Research Update:

Oman Outlook Revised To Positive On Strengthening Fiscal Position; 'BB+/B' Ratings Affirmed

March 29, 2024

Overview

- The Omani government, along with many state-owned enterprises, further deleveraged its balance sheet over 2023, a process which, in our view, has further to run.
- We believe the government's fiscal and economic reforms, especially those aimed at achieving operational efficiencies and stronger financial profiles for state-owned enterprises, will continue.
- We therefore revised our outlook on Oman to positive from stable and affirmed the 'BB+/B' ratings.

Rating Action

On March 29, 2024, S&P Global Ratings revised its outlook on Oman to positive from stable. At the same time, we affirmed our 'BB+/B' long- and short-term foreign and local currency sovereign credit ratings on Oman. The transfer and convertibility assessment is 'BBB-'.

Outlook

The positive outlook reflects our view that the government's balance sheet will strengthen and the economic reform program could lead to faster-than-expected deleveraging in many state-owned enterprises, without dampening economic growth outcomes. This would strengthen the economy's resilience to adverse oil price shocks.

Upside scenario

We could raise the ratings over the next 18 months if Oman's fiscal position strengthens further--for instance from a continued reduction in government debt--and the state-owned enterprise sector continues deleveraging. A stronger economic growth trajectory could also contribute to an upgrade.

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Downside scenario

We could revise the outlook to stable if fiscal and economic reform implementation slows, or if we were to expect a sustained period of less favorable terms of trade to result in budget deficits or a worse external position compared with our current forecasts.

Rationale

The outlook revision reflects ongoing improvements in Oman's government balance sheet. We estimate the government's budget surplus over 2023 at 2.6% of GDP. Net government debt declined to an estimated 2.4% of GDP compared with 7.7% in 2022. With forecast budget surpluses averaging 1.2% of GDP over 2024-2027, supported by our assumption that the Brent oil price will average $85 per barrel (/bbl) in 2024 before modestly decreasing to $80/bbl through 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), the government is well placed to continue reducing external debt or accumulate assets.

State-owned enterprises (SOEs) significantly influence the Omani economy, in both the hydrocarbon and non-hydrocarbon sectors. Oman effectively reorganized its SOE sector as part of a broader structural reform program. The government is reducing its footprint in the economy, to move from owner to regulator, via asset sales to help develop the non-hydrocarbon private sector and attract foreign direct investment. We view the reorganization of the government-related entity (GRE) sector as increasing government oversight, while enabling conditions to be imposed on the individual companies to enhance efficiency and improve their financial positions. Total SOE debt decreased to $33.9 billion (31% of GDP) at year-end 2023 from $34.3 billion (31% of GDP) at year-end 2022, after peaking at $35.9 billion (41% of GDP) at year-end 2021. We expect SOE debt to remain broadly flat in nominal terms, but reforms could lead to deleveraging in 2024 and 2025.

We estimate that real GDP growth decelerated to 1.6% in 2023, from a hydrocarbon-driven 9.6% in 2022, because of voluntary oil production cuts. We expect growth to average about 2% a year over 2024-2027. In the past, public sector spending and investment were significant drivers of growth. Continued deleveraging by the government and in the GRE sector could dampen growth, in the absence of economic reform measures to improve private-sector performance.

Even with reform efforts over the past three years, Oman's economy remains dependent on the oil sector, which accounts for about 30% of GDP, 60% of goods exports, and 75% of government revenues.

Institutional and economic profile: Higher hydrocarbon production will support growth in 2025 and 2026

- We expect the government's fiscal and economic reform momentum will continue over 2024-2027.
- We forecast real GDP will expand by about 2% per year on average over 2024-2027.
- Oman's foreign policy is likely to remain broadly neutral, with limited spillover effects on the country in the event of regional geopolitical conflicts.

At the start of Sultan Haitham bin Tariq's reign, in early 2020, Oman faced significant structural challenges--including high budget and external deficits, subdued economic growth, and relatively high youth unemployment--all exacerbated by the pandemic and the related sharp drop in oil prices.

Since then, the government has introduced measures to address governance and public finance issues. Along with the introduction of value-added tax (VAT), these include gradual cuts to electricity and water subsidies and a tighter rein on capital and current spending. The authorities have made strides in improving transparency and data disclosure, including by publishing quarterly real GDP data, a yearly international investment position, and an IMF Article IV.

GREs have also been reorganized:

- Oman Investment Authority (OIA) was established in 2020 to better manage the government's financial assets and public enterprises. Most of Oman's GREs are now managed by OIA including OQ (formerly Oman Oil Company) and NAMA Holding (responsible for electricity, water, and wastewater services) among many others. The assets of the State General Reserve Fund (SGRF) and Oman Investment Fund (OIF) were merged under the OIA. OIA aims to leverage the management expertise within SGRF and OIF and to enhance the governance and financial efficiency of the GRE sector.
- Energy Development Oman (EDO) was established in December 2020 to help realize efficiencies and pursue new growth opportunities in Oman's energy sector. The government transferred its ownership of Petroleum Development of Oman and its 60% stake in the Block 6 oil concession to EDO in 2021. Block 6 is the country's largest oil and gas field.
- In December 2022, the government established Integrated Gas Company (IGC) to oversee the gas industry along the similar lines as EDO's oversight of the oil sector.

We expect the government to broadly continue with its fiscal reform program. However, because oil prices are still high, it has the flexibility to moderate some measures, to support economic activity and reduce the effects of past austerity on the population. For example, electricity subsidies will be cut more gradually, over 10 years, instead of the initially-planned five. To limit the impact of food price inflation, the authorities expanded the list of VAT exemptions to 488 items from 93. They also reduced work visa fees for expatriates to encourage private sector activity and lowered or canceled several municipality and services fees while also streamlining them.

We expect OPEC+ related oil production cuts to keep economic growth low at about 1.4% in 2024. Oman is a voluntary adherent to the OPEC+ agreement. We expect hydrocarbon sector output to be broadly flat, with the decline in oil production mitigated by an increase in condensate and gas production. A likely increase in hydrocarbon production should spur growth in 2025 and 2026. We forecast the non-hydrocarbon economy will expand by about 2%. Credit conditions in Oman remain accommodative and credit to the private sector should help support non-hydrocarbon sector growth in 2024, as it did in 2023.

We understand that entities under the OIA and EDO will undertake most large investment projects in Oman in the coming years. We expect the related funding to be deployed over several years without undermining the entities' credit standings. Indeed, notwithstanding OIA companies' investments, on a consolidated basis we expect the parent company to continue to deleverage.

The government also launched the Future Fund Oman to invest in the non-hydrocarbon economy and attract foreign investment. The fund will be partially funded by Omani rial (OMR)400 billion (about $1,000 billion) in investment income and asset drawdowns from the OIA, formerly part of the government's revenues, each year for the next five years.

The $7 billion refinery and oil storage project in Duqm, OQ8, a joint venture between OQ and Kuwait Petroleum International, was completed in early 2024. OQ8 expects to process about 230,000 barrels of crude oil per day, making it an important contributor to Oman's economy and reducing its dependence on refined petroleum product imports. Diesel, jet fuel, naphtha, and liquefied petroleum gas are to be its primary products. The largest investment projects currently undertaken by other OIA companies are in the energy sector, expanding downstream, renewables, and electricity transmission and generation capacity.

In 2022, Oman announced a net zero emissions target date of 2050 (see "GCC Sustainability Targets Are Unlikely To Shake Up Local Energy Markets," published April 11, 2022). The development of hydrogen production, and its replacement of gas in electricity generation, is expected to contribute to this goal and could lead to significant investment. Powered by renewable electricity, hydrogen will be extracted from desalinated sea water. Oman has the potential to develop low-cost solar and wind energy, but renewables currently represent a very small share of power generation in the country (see "Gulf Nations Invest To Accelerate Deployment Of Renewable Energy," Feb. 27, 2023). In 2023, OQ completed a project in Salalah with production capacity of 1,000 metric tonnes per day of liquid ammonia. The ammonia is expected to be exported but could also be used in the production of green hydrogen.

Although GDP per capita is comparatively high at $21,200 in 2024, Oman's real GDP per capita growth has consistently underperformed that of similarly wealthy countries. Historically, population growth has been high due to migrant inflows. The population expanded by 4.7% in 2023 and 9% in 2022, driven by an influx of expatriates returning after the pandemic. We expect more to return and the population to rise by 2% per year on average over 2024-2027. The government recently lowered the wage threshold required for expatriates to bring their families to Oman.

We expect Oman will maintain good relations with neighbors, preserving its traditional role as a neutral player and mediator in the region. We no longer factor into the rating potential support from neighboring Gulf Cooperation Council (GCC) countries. In our view, Oman's improving creditworthiness makes it less likely this support would be required.

Flexibility and performance profile: We forecast general government budget surpluses to average about 1.2% of GDP over 2024-2027

- Government reform efforts and favorable oil prices should support budget surpluses.
- Despite favorable terms of trade over 2024-2027, usable reserves will remain largely unchanged, partly due to government debt repayments.
- We expect Oman will maintain its currency peg, supported by its accumulated government external assets of about 35% of GDP.

Oman achieved twin surpluses in 2022 and 2023, following seven years of sometimes substantial budget and current account deficits.

The Omani authorities' fiscal reforms continue, with ongoing cuts to electricity, water, and waste management subsidies (as those entities work on cost optimization); public wage reforms; rationalization of capital spending; and a potential new personal income tax on high earners. The latter would be a first for the GCC region. As a result, we expect it will be introduced gradually and be relatively low. Nevertheless, we believe it is still possible that additional measures and continued rationalization of expenditure could face domestic resistance; rare for Oman, small public protests broke out in May 2021 following the introduction of consolidation measures.

While revenue will remain concentrated on oil and gas receipts, the Omani government has continued to reduce the budget's reliance on them in line with its medium-term fiscal plan, currently being updated. We expect the government will focus on improving corporate tax administration and collection to strengthen non-hydrocarbon receipts. It is less likely that government fees or the VAT rate will be raised over our forecast period to 2027. We also do not expect personal income tax on high earners to be introduced before 2025.

With the establishment of EDO and IGC, oil and gas revenues now show on the government's budget net of related spending items, which aligns with practices followed in other countries in the Gulf region.

We forecast Oman will be in a small net general government asset position by 2025, with a reduction in gross government debt to 31% of GDP by 2027, from 36% of GDP in 2023. At the same time, we estimate Omani government liquid assets will be maintained at 33% of GDP on average to 2027. Our estimate of liquid assets includes government deposits in the banking system and liquid assets in the OIA and the Petroleum Reserve Fund.

The government has started centralizing revenue and expenditure accounts of different ministries with a Treasury Single Account (TSA) to improve oversight on spending. Ministries and entities will be added gradually. We understand that government assets in the domestic banking sector are spread among different banks and accounts and will not be centralized; only new balances from January 2024 will be part of the TSA. Government deposits constitute about 20% of total deposits in the banking system and almost 40% of the government's liquid assets.

We see risks to the sovereign balance sheet from GREs' moderate debt stock (excluding EDO), representing about 27% of Oman's GDP, about 56% of which is denominated in foreign currencies. We exclude EDO from our assessment of contingent liabilities because we view it as having a relatively strong financial position. We understand the government expects most GREs to deleverage modestly over the coming years, even considering additional project financing. There is a risk to this happening if the government shifts the onus of investing in the economy to GREs. The OIA has a mandate to improve the governance and financial efficiency of its subsidiaries and the authorities plan to privatize several GREs.

Thanks to supportive oil prices, we project current account surpluses of 1.2% of GDP on average over 2024-2027. Oman usually runs deficits on its transfer, income, and services balances, mitigated by a surplus on trade in goods, which largely depends on developments in the hydrocarbons sector. Like the budget balance, the current account posted deficits, sometimes in the double digits, in the previous seven years when oil prices were lower. China is Oman's main export market for oil at about 45% of exports, followed by India at just under 10%.

High oil receipts in 2021 led to a nearly $5 billion increase in gross foreign currency reserves to about $20 billion. Despite surpluses in 2022 and 2023, gross reserves declined to about $18 billion, mainly because of lower government foreign currency debt issuance and external debt repayments. We expect reserves to remain at about $18 billion over 2024-2027.

In our view, Oman's monetary policy flexibility is limited because the rial is pegged to the U.S. dollar. That said, the peg has served as an anchor for inflation expectations, particularly because contracts for oil are typically priced in dollars. We expect the peg to continue to be supported by Oman's relatively high foreign currency reserves and government external assets. Inflation decelerated to 0.9% in 2023 after hitting 2.5%, the highest in 10 years, in 2022 following the implementation of VAT and cuts in utility subsidies. We expect inflation will remain moderate, averaging about 1.5% per year over 2024-2027.

We anticipate that the Central Bank of Oman (CBO) will follow the U.S. Federal Reserve's interest rate policy, given the currency peg. The CBO's key policy rate, the repo rate, has increased to 6%. Inter-bank rates have followed to about 5.7%. Despite this, transmission of policy rates to lending and deposit rates remains weak. With low inflation, restrained government spending, and interest rates below the CBO's policy rate, credit conditions are accommodative. Credit to the private sector expanded 4.7% in 2023 and 4.2% in 2022. We expect credit growth will remain at about 5% in 2024.

Favorable oil sector dynamics, coupled with higher non-hydrocarbon output driven by domestic demand and the performance of key sectors such as tourism, transportation (mainly shipping), and utilities, should sustain Oman's real economic growth over 2023-2026. Systemwide stage 2 loans declined to 16.4% on Dec. 31, 2023, from 17.5% at year-end 2022. Stage 2 loans could drop further if key sectors, such as construction, fully recover. We estimate the systemwide nonperforming loan ratio peaked at 4.5% at year-end 2023 and will stabilize at that level in 2024, compared with 4.4% in 2022. However, Oman's economic structure constrains the banking sector's overall creditworthiness. Given their importance to the economy, Omani banks have a high exposure to GREs, while the economy's high dependence on the hydrocarbon sector adds volatility to banking sector performance. Banks also have exposure to real estate-related activities--mainly construction and commercial real estate--which remain under stress. Nevertheless, the banking sector is well regulated. The CBO is generally an early adopter of international regulations. It has a sound track record of taking proactive and corrective actions to reduce banks' vulnerability to financial crises. Omani banks also benefit from a stable core deposit base, with limited reliance on external funding.

Key Statistics

Table 1

Oman--Selected indicators

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Economic indicators (%)										
Nominal GDP (bil. LC)	35.2	33.9	29.2	33.6	43.0	42.0	42.9	43.2	44.1	45.0
Nominal GDP (bil. $)	91.5	88.1	75.9	87.3	111.9	109.2	111.6	112.3	114.8	116.9
GDP per capita (000s $)	19.9	18.9	17.0	19.3	22.7	21.1	21.2	20.9	21.0	21.1
Real GDP growth	1.3	(1.1)	(3.4)	2.6	9.6	1.6	1.4	2.3	2.2	1.9
Real GDP per capita growth	0.4	(2.5)	0.8	1.3	0.6	(3.0)	(0.6)	0.3	0.7	0.4
Real investment growth	0.5	(10.4)	1.8	(15.7)	2.5	1.5	1.5	1.5	1.5	1.5
Investment/GDP	31.7	26.9	27.6	27.9	26.9	27.4	27.2	27.3	27.0	26.9
Savings/GDP	27.1	22.3	11.5	22.4	31.9	29.4	28.6	28.3	28.3	28.2
Exports/GDP	50.6	49.5	47.1	49.4	59.2	56.2	54.8	55.0	54.6	54.2
Real exports growth	2.8	1.9	(14.6)	12.2	16.5	(4.0)	(1.0)	2.5	1.5	1.0
Unemployment rate	1.8	2.8	2.5	1.9	3.3	3.2	3.2	3.2	3.2	3.2
External indicators (%)										
Current account balance/GDP	(4.6)	(4.6)	(16.2)	(5.5)	5.0	2.0	1.3	1.0	1.3	1.3
Current account balance/CARs	(8.9)	(9.0)	(33.5)	(9.9)	8.0	3.4	2.3	1.8	2.2	2.3
CARs/GDP	51.9	51.0	48.2	55.2	62.9	60.2	58.7	58.9	58.5	58.0
Trade balance/GDP	19.8	20.7	10.6	18.7	28.0	24.2	23.4	23.3	23.1	22.9
Net FDI/GDP	6.0	2.9	3.6	8.7	4.1	2.5	2.5	2.5	2.5	2.5

Table 1

Oman--Selected indicators (cont.)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Net portfolio equity inflow/GDP	(2.4)	0.3	(1.0)	(1.5)	1.2	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Gross external financing needs/CARs plus usable reserves	129.4	127.1	159.5	136.4	110.1	110.4	113.0	113.8	113.5	113.4
Narrow net external debt/CARs	26.6	36.8	65.8	51.9	24.7	18.5	17.7	16.6	15.1	13.8
Narrow net external debt/CAPs	24.5	33.7	49.2	47.3	26.9	19.2	18.2	16.8	15.4	14.1
Net external liabilities/CARs	26.5	33.9	69.9	64.2	35.5	34.5	37.0	38.2	39.7	41.2
Net external liabilities/CAPs	24.3	31.1	52.3	58.4	38.6	35.7	37.8	38.8	40.5	42.1
Short-term external debt by remaining maturity/CARs	36.3	40.6	54.4	44.1	34.6	30.1	31.4	31.2	30.8	30.6
Usable reserves/CAPs (months)	1.3	2.0	1.6	1.4	2.0	1.8	1.8	1.7	1.6	1.6
Usable reserves (mil. $)	7,969	6,510	6,216	10,527	9,765	9,345	9,093	8,946	8,908	8,867
Fiscal indicators (general government; %)										
Balance/GDP	(7.5)	(8.3)	(16.8)	(5.2)	2.3	2.6	1.4	1.1	1.2	1.2
Change in net debt/GDP	7.3	7.0	10.1	3.7	(8.0)	(5.5)	(1.4)	(1.1)	(1.2)	(1.2)
Primary balance/GDP	(5.8)	(6.3)	(13.7)	(2.0)	4.8	5.1	3.7	3.3	3.3	3.3
Revenue/GDP	32.4	32.6	28.9	33.0	34.2	29.3	28.7	28.5	28.7	28.7
Expenditures/GDP	39.9	40.9	45.7	38.2	31.9	26.7	27.3	27.4	27.5	27.5
Interest/revenues	5.4	6.2	10.6	9.5	7.3	8.6	8.2	7.9	7.5	7.2
Debt/GDP	44.0	51.9	67.9	61.9	40.9	36.4	34.5	33.5	32.1	30.7
Debt/revenues	135.8	159.3	235.2	187.6	119.6	124.2	120.0	117.5	111.8	106.9
Net debt/GDP	0.6	7.6	19.0	20.2	7.7	2.4	0.9	(0.1)	(1.3)	(2.5)
Liquid assets/GDP	43.4	44.3	48.9	41.7	33.2	34.0	33.5	33.6	33.4	33.3
Monetary indicators (%)										
CPI growth	0.9	0.5	(0.4)	1.7	2.5	0.9	1.5	1.5	1.5	1.5
GDP deflator growth	11.7	(2.7)	(10.8)	12.1	17.0	(4.0)	0.8	(1.6)	0.0	(0.0)
Exchange rate, year-end (LC/$)	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38
Banks' claims on resident non-gov't sector growth	5.8	2.8	2.7	4.3	3.9	4.9	6.0	6.0	5.5	5.5
Banks' claims on resident non-gov't sector/GDP	66.8	71.3	85.0	77.1	62.4	67.2	69.6	73.4	75.7	78.4
Foreign currency share of claims by banks on residents	16.9	17.6	19.1	21.4	17.7	12.9	12.9	12.9	12.9	12.9
Foreign currency share of residents' bank deposits	15.1	12.3	12.5	12.3	12.2	17.6	17.6	17.6	17.6	17.6

Table 1

Oman--Selected indicators (cont.)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Real effective exchange rate growth	(2.7)	1.0	(2.6)	(3.4)	5.6	0.0	0.0	0.0	0.0	0.0

Sources: National Centre for Statistics Information, Ministry of Finance, and Central Bank of Oman (economic indicators); Central Bank of Oman (external indicators); Ministry of Finance and IMF (fiscal indicators); IMF, Central Bank of Oman, and Brugel (monetary indicators).
Adjustments: Usable reserves adjusted by subtracting monetary base and foreign assets placed by nonresidents at the Central Bank of Oman from reported international reserves. General government revenue adjusted by using gross hydrocarbon revenue (instead of net of tranfers to the Petroleum Reserve Fund [PRF]), and excluding privatization proceeds and estimated asset withdrawals from the Oman Investment Authority (OIA). Liquid assets include the liquid assets of the OIA, PRF, and public pension funds.
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. LC--Local currency. 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

Oman--Ratings score snapshot

Key rating factors	Score	Explanation
Institutional assessment	4	Reduced predictability of policy responses and moderate risk of challenges to political institutions resulting from broadly centralized decision-making. Some shortcomings in data dissemination, in terms of public availability and timeliness.
Economic assessment	4	Based on GDP per capita (US$) and growth trends as per Selected Indicators in Table 1.
		Weighted-average real GDP per capita trend growth over a 10-year period is negative 0.3%, which is well below sovereigns in the same GDP category.
External assessment	4	Based on narrow net external debt and gross external financing needs/current account receipts plus usable reserves as per Selected Indicators in Table 1.
		The country is exposed to significant volatility in terms of trade, due to its dependence on hydrocarbons.
Fiscal assessment: flexibility and performance	1	Based on the change in net general government debt (% of GDP) as per Selected Indicators in Table 1.
		The government has large liquid financial assets. Based on liquid assets/GDP as per Selected Indicators in Table 1.
		The sovereign government has a volatile revenue base since oil and gas combined account for about 75% of revenue.
Fiscal assessment: debt burden	3	Based on net general government debt (% of GDP) and general government interest expenditures (% of general government revenues) as per Selected Indicators in Table 1.
		There is a moderate contingent liability risk emanating from nonfinancial public entities. Total state-owned entity debt is almost 30% of GDP.

Table 2

Oman--Ratings score snapshot (cont.)

Key rating factors	Score	Explanation
Monetary assessment	4	The exchange rate regime is a conventional pegged arrangement. Oman has limited monetary policy flexibility, given the Omani rial's peg to the U.S. dollar and the underdeveloped local currency domestic bond markets.
		Consumer price index as per Selected Indicators in Table 1. The central bank has the ability to act as a lender of last resort for the financial system.
Indicative rating	bb+	
Notches of supplemental adjustments and flexibility	0	
Foreign currency	BB+	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt.
Local currency	BB+	

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, March 11, 2024
- Sovereign Ratings List, March 11, 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
- Sovereign Debt 2024: Borrowing Will Hit New Post-Pandemic Highs, Feb. 27, 2024
- Energy Development Oman SAOC, Feb. 20, 2024
- Banking Industry Country Risk Assessment: Oman, Dec. 7, 2023

- 2022 Annual Global Sovereign Default And Rating Transition Study, April 28, 2023
- Gulf Nations Invest To Accelerate Deployment Of Renewable Energy, Feb. 27, 2023
- GCC Sustainability Targets Are Unlikely To Shake Up Local Energy Markets, April 11, 2022

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; Outlook Action

	To	From
Oman		
Sovereign Credit Rating	BB+/Positive/B	BB+/Stable/B
Ratings Affirmed		
Oman		
Senior Unsecured	BB+	
Short-Term Debt	B	
Transfer & Convertibility Assessment	BBB-	