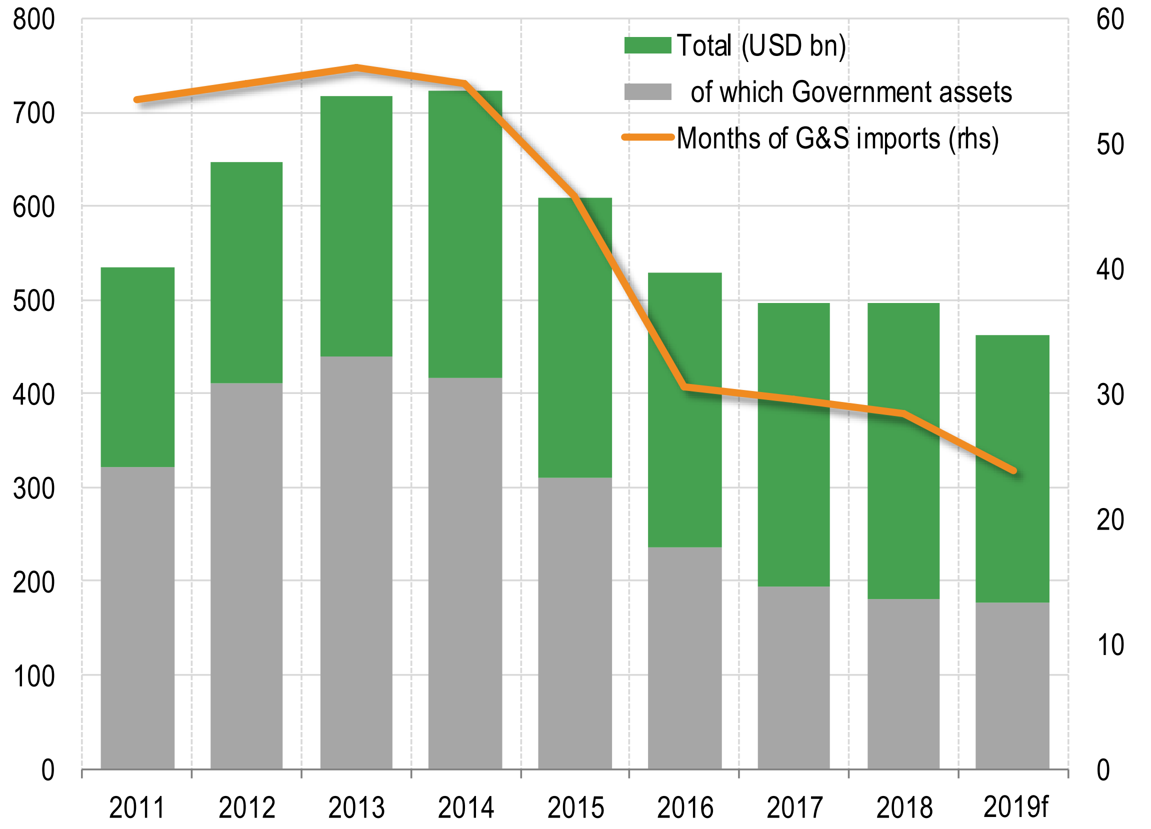
Saudi Arabia: SAMA FX liquidity remains solid

External liquidity is comfortable even though the recent years have been less favourable for external asset accumulation. Years of very high current account surpluses (almost 20% of GDP on average during 2005-2014) have resulted in a high level of FX assets at the central bank.

In the short term, SAMA FX assets are expected to decline for two reasons:

- More than a third of reserves (USD 181bn in 2018) are government assets used to finance part of the fiscal deficit.
- The decline in oil production linked to the strike on oil facilities (September 14th) should turn the current account surplus into deficit (0.4% of GDP in 2019).

At end-2019, SAMA FX reserves should reach around USD 470 bn (24 months of imports of goods & services). This amount is sufficient to ensure the peg of the Saudi rial to the USD.



Source: SAMA, BNP Paribas