PUBLIC

Daily
Economic Update

Economic Research Department
22 September 2026

US: Two FOMC members see higher inflation risks on both supply and demand factors, arguing for further monetary policy tightening. Chicago Fed President Austan Goolsbee (non-voting member in 2026) acknowledged that "some of it [high inflation] maybe coming from overheating demand," and "if demand overheats, there is no ambiguity about how the Fed needs to respond." He mentioned that "supply shocks have come more frequently, hit harder and lasted longer," weakening the usual 'look-through' argument on their lasting impact on inflation. Goolsbee stated that "the only way to bring inflation down is to raise rates and narrow the gap between supply and demand, even if it's not in the exact same sectors where the cost shocks are occurring," while warning that the process may not be painless, saying "the only way back is the hard way." He also emphasized that the current AI investment boom may be "spilling out of its own lane and raising aggregate output beyond what the economy can absorb." Striking a similar hawkish tone, St. Louis Fed President Alberto Musalem (non-voting member in 2026) highlighted that "both persistent demand and recurring supply forces are continuing to contribute to keeping inflation risks elevated," and "it's crucial that policy puts a meaningful restraint on inflation." He believed that the current policy stance is "on the accommodative side" and expressed that "earlier and incremental policy firming is better and less disruptive than later and larger and potentially more abrupt policy action." Last week's Fed rate hike and Chair Warsh's post-meeting hawkish remarks have lifted the market's expectation for further interest rate increases over the coming months, with around a 90% probability for at least one rate hike before year-end, noting that the Fed will meet two more times this year, in October and December.

Kuwait: Net profit growth improved for Kuwaiti banks in Q2 as cost expansion softened and asset quality remained resilient. With Q3 drawing to an end, it is useful to look at a high-level summary of the results of the nine listed Kuwaiti banks in Q2. The y/y net profit growth improved in Q2 (median growth increased to 18% from only 1% in Q1), driven by softer cost expansion and a drop in provisioning for the smaller banks. However, driven by a lower increase in non-interest income, y/y operating income growth generally weakened in Q2, mostly standing in single digits. On average, net interest income growth continued to be lackluster and primarily driven by balance sheet expansion with NIMs materially lower y/y for six of nine banks. Non-interest income growth in Q2 slowed sharply for the smaller banks, but accelerated for the three largest ones (NBK, KFH, Boubyan). Asset quality continued to be robust as NPL ratios decreased in Q2 while risk costs mostly decreased q/q and remained low in H1. The y/y cost growth in Q2 mostly softened compared with Q1, likely driven by efforts to control costs given the challenging operating environment. As for credit growth, despite the geopolitical headwinds, q/q growth in Q2 was mostly higher than in Q1. Finally, for deposits, after a solid Q1 that was supported by sharp public-sector deposit inflows in post-war March, growth weakened by a wide margin in Q2 with NBK and Warba bucking the trend.

Egypt: Remittances jump 28% y/y in the first seven months of 2026. Remittances from Egyptians working abroad rose 20% y/y to $4.5 billion in July, according to the Central Bank of Egypt. This brought total remittances in 7M2026 to around $30 billion, up 28% y/y from $23 billion in the same period of 2025. The strong momentum follows a near 30% y/y increase in remittances during FY25/26 (ended in June), which reached a record $47.3 billion. The continued growth in remittance inflows is supporting Egypt's foreign-currency position and remains an important source of external liquidity. Remittances, alongside Suez Canal revenues and FDI, are among Egypt's key sources of foreign currency and will remain important for supporting the country's external financing needs.

Saudi Arabia: Foreign reserves rise in August. Saudi Arabia's official reserve assets increased by 7% y/y in August, rising by SAR 115 billion to SAR 1.83 trillion (around $487 billion). The increase was mainly driven by foreign currency reserves, which account for 95% of total reserve assets. These rose by 7% y/y to SAR 1.73 trillion. Other components of the reserve position showed more limited changes; Saudi Arabia's holdings with the International Monetary Fund increased by 1% y/y to SAR 13.3 billion, while its Special Drawing Rights (SDRs) declined by 2% to SAR 79 billion. Gold reserves remained unchanged at SAR 1.6 billion, a level that has been maintained since February 2008.

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Daily market indicators

Stock markets	Index	Change (%) Daily	YTD
Regional			
Abu Dhabi (ADI)	10,106	-1.61	1.13
Bahrain (ASI)	1,912	-0.42	-7.48
Dubai (DFMGI)	5,960	0.05	-1.44
Egypt (EGX 30)	54,994	-0.68	31.47
GCC (S&P GCC 40)	740	-0.41	1.09
Kuwait (All Share)	8,846	-0.02	-0.69
KSA (TASI)	10,682	-0.63	1.82
Oman (MSM 30)	7,554	-0.31	28.77
Qatar (QE Index)	9,559	0.09	-11.18
International			
CSI 300	4,540	0.71	-1.95
DAX	25,575	1.07	4.43
DJIA	52,049	0.71	8.29
Eurostoxx 50	6,318	1.31	9.10
FTSE 100	10,739	0.75	8.13
Nikkei 225	65,019	0.00	29.16
S&P 500	7,765	1.49	13.43

3m interbank rates	%	Change (bps) Daily	YTD
Bahrain	5.34	-8.99	35.81
Kuwait	3.69	12.50	12.50
Qatar	4.25	-10.00	27.50
UAE	4.40	4.08	92.51
Saudi	5.05	5.57	19.07
SOFR	4.04	1.21	38.37

Bond yields	%	Change (bps) Daily	YTD
Regional			
Abu Dhabi 2030	5.17	-2.17	121.6
Oman 2029	5.45	-2.02	92.0
Qatar 2030	5.27	-1.28	128.2
Kuwait 2030	5.33	-2.19	119.0
Saudi 2030	5.38	-1.37	112.0
International 10YR			
US Treasury	4.95	-5.02	78.7
German Bund	3.45	-6.75	59.9
UK Gilt	5.21	-8.22	74.0
Japanese Gvt Bond	2.98	0.00	91.7

Exchange rates	Rate	Change (%) Daily	YTD
KWD per USD	0.31	0.00	-0.12
KWD per EUR	0.35	-0.20	0.06
USD per EUR	1.15	-0.18	-2.41
JPY per USD	157.36	0.32	0.45
USD per GBP	1.34	-0.22	-0.82
EGP per USD	51.87	-0.12	8.86

Commodities	$/unit	Change (%) Daily	YTD
Brent crude	100.34	-3.40	64.90
KEC	109.30	-4.91	81.68
WTI	95.78	-4.51	66.81
Gold	4345.8	-0.91	0.47

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

Source: LSEG / Haver. *Percentage change in price from previous trading day on 7 August 2026.