Macroeconomy

Kuwait: Equities corrected in Feb; POS spending bounced back in 4Q16

- Credit growth fell to 2.9% y/y in Dec thanks to a large repayment and base effects; the 2016 average was 7%.
- Inflation eased to 3.3% y/y in Jan, as weak food price inflation softened the impact of Sept’s fuel price hikes.
- Oil output declined in Jan to 2.71 million barrels per day as Kuwait adhered to OPEC’s decision to cut output.
- Oil prices held on to gains made after the OPEC decision; Kuwait’s crude price averaged $52.5 in February.
- Consumer’s POS spending growth bounced back to 9.1% y/y in 4Q16 following an exceptionally weak 3Q16.
- Equities corrected slightly in Feb, following healthy gains since Oct. The index was still up 11.6% year-to-date.
- Real estate sales fell to KD 180 million in Jan, following a strong Dec; sales continued to contract by 16% y/y.
- The dinar index weakened by about 1% thus far in 2017, but was mostly unchanged against the USD.
Crude oil production
(million barrels per day)

Crude oil output declined in January to 2.71 million barrels per day as Kuwait adhered to OPEC’s decision to cut output.

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.

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.

Central bank reserves
(months of imports)

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

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.

Imports growth
(% y/y)

Imports shrank by 1% y/y in 3Q16, with most of the weakness coming from imports of consumer goods.
Consumer confidence inched lower in January, with the Ara index declining to 96.

Source: Ara Research & Consultancy

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

Equities corrected slightly in February following healthy gains since Oct-16. The index was still up 11.6% year-to-date.

Source: Thomson Reuters Datastream

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

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

Source: Central Bank of Kuwait, Thomson Reuters Datastream

The dinar index weakened by about 1% thus far in 2017, but has held mostly steady against the USD.

Source: Central Bank of Kuwait, Thomson Reuters Datastream
Head Office

Kuwait
National Bank of Kuwait S.A.P.
Abdullah AlAhmed Street
P.O. Box 95, Safat 13001
Kuwait City, Kuwait
Tel: +965 2242 2011
Fax: +965 2229 5804
Tel.: 22043-22451 NBK BANK

International Network

Bahrain
National Bank of Kuwait S.A.P.
Zen Branch
Zen 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 S.A.P.
Bahrain Head Office
SB 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 S.A.P.
Dubai Branch
Jafli Tower, Sheikh Zayed Road
Next to Crown Plaza
P.O. Box 9259, Dubai, U.A.E.
Tel: +971 4 3161600
Fax: +971 4 3881588

National Bank of Kuwait S.A.P.
Abu Dhabi Branch
sheikh Rashid Bin Sareed
Al Makr, (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 S.A.P.
Jeddah Branch
Al Khaldah District,
Al Murooj Tower, Jeddah
P.O. Box 15385 Jeddah 21444
kingdom of Saudi Arabia
Tel: +966 2 603 6380
Fax: +966 2 603 6318

Jordan
National Bank of Kuwait S.A.P.
4km Branch
Shared House Hamid Sharaf St
P.O. Box 941-29, Shremersin,
4km 11194, Jordan
Tel: +962 6 580 0400
Fax: +962 6 580 0441

Lebanon
National Bank of Kuwait (Lebanon) S.A.L.
4EC Building, Justini Street, Sanayeh
P.O. Box 115272, Riad ElSolh
Beirut 1100 2200, Lebanon
Tel: +961 1 759700
Fax: +961 1 747866

Iraq
Credit Bank of Iraq
Street 9, Building 187
Jaddom Street, District 102
P.O. Box 3420, Baghdad, Iraq
Tel: +964 1 7182798/7191944
Fax: +964 1 7188406/717673

England

Egypt
National Bank of Kuwait - Egypt
Flat 155, City Center, First Sector
5th Settlement, New Cairo
Egypt
Tel: +20 2 26489300
Fax: +20 2 26139798

United States of America
National Bank of Kuwait S.A.P.
New York Branch
299 Park Avenue
New York, NY 10171
USA
Tel: +1 212 303 9900
Fax: +1 212 319 0269

United Kingdom
National Bank of Kuwait (International) Plc
Head Office
13 George Street
London W1 3JQ
UK
Tel: +44 20 7224 2277
Fax: +44 20 7224 2101

National Bank of Kuwait (International) Plc
Paris Branch
7 Postman Square
London W1H 6NA, UK
Tel: +44 20 7224 2277
Fax: +44 20 7466 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 8625

Singapore
National Bank of Kuwait S.A.P.
Singapore Branch
9 Raffles Place # 4401
Republic Plaza
Singapore 049699
Tel: +65 6227 5348
Fax: +65 6224 5436

China
National Bank of Kuwait S.A.P.
Shanghai Representative Office
Suite 1903, 10th Floor, Azco Center
1233 Lujiazui Ring Road
Shanghai 200120, China
Tel: +86 21 6888 1092
Fax: +86 21 5947 1011

© Copyright Notice: The Chartbooks a publications of the National Bank of Kuwait, no part of this publication may be reproduced or duplicated without the prior consent of NBK.

While every care has been taken preparing this publication, National Bank of Kuwait accepts no liability whatsoever for any direct or consequential loss arising from its use. NBK Research Notes is distributed on a complimentary and discretionary basis to NBK clients and associates. The report and other NBK materials can be found in the “Reports” section of the National Bank of Kuwait’s web site. Please visit our web site, www.nbk.com, for other bank publications. For further information please contact:

NBK Economic Research, Tel: (965) 2259 5500, Fax: (965) 2224 6973, Email: econ@nbk.com

NBK Economic Research, T: (965) 2259 5500, F: (965) 2224 6973, econ@nbk.com, © 2017 NBK

www.nbk.com