

Daily Economic Update

Economic Research Department
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Egypt: Private sector activity weaker in April, PMI shows. Egypt's PMI reading fell slightly to 47.4 in April from 47.6 in March, signaling a slightly steeper rate of contraction in business activity. New orders, both domestic and international, remained weak, reflecting the challenging macroeconomic conditions. Employment continued to show slight weakness similar to the past four months, but we expect firms to increase hiring as the business cycle starts to improve over the coming fiscal year. The key main change witnessed in this survey was the cooling down in price growth. Firms reported a significant cooling down in inflationary pressures, with some even reporting that it was the lowest since March 2021. This suggests that the currency move has been successful in making FX available to most firms. In our opinion, as inflation continues to come down and private sector wage levels adjust, real purchasing power could start to recover and encourage businesses to expand once again. Moreover, lower inflation could provide scope for interest rates to fall more quickly than previously expected.

Egypt: Foreign reserves increase to highest level in four years in April. The central bank's FX reserves rose \$696 million in April to reach \$41.1 billion, a second consecutive monthly increase (\$5 billion in March) and bringing reserves to their highest level in 4 years. The rise is mostly from a \$381 million increase in the value of gold reserves and a \$253 million rise in the IMF SDR allocation. The foreign currency component increased by \$62 million. Reserves are expected to see additional gains in the months to come as Egypt takes receipt of further funds from multilateral institutions, including EUR1 billion from the EU, and \$14 billion from the UAE linked to the Ras El-Hekma investment. Total reserves in months of import cover stand at 7.6, up from 5.3 prior to the currency devaluation in March.

UK: House prices record modest growth in April amid high mortgage rates. According to the Halifax Price Index, house prices in the UK increased in April by 0.1% m/m and 1.1% y/y. The average cost of a UK home ticked up to GBP288.9k. The sluggishness in house price growth follows a similar reading by mortgage provider Nationwide last week and confirms the challenging environment for buyers amid elevated interest rates. The Bank of England is expected to keep interest rates on hold this week, keeping mortgage rates high, though the messaging might point to the monetary easing cycle commencing in the next few months. Meanwhile, retail sales fell in April -4.4% y/y, an about turn from March's increase of +3.2%. A change in Easter dates (to March this year from April last year) along with especially bad weather were behind the decline.

Eurozone: Retail sales increase in March at fastest pace since September 2022. Eurozone retail sales surged in March (+0.8% m/m; +0.7% y/y), reversing the contraction observed in February (-0.3% m/m; -0.5% y/y). The increase is the steepest since September 2022 and provides hope of a sustained recovery in household consumption. March data showed that sales of food, drink and tobacco rose by 1.2% y/y, while non-food items were unchanged.

Japan: Services sector activity continued to expand in April. The au Jibun Bank Japan Services PMI came in at a solid 54.3 in April, higher than the previous month's reading of 54.1. New business volumes expanded again in April, with the rate of growth accelerating to its fastest in 10 months on improving business conditions and demand, while export orders remained robust. Employment remained in expansionary territory for the seventh month, though unchanged from March. However, output price pressures accelerated to a more than decade-high, with businesses reporting a need to pass on higher costs especially wages to customers.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,072	0.40	-5.28
Bahrain (ASI)	2,024	0.07	2.65
Dubai (DFMGI)	4,156	0.01	2.38
Egypt (EGX 30)	26,430	1.21	6.43
GCC (S&P GCC 40)	697	0.18	-2.20
Kuwait (All Share)	7,026	-0.20	3.07
KSA (TASI)	12,358	-0.12	3.26
Oman (MSM 30)	4,779	-0.27	5.86
Qatar (QE Index)	9,619	-0.21	-11.19
International			
CSI 300	3,658	1.48	6.61
DAX	18,175	0.96	8.50
DJIA	38,852	0.46	3.09
Eurostoxx 50	4,957	0.72	9.63
FTSE 100	8,213	0.00	6.21
Nikkei 225	38,236	0.00	14.26
S&P 500	5,181	1.03	8.61

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.32	0.05	-20.65
Kuwait	4.31	0.00	0.00
Qatar	6.00	0.00	-25.00
UAE	5.28	6.72	-11.53
Saudi	6.27	3.79	-0.05
LIBOR	5.58	-0.43	-0.38
SOFR	5.32	-0.63	-1.02

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	5.06	-9.50	82.9
Oman 2027	5.91	-4.90	79.8
Qatar 2026	5.15	0.70	62.8
Kuwait 2027	5.08	-6.20	80.1
Saudi 2028	5.17	-5.80	70.8
International 10YR			
US Treasury	4.46	-2.80	62.9
German Bund	2.42	-5.50	44.7
UK Gilt	4.13	-9.80	68.8
Japanese Gvt Bond	0.87	-3.30	28.8

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.00	0.05
KWD per EUR	0.33	0.12	0.08
USD per EUR	1.08	-0.15	-2.43
JPY per USD	154.69	0.53	9.09
USD per GBP	1.25	-0.45	-1.32
EGP per USD	47.67	-0.48	55.27

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	83.16	-0.20	8.16
KEC	85.12	n/a	6.99
WTI	78.38	-0.13	9.53
Gold	2315.2	-0.28	12.57

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

Source: Refinitiv / Haver

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