

WEEKLY MARKET BRIEF

Gulf Bank Economic Research Unit

04th December 2022



THIS WEEK'S HIGHLIGHTS

- Value of contracts awarded by Kuwait in October amounted to USD 93mn, registering a jump of 86% m/m.
- According to S&P, Saudi capital markets will be key to funding private sector investments and projects like NEOM as the country's investment needs are significant.
- U.S Fed Chair has stated that it is time to slow the pace of interest rate hikes and has indicated that that pace might be slowed down as early as December 2022.

EQUITIES

	Index Close	Weekly Performance	December Performance	2022 Performance
Kuwait All Share Index	7,567	▼ -0.3%	▼ -0.2%	▲ 7.4%
Saudi Arabia	10,823	▼ -1.1%	▼ -0.7%	▼ -4.1%
Dubai	3,324	▲ 0.6%	▬ 0.0%	▲ 4.0%
Abu Dhabi	10,552	▲ 0.2%	▬ 0.0%	▲ 24.3%
Emerging Markets (FTSE)	500	▲ 3.7%	▲ 0.4%	▼ -18.7%
U.S. (S&P 500)	4,072	▲ 1.1%	▼ -0.2%	▼ -14.6%
All World (FTSE)	418	▲ 1.3%	▲ 0.5%	▼ -15.9%

- Kuwait All Share Index was negative for the week, with decline in premier and main market stocks. Technology sector was the top gainer, increasing by 12.9% for the week while Consumer Discretionary sector lost the most at 0.9%. Among premier market stocks, ALAFCO Aviation Lease and Finance was the top gainer, rising 19.9% for the week. Alimtiq Investment Group Co was the top loser, declining 4.3% during the week. ALAFCO's board has discussed a proposal for sale of certain assets to Macquarie Airfinance Group. With the completion of transaction, cash and cash equivalent will increase by USD 710mn after repayment of outstanding financing for purchased aircrafts and its related costs. Globally, Kuwait ranks 5th in terms of Islamic banking assets, which stood at USD 134bn in 2021. Value of contracts awarded by Kuwait in October amounted to USD 93mn, registering a jump of 86% m/m. Kuwait's cabinet has approved a 4-year government policy program, but has postponed introduction of VAT by at least by a year. In response to a MP's query, Central Bank of Kuwait has stated that inflation rate in the country is affected by global markets and price of imported commodities and that domestic inflation is lower compared to other markets.
- Most GCC markets were mixed for the week. UAE and Oman had a shorter trading week on account of their respective National Holiday. Aggregate net profit of Saudi Arabia's top 10 banks increased by 9.3% q/q in Q3 2022, due to rise in interest income. According to S&P, Saudi capital markets will be key to funding private sector investments and projects like NEOM as the country's investment needs are significant and the banking sector would not be able to meet all of them. Americana would be listing in Saudi Tadawul and ADX on December 12. Qatar has signed a new natural gas delivery agreement with Germany. GCC recorded 59 M&A transactions in Q3 2022, marking an increase of 23% y/y.
- Global equities performance was positive for the week. S&P 500 was supported by the possibility of U.S Fed slowing its pace of rate increases. U.S Core Personal Consumption Expenditure rose by 5.0% y/y in October, slightly lower than 5.2% recorded in September. European equities gained for the week supported by slow down in inflation in November, its first in 17 months. China markets declined early in the week amid reports of civil unrest in major cities. However, the markets ended the week on a positive note on signs of easing of restrictions with the Vice Premier stating that the country was moving to a new phase as the omicron variant weakens and more people are vaccinated.



LOOKING FOR A PREVIOUS REPORT?
Click [HERE](#) to view previous weeks' reports.

BENCHMARK RATES/FIXED INCOME

	Yields/Rates (in %)	Price (in USD)	December Change (in %)
Kuwait Discount Rate	3.00	-	-
U.S. Fed Fund Rate	3.75-4.00%	-	-
Kuwait, 2027	4.23	97.3	▲ 0.60%
KSA, 2029	4.33	100.4	▲ 0.66%
Qatar, 2029	4.13	99.4	▲ 0.29%

- Note: year refers to maturity year of the sovereign bond;
- 10-year U.S treasury yield declined by 17 bps while 2-year yield declined by 14 bps for the week. U.S Fed Chair has stated that it is time to slow the pace of interest rate hikes and has indicated that the pace might be slowed down as early as December 2022. He has indicated that borrowing costs will remain higher for longer and that inflation would come down slowly. The Fed Chair also expects peak interest rate for this tightening cycle to be higher than previously estimated. S&P has affirmed Bahrain's ratings and has revised outlook to positive from stable, expectation that the government will continue implementing fiscal reforms. S&P has also upgraded Oman's credit rating to BB, with stable outlook citing improved fiscal performance.

CURRENCIES

	Exchange Rate	Weekly Performance	December Performance	2022 Performance
EUR/KWD	0.323	▲ 1.1%	▲ 1.0%	▼ -6.0%
GBP/KWD	0.377	▲ 1.3%	▲ 1.6%	▼ -7.9%
USD/KWD	0.306	▼ -0.3%	▼ -0.3%	▲ 1.4%
EUR/USD	1.054	▲ 1.4%	▲ 1.3%	▼ -7.3%
GBP/USD	1.229	▲ 1.6%	▲ 1.9%	▼ -9.2%

Note: Weekly change represent change over last Friday's close.

- U.K's Sterling gained for the fourth consecutive week on the back of weakness in U.S Dollar. Sterling also reached five-month highs during the week. U.S Dollar dropped to its lowest since August during the week as Fed indicated slowdown in pace of rate hikes. The currency had pared back some losses towards weekend on strong labour market data.

COMMODITIES

	Current Price	Weekly Performance	December Performance	2022 Performance
Oil	85.57	▲ 2.3%	▲ 0.2%	▲ 10.0%
Gold	1,797.82	▲ 2.4%	▲ 1.7%	▼ -1.7%

Note: Oil denotes Brent Crude, Price units – Oil in USD per barrel, Gold in USD per ounce

- Oil prices are up for the week supported by indications on easing of COVID-19 curbs in China and weakness in U.S Dollar. Easing of curbs in major cities, speeding up of vaccination for elderly are some positive indications of China relaxing its strict COVID-19 policy. G7 and EU nations have agreed to capping Russian oil's price at USD 60 per barrel. OPEC+ meeting scheduled for 4th December would be closely watched. It is widely expected that the group would stick to its target cut decided in its last meeting. Gold was up for the week supported by weakness in U.S Dollar.



For any inquiries, please email us at Economic.Research@gulfbank.com.kw