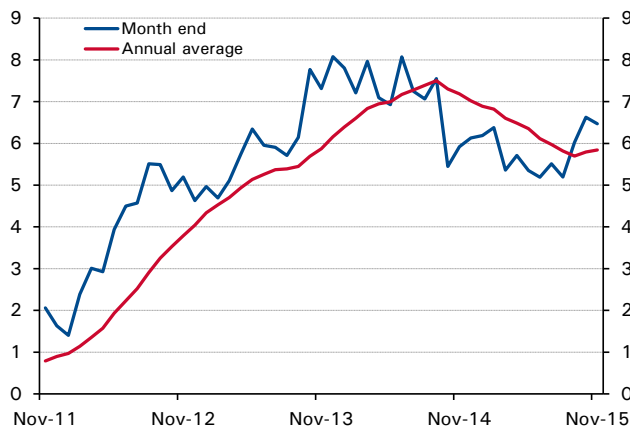


# Kuwait: Credit growth steady at 6.5% in November; inflation averaged 3.3% in 2015

- Credit growth accelerated recently, maintaining a steady pace of 6.5% y/y in November.
- Money supply (M2) shrank by 0.8% y/y, as bank deposit withdrawals continued into November.
- Inflation eased in December, slowing to 3.0% y/y; average inflation rose to 3.3% in 2015.
- Crude oil production edged higher in December, hitting a recent high of 2.93 million barrels per day.
- Kuwait export crude averaged \$31 per barrel in December and \$23 during the first three weeks of January.
- Consumer confidence recorded a second consecutive month below 100 in Dec and hit a near six-year low.
- Equities started the year down as markets corrected globally.
- Interbank rates have been steady since the middle of December when the CBK hiked its policy rate.

Private credit

(% y/y)

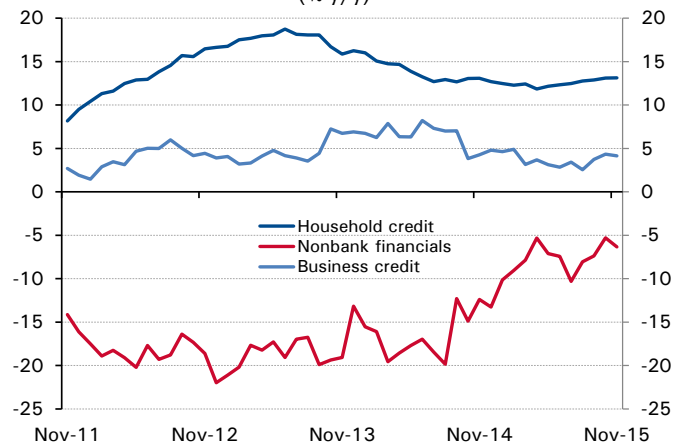


Credit growth accelerated recently, maintaining a steady pace of 6.5% y/y in November.

Source: Central Bank of Kuwait

Credit by sector

(% y/y)

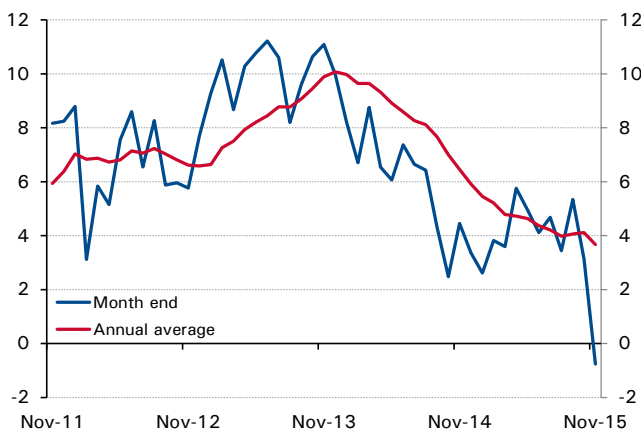


Business credit improved recently but remained below expectations, coming in at 4.2% y/y in November.

Source: Central Bank of Kuwait

Money supply (M2)

(% y/y)

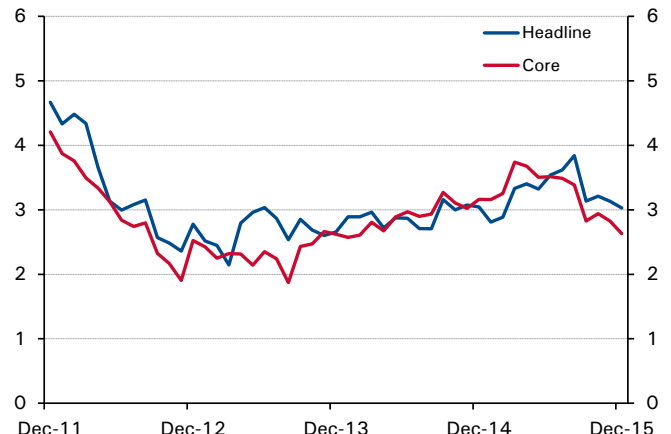


Money supply (M2) shrank by 0.8% y/y, as bank deposit withdrawals continued into November.

Source: Central Bank of Kuwait

Consumer price inflation

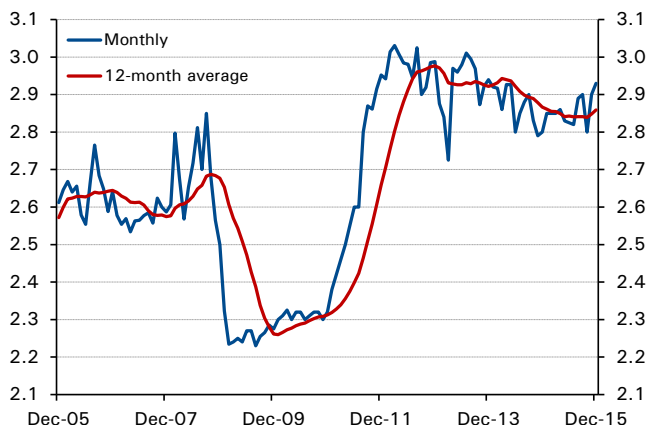
(% y/y)



Inflation eased in December, slowing to 3.0% y/y; average inflation rose to 3.3% in 2015 compared to 2.9% in 2014.

Source: Central Statistical Bureau

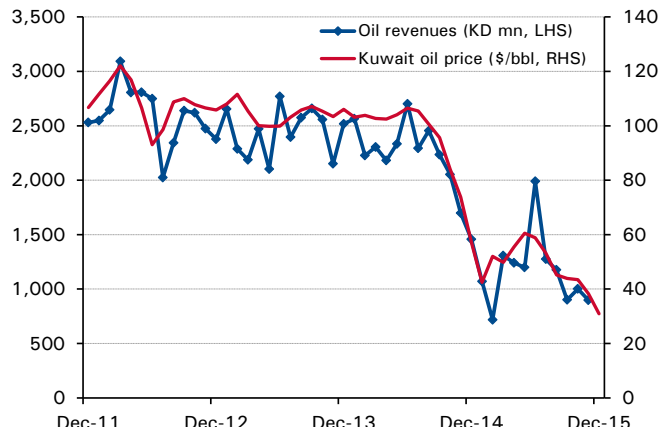
### Crude oil production (million barrels per day)



Crude oil production edged higher in December, hitting a recent high of 2.93 million barrels per day.

Source: OPEC

### Oil price and government oil revenues



Kuwait export crude averaged \$31 per barrel in December and \$23 during the first three weeks of January.

Source: Ministry of Finance, Kuwait Petroleum Corporation

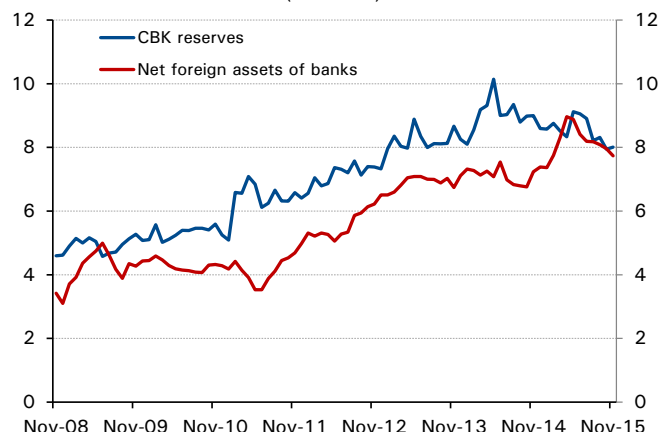
### Monthly budget balance (KD billion, 3-month trailing average)



The budget balance moved further into deficit in November as the price of oil declined.

Source: Ministry of Finance, NBK estimates

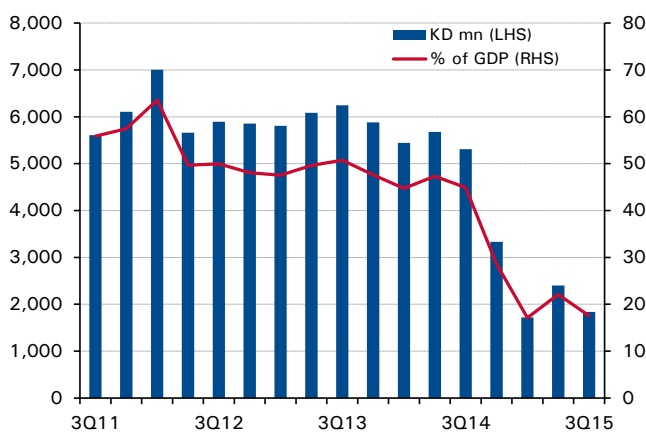
### Foreign assets (KD billion)



Foreign assets of the central bank were steady in November; the net foreign assets of banks continued to slip.

Source: Central Bank of Kuwait

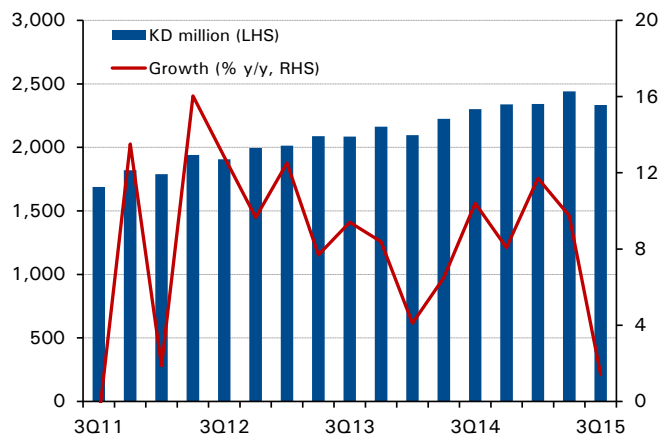
### Trade balance



The trade balance narrowed once more in 3Q15 following a short-lived rise in the price of oil in 2Q15.

Source: Central Statistical Bureau

### Imports

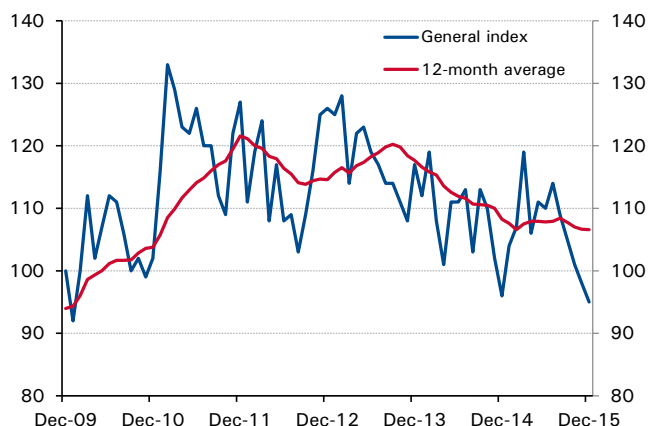


Import growth slowed notably in 3Q15 to 1.4% y/y.

Source: Central Statistical Bureau

### Consumer confidence

(index)

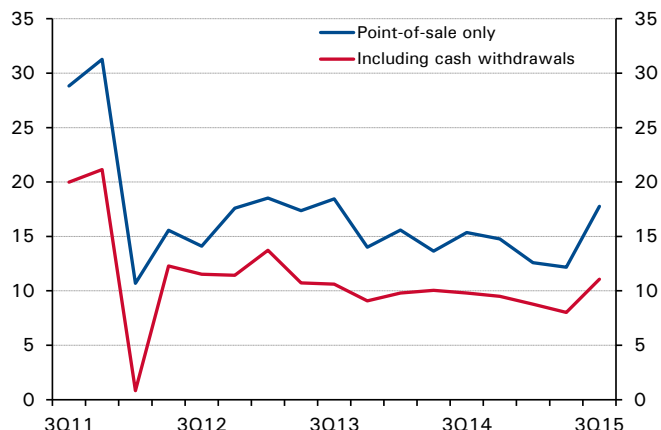


Consumer confidence recorded a second consecutive month below 100 in December and hit a near six-year low.

Source: ARA Research & Consultancy

### Card transactions

(% y/y)

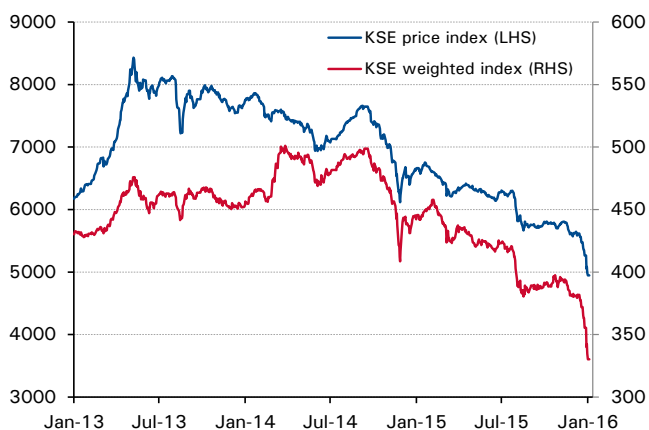


Consumers' card spending growth saw surprise acceleration in 3Q15, with growth in POS spending rising to 17.8% y/y.

Source: Central Bank of Kuwait

### Stock market

(index)

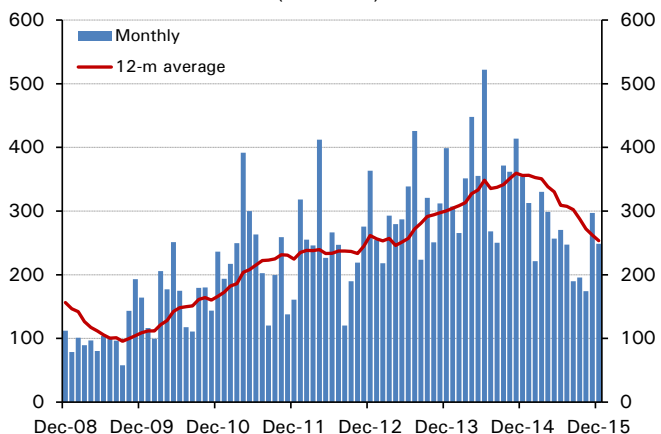


Equities started the year down as markets corrected globally; the weighted index was down 13.5% ytd by mid-January.

Source: Thomson Reuters Datastream

### Real estate sales

(KD million)

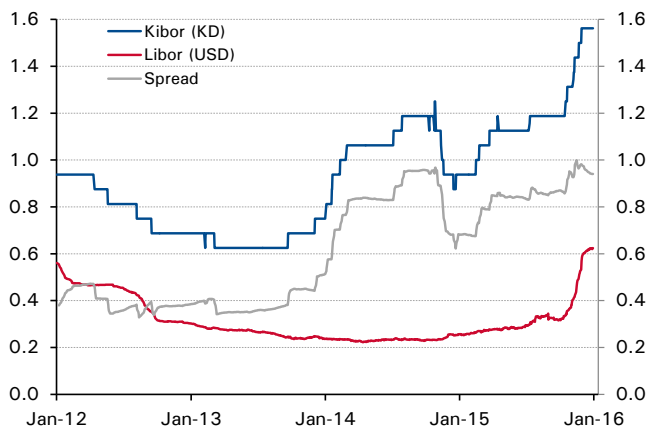


Real estate sales activity saw another solid month in December, but continued to reflect weakness compared to a year before.

Source: Ministry of Justice

### Interbank rates

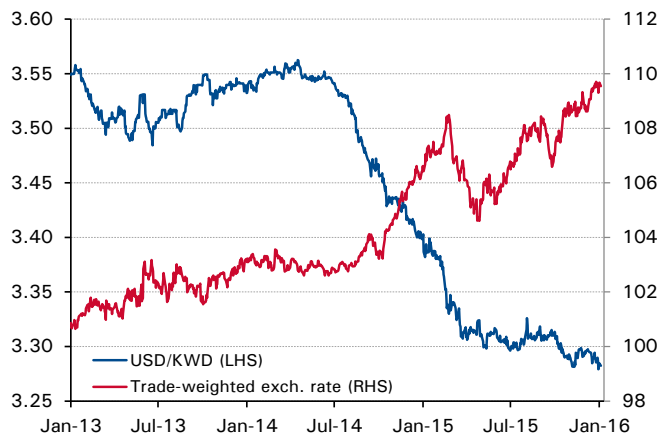
(%, 3-month)



The KD interbank rate has been steady at 1.56% since the middle of December when the CBK hiked its policy rate.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

### Exchange rate



The dinar declined by 3.5% against the USD in 2015, but was up by 2.9% in trade-weighted terms.

Source: Central Bank of Kuwait, Thomson Reuters Datastream