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The Edge Economic & Market Update

Kuwait Financial Market Insights
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Kuwait Financial Market

Kuwait's stock market has started 2025 on a strong note, outperforming its GCC peers during Q1 2025 and YTD April 2025.

As of end-April 2025, the All-Share Index is up about +8.1% YTD despite a 1.4% pullback in April amid global market jitters.

Overall market sentiment in Kuwait has been relatively resilient, supported by robust local earnings and liquidity, even as rising U.S. trade tariffs and lower oil prices have weighed on the region.

Banks dominate with ~63% of total market cap followed by financial services, telecoms, and real estate. Kuwait's equity market capitalization stands near KD 48 billion (~$158 billion) in 2025, equivalent to roughly 100% of GDP.

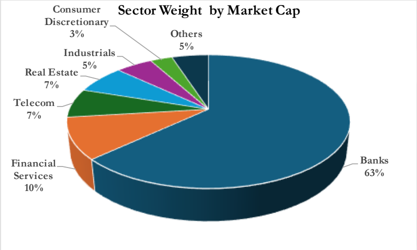

Figure: Sector weight by market capitalization on Boursa Kuwait (April 2025).

The top 10 listed companies – eight of which are banks – have a combined market value of around KD 33 billion (69% of the market).

As of date of report, KFH and NBK remain the two largest firms, with market caps of roughly KD 13.4 billion and KD 8.3 billion respectively.
Other top companies include Boubyan Bank (~KD 3.0bn), Zain (~KD 2.0bn), and Gulf Bank (~KD 1.35bn).

The dominance of banks (many of which benefited from rising interest rates in 2023-24) has buoyed the market, but also poses a risk if credit conditions tighten.

Looking ahead, investors are watching for catalysts including potential interest rate cuts (which could improve equity valuations), government project spending, and any progress on stalled economic reforms.

Kuwait's inclusion in emerging market indices and its relatively high dividend yields continue to attract regional investors, but further diversification of the market remains a long-term goal.

Kuwait, GCC, and Global Insights

Executive Summary

Kuwait's economy is poised to exit a two-year oil-led downturn and grow again in 2025, yet the backdrop has become significantly more challenging with recent Global Events.
Oil-price shock: Kuwait Export Crude averaged about USD 73/bbl YTD, but the spot price plunged to USD 59.94/bbl on May 6, 2025 - its lowest since mid-2021. Should prices remain in the low-60s, the headline fiscal and current-account surpluses embedded in the IMF's December 2024 baseline would erode by 3-4 pp of GDP.
Domestic balance-sheet strength: General-government surpluses and the Future Generations Fund still provide a deep buffer, but the central-government budget is now expected to post a wider deficit near 10 % of GDP if oil averages below US $70 this year, increasing reliance on the new Public-Debt Law.

GCC recalibration. Early data for 2024/2025 show the region already recovering: UAE GDP up +4 %, Saudi non-oil activity +4 %, Qatar steady at 2 % range, while Oman and Bahrain hover around 2–3 %. With OPEC+ supply returning from Q2 2025, the bloc should average ~3 ½ % growth in 2025, but the oil-price dip trims revenue and could delay capex in the more oil-dependent states.

Global outlook softens further. The IMF's April 2025 WEO (World Economic Update) pegs world GDP growth at 3.3 % for 2024 and 2.8 % for 2025, citing higher real rates, renewed US-China trade frictions and slow European growth. Energy spot-price volatility and Red-Sea shipping disruptions also add downside risk.

Bottom line: Kuwait still enters 2025 with formidable buffers, but the sudden oil-price slide underscores the urgency of diversifying revenue, accelerating megaproject execution and deepening private-sector reforms. Region-wide, the GCC growth pulse is improving, yet fiscal space is tightening again—making coordination on spending efficiency and non-oil diversification an immediate priority.

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