

# Daily Economic Update

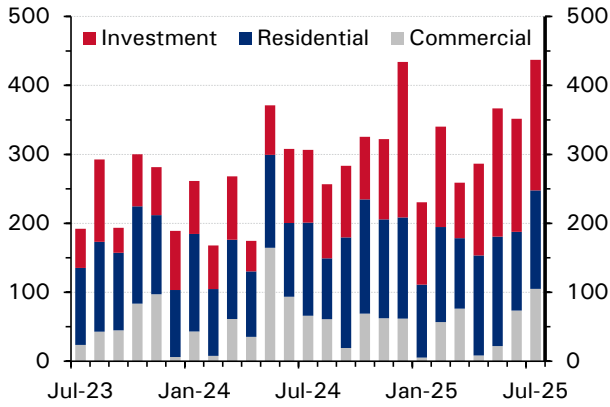
Economic Research Department  
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**Kuwait: Real estate sales surge in July to highest level since 2018.** Real estate activity in July defied the usual mid-summer lull with strong sales of KD437 million (24% m/m; 43% y/y). This was the highest monthly reading since December 2018 and the best performance for the summer month since July of that same year. In volume terms, July was the busiest month in more than three years, with 572 transactions recorded. Driving the monthly increase were the commercial and residential sectors, with sales of KD105 million (43% m/m; 59% y/y) and KD143 million (25% m/m; 5.8% y/y), respectively. But the investment sector also logged good growth, with KD189 million in sales (15.5% m/m; 79% y/y), and stands out as the best performing sector on a trend basis with sales now at historically elevated levels while the residential segment lags behind. Stripping out the volatile commercial sector from July's reading would have produced an equally decent set of results for the month, well above the monthly average for the last two years. July's counter-seasonal improvement pushed the cumulative year-to-date sales increase to 22% compared to the same period last year, adding further support to the view of real estate sector activity recovering strongly overall and likely to post in 2025 a second consecutive year of double-digit gains after last year's increase of nearly 23%. As borrowing costs trend lower, appetite for investment units has been the driving impulse for the turnaround. As for the residential sector, the forthcoming housing finance law, allied to authorities' efforts to accelerate the construction and disbursement of housing units, including the three residential city projects at Khairan, Nawaf Al-Ahmad and Al-Sabriya announced this year, are expected to catalyze interest and activity through the medium-to-long term.

**Saudi Arabia: Industrial production increases in June at fastest pace in more than two years.** According to figures from the General Authority for Statistics, industrial output in Saudi Arabia expanded in June by 7.9% y/y (1.6% m/m), the piciest increase since late 2022. Output, measured by the index level, also rose to a more-than-two-year high. The increase was driven by a 7.7% y/y jump in oil activity, the strongest increase in several years, on the back of the unwinding of Saudi crude production cuts, which accelerated from April this year, in line with the swing back to expansion for Saudi oil GDP recorded in the recently published national accounts data for Q2. The overall index was also lifted by continued strong growth in non-oil activity, which increased by 8.6% y/y, with manufacturing activities (excluding refining) up by 9.1% y/y, the fastest increase in more than a year. Within manufacturing, food (8.9% y/y), chemical (18.7%) and non-metallic products (13.2%) were the strongest performers, while furniture (-15%), basic metals (-5.3%) and beverages (-2.1%) all posted negative growth. Overall, the figures corroborate the strong headline Q2 GDP (3.8% y/y) and even better non-oil GDP growth (4.7% y/y) readings released last month. The good growth momentum witnessed in the overall Saudi economy is expected to be sustained going forward, thanks to strong investment and recovering oil output.

**Chart 1: Kuwait real estate sales**

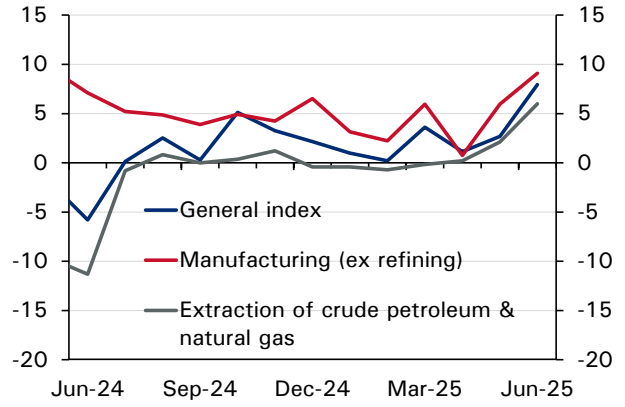
(KD million, per month)



Source: Kuwait Ministry of Justice (MoJ), Haver

**Chart 2: Saudi Arabia industrial production**

(% y/y)



Source: GASTAT

**US: Current trade pact with China extended for 90 days.** President Trump announced just ahead of its expiry an extension of the current trade pact with China for another 90 days to November 10. The move followed discussions between the two countries’ trade delegations in Stockholm last month as they looked to delay the steep hikes in reciprocal/retaliatory tariffs. The truce sees reduced US reciprocal duties of 10% along with a fentanyl-linked 20% (and on top of any pre-existing tariffs) on China, with the latter also keeping its retaliatory tariffs on US goods at 10%. After previous rounds of bilateral discussions, China had resumed flows of rare earth minerals and Trump had relaxed curbs on semiconductor shipments to China, which helped to diffuse some of the trade tension. Also, the latest extension avoided any mention of ‘secondary sanctions’ on China for its continued purchase of Russian oil, in contrast to India, which was hit with additional 25% tariffs. Despite Trump reserving his decision until the last minute, the move was largely anticipated based on previous signals from both countries’ officials. The reaction in the US markets was generally muted, though Chinese equities in Shanghai were trading in the green this morning.

## Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi (ADI)	10,302	-0.09	9.37
Bahrain (ASI)	1,938	-0.34	-2.42
Dubai (DFMGI)	6,153	0.08	19.28
Egypt (EGX 30)	35,909	-0.56	20.74
GCC (S&P GCC 40)	742	-0.59	2.84
Kuwait (All Share)	8,678	0.33	17.87
KSA (TASI)	10,792	-0.99	-10.34
Oman (MSM 30)	4,863	0.16	6.26
Qatar (QE Index)	11,371	0.08	7.57

<b>International</b>			
CSI 300	4,123	0.43	4.77
DAX	24,081	-0.34	20.96
DJIA	43,975	-0.45	3.36
Eurostoxx 50	5,332	-0.30	8.90
FTSE 100	9,130	0.37	11.71
Nikkei 225	41,820	0.00	4.83
S&P 500	6,373	-0.25	8.36

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	5.64	-0.98	-4.29
Kuwait	4.06	6.25	12.50
Qatar	4.70	0.00	2.50
UAE	4.19	0.28	-25.25
Saudi	5.30	-4.68	-23.56
SOFR	4.23	0.04	-7.87

Bond yields	%	Change (bps)	
		Daily	YTD
<b>Regional</b>			
Abu Dhabi 2027	4.04	0.48	-69.5
Oman 2027	4.62	0.47	-93.5
Qatar 2026	4.49	2.11	-29.9
Kuwait 2027	4.40	0.54	-57.5
Saudi 2028	4.29	0.19	-78.8

<b>International 10YR</b>			
US Treasury	4.28	0.58	-28.8
German Bund	2.70	0.00	33.4
UK Gilt	4.56	0.00	-0.3
Japanese Gvt Bond	1.50	0.65	42.1

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.01	-0.81
KWD per EUR	0.35	-0.54	9.48
USD per EUR	1.16	0.04	12.23
JPY per USD	148.41	0.18	-5.58
USD per GBP	1.34	0.00	7.33
EGP per USD	48.44	0.00	-4.63

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	66.85	0.33	-10.44
KEC	69.31	-0.72	-8.55
WTI	64.15	0.30	-10.55
Gold	3356.2	0.09	27.65

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

Source: LSEG / Haver