

# Kinzletter : Weekly Global Economical and Geopolitical insights

## Global developments: Key Highlights

- **Trump Announces Stricter Immigration Rules** : Trump announced new immigration measures—suspending migration from “Third World Countries” and cutting federal benefits for noncitizens after an Afghan national shot two National Guard members near the White House, killing one.
- **Hong Kong Apartment Fire Kills 128, 200 Still Missing** : Death toll in Hong Kong apartment fire rises to 128, with 200 still missing. At least 79 injured as firefighters bring the 42-hour blaze under control in Tai Po public housing estate.
- **US Federal Deficit Rises to \$284 Billion in October** : The US budget deficit rose 10% to \$284 billion in October, with revenues at \$404 billion and spending at \$689 billion. Last fiscal year, the deficit totaled \$1.775 trillion, supported by record tariff revenues.
- **U.S.–Venezuela Tensions Escalate** : The U.S. designated Venezuela’s Cartel de los Soles as a foreign terrorist group. Trump intensified military pressure in the Caribbean with strikes and deployments while keeping the door open to talks with Maduro.



## Global Economic development

**Global markets** showed mixed trends as investors priced in a likely **U.S. Federal Reserve rate cut** in **December**. **European stocks** edged up **0.2%**, led by **defense** and **tech gains**, while **healthcare lagged**. The **dollar** remained steady, sterling eased slightly, and **Bitcoin** rebounded to **\$90,800**. In **Asia**, **China’s Shanghai Composite** rose **0.34%**, while **Hong Kong’s Hang Seng** slipped **0.34%** amid **weak industrial profits** and **regulatory concerns**. **Gulf markets** fell modestly on easing **oil prices**, despite expectations of **U.S. monetary support**. Investors remain focused on **Fed guidance**, with a high probability of a **December rate cut**. **U.S. jobless claims** suggest a **steady labor market**, while **Japan’s yen** strengthened slightly amid **cautious intervention signals**. **China** unveiled a **19-point plan** to boost **consumption**, targeting sectors like **elderly care**, **electronics**, **fitness**, and **digital business models**. **India’s Q2 FY26 GDP** grew **8.2% year-on-year**, surpassing **expectations**, driven by **strong rural demand**, **manufacturing**, **construction**, and **government spending**. Analysts noted that **sustained growth** will require **stronger urban demand** and **private investment**. Markets remain supported by **U.S. monetary easing** and **fiscal measures**, while **India’s growth** shows **resilience** driven by **rural demand** and **government spending**. **Long-term stability** will depend on reviving **private investment** and **urban consumption**.

### Indian judge chosen to lead UN probe on Israel–Palestine.

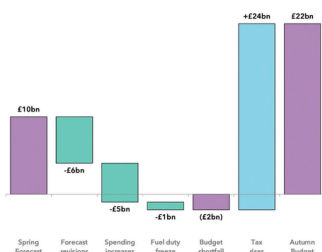
- **Indian Jurist Leads UN Human Rights Panel**: Former Odisha Chief Justice S. Muralidhar has been appointed Chair of the UN Independent International Commission of Inquiry on the Occupied Palestinian Territory, placing an Indian jurist at the helm of a high-profile UN investigation amid Israel–Gaza tensions.
- **Mandate and Focus Areas**: The three-member commission probes human rights abuses on both sides, reporting to the UN Human Rights Council and General Assembly.
- **Global Attention**: The commission’s findings, including a 2025 report claiming Israel committed genocide against Palestinians in Gaza, highlight the ongoing scrutiny and international focus on the Israel–Palestine conflict.

### Syrian president rejects separation and federalism.

- **Rejection of federalism**: Syrian President Ahmad al-Sharaa firmly rejected calls for separation or federalism, describing them as “political ignorance” that serves narrow interests, and reaffirmed the country’s commitment to unity and territorial integrity amid recent protests.
- **Coastal region priority**: He highlighted the coastal region’s strategic and economic role, linking trade, regional ties, and national unity.
- **Security and progress**: Sharaa said Syria has overcome major risks this year through state policies and public engagement, focusing on security and economic growth.

Autumn Budget 2025  
ICAEW chart of the week

Projected current budget surplus/(deficit) in 2029/30 (in fiscal headroom)



## CHART OF THE WEEK

In the **UK Budget for 2029/30**, the projected **£10bn current budget surplus** was reduced to budget deficit of **£2bn** due to a combination of **Office for Budget Responsibility (OBR) forecast revisions**, increased **public spending**, and another freeze on **fuel duties**. To address this shortfall, the **Chancellor** announced a series of tax measures expected to generate **£24bn** in **additional receipts**, boosting **fiscal headroom** to **£22bn** against the **government’s primary fiscal rule**. While this provides a **cushion** against potential **future downgrades**, ongoing pressures from **inflation**, **rising public spending**, and **economic uncertainty** mean that maintaining **fiscal discipline** and **controlling deficits** remain a **significant challenge** for the **UK government**. Source : ICAEW



## ***Khamenei rejects engagement with the US, insisting Iran should not pursue ties with Washington.***

- **Khamenei Denies US Engagement:** Iran's Supreme Leader Ali Khamenei called reports of outreach to the United States "a complete lie," insisting Tehran should not pursue relations with what he described as a "warmongering" US government.
- **Blames U.S. for Regional Conflicts:** Khamenei accused the US of instigating the Russia-Ukraine war and criticized former President Trump's unfulfilled promises, framing US actions as consistently leading to "war-mongering, genocide, destruction, and displacement."
- **June Conflict with Israel:** Reflecting on the 12-day war with Israel, Khamenei claimed neither Israel nor the US achieved their objectives, praised domestic unity during the crisis, and dismissed claims that US strikes had destroyed Iran's nuclear program.



## ***Putin calls US plan a potential Ukraine deal basis but warns of seizing territory if Kyiv resists.***

- **Putin's Conditional Openness:** Putin said a U.S.-brokered peace plan could be a basis for talks but insisted the war would end only if Ukrainian forces withdraw from all territories Moscow claims.
- **Threat of Force:** He warned Russia will seize Luhansk, Donetsk, Kherson, and Zaporizhzhia by force if Kyiv refuses, underscoring Moscow's maximalist goals as its army grinds forward in the east.
- **Diplomacy Amid Stalemate:** Washington has revived its push to end the nearly four-year war, with U.S., Ukrainian, and Russian delegations set to meet next week, though territorial concessions remain a major barrier to any breakthrough.

## Other Geopolitical developments

### ***Taiwan's Defence Push and Renewed U.S.-China Diplomacy .***

- **Taiwan Boosts Defence Spending:** Taiwan's President Lai announced a \$40bn, eight-year defence plan to boost defences and speed up the T-Dome system, targeting high combat readiness by 2027 amid Trump's spending pressure and China-Japan tensions.
- **U.S. and China Recalibrate:** Trump and Xi held a broad call on Taiwan, trade and Ukraine, agreeing to deepen dialogue; Trump will visit China in April, with Xi to visit the US later in the year.
- **Strategic Frictions Persist:** Beijing warned Taiwan against "external forces," while political divisions in Taipei may hinder Lai's defence budget; Xi reaffirmed Taiwan's return as central to China's post-war order even as both sides seek steadier U.S.-China ties.

### ***Syrian state media reports that ten people were killed in an Israeli raid in southern Syria.***

- **Deadly Israeli Raid in Southern Syria:** Ten people, including two children, were killed and dozens wounded in Beit Jinn during an Israeli raid targeting suspected Jaama Islamiya militants, according to Syrian state media.
- **Israeli Military Response:** Israel reported five soldiers wounded, three severely, in clashes during the operation, describing it as part of routine security measures against militants plotting attacks, including rocket fire and IEDs.
- **Ongoing Tensions in Southern Syria:** Israel continues regular incursions in southern Syria, citing security concerns and protection of Druze communities, while expressing suspicion toward Syria's new government under President Ahmed al-Sharaa.



## ***Brent rises amid Ukraine uncertainty, while a CME outage disrupts WTI.***

- **Market Movement:** Brent crude inched higher as stalled Russia-Ukraine peace talks kept geopolitical risks elevated. In contrast, U.S. WTI futures were halted after a CME data-centre outage froze trading across all Globex contracts, creating a temporary disconnect between the two benchmarks.
- **Price Outlook:** Despite a small weekly rebound, Brent and WTI are set for a fourth monthly drop as rising global supply weighs on prices, partly offset by stronger refinery margins in some regions.
- **OPEC+ Expectations:** OPEC+ is expected to keep output steady while reviewing members' capacity, as Saudi Arabia plans a second month of price cuts for Asian buyers amid rising supply and a growing surplus.



## ***OPEC+ is likely to keep its oil production policy unchanged for the first quarter, according to sources.***

- **OPEC+ Output Policy:** OPEC+ is expected to keep overall oil production levels unchanged at its upcoming meetings, maintaining the pause on output hikes by the eight members—Saudi Arabia, Russia, UAE, Kazakhstan, Kuwait, Iraq, Algeria, and Oman through the first quarter of 2026.
- **Capacity Mechanism:** The group plans to finalise a mechanism to assess each member's maximum production capacity. This assessment, first discussed at a technical level in September, will serve as a benchmark for setting future output baselines, including 2027.
- **Production Adjustments:** The eight members, having raised output by 2.9 million bpd in 2025, are expected to keep current targets, while 2026 group-wide cuts of 2 million bpd likely stay unchanged.

## Recommended readings

<b><i>How Venezuela uses crypto to sell oil—and what the US should do about it ? ( Source : Atlantic Council)</i></b>	<b><i>War, peace, and corruption in embattled Ukraine.(Source: Brookings Institution)</i></b>
<ul style="list-style-type: none"> <li>• <b>Venezuela's Crypto-Based Sanctions Evasion:</b> Venezuela now leans on USDT payments from Chinese buyers, using shadow-fleet tankers and offshore channels to evade U.S. sanctions echoing tactics used by Russia, Iran, and North Korea.</li> <li>• <b>China's Expanding Role Undermines US Leverage:</b> Small Chinese firms like CCRC are investing despite U.S. secondary sanctions, boosting Venezuela's output and weakening Washington's leverage.</li> <li>• <b>What the United States Should Do Next:</b> The U.S. can counter Venezuela's crypto evasion by targeting stablecoin networks, sanctioning key wallets, and working with issuers to freeze illicit accounts.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Major \$100M Corruption Scheme Uncovered:</b> NABU/SAPO exposed a vast kickback and laundering network inside Energoatom involving associates of President Zelenskyy, with possible links to powerful presidential chief of staff Andriy Yermak.</li> <li>• <b>Political Shock and Public Distrust:</b> The scandal triggered ministerial dismissals, public outrage, and renewed scrutiny of earlier attempts to weaken Ukraine's anti-corruption bodies, deepening mistrust toward the Office of the President.</li> <li>• <b>Implications for War and Peace Negotiations:</b> The revelations undermine Ukraine's domestic cohesion and weaken its leverage in ongoing U.S.-led peace discussions, even as the investigation showcases the strength and resilience of Ukraine's anti-corruption institutions.</li> </ul>