

Kinzletter : Weekly Global Economical and Geopolitical insights

Global developments: Key Highlights

- **US Treasury issues new Iran-related sanctions** : The United States sanctioned 18 individuals and entities, including RUNC Exchange System Company, Cyrus Offshore Bank, and Pasargad Arian Information and Communication Technology, for allegedly aiding Iran in evading sanctions and generating revenue.
- **Modi, Putin Reaffirm Ties Amid US Tariffs**: Indian PM Narendra Modi and Russian President Vladimir Putin had telephonic conversation, reviewing trade ties and planning a summit, as Russia backed India after U.S. tariffs over Russian oil imports.
- **Arab States Condemn Israeli Minister's Visit to Al Aqsa Mosque**: The UAE, Saudi Arabia, and Jordan condemned Israeli national security minister Itamar Ben-Gvir's visit to Al Aqsa, calling it a provocation and affirming Israel has no sovereignty over the site.
- **Israel Pushes Gaza City Takeover as Ceasefire Talks Continue**: Israel plans to seize Gaza City amid criticism, as Egypt and Qatar mediate a deal to release all hostages in exchange for ending the war and Israeli withdrawal. The plan calls for Hamas to cede power, temporary Palestinian-Arab rule, and a US-allied-trained police force, with disputes over Hamas's weapons unresolved.



Global Economic development

The **global economy** in **early August 2025** is treading a fine line between **resilience** and **risk**, with U.S. tariffs, shifting **central bank policies**, and mixed data shaping **market mood**. In the U.S., stocks were mixed as tech gains led by **Apple** offset tariff concerns, while **productivity growth** helped temper **inflation worries**. **China's exports** grew **7.2% year-on-year** despite a sharp drop to the U.S., boosted by strong demand from Southeast Asia, the EU, and Africa, alongside a surge in chip shipments; **analysts** warn momentum may fade as **tariff pauses** expire. India faces a potential slowdown to **6% GDP growth** after **Washington** announced **50% tariffs**, though **trade talks** continue. **Africa's growth** was led by **Algeria**, buoyed by energy exports and diversification efforts, while other economies like **Angola** and **Cameroon** gained from **regional trade links**. Europe's major markets mostly advanced, with **Germany** and **France** in positive territory, though the **UK** slipped after a **Bank of England rate cut**. Switzerland's market fell on **tariff concerns**. Despite **strong earnings** and **export diversification** in parts of the world, trade disputes, geopolitical tensions, and **policy uncertainty** continue to cast a shadow over **global stability**.

IMF report underscores Saudi Arabia's workforce transformation and robust non-oil sector growth.

- **Labor market transformation exceeds Vision 2030 targets**: Unemployment among Saudi nationals fell to 7% in Q4 2024 (target revised to 5%), female participation doubled to a record 36%, and youth/female unemployment halved in four years, supported by training programs, flexible work, and childcare access.
- **Private sector and high-skill growth**: Saudi private sector employment rose 12% in 2024 with sustained 2025 momentum; wage premiums for high-skilled Saudi workers signal a strategic shift from job quantity to quality through better job-matching and education alignment.
- **Fiscal and diversification challenges**: Despite robust non-oil growth and low inflation, the IMF urged countercyclical fiscal policies, tax base expansion, and subsidy cuts, as Saudi Arabia's budget deficit widened and bond issuance hit \$48B in H1 2025 to finance Vision 2030 projects.

Syria secures \$14 billion in investment agreements.

- **\$14 Billion Investment Drive**: Syria signed \$14 billion worth of investment deals with international firms, covering 12 major infrastructure, transport, and real estate projects—including a \$4 billion airport upgrade with Qatar's UCC Holding and a \$2 billion metro deal with the UAE.
- **Reconstruction Momentum**: Key projects include the \$2 billion Damascus Towers with Italy's UBAKO, a \$500 million Baramkeh Towers deal, and a \$60 million mall project, signaling Syria's push to rebuild after nearly 14 years of civil war.
- **Post-Assad Economic Shift**: Following the ouster of Bashar al-Assad, lifted sanctions and renewed international engagement—backed by recent Saudi, UAE, Qatari, and U.S. partnerships—are transforming Syria into a new hub for trade and investment.

Global PMI price indices



CHART OF THE WEEK

S&P Global Market Intelligence's PMI surveys revealed a pickup in **global price pressures** in **July**. The headline J.P. Morgan Global Prices Charged Index rose from **53.5** in June to **54.1**, marking the sharpest increase in **prices** since **May 2023**. **Historical trends** suggest that this index level aligns with **global consumer price inflation** reaching around **4%** in the coming months—up from the current official readings of approximately **3.0–3.1%**. The **service sector** remained the primary driver of **global inflation**, with **service providers** raising prices at the **fastest pace** since **July 2023** as they passed **higher costs** on to consumers. In contrast, global manufacturing price growth stayed relatively **subdued**. While **inflation** in the sector eased slightly in **June**, it remained among the **highest recorded** in the past two years. **Source : S&P Global**



Trump Wants All Middle Eastern Countries to Normalise Ties with Israel.

- **Trump Renews Call for Arab-Israeli Normalisation:** Despite ongoing Israeli military actions in Gaza, President Trump urged all Middle Eastern countries to join the Abraham Accords and establish formal ties with Israel, linking peace in the region to Iran's nuclear program.
- **Iran Tensions Used to Justify Push:** Trump cited recent U.S. strikes on Iranian nuclear sites and claimed Iran's arsenal was "obliterated," using this narrative to promote normalisation—though no evidence has been provided that Iran was building nuclear weapons.
- **Palestinian Statehood Push Undermined:** Trump's remarks come as Arab nations and the international community increase efforts to recognize a Palestinian state—moves the U.S. has rejected—while Israel continues its military campaign in Gaza, resulting in massive civilian casualties and widespread destruction.



Trump and Putin set to meet in Alaska next week for talks on Ukraine.

- **Alaska Peace Summit Confirmed:** U.S. President Donald Trump and Russian President Vladimir Putin will meet in Alaska on 15 August to discuss a potential ceasefire in Ukraine, with Trump suggesting a land-swap arrangement and the Kremlin calling the talks a step toward a "long-term peaceful resolution."
- **Territorial Concessions at Issue:** Reports indicate the proposed deal could see Russia keep Crimea and the four regions it claims, halting its offensive in Kherson and Zaporizhzhia along current battle lines — a scenario experts say Ukraine is likely to reject despite pressure for flexibility.
- **Mixed Signals and Diplomatic Pressure:** Zelenskiy remains cautious but open to ceasefire talks, Poland has hinted at a possible conflict "freeze," and Trump has alternated between praising and pressuring Putin, threatening new sanctions while sending envoys for direct negotiations.

Other Geopolitical developments

Syria's minority groups call for a decentralised system and a constitution safeguarding pluralism.

- **Minorities Demand Reform:** Around 400 representatives of Syria's ethnic and religious minorities met in Hassakeh, urging the creation of a decentralized or federal state and a new constitution that guarantees religious, cultural, and ethnic pluralism in the post-Assad era.
- **Violence Condemned:** Participants denounced recent attacks by pro-government gunmen on Alawites, Druze, and Christians, describing them as crimes against humanity and warning against the rise of extremist ideology.
- **Democracy Urged:** Speakers called for an inclusive, democratic transition to replace decades of centralized authoritarian rule, with the SDF expressing willingness to join a reformed national army under a truly representative government.

Russia Lifts Self-Imposed Ban on Intermediate-Range Missile Deployments.

- **Russia Ends INF Missile Moratorium:** Moscow has officially scrapped its voluntary ban on deploying intermediate-range missiles, citing escalating threats from the U.S. and NATO following the collapse of the 1987 INF Treaty.
- **No NATO Reciprocity, Rising Tensions:** The Russian Foreign Ministry blamed Western refusal to accept a reciprocal moratorium and accused the U.S. of deploying INF-class missiles in sensitive regions, particularly near Russia.
- **Kremlin Signals Further Action Ahead:** Top officials, including Dmitry Medvedev, warned of additional measures in response to NATO's "anti-Russian policy," while the Kremlin hinted at future missile deployments without formal announcements.



Oil Prices Poised for Sharp Weekly Drop Amid Tariff Fallout.

- **Tariff Fallout Drives Bearish Sentiment:** Crude prices slid sharply amid fears over U.S. tariffs on Indian imports due to Russian oil purchases, risking a disruption of 3.5 million bpd in global supply.
- **Geopolitical Uncertainty Adds Pressure:** Oil markets were further weighed down by uncertainty over U.S. secondary sanctions on India and a potential Trump-Putin meeting, as the Russia-Ukraine peace deadline loomed.
- **Mixed Global Supply Signals:** Despite strong July imports by China and a tighter-than-expected market due to slow OPEC+ unwinding, bullish factors failed to offset trader anxiety over trade tensions.



Kuwait's oil minister says OPEC is closely watching the market as Trump comments on Russian oil.

- **Kuwait's Oil Outlook:** Oil Minister Tariq Al-Roumi stated that OPEC is monitoring global supply-demand dynamics and U.S. President Trump's comments on Russian oil, expecting prices to remain below \$72 per barrel.
- **Geopolitical Tensions Impacting Oil:** Oil prices fell to an eight-week low amid uncertainty over potential U.S. sanctions on Russia and newly imposed 25% tariffs on Indian goods due to continued Russian oil imports.
- **OPEC+ Production Strategy:** Kuwait is currently producing its full OPEC quota of 2.548 million bpd, with capacity to increase output if needed. OPEC+ plans to raise production by 547,000 bpd in September, accelerating its rollback of prior cuts.

Recommended readings

The Gulf states in a fluid post-war Middle East.(Source: Middle East Institute)

- **Strategic Vulnerability:** Despite vast military spending, Gulf states remain on the sidelines of regional conflicts, dependent on U.S. protection with limited influence over key actors like Iran, Israel, or the U.S. itself.
- **Shift to Diplomacy:** Saudi Arabia and the UAE now prioritise stability and economic goals over confrontation, engaging with Iran and the new Syrian regime while cautiously navigating Gaza and Israel policy.
- **U.S. Leverage & Opportunity:** The U.S. remains the Gulf's essential security partner. To capitalize on this, Washington must go beyond transactional ties and align with Gulf priorities to drive diplomacy in Syria, Iran, and Gaza.

What Trump's Submarine Threat and Russia's INF Exit Really Mean. (Source: CSIS)

- **Social Media as a Stage, Not a Strategy:** Nuclear signalling on social media platforms remains largely performative and directed at domestic audiences, as seen in Trump's unverifiable submarine post and Medvedev's inflammatory rhetoric. However, such "cheap talk" can still heighten risks of misperception and unintended escalation, especially during crises.
- **INF Treaty Collapse and the Rise of Regional Arms Racing:** Russia's full departure from the INF Treaty and focus on U.S. deployments in Europe and the Indo-Pacific mark a shift toward intensified regional nuclear competition.
- **Escalation Without Guardrails:** With arms control in retreat and mutual distrust deepening, nuclear signalling is rising—but with fewer mechanisms to prevent miscalculation.