

Daily Economic Update

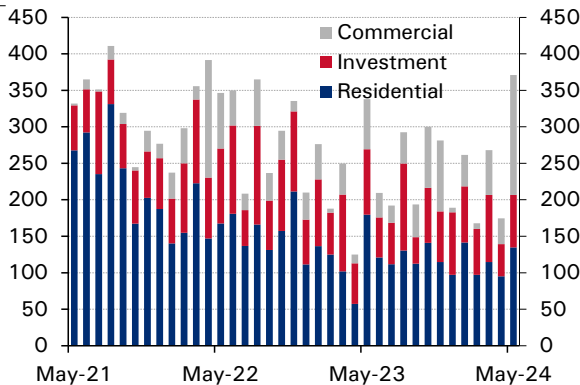
Economic Research Department
12 June 2024

Kuwait: Real estate sales rose in May on sizeable commercial deals. Real estate sales increased in May to KD371 million (+9.8% y/y) on sizable commercial real estate deals in the Hawalli (KD76.6 million) and Al-Ahmadi (KD57.7 million) governorates. Residential sales, however, fell to KD134.8 million (-25% y/y), but ranged above the 2023 monthly average. Sales activity within the investment segment also remained subdued, declining by 19.9% y/y to KD71.7 million, though May's figure was an increase on April's seven-month low. In the first five months of 2024, total sales were up 5.6% y/y, thanks to higher commercial sales (+76.6%), while residential and investment sales were down 2.9% and 13.0%, respectively. Higher financing costs and affordability issues have weighed down on residential demand while stricter enforcement of residency laws and rising living costs may have pressured investment sales, with rental yield growth falling to 1.6% y/y in April from 3.6% in September 2023. Recalibrating interest rate cut expectations could delay the anticipated recovery in the real estate market.

Global: World Bank lifts global growth forecast on US economic performance. The World Bank, in its latest Global Economic Prospects report, upgraded the 2024 global GDP growth forecast to 2.6% (similar to 2023) from January's projection of 2.4%, mainly on the back of the strength in the US economy. The Bank projected "lackluster" growth of 2.7% in both 2025 and 2026, below the 3.1% annual average in 2010-2019. It characterized the global prospects as "stabilizing but at a weak pace," given predominating downside risks, including adverse geopolitics, trade tensions, higher-for-longer interest rates, and climate-related events. Among major economies, it expects growth for the US at 2.5% (up from +1.6% seen in January), the Eurozone (+0.7%), China (+4.8%), India (+6.6%), Saudi Arabia (+2.5%), MENA (+2.8%), and Egypt (+4.2% for FY2024/25) in 2024.

Chart 1: Kuwait real estate sales

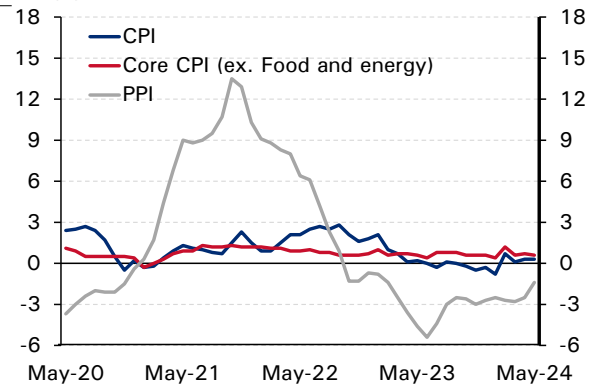
(KD mn)



Source: Ministry of Justice

Chart 2: China consumer price inflation

(% y/y)



Source: Haver

T: (+965) 2229 5500, econ@nbk.com Visit our publications | [Unsubscribe from this list](#) | [Comments & feedback](#)

© 2024 NBK | Disclaimer: While every care has been taken in preparing this publication, National Bank of Kuwait accepts no liability whatsoever for any direct or consequential losses arising from its use. Daily Economic Update is distributed on a complimentary and discretionary basis to NBK clients and associates. This report and previous issues can be found in the "News & Insight / Economic Reports" section of the National Bank of Kuwait's web site. Please visit our web site, www.nbk.com, for other bank publications.

UK: Earnings growth slower than expected, but may not be enough to support summer rate cut. UK average earnings (ex-bonus) were up by 6% y/y in the three months to April 2024, unchanged from the beginning of the year. The data came in slightly weaker than market expectations (+6.1%), with average earnings excluding bonuses now at GBP640/week. Earnings including bonuses were up by 5.9% y/y to GBP687/week in the three months to April 2024. It was also unchanged from March but slightly higher than January and February levels of 5.6% - 5.7%. Real wages (adjusted for inflation) are growing at a solid 3.3%, and the BoE may opt to wait and look for more signs of a cooling job market over and above the increase in the unemployment rate to 4.4% in April from 4.3% in March.

China: Consumer price growth unchanged in May. Inflation in May came in at 0.3% y/y, matching April's gain though slightly under market estimates of a 0.4% increase (remaining well below a government control target of +3%). China's core inflation, which excludes volatile food and energy prices, grew 0.6% y/y from 0.7% in April. The data highlights the ongoing weakness in domestic demand which has kept inflation persistently low since 2023 and despite several rounds of support measures. Meanwhile, deflation in producer prices showed further signs of easing, slowing to -1.4% y/y compared to -2.5% in April.

Japan: Producer prices increase at the fastest rate in eight months in May on a weak yen. Producer prices increased by 2.4% y/y in May, posting the highest reading since August of last year and exceeding market expectations. Materials and energy prices stayed high due to the yen's weakening, with costs increasing for nonferrous metals (20.7%), petroleum & coal products (6.8%), and ceramic stone & clay products (5.5%). Meanwhile, prices fell for electric power, gas & water (-7.4%), minerals (-1.4%) and iron & steel (-0.1%). The accelerating pace of producer prices have raised concerns that they could feed into higher consumer price inflation down the line, which could complicate the Bank of Japan's efforts.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,000	0.11	-6.03
Bahrain (ASI)	2,039	-0.03	3.44
Dubai (DFMGI)	4,009	0.89	-1.25
Egypt (EGX 30)	26,082	0.72	5.03
GCC (S&P GCC 40)	674	-0.56	-5.39
Kuwait (All Share)	7,043	-0.18	3.30
KSA (TASI)	11,775	-0.66	-1.60
Oman (MSM 30)	4,696	-0.28	4.04
Qatar (QE Index)	9,632	0.28	-11.07
International			
CSI 300	3,543	-0.87	3.26
DAX	18,370	-0.68	9.66
DJIA	38,747	-0.31	2.81
Eurostoxx 50	4,965	-1.02	9.81
FTSE 100	8,148	-0.98	5.36
Nikkei 225	39,135	0.25	16.95
S&P 500	5,375	0.27	12.69
3m interbank rates			
	%	Change (bps)	
		Daily	YTD
Bahrain	6.34	0.00	-18.06
Kuwait	4.31	0.00	0.00
Qatar	6.00	0.00	-25.00
UAE	5.23	-13.94	4.07
Saudi	6.27	2.92	0.59
LIBOR	5.61	0.36	1.18
SOFR	5.34	0.92	1.18

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	5.08	-3.40	76.3
Oman 2027	5.77	-4.90	61.5
Qatar 2026	5.22	-4.10	70.5
Kuwait 2027	5.11	1.00	76.6
Saudi 2028	5.18	-4.40	65.7
International 10YR			
US Treasury	4.40	-6.70	54.2
German Bund	2.62	-5.30	59.3
UK Gilt	4.27	-5.30	73.2
Japanese Gvt Bond	1.03	-1.10	40.9
Exchange rates			
	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	-0.09	-0.25
KWD per EUR	0.33	-0.24	-0.41
USD per EUR	1.07	-0.22	-2.69
JPY per USD	157.07	0.03	11.35
USD per GBP	1.27	0.08	0.09
EGP per USD	47.51	-0.29	54.00
Commodities			
	\$/unit	Change (%)	
		Daily	YTD
Brent crude	81.92	0.36	6.33
KEC	84.23	2.02	5.87
WTI	77.9	0.21	8.72
Gold	2307.5	-0.01	11.88

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

Source: Refinitiv / Haver