

# Daily Economic Update

Economic Research Department  
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**Japan: Deputy BoJ governor defends July's rate hike following the equity market crash & recovery.** Bank of Japan deputy governor Himino defended the bank's surprise interest rate hike in July, a move that contributed to August's intense financial market volatility and said that further rate hikes would be contingent on inflation moving in line with the BoJ's assessment. He also hinted that there was greater confidence in the outlook for the economy and price movements. While his comments indicated that another rate hike is not imminent, one by the end of the year remains on the table, which could help support the yen especially vis-à-vis the US dollar given a likely Fed rate cut in September. The BoJ's hawkish move on 31 July, lifting its benchmark rate from 0-0.1% to 0.25%, its highest since 2008, helped trigger a massive unwinding of Japanese and foreign investor 'carry trades', and also the steepest sell-off in Japanese stocks in decades (the Nikkei 225 plunged -12.4% on the day, having been up almost 17% since the start of the year). Stock losses have since been reversed, helped by the BoJ's initial announcement that it would pause rate hikes amid the volatility.

**Egypt: Government intends to formalize monthly royalty payments to energy companies.** The Egyptian government hopes to restore the confidence of international oil companies (IOCs) working on its oil and gas concessions by formally committing to payment of royalties and dues on a monthly rather than ad hoc basis, as was the habit in previous years. It has also been able to accelerate repayment of outstanding dues (\$5 billion) since the March devaluation, 25% of which (\$1.25 billion) has now been repaid. With Egypt suffering through summer power shortages and rationing due to a widening energy deficit, the inconsistency of royalty payments to IOCs is one of several factors being cited as having disincentivized oil and gas exploration and production to the level required to minimize these power disruptions. Natural gas production has fallen by 20% over the past 2.5 years, to levels last seen before the start-up of the giant Zohr field in 2017, leaving Egypt with little choice but to rely increasingly on costly LNG imports. The government also announced that it intends to work more effectively with IOCs to increase their production from 2025.

**Saudi Arabia: Public Investment Fund secures \$15 billion loan.** The Public Investment Fund (PIF) signed a \$15 billion revolving credit facility with a consortium of banks, replacing a previous funding agreement from 2021. The deal comes as the PIF looks to finance its large investment plan aimed at diversifying and growing the non-oil economy. To finance its plans, amid consecutive state budget deficits, the PIF has resorted to a combination of borrowing, retained earnings from investments and asset transfers from the Saudi government.

**Oman: Inbound tourism up 5.2% y/y in 1H24 amid Omani tourism drive.** Inbound tourist numbers to Oman increased by 5.2% y/y to 2 million in the first half of 2024. Emiratis, Indians and Yemenis constituted the largest share of inbound tourists, at 29%, 16%, and 5%, respectively. The hospitality sector also showed positive growth in multiple areas, recording a 10.7% y/y increase in total guests and a 9% y/y increase in the number of nights booked. Overall occupancy rates remain relatively low at only 47.8%, however, implying

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substantial scope for further gains as the authorities look to develop the tourism sector as a major non-oil economic pillar and revenue earner.

## Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi (ADI)	9,289	-0.48	-3.02
Bahrain (ASI)	1,958	1.55	-0.68
Dubai (DFMGI)	4,324	-0.44	6.51
Egypt (EGX 30)	30,710	1.14	23.67
GCC (S&P GCC 40)	703	-0.81	-1.26
Kuwait (All Share)	7,180	-0.11	5.33
KSA (TASI)	12,117	-0.53	1.25
Oman (MSM 30)	4,720	0.62	4.57
Qatar (QE Index)	10,137	-0.51	-6.40
<b>International</b>			
CSI 300	3,287	-0.57	-4.21
DAX	18,782	0.54	12.12
DJIA	41,091	-0.39	9.03
Eurostoxx 50	4,913	0.29	8.66
FTSE 100	8,344	-0.02	7.90
Nikkei 225	38,372	0.22	14.67
S&P 500	5,592	-0.60	17.24
<b>3m interbank rates</b>			
	%	Change (bps)	
		Daily	YTD
Bahrain	6.32	0.34	-19.90
Kuwait	4.25	0.00	-6.25
Qatar	6.00	0.00	-25.00
UAE	5.02	-4.96	-30.55
Saudi	6.12	3.67	-11.16
LIBOR	5.32	-0.48	-27.42
SOFR	5.06	0.09	-26.94

Bond yields	%	Change (bps)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi 2027	4.12	-1.00	-20.1
Oman 2027	5.00	0.00	-15.7
Qatar 2026	4.42	-1.00	-9.9
Kuwait 2027	4.44	1.00	10.0
Saudi 2028	4.41	-3.00	-11.1
<b>International 10YR</b>			
US Treasury	3.84	0.95	-2.2
German Bund	2.25	-2.50	22.4
UK Gilt	4.00	0.60	46.3
Japanese Gvt Bond	0.89	1.00	27.4

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.30	-0.02	-0.72
KWD per EUR	0.34	-0.48	2.66
USD per EUR	1.11	-0.57	0.76
JPY per USD	144.57	0.43	2.49
USD per GBP	1.32	-0.49	3.62
EGP per USD	48.61	-0.08	57.57

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	78.65	-1.13	2.09
KEC	78.67	-2.22	-1.12
WTI	74.52	-1.34	4.01
Gold	2501	-0.60	21.27

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

Source: LSEG / Haver

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