

Foreign trade

Kuwait: Trade surplus steady in 1Q17; up fourfold from a year ago

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Kuwait's trade surplus was steady in 1Q17, holding on to strong gains from a year ago thanks to an improvement in the price of oil.

The trade surplus was steady from the last quarter despite a jump in imports, after oil export revenues stabilized. (Chart 1.) The surplus, at KD 1.6 billion, is expected to expand somewhat in the near- to medium-term as oil earnings gather pace on the back of some improvement in oil prices. The average price continued to edge upwards in 2Q17, and is slated to continue to do so, especially after OPEC and non-OPEC producers decided to extend production cuts through 1Q18.

Oil export revenues held steady, even as the price of Kuwait export crude (KEC) rose thanks to lower output in line with the OPEC agreement (Chart 2). Oil revenues, at KD 3.7 billion in 1Q17, were steady as a higher price of oil was offset by a decline in Kuwait's oil production. The price of KEC was up 12% quarter-on-quarter (q/q) while production was off by 5%.

Non-oil export earnings jumped to a multi-quarter high in 1Q17 mainly on stronger ethylene prices. Non-oil export revenues rose by 37% year-on-year (y/y) in 1Q17, after ethylene prices rose by 29% y/y during the same period. Non-oil export earnings are expected to pick up further in the second quarter, on the back of still higher ethylene prices.

Imports soared by a healthy 11% y/y in 1Q17 as capital goods imports continued to witness solid gains and the drop in consumer goods imports moderated (Chart 3). Growth in capital goods imports held strong at 16% y/y in 1Q17, as did growth in industrial supply imports which came in at 20% y/y during the same period. The strong growth in these segments is a reflection of the improved implementation of the government development projects.

Consumer goods imports appeared to stabilize in early 2017 following a contraction driven by a slowing consumer sector. Consumer imports saw a small 0.2% y/y decline, thanks to a rebound in food & beverage imports and as passenger motor car imports fell at a slower pace.

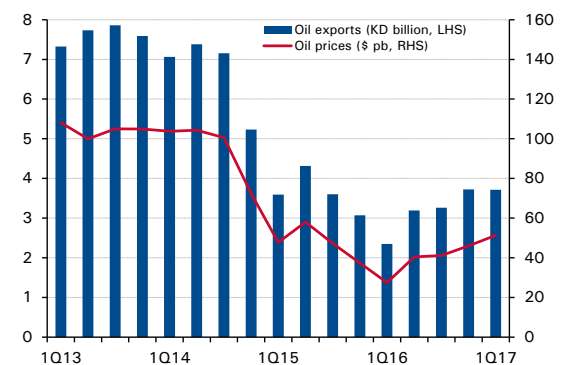
Chart 1: Balance of trade in goods

(KD billion)



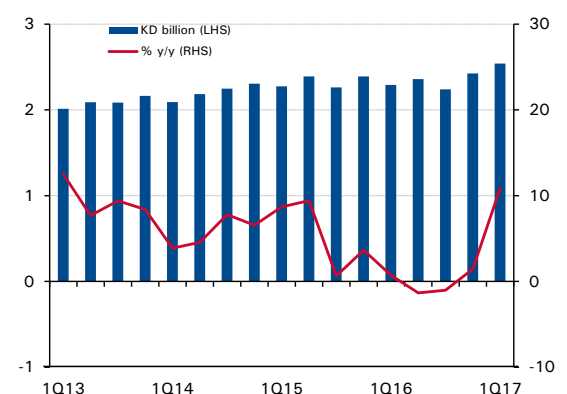
Source: Central Statistical Bureau

Chart 2: Oil exports



Source: Central Statistical Bureau, Kuwait Petroleum Corporation

Chart 3: Imports



Source: Central Statistical Bureau

Table 1: Foreign trade

(KD million)

	3Q16	4Q16	1Q17	change	
				KD mn q/q	% y/y
Total exports	3,622	4,118	4,165	47	55.2
Oil	3,262	3,724	3,715	-8	58.1
Non-oil	258	250	308	58	37.2
Re-exports	101	144	141	-3	29.7
Imports	2,239	2,424	2,539	115	10.9
Capital goods	436	470	535	65	15.9
Trade balance	1,383	1,693	1,625	-68	...

Source: Central Statistical Bureau

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