

Macroeconomy

> Nembr Kanafani

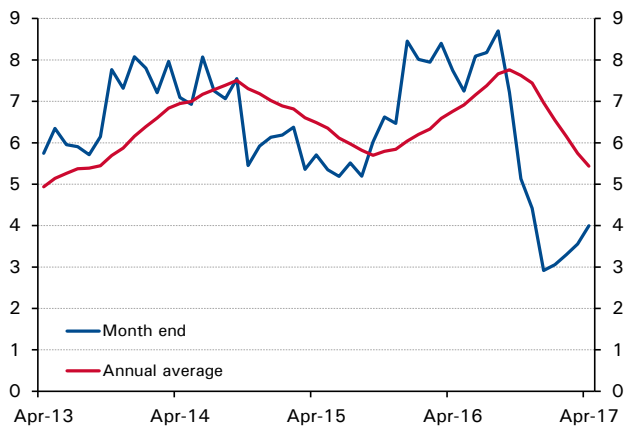
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Kuwait: Credit growth rose to 4%; CBK kept key rate unchanged; imports rose

- Credit growth improved to 4.0% y/y in April despite a flat month.
- Money supply (M2) growth was steady at 0.9% y/y in April despite a decline in deposits during the month.
- Inflation was steady at 2.7% y/y in May; a cooler real estate market has reduced pressures on housing rent.
- Oil prices slipped slightly in May, with Kuwait's crude price averaging \$47.8 per barrel during the month.
- Imports soared in 1Q17, rising by 11% y/y as the decline in consumer imports moderated.
- Consumer confidence slipped in May, as the Ara index fell to 99.
- Equity prices were mostly steady in May and June; the weighted index was up 7.3% ytd through 20 June.
- Interbank rates rose 6 bps after the CBK kept its discount rate unchanged while raising the repo rate by 25 bps.

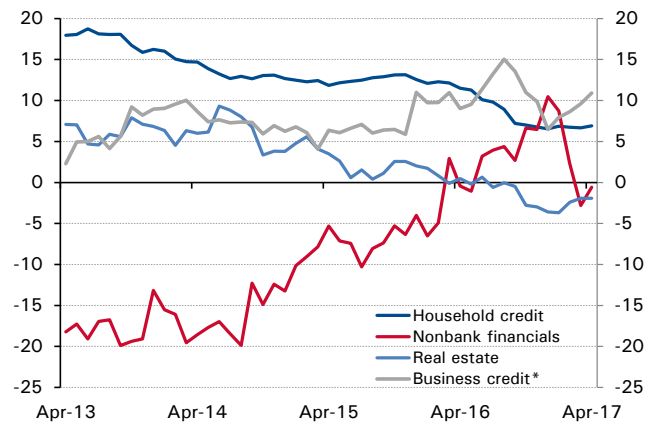
Private credit
(% y/y)



Credit growth improved to 4.0% y/y in April despite a flat month.

Source: Central Bank of Kuwait

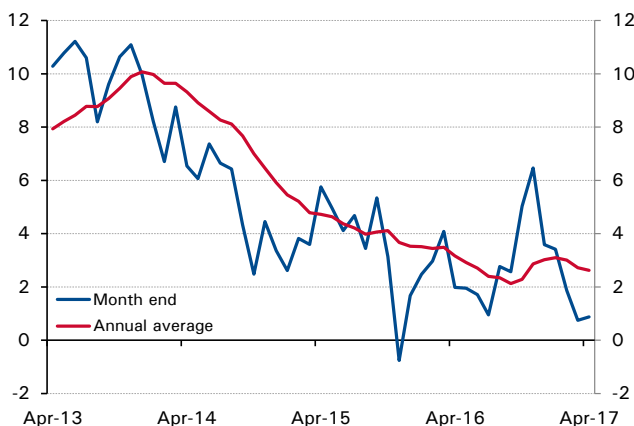
Credit by sector
(% y/y)



Growth in credit to the "productive" business sector remained robust at 11% y/y in April.

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

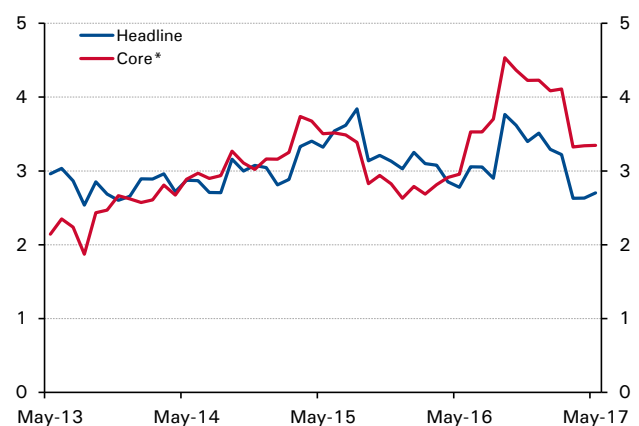
Money supply (M2)
(% y/y)



Money supply (M2) growth was steady at 0.9% y/y in April despite a decline in deposits during the month.

Source: Central Bank of Kuwait

Consumer price inflation
(% y/y)

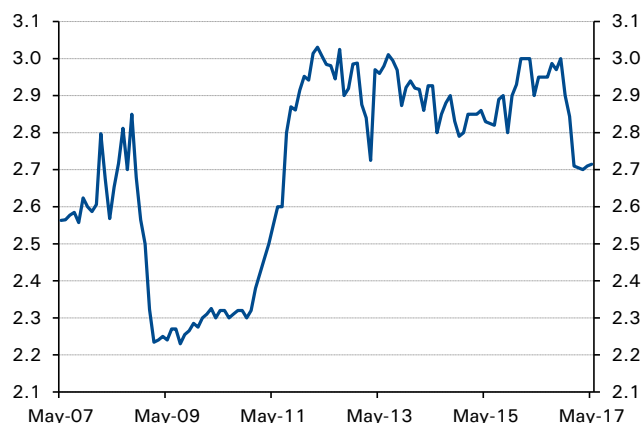


Inflation was steady at 2.7% y/y in May; a cooler real estate market has reduced pressures on housing rent in recent months.

Source: Central Statistical Bureau; *NBK estimates

Crude oil production

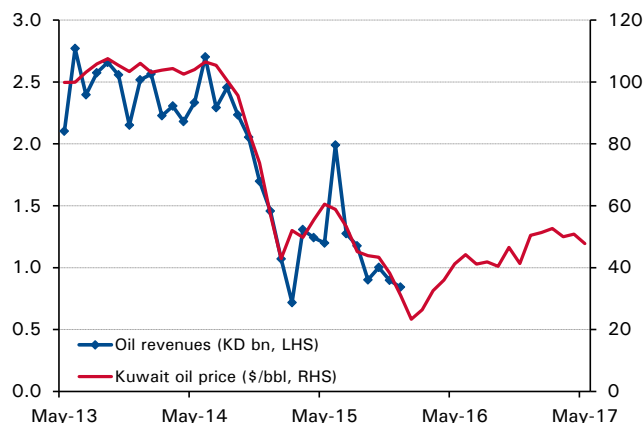
(million barrels per day)



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

Source: OPEC

Oil price and monthly oil revenues

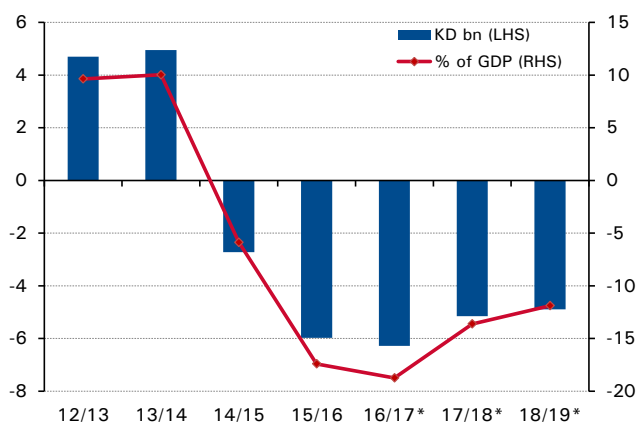


Oil prices slipped slightly in May, with Kuwait's crude price averaging \$47.8 per barrel during the month.

Source: Ministry of Finance, Kuwait Petroleum Corporation

Budget balance

(after payment to the Future Generations Fund)

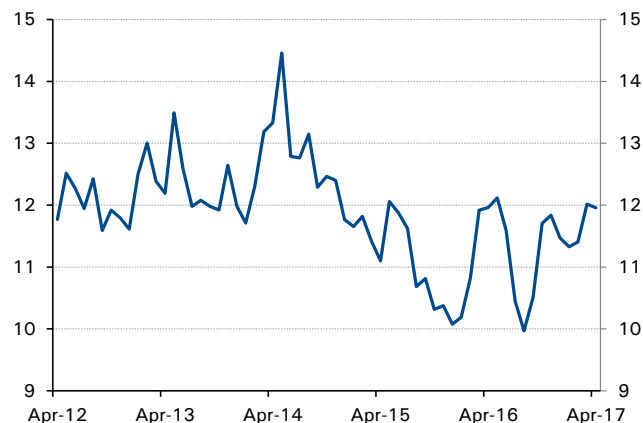


Kuwait is likely to have registered a deficit of KD 6.3 billion in FY16/17 (19% of GDP); it should narrow to 14% in FY17/18.

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

Central bank reserves

(months of imports)

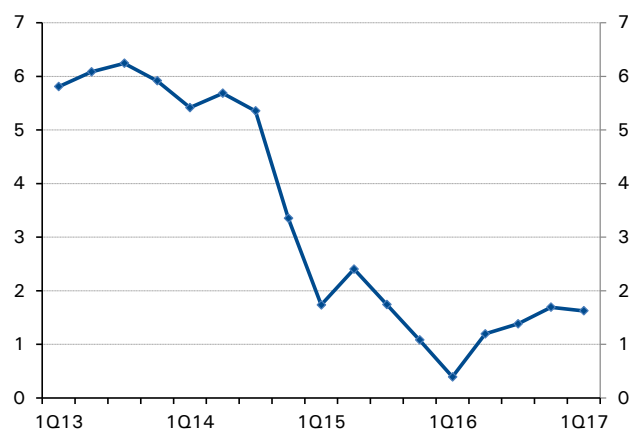


CBK reserves were steady in April at KD 9.5 billion, or an estimated 12 months of imports.

Source: Central Bank of Kuwait, NBK estimates

Trade balance

(KD billion)

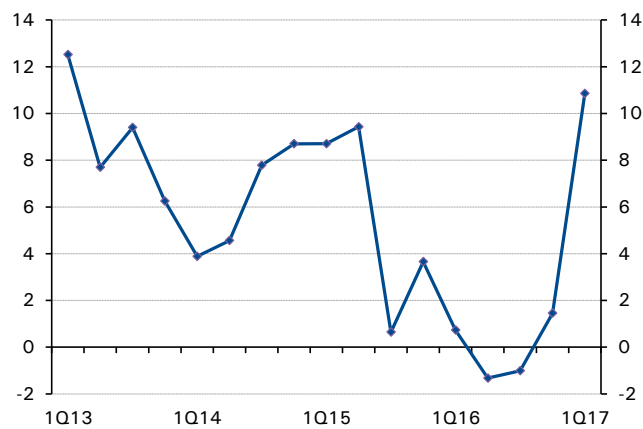


The trade surplus was steady at KD 1.6 billion in 1Q17 despite better oil prices as OPEC cuts reduced crude exports.

Source: Central Statistical Bureau

Imports growth

(% y/y)

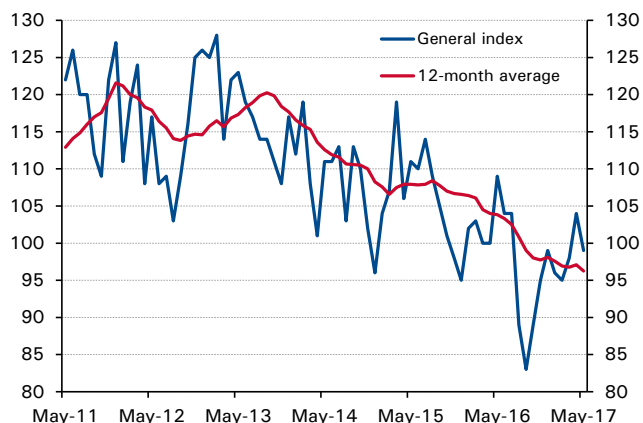


Imports soared in 1Q17, rising by 11% y/y as the decline in consumer imports moderated.

Source: Central Statistical Bureau

Consumer confidence

(index)

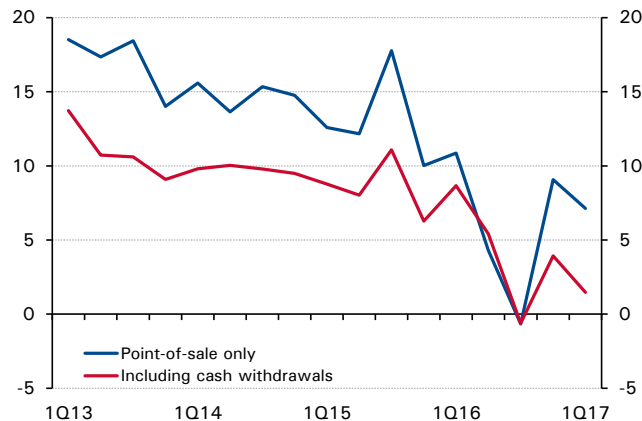


Consumer confidence slipped in May, as the Ara index fell to 99.

Source: Ara Research & Consultancy

Card transactions

(% y/y)

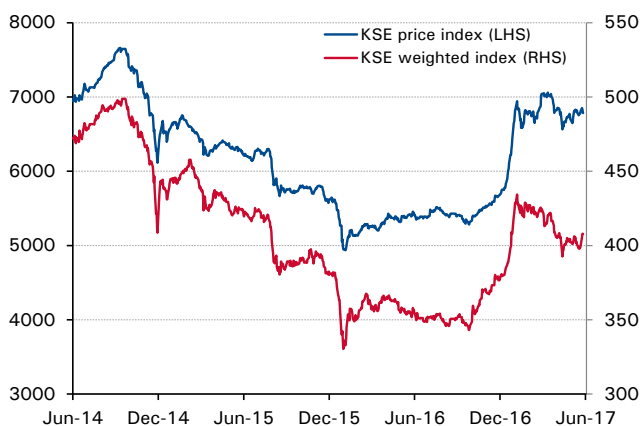


Consumers' card spending (POS) continued to show easing growth, which fell to 7.1% y/y in 1Q17.

Source: Central Bank of Kuwait

Stock market

(index)

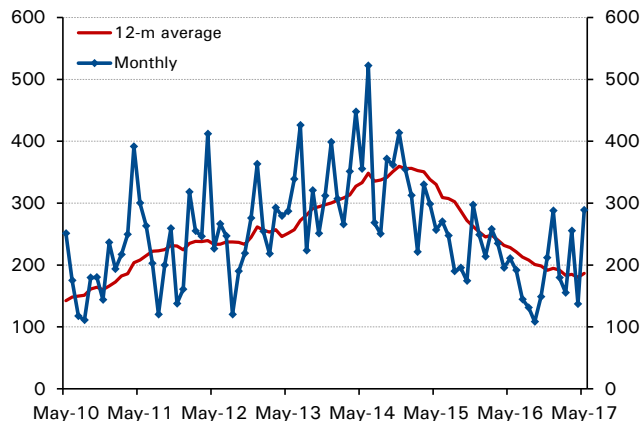


Equity prices were mostly steady in May and June, as the weighted index held on to a gain of 7.3% ytd through 20 June.

Source: Boursa Kuwait, Thomson Reuters Datastream

Real estate sales

(KD million)

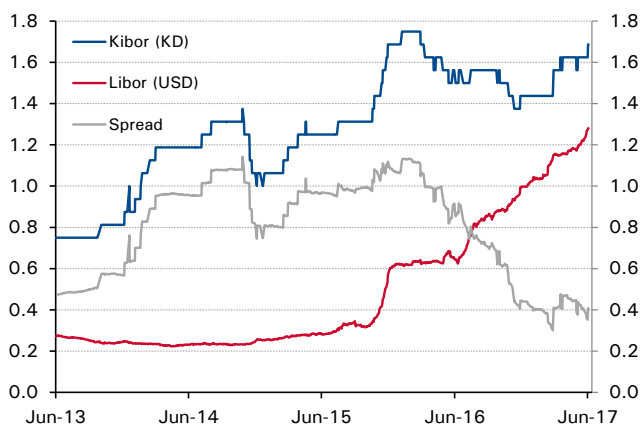


Real estate sales were exceptionally strong again in May, coming in at KD 289 million; prices continued to hold.

Source: Ministry of Justice

Interbank rates

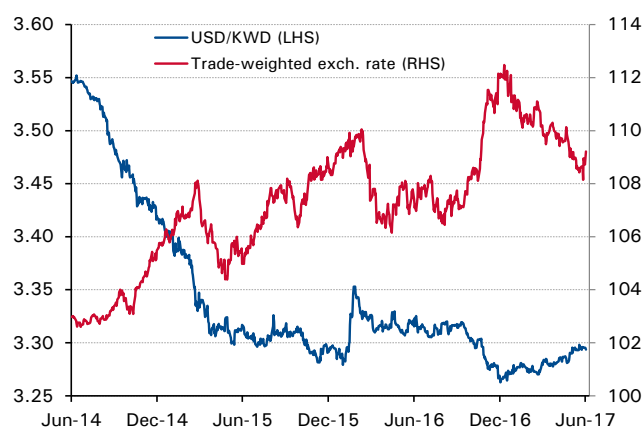
(%, 3-month)



Interbank rates rose 6 bps after the CBK kept its discount rate unchanged while raising its overnight repo rate by 25 bps.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

Exchange rate



The trade-weighted value of the dinar continued to ease as the dollar slipped; the index was down 2.4% ytd through 20 June.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

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