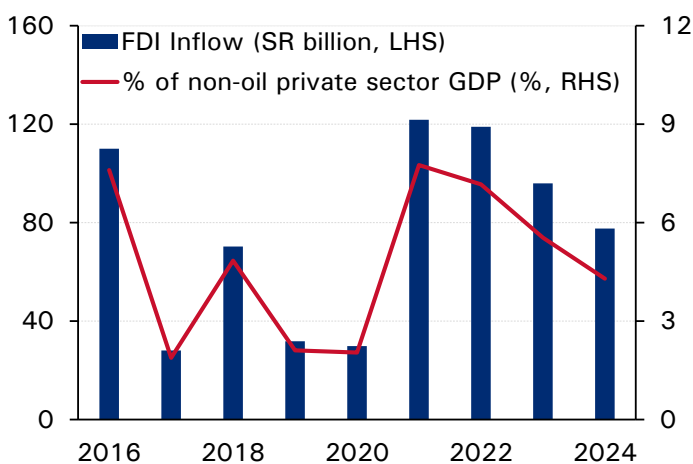


# Daily Economic Update

Economic Research Department  
29 April 2025

**Saudi Arabia: FDI drops in 2024, but progress continues towards Vision goals.** The Vision 2030 annual report revealed that FDI inflows fell for the third consecutive year by 19% y/y to \$20.7bn in 2024, falling short of the targeted \$29bn for that year and representing the lowest since 2020. The government cited lower global liquidity and tighter monetary conditions as reasons for the lower FDI. However, excluding the exceptional inflows of 2021 and 2022 related to the Aramco pipeline deal, the inflow was the second highest in eight years, well above the long-run average and therefore, relatively strong. That said, annual FDI will need to grow considerably to reach the Vision target of \$100bn by 2030 as it becomes an increasingly important source of funding given ongoing fiscal pressure from oil price volatility and the surge in spending on Vision-linked megaprojects. Fiscal deficits are projected to persist over the medium term which the government intends to finance through continued debt issuance and FDI. The report highlighted the continued progress towards Vision 2030 development goals and economic diversification, mentioning that 93% of Vision KPIs were either fully achieved or on track in 2024, with non-oil output reaching 51% of GDP, increasing SMEs contribution (22% of GDP), rising PIF assets (to \$940bn), higher female labor force participation (33.5%) and record low unemployment (7%). It notes that investments are becoming more diversified across sectors and regions, reflecting growing international confidence in the Saudi market. The government also reiterated its commitments about a focus on development of key strategic sectors including tourism/entertainment, manufacturing, and mining alongside continued improvements in the regulatory environment.

**Chart 1: Saudi Arabia FDI**



Source: GASTAT, Vision 2030 report

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**Saudi Arabia: Trade surplus reaches a 10-month high in February.** The merchandise trade surplus widened to SAR 30.6bn in February, up 4% y/y and the highest since April 2024 as lower exports were more than offset by a drop in imports. Still, non-oil exports rose by 6.8% in February, the 11th consecutive month of growth, driven by especially strong performance in vehicles and mechanical/electrical appliances and machinery exports. The solid non-oil export growth was outweighed by a 7.2% y/y drop in oil exports (72% of total exports), driving a 2.6% fall in overall exports. Noteworthy is the strong increase in re-exports, which rose by 45% y/y to SAR 10bn, the second highest level on record, possibly boosted by rising trade tensions between the US and other countries. Finally, imports fell by 5.6% y/y, marking the first annual decline since December 2023, led by lower imports of food and beverages and mineral products. The UAE remained the largest non-oil export partner, followed by China and India.

**UAE: Dubai tourism growth remains solid in Q1.** Dubai tourism grew robustly in Q125, up 10% y/y, according to the Dubai Department of Tourism, slightly easing from the 11% increase seen in Q124. Western Europe remained the leading source market (22% of total visitors), followed by the GCC and South Asia, each accounting for 16%. Notably, Russia and the Commonwealth of Independent States region saw 40% y/y growth, while North and Southeast Asia experienced a 36% y/y increase. The hospitality sector also demonstrated significant growth, with average hotel occupancy rates reaching 83% in Q125, up from 80% in the same period last year. Moreover, the average daily rate increased by 6% to AED567, and revenue per available room rose by 10% to AED471.

**Egypt: Asian Infrastructure Investment Bank (AIIB) to provide Egypt \$300mn in budget support.** The Planning and International Cooperation Minister Rania Al Mashat said that the agreement was expected to be finalized by June 2025, with most negotiations already finished and both parties in the process of finalizing the paperwork. The loan/support at the current EGP exchange rate would represent around 0.4% of Egypt's total budget estimated at EGP4.6 trillion for FY25/26. She also added that the government is working on bringing down the debt to GDP ratio to 80% by June 2026 and to lower external debt by \$1-2bn every year. This is to be achieved through debt swap agreements similar to the ones done with Kuwait, UAE, and possibly, Saudi. She mentioned that the funding model of debt-to-equity swaps could be executed with Germany for its investments in the Egyptian energy sector. Finally, China is also part of the agenda – representing around 6.1% (\$10bn) of Egypt's external debt – allowing the Chinese government and private sector to finance big development projects in Egypt through such swap frameworks.

**Japan: PM to prioritize wage gains amid trade disruptions and high inflation.** PM Shigeru Ishiba, in a speech, reaffirmed the government's commitment to pursuing "meaningful" wage increases capable of withstanding mounting inflationary pressures. Against a backdrop of intensifying trade tensions and protectionist measures, Ishiba emphasized the urgency to safeguard fragile gains in labor income, particularly for SMEs. Policymakers have underscored the necessity of maintaining a clear distinction between economic and security matters, while reinforcing the strategic requirements of a stable bilateral relationship with the US along with revitalizing the World Trade Organization and the expansion of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership to uphold free trade principles. Even with indications from the US administration that a trade agreement may be within reach, Japan's economic recovery remains precarious, with the export sector heavily impacted by global trade tensions and persistent supply chain disruptions. Compounding these challenges, inflationary pressures have eroded nominal wage gains achieved in 2024, with real wages dropping again – declines of 2.8% y/y in January and 1.5% in February – after modest positive gains recorded in late 2024. The evolving trade environment and sustained inflation complicate the Bank of Japan's (BoJ) policy landscape, as it struggles to balance the twin mandates of supporting economic growth and managing price stability. Markets broadly anticipate that the BoJ will maintain short-term interest rates at its policy meeting later this week,

pending a reassessment of the economic outlook, to be detailed in the bank's quarterly report next Thursday. While the BoJ may still see a gradual easing of price pressures in the second half of FY25, the overall uncertain macroeconomic backdrop due to ongoing tariff tensions may compel it to follow a more cautious stance over the period ahead.

## Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi (ADI)	9,468	0.81	0.52
Bahrain (ASI)	1,892	-0.47	-4.72
Dubai (DFMGI)	5,216	1.04	1.12
Egypt (EGX 30)	32,015	0.50	7.65
GCC (S&P GCC 40)	728	0.18	0.86
Kuwait (All Share)	7,901	-0.17	7.32
KSA (TASI)	11,785	0.24	-2.09
Oman (MSM 30)	4,292	0.30	-6.22
Qatar (QE Index)	10,304	0.34	-2.53

<b>International</b>			
CSI 300	3,782	-0.14	-3.90
DAX	22,272	0.13	11.87
DJIA	40,228	0.28	-5.45
Eurostoxx 50	5,170	0.32	5.61
FTSE 100	8,417	0.02	2.99
Nikkei 225	35,840	0.38	-10.16
S&P 500	5,529	0.06	-6.00

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	5.63	0.00	-5.57
Kuwait	4.00	0.00	6.25
Qatar	4.65	0.00	-2.50
UAE	4.10	-12.37	-34.32
Saudi	5.29	-1.59	-24.95
SOFR	4.28	-0.23	-2.47

Bond yields	%	Change (bps)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi 2027	4.15	1.00	-59.0
Oman 2027	5.09	-3.00	-47.0
Qatar 2026	4.40	5.00	-39.0
Kuwait 2027	4.44	-1.00	-53.0
Saudi 2028	4.64	-1.00	-44.0

<b>International 10YR</b>			
US Treasury	4.21	-4.83	-36.7
German Bund	2.51	3.35	14.5
UK Gilt	4.51	2.40	-6.1
Japanese Gvt Bond	1.31	-2.00	23.5

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.04	-0.45
KWD per EUR	0.35	0.49	9.95
USD per EUR	1.14	0.50	10.32
JPY per USD	142.01	-1.16	-9.65
USD per GBP	1.34	0.94	7.42
EGP per USD	50.80	-0.10	0.02

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	65.86	-1.51	-11.76
KEC	69.54	-0.57	-8.25
WTI	62.05	-1.54	-13.48
Gold	3332.5	1.53	26.75

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

Source: LSEG / Haver

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