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Daily
Economic Update

Economic Research Department
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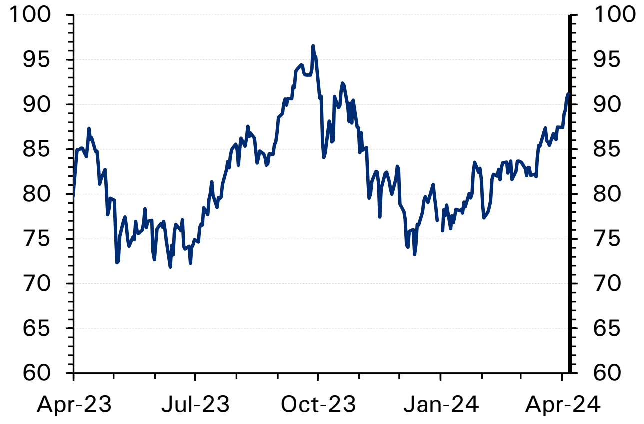
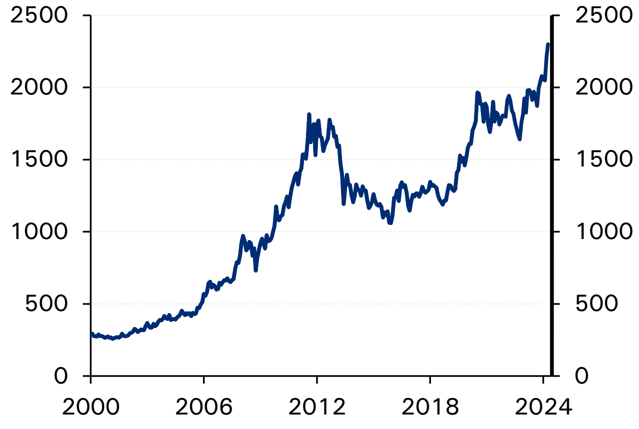
Oil: Brent tops $91 on US economic data, spiking Middle East tensions. Brent notched up a fourth consecutive week of gains on Friday, rising 4.2% on the previous week to $91.2/bbl, its highest level in almost six months. Prices strengthened on the positive US jobs report and on the increase in geopolitical tensions, after Iran indicated that it would respond to the Israeli attack on its consulate in Syria that killed high-ranking Iranian officials. Markets may also have noted the efforts of OPEC's Joint Ministerial Monitoring Committee, which met on 3 April, to press upon members, large producers Iraq and Kazakhstan especially, to rein in overproduction and submit detailed compensation by the end of April. This would require them to cut supplies beyond the amount necessary to meet quota obligations, potentially tightening the market even more over the coming months.

Chart 1: ICE Brent oil price
($/bbl)



Source: Haver

Chart 2: Gold price
($/oz.)



Source: Haver

Global: Gold prices continue to rally on safe-haven demand and rate cut outlook. Gold prices hit a new high last week of $2330 per ounce, rallying 17% since mid-February (+13% YTD) after rising 13% in 2023. A surge in central banks' gold purchases in the last two years, along with investor optimism about central bank interest rate cuts, fueled the rally in 2023. Over the past two years, central bank gold purchases have constituted around 23% of total annual gold demand, compared to just 11% in 2021, with China, Poland, and Singapore being top buyers in 2023. Meanwhile, gold ETFs have been seeing sustained outflows, underpinning a shift in the investor base. Since end-2021, major global central banks' gold holdings as a proportion to their overall reserves rose significantly. For example, notable increases were in the US (69.9% from 66.3%), Russia (26.1% from 21.2%), Germany (69.1% from 66.3%), and China (4.3% from 3.3%). More recently, in Q1 2024, adverse geopolitics reinforced gold's safe-haven appeal despite a strong US dollar. As the Fed and other central banks look set for

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rate cuts later this year, gold may receive some support, as gold investments may be more appealing compared to low-yielding government bonds. However, at the same time, slowing inflation should counterbalance some of this investment case, given that gold demand has historically been inversely related to the inflation trajectory. There may also have been speculative hedges taking place in the gold market with some investors looking to derisk their overall investment portfolio in case inflation proves more stubborn, which could delay interest rate cuts and set back the equity and fixed income markets.

US: Critical inflation prints and consumer sentiment reading in focus this week. CPI inflation data for March is due this Wednesday, with markets expecting price rises to accelerate to 3.4% y/y (0.3% m/m) from 3.2% (0.4% m/m) in February on higher gasoline prices. However, the underlying rate (excluding food and energy) may slightly soften to 3.7% y/y (0.3% m/m) from 3.8% (0.4% m/m) the previous month. Meanwhile, producer price inflation figures are also due this Thursday, and could renew worries of price pressures at the wholesale level. The consensus forecast is for a 2.3% y/y (0.3% m/m) rise in March after +1.6% (0.6% m/m) in February, with core PPI inflation also seen at 2.3% y/y (0.2% m/m) from 2% (0.3% m/m). Finally, the University of Michigan consumer sentiment index for April (due Friday) may remain relatively elevated at 79, but broadly flat from 79.4 in March.

UAE: Dubai tourism remained robust during the first two months of 2024. Dubai's overnight visitors increased during the first two months of 2024 by +18% y/y to reach 3.7 million, albeit easing from growth of 42% in the corresponding period of 2023 which was driven by a post-pandemic bounce. Western Europe, south Asia, and the GCC region remained the main source of arrivals, accounting for 53% of total visitors. As a result, the average daily hotel room rate rose by +9% to AED664 while occupancy rates reached 87% during the same period.

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Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,237	n/a	-3.56
Bahrain (ASI)	2,021	-0.03	2.51
Dubai (DFMGI)	4,244	n/a	4.54
Egypt (EGX 30)	28,152	-1.24	13.37
GCC (S&P GCC 40)	731	0.05	2.60
Kuwait (All Share)	7,196	-1.05	5.55
KSA (TASI)	12,705	0.00	6.17
Oman (MSM 30)	4,689	0.19	3.88
Qatar (QE Index)	9,910	0.96	-8.50
International			
CSI 300	3,568	n/a	3.98
DAX	18,175	n/a	8.50
DJIA	38,904	n/a	3.22
Eurostoxx 50	5,015	n/a	10.91
FTSE 100	7,911	n/a	2.30
Nikkei 225	38,992	n/a	16.52
S&P 500	5,204	n/a	9.11

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	6.35	-0.02	-17.73
Kuwait	4.31	6.25	0.00
Qatar	6.00	0.00	-25.00
UAE	5.24	0.00	-8.81
Saudi	6.20	-4.05	-3.69
LIBOR	5.56	n/a	-3.80
SOFR	5.30	n/a	-2.96

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	4.83	n/a	50.6
Oman 2027	5.66	n/a	49.9
Qatar 2026	5.00	n/a	47.8
Kuwait 2027	4.77	n/a	43.1
Saudi 2028	4.99	n/a	47.2
International 10YR			
US Treasury	4.38	n/a	51.8
German Bund	2.40	n/a	37.0
UK Gilt	4.07	n/a	53.0
Japanese Gvt Bond	0.77	n/a	15.4

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.00	0.08
KWD per EUR	0.33	0.02	0.74
USD per EUR	1.08	0.00	-1.82
JPY per USD	151.61	0.00	7.48
USD per GBP	1.26	0.00	-0.73
EGP per USD	47.50	0.36	53.42

Commodities	$/unit	Change (%)	
		Daily	YTD
Brent crude	91.17	n/a	18.34
KEC	91.43	n/a	14.92
WTI	86.91	n/a	21.30
Gold	2325.7	n/a	12.77

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

Source: Refinitiv / Haver

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