

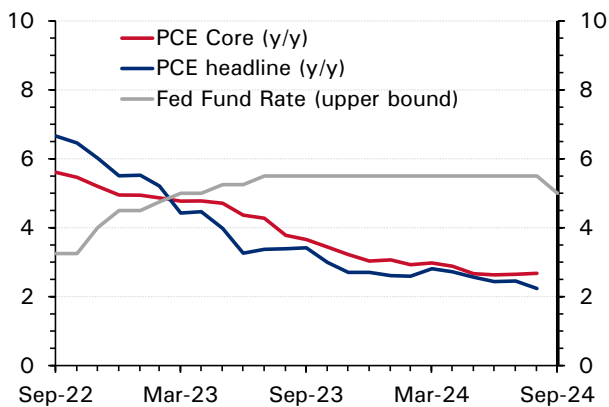
# Daily Economic Update

Economic Research Department  
29 September 2024

**US: Economic indicators point to robust but slowing economy.** The latest economic data over the weekend came in strong, with GDP growth in Q2 2024 confirmed at 3% (annualized), rising from a revised, final estimate of +1.6% in Q1, and durable goods orders in August staying flat against a forecast of a 2.6% m/m decline (+9.8% in July). Also, initial weekly jobless claims (w/e Sep 21) unexpectedly dropped to a three-month low of 218K from 222K the previous week. Moreover, PCE inflation softened in August to 0.1% m/m (+2.2% y/y) from 0.2% (+2.5% y/y) in July, with the core rate also easing to 0.1% m/m (+2.7% y/y) from 0.2% (+2.6% y/y) in July. However, growth in personal income and personal spending in August disappointed, slowing more than forecast to 0.2% m/m each from +0.3% and +0.5, respectively, in July, underscoring cautious household consumption amid moderating wage growth. With inflation largely behaving, the Fed should continue easing its monetary stance to support the job market and the broader economy, with market expectations on further interest rate cuts remaining firm on at least another 50 bps before the end of the year, following a 50-bps cut earlier this month.

**Chart 1: US PCE inflation**

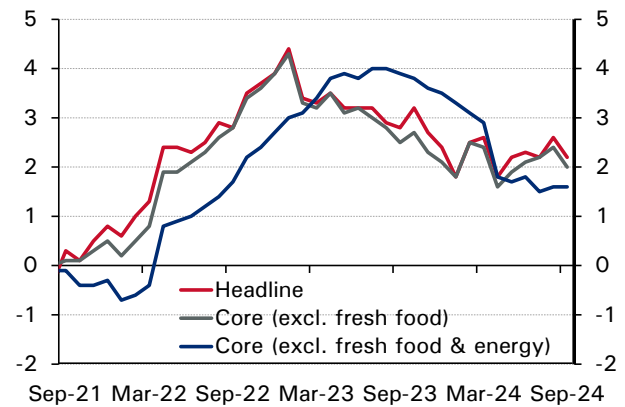
(%)



Source: Haver

**Chart 2: Tokyo inflation**

(%. y/y)



Source: Statistics Bureau of Japan

**Japan: Tokyo inflation edges down in September on the resumption of government subsidies.** Headline consumer price inflation in Tokyo eased in September to 2.2% y/y from August's reading of 2.6% y/y, mainly on slower yearly growth in energy expenses (+9.5% y/y versus +17.4% in August) due to the reinstatement of subsidies on gas and electricity to curb the rise in utility bills. On the other hand, core inflation (excl. fresh food & energy) remained stable at 1.6% y/y in September, while price growth in the services sector eased slightly to 1.2% y/y following a 1.3% gain in August. The focus will shift now on whether services prices will accelerate in October following Japanese firms' biannual revisions to prices for goods and services, which could increase the probability of another rate hike in December or in January next year.

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**Oman: Regains investment grade status to 'BBB-' after 7 years.** S&P Global has upgraded Oman's sovereign credit rating from 'BB+' to 'BBB-' (stable outlook) to reflect continued strengthening in the government's public finances. The upgrade puts Oman in the investment grade band again after seven years. This upgrade caps several years of structural reforms including the divestment and deleveraging of many state-owned enterprises, which have helped Oman become less vulnerable to oil price shocks. S&P Global also noted that there has been an improvement in the debt metrics of government related entities, which fell to \$33.8 billion (30% of GDP) in June 2024 from a peak of \$35.9 billion (41% of GDP) at end-2021. The rating agency expects the Omani government to further reduce its footprint in the economy and sees it assuming more of a regulatory rather than ownership role. S&P Global expects the government to post annual fiscal surpluses of 1.9% GDP in 2024–2027 on the assumption that oil prices (Brent) remain around \$80/bbl during the period and remarked that it could raise Oman's rating again on sustained reform momentum and steady growth in GDP per capita.

## Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi (ADI)	9,439	-0.47	-1.13
Bahrain (ASI)	2,014	-0.25	2.15
Dubai (DFMGI)	4,521	-0.12	11.37
Egypt (EGX 30)	31,277	0.08	25.95
GCC (S&P GCC 40)	722	-0.13	1.37
Kuwait (All Share)	7,197	-0.08	5.57
KSA (TASI)	12,374	0.25	3.40
Oman (MSM 30)	4,702	-0.52	4.16
Qatar (QE Index)	10,582	0.37	-2.30
<b>International</b>			
CSI 300	3,704	4.47	7.94
DAX	19,474	1.22	16.25
DJIA	42,313	0.33	12.27
Eurostoxx 50	5,067	0.69	12.07
FTSE 100	8,321	0.43	7.60
Nikkei 225	39,830	2.32	19.02
S&P 500	5,738	-0.13	20.30
<b>3m interbank rates</b>			
	%	Change (bps)	
		Daily	YTD
Bahrain	6.03	0.00	-49.01
Kuwait	3.94	0.00	-37.50
Qatar	6.00	0.00	-25.00
UAE	4.53	0.65	-79.65
Saudi	5.63	0.00	-60.56
LIBOR	4.85	-1.03	-73.80
SOFR	4.60	-3.95	-72.77

Bond yields	%	Change (bps)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi 2027	3.94	-1.00	-38.1
Oman 2027	4.71	10.00	-44.7
Qatar 2026	4.22	0.00	-29.9
Kuwait 2027	4.10	-4.00	-24.0
Saudi 2028	4.20	0.00	-32.1
<b>International 10YR</b>			
US Treasury	3.75	-4.57	-11.0
German Bund	2.14	-3.20	11.0
UK Gilt	3.98	-3.20	43.8
Japanese Gvt Bond	0.81	-2.00	19.4
<b>Exchange rates</b>			
	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.30	0.09	-0.73
KWD per EUR	0.34	-0.16	2.93
USD per EUR	1.12	-0.12	1.15
JPY per USD	142.19	-1.80	0.80
USD per GBP	1.34	-0.31	5.06
EGP per USD	48.31	-0.02	56.60
<b>Commodities</b>			
	\$/unit	Change (%)	
		Daily	YTD
Brent crude	71.98	0.53	-6.57
KEC	73.84	0.46	-7.19
WTI	68.18	0.75	-4.84
Gold	2644.3	-0.96	28.21

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

Source: LSEG / Haver

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