

Daily Economic Update



Economic Research Department
16 April 2024

Kuwait: Emir appoints Sheikh Ahmad Al-Abdullah Al-Sabah as new PM. The Emir named Sheikh Ahmad Al-Abdullah Al-Ahmad Al-Sabah as the new prime minister, replacing Dr Mohammad Sabah Al-Salem Al-Sabah who stepped down after three months in the position. Sheikh Ahmad is the outgoing Chief of the Amiri Diwan but has held several ministerial positions in the past, including Oil and Information (2009-2011), Health (2005-2007) and Finance & Communications (1999-2001) and stints in the private sector including banking. The PM will now submit a list of cabinet nominees to the Emir as he prepares to form his first government. Meanwhile, according to reports, as many as 41 MPs have held an informal meeting to prioritize several issues for the upcoming legislative session. Plans include raising the cost-of-living allowance for Kuwaitis, amending the election commission law, and increasing judicial oversight over citizenship cases.

Saudi Arabia: Consumer price inflation soft despite ongoing hot housing rentals. The consumer price index decreased by 0.1% m/m in March, pushing down the y/y increase to 1.6% from 1.8% in February. A 0.7% m/m decrease in the food/beverages (+0.9% y/y) as well as the transport indices (-1.8% y/y) drove the slight monthly downtick in the CPI. On the other hand, housing rentals (21% weight in the CPI basket) continued to be the main, nearly the sole, driver of price pressures, increasing by 0.9% m/m. Over the past year, housing rentals (+10.5% y/y) is by far the main driver of inflation with restaurants/hotels (5.6% weight in the basket) a distant second (+2.4% y/y). On average, inflation stood at 2.3% in 2023 (down from 2.5% in 2022), and we expect a further moderation to around 2% in 2024.

China: Economic growth beats expectations in Q1. Economic growth accelerated to 5.3% y/y in Q1 2024, helped by stronger expansion in manufacturing activity as the government pushed to support the sector. On a quarterly basis, the economy grew 1.6%, up from 1.2% in the previous quarter. The robust performance in Q1 was likely driven by the first two months of the year, given that March's data disappointed with both industrial production and retail sales slowing to 4.5% and 3.1% y/y, respectively. Nevertheless, fixed asset investment growth picked up to 4.5% y/y and unemployment ticked lower to 5.2%, indicating a resilient economy. Overall, the better-than-expected GDP print in Q1 is set to help the government achieve its target of "around 5% growth" this year, though a Western response to expansive Chinese manufacturing subsidies – both Janet Yellen and Germany's Olaf Scholz travelled to China to discuss trade this month – is a downside risk to the outlook.

US: Retail sales exceed expectations, signaling robust economic momentum. March's retail sales rose by a higher-than-forecast 0.7% m/m from an upwardly revised +0.9% in February. A core measure (excluding gas stations, food services, building supplies, and auto sales) grew at its fastest rate in 14 months by 1.1% m/m, accelerating from +0.3% the previous month. Solid consumer spending in March and upward revisions to the prior two months underscore that the economic momentum remained strong during Q1 as a robust job market continues to support spending despite tight monetary policy. This should help GDP post another solid growth in

T: (+965) 2229 5500, econ@nbk.com Visit our publications | [Unsubscribe from this list](#) | [Comments & feedback](#)

© 2024 NBK | Disclaimer: While every care has been taken in preparing this publication, National Bank of Kuwait accepts no liability whatsoever for any direct or consequential losses arising from its use. Daily Economic Update is distributed on a complimentary and discretionary basis to NBK clients and associates. This report and previous issues can be found in the "News & Insight / Economic Reports" section of the National Bank of Kuwait's web site. Please visit our web site, www.nbk.com, for other bank publications.

Q1. On the other hand, sustained strong household demand could keep inflationary pressures elevated, potentially pushing the Fed's anticipated rate cuts into late 2024.

Eurozone: Industrial activity improves in February, but sector weakness persists. First estimates of euro-area industrial production show output ticking up in February by 0.8% m/m from an upwardly revised 3.0% in January. The monthly gain was driven by capital, durable consumer, and intermediate goods, while energy production saw a sizeable decline. The headline reading largely came in line with expectations, but with industrial activity substantially down compared to last year (-6.4% y/y), the picture remains one of a sector that continues to be especially weak and a considerable drag on euro-area economic prospects this year.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,254	0.18	-3.38
Bahrain (ASI)	2,040	-0.02	3.48
Dubai (DFMGI)	4,244	-0.01	4.53
Egypt (EGX 30)	29,616	3.90	19.26
GCC (S&P GCC 40)	722	-1.15	1.38
Kuwait (All Share)	7,111	-0.08	4.31
KSA (TASI)	12,708	0.33	6.19
Oman (MSM 30)	4,728	0.58	4.73
Qatar (QE Index)	9,921	0.78	-8.40
International			
CSI 300	3,549	2.11	3.44
DAX	18,027	0.54	7.61
DJIA	37,735	-0.65	0.12
Eurostoxx 50	4,984	0.59	10.24
FTSE 100	7,966	-0.38	3.00
Nikkei 225	39,233	-0.74	17.24
S&P 500	5,062	-1.20	6.12
3m interbank rates			
	%	Change (bps)	
		Daily	YTD
Bahrain	6.34	-2.32	-18.05
Kuwait	4.31	0.00	0.00
Qatar	6.00	0.00	-25.00
UAE	5.24	-0.36	-9.18
Saudi	6.19	2.53	-4.44
LIBOR	5.58	-1.06	-1.43
SOFR	5.33	-0.09	-0.37

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	5.11	3.90	79.1
Oman 2027	5.99	9.70	83.6
Qatar 2026	5.27	10.30	75.1
Kuwait 2027	5.17	10.20	82.9
Saudi 2028	5.34	10.70	81.4
International 10YR			
US Treasury	4.63	12.90	76.8
German Bund	2.43	7.20	40.2
UK Gilt	4.24	10.40	70.4
Japanese Gvt Bond	0.86	-0.10	24.4
Exchange rates			
	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	0.00	0.29
KWD per EUR	0.33	-0.20	-1.03
USD per EUR	1.06	-0.19	-3.75
JPY per USD	154.27	0.65	9.36
USD per GBP	1.24	-0.05	-2.24
EGP per USD	48.20	1.41	56.24
Commodities			
	\$/unit	Change (%)	
		Daily	YTD
Brent crude	90.10	-0.39	16.95
KEC	90.12	-0.95	13.27
WTI	85.41	-0.29	19.20
Gold	2365.8	0.41	14.71

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

Source: Refinitiv / Haver

T: (+965) 2229 5500, econ@nbk.com Visit our publications | Unsubscribe from this list | Comments & feedback

© 2024 NBK | Disclaimer: While every care has been taken in preparing this publication, National Bank of Kuwait accepts no liability whatsoever for any direct or consequential losses arising from its use. Daily Economic Update is distributed on a complimentary and discretionary basis to NBK clients and associates. This report and previous issues can be found in the "News & Insight / Economic Reports" section of the National Bank of Kuwait's web site. Please visit our web site, www.nbk.com, for other bank publications.