Macroeconomy

Kuwait: Credit growth improved and inflation eased to 2.6% in March

- Credit growth improved to 3.6% y/y in March on a healthy gain during the month.
- Credit growth in “productive” business sectors remained robust at 9.6% y/y.
- Inflation eased considerably to 2.6% y/y in March, as growth in housing rent eased to 4.3% y/y.
- Oil prices held steady in April, with Kuwait’s crude price averaging $51 per barrel during the month.
- The CBK’s foreign reserves improved in March to KD 9.5 billion, or an estimated 12.1 months of imports.
- Consumers were more optimistic in April, as the Ara consumer confidence index rose to 104.
- Consumers’ card spending (POS) continued to show easing growth, which fell to 7.1% y/y in 1Q17.
- Equity prices continued to slip, with the weighted index now only up 5.4% from the start of the year.

Credit growth improved to 3.6% y/y in March on a healthy gain during the month.

Source: Central Bank of Kuwait

Credit growth in “productive” business sectors (excluding real estate and securities lending) remained robust at 9.6% y/y.

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

Credit by sector (% y/y)

Money supply (M2) (% y/y)

Money supply (M2) growth slipped to 0.7% y/y in March despite strong growth in deposits.

Source: Central Bank of Kuwait

Consumer price inflation (% y/y)

Inflation eased considerably to 2.6% y/y in March, as growth in housing rent eased to 4.3% y/y, its slowest pace in three years.

Source: Central Statistical Bureau; *NBK estimates

Private credit (% y/y)

Credit by sector (% y/y)

Credit growth in “productive” business sectors remained robust at 9.6% y/y.

Source: Central Bank of Kuwait

Credit growth improved to 3.6% y/y in March on a healthy gain during the month.

Source: Central Bank of Kuwait

Credit growth in “productive” business sectors remained robust at 9.6% y/y.
Oil output remained at a reduced level in April, averaging 2.7 million barrels per day in line with Kuwait’s OPEC commitment.

Source: OPEC

Kuwait likely registered a deficit of KD 6.3 billion in FY16/17 (19% of GDP); it should narrow to 14% in FY17/18.

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

The trade surplus improved slightly in 4Q16 as oil prices continued to move up; the surplus rose to KD 1.7 billion.

Source: Central Statistical Bureau

Oil prices held steady in April, with Kuwait’s crude price averaging $51 per barrel during the month.

Source: Ministry of Finance, Kuwait Petroleum Corporation

The CBK’s foreign reserves improved in March to KD 9.5 billion, or an estimated 12.1 months of imports.

Source: Central Bank of Kuwait, NBK estimates

Import growth improved in 4Q16, though at 1.5% y/y growth remained weak thanks to a decline in consumer goods imports.

Source: Central Statistical Bureau
Consumers were more optimistic in April, as the Ara consumer confidence index rose to 104.

Source: Ara Research & Consultancy

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

Source: Central Bank of Kuwait

Equity prices continued to slip, with the weighted index now only up 5.4% from the start of the year through 14 May.

Source: Boursa Kuwait, Thomson Reuters Datastream

Real estate sales were exceptionally strong in March, coming in at KD 255 million, while prices continued to hold.

Source: Ministry of Justice

Interbank rates have been mostly steady since the CBK’s mid-March rate hike; the 3-month Kibor stood at 1.625%.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

The value of the dinar continued to ease from year-end highs; the index is now 2.1% lower ytd through 14 May.

Source: Central Bank of Kuwait, Thomson Reuters Datastream