

Summary of the Key Local Monetary and Banking Indicators

February 2024

This monthly bulletin summarizes the key monetary and banking developments in the State of Kuwait as at the end of February 2024 compared to February 2023 (comparative month), the most prominent of which:

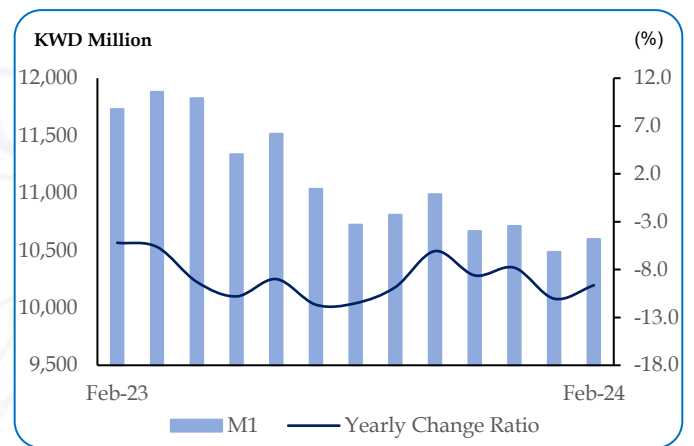
- Money Supply in its Broad Sense (M2) increased by 0.2% to KWD 39.27 billion.
- The total local banks' assets grew by KWD 1.55 billion (1.8%).
- The net foreign assets in the local banks went up by KWD 2.80 billion (27.9%).
- The utilized cash portion of credit facilities to residents increased by KWD 0.85 billion (1.8%).
- The total residents' deposits with local banks went up by KWD 1.75 billion (3.7%) to KWD 49.07 billion. Likewise, the resident private sector's deposits increased by KWD 0.11 billion (0.3%).

I- Monetary Developments (Money Supply)

1. Money Supply (M1):

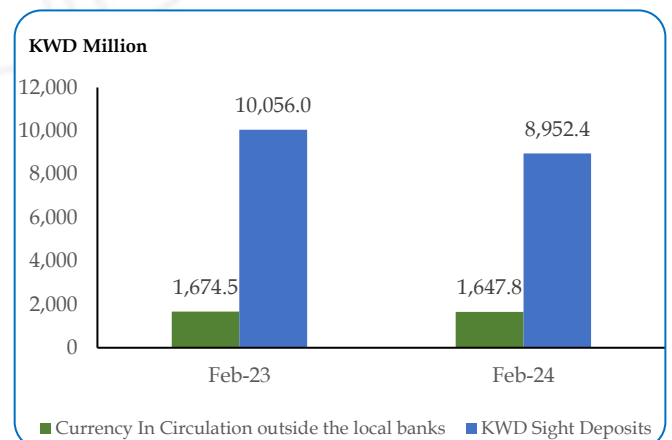
Money Supply in its Narrow Sense "Narrow Money" (M1) contracted by KWD 1.13 billion (9.6%) to KWD 10.60 billion at the end of February 2024 against KWD 11.73 billion at the end of the comparative month.

Figure (1): Narrow Money (M1)



This was mainly attributed to the decrease in both **KWD sight deposits** by KWD 1.10 billion (11.0%) to KWD 8.95 billion, and **currency in circulation outside the local banks** by KWD 0.03 billion (1.6%) to KWD 1.65 billion.

Figure (2): Narrow Money Components



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

M2 increased by KWD 0.09 billion (0.2%) to KWD 39.27 billion at the end of February 2024 against KWD 39.19 billion at the end of the comparative month. This gain resulted from the rise in Quasi-Money (KWD saving deposits, KWD time deposits and deposits in foreign currency) by KWD 1.22 billion (4.4%) on one end, against a slight drop in Narrow Money (M1) by KWD 1.13 billion (9.6%) on the other.

Figure (3): Broad Money (M2)

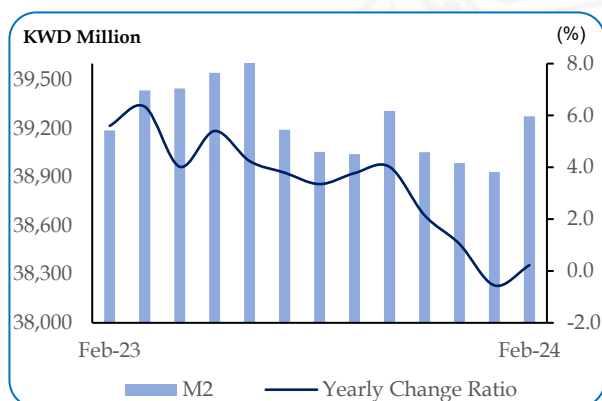
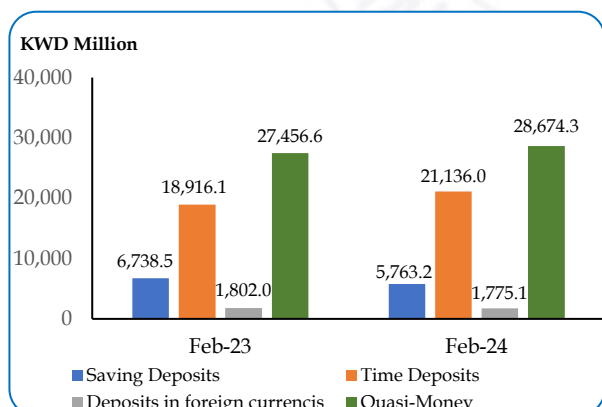


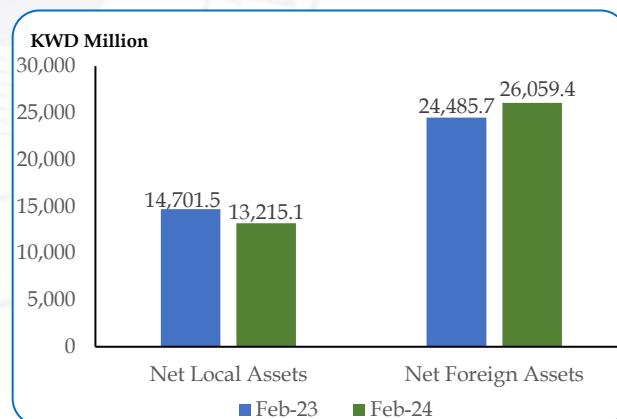
Figure (4): Components of Quasi-Money



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 February 2024 was driven by the **increase in net foreign assets** by KWD 1.57 billion, i.e. 6.4% (as net foreign assets with local banks increased by KWD 2.80 billion, i.e. 27.9%, and net foreign assets with CBK decreased by KWD 1.22 billion, i.e. 8.4%), and the **decrease in net local assets** by KWD 1.49 billion, i.e. 10.1%.

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

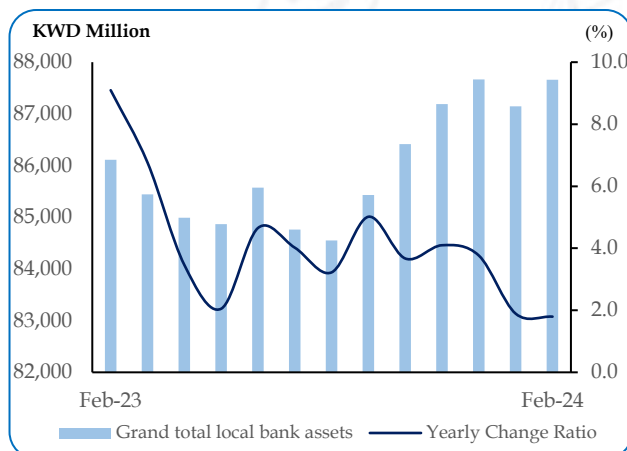


II- Banking Developments (at the Activity Level of Local Banks and their Branches inside the State of Kuwait)

1. Local Banks' Assets:

Total assets of local banks grew by KWD 1.55 billion (1.8%) to KWD 87.66 billion at the end of February 2024 against KWD 86.11 billion at the end of the comparative month. This was mainly driven by the rise in **foreign assets** by KWD 1.69 billion (7.3%) to KWD 24.74 billion, **claims on private sector** by KWD 1.58 billion (3.6%) to KWD 45.81 billion, **claims on public institutions** by KWD 0.04 billion (1.2%) to KWD 3.68 billion, and **other assets** by KWD 0.12 billion (4.2%) to KWD 2.90 billion.

Figure (6): Local Banks' Total Assets



On another front, interbank deposits, claims on government, claims on CBK and loans to banks, fell by 42.1%, 13.4%, 9.8%, and 5.1%, 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 52.3% of the local banks' total assets in February 2024 against 51.4% at the end of the comparative month. **Foreign assets** came next accounted for 28.2% of the local banks' total assets at the end of February 2024.

The rise in foreign assets came from the rise in the balances of the following components; foreign investments, credit facilities to non-residents, and other assets by 11.5%, 25.4%, and 13.1%, respectively, on one hand, and the decline in the balance of deposits with foreign banks and loans to foreign banks by 6.2% and 1.4%, respectively, on the other.

Figure (7): Components of Foreign Assets

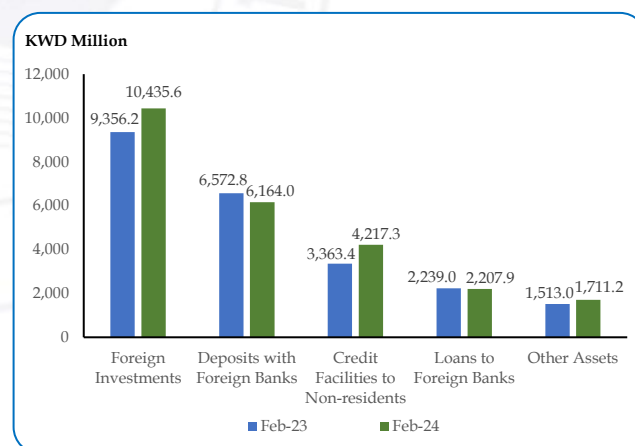


Table (1): Local Banks' Total Assets by Main Components (KWD Million)

	February 2023	February 2024	Change		to Total (%)
			Value	(%)	
Claims on CBK	8,519.7	7,687.0	-832.7	-9.8	8.8
Claims on Government	502.1	434.9	-67.2	-13.4	0.5
Claims on Public Institutions*	3,634.9	3,678.6	43.7	1.2	4.2
Claims on Private Sector, of which:	44,232.7	45,809.0	1,576.3	3.6	52.3
Credit Facilities to Residents	42,252.2	43,122.4	870.2	2.1	49.2
Foreign Assets	23,044.5	24,736.0	1,691.5	7.3	28.2
Loans to Banks	1,207.2	1,145.1	-62.1	-5.1	1.3
Local Interbank Deposits	2,185.5	1,265.5	-920.0	-42.1	1.4
Other Assets	2,787.2	2,903.6	116.4	4.2	3.3
Total Assets	86,113.8	87,659.8	1,545.9	1.8	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 2.80 billion (27.9%) to KWD 12.82 billion at the end of February 2024 against KWD 10.03 billion at the end of the comparative month.

This rise was mainly due to the increase in foreign assets by KWD 1.69 billion (7.3%) on one end, and the drop in foreign liabilities by KWD 1.10 billion (8.5%) on the other.

Figure (8): Net Foreign Assets in Local Banks

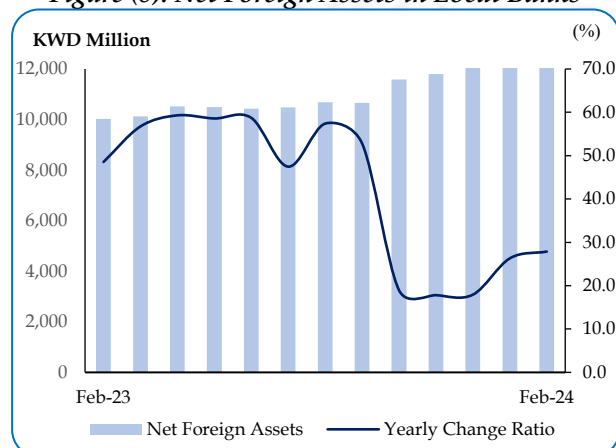
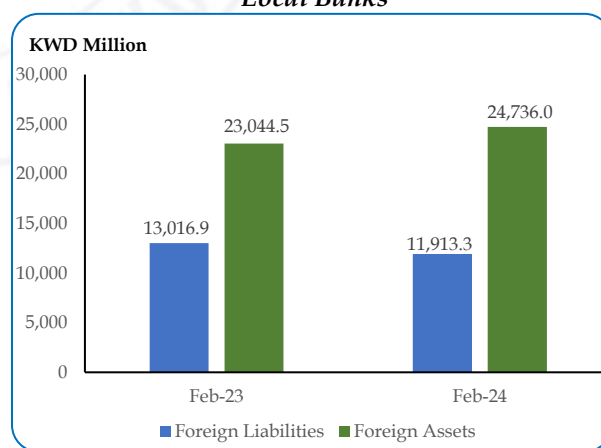


Figure (9): Foreign Assets & Liabilities in Local Banks



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

The **utilized cash portion of the credit facilities to residents** increased by KWD 0.85 billion (1.8%) to KWD 47.95 billion at the end of February 2024 against KWD 47.09 billion at the end of the comparative month. The credit facilities to businesses and personal credit facilities accounted for 58.9% and 41.1%, respectively, of the rise in the total utilized cash portion of the facilities extended to residents.

In more detail, **the utilized cash portion of credit facilities to businesses** (60.7% of the overall facilities to residents) increased by KWD 0.50 billion (1.8%) to KWD 29.12 billion at the end of February 2024 against KWD 28.62 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 0.62 billion, i.e. 5.4%), trade (KWD 0.26 billion, i.e. 8.3%), non-bank financial institutions (KWD 0.18 billion, i.e. 16.4%), and purchase of securities “individuals, companies and institutions” (KWD 0.23 billion, i.e. 7.2%).

Conversely, there was a **decline in the cash portion of credit** to industry (KWD 0.20 billion, i.e. 8.2%), crude oil & gas (KWD 0.14 billion, i.e. 6.9%), loans to banks (KWD 0.06 billion, i.e. 5.1%), and other services (KWD 0.38 billion, i.e. 10.2%), in addition to a limited slowdown in agriculture & fishing and in public services by 2.9% and 1.4%, respectively against the comparative month.

3. Residents' Deposits with Local Banks:

The total residents' deposits went up by KWD 1.75 billion (3.7%) to KWD 49.07 billion at the end of February 2024 against KWD 47.32 billion at the end of the comparative month. This rise was driven mainly by the **increase in government's deposits** by KWD 1.15 billion (34.1%) to KWD 4.54 billion at the end of February 2024 against KWD 3.39 billion at the end of the comparative month, as well as the **rise in public institutions' deposits** by KWD 0.48 billion (7.5%) to KWD 6.90 billion at the end of February 2024 against KWD 6.42 billion at the end of the comparative month.

Moreover, **resident private sector's deposits** increased by KWD 0.11 billion (0.3%) to KWD 37.63 billion at the end of February 2024 against KWD 37.51 billion at the end of the comparative month.

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 February 2024). On another front, government's deposits and public institutions' deposits accounted for 2.2% and 7.9% of the local banks' total liabilities, respectively, at the end of February 2024.

Figure (10): Government Deposits

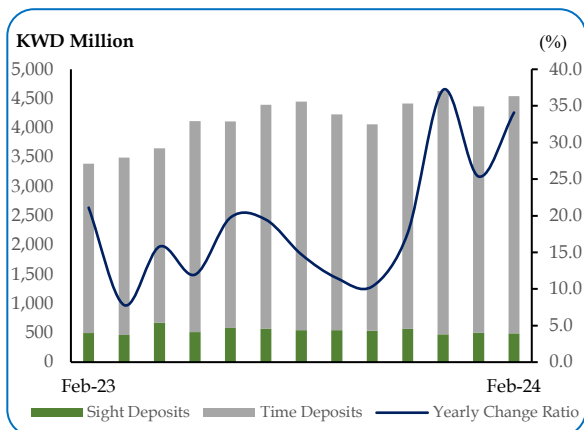


Figure (11): Public Institutions' Deposits

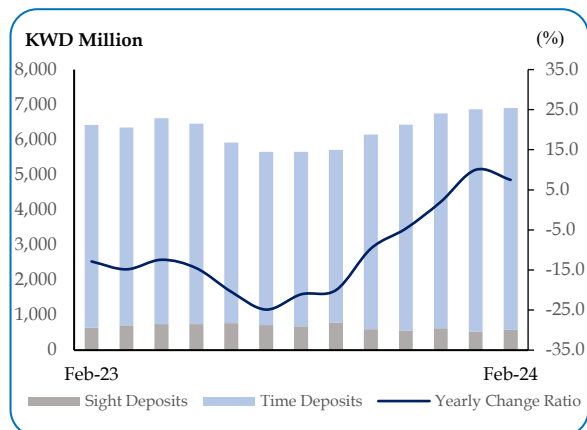


Figure (12): Private Sector's Deposits in Local Currency

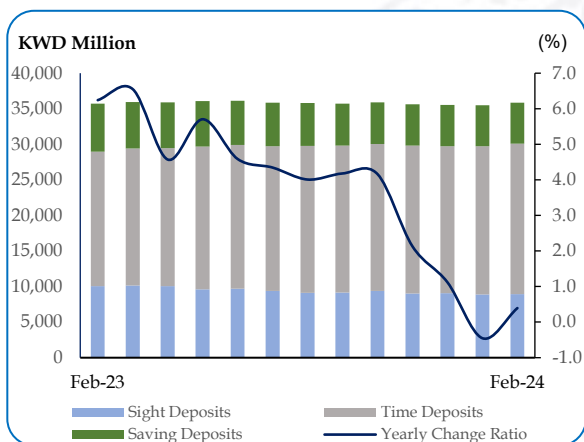


Figure (13): Private Sector's Deposits in Foreign Currencies

