

Macroeconomy

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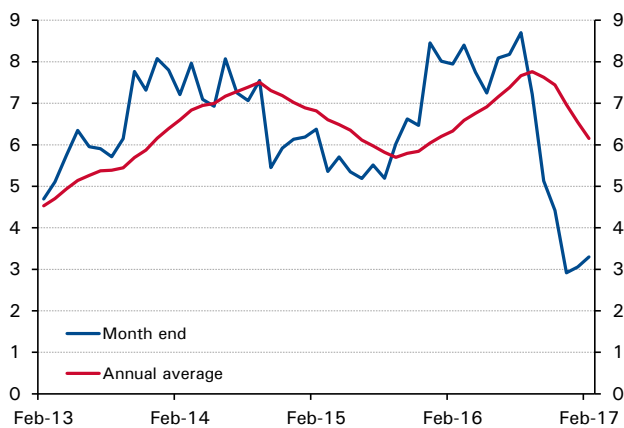
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Kuwait: Business credit still healthy in February; equities hold on to gains

- Credit growth rose to 3.3% y/y in Feb, but remains dragged down by a large corporate repayment in Oct.
- Growth in business credit excluding real estate and securities lending remained robust at 8.6% y/y.
- Inflation eased to 3.2% y/y in Feb, though our estimate of core (excl. food) inflation remained elevated.
- Oil output remained at a reduced level in March, averaging 2.7 million barrels per day.
- Oil prices slipped slightly in March, with Kuwait's crude price averaging \$49.9, but have bounced back since.
- Consumer confidence improved slightly in March, with the Ara index rising to 98.
- The equity rally appeared to lose steam, but held on to gains. The weighted index is up 9.6% ytd (13 Apr.).
- The dinar has declined by 1.8% thus far in 2017 through 13 April, but was mostly steady against the USD.

Private credit

(% y/y)

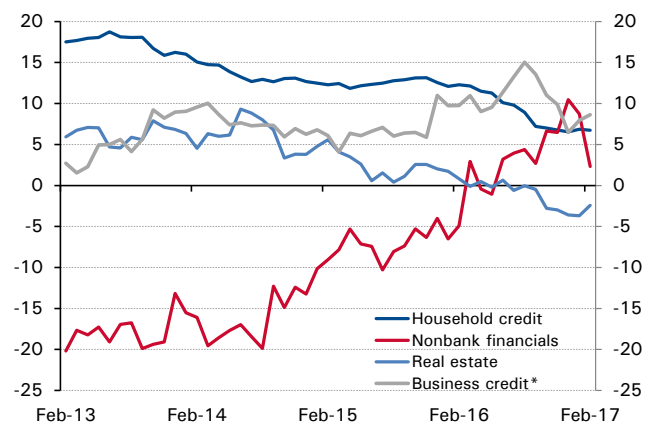


Credit growth rose to 3.3% y/y in Feb, but continued to be dragged down by a large corporate repayment in Oct. 2017.

Source: Central Bank of Kuwait

Credit by sector

(% y/y)

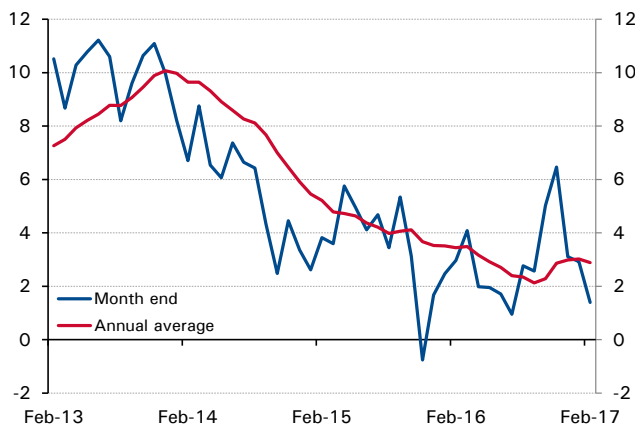


Growth in business credit excluding real estate and securities lending remained robust at 8.6% y/y.

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

Money supply (M2)

(% y/y)

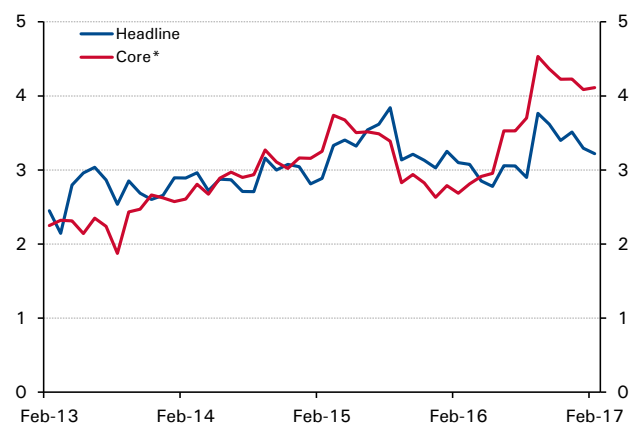


Money supply (M2) growth slipped to 1.4% y/y in February, though M1 growth was slightly higher at 3.2% y/y.

Source: Central Bank of Kuwait

Consumer price inflation

(% y/y)

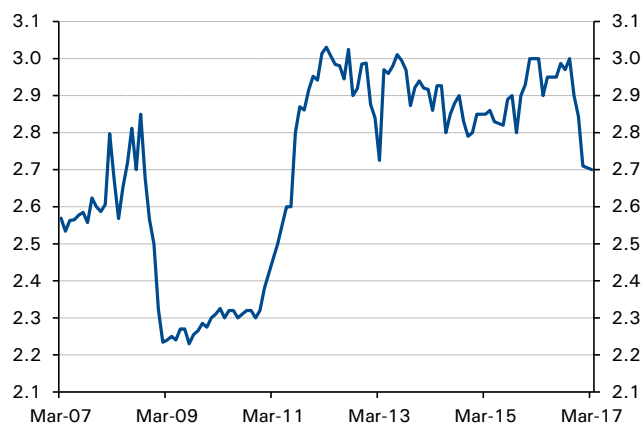


Inflation eased to 3.2% y/y in Feb, though our estimate of core (excl. food) inflation remained elevated at 4.1% y/y.

Source: Central Statistical Bureau; *NBK estimates

Crude oil production

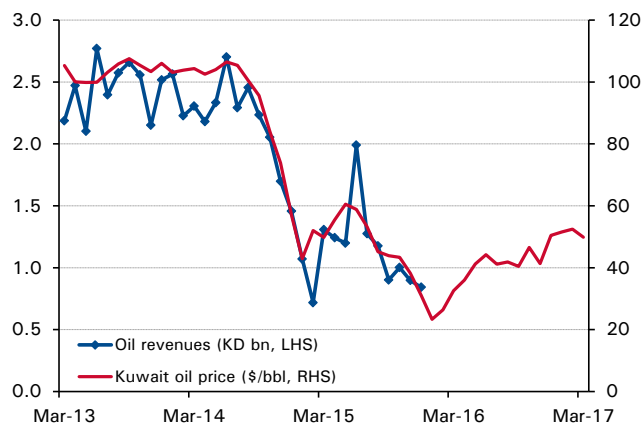
(million barrels per day)



Oil output remained at a reduced level in March, averaging 2.7 million barrels per day in line with Kuwait's OPEC commitment.

Source: OPEC

Oil price and monthly oil revenues

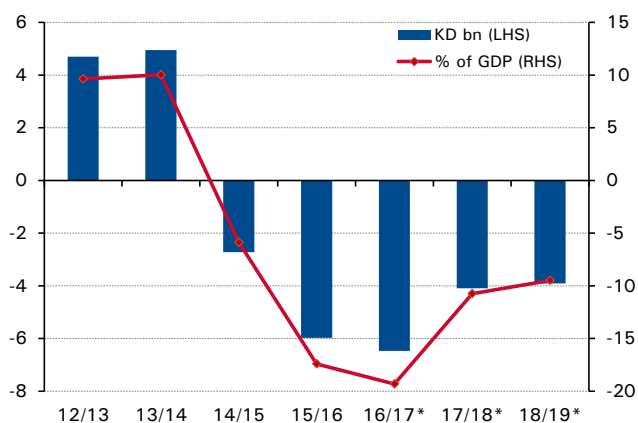


Oil prices slipped slightly in March, with Kuwait's crude price averaging \$49.9 per barrel during the month.

Source: Ministry of Finance, Kuwait Petroleum Corporation

Budget balance

(after payment to the Future Generations Fund)

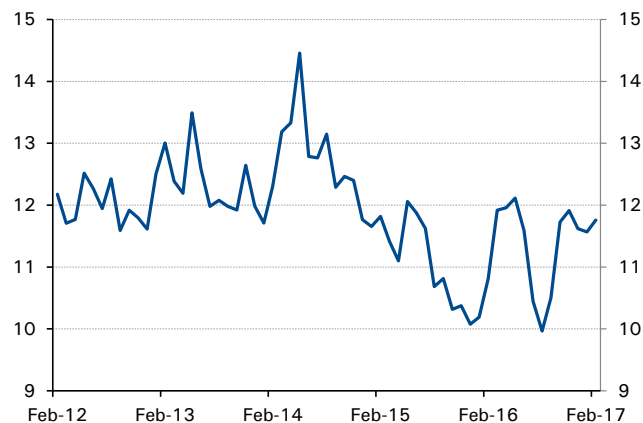


Kuwait likely registered a deficit of KD 6.5 billion in FY16/17 (19% of GDP); it is seen narrowing to 11% in FY17/18.

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

Central bank reserves

(months of imports)

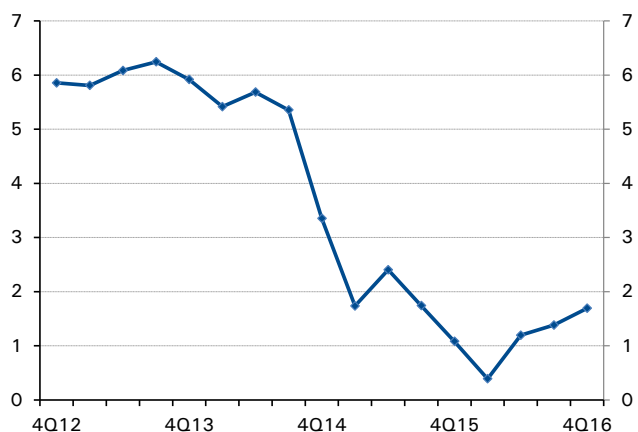


Foreign reserves were mostly steady in February at an estimated 11.8 months of imports.

Source: Central Bank of Kuwait, NBK estimates

Trade balance

(KD billion)

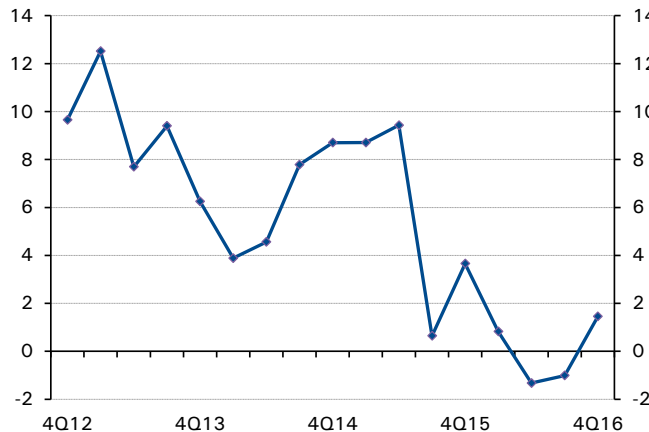


The trade surplus improved slightly in 4Q16 as oil prices continued to move up; the surplus rose to KD 1.7 billion.

Source: Central Statistical Bureau

Imports growth

(% y/y)

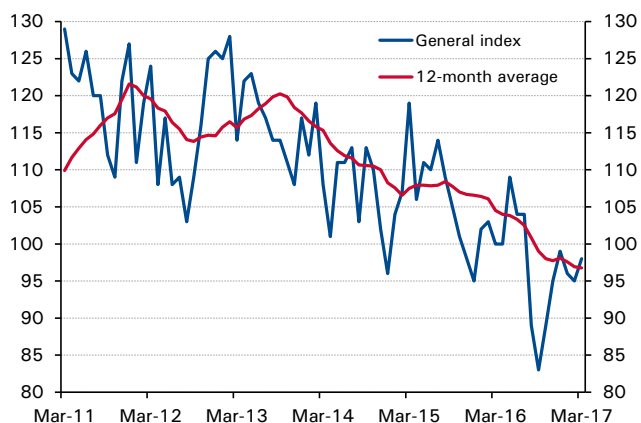


Import growth improved in 4Q16, though at 1.5% y/y growth remained weak thanks to a decline in consumer goods imports.

Source: Central Statistical Bureau

Consumer confidence

(index)

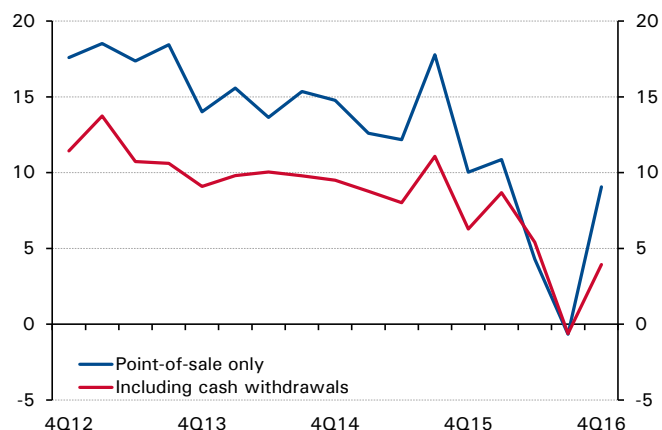


Consumer confidence improved slightly in March, with the Ara consumer confidence index rising to 98.

Source: Ara Research & Consultancy

Card transactions

(% y/y)

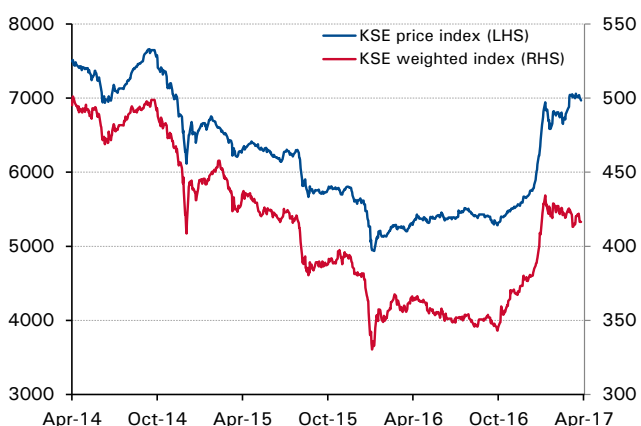


Consumer's POS spending growth bounced back to 9.1% y/y in 4Q16 following an exceptionally weak figure in 3Q16.

Source: Central Bank of Kuwait

Stock market

(index)

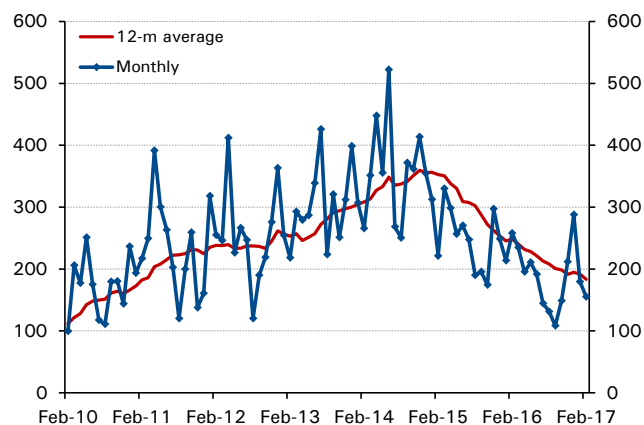


The equity rally appeared to lose steam, but held on to most gains. The weighted index was up 9.6% ytd through 13 April.

Source: Boursa Kuwait, Thomson Reuters Datastream

Real estate sales

(KD million)

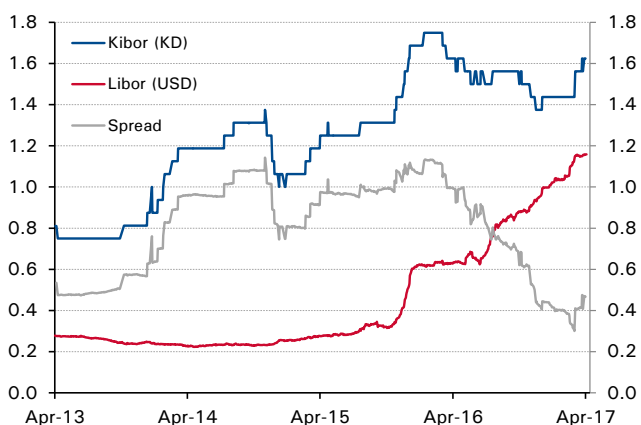


Real estate sales remained weak, coming in at KD 155 million in February, though prices continued to hold.

Source: Ministry of Justice

Interbank rates

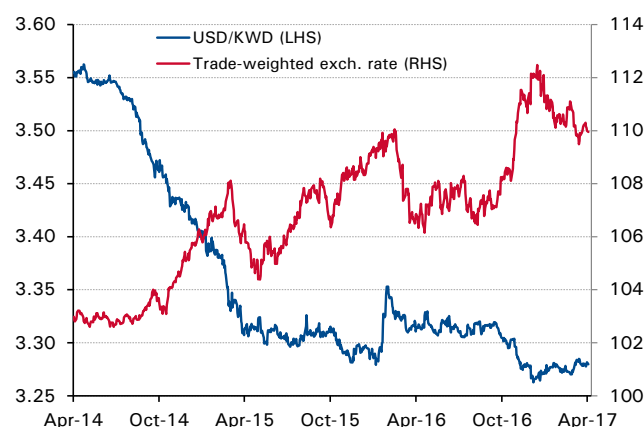
(%, 3-month)



Interbank rates have been mostly steady since the CBK's mid-March rate hike; the 3-month Kibor stood at 1.625%.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

Exchange rate



The dinar index has declined by 1.8% thus far in 2017 through 13 April, but was mostly steady against the USD.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

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