

Daily Economic Update

Economic Research Department
19 March 2024



Japan: The Bank of Japan tightens policy, ending eight years of negative rates. The BOJ has tightened its monetary policy for the first time in 17 years, raising the uncollateralized overnight call rate from -0.1% to a range of 0.0% and 0.1% and ending eight years of negative interest rate policy. This was in response to signs that inflation was heading sustainably back to the bank's 2% target. Moreover, the BOJ announced the ending of its yield-curve control policy for targeting long-term interest rates. In addition, the bank announced that it would continue its government bond (JGB) purchases but discontinue the purchase of ETFs and Japanese real-estate investment trusts and decrease the volume of commercial paper and corporate bond purchases ahead of being scrapped a year later. Following the BOJ announcement, the Yen declined to its lowest level since March 6th at Y149.9 against the greenback while the yield for 10-year JGBs dipped to 0.734%. This decision came mainly on improving wage growth signals following this year's annual spring labor-management wage negotiations. The BOJ expects inflation to average 1.9% in 2024.

Europe: February's 2.6% inflation rate confirmed to be the slowest since July 2021. Final Eurostat figures for Eurozone inflation confirmed a drop in February 2024 to 2.6% (+0.6% m/m) from 2.8% in January and from 8.5% a year earlier. Core inflation eased to 3.1% from 3.3% the previous month. With headline inflation falling to its slowest rate since July 2021 and now trending close to the ECB's target of 2% over the medium term, the chances of a policy rate cut in mid-2024 have increased.

Egypt: World Bank to provide USD6bn in financing over the next three years. Subject to board approval, the World Bank will offer Egypt a financing package worth USD6 billion over the next three years, half of which will be directed to the government and the other half to the private sector in the form of equity and loans. The amount is double what the Egyptian government was expecting. Meanwhile, S&P Ratings has upgraded Egypt's credit rating outlook to positive from stable on the back of recent policy moves.

Qatar: Inflation eased to 2.7% in February. Consumer price inflation slowed to 2.7% y/y in February from January's six month-high of 3.0%. The decline was largely due to lower inflation in the culture and recreation category (17% vs. 23% in January) and faster deflation in the transport component (-0.6% from -0.1%), which together comprise a hefty 25% of the CPI basket. This more than offset positive price pressures in the food & beverage (6.6% vs 5.2%) and housing components (-1.7% from -2.3%). On a monthly basis, inflation remained in negative territory at -0.3%, easing from the -1.3% recorded in January for a second month of decline.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,289	0.73	-3.02
Bahrain (ASI)	2,035	0.22	3.23
Dubai (DFMGI)	4,275	0.30	5.31
Egypt (EGX 30)	29,091	-6.34	17.15
GCC (S&P GCC 40)	730	-0.04	2.48
Kuwait (All Share)	7,408	-0.40	8.67
KSA (TASI)	12,772	0.08	6.73
Oman (MSM 30)	4,770	-0.12	5.68
Qatar (QE Index)	10,260	0.02	-5.27
International			
CSI 300	3,604	0.94	5.03
DAX	17,933	-0.02	7.05
DJIA	38,790	0.20	2.92
Eurostoxx 50	4,983	-0.07	10.20
FTSE 100	7,723	-0.06	-0.14
Nikkei 225	39,740	2.67	18.76
S&P 500	5,149	0.63	7.96
3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.38	0.64	-14.43
Kuwait	4.31	6.25	0.00
Qatar	6.00	0.00	-25.00
UAE	5.21	-2.98	-12.18
Saudi	6.22	1.59	-0.80
LIBOR	5.59	0.28	0.11
SOFR	5.33	0.01	-0.17

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.78	-0.30	46.2
Oman 2027	5.70	0.00	54.2
Qatar 2026	4.92	-1.40	39.6
Kuwait 2027	4.68	1.00	33.8
Saudi 2028	4.94	-0.90	41.9
International 10YR			
US Treasury	4.34	3.60	48.0
German Bund	2.46	2.10	42.8
UK Gilt	4.09	-1.10	55.3
Japanese Gvt Bond	0.76	-2.90	14.0

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	-0.01	0.04
KWD per EUR	0.33	-0.16	1.03
USD per EUR	1.09	-0.15	-1.50
JPY per USD	149.14	0.08	5.73
USD per GBP	1.27	-0.09	-0.02
EGP per USD	47.06	-0.28	52.54

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	86.89	1.82	12.79
KEC	85.93	1.06	8.01
WTI	82.72	2.07	15.45
Gold	2160.7	0.16	4.77

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

Source: Refinitiv / Haver