinitiv

GCC bond yields

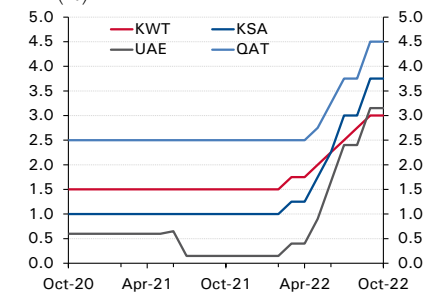
(%)



Source: Refinitiv

GCC key policy rates

(%)



Source: Refinitiv