

Daily Economic Update



Economic Research Department
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US: Industrial production stagnates, while housing construction activity wobbles. Industrial production in April was flat m/m from a downwardly revised +0.1% m/m in March as manufacturing unexpectedly returned to contraction (-0.3%) after two months of gains on falling auto and other durable goods production. Weak manufacturing activity in April tentatively confirms stalling momentum in Q2, with previous data showing stagnating retail sales during the month. Meanwhile, housing construction figures also came in weaker than forecast, with building permits falling 3% m/m and housing starts rebounding by an uninspiring 5.7% following a sharp drop of 17% in March. Despite a shortage of existing home inventory in the market, elevated mortgage rates and growing unaffordability amid rising prices continue to pressure new home activity, putting the recent recovery in residential investment at risk.

China: April data mixed, government steps up support for the housing sector. After a strong start to the year in Q1, April's data was mixed but overall disappointing, with consumption growth muted and property investment still declining. Retail sales rose 2.3% y/y in April, a slower pace than the 3.1% recorded in March and unchanged in m/m terms, underscoring softening domestic demand. Meanwhile, fixed asset investment grew 4.2% y/y over the first four months of the year, slowing from 4.5% in Q1, weighed down by depressed property investments despite more robust infrastructure spending. Nevertheless, industrial production data indicated strong manufacturing activity, rising by 6.7% y/y in April versus 4.5% in March. The government has unveiled another stimulus package to boost the housing sector after last month's data showed the steepest decline in new house prices since 2015. The latest measures included encouraging local governments to buy unfinished real estate projects to turn them into public housing projects and relaxing mortgage rules.

Eurozone: Slowing core inflation confirmed in the final estimate. The final estimate of Eurozone inflation for April was unchanged from the initial estimate, coming in at 2.4% y/y and flat from the previous month, and at 0.6% m/m, slightly lower than the 0.8% recorded in March. Core inflation continued to ease at 2.7% y/y, an over two-year low, versus 2.9% in March. A sustained softening in underlying price rises should bring the ECB closer to its anticipated first interest rate cut this summer.

Kuwait: Moody's affirms Kuwait's credit rating at A1. In its latest report, Moody's affirmed Kuwait sovereign credit rating at 'A1' (which is solid investment grade) with a stable outlook, citing that it expects Kuwait's balance sheet and fiscal buffers to remain "extremely strong" for the foreseeable future. It viewed risks to the outlook as balanced, with the recent suspension of parliament "aimed at overcoming institutional constraints [having] the potential to accelerate reforms." On the downside, oil dependence remains a vulnerability given global moves towards reducing carbon emissions which could reduce the demand for and price of oil. Moody's current rating for Kuwait is on a par with that of S&P, and one notch below Fitch.

Egypt: Fitch upgrades outlook on four local Egyptian banks. Rating agency Fitch upgraded the outlooks on the long-term debt of four Egyptian banks (National Bank of Egypt, Banque Misr, Banque Du Caire, and CIB) to positive from stable while maintaining their respective ratings at 'B-.' The agency cited improving FX liquidity along with the bank's expected strong performance amid current high interest rates and solid business growth over the coming period as positive developments. The latest upgrade to the banks comes following an upgrade to the country outlook to positive last month. Previously, Moody's also upgraded the outlook on the same banks to positive from negative in March.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,042	0.03	-5.60
Bahrain (ASI)	2,009	-0.05	1.91
Dubai (DFMGI)	4,068	-0.43	0.21
Egypt (EGX 30)	26,143	3.27	5.28
GCC (S&P GCC 40)	691	-0.07	-3.07
Kuwait (All Share)	7,163	-0.17	5.07
KSA (TASI)	12,198	0.79	1.93
Oman (MSM 30)	4,792	0.35	6.16
Qatar (QE Index)	9,703	0.77	-10.42
International			
CSI 300	3,678	1.03	7.19
DAX	18,704	-0.18	11.66
DJIA	40,004	0.34	6.14
Eurostoxx 50	5,064	-0.16	12.00
FTSE 100	8,420	-0.22	8.88
Nikkei 225	38,787	-0.34	15.91
S&P 500	5,303	0.12	11.18

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.33	0.00	-19.65
Kuwait	4.31	0.00	-6.25
Qatar	6.00	0.00	-25.00
UAE	5.20	-11.70	-1.28
Saudi	6.27	0.00	-1.11
LIBOR	5.59	0.01	-0.21
SOFR	5.33	-0.36	-0.57

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.95	-1.10	62.5
Oman 2027	5.76	5.00	60.7
Qatar 2026	5.03	-1.80	51.1
Kuwait 2027	5.03	4.70	69.2
Saudi 2028	5.05	2.30	52.4
International 10YR			
US Treasury	4.42	4.30	56.0
German Bund	2.51	6.90	48.4
UK Gilt	4.13	4.90	59.2
Japanese Gvt Bond	0.95	2.90	33.3

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.03	-0.08
KWD per EUR	0.33	0.07	0.98
USD per EUR	1.09	0.05	-1.50
JPY per USD	155.65	0.17	10.34
USD per GBP	1.27	0.26	-0.24
EGP per USD	46.86	0.00	51.90

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	83.98	0.85	9.01
KEC	85.74	0.99	7.77
WTI	80.06	1.05	11.74
Gold	2412.2	1.35	16.96

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

Source: Refinitiv / Haver

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