Daily
Economic Update

Economic Research Department
5 September 2024

US: Job openings decline in more signs of a slowing labor market. The number of job openings (JOLTS report) fell to its lowest since the beginning of 2021 at 7.67 million in July from a downwardly revised 7.91 million in June, worse than the consensus of 8.1 million. The number of vacancies per unemployed person fell to 1.1 from its peak of 2 in March 2022, and slightly worse than the 2018-19 average of 1.2. The quits rate marginally ticked up to 2.1% from 2% as finding better employment opportunities remained difficult, while the number of layoffs rose to its highest since March 2023, signaling a general slowdown in the labor market. However, hiring increased from the previous month, underscoring no imminent collapse in the broader job climate. The more critical non-farm payroll report for August will be released tomorrow and should set the tone for the FOMC outcome at its September 17-18 meeting: the market expects a 25 bps interest rate cut, with a larger cut possible if the August jobs number is especially weak.

Eurozone: August final composite PMI revised down. The final composite HCOB PMI reading was revised down from 51.2 to 51.0 in August's final print, though still better than July's 50.2. Despite the slight downward revision to the service sector PMI, from a preliminary reading of 53.3 to a final reading of 52.9, August still marked the strongest growth in three months which was mostly due to a jump in French business activity driven by the Paris Olympics, possibly a one-off. Meanwhile, the manufacturing PMI matched initial estimates, continuing its decline for the 17th consecutive month, indicating a still-cautious overall business outlook.

Japan: Concerns over rising borrowing costs could drive another equity market swing. The market turbulence in early August has increased the focus on ongoing Bank of Japan (BoJ) policy normalization efforts. Yesterday saw another major drop in Japanese equities (Nikkei 225 -4.2%), which followed the previous day's fall in US stocks. Domestic markets had been relatively calm before yesterday's fall, recouping most the losses from the dip seen on Aug 5, with the Nikkei 225 up 10.7% YTD (as of Sep 4) and yields on 10-year JGBs hovering around 0.9%. The yen has stabilized in the JPY144-149/$ band following its appreciation in early August amid hawkish BoJ signals, with GDP and inflation largely remaining on track with the bank's projections. While the bank remains cautious about the pace of further policy rate hikes, these developments could allow for another hike by early next year. However, fiscal policy could also change depending on the successor of current prime minister Kishida by end-September, potentially impacting Japan's economic trajectory and financial markets.

UAE: Dubai sales ease in August, still robust. The value of real estate sales in Dubai eased to AED47.3 billion in August from July's historic peak (AED50.1 billion), though yearly growth picked up to +41% y/y from 33%. Transactions were concentrated within the apartment segment (75% of total), mainly off-plan, though the pace of apartment sales growth eased to 38% y/y. Plot sales increased for the fifth consecutive month to hit their highest level since October 2023. Villa sales saw a modest 4.6% y/y rise but fell by almost half m/m, which could reflect a shift in investor preference towards apartments given potentially higher returns, greater

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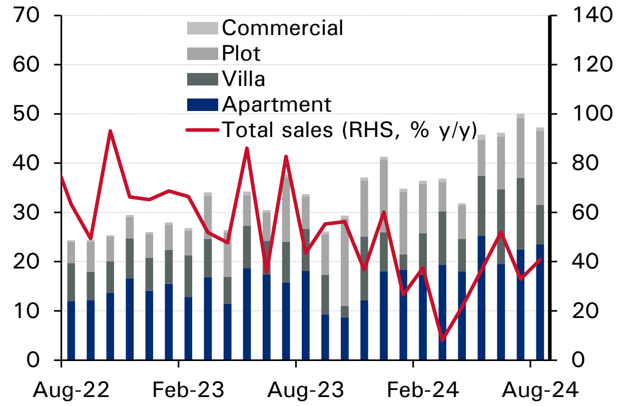
affordability and other issues. Areas in top demand during the month were Jumeirah Village Circle and Business Bay. Despite the ongoing boom, prospects of a cooling over the coming year remain, given an anticipated large increase in supply (around 35,000 units by year end) and still-high (if falling) interest rates.

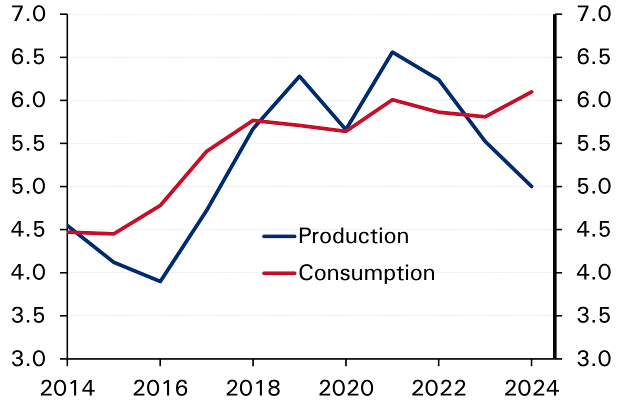
Egypt: BP to boost natural gas production by 400mcf/d as the government pledges to clear dues. Oil major BP is expected to boost natural gas production in Egypt from the Mediterranean Sea West Raven-4 well by around 0.4bcf/d, starting October. BP and the Egyptian authorities recently reached an agreement, wherein BP would invest around $400 million this fiscal year and speed up the process of drilling two additional wells (0.2bcf/d in October and second one in February 2025), subject to the government paying outstanding dues as scheduled. BP's current natural gas production has dropped by almost half over the past two years to around 0.45bcf/d which is 9% of Egypt total's gas production, behind only production in the Zohr field of 1.85bcf/d (37% of total). The two new wells should bring BP's gas production back to 2022 levels. With this, Egypt's total gas production should increase by 8% by Q1 2025, helping bridge the deficit of 1.4-1.5bcf/d. Still, the government's commitment of clearing dues to BP and other oil/gas producers remains crucial to bring back energy investments and meet the country's energy needs.

Chart 1: Dubai real estate sales
(AED billion)



Source: DXB interact, NBK estimates

Chart 2: Egypt's natural gas prod/consumption
(bcf/d)



Source: Energy Institute, BP

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,367	-0.13	-2.20
Bahrain (ASI)	1,944	-0.20	-1.37
Dubai (DFMGI)	4,365	-0.12	7.51
Egypt (EGX 30)	30,998	-0.07	24.83
GCC (S&P GCC 40)	709	-0.31	-0.51
Kuwait (All Share)	7,156	-0.45	4.98
KSA (TASI)	12,128	-0.43	1.34
Oman (MSM 30)	4,781	0.07	5.91
Qatar (QE Index)	10,321	-0.60	-4.70
International			
CSI 300	3,252	-0.65	-5.22
DAX	18,592	-0.83	10.99
DJIA	40,975	0.09	8.72
Eurostoxx 50	4,848	-1.31	7.22
FTSE 100	8,270	-0.35	6.94
Nikkei 225	37,048	-4.24	10.71
S&P 500	5,520	-0.16	15.73

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.27	-0.99	-25.15
Kuwait	4.25	0.00	-6.25
Qatar	6.00	0.00	-25.00
UAE	4.89	-10.30	-43.53
Saudi	6.02	1.89	-20.97
LIBOR	5.26	-1.71	-33.70
SOFR	5.01	N/A	-31.99

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.09	-3.00	-23.1
Oman 2027	4.89	-6.00	-26.7
Qatar 2026	4.41	-1.00	-10.9
Kuwait 2027	4.38	0.00	4.0
Saudi 2028	4.39	-2.00	-13.1
International 10YR			
US Treasury	3.76	-7.39	-10.4
German Bund	2.22	-5.75	18.7
UK Gilt	3.93	-5.35	39.5
Japanese Gvt Bond	0.88	-4.00	26.4

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	-0.08	-0.63
KWD per EUR	0.34	0.27	2.28
USD per EUR	1.11	0.35	0.42
JPY per USD	143.73	-1.20	1.89
USD per GBP	1.31	0.24	3.24
EGP per USD	48.43	-0.04	56.99

Commodities	$/unit	Change (%)	
		Daily	YTD
Brent crude	72.70	-1.42	-5.63
KEC	74.64	-4.16	-6.18
WTI	69.2	-1.62	-3.42
Gold	2493.4	0.14	20.90

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

Source: LSEG / Haver

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