Research Update:

Kuwait Outlook Revised To Stable From Negative On Favorable Terms Of Trade; 'A+' Ratings Affirmed

July 15, 2022

Overview

- As a major oil exporter, Kuwait is set to benefit from the favorable oil price and production outlook, which we expect will persist until at least the end of 2023.
- We forecast that Kuwait will run a cumulative general government surplus of 18% of GDP over 2022-2023, given our estimate of the breakeven oil price of around $75-$80, which will allow the authorities to replenish liquidity in the previously depleted main treasury buffer, the General Reserve Fund (GRF).
- Our base-case scenario assumes that the authorities will adopt measures diversifying Kuwait's sources of financing over the next two years, so that the previous fiscal funding impasse with the depletion of liquidity at the GRF does not recur, even if oil prices fall below current levels, as we forecast they will in 2024-2025.
- We have revised the outlook to stable from negative and affirmed our long- and short-term ratings on Kuwait at 'A+/A-1'.

PRIMARY CREDIT ANALYST

Maxim Rybnikov
London
+ 44 7824 478 225
maxim.rybnikov
@spglobal.com

SECONDARY CONTACTS

Benjamin J Young
Dubai
+971 4 372 7191
benjamin.young
@spglobal.com

Ravi Bhatia
London
+ 44 20 7176 7113
ravi.bhatia
@spglobal.com

RESEARCH CONTRIBUTOR

Prapti Mohanty
CRISIL Global Analytical Center, an S&P affiliate, Mumbai

ADDITIONAL CONTACT

Sovereign and IPF EMEA
SOVIPF
@spglobal.com

Rating Action

On July 15, 2022, S&P Global Ratings revised its outlook on Kuwait to stable from negative and affirmed the 'A+/A-1' long- and short-term foreign- and local-currency sovereign credit ratings. The transfer and convertibility assessment remains at 'AA-'.

Outlook

The stable outlook primarily reflects the favorable oil price and domestic production prospects over the next two years. It is also based on our expectations that Kuwait will implement additional fiscal financing mechanisms on top of withdrawals from the government's main treasury buffer, the General Reserve Fund (GRF). This could, for example, include unblocking longstanding constraints on borrowing, by introducing a new debt law, which would allow a wider range of financing options when fiscal deficits re-emerge at a future time.

Downside scenario

We could lower the rating if no sustainable comprehensive financing arrangements are agreed over the next two to three years. This could happen, for instance, because of ongoing tensions between the government and parliament, rendering the government unable to implement fiscal reforms, pass the debt law, or authorize other necessary budget-financing mechanisms. We could also lower the rating if we concluded that the government would not have full ready access to the Future Generations Fund (main portion of Kuwait's sovereign wealth fund; FGF) for budgetary and debt repayment needs, contrary to our current assumption.

Upside scenario

We could raise the rating if the government successfully implemented a comprehensive structural reform package aimed at improving fiscal financing mechanisms, diversifying the economy and reducing the non-oil deficit. We view this scenario as unlikely over the next two to three years.

Rationale

The outlook revision to stable primarily reflects a significant further increase in the price of oil (Kuwait's key export item) in recent months, which we expect to be sustained until at least the end of 2023. Although we still expect oil prices to average $55 per barrel (/bbl) from 2024, we project an average oil price of just above $100/bbl for 2022 and $85/bbl for 2023(see "S&P Global Ratings Raises Oil And Natural Gas Price Assumptions On Further Market Price Step-Ups," published June 8, 2022, on RatingsDirect). We estimate that at current spending levels, an oil price of around $75-$80 balances Kuwait's fiscal books. Additionally, OPEC+ production quotas are continuing to ease, with Kuwait increasing oil sector output, which also supports fiscal revenue and economic growth.

We consider that these favorable terms of trade developments will allow Kuwait to overcome past fiscal financing pressures in place during 2020-2021. Kuwait has previously faced liquidity constraints since liquidity at the government's main treasury buffer, the GRF, had diminished substantially by the end of last year while alternative financing arrangements, such as the passage of debt law allowing the government to borrow or authorization to withdraw resources from the much larger FGF were not in place. We estimate that the GRF is being replenished at the current oil prices and the cumulative fiscal surplus over 2022-2023 should allow Kuwait to cover the deficit we forecast for 2024 and part of 2025.

Beyond the projected fiscal deficits over 2024-2025, Kuwait faces limited government financing needs over the forecast horizon through 2025. Following the repayment of a $3.5 billion. Eurobond in March, Kuwait's general government debt now stands at just 3.5% of GDP. We expect Kuwait's interest expenditure to remain low over the next four years, amounting to under 1% of revenue on average.

The outlook revision and affirmation are also based on our base-case scenario that Kuwait will adopt measures diversifying its sources of fiscal financing over the next two to three years. Without additional reforms, such as passage of the debt law, authorization to more readily access the FGF or optimizing public sector spending, fiscal deficits are set to return by 2024 with Kuwait potentially returning to GRF depletion once again. We currently assume that some combination of the aforementioned measures will be in place by then, however, so that the previous impasse does not recur.

Institutional and Economic profile: Favorable energy prices and rising oil production volumes, but reform momentum is largely stagnant so far

- We forecast Kuwait's economy will grow by 8% in 2022, followed by 5.5% in 2023, mostly on account of rising oil production as OPEC+ cuts are discontinued.
- Tensions between the government and parliament remain elevated, as in the past, resulting in policy paralysis and lack of structural reform implementation.
- Nevertheless, we expect that over the next two years the authorities will adopt measures diversifying Kuwait's sources of financing, such as the debt law, either via parliamentary vote or through a decree issued by the Emir.

Kuwait's economy depends heavily on oil, which makes up an estimated 90% of exports and government revenue. The oil sector directly constitutes nearly 50% of the country's GDP and even more if we take oil-related activities into account. Consequently, Kuwait is set to notably benefit from the currently favorable terms of its trade. We expect oil prices to average $102/bbl this year, followed by $85/bbl in 2023 and $55/bbl from 2024 (see "S&P Global Ratings Raises Oil And Natural Gas Price Assumptions On Further Market Price Step-Ups," published June 8, 2022). In parallel, Kuwait's oil output has been rising in line with OPEC+ production cuts being gradually phased out. Kuwait's oil production averaged 2.4 million bbl per day (mmbpd) in 2021 and we expect it will rise to 2.75 mmbpd in 2022 and 3 mmbpd in 2023, remaining in compliance with OPEC+ agreements.

Kuwait is also aiming to increase oil production to 3.5 mmbpd by 2025. This is based on additional investments to increase output at existing fields, as well as fuller use of the partially idle production within the Partitioned Neutral Zone with Saudi Arabia. It is not certain whether these targets will be successfully met as early as 2025, but we still expect production to increase further to 3.1 mmbpd in 2024 and 3.2 mmbpd in 2025 from the current levels.

We consider that domestic pandemic-related risks have effectively abated. Kuwait has vaccinated about 85% of the population and all previous internal restrictions have been lifted, which supports economic activity in the non-oil sector.

Overall, we now project economic growth at 8% this year and 5.5% in 2023, mainly on account of rising oil output. We expect this to be followed by more modest growth rates of around 2% over 2024-2025.

Beyond the favorable economic environment for Kuwait in the near future, its structural reforms continue to persistently lag peers'. Apart from Qatar, Kuwait remains the only country in the Gulf Cooperation Council (GCC) that has still not implemented value-added tax (VAT), while cutting spending is difficult politically, given that most represents public sector wages and subsidies.

We view Kuwait's institutional arrangements as a constraint for the sovereign rating. These have historically been characterized by a confrontational relationship between the government and parliament, underpinning a frequent state of policy paralysis. The already tense relationship deteriorated through most of 2021 following strong opposition performance in the December 2020 general election. Members of parliament have opposed government proposals, including adopting the debt law and authorizing limited withdrawals from the FGF. Parliament was suspended for a month from mid-February 2021 and the government has been reshuffled several times.

The so-called National Dialogue unveiled in late 2021 aimed to repair the relations between the executive and the legislature, but this reconciliation has not materialized so far. Tensions have flared up with force once again in recent months, culminating in government resignation in April

2022 followed by the Crown Prince in June announcing on behalf of the Emir his intention to dissolve Kuwait's parliament in the coming months and hold another snap election. The implications of elections for domestic policymaking remain unclear and we consider that uncertainty will likely remain elevated in the coming months. A strong opposition performance in the election could also underpin the continuation of the tensions between the government and the legislature.

Nevertheless, our base-case scenario remains that a consensus will ultimately be reached with Kuwait adopting measures to diversify its sources of financing, which could be deployed when fiscal deficits return. We still consider that the debt law remains the most feasible and the most likely solution. Such a law could allow the government to borrow on the domestic and international markets to cover its potential future financing requirements. In addition, it is likely to allow the GRF to borrow from the FGF at favorable terms, effectively providing the government with an additional mechanism to readily access the FGF resources if required. We understand that one possible avenue for adopting it could be through a decree by the Emir. In contrast to the debt law, more fundamental fiscal reforms aimed at reducing the non-oil deficit and limiting subsidies remain unpopular and will be much more difficult to push through, in our view.

Kuwait's data disclosures suffer from a range of shortcomings. There is no public data available on the total size and composition of the country's sovereign wealth fund, while international investment position statistics exclude significant portions of the public sector. In addition, more recently the national income accounts data has been published with substantial delays and no GDP data is available beyond the fourth quarter of 2020.

Flexibility and Performance profile: Large accumulated government assets equivalent to 370% of GDP are the key factor supporting the sovereign ratings

- We estimate that Kuwait's net general government assets will amount to 370% of GDP by the end of 2022--the highest ratio of all rated sovereigns.
- We forecast that over 2022-2023 Kuwait will run an average general government surplus of 9% of GDP owing to favorable oil market trends. This is in sharp contrast to an average deficit of 12% of GDP over 2017-2021.
- We expect the Kuwaiti dinar will remain pegged to a U.S. dollar-dominated currency basket with the Central Bank of Kuwait (CBK) broadly following the U.S. Federal Reserve in its interest rate decisions.

Kuwait's fiscal position remains a key ratings strength. Although the GRF has previously been substantially diminished, the Kuwait Investment Authority's (KIA's) total assets, including the FGF, remain substantial. No official data are available on the total worth of the KIA's assets and the authority is prohibited by law from discussing the exact size of its holdings. Nevertheless, we use several methods to estimate the size of the sovereign wealth fund. These include summing up the government's historical fiscal surpluses or outward financial account flows in the country's balance of payments, the data for which are publicly available. We also rely on IMF data. We estimate the KIA's assets at about 470% of GDP at year-end 2021.

With currently favorable oil prices and rising oil production volumes, we estimate that the GRF is being replenished. We forecast Kuwait's general government budget will be in surplus of 11.5% of GDP in 2022, followed by a 6.3% of GDP surplus in 2023. The additional liquidity accumulated over 2022-2023 should allow Kuwait to cover the fiscal deficit in 2024 and part of 2025. We forecast a general government deficit of about 14% of GDP annually in 2024-2025 against our expectations of moderating oil prices then.

Reports of late payments to public entities and suppliers emerged at the beginning of this year, indicating liquidity pressures at the GRF. We understand that the government is currently taking measures to settle these and, amid stronger fiscal performance, we expect this issue will be addressed by the end of 2022.

We also expect the debt law to be passed sometime over 2022-2023 either through parliamentary approval or by Emiri decree, with borrowing set to resume from 2024. We assume 75% of deficits from 2024 will be covered through debt issuance. The debt law could also underpin a readier access to the FGF via borrowing from it on favorable terms.

Mirroring its strong government asset position, Kuwait's balance-of-payments position is also solid and supports the sovereign rating. We estimate that at year-end 2021 its net external creditor position was equivalent to about 480% of GDP, which is among the strongest of all rated sovereigns. We estimate that Kuwait posted a current account surplus in 2021 of 21% of GDP, supported by recovering oil prices and production volumes, as well as primary income receipts from managing the sizable stock of KIA assets. We forecast the current account surpluses will average 30% of GDP over 2022-2023 before gradually diminishing to 5%-7% of GDP over 2024-2025.

We expect Kuwait's exchange rate will remain pegged to an undisclosed basket of currencies. This basket is dominated by the U.S. dollar, the currency in which most of Kuwaiti exports are priced and transacted. Although this monetary regime has served Kuwait well in the past, we note that it constrains the country's ability to conduct an independent monetary policy to help cushion against fluctuations in the economic cycle. The local currency debt market is also less developed than that of similarly rated peers.

Similar to trends in other countries, inflation has been rising in Kuwait and we project it will average 4% in 2022. This is still notably lower than in most developed and emerging markets. The difference is primarily explained by sizable government subsidies, particularly for energy, which has been among the key factors driving inflation up elsewhere.

Across the Kuwaiti banking sector, nonperforming loans (NPLs) were low entering the pandemic in 2020. Banks' high provisioning buffers allowed them to write off exposures with manageable adverse effects on earnings and asset quality. We now expect NPLs and cost of risk to gradually normalize on the back of a more supportive economic environment. We also expect that higher interest rates will support banks' profitability. That said, structurally high exposure to real estate and construction (almost 30% of banks' lending) continues to be a key risk.

Key Statistics

Table 1

Kuwait--Selected Indicators

Mil. KWD	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Economic indicators (%)										
Nominal GDP (bil. KWD)	33	37	42	41	32	41	54	52	41	42
Nominal GDP (bil. $)	109	121	138	136	106	134	180	172	137	141
GDP per capita (000s $)	24.8	26.8	29.9	28.5	22.7	29.1	39.3	37.6	30.1	31.1
Real GDP growth	2.9	(4.7)	2.4	(0.6)	(8.9)	0.8	8.0	5.5	2.0	2.0

Table 1

Kuwait--Selected Indicators (cont.)

Mil. KWD	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Real GDP per capita growth	(1.1)	(6.6)	(0.3)	(3.8)	(6.8)	1.8	8.8	6.0	2.5	2.5
Real investment growth	11.6	1.3	3.4	(2.6)	(10.0)	6.0	4.0	3.0	3.0	3.0
Investment/GDP	30.0	27.7	25.3	25.0	26.4	22.8	17.9	19.8	26.1	26.6
Savings/GDP	25.3	35.7	39.7	38.1	29.1	43.7	51.8	46.5	33.5	32.0
Exports/GDP	47.6	51.2	57.5	53.3	44.0	55.9	67.5	64.3	53.6	53.3
Real exports growth	2.5	(4.8)	(0.4)	(10.1)	(10.0)	(0.7)	12.5	8.5	2.5	2.5
Unemployment rate	2.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
External indicators (%)										
Current account balance/GDP	(4.6)	8.0	14.4	13.1	2.7	20.9	33.9	26.6	7.3	5.3
Current account balance/CARs	(7.2)	11.6	19.7	18.4	4.4	28.1	42.9	34.7	10.5	7.6
CARs/GDP	64.1	68.7	72.9	71.1	61.9	74.3	78.9	76.8	69.8	69.6
Trade balance/GDP	17.8	21.3	29.7	25.9	14.6	25.9	39.2	34.0	17.5	16.4
Net FDI/GDP	(3.8)	(7.2)	(2.5)	2.2	(7.7)	(4.0)	(3)	(2)	(2)	(2)
Net portfolio equity inflow/GDP	(15.2)	(12.5)	(3.9)	(30.5)	(34.4)	(14.0)	(4)	(4.0)	(2)	(2)
Gross external financing needs/CARs plus usable reserves	143.2	118.6	111.0	118.7	135.3	103.1	84.1	93.1	129.1	140.8
Narrow net external debt/CARs	(682.1)	(601.3)	(517.1)	(578.1)	(853.1)	(570.6)	(438.5)	(502.2)	(712.3)	(711.4)
Narrow net external debt/CAPs	(636.1)	(680.0)	(644.4)	(708.8)	(892.1)	(794.1)	(768.5)	(768.8)	(796.2)	(770.2)
Net external liabilities/CARs	(827.0)	(731.1)	(624.6)	(648.4)	(956.1)	(639.6)	(489.3)	(563.8)	(796.8)	(793.1)
Net external liabilities/CAPs	(771.3)	(826.8)	(778.3)	(795.0)	(999.8)	(890.2)	(857.5)	(863.2)	(890.5)	(858.6)
Short-term external debt by remaining maturity/CARs	52.1	45.2	44.6	52.0	65.6	44.7	32.7	33.4	50.5	60.0
Usable reserves/CAPs (months)	1.3	1.7	1.9	1.8	2.4	2.2	1.4	1.1	1.1	1.1
Usable reserves (mil. $)	10,491	12,590	12,142	12,568	12,986	9,414	7,887	8,082	8,089	8,102
Fiscal indicators (general government; %)										
Balance/GDP	(13.9)	(8.9)	(3.1)	(9.5)	(33.2)	(7.5)	11.5	6.3	(14.5)	(13.6)
Change in net debt/GDP	9.7	(8.8)	(21.3)	(16.9)	(1.0)	(11.4)	(25.8)	(25.7)	(11.7)	(13.1)
Primary balance/GDP	(13.8)	(8.4)	(2.6)	(9.0)	(32.8)	(7.2)	11.6	6.4	(14.4)	(12.9)
Revenue/GDP	39.6	43.7	49.3	41.6	32.4	44.3	54.0	51.7	43.5	43.6
Expenditures/GDP	53.6	52.6	52.4	51.1	65.6	51.8	42.5	45.5	58.0	57.2

Table 1

Kuwait--Selected Indicators (cont.)

Mil. KWD	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Interest/revenues	0.3	1.0	1.1	1.2	1.4	0.6	0.3	0.2	0.4	1.5
Debt/GDP	9.9	19.6	14.2	10.8	10.6	7.9	3.5	3.6	15.4	25.2
Debt/revenues	24.9	44.8	28.9	26.0	32.8	17.8	6.5	6.9	35.5	57.7
Net debt/GDP	(489.8)	(451.1)	(417.0)	(437.7)	(558.9)	(458.5)	(368.2)	(413.5)	(531.5)	(529.0)
Liquid assets/GDP	499.7	470.6	431.2	448.5	569.5	466.4	371.7	417.1	546.9	554.2
Monetary indicators (%)										
CPI growth	3.5	1.5	0.6	1.1	2.1	3.4	4.0	3.0	2.5	2.0
GDP deflator growth	(6.8)	16.2	11.3	(0.4)	(13.9)	24.0	24.0	(10.0)	(22.0)	1.0
Exchange rate, year-end (LC/$)	0.31	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Banks' claims on resident non-gov't sector growth	2.5	2.8	3.9	4.4	3.6	6.2	6.0	4.0	4.0	4.0
Banks' claims on resident non-gov't sector/GDP	109.4	101.6	92.6	97.6	128.8	109.4	86.6	94.9	124.0	125.2
Foreign currency share of claims by banks on residents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency share of residents' bank deposits	7.2	6.5	6.0	5.8	4.5	5.0	N/A	N/A	N/A	N/A
Real effective exchange rate growth	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Sources: Central Bank of Kuwait, Central Statistical Bureau (Economic Indicators); International Monetary Fund, Central Bank of Kuwait (Monetary Indicators), Ministry of Finance, Central Bank of Kuwait (Fiscal Indicators), Central Bank of Kuwait, Ministry of Finance,International Monetary Fund (External Indicators).

Adjustments:Usable reserves adjusted by subtracting monetary base from reported international reserves. Liquid assets include the estimated assets of the General Reserve Fund and the Future Generations Fund

Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A--Not applicable. KWD--Kuwaiti dinar. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Ratings Score Snapshot

Table 2

Kuwait--Ratings Score Snapshot

Key rating factors	Score	Explanation
Institutional assessment	4	Reduced predictability of policy responses because of an uncertain succession process and moderate challenges to political institutions due to centralized decision-making. Ultimate power is concentrated with the emir. At the same time, Kuwait's parliament and government often clash, making important decisions difficult and frequently resulting in policy paralysis. Kuwait has pursued a prudent fiscal policy in the past by accumulating substantial savings within the sovereign wealth fund.
Economic assessment	3	Based on GDP per capita (US$) and growth trends as per Selected Indicators in Table 1
		There are material data inconsistencies and gaps, including delays to publication of national accounts data.
External assessment	1	Based on narrow net external debt and gross external financing needs/(current accounts receipts [CAR] + usable reserves) as per Selected Indicators in Table 1.
		We estimate the sovereign's net external liability position is more favorable than the narrow net external debt position, particularly over the second half of the forecast horizon, as per Selected Indicators in Table 1.
		Kuwait's external data lack consistency as there is no full published international investment position. This could lead to an underestimation of credit risk.
Fiscal assessment: flexibility and performance	1	Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1
		Substantial savings accumulated within the sovereign wealth fund, Kuwait Investment Authority, estimated at about 460% of GDP.
		Kuwait has a volatile revenue base, since close to 90% of general government revenue is based on hydrocarbon production
Fiscal assessment: debt burden	1	Based on net general government debt (% of GDP) and general government interest expenditures (% of general government revenues) as per Selected Indicators in Table 1.
Monetary assessment	4	The Kuwaiti dinar is pegged to a U.S.-dollar-dominated basket of currencies. There is operational independence, but it is less secure than at better assessments. Prevalence of market-based monetary instruments, but effectiveness may be untested in a downside scenario. Consumer price index as per Selected Indicators in Table 1.
Indicative rating	a	As per Table 1 of "Sovereign Rating Methodology."
Notches of supplemental adjustments and flexibility	1	We estimate Kuwait's government assets are large, at substantially over 100% of GDP.
Final rating		
Foreign currency	A+	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt.
Local currency	A+	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Sovereign Risk Indicators, July 11, 2022, April 11, 2022. Interactive version available at http://www.spratings.com/sri
- Sovereign Ratings List, July 7, 2022
- Sovereign Ratings History, July 7, 2022
- Sovereign Ratings Score Snapshot, July 6, 2022
- S&P Global Ratings Raises Oil And Natural Gas Price Assumptions On Further Market Price Step-Ups, June 8, 2022
- 2021 Annual Global Sovereign Default And Rating Transition Study, May 4, 2022
- Global Sovereign Rating Trends: First-Quarter 2022, April 13, 2022
- GCC Sustainability Targets Are Unlikely To Shake Up Local Energy Markets, April 10, 2022
- Sovereign Debt 2022: EMEA Emerging Markets' Heavy Borrowing Aims At Fiscal Shocks , April 5, 2022
- Middle East And African Banks: Varied Exposure To Russia-Ukraine Conflict, April 3, 2022
- GCC Asset Sales Will Increase Transparency, Broaden Funding Sources, And Support Capital Market Development, March 21, 2022
- Credit FAQ: GCC Low-Cost Producers May Be Better Placed Than Most Oil And Gas Majors As The Energy Transition Heats Up, Sept. 27, 2021
- Banking Industry Country Risk Assessment: Kuwait, March 25, 2021

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Ratings Score Snapshot above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria And Research').

Ratings List

Ratings Affirmed; Outlook Action

	To	From
Kuwait		
Sovereign Credit Rating	A+/Stable/A-1	A+/Negative/A-1
Ratings Affirmed		
Kuwait		
Senior Unsecured	A+	
Transfer & Convertibility Assessment	AA-	