

Kinzletter : Weekly Global Economical and Geopolitical insights

Global developments: Key Highlights

- **Trump Ends Longest U.S. Government Shutdown** : Trump signed a bill ending the 43-day shutdown after the House voted 222–209 to restore food aid, pay workers, and restart air-traffic operations, despite Democratic objections over lost health-subsidy demands.
- **China–Japan Tensions Rise Over Taiwan Remarks**: China warned Japan of a “crushing defeat” over any Taiwan intervention after PM Takaichi’s remarks, prompting Tokyo to summon China’s ambassador as tensions rise.
- **Houthi Signal Pause in Regional Attacks**: Houthis have paused attacks on Israel and Red Sea shipping but warn they’ll resume if Gaza fighting restarts. Their earlier strikes killed nine mariners, sank four ships, and severely disrupted trade.
- **Terror Attacks in Delhi and Islamabad** : Indian police are probing the Red Fort blast as a terror attack after eight were killed and 20 injured. In Islamabad, a suicide bombing by terror group, TTP outside a district court killed 12 and wounded 27, with officials blaming India .



Global Economic development

Global markets are facing renewed **volatility** as inflation concerns, shifting **interest-rate expectations**, and **uneven economic data** weigh on **investor confidence**. **Wall Street** fell **sharply** , led by declines in **major AI stocks** as **investors** scaled back **expectations** for a **December Fed rate cut**. The **U.S. government** reopened after a **43-day shutdown** that delayed **key economic data**, while recent job figures showed signs of **labor-market cooling**. **Tech shares** dropped **broadly**, though value stocks **outperformed**. **Treasury yields** were mostly steady as **markets** reassessed the **economic outlook**. **China’s October data** showed the **weakest industrial output** and **retail sales** in over a **year**, highlighting **soft domestic demand**, **tariff pressures**, and **growing structural issues**. **Economists** say that **new policy support** will be needed to revive **momentum**. **India** remains a **bright spot**: Moody’s expects growth around **6.5%** through **2027**, supported by **strong consumption**, **infrastructure spending**, and **export diversification**. **Inflation** remains **low**, and the **RBI** has cautiously **eased rates**. **Gulf markets** mostly gained on hopes of a **December Fed cut** and progress toward ending the **U.S. shutdown**, while **Egypt’s index dipped** on **profit-taking**. In **Europe**, the **EU’s new fiscal rules** designed to give countries more control over **spending plans** have faced **criticism** for **rushed implementation**, **limited transparency**, and **weak enforcement**, raising concerns about **long-term credibility**. **Global markets** face growing **uncertainty** as policy shifts, uneven growth, and structural challenges shape the **economic outlook** in the **months ahead**.

Syria to join US-led coalition against ISIS.

- **Syria joins US-led coalition against ISIS**: Syrian President Ahmed al-Sharaa met with President Trump at the White House, marking the first-ever Syrian leader visit and signaling Syria’s entry as the 90th country in the global coalition to combat the Islamic State.
- **Sanctions relief and diplomatic normalization**: The US will lift economic restrictions, suspend the Caesar Act for 180 days, and allow Syria to reopen its embassy in Washington, reflecting a major shift in US foreign policy.
- **Al-Sharaa’s rebranding and future cooperation**: Formerly designated a terrorist and leader of Hayat Tahrir al-Sham, al-Sharaa has been removed from the US terrorist list and aims to rebuild Syria with foreign support, focusing on economic and geopolitical partnership with the US.

Indigenous protests disrupts COP 30 .

- **Security Breach at COP30**: Dozens of Indigenous and non-Indigenous protesters forced their way into the Belém venue, clashing with UN security and causing minor injuries and damage.
- **Demands for Indigenous Rights**: Activists denounced insufficient representation and condemned threats from agribusiness, mining, logging, and oil exploration across the Amazon.
- **Protests against fossil-fuel lobby presence**: Although Brazil encouraged civil society participation, frustration rose as activists challenged weak protections for Indigenous territories amid strong fossil-fuel lobby presence.

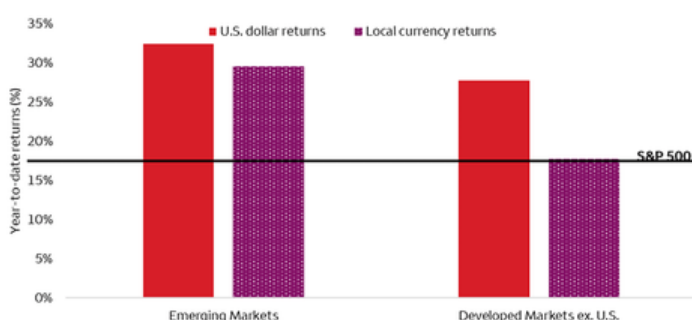


CHART OF THE WEEK

Emerging-market stocks are **outperforming** even after removing currency effects, reflecting a shift toward **tech** and **domestic consumption**, including strong growth in **AI-linked sectors**. Though more expensive than in recent years, the **MSCI EM Index** remains **cheaper** than the **tech-heavy S&P 500**. After years of underperformance, **EM Equities** were upgraded from “**unfavourable**” to “**neutral**” on October 24, 2025, signalling expectations of more **balanced returns** ahead. **Source : Wells Fargo.**



Iraqi PM al-Sudani's coalition has emerged as the leading bloc in the parliamentary elections.

- **Al-Sudani's coalition leads the vote:** Prime Minister Mohammed Shia al-Sudani's Reconstruction and Change coalition won 1.3 million votes, emerging as the top bloc in Iraq's parliamentary election despite low enthusiasm and a boycott by Muqtada al-Sadr's movement.
- **Mixed provincial outcomes and shifting dynamics:** While voting largely followed sectarian lines, surprises included the KDP winning the most seats in Sunni-majority Nineveh, and Kurdish candidates losing representation in Diyala for the first time since 2005.
- **Coalition government inevitable:** With no majority in Iraq's 329-seat parliament, difficult coalition talks lie ahead amid public anger over corruption, poor services, and U.S.–Iran rivalry.



Mediators propose an agreement to withdraw Hamas fighters from areas of Gaza under Israeli control.

- **Zelensky's warning:** President Volodymyr Zelensky cautioned that Russia is preparing for a "big war" in Europe by 2029–2030, urging allies to intensify sanctions and cut off Moscow's access to energy revenues and weapons to weaken its military capacity.
- **EU and Western response:** The EU is exploring ways to secure more funding for Ukraine, including using frozen Russian assets or raising capital, while EU Commission President Ursula von der Leyen said Putin believes he can "outlast" the West—a "miscalculation," she insisted.
- **Moscow's stance and stalled diplomacy:** The Kremlin says Ukraine will eventually need to negotiate, even as Russian forces advance. Moscow demands Kyiv surrender occupied territory terms Ukraine rejects while U.S.–led diplomacy remains stalled.

Other Geopolitical developments

US and several Arab nations call for the UN Gaza resolution to be adopted quickly.

- **Push for Rapid UN Action:** The US, along with Egypt, Saudi Arabia, Turkey, and other Arab and Muslim-majority states, urged the UN Security Council to swiftly adopt a US-drafted resolution backing Trump's Gaza peace plan.
- **Plan Details and Disputes:** The draft calls for a Gaza "Board of Peace," a temporary stabilisation force, and mentions a future Palestinian state, but Council members have raised concerns over oversight and the force's mandate.
- **Competing Russian Proposal:** Russia's rival draft drops the peace board and stabilization force, raising tensions as the US warns delays threaten Gaza's fragile truce.

US official reports that Iran has seized an oil tanker in the Strait of Hormuz.

- **Tanker seized in Strait of Hormuz:** Iran intercepted the Marshall Islands-flagged oil tanker Talara while it was traveling from Ajman, UAE, to Singapore, marking the first such seizure in months in the strategic waterway.
- **Observation and details of the seizure:** A US Navy MQ-4C Triton drone monitored the operation, while reports indicate three small boats approached the tanker during the interdiction.
- **Context and tensions:** Iran has not formally acknowledged the seizure, which comes amid heightened regional tensions following a 12-day conflict with Israel in June and US strikes on Iranian nuclear sites.



Oil prices held steady after sharp declines in the previous session.

- **Prices stabilize after sharp drop:** Oil prices steadied after a 4% slump, with Brent at \$63.01 and WTI at \$58.69, as markets balanced oversupply concerns against upcoming U.S. sanctions on Russia's Lukoil.
- **Rising inventories and supply forecasts weigh on prices:** U.S. crude stocks jumped by 6.4 million barrels, and both OPEC and the IEA now expect global supply to outpace demand through 2026, increasing fears of a prolonged surplus.
- **Potential short-term support:** Analysts say prices may find support near \$60 due to possible disruption to Russian exports, while the U.S. government's reopening may boost near-term fuel demand.



IEA warns the global oil market could face an even bigger surplus in 2026.

- **Oversupply warning:** The IEA forecasts a major oil surplus of up to 4.09 million barrels per day in 2026, driven by rising output from OPEC+, the U.S., and Brazil, while demand growth remains sluggish.
- **Supply rising faster than demand:** Global oil supply is set to grow by 3.1 million bpd in 2025 and 2.5 million bpd in 2026, outpacing demand increases, even after upward revisions linked to petrochemical activity.
- **Surging inventories and resilient Russian exports:** Global oil stocks are at their highest since 2021, fuelled by sharp increases in waterborne storage, while Russian exports continue largely unaffected despite new U.S. sanctions.

Recommended readings

It's time to reckon with the geopolitics of artificial intelligence. (Source: Atlantic Council.)

- **AI as the new geopolitical battleground:** The U.S.-China rivalry has shifted from trade disputes to a far more consequential contest over artificial intelligence, which will determine global norms on power, governance, security, and digital rights.
- **Competing systems and strategies:** China's state-driven "AI-plus" model unifies government, industry, and science, while the U.S. relies on a dynamic but decentralised private sector bringing both strengths and coordination challenges.
- **Why leadership matters:** Winning the AI race means shaping global norms on freedom and privacy. It is important for the U.S. and its allies to align innovation, supply chains, energy, governance, talent, and alliances to counter China.

What will COP30 mean for climate action? (Source : Brookings Institution)

- **Geopolitical realignment around climate action:** With the U.S. stepping back from global decarbonisation, China and Brazil are stepping up—China via clean-tech leadership and Brazil through forest protection and Global South diplomacy.
- **Shift from lofty pledges to practical deals and financing gaps:** Expectations for major negotiated breakthroughs are low. Real progress will likely come from side deals, renewable-energy investments, and initiatives like Brazil's Tropical Forests Forever Facility, though major climate-finance gaps still persist.
- **Growing focus on climate justice, adaptation, and new multilateralism:** COP30 will highlight demands for loss-and-damage funding, care infrastructure as adaptation, and increased influence of medium-sized and Global South states, potentially reshaping global climate governance.