

Macroeconomy

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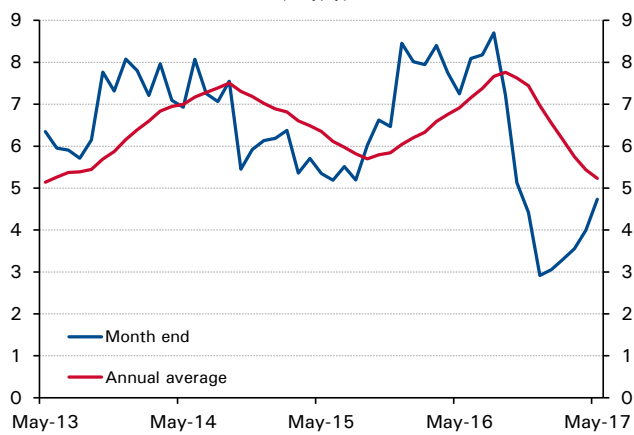
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Kuwait: Credit growth rose to 4.7%; equities were steady

- Credit growth continued to improve accelerating to 4.7% y/y in May on a healthy monthly gain.
- Money supply (M2) growth remained subdued at 0.5% y/y in May.
- Oil prices slipped further in June, with Kuwait's crude price averaging \$45.3 per barrel during the month.
- The deficit is likely to have come in at 19% of GDP in FY16/17; it should narrow to 13% in FY17/18.
- Equity prices were mostly steady in June and July; the weighted index held on to a gain of 6.5% ytd.
- Interbank rates rose 12 bps since the June Fed hike and the CBK decision to increase the overnight repo rate.
- The trade-weighted value of the dinar continued to ease on the weaker dollar; the dinar index is down 3.0% ytd through 12 July.

Private credit

(% y/y)

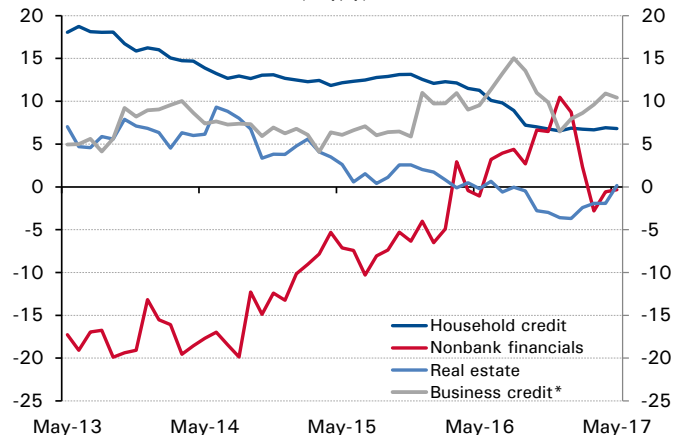


Credit growth continued to improve accelerating to 4.7% y/y in May on a healthy monthly gain.

Source: Central Bank of Kuwait

Credit by sector

(% y/y)

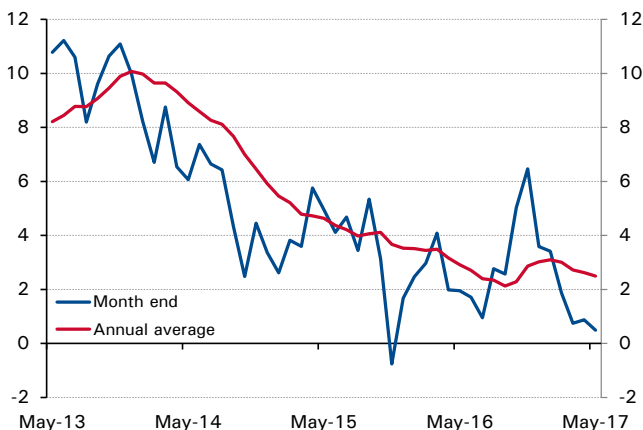


Growth in credit to the "productive" business sector remained robust at 10.4% y/y in May.

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

Money supply (M2)

(% y/y)

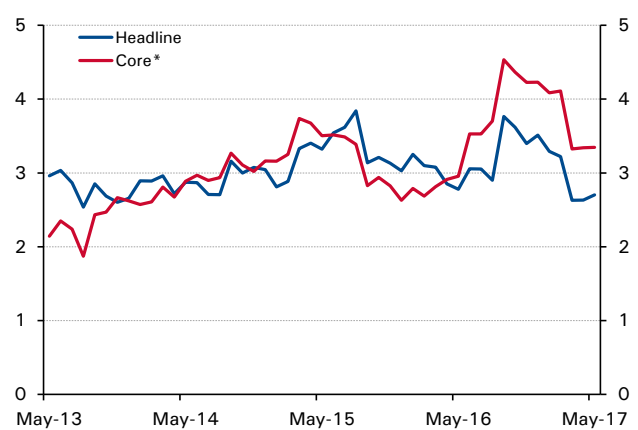


Money supply (M2) growth remained subdued at 0.5% y/y in May though M1 growth has been stronger at 9.8% y/y.

Source: Central Bank of Kuwait

Consumer price inflation

(% y/y)

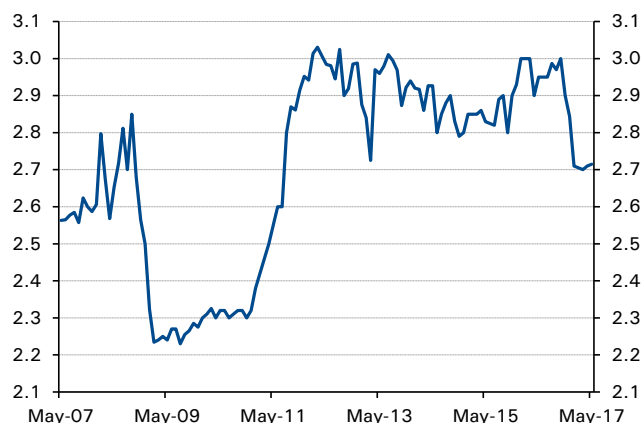


Inflation was steady at 2.7% y/y in May; a cooler real estate market has reduced pressures on housing rent in recent months.

Source: Central Statistical Bureau; *NBK estimates

Crude oil production

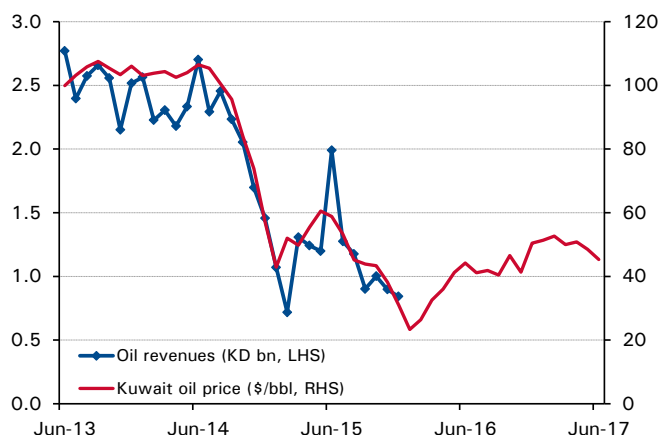
(million barrels per day)



Oil output was little changed in May, averaging 2.7 million barrels per day, in line with Kuwait's OPEC commitment.

Source: OPEC

Oil price and monthly oil revenues

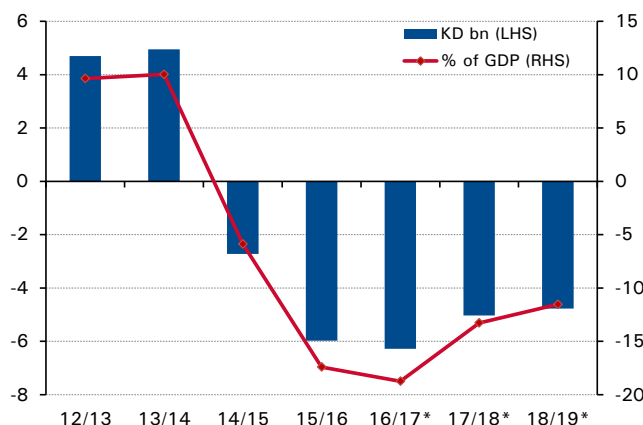


Oil prices slipped further in June, with Kuwait's crude price averaging \$45.3 per barrel during the month.

Source: Ministry of Finance, Kuwait Petroleum Corporation

Budget balance

(after payment to the Future Generations Fund)

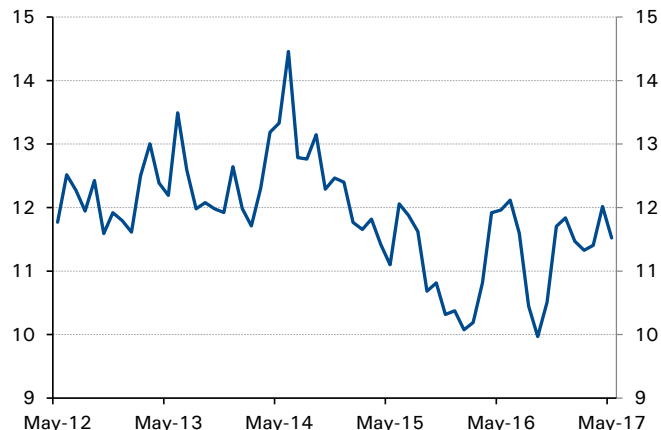


Kuwait is likely to have registered a deficit of KD 6.3 billion in FY16/17 (19% of GDP); it should narrow to 13% in FY17/18.

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

Central bank reserves

(months of imports)

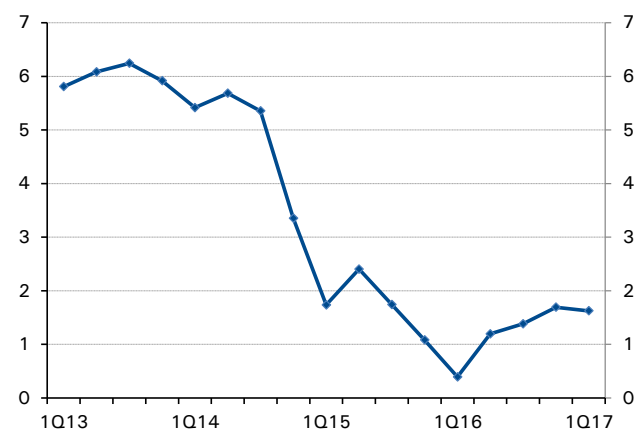


CBK reserves were steady in May at KD 9.2 billion, or an estimated 11.5 months of imports.

Source: Central Bank of Kuwait, NBK estimates

Trade balance

(KD billion)

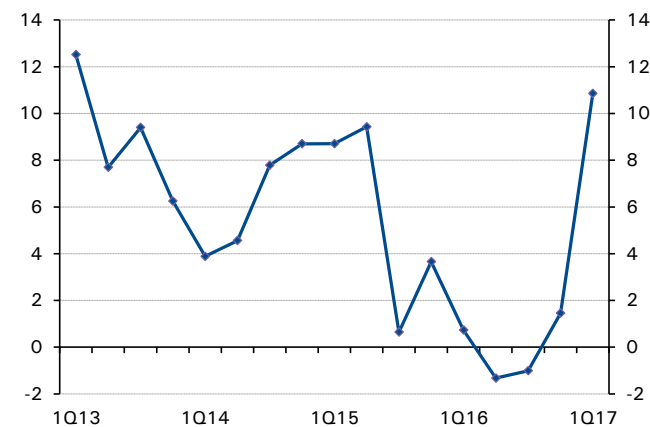


The trade surplus was steady at KD 1.6 billion in 1Q17 despite better oil prices as OPEC cuts reduced crude exports.

Source: Central Statistical Bureau

Imports growth

(% y/y)

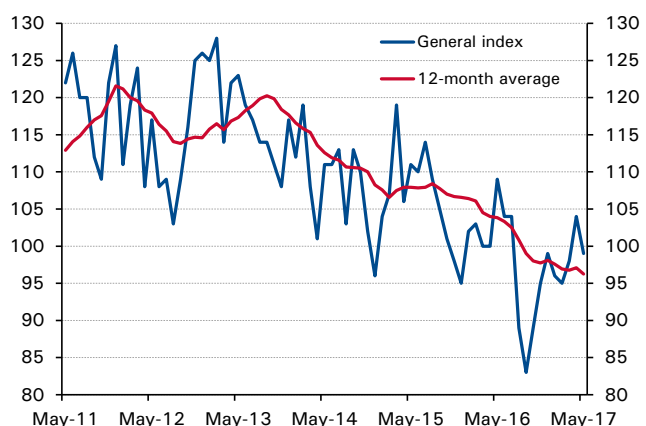


Imports soared in 1Q17, rising by 11% y/y as the decline in consumer imports moderated.

Source: Central Statistical Bureau

Consumer confidence

(index)

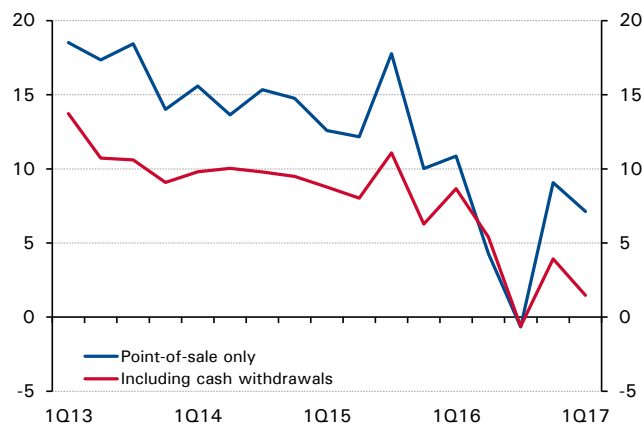


Consumer confidence slipped in May, as the Ara index fell to 99.

Source: Ara Research & Consultancy

Card transactions

(% y/y)

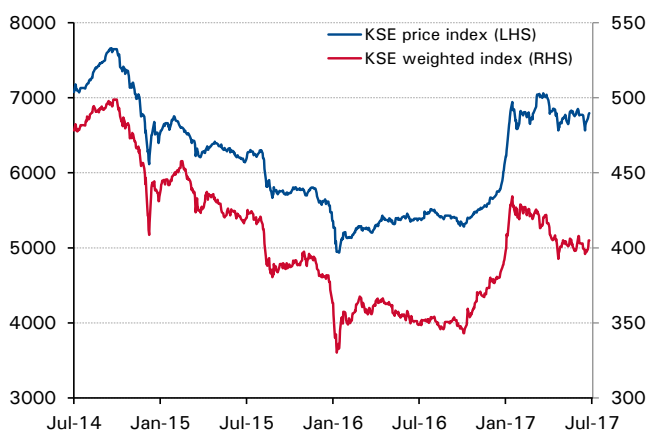


Consumers' card spending (POS) continued to show easing growth, which fell to 7.1% y/y in 1Q17.

Source: Central Bank of Kuwait

Stock market

(index)

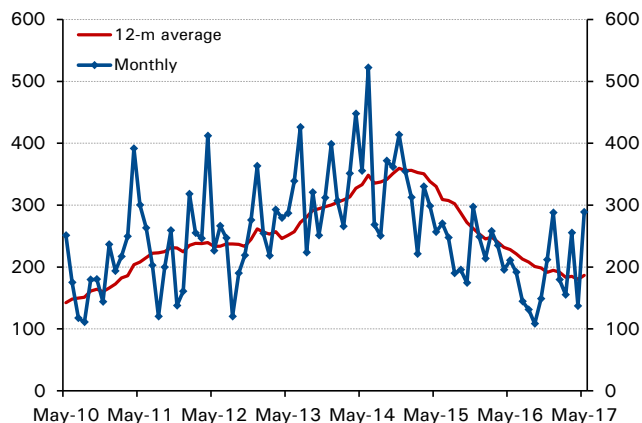


Equity prices were mostly steady in June and July; the weighted index held on to a gain of 6.5% ytd through 12 July.

Source: Boursa Kuwait, Thomson Reuters Datastream

Real estate sales

(KD million)

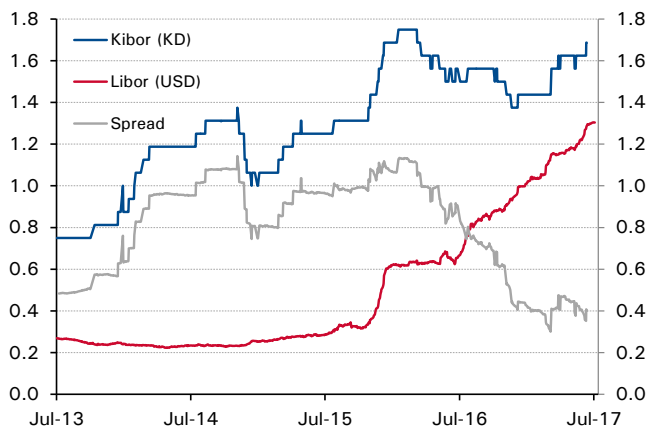


Real estate sales were exceptionally strong again in May, coming in at KD 289 million; prices continued to hold.

Source: Ministry of Justice

Interbank rates

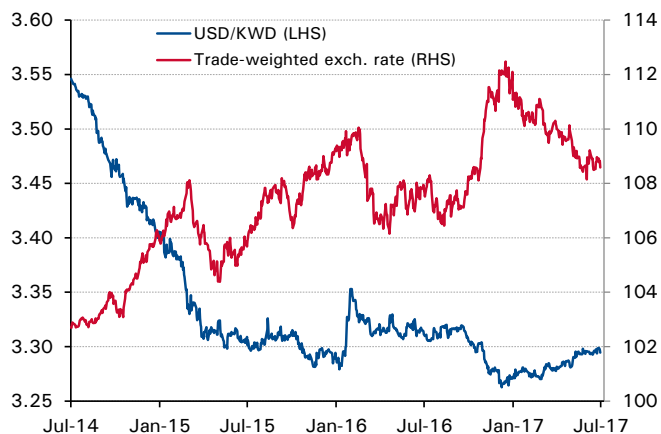
(%, 3-month)



Interbank rates rose 12 bps since the June Fed hike and the CBK decision to increase the overnight repo rate by 25 bps.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

Exchange rate



The trade-weighted value of the dinar continued to ease on the weaker dollar; the dinar index is down 3.0% ytd through 12 July.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

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