

Summary of the Key Local Monetary and Banking Indicators

July 2022



This brief report addresses the key monetary and banking developments in the State of Kuwait as of the end of July 2022 against June 2022 (on a monthly basis), as follows:

I. Monetary Developments (Money Supply)

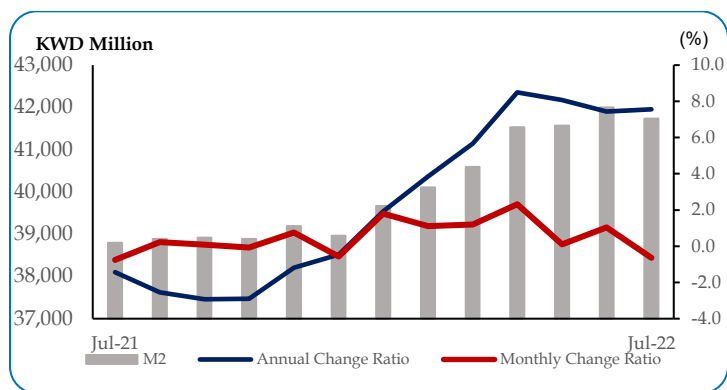
1. Monetary Aggregates

Narrow Money (M1) declined for the third month in a row by 2.1% to stand at KWD 12,924.3 million, driven by drop in sight deposits by 1.7% and currency in circulation outside the local banks by 4.1%. On the other side, Money Supply (M2) added 0.1% on a monthly basis to reach KWD 41,732.0 million. Money Supply (M2) comprises Narrow Money (M1) and Quasi-Money (KWD saving deposits, KWD time deposits, deposits

in foreign currency and KWD certificates of deposits).

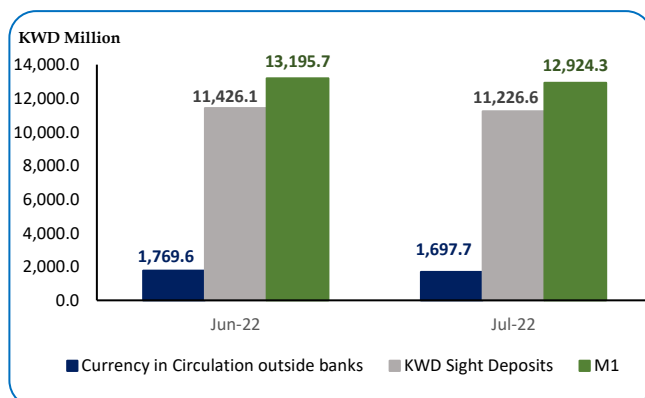
As part of the efforts to monitor the impacts of CBK decisions for raising the discount rate, and change the rates of monetary policy instruments by varying percentages for the entire interest rate yield curve, including market intervention instruments as of March 17, as applicable to M2 components, the data indicate that the currency in circulation outside the local banks declined by 6.5% to stand at KWD 117.8 million at the end of July 2022 compared to February 2022, the saving deposits ticked up by 0.8% to KWD 58.1 million, time deposits increased by 6.2% to KWD 1,087.0 million, and the deposits in foreign currencies increased by 10.9% to KWD 279.2 million for the same comparative period (February 2022 - July 2022). The CBK manages the liquidity in the local economy in line with its balanced approach to support a sustainable development inducing environment, particularly for the non-oil sectors, and reinforce the monetary and financial stability and maintain the attractiveness of the national currency as a store of the local savings.

Figure (1): Developments of Money Supply (M2)



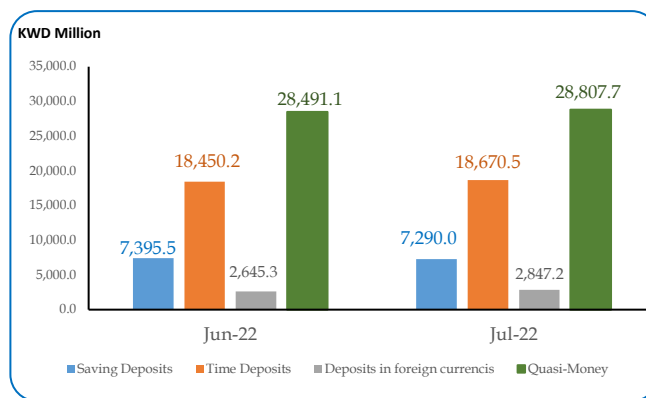
Source: Central Bank of Kuwait.

Figure (2): Developments of Narrow Money (M1)



Source: Central Bank of Kuwait.

Figure (3): Developments of Quasi-Money



Source: Central Bank of Kuwait.

II. Banking Developments (other than CBK)

1. Local Banks' Assets

The assets side in local banks' combined balance sheet represents "uses of funds" that are basically concentrated in lending as well as financial/non-financial investments, at both local and international levels. As of the end of July 2022, total assets declined by 0.4% or KWD 287.5 million driven by fall in claims on government (17.9%), local interbank

Table (1): Local Banks' Combined Balance Sheet: Assets (KWD Million)

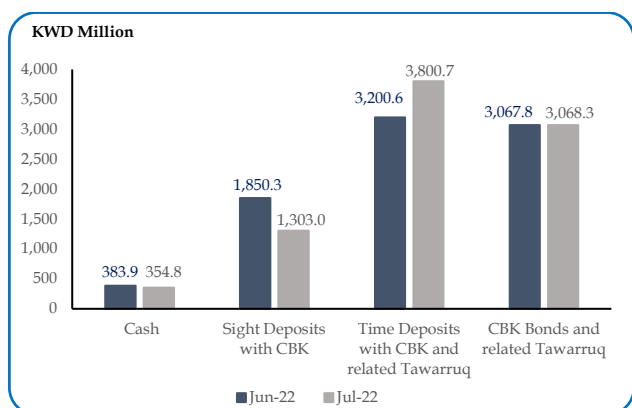
	July 2021	June 2022	July 2022	Change (%)	
				Monthly	2021
Claims on CBK	7,768.0	8,502.5	8,526.9	0.3	9.8
Claims on Government	1,269.3	734.3	603.2	-17.9	-52.5
Claims on Private Sector	43,033.4	46,924.1	47,080.7	0.3	9.4
Foreign Assets	16,687.0	18,746.9	19,383.7	3.4	16.2
Local Interbank Deposits	2,283.1	3,755.1	2,805.5	-25.3	22.9
Other Assets	2,825.5	3,142.3	3,117.8	-0.8	10.3
Total Assets	73,866.4	81,805.3	81,517.9	-0.4	10.4

Source: Central Bank of Kuwait.

deposits (25.3%) and other assets (0.8%). The total assets soared, on an annual basis, by KWD 7,651.5 or 10.4%, driven by the growth of credit facilities for residents by 9.5%.

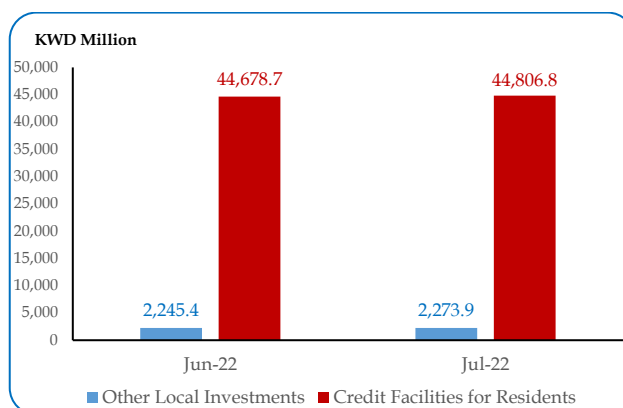
On the other side, the foreign assets with the banking sector raised by KWD 534.6 million or 9.4% to reach KWD 6,217.4 million due to the elevation of both foreign assets by KWD 636.8 million or 3.4% and foreign liabilities by KWD 102.2 million or 0.8%. likewise, the foreign assets with the CBK increased by KWD 40.9 million or 0.3%.

Figure (4): Claims on CBK



Source: Central Bank of Kuwait.

Figure (5): Claims on Private Sectors

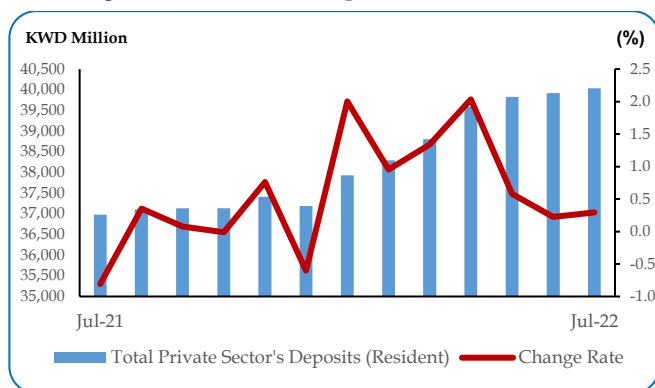


Source: Central Bank of Kuwait.

2. Residents' Deposits with Local Banks

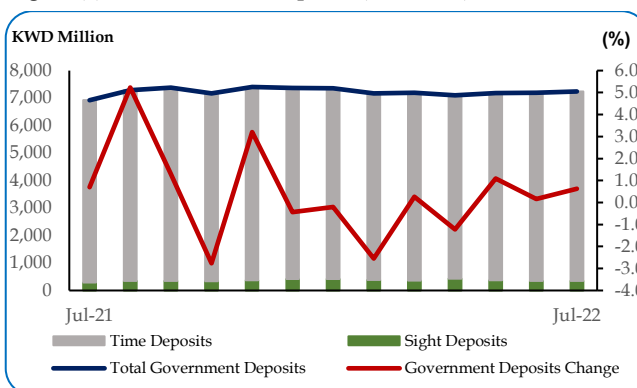
Total residents' deposits with local banks have been on an upward curve since early this year and increased by KWD 162.5 million or 0.3% to reach KWD 47,270.6 million. To elaborate on the same caption, the government deposits maintained their upward curve for the third month in a row by KWD 45.3 million or 0.6% to stand at KWD 7,236.3 million (due to the increase in time deposits by KWD 46.5 million, and drop in the sight deposits by KWD 1.2 million). As regards the private sectors' KWD, notwithstanding the increases recorded since the beginning of the year, they declined by KWD 84.7 million or 0.2% to reach KWD 37,187.1 million, while the private sectors' deposits in foreign currencies increased by KWD 201.8 million or 7.6% to total KWD 2,847.2 million.

Figure (6): Government Deposits with Local Banks



Source: Central Bank of Kuwait.

Figure (7): Private Sector's Deposits (Residents) with Local Banks

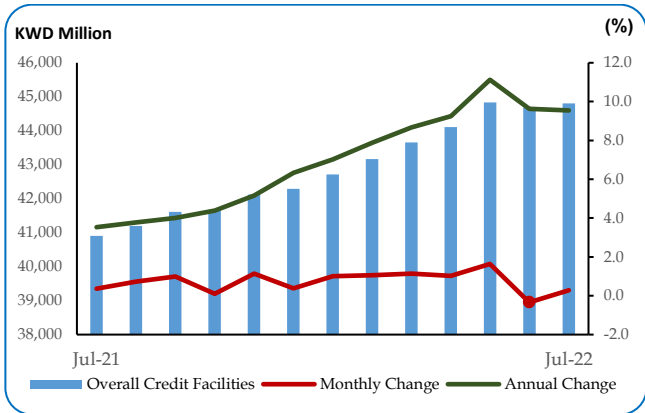


Source: Central Bank of Kuwait.

3. Credit Facilities extended by Local banks:

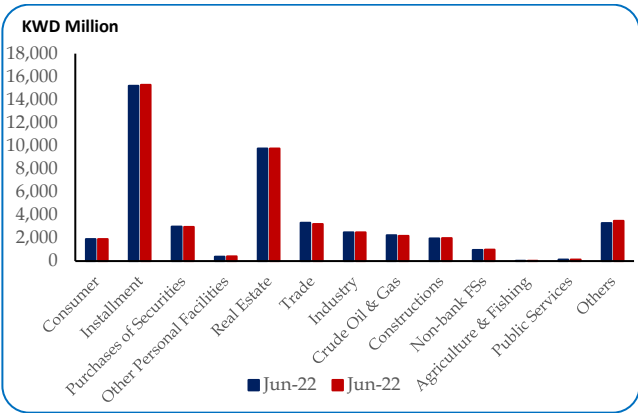
The cash portion of the local credit facilities for residents increased, on a monthly basis, by KWD 128.1 million or 0.3% (the same growth percentage of residents' deposits) to reach KWD 44,806.8 million. Likewise, personal facilities (which account for 45.9% of overall facilities) inched up by KWD 60.1 million or 0.3%, to reach KWD 20,562.5 million, mainly driven by the hike in the personal installment credit facilities by KWD 73.2 or 0.5% (installment or housing facilities are long-term personal loans used by the client for non-trading purposes, particularly renovation or purchase of private house, and repaid in monthly installments over maximum 15 years. Loans under this caption accounts for 74.0% of the overall personal loans during January 2021 to July 2022). On the other hand, credit to businesses (accounting for 54.1% of the overall facilities) increased by KWD 68.1 million or 0.3%, to stand at KWD 24,244.3 million, while credits extended to various sectors (industry, non-banking financial institutions and others) increased by KWD 35.2 million, KWD 6.7 million and KWD 193.9 million, i.e. 1.8%, 0.7% and 5.9%, respectively.

Figure (8): Credit Facilities extended to Residents



Source: Central Bank of Kuwait.

Figure (9): Credit Facilities by Geographic Allocation



Source: Central Bank of Kuwait.