

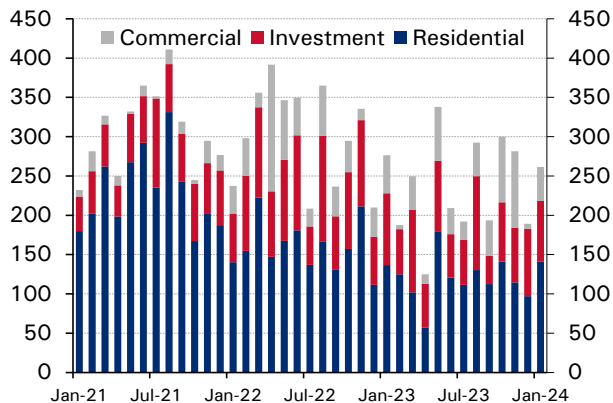
Daily Economic Update

Economic Research Department
20 February 2024

Kuwait: Real estate sales pick up in January. Real estate sales picked up in January from December's seven-month low, rising 38% m/m to KD262 million on a 46% m/m jump in residential sales (KD141 million) and higher commercial transactions (KD43 million), while investment sales fell 10% m/m (KD77 million) despite a notable increase in transactions volumes (+21% m/m). On an annual basis, real estate sales continued to decline but at a softer pace of 5.4%, with residential sales registering their first positive growth since May 2023 at 3.5%, while investment and commercial sales declined further (16% and 11%, respectively). Despite end-year weakness in December, real estate sales have generally moved off their mid-2023 lows in recent months, hinting at signs of a market turnaround.

Chart 1: Kuwait real estate sales

(KD million)



Source: Ministry of Justice

Saudi Arabia: Minister of Finance sees non-oil growth exceeding 5% in medium term. The Minister of Finance, during the Saudi Capital Market Forum that is being held on 19-20 February, mentioned that non-oil activities are expected to grow by more than 5% in the medium term. We note that, although remaining robust, non-oil growth has been slowing, from a post-pandemic rebound of 8.1% in 2021 to 5.5% in 2022 and 4.6% in 2023, and therefore, a re-acceleration in growth should be a positive development. While sustaining non-oil growth above 5% in the medium term is no easy feat, lower interest rates, expected in the second half of 2024 and beyond, should support any potential pick-up.

China: Banks slash mortgage reference rates. Chinese banks cut the five-year loan prime rate (LPR), a reference rate for mortgage lending, by 25 basis points to 3.95%, according to the People's Bank of China. The reduction in the five-year LPR – the steepest since its introduction in 2019 – is aimed at boosting property sales amid a series of sporadic government efforts to stem weakness in the housing sector, including some local

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governments relaxing restrictions on new buyers and lowering down-payment ratios. Chinese state banks have also earmarked over \$8 billion of loans for eligible property projects, increasing lending to the moribund sector. Meanwhile, post-Lunar New Year holiday, official data showed a promising pick up in consumption, with the number of rail trips surging to its highest in six years and box office ticket sales registering an all-time high while air travel recovered above pre-Covid levels as per third-party data. Nonetheless, an uneven performance in the underlying economy will likely push the government to roll out more policy support, especially as deflationary pressures persist.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,410	-0.18	-1.75
Bahrain (ASI)	2,051	-0.03	4.04
Dubai (DFMGI)	4,273	0.33	5.25
Egypt (EGX 30)	29,452	1.12	18.60
GCC (S&P GCC 40)	740	0.55	3.86
Kuwait (All Share)	7,353	0.66	7.86
KSA (TASI)	12,595	0.74	5.24
Oman (MSM 30)	4,637	0.00	2.72
Qatar (QE Index)	10,300	0.87	-4.90
International			
CSI 300	3,404	1.16	-0.80
DAX	17,092	-0.15	2.03
DJIA	38,628	n/a	2.49
Eurostoxx 50	4,763	-0.05	5.34
FTSE 100	7,729	0.22	-0.06
Nikkei 225	38,470	-0.04	14.96
S&P 500	5,006	n/a	4.94

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.39	0.00	-13.75
Kuwait	4.31	0.00	0.00
Qatar	6.00	0.00	-25.00
UAE	5.35	0.00	2.25
Saudi	6.23	0.00	-0.62
LIBOR	5.58	0.00	-1.74
SOFR	5.32	-0.66	-1.23

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.67	-1.80	35.1
Oman 2027	5.69	0.00	53.4
Qatar 2026	4.88	3.20	35.8
Kuwait 2027	4.55	1.40	20.5
Saudi 2028	5.13	11.40	60.4
International 10YR			
US Treasury	4.30	n/a	43.5
German Bund	2.41	1.10	38.2
UK Gilt	4.11	-0.10	57.1
Japanese Gvt Bond	0.73	0.00	11.5

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.00	0.23
KWD per EUR	0.33	0.02	0.35
USD per EUR	1.08	0.03	-2.35
JPY per USD	150.11	-0.07	6.42
USD per GBP	1.26	-0.04	-1.07
EGP per USD	30.85	30.85	0.00

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	83.56	0.11	8.46
KEC	74.10	-3.64	-9.68
WTI	79.19	n/a	10.52
Gold	2011.5	n/a	-2.47

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

Source: Refinitiv / Haver

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