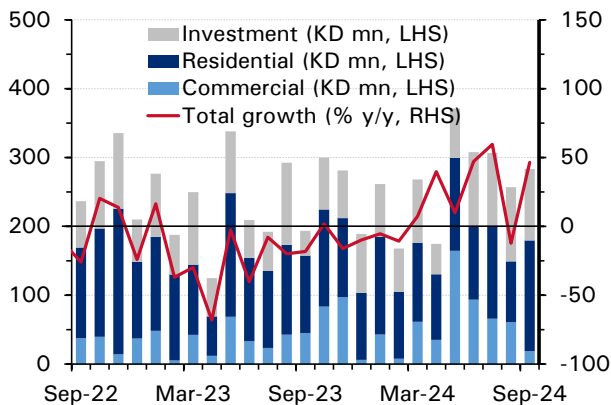


Daily Economic Update

Economic Research Department
9 October 2024

Kuwait: Residential sales pick up to a 16-month high in September. Real estate sales rose from a four-month low in August to KD284 million (10.4% m/m; 46% y/y) in September, a figure that is above the monthly average for the year. The increase was sparked by a more than two-thirds rise in residential sector sales from August's level to KD160 million (82% m/m; 43% y/y). This is the sector's best performance since May 2023 and helped to offset sales declines in the investment (-3.3% m/m; 187% y/y) and commercial sectors (-69% m/m; -58% y/y). Activity in the latter dropped to its lowest level since February 2023 (KD19.1mn), with only two transactions recorded during the month. The figures point to a real estate sector that is in the early stages of a recovery, with sales up more than 16% on a cumulative year-to-date basis compared to the same period in 2023. That said, despite September's dynamic, gains in 2024 have primarily reflected demand for investment and the commercial real estate rather than residential units, which are still subdued and trailing even last year's low base (-0.2% y/y, 9-month cumulative). Looking ahead, the prospects for the entire real estate market should be helped by lower expected borrowing costs given the start of the interest rate-cutting cycle and as the new government looks to stimulate housing demand and supply.

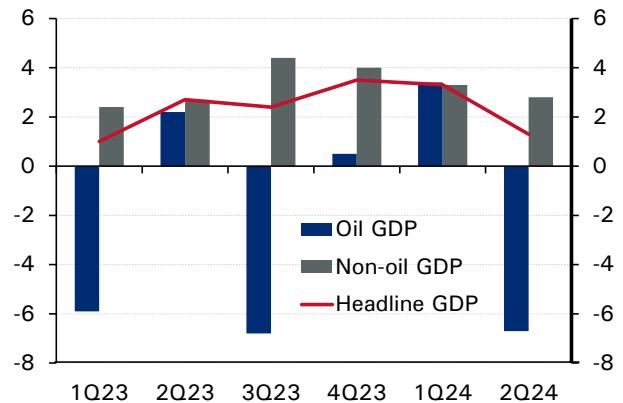
Chart 1: Kuwait real estate sales



Source: Kuwait Ministry of Justice

Chart 2: Bahrain GDP

(% y/y)



Source: Bahrain Ministry of Finance and National Economy

Bahrain: GDP growth softens in Q2; inflation remains muted. GDP expanded at a slower pace in Q2 2024, rising by only 1.3% y/y compared to 3.3% in Q1 amid softer non-oil GDP growth (2.8% y/y from 3.3% in Q1) and lower oil sector output (-6.7% y/y). Behind the slowdown was less vigorous expansion in financial & insurance activities and manufacturing, the two largest non-oil sectors. However, the tourism sector remained strong, with double digit growth in both transportation and accommodation & food services. As for the oil sector, a decline in crude production from the offshore Abu Sa'afa field was responsible for the contraction in activity. Meanwhile, monthly data show that inflationary pressures remained subdued in August. The headline

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CPI rate eased to 0.9% y/y from 1.1% in July. While inflation in the housing component continued to advance in August (0.6% y/y as in July) since turning positive in May, the food and beverages sub-index slipped into deflationary territory for the first time since August 2021 with a decline of 0.9% y/y. Price rises were most pronounced in the restaurants and hotels category (11.2% y/y), which echoes the sector's robust performance as seen in the GDP data.

UAE: Largest ever federal budget approved for 2025. The UAE cabinet approved for 2025 the Emirates' largest ever federal budget, with Dh71.5 billion (\$19.5 billion) in expenditures penciled in balanced by revenues estimated also at Dh71.5 billion. Spending is higher by 11.5% compared to the budget for the current fiscal year of Dh64.7 billion, a sign that the authorities intend to make further inroads in their ambitious investment and development programs. The 2025 budget will be split across several important sectors including social development and pensions, which will be allocated the largest share of the budget at 39% (Dh27.86 billion), government affairs, infrastructure and economic affairs as well as financial investment. Note that federal spending is small in comparison to the separate budgets of the individual emirates.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,259	1.22	-3.33
Bahrain (ASI)	1,999	-0.11	1.41
Dubai (DFMGI)	4,429	0.77	9.09
Egypt (EGX 30)	30,852	-3.04	24.24
GCC (S&P GCC 40)	703	1.27	-1.29
Kuwait (All Share)	7,036	0.73	3.20
KSA (TASI)	12,027	0.95	0.50
Oman (MSM 30)	4,687	0.12	3.83
Qatar (QE Index)	10,512	0.58	-2.94
International			
CSI 300	4,256	5.93	24.04
DAX	19,066	-0.20	13.82
DJIA	42,080	0.30	11.65
Eurostoxx 50	4,949	-0.42	9.45
FTSE 100	8,191	-1.36	5.91
Nikkei 225	38,938	-1.00	16.36
S&P 500	5,751	0.97	20.57
3m interbank rates			
	%	Change (bps)	
		Daily	YTD
Bahrain	6.05	-0.82	-46.95
Kuwait	3.94	0.00	-37.50
Qatar	6.00	0.00	-25.00
UAE	4.55	-2.75	-77.52
Saudi	5.56	1.37	-67.10
SOFR	4.64	5.27	-69.47

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.28	1.00	-4.1
Oman 2027	5.04	0.00	-11.7
Qatar 2026	4.48	-1.00	-3.9
Kuwait 2027	4.25	0.00	-9.0
Saudi 2028	4.51	3.00	-1.1
International 10YR			
US Treasury	4.01	-1.36	15.3
German Bund	2.25	-0.30	21.7
UK Gilt	4.18	-2.20	64.5
Japanese Gvt Bond	0.92	0.00	30.4
Exchange rates			
	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.21	-0.21
KWD per EUR	0.34	0.12	1.78
USD per EUR	1.10	0.05	-0.51
JPY per USD	148.19	0.01	5.05
USD per GBP	1.31	0.16	2.95
EGP per USD	48.55	0.41	57.37
Commodities			
	\$/unit	Change (%)	
		Daily	YTD
Brent crude	77.18	-4.63	0.18
KEC	79.12	1.05	-0.55
WTI	73.57	-4.63	2.68
Gold	2615	-1.13	26.79

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

Source: LSEG / Haver