

Daily Economic Update

Economic Research Department
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US: House prices in April edge up again, beating forecasts. The S&P/Case-Shiller home price index rose by a more-than-expected 0.4% m/m in April (+0.3% in March), leaving the y/y rate at a strong 7.2% (+7.4% in March). April's rise in the index took the level of prices to its highest on record, signaling a resilient property market but also accentuating affordability problems. Home prices dipped between mid-2022 and early 2023 but have since moved higher despite sharply rising interest rates over the period. One reason for the buoyancy of prices is the limited supply of properties on the market, with borrowers reluctant to give up mortgages locked in at lower interest rates in previous years. However, monthly price rises so far this year have moderated from rates of up to 0.9% seen in 2023, suggesting that demand and supply may be moving better into balance. Rising shelter prices have been a key factor in generating high CPI inflation in recent years (shelter CPI inflation, which includes rents, is still running at 5%+ y/y), and more subdued home price rises could boost confidence among Fed officials that inflation is heading back towards the 2% target.

Egypt: World Bank to provide \$700mn in financing, local banks ease card limits on FX transactions. The World Bank will provide Egypt with \$700 million in Development Policy Financing as part of the three-year, \$6 billion financing package that was negotiated with the Egyptian authorities in March. As part of the \$700 million agreement, \$200 million will be unlocked once complementary financing from other development partners has been secured. The financing should help facilitate Egypt's shift to a more private sector-participatory economic model and improve the country's macro-economic and fiscal resilience. In line with the broad thrust of the World Bank's development goals, it is understood that the authorities will now look to push through, among others, specific measures to create a legal basis for its privatization plan (State Ownership Policy), empower the Egyptian Competition Authority and build a stronger renewable energy sector. Meanwhile, on the FX front, Egyptian banks have started reducing their FX markup fees and easing credit card limits for both local and international transaction limits. Commercial International Bank and Banque Misr have cut their FX markup fees from 10% to 5% and increased credit card limits by 50%. The relaxation of the FX limits comes after significant improvement in commercial banks net foreign assets, from -\$29.1 billion in January to -\$3.7 billion as of April 2024. This move should help further restore confidence in the banking system especially on the retail side, which has been hit hard by these spending restrictions.

Saudi Arabia: Improving trend in terms of non-oil exports and imports. Preliminary data showed non-oil exports rising by 1.6% y/y in April, a sign that exports may be stabilizing after the steep decline witnessed since late 2022. The decline in oil exports slowed to -4.2% y/y in April after averaging -7.3% in Q1. Meanwhile, growth in imports eased to 1.3% y/y after faster increases in the previous months. The merchandise trade surplus stood at SAR 41 billion (\$10.9 billion) in April compared with a monthly average of around SAR 35 billion in 2023, noting that the surplus for the full first quarter was SAR 87 billion (-28% y/y).

UAE: Fitch affirms Abu Dhabi's rating at "AA" with a stable outlook. Rating agency Fitch has affirmed Abu Dhabi's Long-Term Foreign-Currency Issuer Default Rating at 'AA' with a stable outlook, citing the emirate's strong fiscal and external balances, sizable foreign reserves and low government debt. Fitch also expects crude oil production to reach 3.4 mb/d by December 2025, in line with OPEC+'s agreement earlier this month but remain well below the production capacity of 4.85 mb/d. Fiscal surpluses would remain sizable at 5.4% of GDP in 2024 and 3.6% of GDP in 2025 with expenditures contained within the boundaries of the authorities' target band of AED260-300 billion. However, the agency continued to highlight as a vulnerability the emirate's high dependence on hydrocarbon revenues (around 75% of total revenues) and its need to widen sources of funding; the corporate income tax, introduced in mid-2023, is expected to generate revenues of around 1% of GDP.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,002	-0.23	-6.01
Bahrain (ASI)	2,036	-0.10	3.26
Dubai (DFMGI)	3,999	-0.04	-1.50
Egypt (EGX 30)	27,264	1.34	9.79
GCC (S&P GCC 40)	677	0.19	-4.96
Kuwait (All Share)	6,978	-0.23	2.36
KSA (TASI)	11,731	0.29	-1.98
Oman (MSM 30)	4,598	-0.52	1.87
Qatar (QE Index)	9,827	0.57	-9.26
International			
CSI 300	3,458	-0.54	0.78
DAX	18,178	-0.81	8.51
DJIA	39,112	-0.76	3.77
Eurostoxx 50	4,936	-0.30	9.16
FTSE 100	8,248	-0.41	6.65
Nikkei 225	39,173	0.95	17.06
S&P 500	5,469	0.39	14.66
3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.35	-0.01	-17.40
Kuwait	4.31	0.00	0.00
Qatar	6.00	0.00	-25.00
UAE	5.23	6.40	-16.32
Saudi	6.27	3.24	0.21
LIBOR	5.60	-0.12	0.92
SOFR	5.34	-0.40	0.92

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.96	5.00	63.9
Oman 2027	5.52	0.00	36.3
Qatar 2026	5.10	1.00	58.1
Kuwait 2027	5.03	5.00	69.0
Saudi 2028	5.06	5.00	53.9
International 10YR			
US Treasury	4.25	1.35	38.7
German Bund	2.41	-0.95	38.2
UK Gilt	4.07	-0.50	53.5
Japanese Gvt Bond	1.00	1.00	38.4
Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	-0.02	-0.20
KWD per EUR	0.33	-0.21	-0.70
USD per EUR	1.07	-0.18	-2.93
JPY per USD	159.69	0.06	13.21
USD per GBP	1.27	0.03	-0.36
EGP per USD	48.33	0.12	56.66
Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	85.01	-1.16	10.35
KEC	87.58	0.81	10.08
WTI	80.83	-0.98	12.81
Gold	2316.6	-0.58	12.33

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

Source: Refinitiv / Haver

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