

بنك الكويت المركزي
CENTRAL BANK OF KUWAIT



Economic Highlights Report

2021



1- Gross Domestic Product DP and Economic Growth



Real GDP
grew by

1.3% ▲

During 2021

Real GDP of the non-oil
sectors grew by

3.4% ▲
During 2021

Real GDP of the oil
sector contracted by

0.3% ▼
During 2021

In 2021, Average price of
the Kuwaiti export crude oil
increased by **69.9%** to USD
70.5 per barrel.

2- Domestic Prices



The inflation rate calculated based on relative change in the Consumer Price Index (CPI) in the State of Kuwait increased to



The most prominent segments that contributed to the inflation rate during 2021:



Average change of Wholesale Price Index (WPI) increased to



The average change of WPI for Locally-Produced Goods slightly increased to 0.6%.

The average change of WPI for Imported Goods increased to 1.9%.

3- Population and Labor Force



Total population
decreased by

0.9% ▼

to **4.62** million
in 2021

- Number of Kuwaitis increased to **1.47** million.
- Number of Non-Kuwaitis decreased to **3.15** million.

Total labor force
decreased by

1.7% ▼

to **2.8** million
in 2021

- Number of Kuwaiti labor force increased to **455** thousand.
- Number of Non-Kuwaiti labor force decreased to **2.34** million.

Relative distribution of labor force by sector in 2021:

- Total number of workers in the private sector dropped by **2.7%**.
- Total number of workers in the government sector inched up by **0.8%**

4- Monetary and Exchange Rate

CBK continued its efforts in 2021 in the field of monetary policy, regulatory programs and banking supervision in line with the latest local economic conditions on one hand, and the international efforts to address post pandemic negative impact on the other hand. In addition, CBK spares no effort to maintain the monetary and financial stability and, boost confidence in the national economy, and stimulates economic recovery.



CBK maintained its easing monetary policies to address the effects of the pandemic and providing an environment inducing to sustainable growth:

1



The discount rate was maintained at its historical low level of 1.5%.

2



Repo Price and market intervention instruments were maintained at the same levels resulting in a drop in all interest rates in 2021 compared to the previous year.

3



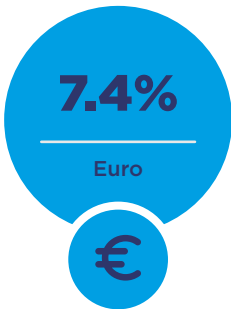
CBK revised its instructions and its macroprudential instruments to help banks fulfil their vital role in the economy and encourage them to extend more loans and financing to economic sectors and customers negatively impacted by the crisis.

The KWD exchange rate maintained its stability against the major currencies by pegging KWD to a special “undisclosed” weighted basket of currencies of Kuwait’s major trade and financial partner countries.

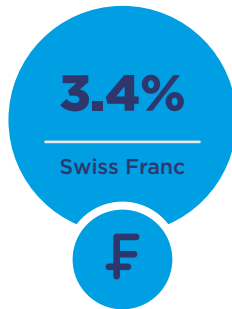
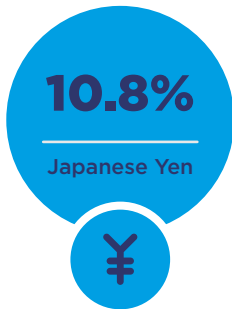
USD exchange rate against the Kuwaiti Dinar decreased by 0.3% to 302.6 fils/ USD at the end of 2021.

0.3% ▼

USD exchange rate recorded a **decline** during 2021 against:



USD exchange rate recorded an **increase** during 2021 against:



Money Supply in its broad sense (M2) dropped by 0.5%.

Money Supply in its narrow sense (M1) increased by 1.5% ▲

Quasi-Money dropped by 1.3% ▼

Factors affecting Money Supply (M2):

Drop in net foreign assets of CBK and local banks by 13.7% ▼

Rise in the net local assets of CBK and local banks by 14.7% ▲

5- Banking Credit



The loan portfolio of local banks grew by

6.3% ▲

at the end of **2021**

1



Personal credit facilities:

increased by **12.6%** and accounted for

46%

of total loan portfolio.

2



Industry sector:

loans to industry sector increased by **16%** and accounted for

5.6%



Financing Kuwaiti merchandise imports paid through local banks increased by **69.6%** ▲

6- Private Sector Deposits with Local Bank



Total private sector deposits with local banks decreased by

0.4% ▼
at the end of 2021

KWD deposits declined by **0.9%** ▼

Foreign currency deposits declined by **8%** ▼

7-Domestic Interest Rates



CBK has not changed the discount rate since March 2020, **and maintained it at its historical low of 1.5%**, and kept the Repo Price and market intervention instruments at the same levels during 2021.

Average interest rates on KWD and USD customers' time deposits declined.

Margins between average interest rates on deposits with local banks remained in favor of the Kuwaiti Dinar.

8- Public Debt Instruments and Local Interbank Deposit Market



The outstanding balance of CBK issues remained at the same level as last year of KWD

The outstanding balance of public debt instruments decreased by **23.8%** to **KWD 800.0 million** at the end of 2021.

The value of local interbank deposit market transactions increased by **15.9%**.




2.958

billion at the end of 2021

The balance of local banks' claims on CBK declined by **14.6%**.

9- Clearing and Payment Transactions



-  The number of clearing transactions of checks drawn on the accounts of local banks' customers increased by **17.8%** ▲
-  The value of Automatic Teller Machine (ATM) transactions in the State of Kuwait and abroad increased by **6.2%** ▲
-  Total value of Points of Sale (POS) transactions in the State of Kuwait and abroad increased by **42.1%** ▲

10-Banking Oversight and Supervision



- To enhance the monetary measures and support the economic sectors, CBK amended its instructions and macroprudential instruments to help banks fulfil their vital role in the economy.
- CBK continued its efforts to maintain the soundness of the financial positions of CBK-regulated units, fortify the banking sector and reinforce financial stability.

11-Financial Indicators of the Banking and Financial System



The aggregate balance sheet of local banks on the domestic level increased to

5.1% ▲ at the end of **2021**

(On the assets side):

- Local banks' claims on the private sector increased by **6.2%** at the end of 2021.
- local banks' claims on the government noticeably declined by **16.2%** at the end of 2021.

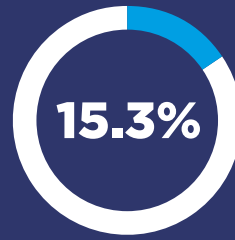
Local banks' claims on the CBK declined by

15.5% ▼ at the end of **2021**

(On the liabilities side):

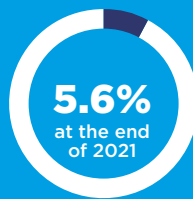
- Resident private sector deposits with local banks declined by **0.4%** at the end of 2021.
- Government deposits with local banks declined by **7.2%** at the end of 2021.

Local banks' net foreign assets balance fell by



at the end of 2021.

Local banks' contra accounts balance increased by



Total financial resources generated by local banks from domestic market operations amounted to KWD

3.5
billion

Net profits of Kuwaiti banks swelled by-
to KWD 961 million during 2021.

94.2% ▲

Local banks' financial soundness indicators improved during 2021.

Liquidity standard increased to 183% ▲

Claims on private sector to private sector deposits rose to 119.3% ▲

Net profit to average assets inched up by 1.2% ▲

Capital adequacy ratio for local banks increased to 19.2% ▲

Aggregate balance sheet of local investment companies declined by

10.9% ▼

at the end of 2021

Aggregate balance sheet of conventional investment companies declined by

10% ▼
at the end of 2021

Aggregate balance sheet of Islamic investment companies decreased by

11.6% ▼
at the end of 2021



Contra accounts of local investment companies increased by

7.5% ▲

at the end of **2021**



Contra accounts of local exchange companies rose by

4% ▲

at the end of **2021**

12- Public Finance



Closing account for FY2020/21:

Deficit in the general budget for FY2020/21 amounted to KWD

compared to KWD 3.9 billion deficit in FY2019/20

10.8
billion

Public revenues reached KWD 10.5 billion.

- Oil revenues reached KWD **8.8** billion.
- Non-oil revenues reached KWD **1.7** billion.

Public expenditures reached KWD 21.3 billion.

- Current expenditures reached KWD **19.6** billion.
- Capital expenditures reached KWD **1.7** billion.



General budget estimates for FY2021/22:

Deficit in the general budget for FY2021/22 amounted to KWD 12.1 billion
 compared to KWD 14.0 billion deficit in FY2020/21

12.1
 billion

Public revenues reached KWD 10.9 billion.

- Oil revenues reached KWD **9.1** billion.
- Non-oil revenues reached KWD **1.8** billion.

Public expenditures reached KWD 23.0 billion.

- Current expenditures reached KWD **20.4** billion.
- Capital expenditures reached KWD **2.6** billion.

13- Foreign Trade and Balance of Payments



Kuwait's Balance of Payments (BOP) statistics indicate a Current Account surplus of KWD

11.3 Billion in **2021**

The rise in the current account surplus was a result of the following:

Surplus in Balance on Goods by KWD **12.2** billion.

Deficit in the Services Account by KWD **2.6** billion.

Surplus in the Primary Income Account by KWD **7.3** billion.

Deficit in the Secondary Income Account by KWD **5.6** billion.



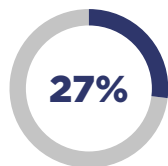
- The value of the merchandise imports from other GCC countries accounted for **19.6%** of the total value of Kuwait merchandise imports during **2021**.
- The Capital Account recorded a surplus of KWD **0.4** billion in 2021.
- The Financial Account recorded a net outflow of KWD **12.5** billion in in **2021**.
- Overall Balance indicates a deficit of KWD **1** billion during **2021**.

14- Boursa Kuwait



- Most of the global stock exchange markets performed well in **2021** after the sharp fluctuations seen in **2020** driven by the uncertainty with respect to the outbreak of the Coronavirus pandemic on the economy. The stock exchanges were able to recover in **2021** due to the improvement in the indices of global economic growth, industry and production, and the decline in unemployment rates.
- Boursa Kuwait recorded the fourth highest rate of increase in the GCC region in **2021**, as:

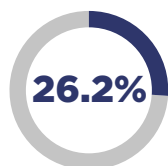
All-Share Index
increased by



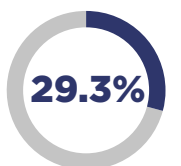
Main Market 50
Index increased by

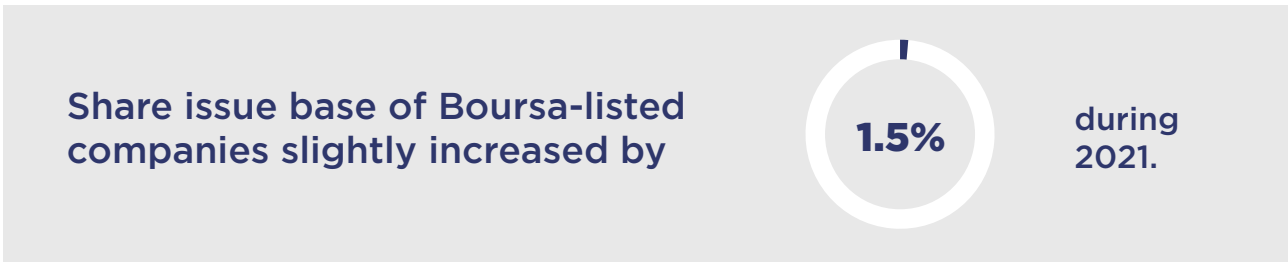


Premier Market Index
increased by

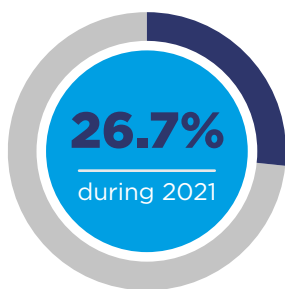


Main Market Index
increased by

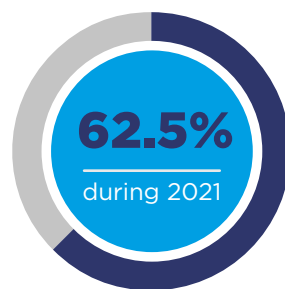




Value of traded shares increased by



Volume of traded shares noticeably increased by



Banking sector shares recorded the highest value of traded shares at **35.8%** of the total value of Boursa Kuwait's traded shares during 2021.

35.8%

