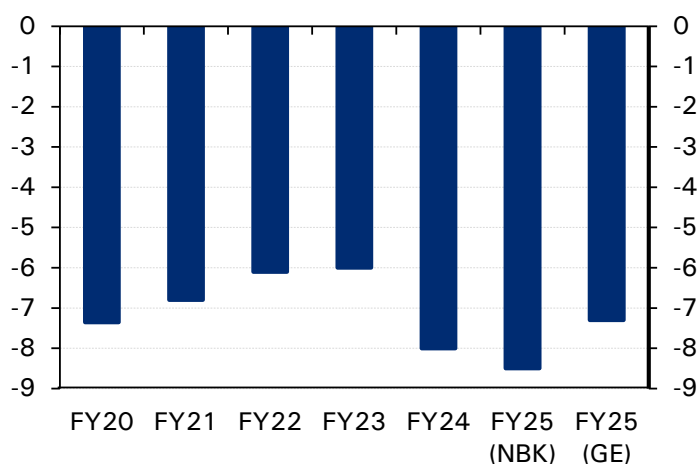


Daily Economic Update

Economic Research Department
25 April 2024

Egypt: New, broader government budget for FY24/25 presented to parliament. The MoF presented the FY24/25 budget to parliament yesterday and will wait for parliament to vote in favor or return it for amendment, with the budget to be finalized before the end of June. This will be the first implementation of a consolidated budget that includes the central government but also all public companies and authorities. Central government revenues are projected at EGP2.6trn with tax revenues growing 31% y/y to EGP2trn. Expenses are set at EGP3.87trn, up 29% with subsidies and wages rising an average of 18% and public investment at a maximum of EGP1trn. The budget deficit is expected at EGP1.2trn (7.3% of GDP), with a primary surplus (i.e excluding interest payments) of EGP591bn (3.5% of GDP). Adding in the public companies and authorities increases revenues by EGP2.7trn and expenses by EGP2.73trillion, making their inclusion a net negative contributor to the budget and resulting in a deficit of EGP1.3trn (7.7% of GDP). **Comment:** The adoption of a new, broader definition for the budget will increase transparency with regards to all state economic activity except for pure military activity. The move has a limited (and indeed notional) economic impact as it will lead to an increase in the final deficit by only 5%. It does however provide a more realistic view of the state's financial situation, with for example tax revenues as share of total revenue dropping from 77% to 38%, and total revenues jumping from 16% of GDP to 32% of GDP. The key benefit of the shift in our opinion is that the new approach should allow for a better monitoring of the financial performance of the public authorities and public companies.

Chart 1: Egypt fiscal balance
(% GDP)



Source: NBK estimates, MoF; * GE = government estimates

UAE: Cabinet approves assistance for weather-related damage. The cabinet approved a AED2.0 bn (around \$0.5 bn) package of support to address the damage suffered by citizens' homes from the recent extreme

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weather conditions. This follows the central bank's directive to all banks and insurance companies to allow the deferral of installments on personal loans and car loans for customers affected by the flooding for a period of six months without incurring any penalties or extra fees. The central bank also confirmed that insurance companies shall be considered responsible for the indemnification of vehicles and homes suffered from rain damage where covered by "comprehensive insurance".

US: Overall durable goods orders climb, but core orders rise marginally. In March, durable goods orders rose at a four-month-high rate of 2.5% m/m from a downwardly revised 0.7% in February. However, growth in core capital goods orders, which exclude defense and aircraft, and a proxy for business spending, eased to 0.2% m/m from 0.4% in February, suggesting a cautious outlook for business equipment spending. Moreover, shipments of core goods recovered by just +0.2% m/m after dropping 0.6% in February. Though there are some early signs of recovery in the US manufacturing sector, March's overall soft data and downward revisions to the previous month indicate an uninspiring pace of rebound.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,045	-0.07	-5.56
Bahrain (ASI)	2,013	-0.19	2.11
Dubai (DFMGI)	4,167	0.02	2.65
Egypt (EGX 30)	25,918	-3.21	4.37
GCC (S&P GCC 40)	696	-0.64	-2.30
Kuwait (All Share)	7,061	-0.19	3.58
KSA (TASI)	12,356	-1.03	3.24
Oman (MSM 30)	4,707	0.23	4.28
Qatar (QE Index)	9,666	-0.46	-10.75

International			
CSI 300	3,522	0.44	2.64
DAX	18,089	-0.27	7.98
DJIA	38,461	-0.11	2.05
Eurostoxx 50	4,990	-0.37	10.36
FTSE 100	8,040	-0.06	3.97
Nikkei 225	38,460	2.42	14.93
S&P 500	5,072	0.02	6.33

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.33	-2.29	-19.69
Kuwait	4.31	0.00	0.00
Qatar	6.00	0.00	-25.00
UAE	5.12	1.66	-20.91
Saudi	6.21	-1.76	-2.33
LIBOR	5.59	0.09	-0.69
SOFR	5.32	0.06	-0.79

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	5.15	-0.20	82.5
Oman 2027	6.05	4.90	88.9
Qatar 2026	5.26	0.50	73.7
Kuwait 2027	5.19	0.30	84.7
Saudi 2028	5.33	-0.80	81.1

International 10YR			
US Treasury	4.65	5.60	79.4
German Bund	2.59	8.00	55.7
UK Gilt	4.34	9.30	80.0
Japanese Gvt Bond	0.89	0.30	27.2

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	-0.01	0.24
KWD per EUR	0.33	-0.03	-0.39
USD per EUR	1.07	-0.02	-3.07
JPY per USD	155.34	0.34	10.12
USD per GBP	1.25	0.10	-2.11
EGP per USD	47.85	-0.31	55.11

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	88.02	-0.45	14.25
KEC	89.46	0.38	12.44
WTI	82.81	-0.66	15.58
Gold	2324.5	-0.14	12.71

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

Source: Refinitiv / Haver