

Daily Economic Update

Economic Research Department
5 February 2025

Kuwait: Population growth stable in 2024; labor force growth slows. According to recently-released figures by the Public Authority for Civil Information (PACI), the overall population of Kuwait was 4.98 million at the end of 2024, growing at the same rate (2.6% y/y) as in the previous year. The Kuwaiti population reached 1.57 million (31.4% of the total), growing by a slower 1.4% in 2024 compared to 1.9% in 2023, while the number of non-Kuwaiti residents increased by 3.2% (up from 2.9% in 2023) to 3.42 million (68.6% of the total). Meanwhile, growth in both the Kuwaiti and expatriate labor forces eased in 2024, to 1.0% (+3.9% in 2023) and 2.2% (+5.3% in 2023), respectively, with slowdown in the latter largely reflecting a decline in construction and domestic workers. Meanwhile, the number of Kuwaitis employed in the private sector continued its multi-year decline trend, falling by 2.5% y/y to 70,800 in 2024, on the back of a decline in the female labor force (also reflected in government sector numbers) while the overall number of employees in the government sector increased by just under 1% to 400,815.

Egypt: Private sector activity expands in January at the fastest pace in nearly four years. The PMI rose to 50.7 in January, a steep increase on December's reading (48.1) and the highest level in nearly four years. The strong improvement was mainly driven by robust gains in new orders and output, which rose to 51.3 and 51.1, respectively, from 46.4 and 47.1 in December, mainly driven by improving customer demand and softening inflationary pressures. It is also likely that the ceasefire in Gaza boosted confidence. As inflation will likely continue to soften over the coming months and interest rates start falling, we believe that PMI readings should remain at the firmer end of the historical range to reflect the improvement in economic conditions.

UAE: PMI slips form a nine-month high but still indicates robust non-oil growth. The headline PMI reading marginally declined in January, to 55.0, from December's nine-month high of 55.4, though was still indicative of solid non-oil growth despite capacity pressures and competitive pricing. Output and new orders expanded sharply, though slightly lower than December's reading, on higher consumer confidence and tourism activity while external demand fell to a nine-month low, nearing the neutral threshold. Employment levels rose to the highest level since August 2024, though the expansion remained marginal, in line with continued increases in backlogs of work. Cost pressures continued to soften for the third straight month due to softer increases in raw material prices and equipment costs while wages logged a modest increase due to the rising cost of living. On the other hand, output prices witnessed the first expansion since September 2024, transmitting a share of firms' rising input costs to consumers. The business outlook over the next 12 months fell to a 25-month low (54.2) with firms citing a slightly more challenging business environment amid stronger competition.

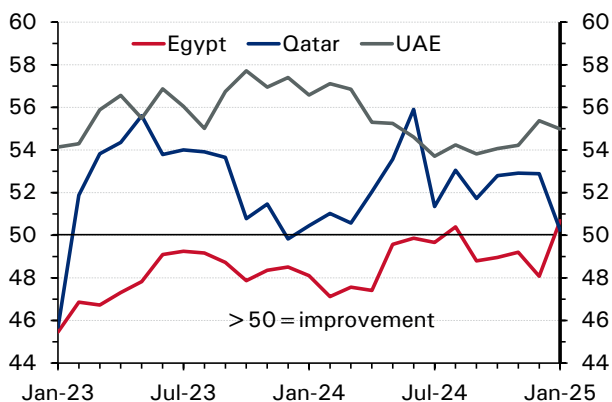
UAE: Dubai real estate sales up by a strong 24% y/y in January. Total real estate sales in Dubai logged a three-month high in January, rising by 24% y/y to AED44 billion (\$12 billion), a sharp increase on December's softer growth of 5.1, according to DXB Interact. Apartment sales, which constituted around 41% of the total, increased by 7.1% y/y to AED18.2 billion. 63% of these were first-time sales. On the other hand, villa sales saw stronger

growth of 53%, as first-time sales within this segment doubled to reach AED7.9 billion, which may be related to rising demand in the luxury high-end areas. Moreover, plot sales saw a significant yearly increase, nearly doubling to stand at AED10 billion. Top performing areas included Wadi Al-Safa 5, Jumeirah Village Circle (JVC), Dubai South, and Business Bay. The outlook for the real estate sector in Dubai remains broadly positive in 2025, with off-plan sales, the largest portion of first-time sales, likely to continue to dominate. Moreover, government initiatives on facilitating long-term visas and actioning the real estate sector strategy 2033 further strengthen Dubai's attractiveness as a real estate investment hub.

Qatar: Non-energy private sector PMI softens to a 13-month low. Qatar's non-energy, private sector activity gauge eased to 50.2 in January from 52.9 in December, reflecting a moderation in economic momentum. The lower PMI was driven by sub-50 readings for the output and new orders indices, the second time in two years for the latter, amid weak manufacturing sector activity. Nevertheless, the headline PMI remained in positive territory thanks to strong employment growth, which despite softening to a five-month low, was still the fifth-highest reading on record. The robust hiring momentum added upside pressure to wages as staffing costs advanced at a record pace. However, firms' pricing power remained weak, with businesses continuing to offer discounts, leading to a fifth-consecutive decline in output prices. Looking ahead, business outlook improved to a four-month high, underpinned by optimism in the tourism, industrial development, and real estate sectors.

Chart 1: Egypt, Qatar and UAE PMIs

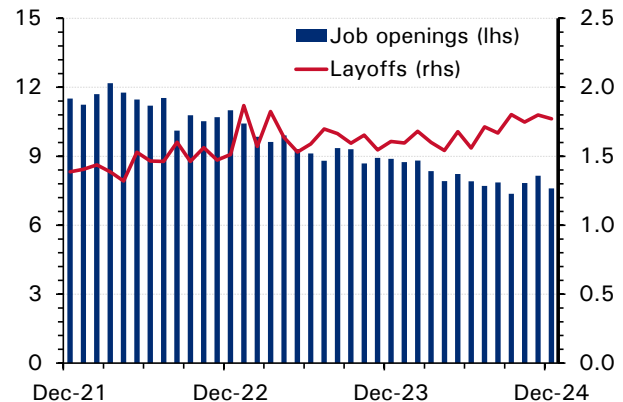
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Source: S&P Global, Haver

Chart 2: US job openings and layoffs

(in mn)



Source: Haver

China: Authorities respond to US tariffs with tariffs of their own, but in a limited and targeted way. After the 10% tariff on Chinese imported goods to the US took effect, China retaliated with 10%-15% tariffs on US-made imports of coal, LNG, oil, and some agricultural/automotive equipment, effective 10 February. By some estimates, the total value of imports targeted is a relatively limited \$14 billion per year. China also announced an anti-trust investigation into Google, imposed some export controls on several rare metals, and took other company-specific measures. The 10% tariff on Chinese imports is significantly below the 60% originally threatened by Trump on the campaign trail, while China's relatively limited retaliation, including the delayed 10 February effective date, indicates a preference for de-escalation. Nevertheless, the situation is evolving, and further escalation cannot be completely ruled out in the days and weeks ahead.

US: Job openings fall, signaling a gradual cooling in the labor market. The number of job openings (JOLTS report) dropped more than forecast to a three-month low of 7.6 million in December from an upwardly revised 8.2 million in November as the US labor market seems to be returning to a more balanced state. The ratio of available vacancies per unemployed person also moderated to 1.1 from November's 1.15 and significantly

below its peak of 2 in 2022. However, layoffs slightly fell and quits increased, with the recent trend in weekly jobless claims also suggesting a modest level of job losses, underscoring that overall employment conditions are fairly robust. This, along with still elevated though easing wage growth, has continued to support consumer spending and the overall economic outlook as seen in the latest GDP prints.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,585	0.09	1.76
Bahrain (ASI)	1,865	-0.26	-6.10
Dubai (DFMGI)	5,219	0.70	1.17
Egypt (EGX 30)	29,668	-0.29	-0.24
GCC (S&P GCC 40)	748	0.49	3.66
Kuwait (All Share)	7,904	0.62	7.35
KSA (TASI)	12,434	0.46	3.30
Oman (MSM 30)	4,587	0.74	0.23
Qatar (QE Index)	10,659	0.25	0.83

International			
CSI 300	3,817	0.00	-2.99
DAX	21,506	0.36	8.02
DJIA	44,556	0.30	4.73
Eurostoxx 50	5,265	0.89	7.53
FTSE 100	8,571	-0.15	4.87
Nikkei 225	38,798	0.72	-2.75
S&P 500	6,038	0.72	2.66

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	5.67	0.00	-1.29
Kuwait	3.94	0.00	0.00
Qatar	4.65	0.00	-2.50
UAE	4.24	-9.79	-20.37
Saudi	5.31	-11.02	-22.88
SOFR	4.30	0.09	-0.20

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.59	-3.00	-15.0
Oman 2027	5.34	-2.00	-22.0
Qatar 2026	4.54	2.00	-25.0
Kuwait 2027	4.84	-2.00	-13.0
Saudi 2028	4.96	0.00	-12.0

International 10YR			
US Treasury	4.51	-3.94	-6.0
German Bund	2.39	0.55	3.1
UK Gilt	4.52	3.15	-4.5
Japanese Gvt Bond	1.27	3.00	19.5

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	-0.04	0.09
KWD per EUR	0.32	0.28	0.52
USD per EUR	1.04	0.32	0.23
JPY per USD	154.33	-0.27	-1.81
USD per GBP	1.25	0.23	-0.26
EGP per USD	50.26	-0.10	-1.04

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	76.20	0.32	2.09
KEC	77.88	-1.93	2.76
WTI	72.7	-0.63	1.37
Gold	2853.3	0.68	8.52

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

Source: LSEG / Haver

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