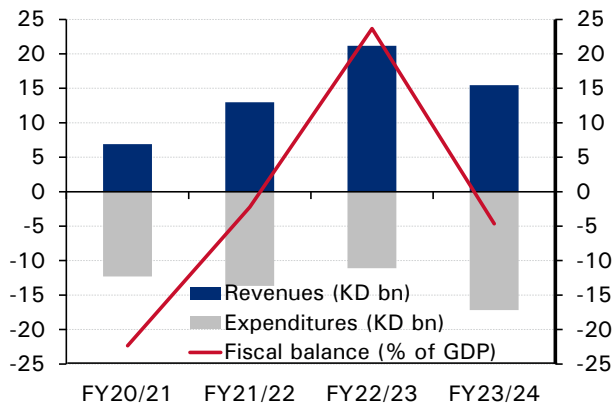


# Daily Economic Update

Economic Research Department  
21 February 2024

**Kuwait: Nine-month FY23/24 fiscal deficit reaches almost 5% of GDP.** According to Ministry of Finance data, the government posted a budget deficit of KD1.7 billion (-4.8% of estimated pro-rated GDP) in the first nine months of the current fiscal year FY23/24 (April-December 2023). Revenues clocked in at KD15.4 billion (-27% y/y), 92% of which were derived from oil (KD14.3bn, -29%). Non-oil revenues were down 3% y/y at KD1.2 billion. Expenditures came in at KD17.2 billion, up around 55% y/y on the back of higher spending on salaries, grants as well as subsidy costs (these figures may have been boosted by inclusion of one-off items). These 'current' expenses accounted for 96% of total expenditures. Capital expenditures, on the other hand, fell 6% y/y to KD720 million over the nine-month period and stood at just 52% of the pro-rated budgetary allocation. At 1.9% of GDP, government capex as a share of national output is historically low. With expenditure typically rising sharply in the final months of the year, we are likely to see a consequently larger deficit by the fiscal year-end in March, potentially around 7% of GDP in the full-year reading.

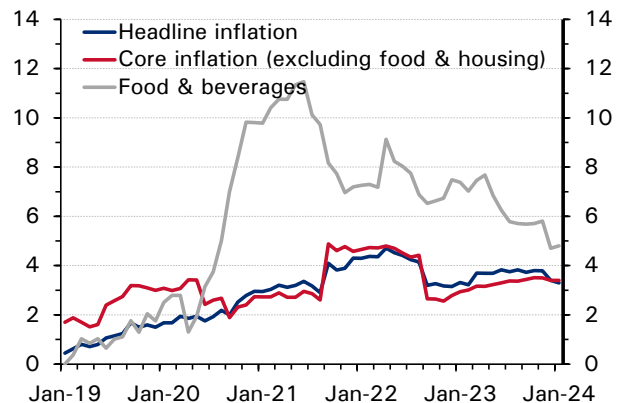
**Chart 1: Kuwait public finances (9-month totals)**



Source: Kuwait Ministry of Finance

**Chart 2: Kuwait CPI inflation**

(% y/y)



Source: Haver, CSB

**Kuwait: Inflation slows to a 11-month low.** Consumer price inflation in Kuwait ticked lower in January to 3.3% y/y compared to 3.4% in the previous month, recording the softest gain since February 2023. The moderation stemmed largely from base effects in the clothing & footwear item which eased to 6.4% y/y in January from 6.7% previously and amid a continued deceleration in the transportation and communication subcomponents, which offset a rise in furnishings & household items, food & beverage, and healthcare costs. Other categories were stable on an annual basis, helping keep the core inflation measure (which excludes food and housing costs) at 3.4% y/y. Despite the year-on-year disinflation, monthly increases remained strong across several components. The headline CPI rose 0.2% m/m as food & beverage prices edged up 0.3%. Meanwhile, the core index rose 0.3% m/m, mainly on the back of 0.6% and 0.5% monthly gains in the clothing and household

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maintenance categories, respectively. Inflation has remained slightly higher than in some neighboring GCC economies during the past year, though we see a combination of the still-strong US dollar (and by extension the dinar), deflation in imported Chinese goods and normalizing domestic consumption growth from previously very high levels helping the headline rate moderate to 2.5% in 2024.

**Japan: Trade deficit narrows sharply in January as exports zoom.** Provisional data from the Ministry of Finance showed that Japan's trade deficit shrank to JPY1,758 billion in January from JPY3,506 billion during the same month a year ago. The smaller deficit came on the back of 14-month high growth in exports (+11.9% y/y) due to stronger demand from the US and China for transport equipment and automobiles, which rose 24%. On the other side, imports shrank for the tenth consecutive month in January by 9.6% y/y, coming below the consensus forecast of a decline of 8.4% y/y, as energy imports tumbled by 23% (petroleum (-9.2%) and LNG (-29%)).

## Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi (ADI)	9,400	-0.11	-1.85
Bahrain (ASI)	2,049	-0.13	3.91
Dubai (DFMGI)	4,277	0.10	5.36
Egypt (EGX 30)	29,331	-0.41	18.11
GCC (S&P GCC 40)	742	0.34	4.22
Kuwait (All Share)	7,394	0.56	8.46
KSA (TASI)	12,607	0.09	5.34
Oman (MSM 30)	4,582	-1.19	1.49
Qatar (QE Index)	10,308	0.08	-4.82
<b>International</b>			
CSI 300	3,411	0.21	-0.59
DAX	17,068	-0.14	1.89
DJIA	38,564	-0.17	2.32
Eurostoxx 50	4,760	-0.06	5.28
FTSE 100	7,719	-0.12	-0.18
Nikkei 225	38,364	-0.28	14.64
S&P 500	4,976	-0.60	4.31
3m interbank rates		Change (bps)	
	%	Daily	YTD
Bahrain	6.38	-0.50	-14.25
Kuwait	4.31	0.00	0.00
Qatar	6.00	0.00	-25.00
UAE	5.37	2.40	4.64
Saudi	6.24	0.91	0.28
LIBOR	5.59	1.17	-0.57
SOFR	5.31	-0.51	-1.74

Bond yields	%	Change (bps)		
		Daily	YTD	
<b>Regional</b>				
Abu Dhabi 2027	4.71	3.50	38.6	
Oman 2027	5.69	0.00	53.4	
Qatar 2026	4.87	-0.50	35.3	
Kuwait 2027	4.58	3.10	23.6	
Saudi 2028	5.07	-5.20	55.2	
<b>International 10YR</b>				
US Treasury	4.28	-2.00	41.5	
German Bund	2.37	-4.10	34.1	
UK Gilt	4.04	-6.70	50.4	
Japanese Gvt Bond	0.73	0.00	11.5	
Exchange rates		Rate	Change (%)	
			Daily	YTD
KWD per USD	0.31	-0.05	0.18	
KWD per EUR	0.33	0.20	0.54	
USD per EUR	1.08	0.24	-2.11	
JPY per USD	149.99	-0.08	6.33	
USD per GBP	1.26	0.20	-0.87	
EGP per USD	30.93	0.26	0.26	
Commodities		\$/unit	Change (%)	
			Daily	YTD
Brent crude	82.34	-1.46	6.88	
KEC	83.01	0.58	4.34	
WTI	78.18	-1.28	9.11	
Gold	2027.5	0.80	-1.69	

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

Source: Refinitiv / Haver

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