Daily
Economic Update

Economic Research Department
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Oil: Market shrugs off Bessent's Economic D-Day announcement. Brent closed lower on Monday, posting its first decline (-2.4% d/d to $92.2/bbl) in six trading sessions, with the market underwhelmed by US Treasury Secretary Scott Bessent's announcement on Iranian sanctions. Bessent's "Operation Economic Outcast", which aims to further restrict Iran's access to international financial and shipping networks, introduced new restrictions on 60 entities, including shipping companies based in the UAE, Singapore and Hong Kong as well as on six tankers linked to those entities, and serves notice to countries doing business with Iran to wind down their economic relationship with the Islamic Republic by a certain date or face US penalties. However, market reaction was muted for several reasons: (i) Iran has already been subject to extensive US sanctions under previous "maximum pressure" campaigns, reducing the marginal impact of additional restrictions; (ii) the measures stopped short of directly targeting China, Iran's primary economic partner and largest importer of its oil, possibly due to the fragile nature of the US-China trade truce; and (iii) the implementation of both primary and secondary sanctions appears set to occur gradually and on a country-by-country basis rather than through an immediate, broad-based tightening of restrictions. This morning in Asian markets, Brent futures remained broadly stable as investors await further details on the measures, particularly regarding implementation timelines and any grace periods granted to trading partners to sever commercial ties with Iran.

US: Trump administration looks to raise tariffs on Canada and China. President Trump announced a doubling of tariffs on all auto imports from Canada, including parts, to 50% from the current 25% (applicable only on non-US content), effective from 2027. After the trade talks between the two counties collapsed last week, the US administration had imposed 50% duties on some Canadian goods worth $20 billion, with Canada vowing to retaliate with its own counter measures soon. The latest US tariff threats are seen as tactics to force Canada to return to the negotiation table. Furthermore, according to media reports, the US administration was considering levying 7.5% new import duties on China over excess capacity allegations ahead of the Trump-Xi summit at the White House in September. Previously, the US had imposed 10-12.5% tariffs on 60 countries including 12.5% on China under section 301 related to forced labor practices. Separate investigations into excess manufacturing capacity allegations on 16 trade partners (including China) are currently ongoing as we highlighted in our previous notes. These measures are new legal ways to essentially replace 'reciprocal' tariffs that were cancelled by the US Supreme Court earlier this year. Meanwhile, Treasury Secretary Bessent, in a press conference yesterday, didn't offer any fresh details about his department's expanded long-dated UST bond buyback program amid heightened market speculation about the exact mechanism and funding options.

Saudi Arabia: Saudi-France deals unlock billions in investment and financing. Saudi Arabia and France have signed 21 agreements covering infrastructure, energy, AI, and entertainment, strengthening economic ties beyond traditional oil and defense cooperation during the Saudi Crown Prince's visit to Paris. The agreements involve several major financing and investment commitments. The Saudi Finance Ministry and Bpifrance agreed on an initial $5 billion credit line to finance and refinance contracts awarded to French companies in Saudi Arabia. A separate financing package of around $5 billion is planned to support projects including the Riyadh Metro, Sharaan Hotel in AlUla, and rolling stock for Expo 2030 and the 2034 World Cup. In the energy sector, Saudi Energy secured a $3 billion financing framework with Bpifrance to support electricity grid development, coordinated by BNP Paribas and HSBC. Meanwhile, Aramco signed $3.7 billion in procurement agreements with French oilfield services companies. French companies are also securing major Saudi infrastructure contracts. Alstom won a €500 million contract for Riyadh Metro Lines 3 and 6, while CMA CGM and Red Sea Gateway Terminal agreed to invest €434 million in developing Terminal 4 at Jeddah Islamic Port. The partnership is also increasingly two-way, with Saudi entertainment group Qiddiya planning to invest $7 billion in three amusement parks northwest of Paris amid a broader Saudi investment drive in France's entertainment and infrastructure sectors.

Oman: Fiscal position improved significantly in Q2 despite increased spending. According to the official financial performance report, the fiscal deficit narrowed to OMR 17 million in Q2 compared to OMR 259 million in the same quarter of 2025. The improved fiscal position was thanks to strong revenue growth, with total public revenues increasing by 13% y/y to OMR 6.6 billion from OMR 5.8 billion a year earlier, driven mainly by higher oil and gas revenues. Net oil revenues rose 10% to OMR 3.3 billion, supported by an average oil price of USD 74 per barrel and production of 1.1 million barrels per day, while net gas revenues surged 32% to OMR 1.2 billion. Current revenues also grew 6% to OMR 2.05 billion. On the expenditure side, total public spending increased 9% to OMR 6.6 billion, reflecting higher current and development expenditures. Current spending reached OMR 4.4 billion, while development spending amounted to OMR 798 million, representing 61% of the 2026 development budget, including OMR 146 million for economic transformation projects. Contributions and other expenditures declined slightly by 3% to OMR 1.1 billion. Subsidies totaled OMR 773 million across social protection, electricity, and petroleum products, while debt service provisions stood at OMR 150 million. Total public debt remained broadly stable at OMR 14.2 billion, little changed from the OMR 14.1 billion recorded at the end of Q2 2025. The fiscal performance in Q2 highlights the government's effort to sustain investment and social spending while maintaining fiscal discipline amid a favorable hydrocarbon market environment.

Egypt: CBE clears new digital rules, allowing customers to open bank accounts remotely. The Central Bank of Egypt (CBE) has approved new rules for its electronic Know Your Customer (eKYC) system, allowing banks to verify customers' identities entirely online without requiring a branch visit. Under the new framework, customers can open bank accounts and access banking services digitally, with electronic acceptance of terms and conditions replacing traditional paperwork and wet signatures. Customers will also be able to update their information remotely, making the process faster and more convenient. The framework also allows a digital financial identity created with one participating bank to be reused by another, subject to the customer's electronic consent. The system is operated by "Haweya", which manages the digital identity platform and connects participating banks, while the CBE holds a 55% stake in the company. The move is another step toward accelerating Egypt's digital banking transformation, while reducing onboarding costs and improving access to financial services.

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Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	10,048	0.44	0.56
Bahrain (ASI)	1,947	0.14	-5.78
Dubai (DFMGI)	5,866	0.15	-3.00
Egypt (EGX 30)	55,165	-0.34	31.88
GCC (S&P GCC 40)	760	1.73	3.71
Kuwait (All Share)	8,900	0.08	-0.08
KSA (TASI)	11,174	0.86	6.51
Oman (MSM 30)	7,498	-0.22	27.80
Qatar (QE Index)	9,741	0.54	-9.49
International			
CSI 300	4,563	-1.21	-1.44
DAX	26,107	-0.11	6.60
DJIA	53,417	0.26	11.14
Eurostoxx 50	6,448	-0.22	11.34
FTSE 100	10,854	0.35	9.29
Nikkei 225	65,528	-0.74	30.17
S&P 500	7,653	-0.28	11.79

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	5.16	0.15	17.79
Kuwait	3.56	0.00	0.00
Qatar	4.00	-11.77	2.50
UAE	3.84	-3.94	36.57
Saudi	4.79	-3.58	-6.43
SOFR	3.74	0.22	9.12

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2030	4.73	-0.87	76.9
Oman 2029	5.06	-7.56	52.9
Qatar 2030	4.81	-1.98	82.1
Kuwait 2030	4.63	-1.12	48.8
Saudi 2030	4.96	-2.19	69.6
International 10YR			
US Treasury	4.70	-3.58	53.6
German Bund	3.25	-0.75	39.3
UK Gilt	5.05	-0.66	58.3
Japanese Gvt Bond	2.88	0.40	81.5

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.00	-0.31
KWD per EUR	0.36	-0.13	1.62
USD per EUR	1.17	-0.15	-0.71
JPY per USD	159.08	0.09	1.55
USD per GBP	1.36	-0.02	1.17
EGP per USD	50.68	-0.16	6.36

Commodities	$/unit	Change (%)	
		Daily	YTD
Brent crude	92.17	-2.35	51.47
KEC	92.65	-1.13	54.01
WTI	85.01	-2.35	48.05
Gold	4640.8	0.36	7.29

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.

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