



Fiscal Performance

Monthly Bulletin Published by the Ministry of Finance

As of end-May 2021		As of end-May 2022
952	Average of Daily Oil Production (Thousand bbl)	1,034
47	Average Oil Price (US\$ per barrel)	82
1,861	Net Oil Revenue (RO Million)	2,568

Fiscal Performance (As of end-May)

RO Million

2021		2022	Change (%)
3,551	Revenue	5,325	49.9%
4,441	Expenditure	4,694	5.7%
(890)	Deficit/Surplus	631	170.9%

Preliminary Data

Public Revenue

RO Million

As of end-May 2022, public revenue amounted to RO 5,325 million, up by 49.9% when compared to RO 3,551 million registered over the same period in 2021.

This is mainly due to an increase in:

Statement (As of end-May)	2021	2022	Change (%)
Net Oil Revenue	1,861	2,568	37.9%
Gas Revenue	563	1,356	140.8%
Current Revenue	1,105	1,393	26.1%
Capital Revenue & Repayment	23	9	-
Total	3,551	5,325	49.9%

- 1 Average oil prices to US\$ 82 per barrel.
- 2 Average oil production to 1,034 thousand barrels per day.
- 3 Total oil and gas revenue to RO 3,924 million.
- 4 Current revenue to RO 1,393 million, including RO 200 million of dividends received from Oman Investment Authority at the end of May 2022.

Public Spending

At the end of May 2022, public spending amounted to RO 4,694 million, up by 5.7% compared to the same period in 2021. This is due to an increase in:

- **Development expenditure** to RO 343 million, i.e. 67.3% compared to the same period in 2021. This represents 31% of RO 1,100 million allocated for 2022.
- **Current expenditure** to RO 3,685 million, i.e. 11.8% compared to the same period in 2021.
- **Total contributions and other expenses** to RO 516 million, i.e. 85.6% compared to the same period in 2021. Such increase is reflected by the increase in hydrocarbon products subsidy to RO 219 million and basic food subsidy to RO 11 million, in addition to other subsidies.

Fiscal Performance (As of end-May 2022)

Deficit / Surplus

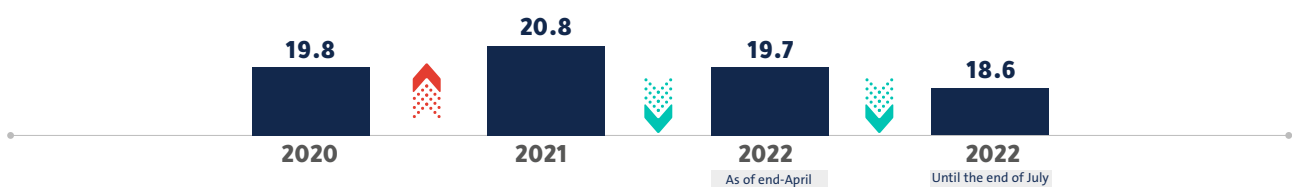
At the end of May 2022, the budget registered a surplus of RO 631 million as compared to a deficit of RO 890 million over the same period in 2021. **The 2022 surplus will be utilized for:**

- Accelerating economic recovery by increasing spending on priority development projects.
- Reducing public debt.

Public Debt

Oman's Liability Management Exercise Reduces Public Debt by RO 2.2 Billion by end-July 2022

Public Debt Trends



The recent liability management operations (Until the end of July 2022)

Prior to their maturity date, **buy-back** some of sovereign bonds worth **RO 269 million** through a tender, the first of its kind in the region.

Prepayment of a loan worth RO 512 million prior to its maturity date during the current month.

Issuance of Government Sukuk worth RO 150 million in Muscat Stock Exchange with the objective of diversifying funding sources and replace high-cost loans with lower-cost loans.

Outcomes



A decline in total public debt to RO 18.6 billion.



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



Enhance investors' confidence.

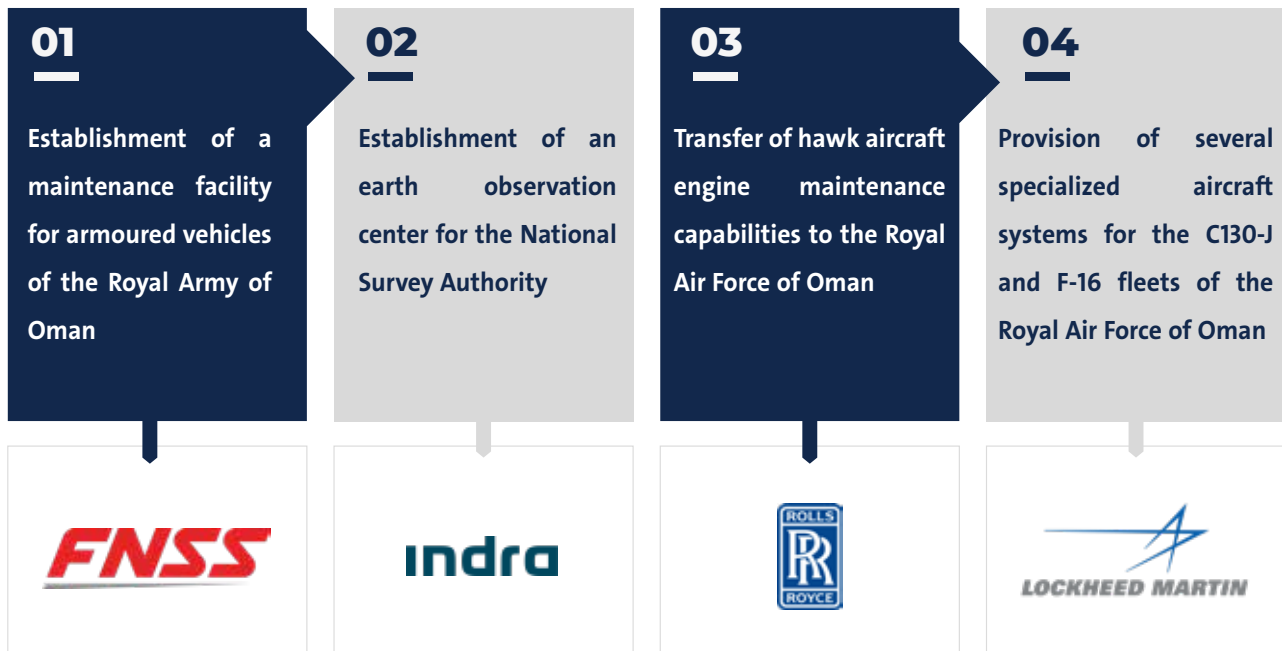


Improve Oman's credit ratings.

S&P Global Ratings

In a recent report issued on 4th of July 2022, S&P Global Ratings said that it expects Oman's recent liability management exercise will help reduce the government's debt levels to 48% of GDP by year-end 2022, compared with 63% in 2021. It also said that the liability management exercise will help generate interest cost savings, and smoothen its maturity profile.

Ministry of Finance, in cooperation with Ministry of Defence, signs four agreements under PDF Program with several international companies



Objectives

The projects aim to support the national economic and develop some processes of Ministry of Defence and Sultan Armed Forces. In addition to:

- 01** Develop national industries so as to keep pace with the rapid development in technology and manufacturing fields.
- 02** Enable SMEs to play greater role.
- 03** Provide training and job opportunities in technical, mechanical, logistical, and other fields.

Partnership for Development Program (Offset)

This program entails that all contractors, whose contract worth more than RO 5 million, of the Government including the companies, in which the Government invest more than 50%, shall be committed to invest a certain percentage of contract value in economic projects.

Global Economy

According to Global Economic Prospect (June 2022) released by the World Bank, the global growth is expected to decline from 5.7% in 2021 to 2.9% in 2022. It is expected to hover around that pace over 2023 and 2024. Growth in advanced economies is projected to sharply decelerate from 5.1% in 2021 to 2.6% in 2022. It is also expected to further moderate to 2.2% in 2023.

Global Oil Market

According to the Short-Term Energy Outlook report issued by the U.S. Energy Information Administration (EIA), the oil demand growth decreased by 0.1 million barrels per day during the second quarter of 2022 as compared to the first quarter of the same year. The oil demand growth is expected to recover with an average of 1.4 million barrels per day at the beginning of Q3-2022, and this increase will continue until the end of 2022. However, the global oil supply continued to increase during Q2-2022 by 0.4 million barrels per day as compared with the Q1-2022. The global oil supply is expected to continue increasing by 1.6 million barrels per day in the Q3-2022.

National Economy



According to data released in June 2022 by National Centre for Statistics and Information (NCSI), Oman's gross domestic product (GDP) totaled RO 9.5 billion at current prices at the end of March 2022. The value-added of hydrocarbon activities registered an increase by 69% at the end of March 2022, while value-added of non-hydrocarbon activities experienced an increase by 8.9% as compared to the same period in 2021.