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ECES
The Egyptian Center for Economic Studies

Our Economy & the World

This week's issue of "Our Economy and the World" includes:

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- **From the International Press: FAO Warns of the Impact of Climate Change on Food Production**
- **Special Analysis: Brexit' Blurs the European Investment Outlook**
- **An Analysis of Global Financial Market Performance and Changes in Prices of Goods and Raw Materials**

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Key Global Developments

Siri, Catch Market Cheats': Wall Street Watchdogs Turn to A.I.

Reuters

Artificial intelligence programs have beaten chess masters and TV quiz show champions. Next up: stock market cheats.

Two exchange operators have announced plans to launch artificial intelligence tools for market surveillance in the coming months and officials at a Wall Street regulator tell Reuters they are not far behind. Executives are hoping computers with humanoid wit can help mere mortals catch misbehavior more quickly.

The software could, for instance, scrub chat-room messages to detect dubious bragging or back slapping around the time of a big trade. It could also more quickly unravel complex issues, like "layering," where orders are rapidly sent to exchanges and then canceled to artificially move a stock price.

A.I. may even sniff out new types of chicanery, said Tom Gira, executive vice president for market regulation at the Financial Industry Regulatory Authority (FINRA).

"The biggest concern we have is that there is some manipulative scheme that we are not even aware of," he told Reuters. "It seems like these tools have the potential to give us a better window into the market for those types of scenarios."

FINRA plans to test artificial intelligence software being developed in-house for surveillance next year, while Nasdaq Inc. and the London Stock Exchange Group expect to use it by year-end.

The exchange operators also plan to sell the technology to banks and fund managers, so that they can monitor their traders.

Artificial intelligence is the notion that computers can imitate nuanced human behavior, like understanding language, solving puzzles or even diagnosing diseases. It has been in development since the 1950s and is now used in some mainstream ways, like Siri, an application on Apple Inc's iPhone that can engage in conversation and perform tasks.

While financial firms are already applying artificial intelligence software for everything from compliance to stock-picking, it is only starting to become useful for market oversight.

"We haven't really let the machines loose, as it were, on the surveillance side," said Bill Nosal, a Nasdaq business development executive who is overseeing its artificial intelligence effort.

Budget Deficits Amount to $120 billion in the Gulf Countries in 2016

KUNA

The National Bank of Kuwait said that the proceeds of Gulf sovereign debt instruments continued to decline in the third quarter this year due to improved credit conditions and high oil prices.

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The Bank added in its report on the GCC countries' sovereign debts that the issuance of Gulf bonds was strong in the third quarter, with the authorities' efforts to finance their budget deficits, indicating that the majority of issuances were local securities in line with the improved level of liquidity after a huge issuance of global securities in the second quarter.

The report said that return on the Gulf debt instruments declined in the third quarter due to improved financial conditions and the recovery of oil prices due to signals that OPEC will cut production. In addition, the GCC countries witnessed during the quarter the implementation of several reform measures.

According to the report, the GCC authorities have been keen to introduce many stringent reform packages to address the deficits, which exceeded $120 billion in 2016, and the increased pressure on domestic liquidity.

The report pointed out that the issuance of GCC debt instruments rose during the third quarter, supported by sovereign issuances. Total issuances amounted to $23 billion during the quarter, increasing the balance of existing bonds by 23 percent to settle at $360 billion.

The report noted that the GCC countries sought intensively to obtain financing from global debt markets at the beginning of the year, but local bonds led the issuance activity in the third quarter. Oman was the only GCC country that went to international markets for a value of two billion dollars.

The report indicated that Qatar was able to return to local markets in the third quarter for the first time in 2016, borrowing $2.5 billion, which indicates improvement in liquidity levels after selling global bonds in the second quarter worth $9 billion.

The report said that local issuances in Saudi Arabia continue to pressure the domestic liquidity. The government's local monthly offerings drained $11 billion from local banks in the third quarter of 2016 and $57 billion since the beginning of the issuance last year.

The National Bank of Kuwait's report predicted continued growth of GCC debts, noting that Bahrain issued global bonds after failing before at the beginning of the year. Saudi Arabia made the largest issuance in emerging markets worth $17.5 billion.

The report noted that Kuwait would issue bonds in the international markets in the fourth quarter of this year or the first quarter of next year, worth up to $10 billion.

New Zealand Tops World Bank Survey as Easiest Place to do Business

Reuters

New Zealand edged out Singapore as the easiest country for doing business in the World Bank's latest rankings, while several emerging market countries improved the most by pursuing business-friendly reforms.

In its annual "Doing Business" report, the World Bank cited reductions in labor-related taxes and new regulations that make paying taxes easier as key reasons for moving New Zealand to the top spot from its previous runner-up position.

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Macedonia broke into the coveted top 10, while Brunei had the biggest improvement, moving to 72nd from a rank of 84th last year.

The World Bank report tracks regulatory changes in 190 countries for businesses throughout their life cycle - from the ease of business start-up regulations and getting credit to property rights.

GCC Bond Issuances Exceed $151 Billion

Al-Mal

US "Bloomberg" predicts a rise in GCC countries' issuance of sovereign bonds in international markets, to more than $151 billion, by the end of 2016, marking the highest level in its history and surpassing the record level reached in 2007, when it jumped to $142 billion before the global financial crisis.

According to Bloomberg, the fall in oil prices by half since mid-2014 to date led to a decline in the GCC revenues from oil exports, and increased the budget deficits. Saudi Arabia, the world's largest oil exporter, had to issue $17.5 billion in international bonds for the first time in its history, marking the largest issuance in emerging markets.

The bond markets in MENA saw a clear boom in 2016. The governments of Egypt and Kuwait plan to issue bonds before the year-end, after the value of government bond issues in the region rose during the first half of the year to $46 billion, compared with $27.7 billion in issuances during the same period last year.

The government of Doha sold $9 billion in international bonds in May, the largest bond transaction in the Middle East. It also sold 4.6 billion riyals in bonds in its local currency in August, and is expected to face a deficit of 4.9 percent of GDP. The International Monetary Fund said in its previous forecasts that oil-exporting Gulf countries resorted to domestic and international bond markets to bridge the deficit in their budgets resulting from lower oil revenues, and that the value of their issuances may exceed $900 billion by 2021.

Brexit Likely to Knock 0.25 Percentage Points off German Growth in 2017 - Study

Reuters

The impact of Britain's vote to leave the European Union will shave around 0.25 percentage points off growth in Germany, Europe's largest economy, in the coming year, a study quoted in a regional German newspaper suggested on Tuesday.

Exports, which have traditionally powered the German economy, are likely to fall by 9 percent on the year in 2017 due to the weaker pound, according to the study by the IW Cologne Institute for Economic Research that was cited by Rheinische Post.

Last year German companies exported goods worth about 89 billion euros ($79 billions) to Britain, making the United Kingdom their third most important export destination.

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Researchers at the IW said the weaker pound against the euro, along with an expected decline in growth in Britain, would lead to lower growth in Germany even before Britain has left the EU.

In the past few weeks, concerns about a "hard" Brexit by Britain and a hardline stance by the EU in the negotiations that are likely to start next year saw sterling take a battering and fall to a record low on trade-weighted terms.

Imports to Germany will likely also fall by around 3.5 percent, the researchers said.

Chinese Firms to Buy Global Assets at Faster Pace than US Counterparts for the First Time

Argaam

A report published by "Bloomberg" showed that Chinese companies are increasing the pace of their purchases and mergers and acquisitions of assets around the world faster than their US counterparts for the first time ever.

On its part, the Chinese shipping & transport group of companies "HNA" announced that it intends to buy a 25 percent stake of Blackstone Group LP, which manages "Hilton" Hotels International for $6.5 billion. China Life Insurance announced on October 18th its intention to buy a hotel services company for two billion dollars.

China's overseas deal-making started as a hunt for the raw materials needed to feed steel mills, support industrial production and keep the nation's factories humming—the so-called old economy.

As China grew, so did its appetite for foreign acquisitions. They've shifted focus to acquiring the brands and technology China needs to transition to an economy driven by domestic consumption more than exports, labeled here as the new economy.

Before 2013, China's overseas deal-making was dominated by state-owned companies acquiring iron ore deposits in Australia, energy producers from Canada and copper mines in Africa. More than half of the purchases were of energy and commodities companies. Now private entrepreneurs are snapping up marquee assets like Italian football teams, American film studios and French fashion houses while government-backed buyers purchase chipmakers and crop technology, which shows Beijing's tendency towards global domination.

Bank of England Official sees Barriers to Global Regulatory Cooperation

Reuters

Barriers to cooperation between different countries' financial regulators remain high, despite the shared nature of many risks they face, Bank of England deputy governor Minouche Shafik said.

Shafik, who is responsible for financial markets at the British central bank, said that even if regulators could control the rate of lending growth by domestic banks, foreign lending still had a major influence on the risk of financial crises.

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But regulators were understandably reluctant to think beyond their own borders, she said at a conference in Hong Kong hosted by the BoE, the International Monetary Fund, and the Hong Kong Monetary Authority.

"The unequal distribution of benefits from globalization has increased skepticism about international co-operation," she said. "The body of evidence required to justify including the interests of other nations in the setting of domestic policy is understandably large."

Implications for Egypt:

The above news indicate there is a new imbalance that is starting to emerge at the level of financial instruments worldwide through e-fraud and manipulation of financial markets. Many countries have begun taking several measures to face up to this challenge and to increase the tools needed to address it. Egypt needs to pay attention to this new threat so as not to experience similar problems.

It is important to note here the statements made by the official of the Bank of England that the obstacles that hinder cooperation between the various financial regulators around the world are still large, despite the shared risks. Regulators were understandably reluctant to think beyond their own borders, as the official said, noting that the unequal distribution of benefits from globalization has increased skepticism about international co-operation, which calls for Egypt to continue its role to bring views closer in this regard.

We reaffirm that recent global economic volatility points to escalating pressures on global economic growth opportunities. This requires Egypt to enhance measures taken to increase economic growth, such as the promotion of domestic production, especially among SMEs, in light of the expected recession in Britain and shifts in movement of global investment flows worldwide as well as the emergence of an escalating trade war between the US and China amid slow global economic growth. Against this backdrop, Egypt has to move more quickly to encourage domestic consumption while supporting its presence in the Arab and African regional markets in order to capture larger market shares in the medium term and to benefit from trade agreements with these countries.

Therefore, Egypt has to take more robust actions through economic reform packages that focus on reducing government expenditure and rationalizing consumption, encouraging certain productive sectors, and revitalizing marginalized investment economic sectors. These actions could help reduce the deficit and improve the economy.

Attention should be also be given to the Gulf-Egyptian economic and commercial relations, which are strategic. This requires developing the concept of integration and going beyond the status quo. The establishment of joint economic zones, expanding the scope of bilateral trade agreements and the introduction of new sectors therein such as services, and the establishment of joint industries that are directed to import substitution and dependent on Gulf-Egyptian raw materials will be a basis for developing trade and economic relations over the coming period.

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From the International Press

FAO Warns of the Impact of Climate Change on Food Production

Al-Hayat

Adopting the goals of sustainable development plan for 2030 and the Paris agreement to combat climate change, the international community is committed to make transformative and sustainable changes to address the unprecedented challenge of alleviating hunger and poverty, while addressing the implications of climate change. But political commitments should be translated into concrete actions. The latest FAO report entitled “the State of Food and Agriculture 2016: Climate Change, Agriculture and Food Security” presents evidence on the present and future effects of climate change on agriculture and food security. Based on this evidence, the report, which was issued at the conclusion of the FAO activities in Rome on the occasion of World Food Day, presents institutional and transformative policies that could facilitate an effective response to address climate change.

According to the report, written by FAO Director-General José Graziano da Silva, there is no doubt that climate change affects food security. Unless urgent measures are adopted, millions more people will be at risk of hunger and poverty. Agricultural productivity will decline if climate change is not addressed, and there will be serious consequences on food security. Lack of food supplies can cause huge increases in food prices, and increasing climate change will exacerbate price volatility. Millions of low-income people will be directly affected in the regions that are already experiencing high rates of hunger and poverty.

The report suggests that the “business as usual” approach will increase the poor by 35 to 122 million people by 2030, compared to a future without climate change. The most vulnerable groups will be those living in poor areas in Sub-Saharan Africa, especially those relying on agriculture.

Profound Transformations

To maximize the common benefits of adapting to climate change and the mitigation of its impact, the report notes there is a need to bring about profound transformations in agriculture and food systems. Agricultural and rural development policies should be re-directed to promote the adoption of sustainable practices in agricultural production and natural resource management, as well as consumer behavior. In doing so, particular attention should be given to about 475 million low-income smallholders, whose access to technologies, markets and credit is often very limited, and are in urgent need for support to adapt to climate change and manage related risks. If smallholders are unable to withstand climate change by widely adopting sustainable practices in land, water, fisheries and forestry, we will not be able to eliminate hunger.

According da Silva, who managed the FAO activities in the presence of Italian Prime Minister Matteo Renzi, the international community should address climate change, enabling agriculture, forestry and fisheries to adopt climate-friendly practices. This will determine whether humanity will succeed in alleviating poverty and hunger by 2030, and produce food for all. “Business as usual” is not an option. Agriculture has long formed the link between natural resources and human activity. Today, it carries with it the key to address two

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of the biggest challenges facing humanity, namely, poverty alleviation and maintaining a stable climate where civilization can thrive.

According to the report, obtained by Al-Hayat, the agricultural sectors can substantially contribute to mitigating the effects of climate change. Agriculture, forestry and changes in land usage account for at least one-fifth of total emissions of greenhouse gases around the world. The report addresses a wide range of options to make agriculture and food systems capable of withstanding patterns of climate change while reducing environmental effects. However, it acknowledges that not all solutions are necessarily beneficial for all. There will be a need to make difficult choices and compromises.

Resilience

In a changing climate, the report added, the resilient agricultural sectors could make a transformative change for the poorest around the world, helping them to improve their income and access to food. Adoption of improved management practices will largely help reduce the number of people suffering from food insecurity. But, while the well-designed adjustment initiatives could lead to higher returns in the medium and long terms, barriers to the adoption of climatically smart practices should be reduced, especially for smallholders and female farmers.

There is no way to achieve lasting benefits unless backed by policy and institutional frameworks, and appropriate investment financing mechanisms. According to the report, the Paris agreement obligations support global transformation towards sustainable food and agriculture, but they need to work on a broad front. Countries, as part of their planned national contributions, made strong commitments to make efforts in the areas of climate change adaptation and mitigation in the agriculture sector.

This means that the existing mechanisms for tackling climate change should be integrated in the broader agriculture, food security and nutrition policies. There will be a need to re-aligning policies in areas such as agricultural subsidies, energy, nutrition and food consumption in order to facilitate the transition to sustainable agriculture and food systems. In parallel with policy changes, there will be a need to receive support from investment funding mechanisms and institutional frameworks.

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Implications for Egypt:

Egypt should pay attention at the beginning of the agricultural season to the need for planning agricultural targets according to world developments. Concerning world cereal production forecasts, the high level of global production implies that growth that is lower than the overall trend will continue for the third consecutive season. This reflects the negative impact of abnormal climate conditions caused by "El Nino" in the southern hemisphere, where the season has advanced more. This requires taking serious steps to produce new types of rice and grains that are less water consuming and more productive, along with introducing tight controls on agriculture and the volume of grain crops grown, especially rice.

Planning should keep in mind that the situation in Asia may push food prices to rise globally in the new season. This will increase the burden on citizens and will require pre-emptive action to reduce the impact on prices and domestic inflation, particularly that global consumption of grains is expected to increase. These developments require the government to maintain strategic stocks of grains, especially rice, at the beginning of the season to ensure price elasticity. Also, the government should declare before the beginning of the year its export policy, allowable volume of exports and other controls. This will prevent problems that recur each season because of price fluctuations, which are expected to occur this year as well.

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Special Analysis

Brexit' Blurs the European Investment Outlook
New York Times

When the British voted in a referendum to leave the European Union, it clouded the political outlook across the region, and that made the economic and investment outlook far murkier, too.

It's still too early to tell, even three months after the vote, how much of an impact the so-called Brexit is likely to have on economic and business conditions, investment advisers say. Calm has been restored, they acknowledge, but they warn that long-term risks remain in Europe, Britain most of all, for businesses and therefore for investors, too.

The investment outlook is "a lot less favorable" in Britain, said Alan Mudie, head of investment strategy at Societe Generale Private Banking Hambros. Until companies have clarity about their longer-term relationship with the European Union, they will delay investments, he said. "It doesn't make sense not to, until they know what sort of marketplace they're going to be operating in."

Sarah Ketterer, manager of the Causeway International Value fund, agreed that "from an investment perspective, everything is delayed." As a result, she said she was "making very conservative assumptions" about conditions in Britain, and she predicted a mild recession in 2017.

She is not alone, and Britain may not be, either, when it comes to the consequences of Brexit. The British bank Barclays warned that Brexit is likely to create substantial headwinds for economies in Britain and on the Continent in coming months.

Highlighting surveys showing that corporations' plans to invest declined markedly and that consumer confidence had eroded, Barclays forecast that the British economy would be pushed into a recession imminently.

As for Europe over all, "we expect growth to slow further towards year-end, as Brexit weighs on confidence, private consumption and investment," the bank said in an economics report in August. Reaction to the vote in regional economic and confidence data had been muted, the report said. But: "Most forward-looking components showed that expectations had resumed their downward trend, and we expect confidence to be further affected in the months to come. Uncertainty is likely to weigh on investment, with a negative feedback loop on the labor market and private consumption."

The initial reaction to the Brexit vote was much starker. Many people assumed that Brexit would be awful for the country, the region and beyond. The result was plunging stock markets and currencies almost everywhere.

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The MSCI Europe index fell 13 percent in the two trading days after the June 23 referendum, and the MSCI index of British stocks fell 15.7 percent. The indexes are calculated in dollars, so those figures incorporate the declines in stocks and also in the euro and the pound against the dollar.

Within a week, both indexes had recovered more than half of the losses, although it is unclear why. A new British prime minister had taken over and pledged to honor the decision to leave the 28-nation bloc, but everything else related to Britain's departure was still up in the air. The outlook had not changed, only the public's feelings about it.

Markets in the region have stabilized, helping investors who hung on for the wild ride. Funds that specialize in European stocks rose 5.3 percent in the third quarter, according to Morningstar.

But where investors, and businesses, go from here is much less certain.

What makes the post-referendum outlook especially hard to gauge for businesses is that Britain has yet to make clear how it intends to honor the result. A report by Brewin Dolphin, a British wealth management firm, suggested that the new government of Prime Minister Theresa May would have to thread a very slender needle as it tries to keep the country in the single European market for goods and services while imposing limits on immigration.

How it will go about accomplishing that could become clearer next spring. Mrs. May said earlier this month that Britain would invoke Article 50 in March. That is a European Union treaty provision that governs the process for a country to leave the union.

Evidence of the concern among businesses can be found in a Bank of England survey taken just after the vote. It reported that "companies indicated the result of the E.U. referendum would have a negative effect, overall, on capital spending, hiring and turnover over the coming year." It added that "employment and investment intentions had weakened in absolute terms, pointing to expectations of little change in staff numbers and capital spending over the coming six to 12 months."

James Hunt, manager of the Tocqueville International Value fund, is willing to give the economy and stocks in Britain and the rest of Europe some benefit of doubt when it comes to Britain's departure from the European Union, if and when it occurs.

"The market reaction is overdone," Mr. Hunt said. "Brexit may not happen. There are plenty of ways the U.K. government can cause it not to happen" through what it asks for, and when, in its negotiations with the union.

If Brexit goes ahead, "there will be a moderate impact on the U.K. initially and then I think they could end up in a better place," he said. "There will be a smaller impact on the European economy, and what I hope is that it's another incentive for Europe to accelerate whatever structural reforms they have going."

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Some businesses and investors in Europe have waited — and hoped — for many years for government initiatives to reduce regulatory hurdles and to make labor cheaper and employment more flexible, which would improve competitiveness and economic growth.

The prospect of Britain leaving the European Union could concentrate the minds of political leaders, but Ms. Ketterer said many large companies are tired of hanging around and are undertaking changes of their own. That fact tends to get lost amid the apprehension over factors such as Brexit, creating what she sees as solid investment opportunities, particularly in large, European, multinational companies in economically fragile sectors.

“We might have to wait awhile for governments to restructure, but these companies aren’t waiting,” she said. “We really like these globally competitive, cyclical companies. They are really well managed and cheaper” than shares of equivalent American companies.

The preference for large British companies that make money abroad is widespread. Mr. Hunt likes the beverage purveyor Diageo, for instance. Its “cash flows are global, and the perceived connection to the U.K. is greater than it really is,” he said.

A globally diversified revenue stream should inoculate such companies against weakness in the pound, a development that provides British exporters with a substantial competitive advantage over their peers elsewhere by making British goods and services cheaper to foreign customers, Mr. Mudie of Societe Generale pointed out. That is a prime reason that he also favors large British companies.

Within the eurozone, he recommends health care and consumer sectors. Consumer stocks should benefit from a continuing decline in unemployment and improved access to bank credit, he said. Considering the markets more broadly, he anticipates American stocks outperforming their European peers, with British stocks doing better than ones on the Continent.

Ms. Ketterer said she is taking a chance on British financial companies. A post-Brexit reduction in interest rates by the Bank of England hit their stocks especially hard; banks’ profits depend on the spread between rates at which they borrow and lend, which is squeezed when rates fall, and insurance companies’ profits depend on the income paid on the bonds in which they invest their policyholders’ premiums. But the decline in bank and insurance stocks has been so severe, in her view, that they warrant a bet.

Ms. Ketterer likes the British insurance companies Prudential and Aviva. Among British multinationals, she said the energy company Shell is appealing for its high yet secure dividend yield of close to 7 percent.

But how big a bargain any European stock is may not become clear until the uncertainty surrounding Brexit abates. As Ms. Ketterer reminds investors, that could take awhile.

“The initial shock has worn off” since the referendum, she said. But “in the U.K. nothing has been settled. There’s a very long road ahead.”

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Implications for Egypt:

Many sources see that the impact of Brexit will not stop at the borders of Europe, but will undoubtedly reach many countries in the world including Egypt, which has a trade partnership agreement with the EU. However, this effect remains unassessed for Egyptian economy. There are questions about the position of various countries' exports - including Egypt – to the EU, and the extent of Britain's compliance with the international agreements concluded in the framework of the EU; most importantly, the European Partnership Agreement, and whether the exit will take effect immediately after the referendum or postponed.

Therefore, there is a need to review Egyptian export items to European markets and to see the possibility of substituting them with cheaper items. Also, there are opportunities to export Egyptian goods and services in place of the British goods and services that enjoyed the preferential advantage of Britain's presence in the EU. In addition, there is a need for the Egyptian Stock Exchange to closely monitor transactions at the current period, especially that there are Egyptian shares listed on the London Stock Exchange. In particular, there is a need to prepare quick alternatives to deal with any possible trouble that may result from the Brexit decision with a view to reducing its effects on the Egyptian Stock Exchange.

The Brexit decision could drive investments out of Britain to search for safe havens, including Gulf investments. Such investments may be available to Egypt if it prepares an emergency plan to attract them, noting that the widening inflationary gap between Egypt and its major trading partners in the EU's would lead to further rise in real effective exchange rate. As a result, commodity exports would be undermined. So, it is important to take economic measures to significantly improve the investment climate.

According to international reports, Brexit will deprive Britain of the right to make important trade decisions and would be less attractive for foreign investments. Britain's opinion will not be taken in European open market decisions of electronic, financial and business services and other decisions. Brexit will undermine the stability of Europe, in which Britain remains the core market in the financial and banking services besides trade.

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Global Financial Market Performance

Reuters/ Argaam

Chinese stock indices declined during Friday trading, but posted gains for the third consecutive week, with rising corporate profits amid optimism about the flow of more capital into the stock market.

The composite index recorded its highest level in nine months on Tuesday amid investor optimism about the stability of the Chinese economy, with speculations of a shift of more capital to the stock market rather than the real estate sector, in light of the government's efforts to control housing prices.

Chinese stocks benefited throughout the week from the gains of coal-producing companies, along with the government's retracting from the reduction of the production capacity of the sector.

At the end of trading, the "Shanghai" composite index fell 0.25 percent to 3,104 points, but made a weekly gain of 0.4 percent.

The Japanese stock indices rose at the close of Friday trading, supported by a decline of the yen against the US dollar and the release of mixed economic data.

Official data showed a decline of 0.5 percent in consumer prices in Japan in September, registering a decline for the seventh month in a row.

Household spending fell by 2.1 percent year on year, recording a decline for the seventh consecutive month, but rose by 2.8 percent on a monthly basis compared to expectations of a rise of 0.6 percent.

Separate data pointed to a decline in unemployment to 3 percent last month, the lowest level in 21 years.

At the end of trading, Nikkei index rose by 0.65 to 17,446 points, while the "TOPIX" index rose 0.75 percent to 1,392 points.

On the other hand, US stock indices settled down during Friday trading after a volatile session, which took place under pressure, in conjunction with the decline in oil prices in addition to the announcement of investigations about the e-mail controversy of democratic presidential candidate Hillary Clinton.

The "Dow Jones" industrial index fell by 8.5 points to 18,161 points, after gains of about 50 points, and losses of fifty points after that. "Nasdaq" index declined (-26 points) to 5,190 points, while the broader "S&P 500" index fell (- 6.6 points) to 2,126 points.

On a weekly level, the "Dow Jones" industrial settled near the closing level of last Friday, while "Nasdaq" recorded losses of 1.3 percent, and "S&P 500" recorded a weekly loss of 0.7 percent.

In European markets, "Stoxx Europe 600" fell by 0.3 percent or by one point to 341 points, scoring a weekly loss of 1 percent.

The British "FTSE 100" index rose (+9.7 points) to 6,996 points, the French "CAC" index rose (+15 points) to 4,548 points, while the German "DAX" index declined (-21 points) to 10,696 points.

On the other hand, gold futures for December delivery settled higher by 0.6 percent, or by $7.30, to $1,276.80 an ounce, the highest close since the third of October, and posted gains of 0.7 percent this week.

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In the oil markets, the US "NYMEX" fell by 2.1 percent or by $1.02 and closed at $48.70 a barrel, posting a weekly loss of about 4 percent, while the "Brent" index fell by 1.5 percent or by 76 cents to close at $49.71 a barrel, and recorded losses this week by 4 percent.

About economic data, the first reading of US GDP recorded a growth by 2.9 percent in the third quarter, compared with analysts' expectations of a growth of 2.6 percent. The "Michigan/Reuters' consumer confidence index declined to 87.2 in October, the lowest since 2014.

The US stocks came under pressure due to investors' concerns after the FBI announced resuming investigations regarding Hillary Clinton's e-mail controversy and whether it contained confidential information, just before the election scheduled on November 8**.**

Implications for Egypt:

During past week's trading, the Egyptian stock exchange witnessed a limited upward trend, and continued to perform consistently with the internal conditions of the Egyptian economy, especially in light of speculation about the exchange rate over the coming period as part of Egypt's economic reform program and the positive impact on the Egyptian economy of moves to obtain external support.

Estimates indicate the Egyptian Stock Exchange continues to interact positively with positive reform developments in the Egyptian economic structure, especially that the volume of trading still indicates the presence of idle liquidity that is willing to invest in the stock market if conditions improve over the coming period. Moreover, global capital markets are still experiencing sharp fluctuations, resulting mainly from continued pressure on economic indicators and the escalation of the debt crisis in most countries, especially sovereign debt, notable decline in liquidity, and a rising tendency recently to invest in safe assets compared with rates of investment in the stock markets.

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