Daily
Economic Update

Economic Research Department
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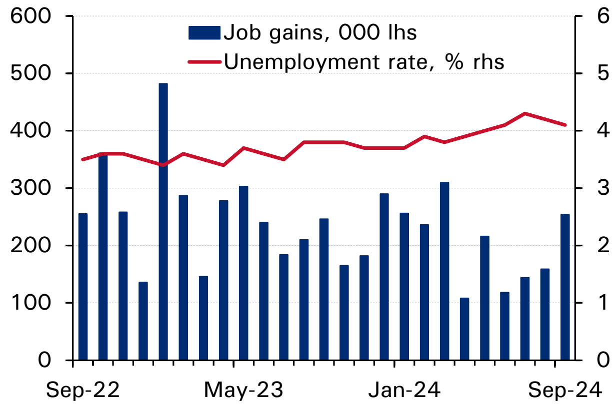
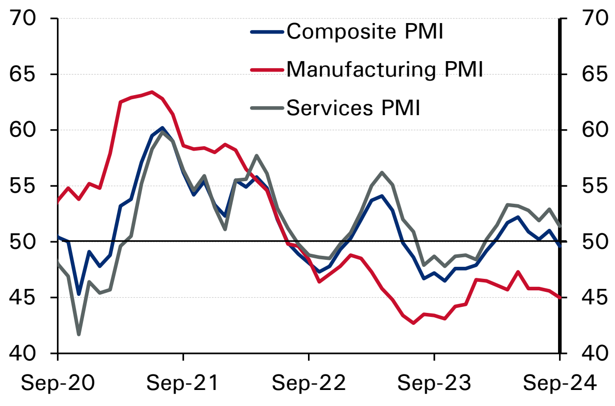
US: Jobs data squarely beats expectations, showing no signs of major distress in the labor market. The non-farm payroll report for September came in much stronger than expected across all main fronts, with job gains rising to a six-month high of 254K (140K consensus forecast) from a revised 159K in August. Moreover, the prior two months' job increases were revised higher by a combined 72K. The unemployment rate fell for a second straight month, to 4.1% from 4.2%, with the labor participation rate steady at 62.7%. In addition, annual wage growth accelerated to a four-month high of 4% (+0.4% m/m) from 3.9% (+0.5% m/m) in August. September's solid jobs report continues to underscore the resilience of the US economy but could also imply slower interest rate cuts going forward. Before the release of Friday's job report, futures markets were expecting a total of 75 bps of rate cuts over November and December's Fed meetings but now they've scaled them back to 50 bps, 25 bps each over the two meetings. Meanwhile, further underlining the solid economic momentum, the ISM PMI gauge of service activity expanded at its fastest pace in 19 months, jumping to 54.9 in September from 51.5 in August, versus the market expectation of 51.7. However, there were renewed pricing pressures, with the price measure increasing to an eight-month high of 59.4 from August's 57.3, signaling that the inflation battle may not be over yet.

Chart 1: US jobs and unemployment rate



Source: Haver

Chart 2: Eurozone PMI
(index)



Source: S&P Global

Eurozone: Final PMI for September revised slightly higher, but still points to contracting activity. Eurozone PMI business activity gauge was revised higher to 49.6 in September from the preliminary reading of 48.9. The figure nevertheless points to euro-area growth slipping back into contraction territory, though by not as much as initially reported. Manufacturing, however, dropped deeper into contraction territory, reaching 45 (though this was revised up from the initial 44.8), marking the lowest reading so far this year. Meanwhile, services were also revised higher, to 51.4 from an earlier reading of 50.5, but still came in lower than August's reading of 52.9. The latest figures suggest that activity is expanding at the weakest pace in seven months.

Kuwait: Government moves to merge authorities/agencies. The government, acting on a proposal by the Ministry of Finance, has begun to merge or cancel a number of its agencies with overlapping or redundant functions. The move is aimed at promoting efficiency and reducing operational costs amid an oversized public administration. This would be achieved by eliminating redundant middle and senior management positions thereby reducing staffing costs. Additionally, the mergers would lead to savings in maintenance, security, cleaning and other services contracts. The proposal also calls for new regulations to govern the process of establishing new agencies to ensure their feasibility and productivity. According to media reports, merger targets include the Public Authority for Housing Welfare and the Kuwait Savings & Credit Bank, KUNA and the Ministry of Information, and the Kuwait Direct Investment Promotion Authority, the Public Private Partnership Authority, the privatization authority and the small projects fund (four bodies) as a single entity.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,180	-0.37	-4.16
Bahrain (ASI)	2,006	-0.10	1.77
Dubai (DFMGI)	4,406	0.17	8.52
Egypt (EGX 30)	31,721	1.24	27.74
GCC (S&P GCC 40)	696	-0.14	-2.32
Kuwait (All Share)	7,036	-0.49	3.21
KSA (TASI)	11,958	-0.72	-0.08
Oman (MSM 30)	4,674	-0.08	3.54
Qatar (QE Index)	10,465	-0.96	-3.37
International			
CSI 300	4,018	0.00	17.10
DAX	19,121	0.55	14.14
DJIA	42,353	0.81	12.37
Eurostoxx 50	4,955	0.68	9.58
FTSE 100	8,281	-0.02	7.08
Nikkei 225	38,636	0.22	15.45
S&P 500	5,751	0.90	20.57

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.05	0.00	-47.47
Kuwait	3.94	0.00	-37.50
Qatar	6.00	0.00	-25.00
UAE	4.46	-12.86	-87.00
Saudi	5.60	0.00	-63.02
SOFR	4.59	-0.85	-74.17

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.20	17.00	-12.1
Oman 2027	4.93	11.00	-22.7
Qatar 2026	4.40	11.00	-11.9
Kuwait 2027	4.17	10.00	-17.0
Saudi 2028	4.43	14.00	-9.1
International 10YR			
US Treasury	3.97	12.33	10.8
German Bund	2.21	7.50	18.2
UK Gilt	4.13	11.35	59.0
Japanese Gvt Bond	0.88	6.00	26.4

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.32	-0.27
KWD per EUR	0.34	-0.34	1.68
USD per EUR	1.10	-0.50	-0.54
JPY per USD	148.71	1.22	5.42
USD per GBP	1.31	-0.06	3.04
EGP per USD	48.29	-0.02	56.53

Commodities	$/unit	Change (%)	
		Daily	YTD
Brent crude	78.05	0.55	1.31
KEC	78.00	4.47	-1.96
WTI	74.38	0.91	3.81
Gold	2645.8	-0.43	28.29

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

Source: LSEG / Haver

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