Macroeconomy

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.

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

Money supply (M2) growth rose to 2.9% y/y in August, as private deposits bounced back.
Source: Central Bank of Kuwait

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

Source: OPEC

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

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

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 sustained its improving trend, jumping to 110 in September.

Source: Ara Research & Consultancy

Stock market

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

Interbank rates began moved up in October.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

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

Source: Central Bank of Kuwait

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

Source: Ministry of Justice

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