

## **Kuwait Cenbank Ready to Pump Liquidity-Papers**

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KUWAIT CITY - The Central Bank of Kuwait is ready to pump liquidity into the local banking system if necessary, several Kuwaiti papers quoted the central bank as saying following a recent decline of the Gulf Arab state's bourse due to the global credit crisis.

"The board ... affirmed that it will not hesitate to undertake the appropriate measures in this regard, including the readiness of the central bank to provide any local banking institutions with the necessary liquidity if there is a need for that," the daily al-Qabas, among others, quoted the central bank statement as saying in its Tuesday edition.

Newspapers reported on Monday that local banks were asking the central bank to provide them with more liquidity after the Kuwait bourse fell sharply last week. Apart from the global credit crisis, the government has blamed a flurry of capital increases sucking up liquidity from the stock market for the decline.

Interbank rates in Kuwait have almost doubled since the central bank in August withdrew a facility guaranteeing the availability of dinars at a fixed rate on the interbank market.

The central bank is reviewing all elements of its monetary policies, the daily al-Alam al-Yawm quoted the central bank as saying, adding that it would continue efforts to stop rising inflationary pressures .

Inflation in Kuwait was 11.1 percent in May, the latest published data, just off a record level a month earlier.

State news agency KUNA said on Monday that credit facilities by local banks rose to 22.6 billion billion dinars at the end of August, up from 20.1 billion billion dinars at the end of December, quoting a central bank statement.

The central bank could not be reached for comment.

The United Arab Emirates Central Bank on Monday launched plans for a 50 billion dirham (\$13.6 billion) emergency facility to help banks caught in a liquidity squeeze stemming from the global financial crisis.

The central bank of the world's fifth-largest oil exporter said it would set up the facility due to bottlenecks in international money markets, in moves similar to those made in recent weeks by the U.S. Federal Reserve and the European Central Bank.

**Source: Reuters**