

Daily Economic Update

Economic Research Department
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China: State planner lays out further actions to boost economy, but no new plans for major stimulus. Chinese equity markets opened at two-year highs after a week-long break, with the CSI 300 up 6% and Shanghai Composite up 5%. Markets, however, did cool slightly following a highly anticipated press conference on Tuesday, in which the chairman of China's National Development and Reform Commission promised further actions to lift the economy but didn't include any new stimulus measures, disappointing investors. That said, the announcement did mention an acceleration in the special purpose bond issuance program to local governments to support regional economic growth and a continuation of the issuance of ultra-long special treasury bonds next year after RMB1 trillion worth of these bonds were deployed to fund regional projects. Additionally, and ahead of schedule, the central government will release by the end of October a RMB100 billion investment plan for next year. The NDRC chairman also pledged additional measures aimed at supporting the property market and boosting domestic spending and acknowledged that China is facing certain headwinds when it comes to meeting this year's 5% economic growth target.

US: Consumer borrowings slow as credit card balances drop. Total consumer credit (including credit cards, auto and other loans but excluding mortgages) rose 0.2% m/m (+2.1% y/y) in August, slowing from a 0.5% rise (+6.3% y/y) in July. While revolving credit outstanding (including credit card) fell 0.1% m/m, non-revolving credit (including auto and education loans) increased by a solid 0.3%. The drop in the revolving credit balance underscores cautious borrower behavior as effective interest rates charged on credit cards increased to a record high of 23.4% in August from 22.8% in Q2. Previously reported St. Louis Fed data showed that delinquency rates on credit cards hit an over 12-year high of 3.25% in Q2 2024.

Japan: Household spending dips in August. Household spending in real terms, a leading indicator for private consumption, declined in August by 1.9% y/y, following a mild rise of 0.1% in July, and marking its steepest decline since January 2024 (-6.3%). This fall came mainly on weak expenditures on transport & communication (-17.1% y/y versus -4.3% in July), housing (-7.4% versus +17.3%), and culture & recreation (-6.9% versus +5.6%). The data points to a weaker pace of recovery in private consumption in Q3, giving more fuel to the dovish view that the Bank of Japan will not rush into further rate hikes. Meanwhile, balance of payments data for August showed that the current account surplus rose to JPY3.8 trillion (from JPY2.3 trillion in August 2023) mainly on a narrowing goods deficit as exports (+6.2% y/y) grew faster than imports (+1.3% y/y) and a widening primary income surplus.

Chart 1: Japan's real household spending

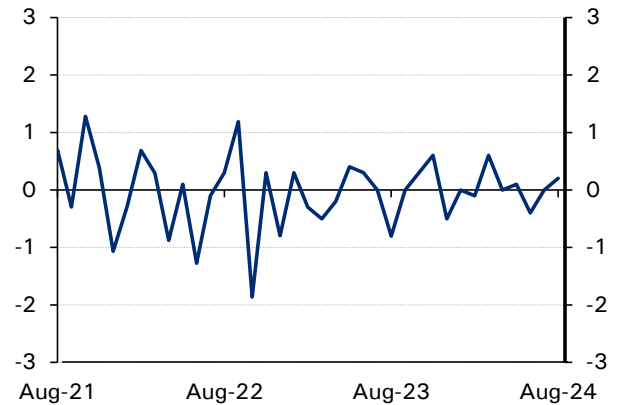
(% y/y)



Source: Ministry of Internal Affairs & Communications

Chart 2: Eurozone retail sales

(% m/m)



Source: ECB

Eurozone: Retail sales up in August, in line with expectations. Matching expectations, eurozone retail sales rose in August (+0.2% m/m) from July's downwardly revised reading (0.0% m/m). The increase was mainly driven by a +0.2% boost in food, drinks, and tobacco sales, a 1.1% increase in sales of automotive fuel from specialized stores, and a 0.3% rise in non-food products.

UK: House prices rise in September, Halifax data shows. According to the Halifax house price index, UK residential prices rose for a third consecutive month in September, increasing by 0.3% m/m to match August's gain. In annual terms, September's increase in house prices was the fastest since November 2022 at 4.7% y/y, helped by a weak base last year, and up on August's rise of 4.3%. Overall, the trends in September are similar to those recorded in the alternative Nationwide data earlier. Improving affordability amid elevated wage growth, easing inflation and reduced borrowing costs should help revive property market activity and support further price gains. However, according to Halifax, concerns about higher housing costs could drive only modest price increases in the near term.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,147	-0.36	-4.50
Bahrain (ASI)	2,001	-0.11	1.51
Dubai (DFMGI)	4,395	-0.25	8.26
Egypt (EGX 30)	31,819	0.31	28.13
GCC (S&P GCC 40)	694	-0.22	-2.53
Kuwait (All Share)	6,984	0.27	2.45
KSA (TASI)	11,914	1.23	-0.45
Oman (MSM 30)	4,681	0.00	3.70
Qatar (QE Index)	10,451	0.38	-3.50
International			
CSI 300	4,018	0.00	17.10
DAX	19,104	-0.09	14.04
DJIA	41,954	-0.94	11.32
Eurostoxx 50	4,970	0.30	9.91
FTSE 100	8,304	0.28	7.38
Nikkei 225	39,333	1.80	17.54
S&P 500	5,696	-0.96	19.42
3m interbank rates			
	%	Change (bps)	
		Daily	YTD
Bahrain	6.06	0.34	-46.13
Kuwait	3.94	0.00	-37.50
Qatar	6.00	0.00	-25.00
UAE	4.58	12.23	-74.77
Saudi	5.55	-3.41	-68.47
SOFR	4.58	-0.57	-74.74

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.27	7.00	-5.1
Oman 2027	5.04	11.00	-11.7
Qatar 2026	4.49	9.00	-2.9
Kuwait 2027	4.25	8.00	-9.0
Saudi 2028	4.48	5.00	-4.1
International 10YR			
US Treasury	4.03	5.84	16.7
German Bund	2.25	3.80	22.0
UK Gilt	4.21	7.70	66.7
Japanese Gvt Bond	0.92	4.00	30.4

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.04	-0.42
KWD per EUR	0.34	-0.01	1.66
USD per EUR	1.10	-0.02	-0.56
JPY per USD	148.18	-0.36	5.05
USD per GBP	1.31	-0.25	2.78
EGP per USD	48.35	0.12	56.73

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	80.93	3.69	5.05
KEC	78.30	0.38	-1.58
WTI	77.14	3.71	7.66
Gold	2644.8	-0.04	28.24

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

Source: LSEG / Haver