Macroeconomy

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.

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**Source:** Central Bank of Kuwait

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**Source:** Central Statistical Bureau; *NBK estimates

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

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**Private credit**

(% y/y)

**Credit by sector**

(% y/y)

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**Money supply (M2)**

(% y/y)

**Consumer price inflation**

(% y/y)

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

Source: OPEC

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

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

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

Source: Central Bank of Kuwait, NBK estimates

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

Source: Central Statistical Bureau
Consumer confidence continued to improve in Dec, with the Ara index at 99, though it remained subdued.

Source: Ara Research & Consultancy

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

Source: Central Bank of Kuwait

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

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

Source: Ministry of Justice

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

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