

Daily Economic Update

Economic Research Department
7 April 2024

Kuwait: Parliamentary election sees low MP turnover, strong 'opposition' representation maintained. Kuwaitis headed to the polls on Thursday to elect the country's fourth National Assembly since 2020 but the first under Emir Sheikh Meshal Al-Ahmed Al-Sabah. Voter turnout reached 62%, slightly up on last summer's election. The results saw 39 MPs from the previous parliament return, one of the lowest replacement rates (22%) in Kuwait's history. So-called 'opposition' MPs secured even larger vote shares this time round, while tribal, conservative and Islamist members maintained their consistently solid representation. For the second time in a row, one female MP was elected. Following the election results, as is customary, the government of Sheikh Mohammad Sabah Al-Salem Al-Sabah submitted its resignation and the Emir is expected to name his prime minister within two weeks, with Dr Mohammad, holder of the office only since January, the likely front runner. As to the likely trajectory of parliamentary politics in the upcoming legislative session, the relatively low number of fresh faces in the Assembly offers little suggestion of a major shift in the political dynamic, although the return of most incumbent MPs also reflects that the number of candidates contesting the elections (200) was the smallest in recent times.

Egypt: Foreign reserves rise by \$5billion to \$40billion in March. Foreign reserves increased by about \$5 billion in March to \$40 billion from \$35 billion in February and versus \$32.4 billion a year earlier. Additionally, tier 2 reserves (not counted within the published reserves figure) increased by \$1.5 billion thus the total increase of all reserve types was even higher at \$6.5 billion. Egypt received a net total of \$22.5 billion of dollar inflows in February and March, \$10 billion from the Ras El Hekma deal and \$12.5 billion from foreign portfolio investments in LCY debt in addition to other FCY upsides from higher remittances and some de-dollarization of assets by Egyptian households. Against this, the central bank has cleared import backlogs of \$4.5 billion, international oil dues payments of \$2 billion, and commercial bank NFAs were up by \$4.5 billion in February, and as mentioned official reserves were up by \$7.5 billion in March. This leaves around \$4 billion that were probably utilized in an improvement in commercial bank NFAs in March (data on this is yet to be released) and maybe payments of external debt maturities during March.

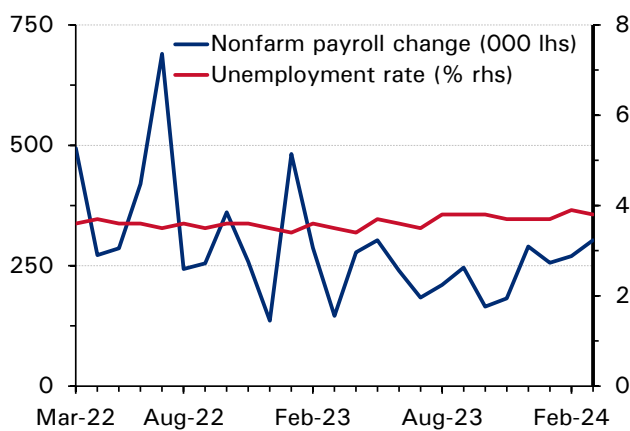
US: Job gains surge, exceeding expectations. Non-farm payrolls in March rose by 303K compared to 270K in February, much higher than an average 251K increase in 2023, and versus a 200K forecast. Moreover, the Jan-Feb data was revised upward to show 22K more jobs than previously estimated. The unemployment rate edged down to 3.8% from 3.9% in February, even though the labor participation rate increased to 62.7% from 62.5%. Wage growth moderated to a still-elevated 4.1% y/y from 4.3% in February, the slowest since July 2021, but accelerated on a monthly basis to 0.3% from 0.2% earlier. A solid March job report underscored that the economy remained robust overall in Q1. At the same time, continued economic momentum and concerns over an incomplete disinflationary process could delay the anticipated interest rate cuts this year, with markets currently shuffling between the Fed's June and July meetings for its first move.

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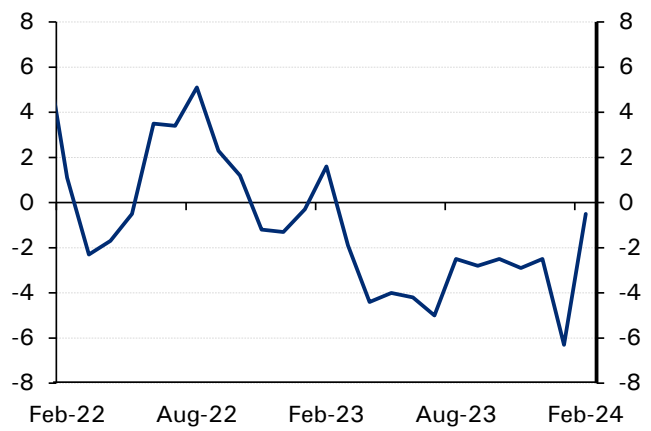
Japan: Household spending continued to decline in February. Household spending fell by 0.5% y/y in February, recovering from the steep decline seen in the previous month at -6.3% y/y and above market projections of -3%. This came on slower declines in transport & communication (-1.1% versus -13.1% in January) and culture & recreation (-1.5% versus -9.0%). In addition, spending rebounded for food (2.0% versus -2.7%), housing (9.5% versus -19.8%), and clothing & footwear (11.6% versus 1.8%) and accelerated for medical care (9.4% versus 8.2%) and education (41.5% versus 29.6%). However, spending saw steeper falls in “fuel, light & water charges” category (-18.6% versus -9.4%) and “furniture & household utensils” (-2.0% versus -1.8%). This decline constitutes the 12th straight month of drop in household consumption with spending, pointing to ongoing weaknesses in private consumption in Q1 2024.

Chart 1: US employment



Source: Haver

Chart 2: Japan household spending
(% y/y)



Source: Ministry of Internal Affairs & Communications

Euro Area: Inflation heading to the 2% target and June rate cut is now closer. Inflation slowed to 2.4% y/y in March from the previous month's reading of 2.6% and even lower than the market consensus. Core inflation also dropped to 2.9% y/y in March, down from 3.1% y/y in February and in line with market forecasts. In all, inflation appears to be returning steadily to the 2% target set by the ECB and could allow the first interest rate cut to take place in June. Furthermore, Euro area retail sales continue to perform badly, contracting by 0.5% m/m in February after flat growth rate in January, while unemployment was unchanged at 6.5% in February.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,237	-0.02	-3.56
Bahrain (ASI)	2,022	-0.02	2.54
Dubai (DFMGI)	4,244	-0.06	4.54
Egypt (EGX 30)	28,506	2.04	14.79
GCC (S&P GCC 40)	731	0.05	2.60
Kuwait (All Share)	7,272	0.00	6.67
KSA (TASI)	12,705	0.66	6.17
Oman (MSM 30)	4,681	0.37	3.69
Qatar (QE Index)	9,816	1.28	-9.37
International			
CSI 300	3,568	0.00	3.98
DAX	18,175	-1.24	8.50
DJIA	38,904	0.80	3.22
Eurostoxx 50	5,015	-1.10	10.91
FTSE 100	7,911	-0.81	2.30
Nikkei 225	38,992	-1.96	16.52
S&P 500	5,204	1.11	9.11
3m interbank rates			
	%	Change (bps)	
		Daily	YTD
Bahrain	6.35	0.00	-17.71
Kuwait	4.25	0.00	-6.25
Qatar	6.00	0.00	-25.00
UAE	5.24	0.22	-9.03
Saudi	6.24	0.00	0.36
LIBOR	5.56	-0.84	-2.96
SOFR	5.30	-0.45	-2.96

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.83	1.70	50.6
Oman 2027	5.66	0.00	49.9
Qatar 2026	5.00	5.40	47.8
Kuwait 2027	4.77	5.70	43.1
Saudi 2028	4.99	3.40	47.2
International 10YR			
US Treasury	4.38	6.90	51.8
German Bund	2.40	4.10	37.0
UK Gilt	4.07	4.50	53.0
Japanese Gvt Bond	0.77	-0.50	15.4

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.00	0.08
KWD per EUR	0.33	0.02	0.74
USD per EUR	1.08	0.00	-1.82
JPY per USD	151.61	0.00	7.48
USD per GBP	1.26	0.00	-0.73
EGP per USD	47.33	0.00	53.42

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	91.17	0.57	18.34
KEC	91.43	1.35	14.92
WTI	86.91	0.37	21.30
Gold	2325.7	1.61	12.77

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

Source: Refinitiv / Haver