

The Week Ahead: US data inflows to resume; inflation set to decelerate in UK

► **US: Trump rolls back tariffs on various food products**

The longest government shutdown in US history (43 days) ended last week when President Donald Trump signed a funding bill after it was passed in the Senate and the House. The bill will fund all federal agencies and programmes through 30 January 2026, while the Departments of Veterans Affairs and Agriculture and Food and Drug Administration will be funded until September. Furloughed federal workers will be recalled, and back pay will be given to all the workers who were laid off (c.1.4 million). Uncertainties remain on the fiscal path after 31 January, with a lack of bipartisan agreement on key issues, including healthcare. Data flows should resume, with September non-farm payrolls (NFP) likely to be released this week, though uncertainty persists over the timing and quality of subsequent data. For the October NFP data, payroll components will be available, but not the unemployment rate. Some releases, such as October CPI, may be skipped entirely due to the shutdown, according to the White House. Meanwhile, there was a slew of hawkish Fed speeches last week, highlighting still-high inflation pressures. The bond market sharply pared back expectations of a December cut to c.49.9% (from c.60.0%). We expect a 25 bps December cut given expectations of further labour market deterioration. FOMC minutes from the October meeting will be released this week and will be watched for indications on the future policy path.

On the trade front, Trump exempted tariffs on more than 200 food items, ranging from coffee to beef, to reduce inflationary pressure amid voter concerns over the rising cost of living. Goods prices have steadily ticked up, including consumer goods, with more expected passthrough in 1Q2026. These measures came into effect from Thursday, after trade framework agreements with several Latin American countries. Trump noted that these exemptions would apply to products that cannot be domestically produced. Tariffs will remain a key source of revenue, amounting to USD30.0 billion in September, with Trump reaffirming that it will be used for debt reduction and USD2K payments to lower-middle-income households.

► **UK: Broad-based disinflation expected in the October CPI print**

The October CPI report will be crucial ahead of the December BoE meeting and the Autumn Budget. Consensus sees headline CPI decelerating below the BoE's forecast to 3.5% y-o-y in October (September: 3.8%; BoE: 3.6%), strengthening the case for a 25 bps cut next month. Disinflation will likely be broad-based, including goods and services. Core CPI is seen slowing to 3.4% y-o-y in October on weakening wage growth and household demand (page 3).

► **Egypt: CBE to continue its easing cycle this week**

We see the CBE cutting rates by 100 bps this week, taking deposit and lending rates to 20.0% and 21.0%. Real interest rates are firmly positive, despite an acceleration in October CPI, providing room for cuts. The October rise was narrowly led by rental prices (page 2). We see a 100 bps cut in December, though acknowledge risks of a pause if CPI strengthens further.

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I. Recent Events and Data Releases

A. MENA Economies

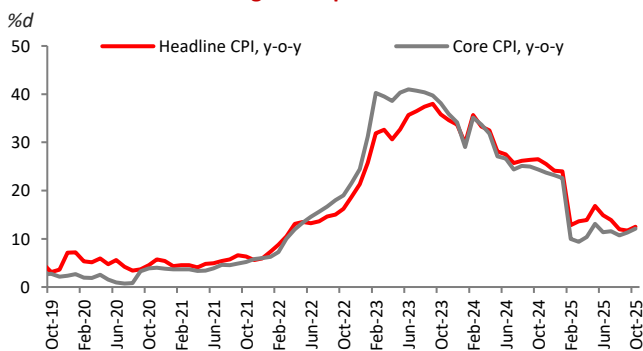
Egypt: Rental prices drove the acceleration in headline inflation

Headline inflation in October accelerated for the first time in three months, rising to 12.5% y-o-y (September: 11.5%; consensus: 12.3%). However, this was narrowly led by housing inflation following the repeal of a law that capped rental price increases, which came into effect in September. The rise in imputed rents (c.12.0% weight in CPI) was the main driver of headline CPI for the second consecutive month, reflecting continued passthrough from the New Rental Law. However, it is unlikely to have an impact on household inflation expectations or spillovers as imputed rents are a hypothetical construct – capturing the amount homeowners would have to pay for a similar property if they were renting it. Headline CPI would have continued its disinflationary trend in October, decelerating to 11.0-10.5% y-o-y excluding rent price hikes. October CPI did not reflect the passthrough of the c.12.0% administered fuel price hike, and will likely be more visible in the November print. However, its impact on CPI should be relatively contained, given greater magnitude of price hikes last year, which resulted in high base.

Impact of fuel hikes likely to be seen in the November CPI report

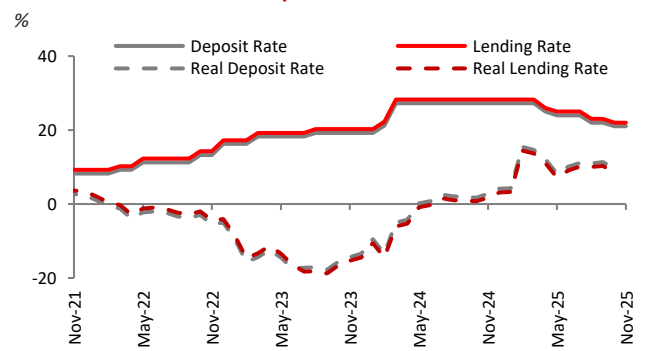
Low oil prices and relative stability in the EGP against the USD should also keep a lid on broader inflationary pressures. We see headline inflation holding at 13.0-15.0% y-o-y through end-2025, keeping real interest rates in positive territory and providing space for the CBE to continue easing rates.

Fig. 1. Egypt: Headline inflation accelerates after three months of rising rental prices



Source: CAPMAS, ADCB Economic Research

Fig. 2. Egypt: Still-positive real interest rates should provide CBE sufficient scope for further cuts



Source: CAPMAS, CBE, ADCB Economic Research

B. Advanced Economies

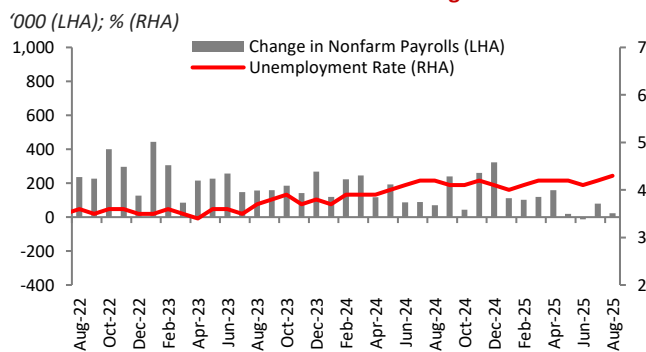
US: Fed speeches stressed elevated inflationary pressures

The FOMC speeches last week struck a cautious tone, highlighting still elevated inflation and signalling that a December cut is far from a foregone conclusion. This was broadly in line with Fed Chair Jerome Powell’s post-meeting press conference last month. President of the St. Louis Fed, Alberto Musalem, and Cleveland Fed President Beth Hammack both highlighted limited evidence of material disinflation and clearly outlined a preference for monetary policy to be “somewhat restrictive” given above-target inflation. Moreover,

Even relatively dovish FOMC members highlighted caution in cutting rates

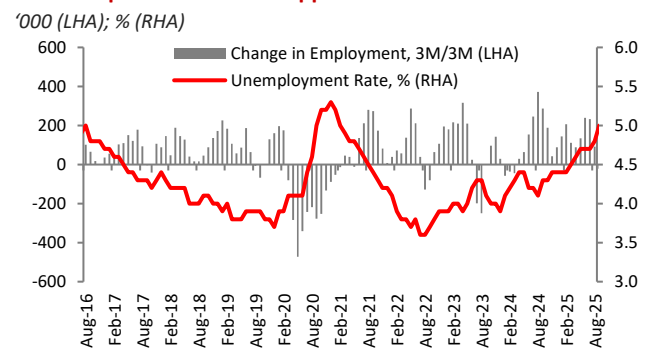
even speeches from dovish Fed members, including Chicago Fed President Austan Goolsbee, cautioned against imminent cuts, especially at a time when prices “are trending higher”. Goolsbee also highlighted his “uneasiness” with front-loading cuts and “counting on” inflation to “just be transitional”. As such, we now see the December meeting becoming increasingly finely balanced, though retain our view of a 25 bps cut on softening labour market conditions.

Fig. 3. US: We still expect a 25 bps cut in December, with moderation in labour market strength



Source: Bureau of Economic Analysis, ADCB Economic Research

Fig. 4. UK: Unemployment rate jumping to a four-year high provides further support for a December cut



Source: Office for National Statistics, ADCB Economic Research

UK: Labour market deterioration strengthens December cut outlook

UK labour market data released last week pointed to a marked deterioration across various indicators, a critical development ahead of the government's Autumn Budget on 26 November. The unemployment rate rose above both market and BoE expectations to 5.0% in September (Aug: 4.7%). This is the highest level in more than four years, up from a recent low of 4.0% in August 2024. The unemployment to vacancy ratio rose to the highest level in a decade (ex. Covid pandemic), with 2.5 job seekers competing for every job opening. However, there are marked variations by sector. The headline number of employees contracted by 32K in October, the second consecutive monthly decline and largest drop since November 2020. Businesses have postponed hiring due to speculation around the budget, particularly over concerns of potential increases in employer costs.

The earlier labour market strength was a central factor in sustained higher core services inflation, which kept headline inflation elevated. Core inflation slowed to 3.5% y-o-y in September, down from the recent 3.8% in July, though still elevated. Wage growth slowed to 4.2% y-o-y in September – the lowest level in four years, reflecting increasing slack in the labour market – albeit still high. We have already brought forward our BoE rate cut forecast to December 2025 (from February 2026 earlier) following initial signs of labour market weakening and deceleration in inflation. The latest labour market data, and GDP growth weakening below consensus and the BoE's forecasts to 0.1% q-o-q on a softening in business investments, further strengthens the case for a December cut. Four of nine Monetary Policy Committee members had already voted for a cut at the November meeting, with Governor Andrew Bailey indicating his openness to further easing if disinflation continues. The bond market is now pricing a c.70.0% probability of a 25 bps cut in December. Labour market developments will remain critical for the monetary policy outlook over the next 12 months. We expect two further 25 bps rate cuts in 2026, in March and September, with tighter fiscal policy. The recent labour market

Unemployment rate in September rose above BoE's forecast

Market pricing for a December cut increased to c.80% following the labour data release

data makes Chancellor Rachel Reeves's position harder, given economic risks to consumption activity and business investment, weakening labour fundamentals and the need to strengthen revenue. Media reports indicate that Reeves would no longer be raising income taxes after the Office for Budget Responsibility reported fiscal deterioration of c.GBP20.0 billion, from GBP30.0 billion previously expected. Nonetheless, we believe the budget will remain aimed at strengthening policy credibility and increasing fiscal headroom – critical to keep a lid on the recent rise in gilt yields.

C. Emerging Economies

China: Domestic investments drop to lowest level since the pandemic

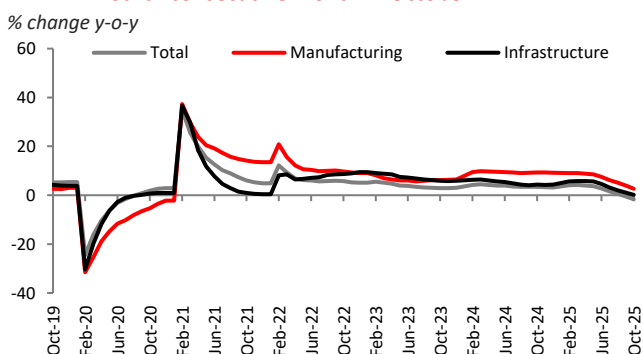
Activity data in October weakened across the board, pointing to a softening in both domestic and external growth drivers and the fading impact of the fiscal and monetary support measures – which were relatively limited. The weak data prints will increase the importance of supportive fiscal policies to boost economic activity. Details and broader policy direction will be announced at the December Politburo meeting and Central Economic Work Conference (CEWC). US-China trade tensions in October partly drove some of the export weakening, though we see scope for some stabilisation in the coming months with the significant lowering of tariffs on 30 October, which should also be supportive of business capex. Fixed asset investments contracted 1.7% y-o-y in October (September: -0.5%; consensus: -0.8%), the fourth monthly drop and lowest level since the pandemic. Investments fell in all three categories: manufacturing, property, and infrastructure. This also reflects weak domestic demand and ongoing ‘anti-involution’ policies. The allocation of CNY500.0 billion towards the local government debt ceiling, with CNY200.0 billion earmarked for project investment, may also provide some support.

Policy support initiatives likely to be outlined at the December Politburo meeting

Retail sales growth slowed to 2.9% y-o-y in October on a contraction in auto and furnishing sales, though also partly driven by a high base. Services consumption subsidies are having some positive effect, with growth in travel and entertainment services, though structural measures, including labour market support, will be crucial for sustained growth.

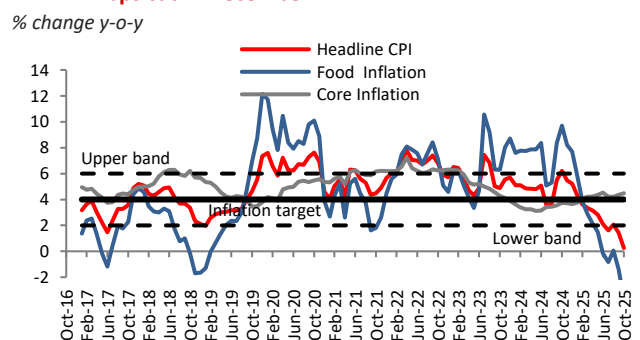
Services discounts having some positive impact on consumption

Fig. 5. China: Fixed asset investments contracted for the fourth consecutive month in October



Source: National Bureau of Statistics, ADCB Economic Research

Fig. 6. India: Record-low headline CPI cements case for a 25 bps cut in December



Source: India Central Statistical Organisation, ADCB Economic Research

India: GST cuts and base effects pull headline CPI to record lows

Headline CPI decelerated to the lowest level on record at 0.25% y-o-y in October (September: 1.5%; consensus: 0.4%) and markedly below the RBI's lower-bound inflation target of 2.0%. Headline inflation is now on track to undershoot the RBI's forecast of 1.9% for 4Q2025, further strengthening the outlook for a 25 bps cut in December. October disinflation was led by a softening in food prices and reflected the impact of the Goods and Services Tax (GST) cuts implemented at end-September. Food prices deflated further by 3.7% y-o-y, led partly by a high base, though also showing broad-based sequential softening across several components, including cereals, vegetables and pulses. The deeper contraction in food prices also reflects the negligible impact of the late withdrawal of the monsoon from some regions. Core inflation edged up to 4.4% y-o-y in October (Sept: 4.3%), though mainly driven by a rise in gold and silver prices. Excluding this, core-core (core ex. gold and silver prices) decelerated substantially to 2.6% y-o-y in October (Sept: 3.1%) with GST cuts reducing the prices of several durable goods, including A/C and motor vehicles. Inflation has likely bottomed out, though we expect it to remain benign on low oil prices, high granary stocks and healthy cereal production.

GST cut passthrough visible in the October CPI report

Recent media reports indicate that the US and India are closing in on a trade deal, which could cut tariffs in half to c.20.0-25.0%, providing tailwinds for India's GDP growth outlook. Our base case calls for a 25 bps cut in December 2025 and February 2026, though we acknowledge that conclusion of trade deal would raise risk of February pause.

Base case for two 25 bps cuts, in December 2025 and February 2026

II. Economic Calendar

Fig. 7. The week ahead

Time*	Country	Event	Period	Prior	Consensus
Expected this week					
	Kuwait	CPI, y-o-y	Sep		
	Oman	CPI, y-o-y	Oct	1.1%	
Monday, 17 November					
17:20	UK	BOE's Mann Speaks			
18:00	US	Fed's Williams Delivers Welcome Remarks			
18:45	Eurozone	ECB's Lane Speaks in Ireland			
20:00	Eurozone	ECB's Cipollone Speaks to ECON Committee			
22:00	US	Fed's Kashkari Moderates Conversation			
	India	Unemployment Rate	Oct	5.20%	
	India	Exports, y-o-y	Oct	6.7%	
	India	Imports, y-o-y	Oct	16.7%	
	India	Trade Balance	Oct	-32145M	-30000M
Tuesday, 18 November					
17:00	UK	BOE's Pill Speaks			
17:15	US	ADP Weekly Employment Preliminary Estimate			
18:15	US	Industrial Production, m-o-m	Oct		0.0%
20:00	US	Fed's Barkin Speaks on the Economic Outlook			
21:00	UK	BOE's Dhingra Speaks			
Wednesday, 19 November					
3:50	Japan	Trade Balance	Oct	-237.4B	-285.6B
3:50	Japan	Imports, y-o-y	Oct	3.0%	-0.8%
11:00	UK	CPI, m-o-m	Oct	0.0%	0.4%
11:00	UK	CPI, y-o-y	Oct	3.8%	3.5%
11:00	UK	CPI Core, y-o-y	Oct	3.5%	3.4%
11:00	UK	CPI Services, y-o-y	Oct	4.7%	4.6%
11:00	UK	CPIH, y-o-y	Oct	4.1%	3.8%
14:00	Eurozone	CPI, y-o-y	Oct F	2.1%	2.1%
14:00	Eurozone	CPI, m-o-m	Oct F	0.2%	0.2%
14:00	Eurozone	CPI Core, y-o-y	Oct F	2.4%	2.4%
23:00	US	FOMC Meeting Minutes	29-Oct		
Thursday, 20 November					
5:30	Japan	BOJ Board Koeda Speech in Niigata			
17:30	US	Initial Jobless Claims	15-Nov		
Friday, 21 November					
3:30	Japan	Natl CPI, y-o-y	Oct	2.9%	3.0%
3:30	Japan	Natl CPI ex-Fresh Food, y-o-y	Oct	2.9%	3.0%
3:30	Japan	Natl CPI ex-Fresh Food, Energy, y-o-y	Oct	3.0%	3.1%
11:00	UK	Retail Sales Inc Auto Fuel, m-o-m	Oct	0.5%	0.0%
11:00	UK	Retail Sales Inc Auto Fuel, y-o-y	Oct	1.5%	1.4%
11:00	UK	Retail Sales ex-Auto Fuel, m-o-m	Oct	0.6%	-0.4%
11:00	UK	Retail Sales ex-Auto Fuel, y-o-y	Oct	2.3%	2.6%
13:00	Eurozone	HCOB Eurozone Manufacturing PMI	Nov P	50.0	50.2
13:00	Eurozone	HCOB Eurozone Services PMI	Nov P	53.0	52.8
13:00	Eurozone	HCOB Eurozone Composite PMI	Nov P	52.5	52.5
14:00	Eurozone	Negotiated Wages	3Q	4.0%	2.8%
19:00	US	U. of Mich. Sentiment	Nov F	50.3	50.8
19:00	US	U. of Mich. 1 Yr Inflation	Nov F	4.7%	
19:40	UK	BOE's Pill Speaks			

*UAE time

Source: Bloomberg, ADCB Economic Research

Fig. 8. Last week's data

Time*	Country	Event	Period	Prior	Consensus	Actual
GCC Economies						
	UAE	Dubai CPI, y-o-y	Oct	2.9%		
Monday, 10 November						
13:10	UK	BOE's Lombardelli Speaks				
Tuesday, 11 November						
11:00	UK	Average Weekly Earnings, 3M/y-o-y	Sep	5.0%	5.0%	4.8%
11:00	UK	Weekly Earnings ex Bonus, 3M/y-o-y	Sep	4.7%	4.6%	4.6%
11:00	UK	Private Earnings ex Bonus, 3M/y-o-y	Sep	4.4%	4.2%	4.2%
11:00	UK	ILO Unemployment Rate, 3Mths	Sep	4.80%	4.90%	5.00%
11:00	UK	Employment Change, 3M/3M	Sep	91K	5K	-22K
11:00	UK	Jobless Claims Change	Oct	0.4K		29.0K
12:30	UK	BOE's Greene Speaks				
Wednesday, 12 November						
11:00	Germany	CPI, m-o-m	Oct F	0.3%	0.3%	0.3%
11:00	Germany	CPI, y-o-y	Oct F	2.3%	2.3%	2.3%
11:00	Germany	CPI EU Harmonized, m-o-m	Oct F	0.3%	0.3%	0.3%
11:00	Germany	CPI EU Harmonized, y-o-y	Oct F	2.3%	2.3%	2.3%
14:30	India	CPI, y-o-y	Oct	1.4%	0.4%	0.3%
16:05	UK	BOE's Pill Speaks				
18:20	US	Fed's Williams Delivers Keynote Speech				
19:00	US	Fed's Paulson speaks on Fintech				
19:20	US	Fed's Waller Speaks on Payments				
21:15	US	Fed's Bostic Speaks at Atlanta Economics Club				
21:30	US	Fed's Miran Speaks in Fireside Chat				
Thursday, 13 November						
3:50	Japan	PPI, y-o-y	Oct	2.8%	2.5%	2.7%
3:50	Japan	PPI, m-o-m	Oct	0.5%	0.3%	0.4%
10:00	Saudi Arabia	CPI, y-o-y	Oct	2.2%		2.2%
11:00	UK	GDP, q-o-q	3Q P	0.3%	0.2%	0.1%
11:00	UK	GDP, y-o-y	3Q P	1.4%	1.4%	1.3%
11:00	UK	Private Consumption, q-o-q	3Q P	0.1%	0.2%	0.2%
11:00	UK	Government Spending, q-o-q	3Q P	1.3%	0.5%	0.3%
11:00	UK	Gross Fixed Capital Formation, q-o-q	3Q P	0.5%	0.4%	1.8%
11:00	UK	Exports, q-o-q	3Q P	0.4%	0.0%	-0.1%
11:00	UK	Imports, q-o-q	3Q P	0.0%	0.5%	-0.3%
17:30	US	Initial Jobless Claims	8-Nov		225K	
17:30	US	CPI, m-o-m	Oct	0.3%	0.2%	
17:30	US	Core CPI, m-o-m	Oct	0.2%	0.3%	
17:30	US	CPI, y-o-y	Oct	3.0%	3.0%	
17:30	US	Core CPI, y-o-y	Oct	3.0%	3.0%	
Friday, 14 November						
6:00	China	Retail Sales, y-o-y	Oct	3.0%	2.8%	2.9%
6:00	China	Retail Sales YTD, y-o-y	Oct	4.5%	4.4%	4.3%
6:00	China	Industrial Production, y-o-y	Oct	6.5%	5.5%	4.9%
6:00	China	Industrial Production YTD, y-o-y	Oct	6.2%	6.2%	6.1%
6:00	China	Fixed Assets ex-Rural YTD, y-o-y	Oct	-0.5%	-0.8%	-1.7%
14:00	Eurozone	GDP SA, q-o-q	3Q S	0.2%	0.2%	0.2%
17:30	US	Retail Sales Advance, m-o-m	Oct		-0.2%	
17:30	US	PPI Final Demand, m-o-m	Oct		0.2%	

*UAE time

Source: Bloomberg, ADCB Economic Research

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