

# Daily Economic Update

Economic Research Department  
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**Kuwait: Emiri decree names new government.** The new cabinet headed by Prime Minister Sheikh Ahmad Al-Abdullah Al-Sabah was officially announced on Sunday by Emiri Decree. It sees the return of most ministers from the previous cabinet, especially those overseeing the key defense & interior (Sheikh Fahad Al-Yousif Al-Sabah), finance & economy (Dr Anwar Al-Mudhaf) and oil (Dr Emad Al-Atiqi) portfolios. New ministers were appointed to head the ministries of electricity & water, commerce, justice & Islamic affairs as well as social affairs. 50% of the cabinet is comprised of individuals with doctorate degrees, including two women, contributing to the government's stock of professional expertise.

**Oil: Prices end the week largely unchanged.** Brent futures closed Friday at \$82.8/bbl, down only 0.2% w/w (+7.5% ytd) during a relatively quiet trading week. Bullish factors including a US inventory drawdown, a rise in geopolitical tensions, and stronger Chinese oil imports helped push prices up, though concerns from high US interest rates more than offset the gains. Meanwhile, Iraq's oil minister stated on Saturday that the country is unwilling to undertake additional output cuts at the OPEC's next ministerial meeting in June. It is thought the minister was referring to deeper production cuts rather than an extension of existing cuts, given last week's agreement with the OPEC Secretariat to institute deeper cuts to compensate for current overproduction. Nevertheless, the comment shows the continuing challenges OPEC+ faces in securing agreement and compliance over production cuts among its important members.

**US: Critical consumer price inflation report due this Wednesday.** Following a series of softer-than-expected economic data recently, markets are now looking for more clues on the inflation trajectory and the Fed's interest rate path, with April's CPI print due for release this Wednesday. The consensus expectation is a slightly lower 0.3% m/m (3.4% y/y) reading after a hotter-than-expected 0.4% (3.5% y/y) in March. Similarly, the core rate could also edge down to 0.3% m/m (3.6% y/y) from 0.4% (3.8% y/y) earlier. Prior to this, PPI inflation for April is due tomorrow, with markets expecting a 0.2% m/m increase, matching March's advance. Meanwhile, growth in retail sales (due Wednesday) could drop to +0.4% m/m in April following a 0.7% increase in March, signaling a further loss in economic momentum. Elsewhere, some housing construction indicators (building permits and housing starts) are due this Thursday, confirming whether the nascent pick-up in residential investment is being sustained over Q2.

**Japan: The Bank of Japan reduces government bond purchases.** The BoJ cut its purchases of 5-10 year government bonds to JPY425 billion (\$2.73 billion) from JPY475 billion (\$3.05 billion) at the previous operation on April 24, signaling a hawkish stance to markets. Yields for bonds with a 10-year maturity rose after the announcement, reaching 0.94% while the yen edged up but remained close to 34-year lows at JPY155.8/\$1. This move comes after the release of the BoJ's meeting minutes which revealed members concern about the depreciation of the yen and its impact on inflation, increasing the probability of a more hawkish position on interest rates and bond purchases.

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**China: Consumer prices rise for the third consecutive month.** Inflation rose to 0.3% y/y in April, up from the 0.1% seen in the prior month and beating market expectations, potentially signaling a recovery in demand. The core inflation reading accentuated the message, rising 0.7% y/y in April from 0.6% in March. Deflation in producer prices also showed signs of easing, slowing to -2.5% y/y compared to -2.8% in March. Meanwhile, the government is following through on its plans to sell \$140 billion in long-dated bonds with the People's Bank of China asking brokers for advice on pricing the instruments.

## Daily market indicators

| Stock markets        | Index  | Change (%) |        |
|----------------------|--------|------------|--------|
|                      |        | Daily      | YTD    |
| <b>Regional</b>      |        |            |        |
| Abu Dhabi (ADI)      | 9,090  | n/a        | -5.09  |
| Bahrain (ASI)        | 2,023  | -0.35      | 2.62   |
| Dubai (DFMGI)        | 4,173  | n/a        | 2.79   |
| Egypt (EGX 30)       | 25,156 | -3.26      | 1.30   |
| GCC (S&P GCC 40)     | 694    | -0.06      | -2.60  |
| Kuwait (All Share)   | 7,179  | 1.39       | 5.31   |
| KSA (TASI)           | 12,217 | -0.55      | 2.09   |
| Oman (MSM 30)        | 4,779  | 0.18       | 5.86   |
| Qatar (QE Index)     | 9,644  | 0.11       | -10.96 |
| <b>International</b> |        |            |        |
| CSI 300              | 3,666  | n/a        | 6.85   |
| DAX                  | 18,773 | n/a        | 12.07  |
| DJIA                 | 39,513 | n/a        | 4.84   |
| Eurostoxx 50         | 5,085  | n/a        | 12.46  |
| FTSE 100             | 8,434  | n/a        | 9.06   |
| Nikkei 225           | 38,229 | n/a        | 14.24  |
| S&P 500              | 5,223  | n/a        | 9.49   |

| 3m interbank rates | %    | Change (bps) |        |
|--------------------|------|--------------|--------|
|                    |      | Daily        | YTD    |
| Bahrain            | 6.32 | 0.00         | -20.65 |
| Kuwait             | 4.25 | 0.00         | -6.25  |
| Qatar              | 6.00 | 0.00         | -25.00 |
| UAE                | 5.35 | 0.00         | 2.06   |
| Saudi              | 6.24 | 0.24         | 0.19   |
| LIBOR              | 5.58 | n/a          | -0.94  |
| SOFR               | 5.32 | n/a          | -0.79  |

| Bond yields               | %    | Change (bps) |      |
|---------------------------|------|--------------|------|
|                           |      | Daily        | YTD  |
| <b>Regional</b>           |      |              |      |
| Abu Dhabi 2027            | 5.05 | n/a          | 72.9 |
| Oman 2027                 | 5.96 | n/a          | 80.1 |
| Qatar 2026                | 5.14 | n/a          | 61.7 |
| Kuwait 2027               | 5.08 | n/a          | 74.1 |
| Saudi 2028                | 5.17 | n/a          | 64.8 |
| <b>International 10YR</b> |      |              |      |
| US Treasury               | 4.50 | n/a          | 64.4 |
| German Bund               | 2.52 | n/a          | 49.1 |
| UK Gilt                   | 4.17 | n/a          | 62.9 |
| Japanese Gvt Bond         | 0.91 | n/a          | 29.4 |

| Exchange rates | Rate   | Change (%) |       |
|----------------|--------|------------|-------|
|                |        | Daily      | YTD   |
| KWD per USD    | 0.31   | -0.03      | 0.05  |
| KWD per EUR    | 0.33   | -0.08      | 0.15  |
| USD per EUR    | 1.08   | 0.00       | -2.42 |
| JPY per USD    | 155.72 | 0.00       | 10.39 |
| USD per GBP    | 1.25   | 0.00       | -1.63 |
| EGP per USD    | 47.24  | -0.23      | 53.48 |

| Commodities | \$/unit | Change (%) |       |
|-------------|---------|------------|-------|
|             |         | Daily      | YTD   |
| Brent crude | 82.79   | n/a        | 7.46  |
| KEC         | 85.96   | n/a        | 8.04  |
| WTI         | 78.26   | n/a        | 9.23  |
| Gold        | 2367.3  | n/a        | 14.78 |

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

Source: Refinitiv / Haver

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