

Macroeconomy

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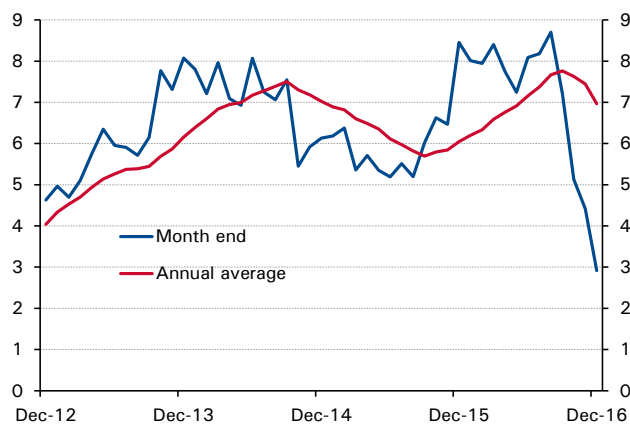
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Kuwait: Equities corrected in Feb; POS spending bounced back in 4Q16

- 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.

Private credit

(% y/y)

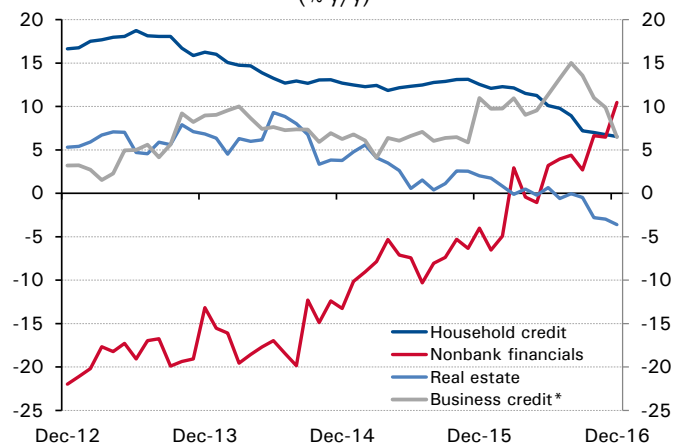


Credit growth slowed to 2.9% y/y in Dec. thanks to a large repayment in Oct. and base effects; the 2016 average was 7%.

Source: Central Bank of Kuwait

Credit by sector

(% y/y)

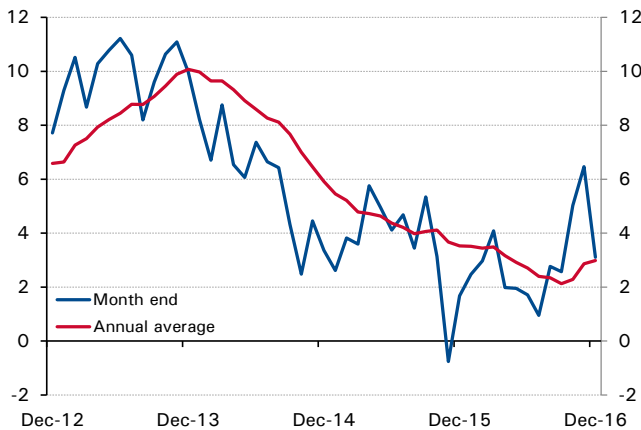


Business credit growth slowed to 6.5% y/y as lending to real estate contracted by 3.6% y/y; nonbank lending improved.

Source: Central Bank of Kuwait; * excl. loans to real estate, nonbanks, and purchase of securities

Money supply (M2)

(% y/y)

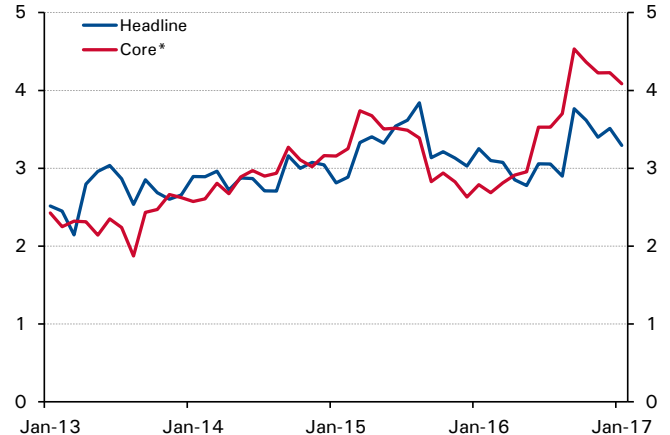


Money supply growth eased to 3.1% y/y in December, following a jump in growth in November due to base effects.

Source: Central Bank of Kuwait

Consumer price inflation

(% y/y)

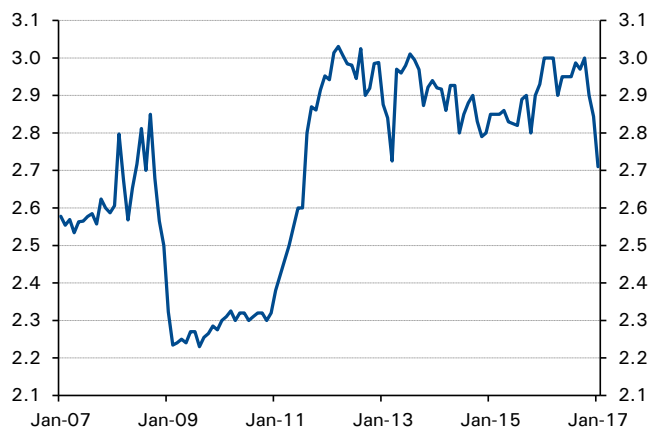


Inflation eased to 3.3% y/y in Jan, as weak food price inflation softened the impact of Sept's fuel price hikes.

Source: Central Statistical Bureau; *NBK estimates

Crude oil production

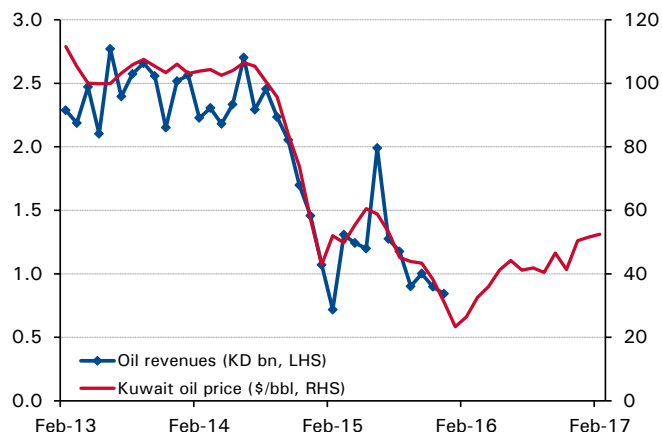
(million barrels per day)



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

Source: OPEC

Oil price and monthly oil revenues

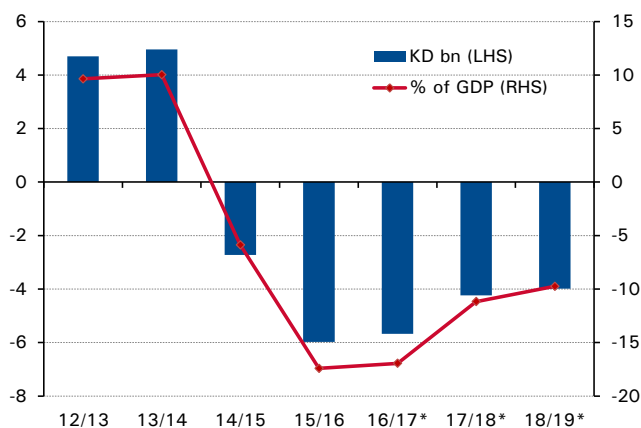


Oil prices held on to gains made after the OPEC decision, with Kuwait's crude price averaging \$52.5 per barrel in February.

Source: Ministry of Finance, Kuwait Petroleum Corporation

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.

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

Central bank reserves

(months of imports)

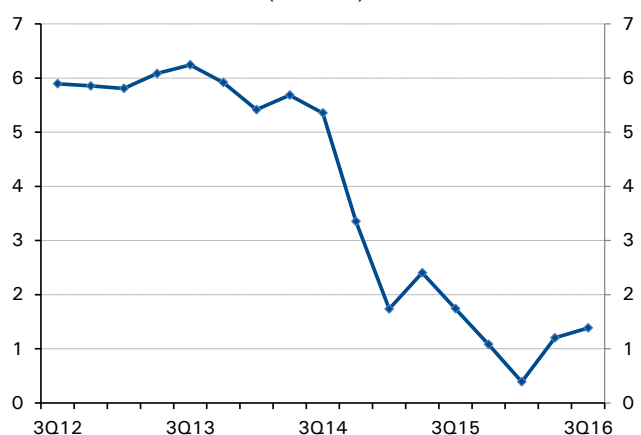


Foreign reserves were mostly steady in December at an estimated 11.6 months of imports.

Source: Central Bank of Kuwait, NBK estimates

Trade balance

(KD billion)

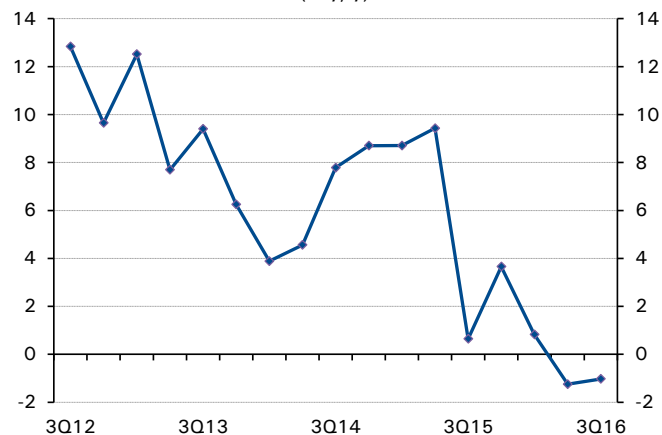


The trade surplus improved slightly in 3Q16 as oil prices continued to move up; the surplus rose to KD 1.4 billion.

Source: Central Statistical Bureau

Imports growth

(% y/y)

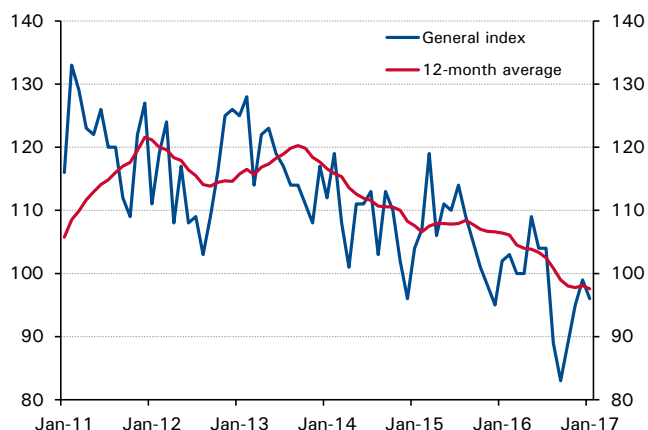


Imports shrank by 1% y/y in 3Q16, with most of the weakness coming from imports of consumer goods.

Source: Central Statistical Bureau

Consumer confidence

(index)

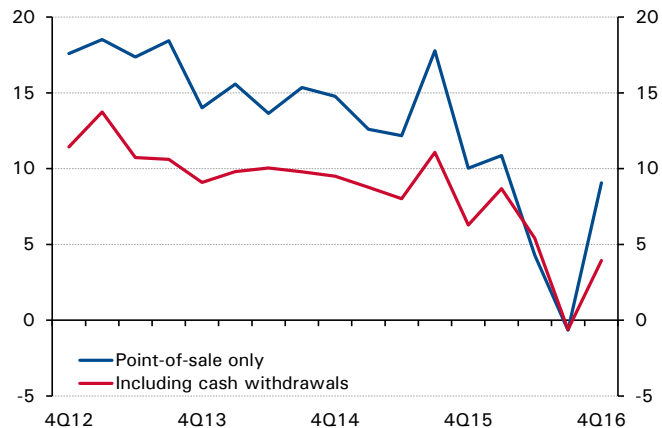


Consumer confidence inched lower in January, with the Ara index declining to 96.

Source: Ara Research & Consultancy

Card transactions

(% y/y)

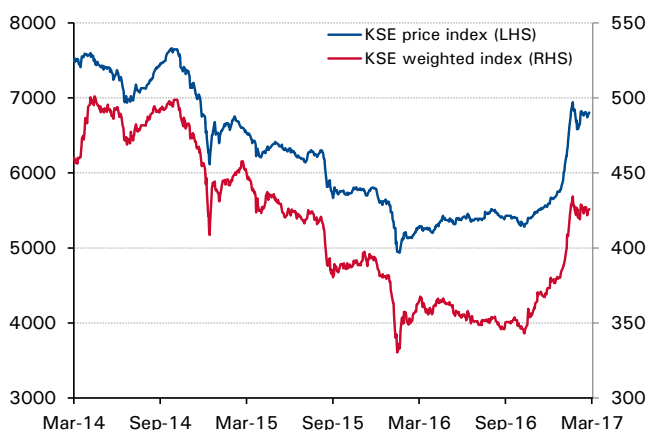


Consumer's POS spending growth bounced back to 9.1% y/y in 4Q16 following an exceptionally weak figure in 3Q16.

Source: Central Bank of Kuwait

Stock market

(index)

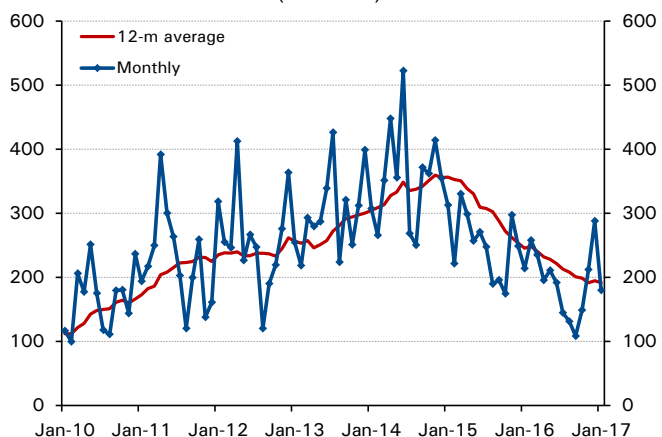


Equities corrected slightly in February following healthy gains since Oct-16. The index was still up 11.6% year-to-date.

Source: Thomson Reuters Datastream

Real estate sales

(KD million)

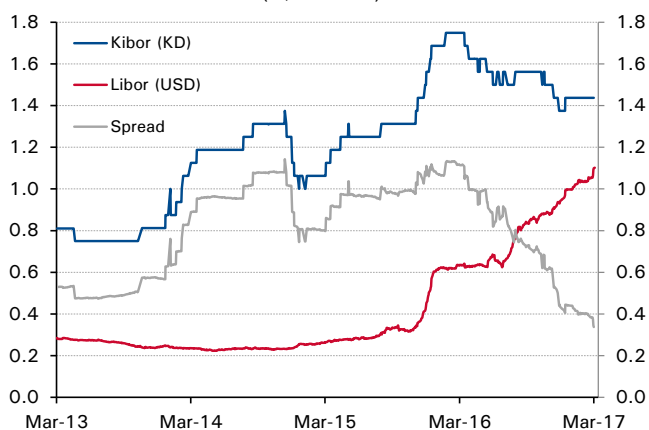


Real estate sales fell to KD 180 million in January, following a strong December; sales continued to contract by 16% y/y.

Source: Ministry of Justice

Interbank rates

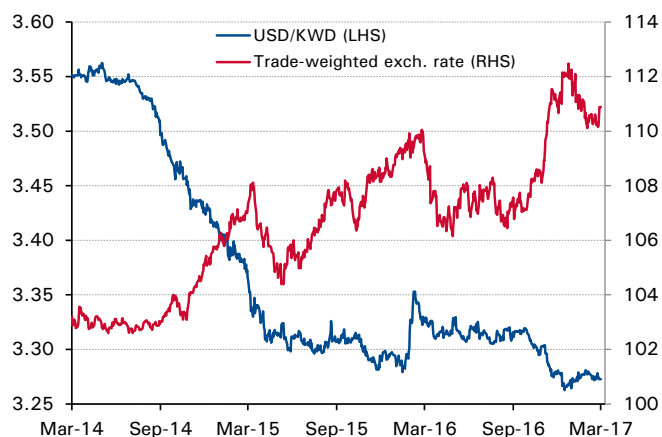
(%, 3-month)



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

Exchange rate



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

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