

Daily Economic Update

Economic Research Department
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Egypt: IMF report for the finalized 3rd review confirms improving macro stability. Following up on the Executive Board completion of the third review in July, the IMF released publicly its staff report detailing the availability of a further \$820 million to the Egyptian authorities under the financing program agreed in 2022. As a reminder, the third review is benchmarked against March 2024 quantitative targets. IMF staff praised the Egyptian authorities for committing to a liberalized, market-determined foreign exchange rate regime and recommended that Egypt stick to this flexible system to show all stakeholders that “this time is different”. The IMF also noted that inflation resulting from the depreciated currency has largely passed through and continues to view the current conflict in Gaza as the biggest risk to the Egyptian economy. The fourth IMF review will take place in September/October based on end-June 2024 targets, after which Egypt would have four remaining reviews in 2025 and 2026 with two in each year.

Saudi Arabia: Trade surplus narrows in June, but non-oil exports up. The trade surplus fell by 7% y/y to SAR 30 billion (\$8 billion) in June, according to official preliminary data. The figure is slightly below the average monthly surplus during January-May 2024 (SAR 31 billion) and comes largely due to a 5.8% y/y fall in merchandise exports, in which oil and derived products account for roughly 75% (-9.3% y/y). In contrast, non-oil exports jumped by 7.3% y/y on the back of a strong increase in re-exports (national exports were up by 0.5%). Meanwhile, merchandise imports fell by 5.1%, mainly on lower imports of transportation equipment, minerals, and food & beverages. China, Japan and South Korea remained the three largest export partners. For Q2 2024, the trade balance recorded a surplus of SAR 98 billion (US\$26 billion), increasing by 6% y/y.

US: Core capital goods orders fall, indicating cautious business spending. US core capital goods orders (non-defense and excluding aircraft) unexpectedly fell 0.1% m/m in July from June’s revised 0.5% gain, with shipments (a more concurrent measure of output) of such goods dropping 0.4% m/m after staying broadly flat in June. Durable goods orders, however, did surge at their fastest pace in 10 years (+9.9% m/m, excluding the pandemic period) from a downwardly revised 6.9% plunge in June. Nevertheless, the decline in core capital goods orders hints that businesses are turning more cautious on their investments amid moderating demand and political uncertainty before the November election. PMI gauges for the manufacturing sector have been trending soft, corroborating the subdued business spending outlook. However, consumer spending remains relatively robust amid elevated wage growth, which is helping to ease worries of an imminent or material slowdown in economic activities.

China: Industrial profits climb in July despite weak domestic demand. According to China’s National Bureau of Statistics, industrial profits in July expanded by 4.1% y/y, up from 3.6% in June. This is the fastest rate in five months, reflecting strong earnings at high-tech firms and consumer goods manufacturers on the back of sales for export rather than local markets, given the weakness of domestic demand. But even the overseas market has been challenging, with ongoing trade disputes and tariffs.

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Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,356	-0.19	-2.31
Bahrain (ASI)	1,929	-0.06	-2.18
Dubai (DFMGI)	4,325	0.75	6.53
Egypt (EGX 30)	30,134	0.20	21.35
GCC (S&P GCC 40)	712	0.55	-0.02
Kuwait (All Share)	7,162	0.37	5.05
KSA (TASI)	12,261	-0.01	2.45
Oman (MSM 30)	4,697	0.20	4.06
Qatar (QE Index)	10,223	1.16	-5.61
International			
CSI 300	3,324	-0.09	-3.12
DAX	18,617	-0.09	11.14
DJIA	41,241	0.16	9.42
Eurostoxx 50	4,897	-0.25	8.29
FTSE 100	8,328	0.00	7.69
Nikkei 225	38,110	-0.66	13.88
S&P 500	5,617	-0.32	17.76
3m interbank rates			
	%	Change (bps)	
		Daily	YTD
Bahrain	6.33	0.00	-19.83
Kuwait	4.25	0.00	-6.25
Qatar	6.00	0.00	-25.00
UAE	4.97	-5.03	-30.78
Saudi	6.14	5.81	-15.32
LIBOR	5.34	0.00	-25.08
SOFR	5.08	0.93	-25.08

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.12	0.00	-20.1
Oman 2027	4.95	-5.00	-20.7
Qatar 2026	4.45	3.00	-6.9
Kuwait 2027	4.50	-2.00	16.0
Saudi 2028	4.43	2.00	-9.1
International 10YR			
US Treasury	3.82	2.46	-4.1
German Bund	2.25	2.40	21.9
UK Gilt	3.91	0.00	37.3
Japanese Gvt Bond	0.88	-1.00	26.4
Exchange rates			
	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.27	-0.57
KWD per EUR	0.34	-0.20	3.08
USD per EUR	1.12	-0.26	1.13
JPY per USD	144.52	0.10	2.45
USD per GBP	1.32	-0.14	3.62
EGP per USD	48.68	-0.10	57.80
Commodities			
	\$/unit	Change (%)	
		Daily	YTD
Brent crude	81.43	3.05	5.70
KEC	79.88	2.53	0.40
WTI	77.42	3.46	8.05
Gold	2517.7	0.37	22.08

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

Source: LSEG / Haver

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