

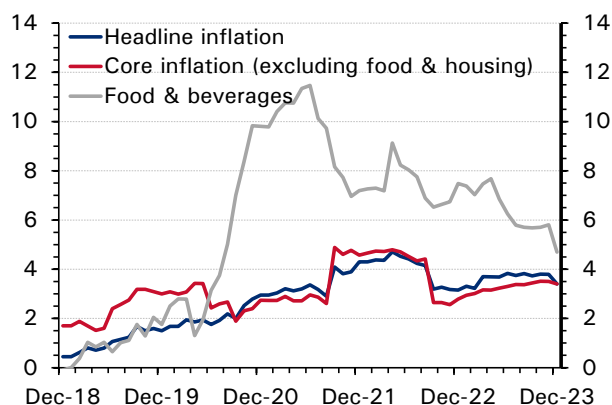
# Daily Economic Update

Economic Research Department  
22 January 2024

**Kuwait: Inflation eases to 3.4% y/y in December, helped by moderating food price rises.** Consumer price inflation softened into the year-end, slowing to 3.4% y/y in December from 3.8% in November. The slowdown came on the back of moderating rises in the food & beverages (4.7% y/y in December from a peak of 7.7% in April), housing services (2.3% from 3.1% in November) and transport (2.4% from 3.0% in November) categories. Inflation accelerated in the furnishings, education, health, and recreation & culture categories, though not enough to positively influence the core inflation rate, which fell slightly to 3.4%. For the 2023 average, headline inflation came in at 3.6%, down from 4.0% in 2022. The drop last year was influenced by easing food price inflation, fading supply chain issues but also some moderation in demand side pressures with consumer spending coming off the boil after an exceptionally strong period. For 2024, inflation is forecast to slow further to 2.5% on average as some of the above trends continue.

**Chart 1: Kuwait CPI and core inflation**

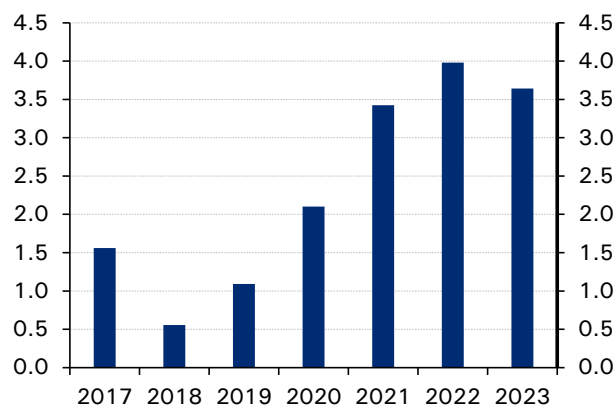
(%, y/y)



Source: Haver, CSB

**Chart 2: Kuwait CPI inflation (yearly average)**

(%, y/y)



Source: Haver, CSB

**Oil: Prices clock modest gains last week; OPEC's firm two-year demand outlook.** Brent futures closed last week relatively unchanged at \$78.6, gaining just 0.3% w/w (+2% ytd) as concerns about weaker economic growth in China were offset by rising tensions in the Middle East and frigid weather conditions that disrupted output in northern oil-producing US states. Energy houses OPEC and the International Energy Agency (IEA) also released their monthly oil market reports last week, with OPEC publishing its 2025 forecasts several months earlier than usual in an attempt to provide the market with a clear narrative for the next two years centered on still strong oil demand. Both agencies' estimates for oil demand growth last year are similar at 2.3-2.5 mb/d. The IEA, having had to revise up its forecasts for oil demand growth this year from 860 kb/d to 1.24 mb/d in its latest report as economic data came in better than expected, continues to see macroeconomic headwinds and an expanding EV fleet as the main reasons for a growth slowdown. OPEC, meanwhile, held its estimate at 2.25

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mb/d for 2024 and expects the rate to be robust going into next year at 1.85 mb/d, mainly from non-OECD economies. The economic landscape is still largely unclear in the near-term including the prospects for a soft-landing in the US, the performance of the Chinese economy amid considerable domestic and international headwinds, and the outlook for emerging markets amid higher global interest rates.

**US: Economy likely grew 2% in Q4, as per consensus forecasts, defying slowdown fears.** Preliminary data to be released this Thursday could show that GDP grew a solid 2% (annualized) in the final quarter of 2023, based on consensus forecasts, on strong personal consumption (2.4%), albeit slowing from 4.9% growth in Q3. US consumers' impressive resilience to high interest rates amid a tight labor market has helped mitigate recession worries, as highlighted in recent data, such as retail sales. Meanwhile, sustaining the disinflationary trend, core PCE inflation in December (due Friday) may further ease to 3% y/y (0.2% m/m) from 3.2% (0.1% m/m) in November. Finally, new home sales in December (due Thursday) may bounce back after unexpectedly falling 12% m/m in November, helped by reduced mortgage rates and lower inventory of existing housing units.

## Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,712	n/a	1.40
Bahrain (ASI)	1,992	0.04	1.06
Dubai (DFMGI)	4,082	n/a	0.54
Egypt (EGX 30)	27,719	3.27	11.62
GCC (S&P GCC 40)	718	0.17	0.83
Kuwait (All Share)	7,265	0.48	6.57
KSA (TASI)	12,004	0.37	0.30
Oman (MSM 30)	4,605	0.38	2.00
Qatar (QE Index)	10,291	-0.27	-4.99
International			
CSI 300	3,270	n/a	-4.70
DAX	16,555	n/a	-1.17
DJIA	37,864	n/a	0.46
Eurostoxx 50	4,449	n/a	-1.61
FTSE 100	7,462	n/a	-3.51
Nikkei 225	35,963	n/a	7.47
S&P 500	4,840	n/a	1.47
3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.52	0.00	-0.83
Kuwait	4.31	0.00	0.00
Qatar	6.00	-25.00	-25.00
UAE	5.06	0.00	-27.04
Saudi	6.21	-1.18	-2.21
LIBOR	5.58	n/a	-1.56
SOFR	5.32	n/a	-1.36

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.57	n/a	24.4
Oman 2027	5.33	n/a	17.2
Qatar 2026	4.69	n/a	17.1
Kuwait 2027	4.41	n/a	7.0
Saudi 2028	4.92	n/a	39.8
International 10YR			
US Treasury	4.15	n/a	28.6
German Bund	2.31	n/a	27.6
UK Gilt	3.93	n/a	39.0
Japanese Gvt Bond	0.67	n/a	5.5
Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	-0.02	0.19
KWD per EUR	0.34	0.19	1.41
USD per EUR	1.09	0.00	-1.26
JPY per USD	148.14	0.00	5.02
USD per GBP	1.27	0.00	-0.23
EGP per USD	30.85	0.00	0.00
Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	78.56	n/a	1.97
KEC	80.94	n/a	1.73
WTI	73.41	n/a	2.46
Gold	2026.5	n/a	-1.74

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

Source: Refinitiv / Haver