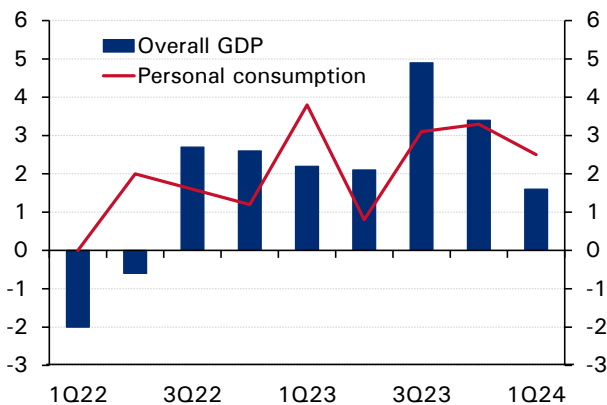


Daily Economic Update

Economic Research Department
28 April 2024

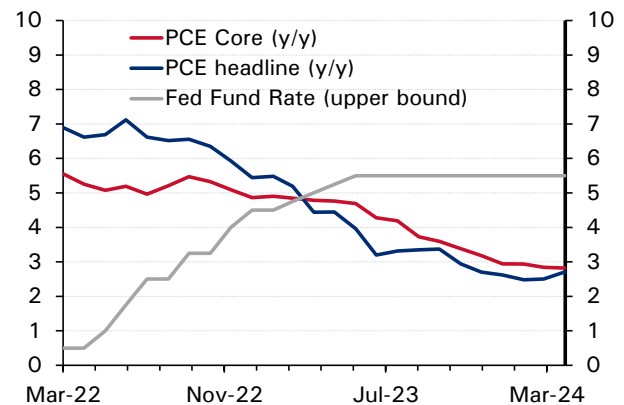
US: Economic momentum slows in Q1, but underlying growth still robust, while PCE inflation accelerates. US GDP growth unexpectedly moderated to 1.6% (annualized) in Q1 2024 from the upwardly revised 3.4% in Q4 2023, coming in sharply lower than the 2.5% forecast. This was on the back of a wider trade deficit, slower growth in government and business outlays, and some pullback in households' spending on goods. However, a core measure of the underlying trend, final sales to private domestic purchasers (private consumption and gross private fixed investments), was still robust at 3.1% (versus 3.3% in Q4 2023). Solid growth in household spending on services (+4%) and residential fixed investments (+13.9%) and a sharp jump in imports (+7.2%) should signal solid overall private consumption in Q2, offsetting worries of any material loss in momentum. Meanwhile, core PCE inflation in Q1 was hotter than expected at 3.7% q/q, accelerating from just 2% in Q4 2023, fueling stagflation concerns. In March, the headline PCE inflation measure stood at 2.7% y/y (+0.3% m/m), rising from 2.6% (0.3% m/m) in February, with the core rate unchanged at 2.8% (0.3%). A narrow gauge (core services excluding housing) jumped from 0.2% m/m in February to 0.4% in March, underscoring an unclear and bumpy path to the Fed's 2% inflation goal.

Chart 1: US GDP growth
(% q/q) annualized



Source: Haver

Chart 2: US PCE inflation
(%)



Source: Haver

Japan: Bank of Japan (BoJ) keeps policy rate unchanged, hints at future hikes to stem yen depreciation. The BoJ board kept its policy rate unchanged from its previous meeting (0.0%-0.1%) while continuing in its government bond (JGB) purchasing program to keep borrowing costs low despite the yen depreciation. Moreover, the BoJ revised down its GDP forecast to 0.8% in FY2024 (beginning April 2024), from January's projection of 1.2%, to reflect lower private consumption. The GDP growth projection for FY2025 was left unchanged at 1.0%. Meanwhile, the headline inflation forecast was revised up to 2.8% in FY2024 (from 2.4% in January's projections). The BoJ renewed its confidence that core inflation (headline CPI less fresh food &

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energy) would reach the BoJ's target of 1.9% in FY2024 and FY2025 before accelerating to 2.1% in FY2026. The lack of clear guidance by the BoJ on future rate hikes while ruling out a termination of the bond purchase program triggered a decline in the yen against the greenback to around 158.3, adding to the BoJ's worries about its impact on consumption and rising living costs.

Saudi Arabia: Improving trend in terms of non-oil exports and imports. Non-oil exports rose by 4.4% y/y in February, a third consecutive monthly increase (non-oil exports dropped by 14% in 2023). Meanwhile, imports increased in February by 12% y/y from an exceptionally low level last February but came in below the average monthly level in 2023. For January-February cumulative, imports are up 6.2% y/y (down from +9% in 2023). The value of oil exports fell by 3.8% y/y in February and are down by 9% y/y in January-February, after tumbling by 24% in 2023. The merchandise trade surplus stood at SAR 32 billion in February compared with a monthly average of around SAR 35 billion in 2023, noting that the surplus for full-2023 stood at SAR 424 billion (10.6% of GDP).

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,042	0.01	-5.59
Bahrain (ASI)	2,017	0.19	2.30
Dubai (DFMGI)	4,148	-0.52	2.18
Egypt (EGX 30)	25,918	0.00	4.37
GCC (S&P GCC 40)	693	0.04	-2.76
Kuwait (All Share)	7,026	-0.50	3.06
KSA (TASI)	12,255	-0.82	2.40
Oman (MSM 30)	4,714	0.14	4.42
Qatar (QE Index)	9,638	-0.29	-11.02
International			
CSI 300	3,584	1.53	4.46
DAX	18,161	1.36	8.41
DJIA	38,240	0.40	1.46
Eurostoxx 50	5,007	1.37	10.73
FTSE 100	8,140	0.75	5.26
Nikkei 225	37,935	0.81	13.36
S&P 500	5,100	1.02	6.92
3m interbank rates			
	%	Change (bps)	
		Daily	YTD
Bahrain	6.33	0.00	-19.69
Kuwait	4.31	0.00	0.00
Qatar	6.00	0.00	-25.00
UAE	5.21	18.67	-30.66
Saudi	6.23	0.00	-0.29
LIBOR	5.59	0.46	-0.65
SOFR	5.32	0.04	-0.65

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	5.19	-4.50	86.8
Oman 2027	6.10	-4.80	94.0
Qatar 2026	5.28	-5.80	76.0
Kuwait 2027	5.26	-0.30	91.5
Saudi 2028	5.37	-3.60	85.0
International 10YR			
US Treasury	4.67	-3.70	80.9
German Bund	2.57	-5.00	54.5
UK Gilt	4.33	-4.10	78.9
Japanese Gvt Bond	0.92	2.50	30.4

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.11	0.29
KWD per EUR	0.33	-0.23	-0.39
USD per EUR	1.07	-0.34	-3.12
JPY per USD	158.33	1.72	12.24
USD per GBP	1.25	-0.19	-1.89
EGP per USD	47.85	0.00	55.11

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	89.50	0.55	16.17
KEC	89.87	0.57	12.96
WTI	83.85	0.34	17.03
Gold	2334.8	0.21	13.21

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

Source: Refinitiv / Haver