

International and markets

US: The final estimate of annualized 4Q22 GDP growth was revised downward to 2.6% from 2.7% earlier (3.2% in Q3) on softer consumer spending (1% from 1.4%). Meanwhile, core PCE inflation in February slowed more than forecast to 4.6% y/y (0.3% m/m) from 4.7% (0.5% m/m) in January, while core services ex-housing remained sticky at 4.6% y/y. Growth in personal spending and income also moderated to 0.2% m/m and 0.3%, from 2% and 0.6%, respectively. Finally, the University of Michigan's consumer sentiment index fell to a four-month low of 62 in March from 67 in February, and consumers' one-year inflation expectation eased to 3.6% from 4.1%.

Europe: UK Q4 GDP grew by a revised 0.1% q/q versus initial estimates of 0.0%, and by 0.6% y/y versus 0.4% as per initial estimates. The Office for National Statistics highlighted that telecommunications, construction, and manufacturing performed better than initially expected. GDP grew 4.1% in 2022 overall. Meanwhile, the Eurozone CPI rose by 6.9% y/y in March, slightly lower than market forecasts of 7.1%, and lower than February's 8.5%. On a monthly basis however, inflation came at 0.9%, higher than both market estimates and the previous month both at 0.8%. Core inflation came at 5.7% (5.6% in February) and in line with market estimates. Core CPI m/m rose 1.2% versus 0.8% the previous month.

Financial markets: Global equity markets rallied as sentiment continued to recover from banking sector turmoil. The MSCI AC World index rose 3.3% w/w led by the Euro Stoxx 50 (+4.5%), while the S&P 500 gained 3.5% led by tech and financial shares. GCC equities were mixed but positive overall (MSCI GCC +0.7%), led by Qatar (2.1%). Kuwait's All-share was flat.

Oil: Brent posted a second week of gains on Friday, rising 6.4% w/w to settle at \$79.8/bbl (-7.1% ytd) on continued supply disruption in semi-autonomous Kurdistan and a sizeable decline in US crude stocks (-7.5 mb w/w) as well as slowing US inflation. All signs point to OPEC+ sticking to its current production deal this week, despite overall price weakness in March.

MENA Region

Kuwait: Labor market data from the Central Bureau of Statistics for 4Q22 showed that the total employment among Kuwaiti nationals grew 1% q/q to 443K, almost entirely driven by a rise in the public sector, with private sector jobs relatively unchanged. Expatriate employees (ex domestic workers) rose 3.6% q/q to 1.6 million. The latest trend is broadly similar to earlier figures reported separately by PACI.

Saudi Arabia: Credit growth stood at 0.9% in February with the y/y expansion at 13.2% (11% excluding mortgages), while deposits increased by 1.2% resulting in an 8.2% y/y increase. Meanwhile, the unemployment rate in Saudi Arabia hit a historical low of 8% for the fourth quarter of 2022 coming close to the targeted rate of 7% of the Vision 2030.

United Arab Emirates: UAE president Sheikh Mohamed bin Zayed Al Nahyan named Sheikh Mansour bin Zayed as the UAE Vice President and Sheikh Khaled bin Mohamed as Crown Prince of Abu Dhabi, in a series of major appointments. The central bank projects that GDP growth could ease in 2023 to 3.9%, in line with the global growth trends, as oil production is expected to moderate in line with the OPEC+ agreement, and as spillover effects from the FIFA World Cup and Expo 2020 fade.

Oman: The government prepaid some \$1.5 billion in loans ahead of the maturity date. In total, government loans were reduced by an estimated OMR 1.1 billion (\$ 2.8 billion) by the end of 1Q23, helping lower the overall cost of servicing public debt especially against a backdrop of rising global interest rates.

Egypt: The central bank raised its main policy rates by 2% to 18.25-19.25%, coming in line with both our expectations and the consensus. The bank statement highlighted that continued private-led positive economic growth, high core inflation of 40% in February, and anchoring inflation expectations were the key reasons for further monetary tightening. Moreover, two state-owned banks issued new Certificates of Deposit, one at a fixed rate of 19% for 3 years and another at 22% for the 1st year, 18% for the 2nd year, and 16% for year 3.

Key takeaways:

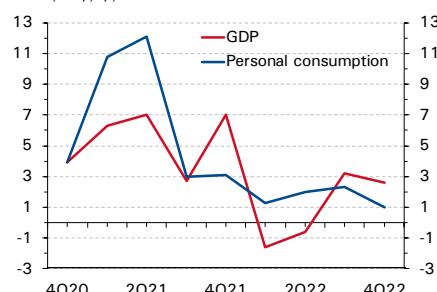
- In a welcome sign for Fed officials, US inflation though still elevated, is easing. But uncertainty over the economic outlook remains high. For now, moderating consumer sentiment, potentially a looming credit crunch and higher interest rates point to a progressively weaker economy this year.
- In the Eurozone, the sharp drop in inflation in March was due to lower energy costs and base effects after strong rises a year ago. However core inflation at 5.7% remains uncomfortably high for the ECB – and may not yet have peaked.
- We view Egypt's interest rate hike as a crucial move to address spiraling inflation and help anchor expectations. Still, a further EGP depreciation is expected over coming weeks in order to close the gap between the official and parallel rates, which is now at 12%.

▶ **Chart 1: Brent crude oil price**
(\$/bbl)



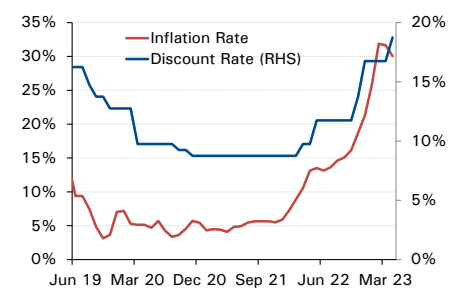
Source: Refinitiv

▶ **Chart 2: US GDP and Consumption**
(% y/y)



Source: Haver

▶ **Chart 3: Egypt Inflation & Interest rate**



Source: Haver, CBE

Key data

Stock markets	Index	Change (%)	
		1-week	YTD
International			
CSI 300	4,051	0.6	4.6
DAX	15,629	4.5	12.2
DJIA	33,274	3.2	0.4
Eurostoxx 50	4,315	4.5	13.7
FTSE 100	7,632	3.1	2.4
Nikkei 225	28,041	2.4	7.5
S&P 500	4,109	3.5	7.0
Regional			
Abu Dhabi SM	9,430	-0.8	-7.6
Bahrain ASI	1,887	-0.6	-0.5
Dubai FM	3,407	1.7	2.1
Egypt EGX 30	16,419	5.1	12.5
MSCI GCC	671	0.7	-3.0
Kuwait SE	7,051	0.0	-3.3
KSA Tadawul	10,590	1.4	0.4
Muscat SM 30	4,863	-0.2	-0.2
Qatar Exchange	10,213	2.1	-4.4

Bond yields	%	Change (bps)	
		1-week	YTD
International			
UST 10 Year	3.49	11.2	-34.1
Bunds 10 Year	2.31	18.5	-25.2
Gilts 10 Year	3.49	20.8	-18.0
JGB 10 Year	0.32	3.8	-9.4
Regional			
Abu Dhabi 2027	4.04	-1.1	-4.6
Oman 2027	5.73	7.4	-4.3
Qatar 2026	4.20	0.6	-6.3
Kuwait 2027	4.01	-3.6	-6.1
Saudi Arabia 2028	4.47	8.5	-4.3
Commodities			
	\$/unit	Change (%)	
		1-week	YTD
Brent crude	79.8	6.4	-7.1
KEC	79.3	3.6	-3.3
WTI	75.7	9.3	-5.7
Gold	1969.0	-0.7	8.2

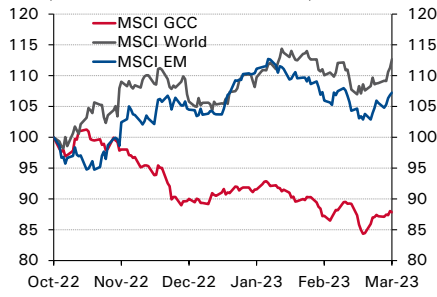
Interbank rates	%	Change (bps)	
		1-week	YTD
Bhbor - 3 month	6.32	5.1	18.1
Kibor - 3 month	4.25	0.0	25.0
Qibor - 3 month	5.70	35.0	41.7
Eibor - 3 month	4.91	-12.6	60.1
Saibor - 3 month	5.69	11.7	47.6
Libor - 3 month	5.19	9.1	42.5
Sofr - 3 month	4.91	2.9	32.1
Exchange rates			
	rate	Change (%)	
		1-week	YTD
KWD per USD	0.307	0.2	0.3
KWD per EUR	0.333	0.0	1.6
USD per EUR	1.084	0.7	1.3
JPY per USD	132.8	1.6	1.3
USD per GBP	1.233	0.8	2.0
EGP per USD	30.75	-0.3	24.3

Updated on 31/3/2023

Source: Refinitiv

International equity markets

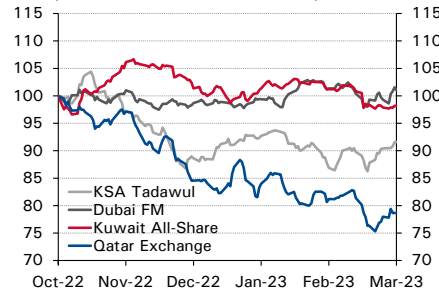
(rebased, 7 October 2022=100)



Source: Refinitiv

GCC equity markets

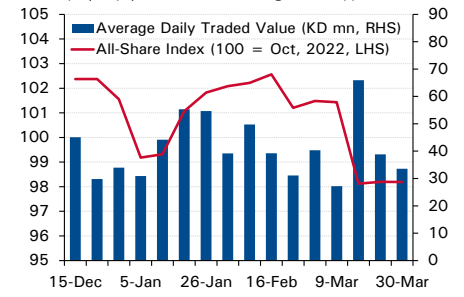
(rebased, 7 October 2022=100)



Source: Refinitiv

Bursa Kuwait

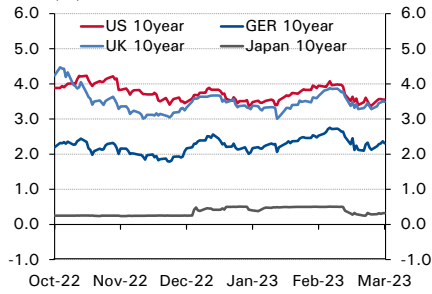
(equity prices and trading activity)



Source: Refinitiv

International bond yields

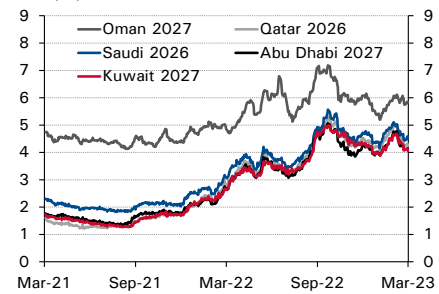
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Source: Refinitiv

GCC bond yields

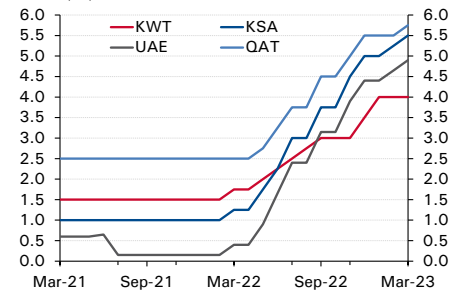
(%)



Source: Refinitiv

GCC key policy rates

(%)



Source: Refinitiv