Macroeconomy

Kuwait: Business credit remains robust in Jan; trade surplus improves in 4Q16

- Credit growth was steady at 3.1% y/y in January.
- Business credit growth remained robust at 7.9% y/y while the real estate sector weighed on credit growth.
- Money supply growth was steady at 2.9% y/y in January, though the month saw a decline in private deposits.
- Kuwait maintained oil output at a reduced level in Feb. at 2.71 million barrels per day in line with OPEC cuts.
- The trade surplus improved in 4Q16 as oil prices continued to move up; the surplus rose to KD 1.7 billion.
- Stocks were steady in March following profit taking in February. The index was still up 11.8% year-to-date.
- KD interbank rates rose following the 16 March 25 bps CBK rate hike; the 3-month Kibor stood rose to 1.56%.
- The dinar index has declined by 1.7% thus far in 2017, but has held mostly steady against the USD.

Credit growth was steady at 3.1% y/y in January.

Source: Central Bank of Kuwait

Money supply growth was steady at 2.9% y/y in January, though the month saw a decline in private deposits.

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Business credit growth remained robust at 7.9% y/y while the real estate sector weighed on credit growth.

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

Inflation eased to 3.3% y/y in Jan, as weak food price inflation softened the impact of Sept’s fuel price hikes.

Source: Central Statistical Bureau; *NBK estimates
Kuwait maintained oil output at a reduced level in February at 2.71 million barrels per day in line with its OPEC commitments.

Source: OPEC

Oil prices held on to gains made after the OPEC decision, with Kuwait’s crude price averaging $52.5 per barrel in February.

Source: Ministry of Finance, Kuwait Petroleum Corporation

The deficit is expected to come in at KD 5.7 billion in FY16/17, or 17% of GDP; it is seen narrowing to 11% 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

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 declined once again in February, with the Ara index declining to 95.

Source: Ara Research & Consultancy

Consumer’s POS spending growth bounced back to 9.1% y/y in 4Q16 following an exceptionally weak figure in 3Q16.

Source: Central Bank of Kuwait

Stocks were steady in March following profit taking in February. The index was still up 11.8% year-to-date through 20 March.

Source: Boursa Kuwait, Thomson Reuters Datastream

Real estate sales fell to KD 180 million in January, following a strong December; sales continued to contract by 16% y/y.

Source: Ministry of Justice

KD interbank rates were up following the 16 March 25 bps CBK rate hike; the 3-month Kibor stood rose to 1.56%.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

The dinar index has declined by 1.7% thus far in 2017 through 20 March, but has held mostly steady against the USD.

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