Macroeconomy

Kuwait: Inflation slows to 1.4%; July oil price up; FY16/17 deficit at KD 5.9 bn

- Inflation slowed to 1.4% in June as the CSB published revised data; softening housing inflation was the cause.
- The consumer confidence index improved to 104 in June, suggesting some stabilization in the sector.
- Oil prices firmed slightly in July, with Kuwait’s crude price averaging $45.9 per barrel during the month.
- A deficit of KD 5.9 billion (18% of GDP) was recorded in FY16/17 according to recent cabinet-approved figures.
- Stocks bounced back in July, boosted by good earnings; the index was up 10.5% ytd through 11 August.
- Real estate activity continued to improve; sales were up 12% y/y in July; prices have also been stable.
- Interbank rates have been steady in July and thus far in August.
- The dinar continued to ease on a weaker dollar; the trade-weighted dinar index was down 4.2% ytd.

Credit growth continued to improve accelerating to 4.7% y/y in May on a healthy monthly gain.

Source: Central Bank of Kuwait

Money supply (M2) growth remained subdued at 0.5% y/y in May though M1 growth has been stronger at 9.8% y/y.

Source: Central Bank of Kuwait

Inflation slowed to 1.4% y/y in June as the CSB published revised CPI data; declining housing rents brought inflation down.

Source: Central Statistical Bureau; *NBK estimates
Crude oil production (million barrels per day)

Oil output was little changed in June, averaging 2.7 million barrels per day, in line with Kuwait’s OPEC commitment.

Source: OPEC

Oil price and monthly oil revenues

Oil prices firmed slightly in July, with Kuwait’s crude price averaging $45.9 per barrel during the month.

Source: Ministry of Finance, Kuwait Petroleum Corporation

Budget balance (after payment to the Future Generations Fund)

A deficit of KD 5.9 billion (18% of GDP) was recorded in FY16/17 according to recent cabinet-approved figures.

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

Central bank reserves (months of imports)

CBK reserves were steady in May at KD 9.2 billion, or an estimated 11.5 months of imports.

Source: Central Bank of Kuwait, NBK estimates

Trade balance (KD billion)

The trade surplus was steady at KD 1.6 billion in 1Q17 despite better oil prices as OPEC cuts reduced crude exports.

Source: Central Statistical Bureau

Imports growth (% y/y)

Imports soared in 1Q17, rising by 11% y/y as the decline in consumer imports moderated.

Source: Central Statistical Bureau
The Ara consumer confidence index improved slightly in June to 104, suggesting some stabilization in the sector.

Source: Ara Research & Consultancy

Stock market

Stocks bounced back in July, boosted by good earnings results; the weighted index was up 10.5% ytd through 11 August.

Source: Boursa Kuwait, Thomson Reuters Datastream

Real estate sales

Real estate activity continued to improve, with sales in July up 12% y/y; prices also continued to show signs of stabilization.

Source: Ministry of Justice

Interbank rates

Interbank rates were steady in July and August to-date.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

Exchange rate

The dinar continued to ease on a weaker dollar; the trade-weighted dinar index was down 4.2% ytd through 11 August.

Source: Central Bank of Kuwait, Thomson Reuters Datastream