

Daily Economic Update

Economic Research Department
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Global: IMF broadly maintains its global growth forecast for 2024-2025, despite a steep upgrade for China. In its latest World Economic Outlook update, the IMF left its global growth forecast for 2024 unchanged from its April projections at 3.2% and marginally upgraded 2025 to 3.3% from 3.2% previously. Among the major economies, projected growth in the US was broadly unchanged at 2.6% and 1.9% in 2024 and 2025, respectively, with growth in the Eurozone at 0.9% and 1.5%, also broadly unchanged from the prior forecast. China's growth was upgraded by a relatively steep 0.4 percentage points for both years to stand at 5% and 4.5%, respectively. In Japan, growth was lowered to 0.7% from 0.9% for 2024 and remained at 1% for 2025 while UK growth was raised to 0.7% from 0.5% for 2024 and left unchanged at 1.5% for 2025. The Fund sees services inflation holding up progress on disinflation, which is complicating monetary policy normalization. It believes that upside risks to inflation have increased, "raising the prospect of higher-for-even-longer interest rates".

US: Retail sales stagnate, but core spending climbs. Retail sales in June were unchanged as expected, but May's data was revised higher to show a 0.3% m/m rise versus +0.1% estimated earlier. A core measure of sales, which excludes auto, gasoline, food services and building material sales, grew 0.9% m/m, matching this March's highest rise since April 2023, and underscoring resilient consumer spending. Overall retail sales growth could have been higher during the month, but a cyber security incident for auto dealers in June pressured auto sales, which declined by 2.3% m/m. Auto sales should likely recover in July. Solid core spending data in June and an upwardly revised May figure have boosted GDP growth expectations for Q2, with the Atlanta Fed GDPnow model projecting 2.5% annualized growth compared to 2% before the latest data release.

Japan: Reuters Tankan index points to a more confident manufacturing sector in July. The Tankan index, which measures business sentiment in the manufacturing and services sectors, showed a manufacturing sector reading of +11 in July from +6 in the previous month, the highest in seven months. However the services sector reading fell for the first time in three months (+26 from +31 a month earlier), pointing to slowing demand amid a weaker yen. These results come ahead of the consumer inflation results for June due Friday with the consensus projecting an increase in core inflation to 2.7% y/y (2.5% in May), putting more scrutiny on the next BoJ meeting as the markets eye a possible rate hike and bond tapering announcement.

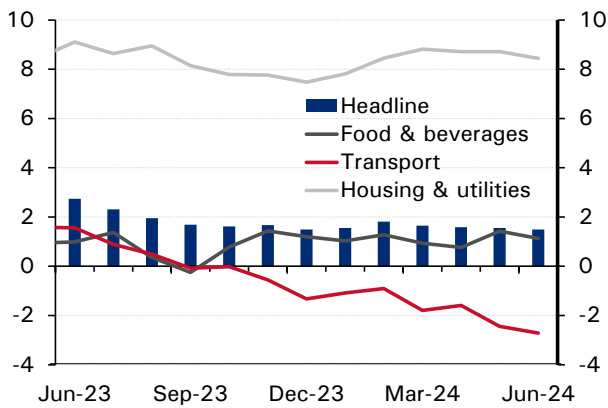
Saudi Arabia: Inflation edges down to six-month low in June. Consumer price inflation ticked down to 1.5% y/y in June from 1.6% the previous month, the lowest since December 2023 and below market expectations of 1.6%. The softer reading was partly due to lower housing inflation which eased to 8.4% (from 8.7%) mostly on lower rental inflation, although still high at 10.1%. Additionally, food & beverage inflation eased (1.1% versus 1.4%) and transport prices fell deeper into deflation territory (-2.7% versus -2.4%). Meanwhile inflation in

other categories remained broadly negative, contributing to the overall low level of inflation. Inflation averaged 1.6% in H1 2024 and could average 1.8% for the full year from 2.3% in 2023.

UAE: Domestic credit growth hits eight-year high in April. Domestic credit grew by 6.5% y/y in April, up from 6.1% in March and the fastest growth since 2016. The faster growth was due to a strong increase in private sector credit (6.0% y/y) driven by robust growth in personal credit (+12.1%). Credit to government related entities was also strong at +19.9% y/y, while credit to the government fell -8.4%. In the year to April (four months), domestic credit registered a 2.9% increase, up from 1.8% in the corresponding period of 2023. The strength was thanks mostly to growth in personal credit (+3.8%) pointing to strong consumer demand that likely supported non-oil economic growth in H1 2024. Meanwhile resident deposits also saw strong growth (17.2% y/y) in April due to strong growth in both government and private sector deposits.

Chart 1: Saudi Arabia CPI inflation

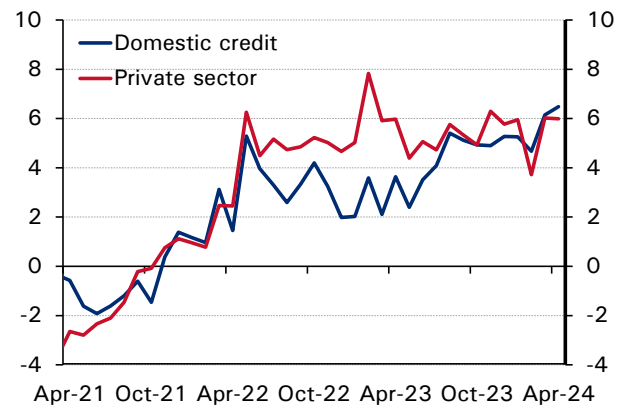
(%, y/y)



Source: GASTAT

Chart 2: UAE domestic credit

(%, y/y)



Source: Central Bank of UAE

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,156	0.12	-4.40
Bahrain (ASI)	1,986	0.00	0.73
Dubai (DFMGI)	4,110	-0.12	1.23
Egypt (EGX 30)	27,829	-0.44	12.07
GCC (S&P GCC 40)	696	0.68	-2.26
Kuwait (All Share)	7,102	-0.22	4.17
KSA (TASI)	12,080	1.11	0.94
Oman (MSM 30)	4,690	-0.07	3.89
Qatar (QE Index)	10,194	-0.02	-5.88

International			
CSI 300	3,498	0.63	1.96
DAX	18,518	-0.39	10.54
DJIA	40,954	1.85	8.66
Eurostoxx 50	4,948	-0.71	9.43
FTSE 100	8,165	-0.22	5.58
Nikkei 225	41,275	0.20	23.34
S&P 500	5,667	0.64	18.81

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.35	0.00	-17.33
Kuwait	4.25	-6.25	0.00
Qatar	6.00	0.00	-25.00
UAE	5.23	2.17	-12.27
Saudi	6.20	0.05	-3.45
LIBOR	5.54	-0.65	-4.56
SOFR	5.29	-0.03	-4.56

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.70	-6.00	37.9
Oman 2027	5.32	0.00	16.3
Qatar 2026	4.93	0.00	41.1
Kuwait 2027	4.92	-1.00	58.0
Saudi 2028	4.89	0.00	36.9

International 10YR			
US Treasury	4.16	-7.27	29.8
German Bund	2.43	-3.75	40.2
UK Gilt	4.05	-5.25	50.9
Japanese Gvt Bond	1.02	-3.00	40.4

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.01	-0.59
KWD per EUR	0.33	0.06	0.73
USD per EUR	1.09	0.03	-1.26
JPY per USD	158.34	0.21	12.25
USD per GBP	1.30	-0.01	1.85
EGP per USD	47.99	0.19	55.56

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	83.73	-1.32	8.68
KEC	85.78	-0.92	7.82
WTI	80.76	-1.40	12.71
Gold	2462.4	1.63	19.39

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

Source: Refinitiv / Haver