

Daily Economic Update



Economic Research Department
14 March 2024

Saudi Arabia: Consumer price inflation inches up in February driven by housing rentals. The consumer price index increased by 0.2% m/m in February, pushing up the y/y increase to 1.8% from 1.6% in January. Housing rentals (21% weight in the CPI basket) continued to be the main, even the sole, driver of price pressures, increasing by 1.4% m/m. Over the past year, housing rentals (+10% y/y) is by far the main driver of inflation with restaurants/hotels (5.6% weight in the basket) a distant second (+2.5% y/y). On average, inflation stood at 2.3% in 2023 (down from 2.5% in 2022), and we expect a further moderation to around 2% in 2024.

Egypt: EU to provide EUR5-5.5bn of economic support; EGP appreciates by 2.2% in a week. The European Union is preparing funding for Egypt within the range of EUR5-5.5bn to help support the country's economy and manage migration to the EU. The package is expected to have time frame of 3 years (to 2027) including EUR1bn in emergency assistance disbursed upon the signing of the agreement. EUR4bn will be in macro-financial support but heavily conditioned on reforms linked to the IMF program. Finally, there could be some repackaging of the existing EU support programs. This latest news when added to the latest approved \$8bn from the IMF, a further potential \$1.2bn from the IMF in climate-related funds and a World Bank loan of \$3bn will bring Egypt's total recent funding boost to towards \$20bn. On a similar note, the government was able to pay off \$3bn worth of the import backlog over the past few days and is looking to pay off another \$1-1.5bn to international oil and gas companies to bring down overall arrears of \$6.3bn. Over the past week, the EGP has appreciated by 2.2% against the US dollar to now stand at EGP48.4/\$1 as of end yesterday versus EGP49.5/\$1 on March 6th.

UK: Economy grows by 0.2% m/m in January supported by the retail sector. The UK economy expanded 0.2% m/m in January, stronger than the -0.1% recorded in December 2023 but in-line with market expectations. GDP was down 0.3% y/y showing a deterioration compared to flat growth recorded in December 2023. It shrank by 0.1% in the three months to January 2024 compared to a 0.3% drop in the last three months of 2023, also in line with market estimates. The monthly expansion in GDP was mainly driven by a sharp recovery in retail sales. Construction output expanded by 1.1% mainly on the back of a pickup in housebuilding while the production sector which includes energy, mining and manufacturing, contracted by 0.2%.

Oil: Prices reach 4-month high on US inventory drawdowns. Brent futures settled at \$84/bbl on Wednesday, recording a 2.6% d/d increase and reaching the highest level since mid-November as a surprise drawdown in US inventories and attack on Russian refineries spurred gains. The Energy Information Administration weekly data showed commercial crude oil stocks dropping 1.5 mb w/w in the week ending March 8. Oil in the Strategic Petroleum Reserve continued to rise amid US efforts to replenish the half-depleted stock, with a sizeable 10 mb increase since December. Adding to the bullish impetus, Ukrainian drone attacks on Russian facilities set one the country's largest refineries on fire, potentially disrupting supplies. Meanwhile, OPEC, in its monthly oil market report, stuck to its demand growth forecasts for this year and next at 2.25 and 1.85 mb/d, respectively. It did, however, raise its economic growth forecast for 2024 slightly, citing continued positive momentum,

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particularly in the US and Indian economies. The International Energy Agency's (IEA) monthly report is expected later today and is set to show a continued divergence with OPEC as the former still sees global demand growth at less than half the pace than the oil producer group.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,244	0.16	-3.49
Bahrain (ASI)	2,043	0.42	3.62
Dubai (DFMGI)	4,259	0.15	4.91
Egypt (EGX 30)	31,014	-5.04	24.89
GCC (S&P GCC 40)	730	0.38	2.51
Kuwait (All Share)	7,458	-0.20	9.40
KSA (TASI)	12,723	0.87	6.32
Oman (MSM 30)	4,756	-0.34	5.36
Qatar (QE Index)	10,192	0.01	-5.90
International			
CSI 300	3,572	-0.70	4.12
DAX	17,961	-0.02	7.22
DJIA	39,043	0.10	3.59
Eurostoxx 50	5,001	0.35	10.59
FTSE 100	7,772	0.31	0.50
Nikkei 225	38,696	-0.26	15.63
S&P 500	5,165	-0.19	8.29
3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.37	0.00	-15.07
Kuwait	4.25	-6.25	-6.25
Qatar	6.00	0.00	-25.00
UAE	5.25	-2.94	-7.73
Saudi	6.19	-1.07	-4.57
LIBOR	5.59	0.41	-0.21
SOFR	5.33	1.02	-0.62

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.68	3.50	35.8
Oman 2027	5.51	-4.60	35.6
Qatar 2026	4.83	3.70	31.4
Kuwait 2027	4.64	1.50	30.3
Saudi 2028	4.87	5.00	35.3
International 10YR			
US Treasury	4.19	3.70	33.2
German Bund	2.36	2.90	32.6
UK Gilt	4.02	7.60	48.4
Japanese Gvt Bond	0.76	-0.90	14.5
Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.00	-0.03
KWD per EUR	0.34	0.19	1.65
USD per EUR	1.09	0.20	-0.82
JPY per USD	147.74	0.04	4.74
USD per GBP	1.28	0.04	0.53
EGP per USD	48.40	-0.72	56.89
Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	84.03	2.58	9.07
KEC	82.51	-0.75	3.71
WTI	79.72	2.78	11.26
Gold	2175.4	0.69	5.48

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

Source: Refinitiv / Haver

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