

Daily Economic Update

Economic Research Department
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US: Survey suggests manufacturing sector slump could be abating. US manufacturing activity may be approaching a turnaround after 11 consecutive months of decline, with September's ISM manufacturing survey rising to its highest level in almost a year at 49.0. The reading was an improvement on the 47.6 recorded in August and beat expectations, with all major subcomponents ticking up on the previous month. Moreover, employment rebounded to a four-month high of 51.2 (from 48.5), while the input prices measure extended its decline to 43.8 (from 48.4). September's reading could suggest that the pace of decline in manufacturing may be easing and expansion may not be too far away, which should boost the US economic outlook. Still, the ongoing autoworkers' strike may offset some of this progress through dampened production, increased lay-offs and higher automobile prices, evidence for which may come through in October's PMI reading. The services PMI for September is due this Wednesday and, in contrast, may point to an easing in activity from August's six-month high, to 53.6 according to the consensus expectation.

Eurozone: Manufacturing activity still negative in September. Eurozone manufacturing remained stuck in contraction territory in September, with the headline PMI reading coming in at 43.4, little changed from August's final figure of 43.5. The unemployment rate, however, dropped slightly to 6.4% in August, a historic low, from 6.5% in July. The number of unemployed people decreased by 107k from a month earlier to stand at 10.86mn.

UK: Decline in house prices unchanged at 5.3% y/y in September. House prices in September remained 5.3% below the same month last year, according to lending firm Nationwide. There was no change in prices month-on-month either, ending a run of two consecutive monthly falls. The survey results beat expectations of a decline of 0.4% m/m and 5.7% y/y. However, for the first time since 2009, all UK regions witnessed negative house price growth. The average house price stood at GBP257k in September versus GBP259k in August. Mortgage activity remained weak at six-month lows of 45k in September and down 30% on the monthly average in 2019 as high mortgage rates adversely affect demand; first time buyers putting a 20% down payment, for example, will likely have to spend around 38% of their income on mortgage payments, well above the long-term average of 29%. While the Bank of England's recent policy rate hold and slightly changed interest rate expectations for next year offers some relief for mortgage holders, house prices may not have bottomed out yet. Meanwhile, final figures for the manufacturing PMI showed a slightly improved reading of 44.3 compared to the preliminary release (44.2) and higher than the reading in August (43.0). The figure still points to a sector that has been in contraction for almost a year now.

Saudi Arabia: Private sector activity ticks up in September, output price pressures soften. The Saudi PMI increased to 57.2 in September, climbing from an 11-month low of 56.6 in August. This was driven by increases in output and new orders. In contrast, the employment index inched down to 52, but remained above the 50 threshold for the 18th consecutive month. Price pressures continued to soften—and by a wide margin—with the

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output price index falling below 50 and to its lowest level in more than three years, with some firms attributing lower prices to strong competition. However, overall input costs continued to increase at a relatively fast clip.

Egypt: President Sisi announces bid for re-election. Incumbent president Abdel Fattah Al-Sisi finally announced yesterday that he will contest the upcoming presidential elections slated for December 2023. If he wins, as is likely given the limited appeal of opposition candidates, he will commence a third, six-year term in office, which will end in 2030. Meanwhile, the private sector PMI activity gauge in September declined to 48.7 from 49.2 in August, pointing to weakness on the demand side due to, among other things, the erosion of purchasing power that has taken place amid soaring inflation. The rate of new work dropped significantly in September, falling at the fastest rate since May. Output also declined sharply. Continued import compression (about 20-25% of total imports) has been challenging for companies. Business optimism fell month-on-month.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,788	0.02	-4.15
Bahrain (ASI)	1,933	-0.19	2.01
Dubai (DFMGI)	4,183	0.47	25.39
Egypt (EGX 30)	19,901	-0.77	36.32
GCC (S&P GCC 40)	670	-0.06	-3.06
Kuwait (All Share)	6,855	-0.91	-6.00
KSA (TASI)	11,006	-0.31	4.35
Oman (MSM 30)	4,735	0.77	-2.82
Qatar (QE Index)	10,257	0.40	-3.97
International			
CSI 300	3,690	0.00	-4.70
DAX	15,247	-0.91	9.51
DJIA	33,433	-0.22	0.86
Eurostoxx 50	4,138	-0.89	9.07
FTSE 100	7,511	-1.28	0.79
Nikkei 225	31,760	-0.31	21.71
S&P 500	4,288	0.01	11.69
3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.69	-2.32	54.45
Kuwait	4.25	0.00	25.00
Qatar	6.00	0.00	71.67
UAE	5.18	-10.69	86.94
Saudi	6.16	-2.90	94.88
LIBOR	5.65	-0.74	88.25
SOFR	5.40	0.07	80.81

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	5.11	7.10	88.4
Oman 2027	6.40	12.60	41.4
Qatar 2026	5.34	5.80	86.2
Kuwait 2027	5.25	3.80	98.4
Saudi 2028	5.50	9.40	82.7
International 10YR			
US Treasury	4.68	11.20	85.2
German Bund	2.91	7.30	34.9
UK Gilt	4.57	12.50	89.8
Japanese Gvt Bond	0.78	0.60	35.9
Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.10	1.14
KWD per EUR	0.32	-0.83	-0.99
USD per EUR	1.05	-0.89	-2.11
JPY per USD	149.85	0.33	14.29
USD per GBP	1.21	-0.91	-0.09
EGP per USD	30.90	0.16	24.90
Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	90.71	-4.83	5.59
KEC	96.11	-1.83	17.15
WTI	88.82	-2.17	10.67
Gold	1830	-0.98	0.57

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

Source: Refinitiv / Haver

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