Macroeconomy

Kuwait: Consumer spending grew by 12.5% in 3Q17; real estate activity up

- Credit growth slipped to 3.1% y/y in Sep, with 3Q17 growth coming in relatively weak at an annualized 3.2%.
- Inflation bounced back to 1.4% y/y in Oct. on base effects and an increase in upward price pressures.
- Oil prices firmed further in October, with Kuwait’s crude price averaging $54.3 per barrel during the month.
- Consumer confidence slipped to 105 in October but continued to show healthy improvement from a year ago.
- Consumers’ card spending growth accelerated to 12.5% y/y in 3Q17, as the sector saw a broad improvement.
- Equities gave back some gains in recent weeks, though the index is still up 4.9% ytd (27 Nov).
- Real estate continued to improve, with 3-month sales in October up 33% y/y; prices were stable.
- The dinar resumed its easing on the weaker USD; the trade-weighted dinar index is down 4.5% ytd (27 Nov).

Credit growth slipped to 3.1% y/y in September, with 3Q17 growth coming in relatively weak at an annualized 3.2%.

Source: Central Bank of Kuwait

Money supply (M2) growth was steady at 2.5% y/y in September, as private deposits gained during the month.

Source: Central Bank of Kuwait

Inflation bounced back to 1.4% y/y in October on basis effects and an increase in upward price pressures in some sectors.

Source: Central Statistical Bureau; *NBK estimates
Oil output remained steady in October at the 2.7 million barrels per day average targeted under the OPEC agreement.

Source: OPEC

Oil prices firmed further in October, with Kuwait's crude price averaging $54.3 per barrel during the month.

Source: Ministry of Finance, Kuwait Petroleum Corporation

The deficit is expected to narrow to KD 4.6 billion (12% of GDP) in FY17/18 largely on improving oil prices.

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

CBK reserves were steady in September at KD 9.1 billion, or an estimated 10.9 months of imports.

Source: Central Bank of Kuwait, NBK estimates

The trade surplus slipped slightly to KD 1.5 billion in 2Q17 as oil prices softened compared to the prior quarter.

Source: Central Statistical Bureau

Import growth remained positive in 2Q17 at 3.4% y/y, supported by improving growth in imports of consumer goods.

Source: Central Statistical Bureau
Consumer confidence slipped to 105 in October but continued to show healthy improvement from a year ago.

Growth in consumers’ card spending accelerated to 12.5% y/y in 3Q17, in line with the broad improvement in the sector.

Equities gave back some gains in recent weeks, though the index is still up 4.9% ytd (27 Nov).

Real estate activity continued to improve, with sales in the three months through October up 33% y/y; prices were stable.

Local interbank rates have been mostly steady.

The dinar resumed its easing on the weaker USD; the trade-weighted dinar index is down 4.5% ytd through 27 Nov.