

Daily Economic Update

Economic Research Department
17 April 2024

US: Powell says rates could stay steady if inflation persists. Fed chair Powell, in a speech, mentioned that interest rates could remain steady “as long as needed” if inflationary pressures persist. His comments came after a series of hotter-than-expected inflation data in recent months and strong job gains in March, signaling interest rate cuts could be delayed. Meanwhile, the economic releases came in mixed, with industrial production in March showing more signs of revival with a steady gain of 0.4% m/m on strong manufacturing output (+0.5% m/m following +1.2% in February), corroborating the previously-reported ISM manufacturing PMI reading, which, in March, had surprisingly sprung to expansion after staying in contraction territory for 16 straight months. However, housing construction activity in March weakened more than expected, with housing starts falling 14.7% m/m to a seven-month low and building permits dropping 4.3% to their lowest since August 2023, as a rebound in mortgage rates (over +30bps since late-December) may have contributed to subdued home construction.

Global: IMF slightly upgrades global 2024 GDP growth on US strength. In its latest World Economic Outlook, the IMF raised its 2024 global growth forecast to a still-modest 3.2% from 3.1%, in line with the growth recorded in 2023, as it sees better prospects for the US economy, but slower growth in the Eurozone. Growth for 2025 was unchanged at 3.2%. Despite the 2024 upgrade, the next five-year average global growth (3.1%) is still the lowest in several decades. Major upgrades came in the US (from 2.1% to 2.7%) and India (from 6.5% to 6.8%), while the EU (from 0.9% to 0.8%), UK (from 0.6% to 0.5%), and Saudi Arabia (from 2.7% to 2.6%) were among the notable downgrades. The IMF sees Kuwait’s GDP falling 1.4% in 2024, followed by a strong rebound of 3.8% in 2025. The agency also highlighted economic resilience to policy rate hikes but sees an uneven growth outlook across major markets amid adverse geopolitical developments in the Middle East, which poses challenges to the inflation fight. It also warned against fiscal sustainability issues in the US given its ballooning debt levels, which risks reigniting inflation.

UK: Wage growth beats expectations but unemployment rises. UK wage growth in the three months to February slowed slightly on the previous reading but came in surprisingly strong compared to expectations. Average weekly earnings (excluding bonuses) grew by 6.0% y/y down from 6.1% in the previous three months, but beat the consensus estimate of 5.8%. UK unemployment rose by 0.3% percentage points to 4.2% over the same period. Policymakers and rate setters at the Bank of England charting the UK economy and the likely trajectory of inflation will find little clarity from the data releases. This data could be interpreted as alluding to both economic weakness and persistent price pressures that could, in the latter, stall or reverse the disinflationary process (helped by higher energy prices), as has happened in the US.

Japan: Trade balance shifts into surplus in March on a weakening yen. Provisional data from the Ministry of Finance showed that the trade balance shifted into a surplus for the first time in three months at JPY366 billion amid a weakening yen and a robust demand from China and the US. Exports saw a notable increase of 7.3%

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y/y, though easing from +7.8% in February, as the sales of transport equipment rose by 10.3% led by motor vehicles (+7.1) and cars (+8.0%). Moreover, electrical machinery exports gained 9.9% on semi-conductors (+11.3%). On the other hand, imports declined by 4.9% y/y in March, reversing the 0.5% increase in February as imports of mineral fuels continued to fall (-11.5%). In addition, chemical and manufactured goods' imports slipped by 8.8% and 14.3%, respectively. The achieved surplus in March should help in supporting GDP growth for Q1 2024, though the rising cost of imports due to the weaker yen could weigh on personal consumption.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,194	-0.64	-4.00
Bahrain (ASI)	2,042	0.10	3.58
Dubai (DFMGI)	4,184	-1.40	3.07
Egypt (EGX 30)	29,401	-0.73	18.40
GCC (S&P GCC 40)	710	-1.68	-0.32
Kuwait (All Share)	6,930	-2.54	1.66
KSA (TASI)	12,500	-1.64	4.45
Oman (MSM 30)	4,738	0.21	4.95
Qatar (QE Index)	9,853	-0.69	-9.03
International			
CSI 300	3,511	-1.07	2.33
DAX	17,766	-1.44	6.06
DJIA	37,799	0.17	0.29
Eurostoxx 50	4,917	-1.35	8.74
FTSE 100	7,820	-1.82	1.13
Nikkei 225	38,471	-1.94	14.96
S&P 500	5,051	-0.21	5.90

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.34	0.00	-18.05
Kuwait	4.31	0.00	0.00
Qatar	6.00	0.00	-25.00
UAE	5.12	-12.06	-21.24
Saudi	6.19	0.17	-4.27
LIBOR	5.59	0.99	-0.45
SOFR	5.32	-1.06	-1.43

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	5.21	9.30	88.4
Oman 2027	6.09	9.70	93.3
Qatar 2026	5.30	3.20	78.3
Kuwait 2027	5.26	9.50	92.4
Saudi 2028	5.37	3.90	85.3
International 10YR			
US Treasury	4.66	2.90	79.7
German Bund	2.49	5.50	45.7
UK Gilt	4.30	5.90	76.3
Japanese Gvt Bond	0.87	0.70	25.1

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.04	0.33
KWD per EUR	0.33	-0.02	-1.04
USD per EUR	1.06	-0.05	-3.80
JPY per USD	154.71	0.29	9.68
USD per GBP	1.24	-0.16	-2.40
EGP per USD	48.45	0.52	57.05

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	90.02	-0.09	16.85
KEC	90.89	0.85	14.24
WTI	85.36	-0.06	19.13
Gold	2390.8	1.06	15.92

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

Source: Refinitiv / Haver

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