

“Press Release”

Key Developments in the Balance of Payments of the State of Kuwait for the Third Quarter of 2020

The Central Bank of Kuwait (CBK) published today the preliminary data of the State of Kuwait’s Balance of Payments (BoP) for 3Q 2020, and the revised data of 2Q 2020. The data revealed a surplus during 3Q 2020 of KD 2,475.3 million in the Current Account (that sums up receipts and payments on transactions between the domestic economy and other economies in terms of goods, services and income) against a surplus of KD 4,154.3 million during the previous quarter, i.e. a drop by 40.4% equivalent to KD 1,679.0 million. This downturn is attributable to the decline in the total value of receipts on the credit side of the Current Account by KD 328.3 million or 4.2% compared with the previous quarter, and the increase in the total value of payments on the debit side of the Current Account by KD 1,350.6 million or 36.7% compared with the previous quarter.

Furthermore, preliminary data indicated an increase in the surplus of the Balance on Goods by KD 1,048.4 million or 339.2% to reach KD 1,357.5 million during 3Q 2020, against KD 309.1 million during the previous quarter.

The Services Account (net value of services transactions between residents and non-residents that include transportation, travel, communications, construction, other services as well as government services and goods) recorded an increase in the deficit by KD 480.6 million or 141.2% to reach KD 820.9 million during 3Q 2020, compared with a deficit of KD 340.3 million during the previous quarter.

Regarding the Financial Account (recording transfers of financial assets and liabilities between residents and non-residents), preliminary data indicate

net capital outflows (growth in residents' net investments abroad) of KD 3,404.5 million during 3Q 2020 against net capital outflows of KD 3,223.5 million during the previous quarter.

As a result, the overall position of Kuwait's BoP recorded a surplus of KD 680.2 million during 3Q 2020 against a surplus of KD 1,782.0 million during the previous quarter.

From a broader perspective, and taking into consideration the change in the net value of external assets of some institutions listed under "General Government" and changes in CBK's reserve assets, the BoP's overall position, in a broad definition, indicates a surplus of KD 2,503.8 million during 3Q 2020 against a surplus of KD 294.9 million during the previous quarter.

Summary of the Balance of Payments of the State of Kuwait (KD Million)

Item	2Q 2020	3Q 2020
Current Account, of which:	4,154.3	2,475.3
- Balance on Goods	309.1	1,357.5
Capital Account*	-11.7	-28.2
Financial Account**	-3,223.5	-3,404.5
Overall Balance	1,782.0	680.2

Source: Central Bank of Kuwait.

* Negative numbers of Capital Account data indicate net capital outflows, while positive numbers indicate the opposite.

** Negative numbers of Financial Account data indicate capital outflows, i.e. an increase in external assets or a decrease in foreign liabilities. Positive numbers indicate the opposite.

17/03/20121