

Macroeconomy

Kuwait: Credit finishes 2017 at 3.2%; real estate sales were strong in January

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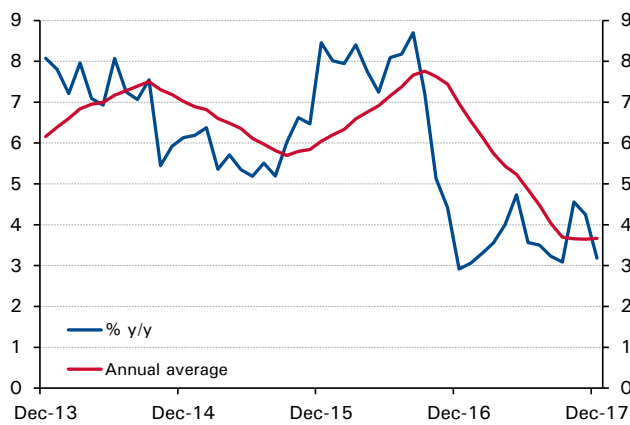
Economist

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- Credit growth finished 2017 at 3.2% y/y, as corporate repayments weighted on business credit.
- Money supply grew at 3.8% y/y in December, its fastest pace in 2017, supported by healthy deposit gains.
- Real estate sales were strong in January on robust residential and investment activity.
- Consumer card spending grew by a healthy 11.3% y/y in 4Q17, confirming the sector's improvement.
- Consumer confidence dipped to 105 in January, though the index was 9% higher on-the-year.
- The fiscal deficit is expected at 9% of GDP in FY17/18 thanks to a rally in oil prices since mid-2017.
- Equities softened in February, pulled down by the global sell-off, despite positive earnings.
- The dinar was mostly flat in February after easing in recent months; the dinar index is down 1.2% ytd.

Private credit

(% y/y)

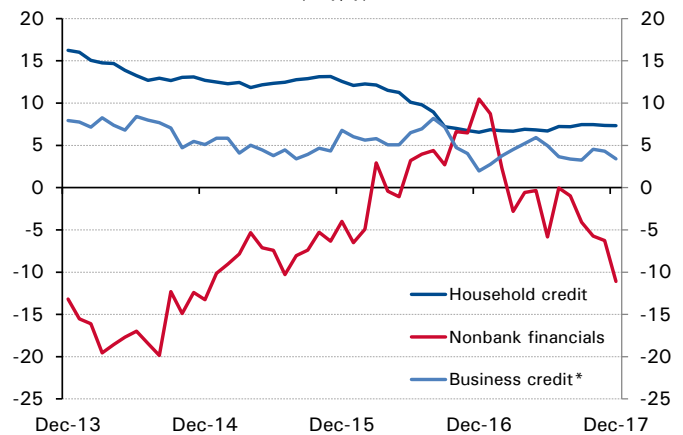


Credit growth finished 2017 at 3.2% y/y, as corporate repayments weighted on business credit.

Source: Central Bank of Kuwait

Credit by sector

(% y/y)

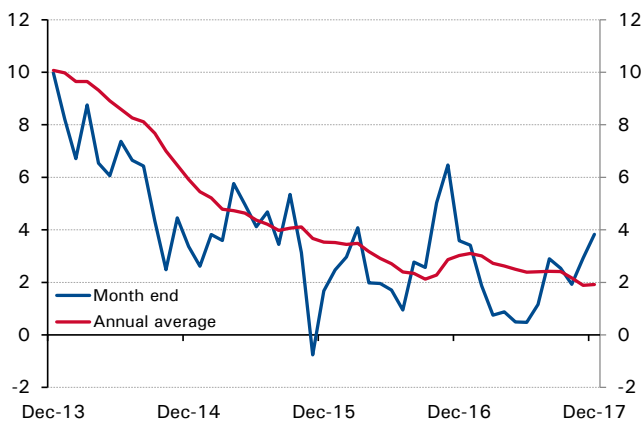


Business credit eased to 3.4% y/y in December, while household debt growth remained steady at 7.3% y/y.

Source: CBK; *Excludes loans to nonbanks, real estate, households and for purchase of securities

Money supply (M2)

(% y/y)

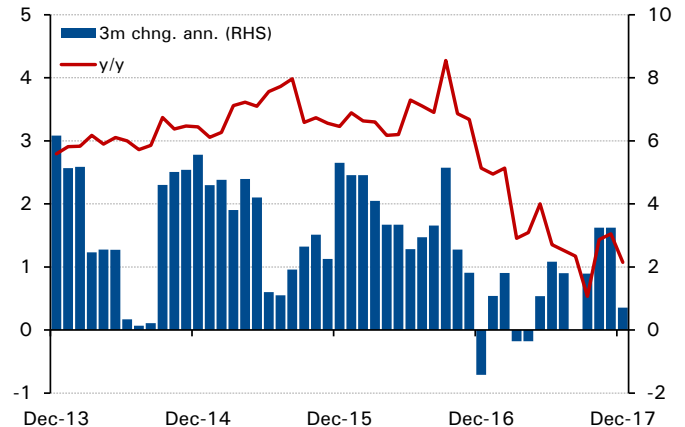


Money supply grew at 3.8% y/y in December, its fastest pace in 2017, supported by healthy deposit gains.

Source: Central Bank of Kuwait

Consumer price inflation

(% y/y)

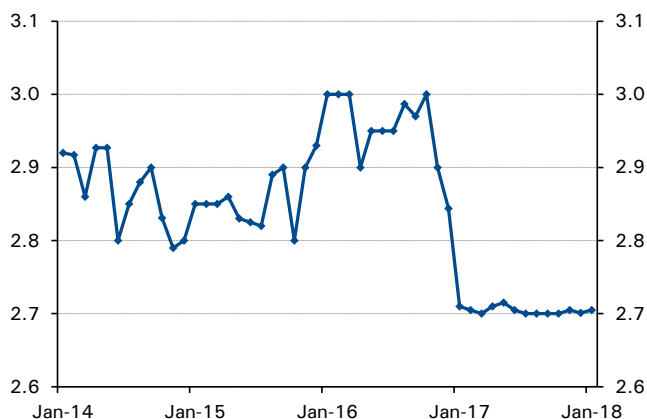


Inflation was subdued during 4Q17 on soft housing prices; the annual rate slipped to 1.1% y/y in December.

Source: Central Statistical Bureau; *NBK estimates

Crude oil production

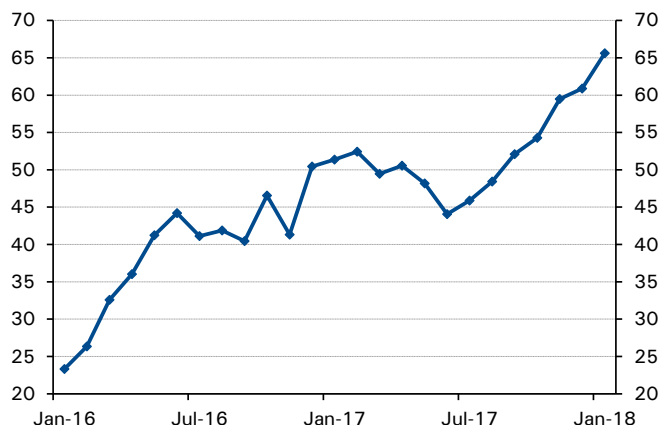
(million barrels per day)



Oil output remained steady in January at the 2.7 million barrels per day average targeted under the OPEC agreement.

Source: OPEC

Oil price and monthly oil revenues

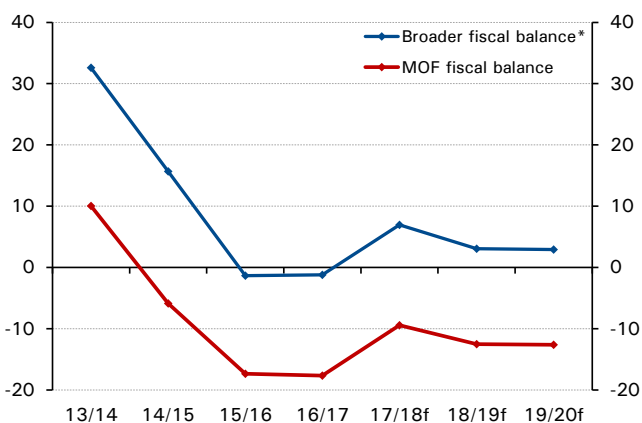


Oil prices continued to climb in January, with Kuwait's crude price averaging \$65.6 per barrel during the month.

Source: Ministry of Finance, Kuwait Petroleum Corporation

Fiscal balance

(% of GDP)



The fiscal deficit is expected to narrow to KD 3.6 billion (9% of GDP) in FY17/18 thanks to a rally in oil prices since mid-2017.

Source: MOF, NBK estimates; *Before FGF transfer and incl. inv. Income.

Central bank reserves

(months of imports)

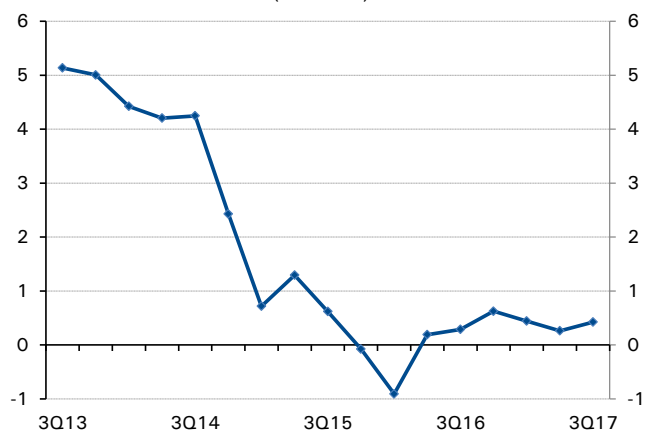


CBK reserves edged higher in December to KD 9.5 billion, or an estimated 11.4 months of imports.

Source: Central Bank of Kuwait, NBK estimates

Current account balance

(KD billion)

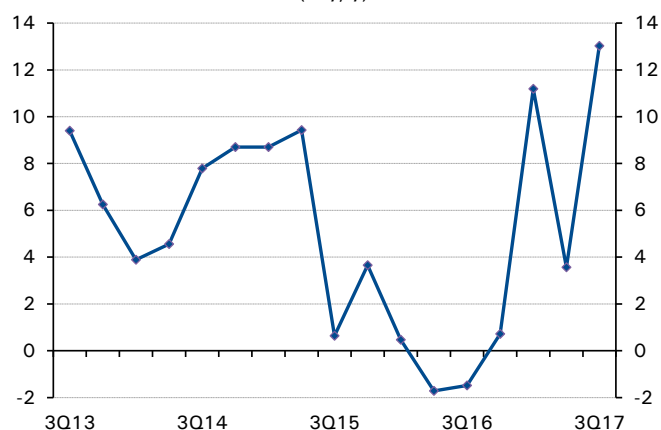


The current account surplus was steady at KD 0.4 billion in 3Q17 as higher oil prices were offset by strong import growth.

Source: Central Bank of Kuwait

Imports growth

(% y/y)

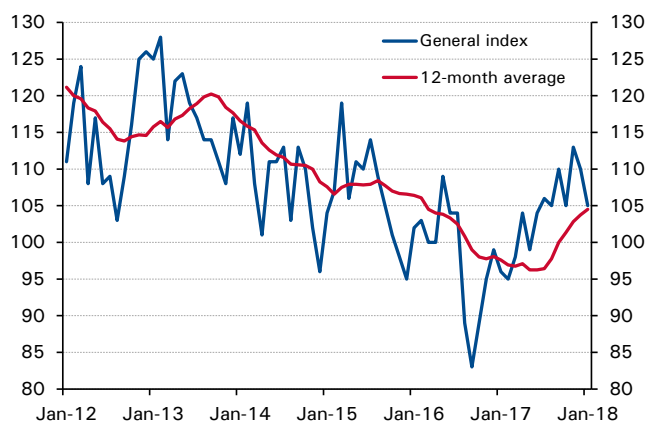


Import growth was robust in 3Q17 at 13% y/y, supported by capital goods and improvement in consumer spending.

Source: Central Statistical Bureau

Consumer confidence

(index)

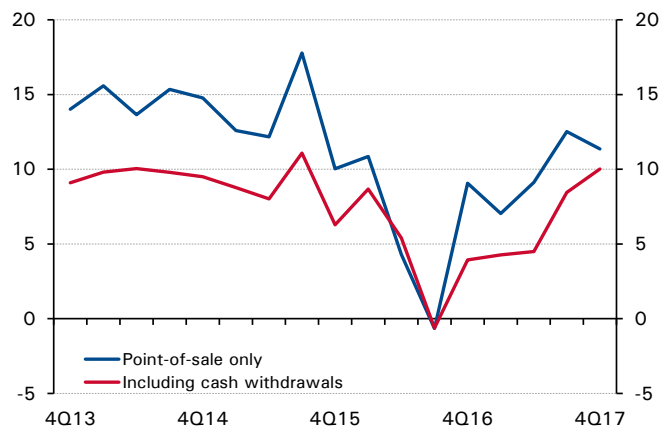


Consumer confidence dipped to 105 in January, but the index remains up 9% y/y.

Source: Ara Research & Consultancy

Card transactions

(% y/y)

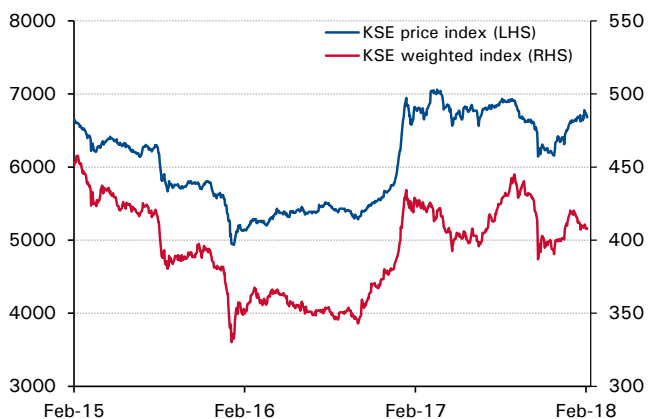


Consumer card spending grew by a healthy 11.3% y/y in 4Q17, confirming the sector's improvement.

Source: Central Bank of Kuwait

Stock market

(index)



Equities softened in February, pulled down by the global sell-off despite positive earnings.

Source: Boursa Kuwait, Thomson Reuters Datastream

Real estate sales

(% y/y, 3-month average)

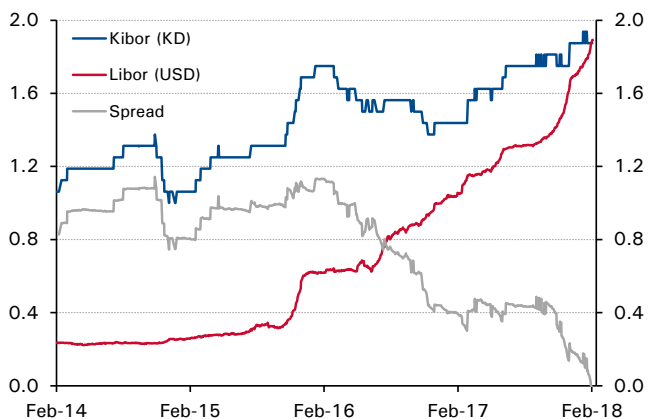


Real estate sales were strong in January on robust residential and investment activity.

Source: Ministry of Justice

Interbank rates

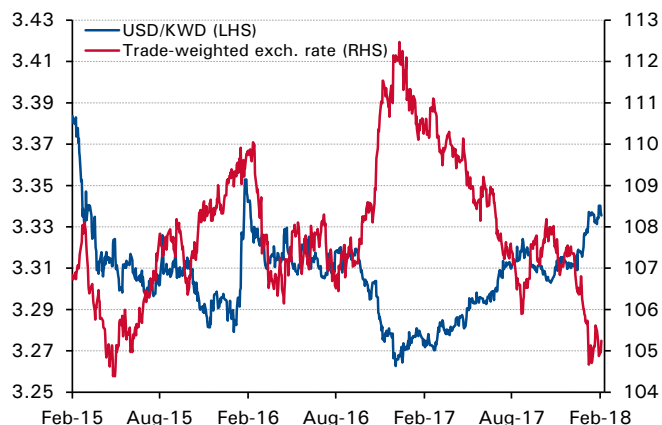
(%, 3-month)



Local interbank rates have risen, but not as rapidly as US rates; as a result, the KD-USD rate spread has narrowed to zero.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

Dinar exchange rate



The dinar was mostly flat in February after easing in recent months; the trade-weighted dinar index is down 1.2% ytd.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

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