

بنك الكويت المركزي
CENTRAL BANK OF KUWAIT



Highlights
on the 2022
Economic Report





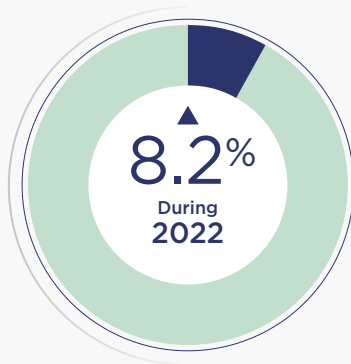
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(1) Gross Domestic Product (GDP) and Economic Growth :



**Real GDP
Growth**



Real GDP growth of
non-oil sectors.

3.9%
During 2022

Real GDP growth of
oil sectors.

11.6%
During 2022



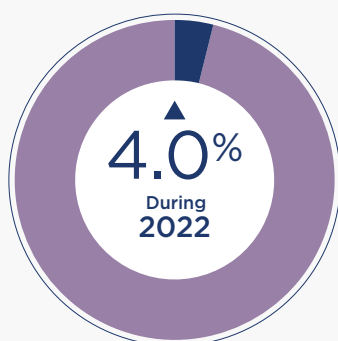
**In 2022, the average price of the Kuwaiti export
crude oil increased by 43.5% to USD 101.1 per
barrel.**

43.5%

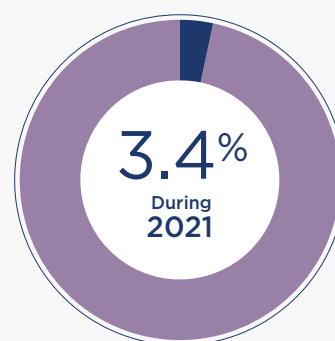
(2) Domestic Prices :



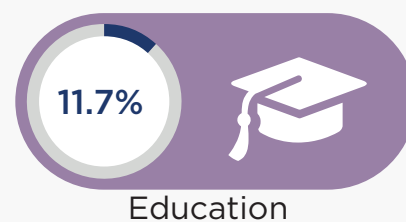
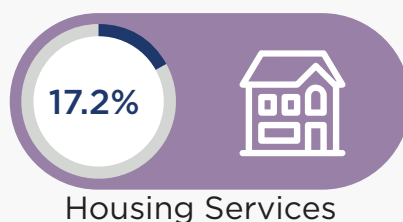
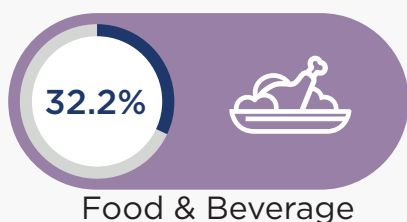
The inflation rate, calculated based on the Consumer Price Index (CPI) in the State of Kuwait



after recording approximately



Key segments that contributed to the inflation rate during 2022:



- Average change of Wholesale Price Index (WPI) increased to **2.4%**
- Average change of WPI for Locally-Produced Goods increase to **1.3%**
- Average change of WPI for Imported Goods went up to **3.0%**

(3) Population and Labor Law :



Total population increased by

2.4%

To reach about 4.737
in 2022

- Number of Kuwaitis inched up to **1.517** million
- Number of Non-Kuwaitis increased to **3.219** million

Total labor force went up by

2.2%

To reach about 2.859
in 2022

- Number of Kuwaiti labor force increased to **481** thousand.
- Number of Non-Kuwaiti labor force went up to **2.377** million.

▪ Distribution of labor force by sector in 2022:

- Total number of workers in the private sector increased by **0.1%**
- Total number of workers in the government sector went up by **3.8%**

(4) Monetary Developments and Exchange Rate :

CBK continued its efforts during 2022 in the fields 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 impacts on the other hand. In addition, CBK spares no effort to maintain the monetary and financial stability, boost confidence in the national economy, and stimulate economic recovery.

The KWD exchange rate maintained its relative 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 KWD increased by

1.2%

To reach about 306.3 fils/USD at the end of 2022

- Money Supply in its broad sense (M2) went up by **6.0%** at the end of 2022.
- Money Supply in its narrow sense (M1) dropped by **5.1%**.
- Quasi-Money increased by **11.7%**.

Factors affecting Money Supply (M2):

- Rise in net foreign assets of CBK and local banks by **27.0%**
- Decrease in net local assets of CBK and local banks by **16.9%**

(5) Banking Credit :



The growth of loan portfolio of the local banks (extended to residents) grew by KWD 3.3 billion or

7.7%

To reach about KWD 46.9 billion at the end of 2022

1

The Personal Credit Facilities that increase by KWD 1.5 billion or

9.0%

and form like

39.4%

of total loan portfolio

2

The Real Estate Loans increased by KWD 0.5 billion or

5.6%

and form like

20.3%

of total loan portfolio



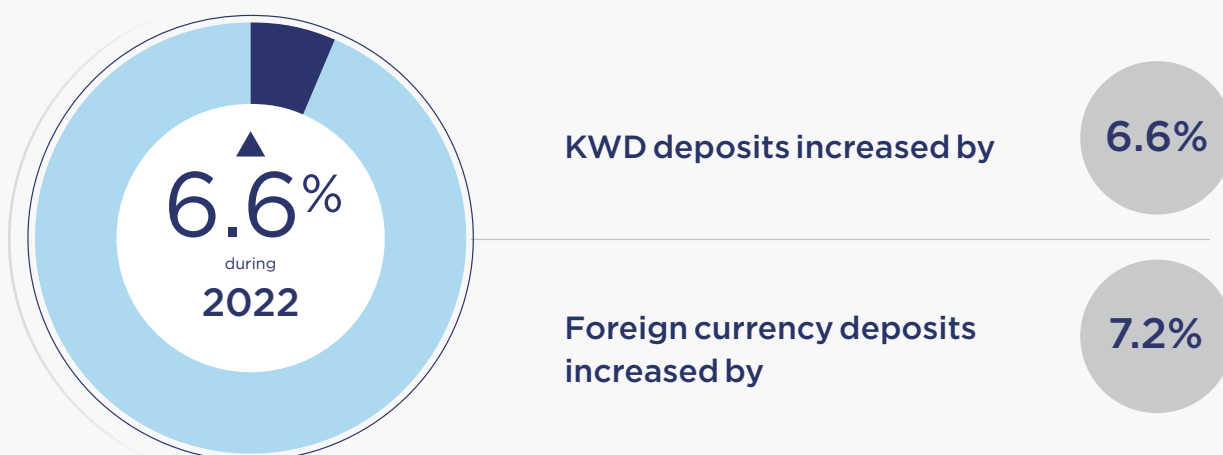
Financing Kuwaiti merchandise imports paid through local banks increased by

47.9%

(6) Resident Private Sector's Deposits with Local Banks :



Total resident private sector's deposits with local banks increased by KWD 2.3 billion or 6.6% at the end of 2022:



(7) Domestic Interest Rate :



Since March 2022, CBK raised its discount rate 7 times by 200 basis points. CBK decided to increase discount rate in a progressive manner by 25 basis points 6 times in a row in 2022 (March, May, June, July, August and September) to stand at 3.0%, Moreover, on 06 December 2022, CBK raised its discount rate by 50 basis points to 3.5%.

Average interest rates on KWD and USD customers time deposits increased.

Margins between average interest rates on deposits with local banks remained in favor of KWD.

(8) Public Debt Instruments and Local Interbank Market :



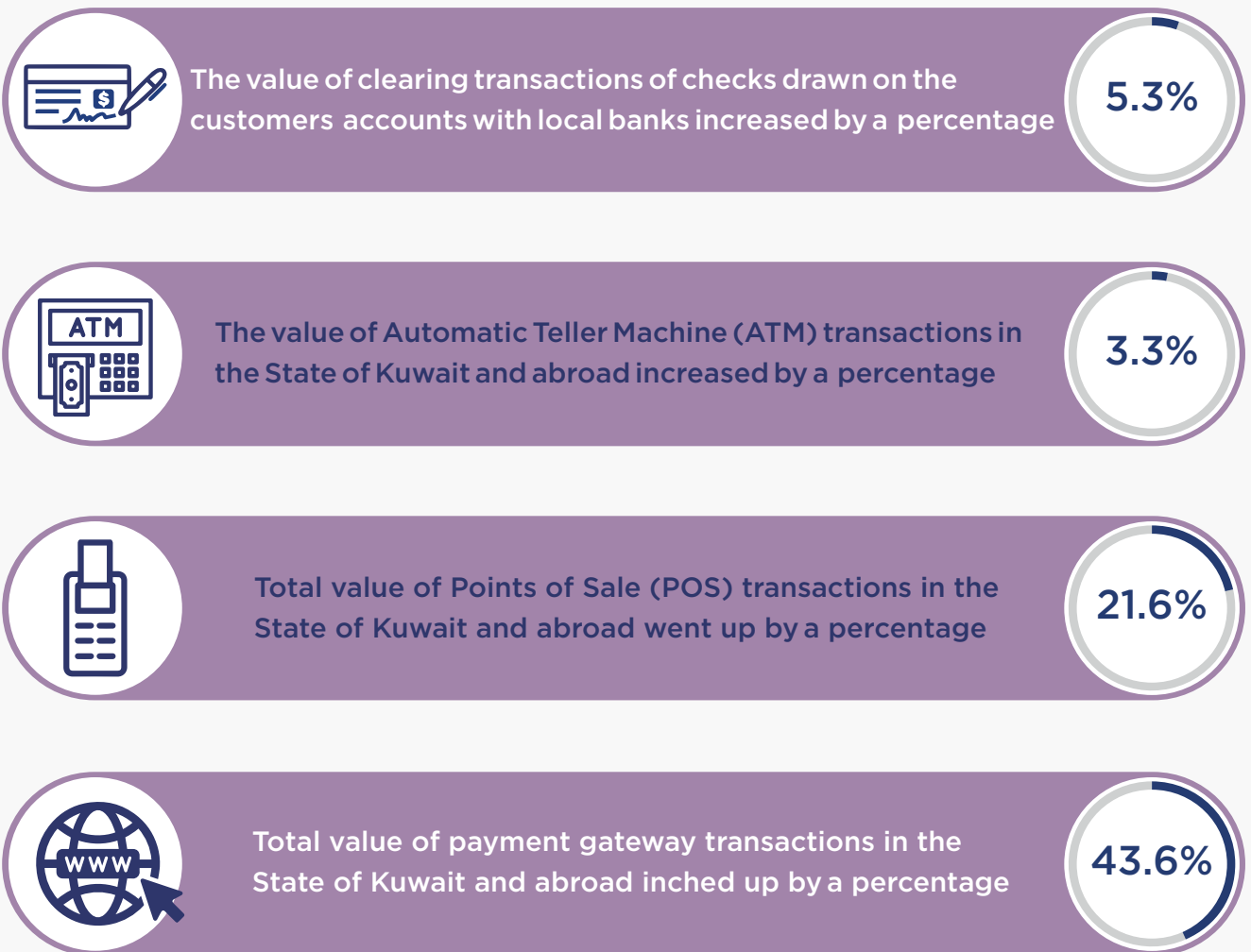
The outstanding balance of public debt instruments continued to decrease to **KWD 0.280 billion at the end of 2022** against **KWD 0.800 billion at the end of 2021**.

The outstanding balance of Treasury Bills, Treasury Bonds and related Tawarruq increased at the end of 2022:

KWD 3.2 billion

- The value of local interbank deposit market transaction went up by **6.0%**.
- The balance of local banks' claims on CBK declined by **1.3%**.

(9) Clearing and Payment Transactions :



(10) Banking Oversight and Supervision :



- **Technology in the Banking and Financial Sector:**

- CBK continued its efforts towards developing cross-border payments and adopting the latest technologies with the aim to enhance efficiency, reduce the reliance on external financial systems and networks, and help provide cost-effective services.
- In cooperation with GCC central banks, CBK joined the GCC cross-border payment system (AFAQ) that connects Real Time Gross Settlement Systems (RTGSS) of GCC member states.

- **Digital Banks:**

- CBK is keen to follow up the latest developments related to licensing digital banks and enhancing the digital infrastructure.
- CBK prepared a comprehensive study on the supervisory practices followed by central banks, and analyzed the relevant digital banks' experiences. Based on the findings, CBK promulgated guidelines for establishing digital banks in the State of Kuwait and published the same on its website.

- **Sustainable Finance:**

- CBK continued to review local banks' reports and verify their compliance with the standards of sustainable finance.
- In November 2022, CBK issued a circular to local banks regarding the guidelines on sustainable finance.

(11) Financial Indicators of the Banking and Financial System :



The aggregate balance sheet of
local banks increased by

10.3%

At the End of 2022

(On the assets side):

- Local banks' claims on the private sector increased by **8.0%**.
- Local banks' claims on the government noticeably fell by **54.1%**.
- Local banks' claims on CBK decreased by **0.6%**.

(On the liabilities side):

- Resident private sector deposits with local banks increased by **6.6%**.
- Government deposits with local banks went up by **18.2%**.

Local banks' net foreign assets balance increased by the end of 2022

57.4%

Local banks' contra accounts balance increased by end of 2022

9.6%

Movements on funds in local banks resulted in a net surplus of KWD 4.0 billion during 2022, as follows:

Total financial resources realized by local banks from domestic market operations amounting to KWD 8.5 billion.

Financial resources realized by local banks were used in their domestic operations of KWD 4.5 billion.

- Aggregate balance sheet of local investment companies declined by **6.0%** at the end of 2022:
- Aggregate balance sheet of conventional investment companies decreased by **1.8%** at the end of 2022:
- Aggregate balance sheet of Islamic investment companies declined by **9.7%** at the end of 2022:
- Contra accounts of local investment companies decreased by **2.9%** at the end of 2022:
- Contra accounts of local exchange companies increased by **7.4%** at the end of 2022:

(12) Public Finance :



Closing Account for FY2021/22:

Deficit in the general budget for FY2021/22 amounted to KWD 3.0 billion (KWD 10.8 billion deficit in FY2020/21).

Public revenues amounted to KWD 18.6 billion

Public expenditures amounted to KWD 21.6 billion

Oil revenues amounted to KWD 16.2 billion

Current expenditures amounted to KWD 19.7 billion

Non-oil revenues amounted to KWD 2.4 billion billion.

Capital expenditures amounted to KWD 1.9 billion billion.

General budget estimates for FY2022/23:

Deficit in the general budget for FY2022/23 amounted to KWD 0.124 billion (KWD 12.1 billion deficit in FY2021/22).

Public revenues reached KWD 23.4 billion.

Public expenditures amounted to KWD 23.5 billion.

Oil revenues amounted to KWD 21.3 billion.

Current expenditures amounted to KWD 21.2 billion

Non-oil revenues amounted to KWD 2.1 billion.

Capital expenditures amounted to KWD 2.3 billion..

(13) The External Sector :



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

19.3

KWD billion in 2022.

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

Surplus in the Balance on Goods by KWD 22.0 billion.

Surplus in the Primary Income Account by KWD 8.0 billion.

Deficit in the Services Account by KWD 5.2 billion.

Deficit in the Secondary Income Account by KWD 5.5 billion.

The value of the merchandise imports from other GCC countries accounted

20.8%

The Total Value of Kuwait Merchandise Imports

- The Capital Account recorded a surplus of KWD **0.163** billion.
- The Financial Account recorded a net outflow of KWD **20.0** billion.
- The Overall Balance recorded a surplus of KWD **1.1** billion.

(14) Boursa Kuwait :



The major trading indicators and price levels of Boursa Kuwait showed mixed performance during 2022, as follows :

- All-Share Index increased by **3.5%**.
 - Premier Market Index increased by **6.2%**.
 - Main Market Index decreased by **4.9%**.
 - Main Market 50 Index declined by **6.4%**.
-
- Net profits of Boursa-listed companies increased by **5.3%**.
 - Market capitalization of Boursa-listed companies went up by **12.9%**.
 - Share issue base of Boursa-listed companies increased by **6.4%**.
 - Value of traded shares increased by **8.2%**.
 - Volume of traded shares noticeably fell by **34.0%**.
 - Banking sector shares recorded the highest value of traded shares at **45.6%** of the total value of Boursa Kuwait's traded shares.



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