



This monthly bulletin recaps on the key monetary and banking developments in the State of Kuwait as at the end of July 2024 compared to July 2023 (comparative month), the most prominent of which:

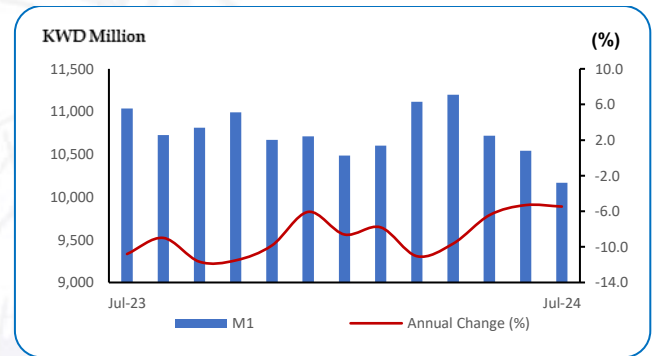
- Money Supply in its Broad Sense (M2) increased by 1.9% to KWD 39.92 billion.
- The total local banks' assets grew by KWD 3.24 billion (3.8%).
- The net foreign assets in the local banks went up by KWD 2.61 billion (11.0%).
- The utilized cash portion of credit facilities to residents increased by KWD 1.33 billion (2.8%).
- The total residents' deposits with local banks went up by KWD 1.88 billion (4.0%). Likewise, the resident private sector's deposits increased by KWD 0.81 billion (2.2%).

## I. Monetary Developments (Money Supply)

### 1. Money Supply (M1):

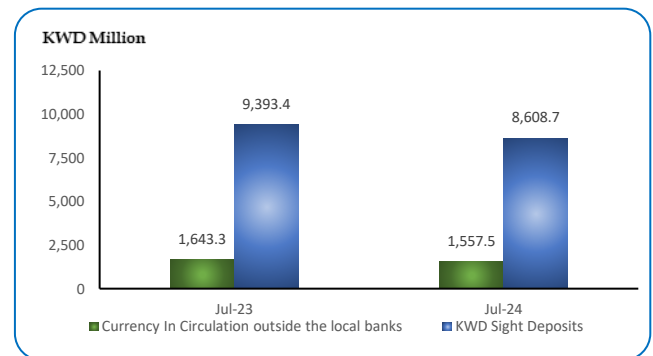
Money Supply in its Narrow Sense "Narrow Money" (M1) contracted by KWD 0.87 billion (7.9%) to KWD 10.17 billion at the end of July 2024 against KWD 11.04 billion at the end of the comparative month due to the unceasing decline of the Narrow Money (M1) on an annual basis since August 2022.

Figure (1): Narrow Money (M1)



This was mainly attributed to the decrease in both **KWD sight deposits** by KWD 0.78 billion (8.4%) to KWD 8.61 billion, and **currency in circulation outside the local banks** by KWD 0.09 billion (5.2%) to KWD 1.56 billion.

Figure (2): Narrow Money Components



## 2. Developments and Components of Money Supply (M2):

M2 increased by KWD 0.73 billion (1.9%) to KWD 39.92 billion at the end of July 2024 against KWD 39.19 billion at the end of the comparative month. This gain resulted from the rise in Quasi-Money (KWD saving deposits, KWD time deposits and deposits in foreign currency) by KWD 1.60 billion (5.7%) on one end, against a drop in Narrow Money (M1) by KWD 0.87 billion (7.9%) on the other.

Figure (3): Broad Money (M2)

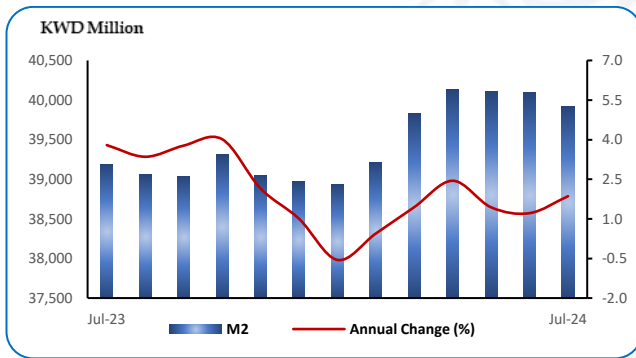
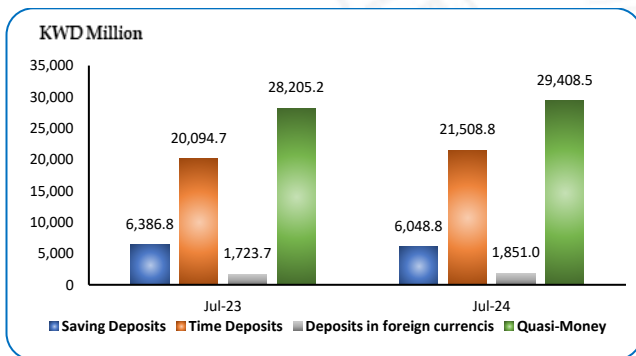


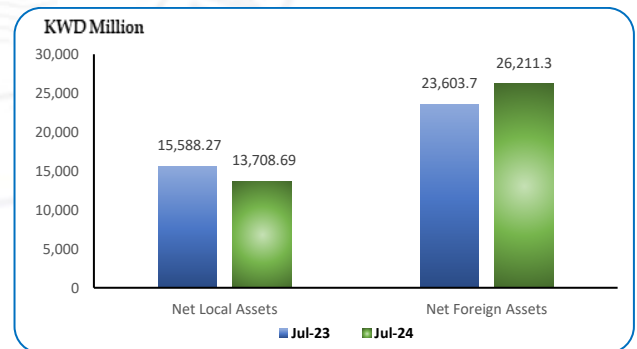
Figure (4): Quasi-Money Developments and Components



Considering the combined monetary survey of CBK and the local banks, (M2) can be calculated according to the factors affecting it, namely **(a) Net Local Assets** (that includes net claims of CBK and local banks on government, public institutions and private sector minus government's deposits and accounts, and other "net"), and **(b) Net Foreign Assets** with CBK and local banks.

The relevant data indicate that the rise in M2 by the end of July 2024 was driven by the **increase in net foreign assets** by KWD 2.61 billion, i.e. 11.0% (as net foreign assets with local banks increased by KWD 2.68 billion, i.e. 11.9%, and net foreign assets with CBK decreased by KWD 0.37 billion, i.e. 2.8%), and the **decrease in net local assets** by KWD 1.88 billion, i.e. 12.1%.

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



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

### 1. Local Banks' Assets:

Total assets of local banks grew by KWD 3.24 billion (3.8%) to KWD 88.00 billion at the end of July 2024 against KWD 84.76 billion at the end of the comparative month. This was mainly driven by the rise in **foreign assets** by KWD 2.68 billion (11.8%) to KWD 25.31 billion, **claims on private sector** by KWD 1.52 billion (3.4%) to KWD 46.29 billion, and other assets by KWD 0.23 billion (8.3%) to KWD 2.96 billion. On another front, loans to banks, interbank deposits, claims on CBK, cash (cash in local banks vaults), claims on government, and claims on the public institutions declined by 20.2%, 9.4%, 8.9%, 7.1%, 6.4%, and 2.7%, respectively.

**Claims on private sector** represents the primary source of local banks' assets. These claims accounted for 52.6% of the local banks' total assets in July 2024 against 52.8% at the end of the comparative month. **Foreign assets** came next accounting for 28.8% of the local banks' total assets at the end of July 2024 against 26.7% at the end of the comparative month.

It is worth mentioning that the rise in foreign assets came from the increase in the balances of credit facilities to non-residents, foreign investments, loans to foreign banks and other assets by 33.8%, 17.4%, 11.7% and 10.8%, respectively, on one hand, and the decline in deposits with foreign banks by 10.9% on the other.

Figure (6): Developments of Local Banks Assets

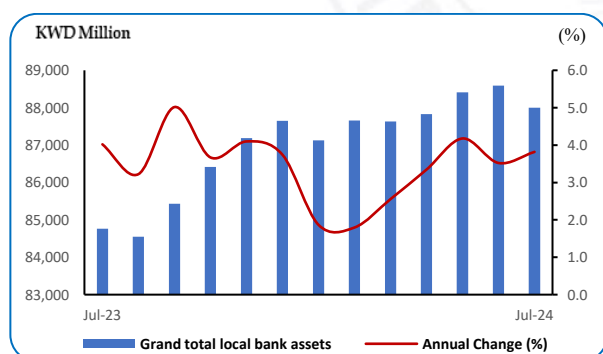
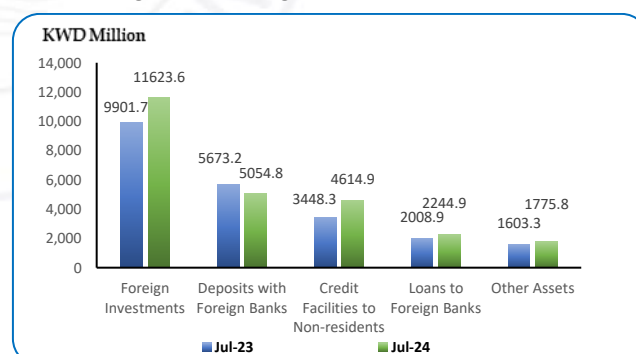


Figure (7): Foreign Assets in Local Banks



On the other hand, Data indicate that **net foreign assets with local banks increased** by KWD 2.98 billion (28.4%) to total of KWD 13.46 billion at the end of July 2024 against KWD 10.48 billion at the end of the comparative month. This rise was mainly due to the increase in foreign assets by KWD 2.68 billion (11.8%) on one end, and decline in foreign liabilities by KWD 0.30 billion (2.4%) on the other.

Figure (8): Developments of Net Foreign Assets in Local Banks

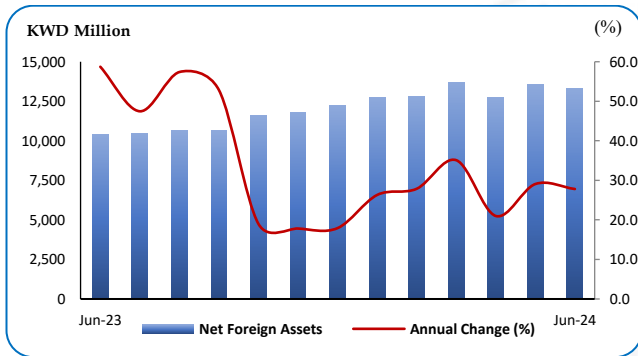
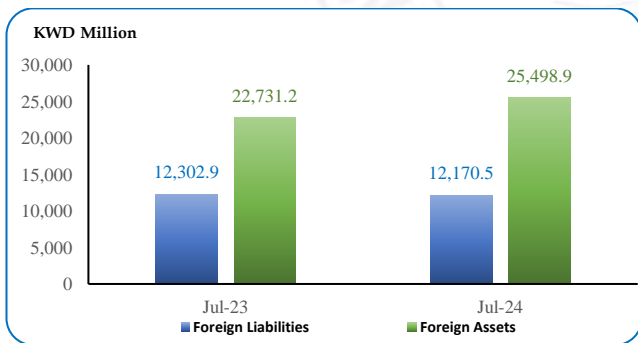


Figure (9): Foreign Assets & Liabilities in Local Banks



## 2. Sectoral Allocation of the Cash Portion of Credit Facilities to Residents:

The **utilized cash portion of the credit facilities to residents** increased by KWD 1.33 billion (2.8%) to KWD 48.52 billion at the end of July 2024 against KWD 47.19 billion at the end of the comparative month. The utilized cash of the credit

facilities to businesses and personal credit facilities accounted for 64.9% and 35.1%, respectively, of the increase in the total utilized cash portion of the facilities extended to residents.

In more detail, **the utilized cash portion of credit facilities to businesses** (60.8% of the overall facilities to residents) increased by KWD 0.86 billion (3.0%) to KWD 29.50 billion at the end of July 2024 against KWD 28.65 billion at the end of the comparative month. This increase was mainly driven by the **rise in the utilized portion of credit** to real estate and construction (KWD 0.92 billion, i.e. 7.8%), purchase of securities “individuals, companies and institutions” (KWD 0.43 billion, i.e. 13.7%), non-bank financial institutions (KWD 0.19 billion, i.e. 15.8%), and trade (KWD 0.16 billion, i.e. 4.8%).

On another front, there was a **decline in, cash portion of credit** to other services by (KWD 0.14 billion, i.e. 3.7%), industry (KWD 0.17 billion, i.e. 7.1%), crude oil & gas (KWD 0.27 billion, i.e. 13.3%), loans to banks (KWD 0.20 billion, i.e. 20.2%), and public services (KWD 0.06 billion, i.e. 34.6%). In addition to a limited retraction in agriculture & fishing by (12.4%) at the end of July 2024 against the comparative month.

## 3. Residents' Deposits with Local Banks:

The **total residents' deposits** increased by KWD 1.9 billion (4.0%) to KWD 49.48 billion at the end of July 2024 against KWD 47.60 billion at the end of the comparative month. This rise was driven by the **increase in private sector's deposits (resident)** by KWD 0.81 billion (2.2%) to KWD 38.36 billion at the end of

July, against KWD 37.55 billion at the end of the comparative month, and **government's deposits** by KWD 0.74 billion (16.8%) to KWD 5.13 billion at the end of July 2024 against KWD 4.39 billion at the end of the comparative month, and **public institutions' deposits** by KWD 0.33 billion (5.9%) to KWD 5.99 billion at the end of July 2024 against KWD 5.66 billion at the end of the comparative month.

Moreover, private sector deposits consider the main source of financing for local banks (43.6% of the local banks' total liabilities at the end of July 2024). In addition, both public institution deposits and government deposits accounted for 6.8% and 5.8% of the local banks' total liabilities, respectively, at the end of July 2024.

Figure (10): Government Deposits with Local Banks

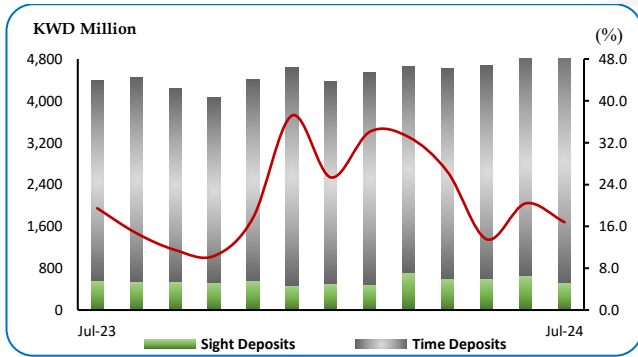


Figure (11): Public Institutions' Deposits

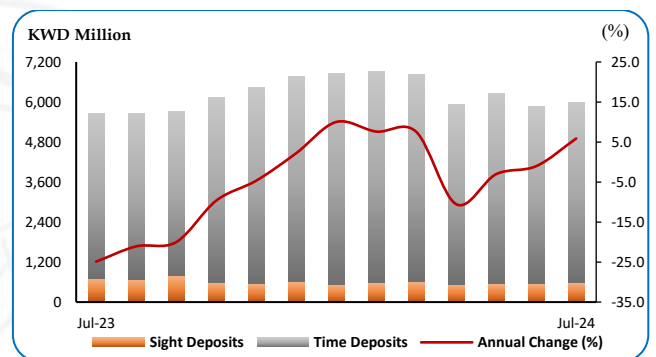


Figure (12): Private Sector's Deposits (Residents) in Local Currency

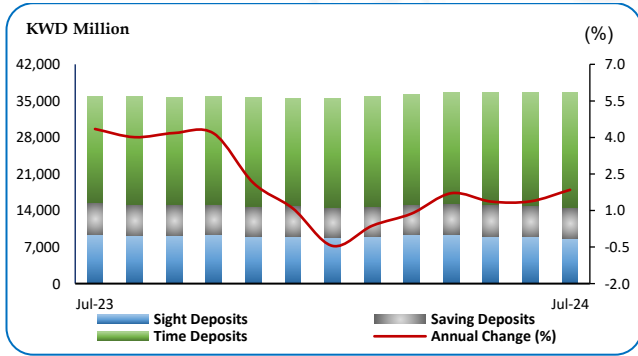


Figure (13): Private Sector's Deposits in Foreign Currency

