

# Summary of the Key Local Monetary and Banking Indicators

October 2022



This brief report highlights the key monetary and banking developments and results in the State of Kuwait as at the end of October 2022 compared to the previous month, as follows:

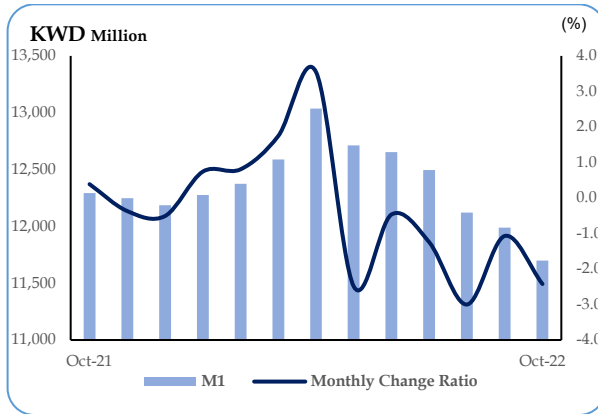
- Increase of Money Supply in its Broad Sense (M2) by 0.4% to stand at KWD 37,789.7 million.
- Growth in total local banks' assets by KWD 2,478.8 million or 3.0%.
- Rise of net foreign assets of banking system by KWD 3,236.3 million or 46.4%.
- Reduction of total residents' deposits with local banks by KWD 256.0 million or 0.5% despite the increase of private sector deposits by KWD 198.1 million or 0.6%.
- Slight elevation in the utilized cash portion of credit facilities extended to residents and non-residents by KWD 9.4 million.

## I. Monetary Developments (Money Supply)

### 1. Money Supply in its Narrow Sense (M1):

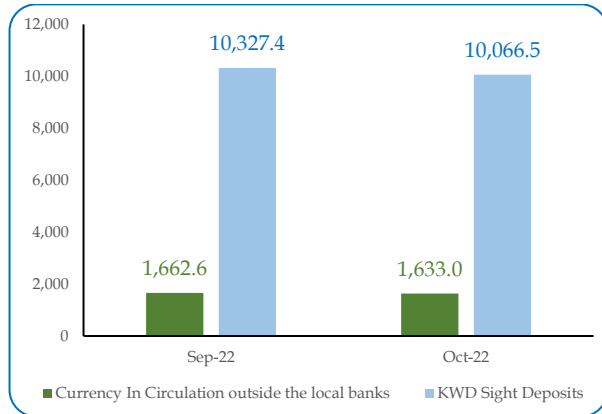
M1 continues to slowdown for the sixth consecutive month, as it declined by KWD 290.5 million or 2.4% to stand at KWD 11,699.5 million by the end of October 2022 compared to KWD 11,990.0 million by the end of September 2022, driven by a decrease in currency in circulation outside the local banks by KWD 29.6 million or 1.8%, as well as drop in balances of KWD sight deposits by KWD 260.9 million or 2.5%. **On an annual basis**, M1 went down by KWD 593.2 million or 4.8% in October 2022 compared to KWD 12,292.7 million in October 2021 due to the decrease of both currency in circulation outside the local banks by 123.7 million or 7.0% and KWD sight deposits by KWD 469.5 million or 4.5%.

Figure (1): Developments of Narrow Money (M1)



Source: Central Bank of Kuwait

Figure (2): Developments of Narrow Money Components

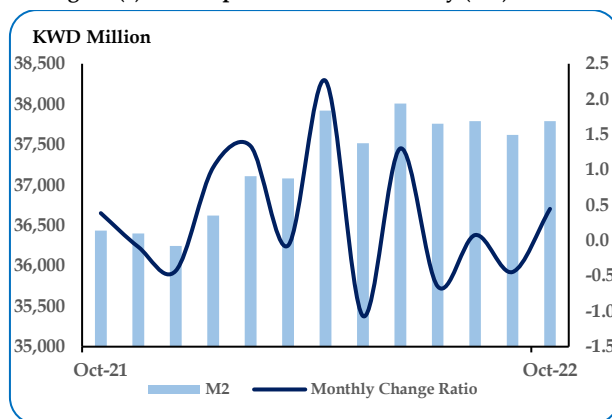


Source: Central Bank of Kuwait

## 2. Developments and Components of Money Supply in its Broad Sense (M2):

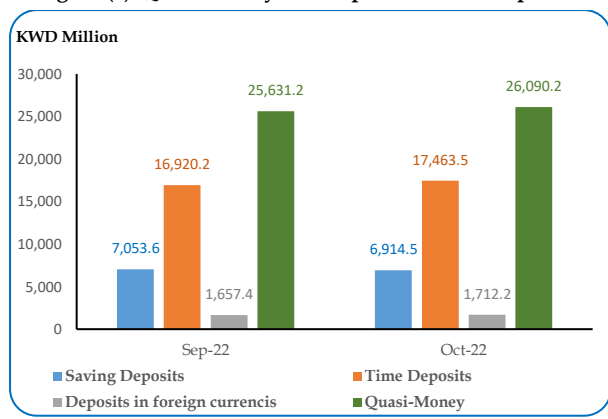
Money Supply in its Broad Sense (M2) inched up, **on a monthly basis**, by KWD 168.5 million or 0.4% to stand at KWD 37,789.7 million against KWD 37,621.2 million at the end of previous month. This elevation came as a result of the rise in Quasi-Money (KWD saving deposits, KWD sight deposits and deposits in foreign currency) by KWD 459.0 million or 1.8%, and the decline in Narrow Money (M1) by KWD 290.5 million or 2.4% (as previously indicated). **On an annual basis**, data recorded a rise in local liquidity by KWD 1,355.6 million or 3.7% compared to October 2021. The highest M2 recorded during 2022 was at the end of June standing at KWD 38,006.2 million.

Figure (3): Developments of Broad Money (M2)



Source: Central Bank of Kuwait

Figure (4): Quasi-Money Developments and Components



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 October 2022, total assets increased (**on a monthly basis**) by KWD 2,478.8 million or 3.0% to reach a historically high of KWD 83,826.1 (the previous recorded highest level was in May 2022 reaching KWD 83,162.0 million), driven by the rise in foreign assets by KWD 3,202.4 million or 16.7% and claims on private sector by KWD 101.4 million or 0.2% on one side, and the decline in other items of assets (claims on CBK, claims on government, claims on non-financial public institutions, and interbank deposits, loans to banks and other assets).

**On an annual basis**, total assets inched up by KWD 8,063.1 million or 10.6% driven by the rise in all asset components, except for the claims on government which decreased by KWD 762.6 million or 59.5% and claims on CBK by KWD 77.8 million or 1.0%. The balances of claims on private sector and foreign assets went up by 1.8% representing approximately 78.9% of the total local banks assets at the end of October 2022 (52.2% and 26.7% respectively), against 77.1% at the end of September 2022 (53.6% and 23.5% respectively).

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

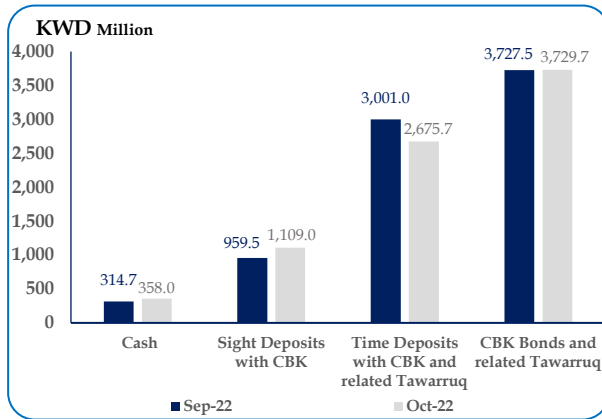
	October 2021	September 2022	October 2022	Change (%)		% to Total
				Monthly	Annual	
Claims on CBK	7,950.2	8,002.7	7,872.3	-1.6	-1.0	9.4
Claims on Government	1,282.1	522.0	519.6	-0.5	-59.5	0.6
Claims on Public Institutions*	3,481.8	3,736.6	3,630.5	-2.8	4.3	4.3
Claims on Private Sector	40,295.2	43,656.7	43,758.1	0.2	8.6	52.2
Foreign Assets	17,476.6	19,147.1	22,349.5	16.7	27.9	26.7
Loans to Banks	864.0	1,094.0	999.4	-8.6	15.7	1.2
Local Interbank Deposits	1,664.8	2,047.7	1,761.7	-14.0	5.8	2.1
Other Assets	2,748.4	3,140.6	2,935.1	-6.5	6.8	3.5
<b>Total Assets</b>	<b>75,763.1</b>	<b>81,347.4</b>	<b>83,826.1</b>	<b>3.0</b>	<b>10.6</b>	<b>100.0</b>

Source: Central Bank of Kuwait

\* These are financial/non-financial institutions wholly or partially (50% and above) owned by the government.

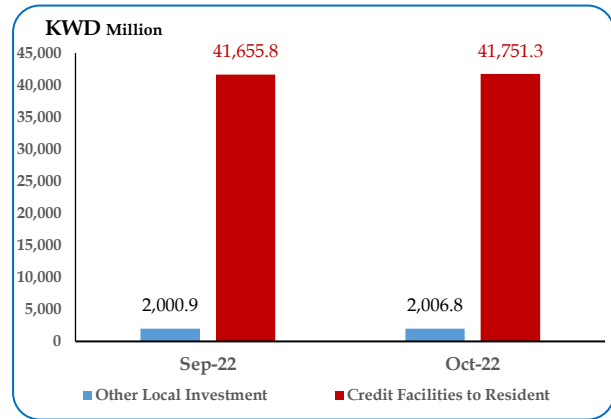
On the other side, the net foreign assets with the banking sector increased by KWD 3,236.3 million or 46.4% to stand at KWD 10,208.5 million against KWD 6,972.2 million at the end of previous month. This hike was mainly due to the elevation of foreign assets by KWD 3,202.4 million or 16.7% and the decline of foreign liabilities by KWD 33.9 million or 0.3%.

Figure (5): Claims on CBK



Source: Central Bank of Kuwait

Figure (6): Claims on Private Sectors



Source: Central Bank of Kuwait

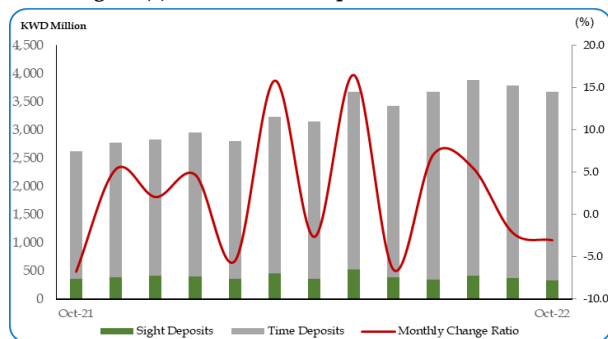
## 2. Deposits with Local Banks:

**On a monthly basis**, the total residents' deposits with local banks went down by KWD 256.0 million or 0.5% to stand at KWD 46,636.4 million at the end of October 2022 against KWD 46,892.3 million at the end of previous month. This drop was attributed to the decline in government deposits by KWD 115.6 million or 3.0% and public institutions' deposits by KWD 338.5 million or 4.7%, against the rise in private sectors' deposits by KWD 198.1 million or 0.6%.

**On an annual basis**, residents' deposits increased by KWD 2,328.3 million or 5.3% due to the elevation of both government deposits and private sector's deposits by KWD 1,051.4 million or 40.0% and 1,479.3 million or 4.3%, respectively, at the end of October 2022 for the same comparative month of previous year. In contrast, public institutions' deposits fell by KWD 202.4 million or 2.9%.

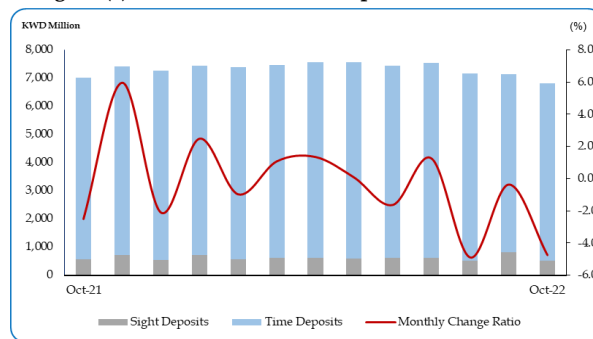
From the beginning of this year until the end of October 2022, the average ratio of the total private sector's deposits accounted for 76.9% of the total deposits in local banks followed by the average ratio of the total public institutions' deposits (15.8%) and the average ratio of the total government deposits (7.3%). Moreover, the average ratios of the private sector's KWD deposits accounted for 73.3% of the total residents' deposits with local banks and 95.3% of the total resident private sectors' deposits during the same period.

Figure (7): Government Deposits with local Banks



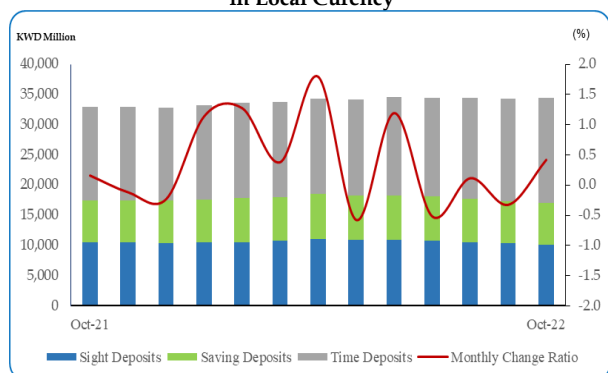
Source: Central Bank of Kuwait

Figure (8): Public Institutions' Deposits with Local Banks



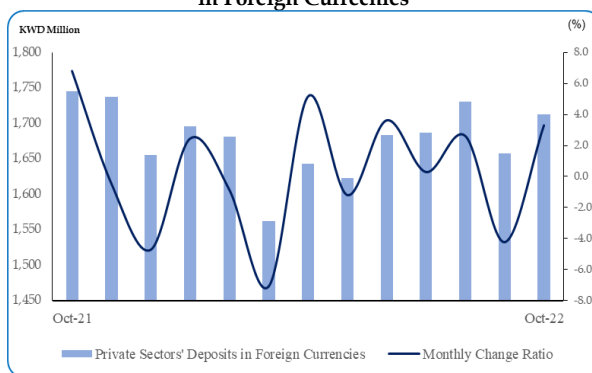
Source: Central Bank of Kuwait

Figure (9): Private Sector's Deposits (Residents) in Local Currency



Source: Central Bank of Kuwait

Figure (10): Private Sector's Deposits (Residents) in Foreign Currencies



Source: Central Bank of Kuwait

Available data indicate that the total private sector's deposits (residents and non-residents) in KWD with local banks reached KWD 36,985.9 million by the end of October 2022, against KWD 37,085.1 million by the end of September 2022, i.e. a drop by KWD 99.2 million or 0.3%.

### 3. Credit Facilities Extended by Local Banks:

On a monthly basis, the cash portion of the local credit facilities for residents and non-residents reached KWD 52,126.5 million, against KWD 52,117.1 million by the end of September 2022, i.e. a mild rise by KWD 9.4 million. This increase was driven by the hike in the utilized cash portion of credit facilities extended to non-residents (accounting for 11.0% of the overall facilities) by KWD 114.7 million or 2.0% to stand at KWD 5,745.3 million and the slowdown of the cash portion of credit facilities for residents by KWD 105.2 million or 0.2% to stand at KWD 46,381.2 million.

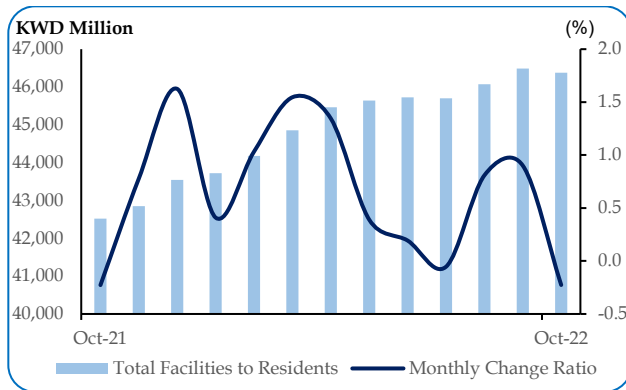
**In terms of the sectoral distribution by the cash portion of the credit facilities for residents**, the utilized cash portion of personal credit facilities (accounting for 39.5% of overall facilities extended to residents) went up by KWD 108.3 million or 0.6%, to stand at KWD 18,299.7 million, driven by **the increase in the personal housing credit facilities** by KWD 87.6 million or 0.6% (accounting for 85.3% of overall personal facilities), in addition to the rise in the **personal consumer credit facilities** by KWD 11.8 million or 0.6% (accounting for 10.6% of overall personal facilities). Credits extended to private

residential and other facilities inched up by KWD 6.5 million or 2.1% and KWD 2.3 million or 0.6%, respectively. Data indicate a continued elevation in personal credit facilities since the end of August 2021.

On the other side, credit to businesses (accounting for 60.5% of the overall facilities extended to residents) fell by KWD 213.5 million or 0.8%, to stand at KWD 28,081.5 million at the end of October 2022 compared to the previous month.

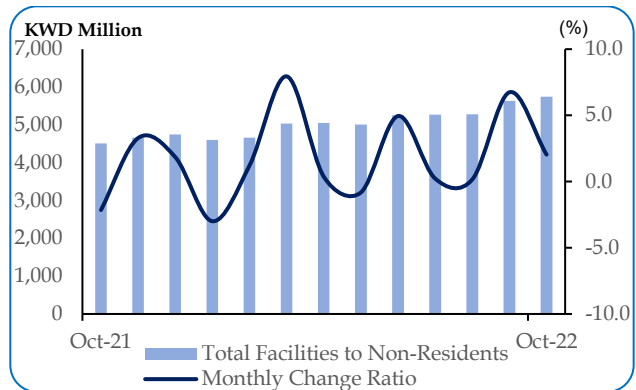
**As for the cash portion of the credit facilities for non-residents**, credit to trade, loans to banks, non-banking financial institutions and public services went up by 0.1%, 3.9%, 11.2%, and 4.4%, respectively. On the other side, credit to industry, constructions, purchase of securities, real estate, crude oil and gas, and other services dropped by 0.4%, 3.9%, 0.7%, 2.8%, 2.5% and 0.7%, respectively. Meanwhile, loans to banks accounted for 39.5% of the overall cash portion of the credit facilities for non-residents during October 2022, followed by other services by 20.0%, non-banking financial institutions by 10.2% and crude oil and gas by 10.0%.

Figure (11): Credit Facilities to Residents



Source: Central Bank of Kuwait

Figure (12): Credit Facilities to Non-Residents



Source: Central Bank of Kuwait