

Macroeconomy

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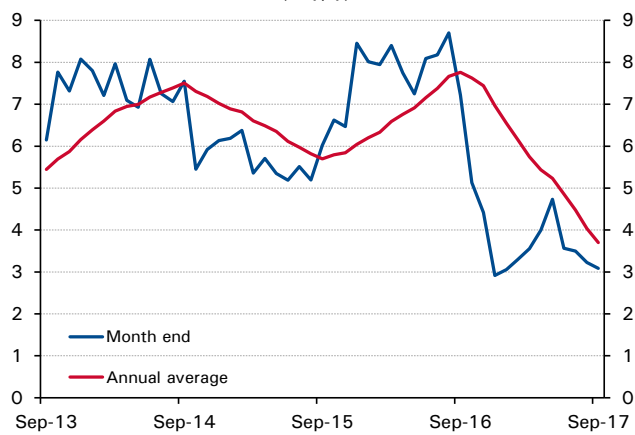
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# Kuwait: Consumer spending grew by 12.5% in 3Q17; real estate activity up

- 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).

Private credit

(% y/y)

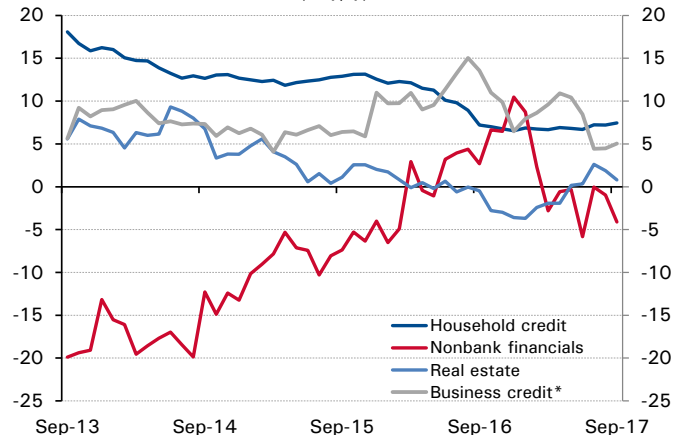


Credit growth slipped to 3.1% y/y in September, with 3Q17 growth coming in relatively weak at an annualized 3.2%.

Source: Central Bank of Kuwait

Credit by sector

(% y/y)

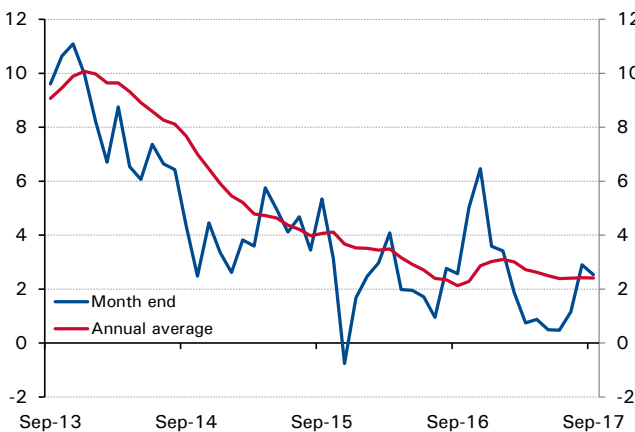


Business credit growth held up at 5.1% y/y in September, while household debt growth rose to 7.4% y/y.

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

Money supply (M2)

(% y/y)

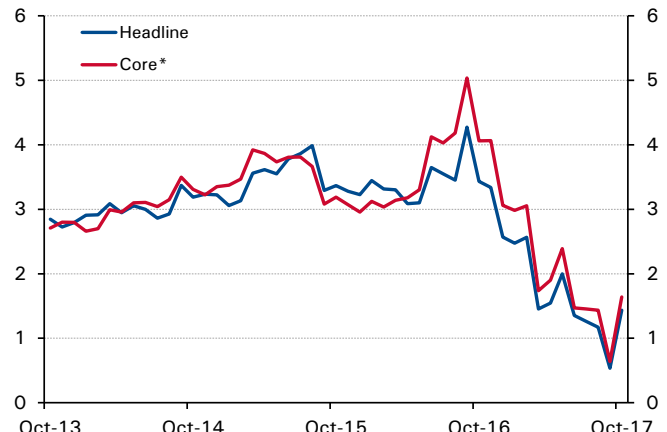


Money supply (M2) growth was steady at 2.5% y/y in September, as private deposits gained during the month.

Source: Central Bank of Kuwait

Consumer price inflation

(% y/y)

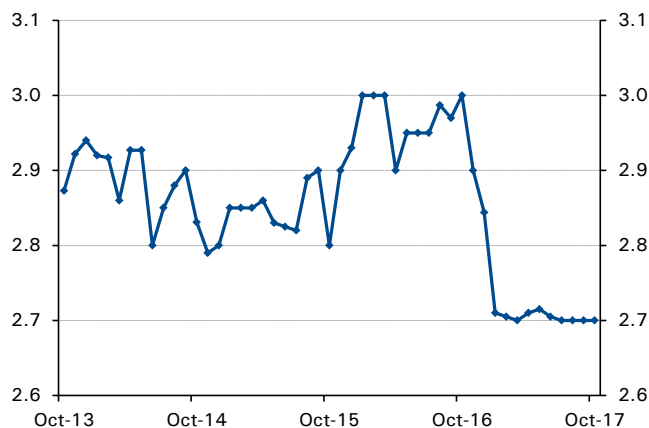


Inflation bounced back to 1.4% y/y in October on basis effects and an increase in upward price pressures in some sectors.

Source: Central Statistical Bureau; \*NBK estimates

### Crude oil production

(million barrels per day)



Oil output remained steady in October at the 2.7 million barrels per day average targeted under the OPEC agreement.

Source: OPEC

### Oil price and monthly oil revenues

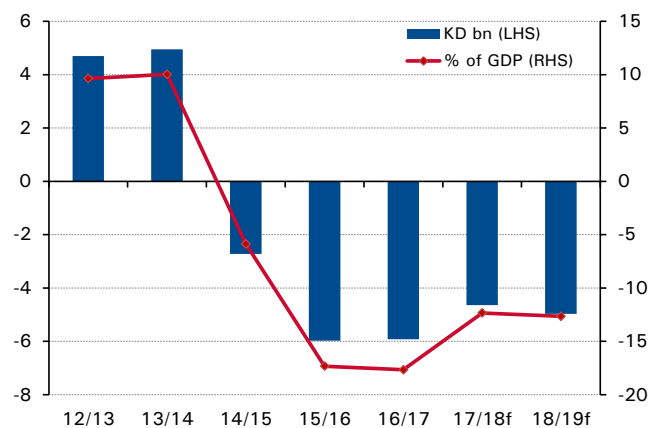


Oil prices firmed further in October, with Kuwait's crude price averaging \$54.3 per barrel during the month.

Source: Ministry of Finance, Kuwait Petroleum Corporation

### Budget balance

(after payment to the Future Generations Fund)



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

### Central bank reserves

(months of imports)

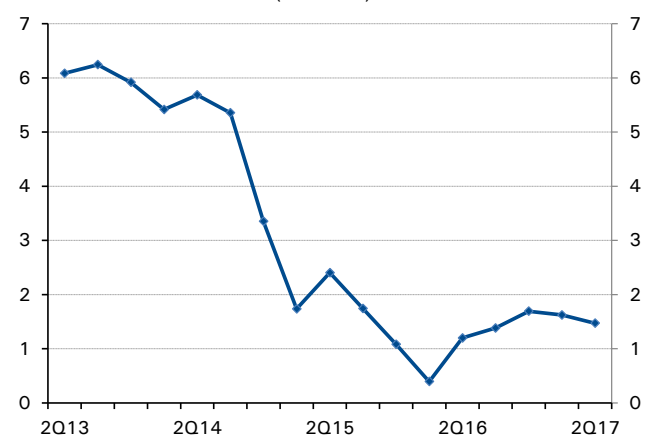


CBK reserves were steady in September at KD 9.1 billion, or an estimated 10.9 months of imports.

Source: Central Bank of Kuwait, NBK estimates

### Trade balance

(KD billion)

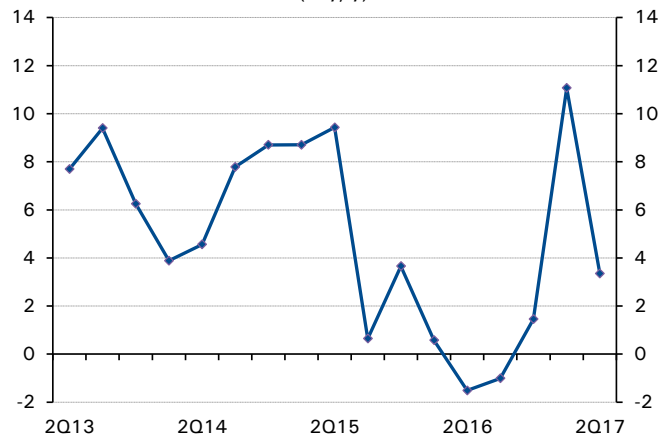


The trade surplus slipped slightly to KD 1.5 billion in 2Q17 as oil prices softened compared to the prior quarter.

Source: Central Statistical Bureau

### Imports growth

(% y/y)

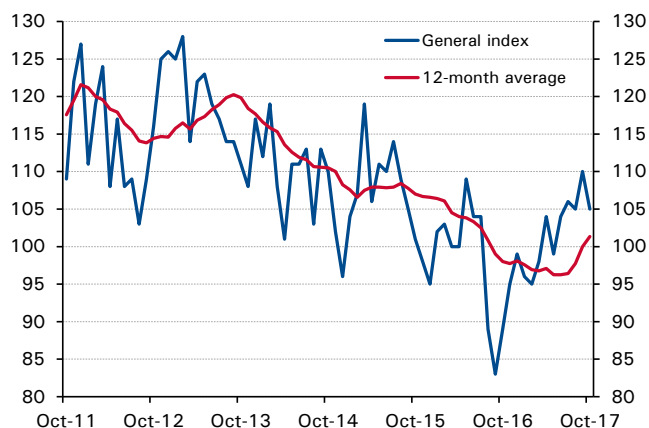


Import growth remained positive in 2Q17 at 3.4% y/y, supported by improving growth in imports of consumer goods.

Source: Central Statistical Bureau

### Consumer confidence

(index)

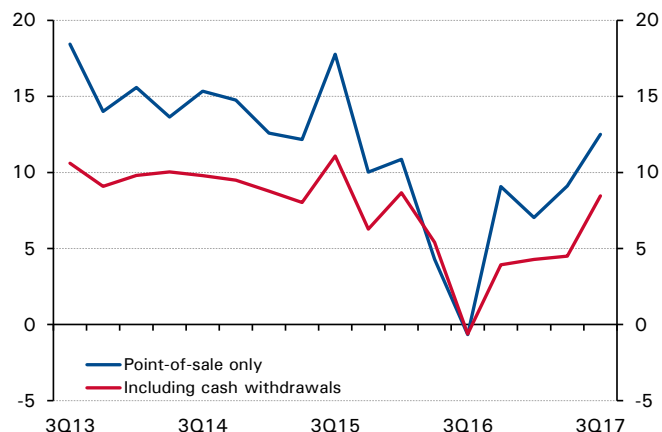


Consumer confidence slipped to 105 in October but continued to show healthy improvement from a year ago.

Source: Ara Research & Consultancy

### Card transactions

(% y/y)

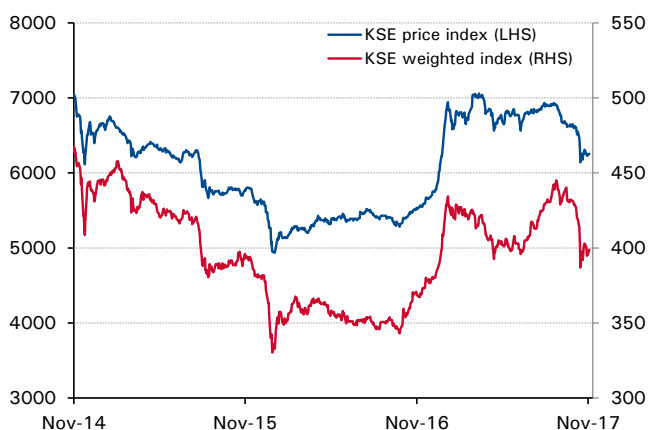


Growth in consumers' card spending accelerated to 12.5% y/y in 3Q17, in line with the broad improvement in the sector.

Source: Central Bank of Kuwait

### Stock market

(index)



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

Source: Boursa Kuwait, Thomson Reuters Datastream

### Real estate sales

(% y/y, 3-month average)

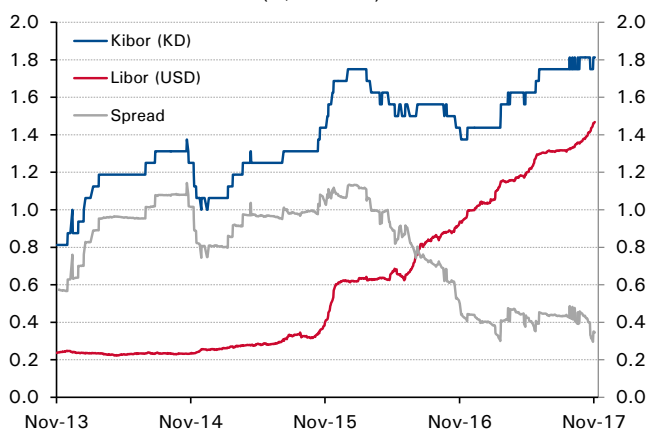


Real estate activity continued to improve, with sales in the three months through October up 33% y/y; prices were stable.

Source: Ministry of Justice

### Interbank rates

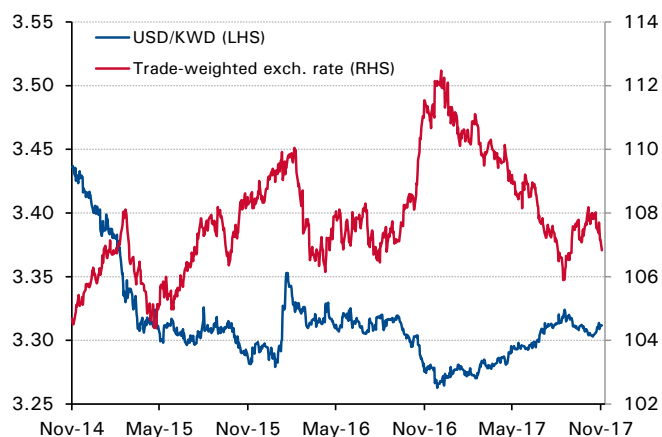
(%, 3-month)



Local interbank rates have been mostly steady.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

### Dinar exchange rate



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

Source: Central Bank of Kuwait, Thomson Reuters Datastream

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