

# Daily Economic Update

Economic Research Department  
14 April 2025

**Oil: Brent falls to a four-year low amid global trade war worries.** Brent futures finished a second consecutive week lower, settling at \$64.8/bbl on Friday (-1.3% w/w; -13.2% ytd) amid intense price volatility brought about by the escalating trade war between the US and China especially. Brent briefly dipped below \$60/bbl in intraday trading on Wednesday, though a 90-day tariff pause announcement by US President Trump sparked a rebound in prices. The recovery was further bolstered by the US Energy Secretary Chris Wright's statement on Friday that the US can "stop Iran's exports of oil" to pressure Tehran over its nuclear program, while eluding to the possibility that the US can step in to offset the lost Iranian crude, an ambitious goal as WTI prices trade below \$65/bbl, the breakeven level to drill a new well in the US, according to a Dallas Fed survey. With significant uncertainty clouding the outlook, the US Energy Information Administration was the first to provide an assessment of the impact of escalating trade tensions on oil market balances. In its monthly outlook, the release of which had been delayed from Monday to Thursday amid significant market developments, the agency lowered its oil demand estimate for this year by 300 kb/d to 900 kb/d on slower global economic activity. OPEC and the International Energy Agency will follow with their monthly releases today and tomorrow, respectively.

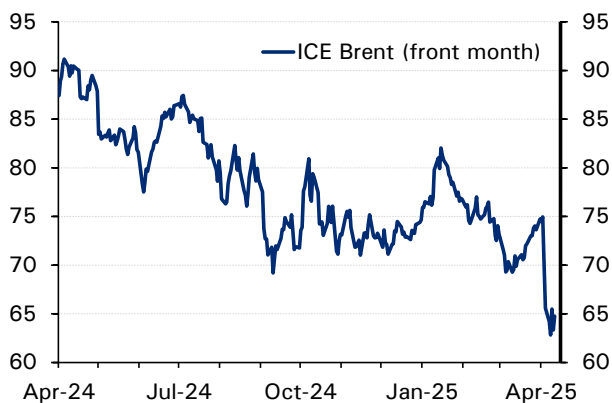
**US: Tariff confusion continues as electronic goods from China still subject to 20% duties, semiconductor tariffs to be announced soon.** The US administration clarified that certain electronic goods imports (smartphones, computer etc.) were only exempted from 'reciprocal tariffs' while previously imposed drugs-related 20% duties on Chinese imports were still applicable. The authorities also pledged to move these goods to "a different tariff bucket" (likely under broader semiconductor or electronics supply chain baskets), indicating a temporary reprieve and adding to confusion/ uncertainty about the whole tariff strategy. Later, President Trump stated that tariffs on semiconductor imports would be announced "over the next week," but he also seemed to offer flexibility to some companies or products. Equity markets cheered the partial tariff reprieve on electronics imports as an indication of a more flexible approach by the US administration, with many Asian markets as well as US equity futures up this morning. On the economic front, broader uncertainty related to the tariffs and trade war have unsurprisingly hit consumer confidence, with the University of Michigan consumer sentiment index in April falling more than expected to 50.8 from 57 in March, the second lowest on record amid a higher price outlook and worsening views about employment conditions. Consumer inflation expectations continued to jump, rising to their multi-decade highs of 6.7% and 4.4% for year-ahead and five-to-ten-year horizons, respectively. March's CPI inflation print had come in lower than expected at 2.4% y/y from 2.8% in February, with core price rises moderating to their lowest since March 2021 of 2.8% from 3.1%. However, the inflationary impact of tariff hikes could start to become more visible in the April CPI figures.

**China: Exports rapidly rise as companies sought to beat tariffs.** Chinese exports grew by 12.4% y/y in March, significantly above market expectations of a 4.4% rise and Jan-Feb's 2.3% increase. The sharp increase could be partially explained by companies front-loading orders to get ahead of the US's prohibitively high tariffs, which

reached 145% on Friday. In contrast, imports fell for the second consecutive period, declining 4.3% y/y when markets only expected a 2% fall. This leaves China with a merchandise trade surplus of \$103 billion for the month, a figure much higher than the \$77 billion expected by economists and the \$59 billion seen in March 2024.

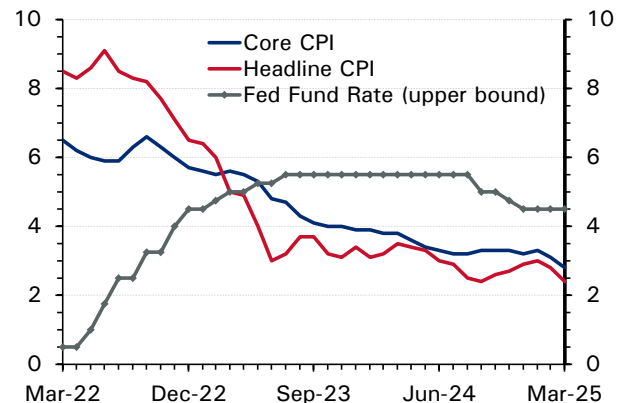
**Global: Tariff news-flow, markets' performance, ECB meeting, and China GDP key matters this week.** Following last week's immense volatility, markets will be fixated on further developments related to the US-imposed tariffs. Hence, the tariff news-flow and the subsequent markets' reaction will continue to be the main thing to monitor this week, likely overshadowing data releases. In terms of the latter, in the **US**, March's retail sales will be out on Wednesday, with the consensus forecast indicating sharp growth of 1.3% m/m following an increase of 0.2% in February, likely supported by bringing spending forward ahead of the tariff-related price increases. In the **Eurozone**, the ECB meets on Wednesday/Thursday with the market expecting another 25 bps cut in interest rates, leaving the deposit rate at 2.25%. In the **UK**, February's employment data is due on Tuesday with forecasts pointing to a steady unemployment rate (4.4%) and slightly slower total pay growth of 5.7% y/y in the December-February period from 5.8% one month earlier. Inflation for March (on Wednesday) is seen marginally easing to 2.7% y/y and 3.4% from February's 2.8% and 3.5% for the headline and core rates, respectively. Meanwhile in **China**, GDP growth for Q1 in addition to retail sales, industrial production, and house price indices for March are due on Wednesday. Consensus estimates point to GDP growth of 5.1% y/y in Q1, down from 5.4% in Q4, and compared with an "around 5%" target for the full year. The incoming data will likely carry additional importance given the current full-blown trade war with the US. Finally in **Japan**, inflation for March is due on Friday with consensus estimates pointing to a 3.2% y/y increase in the core rate (which excludes fresh food) up from 3% in February, keeping Bank of Japan's policy-tightening efforts alive.

**Chart 1: Oil prices**  
(\$/bbl)



Source: Haver

**Chart 2: US Fed rate and annual inflation**  
(%)



Source: Haver

**Saudi Arabia: Industrial production fell in February despite steady growth in non-oil activity.** According to official data, the Industrial Production Index fell by a marginal 0.2% y/y in February from an increase of 1.3% the previous month, marking the first contraction since June 2024. Overall production was weighed down by a decline in oil activities (-1.6% y/y), with a sharp drop in the manufacture of coke and refined petroleum products (-5.4%) while petroleum extraction which comprises the bulk (61%) of the index fell by -0.7% as oil production eased to 8.95 mb/d from 9.01 mb/d in February 2024. In contrast, non-oil activities continued to expand steadily, rising by 3.2% y/y led by notable gains in the manufacture of food (6.3%), chemicals and chemical products (3.5%), and non-metallic products (5.6%). On a monthly basis, oil and non-oil activities grew by 0.3% and 1.5% respectively, indicating that the annual decline in the industrial production index can be owed entirely to increases in the base period. With mounting headwinds to global trade and growth, non-oil activity could ease

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in the coming months from the strong levels seen in recent years, especially in export-oriented sectors while oil activity growth could remain subdued amid the negative implications for global oil demand.

## Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi (ADI)	9,158	n/a	-2.77
Bahrain (ASI)	1,902	0.03	-4.20
Dubai (DFMGI)	4,966	n/a	-3.73
Egypt (EGX 30)	31,175	1.18	4.82
GCC (S&P GCC 40)	708	0.09	-1.93
Kuwait (All Share)	7,808	-0.15	6.05
KSA (TASI)	11,593	0.78	-3.69
Oman (MSM 30)	4,276	0.13	-6.57
Qatar (QE Index)	10,118	0.23	-4.29

<b>International</b>			
CSI 300	3,751	n/a	-4.69
DAX	20,374	n/a	2.34
DJIA	40,213	n/a	-5.48
Eurostoxx 50	4,787	n/a	-2.22
FTSE 100	7,964	n/a	-2.56
Nikkei 225	33,586	n/a	-15.81
S&P 500	5,363	n/a	-8.81

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	5.65	0.00	-4.26
Kuwait	4.00	0.00	6.25
Qatar	4.65	0.00	-2.50
UAE	4.25	0.00	-19.18
Saudi	5.28	-7.05	-26.13
SOFR	4.26	1.44	-4.90

Bond yields	%	Change (bps)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi 2027	4.40	n/a	-34.0
Oman 2027	5.59	n/a	3.0
Qatar 2026	4.47	n/a	-32.0
Kuwait 2027	4.74	n/a	-23.0
Saudi 2028	4.92	n/a	-16.0

<b>International 10YR</b>			
US Treasury	4.50	n/a	-7.7
German Bund	2.53	n/a	16.5
UK Gilt	4.75	n/a	18.7
Japanese Gvt Bond	1.34	n/a	26.5

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.05	-0.47
KWD per EUR	0.35	1.41	9.42
USD per EUR	1.14	0.00	9.73
JPY per USD	143.51	0.00	-8.70
USD per GBP	1.31	0.00	4.55
EGP per USD	51.18	-0.20	0.77

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	64.76	n/a	-13.24
KEC	67.36	n/a	-11.12
WTI	61.5	n/a	-14.25
Gold	3222.2	n/a	22.55

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

Source: LSEG / Haver

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