Macroeconomy

Kuwait: Consumer spending growth at 9.1% y/y; equities higher in August

- Credit growth came in at 3.6% y/y in June; growth averaged an annualized 7.3% during the first half of 2017.
- Money supply (M2) growth remained subdued at 0.5% y/y in June, while M1 grew slightly better at 4.7% y/y.
- Oil prices firmed further in August, with Kuwait’s crude price averaging $48.8 per barrel during the month.
- Oil output was unchanged in July, as Kuwait stuck to the 2.7 million barrels per day agreed to with OPEC.
- Consumer confidence sustained its improving trend in July rising to 106 as the sector stabilized.
- Consumer spending appeared to stabilize with growth in card spending (POS) firming to 9.1% y/y in 2Q17.
- Equities maintained an upward trend in August on likelihood of a FTSE upgrade; the index was up 14% ytd.
- The dinar eased further as the USD weakened; the trade-weighted dinar index was down 5.1% ytd.

Credit growth came in at 3.6% y/y in June; growth averaged an annualized 7.3% during the first half of 2017.

Source: Central Bank of Kuwait

Money supply (M2) growth remained subdued at 0.5% y/y in June, while M1 grew slightly better at 4.7% y/y.

Source: Central Bank of Kuwait

Inflation was steady at 1.3% y/y in July; pressures are likely to increase slightly in the coming months as utility prices are hiked.

Source: Central Statistical Bureau; *NBK estimates
Oil output was unchanged in July, as Kuwait stuck to the 2.7 million barrels per day average agreed to with OPEC.

Source: OPEC

The deficit is expected to narrow to KD 5 billion (13% of GDP) in FY17/18 largely due to improving oil prices.

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

The trade surplus was steady at KD 1.6 billion in 1Q17 despite better oil prices as OPEC cuts reduced crude exports.

Source: Central Statistical Bureau

Imports soared in 1Q17, rising by 11% y/y as the decline in consumer imports moderated.

Source: Central Statistical Bureau
Consumer confidence sustained its improving trend in July rising to 106 as the sector stabilized.

Source: Ara Research & Consultancy

Stock market
(index)

Equities maintained an upward trend in August on likelihood of a FTSE upgrade; the index was up 14% ytd (6 September).

Source: Boursa Kuwait, Thomson Reuters Datastream

Interbank rates
(% 3-month)

Interbank rates were steady in August.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

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

Real estate sales
(KD million)

Real estate activity continued to improve, with sales in July up 12% y/y; prices also continued to show signs of stabilization.

Source: Ministry of Justice

Dinar exchange rate

The dinar eased further as the USD weakened; the trade-weighted dinar index was down 5.1% ytd through 6 September.

Source: Central Bank of Kuwait, Thomson Reuters Datastream
### International Network

<table>
<thead>
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