MASHREQ GLOBAL DIGEST
U.S.
November 1 – November 7

This edition of the Market Digest highlights the U.S.'s latest macroeconomic and financial developments, alongside recent deals and key trends influencing the country's economic outlook.

Macroeconomic News

U.S. Economy Grows 3.4% in Q3



The U.S. economy grew at an annualized rate of 3.4% in Q3 2026, up from 2.2% in Q2. Growth was supported by stronger business investment, consumer spending and government spending, with investment particularly strong in computers and other information-processing equipment. Exports fell and imports rose, partly offsetting the gains, while private domestic demand increased 4.9%, showing that underlying economic activity remained strong.

Reference: BEA



U.S. Inflation Expected to Cool in October

U.S. consumer prices are expected to rise 0.3% in October, slowing from the 0.6% increase in September, according to economists surveyed by Bloomberg. The expected moderation would signal some easing in inflation pressures after two particularly strong months, although the data will remain important for the Federal Reserve's interest-rate outlook.

Reference: Bloomberg

U.S. Midterms Set to Shift Economic Policy



Democrats won control of both the House and Senate, giving Congress greater influence over economic policy from January. The result could lead to more scrutiny of tariffs, energy projects, data-center regulation and foreign-policy spending, while also increasing the chances of support for selected clean-energy measures. Major policy reversals remain difficult, but the new Congress is expected to increase oversight across several key policy areas.

Reference: Reuters, Reuters, Reuters

U.S. Trade Deficit Narrows to $105B



The U.S. trade deficit narrowed 0.7% to $105 billion in September, better than the $108 billion expected, even as imports rose 1.2% to a record $426.6 billion. Exports increased 1.9% to $321.5 billion, while strong AI-related investment drove a surge in capital-goods imports. The figures highlight how strong AI-related investment is boosting imports while keeping trade a drag on U.S. growth.

Reference: Reuters

U.S. Economy Adds 165,000 Jobs in October



The U.S. economy added 165,000 jobs in October, more than double the 65,000 expected, while September's figure was revised up to 60,000. The unemployment rate edged down to 4.1%, with strong hiring in professional services, healthcare, transportation, warehousing and manufacturing. The stronger-than-expected labor market reinforced expectations that the Federal Reserve could raise interest rates in December, particularly with inflation still elevated.

Reference: Financial times



U.S. Consumer Sentiment Rises to 51.0 in November

U.S. consumer sentiment improved in early November, with the University of Michigan index rising to 51.0 from 48.0 in October, beating expectations for no change. Inflation expectations also eased, with the one-year outlook falling to 4.3% from 4.7%, although households remained concerned about the cost of living and a possible AI bubble. The data points to improving confidence, but concerns remain elevated.

Reference: Reuters

U.S. Consumer Spending Grows 3.8% in Q3



U.S. consumer spending increased at a 3.8% annualized rate in Q3, matching the previous quarter and remaining a key driver of growth. Spending was led by services such as healthcare, restaurants and hotels, while purchases of vehicles and furniture weakened. The saving rate fell to 4.1% from 4.4%, suggesting households relied more on savings to sustain spending, while momentum softened toward the end of the quarter.

Reference: Reuters

Fed Officials Signal Gradual Rate Hikes Ahead

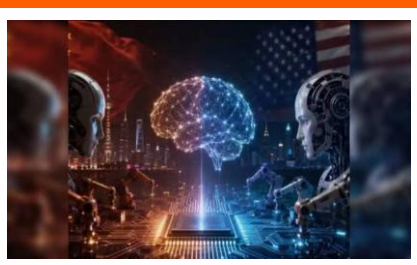
Federal Reserve officials Beth Hammack and Thomas Barkin said interest rates may need to rise gradually to bring inflation back toward the Fed's 2% target. The policy rate remains at 3.75%–4.00%, with markets still expecting another increase in December. The message reinforces that inflation remains the Fed's main concern despite recent market volatility.

Reference: Reuters

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Financial/Tech News

U.S. Tech Giants' AI Obligations Reach $3.2T



U.S. technology giants' off-balance-sheet AI-related obligations rose about 90% in six months to roughly $3.2 trillion, according to Nikkei Asia, as companies including Google and Meta continued heavy spending on AI infrastructure. These commitments now amount to around 80% of their assets, raising investor concerns over the scale, transparency and sustainability of AI-related financing.

Reference: Asia.Nikkei

U.S. Banks Brace for Tighter Congressional Oversight



U.S. banks are preparing for greater congressional scrutiny after Democrats took control of both chambers, giving lawmakers stronger investigative and subpoena powers. Areas likely to face closer attention include consumer finance, mortgages, credit-card fees, AI-driven fraud and consumer protection, while the industry may also push for tougher rules on tech platforms linked to financial scams. The shift could mark the end of a more favorable regulatory period for large U.S. banks.

Reference: Reuters

U.S. Banks Tighten Lending Standards as Credit Conditions Weaken

U.S. banks tightened lending standards in the third quarter, particularly for small businesses, commercial real estate and riskier borrowers, according to the Federal Reserve. Banks cited a more uncertain economic outlook and weaker borrower quality, while loan demand also softened in several categories. Elevated borrowing costs are adding further pressure on smaller firms and leveraged households.

Reference: CNBC

Deals/Trade

U.S. Presses China to Meet Busan Trade Commitments



The U.S. urged China to fully and immediately implement its commitments under the Busan trade truce, particularly on rare earths, critical minerals and agricultural purchases. Washington says China has met its soybean commitments but has fallen short on other agricultural products and on increasing rare-earth supplies. The dispute adds uncertainty ahead of upcoming U.S.-China meetings, with the current truce due to expire on January 10, 2027.

Reference: Financial Times

U.S. Upstream M&A Reaches $12.6B in Q3

U.S. upstream oil and gas deal value rose to $12.6 billion in Q3, up from $11.5 billion in Q2, according to Enverus. Private-to-public transactions accounted for roughly two-thirds of disclosed deal value, while total U.S. upstream M&A for 2026 has already reached $80.5 billion, exceeding last year's total. The figures point to continued consolidation across the sector as elevated oil prices support dealmaking.

Reference: Reuters

Markets

Market Dashboard

- U.S. equities ended a volatile week lower, with the Nasdaq down 3.4%, the S&P 500 down 2.7% and the Dow Jones down 0.9%. Technology and AI-related stocks led the decline, pushing the Nasdaq into correction territory and marking its fourth consecutive weekly loss, while the S&P 500 recorded its worst week in more than a year. Stronger-than-expected jobs data also raised the probability of a December Fed rate hike to 78%, adding pressure on growth stocks. Markets recovered partially on Friday, with the Nasdaq gaining 1.1%, but the rebound was not enough to erase the week's losses.
- Bitcoin recovered to around $76,000 after a sharp selloff, but U.S. spot Bitcoin ETFs recorded about $1.28 billion in net outflows in November, including $411.9 million on Friday alone. The pullback reflected weaker risk appetite amid the broader technology selloff, while more than $1.27 billion in crypto derivatives positions were liquidated. The rebound suggests some stabilization, but continued ETF withdrawals point to cautious institutional demand.
- Gold ended the week up 4.93%, its strongest weekly gain since August, despite falling 0.3% on Friday to $4,066.6 per ounce after stronger-than-expected U.S. payrolls lifted the dollar and Treasury yields. The jobs report pushed the probability of a December Fed rate hike, increasing pressure on non-yielding bullion. Gold's strong weekly performance nevertheless shows that safe-haven demand remained resilient.
- Oil prices posted a sharp weekly decline, with Brent down about 16% to $98.32 a barrel and WTI down 13% to $90.83, as hopes of de-escalation in the U.S.-Iran conflict reduced the geopolitical risk premium and signs of oversupply emerged. Prices recovered slightly on Friday as renewed tanker attacks in the Gulf and Strait of Hormuz revived concerns over regional supply disruptions.
- The U.S. dollar weakened against the euro during the week as investors reassessed the outlook for interest rates, growth and policy following the midterm elections and a sharp technology selloff.

Indicators	30-Oct-26	6-Nov-26	% Change
S&P 500	7,580.07	7,376.86	-2.68%
Bitcoin	77,198.21	75,746.93	-1.88%
Gold	3,875.44	4,066.63	4.93%
Crude Oil	117.64	98.32	-16.42%
EUR/USD	1.1183	1.1228	0.40%