

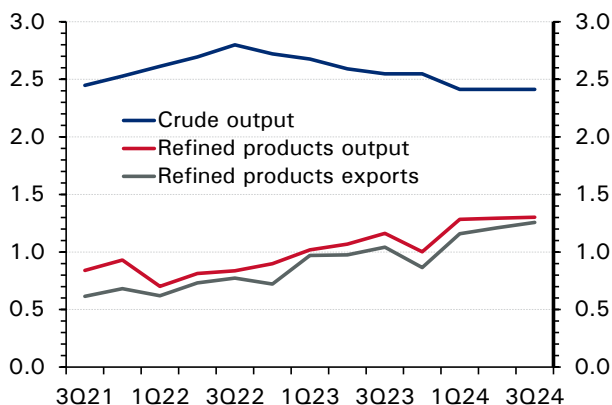
Daily Economic Update

Economic Research Department
14 January 2025

Kuwait: Production and exports of refined oil products reach all-time high in Q3 2024. Kuwait's production of refined petroleum products surged to an all-time high of 1.3 mb/d (average) in Q3 (0.6% q/q; 12% y/y), notching up a third consecutive quarterly increase. The ramping up of refining activities has been made possible by the commissioning in 2022 of the 615 kb/d Al-Zour refinery, the largest in the Middle East and which, together with the Mina Abdallah and Mina Ahmadi refineries, refurbished as part of the 800 kb/d Clean Fuels Project, helped Kuwait realize a total refining capacity of 1.4 mb/d, second only to Saudi Arabia in the Middle East. Al-Zour reached full capacity in February 2024, according to S&P Global. Gasoil and low sulphur fuel oil, used in transportation and power generation, are the refinery's largest two products by volume. While gasoil/diesel is almost entirely exported, about half of the total fuel oil output is directed towards domestic power plants. Exports of refined products similarly set a new record in Q3, topping 1.25 mb/d on average (3.8% q/q; 20.6% y/y). After gasoil, kerosene, naptha and fuel oil are the main exports to international markets. The completion of the refinery upgrades has allowed state operator KPC to both move up the value chain with products that are cleaner and higher specification and be more attuned to market conditions in its export offerings, whether crude or refined products. Also impressive is the fact that gains have come while Kuwait's production of crude – feedstock for its refineries – has declined, constrained due to the country's OPEC+ obligations.

Chart 1: Kuwait oil production & exports

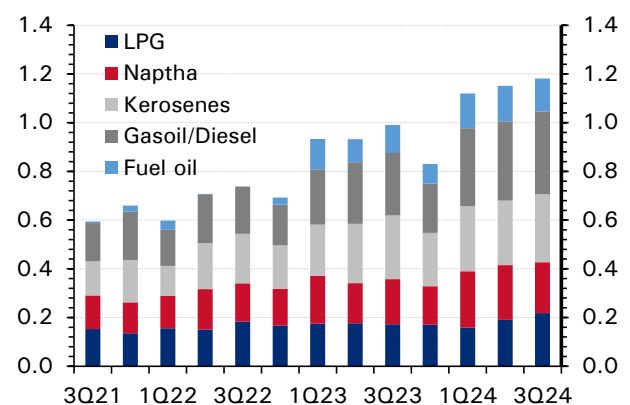
(mb/d)



Source: JODI

Chart 2: Kuwait exports of refined products*

(mb/d)



Source: JODI * shows largest product groups only

Saudi Arabia: Aramco signs MOUs worth \$9 billion. Saudi Aramco has obtained 145 agreements and memoranda of understanding valued at roughly \$9 billion during the opening day of the In-Kingdom Total Value Add Forum (IKTVA) and Exhibition 2025. These agreements are expected to promote the localization of products and services within Saudi Arabia, improving local content in the supply chain and encouraging collaboration.

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The agreements correspond with the fundamental goals of IKTVA, which seek to improve supply chain efficiency and increase value throughout Saudi Aramco's operations. By promoting local content, the initiative contributes to the growth of a more diverse and competitive energy sector while helping to achieve the strategic objective of sourcing 70% of procurement expenditures domestically, thereby supporting local enterprises.

US: Consumers' inflation expectations and employment outlook mixed. According to a New York Fed survey, consumers' expectations for next year's inflation were steady at 3% in December but fell for the five-year horizon to 2.7% from 2.9% in November. The perception about employment prospects was also mixed, with fewer respondents expecting layoffs and voluntary quits over the next year but more seeing their chances of finding a new job reduced if made redundant. Meanwhile, views on household finances worsened from November, with the perceived probability of missing a minimum debt payment over the next three months rising and more households expecting lower income growth and tightening access to credit over the next year. Consumers' inflation expectations in the New York Fed survey are more moderate than the previously reported University of Michigan survey, which saw both next-year and five-year inflation expectations rising steeply on tariff worries. Post-election consumer surveys appear to have been influenced by respondents' own political leanings, with better optimism amongst Republicans but more downbeat views amongst Democrats.

Daily market indicators

Stock markets	Index	Change (%)	
		Daily	YTD
Regional			
Abu Dhabi (ADI)	9,459	-0.38	0.43
Bahrain (ASI)	1,919	-2.57	-3.35
Dubai (DFMGI)	5,233	0.08	1.43
Egypt (EGX 30)	28,556	-2.46	-3.98
GCC (S&P GCC 40)	723	-0.45	0.12
Kuwait (All Share)	7,484	-0.11	1.65
KSA (TASI)	12,110	-0.14	0.61
Oman (MSM 30)	4,597	-0.01	0.46
Qatar (QE Index)	10,220	-1.78	-3.32

International			
CSI 300	3,723	-0.27	-5.40
DAX	20,133	-0.41	1.12
DJIA	42,297	0.86	-0.58
Eurostoxx 50	4,954	-0.46	1.19
FTSE 100	8,224	-0.29	0.63
Nikkei 225	39,190	0.00	-1.77
S&P 500	5,836	0.16	-0.77

3m interbank rates	%	Change (bps)	
		Daily	YTD
Bahrain	5.71	0.00	2.05
Kuwait	3.94	0.00	0.00
Qatar	4.65	0.00	-2.50
UAE	4.39	1.22	-5.35
Saudi	5.41	0.29	-12.49
SOFR	4.29	-0.19	-1.81

Bond yields	%	Change (bps)	
		Daily	YTD
Regional			
Abu Dhabi 2027	5.01	11.00	27.0
Oman 2027	5.83	6.00	27.0
Qatar 2026	4.90	6.00	11.0
Kuwait 2027	5.05	4.00	8.0
Saudi 2028	5.30	4.00	22.0

International 10YR			
US Treasury	4.79	2.69	21.7
German Bund	2.59	2.30	22.9
UK Gilt	4.89	5.00	31.9
Japanese Gvt Bond	1.19	0.00	11.5

Exchange rates	Rate	Change (%)	
		Daily	YTD
KWD per USD	0.31	-0.06	0.15
KWD per EUR	0.32	0.06	-0.71
USD per EUR	1.02	0.00	-1.05
JPY per USD	157.47	-0.14	0.18
USD per GBP	1.22	-0.03	-2.49
EGP per USD	50.46	-0.10	-0.65

Commodities	\$/unit	Change (%)	
		Daily	YTD
Brent crude	81.01	1.57	8.53
KEC	82.31	5.59	8.60
WTI	78.82	2.94	9.90
Gold	2673.5	-1.29	1.68

Quoted prices/rates collected after close of last trading day (or are most recent available)

Source: LSEG / Haver