

## **Summary of the Economic Report**

The economic report of the Central Bank of Kuwait for 1999 addressed the most significant economic, financial, monetary and banking developments in the Kuwaiti economy during that year, and analysed their most salient reflections on the national economic sectors. The report encompassed six parts which highlighted the developments in the main indicators of the domestic economy during 1999, in the areas of economic growth, the general level of domestic prices, and population and labour force, in addition to the CBK's efforts and directions in drawing and implementing the monetary policy and the resulting impact on the main monetary and banking aggregates and the financial indicators of the banking and financial system, along with the developments in public finance, foreign trade and balance of payments of the State of Kuwait and the activity in the Kuwait Stock Exchange.

The most significant developments highlighted in this economic report for 1999 are summed up in the following:

### **First- Performance of the Domestic Economy:**

The first part of the report focussed on following up the developments indicated by the statistics on national accounts, the general level of domestic prices, and population and labour force in the State of Kuwait in 1999. With regard to the national accounts statistics, the report highlighted the impact of the rise in world oil prices in 1999 and its positive reflection economic growth in the country. The Gross Domestic Product (GDP) at current prices grew by KD 1314.7 million or 17% to KD 9032.8 million, compared to KD 7718.1 million in 1998. The growth in the value added in the oil sectors (crude oil production, natural gas and refined petroleum products industry) contributed the largest portion (87.8%) of the above mentioned growth in GDP at current prices in 1999. This growth occurred as a result of the marked rise in world oil prices, despite a 8.7% decrease in the country's crude oil production during that year.

From another perspective, the report indicated that the value added to the GDP in the non-oil sectors (excluding the refined petroleum products industry) grew to KD 4827.9 million in 1999, i.e. a growth of 3.4% compared to 4.1% in 1998. In this regard, the report noted the disparity in the growth rates of the value added to the GDP by the various activities making

up the non-oil sectors. On the one hand, the value added to the GDP by the Financial Institutions sector recorded the highest growth rate (13.1%) to KD 566.2 million in 1999 from KD 500.6 million in 1998, while the value added to the GDP by the Transport, Storage and Communications sector grew by 9.5% to KD 505.9 million in 1999. Furthermore, the value added to GDP by the non-oil Manufacturing Industries sector and the Community, Social and Personal Services sector grew by 4.2% and 4.1% respectively in 1999 above their previous year levels. On the other hand, the value added to the GDP by the construction sector decreased by 3.4% in 1999 compared to the previous year, while the performance of the other sectors remained stable in general.

From the perspective of expenditure on GDP at current prices, the report indicated that the value of non-residents expenditure (exports of goods and services) grew by KD 772 million or 22.3% to KD 4240 million in 1999 from KD 3468 million in 1998, thereby contributing the largest portion (58.7%) of the growth in GDP at current prices between 1998 and 1999. The net expenditure by residents (consumption and investment expenditures minus imports of goods and services) amounted to KD 4792.8 million in 1999, i.e. an increase of KD 542.7 million (or 12.8%), thereby accounting for 41.3% of the growth in GDP during that year.

As for the rest of principal national accounts aggregates, the report indicated that the Gross National Product at current prices grew by 11.6% to KD 10.6 billion in 1999 from KD 9.5 billion in 1998. This growth was the outcome of the above mentioned increase in GDP at current prices, and the decrease in net factor income from abroad by 11.8% (from KD 1788 million in 1998 to KD 1577 million in 1999). Consequently, the average per capita share of the GNP at current prices in Kuwait rose by 9.9% to KD 4666.3 in 1999 from KD 4247.4 in 1998.

The report also addressed in its first part the trends in domestic prices in the State of Kuwait as reflected by the developments in the consumer and wholesale price indices. In this regard, the report indicated a rise in the rate of domestic inflation measured by the Consumer Price Index in the State of Kuwait from 0.2% in 1998 to 3% in 1999. The largest portion of this rise (44.8%) resulted from the accelerated increase in the general level of the prices of goods under the "Food" group which rose by 4.6% in 1999 compared to a slight rise of 0.2% in 1998. Furthermore, the report highlighted the continued decrease in the Wholesale Price Index by 1.2% in 1999, thereby reflecting the effect of the decrease in the wholesale prices of

imported goods by 1.6%, along with the slight rise of 0.1% in the wholesale prices of locally produced goods.

In the last section of its first part, the report focussed on the developments in population and labour force in the State of Kuwait in 1999, particularly the decline of 0.7% in the country's total population from 2.271 million at end of 1998 to 2.255 million at end of 1999. Data indicate that this decrease resulted mainly from a decline of 2.8% in non-Kuwaiti population at end of 1999 compared to end of 1998. Meanwhile, the number of Kuwaitis continued to grow by 3.3% between the ends of both mentioned years. This was accompanied by a decrease in the ratio of non-Kuwaiti labour to total labour force in the country from 83.1% at end of 1998 to 81.9% at end of 1999, and a rise in the ratio of Kuwaiti labour to the total labour force from 16.9% to 18.1% respectively at end of these two years.

Furthermore, in the last section of its first part, the report also highlighted several developments related to population and labour force; notably, the age distribution of the total population (Kuwaitis and non-Kuwaitis), the dependency ratio of the total population (Kuwaitis and non-Kuwaitis) and the distribution of the total labour force by economic sector, economic activity and educational qualification, etc.

### **Second- The Monetary Policy, Developments in Monetary Indicators and Banking Supervision:**

The second part of the report addressed the CBK efforts in drawing and implementing the monetary policy, and the role of this policy in firmly establishing the bases of monetary stability in the country, along with enhancing the elements and opportunities for self-generated growth in the domestic economy in line with the general economic policy objectives.

The report highlighted several important developments in the main monetary indicators and aggregates in 1999, the most salient of which are the following:

- 1- Within its efforts aimed at maintaining the monetary stability in the domestic economy and enhancing the economic activity, the CBK issued a decision setting a new rate for the

discounting and rediscounting of commercial papers presented to it by local banks and which it accepts to discount or rediscount.

By virtue of this decision, the discount rate was reduced by 0.25 percentage point, from 7% to 6.75% effective 7 March 1999. This decision was issued in light of CBK's constant monitoring of the domestic economic situation and the worldwide developments in interest rates on major currencies.

- 2- Money supply developments in 1999 are a reflection of CBK's endeavours in regulating the levels of domestic liquidity in line with the developments in economic activity and the considerations related to maintaining the monetary stability in the country. Within this framework, money supply in its broad definition (M2) amounted to KD 7678.1 million in 1999 compared to KD 7556.5 million at end of the previous year, i.e. a growth of KD 121.5 million (or 1.6%), which was the outcome of the increase in money (M1) by KD 228 million (19.9%) and the decrease in quasi-money by KD 106.4 million (1.7%) at end of 1999 compared to end of 1998. Money supply in its broader definition (M3) rose by KD 119.7 million (1.6%) to KD 7689.3 million at end of 1999 compared to KD 7569.6 million at end of the previous year.
- 3- Within CBK's efforts in maintaining the relative stability of the exchange rate of the Kuwaiti dinar, so as to temper imported inflation and enhance the residency of the Kuwaiti dinar as a savings currency in Kuwait, the CBK continued to apply the exchange rate policy based on tying the dinar to a weighted basket of currencies of countries that have significant trade and financial relations with the State of Kuwait. This policy helped realise the relative stability in the KD exchange rate during 1999. Within this framework, the report indicated that the movements of the US dollar exchange rate against the Kuwaiti dinar remained stable within relatively narrow margins compared to its movements against the other major currencies. With regard to monthly fluctuations, the report indicated that the difference between the highest and lowest end-of-month exchange rates of the US dollar against the dinar in 1999 did not exceed 1.5% or 4.5 fils, while the US dollar fluctuated against other major currencies within much broader margins. In fact, the difference between the highest and lowest exchange rates of the US dollar ranged from a maximum of 20.9% against the Japanese Yen to a minimum of 4.6% against the Sterling Pound.

- 4- Balances of the utilized cash credit facilities extended by local banks and the Kuwait Finance House to the economic sectors amounted to KD 5014.8 million at end of 1999, i.e. an increase of KD 213.2 million or 4.4%, compared to an increase of KD 477.4 million or 11% during the previous year.
  
- 5- Within its efforts aimed at managing the levels of domestic liquidity, the CBK continued in 1999 to issue public debt instruments (i.e. Treasury Bonds and Bills) on behalf of the Ministry of Finance. Within this framework, the CBK made 25 issues of Treasury Bills and 18 issues of Treasury Bonds, with a total nominal value of KD 1370 million and KD 1600 million respectively in 1999. Meanwhile, 30 issues of Treasury Bills and 13 issues of Treasury Bonds matured during 1999, with a nominal value of KD 1578.4 million and KD 1080 million respectively. Accordingly, the outstanding balance of public debt instruments reached KD 2337.4 million at end of 1999, distributed between KD 579 million for Treasury Bills and KD 1758.4 million for Treasury Bonds, thereby recording a growth of KD 311.6 million (15.4%) above its level of KD 2025.8 million at end of 1998.
  
- 6- The secondary market operations of public debt instruments between the CBK on the one hand, and local banks and domestic investment companies on the other, during 1999, reflect CBK's directions to manage the levels of liquidity in the money market. Within this framework, the report indicated that the volume of buying and selling transactions in the secondary market for public debt instruments between the CBK and local banks and domestic investment companies decreased in 1999 to KD 102.7 million compared to KD 788.2 million in the previous year. The interbank KD deposit market of local banks witnessed an increasing activity in 1999, whereby the volume of transactions in this market reached KD 13.9 billion during that year compared to KD 12.1 billion during the previous year.

Additionally, the second part of the report addressed the CBK efforts in directing and rationalizing the credit policy of banks and investment companies within the local banking and financial system, according to sound banking and financial practices. In this regard, the CBK issued in 1999 a number of circulars, instructions and regulations, particularly noticeable among which were those concerning the adjustment of information systems in the local banking and financial system units to fulfill the requirements for the

change of date on the rollover to year 2000, along with the instructions and circulars issued to commercial banks and investment companies allowing the resumption of extension of margin facilities and other loans and credit facilities for the purpose of trading on the Kuwait Stock Exchange, subject to specific quantitative and qualitative controls.

### **Third- Financial Indicators of the Banking and Financial System:**

The third part of this economic report focussed on monitoring and analysing the financial data available on the aggregate balance sheet of local banks (along with the Kuwait Finance House), and investment and exchange companies subject to CBK's supervision, so as to derive the key financial indicators that help monitor the developments in the performance of these units during 1999, and to assess the reflections of these developments on their financial positions at year end.

The following are the most significant developments highlighted by the above mentioned monitoring and analysis:

- 1- The aggregate balance sheet of local banks grew by KD 42 million or 0.3% to KD 12917.1 million at end of 1999 above its previous year level of KD 12875.1 million. Thereby, the aggregate balance sheet of local banks reached at end of 1999 new record levels unprecedented since the end of 1991. On the assets side, the largest portion of the above mentioned growth in the aggregate balance sheet of local banks resulted from the increase in the balances of claims on the private sector, represented in credit facilities to residents and other domestic investments, by KD 269.4 million (or 5.1%) to KD 5572.3 million, accounting for 43.1% of the total assets at end of 1999 compared to 41.2% at end of the previous year.

Conversely, balances of claims on the government (public debt instruments and Debt Purchase Bonds) decreased by KD 78 million (or 1.9%) to KD 4062.2 million, thus accounting for 31.3% of the total assets at end of 1999 compared to 32.2% at end of 1998.

On the liabilities side, data on the aggregate balance sheet of local banks indicate that at end of 1999 the elements of the overall structure of liabilities remained relatively stable at their end of previous year level. Within this structure, the report noted the manifest importance of the balances of private sector deposits, as they accounted for more than half

of the total value of liabilities in 1999. Furthermore, the report highlighted the direction to raise the relative importance of shareholders' equity in the total liabilities within the aggregate balance sheet of local banks. This development was reflected in the rise in the capital adequacy standard of local banks above the internationally recommended minimum. In this regard, the capital adequacy standard for local commercial and specialized banks reached 23.6% at end of 1999, i.e. higher than both the internationally recommended minimum of 8% and the minimum requirement of 12% for that standard according to CBK instructions.

From another perspective, the financial ratios and indicators derived from the analysis of the aggregate balance sheet of local banks at end of 1999 indicate some increase in both the liquidity standards and standards of uses of funds in local banks rose in 1998, thereby contributing to the sustained growth in their net realised profits from KD 202.4 million in 1998 to KD 230.3 million in 1999. The net profits realised by local banks in 1999 accounted for 1.8%, 15.4% and 33.7% of their total assets, total shareholders' equity, and paid-up capital respectively at end of that year.

- 2- The financial data available on the aggregate balance sheet of local investment companies at end of 1998, and the indicators derived from the analysis of these data reflect the efforts expended by these companies in adapting to the developments in the domestic economy. These data indicate an increase of the investment and financing transactions of local investment companies with the outside world. The number of local investment companies registered with the CBK reached 36 at end of 1999 compared to 34 at end of the previous year. The aggregate balance sheet of companies for which data were available reached KD 3199.7 million at end of 1999 compared to KD 3430.8 million for the aggregate balance sheet of 34 companies at end of 1998.

The aggregate balance sheet of local investment companies for which comparative data were available for 1998 and 1999 (25 companies) recorded a decrease of KD 119.7 million or 4% to KD 2869.1 million at end of 1999, compared to KD 2988.8 million at end of 1998. Data on the relative distribution of the elements of assets of these companies indicate a marked increase in the relative importance of foreign assets in total assets from 52.1% at end of 1998 to 61.2% at end of 1999, at the expense of the decline in the relative importance of domestic investments from 24.1% to 17.4% at end of the mentioned two

years respectively. Similarly, the relative importance of financing sourced from residents in the total liabilities within the aggregate balance sheet of local investment companies decreased from 14.9% at end of 1998 to 10.2% at end of 1999, to the benefit of the increase in the relative importance of financing from foreign sources from 34% to 39.3% at end of the mentioned two years respectively.

- 3- The aggregate balance sheet of 27 local exchange companies registered with the CBK at the end of 1999 recorded a decline of KD 3.6 million (or 6.3%) from KD 56.9 million at end of 1998 (for 26 companies) to KD 53.3 million at end of 1999. The indicators derived from the aggregate balance sheet of local exchange companies reflect an increase in the liquidity position of these companies. In this regard, the report indicated an increase in the ratio of liquid assets to total assets from 40.4% at end of 1998 to 41.5% at end of 1999. Moreover, the net profits realised by these companies rose by KD 2.5 million or 150.9% during 1999 compared to the previous year. The report also highlighted a noticeable improvement in the capital adequacy level in exchange companies to 46.1% at end of 1999 from 39.5% at end of 1998.

#### **Fourth- Developments in Public Finance:**

The fourth part of this economic report analysed the developments in public finance in 1999 as reflected by the data on the general budget of ministries and governmental bodies. Within the framework of this analysis, the report addressed the developments in the actual budgetary revenues and expenditures for the fiscal year 1998/99, presented the revenue estimates and allocations for expenditure in the general budget of the fiscal year 1999/2000, and provided a follow up of the actual execution of that budget during the first half of the mentioned fiscal year (1/7/1999-31/12/1999).

The report highlighted the adverse impact of the decline in world oil prices during 1998, which led to a decrease in the actual budgetary revenues collected during the fiscal year 1998/99 by KD 810.1 million or 22.5% to KD 2797.7 million against KD 3607.8 million in the previous fiscal year. On the other hand, the actual budgetary expenditures for the fiscal year 1998/99 amounted to KD 4040.2 million, i.e. an increase of KD 62.4 million or 1.6% above their previous fiscal year levels. Accordingly, the actual deficit in the general budget, before deducting the allocations for the Reserve Fund for Future Generations, rose to KD



1242.5 million, i.e. higher by KD 872.5 million (or 235.8%) than the actual deficit of KD 370 million in the previous fiscal year.

Specifically, the report highlighted the decline in actual budgetary oil revenues, and the effect of this decline in raising the deficit in the general budget for the fiscal year 1998/99. The actual budgetary oil revenues collected during that fiscal year recorded a decrease of KD 954 million or 29.7% to KD 2254.4 million from KD 3208.4 million in the previous fiscal year. Meanwhile, the actual budgetary non-oil revenues recorded a marked growth of KD 143.9 million or 36% to KD 543.3 million during the fiscal year 1998/99 from KD 399.4 million in the previous fiscal year. The largest portion (93.1%) of this growth resulted from the increase in the miscellaneous revenues and charges by KD 134.2 million (or 267.8%) to KD 184.3 million, i.e. 33.9% of the total actual budgetary non-oil revenues for the fiscal year 1998/99 against 12.5% for the previous fiscal year.

On the other hand, the report indicated that the actual expenditures in the general budget for the fiscal year 1998/99 were lower by KD 321.8 million (or 7.4%) than their budget allocations for that fiscal year. This development reflected the directions of the fiscal policy in response to the developments connected with the decrease in world oil prices, though that response focussed mainly on reducing the levels of capital expenditures. The above mentioned limited increase in the total actual budgetary expenditures for the fiscal year 1998/99 above their previous fiscal year level was distributed over the chapters of the budget, except for the fourth chapter (construction projects). Actual expenditures under that chapter decreased by KD 37.9 million or 9.2%, to KD 376.6 million during the fiscal year 1998/99 from KD 414.5 million during the fiscal year 1997/98.

Additionally, the report addressed the general features of revenue estimates and allocations for expenditures in the general budget for the fiscal year 1999/2000, highlighting the bases and rationales on which these estimates and allocations were established. The revenue estimates in that general budget reached KD 2224 million, while the allocations for expenditures amounted to KD 4295 million. Accordingly, the enacted general budget for the fiscal year 1999/2000 encompassed a deficit estimated at KD 2071 million, before deducting the allocations for the Reserve Fund for Future Generations.

The report also reviewed the developments in the government fiscal operations within the

general budget for the fiscal year 1999/2000, based on the monthly follow-up statements of actual budgetary revenues and expenditures during the first half of the mentioned fiscal year (the period from 1/7/1999 to 31/12/1999). Within this framework, the report indicated a marked increase in the actual revenues collected during that period by KD 935.2 million or 68.8% to KD 2293.5 million from KD 1358.4 million for the corresponding period of the fiscal year 1998/99. This development reflects the positive impact of the noticeable rise in world oil prices which occurred since April 1999. In this regard, the report noted that the actual budgetary revenues collected during the first half of the fiscal year 1999/2000 exceeded their estimates for the whole mentioned fiscal year. On the other hand, the actual budgetary expenditures during the first half of the fiscal year 1999/2000 reached KD 1500.5 million, compared to KD 1526.1 million for the corresponding period of the fiscal year 1998/99, i.e. a decrease of KD 25.6 million or 1.7%. Accordingly, during the first half of the fiscal year 1999/2000, the general budget recorded a surplus of KD 793 million, compared to a deficit of KD 167.7 million during the corresponding period of the fiscal year 1998/99, before deducting the allocations for the Reserve Fund for Future Generations.

#### **Fifth- Developments in Foreign Trade and Balance of Payments:**

In its fifth part, the report analysed the developments in the trade and financial relations of the domestic economy with the other economies worldwide, as reflected by the statistics on foreign trade and the balance of payments (BOP) for 1999. In this regard, the report highlighted the significant reflections of the marked increase in world oil prices on Kuwait's balance on goods surplus which rose by KD 1115 million or 192.2% to KD 1695 million in 1999, compared to KD 580 million for the previous year. Thereby, the ratio of Kuwait's balance on goods surplus to the GDP at current prices rose to 18.8% in 1999 from 7.5% in 1998. The increase in the balance on goods surplus in 1999 was the outcome of the substantial growth in the value of exports and re-exports (fob) by KD 806 million or 27.5% (from KD 2931 million in 1998 to KD 3737 million in 1999) on the one hand, and the decrease in the value of merchandise imports (fob) by KD 309 million or 13.1% (from KD 2351 million to KD 2042 million) on the other. The largest portion (96.2%) of the increase in the value of merchandise exports resulted from the noticeable growth of KD 775 million or 30% in the value of oil exports from KD 2582 million in 1998 to KD 3357 million in 1999.

Concerning the "Services Account (Net)", the report indicated some decline of KD 30

million or 2.6% in the deficit recorded in this account to KD 1122 million in 1999, from KD 1152 million in the previous year. Meanwhile, the “Investment Income (Net)”, which was separated from the service account according to the guidelines provided in the fifth edition of the BOP manual published by the IMF, recorded a surplus of KD 1577 million in 1999, compared to a surplus of KD 1788 million in 1998.

The value of unrequited current transfers abroad (Net) recorded a deficit of KD 610 million in 1999, compared to a deficit of KD 541 million in 1998, i.e. an increase of KD 69 million or 12.8%. As an outcome of these developments, the Current Account (Net) surplus of the State of Kuwait rose by KD 865 million or 128.1% to KD 1540 million, thus accounting for 17% of the GDP at current prices in 1999, compared to 8.7% in 1998.

Paralleling the above mentioned rise in the current account surplus, the growth in the net value of Kuwait’s external investment assets recorded under the “Capital and Financial Account (Net)” item, accelerated to KD 1688 million in 1999, compared to a growth of KD 866 million in 1998. The transactions in the capital account (Net) realised a net inflow of KD 154 million in 1999. On the other hand, the net value of Kuwait’s external investment assets recorded under the “Financial Account (Net)” item in the BOP statistics of the State of Kuwait, showed an accelerated growth of KD 952 million (or 107%) to KD 1842 million in 1999 compared to KD 890 million in the previous year. Particularly noticeable within this growth in 1999 was the markedly accelerated growth of KD 1887 million in the net value of external assets of governmental institutions and authorities recorded under the General Government sector in the BOP statistics.

As for the structure of external investments recorded under the financial account, the report indicated that the increase in the net value of Kuwait’s investments abroad in 1999 was distributed between the “Other Investments” item (KD 980 million), the “Portfolio Investment” item (KD 798 million), and the “Direct Investment” item (KD 64 million).

The overall Balance of Payments of the State of Kuwait, which reflects the outcome of the above mentioned developments in addition to the developments related to errors and omissions in the various BOP items - which are encompassed in the “Other (Net)” item - recorded a surplus of KD 282 million in 1999, i.e. an increase of KD 221 million or 362.3% compared to KD 61 million in the previous year. This surplus was reflected in the total

reserve assets with the CBK, which rose by the same amount at end of 1999 above their end of previous year level.

From another analytical perspective, when the overall position of the State of Kuwait BOP is considered from a broader perspective to include all the elements of changes in the external reserves that can be used to finance the country's balance of payments, noting that these elements include the changes in net value of external investments of some government institutions and authorities (under the "General Government" item), along with the changes in total reserve assets of the CBK, the overall balance of payments shows a surplus of KD 1225.2 million in 1999, compared to a surplus of KD 680 million in 1998, i.e. an increase of KD 545.2 million or 80.2%.

#### **Sixth- Developments in the Kuwait Stock Exchange Activity:**

The sixth, and last, part of the economic report addressed the developments in the activity of the Kuwait Stock Exchange (KSE) in 1999, thereby highlighting the main factors influencing the performance of that market and the new dispositions regulating its transactions during that year. Regarding the developments in the main indicators of the KSE, the report recorded the downward trend displayed by most of these indicators. Particularly noticeable in this regard was the continued decrease in the value of traded shares, for the second consecutive year, by 44.9% (from KD 3343.2 million in 1998 to KD 1842.1 million in 1999), along with the decline in the volume of traded shares and the number of transactions by 31.8% (from 13.9 billion shares to 9.5 billions) and 39.3% (from 350.6 thousand transactions to 212.8 thousands) respectively in 1999 compared to the previous year. Furthermore, the KSE general price index decreased by 8.9% to 1442 points at end of 1999 from 1582.7 points at end of 1998. The report also indicated that despite the above mentioned decline in most of the KSE main trading indicators in 1999, the ratios of the decline were slower compared to 1998.

From another perspective, the report highlighted the developments in the share issue base of listed companies, which increased by 8.2% from 23.4 billion shares in 1998 to 25.4 billion shares in 1999. Furthermore, market capitalization rose by 6.4% from KD 5.8 billion in 1998 to KD 6.2 billion in 1999. The number of companies listed on the KSE reached 85 (of which 9 non-Kuwaiti companies) at end of 1999, against 78 companies (of which 9 non-Kuwaiti companies) at end of the previous year, as a result of listing seven new companies with a total

capitalisation of KD 135 million in 1999, thus increasing the share issue base by 1350 million shares.

Table (68)  
**Development in Main Economic, Financial  
and Monetary Indicators and Variables**  
(KD million)

Item	1995	1996	1997	1998	1999
<b>National Accounts:</b>					
GDP at Current Prices:	7925.3	9302.6	9106.6	7718.1	9032.8
Crude Oil & Natural Gas Sector	3136.8	4130.2	3632.5	2370.6	3354.4
Non-oil Sectors	4720.3	5095.1	5390.9	5263.3	5593.5
Of which: Petroleum Products	580.6	798.2	906.8	594.9	765.6
<b>Domestic Prices:</b>					
CPI (1978 = 100)	191.1	197.9	199.2	199.5	205.5
<b>Monetary and Banking</b>					
<b>Aggregates and Indicators:</b>					
Money Supply (M2)	7374.7	7330.8	7615.9	7556.5	7678.1
Money (M1)	1184.9	1242.6	1247.5	1143.5	1371.4
Quasi-money	6189.8	6088.2	6368.5	6413.1	6306.6
Private Sector Deposits with Local Banks	7063.2	6980.7	7270.7	7207.8	7235.2
of which: KD Deposits	5755.3	5724.1	6117.1	6170.4	6354.4
Credit Facilities Extended by Local Banks to Residents	2436.3	3173.1	4324.2	4801.6	5014.8
of which: Consumer Loans	525.3	515.6	551.3	541.7	546.2
Net Foreign Assets of Local Banks	1461.4	1407.5	895.2	703.6	609.1
Aggregate Balance Sheet of Local Banks	11592.1	11460.1	12689.9	12875.1	12917.1
KD Exchange Rate at Year End (fils per US dollar)	298.93	299.79	304.44	301.56	304.18
<b>Public Debt Instruments:</b>					
Value of Issues:	6851.7	4428.4	3894.7	2786.1	297.0
Treasury Bills	6042.5	3101.4	2636.3	1776.1	1370
Treasury Bonds	809.2	1327.0	1258.4	1010.0	1600.0
Balances at Year End:	2832.3	2494.2	2234.0	2025.8	2337.4
Treasury Bills	2023.1	1167.2	948.6	787.4	579.0
Treasury Bonds	809.2	1327.0	1285.4	1238.4	1758.4

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**Development in Main Economic, Financial  
and Monetary Indicators and Variables**  
(KD Million)

Item	1995	1996	1997	1998	1999
<b>Public Finance (Fiscal Years):</b> <sup>(1)</sup>	<b>(1995/96)</b>	<b>(1996/97)</b>	<b>(1997/98)</b>	<b>(1998/99)</b>	<b>(1999/2000)</b>
Revenues	3473.1	4391.0	3607.8	2797.7	2224.0
Expenditure	4126.5	3888.6	3977.8	4040.2	4295.0
Surplus or Deficit <sup>(2)</sup>	-653.4	502.4	-370.0	-1242.5	-2071.0
<b>Foreign Trade:</b>					
Total Value of Exports (cif)	3814.5	4458.0	4314.3	2911.6	3719.2
Value of Oil Exports <sup>(3)</sup>	3597.1	4231.3	4085.4	2581.8	3356.5
Total Value of Imports (cif)	2323.1	2507.2	2501.6	2626.2	2318.3
<b>Balance of Payments:</b>					
Merchandise Balance	1665	2095	1982	580	1695
Services Account (Net)	-1188	-1072	-1022	-1152	-1122
Income Account (Net)	1457	1551	1904	1788	1577
Current Transfers (Net)	-437	-446	-457	-541	-610
Current Account	1497	2128	2407	675	1540
<b>Kuwait Stock Exchange:</b>					
Monthly Average:					
Value of Transactions (KD Million)	159.1	480.2	874.5	278.6	153.5
Volume of Trading (Million Shares)	754.7	2145.8	2832.7	1159.9	791.3
Number of Deals (Deal)	8802	25748	29014	29214	17734

(1) Data are taken from the closing accounts except for 1999/2000 which is an approved budget.

(2) Before deducting the allocations for the Reserve Fund for Future Generations.

(3) CBK estimates.