

Daily Economic Update

Economic Research Department
27 September 2023

US: Home prices hit record-high but consumer sentiment weakens. National house prices (S&P CoreLogic Case-Shiller index) in July rose 0.6% m/m (+1.0% y/y), hitting a new record-high and recouping the fall seen during H2 2022, amid sustained tight inventory of existing single-family homes. Nevertheless, decades-high mortgage rates (7%+) have still capped any meaningful gains, sapping demand from one-time buyers. Meanwhile, new home sales plunged more than forecast in August (-8.7% m/m) but were still up 5.8% y/y. Given a low inventory of existing units, new home sales have been broadly rising this year, but elevated interest rates now seem to be denting demand. Finally, the consumer confidence index (Conference Board) fell to a four-month low of 103 in September from 108.7 in August on persistent worries about rising gasoline and grocery prices, increasing recession fears and higher interest rates. Yet, households seem generally upbeat about employment prospects. Although still tentative, these indicators may signal growing stagflation risks, with flagging sentiment weighing on consumer spending, a key pillar of economic resilience this year, coupled with renewed inflation worries due to rising energy and housing prices.

UAE: S&P sees growth increasingly supported by the non-oil sector in 2023-24. Rating agency S&P expects GDP growth to trend at 3% and 4% in 2023 and 2024, respectively, supported by the non-oil sector. Non-oil activities are expected to benefit from strong growth in tourism and the government's continued commitment to reforms. These have included 100% foreign ownership in more than 1,000 commercial and industrial activities, the insolvency law and the issuance of new visas to attract skilled workers and tourists to the UAE. Meanwhile, according to the Dubai Media Office, the government of Dubai has reduced its public debt by AED29 billion (\$7.9bn) to 25% of the emirate's GDP in around 18 months. This followed the establishment of the Public Debt Management Office (PDMO), under the Dubai Department of Finance (DOF). Debt reduction occurred across all classes in the government's debt portfolio, including the full redemption of Sukuk certificates worth AED3.3 billion, the repayment of bilateral and syndicated facilities totaling AED5.2 billion and the partial settlement of AED20 billion from the financing extended by the Abu Dhabi government and the UAE Central Bank.

Oman: Economy contracts in Q2, Fitch upgrades sovereign's rating to BB+. Oman's real GDP contracted in 2Q 2023 by 0.2%y/y, a sharp turnaround from the previous quarter's expansion of 4.7% y/y, according to Oman's National Center for Statistics & Information (NCSI). The drop in Q2 was due to lower oil and gas production, while the non-oil sector performed slightly better, rising by 0.1% y/y, led by services. According to government projections at the start of the year, Oman's real growth for 2023 is expected to come in at 5.5%, but after Oman agreed to lower oil production further in line with its OPEC+ obligations, growth is expected to slow down considerably from that estimate and from last year's outturn of 4.3% to around 1.3%, according to the IMF. Meanwhile, Fitch Ratings has upgraded Oman sovereign credit rating to BB+ (from BB) on better public finances following the decline in the Sultanate's debt to GDP ratio (gross debt fell to 40% of GDP in 2022 from 60% in 2021), more controlled government spending and a better oil price environment.

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Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,813	-0.24	-3.90
Bahrain (ASI)	1,938	0.14	2.24
Dubai (DFMGI)	4,154	-0.67	24.52
Egypt (EGX 30)	20,355	0.17	39.43
GCC (S&P GCC 40)	666	0.20	-3.64
Kuwait (All Share)	6,895	0.43	-5.44
KSA (TASI)	10,918	0.37	3.52
Oman (MSM 30)	4,669	0.09	-4.18
Qatar (QE Index)	10,325	0.56	-3.33

International			
CSI 300	3,693	-0.58	-4.62
DAX	15,256	-0.97	9.57
DJIA	33,619	-1.14	1.42
Eurostoxx 50	4,129	-0.92	8.85
FTSE 100	7,626	0.02	2.33
Nikkei 225	32,315	-1.11	23.84
S&P 500	4,274	-1.47	11.30

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.71	0.04	56.78
Kuwait	4.25	-6.25	25.00
Qatar	6.00	0.00	71.67
UAE	5.23	-9.63	91.87
Saudi	6.15	-2.01	93.81
LIBOR	5.65	-0.55	87.99
SOFR	5.39	-0.87	80.37

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.95	0.20	71.8
Oman 2027	6.15	0.00	16.0
Qatar 2026	5.23	-0.90	75.1
Kuwait 2027	5.15	1.10	87.8
Saudi 2028	5.29	-0.20	62.4

International 10YR			
US Treasury	4.56	1.60	72.7
German Bund	2.80	1.00	23.7
UK Gilt	4.33	0.20	66.1
Japanese Gvt Bond	0.75	1.50	32.7

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.04	1.12
KWD per EUR	0.33	-0.15	-0.14
USD per EUR	1.06	-0.19	-1.23
JPY per USD	149.05	0.11	13.68
USD per GBP	1.22	-0.44	0.50
EGP per USD	30.90	0.00	24.90

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	93.96	0.72	9.37
KEC	95.56	-1.48	16.48
WTI	90.39	0.79	12.62
Gold	1900.4	-0.85	4.43

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

Source: Refinitiv / Haver