



CENTRAL BANK OF KUWAIT



Flashes On The Economic Report For The Year 2015

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OF KUWAIT

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(1)
**Gross Domestic Product
& Economic Growth**

2020



Gross Domestic
Product (GDP) **rose**
at constant prices by

1.8%

The value added at
constant prices in total
non-oil sectors
increased by

1.3%

The value added at
constant prices in
total oil sectors
declined by

1.7%



GDP at current prices
declined by
25.9%

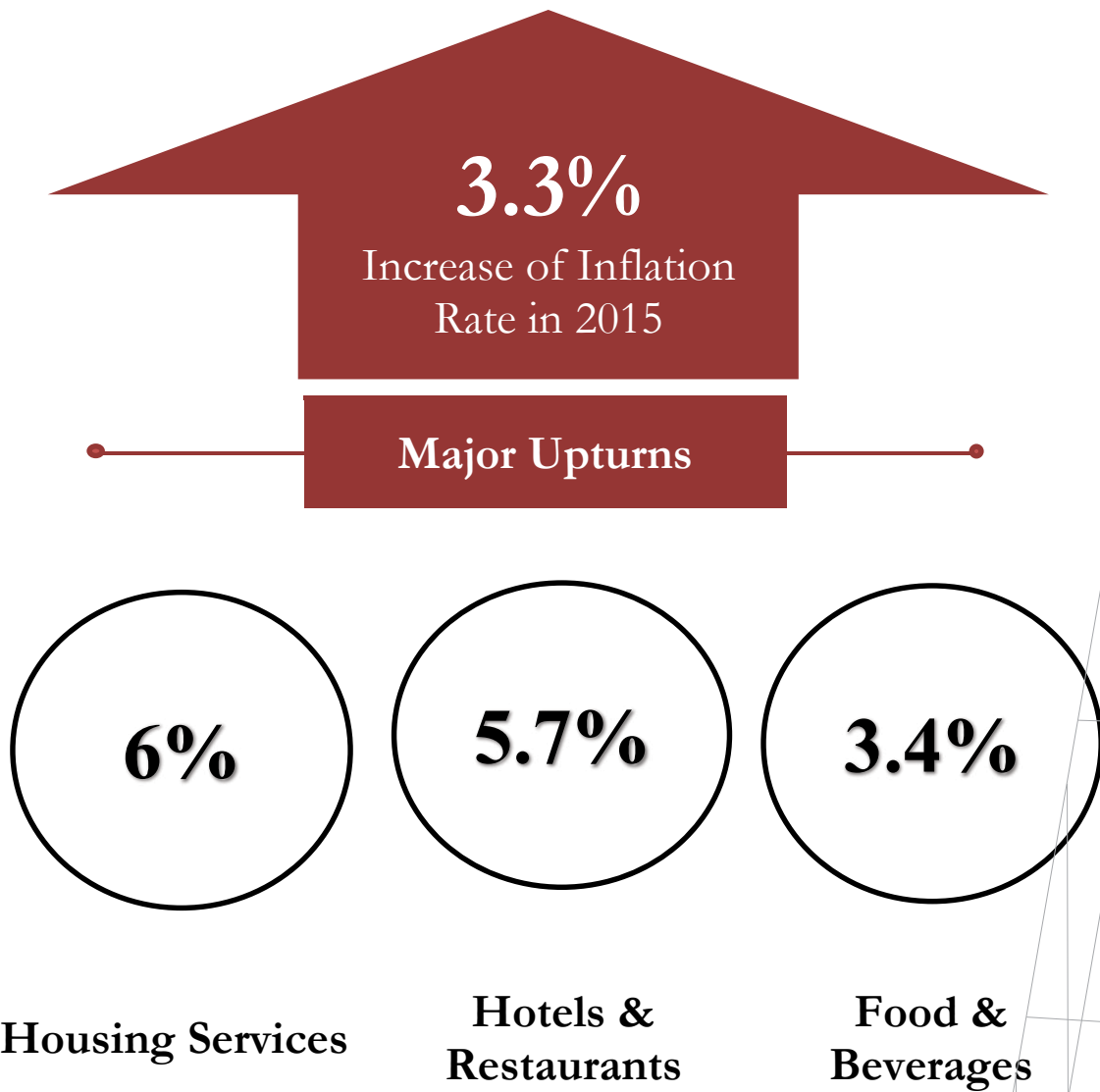
The value added at
current prices in total
non-oil sectors
inched up by
3%

The value added at
current prices in total
oil **dropped** by
46.2%



(2)
**General Index of
Consumer Prices**

2015





Rate of change in Wholesale Price
Index (WPI) **increased** to

3%

WPI of Domestically Produced
Goods recorded an **increase** of

6.3%

While the WPI of Imported Goods
inched up by

1.3%



**(3)
Population &
Workforce**

2015



Population Growth
Rate **increased** by
3.6%

The number of
Kuwaiti population
increased by
2.5%

While the number of
non-Kuwaiti population
surged by
4.1%



Growth rate of total labor
force **increased** to

4.8%

Growth rate of Kuwaiti
labor force reached

3.2%

Number of
labor force in the private
sector witnessed an
increase by

6.1%

While the growth rate of
labor force in the
government sector reached

4.4%



(4)
Monetary
Developements and
Exchange Rate

2015



Central Bank of Kuwait pursued its efforts to lay down and implement the monetary policy to strengthen the monetary stability

Continued pegging the KD exchange rate to a special weighted basket of currencies of countries that share significant financial and trade relations with the State of Kuwait

US Dollar exchange rate **appreciated** against the KD by

3.6%

at the end of 2015



Deceleration
in the domestic liquidity growth by
1.2%
at the end of 2015

Rise
in the net domestic assets of CBK
and local banks by

4.6%

Decline
in the net foreign assets by
2.1%



(5)
Banking Credit

2015



Increase
of utilized cash portion of credit
facilities extended by local banks by
8%

Personal credit facilities accounted for
41.7%
of the total credit facilities

Reduction
in the value of financing imports paid
through local banks by
2.9%



(6)
Domestic
Interest Rates

2015



The Discount Rate was **raised** by
0.25% at December 2015
within CBK's follow-up of the
developments of local interest rates on
KD, on one hand, and the trends of
interest rates on major international
currencies, on the other hand

Upturn of the average interest
rates on KD-denominated
customer time deposits against
a **downswing** on USD time
deposits

Continuation of the
margins between the
average interest rates on
deposits with local banks in
favor of the KD



(7)
**Public Debt and Local
Interbank Deposits**

2020



The outstanding balance of treasury bonds at the end of 2015 **remained stable** at its level by end of 2014 amounting to KD 1,587.3 million

The value of local interbank deposits **surged** by

6%

Local banks' claims on CBK **dipped** by

18%



(8)
**Clearing and
Payment Operations**

2015



Increase
in clearing transactions of cheques
drawn on the customers' accounts
with local banks by

5.6%

Rise
in the value of transactions through
Automated Teller Machines
(ATMs) by

5.2%



Increase
in the total transaction value
through Points of Sale (POS) by
13.2%



(9)
**Banking Supervision
and Oversight**

2021



Continued implementation of the regulatory standards issued by Basel Committee on Banking Supervision (Basel III Set of Reforms), and completely applied the Net Stable Funding Ratio (NSFR) in October 2015, thus, all these standards become applicable in their entirety

The number of local banking and financial system units under CBK supervision and surveillance reached

148

units by the end of 2015



(10)

**Financial Indicators of
the Banking and
Financial Sector**

2020



Increase
of the aggregate balance sheet of
local banks by

5.7%

Increase
of local banks' claims on the
private sector by

7.6%

at the end of 2015

Increase
in local banks' claims on
government by

1.1%

Drop
in claims on CBK by

18.5%



Increase
of resident private sector
deposits with local banks by
1.3%

Increase
of government deposits with
local banks by
11.2%

Growth
in net foreign assets of local
banks by
6.4%
at the of 2015



Rise
in the contra accounts with local
banks by
17.5%
at the end of 2015

Total financial resources
generated for the local banks
from their local operations
amounted to

KD 3,884.5
Million



Financial Indicators of the Banking and Financial Sector

Growth in the ratios of funds uses

Rise in profitability ratios

Increase of capital adequacy ratio
by the end of 2015



Reduction

of the aggregate balance sheet of
local Investment companies by

6.1%

at the end of 2015



Reduction
of the aggregate balance sheet of
conventional investment
companies by
2.1%
at the end of 2015

Reduction
of the aggregate balance sheet of
investment companies operating
in accordance with the provisions
of the Islamic Shari'a by
11.2%
at the end of 2015



Decline
in the contra accounts of local
investment companies by
2.6%
at the end of 2015

Decrease
in the aggregate balance sheet of
local exchange companies by
0.1%
at the end of 2015



(11)
General Budget

2015



Drop
in the total actual budgetary
revenues by
21.6%
within the general budget of
FY2014/15

Rise
in the relative share of actual non-
oil budgetary revenues in the total
actual budgetary revenues by
9.7%
during FY2014/15



Growth
in actual public expenditures by
13.3%
during FY2014/15

Rise
in the actual expenditures under the
First Chapter “salaries and wages” by
5.3%
during FY2014/15 compared to its
level in the previous fiscal year



Current expenditures
accounted for

91.3%

of total actual public
expenditures during
FY2014/15



Upturn

in the actual budgetary capital
expenditures by

6.9%

during FY2014/15
compared to its level in the
previous fiscal year



Drop
in the actual surplus of the
general budget for
FY2014/15 by
72.8%
compared to its level for the
previous fiscal year

Reduction
in the general budget for
FY2015/16 by
39.1%
compared to its estimates for
the previous fiscal year



Decrease
in total allocations for budgetary
expenditures for FY2015/16 by
17.4%
compared with its counterpart in
FY2014/15

Drop
in the relative share of the
allocations for current budgetary
expenditures for FY2015/16
reaching
87.7%
against **90%** for the previous
fiscal year



Rise

in the allocations for budgetary
capital expenditures for
FY2015/16 by

2.3%

compared with its level in the
previous fiscal year

Drop

in the total actual public revenues
collected during the first nine
months of FY2015/16 by

46.3%

compared with the corresponding
period for the previous fiscal year



Estimated deficit in the general
budget for FY2015/16 reached

KD 6,960.4
million

Decrease

in the value of actual oil revenues
collected during April-December
2015 by

45.8%

compared with the corresponding
period for the previous fiscal year



Decrease

in actual public expenditures
during the first nine months of
FY2015/16 by

24%

compared with the corresponding
period for the previous fiscal year

Current expenditures during the
first nine months of FY2015/16
accounted for

37%

of the allocations for current
expenditures for the mentioned
fiscal year as a whole



The general budget during the first
nine months recorded an actual
surplus of
KD 3,343.1
million



(12)
**Foreign Trade and
Balance of Payments**

2015



Drop
in the Current Account surplus
of the Balance of Payments
(BOP) by
88.4%
during 2015, compared with the
previous year

The decline in the Current
Account resulted from the
decrease in the total receipts by

35.1%

Increase
in the total payments by

4.8%



Drop
in the Balance on Goods surplus by

61.8%

Decline
of merchandise exports by

44%

Mainly due to the downturn of the
value of oil exports by

47.1%



Upturn
in the value of merchandise
imports by

8.7%

from the major import markets,
i.e. China, USA and UAE

Value of merchandise imports
from GCC member countries
reached

16.7%

of the total value of imports



Increase
in the Services Account deficit by

12.1%

amounting to

KD 5.77

billion

Decline
in the Primary Income Account
surplus by

7.4%

reaching

KD 4.15

billion



Decrease
in the Secondary Income Account
deficit by
15.5%
reaching
KD 4.97
billion



The Capital Account surplus in
2014 turned into a deficit in
2015

The financial Account recorded
a net outflow of
KD 2.07
billion

The BOP surplus during 2014
turned into a deficit in 2015



(13)
Kuwait Stock Exchange
(KSE)

2015



The major trading and price indicators
of the Kuwait Stock Exchange (KSE)
fell back during 2015

Decline
in the General Price Index (PI) by
14%
at the end of 2015

Downturn
of the Weighted Price Index (WI) by
13%



Price indices for the capital markets
in the GCC countries recorded a
decline at the end of 2015

The most significant factors that
adversely affected KSE
performance included decline in oil
prices, growing regional geopolitical
tensions, and expected deficit in the
general budget

On the contrary, the most
significant factors that **favorably**
affected KSE performance were
increase in the value of cash
distributions and the approval of the
midterm five-year development plan



Decrease
of the net profits of KSE-listed
companies by

0.4%

Drop
in market capitalization of
KSE-listed companies by

11.8%

At the end of 2015



During 2015, a new company was
listed with a market capitalization of

KD 343.9

Million

Decline

in the share issue base of
KSE-listed companies by

1.3%



Drop
in the value of traded shares by

35.2%

Decrease
in the volume of traded shares by

21.7%

Banking sector shares recorded the
highest value of traded shares by

25.3%

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