S&P Global
Ratings

Research

Research Update:

Oman Upgraded To 'BB-' From 'B+' On Improved Fiscal And Debt Trajectory; Outlook Stable

April 1, 2022

Overview

- Higher oil prices, rising hydrocarbon production, and the government's fiscal reform program are improving Oman's fiscal and external trajectory.
- We expect government net debt will reach 12% of GDP in 2025, a sharp improvement from our previous forecast of above 30%.
- We therefore raised our long-term ratings on Oman to 'BB-' from 'B+'. The outlook is stable.

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Rating Action

On April 1, 2022, S&P Global Ratings raised its foreign and local currency sovereign credit ratings on Oman to 'BB-' from 'B+'. We also revised our transfer and convertibility assessment to 'BB' from 'BB-' and affirmed our 'B' short-term sovereign credit rating on Oman.

Outlook

The stable outlook balances the significant improvement in the government's balance sheet over the next three years against higher medium-term fiscal pressure because we assume oil prices will dip from current highs.

Downside scenario

We could consider a downgrade if fiscal reform implementation were to slow, or an unfavorable external environment were to result in fiscal deficits and net debt levels significantly above our expectations.

Upside scenario

We could raise the ratings over the next 12 months if economic growth and fiscal prospects strengthen beyond our projections, or if we see higher foreign exchange reserves or external assets accumulation, which would support Oman's external position.

Rationale

Following high fiscal and external pressures since 2015 that culminated in 2020 with the double shock from the COVID-19 pandemic and sharp fall in oil prices, we now expect Oman to benefit from higher oil prices and the government's ongoing reforms.

Given the concentrated nature of Oman's economy--hydrocarbon products constitute about 40% of real GDP, 60% of goods exports, and above 75% of fiscal receipts--the country's economy remains sensitive to movements in oil prices. In light of the Russia-Ukraine conflict, S&P Global Ratings revised its oil and gas price assumptions in February (see "S&P Global Ratings Raises Near-Term Oil And Gas Price Assumptions Following Russian Invasion Of Ukraine," published Feb. 28, 2022, on RatingsDirect). We now assume an average Brent oil price of $85 per barrel (/bbl) for 2022, falling to $70/bbl in 2023 and $55 from 2024, compared with $60/bbl for 2022 and $55 from 2023 in our previous review.

The Omani government has also outlined a medium-term path to reduce the reliance on oil receipts. This includes new tax revenue measures such as the 5% value-added tax (VAT) introduced in April 2021 and spending rationalization since 2020. Our forecasts assume some slippages on planned budget targets, though this is more than offset in 2022-2023 by higher oil prices. However, fiscal pressures will likely rise from 2024, when we expect oil prices will fall to $55 per barrel. We therefore expect Oman's net debt will increase to 12% of GDP in 2025, from 3% in 2022. Still, these levels are significantly below our previous forecast and support the upgrade.

The ratings are also supported by still-strong government liquid assets estimated at 47% of GDP in 2022. Although not in our base-case forecast, we would expect countries in the Gulf Cooperation Council (GCC) region to provide timely support to Oman if needed--for example, in the unexpected event of a significant deterioration in the external reserve levels that support the Omani rial's peg to the U.S. dollar.

Institutional and economic profile: Economic growth will be supported by higher hydrocarbon production and a pickup in investment projects

- We expect the government's reform momentum will continue, supporting economic growth over 2022-2023.
- We estimate that real GDP will grow by nearly 4% in 2022, moderating to about 2.2% on average over 2023-2025.
- Oman's foreign policy is likely to remain broadly neutral, with limited spillover to the country from regional geopolitical conflicts.

At the start of Sultan Haitham's reign that began in early 2020 after the passing of Sultan Qaboos, Oman faced significant structural challenges--including high fiscal and external deficits, subdued economic growth, and relatively high youth unemployment--all exacerbated by the pandemic and sharp drop in oil prices.

Over the past two years, the government has introduced measures to address issues in governance and public finances. Along with the VAT, these include gradual cuts to electricity and water subsidies and a tight rein on capital and current spending. The government also set up the

Oman Investment Authority (OIA) in 2020 to better manage sovereign wealth funds and public enterprises (except for Petroleum Development of Oman [PDO]). The Ministry of Finance transferred PDO's accounts--which represent most of Oman's oil-related revenue and expenditure--to Energy Development Oman (EDO) in 2021. Authorities have also made strides in improving transparency and data disclosure.

While the government intends to broadly continue with its fiscal reform program, we expect it will allocate some of the forecast oil windfalls this year to support economic activity and reduce the impact 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, authorities have 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 cancelled several municipality and services fees while streamlining them.

Higher oil prices and production, about 90% double-dose vaccination rates for those 18 years and above, removal of pandemic-related measures, and public investment spending will drive stronger growth this year. We expect real GDP will increase 3.9% in 2022, from an estimated 2.1% in 2021, largely due to increasing hydrocarbon production under the OPEC+ (consisting of OPEC plus Russia and several other countries, including Oman) agreement that will expire in December 2022. We assume oil production will increase to 1.135 million barrels per day (bbl/d) in 2025, from an estimated 1.040 million bbl/d this year and 0.957 million bbl/d in 2021.

Over the next three years, we expect the non-oil sector to be the leading driver of growth. We forecast non-oil growth averaging 2.2% over 2023-2025, relative to 1.8% in 2022. After holding back on capital expenditure during the past two years, government and public entities investment will recover. The government announced higher spending than budgeted on development projects of 0.5% of GDP this year and 1.6% of GDP through 2025. Nevertheless, we understand that entities under OIA and EDO will undertake the majority of the investment projects, and funding will be deployed over several years. The list of investments in the pipeline include a refinery and oil storage project in Duqm; an ammonia project in Salalah; a recycling industrial waste project; electricity, water, and sewage treatment infrastructure; and several tourism-related projects. However, our GDP growth forecasts also account for pressure from rising interest rates, and spillover effects from the Russia-Ukraine conflict on food price inflation and global demand.

Although Oman's GDP per capita is relatively high, real GDP per capita growth is lower than that of peers. Historically, population growth was high due to migrant inflows, but these had moderated in recent years and even declined by 4% in 2020. About 270,000 expatriate workers left the country in 2020, and 34,000 left in 2021. The decline in the expatriate labor force was partly because of weaker financial conditions during the pandemic, but also due to accelerated workforce nationalization (Omanization) and other policies. This includes an exit scheme for illegally recruited labor, revision of minimum wage, part-time work legislation, and training-for-employment programs to encourage hiring of Omanis. We expect some expatriates will return as economic growth recovers, but population growth will be muted relative to that of 2011-2016.

Geopolitical disputes in the region are likely to persist due to ongoing tensions between some GCC countries and Iran, and the ongoing war in Yemen. Israel's recent diplomatic agreements with Bahrain, Morocco, and the United Arab Emirates signal shifting alliances in the Middle East. However, we anticipate that Oman will move relatively slowly in normalizing relations with Israel, given that Sultan Haitham has indicated that he would like to maintain Oman's traditional role as a largely neutral mediator in the region.

Flexibility and performance profile: We estimate a fiscal surplus for Oman in 2022, the first since 2014

- We project that lower oil prices will result in a return to deficits over 2024-2025 despite planned reforms.
- Favorable terms of trade in 2022-2023 and a pickup in external debt issuances from next year will lead to rising foreign reserves through 2025.
- We expect Oman to maintain its currency peg, supported by its external assets.

We expect Oman will achieve a fiscal surplus of 5.7% of GDP this year, from the budgeted deficit of 4.6% of GDP. The government's more conservative budget assumptions are based on oil prices at $50/bbl, along with an expectation of stable nominal expenditure. We incorporate a 35% increase in revenue from higher oil receipts and 8% growth in spending. While the government intends to limit spending growth, we expect expenses will surpass budget plans mainly because of higher-than-expected payments for gas, subsidies and transfers, and development projects.

Our fiscal calculations incorporate gross hydrocarbon revenue, while the government's budget nets out transfers to the Petroleum Reserve Fund (PRF). On the other hand, we exclude privatization receipts and estimated asset drawdowns classified under OIA dividends, which the budget includes under revenue.

Preliminary data point to a material reduction in Oman's fiscal deficit to 2.2% of GDP in 2021, from 15.3% in 2016. This followed higher oil prices, revised nominal GDP, the introduction of VAT, savings from the mandatory retirement scheme, revised salary scales and other wage reforms in 2020, and accounting changes related to EDO.

Previously on-budget hydrocarbon revenue, 60% of PDO's oil-related spending, and 100% of spending on the gas sector were moved to EDO in 2021. However, the government expects to receive more than 80% (depending on oil prices) of hydrocarbon revenue from EDO through taxes, royalties, and dividends. This should have a net positive cash impact on the general government balance, because EDO will mainly finance its capital expenditure plans through debt. This new accounting treatment is in line with practices we see elsewhere in the GCC.

We forecast that the government fiscal surplus will narrow to 0.8% of GDP in 2023, and turn to deficits averaging 4.7% of GDP over 2024-2025, largely driven by our oil price assumptions.

The government's fiscal plan is underpinned by ongoing cuts to electricity, water, and waste management subsidies; public wage reforms; rationalization of capital spending; and a new personal income tax on high wage earners likely to be introduced in 2023. The latter would be a first for the GCC region. As a result, we expect it to be introduced gradually, with a relatively low tax rate. The government is also planning to introduce offsetting measures to dampen the impact on the local population.

Total funding needs (fiscal deficits plus maturing debt) will remain significant, averaging about 10% of GDP over 2023-2025, from just 3% in 2022 (reflecting the fiscal surplus and denominator effect). Oman faces a peak in external debt redemption of about $6.5 billion this year from a mixture of Eurobonds, commercial loans, sukuk, an export credit facility, and an amortizing pre-export financing facility. The government will refinance part of those maturities with a $4 billion syndicated loan issued in early 2022. We understand the government will repay a portion of the dues by withdrawing assets from the PRF. As a result, we estimate a reduction in government debt to 50% of GDP in 2022 from 63% in 2021.

The share of foreign currency-denominated debt, largely held by nonresidents, is high, at 75% of total debt. Over the next couple of years, the government intends to increase its domestic debt issuances to develop deeper capital markets.

The Omani government's liquid assets--including deposits in the banking system and liquid assets in the OIA and the PRF--are estimated at 47% of GDP in 2022. This is higher than most peers at similar rating levels. At end-2021, OIA's liquid external assets stood at $8.3 billion (about 10% of GDP) and PRF's assets were at $4.1 billion (4.8%). PRF assets form part of the central bank's gross foreign currency reserves and are being accumulated to partly fund government debt service. We project that liquid assets will remain broadly stable at these levels through 2025.

We see risks to the sovereign balance sheet arising from the large debt stock at government-related entities (GREs; excluding EDO), which amounts to about 35% of Oman's GDP. Above 60% of GRE debt is denominated in foreign currencies (largely project finance) and 29% is guaranteed by the government. We exclude EDO from our assessment of contingent liabilities because we do not think it will require government support. Ongoing government support to GREs, for example subsidies, is being cut, and muted economic growth in recent years has caused the financial positions of some GREs to weaken. Their debt could increase further as the government shifts the onus of investing in the economy to GREs. However, the OIA has a responsibility to improve the governance and financial efficiency of its subsidiaries. Authorities also plan to privatize several GREs, although the timing will depend on external market conditions.

Thanks to improving terms of trade, we expect the current account will register a surplus of 3.4% of GDP, compared with an estimated deficit of 5.6% and 11.7% in 2021 and 2020, respectively. As oil prices decline, we forecast a smaller surplus of less than 1% of GDP in 2023, and deficits over 2024-2025. After a contraction in imports averaging about 8% over 2018-2020, we expect they will continue to grow in line with recovering domestic demand and investment. In addition, we expect remittance outflows from the large expatriate population, which account for close to 20% of current account payments, to gradually rise after a dip in 2020.

Higher oil receipts in 2021 led to a significant increase in gross foreign exchange reserves by $4.7 billion to $19.7 billion at Dec. 31, 2021. We expect gross reserves will remain broadly stable this year despite higher oil prices, mainly because of lower net debt inflows.

We forecast that Oman's net external debt (after adjusting for external liquid assets) as a proportion of current account receipts will increase to 2021's 66% by 2025 from 44% in 2022. We assume that external debt issuances will increase from next year, largely from project spending by GREs such as EDO. At the same time, current account receipts will decrease due to lower oil prices. There could be upside to our projections if foreign reserves are shored up through higher foreign direct investment, for example through privatization of GREs rather than increasing external debt.

In our view, 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--Oman's main export--are typically priced in dollars. We expect the peg to continue as Oman has a relatively high level of foreign currency reserves and government external assets. Inflation rose to 1.5% in 2021 from negative 0.9% in 2020 following the VAT's implementation and cuts in utility subsidies. We expect inflationary pressures to rise moderately to 4.3% in 2022 due to higher commodity prices from the Russia-Ukraine conflict.

We anticipate that the Central Bank of Oman will follow the interest rate hikes of the U.S. Federal Reserve given the currency peg. We expect marginal asset quality deterioration from the expiring loan deferral program as banks are working on restructuring some of these exposures. Also, a majority of the deferred retail portfolio is backed by government salaries. Forbearance measures ended in December 2021 for the retail sector and in March 2022 for the corporate sector. The capitalization of the banking system continues to be relatively sound. We classify Oman's banking sector in group '7' under our Banking Industry Country Risk Assessment methodology, under which group '1' indicates the lowest risk and '10' the highest.

Key Statistics

Table 1

Oman--Selected Indicators

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Economic indicators (%)										
Nominal GDP (bil. LC)	29	31	35	34	28	33	40	39	36	37
Nominal GDP (bil. $)	75	81	92	88	74	86	104	100	94	97
GDP per capita (000s $)	17.0	17.7	19.9	18.9	16.5	19.0	22.5	21.4	19.7	20.0
Real GDP growth	5.0	0.3	1.3	(1.1)	(3.2)	2.1	3.9	3.0	2.0	1.6
Real GDP per capita growth	(1.0)	(2.9)	0.4	(2.5)	1.0	0.8	2.0	1.2	0.2	(0.2)
Real investment growth	15.1	(3.5)	0.5	(10.4)	(8.2)	3.5	3.5	3.5	2.0	1.9
Investment/GDP	43.2	40.6	36.9	31.1	26.7	25.4	22.6	23.6	24.9	25.0
Savings/GDP	26.5	27.0	32.2	26.3	15.0	19.9	26.0	24.2	20.3	20.1
Exports/GDP	34.2	39.0	45.4	45.2	38.3	40.3	44.8	44.5	43.1	42.7
Real exports growth	1.0	(1.3)	4.6	3.9	(29.9)	0.5	4.5	3.5	1.0	1.0
Unemployment rate	3.3	3.1	1.8	2.8	2.5	1.9	2.4	2.4	2.4	2.4
External indicators (%)										
Current account balance/GDP	(16.7)	(13.6)	(4.7)	(4.8)	(11.7)	(5.6)	3.4	0.6	(4.6)	(4.9)
Current account balance/CARs	(39.2)	(29.0)	(9.0)	(9.5)	(25.9)	(11.6)	6.4	1.1	(8.9)	(9.7)
CARs/GDP	42.6	46.9	51.9	50.8	45.2	48.1	53.0	52.9	51.5	50.9
Trade balance/GDP	8.3	10.8	19.8	20.7	15.7	20.4	27.1	25.2	21.5	21.2
Net FDI/GDP	2.5	0.6	5.7	4.3	3.1	2.8	2.0	2.0	2.5	2.5
Net portfolio equity inflow/GDP	6.0	2.5	1.1	0.6	0.8	0.8	(0.6)	(0.6)	0.5	0.5
Gross external financing needs/CARs plus usable reserves	165.2	142.3	126.3	122.7	149.6	134.8	109.2	110.6	118.8	119.8
Narrow net external debt/CARs	(23.0)	18.9	24.5	36.0	70.5	65.8	44.4	47.0	59.7	66.0
Narrow net external debt/CAPs	(16.6)	14.7	22.5	32.9	56.0	58.9	47.5	47.5	54.9	60.2
Net external liabilities/CARs	(26.9)	15.8	25.9	38.1	77.0	72.6	53.7	59.4	77.7	88.1
Net external liabilities/CAPs	(19.4)	12.3	23.7	34.7	61.2	65.1	57.4	60.1	71.4	80.3
Short-term external debt by remaining maturity/CARs	45.3	38.8	32.7	35.1	52.8	43.4	36.5	31.2	34.5	34.3

Table 1

Oman--Selected Indicators (cont.)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Usable reserves/CAPs (months)	1.0	1.7	1.3	2.0	1.9	1.6	2.5	2.1	2.3	2.2
Usable reserves (mil. $)	6,773	5,775	7,968	6,509	6,215	10,526	9,343	10,054	9,995	10,061
Fiscal indicators (general government; %)										
Balance/GDP	(15.3)	(11.4)	(5.7)	(5.4)	(13.8)	(2.2)	5.7	0.8	(4.7)	(4.7)
Change in net debt/GDP	28.2	14.2	3.1	2.7	15.6	(0.2)	(5.7)	(0.8)	4.7	4.7
Primary balance/GDP	(14.8)	(10.2)	(3.9)	(3.3)	(10.7)	0.8	8.5	3.6	(1.5)	(1.4)
Revenue/GDP	29.4	28.1	33.0	33.7	31.6	33.6	37.7	35.9	32.8	32.0
Expenditures/GDP	44.7	39.5	38.6	39.0	45.4	35.9	32.0	35.1	37.4	36.7
Interest/revenues	1.6	4.3	5.3	6.0	9.9	8.8	7.3	8.0	9.6	10.4
Debt/GDP	29.1	39.2	44.0	51.9	69.7	62.8	49.6	51.9	59.2	61.2
Debt/revenues	99.1	139.5	133.5	154.1	220.4	186.5	131.4	144.9	180.6	191.6
Net debt/GDP	(25.3)	(9.3)	(5.2)	(2.7)	12.4	10.5	2.9	2.3	7.1	11.6
Liquid assets/GDP	54.5	48.5	49.2	54.6	57.3	52.3	46.6	49.7	52.1	49.7
Monetary indicators (%)										
CPI growth	1.1	1.6	0.9	0.1	(0.9)	1.5	4.3	2.5	1.5	1.5
GDP deflator growth	(9.1)	7.3	11.7	(2.7)	(13.2)	14.0	16.0	(6.0)	(8.0)	1.5
Exchange rate, year-end (LC/$)	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	9.4	6.8	6.3	2.8	2.3	4.3	5.5	5.0	5.0	5.0
Banks' claims on resident non-gov't sector/GDP	75.3	74.7	70.2	75.0	91.3	81.9	71.7	77.8	87.0	88.6
Foreign currency share of claims by banks on residents	11.7	12.8	13.3	14.0	15.0	17.0	16.8	16.1	16.3	16.4
Foreign currency share of residents' bank deposits	11.7	11.1	15.1	12.3	12.5	13.0	13.0	13.0	13.0	13.0
Real effective exchange rate growth	0.8	0.0	(2.7)	1.1	(2.6)	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 because of broadly centralized decision-making. Some shortcomings in data dissemination, in terms of public availability and timeliness.
Economic assessment	5	Based on GDP per capita (US$) and growth trends as per Selected Indicators in Table 1.
		Low economic growth, which is well below sovereigns in the same GDP category. Based on real GDP per capita growth as per Selected Indicators in Table 1.
		Concentrated economy, with hydrocarbon activities accounting for more than 30% of nominal GDP.
External assessment	5	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	2	Based on the change in net general government debt (% of GDP) and its increasing trend in the forecast period 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, as oil and gas combined account for above 75% of revenue.
Fiscal assessment: debt burden	4	Based on net general government debt (% of GDP) and general government interest expenditures (% of general government revenues) as per Selected Indicators in Table 1.
		Above 70% of gross government debt is denominated in foreign currency.
		Nonresidents hold above 70% of government commercial debt.
		There is a moderate contingent liability risk emanating from nonfinancial public entities. Total state-owned entity debt has increased to above 35% of GDP and will remain elevated.
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-	As per Table 1 of "Sovereign Rating Methodology."
Notches of supplemental adjustments and flexibility	0	Potential support from neighboring Gulf Cooperation Council countries is positive for creditworthiness and not fully captured in the indicative rating. However, we forecast weakening fiscal metrics and higher debt-servicing requirements in the medium term, which could worsen our fiscal assessment.
Final rating		
Foreign currency	BB-	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt.

Table 2

Oman--Ratings Score Snapshot (cont.)

Key rating factors	Score	Explanation
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 Score Snapshot, March 8, 2022
- Sovereign Ratings List, March 3, 2022
- Sovereign Ratings History, March 3, 2022
- S&P Global Ratings Raises Near-Term Oil And Gas Price Assumptions Following Russian Invasion Of Ukraine, Feb. 28, 2022
- Global Sovereign Rating Trends 2022: Despite Stabilization, The Pandemic Threatens The Recovery, Jan. 27, 2022
- Sovereign Risk Indicators, Dec. 13, 2021; a free interactive version is available at http://www.spratings.com/sri
- Banking Industry Country Risk Assessment: Oman, Sept. 13, 2021
- Default, Transition, and Recovery: 2020 Annual Sovereign Default And Rating Transition Study, April 12, 2021

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

Upgraded; Outlook Action; Ratings Affirmed

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

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352 Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; or Stockholm (46) 8-440-5914