

Daily Economic Update

Economic Research Department
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Oil: Prices gain on renewed Middle East tensions. Brent futures gained 6.3% w/w to close at \$82.2/bbl last Friday amid renewed tensions in the Middle East, petroleum product stock declines in the US and Ukrainian drone strikes on Russian oil refineries. Oil markets, which sold off heavily after Gaza war ceasefire rumors circulated at the beginning of February, were back looking for upside after Israeli PM Netanyahu's categoric rejection of a Hamas ceasefire proposal. Meanwhile, according to US Energy Information Administration (EIA) data, oil product inventories dropped by more than expected (-10 mb w/w), offsetting a second consecutive weekly gain in crude stocks (+6 mb w/w to 427 mb). Furthermore, the EIA also revised down its forecast for US crude oil production growth in 2024, from 290 kb/d to just 170 kb/d and sees output averaging 13.1 mb/d this year. This compares with growth of 1 mb/d in 2023. On the regional front, the 230 kb/d Duqm refinery, a joint venture between Kuwait Petroleum International, a subsidiary of Kuwait Petroleum Corporation, and Oman's state oil company OQ, was officially inaugurated in Oman by the Kuwaiti Emir Sheikh Mishal and Oman's Sultan Haithem on Wednesday. Kuwait is supplying potentially up to 65% of the refinery's crude (150 kb/d) for processing into products such as gasoil and naphtha for export to Africa/Europe and Asia, respectively.

US: CPI data tomorrow to signal progress on 'last mile' of the Fed's inflation trajectory. This week's economic calendar is jam-packed with releases that could be critical in assessing the state of the US economy and the trajectory of inflation at the start of 2024. For starters, the January CPI print will be released tomorrow, with the market expecting inflation to come in at 3% y/y (+0.2% m/m), slowing from 3.4% (+0.2% m/m) in December. The core rate is seen easing only marginally to 3.8% y/y from 3.9%, with the monthly gain steady at 0.3%, suggesting that the 'last mile' of progress in achieving the Fed's 2% goal may be slow. On Thursday, data may show retail sales falling 0.1% m/m in January (after a solid 0.6% rise in December) and industrial production expanding by an accelerated 0.3% m/m from 0.1% in December. Due Friday is the PPI inflation rate for January, which could also moderate, to 0.7% y/y from 1% in December, and the University of Michigan Consumer Confidence Index for February, which could hit a two-and-half-year high of 80 (from 79 in January) as inflation continues to decelerate.

Egypt: IMF Managing Director says Egypt loan to be finalized in a few weeks. IMF managing director Kristalina Georgieva, commenting on the sidelines of the World Governments Summit in Dubai, revealed that the Egyptian authorities and the IMF are close to finalizing the funding review with broad agreement secured on all the key issues. She added that funding will likely be of a large amount that will boost confidence in the Egyptian economy. Moreover, she emphasized the importance of Egypt transitioning to a free-floating exchange rate determined by market forces, the need to eliminate the parallel market and the necessity of policymakers focusing on inflation. Finally, on the matter of state asset sales, she remarked that the recent escalation in Gaza has placed immense strain on Egypt and that the fund would prefer to see asset sales take place at a more suitable time to realize a better value. The IMF's comments on Egypt's asset sales program leads us to

believe that the Fund, along with other multilaterals, will likely agree on a larger-than-expected financing package that could even surpass our expectations of \$10 billion.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,344	n/a	-2.44
Bahrain (ASI)	2,072	0.20	5.12
Dubai (DFMGI)	4,184	n/a	3.06
Egypt (EGX 30)	28,199	-0.75	13.56
GCC (S&P GCC 40)	723	0.01	1.44
Kuwait (All Share)	7,334	1.07	7.58
KSA (TASI)	12,209	0.05	2.02
Oman (MSM 30)	4,563	0.36	1.08
Qatar (QE Index)	10,044	0.84	-7.26
International			
CSI 300	3,365	n/a	-1.93
DAX	16,927	n/a	1.04
DJIA	38,672	n/a	2.61
Eurostoxx 50	4,716	n/a	4.30
FTSE 100	7,573	n/a	-2.08
Nikkei 225	36,897	n/a	10.26
S&P 500	5,027	n/a	5.38
3m interbank rates			
	%	Change (bps)	
		Daily	YTD
Bahrain	6.41	0.01	-11.55
Kuwait	4.31	0.00	0.00
Qatar	6.00	0.00	-25.00
UAE	5.28	0.00	-4.61
Saudi	6.19	-1.87	-4.07
LIBOR	5.57	n/a	-2.23
SOFR	5.30	n/a	-3.01

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.59	n/a	26.4
Oman 2027	5.51	n/a	35.1
Qatar 2026	4.73	n/a	20.8
Kuwait 2027	4.51	n/a	16.5
Saudi 2028	5.01	n/a	48.6
International 10YR			
US Treasury	4.19	n/a	32.7
German Bund	2.38	n/a	35.1
UK Gilt	4.09	n/a	54.7
Japanese Gvt Bond	0.72	n/a	10.5

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.00	0.22
KWD per EUR	0.33	0.02	0.38
USD per EUR	1.08	0.00	-2.30
JPY per USD	149.30	0.00	5.84
USD per GBP	1.26	0.00	-0.86
EGP per USD	30.85	0.00	0.00

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	82.19	n/a	6.68
KEC	81.29	n/a	2.17
WTI	76.84	n/a	7.24
Gold	2023.3	n/a	-1.90

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

Source: Refinitiv / Haver

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