

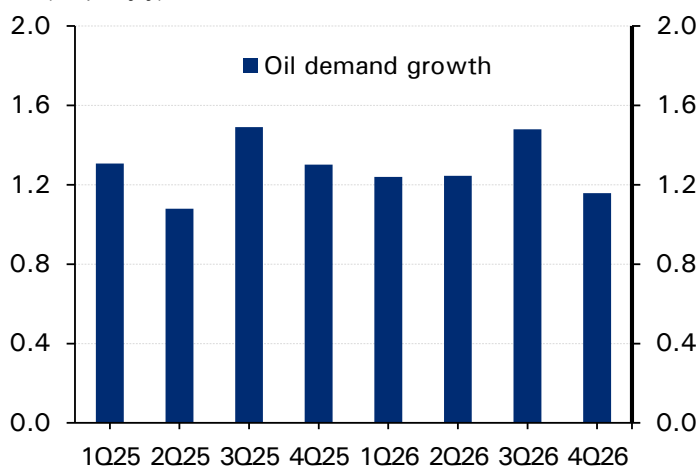
Daily Economic Update

Economic Research Department
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Oil: OPEC lowers demand growth forecasts on US tariffs. In its monthly oil market report, OPEC revised down its oil demand growth forecasts by 150 kb/d for both 2025 and 2026 to 1.3 mb/d as the global macroeconomic outlook weakens amid tariff-fueled trade tensions. While the trade war between US and China has escalated, the latter is still expected to drive oil demand growth this year on higher petrochemical production, healthy road and air mobility, and robust industrial activity. For next year, however, India is now projected to lead growth amid strong economic expansion and healthy manufacturing activity. On the supply front, OPEC cut its non-OPEC+ supply growth forecast by 100 kb/d to a still robust 900 kb/d for both this year and next, with the US being the main driver for the downward revision. Meanwhile, crude production from quota-bound OPEC+ members (including Mexico) fell 26 kb/d m/m to 35.5 mb/d amid output declines in Iraq, UAE, and Nigeria. The decrease came despite higher production in Kazakhstan (+37 kb/d m/m), which once again raised its crude production, showing little signs of adhering to the compensatory cuts schedule. With OPEC's "Group of Eight" bringing back supply at a faster-than-expected pace in May and recent downward revisions to the oil demand outlook due to the macroeconomic turbulence, the oil market is likely to see much looser balances in the near term.

Chart 1: OPEC oil demand growth outlook

(mb/d, y-y)



Source: OPEC

US: Trump back-tracks again with exemptions on auto tariffs being considered but plans of levies on semiconductors and pharma imports move forward. President Trump mentioned that some partial reprieves on previously announced 25% tariffs on auto imports (including parts) were being considered to allow companies time to move production onshore, but he didn't specify further details. However, the administration is moving

ahead with earlier stated plans to impose duties on semiconductors and pharma imports as it initiated a trade probe on these items. Talks of duty reliefs on auto imports helped lift most Asian markets outside of China in trading this morning. Meanwhile, consumers' year-ahead inflation expectations in March jumped to 3.6% from 3.1% in February but surprisingly declined somewhat for the five-year horizon to 2.9% from 3% earlier, according to a New York Fed survey. These inflation outlooks remain significantly more moderate than the previously reported University of Michigan survey, which saw next-year and long-term inflation expectations soaring to multi-decade highs of 6.7% and 4.4%, respectively, on tariff-related worries. Consumers' views on the labor market were more downbeat, with expectations of slightly weaker earnings growth and a rising unemployment rate over the next year. Meanwhile, perceptions about household finances generally worsened, including tighter access to credit and an overall weaker financial situation in the year ahead.

Japan: Industrial production recovery falters amid external headwinds. The final estimates for industrial production in February revealed an increase of 2.3% m/m, a modest rebound following a 1.1% decline in January. This increase was mainly driven by strong gains in electronic parts and devices (9.4% m/m) and production machinery (8.3%). On a yearly basis, industrial production remained relatively flat, rising marginally by 0.1% y/y, reflecting continued weakness in manufacturing. This subdued industrial performance comes amid rising external headwinds, notably the imposition of a 24% tariff on Japanese exports to the US (part of the wide-ranging "reciprocal" tariffs, which has been postponed for 90 days). Prime Minister Shigeru Ishiba has opted for a cautious diplomatic approach, refraining from retaliatory measures or filing a WTO complaint, instead seeking bilateral negotiations to resolve the dispute and avoid further escalation. The fragile industrial recovery and mounting trade pressures are adding new challenges to the Bank of Japan's goal of achieving price stability while supporting growth.

Egypt: Qatar pledges to invest \$7.5bn of new direct investments into Egypt. President Abdel Fattah El Sisi concluded his visit to Qatar with a significant investment pledge, as both nations agreed to work toward a \$7.5 bn package of direct Qatari investments in Egypt. While specific details were not disclosed, the announcement followed El Sisi's talks with Qatari Emir Sheikh Tamim bin Hamad Al Thani. El Sisi also met with key players in the Qatari business community, including the Qatar Chamber of Commerce and Qatari Businessmen Association, emphasizing Egypt's appeal as an investment destination due to its strategic location, affordable and skilled labor force, strong infrastructure, competitive energy prices, and favorable trade agreements across Arab and African markets. It is worth noting that Qatar already holds a notable investment footprint in Egypt, with contributions from firms like Qatari Diar in real estate and Qatar Energy in oil and gas. New potential investments include majority stakes in port terminal operators and a major real estate project on Egypt's north coast. In a bid to strengthen bilateral economic ties, Prime Minister Madbouly has also ordered the revival of the Egyptian-Qatari Business Council, inactive since 2014, with the revamped body expected to be formally launched within two months.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,237	0.86	-1.93
Bahrain (ASI)	1,904	0.09	-4.12
Dubai (DFMGI)	5,056	1.82	-1.98
Egypt (EGX 30)	31,182	0.02	4.85
GCC (S&P GCC 40)	712	0.62	-1.33
Kuwait (All Share)	7,801	-0.10	5.95
KSA (TASI)	11,597	0.04	-3.65
Oman (MSM 30)	4,276	0.01	-6.56
Qatar (QE Index)	10,147	0.28	-4.02
International			
CSI 300	3,759	0.23	-4.47
DAX	20,955	2.85	5.25
DJIA	40,525	0.78	-4.75
Eurostoxx 50	4,911	2.59	0.31
FTSE 100	8,134	2.14	-0.47
Nikkei 225	33,982	1.18	-14.82
S&P 500	5,406	0.79	-8.09

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	5.68	3.67	-0.59
Kuwait	4.00	0.00	6.25
Qatar	4.65	0.00	-2.50
UAE	4.22	-3.22	-22.40
Saudi	5.47	19.51	-6.63
SOFR	4.26	1.44	-4.90

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

Source: LSEG / Haver

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.32	-8.00	-42.0
Oman 2027	5.38	-21.00	-18.0
Qatar 2026	4.44	-3.00	-35.0
Kuwait 2027	4.61	-13.00	-36.0
Saudi 2028	4.80	-12.00	-28.0

International 10YR			
US Treasury	4.38	-11.28	-18.9
German Bund	2.52	-0.60	15.9
UK Gilt	4.66	-8.90	9.8
Japanese Gvt Bond	1.33	-1.00	25.5

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	-0.07	-0.54
KWD per EUR	0.35	-0.14	9.26
USD per EUR	1.13	-0.10	9.62
JPY per USD	142.98	-0.37	-9.03
USD per GBP	1.32	0.83	5.42
EGP per USD	50.95	-0.45	0.32

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	64.88	0.19	-13.08
KEC	68.68	1.96	-9.38
WTI	61.53	0.05	-14.21
Gold	3204.8	-0.54	21.89