

## Summary of the Key Local Monetary and Banking Indicators

November 2023

This monthly bulletin recaps on the key monetary and banking developments in the State of Kuwait as at the end of November 2023 compared to the corresponding month of the last year (on an annual basis). Following are the most prominent highlights:

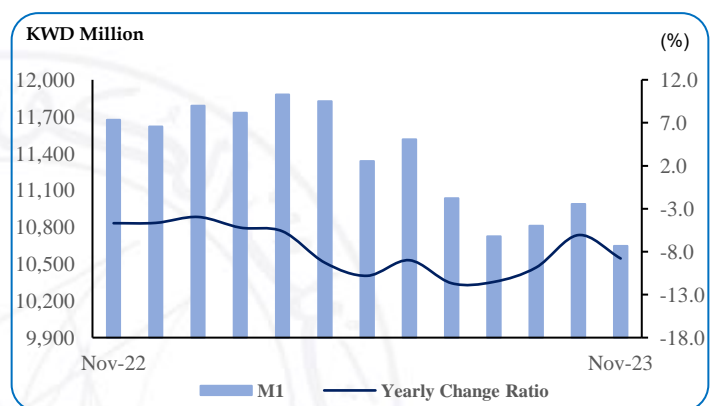
- Money Supply in its Broad Sense (M2) increased by 2.0% to KWD 39.01 billion.
- The total local banks' assets grew by KWD 3.43 billion (4.1%).
- The net foreign assets in the local banks increased by KWD 1.78 billion (17.8%).
- The utilized cash portion of credit facilities to residents increased by KWD 0.70 billion (1.5%).
- The total residents' deposits with local banks went up by KWD 1.18 billion (2.5%). Likewise, the resident private sector's deposits increased by KWD 0.79 billion (2.2%).

## I. Monetary Developments (Money Supply)

### 1. Money Supply (M1):

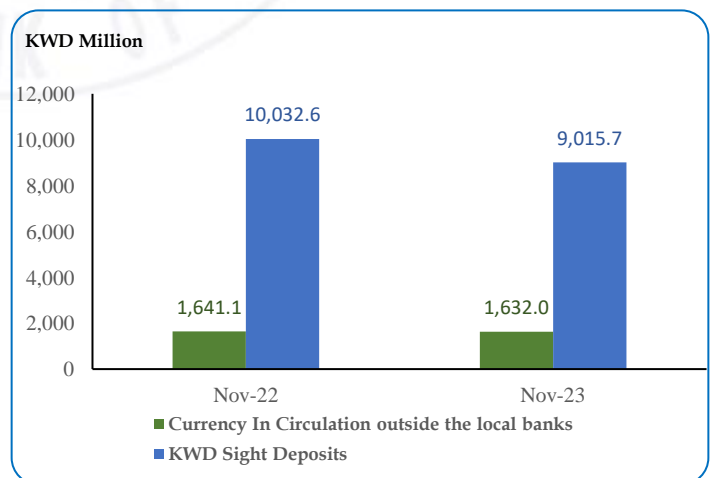
Money Supply in its Narrow Sense "Narrow Money" (M1) contracted by KWD 1.03 billion (8.8%) to KWD 10.65 billion at the end of November 2023 against KWD 11.67 billion at the end of the comparative month.

Figure (1): Developments of Narrow Money (M1)



This was attributed to the decrease in both KWD sight deposits by KWD 1.02 billion (10.1%) to KWD 9.02 billion, and currency in circulation outside the local banks by KWD 0.01 billion (0.6%) to KWD 1.63 billion.

Figure (2): Developments of Narrow Money Components



## 2. Developments and Components of Money Supply (M2):

M2 surged by KWD 0.78 billion (2.0%) to KWD 39.01 billion at the end of November 2023 against KWD 38.23 billion at the end of the comparative month, due to the rise in Quasi-Money (KWD saving deposits, KWD time deposits and deposits in foreign currency) by KWD 1.81 billion (6.8%) on one end, and the decline in M1 by KWD 1.03 billion (8.8%) on the other. This was the smallest change in terms of both value and percentage during the comparison period.

Figure (3): Developments of Broad Money (M2)

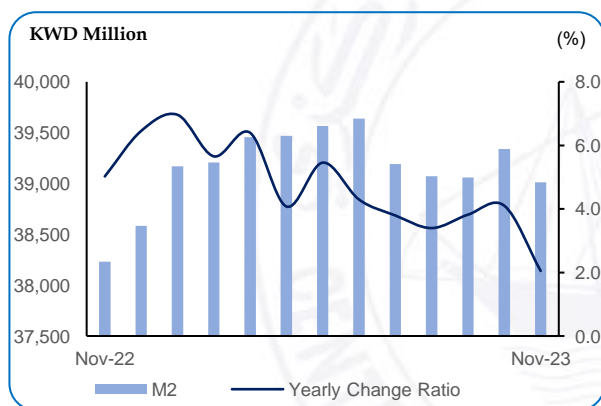
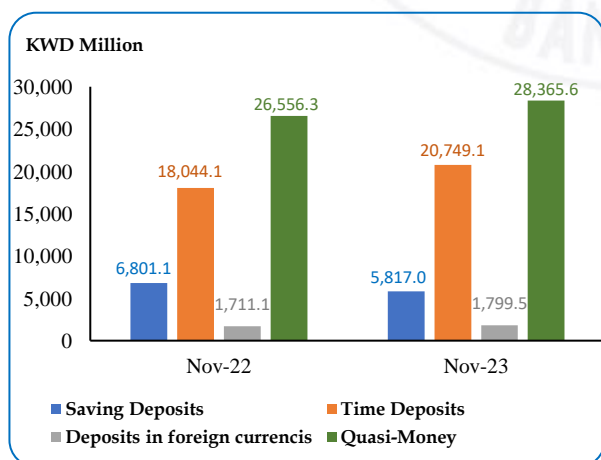


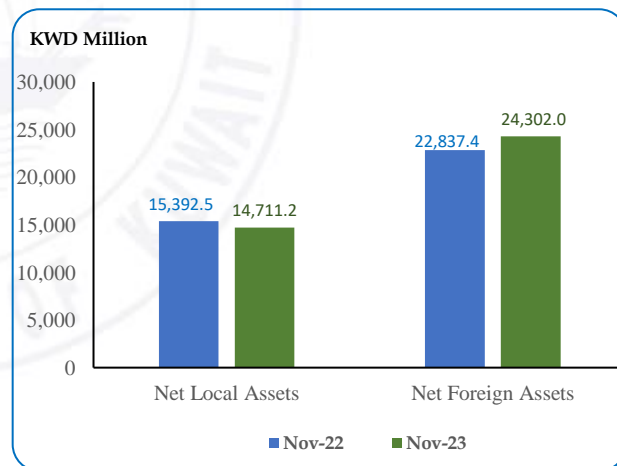
Figure (4): Developments and Components of Quasi-Money



Considering the combined monetary survey of CBK and the local banks, (M2) can be calculated according to the factors affecting it, namely **(a) Net Local Assets** (that includes net claims of CBK and local banks on government, public institutions and private sector **minus** government's deposits and accounts, and other "net"), and **(b) Net Foreign Assets** with CBK and local banks.

The relevant data indicate that the rise in M2 by the end of November 2023 was driven by the **increase in net foreign assets** by KWD 1.46 billion, i.e. 6.4% on one hand, and the **decrease in net local assets** by KWD 0.68 billion, i.e. 4.4% on the other.

Figure (5): Factors affecting Broad Money (M2)

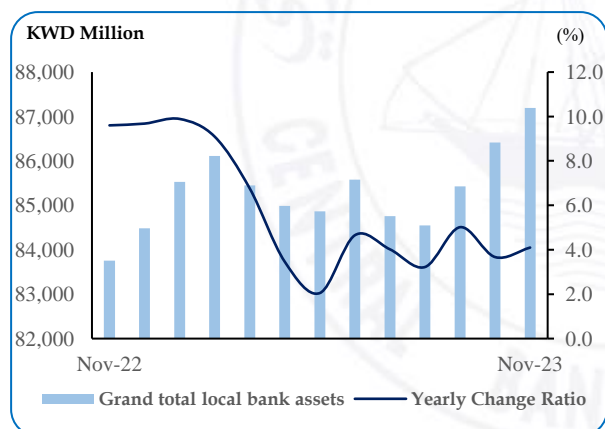


## II. Banking Developments (at the Activity Level of Local Banks and their Branches inside the State of Kuwait)

### 1. Local Banks' Assets:

Total assets of local banks grew by KWD 3.34 billion (4.1%) to KWD 87.19 billion at the end of November 2023 against KWD 83.76 billion at the end of the comparative month. This was mainly driven by the rise in **foreign assets** by KWD 2.64 billion (12.1%) to KWD 24.44 billion, and in **claims on private sector** by KWD 1.14 billion (2.6%) to KWD 45.23 billion. Likewise, **interbank deposits** increased by KWD 0.46 billion (29.2%) to KWD 2.04 billion, while **claims on public institutions** increased by KWD 0.04 billion (1.2%) to KWD 3.67 billion.

Figure (6): Developments of Local Banks' Total Assets

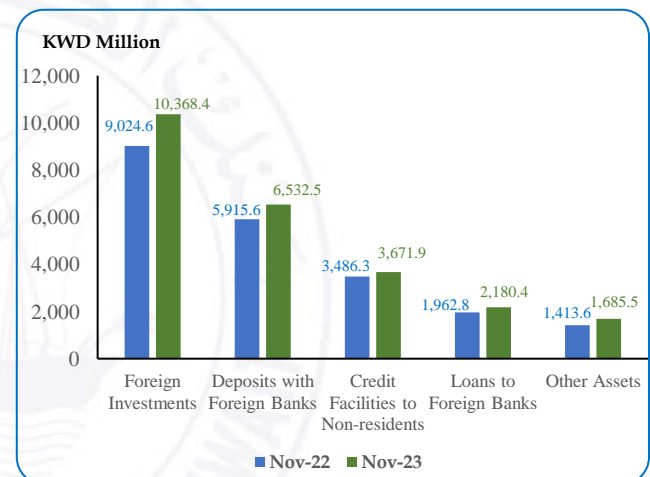


On another front, the balances of claims on CBK, claims on government, loans to banks and other assets fell by 5.2%, 17.0%, 19.3%, and 3.9%, respectively.

The components of foreign assets and claims on private sector can be detailed as follows:

- **Foreign assets** accounted for 28.0% of the local banks' total assets at the end of November 2023, higher than the average percentage (26.9%) for the period from the end of November 2022 to the end of November 2023. This came from the rise in the balances of all components; foreign investments, deposits with foreign banks, credit facilities to non-residents, loans to foreign banks, and other assets by 14.9%, 10.4%, 5.3%, 11.1%, and 19.2%, respectively.

Figure (7): Components of Foreign Assets



- **Claims on private sector** represents the main source of local banks' assets. These claims accounted for 51.9% of the local banks' total assets in November 2023.

The claims on private sector are mainly credit facilities to residents (accounted for 95.0% of the claims on private sector, and 49.3% of the local banks' total assets) as well as other local investments as at the end of November 2023.

The following table shows the total assets of local banks by main components:

Table (1): Local Banks' Total Assets by Main Components (KWD Million)

Description	November 2022	November 2023	Change		to Total (%)
			Value	(%)	
Claims on CBK	7,982.1	7,567.4	-414.7	-5.2	8.7
Claims on Government	522.6	433.7	-88.9	-17.0	0.5
Claims on Public Institutions*	3,623.9	3,667.6	43.7	1.2	4.2
Claims on Private Sector, of which:	44,089.6	45,232.2	1,142.6	2.6	51.9
<b>Credit Facilities to Residents</b>	42,085.0	42,970.0	885.0	2.1	49.3
Foreign Assets	21,802.9	24,438.7	2,635.8	12.1	28.0
Loans to Banks	1,206.1	973.2	-232.9	-19.3	1.1
Local Interbank Deposits	1,580.6	2,042.2	461.6	29.2	2.3
Other Assets	2,948.9	2,833.9	-115.0	-3.9	3.3
<b>Total Assets</b>	<b>83,756.8</b>	<b>87,189.1</b>	<b>3,432.3</b>	<b>4.1</b>	<b>100.0</b>

\* These are financial/non-financial institutions wholly or partially (50% and above) owned by the government.

Data indicate that **net foreign assets with local banks increased** by KWD 1.78 billion (17.8%) to KWD 11.80 billion at the end of November 2023 against KWD 10.01 billion at the end of the comparative month.

This rise was mainly due to the increase in foreign assets by KWD 2.64 billion (12.1%) and foreign liabilities by KWD 0.85 billion (7.2%).

Figure (8): Development of Net Foreign Assets in Local Banks

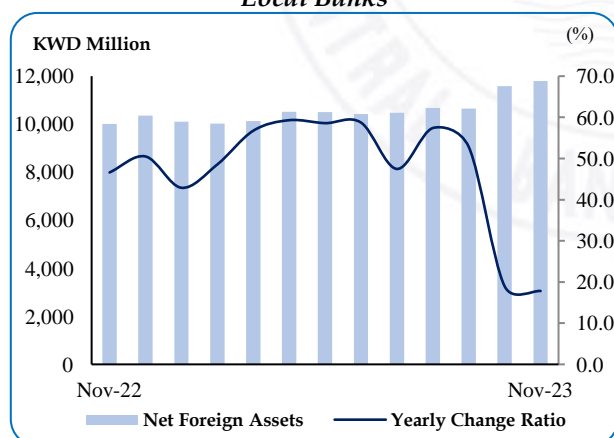
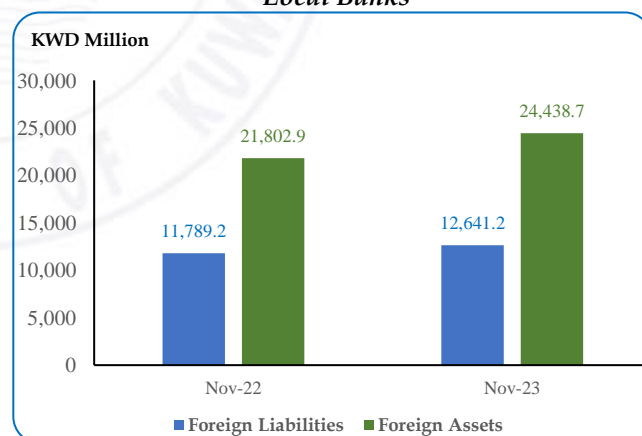


Figure (9): Foreign Assets & Liabilities in Local Banks



## 2. Cash Portion of the Credit Facilities extended to Residents:

**The utilized cash portion of the credit facilities to residents** expanded by KWD 0.70 billion (1.5%) to KWD 47.61 billion at the end of November 2023 against KWD 46.92 billion at the end of the comparative month.

The personal credit facilities and the credit facilities to businesses accounted for 55.1% and 44.9%, respectively of the rise in the total utilized cash portion of the facilities extended to residents.

In more detail, **personal credit facilities** (39.5% of the total utilized cash portion of the overall facilities to residents) increased by KWD 0.38 billion (2.1%) to KWD 18.80 billion at the end of November 2023 against KWD 18.41 billion at the end of the comparative month. This was mainly due to the **rise in the total utilized cash portion of housing credit facilities "Installment"** by KWD 0.36 billion, i.e. 2.3% (housing credit facilities account for 85.4% of overall personal facilities) to KWD 16.06 billion at the end of November 2023, as well as a slight rise in the utilized cash portion of both **consumer credit facilities** (10.5% of the overall personal facilities) by 0.4% to KWD 1.97 billion and that of **other personal credit facilities** (2.5% of overall personal facilities) by 12.2% to KWD 0.47 billion.

On the other hand, the utilized cash portion of the **personal credit facilities for private residential housing** (1.6% of overall personal facilities) declined by KWD 0.03 billion (10.0%) to KWD 0.29 billion. Data show a continued drop in personal credit facilities for private residential housing since the end of February 2023 (on annual basis).

**The utilized cash portion of credit facilities to businesses** (60.5% of the overall facilities to residents) meanwhile increased by KWD 0.31 billion (1.1%) to KWD 28.81 billion at the end of November 2023 against KWD 28.50 billion at the end of the comparative month. This increase was mainly driven by the **increase in the utilized portion of credit** to real estate and construction (KWD 0.57 billion, i.e. 4.9%), trade (KWD 0.20 billion, i.e. 6.1%), non-bank financial institutions (KWD 0.15 billion, i.e. 14.6%), and purchase of securities "individuals, companies and institutions" (KWD 0.10 billion, i.e. 3.1%). Conversely, there was a **decline in the cash portion of credit** to crude oil & gas (KWD 0.14 billion, i.e. 6.4%), industry (KWD 0.12 billion, i.e. 4.8%), loans to banks (KWD 0.23 billion, i.e. 19.3%) and other services (KWD 0.21 billion, i.e. 6.0%) as well as a limited slowdown in agriculture & fishing and in public services by 2.4% and 1.0% respectively against the comparative month.

*Table (2): Utilized Cash Portion of Credit Facilities to Residents (KWD Million)*

Description	November 2022	November 2023	Change		to Total (%)
			Value	(%)	
<b>Personal Credit Facilities</b>	<b>18,413.0</b>	<b>18,796.7</b>	<b>383.7</b>	<b>2.1</b>	<b>39.5</b>
Loans Consumer	1,962.3	1,971.0	8.7	0.4	4.1
Loans Installment	15,700.6	16,056.5	355.9	2.3	33.7
Residential Loans Private	327.2	294.6	-32.6	-10.0	0.6
Loans Other	422.8	474.5	51.7	12.2	1.0
<b>Sector Credit Facilities Business</b>	<b>28,502.1</b>	<b>28,814.2</b>	<b>312.1</b>	<b>1.1</b>	<b>60.5</b>
Trade	3,242.8	3,441.3	198.5	6.1	7.2
Industry	2,433.5	2,316.5	-117.0	-4.8	4.9
Fishing & Agriculture	28.8	28.1	-0.7	-2.4	0.1
of Securities Purchase	3,182.7	3,279.8	97.1	3.1	6.9
Estate Real	9,517.9	9,744.7	226.8	2.4	20.5
Constructions	2,075.2	2,417.5	342.3	16.5	5.1
to Banks Loans	1,206.1	973.2	-232.9	-19.3	2.0
Financial Institutions Non-Bank	1,010.1	1,158.0	147.9	14.6	2.4
Gas & Oil Crude	2,102.8	1,967.5	-135.2	-6.4	4.1
Services Public	117.0	115.9	-1.1	-1.0	0.2
Services Other	3,585.2	3,371.7	-213.6	-6.0	7.1
<b>Total</b>	<b>46,915.0</b>	<b>47,610.9</b>	<b>695.8</b>	<b>1.5</b>	<b>100.0</b>

### 3. Residents' Deposits with Local Banks:

The total residents' deposits went up by KWD 1.18 billion (2.5%) to KWD 48.27 billion at the end of November 2023 against KWD 47.09 billion at the end of the comparative month. This rise was driven mainly by the increase in total private sector's deposits by KWD 0.79 billion (2.2%) to KWD 37.38 billion, as well as the rise in government's deposits by KWD 0.65 billion (17.3%) to KWD 4.41 billion at the end of November 2023.

Meanwhile, public institutions' deposits decreased by KWD 0.27 billion (3.9%) to KWD 6.48 billion.

Resident private sector's deposits are the main source of financing for local banks (42.9% of the local banks' total liabilities at the end of November 2023). On another front, government's deposits and public institutions' deposits accounted for 5.1% and 7.4% of the local banks' total liabilities, respectively, at the end of November 2023.

Figure (10): Developments of Government Deposits

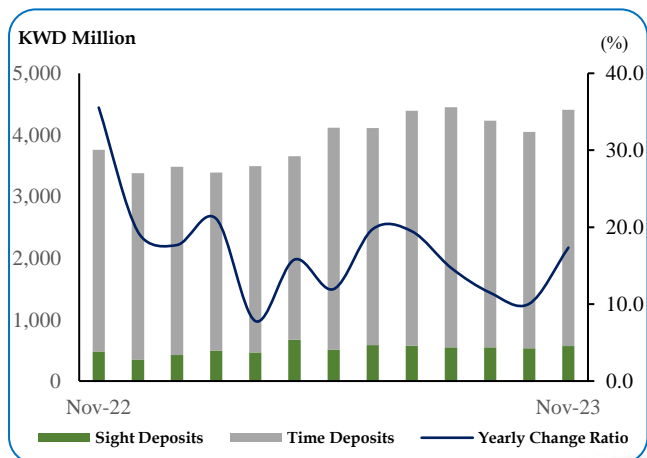


Figure (11): Developments of Public Institutions' Deposits

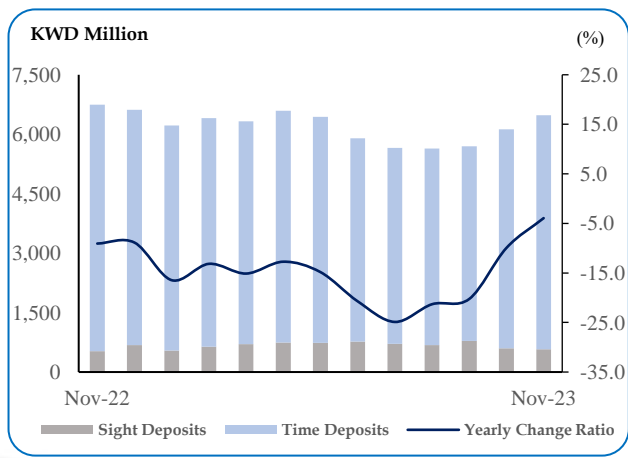


Figure (12): Developments of Private Sector's Deposits in Local Currency

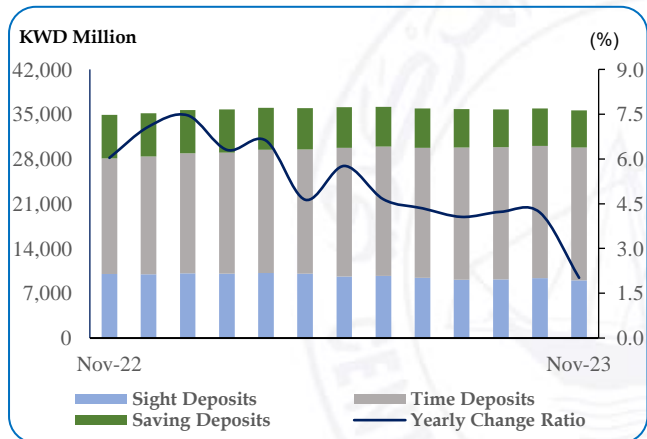


Figure (13): Developments of Private Sector's Deposits in Foreign Currencies

