S&P Grants Saudi Arabia a Credit Rating of A- with a Stable Outlook

Standard & Poor's Global Rating Agency kept Saudi Arabia’s credit rating at A- with a stable outlook, expecting a recovery in growth until 2024 driven by higher oil prices, easing OPEC production quotas and increasing vaccination rates in Saudi Arabia.

According to the agency, after the effect of Covid-19 pandemic on the economy, the Kingdom of Saudi Arabia returned to ambitious investment projects linked to its strategy to reduce the economy’s dependence on oil, as the Public Investment Fund and other entities in the oil and non-oil sectors are making significant investments.

The rating agency expects Saudi Arabia’s deficit levels to decline, and real GDP growth is expected to average 2.4 percent after contracting by 4.1 percent in 2020.

Higher oil prices will be offset in part by constrained annual Saudi oil production volumes. However, the monthly easing of quotas until 2021 and 2022 will support the Saudi oil sector and the economy.

The agency revealed that the total debt is expected to continue to increase until 2024 as the deficit is partially financed by the issuance of public debt, although Saudi Arabia will remain in the net asset position in its financial and external balances. Also, the reserves between 2021 and 2024 are expected to cover an average of 15 months of current account payments. Announcing that the significant enhancement of the net asset position or the improvement in growth prospects may lead to a credit rating upgrade.

Source (Al-Arabiya.net website, Edited)
The data issued by the Central Bank of Kuwait showed that the volume of foreign direct investment declined during the first quarter of 2021 by about 3.16 percent on an annual basis. According to the quarterly statistics issued by the Central Bank, the foreign direct investment in Kuwait recorded $4,167 billion dinars during the first three months of this year, compared to $4,303 billion dinars during the same period in 2020, while the foreign investment decreased on a quarterly basis by 0.14 percent, as it reached $4,173 billion dinars during the fourth quarter of last year (Mubasher).

CBK revealed that the international investment position of Kuwait (includes total assets minus liabilities) amounted to $22.618 billion dinars in the first quarter of 2021, a decline of 14.91% from its level in the corresponding quarter of 2020 of $26.582 billion dinars.

On the other hand, Kuwait's total external debt increased during the first quarter of 2021, including the external debt balances of the government and the private sector, by 8.63 percent on an annual basis. The value of Kuwait’s total external debt amounted to $19,549 billion dinars during the first quarter of this year, compared to $17,996 billion dinars in the corresponding quarter of 2020, while on a quarterly basis, the volume of external debt increased during the first three months of 2021 by 24.97 percent, as it was at $15,641 billion dinars in the fourth quarter of 2020.