

Daily Economic Update

Economic Research Department
30 October 2024

US: Job openings decline further, but consumer confidence surges. Job openings in September fell more than expected, hitting the lowest level since January 2021 at 7.4 million from a downwardly revised 7.9 million in August. However, the decline in vacancies may have been influenced by recent Hurricanes in the US, as the southern region showed an outsized drop in open positions. The hiring rate picked up from August but the rates for layoffs rose and quits declined. Meanwhile, an index of consumer confidence by the Conference Board rose to a nine-month high in October (to 108.7 from 99.2 in September), as consumers' perception about job market prospects strengthened and a higher number of respondents reported plans to purchase durable goods over the next six months. Finally, national house prices based on the S&P Case Shiller index recorded slower growth of 4.2% y/y in August from 4.8% in July but accelerated on a monthly basis to 0.3% from 0.1% in July. We believe that worsening affordability due to slowing wage growth, higher prices, and still-elevated mortgage rates will likely keep increases in house prices in check.

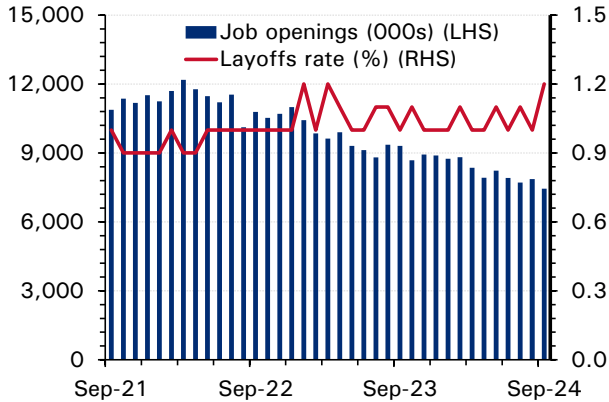
UK: Rise in mortgage approvals signals further uptick in the UK residential market. Bank of England (BoE) data show net mortgage approvals (a leading indicator for borrowing) rose from 65K in August to 65.6K in September, the highest level since August 2022. The balance of outstanding mortgage facilities also increased by 0.2% m/m (+0.9% y/y), following a similar monthly rise in August. The BoE, after cutting the bank rate by 25 bps in early August, is expected to reduce policy interest rates by another 25 bps at its meeting next week. Therefore, helped by lower borrowing costs and elevated wage rises, the housing market should see sustained momentum and further modest price gains over the coming months.

Japan: The Bank of Japan meets and is expected to keep interest rates on hold. The BoJ is widely expected to leave interest rates unchanged at "around 0.25%" in its two-day meeting starting today as it assesses the impact of the ruling coalition's loss of majority in the recent general election. The BoJ board members have, on several occasions, signaled their commitment to policy normalization after a decade of unorthodox monetary easing, but only if growth and inflation data remain in line with the BoJ's projections. The meeting will be less than a week before the November 5 US elections, another key factor that the BoJ will be monitoring given the global spillovers that it carries. The rising uncertainty has renewed yen weakness, which fell again to 153 against the dollar, a level unseen since July.

Japan: Unemployment rate drops to its lowest since January. The unemployment rate fell from 2.5% in August to 2.4% in September, the lowest level since January, amid a seasonally-adjusted 2.3% m/m decline in unemployed persons. However, the number of employed persons also dropped by a seasonally-adjusted 90 thousand (0.1% m/m) due to a decrease in jobs in the wholesale/retail trade and the manufacturing sectors, which together account for around 31% of total employment in Japan. The disappointing flash PMI for October, which pointed to a contraction in the manufacturing and services sectors, may indicate further

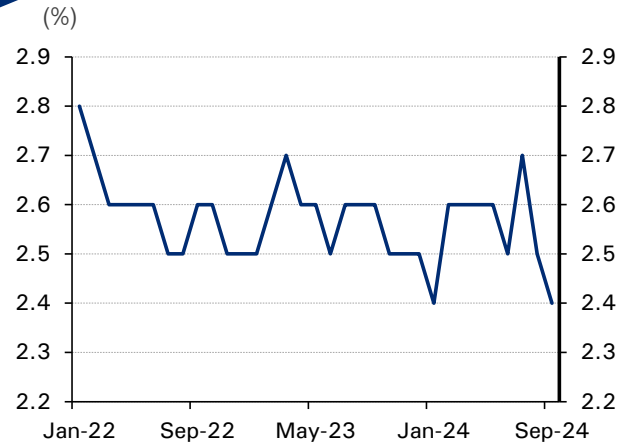
employment losses for these sectors in that month. Japan's labor force participation rate (not seasonally adjusted) stood at 63.5% in September compared with 63.3% for the same month last year.

Chart 1: US job openings and layoffs rate



Source: Haver

Chart 2: Japan unemployment rate (SA)



Source: Haver

UAE: Dubai's largest-ever budget approved for 2025. Dubai's government has approved its largest-ever budget cycle for 2025-27 with total expenditures of AED272 billion (\$74 billion) and projected revenues of AED302 billion, implying a budget surplus over the period. The government also approved a record budget for 2025 with an expected surplus of AED11.4 billion (4% of Dubai's GDP) as expenditures are projected to increase 9.1% budget-on-budget to AED86.3 billion while revenues are forecast at AED97.7 billion. Around 46% of expenditures are allocated to infrastructure and related construction projects to help the Emirate's population reach the projected 5.8 million residents by 2040, while around 30% of expenditures will be directed to health, education, and scientific research. The expansionary budget and its focus on further expanding and developing infrastructure is expected to increase potential growth in Dubai over the medium term.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,312	0.05	-2.77
Bahrain (ASI)	2,017	0.25	2.31
Dubai (DFMGI)	4,583	1.02	12.90
Egypt (EGX 30)	30,620	-0.50	23.30
GCC (S&P GCC 40)	708	0.31	-0.61
Kuwait (All Share)	7,111	0.19	4.31
KSA (TASI)	12,062	0.07	0.79
Oman (MSM 30)	4,766	-0.60	5.59
Qatar (QE Index)	10,590	0.82	-2.22
International			
CSI 300	3,925	-1.00	14.38
DAX	19,478	-0.27	16.28
DJIA	42,233	-0.36	12.06
Eurostoxx 50	4,950	-0.40	9.47
FTSE 100	8,220	-0.80	6.29
Nikkei 225	38,904	0.77	16.25
S&P 500	5,833	0.16	22.29
3m interbank rates			
	%	Change (bps)	
		Daily	YTD
Bahrain	6.02	-0.42	-50.78
Kuwait	3.94	0.00	-37.50
Qatar	6.00	0.00	-25.00
UAE	4.61	-9.03	-71.51
Saudi	5.69	-1.67	-54.36
SOFR	4.59	-1.55	-74.22

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.41	-1.00	8.9
Oman 2027	5.25	-1.00	9.3
Qatar 2026	4.59	-1.00	7.1
Kuwait 2027	4.37	-2.00	3.0
Saudi 2028	4.62	-3.00	9.9
International 10YR			
US Treasury	4.26	-2.60	39.5
German Bund	2.33	4.85	30.4
UK Gilt	4.31	6.00	77.5
Japanese Gvt Bond	0.97	0.00	35.4

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	-0.01	-0.34
KWD per EUR	0.33	0.06	0.29
USD per EUR	1.08	0.06	-1.98
JPY per USD	153.35	0.05	8.71
USD per GBP	1.30	0.34	2.25
EGP per USD	48.66	0.02	57.73

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	71.12	-0.42	-7.68
KEC	71.14	-1.58	-10.58
WTI	67.21	-0.25	-6.20
Gold	2768.4	0.93	34.23

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

Source: LSEG / Haver

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