

Kinzletter : Weekly Global Economical and Geopolitical insights

Global developments: Key Highlights

- Trump and Xi Discuss Trade Deal Amid Optimism** : U.S. President Donald Trump expressed optimism after meeting Chinese leader Xi Jinping, saying a deal could happen “soon.” The talks focused on lowering US tariffs and easing China’s export controls on rare earth minerals vital for technology and defense industries.
- Saudi Shifts PIF Focus to Faster-Growth Sectors** : Saudi Arabia plans to steer its \$925 billion sovereign wealth fund away from mega real estate projects like NEOM toward faster-return sectors such as logistics, mining, AI, data centres, and religious tourism to drive sustainable growth.
- UN Condemns US Strike on Drug-Smuggling Vessel**: UN Human rights chief Volker Türk condemned US strikes on suspected drug boats in the Caribbean and Pacific as “unacceptable” and urged an investigation.
- Pakistan and Afghanistan to Resume Peace Talks in Istanbul After Deadly Clashes**: Pakistan and Afghanistan have extended their temporary ceasefire and will hold new peace talks in Istanbul on November 6.

Global Economic development

Global markets were mixed this week as investors reacted to **weak U.S. tech earnings**, **Fed caution**, and renewed **U.S.–China trade negotiations**. The **S&P 500** fell **0.99%** and the **Nasdaq 1.57%**, dragged down by steep losses in **tech stocks** while **banks** and **healthcare stocks** gained. The **Fed** cut rates by **25 basis points** to **3.75–4%** but hinted at no further cuts this year, tempering **investor optimism**. President Donald Trump’s meeting with **Xi Jinping** ended with a **partial deal** — lower U.S. tariffs on **Chinese imports** in exchange for **China** curbing **fentanyl exports** and increasing **U.S. agricultural purchases**. However, issues like **TikTok** and **Nvidia chip exports** remain **unresolved**, suggesting continued **volatility**. In **China**, leaders unveiled a **new five-year plan (2026–2030)** prioritising **domestic consumption** and **income growth** to reduce reliance on **exports** and **real estate**. The **policy** shift aims to lift consumption’s share of **GDP** from **40%** toward **50%**, while maintaining focus on **high-tech manufacturing** and **new energy industries**. The **EU economy** expanded **modestly** in **Q3 2025**, with **0.3% growth** in the **EU** and **0.2%** in the **eurozone**, reflecting a gradual recovery led by **France** and **Spain**. Meanwhile, **MENA equity issuances** fell **51% year-on-year** to **\$10.4 billion**, though IPO activity hit a post-2008 high, led by **Saudi carrier flynas**. In India, **GDP growth** was upgraded to **6.7%** for **FY26**, supported by **GST cuts**, **strong consumption**, and easing **inflation**, while the **RBI** is expected to **lower rates** again in **December**. Overall, **global markets** are adjusting to **slower growth**, shifting **trade dynamics**, and **monetary policy recalibration** signalling a **cautious** but **adaptive global recovery**.

Iran denounces Trump’s call to restart U.S. nuclear tests. Iran condemns Trump’s move: Iranian Foreign Minister Abbas Araghchi denounced Donald Trump’s call to resume U.S. nuclear weapons testing as “regressive” and a violation of international law, accusing Washington of hypocrisy over Iran’s peaceful nuclear program. Global reactions and context: Experts say Trump’s move likely responds to recent Russian and Chinese weapons tests, not Iran, as neither has conducted a nuclear test in decades. Treaty and proliferation concerns: Nuclear testing remains banned under the 1996 Comprehensive Nuclear Test-Ban Treaty, which the U.S., China, and Iran have signed but not ratified, raising fresh fears of an arms race amid rising global tensions.	India and US ink 10-year defense agreement. 10-year defence framework signed: India and the US inked a decade-long agreement to deepen coordination, intelligence sharing, and technology cooperation, aimed at bolstering regional stability and deterrence. Strategic and economic context: The pact follows heightened tariff tensions after President Trump imposed steep duties on India, including penalties for Russian oil and arms purchases, even as both sides push to finalise a trade deal. Shift in defence dynamics: Despite India’s continued ties with Moscow, the agreement marks growing strategic convergence with Washington, enhancing interoperability and expanding opportunities for joint defence and technology collaboration.
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CHART OF THE WEEK

Despite increased foreign investment in **U.S. assets**, many traders have bet against the dollar in 2025, with **net futures positions** on the **euro** and **yen** remaining **positive**. This reflects expectations that both currencies will strengthen as concerns over **Fed rate cuts** and **slower U.S. growth** persist into **early 2026**. However, **analysts** expect the **dollar** to recover by **late 2026** as sentiment shifts, potentially driven by stronger **U.S. growth**, a pause in **Fed easing**, or **rising global political risks**.

Source : Wells Fargo.



Netanyahu visits Gaza ceasefire command center, holds talks with CENTCOM chief.

- **Netanyahu's Visit:** Israeli Prime Minister Benjamin Netanyahu visited the US-led Gaza ceasefire coordination center in Kiryat Gat and met with CENTCOM Commander Admiral Bradley Cooper to discuss plans for a "different Gaza" focused on Hamas disarmament and long-term security.
- **Joint Coordination Efforts:** Netanyahu emphasized collaboration with the U.S. and other partners to achieve the demilitarization of Gaza, aligning with goals agreed upon with President Trump.
- **Ceasefire Violations:** The visit followed renewed Israeli strikes that killed over 100 Palestinians, including 46 children, despite a ceasefire in place since October 10; the Gaza death toll since October 2023 has surpassed 68,600, with more than 170,000 injured.



No rewards for loyalty: Syria's new leader asserts control over his supporters.

- **Sharaa's Anti-Corruption Drive:** Syria's new ruler Ahmed al-Sharaa rebuked loyalists for flaunting wealth, ordering officials with luxury cars to surrender them or face investigation—part of his effort to curb corruption and distinguish his rule from Assad's.
- **Family Under Scrutiny:** Sharaa shut down his brother Jamal's business operations in Damascus amid allegations of influence-peddling, warning relatives against exploiting family ties for personal gain.
- **Enduring Corruption Risks:** Despite his reform push, bribery and opaque asset settlements persist across post-Assad Syria, with officials and lawyers under investigation for graft even as a new sovereign wealth fund and anti-corruption committee take shape.

Other Geopolitical developments

Russia deploys 'covert' missiles as Trump and Putin hint at renewed nuclear testing.

- **Russia's secret missile use:** Ukraine accused Moscow of deploying the ground-launched 9M729 cruise missile used for the first time in combat—whose development had earlier prompted Trump to withdraw from a nuclear arms treaty.
- **Renewed nuclear tension:** Trump and Putin both hinted at restarting nuclear testing, heightening fears of a new arms race following Russia's test of the Poseidon nuclear-powered torpedo.
- **Diplomatic fallout:** The U.S. canceled a planned Trump-Putin summit in Budapest after a tense exchange over Ukraine, with Trump saying he won't meet Putin until a concrete peace deal is within reach.

Iraq's Pivotal Election Tests Stability Amid Sadrist Boycott and Integrity Concerns.

- **High-stakes elections:** Iraq heads toward its November 11 parliamentary vote seen as pivotal for stability, with Prime Minister Al-Sudani calling it "decisive" for the nation's future and urging informed participation.
- **Sadrist tensions:** Muqtada Al-Sadr's boycott deepens rifts within his movement as he disavows 78 "dissident" candidates defying his orders, raising doubts about voter turnout and the elections' legitimacy.
- **Election integrity efforts:** The electoral commission pledged independence and transparency amid over 540 campaign violations and arrests for voter card fraud, with UN observers set to monitor the polls.



Oil prices set for a third consecutive monthly drop ahead of the OPEC meeting.

- **Oil Extends Decline:** Brent and WTI prices fell on Friday, heading for a third straight monthly drop, as a weaker dollar and concerns over global demand weighed on markets ahead of the upcoming OPEC+ meeting.
- **OPEC+ Output Boost:** The alliance, led by Saudi Arabia and Russia, plans to raise production for the ninth consecutive month, prioritizing market share despite new Western sanctions on Russian oil giants Rosneft and Lukoil.
- **Demand and Supply Outlook:** Analysts see a modest 137,000 bpd output rise in December, while weak Chinese data and economic uncertainty keep oil prices under pressure.



Oil Change International report reveals that four Global North nations blocking global oil and gas phase-out progress.

- **Four Global North "Planet Wreckers":** Since 2015, the U.S., Canada, Australia, and Norway have driven a 40% surge in oil and gas output while the rest of the world cut extraction by 2% derailing global phase-out progress under the Paris Agreement.
- **Climate Finance Failure:** Global North paid only \$280 billion in climate finance while their oil firms made \$1.3 trillion, deepening inequality and stalling climate action.
- **Call for Just Transition:** Ahead of COP30, the report calls on rich nations to lead a just fossil fuel phase-out and fund the Global South, backing efforts like the 2026 Colombia summit.

Recommended readings

Can the United States Immediately Return to Nuclear Testing? (Source: CSIS)

- **Immediate Testing Unlikely:** The U.S. cannot quickly resume nuclear testing due to technical, legal, and political barriers. Underground test sites would take years to prepare, and any above-ground test would spark public and congressional backlash.
- **Strategic Signalling, Not Execution:** Trump's statement was likely political posturing to signal strength before talks with Xi and amid Russian moves, reflecting nuclear rivalry not a real testing plan.
- **Modernisation Over Testing:** Experts urge investing in nuclear modernisation, not testing, to maintain U.S. strategic advantage.

Experts react: What does the Trump-Xi meeting mean for trade, technology, security, and beyond? (Source: Atlantic Council)

- **A Temporary Truce, Not a Breakthrough:** The Trump-Xi meeting produced limited gains a pause on tariffs and rare earth export controls but no resolution of deeper disputes. The deal largely restores the pre-trade war status quo without addressing core structural tensions.
- **Beijing Holds Strategic Leverage:** China used its control over rare earths, calendar diplomacy, and trade concessions to regain leverage while keeping future options open. Its ability to reverse concessions and shape upcoming 2026 summits underscores Beijing's long-term advantage.
- **Uncertain U.S. Gains and Risks Ahead:** U.S. gains like soybean and energy deals are modest, and easing chip controls could weaken Washington's tech edge, risking renewed economic tensions with China.