

Chartbook

NBK Economic Research Department | 25 January 2023

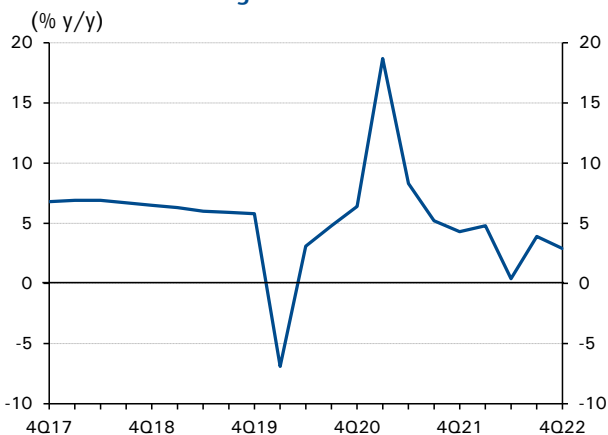
China

GDP growth slows to multi-decade low in 2022; post-Covid outlook cautiously positive

> Mohammad Al-Shehri
Assistant Economist
+965 2229 5373
Mohammadalshehri@nbk.com

- Economic growth slowed to a multi-decade low of 3% in 2022, with activity impaired by stringent Covid lockdowns.
- Industrial activity and fixed asset investment were weak in December but still beat expectations.
- Official PMIs in December reflected a deterioration in business activity, despite the lifting of Covid measures.
- Real estate activity continued to slump, weighing on economic growth in 2022.
- Growth in new bank loans accelerated in December, signaling a gradual normalization of economic activities.
- CPI inflation accelerated to 1.8% y/y in December while the fall in PPI inflation moderated.
- The central bank kept policy rates steady in December, adopting a cautious stance amid re-opening.

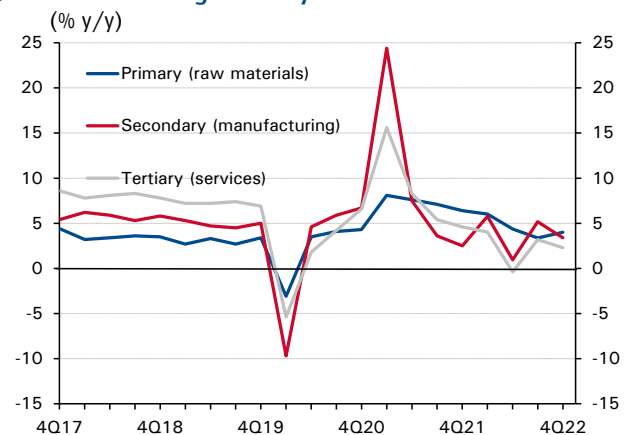
▶ **Chart 1: Real GDP growth**



GDP grew 2.9% y/y in 4Q22 and 3.0% for 2022, below the official target of 5.5% and the slowest rate since the 1970s.

Source: Haver Analytics

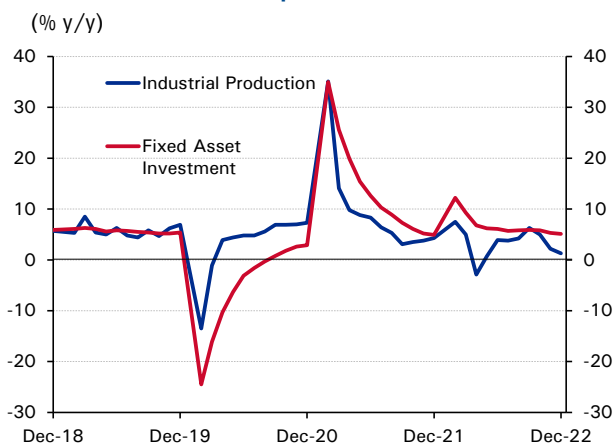
▶ **Chart 2: GDP growth by sector**



4Q22 growth was weighed down by services (+2.3% y/y) and manufacturing (+3.4%), but primary sector output rose (+4%).

Source: Haver Analytics

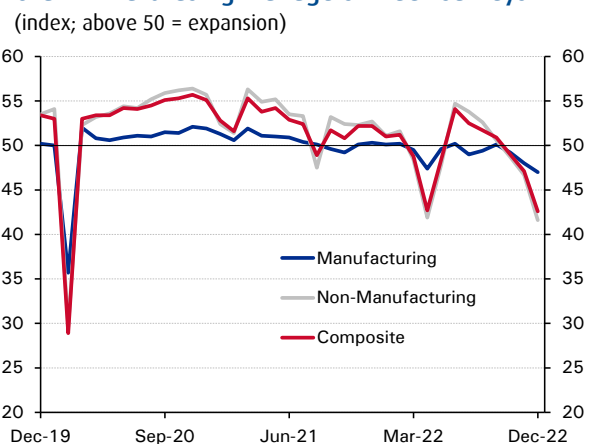
▶ **Chart 3: Industrial output and fixed investment**



Industrial production (+1.3% y/y) and fixed asset investment (+5.1%) softened in December.

Source: Haver Analytics

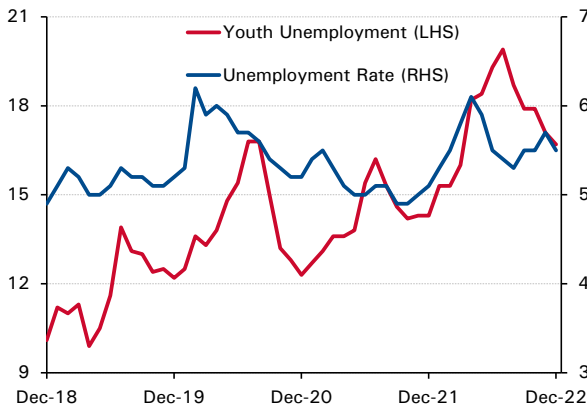
▶ **Chart 4: Purchasing Managers' Index surveys**



The composite PMI in December showed the worst contraction since February 2020 amid subdued economic activity.

Source: Haver Analytics

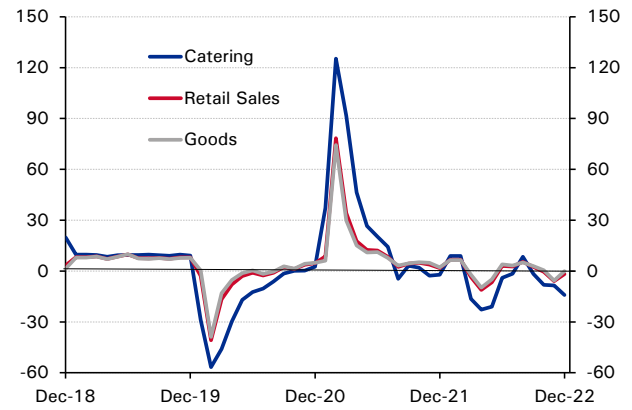
Chart 5: Unemployment rate
(%)



Both the general (5.5%) and the youth unemployment (16.7%) rates eased in December as economic activities normalized.

Source: Haver Analytics, official sources

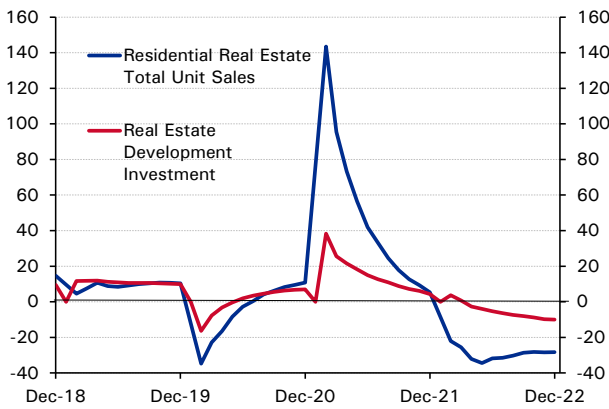
Chart 6: Retail sales
(% y/y)



Retail sales slumped 1.8% y/y in December but rose 5% m/m as lockdowns were lifted and consumption recovered.

Source: Haver Analytics

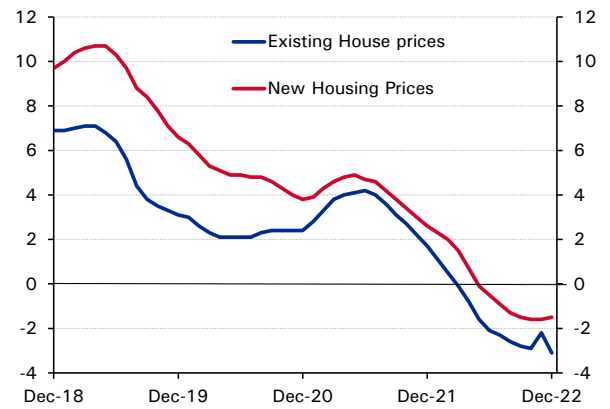
Chart 7: Sales & investments in residential property
(% y/y)



Residential home sales tumbled 28% y/y in December while investment in the sector remained weak (-9.5% y/y).

Source: Haver Analytics

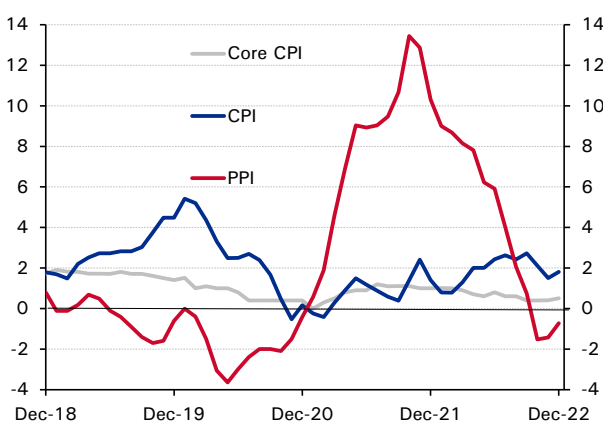
Chart 8: House prices in 70 medium & large cities
(% y/y)



Home prices fell for the ninth consecutive month in December as lackluster policy support failed to restore buyers' confidence.

Source: Haver Analytics

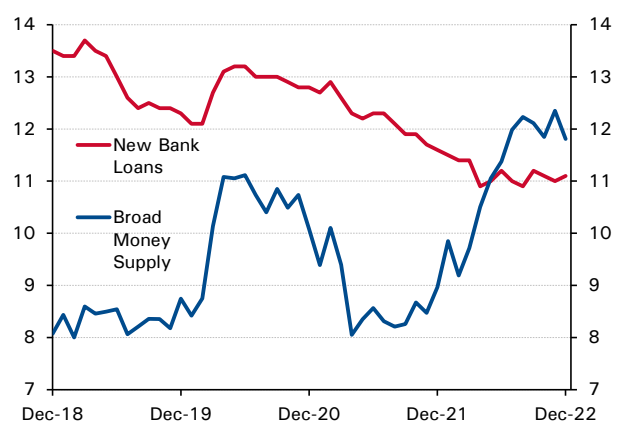
Chart 9: Consumer and producer price inflation
(% y/y)



Consumer inflation picked up to 1.8% y/y in December on higher food prices. The fall in producer prices decelerated to -0.7% y/y.

Source: Haver Analytics

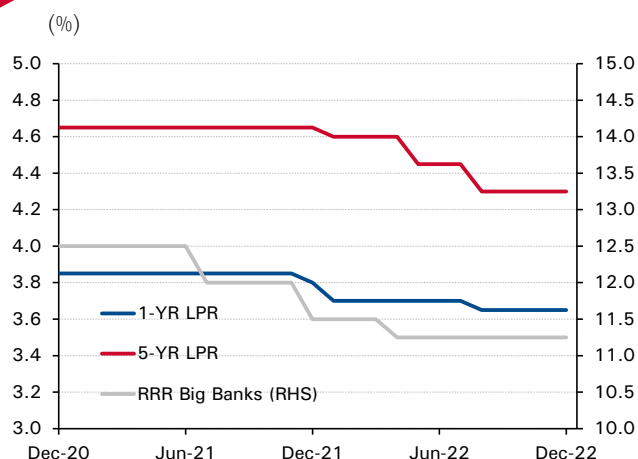
Chart 10: Money supply (M2) and credit growth
(% y/y)



Credit expanded by 11.1% y/y in December amid a new wave of optimism following the lifting of restrictions.

Source: Haver Analytics

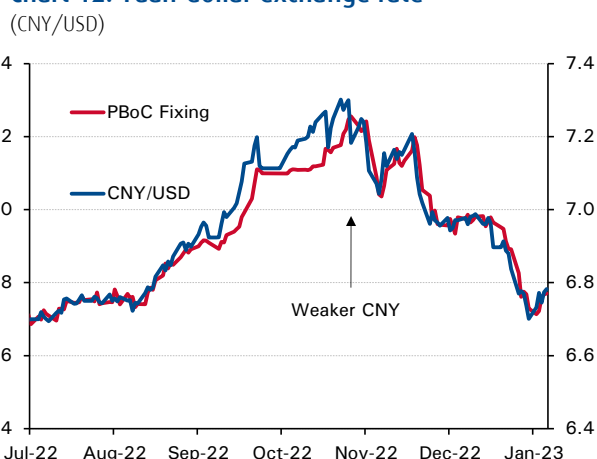
▶ **Chart 11: Interest rates**



The central bank adopted a wait-and-see approach in December as restrictions were lifted, boosting economic activities.

Source: Haver Analytics

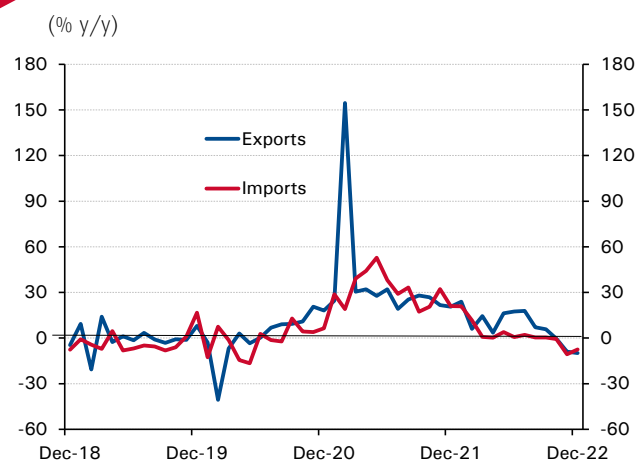
▶ **Chart 12: Yuan-dollar exchange rate**



The yuan recently pared back some of its gains against the dollar after the Covid re-opening-led rally lost momentum.

Source: Haver Analytics

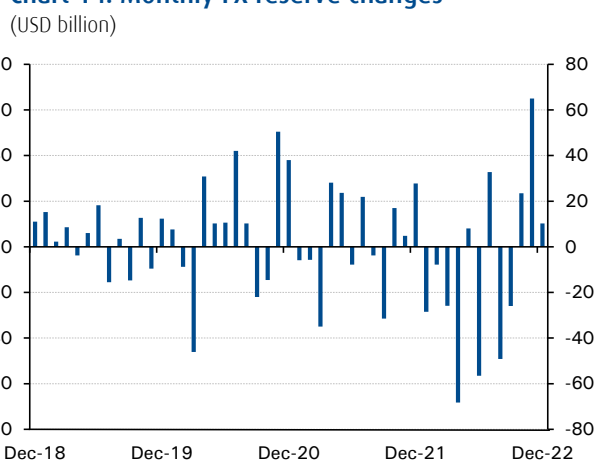
▶ **Chart 13: International trade**



Growth in exports (-9.9% y/y) and imports (-7.5%) remained negative in December on weak local and external demand.

Source: Haver Analytics

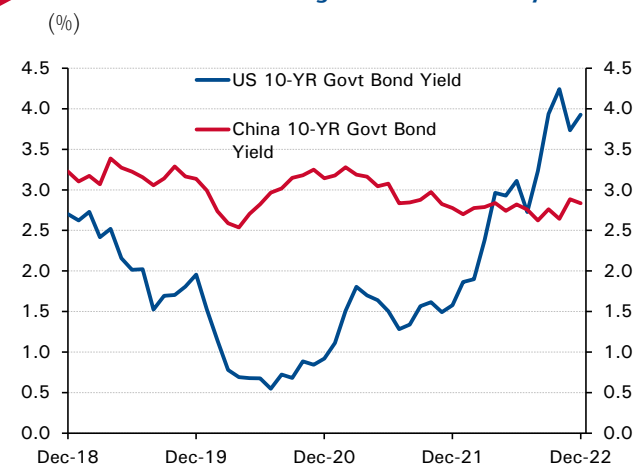
▶ **Chart 14: Monthly FX reserve changes**



Foreign currency reserves rose by \$10 billion in December as the US dollar weakened.

Source: Haver Analytics

▶ **Chart 15: China and US government bond yields**



Yields on Chinese 10-year government yuan bonds fell in December as the improved outlook attracted investors.

Source: Haver Analytics

▶ **Chart 16: Stock market**



The CSI 300 has gained 7.6% ytd, with equities driven higher on optimism about the country's economic prospects this year.

Source: Haver Analytics

Head Office

Kuwait

National Bank of Kuwait SAKP
Shuhada Street,
Sharq Area, NBK Tower
P.O. Box 95, Safat 13001
Kuwait City, Kuwait
Tel: +965 2222 2011
Fax: +965 2229 5804
Telex: 22043-22451 NATBANK
www.nbk.com

International Network

Bahrain

National Bank of Kuwait SAKP
Zain 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 SAKP
Bahrain Head Office
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 SAKP
Dubai Branch
Latifa Tower, Sheikh Zayed Road
Next to Crown Plaza
P.O.Box 9293, Dubai, U.A.E
Tel: +971 4 3161600
Fax: +971 4 3888588

National Bank of Kuwait SAKP
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 SAKP
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

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 SAKP
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

France

National Bank of Kuwait France SA
90 Avenue des Champs-Elysees
75008 Paris
France
Tel: +33 1 5659 8600
Fax: +33 1 5659 8623

Singapore

National Bank of Kuwait SAKP
Singapore Branch
9 Raffles Place # 44-01
Republic Plaza
Singapore 048619
Tel: +65 6222 5348
Fax: +65 6224 5438

China

National Bank of Kuwait SAKP
Shanghai Office
Suite 1003, 10th Floor, Azia Center
1233 Lujiazui Ring Road
Shanghai 200120, China
Tel: +86 21 6888 1092
Fax: +86 21 5047 1011

NBK Capital

Kuwait

NBK Capital
34h Floor, NBK Tower
Shuhada'a street, Sharq Area
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 0353