

Daily Economic Update

Economic Research Department
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Oil: Prices post a third week of gains on tighter fundamentals. Brent futures rallied for a third straight week, closing Thursday up 2% w/w to \$87.5/bbl (+13.6% ytd) amid a tighter oil supply outlook and robust economic data, although a surprise buildup in US commercial oil inventories did take the edge off of the momentum. Voluntary output cut extensions by OPEC+ have, coupled with a firmer demand picture – especially following stronger-than-expected Chinese and US data – tightened the oil market, to the extent that the International Energy Agency now sees supply deficits in every quarter of the year. This should support a firmer oil price outlook for the year.

Kuwait: Parliamentary elections to be held on Thursday. Kuwait will once again head to the polls this Thursday to elect representatives to the country's National Assembly. Reflecting the ongoing political challenges, this will be the fourth time in less than four years (since December 2020) that the electorate will be asked to cast its vote, and only ten months on from the previous parliamentary elections. Turnout will be watched, with some political commentators expecting it to exceed last year's 59% based on the strong activity witnessed at candidates' campaign headquarters, though with Ramadan and likely voter fatigue, a higher number is not guaranteed. As expected, candidates' campaigns have largely centered on combating corruption and expanding social welfare policies mixed in with some critique of past government performance. Moreover, on the campaign trail, candidates appear to remain averse to any government moves toward taxes that could reduce disposal income. The degree to which voters return an 'opposition' dominated parliament, as was the case previously, will also be watched.

Egypt: Government to provide subsidized loan to support manufacturing and agriculture. The government has approved a new EGP120 billion package of subsidized loans for the manufacturing, agriculture, and renewable energy sectors. The loans will be provided at a concessional rate of 15%, almost half of the 28.25% current policy rate, for agriculture and manufacturing players to boost private sector involvement in the economy. An EGP105 billion of the EGP120 billion will be directed to finance working capital, while the remainder will be allocated towards capital expenditure. Commercial banks will provide loans to eligible firms at a 15% interest rate and receive the differential (between the 15% and the corridor rate) from the Ministry of Finance. Overall, this initiative will cost the Ministry of Finance EGP8-11 billion. We note that such initiatives were introduced previously as well, in January 2023 and 2016.

US: Crucial job market and business activity indicators due this week. Non-farm payrolls (due this Friday) are expected to rise by 200K in March, following a solid 275K increase in February, with a steady unemployment rate of 3.9%. Wages are seen rising 0.3% m/m (4.1% y/y) from 0.1% (4.3%), underscoring an overall robust job market. The number of job openings (JOLTS report, due tomorrow) could slightly ease to a still solid 8.8 million in February from 8.9 million in January. On the activity front, ISM's manufacturing gauge (due this evening)

could improve to 48.4 in March from 47.8 the previous month but remain in contraction territory for a 17th straight month, while the services measure (due Wednesday) may be unchanged at 52.6.

Japan: Tankan survey shows business sentiment generally worsening. The Bank of Japan's (BOJ) Tankan index for large manufacturers fell to +11 in March 2024 from last December's reading of +13 due to shutdowns of car plants over the past few months. The largest decline in business conditions was registered among manufacturers of motor vehicles, nonferrous metals, and business-oriented machinery. On the other hand, non-manufacturing saw some improvement (+34 versus +32 in Q4 2023), with transportation, real estate, and business services leading the gains. However, the forecasts point to some weakening in the manufacturing and non-manufacturing readings in Q2 2024. The survey also showed that the inflation outlook remained stable at 2.2% for the current year, and an expected depreciation of the yen against the greenback despite the BOJ's recent interest rate hike.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,228	n/a	-3.65
Bahrain (ASI)	2,043	-0.65	3.61
Dubai (DFMGI)	4,246	n/a	4.59
Egypt (EGX 30)	26,883	-2.45	8.26
GCC (S&P GCC 40)	724	0.00	1.60
Kuwait (All Share)	7,327	-0.63	7.48
KSA (TASI)	12,402	-1.31	3.63
Oman (MSM 30)	4,636	-0.80	2.69
Qatar (QE Index)	9,847	-0.97	-9.08

International			
CSI 300	3,537	n/a	3.10
DAX	18,492	n/a	10.39
DJIA	39,807	n/a	5.62
Eurostoxx 50	5,083	n/a	12.42
FTSE 100	7,953	n/a	2.84
Nikkei 225	40,369	n/a	20.63
S&P 500	5,254	n/a	10.16

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.36	0.65	-16.06
Kuwait	4.31	0.00	0.00
Qatar	6.00	0.00	-25.00
UAE	5.21	0.00	-11.39
Saudi	6.20	-8.10	-2.94
LIBOR	5.56	n/a	-3.32
SOFR	5.30	n/a	-3.32

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.74	n/a	41.9
Oman 2027	5.56	n/a	40.4
Qatar 2026	4.87	n/a	35.4
Kuwait 2027	4.62	n/a	27.6
Saudi 2028	4.85	n/a	32.9

International 10YR			
US Treasury	4.19	n/a	33.4
German Bund	2.29	n/a	26.3
UK Gilt	3.94	n/a	39.7
Japanese Gvt Bond	0.73	n/a	11.0

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.00	0.06
KWD per EUR	0.33	0.03	0.38
USD per EUR	1.08	0.00	-2.20
JPY per USD	151.31	0.00	7.27
USD per GBP	1.26	0.00	-0.83
EGP per USD	47.20	-0.32	53.48

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	87.48	n/a	13.55
KEC	86.32	n/a	8.50
WTI	83.17	n/a	16.08
Gold	2217.4	n/a	7.52

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

Source: Refinitiv / Haver