

Macroeconomy

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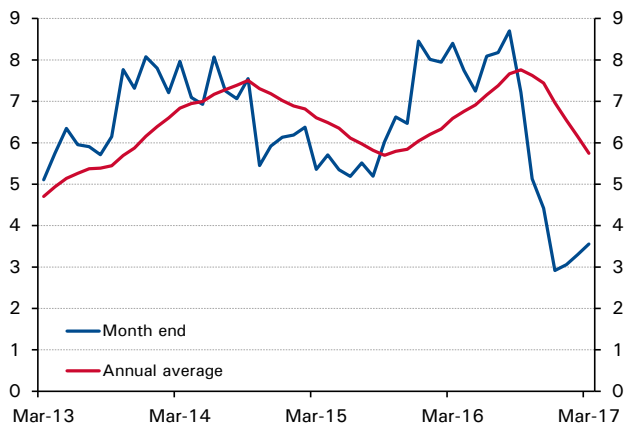
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Kuwait: Credit growth improved and inflation eased to 2.6% in March

- 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.

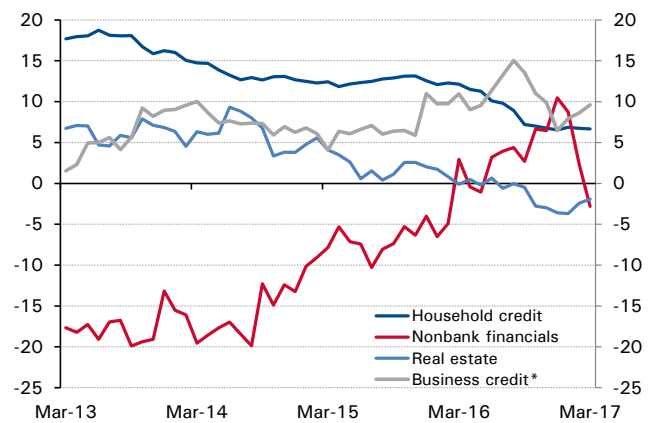
Private credit
(% y/y)



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

Source: Central Bank of Kuwait

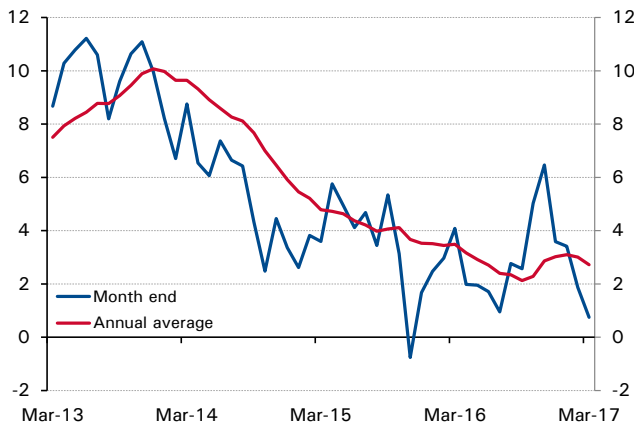
Credit by sector
(% y/y)



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

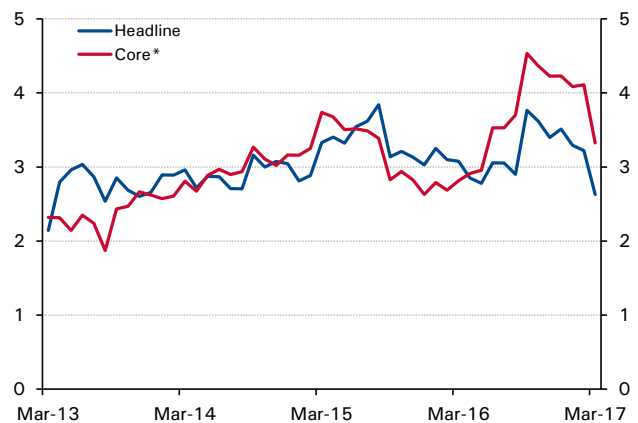
Money supply (M2)
(% y/y)



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)

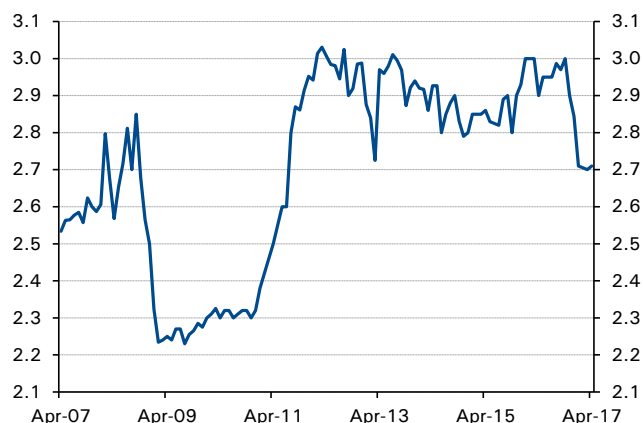


Inflation eased considerably to 2.6% y/y in March, as growth in housing rent eased to 4.3% y/y, its slowest pace in three years.

Source: Central Statistical Bureau; *NBK estimates

Crude oil production

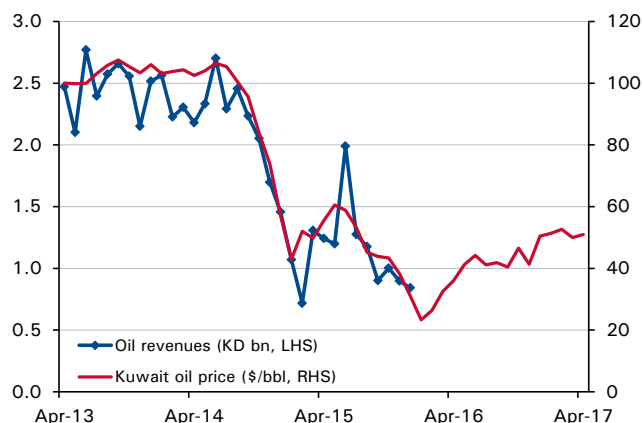
(million barrels per day)



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

Oil price and monthly oil revenues

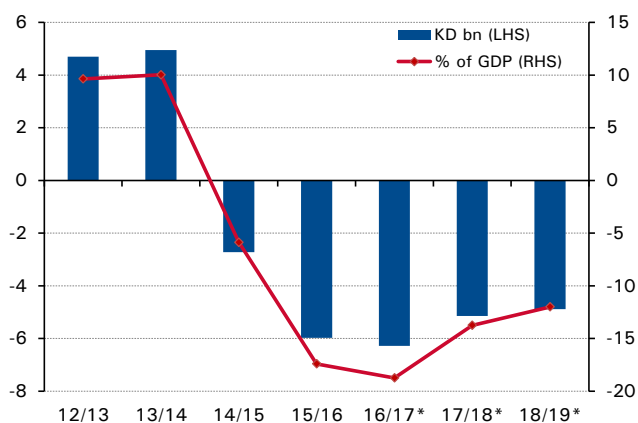


Oil prices held steady in April, with Kuwait's crude price averaging \$51 per barrel during the month.

Source: Ministry of Finance, Kuwait Petroleum Corporation

Budget balance

(after payment to the Future Generations Fund)

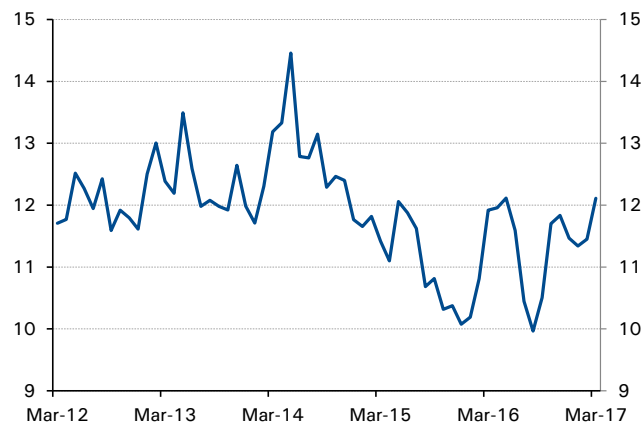


Kuwait likely registered a deficit of KD 6.3 billion in FY16/17 (19% of GDP); it should narrow to 14% in FY17/18.

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

Central bank reserves

(months of imports)

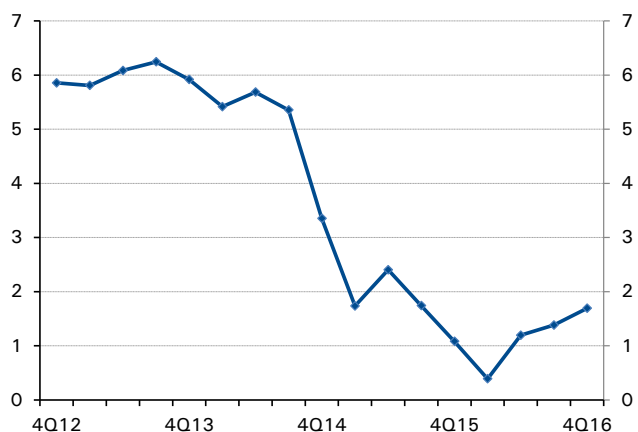


The CBK's foreign reserves improved in March to KD 9.5 billion, or an estimated 12.1 months of imports.

Source: Central Bank of Kuwait, NBK estimates

Trade balance

(KD billion)

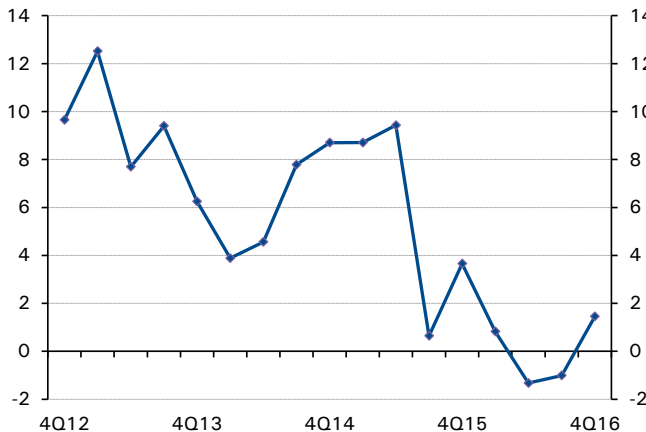


The trade surplus improved slightly in 4Q16 as oil prices continued to move up; the surplus rose to KD 1.7 billion.

Source: Central Statistical Bureau

Imports growth

(% y/y)

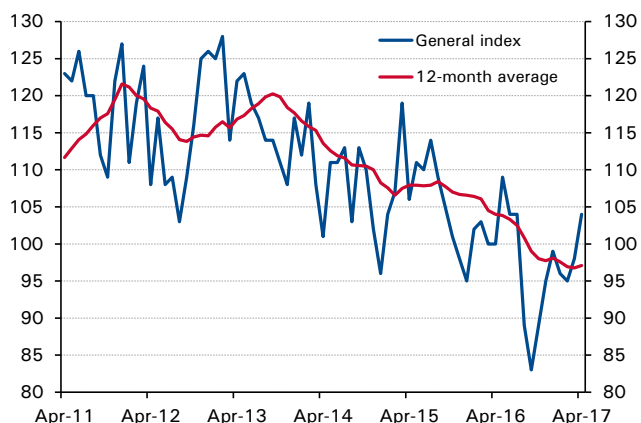


Import growth improved in 4Q16, though at 1.5% y/y growth remained weak thanks to a decline in consumer goods imports.

Source: Central Statistical Bureau

Consumer confidence

(index)

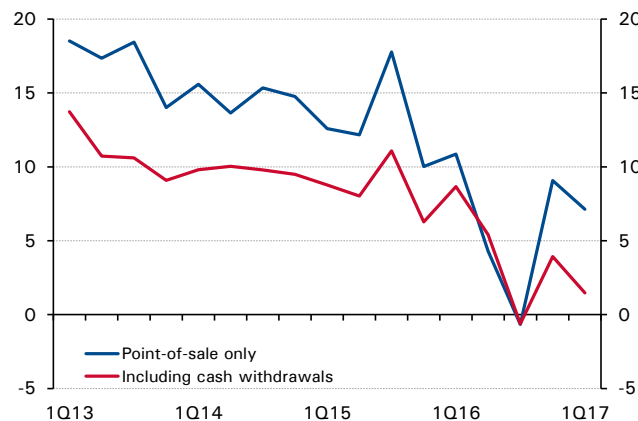


Consumers were more optimistic in April, as the Ara consumer confidence index rose to 104.

Source: Ara Research & Consultancy

Card transactions

(% y/y)

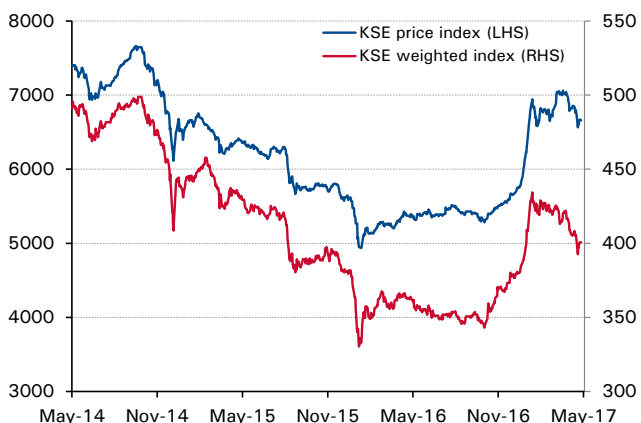


Consumers' card spending (POS) continued to show easing growth, which fell to 7.1% y/y in Q1 2017.

Source: Central Bank of Kuwait

Stock market

(index)

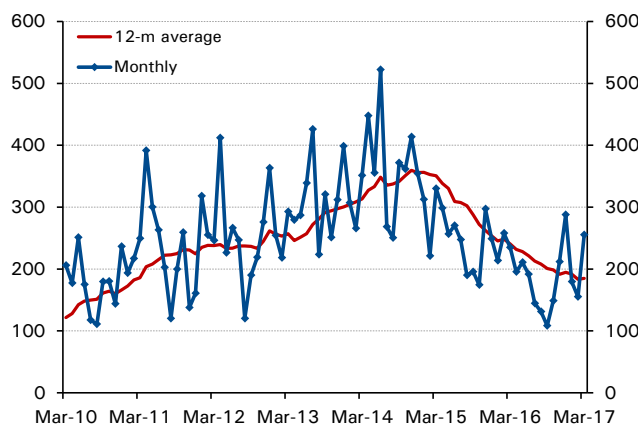


Equity prices continued to slip, with the weighted index now only up 5.4% from the start of the year through 14 May.

Source: Boursa Kuwait, Thomson Reuters Datastream

Real estate sales

(KD million)

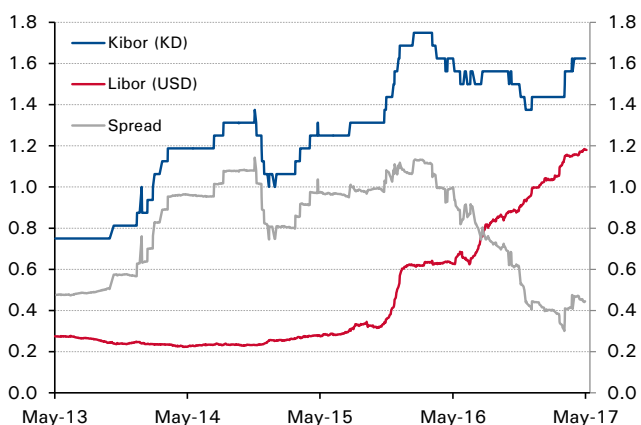


Real estate sales were exceptionally strong in March, coming in at KD 255 million, while prices continued to hold.

Source: Ministry of Justice

Interbank rates

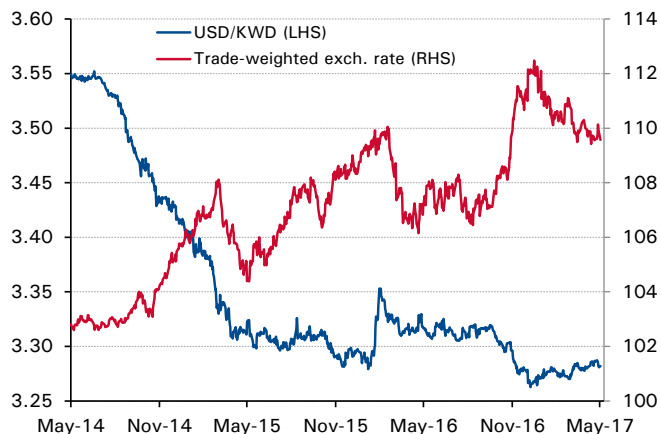
(%, 3-month)



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

Exchange rate



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

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