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Daily
Economic Update

Economic Research Department
20 November 2023

Oil: Prices closed lower for a fourth consecutive week on demand concerns. Oil markets experienced heightened volatility last week as prices for Brent crude fell to a four-month low and below $80/bbl on Thursday before a rally on Friday pushed prices back up to $80.6/bbl, paring the weekly loss to 1.0%. Amid fading Gaza-linked geopolitical risk, markets were once again focusing on oil fundamentals, including softer US economic data, the larger-than-expected weekly build in crude stocks (+3.6 mb), and a rise in the number of active US oil rigs — the biggest weekly gain since February — as indicative of weakening oil consumption. Hedge fund positioning last week was the most bearish in twenty weeks, according to ICE and CFTC data. It took speculation about Saudi and its OPEC+ partners weighing up additional production cuts in 2024, which forced 'short sellers' to cover their positions, to help reverse oil's three-day run of losses and boost prices on Friday. OPEC+ will meet this week in Vienna to decide on production policy going into 2024. With prices hovering around $80 amid bearish sentiment, the group seems unlikely to proceed with the unwinding of 2023's voluntary production cuts as originally planned. Rather, the odds of a further cut to aggregate output have increased amid expectations of softer oil demand growth and rising non-OPEC supply in 2024.

US: Economic calendar light in a holiday shortened week. Only a few key economic indicators are scheduled to be released this week, with US markets off for Thanksgiving this Thursday. Minutes of the Fed's October/November meeting will be released Tuesday and provide insight on policymakers' thinking; the 'no change' decision triggered a big rally in stocks and bonds with markets believing that interest rates have now peaked. Existing home sales in October (also due Tuesday) may continue to show a further decline (-1.5% m/m, based on the consensus forecast) as inventory of residential units on sale remains tight. Durable goods orders in October (due Wednesday) could also register a 3.2% m/m drop after a solid 4.7% m/m increase in September. Finally, weekly jobless claims (due Wednesday) may ease somewhat (to 225K from 231K), but having hit a three-month high recently will be watched for any signs of sustained loosening of labor market conditions albeit from a tight starting point.

UK: Chancellor could spell out tax cuts this week. The Chancellor Jeremy Hunt is rumored to be lining up a tax cut announcement at the Autumn Statement on Wednesday, with speculation centered around possible reductions in income, inheritance and corporate taxes. The governing Conservative party trails badly in the opinion polls, and this week's fiscal event will be one of the final opportunities to loosen policy and boost economic growth ahead of the general election expected in H2 next year. However, room to maneuver is limited by the large fiscal deficit, which could stand at 4-5% of GDP this year.

Oman: IMF confirms economic rebound in 2024, though more reforms required. In it's just concluded 2023 Article IV assessment of Oman, the IMF drew attention to a fairly solid post-pandemic economic recovery that has been supported by both higher oil output and sustained reform momentum. The Fund sees GDP growth slowing in 2023 to 1.3% y/y (from 4.3 % in 2022) largely due to lower oil GDP on the back of OPEC+ mandated

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production cuts, though improving in 2024 supported by higher hydrocarbon production and stronger non-hydrocarbon growth. The IMF noted a general strengthening in fiscal and external buffers, helped by the elevated oil price environment which contributed to a reduction in public debt while providing space to strengthen the social safety net. However, the Fund stressed that with the baseline global macroeconomic outlook looking cloudy and oil prices and production volatile, sustaining the momentum of fiscal reforms remains key to entrenching fiscal sustainability going forward.

UAE: Dubai inbound tourism remains strong. Dubai visitor numbers increased by 23% y/y during the first nine months of 2023 to 12.4 million, surpassing 12.1 million recorded in the equivalent period of 2019, with visitors from India, Saudi, the UK, Russia, and Oman constituting 41% of all visitors. The average hotel occupancy rate increased to 76% while guest length of stay fell by 5% y/y to 3.7 nights, while remaining above the pre-pandemic level of 3.4 nights. Positive momentum in the tourism sector and full recovery after the pandemic have helped underpin solid non-oil growth in the emirate.

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Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,575	n/a	-6.23
Bahrain (ASI)	1,944	-0.12	2.58
Dubai (DFMGI)	3,995	n/a	19.74
Egypt (EGX 30)	24,900	2.12	70.56
GCC (S&P GCC 40)	674	-0.01	-2.47
Kuwait (All Share)	6,650	0.12	-8.80
KSA (TASI)	11,137	0.50	5.60
Oman (MSM 30)	4,622	0.06	-5.14
Qatar (QE Index)	10,241	0.19	-4.12
International			
CSI 300	3,568	n/a	-7.84
DAX	15,919	n/a	14.33
DJIA	34,947	n/a	5.43
Eurostoxx 50	4,341	n/a	14.42
FTSE 100	7,504	n/a	0.70
Nikkei 225	33,585	n/a	28.71
S&P 500	4,514	n/a	17.57

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.65	0.00	51.20
Kuwait	4.31	0.00	31.25
Qatar	6.00	0.00	71.67
UAE	5.47	0.00	116.25
Saudi	6.34	-0.11	112.50
LIBOR	5.63	0.00	86.13
SOFR	5.37	-0.23	77.97

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.92	n/a	69.0
Oman 2027	6.01	n/a	1.8
Qatar 2026	5.06	n/a	57.6
Kuwait 2027	5.00	n/a	72.9
Saudi 2028	5.13	n/a	45.7
International 10YR			
US Treasury	4.44	n/a	61.0
German Bund	2.59	n/a	2.7
UK Gilt	4.11	n/a	43.6
Japanese Gvt Bond	0.75	n/a	33.4

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.00	0.81
KWD per EUR	0.34	0.46	2.73
USD per EUR	1.09	0.00	1.92
JPY per USD	149.62	0.00	14.12
USD per GBP	1.25	0.00	3.01
EGP per USD	30.85	-0.16	24.90

Commodities	$/unit	Change (%)	
		Daily	YTD
Brent crude	80.61	n/a	-6.17
KEC	82.27	n/a	0.28
WTI	75.89	n/a	-5.44
Gold	1981.6	n/a	8.90

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

Source: Refinitiv / Haver

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