

Macroeconomy

> Nembr Kanafani

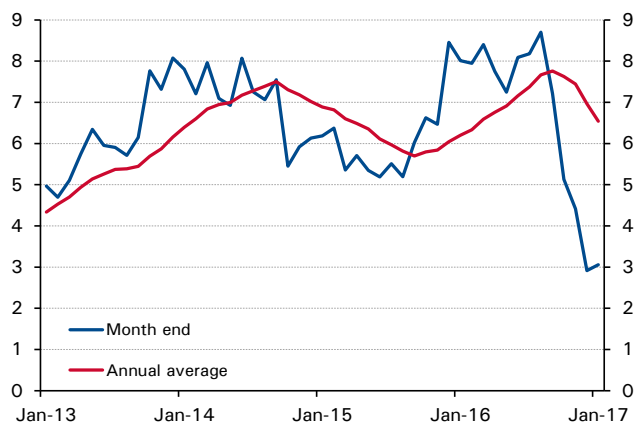
Senior Economist

+965 2259 5365, nemrkanafani@nbk.com

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.

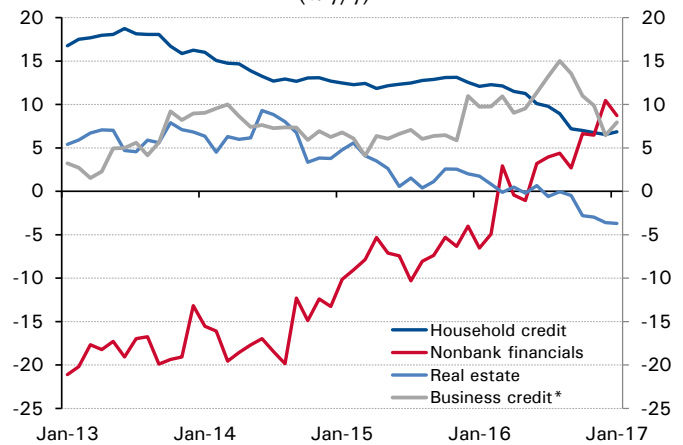
Private credit
(% y/y)



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

Source: Central Bank of Kuwait

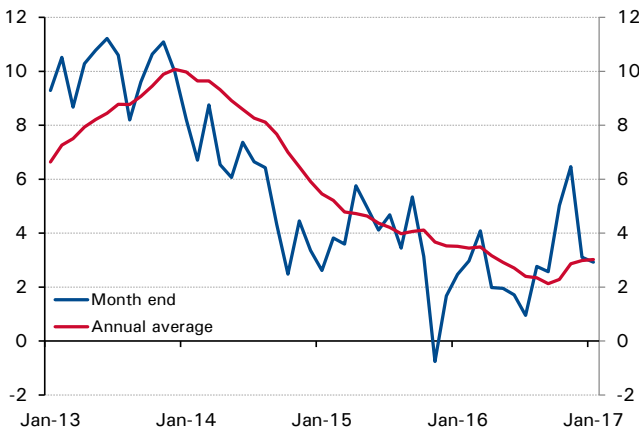
Credit by sector
(% y/y)



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

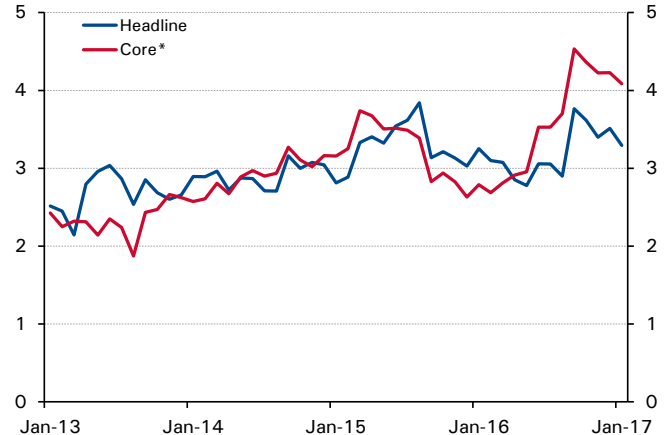
Money supply (M2)
(% y/y)



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

Source: Central Bank of Kuwait

Consumer price inflation
(% y/y)

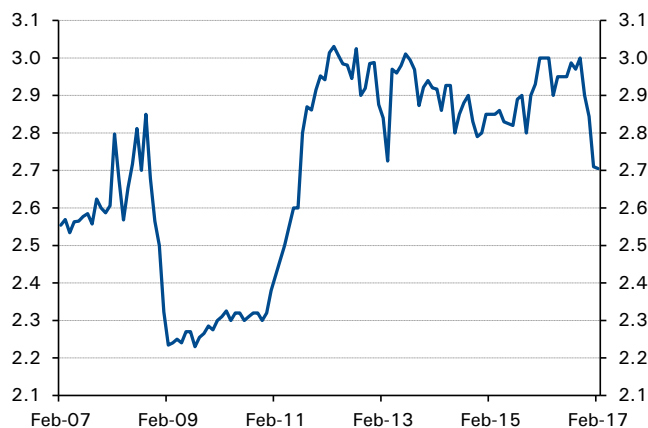


Inflation eased to 3.3% y/y in Jan, as weak food price inflation softened the impact of Sept's fuel price hikes.

Source: Central Statistical Bureau; *NBK estimates

Crude oil production

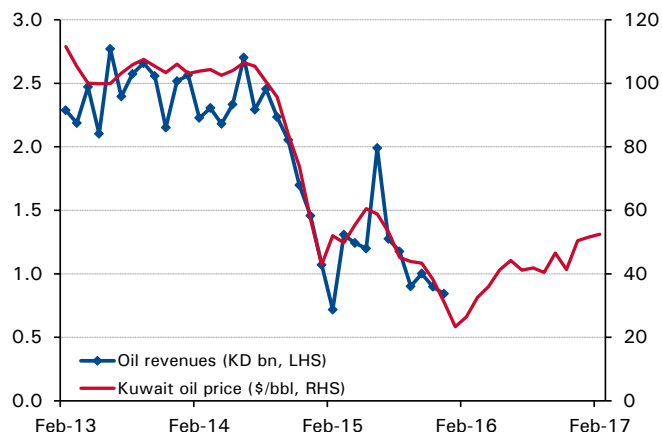
(million barrels per day)



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 price and monthly oil revenues

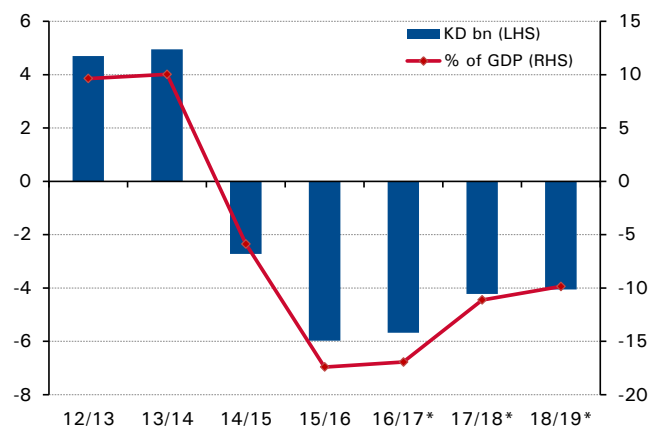


Oil prices held on to gains made after the OPEC decision, with Kuwait's crude price averaging \$52.5 per barrel in February.

Source: Ministry of Finance, Kuwait Petroleum Corporation

Budget balance

(after payment to the Future Generations Fund)



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

Central bank reserves

(months of imports)

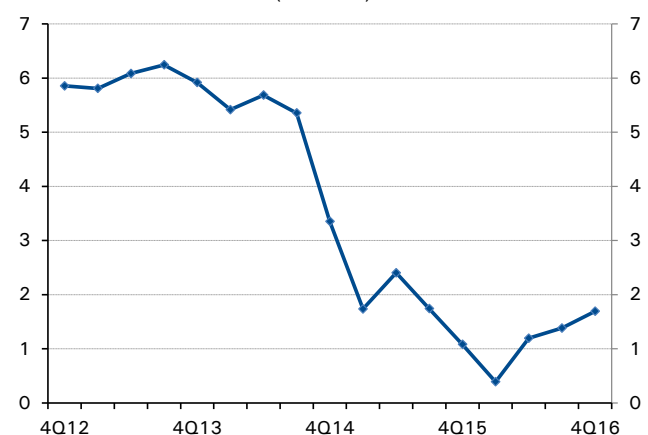


Foreign reserves were mostly steady in January at an estimated 11.6 months of imports.

Source: Central Bank of Kuwait, NBK estimates

Trade balance

(KD billion)

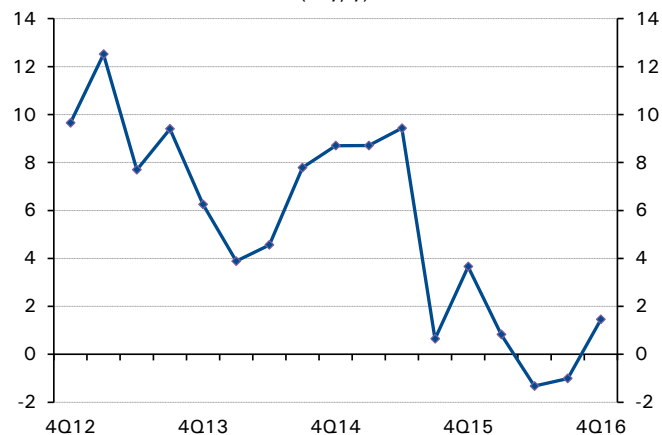


The trade surplus improved slightly in 4Q16 as oil prices continued to move up; the surplus rose to KD 1.7 billion.

Source: Central Statistical Bureau

Imports growth

(% y/y)

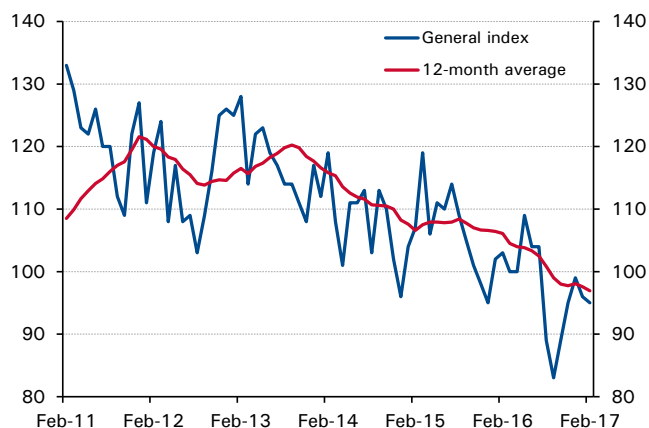


Import growth improved in 4Q16, though at 1.5% y/y growth remained weak thanks to a decline in consumer goods imports.

Source: Central Statistical Bureau

Consumer confidence

(index)

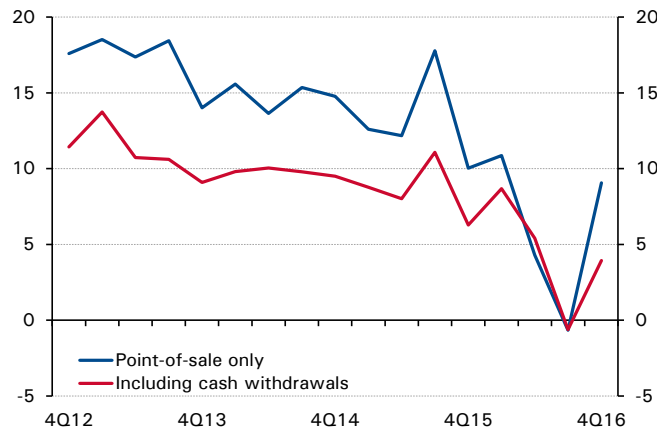


Consumer confidence declined once again in February, with the Ara index declining to 95.

Source: Ara Research & Consultancy

Card transactions

(% y/y)



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

Stock market

(index)

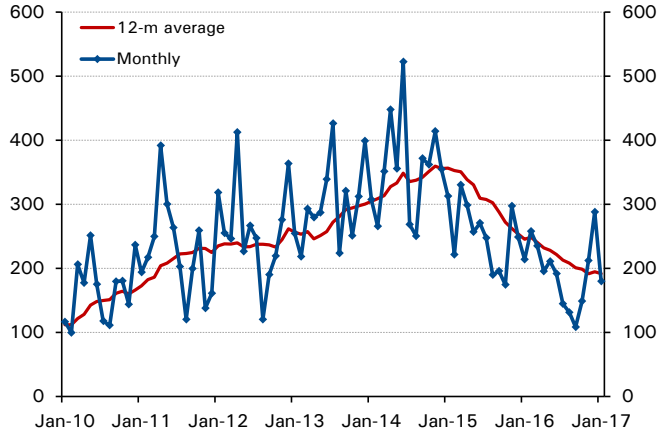


Stocks were steady in March following profit taking in February. The index was still up 11.8% year-to-date through 20 March.

Source: Boursa Kuwait, Thomson Reuters Datastream

Real estate sales

(KD million)

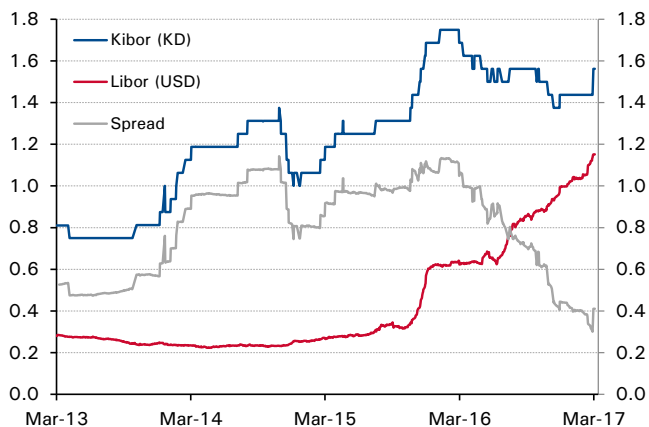


Real estate sales fell to KD 180 million in January, following a strong December; sales continued to contract by 16% y/y.

Source: Ministry of Justice

Interbank rates

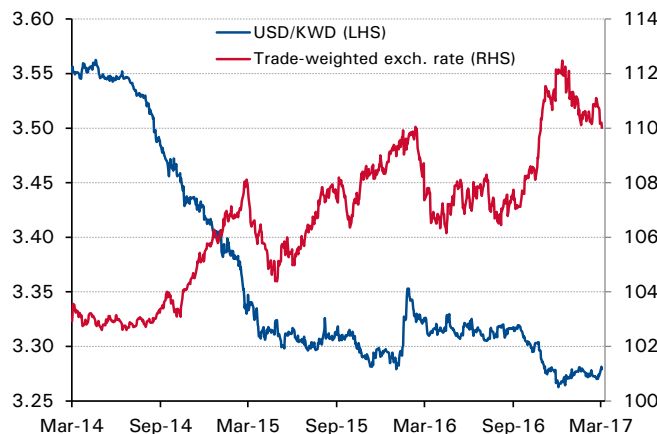
(%, 3-month)



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

Exchange rate



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

Source: Central Bank of Kuwait, Thomson Reuters Datastream

Head Office

Kuwait
National Bank of Kuwait SAKP
Abdullah Al-Ahmed Street
P.O. Box 95, Safat 13001
Kuwait City, Kuwait
Tel: +965 2242 2011
Fax: +965 2259 5804
Telex: 22043-22451 NATBANK
www.nbk.com

International Network

Bahrain
National Bank of Kuwait SAKP
Zain Branch
Zain Tower, Building 401, Road 2806
Seef Area 428, P. O. Box 5290, Manama
Kingdom of Bahrain
Tel: +973 17 155 555
Fax: +973 17 104 860

National Bank of Kuwait SAKP
Bahrain Head Office
GB Corp Tower
Block 346, Road 4626
Building 1411
P.O. Box 5290, Manama
Kingdom of Bahrain
Tel: +973 17 155 555
Fax: +973 17 104 860

United Arab Emirates
National Bank of Kuwait SAKP
Dubai Branch
Latifa Tower, Sheikh Zayed Road
Next to Crown Plaza
P.O.Box 9293, Dubai, U.A.E
Tel: +971 4 3161600
Fax: +971 4 3888588

National Bank of Kuwait SAKP
Abu Dhabi Branch
Sheikh Rashed Bin Saeed
Al Maktoom, (Old Airport Road)
P.O.Box 113567, Abu Dhabi, U.A.E
Tel: +971 2 4199 555
Fax: +971 2 2222 477

Saudi Arabia
National Bank of Kuwait SAKP
Jeddah Branch
Al Khalidiah District,
Al Mukmal Tower, Jeddah
P.O Box: 15385 Jeddah 21444
Kingdom of Saudi Arabia
Tel: +966 2 603 6300
Fax: +966 2 603 6318

Jordan
National Bank of Kuwait SAKP
Amman Branch
Shareef Abdul Hamid Sharaf St
P.O. Box 941297, Shmeisani,
Amman 11194, Jordan
Tel: +962 6 580 0400
Fax: +962 6 580 0441

Lebanon
National Bank of Kuwait
(Lebanon) SAL
BAC Building, Justinien Street, Sanayeh
P.O. Box 11-5727, Riad El-Solh
Beirut 1107 2200, Lebanon
Tel: +961 1 759700
Fax: +961 1 747866

Iraq
Credit Bank of Iraq
Street 9, Building 187
Sadoon Street, District 102
P.O. Box 3420, Baghdad, Iraq
Tel: +964 1 7182198/7191944
+964 1 7188406/7171673
Fax: +964 1 7170156

Egypt
National Bank of Kuwait - Egypt
Plot 155, City Center, First Sector
5th Settlement, New Cairo
Egypt
Tel: +20 2 26149300
Fax: +20 2 26133978

United States of America
National Bank of Kuwait SAKP
New York Branch
299 Park Avenue
New York, NY 10171
USA
Tel: +1 212 303 9800
Fax: +1 212 319 8269

United Kingdom
National Bank of Kuwait
(International) Plc
Head Office
13 George Street
London W1U 3QJ
UK
Tel: +44 20 7224 2277
Fax: +44 20 7224 2101

National Bank of Kuwait
(International) Plc
Portman Square Branch
7 Portman Square
London W1H 6NA, UK
Tel: +44 20 7224 2277
Fax: +44 20 7486 3877

France
National Bank of Kuwait
(International) Plc
Paris Branch
90 Avenue des Champs-Elysees
75008 Paris
France
Tel: +33 1 5659 8600
Fax: +33 1 5659 8623

Singapore
National Bank of Kuwait SAKP
Singapore Branch
9 Raffles Place # 44-01
Republic Plaza
Singapore 048619
Tel: +65 6222 5348
Fax: +65 6224 5438

China
National Bank of Kuwait SAKP
Shanghai Representative Office
Suite 1003, 10th Floor, Azia Center
1233 Lujiazui Ring Road
Shanghai 200120, China
Tel: +86 21 6888 1092
Fax: +86 21 5047 1011

NBK Capital

Kuwait
NBK Capital
38th Floor, Arraya II Building, Block 6
Shuhada'a street, Sharq
PO Box 4950, Safat, 13050
Kuwait
Tel: +965 2224 6900
Fax: +965 2224 6904 / 5

United Arab Emirates
NBK Capital Limited - UAE
Precinct Building 3, Office 404
Dubai International Financial Center
Sheikh Zayed Road
P.O. Box 506506, Dubai
UAE
Tel: +971 4 365 2800
Fax: +971 4 365 2805

Associates

Turkey
Turkish Bank
Valikonagl CAD. 7
Nisantasi, P.O. Box. 34371
Istanbul, Turkey
Tel: +90 212 373 6373
Fax: +90 212 225 0353