

# Daily Economic Update

Economic Research Department  
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**Kuwait: Oil market rally an upside risk to public finances.** A tighter oil market coupled with the recent OPEC voluntary supply cuts have pushed oil prices up considerably over the past three months, with Kuwait Export Crude up more than \$20 since end-June to a near one-year high of \$98.4/bbl. The higher oil prices, if sustained over coming months, will generate additional oil revenues of up to KD1.2 billion over and above our initial estimate of KD22.3 billion for the fiscal year ending March 2024. Consequently, this could narrow the deficit to KDO.4 billion versus our previous estimate of a KD1.6 billion shortfall. However, higher oil prices could encourage calls for higher spending, especially on welfare-related measures, which MPs have evidently continued to prioritize, potentially curbing the positive effects of higher oil proceeds. Indeed, the IMF repeated yesterday its calls for policymakers to curb this traditional dynamic through implementation of medium-term fiscal rules, which would help make spending less sensitive to volatile oil prices.

**UAE: Bond issuance 5 times oversubscribed.** The Federal government issued a 10-year USD-denominated bond of \$1.5 billion with a yield of 4.917%, higher only by 60 bps than US treasuries with the same maturities. The bond will be listed on the London Stock Exchange and Nasdaq Dubai. The issuance reportedly attracted high-quality investors – mainly by banks and fund managers within the Middle East and the US – and was oversubscribed by 5 times.

**Oman: Planned IPO to be largest in 20 years.** The long-awaited initial public offering (IPO) of OQ Gas Network Company (OQGN), the sole operator of Oman's gas transportation system has set its offer range. The planned IPO aims to raise around OR 297 million (\$772 million) if priced at the top end of the range. The company plans to float about 2.12 billion shares, equivalent to up to 49% of its share capital. The move follows similar trends in neighboring UAE and Saudi Arabia, and will be the biggest IPO in nearly two decades, part of Oman's ongoing efforts to encourage further diversification of its economy. The IPO subscription period is expected to begin later this month.

**Egypt: Election timeline to be announced in the coming days.** The National Elections Authority is expected to announce the timeline of the presidential elections in the coming few days. The current presidential term ends on April 2nd 2024 and according to a constitutional rule, the election process should start at least 120 days beforehand meaning early December 2023. The announcement by the National Election Authority will confirm this and announce further details regarding the process itself. Up to this point, only one candidate (ex parliament member Ahmed Tantawy) has showed interest in running for the presidency. As we have mentioned previously, having the elections take place as early as possible would allow the government to embark on key economic measures that are currently on hold due to social and political considerations.

**Japan: One in ten Japanese people are now above 80.** Japan is one of the oldest countries in the world in terms of the percentage of people over 65, which this year reached a new high of 29.1%, according to recent government data. This is due to the country's continually low birthrate and long lifespans. Additionally, more than 10% of Japan's population was above the age of 80 for the first time. Japan's population stood at 124 million as of August 2023 provisional estimates. By 2045, it is projected to fall to fewer than 109 million. A declining and aging population raises social security expenditures and puts downward pressure on tax revenues, thus negatively affecting public finances. In the long run, the plummeting birth rate and shrinking workforce could hinder economic growth and productivity.

## Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi (ADI)	9,817	-0.64	-3.86
Bahrain (ASI)	1,922	-0.14	1.42
Dubai (DFMGI)	4,048	0.12	21.35
Egypt (EGX 30)	19,752	0.42	35.30
GCC (S&P GCC 40)	670	-1.06	-3.08
Kuwait (All Share)	7,005	-0.09	-3.94
KSA (TASI)	11,036	-0.61	4.64
Oman (MSM 30)	4,711	-0.02	-3.33
Qatar (QE Index)	10,272	0.18	-3.83
<b>International</b>			
CSI 300	3,728	0.51	-3.72
DAX	15,727	-1.05	12.95
DJIA	34,624	0.02	4.46
Eurostoxx 50	4,246	-1.14	11.92
FTSE 100	7,653	-0.76	2.70
Nikkei 225	33,533	0.00	28.51
S&P 500	4,454	0.07	15.99
3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.69	0.00	54.78
Kuwait	4.25	0.00	25.00
Qatar	6.00	0.00	71.67
UAE	5.12	-12.86	80.63
Saudi	6.22	-6.92	101.35
LIBOR	5.66	-0.38	89.22
SOFR	5.40	-0.84	81.42

Bond yields	%	Change (bps)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi 2027	4.82	1.10	58.8
Oman 2027	6.02	4.10	3.3
Qatar 2026	5.08	2.50	59.6
Kuwait 2027	5.00	3.00	72.5
Saudi 2028	5.16	3.30	49.3
<b>International 10YR</b>			
US Treasury	4.30	-1.94	47.2
German Bund	2.72	4.80	15.5
UK Gilt	4.39	3.00	72.2
Japanese Gvt Bond	0.71	0.00	28.7
Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	-0.01	1.01
KWD per EUR	0.33	0.30	0.90
USD per EUR	1.07	0.33	-0.11
JPY per USD	147.60	-0.15	12.58
USD per GBP	1.24	-0.06	2.36
EGP per USD	30.85	-0.29	24.70
Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	94.43	0.53	9.92
KEC	98.06	-0.33	19.53
WTI	91.48	0.78	13.98
Gold	1931.5	0.41	6.14

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

Source: Refinitiv / Haver

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