

MASHREQ GLOBAL DIGEST

Kuwait

January 12 – January 18



This edition of Market Digest explores key macroeconomic indicators in Kuwait, along with the latest financial, tech updates, and significant deals and projects.

Macroeconomic News

Kuwait's Economy Poised for a 2025 Comeback

Kuwait's economy contracted by 4% year-on-year in Q3 2024, largely due to OPEC's oil production cuts and a slowdown in the non-oil sector. The oil sector dropped by 5%, and the non-oil sector saw a 2.5% decline, with sectors like industry and defense underperforming. However, economic growth is expected to rebound in 2025, driven by production increases, development projects, and improved consumer spending. OPEC's decision to freeze production cuts and lower interest rates are expected to boost investment, contributing to a gradual recovery. Kuwait's oil production is set to increase by 7,000 barrels per day each month starting April, potentially reaching 2.55 million barrels per day by September 2025.

Reference: [AGBI](#)



Kuwait Records Highest Inflation Rate in the Gulf

Kuwait recorded the highest inflation rate in the Gulf at 2.8% in September 2024, according to the GCC Statistical Center. This surpassed Saudi Arabia (1.7%), Qatar (0.8%), and Oman and Bahrain (0.4% each). While the Gulf region's average inflation rose by 1.5%, improved supply chains, lower oil prices, and a strong US dollar helped contain overall inflation compared to previous years. Gulf inflation is expected to stabilize between 2.1% and 2.6% from 2024 to 2026. It is worth noting that Kuwait's inflation rate rose by 2.36% in November 2024, driven by higher prices in key categories such as food, beverages, and clothing, while transportation costs showed a decline.

Reference: [Economy Middle East, CNBC](#)

Kuwait's U.S. Treasury Holdings Surge to \$51.2 Billion

Kuwait's holdings of U.S. Treasury bonds reached \$51.2 billion in November 2024, marking an 18.9% increase from the previous year. This growth is part of a broader trend, with a 10.46% rise since the beginning of 2024. However, Kuwait's holdings decreased slightly by 0.43% compared to October 2024. Long-term bonds accounted for \$49.8 billion, while short-term bonds totaled \$1.4 billion. Meanwhile, Saudi Arabia maintained its position as the top Arab holder of U.S. Treasury bonds with \$135.6 billion. U.S. Treasury bonds reached a total of \$8.63 trillion in November 2024, up 11.79% from the previous year.

Reference: [Mubasher](#)



Financial/Tech News

Kuwait's Banking Sector Poised for Stability and Growth in 2025

Kuwait's banks are expected to stay stable in 2025, supported by strong capital buffers and favorable economic conditions, according to S&P Global. Improved asset quality is anticipated due to a stronger economy and lower interest rates. The banking sector is well-positioned to handle regional geopolitical stresses, with higher lending growth offsetting lower interest rates. Despite a contraction in 2024, Kuwait's GDP is expected to grow by 3% in 2025, driven by easing oil production restrictions and reforms. The sector benefits from strong provisioning buffers and a solid deposit base, with government support available for key banks if needed.

Reference: [Arab News](#)



Kuwait Introduces 15% Tax on MNEs to Boost Economy

Kuwait is introducing a 15% multinational corporation tax, effective from January 2025, targeting companies with annual revenues exceeding 750 million euros. A nine-month grace period is provided for registration without penalties, and it is estimated that the new tax will affect 350 foreign companies and 20 Kuwaiti firms. The tax reform aligns with Kuwait Vision 2035, which seeks to diversify the economy and reduce reliance on oil revenues. According to the Ministry of Finance, this move is part of a broader strategy for financial sustainability and is expected to generate around 250-300 million Kuwaiti dinars annually. Additionally, a roadmap for implementing comprehensive tax policies is in development, aiming to restructure the economy through financial and legislative reforms to ensure long-term sustainability and increased non-oil revenues.

Reference: [Zawya, Alarabiya](#)

ESCWA: Kuwait Could Save \$22 Billion by Enhancing Social Spending Efficiency

The UN Economic and Social Commission for Western Asia (ESCWA) reports that enhancing the efficiency of social spending in Kuwait could save up to \$22 billion, or 27% of public spending for 2023-2024. Public expenditure in Kuwait makes up 50% of its GDP, well above the global average of 37%. However, Kuwait's spending efficiency is low, scoring 0.54 on the efficiency index compared to the global average of 0.74. The report also noted a 12% drop in per capita social spending since 2018-2019 and inefficiencies in education and healthcare. It recommended better targeting of government transfers to lower-income families, improving revenue collection, and broad financial reforms to diversify the economy and support non-oil sectors.

Reference: [AL Jazeera](#)

Rise every day

Kuwait Ranks 48th in Global Cybersecurity Index

NCSI National Cyber Security Index



Kuwait ranked 48th in the National Cyber Security Index (NCSI), placing it behind several other Arab countries such as Jordan (20th), Morocco (25th), Tunisia (26th), and Bahrain (29th). The NCSI, issued by Estonia's EGA, assesses national cybersecurity capabilities and is considered the second most important index after the Global Cybersecurity Index (GCI). Jordan led the Arab world, while the Czech Republic topped the global rankings, and the US secured the 11th position.

Reference: [Zawya](#)

Kuwait Bans Notary Services for Non-Kuwaitis in Real Estate Deals

The Ministry of Justice in Kuwait has prohibited notaries from issuing debt or guarantee statements for non-Kuwaitis in real estate transactions involving Kuwaitis, effective January 12, 2025. This aims to regulate such transactions. In 2024, real estate trading volume increased by 30%, reaching 3.733 billion dinars, with a 14% rise in the number of transactions. However, the coastal strip sector saw a 44% decline in trading volume.

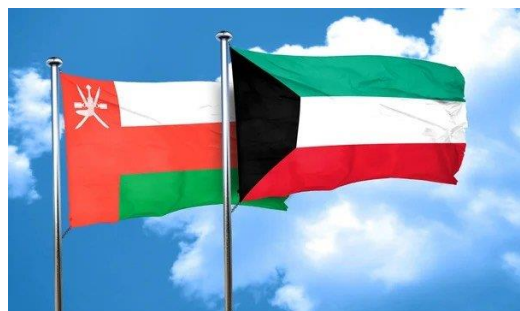
Reference: [Zawya](#)

Projects/Deals

Kuwait's Development Projects Progress Delayed

Kuwait's 2024/2025 development plan is facing significant delays, with 93 out of 133 projects falling behind schedule in the first half of the fiscal year. Despite an allocated budget of KD 1.2 billion, only KD 111.6 million has been spent, reflecting slower progress compared to previous years. While 70% of the projects are in the implementation phase, just 27 projects are on track. Challenges persist, as 71% of projects remain delayed, with efforts focused on infrastructure and other key programs.

Reference: [Zawya](#)



Kuwait and Oman Strengthen Ties

Kuwait and Oman have significantly boosted their economic cooperation in 2024, with trade reaching 1.564 billion Omani riyals (around \$4.3 billion) by October, doubling the previous year's figure. Kuwait's direct investment in Oman stood at USD 2.163 billion by September 2024. Key projects include the USD 9 billion Duqm Refinery, a USD 7 billion petrochemical initiative, and the Ras Markaz oil storage facility, set to become one of the largest in the world.

Reference: [Zawya](#)

Kuwaiti Developers Eye Sharjah's Property Boom

Kuwait Real Estate Company (AQARAT), in partnership with IFA Hotels and Resorts, has unveiled the Al Tay Hills project in Sharjah, valued at AED 3.5 billion (\$953 million). Covering 6 million square feet, the development will feature 1,100 luxury homes in three phases, with the first phase scheduled for delivery by Q1 2028. The project will offer a combination of villas and townhouses. It will also include a 2.5km green river, alongside amenities such as retail outlets, recreational areas, and walking paths, further positioning Sharjah as an attractive hub for real estate investment.

Reference: [Arabian Business](#)

Markets

Market Dashboard

- For this week, the S&P 500 posted a gain of 2.91%, reflecting its biggest weekly increase since the U.S. presidential election week. The index was buoyed by positive economic data, including an uptick in manufacturing output and housing, along with strong earnings from banks. While investor sentiment improved due to signs of economic resilience and potential interest rate cuts by the Federal Reserve, there were concerns about the upcoming transition in U.S. leadership, which could bring policy uncertainty.
- Bitcoin has surged above \$104,000, just ahead of Donald Trump's second term inauguration. The rally follows the launch of Trump's new meme token, which has sent shockwaves through the crypto community, fueling optimism about his upcoming policies and potential crypto-related executive orders.
- Gold prices remain on track for a third consecutive weekly gain, bolstered by renewed optimism around Trump's upcoming inauguration and expectations of further Federal Reserve rate cuts. Gold's safe-haven appeal is further heightened by uncertainty surrounding Trump's policies, particularly his trade tariffs, which could spark inflation and trade wars.
- Oil prices fell as Yemen's Houthis are expected to halt attacks on ships in the Red Sea following a Gaza ceasefire, easing concerns about shipping disruptions. Comments from Fed Governor Waller on easing inflation supported oil prices, while ongoing geopolitical tensions and U.S. sanctions on Russia also impacted the market.
- The euro remains weak against the U.S. dollar, with geopolitical risks and U.S. economic strength continuing to weigh on the euro, maintaining bearish pressure in the short term.

Indicators	10-Jan-25	17-Jan-25	% Change
S&P 500	5,827.04	5,996.66	2.91%
Bitcoin	94,701.45	104,462.04	10.31%
Gold	2,689.63	2,701.55	0.44%
Crude Oil	79.76	79.54	-0.28%
EUR/USD	1.0298	1.0302	0.04%