

Summary of the Key Local Monetary and Banking Indicators

May 2023



This brief report highlights the most prominent monetary and banking developments in the State of Kuwait as at the end of May 2023 compared those reported in the corresponding month of 2022 (on an annual basis), as follows:

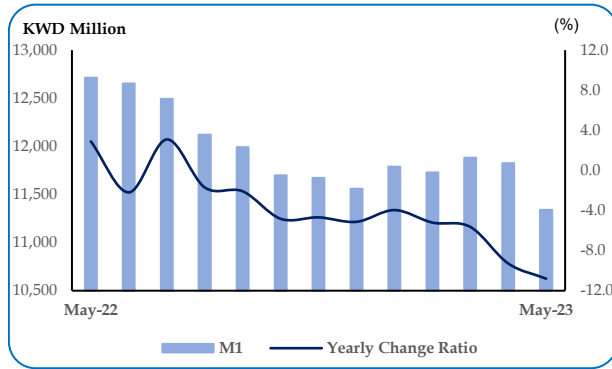
- Money Supply in its Broad Sense (M2) increased by 5.7% to reach KWD 39.66 billion.
- The total local banks' assets grew by KWD 1.71 billion or 2.1%.
- The foreign assets in the local banks increased by KWD 3.88 billion or 58.6%.
- The utilized cash portion of credit facilities to residents increased by KWD 1.22 billion or 2.7%.
- The total residents' deposits with local banks and the resident private sector's deposits increased by KWD 1.39 billion or 3.0% and KWD 2.16 billion or 6.0%, respectively.

I. Monetary Developments (Money Supply)

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

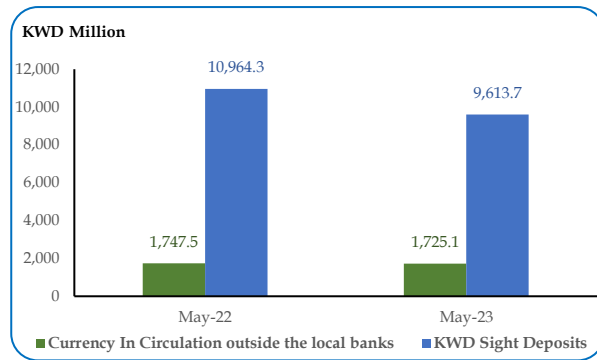
M1 declined by KWD 1.37 billion or 10.8% to reach KWD 11.34 billion at the end of May 2023 against KWD 12.71 billion at the end of the corresponding month in the previous year. This was driven by the decrease of both currency in circulation outside the local banks by KWD 0.02 billion or 1.3% to reach KWD 1.73 billion, and KWD sight deposits by KWD 1.35 billion or 12.3% to reach KWD 9.61 billion.

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



Source: Central Bank of Kuwait.

Figure (2): Developments of Narrow Money Components

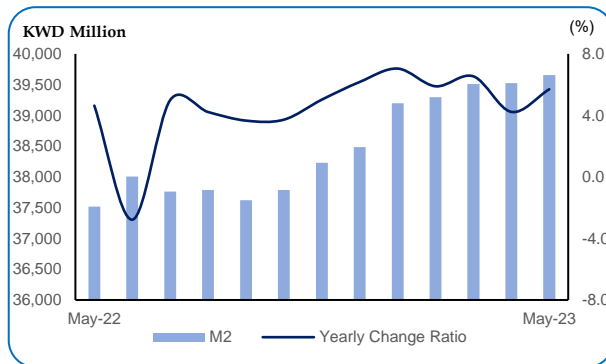


Source: Central Bank of Kuwait.

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

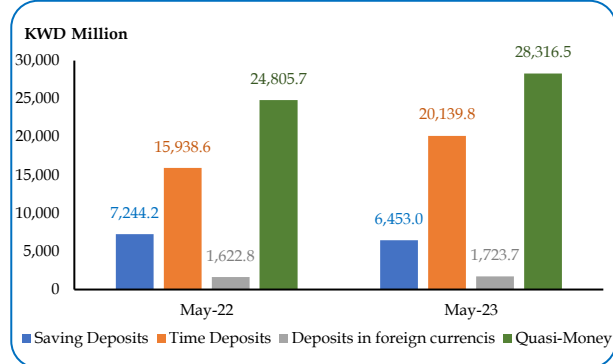
Money Supply in its Broad Sense (M2) went up by KWD 2.14 billion or 5.7% to reach KWD 39.66 billion at the end of May 2023 against KWD 37.52 billion at the end of the corresponding month in the previous year. This gain resulted from the rise in Quasi-Money (KWD saving deposits, KWD time deposits and deposits in foreign currency) by KWD 3.51 billion or 14.2%, and the decline in Narrow Money (M1) by KWD 1.37 billion or 10.8%.

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



Source: Central Bank of Kuwait.

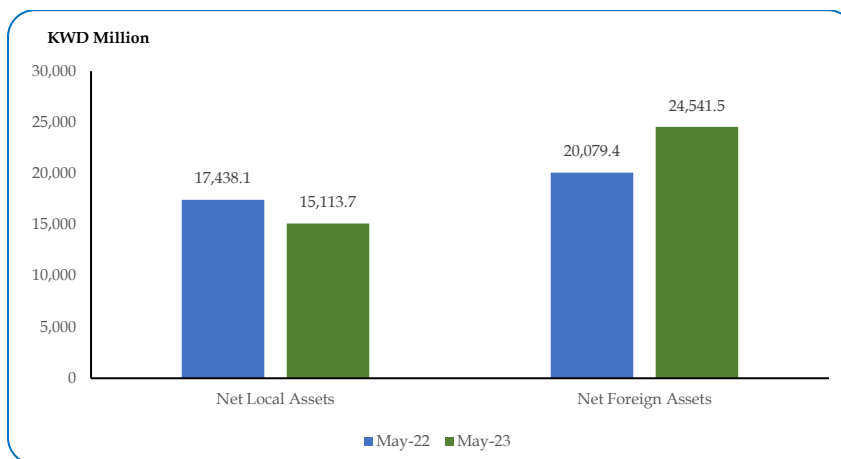
Figure (4): Quasi-Money Developments and Components



Source: Central Bank of Kuwait.

Considering the combined monetary survey of the CBK and the local banks during the period from the end of May 2022 to the end of May 2023, the rise in M2 resulted from the increase in net foreign assets by KWD 4.46 billion or 22.2%, and the decline in net domestic assets by KWD 2.32 billion or 13.3%.

Figure (5): Factors Affecting Broad Money (M2)



Source: Central Bank of Kuwait.

II. Banking Developments (at Activity Level of Local Banks and their Branches Inside the State of Kuwait)

1. Local Banks' Assets:

Total assets of local banks went up by KWD 1.71 billion or 2.1% to reach KWD 84.87 billion at the end of May 2023 against KWD 83.16 billion at the end of the corresponding month in the previous year. This was mainly driven by the rise in foreign assets by KWD 3.33 billion or 17.2% to reach KWD 22.68 billion, and claims on private sector by KWD 1.27 billion or 3.0% to reach KWD 44.44 billion, as well as the limited increase in loans to banks by KWD 0.01 billion or 1.8%.

On another front, balances of interbank deposits, claims on CBK, claims on government, claims on public institutions, and other assets fell by 51.8%, 6.5%, 35.8% 1.7%, and 20.4% respectively.

The claims on private sector represents the main source of local banks' assets. These claims accounted for 52.4% of the local banks' total assets at the end of May 2023. The claims on private sector are mainly credit facilities to residents (accounted for 95.2% of the claims on private sector) as well as other local investments. The foreign assets ranked second accounted for 26.7% of the total local banks' assets, followed by the claims on CBK accounted for 10.3% of the total local banks' assets as at the end of May 2023. The total claims on private sector and foreign assets accounted for 79.1% of the local banks' total assets at the end of May 2023 against 75.2% at the end of the corresponding month in the previous year.

The difference between the highest and lowest values of local banks' assets during the period from the end of May 2022 to the end of May 2023 reached KWD 4.77 billion. The highest local banks' assets stood at KWD 86.11 billion at the end of February 2023 against the lowest of KWD 81.35 billion at the end of September 2022.

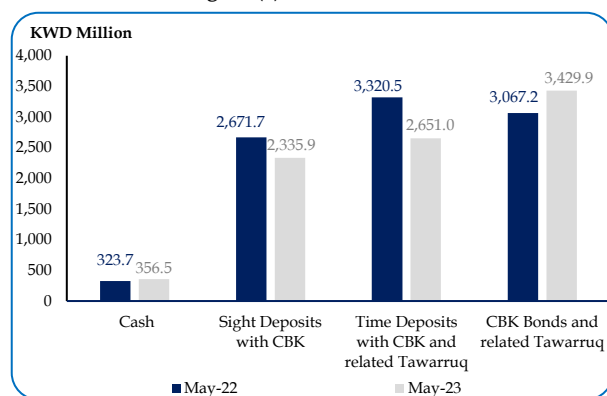
Table (1): Local Banks' Total Assets by Main Components (KWD Million)

Description	May 2022	May 2023	Change		to Total (%)
			Value	Percentage (%)	
Claims on CBK	9,383.2	8,773.3	-609.8	-6.5	10.3
Claims on Government	735.9	472.3	-263.6	-35.8	0.6
Claims on Public Institutions*	3,812.3	3,747.6	-64.7	-1.7	4.4
Claims on Private Sector, of which:	43,165.1	44,440.0	1,274.9	3.0	52.4
Credit Facilities to Residents	41,018.5	42,286.5	1,268.0	3.1	49.8
Foreign Assets	19,353.8	22,682.7	3,328.9	17.2	26.7
Loans to Banks	807.5	821.8	14.3	1.8	1.0
Local Interbank Deposits	2,454.2	1,183.6	-1,270.6	-51.8	1.4
Other Assets	3,449.9	2,747.0	-702.9	-20.4	3.2
Total Assets	83,162.0	84,868.5	1,706.4	2.1	100.0

Source: Central Bank of Kuwait.

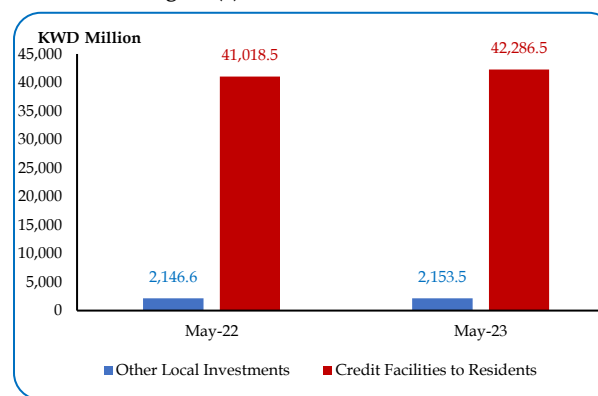
* These are financial/non-financial institutions wholly or partially (50% and above) owned by the government.

Figure (6): Claims on CBK



Source: Central Bank of Kuwait.

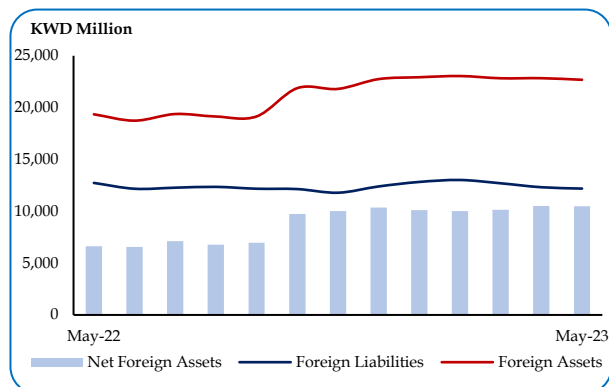
Figure (7): Claims on Private Sectors



Source: Central Bank of Kuwait.

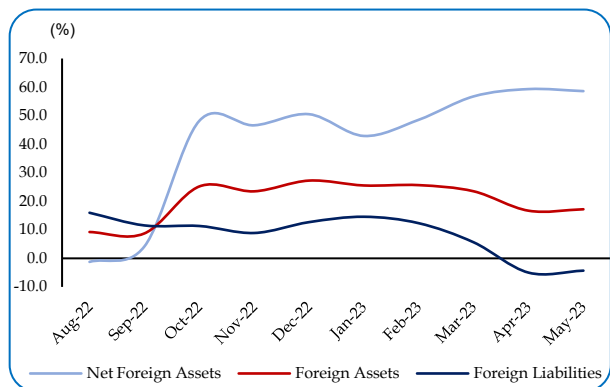
Meanwhile, data indicate that net foreign assets with the banking sector increased by KWD 3.88 billion or 58.6% to reach KWD 10.50 billion at the end of May 2023 against KWD 6.62 billion at the end of the corresponding month in the previous year. This was driven by the rise in foreign assets by KWD 3.33 billion or 17.2% and the decline in foreign liabilities (accounted for 14.4% of the total liabilities) by KWD 0.55 billion or 4.3%.

Figure (8): Foreign Assets & Liabilities in Local Banks



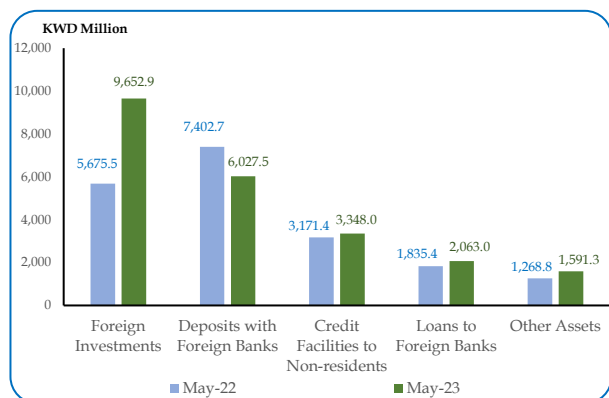
Source: Central Bank of Kuwait.

Figure (9): Foreign Assets & Liabilities (yearly change ratio %)



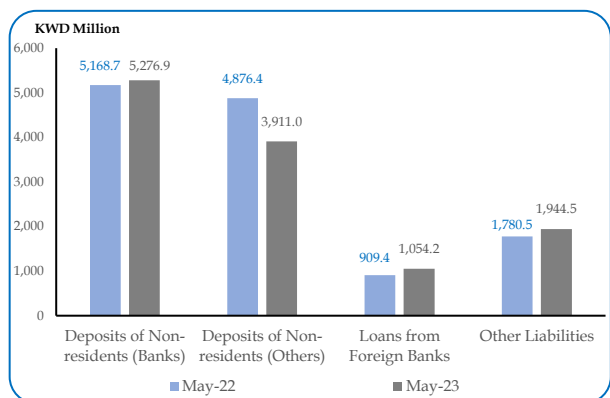
Source: Central Bank of Kuwait.

Figure (10): Foreign Assets Components in Local Banks



Source: Central Bank of Kuwait.

Figure (11): Foreign Liabilities Components in Local Banks



Source: Central Bank of Kuwait.

2. Cash Portion of the Credit Facilities Extended to Residents:

The utilized cash portion of the credit facilities for residents increased by KWD 1.22 billion or 2.7% to reach KWD 46.86 billion at the end of May 2023 against KWD 45.64 billion at the end of the corresponding month in the previous year. In more detail, **Personal credit facilities** (accounting for 39.5% of overall facilities extended to residents) increased by KWD 0.93 billion or 5.3% to reach KWD 18.50 billion at the end of May 2023 against KWD 17.57 billion at the end of the corresponding month in the previous year. This was mainly driven by the increase in the housing credit facilities by KWD 0.83 billion or 5.6% (accounting for 85.6% of overall personal facilities) to reach KWD 15.83 billion at the end of May 2023. In addition, the utilized cash of both consumer credit facilities (accounting for 10.5% of overall personal facilities) increased by 4.4% to reach KWD 1.95 billion and that of other personal credit facilities (accounting for 2.2% of overall personal facilities) by 4.0% to reach KWD 0.40 billion. On the other side, credits extended to private residential facilities (accounting for 1.7% of overall personal facilities) went down slightly to reach KWD 0.32 billion.

The utilized cash portion of **credit facilities to businesses** (accounting for 60.5% of the overall facilities extended to residents) increased by KWD 0.29 billion or 1.0%, to reach KWD 28.36 billion at the end of May 2023 against KWD 28.07 billion at the end of the corresponding month in the previous year. Credit to real estate (accounting for 33.3% of the overall credit facilities to businesses and 20.2% of the overall utilized cash portion of credit facilities extended to residents) went down slightly by KWD 0.03 billion or 0.4%, to reach KWD 9.45 billion at the end of May 2023 against KWD 9.49 billion at the end of the corresponding month in the previous year. On another front, credit facilities to constructions increased by KWD 0.28 billion or 14.8% to reach KWD 2.19 billion (accounting for 7.7% of the overall credit facilities to businesses and 4.7% of the overall utilized cash portion of credit facilities extended to residents) at the end of May 2023 against KWD 1.90 billion at the end of the corresponding month in the previous year.

Credits to other services and non-bank financial institutions went up by 15.1% and 21.3% respectively, in addition to a slight rise in credits to industry, agriculture & fishing and loans to banks by 0.1%, 53.4% and 1.8%, respectively. Meanwhile, credits to purchase of securities and crude oil & gas decreased by 12.1% and 10.9% respectively, in addition to a slight decline in credits to trade and public services by 0.3% and 2.6%, respectively.

Table (2): Balance of Utilized Cash Portion of Credit Facilities by Residents
(KWD Million)

Description	May 2022	May 2023	Change		to Total (%)
			Value	Percentage (%)	
Personal Credit Facilities	17,569.5	18,499.2	929.7	5.3	39.5
Consumer Loans	1,867.3	1,949.2	81.9	4.4	4.2
Installment Loans	14,993.0	15,827.0	834.0	5.6	33.8
Private Residential Loans	321.1	319.1	-1.9	-0.6	0.7
Other Loans	388.2	403.9	15.7	4.0	0.9
Business Sector Credit Facilities	28,068.8	28,356.7	288.0	1.0	60.5
Trade	3,256.8	3,246.1	-10.7	-0.3	6.9
Industry	2,421.6	2,423.2	1.6	0.1	5.2
Agriculture & Fishing	19.9	30.5	10.6	53.4	0.1
Purchase of Securities	3,509.7	3,086.1	-423.7	-12.1	6.6
Real Estate	9,488.0	9,453.9	-34.2	-0.4	20.2
Constructions	1,904.8	2,185.9	281.1	14.8	4.7
Loans to Banks	807.5	821.8	14.3	1.8	1.8
Non-Bank Financial Institutions	986.5	1,196.4	209.9	21.3	2.6
Crude Oil & Gas	2,293.1	2,044.0	-249.1	-10.9	4.4
Public Services	119.5	116.4	-3.1	-2.6	0.2
Other Services	3,261.3	3,752.5	491.3	15.1	8.0
Total	45,638.3	46,855.9	1,217.6	2.7	100.0

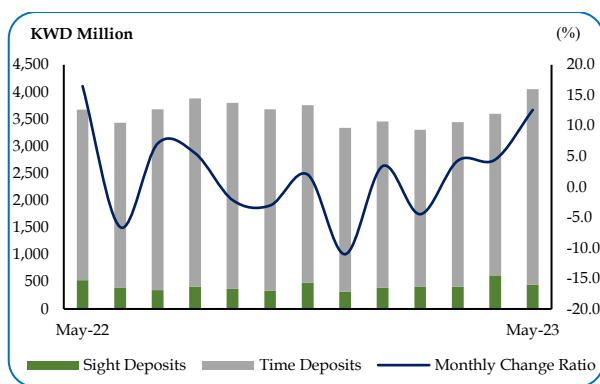
Source: Central Bank of Kuwait.

3. Deposits with Local Banks:

The total residents' deposits with local banks went up by KWD 1.39 billion or 3.0% to reach KWD 48.39 billion at the end of May 2023 against KWD 47.00 billion at the end of the corresponding month in the previous year, driven mainly by the rise in total private sector's deposits by KWD 2.16 billion or 6.0% to reach KWD 37.93 billion, as well as the increase in government deposits by KWD 0.37 billion or 10.2% to reach KWD 4.05 billion at the end of May 2023. In contrast, public institutions' deposits decreased by KWD 1.14 billion or 15.1% to reach KWD 6.42 billion.

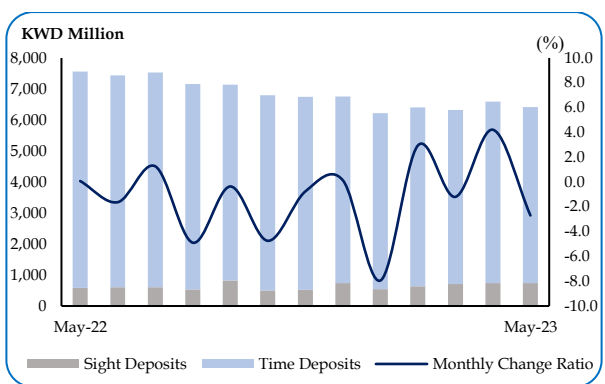
Resident private sector's deposits are the main source of financing for local banks and it accounted for 44.7% of the local banks' total liabilities at the end of May 2023 against 43.0% at the end of the corresponding month in the previous year. Moreover, government's deposits and public institutions' deposits accounted for 4.8% and 7.6% of the local banks' total liabilities at the end of May 2023 against 4.4% and 9.1% respectively, at the end of the corresponding month in the previous year.

Figure (12): Government Deposits with Local Banks



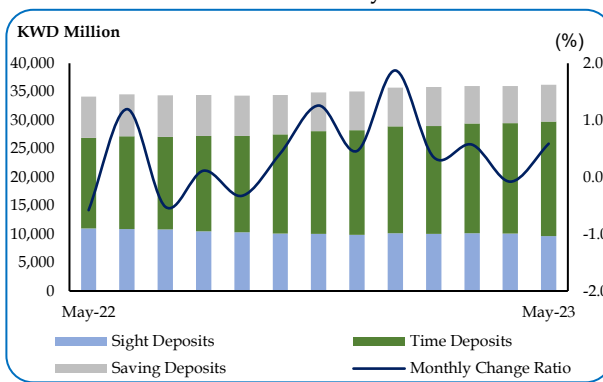
Source: Central Bank of Kuwait.

Figure (13): Public Institutions' Deposits with Local Banks



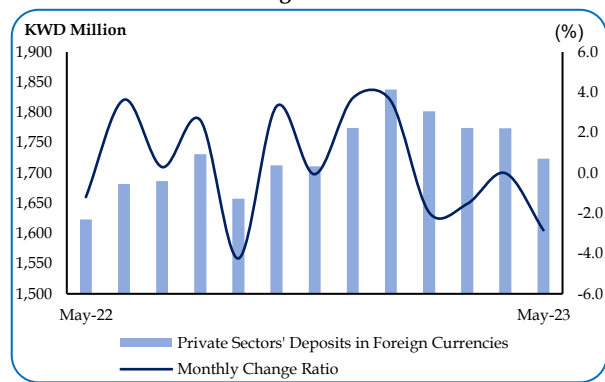
Source: Central Bank of Kuwait.

Figure (14): Private Sector's Deposits (Residents) in Local Currency



Source: Central Bank of Kuwait.

Figure (15): Private Sector's Deposits (Residents) in Foreign Currencies



Source: Central Bank of Kuwait.