



CENTRAL BANK OF KUWAIT



Flashes On The Economic Report For The Year 2016

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OF KUWAIT

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

2016



Real Gross Domestic
Product (GDP) **grew** by
2.5%
during 2016

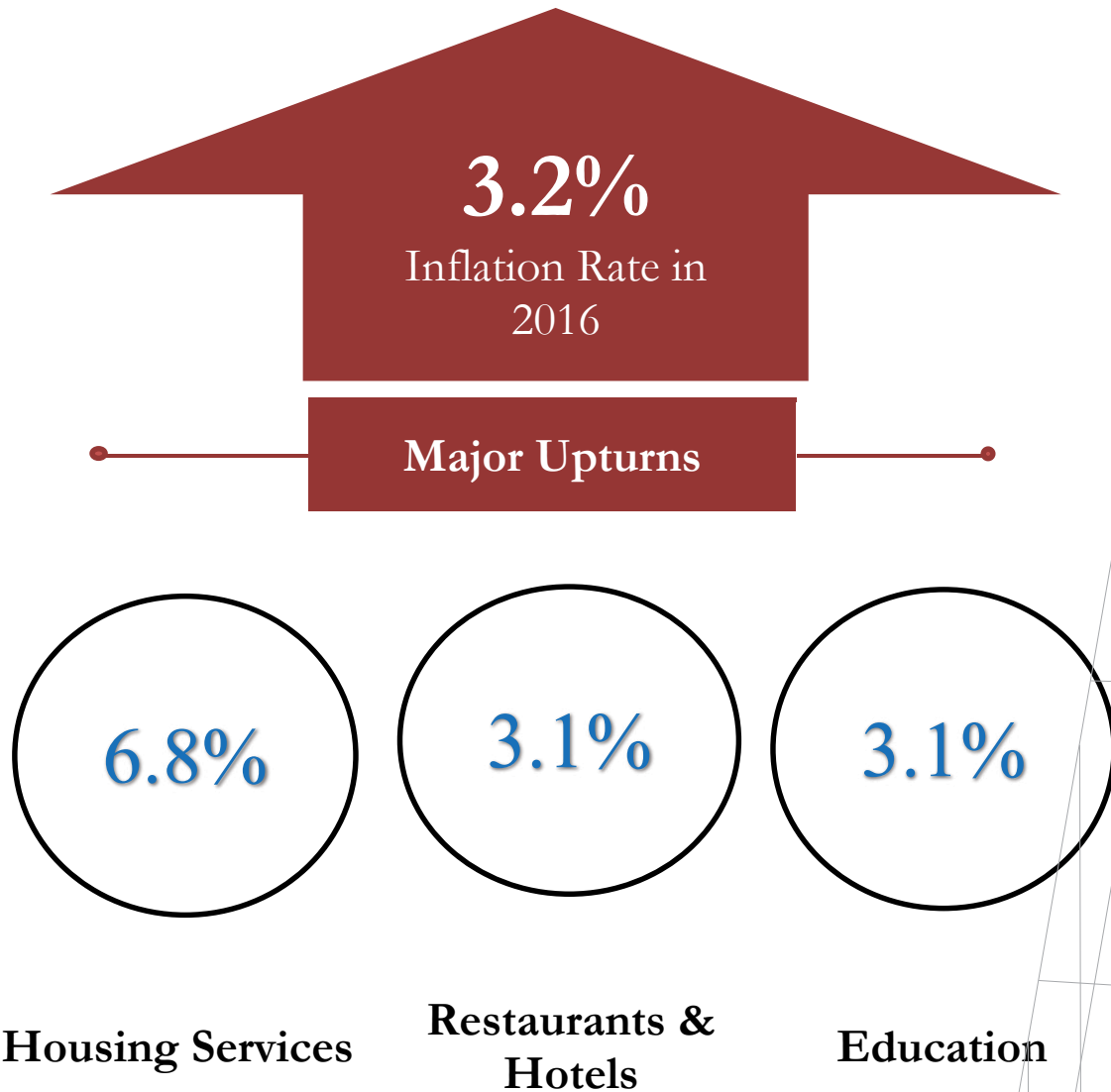
Real non-oil sectors
GDP **increased** by
3.2%

Real oil sector GDP
inched up by
1.9%



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

2016





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

1.3%

during 2016

Rate of change in WPI of
Domestically Produced Goods
slowed to

0.4%

While the rate of change in WPI of
Imported Goods **inched up** to

1.8%



**(3)
Population &
Workforce**

2016



Population Growth
Rate **increased** by
4.1%
during 2016

The number of
Kuwaiti population
inched up by
2.3%

While the number of
non-Kuwaiti population
surged by
4.8%



Growth rate of total
workforce **increased** to

5.1%

during 2016

Growth rate of Kuwaiti
workforce reached

2.6%

Number of workforce in
the private
sector **hiked up** by

5.3%

While the growth rate of
workforce in the
government sector reached

5.0%



(4)
**Monetary Developments
and the Central Bank of
Kuwait Activity**

2019



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

Continue 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

0.94%

at the end of 2016



Acceleration
in the domestic liquidity growth by
3.1%
at the end of 2016

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

1.5%

Rise
in the net foreign assets by
8.7%



**(5)
Banking Credit**

2016



Increase
of utilized cash portion of credit
facilities extended by local banks by
2.9%
at the end of 2016

Personal credit facilities accounted for
42.1%
of the total credit facilities

Decline
in the value of financing imports paid
through local banks by
13.6%



(6)
Domestic
Interest Rates

2016



The Discount Rate was **raised** by
0.25% to reach **2.5%** at December 2016
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 and
USD denominated
customer 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**

2016



The outstanding balance of treasury
bonds **increased** to
KD 3,267.3 million
at the end of 2016

The value of local interbank
deposits **contracted** by
0.3%

Local banks' claims on CBK
dipped by
0.2%



(8)
**Clearing and
Payment Operations**

2016



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

6.3%
in 2016

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

3.2%

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

5.6%



(9)
**Banking Supervision
and Oversight**

2016



CBK continues its efforts towards revising and developing banking instructions and controls in line with the international regulatory standards and best practices in the regulatory and supervisory field

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

142

units by the end of 2016



(10)

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

2016



Increase
of the aggregate balance sheet of
local banks by

3.1%

at the end of 2016

Rise
of local banks' claims on the
private sector by

2.5%

at the end of 2016

Surge
in local banks' claims on
government by

108.1%

Drop
in claims on CBK by

1.5%



Increase
of resident private sector
deposits with local banks by
2.8%
at the end of 2016

Rise
of government deposits with
local banks by
13.6%

Growth
in net foreign assets of local
banks by
5.7%



Rise
in contra accounts with local
banks by
13.4%
at the end of 2016

Total financial resources
generated for the local banks
from their local operations
amounted to
KD 4,374.7 million



Financial Indicators of the Banking and Financial Sector

Increase of capital adequacy ratio by the
end of 2016

Stability in the ratios of funds uses

Slight **contraction** in profitability ratios

Reduction
of the aggregate balance sheet of local
Investment companies by

18.4%

at the end of 2016



Decline
of the aggregate balance sheet of
conventional investment
companies by
34.1%
at the end of 2016

Increase
of the aggregate balance sheet of
investment companies operating
in accordance with the provisions
of the Islamic Shari'a by
2.5%
at the end of 2016



Decrease
in the contra accounts of local
investment companies by
2.0%
at the end of 2016

Growth
in the aggregate balance sheet of
local exchange companies by
21.3%
at the end of 2016



(11)
General Budget

2016



Drop
in the total actual budgetary
revenues by
45.3%
within the general budget of
FY2015/16

Rise
in the relative share of actual non-
oil budgetary revenues in the total
actual budgetary revenues by
11.4%
during FY2015/16



Drop
in actual public expenditures by
14.8%
during FY2015/16

Rise
In the actual expenditures under
the First Chapter “salaries and
wages” by
3.0%
during FY2015/16 compared to its
level in the previous fiscal year



Current **expenditures**
accounted for

88.5%

of total actual public
expenditures during
FY2015/16



Upturn

in the actual budgetary capital
expenditures by

13.0%

during FY2015/16
compared to its level in the
previous fiscal year



Actual deficit in the general
budget **reached**

KD 4,611.9

million
for FY2015/16

Reduction

in the general estimated
budgetary revenues for
FY2016/17 by

16.2%

compared to its estimates for
the previous fiscal year



Decrease

in total allocations for budgetary
expenditures for FY2016/17 by

2.2%

compared with its counterpart in
FY2015/16



Drop

in the relative share of the
allocations for current budgetary
expenditures for FY2016/17
reaching

85.4%

against **87.7%** for the previous
fiscal year



Rise
in the allocations for budgetary
capital expenditures for
FY2016/17 by
16.7%
compared with its level in the
previous fiscal year

Estimated deficit in the general
budget for FY2016/17 **reached**
KD 8,654 million



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

2021



The Current Account surplus in
2015 Balance of Payments (BOP)
turned into a deficit in 2016

The **deficit** in the Current Account
resulted from the decrease in the
total receipts by

8.9%

during 2016

Increase
in the total payments by

3.0%



Drop
in the Balance on Goods surplus by

27.6%

to reach

KD 6.1 billion

Decline
of merchandise exports by

14.2%

to

KD 14.1 billion

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

14.1%

to reach

KD 12.5 billion



Slight **drop**
in the value of merchandise
imports (on CIF basis) by
0.01%
during 2016
from the major import markets,
i.e. China, USA and UAE

Value of merchandise imports
from GCC member countries
reached
16.0%
of the total value of imports



Increase
in the Services Account deficit by

5.7%

amounting to

KD 6.4

billion during 2016

Rise
in the Primary Income Account
surplus by

4.9%

reaching

KD 4.0 billion

Increase
in the Secondary Income Account
deficit by

4.9%

reaching

KD 5.2 billion



Increase
in the Capital Account deficit by
45.8%
during 2016

The financial Account recorded
a net inflow of
KD 1.1
billion during 2016

The BOP deficit during 2015
turned into a surplus in 2016



(13)
Boursa Kuwait

2016



The performance of major trading
indices and price indicators of
Boursa Kuwait varied during 2016

Rise

in the General Price Index (PI) by

2.37%

at the end of 2016

Downturn

of the Weighted Price Index (WI) by

0.42%

at the end of 2016



Price indices for the capital markets
in the GCC countries recorded a
rise at the end of 2016

The most significant factors that
adversely affected Bursa Kuwait
performance included decline in
crude oil prices, downgrading the
outlook for the State of Kuwait's
sovereign rating by Moody's,
growing regional geopolitical
tensions, and persistent deficit in
the general budget

On the contrary, the most
significant factors that **favorably**
affected Bursa Kuwait
performance were increase in the
value of cash distributions and the
complete acquisition of shares of
some listed companies



Increase
of the net profits of Boursa-listed
companies by

6.4%

at the end of 2016

Rise
in market capitalization of Boursa-
listed companies by

0.06%

at the end of 2016



During 2016, one company was
re-listed with a market
capitalization of

KD 1.77

million



Decline

in the share issue base of Boursa-
listed companies by

0.27%



Drop
in the value of traded shares by
27.16%
during 2016

Decrease
in the volume of traded shares by
26.96%
during 2016

Banking sector shares recorded the
highest value of traded shares by
34.29%
during 2016

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