

Macroeconomy

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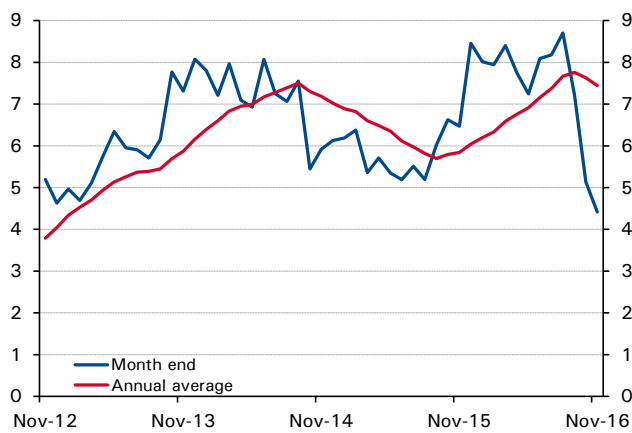
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# Kuwait: Stock rally continues; consumer confidence improved in December

- Credit growth slowed to 4.4% y/y in Nov; growth was 6.5% y/y after adjusting for a large repayment in Oct.
- Money supply growth accelerated to 6.5% y/y on basis effects in Nov, its most rapid pace in over two years.
- Inflation edged up to 3.5% y/y in Dec; it averaged 3.2% in 2016, down a notch from 3.3% the prior year.
- Crude oil output fell further in December, averaging 2.84 million barrels per day during the month.
- Consumer confidence continued to improve in Dec, with the Ara index at 99, though it remained subdued.
- Equities rallied in January, extending gains made in 4Q16. The weighted index is up 10% year-to-date.
- Monthly real estate sales rose to KD 288 million in December, the best month in a year.
- The dinar index declined by 0.8% thus far in 2017, as the USD retreated following a strong 2016.

Private credit

(% y/y)

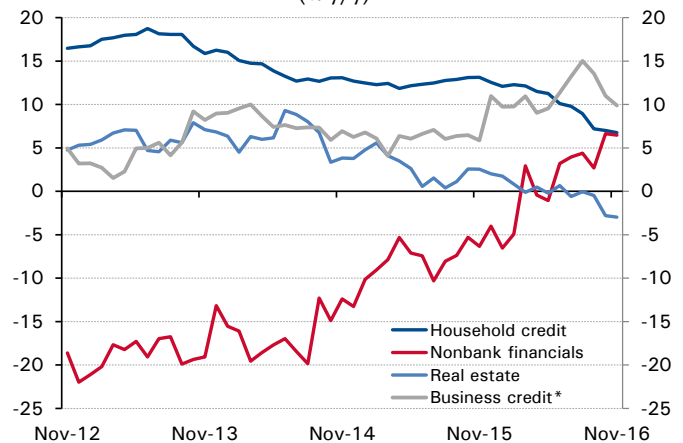


Credit growth slowed to 4.4% y/y in Nov; growth was 6.5% y/y after adjusting for a large repayment in Oct.

Source: Central Bank of Kuwait

Credit by sector

(% y/y)

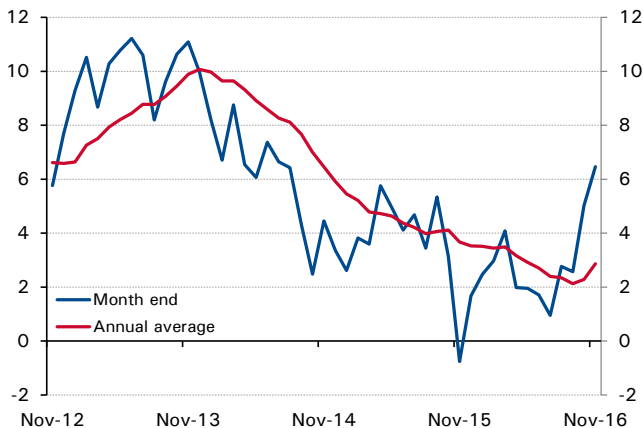


Business credit growth was strong at 9.9% y/y; the drop in lending to real estate deepened, contracting by 3.0% y/y.

Source: Central Bank of Kuwait; \* excl. loans to real estate, nonbanks, and purchase of securities

Money supply (M2)

(% y/y)

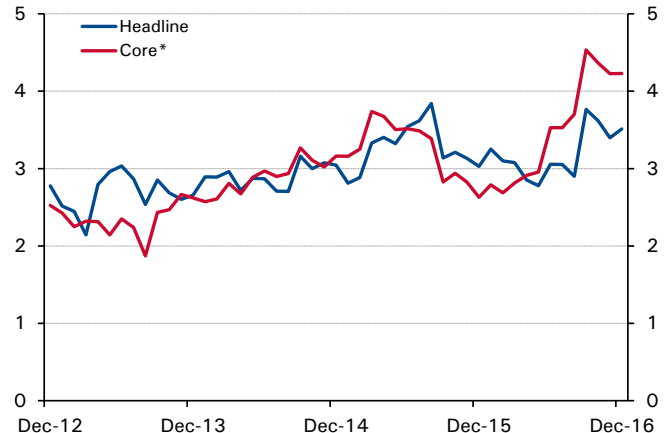


Money supply growth accelerated to 6.5% y/y on basis effects in November, it's most rapid pace in over two years.

Source: Central Bank of Kuwait

Consumer price inflation

(% y/y)

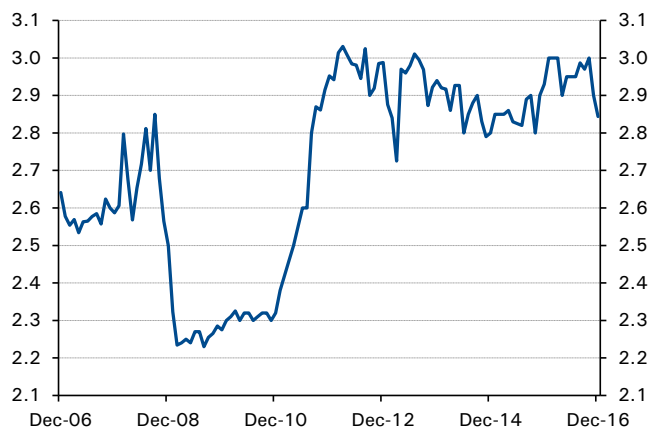


Inflation edged up to 3.5% y/y in December; inflation averaged 3.2% in 2016, down a notch from 3.3% the prior year.

Source: Central Statistical Bureau; \*NBK estimates

### Crude oil production

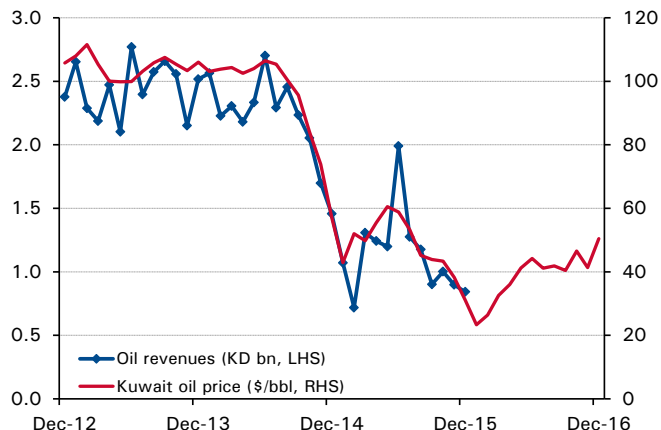
(million barrels per day)



Crude oil output fell further in December, averaging 2.84 million barrels per day during the month.

Source: OPEC

### Oil price and monthly oil revenues

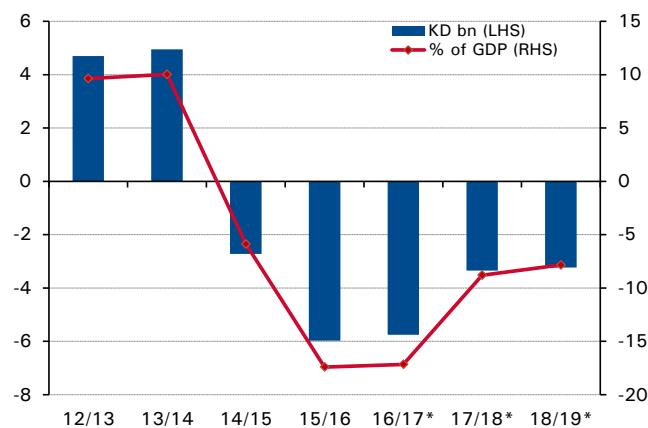


Oil prices saw a healthy rise in December, with Kuwait export crude (KEC) averaging \$50 per barrel during the month.

Source: Ministry of Finance, Kuwait Petroleum Corporation

### Budget balance

(after payment to the Future Generations Fund)



A fiscal deficit of KD 5.8 billion (after the transfer to the FGF) is expected in FY16/17, equivalent to 17.2% of GDP.

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

### Central bank reserves

(months of imports)

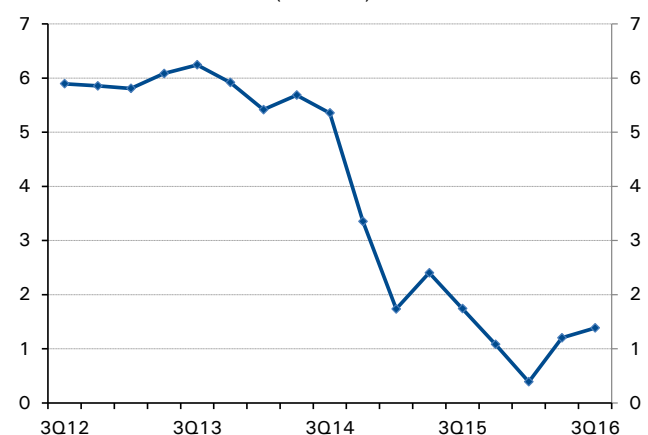


Foreign reserves rose in November to an estimated 11.9 months of imports.

Source: Central Bank of Kuwait, NBK estimates

### Trade balance

(KD billion)

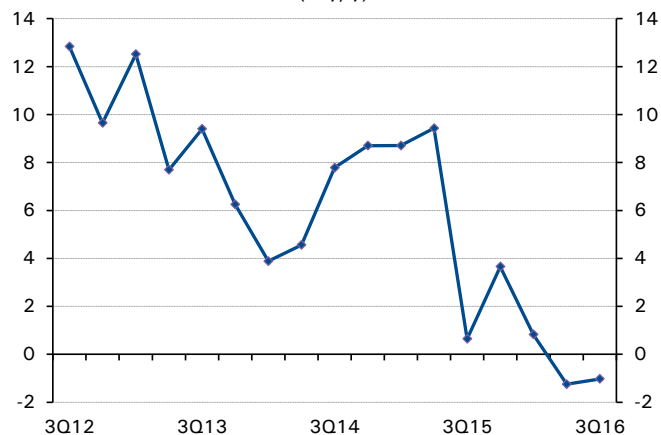


The trade surplus improved slightly in 3Q16 as oil prices continued to move up; the surplus rose to KD 1.4 billion.

Source: Central Statistical Bureau

### Imports growth

(% y/y)

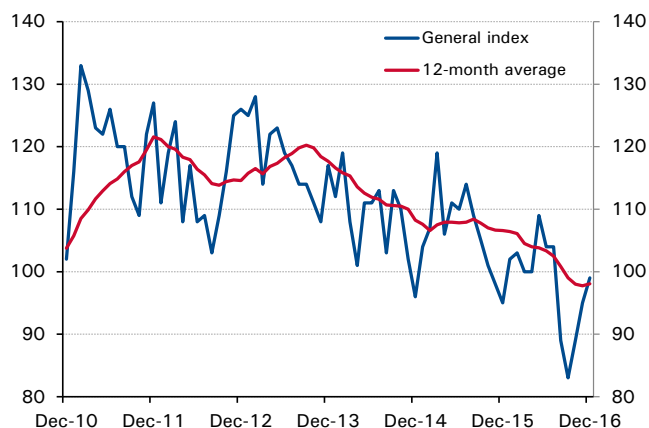


Imports shrank by 1% y/y in 3Q16, with most of the weakness coming from imports of consumer goods.

Source: Central Statistical Bureau

### Consumer confidence

(index)

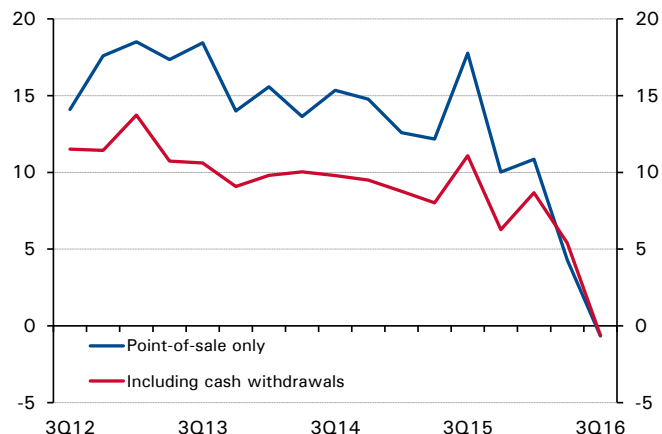


Consumer confidence continued to improve in Dec, with the Ara index at 99, though it remained subdued.

Source: Ara Research & Consultancy

### Card transactions

(% y/y)

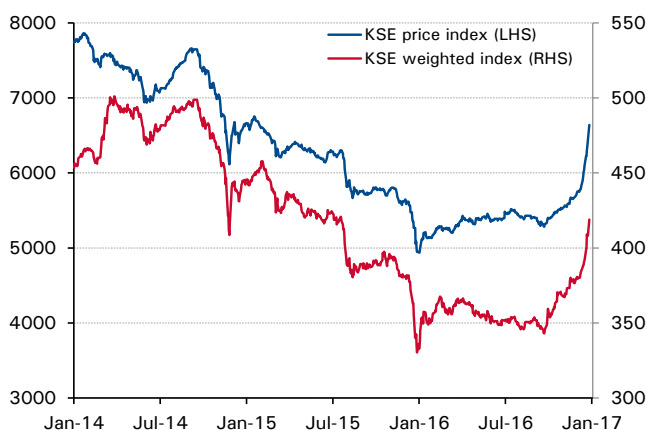


Consumer spending growth turned negative in 3Q16; point-of-sale spending contracted by 0.7% y/y.

Source: Central Bank of Kuwait

### Stock market

(index)

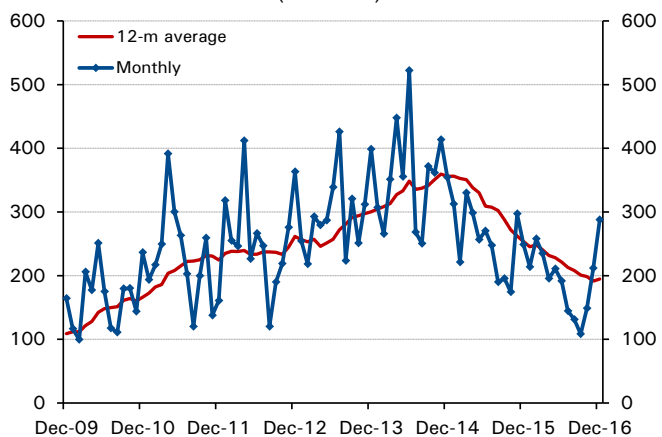


Equities rallied in January, extending gains made in 4Q16. The weighted index rose 10% in year-to-date through 22 Jan.

Source: Thomson Reuters Datastream

### Real estate sales

(KD million)

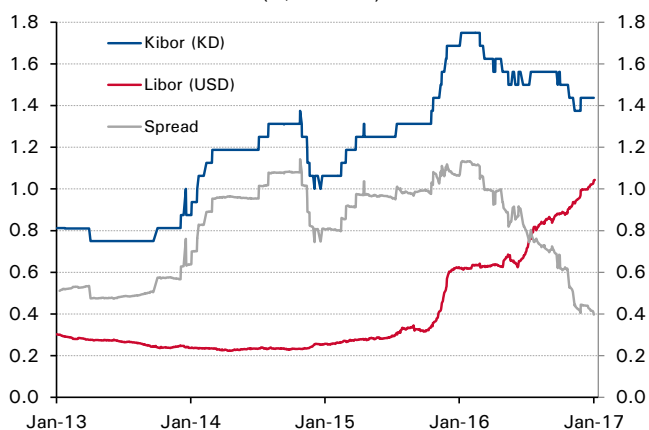


Monthly real estate sales rose to KD 288 million in December, the best month in a year.

Source: Ministry of Justice

### Interbank rates

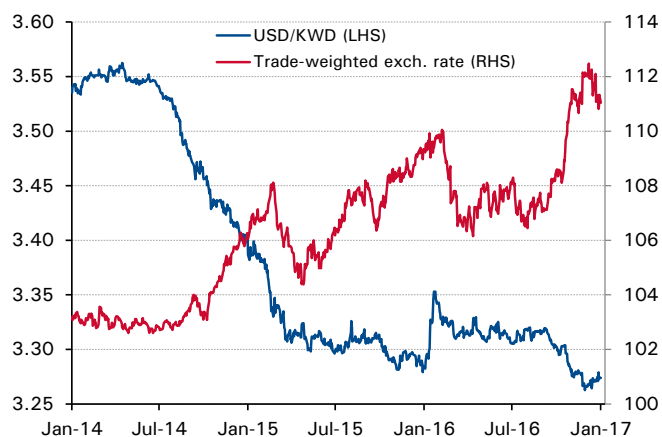
(%, 3-month)



KD interbank rates were steady in Jan; the 3-month Kibor stood at 1.44% on 22 Jan.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

### Exchange rate



The dinar index declined by 0.8% thus far in 2017, as the USD retreated following a strong 2016.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

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