

Daily Economic Update

Economic Research Department
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UAE: Dubai PMI hits its highest in more than four years in February. The PMI for Dubai increased in February to its highest level since May 2019 at 58.5 compared with 56.6 in the previous month, driven mainly by the rising activity in tourism and construction sectors. The hike in February's reading came from rising output levels, which reached their highest since August 2022, while new orders continued to expand after seeing a small dip in the previous month. Employment also rose sharply to accommodate the increase in output. However, input prices continued to increase as the Red Sea crisis continued to have an impact on supply chains and deliveries. Dubai's reading was even stronger than the reading for the UAE as a whole, which rose to a robust 57.1 in February.

US: Consumer medium-and-long-term inflation expectations rebound. According to a New York Fed survey, consumer next-year inflation expectations were steady for a third straight month at 3% in February. Still, they climbed for the three-year and five-year ahead metrics to 2.7% and 2.9% (six-month high) from 2.4% and 2.5%, respectively, the previous month. Inflation has broadly continued to decelerate, but a higher price rise outlook for the long term could inject extra uncertainty into the interest rate outlook. The Fed is expected to keep rates on hold at this month's meeting, but its closely watched dot-plot projections could show restrictive policy being maintained for longer than expected. As a reminder, February's CPI inflation data will be released this evening, with the market expecting headline inflation to be steady at 3.1% y/y but the core rate to decelerate to 3.7%.

Japan: Producer price inflation reaches its highest since October 2023. The PPI increased by +0.6% y/y in February, up from +0.2% in the previous month, and continuing a 36-month run of increases though at a low level compared to historical averages. Food & beverages (4.0% versus 4.5% in January) and metal products (3.6% versus 3.6%) remain the key upward forces by segment while prices continued to decline for iron & steel (-3.3% versus -3.4%) and chemicals (-0.4% versus -0.8%). The rise in PPI growth – although modest – signals potentially higher pressures on consumer prices down the line, which may encourage the Bank of Japan to accelerate its pivot away from the current ultra-loose monetary policy. The BoJ meets to decide policy next week.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,232	-0.02	-3.61
Bahrain (ASI)	2,025	0.49	2.74
Dubai (DFMGI)	4,248	-0.12	4.64
Egypt (EGX 30)	33,383	1.41	34.43
GCC (S&P GCC 40)	726	-0.19	1.88
Kuwait (All Share)	7,441	0.10	9.14
KSA (TASI)	12,556	-0.50	4.92
Oman (MSM 30)	4,766	0.13	5.58
Qatar (QE Index)	10,191	-0.43	-5.91

International			
CSI 300	3,589	1.25	4.61
DAX	17,746	-0.38	5.94
DJIA	38,770	0.12	2.87
Eurostoxx 50	4,930	-0.62	9.04
FTSE 100	7,669	0.12	-0.83
Nikkei 225	38,820	-2.19	16.01
S&P 500	5,118	-0.11	7.30

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.37	-1.67	-15.07
Kuwait	4.25	-6.25	-6.25
Qatar	6.00	0.00	-25.00
UAE	5.25	1.18	-7.42
Saudi	6.22	0.84	-1.34
LIBOR	5.58	-0.59	-1.64
SOFR	5.32	-0.04	-1.06

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.65	0.00	32.5
Oman 2027	5.56	0.00	40.2
Qatar 2026	4.79	-0.70	27.5
Kuwait 2027	4.63	0.00	28.6
Saudi 2028	4.79	-1.60	28.0

International 10YR			
US Treasury	4.10	-0.39	24.4
German Bund	2.30	0.00	26.9
UK Gilt	3.97	0.00	43.5
Japanese Gvt Bond	0.78	1.40	14.8

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.05	-0.10
KWD per EUR	0.34	-0.07	1.47
USD per EUR	1.09	-0.10	-1.00
JPY per USD	146.94	-0.09	4.17
USD per GBP	1.28	-0.35	0.65
EGP per USD	49.00	-0.33	58.83

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	82.21	0.16	6.71
KEC	82.38	-1.46	3.54
WTI	77.93	-0.10	8.76
Gold	2182.5	0.18	5.82

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

Source: Refinitiv / Haver