

Daily Economic Update

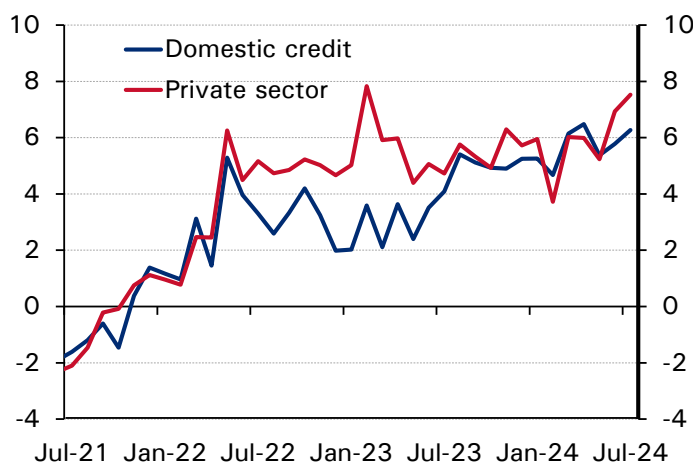
Economic Research Department
27 November 2024

US: Fed officials see slower rate reductions ahead, November meeting minutes show. FOMC participants at their November meeting were seen favoring cutting interest rates gradually, given that downside risks to the labor market have “decreased somewhat,” stronger than expected economic activity and core inflation remaining “somewhat elevated.” Members also cited uncertainty about the neutral rate level among the reasons to proceed more carefully. After the Fed cut interest rates by a cumulative 75 bps at its last two meetings, markets currently see a much slower pace of reductions in future, pricing-in a total of 75 bps in cuts by the end of 2025. On the data front, national house prices in September, based on the S&P CoreLogic Case-Shiller index, rose 0.3% m/m, driving up the YTD increase to 2.8%. However, on an annual basis, house price growth softened further to 3.9%, down from 4.3% in August and slower than the pre-Covid (2015-19) growth of around 5%, as affordability concerns amid elevated mortgage rates continue to affect demand.

UAE: Credit growth remained robust in July. Domestic credit growth accelerated for the second consecutive month in July, coming in at 6.3% y/y, near the 8-year high seen in April of 6.5%. The strong performance was driven by growth in credit to the private sector (around 72% of domestic credit), which continued to rise at a very solid pace, up 7.5% y/y in July. In contrast, credit to the government declined y/y for the ninth straight month, by -9%, while growth in credit to Government Related Entities eased to 10.8% from 14.4% y/y in June. On the other hand, resident deposits increased by 14.6% y/y in July on strong growth in private sector deposits of 18.8%. The robust credit growth during the current year reflects another strong year for the non-oil economy, which we project to expand by 4.3% in 2024.

Chart 1: UAE domestic credit

(% y/y)



Source: Haver

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Egypt: Remittances up on the back of exchange rate unification. According to the Central Bank of Egypt, remittances from Egyptians working abroad increased significantly during the period January to September, by 43% y/y to \$20.8bn (compared to \$14.6bn for the same period in 2023). Additionally, the latest figures for the month of September show remittances doubling to \$2.7bn from \$1.3bn a year earlier. In our opinion, this comes as a reaction to the unification of the exchange rate and Egyptians living abroad diverting their transfers from unofficial channels pre-March 2024 to official channels following the devaluation. It is worth noting that the exchange rate on the black market reached close to EGP70/\$ compared to a fixed EGP30/\$ before March, discouraging all transfers through official channels. Currently, there is no price incentive for transfers to be done on an unofficial basis.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,294	0.67	-2.96
Bahrain (ASI)	2,022	0.01	2.54
Dubai (DFMGI)	4,829	1.27	18.94
Egypt (EGX 30)	30,284	0.05	21.95
GCC (S&P GCC 40)	703	0.17	-1.35
Kuwait (All Share)	7,262	0.03	6.52
KSA (TASI)	11,736	-0.44	-1.93
Oman (MSM 30)	4,553	0.75	0.86
Qatar (QE Index)	10,408	-0.04	-3.90
International			
CSI 300	3,840	-0.21	11.92
DAX	19,296	-0.56	15.19
DJIA	44,860	0.28	19.03
Eurostoxx 50	4,762	-0.79	5.32
FTSE 100	8,259	-0.40	6.79
Nikkei 225	38,442	-0.87	14.88
S&P 500	6,022	0.57	26.24

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	5.84	0.00	-68.16
Kuwait	3.94	0.00	-37.50
Qatar	6.00	0.00	-25.00
UAE	4.41	-3.81	-91.92
Saudi	5.54	4.85	-69.66
SOFR	4.52	0.01	-81.03

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.57	0.00	24.9
Oman 2027	5.49	0.00	33.3
Qatar 2026	4.62	2.00	10.1
Kuwait 2027	4.66	0.00	32.0
Saudi 2028	4.89	2.00	36.9

International 10YR			
US Treasury	4.29	1.95	43.4
German Bund	2.20	-0.55	16.9
UK Gilt	4.35	0.90	81.3
Japanese Gvt Bond	1.06	-1.00	44.4

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	-0.11	0.04
KWD per EUR	0.32	-0.06	-2.43
USD per EUR	1.05	-0.08	-4.98
JPY per USD	153.10	-0.72	8.54
USD per GBP	1.26	0.01	-1.26
EGP per USD	49.58	0.02	60.71

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	72.81	-0.27	-5.49
KEC	73.48	-1.42	-7.64
WTI	68.77	-0.25	-4.02
Gold	2620.3	0.13	27.05

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

Source: LSEG / Haver

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