

Daily Economic Update

Economic Research Department
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Kuwait: Project awards soft in February, but solid activity expected for the year. The value of awarded projects in February came in at KD43 million (-54% y/y), bringing the cumulative year-to-date total to KD81 million (-72% y/y), according to MEED Projects. Momentum does appear to have slowed considerably after a relatively strong performance last year. Two out of the three awarded projects during the month related to the construction of public buildings in Al-Mutlaa City by the Public Authority for Housing Welfare (PAHW). The PAHW, responsible for 28% (in value) of all awards last year, is set to continue its solid pace of awards this year, especially on projects pertaining to newer cities with a further KD1.05 billion in the pipeline for 2024. Meanwhile, local media reported that KIPIC plans to tender a feasibility study contract in April for the Al-Zour Petrochemical Complex. The study will be completed in a year's time, further delaying the project. Nevertheless, project activity is expected to remain solid this year, with MEED Projects provisionally projecting KD5 billion in awards (excluding Al-Zour).

Egypt: Government pressures suppliers to reduce commodity prices. The government has agreed with local manufacturers, suppliers and retailers to bring down commodity prices by up to 30%. This follows several meetings between the supply ministry and the Federation of Egyptian Chambers of Commerce. Price discounts on a range of commodities, including sugar, grains, tea and dairy, will start from 15-20% this week and increase to 30% by the Eid holiday in early April. In our opinion, these initiatives could provide help in slowing down inflation initially but the degree to which the scheme is successful will ultimately depend on the continued buy-in of the manufacturers and suppliers. And that will hinge on cash flow and affordability. A similar initiative in 2016 and 2020 had only a limited impact on inflation. We see inflation remaining above 33% for the rest of 2024 and peaking within the next couple of months. On a final note, the IMF Executive Board will meet this Friday to discuss disbursement of Egypt's USD8 billion package.

Saudi Arabia: Improving trend in terms of non-oil exports and imports. Non-oil exports inched up by 0.8% y/y in January while imports decreased by 1.4%. While limited, these growth rates reflect an improving trend (for the non-oil trade balance) compared with 2023, when non-oil exports dropped by 12% and imports expanded by 11%. Oil exports fell by 13% y/y in January, after tumbling by 24% in 2023. The merchandise trade surplus stood at SAR 28 billion in January compared with a monthly average of around SAR 35 billion in 2023, noting that the surplus for full-2023 stood at SAR 417 billion (10.4% of GDP).

US: New home sales come in weaker than expected in February. US new home sales in February unexpectedly fell 0.3% m/m to an annualized 662K units from 664K units in January. Despite the monthly drop in February's sales data, the housing market has been broadly expanding over the last several months as a dearth of existing units has boosted investment and sales of new residential units. Moreover, an expected fall in mortgage rates over this year, should help revive housing activity further.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,319	-0.02	-2.70
Bahrain (ASI)	2,076	0.39	5.29
Dubai (DFMGI)	4,282	0.03	5.46
Egypt (EGX 30)	29,344	0.98	18.17
GCC (S&P GCC 40)	727	-1.21	2.10
Kuwait (All Share)	7,396	-0.27	8.49
KSA (TASI)	12,657	-1.09	5.76
Oman (MSM 30)	4,783	-0.22	5.95
Qatar (QE Index)	10,093	-1.20	-6.81
International			
CSI 300	3,526	-0.54	2.76
DAX	18,261	0.30	9.01
DJIA	39,314	-0.41	4.31
Eurostoxx 50	5,044	0.26	11.56
FTSE 100	7,918	-0.17	2.38
Nikkei 225	40,414	-1.16	20.77
S&P 500	5,218	-0.31	9.40
3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.38	0.00	-14.43
Kuwait	4.25	-6.25	-6.25
Qatar	6.00	0.00	-25.00
UAE	5.24	-3.45	-8.32
Saudi	6.23	3.67	-0.59
LIBOR	5.57	-0.49	-2.38
SOFR	5.31	-0.75	-1.89

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.73	1.40	40.8
Oman 2027	5.61	4.70	45.0
Qatar 2026	4.83	1.10	31.3
Kuwait 2027	4.59	1.30	24.9
Saudi 2028	4.86	2.60	33.9

International 10YR			
US Treasury	4.25	3.50	39.3
German Bund	2.37	5.30	34.5
UK Gilt	3.99	6.00	45.1
Japanese Gvt Bond	0.73	-1.20	11.4

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	-0.07	0.14
KWD per EUR	0.33	0.29	0.82
USD per EUR	1.08	0.06	-1.81
JPY per USD	151.34	-0.05	7.34
USD per GBP	1.26	0.06	-0.75
EGP per USD	47.35	0.00	53.48

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	86.82	0.08	12.60
KEC	85.57	0.21	7.55
WTI	82.04	0.11	14.38
Gold	2174.8	0.00	5.45

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

Source: Refinitiv / Haver