

# MASHREQ GLOBAL DIGEST

## Kuwait

May 17 – May 23



This edition of the Market Digest highlights Kuwait's latest macroeconomic and financial developments, alongside recent deals and key trends influencing the country's economic outlook.

### Macroeconomic News

#### S&P Estimates Kuwait Growth at 3% After 2026 Contraction

S&P Global Ratings expects Kuwait's economy to recover with around 3% annual GDP growth between 2027 and 2029 after a projected 2% contraction in 2026 caused by temporary oil production disruptions linked to regional tensions. The agency affirmed Kuwait's sovereign credit rating at AA-/A-1+ with a stable outlook, while Moody's maintained its A1 rating with a stable outlook, citing Kuwait's exceptionally strong external asset position and liquid assets exceeding 550% of GDP despite ongoing geopolitical and fiscal pressures.

Reference: [Investing.com](https://www.investing.com), [Roayah News](https://www.roayah.com), [CBK](https://www.cbk.gov.kw)



#### Kuwait Inflation Rises 2.57% in April

Kuwait's annual inflation rate rose 2.57% in April 2026, while monthly inflation increased 0.65% compared to March, driven mainly by higher prices in food, transportation, healthcare, clothing, education, and miscellaneous goods and services. Food and beverage prices increased 6.32% year-on-year, transport costs rose 4.46%, and miscellaneous goods and services recorded the highest increase at 6.90%, reflecting continued price pressures across key consumer sectors.

Reference: [AlQabas](https://www.alqabas.com)

#### Kuwait Records KD568.7M Trade Surplus in January

Kuwait recorded a trade surplus of KD568.68 million in January 2026, supported by strong oil exports valued at KD1.49 billion. Total exports reached KD1.66 billion against imports of KD1.09 billion, bringing total trade volume to around KD2.75 billion, reflecting continued strength in Kuwait's external sector and the key role of oil revenues in supporting the economy. Non-oil exports to the UAE and Saudi Arabia also recorded strong growth, highlighting improving regional trade activity.

Reference: [Alanba](https://www.alanba.com)



#### Expatriate Remittances from Kuwait Hit KD5.1B in 2025

Expatriate remittances from Kuwait rose 18.1% year-on-year to KD5.1 billion in 2025, the highest level in four years, supported by strong demand for expatriate labor across oil, construction, healthcare, services, and infrastructure sectors. The increase was also driven by continued government spending on development projects, the stability of Kuwait's labor market, and the strength of the Kuwaiti dinar, reflecting the resilience of the country's economy and labor market.

Reference: [Times Kuwait](https://www.timeskuwait.com)

#### Kuwait Expands Overseas Oil Storage Amid Hormuz Risks

Kuwait increased its overseas crude oil storage as part of emergency measures to protect exports amid rising regional tensions and potential disruptions in the Strait of Hormuz. Kuwait Petroleum Corporation reportedly stores between 7 and 8 million barrels in Japan and South Korea to ensure supply continuity, while also activating contingency plans including tanker withdrawals and maximizing loading capacity to reduce risks linked to Gulf shipping disruptions.

Reference: [Zawya](https://www.zawya.com)

#### Kuwait Intensifies Market Controls to Stabilize Prices

Kuwait strengthened market inspection campaigns and consumer protection measures amid regional economic tensions, recording more than 2,000 violations related to pricing, fraud, and commercial regulations end of February and April. Authorities also froze food prices, banned food exports, and increased monitoring of strategic reserves and supply chains to maintain market stability, protect consumers, and prevent artificial price hikes during ongoing regional uncertainties.

Reference: [Zawya](https://www.zawya.com)

### Financial News

#### Kuwait Listed Companies' Q1 Profits Drop 49%

Net profits of 133 listed companies on the Kuwait Stock Exchange fell 49.3% year-on-year to KD365.7 million in Q1 2026, mainly due to industrial sector losses of around KD204 million compared to profits a year earlier. Despite the decline, the banking sector remained the largest profit contributor with KD385.4 million in earnings, while telecom companies recorded the strongest profit growth, highlighting mixed corporate performance across sectors.

Reference: [Al Rai Media](https://www.alrai.com)



#### Kuwait's US Treasury Holdings Reach Record \$66.5B

Kuwait's holdings of US Treasury bonds rose by \$457 million during the first quarter of 2026 to a record \$66.51 billion, marking a 0.7% quarterly increase and a 26.2% year-on-year rise compared to March 2025. The portfolio includes \$63.3 billion in long-term bonds and \$3.2 billion in short-term securities, reflecting Kuwait's continued strong external investment position and liquidity management strategy.

Reference: [Alanba](https://www.alanba.com)

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### Kuwait Banks Tighten Loan Rules for Expats

Kuwaiti banks have started tightening personal lending policies for residents and non-Kuwaitis by reducing loan limits, linking financing to end-of-service benefits, and raising minimum salary requirements from around KD250–300 to above KD500 in some cases. Banks are also becoming more selective toward private-sector employees vulnerable to Kuwaitization policies, reflecting a more cautious lending approach amid labor market and economic uncertainties.

Reference: [Zawya](#)



### Kuwait Credit Card Spending Reaches KD890M in Q1

Credit card spending in Kuwait rose 21.8% year-on-year to around KD890 million during the first quarter of 2026, driven by strong growth in e-commerce, digital payments, and banking competition. POS transactions accounted for 59.2% of total spending, while online purchases accounted for 24.8%, reflecting Kuwait's accelerating shift toward digital financial services supported by expanding fintech solutions and Central Bank digital payment initiatives.

Reference: [Times Kuwait](#)

## Deals/Projects

### Kuwait Signs \$2.66B Telecom Infrastructure Deal

Kuwait signed one of its largest telecom and digital infrastructure partnership agreements, worth over \$2.66 billion, with Bahraini company Beyon to upgrade the country's fixed-line telecommunications network under a 50-year strategic partnership. The project aims to strengthen Kuwait's digital infrastructure, support cloud computing and future digital services, create jobs for Kuwaiti talent, and accelerate the country's digital transformation in line with Kuwait Vision 2035. Officials also highlighted plans for public participation through future share offerings and a strong focus on developing a knowledge-based, innovation-driven economy.



Reference: [Zawya](#)

### Pakistan Invites Kuwait to Invest in Ports and Energy Logistics

Pakistan invited Kuwait to invest in port infrastructure, logistics corridors, fuel storage, and maritime projects as part of efforts to expand its blue economy and strengthen regional trade connectivity. Discussions included investments in LNG, LPG, crude oil storage facilities, jetty construction, and the planned "Energy City" initiative, while Pakistan also aims to benefit from increased port activity amid disruptions affecting Gulf shipping routes.

Reference: [Arab News](#)

### Kuwait Accelerates Airport Expansion and Flight Resumption Plans

Kuwait is accelerating construction on the new Terminal 2 project at Kuwait International Airport while preparing for the gradual resumption of flights at Terminal 1 starting June 1 following repair and modernization works after recent disruptions. Authorities said the projects aim to strengthen aviation capacity, readiness, and passenger safety standards.

Reference: [Zawya](#), [Zawya](#)

## Markets

### Market Dashboard

- U.S. markets ended the week higher as optimism over possible progress in Middle East negotiations and strong corporate earnings boosted investor sentiment. The Dow Jones reached a record closing high, while the S&P 500 recorded its eighth consecutive weekly gain — its longest winning streak since December 2023. Semiconductor and technology stocks supported the rally, bond yields eased from recent highs, and investors closely monitored inflation risks linked to higher oil prices and the Iran conflict.
- Bitcoin posted a weak weekly performance, declining around 4.5% compared to last week as the cryptocurrency market traded within a narrow range throughout the week. Investor sentiment remained cautious due to ongoing geopolitical tensions between the U.S. and Iran, uncertainty around global markets, and reduced appetite for risk assets despite limited day-to-day volatility in crypto prices.
- Gold recorded its second consecutive weekly decline, falling around 0.7% this week as high oil prices fueled inflation concerns and increased expectations of a potential U.S. Federal Reserve rate hike by the end of 2026. Higher Treasury yields and fears of prolonged elevated interest rates weakened demand for gold despite ongoing geopolitical tensions in the Middle East.
- Oil markets experienced another volatile week driven by uncertainty surrounding U.S.-Iran peace negotiations and continued disruptions in the Strait of Hormuz. Although prices rebounded on Friday, Brent crude still ended the week down 8.28%, as investors reacted to rapidly changing geopolitical headlines, concerns over global demand, and expectations that OPEC+ could modestly increase output in July. Markets also remained focused on supply risks after the conflict removed nearly 14 million barrels per day from global markets and slowed energy flows through the Gulf region.
- The U.S. dollar remained strong this week, trading near six-week highs as investors sought safety amid ongoing Middle East tensions and growing expectations that the Federal Reserve could keep interest rates higher for longer or even consider another rate hike. High oil prices, inflation fears, and concerns over global economic uncertainty supported demand for the dollar against major currencies.

Indicators	15-May-26	22-May-26	% Change
S&P 500	7,408.50	7,473.47	0.88%
Bitcoin	79,065.68	75,488.24	-4.52%
Gold	4,540.07	4,509.38	-0.68%
Crude Oil	109.26	100.21	-8.28%
EUR/USD	1.1662	1.1605	-0.49%

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