

Macroeconomy

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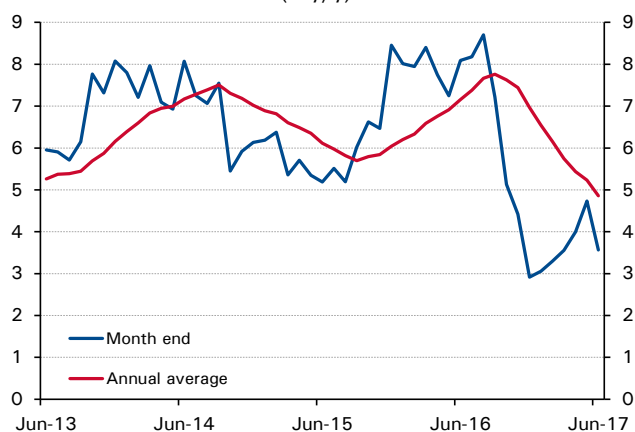
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Kuwait: Consumer spending growth at 9.1% y/y; equities higher in August

- Credit growth came in at 3.6% y/y in June; growth averaged an annualized 7.3% during the first half of 2017.
- Money supply (M2) growth remained subdued at 0.5% y/y in June, while M1 grew slightly better at 4.7% y/y.
- Oil prices firmed further in August, with Kuwait's crude price averaging \$48.8 per barrel during the month.
- Oil output was unchanged in July, as Kuwait stuck to the 2.7 million barrels per day agreed to with OPEC.
- Consumer confidence sustained its improving trend in July rising to 106 as the sector stabilized.
- Consumer spending appeared to stabilize with growth in card spending (POS) firming to 9.1% y/y in 2Q17.
- Equities maintained an upward trend in August on likelihood of a FTSE upgrade; the index was up 14% ytd.
- The dinar eased further as the USD weakened; the trade-weighted dinar index was down 5.1% ytd.

Private credit

(% y/y)

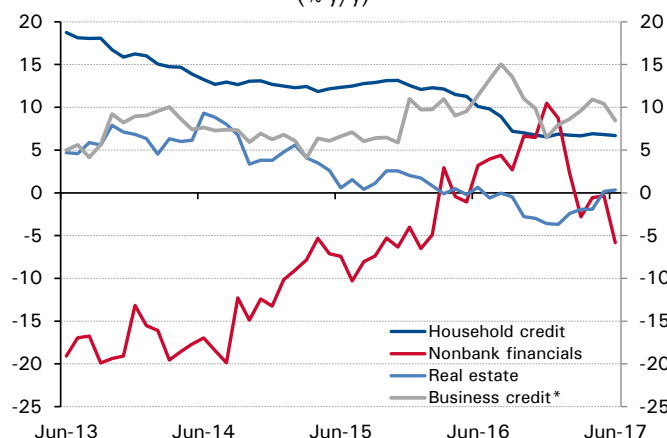


Credit growth came in at 3.6% y/y in June; growth averaged an annualized 7.3% during the first half of 2017.

Source: Central Bank of Kuwait

Credit by sector

(% y/y)

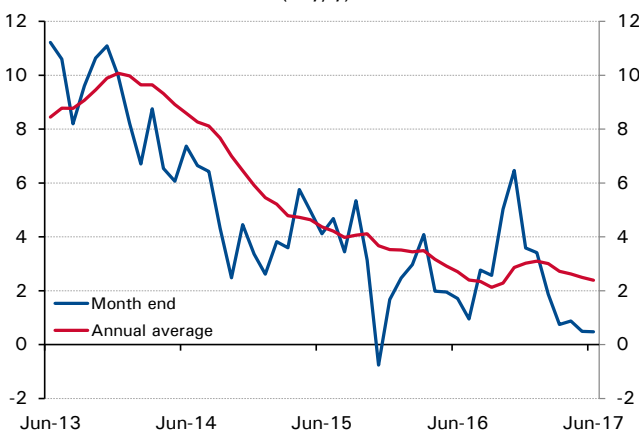


Growth in "productive" business credit remained robust at 8.4% y/y in June; household debt growth was steady at 6.7% y/y.

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

Money supply (M2)

(% y/y)

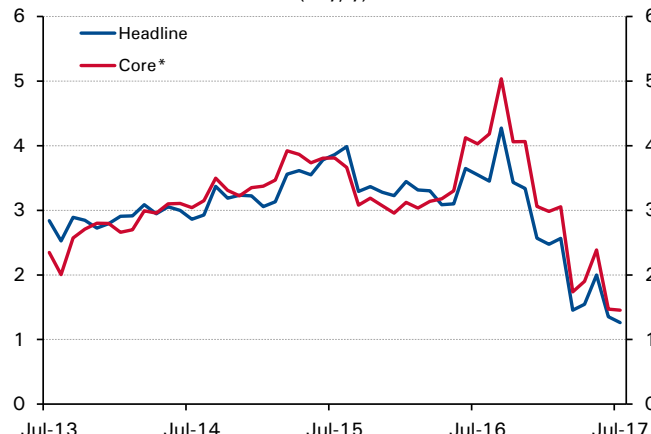


Money supply (M2) growth remained subdued at 0.5% y/y in June, while M1 grew slightly better at 4.7% y/y.

Source: Central Bank of Kuwait

Consumer price inflation

(% y/y)

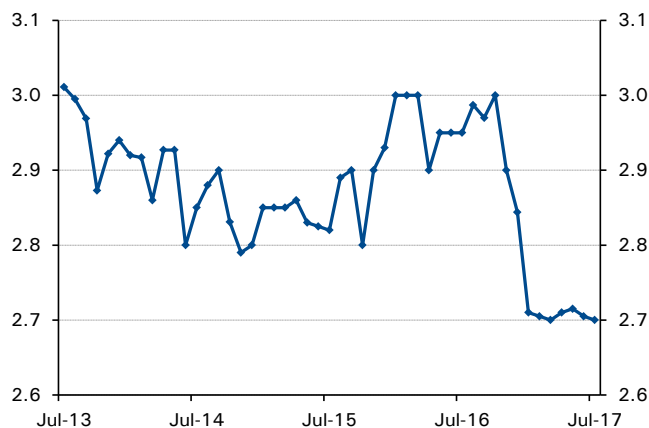


Inflation was steady at 1.3% y/y in July; pressures are likely to increase slightly in the coming months as utility prices are hiked.

Source: Central Statistical Bureau; *NBK estimates

Crude oil production

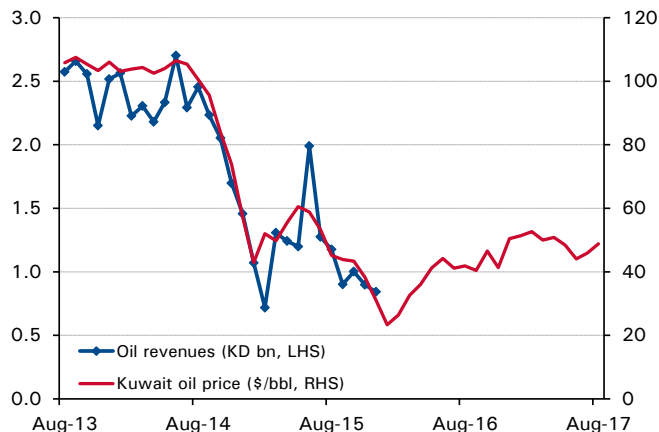
(million barrels per day)



Oil output was unchanged in July, as Kuwait stuck to the 2.7 million barrels per day average agreed to with OPEC.

Source: OPEC

Oil price and monthly oil revenues

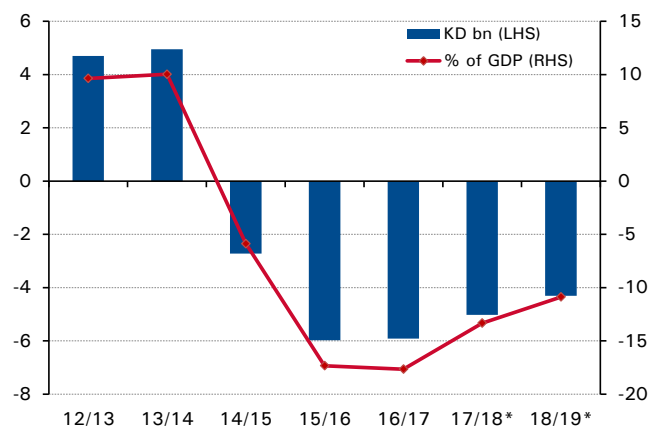


Oil prices firmed further in August, with Kuwait's crude price averaging \$48.8 per barrel during the month.

Source: Ministry of Finance, Kuwait Petroleum Corporation

Budget balance

(after payment to the Future Generations Fund)

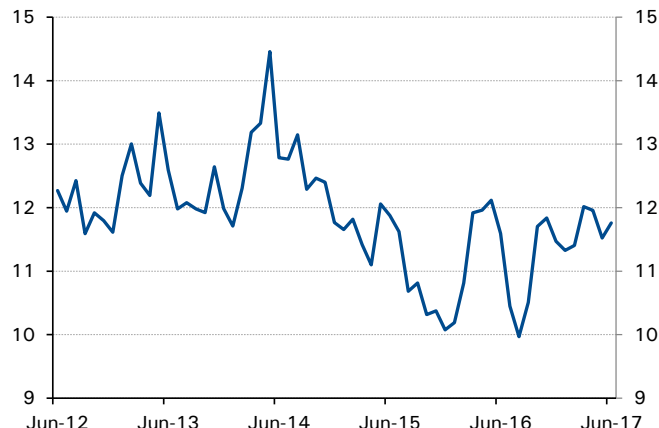


The deficit is expected to narrow to KD 5 billion (13% of GDP) in FY17/18 largely due to improving oil prices.

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

Central bank reserves

(months of imports)

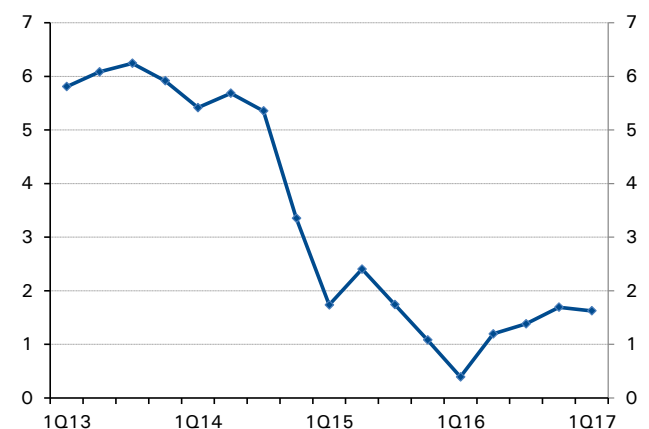


CBK reserves rose slightly in June to KD 9.5 billion, or an estimated 11.8 months of imports.

Source: Central Bank of Kuwait, NBK estimates

Trade balance

(KD billion)

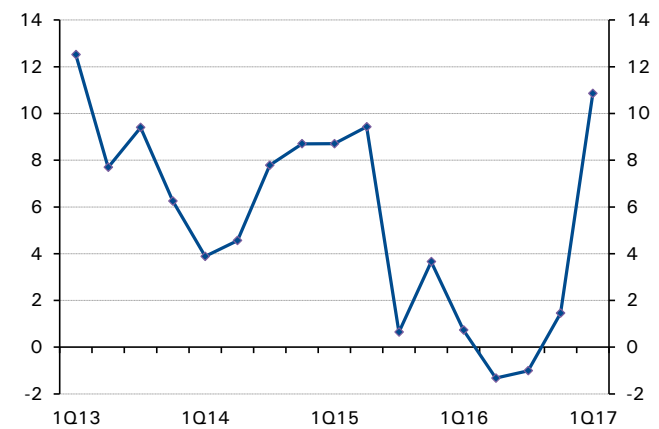


The trade surplus was steady at KD 1.6 billion in 1Q17 despite better oil prices as OPEC cuts reduced crude exports.

Source: Central Statistical Bureau

Imports growth

(% y/y)

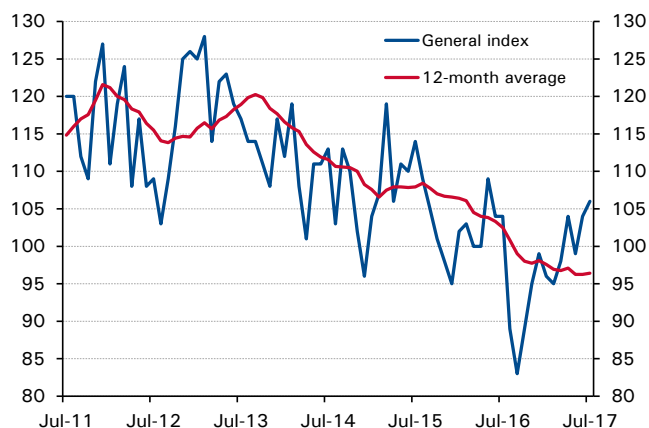


Imports soared in 1Q17, rising by 11% y/y as the decline in consumer imports moderated.

Source: Central Statistical Bureau

Consumer confidence

(index)

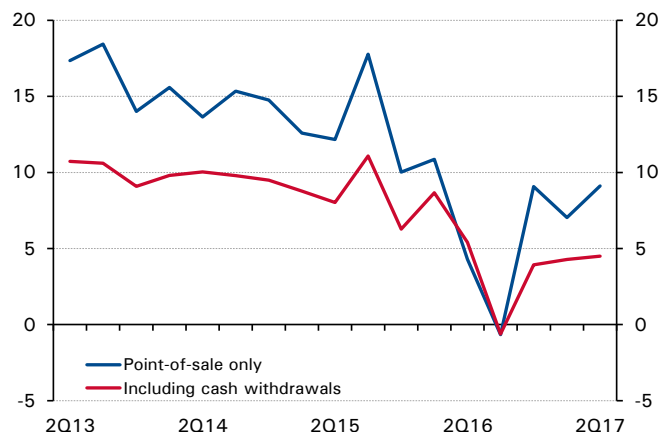


Consumer confidence sustained its improving trend in July rising to 106 as the sector stabilized.

Source: Ara Research & Consultancy

Card transactions

(% y/y)

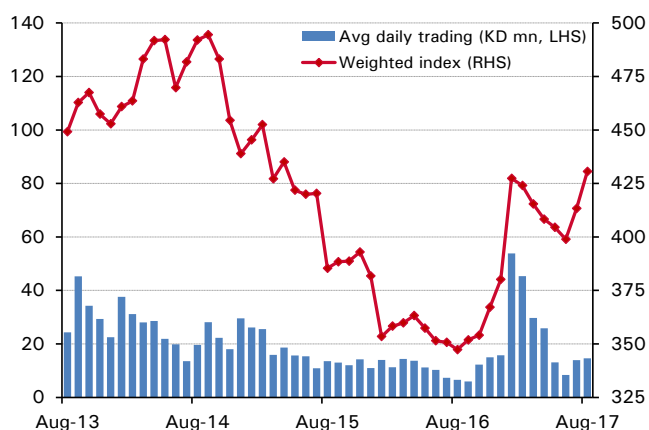


Consumer spending appeared to stabilize with growth in card spending (POS) firming to 9.1% y/y in 2Q17.

Source: Central Bank of Kuwait

Stock market

(index)

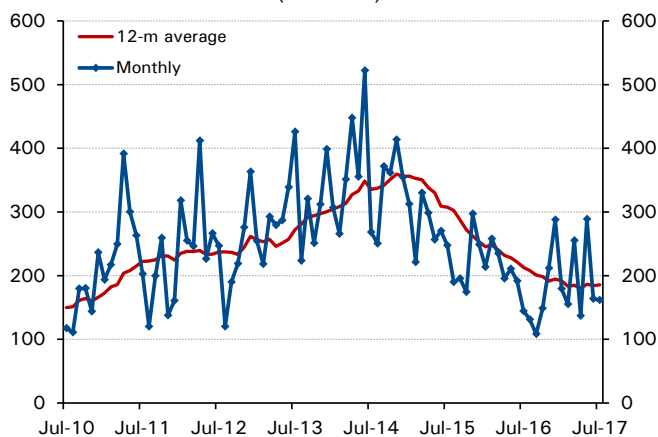


Equities maintained an upward trend in August on likelihood of a FTSE upgrade; the index was up 14% ytd (6 September).

Source: Boursa Kuwait, Thomson Reuters Datastream

Real estate sales

(KD million)

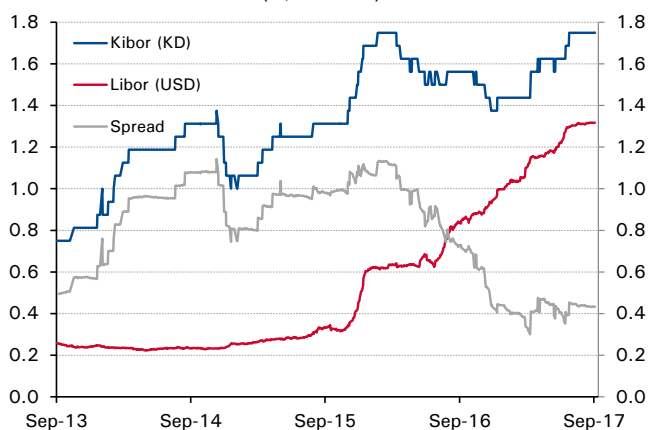


Real estate activity continued to improve, with sales in July up 12% y/y; prices also continued to show signs of stabilization.

Source: Ministry of Justice

Interbank rates

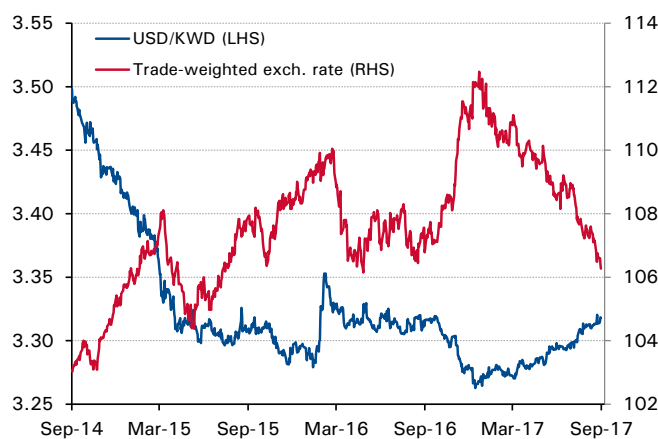
(%, 3-month)



Interbank rates were steady in August.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

Dinar exchange rate



The dinar eased further as the USD weakened; the trade-weighted dinar index was down 5.1% ytd through 6 September.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

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