

Daily Economic Update

Economic Research Department
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Kuwait: Non-oil private sector growth strengthens in March. According to the first public release of the S&P Global PMI for Kuwait, non-oil private sector activity in March moved further into expansion territory, with the headline reading increasing to 53.2 from 52.7 in February. March's figure is the sixth consecutive reading above the 50 no-change level (data was released back to October 2023), although the rate of expansion in the mid-to-low 50s is moderate overall. The improvement in activity was driven by a further pick-up in output and new orders (though growth in new export orders decelerated slightly), aided by a promotional and advertising efforts by firms, according to the report. Business expectations of 12-month ahead output also improved. However, survey respondents noted that input costs incurred by firms were rising substantially, at the quickest pace in nearly four years, and were being passed on to consumers to improve firms' profit margins. As such, the rate of increase in selling prices was the quickest in almost two and a half years.

Saudi Arabia: PMI inches down marginally to a still-strong 57. The PMI decreased slightly to 57.0 in March from 57.2 in February, averaging 56.5 in Q1 2024. However, both output and new order indices strengthened for the second straight month, with the former hitting the highest level in six months. The employment index softened slightly in March but has now completed two years in expansion territory. Input price pressures continued in March, but decelerated for the second consecutive month, with the index falling to the lowest level since July 2023. The output price index increased slightly in March, but remains marginally above the no-change level, with strong competitive pressures continuing to be cited as a factor keeping inflation in check. Finally, the future output index strengthened in March, hitting the highest level in four months.

UAE: Non-oil growth remains at robust level in March, despite shipping disruptions. The PMI signaled that UAE non-oil private sector growth remained at robust levels in March, with the index reading at 56.9, well above the 50 'no change' mark if slightly below February's 57.1. The strong score was supported by further very solid recordings in the new orders and output subindices (both remaining above 60), with firms also reporting a sharp rise in work backlogs albeit partially attributing this to supply disruptions linked to the Red Sea crisis. Meanwhile, although input prices rose, output prices fell for the fifth month in a row. Overall in Q1, the headline PMI averaged 56.9, slightly down from Q4 2023 but still above that recorded one year earlier (54.8). Non-oil growth in the UAE therefore appears to have preserved much of its momentum of late despite more difficult geopolitics, transport disruptions and of course continued high interest rates.

Egypt: PMI continues to be subdued but recovery could be in sight. The PMI rose slightly to 47.6 in March 2024 from 47.1 in February 2024 but continued to highlight overall weak economic environment. Business activity and new orders dropped further due to deteriorating purchasing power amid high inflation that had reached 36% y/y in February. March was the month of major and tough policy changes, including the large devaluation of the pound and a sharp hike in interest rates; arguably March's PMI scores have held up relatively well in the circumstances. Looking ahead, businesses should start getting access to FX allowing for a smoother import

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process and an improved production cycle – though the anticipated recovery in orders and demand could take a few months as inflation is expected to rise in the near term following the currency devaluation. Based on the PMI survey, firms remain downbeat about the next 12 months, though we expect sentiment to continue improving over the coming months.

US: Job openings edge up with steady quits rates. Job openings (JOLTS report) inched up to 8.76 million in February from a downwardly revised 8.75 million in January, underscoring a sustained robust job market. Vacancies per unemployed person dropped to a still elevated 1.36 from 1.43 in January, as the previously-reported data showed an uptick in unemployment during the month. Quit rates, meanwhile, held steady at 2.2% for a fourth straight month, suggesting early signs of caution among job switchers and signaling some easing in wage growth. As a reminder, March's job data will be released this Friday, potentially showing a robust 200K job gains during the month.

UK: House prices drop for the first time in 3 months. Housing prices rose by 1.6% y/y in March 2024, coming higher than the 1.2% y/y recorded in February 2024 but much lower than the consensus forecast of a 2.4% rise. On a monthly basis, housing prices contracted for the first time in three months by 0.2% m/m, significantly lower than the +0.7% m/m recorded in February and market expectations of 0.3% m/m growth. Average house prices now stand at £261K. Higher interest rates combined with affordability issues continue to weigh on housing demand. For example, in January, the number of mortgages approved for house purchases was much lower than pre-pandemic levels. Expected interest rate cuts by the BoE this year could help in the recovery of house prices in 2H2024 and 2025.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,253	0.08	-3.40
Bahrain (ASI)	2,029	-0.22	2.93
Dubai (DFMGI)	4,269	0.14	5.16
Egypt (EGX 30)	27,934	-1.28	12.49
GCC (S&P GCC 40)	720	0.52	1.12
Kuwait (All Share)	7,368	0.19	8.08
KSA (TASI)	12,477	0.43	4.25
Oman (MSM 30)	4,673	0.20	3.51
Qatar (QE Index)	9,794	-0.71	-9.57

International			
CSI 300	3,581	-0.42	4.36
DAX	18,283	-1.13	9.14
DJIA	39,170	-1.00	3.93
Eurostoxx 50	5,042	-0.81	11.51
FTSE 100	7,935	-0.22	2.61
Nikkei 225	39,839	0.09	19.05
S&P 500	5,206	-0.72	9.14

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.35	0.33	-17.40
Kuwait	4.25	-6.25	-6.25
Qatar	6.00	0.00	-25.00
UAE	5.27	8.02	-6.23
Saudi	6.30	6.44	6.44
LIBOR	5.57	0.99	-2.33
SOFR	5.30	N/A	-2.93

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.83	0.10	50.7
Oman 2027	5.70	0.00	54.5
Qatar 2026	4.93	-3.70	44.3
Kuwait 2027	4.71	0.50	36.2
Saudi 2028	4.96	-4.90	49.1

International 10YR			
US Treasury	4.37	0.82	50.5
German Bund	2.40	-1.40	38.2
UK Gilt	4.10	0.70	55.1
Japanese Gvt Bond	0.77	2.00	12.9

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.02	0.06
KWD per EUR	0.33	0.24	0.17
USD per EUR	1.08	-0.02	-2.43
JPY per USD	151.69	0.09	7.44
USD per GBP	1.26	-0.06	-1.19
EGP per USD	47.05	-0.13	52.71

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	89.13	0.24	15.42
KEC	89.55	1.51	12.56
WTI	85.28	0.15	18.84
Gold	2286.4	1.12	9.63

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

Source: Refinitiv / Haver