

# Daily Economic Update

Economic Research Department  
6 May 2024

**Egypt: Rating outlook upgraded to positive by Fitch.** Credit rating agency Fitch has revised its outlook on Egypt to positive from stable while maintaining the sovereign's "B-" rating. The upgrade was mainly driven by improvements in the external sector, especially after the currency float and the move to a more flexible exchange rate, on the back of strong investment and financial inflows, from the Ras El Hekma deal (\$35 billion) to IMF/World Bank/EU financing (\$20 billion), and strong appetite for carry trades (\$18 billion since March). Fitch expects the flexibility of the EGP to be more durable than previously, with the IMF playing a bigger role in monitoring the situation. All three main rating agencies (Fitch, S&P and Moody's) have now shifted their view on Egypt's outlook to positive, and we expect upgrades to Egypt's sovereign rating to follow soon provided the government remains on track with its reform pledges.

**Qatar: Non-oil activity in April expands at fastest rate in 7 months.** Qatar's PMI measure of private sector activity rose for a fourth consecutive month in April, to 52, signaling the fastest rate of expansion since September 2023. Output, new orders, employment and purchasing grew at a faster pace, reportedly on new customers and stronger demand, mostly in the services sector. On the price front, both input and output prices eased slightly, while business sentiment continued to improve. Meanwhile, recently published GDP data for Q3 2023 show the economy growing by a modest 1.2% y/y, unchanged from the previous quarter, but considerably slower than the rate of expansion in the corresponding quarter of 2022 (+4.4% y/y) just before the FIFA World Cup kicked-off. In Q3 2023, non-hydrocarbon sector growth noticeably decelerated (+0.6% y/y vs. 5.5% in Q3 2022), while growth in the oil and gas sector was unchanged from Q2 at 2.3%. For the full year 2023, we estimate GDP growth of 1.5%, down from the 4.2% recorded in 2022.

**Oil: Brent logs sharpest weekly decline in three months.** Brent futures settled at \$83/bbl on Friday, shedding 7.3% w/w and paring year-to-date gains to 7.7% amid easing tensions in the Middle East and following an unexpected buildup of US oil inventories. The bearish turn in prices came following increased prospects of a ceasefire between Hamas and Israel, which helped to erode some of oil's geopolitical risk premium. In the US, the Energy Information Administration reported a 7.3 mb w/w increase in commercial crude stocks, which pushed total inventories to their highest level since June last year (461 mb). Meanwhile, serial OPEC+ overproducers Iraq and Kazakhstan shared plans with the OPEC Secretariat to compensate for producing over and above their agreed quotas by a cumulative 602 kb/d and 389 kb/d in Q1 2024, respectively. Both countries will therefore be required to pump below their quotas over the remainder of the year, which, if honored, should result in further market tightening.

**US: A light week for economic releases.** US economic data releases are relatively scant this week, with the University of Michigan's consumer sentiment index for May due this Friday, which is expected to remain broadly steady at 77 from 77.2 in April, underscoring a set of robust readings this year compared to the ones in 2023. However, renewing inflationary pressures and softening job prospects may still weigh on consumer confidence.

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Ahead of this release, weekly unemployment claims for the week ended May 04 will be published on Thursday, showing a modest level of 210K, marginally up from 208K the previous week, highlighting no substantial build-up in joblessness.

## Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi (ADI)	9,037	n/a	-5.64
Bahrain (ASI)	2,031	0.13	3.03
Dubai (DFMGI)	4,143	n/a	2.04
Egypt (EGX 30)	26,114	0.00	5.16
GCC (S&P GCC 40)	695	0.00	-2.38
Kuwait (All Share)	7,044	0.15	3.32
KSA (TASI)	12,373	0.17	3.39
Oman (MSM 30)	4,805	0.67	6.45
Qatar (QE Index)	9,690	0.82	-10.53
<b>International</b>			
CSI 300	3,604	n/a	5.05
DAX	18,002	n/a	7.46
DJIA	38,676	n/a	2.62
Eurostoxx 50	4,921	n/a	8.84
FTSE 100	8,213	n/a	6.21
Nikkei 225	38,236	n/a	14.26
S&P 500	5,128	n/a	7.50
3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.32	-0.66	-20.00
Kuwait	4.25	-6.25	0.00
Qatar	6.00	0.00	-25.00
UAE	5.32	0.00	-0.81
Saudi	6.24	0.32	0.67
LIBOR	5.59	n/a	-0.38
SOFR	5.34	n/a	0.45

Bond yields	%	Change (bps)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi 2027	5.11	n/a	78.9
Oman 2027	5.95	n/a	79.7
Qatar 2026	5.18	n/a	66.2
Kuwait 2027	5.14	n/a	79.9
Saudi 2028	5.21	n/a	68.9
<b>International 10YR</b>			
US Treasury	4.50	n/a	64.0
German Bund	2.51	n/a	48.1
UK Gilt	4.23	n/a	68.8
Japanese Gvt Bond	0.90	n/a	28.8
Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.08	-0.07
KWD per EUR	0.33	0.15	-0.05
USD per EUR	1.08	0.00	-2.52
JPY per USD	152.98	0.00	8.45
USD per GBP	1.25	0.00	-1.45
EGP per USD	47.90	0.00	55.27
Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	82.96	n/a	7.68
KEC	88.81	n/a	11.63
WTI	78.11	n/a	9.02
Gold	2299	n/a	11.47

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

Source: Refinitiv / Haver

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