

# MASHREQ GLOBAL DIGEST

## Kuwait

May 18 – May 24



This edition of Market Digest focuses on Kuwait's key macroeconomic indicators, recent financial and corporate news, and major deals, offering valuable insights into current economic trends.

### Macroeconomic News

#### Kuwait's Economy to Grow by 2.7% Despite Fiscal Challenges

Kuwait's economy is set to rebound in 2025 with a 2.7% growth rate after a 2.6% contraction in 2024, driven by increased oil production from OPEC+ and stronger non-oil sector growth. While US tariffs have little direct impact, lower global oil prices indirectly weigh on growth and widen the fiscal deficit from 5.6% to 10.5% of GDP. However, a new Debt Law passed in March lets Kuwait issue up to 30 billion dinars in debt with maturities up to 50 years, returning to global markets after eight years and boosting fiscal flexibility. Despite risks from global uncertainty and regional tensions, Kuwait's strong external position and sovereign wealth fund provide a solid buffer, supporting a stable outlook.



Reference: [Fitch solutions](#), [Arab News](#)



#### Kuwait Inflation Rises 2.25% in April

Kuwait's Central Statistical Administration reported a 2.25% year-on-year rise in inflation for April 2025, with consumer prices up 0.15% from March. Key sector increases included food and beverages (+4.61%), clothing (+4.1%), housing services (+0.74%), and health (+3.79%). It is worth noting that Kuwait has established a Central Committee for Price Studies, Inflation Monitoring, and Supply Chains to oversee price stability and prevent market disruptions.

Reference: [Arab Times Online](#), [Gulf Business](#)

#### Kuwait to Return to Global Debt Market

Kuwait plans to borrow between KD3 billion and KD6 billion (\$10-20 billion) in the 2025/2026 fiscal year by re-entering global and local debt markets to finance key development projects. This move follows the approval of a long-delayed debt law. According to Faisal Al-Muzaini, Director of the Public Debt Management Department at the Ministry of Finance, the country's debt-to-GDP ratio is only 2.9%, significantly lower than the global average of 60%. No official date has been set for the issuance, but the government is in the final planning stages to return to local and global debt markets after an eight-year absence.



Reference: [Asharq Al-Awsat](#), [AGBI](#)



#### Kuwait to Raise \$1.6B Through Government Fee Increases

Kuwait aims to boost non-oil revenue by increasing government service fees, a move expected to generate around KD500 million (\$1.6 billion) annually. This follows an Emiri decree in early 2025 that abolished a 1995 law requiring parliamentary approval to raise such fees, now allowing ministries to adjust charges with Cabinet approval. This affects key services like electricity, water, health, and visas, especially for the large expatriate community. Alongside this, Kuwait plans to introduce a 15% tax on multinational companies and a sin tax, which together could generate over \$1.4 billion more. These efforts are part of a broader strategy to tackle budget shortfalls caused by fluctuating oil prices and rising expenses, while also reviving a debt law—even though its sovereign wealth fund holds over a trillion dollars.

Reference: [AGBI](#)

#### Kuwait Nears Mortgage Law Approval

Kuwait's long-awaited mortgage law is in its final stages, aiming to ease pressure on the state budget and accelerate housing solutions, according to Minister of Economic Affairs and Investment Noura Al-Fassam. With housing applications exceeding 100,000, the absence of such a law could cost the government up to KD 29 billion (\$95 billion) in five years. The new law will allow citizens to access flexible, long-term bank financing without added burdens, redirecting government spending toward priority sectors like infrastructure and renewable energy. Analysts expect the law to significantly boost residential investment once approved.

Reference: [Zawya](#)



#### Kuwait Ranks 295th Globally in Oxford Economics Cities Competitiveness Index 2025

Kuwait has risen to 295th place in the 2025 Oxford Economics Global Cities Index, ranking among the world's most competitive cities out of 1,000 evaluated across 163 countries. The index assesses cities based on economy, human capital, quality of life, environment, and governance. Kuwait scored notably in human capital (67th) and economy (193rd), reflecting its steady progress and growing global standing. In the Gulf region, Kuwait follows Dubai (51st), Abu Dhabi (73rd), Riyadh (97th), and Doha (164th), and other cities.

Reference: [Al Rai Media](#)

Rise every day

Financial/Corporate News



Kuwait Fund Stands Firm on U.S. Investments

Kuwait’s sovereign wealth fund, managing nearly \$1 trillion in assets, reaffirmed its strong commitment to investing in the U.S. despite global investor concerns. Managing Director Sheikh Saoud Al-Sabah stressed that Kuwait has a long history of investing in the U.S. and has no plans to change course. He highlighted the depth and diversity of U.S. financial markets—spanning fixed income, private equity, real estate, and infrastructure—and warned that reducing exposure to the U.S. comes at investors' own risk.

Reference: [Arab News](#)

Kuwaiti Business Council Supports 1,800 Companies in UAE

According to Feras Al-Salem, President of the Kuwaiti Business Council in Dubai and Northern Emirates, the council supports over 1,800 Kuwaiti companies operating in the UAE, with Kuwaiti businesses in the UAE valued at approximately \$55 billion, primarily in real estate and financial markets. He emphasized the council's efforts to address challenges faced by Kuwaiti entrepreneurs by working closely with UAE authorities. Al-Salem also highlighted that the UAE is Kuwait’s leading regional trade partner, with trade exchanges worth \$13.5 billion, and anticipates continued growth in Kuwaiti business activities supported by strong bilateral agreements.

Reference: [Zawya](#)

Deals

Qatar and Schneider Electric Partner to Advance Smart Infrastructure and AI

Invest Qatar has partnered with Schneider Electric to accelerate the development of smart infrastructure and AI solutions in the country. Signed during the Qatar Economic Forum, the agreement supports Schneider Electric’s expansion, local job creation, and training programs aligned with Qatar’s Third National Development Strategy. The collaboration will enhance Qatar’s transition to a tech-driven, low-carbon economy through innovation, digitalization, and talent development.

Reference: [Zawya](#)

Hong Kong and Kuwait Deepen Trade and Cultural Ties

Hong Kong’s Chief Executive John Lee led a delegation of more than 50 business leaders on an official visit to Kuwait. During this visit, they met with key Kuwaiti leaders and signed 24 memoranda of understanding to strengthen cooperation in trade, investment, finance, technology, aviation, education, and culture. The visit aimed to deepen economic and cultural ties between Hong Kong, Mainland China, and Kuwait, highlighting Hong Kong’s role as a “super connector” and exploring new opportunities under the Belt and Road Initiative.

Reference: [Travel Daily News](#)

Markets

Market Dashboard

- U.S. markets closed lower for the week, as renewed tariff threats by former President Donald Trump triggered investor anxiety. The Dow Jones fell 2.47%, the S&P 500 dropped 2.61%, and the Nasdaq declined 2.48%, with Friday alone seeing losses of 0.61%, 0.67%, and 1% respectively. Trump's suggestion of 50% tariffs on European goods and a 25% tariff on Apple iPhones not manufactured in the U.S. drove declines across tech and consumer discretionary stocks.
- Bitcoin (BTC) has dropped to \$107,288, after briefly touching highs near \$112,000 this week. The dip followed market-wide selling triggered by Donald Trump’s surprise tariff threat against the EU and Apple. Despite this pullback, Bitcoin remains up ~4% for the week and has surged around 40% since April, with macro strategist Raoul Pal predicting a \$140,000 peak by July, citing global liquidity trends. This prediction is based on the idea that as more money flows into the financial system, investors increasingly allocate funds to assets like Bitcoin, driving its price higher.
- Gold prices surged over 2% on Friday on renewed safe-haven demand after U.S. President Donald Trump threatened tariffs on the European Union and Apple, causing global stock markets to fall and the U.S. dollar to weaken. Gold rose to \$3,357.42 an ounce and gained 4.83% for the week, its best weekly performance in six weeks.
- Oil prices rose modestly on Friday due to short-covering ahead of the U.S. Memorial Day weekend and concerns over uncertain U.S.-Iran nuclear talks. However, it dropped during the week. Analysts note the market is pressured by potential demand impacts from new tariffs and the expectation that OPEC+ will increase oil output by around 411,000 barrels per day in July, continuing to unwind previous production cuts.
- The U.S. dollar dropped as President Trump's threats of high tariffs on the EU and tech companies shook investor confidence. This sparked a sell-off, pushing the dollar to a two-week low against the yen and a three-week trough on the dollar index. Meanwhile, the euro started rising, hitting a two-week peak. Concerns over U.S. debt and tax policy added to the dollar’s decline and weakened its safe-haven appeal.

Indicators	16-May-25	23-May-25	% Change
S&P 500	5,958.38	5,802.82	-2.61%
Bitcoin	103,489.29	107,287.80	3.67%
Gold	3,202.77	3,357.42	4.83%
Crude Oil	65.41	65.02	-0.60%
EUR/USD	1.1193	1.1369	1.57%