

# Daily Economic Update

Economic Research Department  
21 October 2024

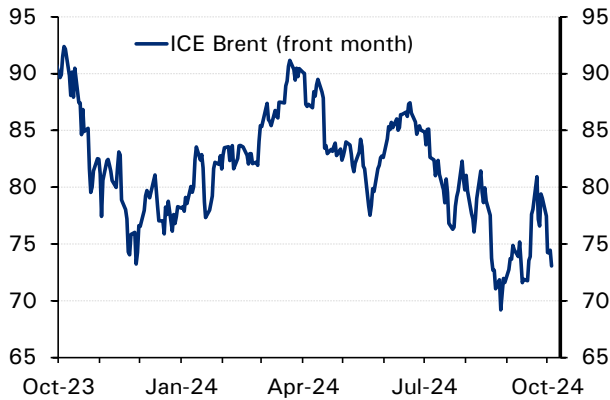
**Egypt: President says IMF program may need to be re-evaluated.** President Sisi mentioned that the current economic reform program is being implemented under tough and volatile regional and international circumstances. He said that these circumstances would have negative implications for the global and regional area and that the Egyptian economy will also take a hit on the back of such, which is evident for example in Suez Canal receipts falling about 50% YTD. In that context, the president noted that the current IMF program might need some re-evaluation in terms of the intensity of the measures. In our opinion, the comment could be seen as a request to the IMF to become more lenient with certain program pillars due to the change in the regional environment and we believe that such an appeal might have been discussed previously between the Egyptian delegation and the IMF. However, we do not see the comment as a hint towards a major change to the current IMF program structure or in the government's commitment to the key macroeconomic policies that underpin it.

**Oil: Prices fall amid lower geopolitical risk premium and bearish demand outlook.** Brent futures closed Friday at \$73.1/bbl, down a sharp 7.6% w/w, weighed by a partial unwind of the Middle East geopolitical risk premium, softer economic data in China, and downward revisions to the global oil demand outlook. In the Middle East, media reports indicated that Israel will not target Iran's nuclear or oil facilities, igniting a large intra-week rout in oil prices on Tuesday (-4.1% d/d). Weak readings in China put further pressure on prices as crude oil imports declined 0.5% y/y and GDP growth in Q3 2024 slowed to its lowest rate since early 2023 at 4.6% y/y. The softer oil consumption from China this year – not limited to the latest GDP and crude imports readings – was the main catalyst behind both OPEC and IEA's latest downward revisions to the 2024 oil demand growth outlook, which further exacerbated the selloff. Offering limited support to prices was data from the US Energy Information Administration, where commercial crude oil inventories fell 2.2 mb w/w in the w/e October 11, counter to market expectations, although crude oil production also reached a new record high at 13.5 mb/d, weakening the bullish price response.

**China: Central bank cuts key benchmark rates again to boost economy.** The People's Bank of China cut key benchmark lending rates by 25 bps each, in line with previously announced monetary policy stance and as part of a package of stimulus measures to bolster the faltering economy. The one-year loan prime rate (LPR) – which influences corporate loans and most household loans – was cut by 25 bps to 3.10% from 3.35%, while the five-year LPR – which serves as a benchmark for mortgage rates – was lowered by the same margin to 3.6% from 3.85% previously. The lending rates were last cut in July.

Chart 1: Oil prices

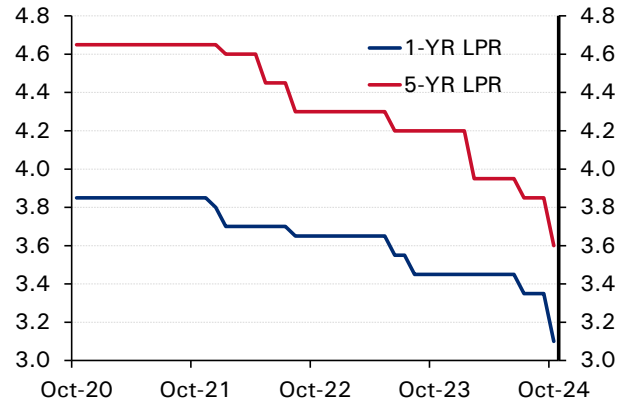
(\$/bbl)



Source: Haver

Chart 2: China's loan prime rates

(%)



Source: Haver

**Global: Flash PMI indicators in focus this week.** In the **US**, the S&P Global Flash PMIs for October are due on Thursday, with consensus expecting ongoing sub-50 readings for manufacturing (48.2 versus September's 47.3) and an easing services one (54.9 from 55.2). Meanwhile, initial weekly jobless claims (on Thursday) may remain volatile (seen at 245K in w/e Oct 19 versus 241K the previous week), impacted by the recent Hurricanes. In the **Eurozone**, flash PMIs for October are due on Thursday with expectations for manufacturing to inch up slightly to 45.1 from 45 and services to 51.6 from 51.4. In the **UK**, October's flash PMI indicators are also due on Thursday and the consensus points to a very mild softness versus September in both manufacturing (to 51.4 from 51.5) and services (to 52.2 from 52.4). In **China**, the interest rate decision on the Medium-Term Facility is expected on Friday, coming one month after the cut in that rate to 2% from 2.3% previously. In **Japan**, flash PMIs for October are due on Thursday with forecasts pointing to another sub-50 reading for the manufacturing one (49.8 from 49.7 in September).

## Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi (ADI)	9,288	n/a	-3.03
Bahrain (ASI)	1,990	-0.49	0.94
Dubai (DFMGI)	4,469	n/a	10.09
Egypt (EGX 30)	29,529	-2.04	18.91
GCC (S&P GCC 40)	698	0.00	-1.96
Kuwait (All Share)	7,050	-0.43	3.41
KSA (TASI)	11,883	-0.21	-0.71
Oman (MSM 30)	4,810	0.21	6.56
Qatar (QE Index)	10,615	-1.10	-1.99
<b>International</b>			
CSI 300	3,925	n/a	14.40
DAX	19,657	n/a	17.35
DJIA	43,276	n/a	14.82
Eurostoxx 50	4,986	n/a	10.28
FTSE 100	8,358	n/a	8.08
Nikkei 225	38,982	n/a	16.49
S&P 500	5,865	n/a	22.95
<b>3m interbank rates</b>			
	%	Change (bps)	
		Daily	YTD
Bahrain	6.02	0.01	-50.04
Kuwait	3.94	0.00	-37.50
Qatar	6.00	0.00	-25.00
UAE	4.55	0.00	-77.88
Saudi	5.62	-0.49	-61.00
SOFR	4.62	n/a	-71.40

Bond yields	%	Change (bps)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi 2027	4.28	n/a	-4.1
Oman 2027	5.03	n/a	-12.7
Qatar 2026	4.43	n/a	-8.9
Kuwait 2027	4.23	n/a	-11.0
Saudi 2028	4.50	n/a	-2.1
<b>International 10YR</b>			
US Treasury	4.08	n/a	22.2
German Bund	2.18	n/a	15.3
UK Gilt	4.06	n/a	51.7
Japanese Gvt Bond	0.97	n/a	35.4
<b>Exchange rates</b>			
	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.07	-0.25
KWD per EUR	0.33	0.26	0.76
USD per EUR	1.09	0.00	-1.54
JPY per USD	149.52	0.00	6.00
USD per GBP	1.30	0.00	2.51
EGP per USD	48.55	-0.06	57.37
<b>Commodities</b>			
	\$/unit	Change (%)	
		Daily	YTD
Brent crude	73.06	n/a	-5.17
KEC	74.30	n/a	-6.61
WTI	69.22	n/a	-3.39
Gold	2713.7	n/a	31.58

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

Source: LSEG / Haver