



Fiscal Performance

Monthly Bulletin Published by the Ministry of Finance

As of end- July 2021		As of end- July 2022
954	Average of Daily Oil Production (Thousand bbl)	1,042
54	Average Oil Price (US\$ per barrel)	89
2,639	Net Oil Revenue (RO Million)	3,827

Fiscal Performance at the End of July 2022

RO Million

2021		2022	Change (%)
5,215	Revenue	8,003	53.5%
6,420	Expenditure	6,984	8.8%
(1,206)	Deficit/Surplus	1,019	-

Preliminary Data

Fiscal Performance (As of end-July 2022)

Public Revenue

RO Million

At the end of July 2022, public revenue amounted to RO 8,003 million, up by 53.5% compared to RO 5,215 million registered over the same period in 2021.

This is mainly due to:

Statement (As of end-July)	2021	2022	Change (%)
Net Oil Revenue	2,639	3,827	45%
Gas Revenue	935	2,056	119.9%
Current Revenue	1,615	2,107	30.5%
Capital Revenue & Repayments	26	13	-
Total	5,215	8,003	53.5%

- 01** An increase in average oil prices to US\$ 89 per barrel compared to US\$ 54 per barrel registered over the same period in 2021.
- 02** An increase in average oil production to 1,042 thousand barrels per day compared to 954 thousand barrels per day registered over the same period in 2021.
- 03** An increase in total oil and gas revenue to RO 5,883 million compared to RO 3,574 million registered over the same period in 2021.
- 04** An increase in current revenue to RO 2,107 million, including RO 584 million of dividends received from Oman Investment Authority.

Public Spending

By the end of July 2022, public spending amounted to RO 6,984 million, up by 8.8% compared to RO 6,420 million registered over the same period in 2021. This is due to:

- 01** An increase in development expenditure to RO 479 million compared to RO 375 million disbursed over the same period 2021.
- 02** An increase in current expenditure to RO 5,430 million compared to RO 4,838 million registered over the same period in 2021.
- 03** An increase in total contributions and other expenses to RO 1,020 million compared to RO 462 million registered over the same period in 2021.

Deficit / Surplus

At the end of July 2022, the budget achieved a surplus of RO 1,019 million as compared to a deficit of RO 1,206 million over the same period in 2021. This is driven by an increase in public revenue compared to public spending.

Liability Management Exercise & Reducing Public Debt:

By the end of August 2022, total public debt amounted to RO 18.4 billion, down by RO 2.4 billion compared to the end of 2021.

Oman's liability management exercise reduces public debt by RO 2.4 billion as of end-August 2022. This was achieved through:



Buy-back some of sovereign bonds for less than its nominal value.



Prepayment of high cost loans.



Issuance of government Sukuk in Muscat Stock Exchange at preferable rate.

Outcomes:



Reduce total public debt to RO 18.4 billion by the end of August 2022.



Enhance investors' confidence.



Achieve saving on debt servicing cost of around RO 127 million.



Improve Oman's credit ratings.



Public-Private Partnership (PPP)

Al Taafi Suhar Center

Project Background

The Ministry of Finance (MOF), in coordination with the Ministry of Health (MoH), seeks to operate, expand and manage Al Taafi Suhar Center (TSC) as a Center of Excellence (CoE) to provide treatment and rehabilitation for drug addicts and psychotropic substances abusers. The role of private sector will be as follows:

Provision of treatment services for drugs and psychotropic substances addicts.

Provide psychological and social rehabilitation services.

Develop the existing buildings of TSC in accordance with CoE standards.

Construct additional building to the TSC with aim to provide detoxification services.

Provide community care to Omani patients.

Project Scope

- Design • Construction • Finance
- Operation • Maintenance

Stakeholders

- Ministry of Health
- Private Sector

Economic and Social Impacts



Drawing upon the expertise and capabilities of private sector.



Raising awareness against the danger of drugs addiction.



Providing advanced treatment services.



Building a safe and protected community to prevent drug abuse.

Project Implementation Stages



Feasibility Study



Procurement



Contract Award



Contract Signature

The MOF has announced the OEI to operate Al Taafi Suhar Center. For further information, please visit MOF website:

www.mof.gov.om

Global Economy

According to Fitch Ratings' Global Economic Outlook - June 2022, global inflation pressures continue to intensify, with increasingly adverse implications for the growth outlook. Recent Covid-19-related lockdowns in China are adding to global manufacturing supply-chain pressures. Energy and food supply disruptions from the Russia-Ukraine war are having a swifter impact on European inflation than expected. The agency pointed out that inflation forecasts have been revised up widely, particularly for Europe in 2H-2022. Fitch Ratings has cut its world GDP growth forecast for 2022 by 0.6 pp since the March 2022 Global Economic Outlook (GEO) to 2.9%. The biggest revision is to China where the agency expects growth to fall to 3.7% this year, down from 4.8% in March. It has lowered its forecasts for growth in the US by 0.6 pp to 2.9% and the Eurozone by 0.4 pp to 2.6%. Fitch Ratings has also cut world growth in 2023 by 0.1 pp to 2.7%.

Global Oil Market

According to the August Short-Term Energy Outlook report issued by the U.S. Energy Information Administration (EIA), the global oil market experienced a slight decline in demand during the 2Q22. Oil demand fell by 0.7 million b/d compared to the 1Q-2022. However, oil demand and supply are expected to increase by 1.2 million b/d and 2.1 million b/d, respectively during 3Q-2022. OPEC's data indicates that oil demand declined by 0.8 million b/d during the 2Q-2022 but the demand is expected to rise by 1.4 million b/d - 2.3 million b/d during the 3Q-2022.

National Economy

Various credit rating agencies have upgraded Oman's credit rating during 2021 and 2022, and improved the outlook. **The improvement in the credit rating is attributable to the followings:**

Ongoing fiscal consolidation measures.

Higher oil prices.

Improvement in monetary indicators.

A decline in public debt risks.

FitchRatings

S&P Global

MOODY'S

Upgraded its rating to "BB"

Upgraded its rating to "BB-"

Affirmed its rating at "Ba3"

August 2022

April 2022

October 2021