


Economic Background





Few world economies were spared the aftermath of the global financial crisis that started in the U.S. real estate's subprime market in 2008. The meltdown affected banks, stock markets, investments and jobs after years of economic growth across the globe. Governments and central banks stepped in with financial packages to stimulate economies, paving the way for recovery from recession. The World Bank expected the global economy to shrink by 1.7 percent in 2009, a drop not seen since World War II, before it grows to 2.3 percent in 2010.

In Kuwait, the crisis coupled with a dramatic fall in oil prices in late 2008 and early 2009 slowed down development projects and shook the investment sector. Trading on the Kuwait Stock Exchange was volatile and its price index closed the year 10 percent lower.

Government intervention kept liquidity high in banks, and interest rates remained low throughout the year. However, the benefits were not immediately felt in 2009.

Good oil prices and plans by the government to revive a project to build a fourth oil refinery in Kuwait, and a long-awaited development plan with mega projects, are expected to boost the economy in 2010.