

International and markets

US: Fed Chair Powell delivered hawkish comments mentioning that the Fed is committed to raising rates “expeditiously” and that “there is something to be said for front-end loading any accommodation one thinks is appropriate”. Meanwhile, likely driven by higher mortgage rates, existing home sales continued to weaken as they fell 2.7% m/m in March to an annualized figure of 5.77 mn, while February’s level was revised lower to reflect an 8.6% decrease in that month. For the first three months of 2022, existing home sales are down by 3.6% y/y. However, housing starts and permits data reflected ongoing momentum with both increasing in March, beating expectations, while February levels were revised higher.

Europe: In an encouraging sign on activity, the flash Eurozone PMI rose to a solid 55.8 in April from 54.9 in March, and it’s strongest since September. However, while the service sector saw solid growth (57.7, helped by easing pandemic restraints), manufacturing softened (55.3) and price signals continued to surge. Meanwhile, the EU could present new proposals this week for a (possibly selective) ban on oil imports from Russia. Finally, UK consumer activity is looking shaky, with confidence plunging to a near all-time low in April on cost of living concerns and retail sales down 1.4% m/m in March.

China: The economy grew 4.8% y/y in 1Q22, beating the consensus buoyed by rising industrial production and fixed asset investment. However, growth prospects are affected by lockdowns that started in March, evidenced by the fall in retail sales (-3.5% y/y) and rise in the unemployment rate (5.8%).

Financial markets: Global equity markets continued to slide amid growing expectations of aggressive policy tightening by the Fed. The MSCI ACWI fell 2.3% w/w led by a 2.8% decline in the S&P500, while the MSCI EM lost 2.5%. The MSCI GCC fell 0.4% w/w, weighed down by Saudi Arabia (-0.6%) amid volatile oil prices, while Kuwait’s All-Share lost 0.5%.

Oil: Brent closed lower last week at \$106.7 (-4.5% from the previous Thursday) on more downbeat sentiment following the IMF’s downgrade of 2022 global economic growth (3.6% versus 4.4% before), the Fed’s more aggressive policy stance and weak activity in China due to Covid-19 lockdowns. SPR releases have also taken some of the heat out of the market.

MENA Region

IMF/WEO: The IMF revised up its 2022 GDP forecasts for GCC countries compared to October 2021 on higher oil prices and

output for Kuwait (+3.9% from before), KSA (+2.8%), Oman (+2.7%), UAE (+1.2%), Qatar (+0.3%), Bahrain (+0.2%).

Kuwait: Real estate sales rose 19% m/m and 9% y/y in March driven by stronger investment sector sales (KD 115mn, 115% y/y), recovering fully to pre-pandemic levels, while residential sales amounted to KD 223mn (-15% y/y). Meanwhile, the number of Kuwaitis employed in the private sector fell by 1% to 72.2k (17% of employed Kuwaitis) in 2021. The fall came on a drop in female employment, while the government sector employment rose by 8% to 357.9k. In 2021, expat employment fell by -8.5% to 1.5m (77% of total employment), 98% of which was from the private sector.

Oman: The economy grew by 3% in 2021, up from a decline of -1.5% in 2020, on the back of 4.1% growth in oil activities while the non-oil sector grew by 2.2%.

UAE: The government sold AED1.5 billion (\$400mn) of dirham-denominated treasury bonds to help build a local currency bond market and diversify financial resources. The bonds were issued in two, three and five-year tenures and will be followed by a 10-year bond, the Ministry of Finance said. Domestic credit grew by 1.4% in 2021, up from 0.3% in 2020, mainly on soft growth in private sector credit compared with a decline of 2.3% in 2020.

Egypt: The IMF expects the Egyptian economy to expand 5.9% in FY 2021/22, up by 0.3% from its previous forecast in January. The current account deficit narrowed to \$3.8bn in 2Q 2021/22 (from \$4.8bn in the same period last year). The government raised fuel prices by 3% due to rising global oil prices on the back of the war in Ukraine.

Key takeaways:

- Fed chair Powell’s comments effectively sealed the deal for a 50 bps hike in the upcoming Fed meeting on 4 May, with current futures market expectations pointing to more than 99% probability for such a hike.
- The encouraging Eurozone PMI reading for April suggests that activity in 2Q22 got off to a solid start, and the chances of a steep Ukraine war-induced recession may be lower than feared. But risks include a fading pandemic rebound effect, rising prices and disruption caused by new sanctions on Russia.
- Sales activity in Kuwait’s residential property sector has softened from last year’s robust pace. Meanwhile, apartment sector sales have picked-up in recent months, following a long period of softness. These signals point to greater balance returning to the market following earlier divergent trends.

▶ **Chart 1: Brent crude oil price**
(\$/bbl)



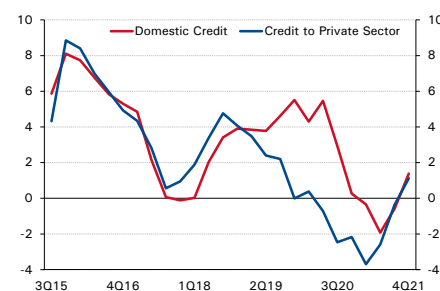
Source: Refinitiv

▶ **Chart 2: UK consumer confidence**
(% y/y)



Source: Haver

▶ **Chart 3: UAE credit growth**
(% y/y)



Source: CBUAE

Key data

Stock markets	Index	Change (%)	
		1-week	YTD
International			
CSI 300	4,013	-4.2	-18.8
DAX	14,142	-0.2	-11.0
DJIA	33,811	-1.9	-7.0
Eurostoxx 50	3,840	-0.2	-10.7
FTSE 100	7,522	-1.2	1.9
Nikkei 225	27,105	0.0	-5.9
S&P 500	4,272	-2.8	-10.4
Regional			
Abu Dhabi SM	10,132	1.6	19.4
Bahrain ASI	2,086	-0.7	16.1
Dubai FM	3,683	2.3	15.2
Egypt EGX 30	10,548	-1.2	-11.7
MSCI GCC	893	-0.4	21.2
Kuwait SE	8,267	-0.5	17.4
KSA Tadawul	13,534	-0.6	20.0
Muscat SM 30	4,235	-0.1	2.6
Qatar Exchange	14,051	-0.5	20.9

Bond yields	%	Change (bps)	
		1-week	YTD
International			
UST 10 Year	2.90	7.7	139.3
Bunds 10 Year	0.96	12.4	114.2
Gilts 10 Year	1.96	7.4	99.2
JGB 10 Year	0.25	0.6	17.5
Regional			
Abu Dhabi 2027	3.17	9.6	48.0
Oman 2027	5.02	17.1	-74.8
Qatar 2026	3.27	14.8	52.3
Kuwait 2027	3.21	18.8	38.3
Saudi Arabia 2028	3.60	13.6	31.6

Interbank rates	%	Change (bps)	
		1-week	YTD
Bhbor - 3 month	1.94	3.0	42.7
Kibor - 3 month	1.69	0.0	18.8
Qibor - 3 month	1.15	0.0	2.5
Eibor - 3 month	1.25	12.6	88.2
Saibor - 3 month	2.35	-4.0	144.5
Libor - 3 month	1.21	15.1	100.5

Exchange rates	rate	Change (%)	
		1-week	YTD
KWD per USD	0.305	0.1	1.0
KWD per EUR	0.340	0.0	0.0
USD per EUR	1.079	-0.1	-5.0
JPY per USD	128.6	1.7	11.7
USD per GBP	1.284	-1.7	-5.1
EGP per USD	18.56	1.1	18.5

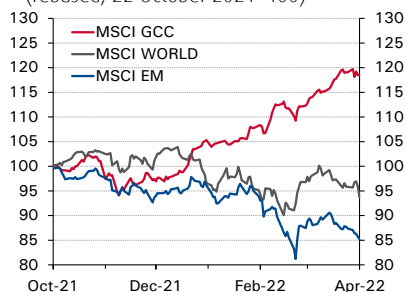
Commodities	\$/unit	Change (%)	
		1-week	YTD
Brent crude	106.7	-4.5	37.1
KEC	109.8	NA	38.9
WTI	102.1	-4.6	35.7
Gold	1931.0	-2.0	5.7

Updated on 22/4/2022

Source: Refinitiv

International equity markets

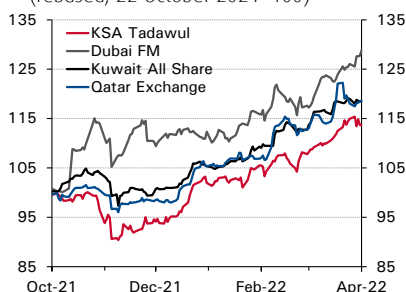
(rebased, 22 October 2021=100)



Source: Refinitiv

GCC equity markets

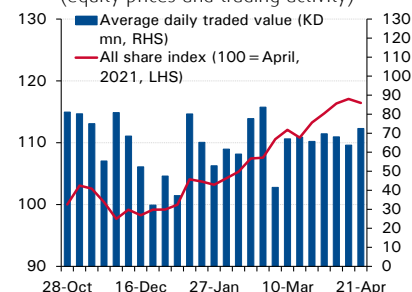
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Source: Refinitiv

Boursa Kuwait

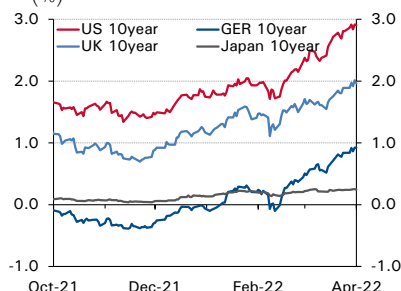
(equity prices and trading activity)



Source: Refinitiv

International bond yields

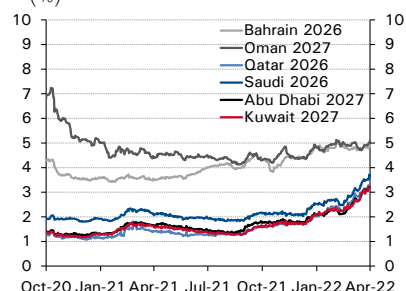
(%)



Source: Refinitiv

GCC bond yields

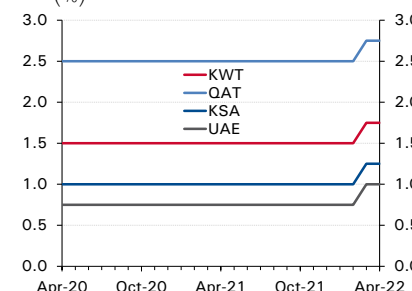
(%)



Source: Refinitiv

GCC key policy rates

(%)



Source: Refinitiv