

Summary of the Economic Report

Through its usual six parts, this economic report monitored the most significant economic, financial, monetary and banking developments in the Kuwaiti economy during 1997, and highlighted their reflections on the national economic sectors. The report analyzed the impact of these developments on the performance of the domestic economy during 1997 in the areas of national accounts, domestic prices, population and labour force, as well as the CBK efforts and directions in drawing and implementing the monetary policy and the impact thereof on the key monetary and banking indicators. Furthermore, the report analyzed the financial positions of the banking and financial system by year end, along with the developments in public finance, the foreign trade and balance of payments statistics of the State of Kuwait and the main indicators of the activity in the Kuwait Stock Exchange. The most significant of these developments can be highlighted in the following:

First- Performance of the Domestic Economy

The report started with reviewing the performance of the domestic economy during 1997 as indicated by data on national accounts, prices, and population and labour force during that year. In this regard, the report highlighted the developments in the Gross Domestic Product (GDP) at current prices during 1997 which reached KD 9212 million from KD 9307.1 million in 1996, i.e. a limited decrease of KD 95.1 million or 1%. The value added by the crude oil and natural gas production sector in 1997 reached KD 3683.8 million, thus recording a decrease of KD 443.6 million or 10.7% below its previous year level. This decrease reflects the decline in world oil prices during that year compared to 1996.

Furthermore, the report pointed to a growth in the total value added by non-oil sectors, including the refined petroleum products industry, to KD 5718.4 million during 1997 against KD 5293.3 million in 1996, i.e. a growth of KD 425.1 million or 8%. Within the performance of the non-oil sectors, the report indicated that the value added to the GDP by the community, social and personal services sector grew by 6.6% in 1997 to KD 2059.7 million, representing 22.4% of the GDP for that year. Meanwhile, the value added to the GDP by the non-oil manufacturing industries increased to KD 322.2 million in 1997 from KD 304.8 million in 1996, i.e. a growth of KD 17.4 million or 5.7%. Moreover, the value

added to the GDP by the financial institutions sector increased substantially in 1997 to KD 370.1 million from KD 279.6 million in 1996, i.e. a growth of KD 90.5 million or 32.4%.

Concerning the expenditures on the GDP at current prices, the report pointed out to the stability in the items of those expenditures in 1997 compared to 1996. Specifically, the total expenditures by residents (consumption and investment) reached KD 8130 million in 1997 from KD 8082.1 million in 1996, i.e. an increase of KD 47.9 million or 0.6%. Expenditures on imports of goods and services increased by KD 68 million or 1.8% to KD 3763 million in 1997 from KD 3695 million in 1996. On the other hand, the value of exports of goods and services decreased to KD 4845 million in 1997 from KD 4920 million in 1996, i.e. a limited decrease of KD 75 million or 1.5%.

Furthermore, the report indicated that the Gross National Product (GNP) at current prices, increased by KD 257.9 million or 2.4% to KD 11.1 billion in 1997 from KD 10.9 billion in 1996. This growth essentially reflects the rise in net income from the external factors of production to KD 1904 million in 1997 from KD 1551 million in 1996, i.e. a growth of KD 353 million or 22.8%. As a result of the increase in GNP and the stability in the expenditures on final consumption, the net savings rose in 1997 by KD 188.1 million or 6.5% to KD 3068.7 million from KD 2880.6 million in 1996.

In addition to highlighting the developments in the national accounts, the first part of the report addressed the general levels of domestic prices in 1997 as shown by the available data on both the consumer and wholesale price indices. In this regard, the report pointed to a marked deceleration in the growth rate of domestic consumer prices to 0.6% in 1997 compared to 3.6% in 1996 on the one hand, and a 1.3% decrease in the wholesale price index during the same period on the other. Available data show that the mentioned decrease in the growth rate of consumer prices during 1997 reflects the overall decrease in the price levels of both groups of expenditure items concerning “goods and household services” and “transport and communications services”, by 1.3% and 1.8% respectively on the one hand, along with the deceleration in the growth rates of prices of many other items of consumption expenditure, ahead of which were foodstuff, clothing, footwear and educational and health services. The developments in wholesale prices reflected the decline in both imported and locally produced goods during 1997 by 1.3% and 1.4% respectively compared to 1996.

The last section of the first part of the report addressed the developments in population and labour force in Kuwait during 1997, by pointing out first to a 5.5% growth in population from 2.094 million at end of 1996 to 2.209 million at end of 1997, following the growth in both non-Kuwaiti population by 6.5% and Kuwaiti population by 3.6% during that period. Furthermore, the report addressed the developments in the size of labour force and its distribution by sector, division of economic activity and educational qualification, particularly highlighting the developments regarding growth in the governmental sector labour force and its distribution during 1997 compared to 1996.

Second- The Central Bank of Kuwait and the Monetary Policy and the developments in the Monetary Indicators

In its second part, the report reviewed the CBK continued efforts in drawing and implementing the monetary policy aimed at enhancing the bases of monetary stability in the country, thereby contributing to the enhancement of the elements and opportunities for self-generated growth in the domestic economy in line with the objectives of the general economic policy. The report also highlighted CBK's sustained efforts in enhancing its tools and methods in the supervision and oversight of the banking and financial system units, along with directing and rationalizing the credit policy of banks and investment companies subject to its supervision, with a view to ensuring the adherence of these units to sound banking and financial practices and their compliance with the supervisory instructions and regulations issued by the CBK, along with ascertaining the soundness of their financial positions.

Worth noting in this regard is that the CBK issued in 1997 several supervisory instructions and regulations, most salient among which were the instructions regulating the management of portfolios on behalf of third parties, the circular raising the minimum capital adequacy standard to 12%, the circulars concerning the rationalization of the credit policy of local banks and investment companies, particularly the instructions regarding the credit facilities extended by banks and investment companies for financing trading in securities, as well as the instructions concerning the application of the new liquidity system based on the maturity ladder approach.

In addition, this part analyzed the most significant developments witnessed in 1997 regarding the main monetary indicators and aggregates, which can be summed up in the following:

- 1- Within its endeavours to enhance the monetary stability in the country by enhancing the residency of domestic savings, 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 raised by 0.25 percentage point from 7.25% to 7.50% effective 9 November 1997.
- 2- With regard to the efforts aimed at maintaining the monetary stability by regulating the levels of domestic liquidity in line with the requirements of the domestic economic activity, money supply in its broad definition (M2) reached KD 7615.9 million at end of 1997, thus recording a growth of KD 285.2 million or 3.9% compared to its level of KD 7330.8 million at end of the previous year. This growth is almost totally attributable to the increase in quasi-money by KD 280.3 million or 4.6%. Meanwhile, money (M1) recorded a limited increase of KD 4.9 million or 0.4%, and money supply in its broader definition (M3) stood at KD 7639.9 million, thus representing an increase of KD 289 million or 3.9% above its level of KD 7350.9 million at end of the previous year.
- 3- The KD exchange rate maintained its relative stability against major currencies during 1997 in light of the exchange rate policy based on the “basket of currencies” system. Accordingly, the movements of the US dollar against the Kuwaiti dinar were within narrow margins compared to its fluctuations against the other major currencies. With regard to monthly fluctuations, it was noticed that while the highest rise and lowest decrease of the US dollar against the Kuwaiti dinar during 1997 did not exceed 1% and 0.59% respectively, it fluctuated against other major currencies by much higher rates. For example, the highest rise and lowest decrease of the US dollar against the Deutsche mark reached 6.94% and 1.97% respectively, and 4.87% and 3.22% respectively against the Sterling pound.
- 4- Balances of utilized cash credit facilities extended by local banks and the Kuwait Finance House to the domestic economic sectors stood at KD 4324.2 million at end of 1997, i.e. a marked growth of KD 1151.1 million or 36.3% above their level of KD 3173.1 million at end of the previous year. This growth is considered the highest ever recorded in the balances of domestic utilized cash credit facilities.

- 5- With regard to the CBK efforts in issuing Public Debt Instruments on behalf of the Ministry of Finance, 38 issues of Treasury Bills and 15 issues of Treasury Bonds valued at KD 2636.3 million and KD 1258.4 million respectively were made in 1997. Meanwhile, 42 issues of Treasury Bills valued at KD 2854.8 million and 11 issues of Treasury Bonds valued at KD 1300 million matured during that year. Accordingly, the outstanding balance of public debt instruments reached KD 2234 million distributed between KD 948.6 million for Treasury Bills and KD 1285.4 million for Treasury Bonds.
- 6- The volume of transactions (buying and selling), between the CBK and local banks and domestic investment companies in the secondary market for Public Debt Instruments, continued to decrease for the fourth consecutive year, as it reached KD 1145.7 million in 1997 from KD 1630.6 million during the previous year. Therefore, the direction of transactions changed into a net injection of liquidity by KD 668.9 million in 1997 from a net absorption of liquidity by KD 79.4 million in the previous year. Furthermore, the interbank KD deposit market of local banks witnessed an increasing activity in 1997. Thus, the volume of transactions in this market reached KD 12.1 billion in 1997 compared to KD 10.9 billion in the previous year.

Within the framework of CBK's follow-up of the developments in the repayment of the purchased and managed debts by virtue of the Law No. (41) of 1993 and its amendments, available data show that the amounts collected from clients subject to the provision of the above mentioned Law up to end of January 1998 totalled KD 1457 million, (encompassing the proceeds from the settlement of the third installment of the cash repayment option including the grace period) with a corresponding value of repaid debt amounting to KD 2962.4 million, i.e. 47.3% of the total purchased debts outstanding as on 1/8/1990. Furthermore, the outstanding balance of the nominal value of bonds issued against the purchase of debts and the Real Estate Portfolio of the Kuwait Finance House amounted to KD 2231.1 million and KD 175.5 million respectively at end of 1997, against KD 2659.5 million and KD 223.5 million respectively at end of the previous year, following the redemption in 1997 of a portion of these bonds amounting to KD 458.7 million or 15.9%.

Third- Financial Indicators of the Banking and Financial System

In its third part, the report analyzed the developments in the financial and banking indicators as shown by the available data on the aggregate balance sheets of local banks (along with the Kuwait Finance House), and local investment and exchange companies subject to its supervision at end of 1997. The analysis of these developments covered several aspects which included the analysis of financial flows and ratios as follows:

- 1- The local banks continued to achieve a balanced growth within the framework of a more developed structure in terms of sources and uses of funds, whereby the aggregate balance sheet of local banks reached KD 12689.9 million at end of 1997, realizing a marked growth of KD 1229.8 million or 10.7% compared to KD 11460.1 million at end of the previous year.

Worth noting among the most significant elements of that growth, is the marked increase on the assets side in the balances of claims on the private sector (credit facilities and financial investments) by KD 1241.9 million or 35.5%, which raised their relative weight in the total assets to 37.4%, against the decrease in the total claims on the government (Public Debt Instruments and Debt Purchase Bonds) by KD 210.9 million or 4.6%, which reduced their relative weight in the total assets to 34.4%. On the liabilities side, the private sector deposits increased by KD 290 million or 4.2%. Yet, the relative weight of these deposits in the total liabilities decreased to 57.3%. This growth in the private sector deposits encompassed a more noticeable increase of KD 393 million or 6.9% in KD deposits along with the increase in foreign liabilities by KD 461.7 million or 60.7% and shareholders' equity by KD 112 million or 8.6%.

The analysis of financial flows reveals that the private sector deposits re-emerged as among the main sources of funds for local banks. Furthermore, a large portion totalling KD 912.2 million of the financial resources made available to these banks resulted from their local and foreign money market operations, particularly the interbank deposit market. Meanwhile, the increase of KD 1151.1 million in the balances of the utilized portion of the cash credit facilities extended to the domestic economic sectors constituted the most salient use of funds in 1997.

On the other hand, some financial ratios and indicators derived from the analysis of available data on the commercial and specialized banks at end of 1997 show a marked increase in their liquidity and capital adequacy standards above the minimum required international standards. The average capital adequacy standard for these banks reached 22.4% in 1997 compared to the minimum requirement (8%) according to the international standards. Furthermore, the financial ratios concerning the uses of funds rose above their previous year level, thereby leading to an increasing improvement in the performance of these banks in terms of profitability standards. The net profit generated from the activity of these banks during 1997 stood at KD 198.9 million, thereby accounting for 1.75%, 15% and 32.74% of the total assets, total shareholders' equity and paid-up capital respectively.

- 2- Available data on the local investment companies at end of 1997 show that these companies continued to enhance their structures with regard to the sources and uses of funds, along with concentrating their investments in financial investments and increasing their operations in the money and financial markets, locally and internationally, either for borrowing or using funds. These developments led to a marked increase of KD 660.8 million or 35% in the total aggregate balance sheet of these companies (23 companies for which data were available out of 28 registered companies at end of 1997) to KD 2546.7 million at end of 1997 against KD 1885.9 million for the same twenty three companies at end of the previous year. Concerning the relative importance of the elements of the mentioned balance sheet at end of 1997, the relative importance of capital and reserve in the total liabilities reached 38.9%. Meanwhile, the relative importance in the total assets reached for domestic investments 25.2% (of which 23.4% for financial investments) and 41.8% for foreign assets.
- 3- The aggregate balance sheet of local exchange companies amounted to KD 48.7 million at end of 1997 (25 companies) against KD 38.1 million at end of the previous year (24 companies), i.e. an increase of KD 10.6 million or 27.8%. The report indicated that the developments in this balance sheet reflect a marked improvement in the "liquidity" position of these companies, and a lesser improvement in "profitability". Furthermore, their "capital adequacy" remained at an appropriate level despite its slight decrease compared to the previous year.

Fourth- Developments in Public Finance

The report reviewed in its fourth part the developments in public finance as reflected in the general budget of ministries and governmental bodies. For this purpose, the report followed up the developments in the actual revenues and expenditures of the general budget for the fiscal year 1996/97, presented the estimated revenues and expenditure allocations in the general budget for the fiscal year 1997/98 and reviewed the portion executed thereof from 1/7/1997 to 31/12/1997.

In this regard, the report indicated that the actual revenues in the general budget for the fiscal year 1996/97 increased by KD 917.9 million or 26.4% to KD 4391 million from KD 3473.1 million during the fiscal year 1995/96. On the other hand, the actual expenditures in the general budget for the fiscal year 1996/97 amounted to KD 3888.6 million, i.e. a decrease of KD 237.9 million or 5.8% compared to the actual expenditures in the general budget during the fiscal year 1995/96. Accordingly, the general budget for the fiscal year 1996/97 realized a surplus of KD 502.4 million, before deducting the allocations for the Reserve Fund for Future Generations, the first such occurrence since the liberation of Kuwait from the brutal Iraqi occupation.

The report highlighted the role played by the growth in the actual oil revenues during the fiscal year 1996/97 in the realization of this surplus, whereas these revenues increased by KD 822.4 million or 26.4% to KD 3935.9 million during the fiscal year 1996/97 from KD 3113.5 million during the fiscal year 1995/96, following the marked rise in world oil prices during that fiscal year. Furthermore, the actual non-oil revenues rose to KD 455.1 million during the fiscal year 1996/97 from KD 359.6 million for the fiscal year 1995/96, i.e. an increase of KD 95.5 million or 26.6%. Within this increase, the report indicated that the actual revenues collected from government services rose to KD 225.1 million during the fiscal year 1996/97, thus accounting for 49.5% of the total actual non-oil revenues for the mentioned fiscal year. Meanwhile, the actual revenues collected from taxes and customs duties amounted to KD 83.1 million during the fiscal year 1996/97, i.e. an increase of KD 11.6 million or 16.2% compared to the previous fiscal year.

Furthermore, the report pointed out that the actual expenditures in the general budget for the fiscal year 1996/97 were lower by KD 321.4 million or 7.6% than their general budget allocations, thus reflecting the saving realized during that fiscal year. The decrease in the total actual expenditures of the general budget during the fiscal year 1996/97 compared to

the fiscal year 1995/96 resulted essentially from the decline by KD 363.8 million in the actual expenditures under the fifth chapter of that budget, (encompassing miscellaneous expenditures and Domestic and Foreign transfers) which surpassed the total increase of KD 134.3 million in the actual expenditures, under both the first chapter (salaries) and fourth chapter (construction projects and land acquisitions) of the general budget for that fiscal year.

Moreover, the report addressed the general features of revenue estimates and expenditure allocations in the general budget for the fiscal year 1997/98, indicating that the estimated revenues within that budget amounted to KD 3105 million while the allocations for expenditures reached KD 4378 million. Accordingly, the enacted general budget for the fiscal year 1997/98 encompassed a deficit estimated at KD 1273 million before deducting the allocations for the Reserve Fund for Future Generations.

In this regard, the report reviewed the government fiscal operations within the general budget for the fiscal year 1997/98 as reported in the monthly follow-up statements of the actual budgetary revenues and expenditures during the first half of that fiscal year (1/7/1997 to 31/12/97), indicating that the actual revenues collected during that period amounted to KD 2094.4 million, thus representing a decrease of KD 149.1 million or 6.7% below those collected during the corresponding period of the fiscal year 1996/97. On the other hand, the total actual expenditures in the general budget for the first half of the fiscal year 1997/98 amounted to KD 1541.7 million, thus exceeding by KD 29.8 million or 2% the actual budgetary expenditures during the corresponding period of the fiscal year 1996/97. Accordingly, during the first half of the fiscal year 1997/98, the general budget recorded a surplus of KD 552.7 million before deducting the allocations for the Reserve Fund for Future Generations, i.e. a decrease of KD 178.9 million or 24.5% below the surplus of KD 731.6 million realized during the corresponding period of the fiscal year 1996/97.

Fifth- Developments in Foreign Trade and Balance of Payments

The report analyzed in its fifth part the most important developments in trade and financial relations between the domestic economy and other countries, as reflected by the available data on Kuwait's foreign trade and balance of payments (BOP) statistics for 1997. This part of the CBK economic report for 1997 is characterized by the method of its preparation and the analyses and statistics it contains which conform to the guidelines and concepts of the

fifth edition of the International Monetary Fund BOP manual published in 1993. In particular, this part was prepared after the CBK updated and reclassified the BOP statistics of the State of Kuwait for the years (1993-1997) in compliance with the above mentioned guidelines.

As for the developments in Kuwait's foreign trade, the report highlighted the impact of the decline in world oil prices in 1997 on the value of the merchandise balance surplus (previously called trade balance in the fourth edition of the BOP manual). Consequently, this surplus reached KD 1978 million in 1997 (representing 21.5% of the GDP at current prices for that year) and was therefore lower by KD 117 million or 5.6% than the previous year surplus of KD 2095 million (representing 22.5% of the GDP at current prices for 1996). The above decrease resulted from a decline of KD 143 million or 3.2% in the value of exports and re-exports (fob), which reached KD 4332 million during 1997 compared to 4475 million during the previous year, along with a lesser decrease of KD 26 million or 1.1% in the value of imports (fob), which reached KD 2354 million during 1997 compared to KD 2380 million during the previous year. Moreover, the above decrease in exports value is totally attributable to the decrease by KD 146 million or 3.5% in the value of oil exports which totalled KD 4085 million during 1997 compared to KD 4231 million during the previous year.

Furthermore, the "services account (net)" recorded a deficit of KD 1054 million, while the "investment income account (net)", which was separated from the services account according to the fifth edition of the BOP manual, recorded a surplus of KD 1904 million during 1997 compared to a surplus of KD 1551 million during the previous year. Meanwhile, the value of "current transfers abroad (net)" amounted to KD 457 million. The outcome of the developments in these items, added to the value of the merchandise balance surplus, brought about a substantial increase in the "current account" surplus which reached KD 2371 million in 1997, i.e. substantially higher by KD 243 million or 11.4% than its value of KD 2128 million in 1996. It can be said that the deficits recorded in both the "services account net)" and the "current transfers abroad (net)" in 1997 remained almost stable at their previous year levels. Accordingly, the above increase in the "current account" surplus in 1997 is attributable in its entirety to the marked increase of 22.8% or KD 353 million in the "investment income (net)", which led to a surplus in the current account after offsetting the decline in the merchandise balance surplus.

The mentioned “current account” surplus reflected on several elements of both the “capital and financial account” (which was redesignated in the fifth edition of the BOP manual -BOPM5- to reflect capital transfers and changes in non-produced non-financial assets) and the “financial account” (the BOPM5 new designation for the previous capital account in the manual’s previous edition, with all its elements). The “capital account” recorded a net outflow of KD 40 million, while the financial account recorded a net outflow of KD 1956 million, most of which (KD 1659 million) was concentrated in the item “portfolio investment (net)”. The item “other (net)” which reflects the value of net transactions which were not incorporated by way of error or omission in any of the BOP’s various items, recorded a net outflow of KD 391 million in 1997.

The above mentioned developments in the elements of the “capital and financial account” as well as in the “other (net)” item, which represented a net outflow of KD 2387 million against the current account surplus of KD 2371 million, led to a limited deficit to the tune of KD 16 million in the overall position of the balance of payments. This, in turn, was reflected into a decrease by the same amount, i.e. KD 16 million in the “(CBK) reserve assets” item.

If the overall position of the State of Kuwait BOP is considered from a broader perspective and a different analytical angle to include all the elements of change in the the State of Kuwait foreign reserves, which encompass the change in net foreign assets and liabilities of some governmental institutions and authorities under the “general government” item together with the change in the total reserve assets of the CBK, the overall position of the balance of payments shows an actual surplus of KD 2115 million in 1997, compared to a surplus of KD 2000 million in 1996, i.e. an increase of KD 115 million or 5.8%.

Six- Developments in the Kuwait Stock Exchange Activity

In its sixth part, the report pointed out to the developments in the Kuwait Stock Exchange (KSE) during 1997, the record activity levels it reached during that year, and the factors and influences which contributed to the achievement of these levels. The total traded value in the market witnessed a noticeable increase of 82.2% (from KD 5756.4 million to KD 10487 million), while the volume of traded shares and number of transactions increased by 32.2% (from 25711.3 million shares to 33988 million) and 91% (from 307.9 thousand transactions to 588.2 thousands), respectively during that year. Furthermore, the

general price index rose markedly by 39.2% to 2651.8 points at end of 1997 compared to 1905.6 points at end of the previous year.

The report addressed in some detail the reflections of some of the favourable factors and influences which impacted the performance of the market in 1997. Chief among these factors was the carrying through of the programme for the sale to the private sector of government-owned shares in certain shareholding companies. Thereby, the Kuwait Investment Authority (KIA) sold 801.1 million shares in seven listed companies for KD 266.3 million in 1997. The profits of listed companies grew by 43.6% in 1997 compared to the previous year. Furthermore, the inflow of funds to the KSE increased in 1997, deriving either from credit facilities extended by banks for the purpose of financing trading in securities, the cash dividends distributed by shareholding companies, or the rechanneling of a portion of the capital gains realized from trading in shares. Moreover, the speculation factor contributed to raising trading ratios and prices. Noteworthy also in this regard are the positive reflections of the domestic economic conditions, the monetary stability in the country and the improvement in its internal and external balances, and the prevalence of an atmosphere of optimism and confidence among traders in the market.

Furthermore, the report pointed out to the developments in the share issue base of companies listed on the KSE and market capitalization, whereby the number of issued shares reached 21.3 billion shares with a total capital value of KD 9 billion at end of 1997, against 16.7 billion shares valued at KD 6.5 billion at end of the previous year.

The number of companies listed on the KSE reached 74 at end of 1997 (of which 9 non-Kuwaiti companies) against 60 companies (of which 7 non-Kuwaiti companies) at end of the previous year, following the listing on the market of 14 new companies (of which two non-Kuwaiti companies) in 1997.

Table (63)

**Development in Main Economic, Financial
and Monetary Indicators and Variables**

(KD million)

Item	1993	1994	1995	1996	1997
National Accounts:					
GDP at Current Prices:	7230.5	7379.7	7925.3	9307.1	9212.0
Crude Oil & Natural Gas Sector	2961.2	2829.9	3136.8	4127.4	3683.8
Non-oil Sectors, of which	4269.3	4549.8	4788.5	5179.7	5528.2
Petroleum Products	362.7	493.7	580.6	798.1	906.8
Domestic Prices (Points):					
CPI (1978 = 100)	181.5	186.1	191.1	197.9	199.2 ^(*)
Monetary and Banking					
Aggregates and Indicators:					
Money Supply (M2)	6396.5	6742.9	7374.7	7330.8	7615.9
Money (M1)	1114.0	1126.0	1184.9	1242.6	1247.5
Quasi-money	5282.5	5616.9	6189.8	6088.2	6368.5
Private Sector Deposits with Local Banks	6041.3	6391.6	7063.2	6980.7	7270.7
of which: KD Deposits	4991.2	5282.9	5755.3	5724.1	6117.1
Credit Facilities Extended by Local Banks to Residents	1240.9	1703.2	2436.3	3173.1	4324.2
of which: Consumer Loans	484.6	522.8	525.3	515.6	551.3
Net Foreign Assets of Local Banks	1236.5	1213.2	1461.4	1407.5	895.2
Aggregate Balance Sheet of Local Banks	9945.9	10966.5	11592.1	11460.1	12689.9
KD Exchange Rate at Year End (fils per US dollar)	298.17	300.02	298.93	299.79	304.44
Public Debt Instruments:					
Value of Issues:	5287.2	6703.1	6851.7	4428.4	3894.7
Treasury Bills	5287.2	6012.8	6042.5	3101.4	2636.3
Treasury Bonds	-	690.3	809.2	1327.0	1258.4
Balances at Year End:	2079.7	2781.0	2832.3	2494.2	2234.0
Treasury Bills	2074.7	2090.7	2023.1	1167.2	948.6
Treasury Bonds	5.0	690.3	809.2	1327.0	1285.4

(*) Until November 1997.

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Table (63) Cont'd.

**Development of Main Economic, Financial
and Monetary Indicators and Variables**

(KD Million)

Item	1993	1994	1995	1996	1997
Public Finance (Fiscal Years): ⁽¹⁾	(1993/94)	(1994/95)	(1995/96)	(1996/97)	(1997/98)
Revenues	2775.1	3100.7	3473.1	4391.0	3105.0
Expenditure	4240.8	4193.2	4126.5	3888.6	4378.0
Deficit ⁽²⁾	-1465.7	-1092.5	-653.4	502.4	-1273.0
Foreign Trade:					
Total Value of Exports	3091.2	3342.3	3814.5	4458.0	4314.3
Value of Oil Exports ⁽³⁾	2929.6	3112.7	3597.1	4231.3	4085.4
Total Value of Imports (cif)	2123.8	1988.2	2323.1	2507.2	2501.6
Balance of Payments:					
Merchandise Balance	1003	1386	1665	2095	1978
Services Account (net)	-1010	-925	-1188	-1072	-1054
Income Account (Net)	1155	941	1457	1551	1904
Current Transfers (Net)	-394	-444	-437	-446	-457
Current Account	754	958	1497	2128	2371
Kuwait Stock Exchange:					
(Monthly Average):					
Value of Transactions (KD Million)	65.7	48.7	159.0	479.7	873.9
Volume of Trading (million shares)	243.7	209.9	754.6	2142.6	2832.3
Number of Deals (Deal)	4949	3669	8786	25659	49014

(1) Data are taken from the closing accounts except for 1997/98 which is an approved budget.

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

(3) CBK estimates.