

Consumer sector

# Kuwait: Consumer sector remains robust despite some moderation

> Nembr Kanafani  
Senior Economist  
+965 2259 5365, nemrkanafani@nbk.com

The consumer sector continued to grow more rapidly than the rest of Kuwait's economy despite some slowdown in growth. Household debt growth remained in the double-digits, though it has moderated over the last twelve months. Consumer spending growth also maintained a robust pace, driven by good sentiment and healthy growth in household income. Indeed, employment growth has been improving over the last 12 months, supporting the consumer sector. While overall expatriate employment has been strong, there was some weakening in skilled expat hiring over the last 12 months.

Household's debt growth stood at 12.5% year-on-year (y/y) in July, mostly unchanged from the pace a year ago. Personal facilities excluding credit for the purchase of securities rose to KD 10.2 billion. Most of the growth has been in installment loans, which largely finance home acquisition. Installment loans grew by 15% y/y in July, with the pace picking up slightly from a year ago. This most likely reflects the role strong demand for housing plays in driving household debt growth.

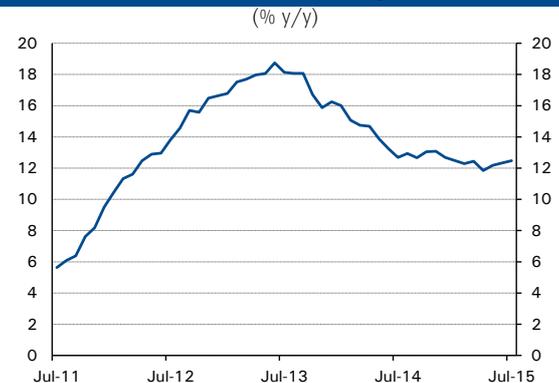
Consumer spending remained relatively robust, though it has begun to moderate in 2015. While growth in the value of point-of-sale transactions (POS) in 2Q15 stood at a healthy 12% y/y, it was still the slowest in over three years. If consumers' ATM cash withdrawals are also included, spending softened to 8%. National account data also pointed to some moderation in consumer spending, as nominal private consumption growth eased to 5.9% in 2014 (preliminary figures), its slowest pace in four years. In real inflation adjusted terms, growth also slowed.

Employment among Kuwaiti nationals has been picking up slightly over the last 12 months, providing some additional support to the sector. New hires among Kuwaitis over the 12 months ending in June 2015 are estimated at 21,900 compared to 20,100 a year before. Net employment growth has been mostly steady at around 3% y/y.

Hiring among skilled expatriates appears to have slowed somewhat over the last 12 months, especially among the more highly skilled. Employed non-Kuwaitis with at least a secondary education rose by 8,600 during the 12 months ending in June 2015, down from 15,000 a year before. The weakness was more notable among those with a university education. By contrast, total expatriate employment in the private sector continued to see strong growth, rising by 7.5% y/y, implying robust growth in the unskilled segments.

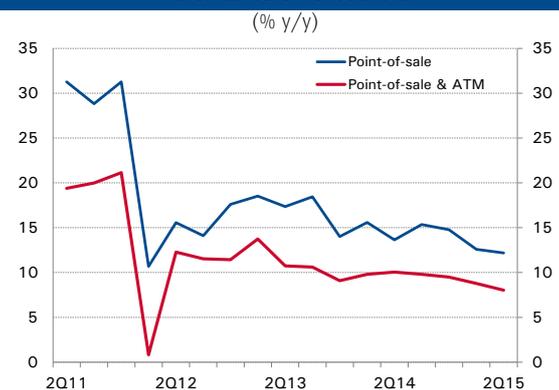
The consumer sector is expected to maintain healthy growth, supported by robust hiring and healthy consumer sentiment. Employment growth among Kuwaitis, combined with strong housing demand, is likely to continue to drive strong household debt growth. The weaker hiring trend among skilled expats could hurt growth slightly, though the impact is expected to be relatively small.

Chart 1: Household debt growth



Source: Central Bank of Kuwait

Chart 2: Card transactions



Source: Central Bank of Kuwait

Chart 3: New jobs among Kuwaitis



Source: Public Authority for Civil Information, NBK estimates

## Head Office

**Kuwait**  
National Bank of Kuwait SAK  
Abdullah Al-Ahmed Street  
P.O. Box 95, Safat 13001  
Kuwait City  
Tel: +965 2242 2011  
Fax: +965 2259 5804  
Telex: 22043-22451 NATBANK  
www.nbk.com

## International Network

**Bahrain**  
National Bank of Kuwait SAK  
Bahrain Branch  
Zain Tower, Building 401, Road 2806  
Seef Area 428, P. O. Box 5290, Manama  
Kingdom of Bahrain  
Tel: +973 17 155 555  
Fax: +973 17 104 860

National Bank of Kuwait  
Bahrain Branch (H.O.)  
GB Corp Tower  
Block 346, Road 4626  
Building 1411  
P.O. Box 5290, Manama  
Kingdom of Bahrain  
Tel: +973 17 155 555  
Fax: +973 17 104 860

**United Arab Emirates**  
National Bank of Kuwait SAK  
Head Office - Dubai  
Latifa Tower, Sheikh Zayed Road  
P.O.Box 9293, Dubai, U.A.E  
Tel: +971 4 3161600  
Fax: +971 4 3888588

National Bank of Kuwait  
Abu Dhabi - Branch  
Sheikh Rashed Bin Saeed  
Al Maktoom, (Old Airport Road)  
P.O.Box 113567, Abu Dhabi, U.A.E  
Tel: +971 2 4199 555  
Fax: +971 2 2222 477

**Saudi Arabia**  
National Bank of Kuwait SAK  
Jeddah Branch  
Al Khalidiah District,  
Al Mukmal Tower, Jeddah  
P.O.Box: 15385 Jeddah 21444  
Kingdom of Saudi Arabia  
Tel: +966 2 603 6300  
Fax: +966 2 603 6318

**Jordan**  
National Bank of Kuwait SAK  
Amman Branch  
Shareef Abdul Hamid Sharaf St  
P.O. Box 941297, Shmeisani,  
Amman 11194, Jordan  
Tel: +962 6 580 0400  
Fax: +962 6 580 0441

**Lebanon**  
National Bank of Kuwait  
(Lebanon) SAL  
BAC Building, Justinien Street, Sanayeh  
P.O. Box 11-5727, Riad El-Solh  
Beirut 1107 2200, Lebanon  
Tel: +961 1 759700  
Fax: +961 1 747866

**Iraq**  
Credit Bank of Iraq  
Street 9, Building 187  
Sadoon Street, District 102  
P.O. Box 3420, Baghdad, Iraq  
Tel: +964 1 7182198/7191944  
+964 1 7188406/7171673  
Fax: +964 1 7170156

**Egypt**  
National Bank of Kuwait - Egypt  
Plot 155, City Center, First Sector  
5th Settlement, New Cairo  
Egypt  
Tel: +20 2 26149300  
Fax: +20 2 26133978

**United States of America**  
National Bank of Kuwait SAK  
New York Branch  
299 Park Avenue  
New York, NY 10171  
USA  
Tel: +1 212 303 9800  
Fax: +1 212 319 8269

**United Kingdom**  
National Bank of Kuwait  
(International) Plc  
Head Office  
13 George Street  
London W1U 3QJ  
UK  
Tel: +44 20 7224 2277  
Fax: +44 20 7224 2101

National Bank of Kuwait  
(International) Plc  
Portman Square Branch  
7 Portman Square  
London W1H 6NA, UK  
Tel: +44 20 7224 2277  
Fax: +44 20 7486 3877

**France**  
National Bank of Kuwait  
(International) Plc  
Paris Branch  
90 Avenue des Champs-Elysees  
75008 Paris  
France  
Tel: +33 1 5659 8600  
Fax: +33 1 5659 8623

**Singapore**  
National Bank of Kuwait SAK  
Singapore Branch  
9 Raffles Place #24-01/02  
Republic Plaza  
Singapore 048619  
Tel: +65 6222 5348  
Fax: +65 6224 5438

**China**  
National Bank of Kuwait SAK  
Shanghai Representative Office  
Suite 1003, 10th Floor, Azia Center  
133 Yin Cheng Bei Road, Lujiazui  
Shanghai 200120  
China  
Tel: +86 21 6888 1092  
Fax: +86 21 5047 1011

## NBK Capital

**Kuwait**  
NBK Capital  
38th Floor, Arraya II Building, Block 6  
Shuhada'a street, Sharq  
PO Box 4950, Safat, 13050  
Kuwait  
Tel: +965 2224 6900  
Fax: +965 2224 6904 / 5

**United Arab Emirates**  
NBK Capital Limited - UAE  
Precinct Building 3, Office 404  
Dubai International Financial Center  
Sheikh Zayed Road  
P.O. Box 506506, Dubai  
UAE  
Tel: +971 4 365 2800  
Fax: +971 4 365 2805

## Associates

**Turkey**  
Turkish Bank  
Valikonagl CAD. 7  
Nisantasi, P.O. Box. 34371  
Istanbul, Turkey  
Tel: +90 212 373 6373  
Fax: +90 212 225 0352

© Copyright Notice. The Economic Brief is a publication of the National Bank of Kuwait. No part of this publication may be reproduced or duplicated without the prior consent of NBK.

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. GCC Research Note is distributed on a complimentary and discretionary basis to NBK clients and associates. This report and other NBK research can be found in the "Reports" section of the National Bank of Kuwait's web site. Please visit our web site, www.nbk.com, for other bank publications. For further information please contact: NBK Economic Research, Tel: (965) 2259 5500, Fax: (965) 2224 6973, Email: econ@nbk.com