

Macroeconomy

> Nembr Kanafani

Senior Economist

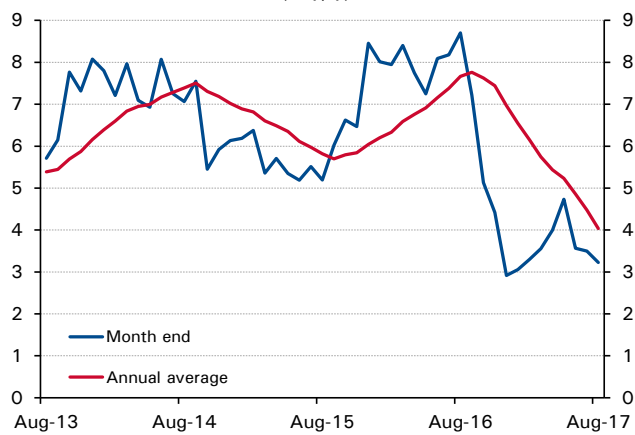
+965 2259 5365, nemrkanafani@nbk.com

Kuwait: September inflation fell to 0.5% as fuel price hike impact faded

- Credit growth slipped to 3.2% y/y in August; the pace continued to be weighed down by settlements in 4Q16.
- Inflation slipped to 0.5% y/y in September on basis effects, as the impact of last year's fuel price hikes faded.
- Oil prices firmed further in September, with Kuwait's crude price averaging \$52.5 per barrel during the month.
- Import growth remained positive in 2Q17 at 3.4% y/y, supported by improving consumer goods imports.
- Consumer confidence sustained its improving trend, jumping to 110 in September.
- Equities rose further in September as FTSE upgraded Kuwait's market; the index was up 13% ytd.
- Real estate activity continued to improve, with sales in 3Q17 up 20% y/y; prices remained mostly stable.
- The dinar has recovered recently on USD strength, though the dinar index is still down 3.8% ytd.

Private credit

(% y/y)

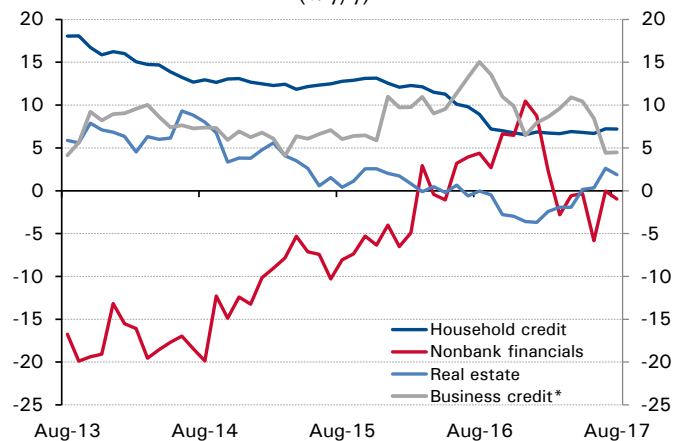


Credit growth slipped to 3.2% y/y in August; the pace continued to be weighed down by settlements in 4Q16.

Source: Central Bank of Kuwait

Credit by sector

(% y/y)

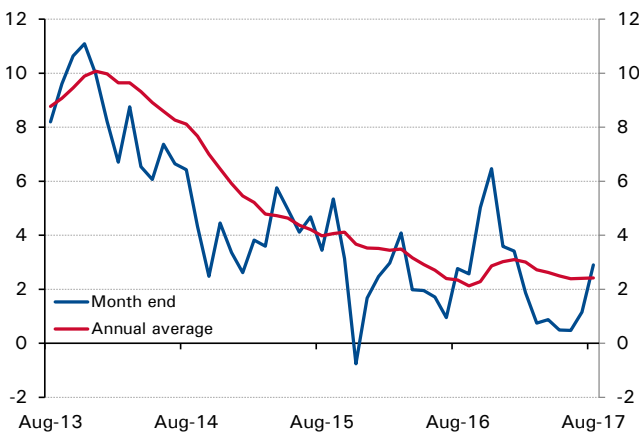


Household borrowing saw a second consecutive month of robust gains, though growth was steady at 7.2% y/y in August.

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

Money supply (M2)

(% y/y)

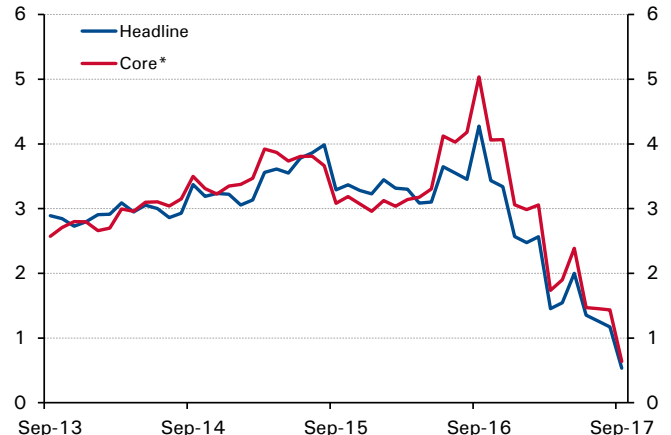


Money supply (M2) growth rose to 2.9% y/y in August, as private deposits bounced back.

Source: Central Bank of Kuwait

Consumer price inflation

(% y/y)

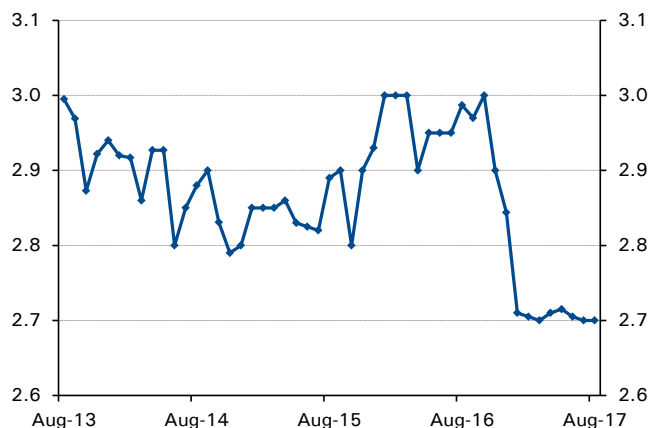


Inflation slipped to 0.5% y/y in September largely on basis effects, as the impact of last year's fuel price hikes faded.

Source: Central Statistical Bureau; *NBK estimates

Crude oil production

(million barrels per day)



Oil output was steady in August, maintained at the 2.7 million barrels per day average targeted under the OPEC agreement.

Source: OPEC

Oil price and monthly oil revenues

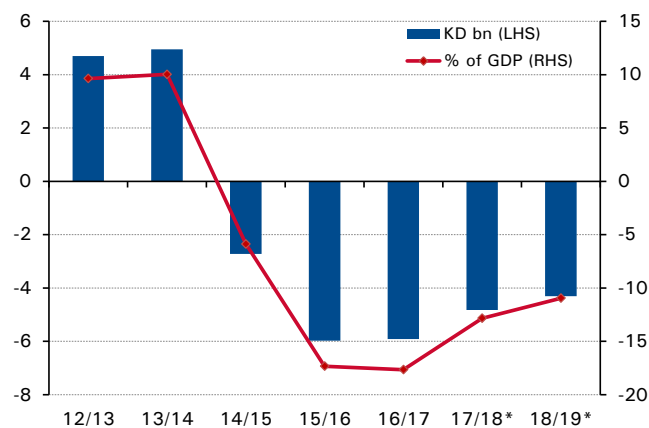


Oil prices firmed further in September, with Kuwait's crude price averaging \$52.5 per barrel during the month.

Source: Ministry of Finance, Kuwait Petroleum Corporation

Budget balance

(after payment to the Future Generations Fund)

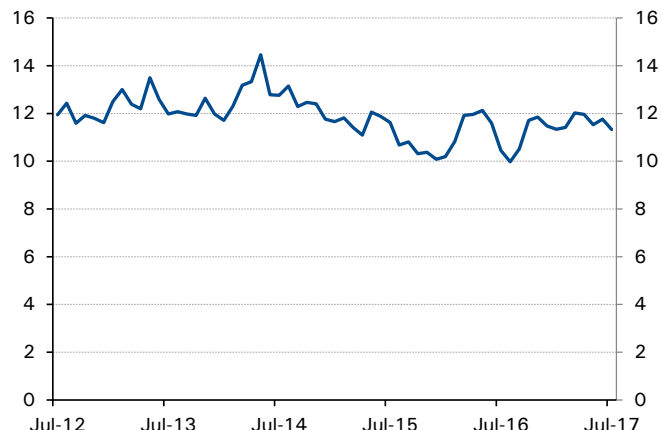


The deficit is expected to narrow to KD 4.8 billion (13% of GDP) in FY17/18 largely on improving oil prices.

Source: Ministry of Finance, NBK estimates; *estimates/forecasts

Central bank reserves

(months of imports)

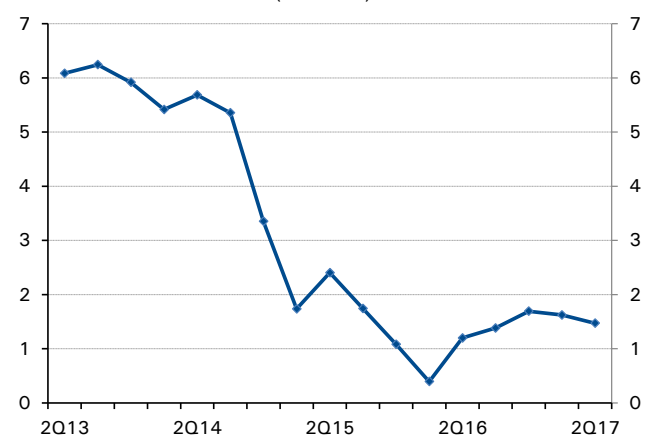


CBK reserves were steady in July at KD 9.2 billion, or an estimated 11.3 months of imports.

Source: Central Bank of Kuwait, NBK estimates

Trade balance

(KD billion)

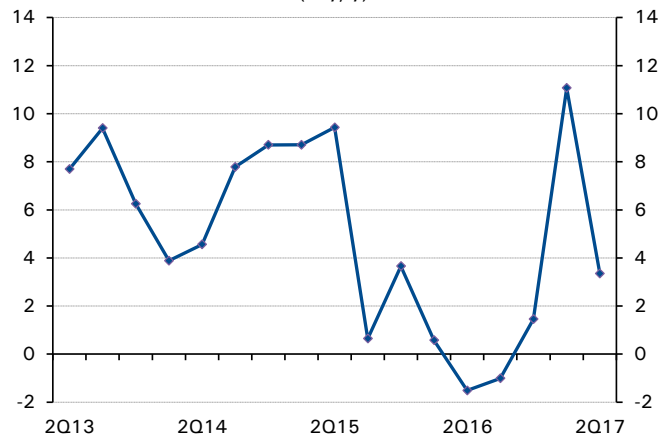


The trade surplus slipped slightly to KD 1.5 billion in 2Q17 as oil prices softened compared to the prior quarter.

Source: Central Statistical Bureau

Imports growth

(% y/y)

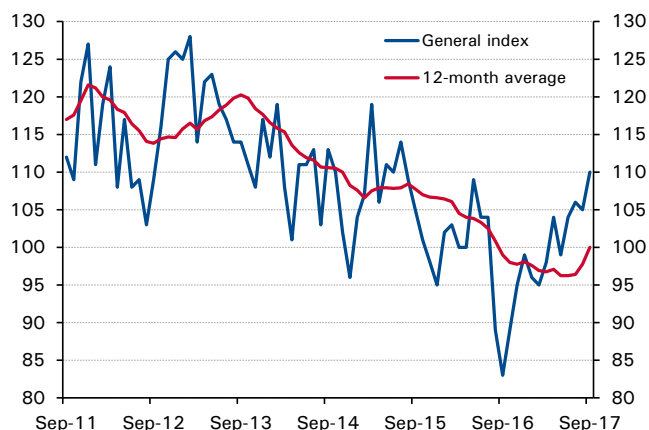


Import growth remained positive in 2Q17 at 3.4% y/y, supported by improving growth in imports of consumer goods.

Source: Central Statistical Bureau

Consumer confidence

(index)

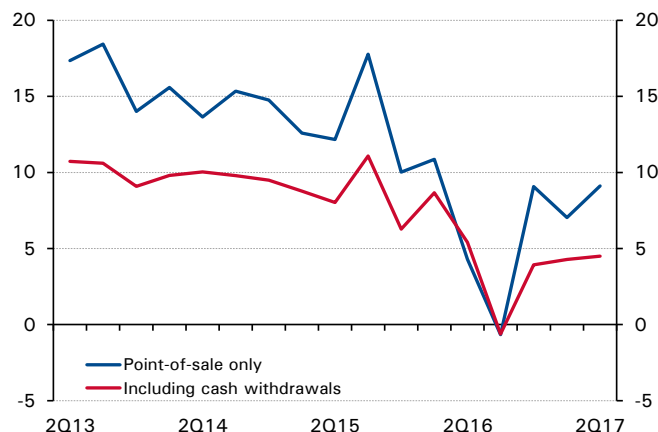


Consumer confidence sustained its improving trend, jumping to 110 in September.

Source: Ara Research & Consultancy

Card transactions

(% y/y)

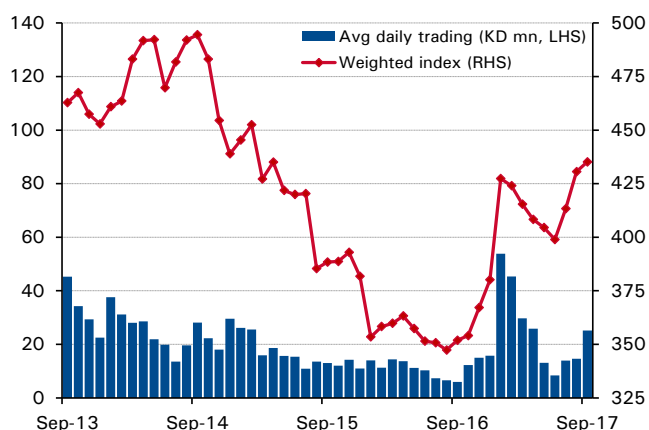


Consumer spending appeared to stabilize with growth in card spending (POS) firming to 9.1% y/y in 2Q17.

Source: Central Bank of Kuwait

Stock market

(index)



Equities rose further in September as FTSE upgraded Kuwait's market; the index was up 13% ytd (24 October).

Source: Boursa Kuwait, Thomson Reuters Datastream

Real estate sales

(% y/y, 3-month average)

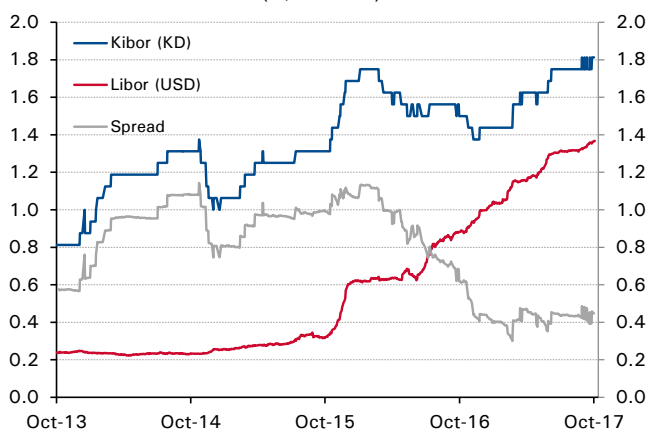


Real estate activity continued to improve, with sales in 3Q17 up 20% y/y; prices remained mostly stable.

Source: Ministry of Justice

Interbank rates

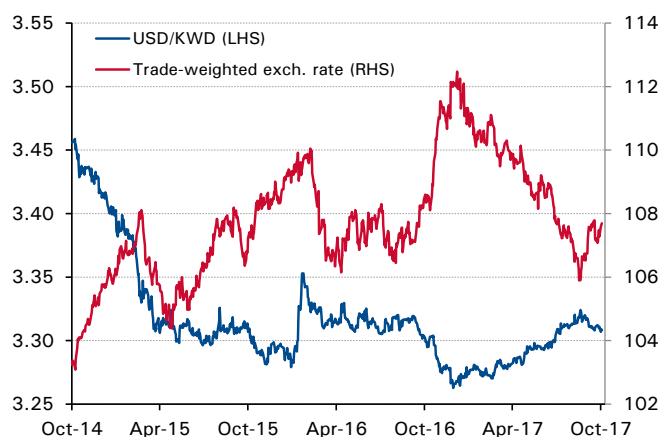
(%, 3-month)



Interbank rates began moved up in October.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

Dinar exchange rate



The dinar has recovered recently on USD strength; the trade-weighted dinar index is down 3.8% ytd through 24 October.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

Head Office

Kuwait

National Bank of Kuwait SAKP
Abdullah Al-Ahmed Street
P.O. Box 95, Safat 13001
Kuwait City, Kuwait
Tel: +965 2242 2011
Fax: +965 2259 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

Jordan

National Bank of Kuwait SAKP
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 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

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 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 Representative 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
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 0353

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