Research Update:

Kuwait Ratings Affirmed At 'A+'; Outlook Remains Stable

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Overview

- The suspension of the Kuwaiti parliament and the constitutional review announced on May 10 could speed up the passage of long-impeded structural and fiscal reforms.
- After an estimated contraction of 2.3% in 2024, we forecast real GDP growth will rebound to 2.4% on average in 2025-2027 as OPEC+ oil production restrictions are eased slightly, and the implementation of large government investment projects accelerates.
- We affirmed our 'A+/A-1' sovereign credit ratings on Kuwait and maintained a stable outlook.

Rating Action

On June 7, 2024, S&P Global Ratings affirmed its 'A+/A-1' long- and short-term foreign and local currency sovereign credit ratings on Kuwait. The outlook is stable.

Our transfer and convertibility assessment on Kuwait remains 'AA-'.

Outlook

The stable outlook reflects our expectation that Kuwait's public and external balance sheets will remain very strong over the forecast horizon, backed by a significant stock of government financial assets. We expect these strengths to mitigate risks related to Kuwait's economic concentration on the oil sector and potential oil price volatility.

Downside scenario

We could lower our ratings on Kuwait if fiscal imbalances rise significantly, for instance due to weaker oil prices or the absence of fiscal reforms, and the government were to remain without comprehensive fiscal financing arrangements.

Upside scenario

We could raise the ratings if the government successfully implemented a comprehensive structural reform package, such as diversifying the economy away from the hydrocarbon sector and increasing its productive capacity, leading to stronger real GDP growth prospects.

Rationale

On May 10, after four elections in four years and limited reform momentum, Kuwait's Emir, H.H. Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah, dissolved the country's National Assembly (the parliament) and suspended parts of the constitution, for a maximum of four years. During this time, the government will undertake a review, with the potential to reform the current constitution.

Kuwait's political system has been characterized by a powerful cabinet appointed by the Emir and a democratically elected parliament. The relationship between the two has historically been confrontational. Parliamentary opposition has led to delays in economic and fiscal reforms, with Kuwait lagging other Gulf Cooperation Council (GCC) member countries in this regard. In our view, while Kuwait's dissolution of its parliament and suspension of parts of its constitution could have an impact on Kuwait's longstanding institutional checks and balances, the dissolution of parliament is likely to speed up the passage and implementation of structural reforms (see "While Potentially Affecting Checks And Balances, Kuwait's Dissolution Of Its Parliament Could Speed Up Reforms, published May 14, 2024, on RatingsDirect). These include raising government non-oil fiscal revenue, containing government expenditure, and improving Kuwait's budget financing options. On May 12, the Emir appointed the prime minister, who in turn appointed a cabinet (in consultation with the Emir) that will now be tasked with both proposing and passing legislation. The prime minister has set a timeframe of 100 days, starting from the day the new cabinet took over, within which significant action on reforms should be delivered. We therefore expect reform momentum to accelerate.

Kuwait's economy is heavily focused on the hydrocarbon sector, with oil constituting about 90% of both exports and government revenue. The oil and gas sector directly constitutes around 50% of the country's GDP, among the highest of all sovereigns we rate, and even more if we take into account oil-related value-added activities (classified as non-oil) such as refining and petrochemicals. The sector has significantly contributed to large trade and current account surpluses for decades. However, high government expenditure, including a very large wage bill, ensure that Kuwait's often large trade surpluses are not replicated in the fiscal accounts, with Kuwait having run deficits for all but two of the last 10 years. We expect fiscal deficits to continue between 2024-2027.

We estimate that Kuwait's real GDP contracted by 1.8% in 2023, given OPEC+ oil production restrictions, and will contract by another 2.3% in 2024. Over 2025-2027, we expect a rebound to an average of 2.4% over 2025-2027 as OPEC+ oil production restrictions are eased slightly and project implementation improves. Our ratings on Kuwait are supported by very large fiscal net assets (largely held externally), amassed since the 1950s by the country's sovereign wealth funds, held under the country's investment arm, the Kuwait Investment Authority (KIA), estimated at 418% of GDP in 2024, among the largest of all sovereigns we rate. However, most of the KIA-controlled assets, those within the Future Generations Fund (FGF), are ring-fenced and saved for future generations of Kuwaitis, which makes them very hard to access for fiscal financing purposes, while the lack of a debt issuance law and the consequent inability at this juncture to issue external or domestic debt limits fiscal financing options further. Currently, when the government needs funding, it draws down from the smaller General Reserve Fund (GRF).

Institutional and economic profile: Respite from the longstanding political deadlock could improve the pace of reform and growth prospects

- We expect the cabinet to gradually deliver on some economic and fiscal measures previously vetoed by parliament, such as the implementation of new excise taxes and the rationalization of subsidies.
- Nevertheless, Kuwait's structural and fiscal reforms continue to lag peers' and its economy remains among the most reliant among the GCC member states on the hydrocarbon sector, exposing Kuwait to oil market volatility.
- Amid OPEC+ related production cuts, we expect Kuwait's real GDP to contract by 2.3% in 2024, and then average +2.4% per year in 2025-2027.

Brent oil averaged $83 per barrel (/bbl) in 2023 and we forecast it will average about $85/bbl in 2024 before falling slightly to average $80/bbl in 2025-2027 (see "S&P Global Ratings Revises Its WTI And Brent Price Assumptions For 2025 And Beyond On Anticipated Oversupply" published March 11, 2024, on RatingsDirect). Kuwait Export Blends, however, typically trade at about a $5 discount to Brent. On the volume side, Kuwait's oil production averaged 2.6 million bbl per day (mbpd) in fiscal year 2023/2024, ended March 31, 2024, and is forecast to fall to an average of 2.4 mbpd in fiscal 2024/2025, and then begin to rise slowly through to fiscal 2027/2028 as OPEC+ mandated production cuts are tapered in line with rising global demand.

At its bi-annual meeting on June 2, 2024, OPEC+ decided to extend most of its existing mandatory and voluntary cuts to late 2024 and into 2025. OPEC+ production limitations have been mildly supportive of global oil prices, but continued downside pressures, partly tied to a subdued recovery in the global and Chinese economies, alongside strong non-OPEC production, will likely see OPEC+ mandates allowing only modest increases in Kuwaiti production in 2025-2027, ensuring its oil (and even its non-oil sector) growth remains contained over 2025-2027.

Kuwait is working on increasing its installed oil production capacity to around 3.0 mbpd by 2027, from 2.7 mbpd currently, through additional investments to increase output at existing fields, as well as making fuller use of production capacity within the Partitioned Neutral Zone that Kuwait shares with Saudi Arabia. Kuwait is also continuing to develop gas production, refining capacity, and petrochemicals, with the large Al-Zour refinery and petrochemical complex, commissioned in 2024, but still being developed, leading the expansion.

We view current GDP per capita growth rates as below peers' as OPEC+ cuts have impacted the oil sector and non-oil growth has also been lackluster. To stimulate non-oil growth and help reduce fiscal pressures, the government aims to focus on public-private partnerships (PPP) and high-impact projects led by its "New Kuwait Vision 2035" program. The PPPs are intended to reduce on-budget government costs by utilizing private sector and contractor concessions. The program focuses on promoting economic diversification, job creation for Kuwaiti nationals, tourism, competitiveness, improving infrastructure, improving the small and midsize enterprise sector, and encouraging sustainability and lower carbon emissions. Some of its measures include tourism-related projects such as multiple entertainment cities, as well as developing the Failakah Island complex, which should boost the tourism sector. Mubarak Al Khabeer port (with a capacity of 8 million, twenty-foot-equivalent [TEU] units), the Al Abdali Economic Zone, and the Northern Economic Zone, aimed at strengthening Kuwait's international trade, are also being developed.

Despite its more democratic political structure compared with those of peers, Kuwait's institutional arrangements have been a longstanding constraint on reform momentum compared with GCC peers. Members of parliament have typically sought to preserve Kuwait's generous benefits and subsidy schemes for their constituents, thereby vehemently opposing government fiscal reform proposals, and often pushing for higher expenditure measures. Parliament, which was set up in 1963, has been disbanded twice before: in 1976-1981 and 1986-1992 and the law permits constitutional reviews after every five years.

The cabinet will now work to enact fiscal reform measures, including establishing new excise taxes on tobacco and sugary drinks, and increasing fees across a range of government services, as well as passing the draft budget for the 2024/2025 fiscal year, ending March 2025. The imposition of a possible global minimum corporate tax on large companies, and the passage of a debt-issuance law, are also under discussion. Without a debt law the government will remain unable to borrow on the domestic and international markets to assist in covering its financing requirements. Other fundamental fiscal reforms aimed at significantly reducing the wage bill remain more contentious but are also under discussion. The government is also pushing for a higher share of Kuwaiti nationals to be hired by the private sector.

Kuwait's data disclosure suffers from some shortcomings. There is no public audited data available on the total size and composition of the country's large sovereign wealth funds, the FGF and the GRF, managed by the KIA, while international investment position statistics exclude significant portions of the public sector.

We do not expect the Israel-Hamas war to directly affect Kuwait (see "Credit Conditions: War In The Middle East Compounds Global Geopolitical Risks," published Oct. 18, 2023) and significant asset buffers could potentially be used to support the economy if tensions were to rise.

Flexibility and performance profile: Large accumulated government assets are a key factor supporting the sovereign ratings

- Kuwait's fiscal and external stock positions are very strong, thanks to past government surpluses, largely saved and invested by the KIA.
- Nevertheless, due to large expenditure commitments, Kuwait is forecast to run fiscal deficits averaging about 3.8% of GDP in 2024-2027.
- Kuwait's exchange rate arrangements maintain a strong monetary policy anchor, but limit monetary policy flexibility.

Kuwait, largely via KIA funds but also due to very low levels of government debt, remains in a very large general government net asset position. We estimate total assets in the KIA--including the GRF (a liquidity fund that is used to finance deficits) and the much larger FGF--averaging 447% of GDP in 2024-2027. No official data is published on the stock of KIA's assets, and the authorities are prohibited by law from discussing the exact size of its holdings with outside parties. Without a law permitting the issuance of debt since 2017, the government typically relies on drawdowns from the GRF to fund its fiscal deficits.

We estimate the fiscal 2023/2024 budget deficit at 4.7% of GDP partly due to a sizable increase in expenditure, including plans for new public sector jobs; increases in pensions; permitting government employees to convert large outstanding vacation day balances into cash; and paying arrears that were due to the Ministries of Electricity and Oil. We estimate the fiscal 2024/2025 deficit will narrow to 3.1% of GDP; An OPEC+ related decline in oil production to 2.41 mbpd will be offset by lower expenditure as the one-off items within last year's budget are not repeated. We also expect the government to implement an excise tax package on tobacco and sugary drinks and changes to government subsidies and costs of government services.

Given the government's inability to issue debt and following the repayment of a $3.5 billion Eurobond in March 2022, we forecast government debt to average 5.5% of GDP in 2024-2027 with another $4.5 billion Eurobond due in 2027. We expect Kuwait's interest expenditure to remain low over the next three years, amounting to less than 0.5% of revenue on average. We account for 25% of fiscal deficit financing to be done via debt issuance from fiscal 2026/2027 and thereafter, which would require a debt issuance law to be passed by then. Prior to that taking place, we expect deficits will be financed via drawdowns from the GRF.

Kuwait posted a current account surplus in 2023 of 30% of GDP, supported by reasonably strong oil prices and despite a 7% decline in oil production volumes, as well an estimated $37 billion in primary income receipts, largely from returns on the large stock of KIA assets. We forecast the current account surpluses will average a still high 13% of GDP over 2024-2027. Given these large current account surpluses, primarily due to Kuwait's oil exports, we estimate that Kuwait's net external creditor position will average 610% of current account receipts over 2024-2027, which is among the strongest of all rated sovereigns.

We expect Kuwait's exchange rate will remain pegged to an undisclosed basket of currencies. We understand the basket to be dominated by the U.S. dollar, the currency in which most of Kuwait's hydrocarbon exports are priced and transacted. This monetary regime has served Kuwait well in containing inflation in the past, although we note that Kuwait's local currency debt markets are less developed than that of similarly rated peers.

Consumer price inflation (CPI) remained around 3.6% in 2023, down from 4% in 2022. We project it will moderate throughout the forecast period averaging 2.3% in 2024-2027. It is lower than in many developed and emerging markets with the difference partially explained by sizable government subsidies, particularly for energy and food staples, the high prices of which have been among the factors fueling inflation elsewhere, as well as the central bank's rate hikes; however, the house price inflation component of CPI remains high. The central bank has been raising rates and as of July 2023, it had raised the discount rate by a cumulative 2.75% (since March 2022) to 4.25% and since then has held firm at that level. This compares with a cumulative 5.0% increase of the U.S. Fed Funds rate to 5.25%.

We do not envisage significant contingent liabilities for the government from the banking sector in Kuwait, which has demonstrated strong resilience and financial soundness over the past few years (see "Banking Industry Country Risk Assessment: Kuwait," Oct. 31, 2023). We expect subdued credit growth in 2024 and 2025, rising in 2026-2027. The commercial real estate sector (mainly offices) and investment property market (primarily rental homes for expatriates) remain pressured by subdued demand and a weaker rental market, which are the commercial banks biggest source of nonperforming loans (NPLs). However, we believe banks' high provision buffers will allow them to limit the increase in NPL ratios by writing off NPLs, which are already at a very low level, and stood at 1.4% in December 2023.

Key Statistics

Table 1

Kuwait--Selected indicators

Mil. KWD	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Economic indicators (%)										
Nominal GDP (bil. KWD)	42	42	33	43	56	53	53	53	54	55

Table 1

Kuwait--Selected indicators (cont.)

Mil. KWD	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Nominal GDP (bil. $)	138	139	108	142	183	172	171	171	176	180
GDP per capita (000s $)	29.9	29.0	23.0	30.6	38.6	35.9	35.4	35.0	35.6	36.1
Real GDP growth	2.4	1.4	(5.3)	1.7	6.1	(1.8)	(2.3)	3.0	2.2	2.0
Real GDP per capita growth	(0.3)	(1.9)	(3.1)	2.6	3.7	(2.8)	(3.3)	2.0	1.2	1.0
Real investment growth	3.4	(2.6)	(10.0)	7.0	4.0	7.0	5.0	5.5	3.5	3.0
Investment/GDP	25.3	24.6	26.0	21.9	17.1	27.8	29.5	31.8	32.8	33.6
Savings/GDP	39.7	37.4	30.5	48.2	51.6	57.7	46.6	45.7	44.3	44.2
Exports/GDP	57.5	52.3	43.4	53.1	66.3	54.5	52.5	51.0	51.7	52.4
Real exports growth	(0.4)	(10.1)	(10.0)	(0.7)	12.3	(4.0)	(7.0)	3.6	4.0	3.8
Unemployment rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
External indicators (%)										
Current account balance/GDP	14.4	12.9	4.5	26.4	34.5	29.9	17.0	13.9	11.6	10.6
Current account balance/CARs	19.7	18.4	7.1	35.8	44.4	38.6	24.0	19.7	16.2	14.5
CARs/GDP	72.9	69.8	63.4	73.6	77.7	77.5	70.9	70.3	71.4	72.6
Trade balance/GDP	29.7	25.5	14.5	28.6	39.4	29.8	26.1	23.0	22.2	21.5
Net FDI/GDP	(2.5)	2.2	(7.2)	(2.9)	(13.0)	(5.3)	(4.8)	(4.8)	(4.7)	(4.6)
Net portfolio equity inflow/GDP	(3.9)	(30.0)	(34.8)	(36.4)	(10.3)	(12.9)	(8.0)	(7.0)	(7.0)	(7.0)
Gross external financing needs/CARs plus usable reserves	111.0	118.7	131.7	101.8	80.4	88.5	104.7	111.7	114.8	117.1
Narrow net external debt/CARs	(492.9)	(623.2)	(935.3)	(677.0)	(423.4)	(511.7)	(587.7)	(617.3)	(617.3)	(615.6)
Narrow net external debt/CAPs	(614.2)	(764.1)	(1,006.8)	(1,055.4)	(761.9)	(833.2)	(773.6)	(768.9)	(736.8)	(720.4)
Net external liabilities/CARs	(600.4)	(693.4)	(1,078.6)	(739.6)	(477.5)	(573.1)	(659.7)	(701.5)	(708.9)	(714.9)
Net external liabilities/CAPs	(748.2)	(850.2)	(1,161.1)	(1,153.0)	(859.3)	(933.2)	(868.4)	(873.8)	(846.1)	(836.6)
Short-term external debt by remaining maturity/CARs	44.6	52.0	63.1	50.3	33.0	39.3	43.5	48.3	48.6	49.1
Usable reserves/CAPs (months)	1.9	1.8	2.4	2.3	2.2	2.7	2.2	2.3	2.2	2.1
Usable reserves (mil. $)	12,142	12,568	12,986	14,448	18,396	17,067	18,168	19,255	19,498	19,751
Fiscal indicators (general government; %)										
Balance/GDP	(3.1)	(9.3)	(32.7)	(10.1)	11.5	(4.7)	(3.1)	(4.2)	(4.0)	(3.8)

Table 1

Kuwait--Selected indicators (cont.)

Mil. KWD	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Change in net debt/GDP	27.0	(67.5)	(40.7)	(31.3)	50.9	(47.6)	(30.8)	(27.5)	(21.8)	(22.6)
Primary balance/GDP	(2.6)	(8.8)	(32.3)	(9.9)	11.7	(4.6)	(2.9)	(4.1)	(3.8)	(3.6)
Revenue/GDP	49.3	40.9	32.0	43.5	51.4	44.5	43.8	43.3	44.1	45.0
Expenditures/GDP	52.4	50.2	64.7	53.7	40.0	49.3	47.0	47.5	48.1	48.8
Interest/revenues	1.1	1.2	1.4	0.6	0.4	0.4	0.4	0.4	0.3	0.4
Debt/GDP	14.2	10.6	10.5	7.5	4.8	4.9	4.9	4.9	5.7	6.5
Debt/revenues	28.9	26.0	32.8	17.2	9.3	11.1	11.2	11.3	13.0	14.4
Net debt/GDP	(363.9)	(428.1)	(588.2)	(484.1)	(318.9)	(385.9)	(418.0)	(445.9)	(455.9)	(467.3)
Liquid assets/GDP	378.1	438.7	598.7	491.6	323.7	390.8	423.0	450.8	461.6	473.8
Monetary indicators (%)										
CPI growth	0.6	1.1	2.1	3.4	4.0	3.6	2.8	2.3	2.0	2.0
GDP deflator growth	11.3	(0.5)	(17.5)	27.7	23.3	(4.0)	2.0	(3.0)	0.5	0.5
Exchange rate, year-end (KWD/$)	0.30	0.30	0.30	0.30	0.31	0.31	0.31	0.31	0.31	0.31
Banks' claims on resident non-gov't sector growth	3.9	4.4	(3.8)	5.3	8.0	2.4	3.0	3.0	5.0	5.0
Banks' claims on resident non-gov't sector/GDP	92.6	95.8	117.9	95.5	78.8	85.5	88.4	91.2	93.2	95.5
Foreign currency share of claims by banks on residents	N/A	N/A	N/A	N/A	0.0	0.0	N/A	N/A	N/A	N/A
Foreign currency share of residents' bank deposits	6.0	5.8	3.4	3.7	3.8	3.7	N/A	N/A	N/A	N/A
Real effective exchange rate growth	(2.3)	1.6	(0.7)	(0.5)	3.7	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. General government revenues adjusted by including investment incomes from Sovereign Wealth Fund. 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	Kuwait has traditionally had a three-pillared governance structure with the executive and cabinet led by the Emir, a vocal elected parliament, and a judiciary. Kuwait's parliament and cabinet often clashed, making important decisions difficult and frequently resulting in policy paralysis. On May 10, 2024, the Emir suspended parliament for a period of up to four years and the constitution was put under review. While this impacts upon longstanding checks and balances within the system, it should lead to faster reform momentum. Kuwait has accumulated very large savings within its sovereign wealth fund, but expenditure pressures are high.
Economic assessment	3	Based on GDP per capita (US$) and growth trends as per Selected Indicators in Table 1.
		Kuwait's per capita GDP growth is currently negative and below that of peers.
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 that the sovereign's net external liability position is more favourable 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 Indicatorsin Table 1.
		Kuwait has substantial net savings accumulated within the sovereign wealth fund, the Kuwait Investment Authority (KIA), estimated at over 400% of GDP as of 2024.
		Kuwait has a volatile revenue base, as over 80% 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 interestexpenditures (% 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	
Notches of supplemental adjustments and flexibility	1	We estimate that 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.

Table 2

Kuwait--Ratings score snapshot (cont.)

Key rating factors	Score	Explanation
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 Ratings History, June 6, 2024
- Sovereign Ratings List, June 6, 2024
- Sovereign Ratings Score Snapshot, June 6, 2024
- While Potentially Affecting Checks And Balances, Kuwait's Dissolution Of Its Parliament Could Speed Up Reforms, May 14, 2024
- Global Sovereign Rating Trends First-Quarter 2024, April 16, 2024
- A Wider Middle East Conflict Remains Outside Our Base Case Despite Iran's Military Action, April 15, 2024
- Sovereign Risk Indicators, April 8, 2024. An interactive version is also available at www.spratings.com/sri.
- Default, Transition, and Recovery: 2023 Annual Global Sovereign Default And Rating Transition Study, March 27, 2024
- Sovereign Debt 2024: EMEA Emerging Market Borrowing To Slow To $492 Billion As The Cycle Turns, Feb. 27, 2024
- S&P Global Ratings Revises Its WTI And Brent Price Assumptions For 2025 And Beyond On Anticipated Oversupply, March 11, 2024
- Sovereign Debt 2024: EMEA Emerging Market Borrowing To Slow To $492 Billion As The Cycle Turns, Feb. 27, 2024

- GCC Banking Sector Outlook 2024: A Relative Bright Spot Among Emerging Markets, Jan. 31, 2024
- Sustainability Insights: GCC Sovereigns Can Manage Physical Climate Risks For Now, Dec. 11, 2023
- Banking Industry Country Risk Assessment: Kuwait, Oct. 31, 2023
- Energy Transition: Competitive Advantages Shield GCC Sovereigns, March 8, 2023
- Global Aging 2023: The Clock Ticks, Jan. 18, 2023

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