

Summary of the Key Local Monetary and Banking Indicators

January 2024

This monthly bulletin recaps on the key monetary and banking developments in the State of Kuwait as at the end of January 2024 compared to January 2023 (comparative month). Following are the most prominent highlights:

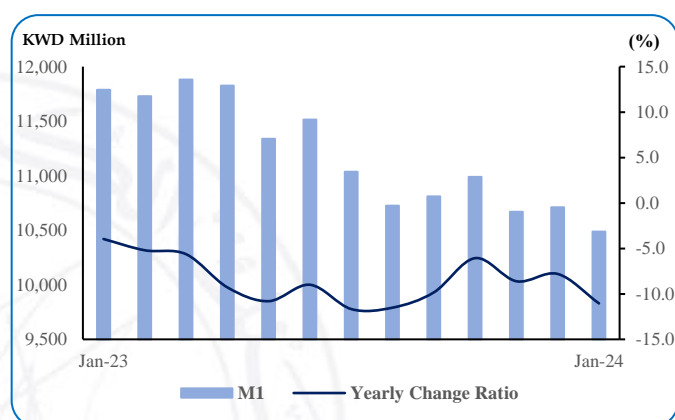
- Money Supply in its Broad Sense (M2) decreased by 0.6% to KWD 38.93 billion.
- The total local banks' assets grew by KWD 1.62 billion (1.9%).
- The net foreign assets in the local banks increased by KWD 2.66 billion (26.3%).
- The utilized cash portion of credit facilities to residents increased by KWD 0.53 billion (1.1%).
- The total residents' deposits with local banks went up by KWD 1.36 billion (2.9%), despite the decrease of resident private sector's deposits by KWD 0.15 billion i.e. 0.4% (KWD deposits decreased by KWD 0.16 billion i.e. 0.5% and deposits in foreign currency increased by KWD 0.02 billion i.e. 0.8%).

I- Monetary Developments (Money Supply)

1. Money Supply (M1):

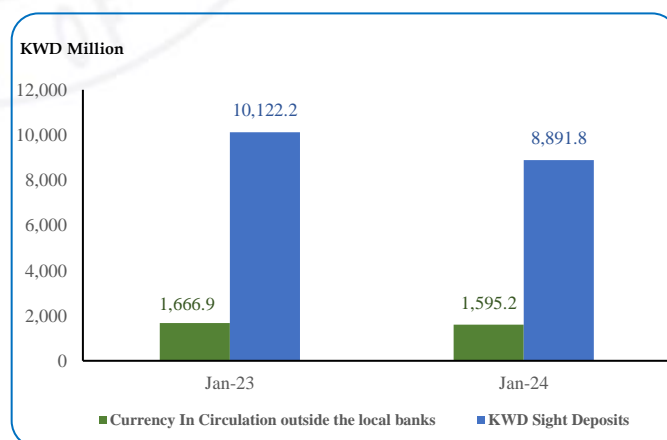
Money Supply in its Narrow Sense "Narrow Money" (M1) contracted by KWD 1.30 billion (11.0%) to KWD 10.49 billion at the end of January 2024 against KWD 11.79 billion at the end of the comparative month.

Figure (1): Narrow Money (M1)



This was attributed to the decrease in both **KWD sight deposits** by KWD 1.23 billion (12.2%) to KWD 8.89 billion, and **currency in circulation outside the local banks** by KWD 0.07 billion (4.3%) to KWD 1.60 billion.

Figure (2): Narrow Money Components



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

M2 decreased by KWD 0.22 billion (0.6%) to KWD 38.93 billion at the end of January 2024 against KWD 39.15 billion at the end of the comparative month. This drop resulted from the decline in Narrow Money (M1) by KWD 1.30 billion (11.0%) on one end, and the rise in in Quasi-Money (KWD saving deposits, KWD time deposits and deposits in foreign currency) by KWD 1.08 billion (4.0%) on the other.

Figure (3): Broad Money (M2)

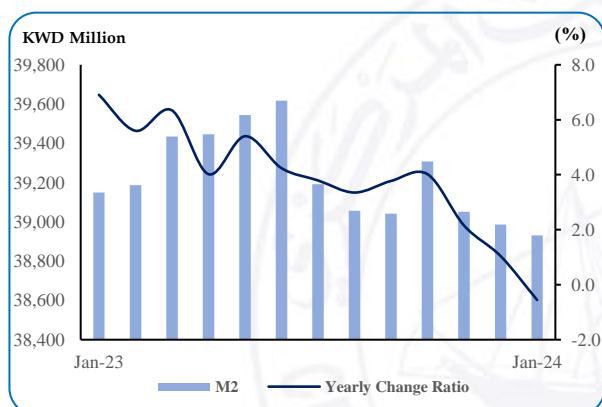
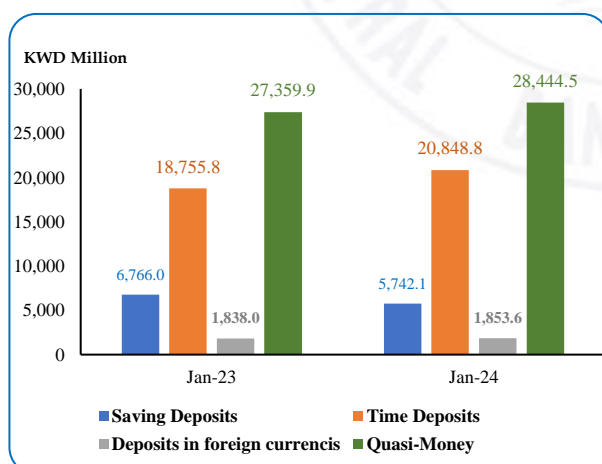


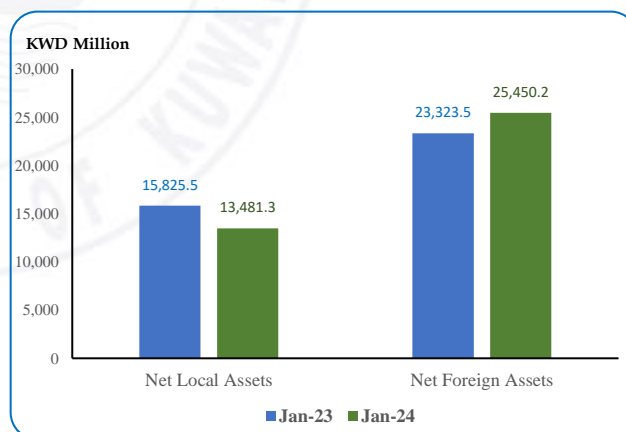
Figure (4): Components of Quasi-Money



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 January 2024 was driven by the increase in net foreign assets by KWD 2.13 billion, i.e. 9.1% (as a result of the increase in net foreign assets with local banks by KWD 2.66 billion, i.e. 26.3% and the decline in net foreign assets with CBK by KWD 0.53 billion, i.e. 4.0%) on one end, and the decrease in the net local assets by KWD 2.34 billion, i.e. 2.9% on the other.

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

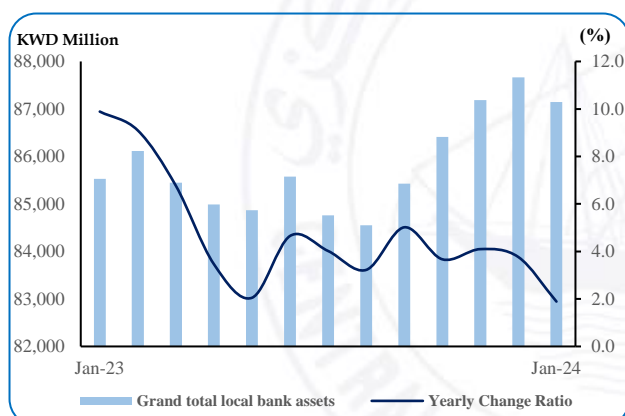


II- Banking Developments (at the Activity Level of Local Banks and their Branches inside the State of Kuwait)

1. Local Banks' Assets:

Total assets of local banks grew by KWD 1.62 billion (1.9%) to KWD 87.15 billion at the end of January 2024 against KWD 85.53 billion at the end of the comparative month. This was mainly driven by the rise in **foreign assets** by KWD 2.22 billion (9.7%) to KWD 25.14 billion, **claims on private sector** by KWD 1.03 billion (2.3%) to KWD 45.24 billion, and **claims on public institutions** increased by KWD 0.09 billion (2.6%) to KWD 3.69 billion.

Figure (6): Local Banks' Total Assets



On another front, interbank deposits, loans to banks, claims on government, claims on CBK and other assets fell by 24.8%, 20.4%, 15.2%, 9.5%, and 4.9%, respectively (in descending order based on the percentage of decline).

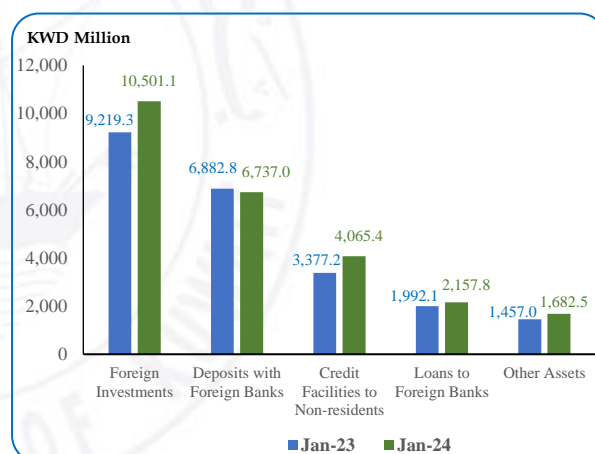
Claims on private sector represents the main source of local banks' assets. These claims accounted for 51.9% of the local banks' total assets in January 2024 against

51.7% at the end of the comparative month. It is worth noting that the average percentage during the comparison period reached 52.1%.

The components of foreign assets can be detailed as follows:

Foreign assets accounted for 28.9% of the local banks' total assets at the end of January 2024. This came from the rise in the balances of the following components; foreign investments, credit facilities to non-residents, loans to foreign banks, and other assets by 13.9%, 20.4%, 8.3%, and 15.5% respectively, on one hand, and decline in the balance of deposits with foreign banks by 2.1% on the other.

Figure (7): Components of Foreign Assets



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

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

	January 2023	January 2024	Change		to Total (%)
			Value	(%)	
Claims on CBK	8,201.9	7,419.2	-782.7	-9.5	8.5
Claims on Government	504.6	427.6	-76.9	-15.2	0.5
Claims on Public Institutions*	3,598.0	3,690.5	92.4	2.6	4.2
Claims on Private Sector, of which:	44,209.5	45,242.2	1,032.7	2.3	51.9
Credit Facilities to Residents	42,218.7	42,920.5	701.8	1.7	49.3
Foreign Assets	22,928.5	25,143.9	2,215.3	9.7	28.9
Loans to Banks	1,277.3	1,017.2	-260.2	-20.4	1.2
Local Interbank Deposits	1,855.2	1,395.6	-459.7	-24.8	1.6
Other Assets	2,954.5	2,810.6	-143.9	-4.9	3.2
Total Assets	85,529.6	87,146.7	1,617.2	1.9	100.0

* 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 2.66 billion (26.3%) to KWD 12.76 billion at the end of January 2024 against KWD 10.10 billion at the end of the comparative month.

This rise was mainly due to the increase in foreign assets by KWD 2.22 billion (9.7%) on one end, and drop in foreign liabilities by KWD 0.44 billion (3.4%).

Figure (8): Net Foreign Assets in Local Banks

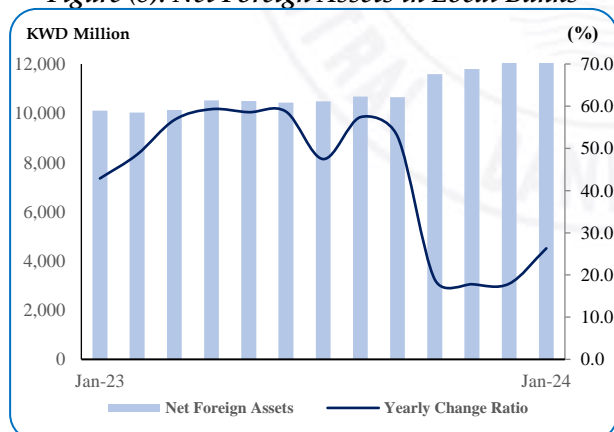
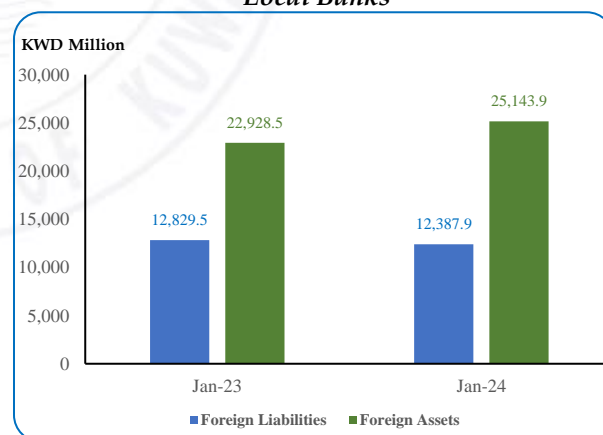


Figure (9): Foreign Assets & Liabilities in Local Banks



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

The utilized cash portion of the credit facilities to residents increased by KWD 0.53 billion (1.1%) to KWD 47.63 billion at the end of January 2024 against KWD 47.09 billion at the end of the comparative month. Details can be stated as follows:

The utilized cash portion of credit facilities to businesses (60.5% of the overall facilities to residents) increased by KWD 0.24 billion (0.8%) to KWD 28.83 billion at the end of January 2024 against KWD 28.60 billion at the end of the comparative month. This increase was mainly driven by the rise in the utilized portion of credit to real estate and construction (KWD 0.48 billion, i.e. 4.2%),

trade (KWD 0.24 billion, i.e. 7.6%), non-bank financial institutions (KWD 0.18 billion, i.e. 17.2%), and purchase of securities "individuals, companies and institutions" (KWD 0.21 billion, i.e. 6.5%).

Conversely, there was a decline in the cash portion of credit to loans to banks (KWD 0.26 billion, i.e. 20.4%), industry (KWD 0.18 billion, i.e. 7.3%), crude oil & gas (KWD 0.11 billion, i.e. 5.6%), and other services (KWD 0.32 billion, i.e. 8.7%), in addition to a limited slowdown in agriculture & fishing and in public services by 4.4% and 0.6%, respectively against the comparative month.

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

	January 2023	January 2024	Change		to Total (%)
			Value	(%)	
Personal Credit Facilities	18,497.5	18,794.3	296.9	1.6	39.5
Consumer Loans	1,966.4	1,980.4	14.0	0.7	4.2
Installment Loans	15,777.3	16,057.3	280.0	1.8	33.7
Private Residential Loans	326.2	304.8	-21.4	-6.5	0.6
Other Loans	427.6	451.8	24.3	5.7	0.9
Business Sector Credit Facilities	28,596.6	28,833.8	237.1	0.8	60.5
Trade	3,191.3	3,434.3	243.0	7.6	7.2
Industry	2,442.1	2,264.7	-177.5	-7.3	4.8
Agriculture & Fishing	29.1	27.9	-1.3	-4.4	0.1
Purchase of Securities	3,192.1	3,399.8	207.7	6.5	7.1
Real Estate	9,437.8	9,605.7	167.9	1.8	20.2
Constructions	2,126.0	2,438.1	312.2	14.7	5.1
Loans to Banks	1,277.3	1,017.2	-260.2	-20.4	2.1
Non-Bank Financial Institutions	1,046.8	1,226.6	179.8	17.2	2.6
Crude Oil & Gas	2,059.7	1,945.4	-114.4	-5.6	4.1
Public Services	116.4	115.7	-0.7	-0.6	0.2
Other Services	3,677.9	3,358.5	-319.5	-8.7	7.1
Total	47,094.1	47,628.1	534.0	1.1	100.0

3. Residents' Deposits with Local Banks:

The total residents' deposits went up by KWD 1.36 billion (2.9%) to KWD 48.57 billion at the end of January 2024 against KWD 47.21 billion at the end of the comparative month. This rise was driven mainly by the **increase in government's deposits** by KWD 0.88 billion i.e. 25.4%, to KWD 4.37 billion at the end of January 2024 against KWD 3.48 billion at the end of the comparative month, as well as the **rise in public institutions' deposits** by KWD 0.62 billion i.e. 10.0%, to KWD 6.87 billion at the end of January 2024 against KWD 6.24 billion at the end of the comparative month.

On the other hand, resident private sector's deposits decreased by KWD 0.15 billion i.e. 0.4%, to KWD 37.34 billion at the end of January 2024 against KWD 37.48 billion at the end of the comparative month.

Private sector's deposits are the main source of financing for local banks (42.8% of the local banks' total liabilities at the end of January 2024). On another front, government's deposits and public institutions' deposits accounted for 5.0% and 7.9% of the local banks' total liabilities, respectively, at the end of January 2024.

Figure (10): Government Deposits

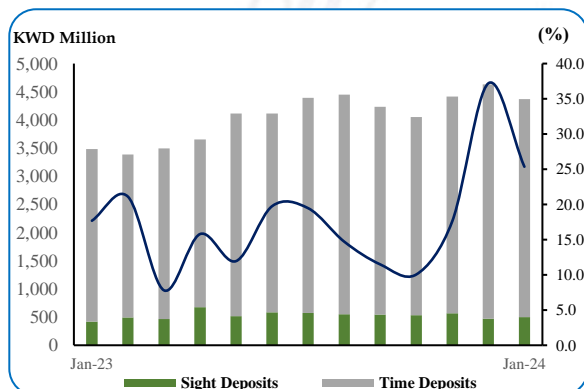


Figure (11): Public Institutions' Deposits

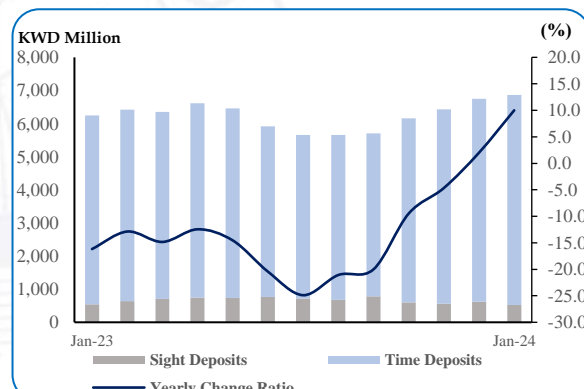


Figure (12): Private Sector's Deposits in Local Currency

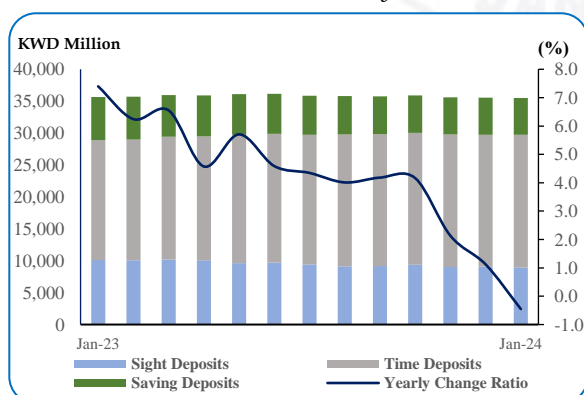


Figure (13): Private Sector's Deposits in Foreign Currencies

