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Daily
Economic Update

Economic Research Department
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Saudi Arabia: Credit growth solid in October driven by corporate lending. Credit growth was a solid 0.8% m/m in October, driving up the YTD increase to 9.1%. Private-sector corporate lending was the main driver of growth in October, increasing by 1.1% m/m and is up by 12.4% YTD while mortgage lending was up by an estimated 8.3% YTD. Deposits increased by 1% m/m, resulting in a YTD increase of 8.1%, slightly below credit growth with the simple loans-to-deposits ratio at 103.4%. From a y/y perspective, credit is up by 9.9%, slightly ahead of the 9.2% increase in deposits. SAMA's reserve assets decreased by 3.1% in October, standing at $426 billion, and are down by 7.4% YTD ($34 billion). Meanwhile, Saudi Arabia will be hosting the World Expo 2030 in Riyadh, beating South Korea's Busan and Italy's Rome, and has earmarked $7.8 billion in investments for the event.

Qatar: GDP growth slowed to a two-year low in Q2 2023. Economic growth came in Q2 2023 at 1% y/y, easing from 2.2% in the previous quarter and marking the slowest pace since Q1 2021, according to Planning and Statistics Authority. The modest pace of expansion reflected a notable decline in non-oil sector growth, which fell further to 0.1% from a super-strong (World Cup-related) peak of 7% in Q4 2022. The drag came mostly from the wholesale/retail trade, construction, and manufacturing sectors (comprising around 41% of non-oil GDP) which fell into contraction, offsetting the strong positive contributions from the food & accommodation, and entertainment & recreation sectors. Meanwhile, hydrocarbon (mining and quarrying) sector growth eased to 2.3% y/y from 4.1% in Q1 2023 and could ease further in the coming quarters as the effects of higher output in the base period (H2 2022) begin to fade.

Bahrain: S&P revises outlook to stable on larger fiscal deficits. S&P Global Ratings revised Bahrain's sovereign outlook from "positive" to "stable" on larger financing needs but maintained the credit rating at "B". The downgrade to the outlook stems primarily from expectations of widening budget shortfalls to 3-4% of GDP in 2023-2026 compared with 2-3% in the previous review on higher outlays on debt-servicing costs, social subsidies, and capital expenditures. Higher spending is also set to delay the government's outlined Fiscal Balance Program (FBP) target of a balanced budget beyond 2024, though the agency noted that commitment to budgetary reforms under the FBP have allowed authorities to pursue fiscal consolidation. The S&P report generally echoes our outlook (accessible here), though we do expect a slightly narrow budget deficit of -2.7% of GDP next year.

US: Home prices rise for the eighth consecutive month. US home prices hit a new record high, rising for the eighth month in September (+0.7% m/m) and extending the YTD gains to 4.6%, according to the S&P CoreLogic Case Shiller Home Price Index. A tight housing market due to a persistent shortage of residential units on sale continues to push prices up despite demand-sapping elevated mortgage rates. At the same time, in an unwelcome outcome from an inflation perspective, growing buyer unaffordability is increasing rental market demand, driving rents higher in recent months. Meanwhile, the Conference Board Consumer Confidence Index recorded its first rise in four months in November, improving to a better-than-forecast of 102 from a downwardly

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revised 99.1 in October as consumers saw better employment prospects. Survey respondents also intended to buy big-ticket items, including consumer durables, over the coming months, suggesting still robust spending propensity.

UK: Shop price inflation in November was the slowest in more than a year. UK shop floor inflation eased to 4.3% y/y in November from 5.2% in October, figures by the British Retail Consortium (BRC) showed. This was the sixth consecutive month of deceleration, with November's annual rate the slowest since June 2022. The BRC cited a continued slowdown in food price inflation on the back of lower input costs (domestic energy) and price cuts on health and beauty products amid increased competition between retailers ahead of the busy festive period—the recent slowdown in consumer spending likely added further impetus. While the data, which is usually seen as an early indicator of the official CPI trend, will provide encouragement for policymakers and consumers hoping for continued easing in inflationary pressures, the BRC did caution, however, that such pressures could resurface in 2024 after increases in the rate of corporation tax and the minimum wage.

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Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,541	0.27	-6.56
Bahrain (ASI)	1,951	0.06	2.96
Dubai (DFMGI)	4,009	0.35	20.16
Egypt (EGX 30)	25,122	-3.03	72.08
GCC (S&P GCC 40)	669	0.34	-3.14
Kuwait (All Share)	6,639	0.06	-8.96
KSA (TASI)	11,101	0.18	5.26
Oman (MSM 30)	4,633	0.14	-4.92
Qatar (QE Index)	10,007	-0.20	-6.31
International			
CSI 300	3,519	0.19	-9.12
DAX	15,993	0.16	14.86
DJIA	35,417	0.24	6.85
Eurostoxx 50	4,348	-0.15	14.61
FTSE 100	7,455	-0.07	0.05
Nikkei 225	33,408	-0.12	28.03
S&P 500	4,555	0.10	18.63

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.65	0.00	50.86
Kuwait	4.31	0.00	31.25
Qatar	6.00	0.00	71.67
UAE	5.60	0.18	129.32
Saudi	6.34	1.57	113.23
LIBOR	5.65	-0.50	88.25
SOFR	5.39	n/a	79.91

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.84	-2.40	61.4
Oman 2027	5.75	-4.20	-23.5
Qatar 2026	5.06	1.70	58.1
Kuwait 2027	4.93	-0.80	66.0
Saudi 2028	5.03	-0.20	36.4
International 10YR			
US Treasury	4.34	-5.20	50.5
German Bund	2.49	-6.00	-6.9
UK Gilt	4.17	-3.90	50.5
Japanese Gvt Bond	0.76	-1.90	33.8

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	-0.05	0.79
KWD per EUR	0.34	0.30	3.50
USD per EUR	1.10	0.34	2.69
JPY per USD	147.48	-0.80	12.49
USD per GBP	1.27	0.54	4.93
EGP per USD	30.90	0.16	24.90

Commodities	$/unit	Change (%)	
		Daily	YTD
Brent crude	81.68	2.13	-4.92
KEC	84.80	0.39	3.36
WTI	76.41	2.07	-4.80
Gold	2039.7	1.39	12.09

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

Source: Refinitiv / Haver