

Research Update:

# Kuwait 'AA-/A-1+' Ratings Affirmed; Outlook Stable

May 22, 2026

*(Editor's Note: S&P Global Ratings believes there is a high degree of unpredictability around the duration and scale of the Middle East war and its potential effect on commodity prices, supply chains, economies, and credit conditions. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential shifts and reassess our guidance accordingly.)*

## Overview

- Kuwait's large stock of accumulated liquid assets should help it weather the impact of the Middle East war, and the supply disruptions it has caused in the Strait of Hormuz.
- Despite strong net external and government asset positions, fiscal pressures (excluding investment income) remain significant due to high expenditure. As a result, S&P Global Ratings expects the fiscal deficit to remain high, at about 15% of GDP in fiscal 2027 (year ending March 31, 2027) compared with 10% in fiscal 2026, even though higher oil prices will offset the impact of reduced oil production.
- Our base case assumes supply disruptions in the Strait of Hormuz will ease in the second half of the year, albeit with the potential for periodic volatility. Even after the Strait reopens, shipping and energy flows will likely take months to approach previous levels and could remain below pre-war levels through the end of 2026.
- We affirmed our 'AA-/A-1+' long- and short-term sovereign credit ratings on Kuwait. The outlook is stable.

## Rating Action

On May 22, 2026, S&P Global Ratings affirmed its 'AA-/A-1+' long- and short-term foreign and local currency sovereign credit ratings on Kuwait. The outlook is stable. The transfer and convertibility assessment remains 'AA'.

## Outlook

The stable outlook indicates that the sizable fiscal and external assets that Kuwait has accumulated will help it withstand the significant risks to security and trade flows that stem from the Middle East conflict. Our outlook is based on our expectation that these disruptions will not be prolonged and that the regional security situation will gradually normalize--subject to

### Primary Contact

**Juili Pargaonkar**  
Dubai  
971-4-372-7167  
juili.pargaonkar  
@spglobal.com

### Secondary Contact

**Giulia Filocca**  
Dubai  
971506735067  
giulia.filocca  
@spglobal.com

### Research Contributor

**Ashay Gokhale**  
CRISIL Global Analytical Center,  
an S&P Global Ratings affiliate  
Mumbai

intermittent disruptions--through the second half of 2026, as exports through the Strait of Hormuz resume.

## Downside scenario

We could lower the ratings if Kuwait's fiscal metrics or growth prospects are weakened by slower-than-expected progress on the implementation of broader reforms to Kuwait's taxation, expenditure control, and economic diversification. The ratings could also come under pressure if the war caused a protracted interruption to the country's oil export earnings, so that budgetary performance and the sovereign's net asset position suffered a prolonged deterioration.

## Upside scenario

We could raise the ratings over the next two years if Kuwait sustains strong public finances while its reforms support the development of deep domestic capital markets and promote economic diversification and growth.

# Rationale

**Despite the regional conflict and its impact on oil production and related revenue, Kuwait's sizable external and fiscal net asset stock positions still support our sovereign ratings.** The country has accumulated a large stock of assets within its sovereign wealth fund, the Kuwait Investment Authority (KIA) and we estimate that its liquid assets will exceed 550% of GDP in 2026. This is one of the strongest ratios of all sovereigns we rate.

**The KIA oversees two principal funds--the Future Generations Fund (FGF) and the General Reserve Fund (GRF)--and holds most of its assets within the FGF.** We estimate that the U.S. dollar value of KIA's assets will continue to increase over 2026-2029, despite the fiscal deficits forecast for this period. Most of KIA's investments have long investment horizons and consist of strategic asset allocations in various asset classes outside Kuwait. Therefore, we expect its funds to be able to accommodate short-term volatility and domestic fiscal pressures. FGF has been growing organically since 2018, largely through the compounding and reinvestment of returns. During this period, it received only one small revenue transfer from the Ministry of Finance, in 2023. Therefore, KIA's return on investment and the increase in its liquid assets do not depend on the government's fiscal balances and its assets are still increasing.

**The funds give Kuwait significant scope to counter volatility, support economic fundamentals, or aid recovery, even when regional conflict is weakening Kuwait's growth and its fiscal and external revenue.** Our rating on Kuwait is also supported by our assumption that the conflict will remain limited in duration and hostilities will remain contained, with no significant further damage to Kuwait's production facilities. If hostilities were to escalate sharply, we would reassess the potential impact on Kuwait's credit profile.

**Kuwait's high dependence on the oil sector and the Strait of Hormuz for energy exports is a key risk.** We expect any reopening of the strait to be fragile, with possible periodic interruptions and a slower, less complete recovery in flows than we previously expected.

Due to the strait's effective closure, Kuwait Petroleum Corp., a state-owned oil company, significantly cut its oil production to 500,000 barrels per day (bpd) from mid-March, compared with pre-war level of 2.582 million bpd (as of Feb. 28, 2026). It declared a force majeure event in its cost, insurance, and freight contracts. Although we project that production will gradually resume in the second half of 2026, we forecast that full-year oil production will remain 25%-30%

below pre-war levels, on average, causing real GDP to contract by about 2% in 2026. Further damage to the country's energy infrastructure or a prolonged and effective blockage of Hormuz could depress Kuwait's macroeconomic indicators into 2027, although this is not part of our base-case scenario.

**Because of high expenditure, we estimate that Kuwait's headline fiscal deficits will remain elevated, at about 14% of GDP on average from 2026-2029.** Kuwait's economy is heavily focused on the hydrocarbon sector--about 90% of government revenue is linked to oil. As a result, our fiscal forecasts are closely linked with conditions in the global oil sector. Our Brent oil price assumptions were recently revised to \$100 per barrel (/bbl) on average for the rest of 2026, followed by \$75/bbl in 2027 and \$65/bbl over 2028-2029. This compares with our previous assumption that Brent oil would be priced at \$80/bbl in 2026 and \$65/bbl in 2027. Given the government's high expenditure, tied to the wage bill and social support, we expect it to record a deficit of 15% of GDP in fiscal 2027, despite the higher oil price expectations. From fiscal 2028, we forecast modest fiscal consolidation based on government efforts to increase non-oil revenue, combined with the normalization of oil production to the pre-war level of about 2.5 million bpd (below the current production capacity of 3.2 million bpd, due to OPEC+ quotas). However, expenditure is anticipated to remain broadly the same, at 45%-48% of GDP, due to wages and the continued focus on large capital expenditure (capex) projects. Despite Kuwait's low oil production costs per barrel, the government budget estimates fiscal breakeven price for the current fiscal year at a relatively high \$90.5/bbl, because of its high expenditure.

**Kuwait passed a financing and liquidity law in March 2025 that diversified the government's funding profile and gave it more financial flexibility, enabling it to fund elevated fiscal deficits.**

In our base case, we assume the fiscal deficit will be financed by a combination of annual debt issuances and drawdowns from the GRF. As part of its role in managing fiscal stability and flexibility, the GRF consolidates government proceeds and provides financing for government expenditure. We understand that GRF has sufficient liquid assets, in form of cash and short-term fixed deposits, to meet the government's budgetary requirements. It also has the flexibility to sell assets to raise liquidity, if required. Nevertheless, if the war or the effective closure of the strait causes a prolonged drop in oil revenue, GRF's liquidity could come under strain. This is not part of our current base case.

**Based on our financing assumptions, we forecast gross general government debt will increase to about 42% of GDP by the end of fiscal 2030, from about 19% as of March 31, 2026.** Despite an upward trend in gross debt, we expect the Kuwait government to retain its very strong net asset position, due to its large stock of KIA assets.

### **Institutional and economic profile: Kuwait entered this war with sufficient policy flexibility to withstand a time-limited stress event**

- Following a temporary contraction in growth in 2026, we expect real GDP growth to rebound to about 3.0% over 2027-2029, supported by a recovery in oil production and large-scale investment programs in non-oil sectors.
- We expect the government to continue to work on a medium-term financing plan that will support the expansion of non-oil revenue sources.

**Because the Middle East war and the effective closure of the Strait of Hormuz has constrained Kuwait's oil production, we expect the economy to contract in 2026, after growing by 2.7% in 2025.** The effective closure of the strait will also have a spillover effect on Kuwait's non-oil economy. Manufacturing, trade, transportation, and hospitality constitute a quarter of the country's nominal GDP--we expect economic activity in these sectors to be weakened by the

## Kuwait 'AA-/A-1+' Ratings Affirmed; Outlook Stable

disruption of trade routes, combined with adverse oil sector dynamics. Therefore, real GDP is forecast to contract by about 2% in 2026. S&P Global's Kuwait Purchasing Managers' Index fell below the 50 mark in March and April (both 46.3), signaling a severe deterioration in business conditions in the non-oil private sector. We anticipate that reduced investor and consumer confidence are likely to persist and will dampen economic activity over the next few months. The risk will increase if there is a prolonged shutdown or a disruption to oil production and exports.

**We expect oil production to return to the pre-war level (2.5 million bpd-2.6 million bpd) in 2027, supporting a sharp economic recovery, with real GDP growth of 4.3%.** Over 2028-2029, we expect Kuwait's real GDP to grow by an average of 2.2%, fortified by both stable oil production and the implementation of growth projects. Kuwait's main investment projects include development of the Mubarak al-Kabeer port, as well as several energy projects in the Northern Economic Zone. In addition, Kuwait expects to complete the expansion of the Kuwait International Airport by 2027. This, combined with visa reforms, will benefit the hospitality industry. In the Abdali Economic Zone, Kuwait is investing in the development of a new trade and industrial corridor that will link it more closely to regional markets and the wider GCC. A real estate finance law is set to be approved by the cabinet and will allow banks to offer long-term home financing to citizens for the first time. The development of residential zones and cities, combined with legislative reforms, will support growth in the construction and related industries. We understand that the government aims to use public-private partnerships and government-to-government models to develop projects across energy, housing, and logistics. These will help it boost growth in a fiscally sustainable way. We estimate that the country's per capita GDP will remain above \$31,000 in 2026-2029--this is moderate in a global context.

**Kuwait's parliament remains suspended until 2028 and while potentially affecting checks and balances, it could speed up reforms, in our view.** In May 2024, Kuwait's National Assembly (the parliament elected by the Kuwaiti population) was suspended, pending a review of parliamentary process. The suspension follows a period of repeated political deadlock, resulting in four elections since 2020 and eight since 2012, largely due to parliamentary opposition stalling economic and fiscal reforms. During the suspension, the cabinet--always appointed by the Emir--has been tasked with expediting reforms and the relevant government entities have produced draft laws. Once reviewed, these are elevated to the Council of Ministers (that is, the cabinet), and then to His Highness the Emir, to be issued as an Amiri Decree. During the suspension, we expect the reform momentum to continue under the oversight of key bodies such as the State Audit Bureau, the Kuwait Anti-Corruption Authority, and the State Bureau of Financial Control, along with other supervisory institutions that retain their full mandates.

**Expedited reforms should help achieve growth momentum and fiscal consolidation in the medium term.** The reforms include raising non-oil government revenue, containing government expenditure, optimizing procurement, and improving the performance of public entities. In 2025, the government implemented the financing and liquidity law, adopted a 15% minimum domestic top-up tax for multinational enterprises and removed the long-standing cap on fees for public services. We understand the draft sukuk law is in its final stages, which should further diversify government's debt profile. Regarding expenditure, the government is planning to moderate public sector wage growth through more efficient workforce planning and hiring caps. In fiscal 2025, current expenditure--most of which consists of wages, subsidies, and grants--declined by 8%, with a further decline of 9% in fiscal 2026. Other fiscal reforms are in progress, ranging from initial planning and interministerial coordination to technical capacity building. These include implementing excise tax, repricing state land leases, and subsidy rationalization. We expect these efforts to strengthen the government's non-oil revenue base in the medium-to-long term.

## Flexibility and performance profile: The large stock of KIA assets supports the rating despite elevated fiscal deficits

- Despite strong net external and government asset positions, fiscal deficits will remain high, averaging about 14% of GDP in financial year ending 2027-2030.
- Despite high deficits and a heavy reliance on the hydrocarbon sector, Kuwait's government has sizable financial assets and the ability to issue debt in domestic and external capital markets, and this continues to serve as a buffer.
- We expect Kuwait's exchange rate to remain pegged to an undisclosed basket of currencies, backed by large foreign reserves and government assets.

**We estimate that in fiscal 2026, the general government recorded a deficit of Kuwaiti dinar (KWD) 4.8 billion (10% of GDP, compared with 2% in fiscal 2025).** The higher deficit was linked to lower revenue, as oil prices dropped by about 14% over this period, while production remained broadly stable. This was partially offset by lower expenditure.

**Despite higher oil prices, we expect the fiscal deficit to widen to about 15% of GDP (KWD8.7 billion or \$28 billion) in fiscal 2027.** We assume that higher oil prices will largely offset the impact of almost three months' loss of oil revenue. In addition, we forecast that non-oil revenue will grow by about 10% because of higher service fees and the 15% minimum domestic top-up tax for multinational enterprises.

**Nevertheless, expenditure on wages, subsidies, grants, and social benefits will weigh on fiscal deficits.** These constitute about 70% of Kuwait's total expenditure. In fiscal 2027, the budget estimates that capex will rise to KWD3 billion due to investments in large-scale infrastructure projects. Historically, Kuwait's capex has averaged KWD1.2 billion-KWD1.5 billion. We understand that these projects will not be deferred due to the regional conflict. Current expenditure is budgeted at KWD25 billion, which includes social benefits and grants. Therefore, we do not expect the war to lead to a material increase in fiscal support to public entities or to an increase in the defense budget. We understand that the government and the GRF (the government's treasury) coordinate regularly to manage liquidity for each quarter. Normalization of oil production will modestly reduce the deficit, to an average of 13% over fiscals 2028-2030, despite subdued oil prices and high expenditure.

**In our base case, we assume the government will partially fund capex and fiscal deficits via debt issuance.** The financing and liquidity law passed in 2025 is valid for 50 years. It sets a debt ceiling of KWD30 billion (about \$98 billion or 63% of GDP) and a tenor limit of up to 50 years. Following the passage of the law, Kuwait's government issued three international bonds totaling \$11.25 billion (about 7% of GDP) in October 2025, its first in the capital market since 2017. In March 2026, the government raised \$2.15 billion in fixed-rate notes with a three-year maturity via private placement. Following this latest large issuance, we assume in our base case that annual borrowing (in both local and foreign currency) will reach 4%-5% of GDP over 2027-2029 (roughly equivalent to the capex amount). Therefore, we forecast that debt will increase to about 42% of GDP by the end of fiscal 2030, from about 19% at the end of fiscal 2026. About 70% of the government's gross debt is denominated in U.S. dollars; and most of it is held by nonresidents. Given Kuwait's relatively low level of debt, we expect interest expenditure to remain below 5% of government revenue over the next three years.

**In addition to borrowing, the government can draw from the GRF to cover its fiscal deficits.** GRF is significantly smaller than the FGF in size and, in the case of a prolonged absence of oil revenue, its liquidity could come under strain. However, such a scenario is not included in our base case because we expect revenue inflows to smooth out in the second half of 2026. At

## Kuwait 'AA-/A-1+' Ratings Affirmed; Outlook Stable

present, we understand that GRF has enough liquid assets to cover the government's financing needs. If required, it could also generate liquidity by liquidating its fixed income instruments or selling its assets, most of which are domestic.

**The headline fiscal deficit excludes interest income on government assets; although this income is mostly reinvested, it would be accessible in a severe downside scenario.** Even after consecutive years of large fiscal deficits, we do not forecast a material erosion of the government's net asset position, although this could pose an increased risk to the government's investment strategy if the conflict were to be prolonged. In our view, persistent deficits reflect a high level of unproductive expenditure, which weigh on its growth and economic diversification.

**Recurring current account surpluses and strong aggregate external and fiscal net asset positions remain credit strengths.** Despite weaker oil prices, Kuwait posted a current account surplus of about 22% of GDP (\$36 billion) in 2025, partially supported by large primary income receipts, largely from returns on the large stock of KIA assets. We forecast that current account surpluses will average 18% of GDP in 2026-2029, based on our oil price assumptions and our expectation that Kuwait will return to pre-war oil production levels by 2027. Given these large current account surpluses, we estimate that Kuwait's net external creditor position will average a substantial 900% of current account receipts over 2026-2029, which is among the strongest of all the sovereigns we rate.

**We expect Kuwait's exchange rate to remain pegged to an undisclosed basket of currencies.**

We understand the basket is dominated by the U.S. dollar, the currency in which most of the country's hydrocarbon exports are priced and sold. This monetary regime has historically helped Kuwait manage inflation, although its domestic debt markets are less developed than those of similarly rated peers. Despite supply-side constraints linked to the war, we project that consumer price index inflation will remain modest, at about 3%, over 2026-2027 because some prices are administered. In April, the government issued a decree that introduced financial facilities and direct support for suppliers (covering higher insurance and shipping costs), to guarantee the continuous flow of essential goods without price increases.

**We do not anticipate that the banking sector will be a source of significant contingent liabilities for the Kuwaiti government.** Recent reforms and banks' expansion outside the country have spurred lending, so that the banking sector's annualized lending book widened by 7.6% in the first quarter of 2026. In light of the heightened geopolitical tensions, we expect lending growth to slow through the rest of 2026. Asset quality in the banking sector has remained strong since 2022, with nonperforming loans at the eight largest Kuwaiti banks averaging 1.5% as of year-end 2025, and the cost of risk averaging 39 basis points over the past four years. Although the war could cause asset quality metrics to weaken, banks' average provisioning coverage reached 252% at year-end 2025. In our view, this will be sufficient to support the sector's overall asset quality profile. Banks have retained their strong net external asset positions and are well positioned to cope with the risk of capital outflows under a severe stress scenario. We also anticipate that the authorities would provide support to the banking system, if required. The central bank's recent relief measures focused on enhancing banks' access to liquidity and providing temporary flexibility in regulatory requirements, which will also help banks navigate the current turbulence.

### Kuwait--Selected Indicators

	2020	2021	2022	2023	2024	2025	2026bc	2027bc	2028bc	2029bc
<b>Economic indicators (%)</b>										

## Kuwait 'AA-/A-1+' Ratings Affirmed; Outlook Stable

### Kuwait--Selected Indicators

Nominal GDP (bil. KWD)	34.0	44.8	56.2	50.8	49.4	48.2	56.6	52.5	50.0	51.2
Nominal GDP (bil. \$)	111.1	148.4	183.5	165.5	160.9	157.2	185.3	171.9	163.8	167.6
GDP per capita (000s \$)	23.8	32.1	38.7	33.7	33.0	31.4	36.3	33.0	31.2	31.6
Real GDP growth	(4.8)	1.7	6.8	(1.6)	(1.5)	2.7	(1.9)	4.3	2.1	2.3
Real GDP per capita growth	(2.7)	2.6	4.3	(5.2)	(0.8)	0.2	(3.8)	2.3	1.1	1.3
Real investment growth	(35.5)	1.4	41.8	(2.6)	(18.3)	2.7	2.0	4.3	2.1	2.3
Investment/GDP	18.7	14.5	16.6	17.8	15.1	16.8	17.4	17.4	17.4	17.4
Savings/GDP	23.0	39.7	50.9	48.8	44.1	39.0	33.9	37.6	34.8	34.5
Exports/GDP	43.7	51.7	60.5	57.7	55.8	53.9	43.5	49.7	50.6	50.9
Real exports growth	(2.9)	(3.2)	15.3	2.4	(3.2)	10.0	(32.0)	36.0	12.0	3.0
Unemployment rate	--	--	--	--	--	--	--	--	--	--

### External indicators (%)

Current account balance/GDP	4.4	25.2	34.4	31.1	29.0	22.3	16.5	20.2	17.4	17.1
Current account balance/CARs	7.1	35.9	44.4	38.6	36.1	27.8	24.4	26.2	21.8	21.4
CARs/GDP	61.4	70.3	77.4	80.5	80.4	80.2	67.8	77.0	79.9	80.0
Trade balance/GDP	14.0	27.3	39.2	30.9	27.4	21.3	14.8	17.0	13.5	13.1
Net FDI/GDP	(6.9)	(2.8)	(13.0)	(5.5)	(6.0)	(6.0)	(6.0)	(7.0)	(7.0)	(7.0)
Net portfolio equity inflow/GDP	(33.7)	(34.8)	(10.3)	(13.4)	(5.2)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Gross external financing needs/CARs plus usable reserves	132.3	102.1	81.0	89.1	93.1	100.7	115.4	117.7	120.9	125.2
Narrow net external debt/CARs	(995.3)	(729.2)	(458.3)	(574.5)	(661.4)	(768.6)	(803.7)	(801.3)	(844.0)	(864.0)
Narrow net external debt/CAPs	(1,071.5)	(1,136.7)	(824.7)	(935.4)	(1,035.4)	(1,064.1)	(1,062.6)	(1,086.3)	(1,079.4)	(1,099.2)
Net external liabilities/CARs	(1,138.6)	(791.8)	(512.4)	(635.9)	(727.2)	(837.2)	(877.0)	(868.7)	(914.1)	(933.1)
Net external liabilities/CAPs	(1,225.7)	(1,234.3)	(922.1)	(1,035.4)	(1,138.4)	(1,159.1)	(1,159.5)	(1,177.6)	(1,169.1)	(1,187.0)
Short-term external debt by remaining maturity/CARs	63.7	50.7	33.6	40.0	41.5	42.4	56.5	56.4	59.3	59.9
Usable reserves/CAPs (months)	2.4	2.3	2.2	2.7	2.5	2.3	2.3	1.7	2.1	1.6
Usable reserves (Mil. \$)	12,985.5	14,447.6	18,396.0	17,066.8	17,392.4	18,209.9	14,052.5	17,889.7	14,143.5	15,339.3

### Fiscal indicators (general government %)

Balance/GDP	(31.7)	(9.7)	11.5	(3.2)	(2.1)	(10.0)	(15.3)	(12.4)	(15.3)	(13.8)
Change in net debt/GDP	(40.2)	(51.2)	51.9	(71.3)	(57.3)	(61.4)	(15.4)	(22.4)	(23.3)	(25.2)

## Kuwait 'AA-/A-1+' Ratings Affirmed; Outlook Stable

### Kuwait--Selected Indicators

Primary balance/GDP	(31.3)	(9.5)	11.6	(3.1)	(2.0)	(9.8)	(14.4)	(11.3)	(13.9)	(12.3)
Revenue/GDP	30.9	41.6	51.3	46.5	44.7	33.9	30.5	35.6	34.2	34.5
Expenditures/GDP	62.6	51.3	39.8	49.7	46.8	43.8	45.8	48.0	49.5	48.4
Interest/revenues	1.1	0.6	0.2	0.3	0.2	0.5	2.9	3.0	3.9	4.4
Debt/GDP	10.3	7.2	2.9	3.1	2.9	18.7	25.1	31.8	38.4	42.4
Debt/revenues	33.2	17.4	5.7	6.7	6.4	55.2	82.4	89.4	112.3	122.9
Net debt/GDP	(593.0)	(501.8)	(347.7)	(455.7)	(526.7)	(600.9)	(527.0)	(590.3)	(642.9)	(653.6)
Liquid assets/GDP	603.3	509.1	350.7	458.8	529.5	619.6	552.1	622.1	681.3	696.0

### Monetary indicators (%)

CPI growth	2.1	3.4	4.0	3.6	2.9	2.4	3.5	3.0	2.3	2.3
GDP deflator growth	(16.5)	29.4	17.6	(8.1)	(1.5)	(5.0)	19.7	(11.0)	(6.7)	0.0
Exchange rate, year-end (KWD/\$)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Banks' claims on resident non-gov't sector growth	(3.8)	5.3	8.0	2.4	4.6	6.9	7.0	8.0	10.0	10.0
Banks' claims on resident non-gov't sector/GDP	114.2	91.3	78.5	88.8	95.7	104.8	95.5	111.1	128.3	138.0
Foreign currency share of claims by banks on residents	0.0	0.0	0.0	0.0	0.0	0.0	N/A	N/A	N/A	N/A
Foreign currency share of residents' bank deposits	3.4	3.7	3.8	3.7	3.7	3.8	3.76	3.76	3.76	3.76
Real effective exchange rate growth	(0.7)	(0.6)	3.8	0.7	2.6	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.

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.

## Kuwait--Rating Component Scores

### Key rating factors

### Score Explanation

Institutional assessment	4	Kuwait has traditionally had a three-pillared governance structure with the prime minister and cabinet appointed by the Emir, a vocal elected parliament, and a judiciary. Kuwait's parliament and cabinet have often clashed, making important decisions difficult and frequently resulting in policy paralysis. Although the suspension of parliament since 2024 could
--------------------------	---	--

## Kuwait--Rating Component Scores

Key rating factors	Score	Explanation
		weaken checks and balances, it could also speed up reforms, in our view. Kuwait faces external security risks tied to the regional conflict. Despite elevated geopolitical risks and headline fiscal deficits, sizable net external and government asset positions provide the government with headroom for policy measures.
Economic assessment	3	Based on GDP per capita in U.S. dollars and growth trends as per the Selected Indicators table.
External assessment	1	Based on narrow net external debt and gross external financing needs/(current account receipts + usable reserves) as per the Selected Indicators table.  We estimate that the sovereign's net external liability position is more favorable than the narrow net external debt position, as per the Selected Indicators table; and both ratios are very strong when compared with peers'.  However, weak disclosures restrict the visibility of external risks.
Fiscal assessment: flexibility and performance	1	Based on the change in net general government debt (% of GDP) as per the Selected Indicators table.  Kuwait has substantial net savings accumulated within the Kuwait Investment Authority, estimated at over 500% of GDP as of 2026.  Kuwait has a volatile revenue base, given that over 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 expenditure (% of general government revenue) as per the Selected Indicators table. Substantial net asset position compared with peers'.
Monetary assessment	4	The Kuwaiti dinar is pegged to a U.S.-dollar-dominated basket of currencies. Our assessment indicates that operational independence is less secure than that of sovereigns where our monetary assessment is stronger. Market-based monetary instruments are prevalent, but their effectiveness may not have been tested in a downside scenario. The consumer price index is relatively low, as per the Selected Indicators table.
Indicative rating	a	
Notches of supplemental adjustments and flexibility	2	We estimate that Kuwait's government assets amount to substantially more than 100% of its GDP. Kuwait has an exceptionally large sovereign wealth fund asset base, relative to the size of its economy. In addition, its financing and liquidity law enables it to access external financing, which gives it greater financial and balance sheet flexibility than others in its peer group.
<b>Final rating</b>		
Foreign currency	AA-	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt.
Local currency	AA-	

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

## Kuwait 'AA-/A-1+' Ratings Affirmed; Outlook Stable

- [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

- [Special Update: Prolonged Hormuz Disruptions Hurtling Towards Lasting Credit Implications](#), May 21, 2026
- [Sovereign Ratings List](#), May 14, 2026
- [Sovereign Ratings History](#), May 14, 2026
- [Sovereign Ratings Score Snapshot](#), May 8, 2026
- [Special Update: Time Compounds The Credit Implications Of The War](#), April 30, 2026
- [S&P Global Ratings Raises WTI And Brent Price Assumptions Due To Ongoing Effective Closure Of The Strait Of Hormuz](#), April 29, 2026
- [Sovereign Risk Indicators](#), April 13, 2026. Interactive version available at <https://www.spglobal.com/ratings/sri/>
- [GCC Central Banks' Relief Measures Will Help Banks Navigate The Current Turbulence](#), April 8, 2026
- [Kuwait 'AA-/A-1+' Ratings Affirmed: Outlook Stable](#), March 18, 2026
- [Resilient Gulf Banks Still Face Uncertainty](#), March 16, 2026
- [Scenario And Sensitivity Analysis: Credit Implications Of The Middle East War](#), March 5, 2026
- [Middle East Sovereign Rating Outlook 2026: Stable Through Geopolitical And Oil Price Volatility](#), Feb. 2, 2026
- [Banking Industry Country Risk Assessment: Kuwait](#), Feb. 3, 2026

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"). 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 Rating Component Scores above.

## Kuwait 'AA-/A-1+' Ratings Affirmed; Outlook Stable

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").

# Ratings List

## Ratings List

---

### Ratings Affirmed

---

#### Kuwait

---

Sovereign Credit Rating	AA-/Stable/A-1+
Transfer & Convertibility Assessment	AA
Senior Unsecured	AA-

---

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at [www.capitaliq.com](http://www.capitaliq.com). All ratings referenced herein can be found on S&P Global Ratings' public website at [www.spglobal.com/ratings](http://www.spglobal.com/ratings).

## Kuwait 'AA-/A-1+' Ratings Affirmed; Outlook Stable

Copyright © 2026 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.spglobal.com/ratings](http://www.spglobal.com/ratings) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.spglobal.com/usratingsfees](http://www.spglobal.com/usratingsfees).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.