

Oman

Credit Rating: BB+

Bond: Oman 28

Outlook: Stable

Indicative Yield (as of 01-13-2025): 5.671%

Country Overview

- Oman's economy relies primarily on its oil and gas sector. Around 68% of the government's income comes from oil and gas alone.
- As of 2023, Oman's main trading partners were China (34.7% of total trade), the UAE (9.4%), and Saudi Arabia (7.2%).

Macro Fundamentals

- Overall GDP growth is expected to increase by 3.1% amid elevated oil prices, the development of the services industry, and continuous diversification from the oil and gas sector.
- Oman's current account surplus could remain around 2% despite Brent oil moving lower, given that gas exports will likely help offset the drop in oil revenues.
- FX reserves remain at five months of imports, which is a comfortable buffer that ensures the stability of its currency. FX reserves are expected to increase amid a positive balance of payments and decreased interest payments resulting from debt deleveraging.

Risk & Catalysts

- Although other credit agencies maintained Oman's credit rating at BB+ after S&P upgraded its rating to investment grade, other credit agencies are expected to follow suit, given that Fitch has changed its outlook to positive.
- Oman's foreign policy is neutral, making it insulated from tensions within the Middle East.
- Its reliance on oil and gas makes it susceptible to drastic declines of oil and gas prices.
- Oil reserves are estimated to be depleted in about 15-20 years given the current rate of production.

Key Macro Indicators

	FY2021	FY2022	FY2023	FY2024	2025F
Real GDP Growth	3.1%	4.3%	1.3%	1.2%	3.1%
Inflation Rate	1.7%	2.5%	0.9%	1.3%	1.5%
Policy Rate	0.5%	5.0%	6.0%	5.0%	--
Fiscal Balance/GDP	-3.1%	10.1%	5.9%	3.7%	3.6%
Debt-to-GDP	61.9%	40.9%	36.5%	34.1%	33.6%

Source: IMF

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