

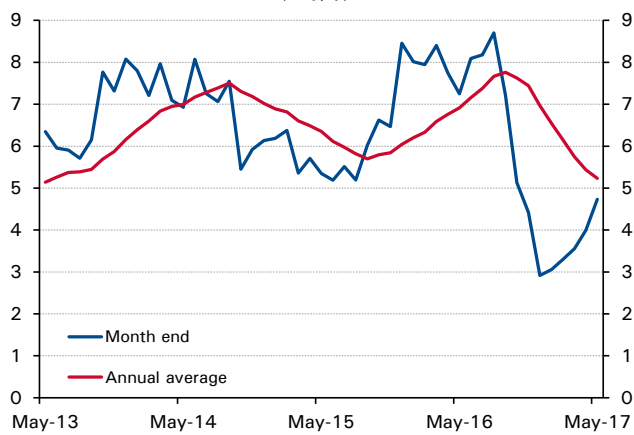
Macroeconomy

# Kuwait: Inflation slows to 1.4%; July oil price up; FY16/17 deficit at KD 5.9 bn

> Nembr Kanafani  
Senior Economist  
+965 2259 5365, nemrkanafani@nbk.com

- Inflation slowed to 1.4% in June as the CSB published revised data; softening housing inflation was the cause.
- The consumer confidence index improved to 104 in June, suggesting some stabilization in the sector.
- Oil prices firmed slightly in July, with Kuwait's crude price averaging \$45.9 per barrel during the month.
- A deficit of KD 5.9 billion (18% of GDP) was recorded in FY16/17 according to recent cabinet-approved figures.
- Stocks bounced back in July, boosted by good earnings; the index was up 10.5% ytd through 11 August.
- Real estate activity continued to improve; sales were up 12% y/y in July; prices have also been stable.
- Interbank rates have been steady in July and thus far in August.
- The dinar continued to ease on a weaker dollar; the trade-weighted dinar index was down 4.2% ytd.

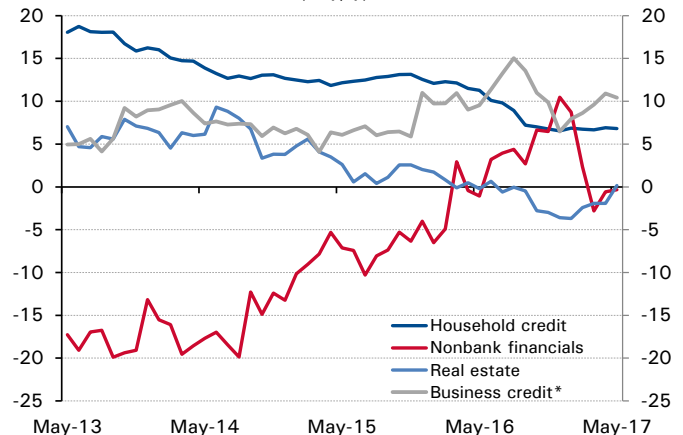
Private credit  
(% y/y)



Credit growth continued to improve accelerating to 4.7% y/y in May on a healthy monthly gain.

Source: Central Bank of Kuwait

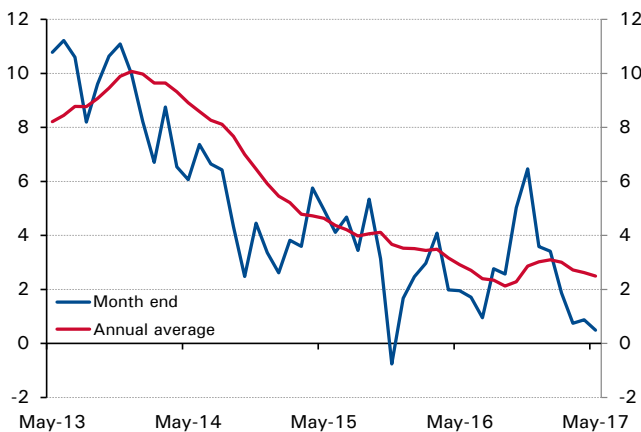
Credit by sector  
(% y/y)



Growth in credit to the "productive" business sector remained robust at 10.4% y/y in May.

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

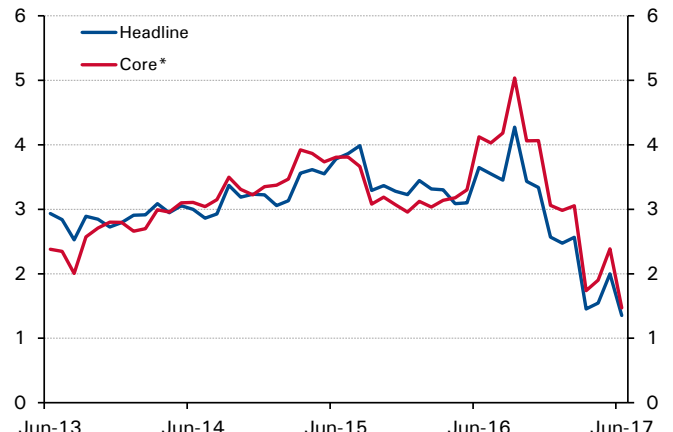
Money supply (M2)  
(% y/y)



Money supply (M2) growth remained subdued at 0.5% y/y in May though M1 growth has been stronger at 9.8% y/y.

Source: Central Bank of Kuwait

Consumer price inflation  
(% y/y)

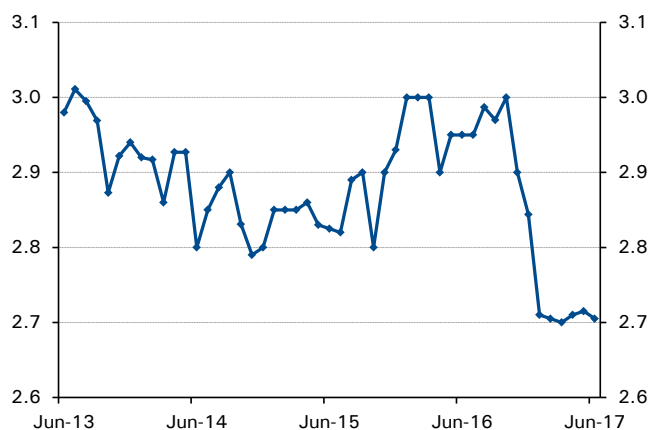


Inflation slowed to 1.4% y/y in June as the CSB published revised CPI data; declining housing rents brought inflation down.

Source: Central Statistical Bureau; \*NBK estimates

### Crude oil production

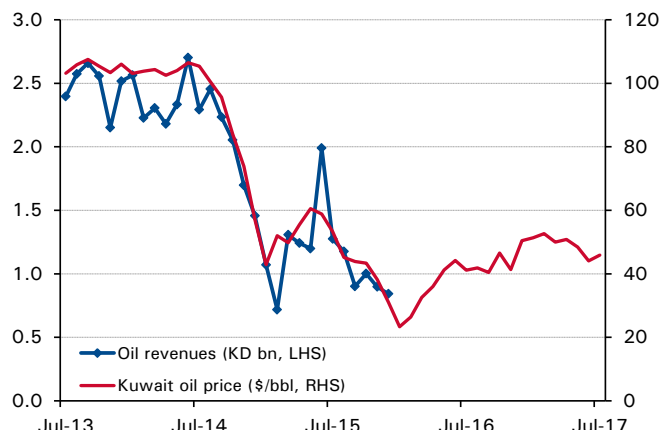
(million barrels per day)



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

Source: OPEC

### Oil price and monthly oil revenues

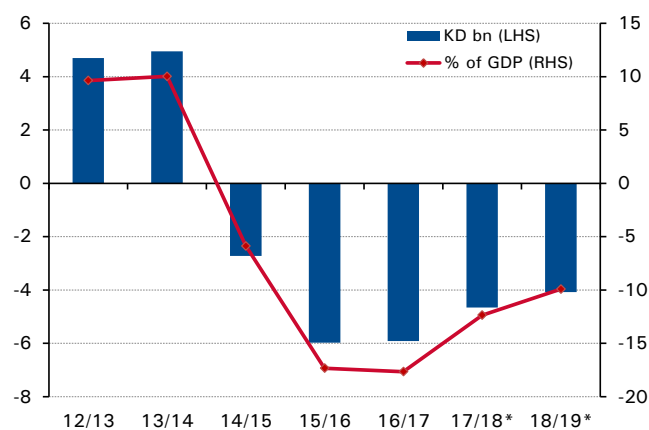


Oil prices firmed slightly in July, with Kuwait's crude price averaging \$45.9 per barrel during the month.

Source: Ministry of Finance, Kuwait Petroleum Corporation

### Budget balance

(after payment to the Future Generations Fund)



A deficit of KD 5.9 billion (18% of GDP) was recorded in FY16/17 according to recent cabinet-approved figures.

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

### Central bank reserves

(months of imports)

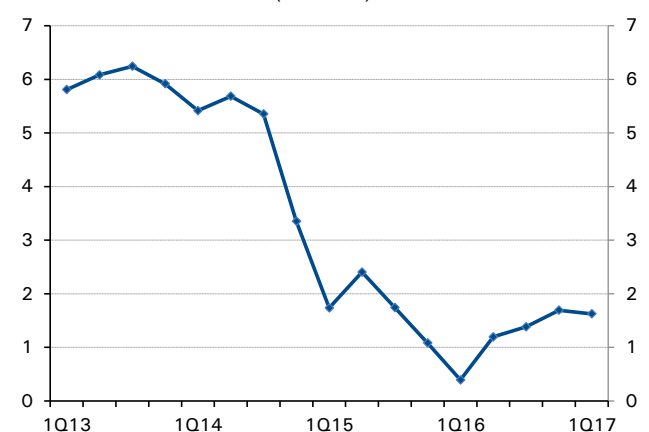


CBK reserves were steady in May at KD 9.2 billion, or an estimated 11.5 months of imports.

Source: Central Bank of Kuwait, NBK estimates

### Trade balance

(KD billion)

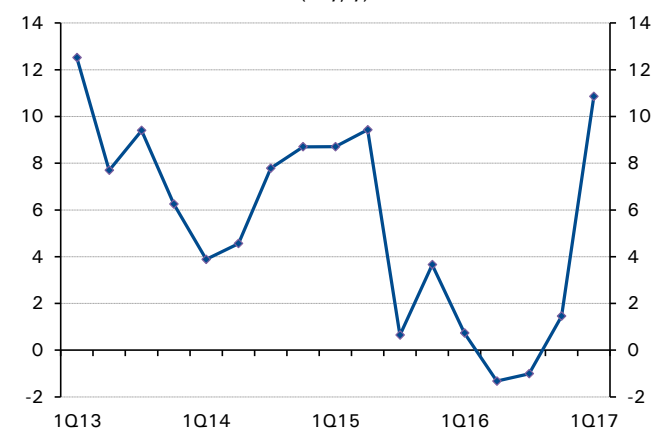


The trade surplus was steady at KD 1.6 billion in 1Q17 despite better oil prices as OPEC cuts reduced crude exports.

Source: Central Statistical Bureau

### Imports growth

(% y/y)

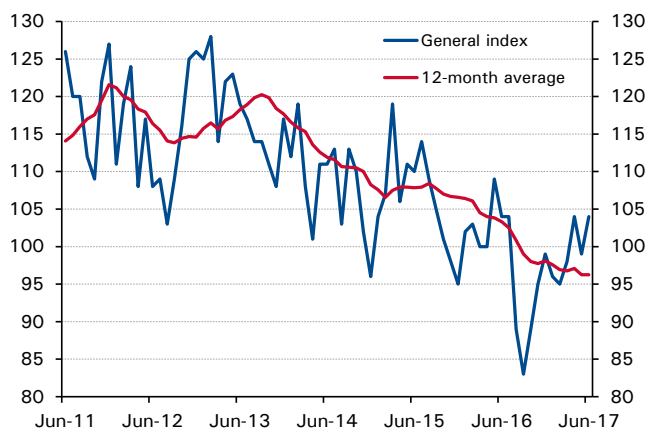


Imports soared in 1Q17, rising by 11% y/y as the decline in consumer imports moderated.

Source: Central Statistical Bureau

### Consumer confidence

(index)

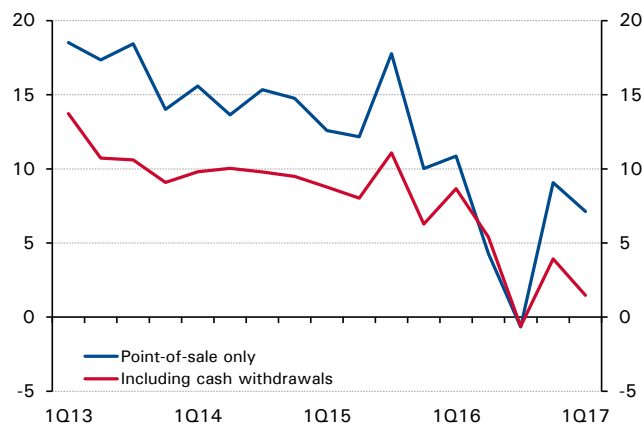


The Ara consumer confidence index improved slightly in June to 104, suggesting some stabilization in the sector.

Source: Ara Research & Consultancy

### Card transactions

(% y/y)

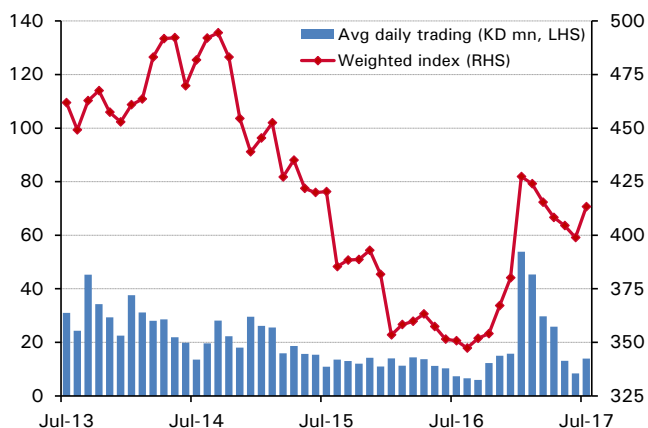


Consumers' card spending (POS) continued to show easing growth, which fell to 7.1% y/y in 1Q17.

Source: Central Bank of Kuwait

### Stock market

(index)

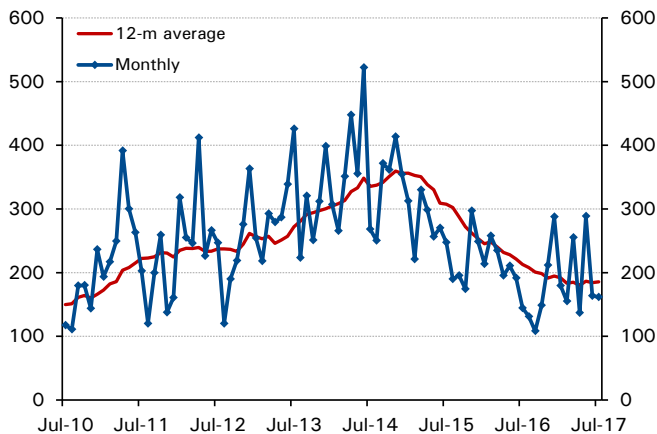


Stocks bounced back in July, boosted by good earnings results; the weighted index was up 10.5% ytd through 11 August.

Source: Boursa Kuwait, Thomson Reuters Datastream

### Real estate sales

(KD million)

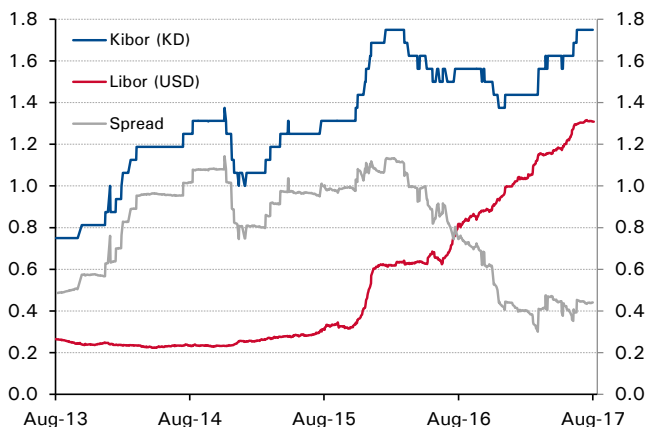


Real estate activity continued to improve, with sales in July up 12% y/y; prices also continued to show signs of stabilization.

Source: Ministry of Justice

### Interbank rates

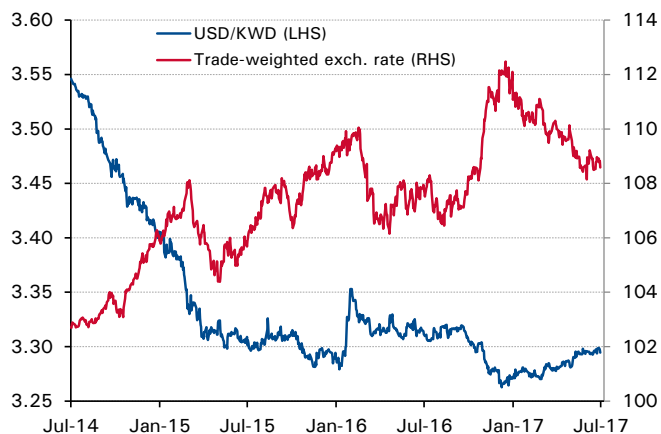
(%, 3-month)



Interbank rates were steady in July and August to-date.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

### Exchange rate



The dinar continued to ease on a weaker dollar; the trade-weighted dinar index was down 4.2% ytd through 11 August.

Source: Central Bank of Kuwait, Thomson Reuters Datastream

## Head Office

**Kuwait**  
National Bank of Kuwait SAKP  
Abdullah Al-Ahmed Street  
P.O. Box 95, Safat 13001  
Kuwait City, Kuwait  
Tel: +965 2242 2011  
Fax: +965 2259 5804  
Telex: 22043-22451 NATBANK  
[www.nbk.com](http://www.nbk.com)

## International Network

**Bahrain**  
National Bank of Kuwait SAKP  
Zain Branch  
Zain Tower, Building 401, Road 2806  
Seef Area 428, P. O. Box 5290, Manama  
Kingdom of Bahrain  
Tel: +973 17 155 555  
Fax: +973 17 104 860

National Bank of Kuwait SAKP  
Bahrain Head Office  
GB Corp Tower  
Block 346, Road 4626  
Building 1411  
P.O. Box 5290, Manama  
Kingdom of Bahrain  
Tel: +973 17 155 555  
Fax: +973 17 104 860

**United Arab Emirates**  
National Bank of Kuwait SAKP  
Dubai Branch  
Latifa Tower, Sheikh Zayed Road  
Next to Crown Plaza  
P.O.Box 9293, Dubai, U.A.E  
Tel: +971 4 3161600  
Fax: +971 4 3888588

National Bank of Kuwait SAKP  
Abu Dhabi Branch  
Sheikh Rashed Bin Saeed  
Al Maktoom, (Old Airport Road)  
P.O.Box 113567, Abu Dhabi, U.A.E  
Tel: +971 2 4199 555  
Fax: +971 2 2222 477

**Saudi Arabia**  
National Bank of Kuwait SAKP  
Jeddah Branch  
Al Khalidiah District,  
Al Mukmal Tower, Jeddah  
P.O Box: 15385 Jeddah 21444  
Kingdom of Saudi Arabia  
Tel: +966 2 603 6300  
Fax: +966 2 603 6318

**Jordan**  
National Bank of Kuwait SAKP  
Amman Branch  
Shareef Abdul Hamid Sharaf St  
P.O. Box 941297, Shmeisani,  
Amman 11194, Jordan  
Tel: +962 6 580 0400  
Fax: +962 6 580 0441

**Lebanon**  
National Bank of Kuwait  
(Lebanon) SAL  
BAC Building, Justinien Street, Sanayeh  
P.O. Box 11-5727, Riad El-Solh  
Beirut 1107 2200, Lebanon  
Tel: +961 1 759700  
Fax: +961 1 747866

**Iraq**  
Credit Bank of Iraq  
Street 9, Building 187  
Sadoon Street, District 102  
P.O. Box 3420, Baghdad, Iraq  
Tel: +964 1 7182198/7191944  
+964 1 7188406/7171673  
Fax: +964 1 7170156

**Egypt**  
National Bank of Kuwait - Egypt  
Plot 155, City Center, First Sector  
5th Settlement, New Cairo  
Egypt  
Tel: +20 2 26149300  
Fax: +20 2 26133978

**United States of America**  
National Bank of Kuwait SAKP  
New York Branch  
299 Park Avenue  
New York, NY 10171  
USA  
Tel: +1 212 303 9800  
Fax: +1 212 319 8269

**United Kingdom**  
National Bank of Kuwait  
(International) Plc  
Head Office  
13 George Street  
London W1U 3QJ  
UK  
Tel: +44 20 7224 2277  
Fax: +44 20 7224 2101

National Bank of Kuwait  
(International) Plc  
Portman Square Branch  
7 Portman Square  
London W1H 6NA, UK  
Tel: +44 20 7224 2277  
Fax: +44 20 7486 3877

**France**  
National Bank of Kuwait  
(International) Plc  
Paris Branch  
90 Avenue des Champs-Elysees  
75008 Paris  
France  
Tel: +33 1 5659 8600  
Fax: +33 1 5659 8623

**Singapore**  
National Bank of Kuwait SAKP  
Singapore Branch  
9 Raffles Place # 44-01  
Republic Plaza  
Singapore 048619  
Tel: +65 6222 5348  
Fax: +65 6224 5438

**China**  
National Bank of Kuwait SAKP  
Shanghai Representative Office  
Suite 1003, 10th Floor, Azia Center  
1233 Lujiazui Ring Road  
Shanghai 200120, China  
Tel: +86 21 6888 1092  
Fax: +86 21 5047 1011

## NBK Capital

**Kuwait**  
NBK Capital  
38th Floor, Arraya II Building, Block 6  
Shuhada'a street, Sharq  
PO Box 4950, Safat, 13050  
Kuwait  
Tel: +965 2224 6900  
Fax: +965 2224 6904 / 5

**United Arab Emirates**  
NBK Capital Limited - UAE  
Precinct Building 3, Office 404  
Dubai International Financial Center  
Sheikh Zayed Road  
P.O. Box 506506, Dubai  
UAE  
Tel: +971 4 365 2800  
Fax: +971 4 365 2805

## Associates

**Turkey**  
Turkish Bank  
Valikonagl CAD. 7  
Nisantasi, P.O. Box. 34371  
Istanbul, Turkey  
Tel: +90 212 373 6373  
Fax: +90 212 225 0353