

# Daily Economic Update

Economic Research Department  
6 June 2024

**Europe: Final PMI estimates signal modest economic growth; ECB to cut rates today.** The final estimate of the UK composite PMI for May came in at 53.0, slightly higher than the initial estimate of 52.8 though below April's 54.1. On the services front, the final figure came in line with the initial estimate of 52.9 but sharply lower than April's 55.0. Finally, manufacturing PMI rose to 51.2 in May, also in line with the initial estimate but this time unlike services it came in higher than April's 49.1. Meanwhile in the Eurozone, the final composite PMI figure was slightly revised down to 52.2 from the previous 52.3 but higher than 51.7 in April. On the services front, it was revised down as well but at a minor adjustment to 53.2 from 53.3, mostly unchanged from April's figure of 53.3. The manufacturing PMI was at 47.3 (versus 47.4 initially), higher than April's 45.7. The general trend in May PMIs across Europe was that the manufacturing sector, even though still comparatively weak, improved compared to April while services were down. The manufacturing sector especially could stand to benefit from the expected interest rate cut today by the ECB, which will be the first cut in almost five years. Investors and markets will be looking beyond today for hints from the ECB statement and post-announcement press conference about the pace of policy loosening through the rest of 2024.

**US: Service activity rebounds much stronger than forecast.** The ISM services PMI survey came out of April's temporary slump, recording its fastest expansion in nine months at 53.8 in May from 49.4 the previous month on a sharp improvement in the business activity subindex to 61.2 from 50.9. The pace of contraction in employment moderated to 47.1 from 45.9, and price pressures eased slightly to a still-elevated reading of 58.1. The solid expansion in service activity points to a US economy still growing at a decent rate, though with uneven performance across various segments. Meanwhile, based upon (non-official) ADP data, the private sector added fewer than forecast 152K new jobs in May, substantially slowing from April's downwardly revised 188K jobs as small businesses shed jobs for the first time since November last year. The ADP data is generally seen as an advanced guide to the government's critical non-farm payroll report, which is due to be released tomorrow, although the two metrics often diverge.

**UAE: Central bank launches the Minimum Viable Product platform of the mBridge project.** The central bank has launched the Minimum Viable Product (MVP) platform for wholesale cross-border payments and settlement using multi-Central Bank Digital Currencies (CBDCs) in collaboration with the Bank for International Settlements, Innovation Hub Hong Kong Centre, and central banks in Hong Kong, Thailand, and China. The move makes it one of the first multi-CBDC platforms to reach the MVP phase ready for use by early adopters following the initiation of the first cross-border payment of the central bank CBDC (Digital Dirham), to China worth AED50 million through mBridge in January 2024. This platform comes under the central bank's infrastructure transformation program (phase I), which aims at accelerating the digital transformation of the financial services sector. The central bank is now planning for Phase II implementation, which includes domestic CBDC payments

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and further enhancements of cross-border fund transfers providing efficient, low-cost, and instant cross-border payments settled in central bank money.

## Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi (ADI)	8,948	0.33	-6.58
Bahrain (ASI)	2,038	-0.18	3.37
Dubai (DFMGI)	3,980	-0.14	-1.96
Egypt (EGX 30)	26,634	-1.26	7.25
GCC (S&P GCC 40)	662	-0.28	-7.04
Kuwait (All Share)	7,049	0.14	3.40
KSA (TASI)	11,553	-0.51	-3.46
Oman (MSM 30)	4,779	-0.09	5.86
Qatar (QE Index)	9,491	0.29	-12.36
<b>International</b>			
CSI 300	3,595	-0.58	4.77
DAX	18,576	0.93	10.89
DJIA	38,807	0.25	2.97
Eurostoxx 50	5,036	1.66	11.37
FTSE 100	8,247	0.18	6.64
Nikkei 225	38,490	-0.89	15.02
S&P 500	5,354	1.18	12.25
<b>3m interbank rates</b>			
	%	Change (bps)	
		Daily	YTD
Bahrain	6.34	-0.03	-18.67
Kuwait	4.31	0.00	0.00
Qatar	6.00	0.00	-25.00
UAE	5.31	0.90	-2.79
Saudi	6.25	-0.85	2.52
LIBOR	5.60	-0.10	0.71
SOFR	5.34	-0.15	0.71

Bond yields	%	Change (bps)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi 2027	5.02	-3.20	70.1
Oman 2027	5.77	5.00	61.2
Qatar 2026	5.18	-4.80	66.5
Kuwait 2027	5.08	-5.10	73.9
Saudi 2028	5.13	-3.30	61.0
<b>International 10YR</b>			
US Treasury	4.29	-4.70	42.9
German Bund	2.50	-4.10	46.8
UK Gilt	4.18	0.30	64.4
Japanese Gvt Bond	1.00	-3.40	38.4

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.12	-0.27
KWD per EUR	0.33	-0.05	0.68
USD per EUR	1.09	-0.09	-1.52
JPY per USD	156.10	0.79	10.66
USD per GBP	1.28	0.17	0.44
EGP per USD	47.55	0.32	54.13

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	78.41	1.15	1.78
KEC	80.57	0.49	1.27
WTI	74.07	1.12	3.38
Gold	2354.1	1.23	14.14

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

Source: Refinitiv / Haver

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