Market Insights & Strategy

Global Markets

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Morning news summary

Global News

- **Fed's Cook says rate hikes needed to lower high inflation:** Federal Reserve Governor Lisa Cook made a case for more interest rate hikes, saying the US central bank's current policy rate is not high enough to deal with inflation levels she views with "great concern", Reuters reported. What's more, "inflation data received since the September rate increase, including reports last week, fail to provide me with sufficient evidence that inflation is returning to a sustainable path," she said. Cook said the risk of not acting fast enough to lower inflation could bring more pain later. The Fed governor noted that financial conditions remain accommodative and are not providing the needed level of restraint on the economy. US Treasury Secretary Scott Bessent warned that the Federal Reserve risks jeopardizing the US economy by overtightening in response to the latest inflation data, Bloomberg reported separately. Bessent argued that the Fed risks making a major "policy mistake" by overinterpreting recent inflation numbers.
  Source: Reuters, Bloomberg

- **Fed's Cook says central bank watching AI industry financing; ECB's Lagarde says cyber threat boosted by AI is my top worry:** Federal Reserve Governor Lisa Cook said the central bank is keeping an eye on the increasingly complex way the artificial intelligence industry is financing its buildout, Reuters reported. "We're not just worried about the size, but the commingling of financial arrangements," Cook said. "From a financial stability standpoint, anything that's growing rapidly, lacks transparency, has complexity, that appears on our radar really quickly," she said. Separately, European Central Bank (ECB) President Christine Lagarde said the greatest immediate challenge facing the world of finance may be cyber threats supercharged by increasingly sophisticated AI agents. Attackers are often anonymous, and difficult to track, and rely on dubious funding often from "toxic states" that have a vested interest in disrupting the world, Lagarde said.
  Source: Reuters

- **US seeks answers on Nvidia's sale of chips to China, Bessent says:** US Treasury Secretary Scott Bessent said on Sunday the US is seeking answers from Nvidia on its chip sales to China and will find out who was in charge of compliance at the company formerly led by Jensen Huang, Reuters reported. Bessent said the chipmaker's board of directors is working to determine what had happened, and he expressed confidence that it would "come up with some very fulsome and robust answers." US President Donald Trump earlier said that he would like to see Huang apologize and return to Nvidia. Asked whether he agreed with Trump, Bessent said more information is needed. Trump also said last Friday that the US wants only older chips to be sold to China, adding that his administration was discussing an agreement with China, without providing further details.
  Source: Reuters

- **Trump says US to penalize firms building data centers abroad:** US President Donald Trump said that the US would penalize American companies that build data centers overseas, a move he said is intended to help the US artificial intelligence sector compete with its Chinese counterparts, Reuters reported. He said he would impose a "tremendous tax" on companies that build data centers abroad. Trump has been a staunch advocate for data center construction in the US, a position that is unpopular with voters domestically. The United States already bars direct sales of the most advanced AI chips to China, but Chinese companies have continued to access them by renting computing capacity at data centers in countries that can legally import the chips.
  Source: Reuters

- **US stock futures rally after AI rout; Oil fluctuates as ample supply vies with Middle East tensions:** Bloomberg reported that US equity-index futures rallied as buyers returned following Friday's selloff in artificial intelligence companies. As of 09:00 AM GST, South Korea's Kospi index slumped 3.3%, Hong Kong's Hang Seng index dropped 0.6% and China's CSI 300 index fell 0.6%. Japan's market was closed for a public holiday. S&P 500 futures jumped 2.2% and Nasdaq 100 futures traded 3% higher during Asia trade. There's no trading of cash Treasuries in Asian hours due to the Japanese holiday. In commodity markets, spot gold retreated 0.3% to $3,713.17 an ounce. Conversely, spot silver rose 2.6% to $42.22 an ounce. In currencies, the DXY index was flat at 103.780. The US dollar was up 0.3% against the Japanese yen at 158.99. The euro advanced 0.1% against the greenback to 1.098.
  Bloomberg reported that oil fluctuated as traders weighed signs of robust crude exports against the prospect of escalating hostilities in the Middle East. Over the weekend, Iran again attacked Bahrain while Tehran-backed Houthi militants continued targeting Saudi Arabia. Despite the hostilities, the supply outlook remains robust. The International Energy Agency has forecast a roughly 2 million-barrel-a-day surplus this quarter. In Asia trade, Brent futures (January contract) was steady at $92.55/bbl while WTI futures (January contract) traded 0.1% higher at $83.47/bbl.
  Source: Bloomberg

Middle East & Africa News

- **Saudi Arabia to impose top-up tax on global firms' profits from 2027:** Citing the Zakat, Tax and Customs Authority, Arab News reported that Saudi Arabia will begin applying a top-up tax in early 2027 on profits earned in the Kingdom by multinational entities if their effective tax rate falls below the global minimum of 15%. The tax will apply to business entities belonging to multinational groups with combined annual revenues of €750m (~$824m) or more, or the equivalent in Saudi riyals, according to the ultimate parent entity's consolidated financial statements in at least two of the four preceding fiscal years. Local companies that have no branches outside the Kingdom or do not belong to a covered multinational group are exempt. The move aims to protect Saudi Arabia's tax rights over profits earned within its borders, collect the top-up tax domestically, keep pace with international rules on a global minimum tax consistent with most G20 countries and all GCC states.
  Source: Arab News

- **Manufacturing, mining drive 12% rise in Saudi operating revenues:** Citing GASTAT data, Arab News reported that Saudi Arabia's Operating Revenues Index rose 12.2% YoY and 6.6% on a monthly basis in September, led by double-digit annual growth in manufacturing (15%), mining and quarrying (27.5%), and financial and insurance activities (19.3%), alongside gains in wholesale and retail trade (2.1%) and construction (0.4%). Saudi Arabia's Employees Compensation Index increased 6.8% YoY and 0.5% month on month in September, driven primarily by a 9.4% annual rise in manufacturing, while the number of building permits issued in the Kingdom reached 6,092, up 14.6% YoY and 8.4% higher than in August.
  Source: Arab News

- **Saudi Arabia signs 12 aviation deals at global conference in Montreal:** Saudi Arabia signed 12 aviation agreements and cooperation documents with international partners during the 7th Worldwide Air Transport Conference in Montreal, aimed at expanding international connectivity and strengthening the

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Kingdom's aviation sector under Vision 2030, Arab News reported. These deals included bilateral air services agreements with Belize, Samoa, Cambodia and Jordan, memorandums of understanding with Saint Lucia, Antigua and Barbuda, Montenegro, Cabo Verde and Turkiye. The development supports the Saudi Aviation Strategy's 2030 targets of 330 million annual passengers, connectivity to more than 250 destinations and 4.5 million tons of air cargo capacity backed by an estimated $100bn in investment.
Source: Arab News

- **Saudi Arabia achieves 89% 5G population coverage in H1 2026:** Saudi Arabia's 5G population coverage reached 89% in H1 2026, underscoring the Kingdom's progress in expanding its telecommunications infrastructure, while the internet usage rate reached 99.6% among individuals aged 15 to 74, Arab News reported. According to the latest Miqyas Report published by the Communications, Space and Technology Commission, Mobily led in the share of smartphones capable of supporting 5G technology, at 60%, while stc recorded the highest share of smartphones actively connected to 5G networks, at 31%, and led in the share of voice-call traffic carried over 4G networks using VoLTE technology, at 88%. In mobile network performance, stc led in median mobile download speed and topped the Mobile Network Speed and Latency Performance Index with a score of 73.4%.
Source: Arab News

- **Diriyah cancels $200m hotel construction contract:** Citing a company statement, AGBI reported that Giga-project developer Diriyah Company has cancelled the main construction contract for a hotel in the second phase of its development northwest of Riyadh. The SAR 717m ($191m) contract for the "1 Hotel" was awarded in February to a joint venture between BEC Arabia Contracting Co and the Saudi subsidiary of Bombay Stock Exchange-listed Ashoka Buildcon for Contracting. A statement emailed by Diriyah Company to AGBI suggests that the hotel is under review as the wider masterplan progresses. "As with any project of Diriyah's scale, our plans are kept under regular review to ensure they are delivered in the best interest of the project and the company. Diriyah continues to progress its masterplan, and updates on individual projects will be shared through official channels," the statement said.
Source: AGBI

- **Kuwait's AA- rating holds firm despite oil export disruptions, S&P says:** S&P Global Ratings affirmed Kuwait's AA-/A-1+ sovereign credit ratings with a stable outlook, stating that substantial sovereign assets, with liquid assets held by the Kuwait Investment Authority estimated to exceed 600% of GDP in 2026, the highest ratio among sovereigns rated by S&P, will help it withstand disruptions to oil exports and government revenue, Arab News reported. The affirmation comes despite forecasts of a 14.2% contraction in real GDP in calendar 2026 and a fiscal deficit equivalent to 25.5% of GDP in fiscal 2027, as disruptions around the Strait of Hormuz reduced Kuwait's crude production to an average of 989,000 barrels per day during March-May before recovering to 1.9 million bpd by the end of October, with S&P expecting production to rise further to between 2.2 million and 2.4 million bpd in 2027 to support real GDP growth of about 13%. Meanwhile, Kuwait's financing options have broadened through legislation permitting government borrowing, with the government planning to borrow KWD 10bn ($32bn) in the financial year ending March 2027, the introduction of a sovereign sukuk framework, and regulatory changes allowing the General Reserve Fund to borrow from the Future Generations Fund, though renewed tanker attacks around the Strait of Hormuz on Nov. 21 underscored continuing risks to Kuwait's oil exports.
Source: Arab News

- **Kuwait offers second gasoline cargo this month in FOB tender:** Citing an official spot market tender document, Reuters reported that Kuwait Petroleum Corp offered 34,000-35,000 metric tons of 93-octane non-oxygenated gasoline in a tender on a free-on-board (FOB) basis from its Mina Al-Ahmadi port. The cargo is scheduled to load between December 9 and December 10, according to the tender, which closed on Wednesday. The state-run refiner sold the same grade fuel for late-November loading at a premium of around $180 to $200 per ton to Middle East naphtha quotes, market participants said. It was KPC's first gasoline offer via a tender after a gap of several months since the war in the Gulf broke out.
Source: Reuters

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- **Iran war drives down foreign assets at Central Bank of Kuwait:** Citing data from the Central Bank of Kuwait, AGBI reported that the Central Bank of Kuwait's (CBK's) foreign currency and deposits abroad dropped about 30% YoY to KWD 8bn ($25.7bn) at end-September 2026 as a result of the Iran conflict and Hormuz crisis. Unlike Saudi Arabia and the UAE, Kuwait lacks an alternative route to bypass the Strait of Hormuz. This caused its crude exports to plummet in the first weeks of the conflict, which began on February 28. Commercial lenders withdrew nearly half their deposits with the CBK in the first nine months of 2026. The deposits totalled KWD 2.4bn at the end of September, down from KWD 4.8bn at the end of 2025, the CBK report said.
  Source: AGBI

- **Oman's digital economy contributes 9% to GDP:** Oman's digital economy accounts for 9% of GDP, while domestic and foreign investments in the telecommunications and information technology sector have reached OMR 1.33bn ($3.46bn) since 2021, Arab News reported. Official figures released by the Ministry of Transport, Communications and Information Technology show that Omanis hold 72.4% of technical, specialized and leadership positions in technology-related professions across various economic sectors, and Omanization in the telecommunications and information technology sector reached 46.4% of its total workforce by mid-2026. The second phase of the National Digital Economy Program, covering 2026 to 2030, aims to add 1.5 billion rials to GDP, attract OMR 300m in technology investments and create 3,000 direct jobs annually through 84 initiatives organized into eight executive programs, alongside targeting an 80% digital transformation rate across five main economic sectors by 2030.
  Source: Arab News

- **Oman strikes deal to explore new LNG resources:** Oman has signed an agreement with an Omani-US joint venture (between state-owned Energy Oman and US energy major ExxonMobil) to explore new liquefied natural gas (LNG) resources in the Greater Makarem area (Block 20) with an initial investment of more than $400m, AGBI reported citing the Oman News Agency. Developing Greater Makarem will support the construction of a proposed LNG processing plant in the special economic zone at Duqm, which is targeting annual production of 6 to 9 million tonnes. Oman's energy minister, Salim bin Nasser Al-Aufi, said the deal supports the sultanate's efforts to strengthen energy security, develop natural gas reserves and increase production capacity, while promoting economic diversification and localisation.
  Source: AGBI, Oman News Agency

- **Egypt, Libya sign agreements on gas infrastructure, fisheries and labor:** Citing an official statement, Arab Finance reported that Egypt and Libya have inked several agreements and Memoranda of Understanding (MoUs) on natural gas infrastructure, fisheries, and labor, among other areas. The agreements cover expanding natural gas infrastructure, refining petroleum products, and developing lakes and fish resources. They also provide for cooperation on natural resources, knowledge and scientific research, and small and medium-sized enterprises (SMEs). Other areas include training, capacity building, consultancy, technical support, career advancement and leadership development, along with media, government communication and institutional outreach.
  Source: Arab Finance, Zawya

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