

Daily Economic Update

Economic Research Department
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US: House prices steadily rise but at a softer pace annually. Home prices in the US grew at a steady rate of 0.2% m/m in July, lifting the ytd gains to 2.2%, based on the S&P CoreLogic Case-Shiller national home price index. However, on an annual basis, price growth softened to 5% in July from 5.5% in June, the slowest rate since October last year, as worsening affordability affected demand, while the supply of existing units available for sale has gradually increased. A sustained fall in mortgage rates (the 30-year rate is currently at 6.15% after hitting a peak of almost 8% last year) should boost housing activity and demand, which could support further price rises over the coming quarters. Still, ongoing affordability issues amid slowing wage growth may offset some of these gains.

Japan: BoJ governor reiterates cautious approach to rate rises. Bank of Japan (BoJ) Governor Ueda reiterated the BoJ's cautious approach to monetary policy tightening while emphasizing the need to keep a keen eye on financial markets and the recovery in overseas economies. The governor said that the appreciation in the yen during the past two months has alleviated a large part of inflationary pressures (as import prices moderate) and hinted at a shift in the BoJ's focus from domestic inflation to the slow recovery in the global economy and the impact of further yen appreciation on the competitiveness of the Japan's exports. We expect that the BoJ will keep its overnight call rate on hold at its next policy meeting in October, as services price revisions will be due in November, pushing the earliest hike date to December or in January 2025.

Chart 1: US house prices

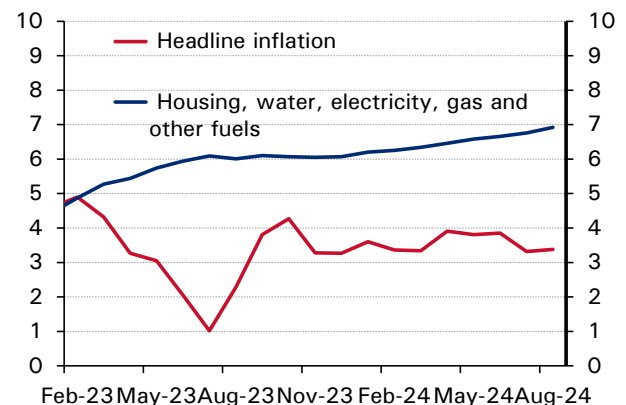
(%, y/y)



Source: Haver

Chart 2: Dubai consumer inflation

(%, y/y)



Source: Dubai Statistical Center (DSC)

UAE: Dubai inflation rises marginally in August. Headline consumer inflation ticked up slightly in August to 3.4% from 3.3% in July, though remained down on June's peak of 3.9% y/y. Inflation picked up mainly in the food & beverages (+2.8% from +2.5% in July), housing (+6.9% versus +6.8%), and clothing & footwear (+1.9%

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from 1.0%) categories, while easing in insurance & financial services (+5.9% versus 8.6%). On the other hand, inflation within the transportation subcomponent contracted (-1.7% from +0.2%) during the same period, which is probably related to the 3.0% y/y decline in gasoline prices.

Saudi Arabia: Aramco targets \$3 billion bond sale. Saudi Aramco is planning to issue \$3 billion in US dollar denominated sukuk in two tranches with five and ten year maturities. According to the term sheet, banks will hold investor calls starting on Tuesday. This follows a larger \$6 billion offering in July, the first in three years, and a surge in sovereign debt issuance. The offering comes in line with the company's decision to maintain its large \$124 billion dividend, which helps to fund the Kingdom's massive investment drive to diversify and grow the non-oil economy.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,461	0.07	-1.22
Bahrain (ASI)	2,025	-0.18	2.73
Dubai (DFMGI)	4,461	0.62	9.89
Egypt (EGX 30)	30,871	-0.49	24.32
GCC (S&P GCC 40)	718	0.97	0.81
Kuwait (All Share)	7,169	0.16	5.15
KSA (TASI)	12,268	1.14	2.52
Oman (MSM 30)	4,716	0.08	4.47
Qatar (QE Index)	10,491	0.46	-3.14
International			
CSI 300	3,352	4.33	-2.31
DAX	18,997	0.80	13.40
DJIA	42,208	0.20	11.99
Eurostoxx 50	4,941	1.13	9.27
FTSE 100	8,283	0.28	7.11
Nikkei 225	37,941	0.57	13.38
S&P 500	5,733	0.25	20.19
3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.05	-0.33	-47.04
Kuwait	3.94	0.00	-37.50
Qatar	6.00	0.00	-25.00
UAE	4.75	-6.01	-57.83
Saudi	5.64	-1.45	-59.29
LIBOR	4.92	-0.91	-67.26
SOFR	4.67	-2.33	-66.35

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	3.89	-1.00	-43.1
Oman 2027	4.72	0.00	-43.7
Qatar 2026	4.13	-7.00	-38.9
Kuwait 2027	4.08	-1.00	-26.0
Saudi 2028	4.19	-2.00	-33.1
International 10YR			
US Treasury	3.73	-1.90	-12.9
German Bund	2.14	-3.85	10.6
UK Gilt	3.94	2.00	40.1
Japanese Gvt Bond	0.81	-5.00	19.4
Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.30	-0.06	-0.76
KWD per EUR	0.34	0.65	3.16
USD per EUR	1.12	0.61	1.30
JPY per USD	143.21	-0.27	1.52
USD per GBP	1.34	0.49	5.37
EGP per USD	48.66	0.10	57.73
Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	75.17	1.72	-2.43
KEC	76.21	0.85	-4.21
WTI	71.56	1.69	-0.13
Gold	2651.2	0.94	28.55

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

Source: LSEG / Haver

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