Research Update:

Oman Outlook Revised To Positive On Improving Fiscal Performance; 'BB/B' Ratings Affirmed

March 31, 2023

Overview

- The Omani government is repairing its balance sheet, with debt repayments and strong nominal GDP growth reducing its gross debt stock to 40% of GDP in 2022, from just over 60% in 2021.
- We believe the government's fiscal and economic reform efforts will continue, which could increase resilience to oil price volatility, although dependence on hydrocarbons will persist.
- We have therefore revised our outlook on Oman to positive from stable and affirmed the 'BB/B' ratings.

Rating Action

On March 31, 2023, 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. The transfer and convertibility assessment is 'BB+'.

Outlook

The positive outlook reflects our view that the government's fiscal and economic reform program could strengthen Oman's fiscal position beyond our current assumptions, adding a greater degree of resilience against the economy's structural susceptibility to adverse oil price shocks.

Upside scenario

We could raise the ratings over the next 12 months if ongoing reforms further strengthen Oman's fiscal position, due to a continued reduction in government net debt and interest costs or faster-than-expected deleveraging in the state-owned enterprise sector. A stronger economic growth trajectory could also contribute to an upgrade.

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Downside scenario

We could revise the outlook to stable over the next 12 months if fiscal reform implementation slows, or if we were to expect a sustained period of less favorable terms of trade to result in larger fiscal deficits or a worse external position than we currently anticipate.

Rationale

Oman's fiscal and external positions are benefiting from government reforms and higher oil prices.

The government used windfall oil revenue over 2022 to reduce debt to Omani rial (OMR)17.6 billion ($45.7 billion; 40% of GDP) from OMR20.8 ($54.0 billion; 61% of GDP) at year-end 2021. We understand that the government repaid OMR511 million in debt in January 2023 and made additional repayments in March. We estimate year-end 2023 government debt at OMR16.5 billion ($42.9 billion; 37% of GDP). The reduced debt stock, along with forecast fiscal surpluses in 2023 and 2024, will increase fiscal policy space. Additionally, debt of government-related entities (GREs) decreased to $34.2 billion (30% of GDP) at year-end 2022 from $35.9 billion (41% of GDP) a year earlier. The ratios were supported by nominal GDP growth of 30% in 2022, largely due to high oil prices.

The government returned to a fiscal surplus with a preliminary estimate of 5.3% of GDP in 2022 after seven years of deficits. While expenditure in 2022 was 8% over budget, this was largely due to increased subsidies for petroleum products, which rose along with oil prices. Large expenditure line items were contained, demonstrating ongoing fiscal consolidation efforts despite the oil revenue windfall. Civil expenditure (which includes wages; 34% of expenditure) increased only 2% compared with budget, remaining at the same level as 2021. Defense and security (22% of expenditure) came in 3.4% under budget. Non-hydrocarbon government revenue rose 9% compared with 2021, although it underperformed compared with the budget of 13% growth from the 2021 outturn.

Oman's economy depends significantly on the oil sector, which accounts for over 30% of GDP, about 60% of goods exports, and over 75% of government fiscal receipts. This dependence weighs on our assessment of its economic and external resilience and we reflect this in the rating.

Although external financial support is not part of our base case for Oman, we expect countries in the Gulf Cooperation Council (GCC) would provide timely support to Oman if needed--for example, in the unexpected event of a significant deterioration in the external reserves 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 in 2023 and 2024, thereafter non-oil growth will become the key driver

- We expect the government's fiscal and economic reform momentum will continue over 2023-2026.
- We forecast that real GDP will expand by about 2.5% a year on average over 2023-2026.
- Oman's foreign policy is likely to remain broadly neutral, with limited spillover to 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 fiscal and external deficits, subdued economic growth, and relatively high youth unemployment--all exacerbated by the COVID-19 pandemic and the related sharp drop in oil prices.

Over the past two years, the government has introduced measures to address governance and public finances 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 government also set up the Oman Investment Authority (OIA) in 2020 to better manage its financial assets and public enterprises. Petroleum Development of Oman (PDO) is one of the few GREs still outside the OIA. The government transferred its ownership of PDO--which represents most of Oman's oil-related revenue and expenditure--to Energy Development Oman (EDO), whose sole shareholder is the Ministry of Finance, in 2021. The authorities have also made strides in improving transparency and data disclosure, including by publishing quarterly GDP and a yearly international investment position.

Although the government intends to broadly continue with its fiscal reform program, we expect it will allocate some of the forecast oil windfall this year to supporting economic activity and reducing 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 have expanded the list of VAT exemptions to 488 items from 93. They have 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.

Real GDP expanded by 4.3% in 2022, up from 3.1% in 2021, largely due to increasing hydrocarbon production under the OPEC+ agreement. The oil sector expanded by 10.2% in real terms while the non-oil sector expanded by 1.6%. Non-oil sector growth was contained by a 23% contraction in the construction sector. We expect oil production will drive real growth this year and next. We assume oil production will increase to 1.150 million barrels per day (bbl/d) in 2023, up from 1.051 million bbl/d in 2022, just under the government's expectations in the 2023 budget.

Although hydrocarbon production should spur growth in 2023 and 2024, in the later years of our forecast period we expect the non-oil sector to become the main growth catalyst. We forecast non-oil growth will average about 3.5% over 2025-2026, while the government and its public entities will ramp up investments after a period of holding back. The government has announced slightly higher spending than budgeted on development projects through 2025. Nevertheless, we understand that entities under the OIA and EDO will undertake most investment projects and funding will be deployed over several years. The list of investments in the pipeline includes:

- A refinery and oil storage project in Duqm;
- An ammonia project in Salalah;
- A recycling industrial waste project;
- Electricity, water, and sewage treatment infrastructure;
- Mining projects for copper, gold, limestone, and gypsum; and
- Several tourism-related projects.

Although GDP per capita is comparatively high at $23,100 in 2023, Oman's real GDP per capita growth has consistently underperformed in the past. Historically, population growth has been high due to migrant inflows. The population expanded by 9% in 2022, driven by an influx of expatriates. We expect more expatriates will return as economic growth remains relatively robust, while the government recently lowered the wage threshold for expatriates to bring their families to Oman.

This potential expatriate growth will be partially offset by workforce nationalization ("Omanization") and other policies. This includes an exit scheme for illegally recruited labor, a possible increase in the minimum wage, part-time work legislation, and the National Employment Program to encourage the hiring of Omanis.

Although geopolitical disputes in the region are likely to persist, we expect Oman will maintain good relations with neighbors, preserving its traditional role as a neutral party and mediator in the region.

Flexibility and performance profile: We forecast general government fiscal surpluses in 2023 and 2024, following a surplus in 2022--the first since 2014

- Government reform efforts and favorable oil prices will support fiscal surpluses over 2023-2024.
- Despite favorable terms of trade over 2023-2024, usable reserves will remain largely unchanged through 2025, as we expect government debt issuance--a key source of reserve accumulation--to be much reduced compared with the recent past.
- We expect Oman will maintain its currency peg, supported by its accumulated government external assets of about 40% of GDP.

Oman achieved a fiscal surplus of about 5.3% of GDP in 2022, driven by higher-than-budgeted oil prices and limited spending growth. In 2021, Oman's fiscal deficit had already reduced to 2.0% of GDP, materially smaller than the average deficit of 11% over 2015-2020. This followed higher oil prices, strong nominal GDP growth, the introduction of VAT from April 2021, government wage bill savings from the mandatory retirement scheme, revised salary scales and other wage reforms in 2020, and the impact of the creation of EDO which led to changes in budget accounting.

We expect fiscal surpluses will continue in 2023 and 2024, helped accommodative oil prices. S&P Global Ratings expects Brent oil to average $90 per barrel (/bbl) in 2023 and $80/bbl in 2024 (see "S&P Global Ratings Cuts 2023 European, U.S., And Canadian Gas Price Assumptions On Lower Demand," published Feb. 23, 2023). So far in 2023, Brent oil prices have traded lower than our assumed price, adding some downside risk to our forecast. We have set our long-term price assumptions for Brent at $55/bbl in 2025 and beyond.

Previously on the government's budget, PDO's hydrocarbon revenue, 60% of its oil-related spending, and 100% of its gas-related spending 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. EDO will mainly finance its capital expenditure through debt. It is also working to optimize spending on Block 6, the country's largest oil and gas field.

The government recently established the Integrated Gas Co. (IGC), which will transfer gas revenue to the government after covering the expenses of purchasing and transporting gas. IGC is owned by the Ministry of Finance, and we understand it will not issue debt. This change does not affect the fiscal balance since a broadly equal amount of net revenue remains after deducting expenses from government accounts.

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

While revenue will continue to be dependent on oil and gas receipts, the Omani government has continued to reduce the budget's reliance on oil receipts, in line with its medium-term fiscal plan which is 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 2026. Additionally, the possible introduction of personal income tax on high earners will likely not occur until 2024 or later.

We forecast Oman will be in a modest net general government debt position of 4.1% of GDP on average over 2023-2026. We estimate the Omani government's liquid assets--including government deposits in the banking system and liquid assets in the OIA and the Petroleum Reserve Fund--at 35% of GDP in 2022. This is higher than most similarly rated peers. We project that Oman's gross liquid assets will rise to about 40% of GDP in 2026. Oman's share of foreign-currency-denominated debt, largely held by nonresidents, is high at just over 70% of total debt. Over the next couple of years, the government intends to increase its domestic debt issuance to develop a deeper capital market.

We see risks to the sovereign balance sheet from the large debt stock at GREs of about 30% of Oman's GDP. About 58% of GRE debt is denominated in foreign currencies (largely debt related to project finance) and 28% is guaranteed by the government. We exclude EDO from our assessment of contingent liabilities because we view it as having a relatively strong financial position. Ongoing government support to other GREs, for example subsidies, is being cut, and muted economic growth in recent years has weakened the financial positions of some GREs. We understand the government expects most GREs to deleverage over the coming years, even considering additional project financing. However, there's a risk this might not happen if the government puts the onus on GREs to invest in the economy. Additionally, the OIA has a responsibility to improve the governance and financial efficiency of its subsidiaries. The authorities also plan to privatize several GREs, although the timing will depend on external market conditions.

Thanks to improving terms of trade, we estimate the current account registered a surplus of 5% of GDP in 2022, compared with deficits of 5% and 16% in 2021 and 2020, respectively. As oil prices decline, we forecast a smaller surplus of 3.2% of GDP in 2023 and 1.6% in 2024. After a contraction averaging about 8% over 2018-2020, we expect imports will expand in line with recovering domestic demand and investment. In addition, we expect remittance outflows from the large expatriate population, which accounts for nearly 20% of current account payments, to gradually rise along with population growth, after a dip in 2020. Oman's main export is oil and its largest trading partner by far is China, which accounts for about 45% of exports, followed by India at just under 10%.

Higher oil receipts in 2021 led to a significant $4.7 billion increase in gross foreign currency reserves to reach $19.7 billion on Dec. 31, 2021. Despite even higher oil receipts in 2022, gross reserves declined to $17.6 billion, mainly because of lower government foreign currency debt issuance.

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 because Oman has relatively high foreign currency reserves and government external assets. Inflation rose to 2.8% in 2022 from 1.5% in 2021 and negative 0.9% in 2020 following the implementation of VAT and cuts in utility subsidies. We expect inflation will moderate to 2.5% in 2023.

We anticipate that the Central Bank of Oman will follow the interest rate policy of the U.S. Federal Reserve, given the currency peg. We expect marginal asset quality deterioration from the expiring loan deferral program because banks are restructuring some of these exposures. Also, the majority of the deferred retail portfolio is backed by government salaries. Forbearance measures ended in December 2021 for the retail sector and in December 2022 for the corporate sector. The banking system's capitalization remains 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 (see "Banking Industry Country Risk Assessment: Oman," published Aug. 22, 2022).

Key Statistics

Table 1

Oman Selected Indicators

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Economic indicators (%)										
Nominal GDP (bil. LC)	31	35	34	29	34	44	45	44	38	39
Nominal GDP (bil. $)	81	92	88	76	88	115	117	114	99	101
GDP per capita (000s $)	17.7	19.9	18.9	17.0	19.5	23.2	23.1	22.0	19.0	19.0
Real GDP growth	0.3	1.3	(1.1)	(3.4)	3.1	4.3	4.0	2.3	1.8	1.8
Real GDP per capita growth	(2.9)	0.4	(2.5)	0.8	1.8	(4.3)	1.5	0.3	0.3	0.3
Real investment growth	(3.5)	0.5	(10.4)	1.8	(1.5)	4.0	3.0	2.5	2.0	2.0
Investment/GDP	33.8	31.7	26.9	27.6	22.4	22.7	24.1	26.2	29.0	27.6
Savings/GDP	20.4	27.3	22.3	11.4	17.5	27.7	27.3	27.7	25.5	24.2
Exports/GDP	45.7	50.6	49.5	47.1	52.5	54.2	53.4	52.7	49.9	49.0
Real exports growth	(0.8)	2.8	1.9	(14.6)	14.2	4.0	4.0	2.0	0.0	0.0
Unemployment rate	3.1	1.8	2.8	2.5	1.9	3.3	2.4	2.4	2.4	2.4
External indicators (%)										
Current account balance/GDP	(13.4)	(4.4)	(4.6)	(16.2)	(4.9)	4.9	3.2	1.6	(3.5)	(3.4)
Current account balance/CARs	(28.7)	(8.4)	(9.0)	(33.8)	(9.0)	8.9	5.9	2.9	(6.8)	(6.7)
CARs/GDP	46.8	51.9	50.8	48.0	54.1	55.4	54.6	54.0	51.5	50.6
Trade balance/GDP	10.8	19.8	20.7	10.1	18.8	24.9	22.9	21.7	17.9	17.9
Net FDI/GDP	0.7	6.3	5.3	4.7	5.0	2.0	2.0	2.5	2.5	2.5
Net portfolio equity inflow/GDP	0.7	(2.4)	(1.2)	(0.1)	(0.6)	(0.6)	(0.6)	0.5	0.5	0.5
Gross external financing needs/CARs plus usable reserves	142.1	129.0	127.0	159.0	134.6	111.8	110.9	114.1	124.3	125.3
Narrow net external debt/CARs	18.2	25.0	34.1	65.8	61.0	38.8	35.9	36.8	49.0	53.7
Narrow net external debt/CAPs	14.1	23.0	31.3	49.2	56.0	42.5	38.2	37.9	45.9	50.3

Table 1

Oman Selected Indicators (cont.)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Net external liabilities/CARs	17.9	28.4	40.9	79.1	69.8	47.2	46.9	54.1	75.4	86.0
Net external liabilities/CAPs	13.9	26.2	37.5	59.1	64.0	51.8	49.9	55.7	70.6	80.7
Short-term external debt by remaining maturity/CARs	38.9	36.3	40.7	53.6	43.2	39.1	32.0	35.3	42.5	43.0
Usable reserves/CAPs (months)	1.7	1.3	2.0	1.6	1.4	2.2	1.7	2.0	2.3	2.2
Usable reserves (mil. $)	5,775	7,968	6,509	6,215	10,526	8,731	9,840	10,290	9,966	9,650
Fiscal indicators (general government; %)										
Balance/GDP	(11.4)	(5.7)	(5.6)	(14.6)	(2.0)	5.3	2.8	1.6	(4.3)	(4.3)
Change in net debt/GDP	14.1	5.8	4.6	13.1	2.9	(8.7)	(2.8)	(1.6)	4.3	4.3
Primary balance/GDP	(10.2)	(3.9)	(3.5)	(11.5)	1.1	7.8	5.1	3.8	(1.7)	(1.5)
Revenue/GDP	28.1	33.0	33.5	29.8	34.6	34.9	29.6	28.8	26.1	25.8
Expenditures/GDP	39.5	38.6	39.0	44.4	36.6	29.7	26.8	27.2	30.4	30.1
Interest/revenues	4.3	5.3	6.0	10.3	9.0	7.4	7.8	7.8	10.0	10.6
Debt/GDP	39.2	44.0	51.9	67.9	61.3	40.0	36.8	38.6	47.2	49.4
Debt/revenues	139.5	133.5	155.1	227.9	177.0	114.5	124.3	133.9	180.6	191.2
Net debt/GDP	(7.7)	(1.0)	3.6	17.2	17.7	4.9	2.0	0.5	4.8	9.0
Liquid assets/GDP	46.8	45.0	48.3	50.7	43.6	35.1	34.8	38.1	42.3	40.3
Monetary indicators (%)										
CPI growth	1.6	0.9	0.1	(0.9)	1.5	2.8	2.5	2.0	1.5	1.5
GDP deflator growth	7.3	11.7	(2.7)	(10.8)	12.7	24.6	(2.0)	(5)	(14.0)	(0.0)
Exchange rate, year-end (LC/$)	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	6.8	6.3	2.8	2.3	4.3	4.2	4.5	4.5	4.0	4.0
Banks' claims on resident non-gov't sector/GDP	74.7	70.2	75.0	89.0	79.9	64.1	65.7	70.6	83.9	85.7
Foreign currency share of claims by banks on residents	12.8	13.3	14.0	15.0	16.1	13.4	13.7	13.8	13.9	14.0
Foreign currency share of residents' bank deposits	11.1	15.1	12.3	12.5	12.3	12.2	12.0	12.0	12.0	12.0

Table 1

Oman Selected Indicators (cont.)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Real effective exchange rate growth	0.0	(2.7)	1.1	(2.6)	(3.4)	6.1	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

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.
		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.
		Concentrated economy, with hydrocarbon activities accounting for more than 30% of nominal GDP.
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 above 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 about 30% of GDP.

Table 2

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	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 ratings		
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 List, March 15, 2023
- Sovereign Ratings History, March 15, 2023
- Sovereign Debt 2023: Emerging EMEA Cautiously Returns To The Markets, March 9, 2023
- Sovereign Ratings Score Snapshot, March 2, 2023
- S&P Global Ratings Cuts 2023 European, U.S., And Canadian Gas Price Assumptions On Lower Demand, Feb. 23, 2023
- Sovereign Risk Indicators, Dec. 12, 2022. Interactive version available at

http://www.spratings.com/sri

- Banking Industry Country Risk Assessment: Oman, Aug. 22, 2022
- 2021 Annual Global Sovereign Default And Rating Transition Study, May 4, 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

Outlook Action; Ratings Affirmed

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