

Daily Economic Update

Economic Research Department
20 March 2024

US: Housing construction activity recovers in February. US housing starts and building permits rebounded sharply in February, recovering from weather-related disruptions during the previous month. Housing starts rose 10.7% m/m, the fastest rate since May 2023 to an annualized 1.52 million units, from a 12.3% fall in January, led by single-unit structures. Similarly, building permits also rose 1.9% m/m to 1.52 million units, a six-month high, from a drop of 0.3% in January. The sharp rebound in the new home segment came from continued shortages of existing housing units and slightly favorable mortgage rates (30Y fixed rate currently at 6.84%, down from almost 8% in October 2023), besides conducive weather conditions. As policy interest rates will likely decrease later this year, both new as well as existing home segments should get a boost due to strong pent-up demand, absent any serious downturn in the job market.

UAE: Dubai inflation eased in February. Consumer price inflation eased to 3.4% y/y in February, down from 3.6% in the previous month. This came on slower growth in the prices of food and beverages (3.1% versus 3.7% in January) and insurance and financial services (8.2% versus 13.3%). Moreover, prices in the transportation segment witnessed a steeper decline (-3.1% versus -1%). The housing segment, which has the highest weight in the standardized basket at 40.7%, continued to increase on a yearly basis at 6.3% y/y, a trend seen since early 2023.

Oman: Bank credit growth slows, but deposit growth hits 9-year high. Growth in bank credit slowed further to a 17-month low of 3.8% y/y in January, from 4.3% in December 2023 and well off its peak of 8.7% last July. Credit was virtually flat in month-on-month terms. January softness was driven by an ongoing fall in lending to the central government (-38% y/y), while loan growth to public enterprises also slowed (to 7.4% y/y). Loans to these two categories account for 15% of all lending. Private sector lending growth also edged down to 4.5% y/y but appears to be improving month-on-month after a weak spell in the latter part of last year. By contrast, deposit growth enjoyed another strong month in January, jumping to a 9-year high of 12.8% y/y. Private sector deposits – worth one-third of all deposits – also rose at a multi-year high rate of 11.6%. The loan-to-deposit ratio dropped to 77.5% from a peak of 82% last year.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,259	0.13	-3.33
Bahrain (ASI)	2,036	0.02	3.25
Dubai (DFMGI)	4,273	-0.06	5.25
Egypt (EGX 30)	28,676	-1.43	15.48
GCC (S&P GCC 40)	730	0.05	2.53
Kuwait (All Share)	7,375	-0.44	8.19
KSA (TASI)	12,804	0.25	6.99
Oman (MSM 30)	4,831	1.27	7.02
Qatar (QE Index)	10,228	-0.32	-5.57

International			
CSI 300	3,578	-0.72	4.27
DAX	17,987	0.31	7.38
DJIA	39,111	0.83	3.77
Eurostoxx 50	5,008	0.50	10.75
FTSE 100	7,738	0.20	0.07
Nikkei 225	40,004	0.66	19.54
S&P 500	5,179	0.56	8.57

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.38	0.30	-14.13
Kuwait	4.31	0.00	0.00
Qatar	6.00	0.00	-25.00
UAE	5.24	2.98	-9.21
Saudi	6.21	-1.04	-1.84
LIBOR	5.59	0.05	0.16
SOFR	5.33	0.28	0.11

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.78	-0.50	45.7
Oman 2027	5.70	0.00	54.2
Qatar 2026	4.95	3.10	42.7
Kuwait 2027	4.66	-1.90	31.9
Saudi 2028	4.96	1.50	43.4

International 10YR			
US Treasury	4.30	-4.40	43.6
German Bund	2.45	-0.80	42.0
UK Gilt	4.06	-3.20	52.1
Japanese Gvt Bond	0.73	-2.40	11.6

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.04	0.08
KWD per EUR	0.33	-0.03	1.00
USD per EUR	1.09	-0.06	-1.55
JPY per USD	150.85	1.15	6.94
USD per GBP	1.27	-0.06	-0.07
EGP per USD	47.00	-0.13	52.35

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	87.38	0.56	13.42
KEC	86.68	0.87	8.95
WTI	83.47	0.91	16.50
Gold	2156.3	-0.20	4.55

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

Source: Refinitiv / Haver