

Daily Economic Update

Economic Research Department
21 April 2024

Japan: Core inflation continues to slow in March, complicating the BoJ's next move amid a depreciating yen.

Inflation saw a softer increase in March at 2.7% y/y, down from February's reading of 2.8% and slightly below the consensus. Most subgroups witnessed a slowdown in price growth including transportation (2.9% versus 3.0% in February), clothes (2.0% versus 2.6%), furniture & household utensils (3.1% versus 5.1%), healthcare (1.5% versus 1.8%), communication (0.2% versus 1.4%), and culture & recreation (7.2% versus 7.3%), while the decline in the prices of "fuel, light & water charges" eased (-1.7% versus -3.1%). Meanwhile, inflation in food (4.8%), housing (0.7%), and education (1.3%) was stable. Similarly, core inflation, which excludes fresh food but includes energy, eased to 2.6% y/y from February's four-month peak of 2.8%. The slowing pace of consumer price growth will turn the BoJ's focus to price pressures emanating from the services sector, following April's wage hikes. Meanwhile, the continued weakening of the yen – which recently hit a 34-year low versus the US dollar – accompanied with rising oil prices could accelerate policy tightening this year. The BoJ is expected to keep key interest rates unchanged at this week's policy meeting (26 April) while providing fresh CPI and GDP projections, guiding the markets about a potential rate hike in June or July.

US: Existing home sales fall, and unemployment claims remain steady. Existing home sales in March fell 4.3% m/m, broadly in line with the market forecast, after their unexpected 9.5% m/m surge in February. The fall came despite some pickup in inventory – though still at historically very low levels – amid growing unaffordability due to elevated mortgage rates and a sustained rise in housing prices. Meanwhile, jobless claims for the week ended April 13 were flat at 212K, with continuing claims also largely unchanged at 1.81 million, signaling no pullback yet in current tight labor market conditions.

UK: Retail sales come in flat in March. Retail sales showed no growth in March coming in at 0% m/m versus slight growth of 0.1% m/m in February, while growing 0.8% y/y in March from a contraction of 0.3% y/y in February. Excluding fuel, sales showed a worsening performance at -0.3% m/m and 0.4% y/y.

UAE: Dubai headline inflation eased marginally in March. Consumer price inflation increased by 3.3% y/y in March, down from 3.4% in the previous month, continuing the mildly moderating trend seen since late last year. Inflation in food (3.1%), clothes & footwear (3.4%), housing (6.2%), furniture & household utensils (0.6%), healthcare (0.1%), and education remained stable while the decline in transportation prices eased (-1.9% versus -3.1% in February). On the other hand, personal care-segment inflation fell to -0.3% from 1.9% in the previous month.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,126	-0.61	-4.72
Bahrain (ASI)	2,021	-0.30	2.53
Dubai (DFMGI)	4,175	-0.80	2.83
Egypt (EGX 30)	28,333	-4.50	14.09
GCC (S&P GCC 40)	707	-0.22	-0.76
Kuwait (All Share)	6,997	1.26	2.64
KSA (TASI)	12,502	0.29	4.47
Oman (MSM 30)	4,717	-0.12	4.50
Qatar (QE Index)	9,829	-0.24	-9.25

International			
CSI 300	3,542	-0.79	3.22
DAX	17,737	-0.56	5.88
DJIA	37,986	0.56	0.79
Eurostoxx 50	4,918	-0.37	8.77
FTSE 100	7,896	0.24	2.10
Nikkei 225	37,068	-2.66	10.77
S&P 500	4,967	-0.88	4.14

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.34	0.00	-18.05
Kuwait	4.31	0.00	0.00
Qatar	6.00	0.00	-25.00
UAE	5.12	-11.74	-8.53
Saudi	6.21	0.00	-2.22
LIBOR	5.59	0.18	-0.68
SOFR	5.32	-0.20	-0.68

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	5.15	-0.40	82.5
Oman 2027	6.00	0.10	83.9
Qatar 2026	5.28	1.40	76.3
Kuwait 2027	5.20	-1.80	85.5
Saudi 2028	5.36	2.80	83.6

International 10YR			
US Treasury	4.62	-3.20	75.5
German Bund	2.51	1.20	47.6
UK Gilt	4.23	-4.00	69.5
Japanese Gvt Bond	0.84	-3.00	21.9

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.09	0.38
KWD per EUR	0.33	0.11	-0.67
USD per EUR	1.07	0.10	-3.46
JPY per USD	154.63	0.00	9.62
USD per GBP	1.24	-0.51	-2.81
EGP per USD	48.28	0.00	56.50

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	87.29	0.21	13.30
KEC	88.38	10.27	11.09
WTI	83.14	0.50	16.04
Gold	2398.4	0.68	16.29

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

Source: Refinitiv / Haver