

## Press Release

With the utmost keenness to reinforce the atmosphere conducive to non-inflationary economic growth of the non-oil sectors, and to maintain the attractiveness and competitiveness of the national currency as a store for domestic savings, and taking into account the economic, monetary and banking data, the Board of Directors of the Central Bank of Kuwait (CBK) decided to maintain the discount rate unchanged at its current level of 3.0% and continue using the available monetary policy tools.

In a release to the press, His Excellency the Governor of the Central Bank of Kuwait, Dr. Mohammad Y. Al-Hashel, highlighted that the decision of CBK's Board of Directors to maintain the discount rate unchanged at its current level and to continue using the available monetary policy tools and measures - such as CBK bonds and related Twarruq, acceptance of term deposits from local banks and direct interventions - is based on the CBK's continuous follow-up of the economic, monetary and banking developments and expected trends thereof, the regular review of interest rates on the world currencies, in particular US Dollar, and the decision by US Federal Reserve on 26-09-2018 to further raise the interest rates on federal funds.

The Governor pointed out that the CBK decisions in the area of monetary policy including decisions and actions relating to local interest rates are primarily based on a thorough and robust review and monitoring of the recent available economic, monetary and banking data and information. This information, being key driver for movement of the local interest rates and deploying a range of suitable tools, covers overall economic performance indicators, domestic liquidity ratios, movements on deposits and banking credit, and interest rates on KD and the major currencies, in particular, US Dollar.

Dr. Al-Hashel noted that the decision to maintain interest rate unchanged is also based on the available data that reveal local banks' ability to respond to CBK's endeavors that aim to reinforce the interest rate on KD deposits with banks, given the existing maximum limits of interest rates on borrowings as per the current rates, since the interbank competition helps attract borrowers notwithstanding the modest growth of the domestic banking credit, which is attributable to the modest economic activity ratios in the non-oil sectors. In this respect, the Governor added that the available data to date proves CBK's ability to maintain the stable margin between the interest rates on KD deposits and those on US Dollar deposits in favor of KD deposits to improve the attractiveness of the national currency, and the stable margin between the interest rates on KD borrowings and those on KD deposits with the local banks.

The Governor concluded by stressing that the CBK will continue its vigilant follow-up on the economic, monetary and banking developments, and affirmed the CBK's readiness to take the necessary actions to maintain the competitiveness of the national currency for financial stability and sustainable economic growth.

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