

GCC Economic Update

Dec - 2020

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GDP growth rebound for the GCC in 2021 contingent on recovery post Covid-19

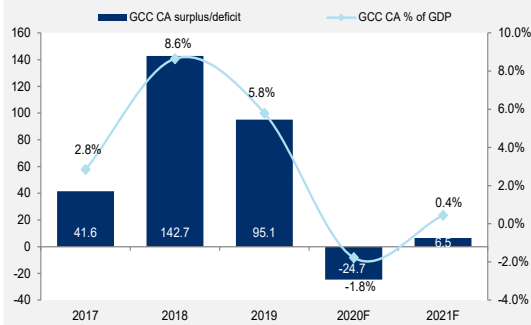
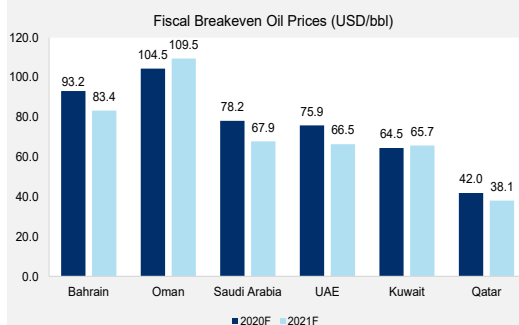
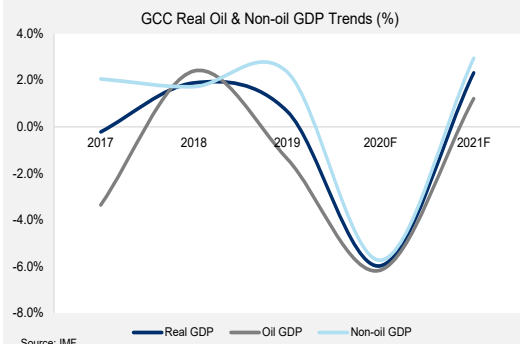
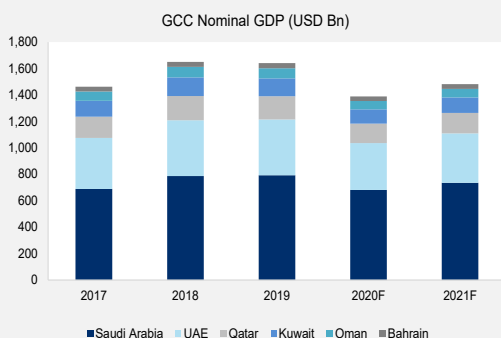
Real GDP in the GCC is slated to recover from its 2020 declines and grow in 2021, owing to full resumption of economic activity in 2021. Economic activity in 2020 was interrupted by lockdowns, and global supply chain vulnerability from the impact of Covid-19. Nevertheless the extent of recovery and growth in 2021 will still be contingent on clarity attained regarding post-Covid-19 activity, in our view. The IMF forecasts GCC real GDP to improve by 2.3% in 2021 after declining by 6% y-o-y in 2020, as per its Oct-2020 REO update. The agency forecasts non-oil GDP to rebound by 2.9% y-o-y in 2021, after posting a decline of 5.7% y-o-y in 2020, as the impact of Covid-19 on key sectors such as manufacturing, services, retail and hospitality reverse. Saudi Arabia's Ministry of Finance (MOF) in its 2021 pre-budget statement expects real GDP to recover by 3.2% y-o-y in 2021, ascribed to recovering economic activity, full resumption of global supply chains, and improving trade balance with main trading partners after the easing of lockdowns.

Credit and monetary indicators await economic recovery

The rise in inflation across select components in 2020 was largely as a result of supply-shocks or the introduction/increase of VAT, barring a repeat of which, we expect prices to remain stable in 2021. While lower interests are conducive for a new credit cycle in 2021, significant growth in credit offtake would need consumer spending to pickup post Covid-19. Further, growth capex from key sectors in the region would need to be higher y-o-y in 2021, while project activity execution picks up in line with previous forecasts.

Fiscal stance to remain fluid until normalized demand environment emerges

Lower oil prices ushered in expansionary fiscal spending from GCC countries, with landmark budgets announced for 2020, in line with national development plans towards efforts to diversify their economies. However, the impact of Covid-19 has led governments to cut back on spending for the coming year, as witnessed from the 2021 budget announcements of Saudi Arabia, UAE and Qatar. This is prudent in our view, given that higher fiscal spending would be more appropriate in normalized demand environment post Covid-19. Nevertheless, we also expect GCC governments to remain agile in rescaling fiscal efforts, while monitoring domestic economic activity and the success of Covid-19 vaccine trials. Moreover, the global oil demand recovery and the full resumption of oil-dependent sectors like travel and tourism would be of keen interest in 2021. The current fiscal stance is supportive for the debt profiles of GCC countries and longer-term sustainability of pegs to the USD, despite the accommodative interest rate environment prevalent. Fiscal deficit funding routes would continue to vary across individual countries, ranging from further debt issuances - both conventional and sukuks, to internally funding via reserves.



Source for the above charts: International Monetary Fund (IMF), KAMCO Invest Research

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Kuwait

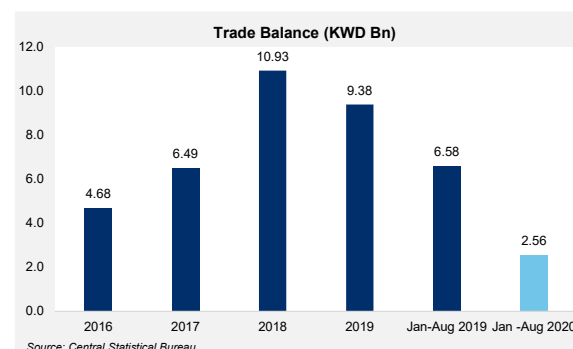
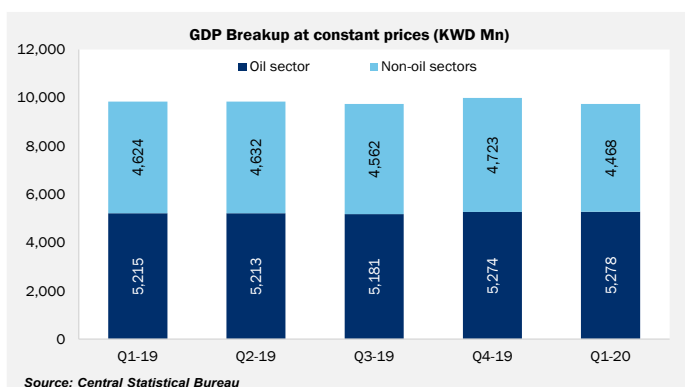
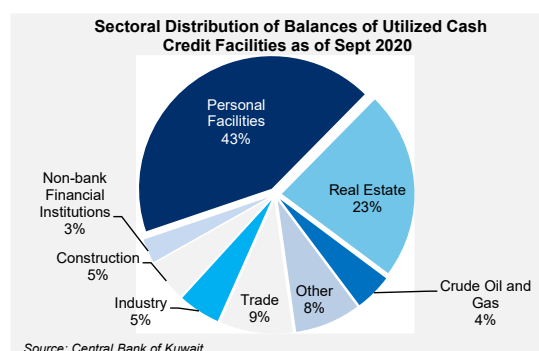
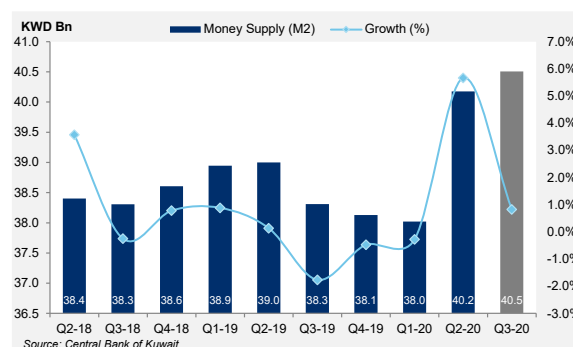
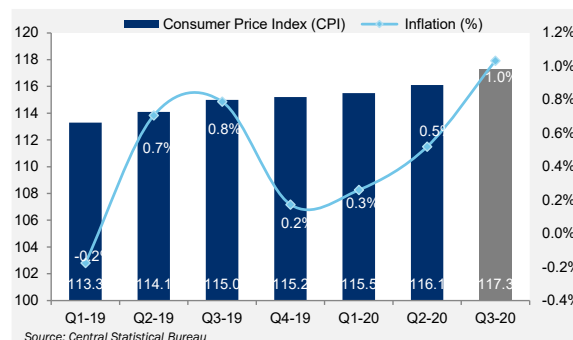
Key Economic Indicators	2013	2014	2015	2016	2017	2018	2019	2020F	2021F
Real GDP growth (%)	1.2%	0.5%	0.6%	2.9%	-4.7%	1.2%	0.4%	-8.1%	0.6%
Nominal GDP - USD Bn (PPP)	174.2	162.7	114.6	109.4	120.7	140.7	135.4	108.7	116.1
Real GDP per capita growth % (PPP)	-1.1%	-3.2%	-2.9%	-0.5%	-7.1%	-2.8%	-2.3%	-10.6%	-2.1%
Current account balance (% of GDP)	40.3%	33.4%	3.5%	-4.6%	8.0%	14.5%	9.4%	-6.8%	-2.8%
General Govt. net lending/borrowing % of GDP	34.1%	22.4%	5.6%	0.3%	6.3%	9.0%	5.4%	-8.5%	-10.7%
Inflation, avg. CPI (%)	2.7%	3.1%	3.7%	3.5%	1.5%	0.6%	1.1%	1.0%	2.3%

Source: International Monetary Fund (IMF)

Real GDP in Q1-2020 (Jan-Mar) declined marginally by 0.9% y-o-y to reach KWD 9.75 Bn, driven by a y-o-y drop in non-oil economic growth. Real non-oil GDP receded by 3.4% y-o-y over the same period from KWD 4.62 Bn to KWD 4.47 Bn, while oil GDP improved by 1.2% y-o-y from KWD 5.21 Bn in Q1-2019 to KWD 5.28 Bn in Q1-2020, as oil production remained relatively stable y-o-y. Nominal GDP declined 8.8% y-o-y in Q1-2020 to reach KWD 9.20 Bn, largely due to the impact of Covid-19 that began in Q1-2020, that drove oil GDP 16.9% y-o-y lower. Non-oil GDP, however, decreased by 2.4% y-o-y in Q1-2020 as the impact from Covid-19 became evident towards Mar-2020. The IMF expects real non-oil GDP to improve and grow by 3.0% y-o-y in 2021 from the impact of the Covid-19 led lock downs in 2020, while real GDP growth stabilizes (+0.6% y-o-y) in the coming year.

Kuwait's trade surplus over Jan-Aug 2020 declined 61.1% y-o-y from the impact of Covid-19 to reach KWD 2.56 Bn, from KWD 6.58 Bn during the same period in 2019. Exports were down by 39.7% y-o-y, from KWD 13.33 Bn to KWD 8.04 Bn in Jan-Aug 2020, from lower oil prices, while imports decreased by 19.0% y-o-y to KWD 5.47 Bn over the same period.

Credit facilities extended by Kuwaiti banks by the end of Sept-2020 improved, witnessing increases of 5.0% and 4.1% respectively, from the end of Sept-2019 and Dec-2019 to reach KWD 40.01 Bn. From Dec-2019, the growth in credit extended was driven by the growth in Consumer loans and Trade, as credit grew by 10.4%, and 10.1%, respectively, over the period. Credit to the Real Estate sector increased from Dec-2019 by 2.4%, while Construction sector credit increased by 2.6% over the same period. Credit to the Oil and Gas sector grew at a good pace as well, as credit disbursed increased by 5.8% to reach KWD 1.83 Bn. Kuwait's money supply (M2) improved by 6.2% to KWD 40.50 Bn in Sept-2020 from Dec-2019 (KWD 38.31 Bn), mainly due to a 23.7% jump in Sight Deposits.



Saudi Arabia

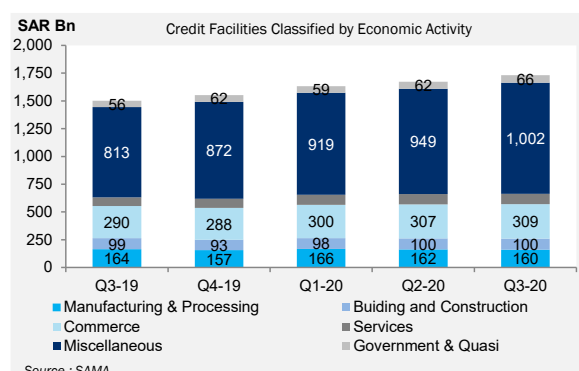
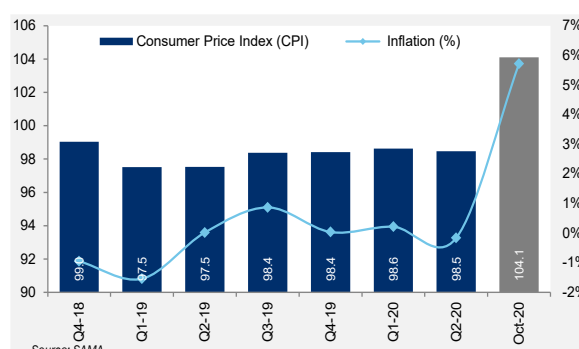
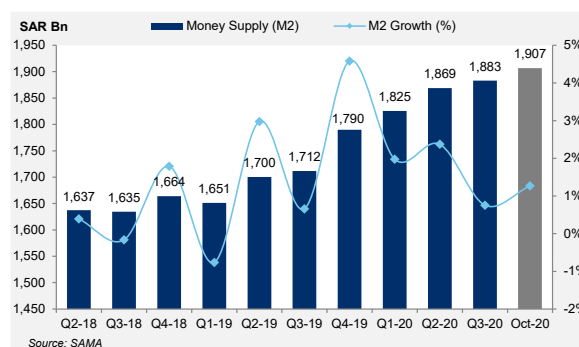
Key Economic Indicators	2013	2014	2015	2016	2017	2018	2019	2020F	2021F
Real GDP growth (%)	2.7%	3.7%	4.1%	1.7%	-0.7%	2.4%	0.3%	-5.4%	3.1%
Nominal GDP - USD Bn	746.6	756.4	654.3	644.9	688.6	786.5	793.0	680.9	735.5
Real GDP per capita growth % (PPP)	0.0%	2.5%	1.7%	-0.6%	-3.3%	0.0%	-1.6%	-7.3%	1.1%
Current account balance (% of GDP)	18.1%	9.8%	-8.7%	-3.7%	1.5%	9.2%	5.9%	-2.5%	-1.6%
General Govt. net lending/borrowing % of GDP	5.6%	-3.5%	-15.8%	-17.2%	-9.2%	-5.9%	-4.5%	-10.6%	-6.0%
Inflation, avg. CPI (%)	3.6%	2.2%	1.2%	2.0%	-0.8%	2.5%	-2.1%	3.6%	3.7%

Source: International Monetary Fund (IMF)

Flash data estimates released by the General Authority of Statistics show that Saudi Arabia's real GDP in Q3-2020 declined by 4.2% y-o-y from Q3-2019, while seasonally adjusted quarterly GDP growth was +1.2% q-o-q in Q3-2020. Non-oil GDP during Q2-2020 was down by 7.6% y-o-y driven by the Private sector, as economic activity declined by over 9% y-o-y from Q2-2019, while the Government sector receded by 4.7% over the same period. The Ministry of Finance (MOF) expects real GDP to recover by 3.2% y-o-y in 2021 ascribing to recovering economic activity and global supply chains, improving trade balance with main trading partners from easing of lockdowns.

The MOF highlighted that budget revenues in Q3-2020 reached SAR 215.6 Bn, down 30% y-o-y from SAR 118.6 Bn in Q3-2019. Budget deficits reached SAR 40.77 Bn, increasing 27% y-o-y from SAR 32.17 Bn. They further estimate budget deficit to reach SAR 298 Bn, amounting to -12% of GDP, but expect the deficit to almost reduce to SAR 145 Bn (-5.1% of GDP). The government targets to reduce the deficit to 0.4% of GDP by 2023, by enhancing spending efficiency and supporting the role of the National Development Fund (NDF) and the PIF to the creation of jobs and attractive investment opportunities.

During Oct-2020, inflation grew 5.8% from Dec-2019, as the general consumer price index components included mostly gainers as compared to end 2019, driven mainly by the increase of VAT from 5% to 15%. Among the components, Food & non-alcoholic beverages (+13.0%), Tobacco (+13.2%) and Communication (+11.4%) were among the sectors that saw higher price levels during Oct-2020, as compared to Dec-2019 levels. Education witnessed a decline of 8.6% over the aforementioned period, while Housing related expenses receded by 0.6% each as well from Dec-2019 to Oct-2020. Credit disbursed stood 11.5% higher from Q4-2019 to reach SAR 1,731 Bn in Q3-2020, as credit disbursed to Miscellaneous and Services sectors increased by 14.9% and 14.4% respectively. Money supply (M2) improved from 2019 end to Oct-2020 by 6.5% and reached SAR 1,907 Bn.



Nominal GDP by Institutional Sectors						
SAR Mn	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20
Oil Sector	217,769	235,519	231,604	241,447	180,099	98,105
Non-Oil Sector	496,371	499,150	508,443	522,101	510,791	461,361
Private Sector	331,713	332,413	344,067	346,130	341,290	302,426
Government Sector	164,658	166,737	164,376	175,971	169,502	158,935
Total	714,139	734,669	740,047	763,548	690,890	559,466
Import Duties	4,404	5,363	5,323	6,133	4,680	4,745
Gross Domestic Product	718,543	740,032	745,369	769,681	695,570	564,211

General Authority for Statistics

Fiscal Budget (SAR Mn)	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20
Oil Revenues	174,910	131,843	118,584	128,771	95,718	92,582
Non-oil Revenues	85,797	75,366	94,941	63,301	38,227	122,995
Taxes	61,893	49,891	53,880	40,254	19,361	75,368
Other Revenues	23,904	25,475	41,061	23,047	18,866	47,627
Total	260,706	207,208	213,525	192,072	133,944	215,577
Expenses	294,226	239,376	308,272	226,179	243,181	256,345
Fiscal Balance	(33,520)	(32,168)	(94,747)	(34,107)	(109,237)	(40,768)

Ministry of Finance

United Arab Emirates

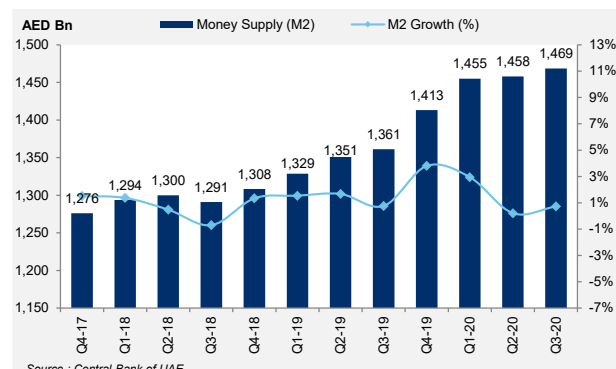
Key Economic Indicators	2013	2014	2015	2016	2017	2018	2019	2020F	2021F
Real GDP growth (%)	5.1%	4.3%	5.1%	3.1%	2.4%	1.2%	1.7%	-6.6%	1.3%
Nominal GDP - USD Bn	390.1	403.1	358.1	357.0	385.6	422.2	421.1	353.9	373.1
Real GDP per capita growth % (PPP)	2.0%	1.2%	2.0%	0.2%	-0.5%	-1.6%	-1.3%	-9.3%	-1.7%
Current account balance (% of GDP)	18.8%	13.5%	4.9%	3.7%	7.1%	9.6%	8.4%	3.6%	7.5%
General Govt. net lending/borrowing % of GDP	8.4%	1.9%	-3.4%	-2.8%	-2.0%	1.9%	-0.8%	-9.9%	-5.1%
Inflation, avg. CPI (%)	1.1%	2.3%	4.1%	1.6%	2.0%	3.1%	-1.9%	-1.5%	1.5%

Source: International Monetary Fund (IMF)

According to the FCSA, UAE's Q1-2020 real GDP declined by 0.3% y-o-y and reached AED 368.5 Mn, while a growth of 1.9% was registered q-o-q. Real non-oil GDP declined by 1.9% y-o-y, while Mining & Quarrying grew 3.3% y-o-y over the same period. Non-oil GDP constituted 68% of the real GDP in Q1-2020. The UAE announced its federal budget for 2021 of AED 58.113 Bn. The lower budget as compared to 2020 (AED 61.35 Bn) includes the government's aims to implement major projects and focus on social development sectors, despite global economic conditions. A large share of the 2021 budget will be allocated to social development including social welfare, health and education.

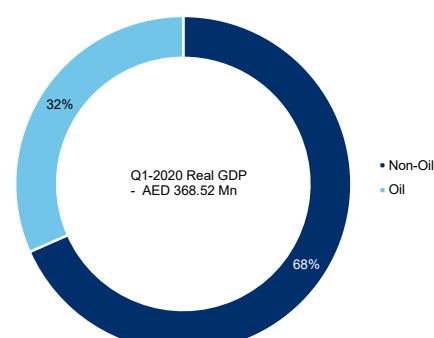
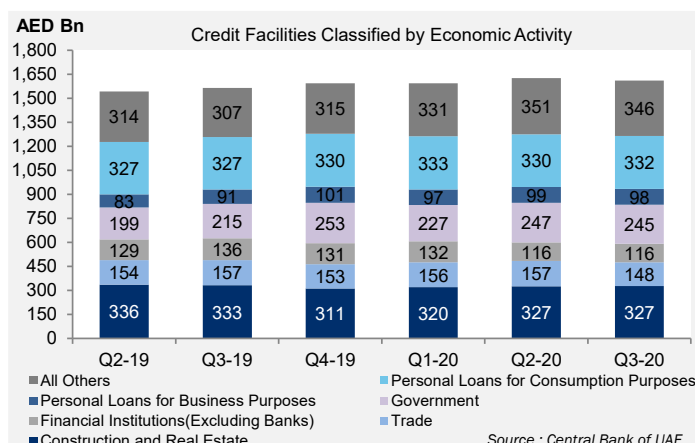
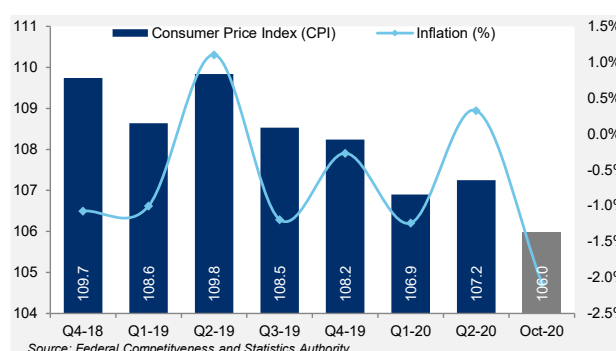
Total credit facilities disbursed by UAE banks increased to AED 1.61 trillion at the end of the Q3-2020, up 1.1% from Q4-2019, and an improvement of 2.9% y-o-y. Main contributors for the increase from Q4-2020 were Construction & Real Estate and Transport Storage & Communication sectors, as credit disbursed improved by 4.9% and 44.3% respectively. Inflation declined by 2.1% in Oct-2020, as compared to Q4-2019. UAE's money supply (M2) increased by 3.9% from Q4-2019 to reach AED 1,468.7 Bn in Oct-2020.

The Ministry of Finance announced that the total VAT revenue amounted to AED 11.6 Bn from Jan-Aug 2020, as 30% of VAT revenues will be distributed to the federal government and 70% to local government. They announced that the country's total excise tax revenue amounted to about AED 1.9 Bn, a 47% y-o-y increase in comparison to the same period in 2019. The federal government's share of excise tax revenues on tobacco products is 45% - with 55% for local governments and the federal government's share of the excise tax revenues on other excise goods such as energy drinks, soft drinks as well as beverages sweetened with added sugar is 30%.



Real GDP in AED (Mn)	Q1-2019	Q2-2019	Q3-2019	Q4-2019	Q1-2020*
Non-Financial Corporations Without Oil	207,824	218,422	216,355	203,482	201,391
Mining and quarrying	112,819	113,117	111,887	105,663	116,574
Financial and insurance	29,552	28,224	28,482	32,440	31,724
Public admin & defence; social security	19,362	19,382	19,253	19,996	18,832
Total GDP	369,557	379,145	375,977	361,581	368,521
Total Non-oil	256,738	266,028	264,090	255,918	251,947

FCSA, *Preliminary Estimates



Qatar

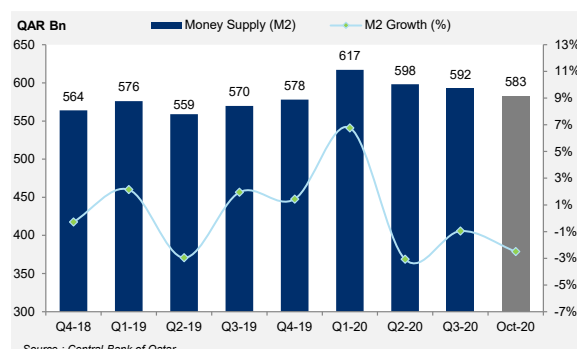
Key Economic Indicators	2013	2014	2015	2016	2017	2018	2019	2020F	2021F
Real GDP growth (%)	5.6%	5.3%	4.8%	3.1%	-1.5%	1.2%	0.8%	-4.5%	2.5%
Nominal GDP - USD Bn	198.7	206.2	161.7	151.7	161.1	183.3	175.8	147.8	155.6
Real GDP per capita growth % (PPP)	-3.4%	-4.8%	-4.8%	-4.0%	-5.4%	-0.1%	-0.5%	-4.7%	2.3%
Current account balance (% of GDP)	30.4%	24.0%	8.5%	-5.5%	4.0%	9.1%	2.4%	-0.6%	2.6%
General Govt. net lending/borrowing % of GDP	21.6%	15.4%	21.7%	-4.8%	-2.5%	5.9%	4.9%	3.0%	3.3%
Inflation, avg. CPI (%)	3.2%	4.2%	1.0%	2.7%	0.5%	0.2%	-0.6%	-2.2%	1.8%

Source: International Monetary Fund (IMF)

Qatar's real GDP in Q2-2020 receded by 6.1% y-o-y and reached QAR 155.2 Bn, as per the MDPS. The non-oil sector which accounts for around 60% of the real economy declined by 9.1% y-o-y from Q2-2020. The Mining and Quarrying sector GDP receded by 1.3% y-o-y to reach QAR 62.6 Bn. The IMF expects real non-oil GDP to decline in 2020 due to the impact from Covid-19 by -5.7% y-o-y, however they expect non-oil GDP to recover and grow by 3.0% y-o-y in 2021.

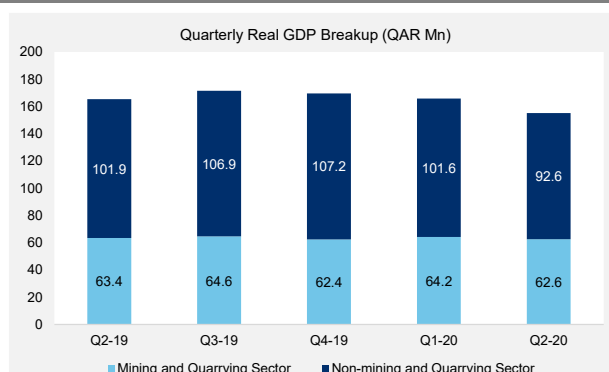
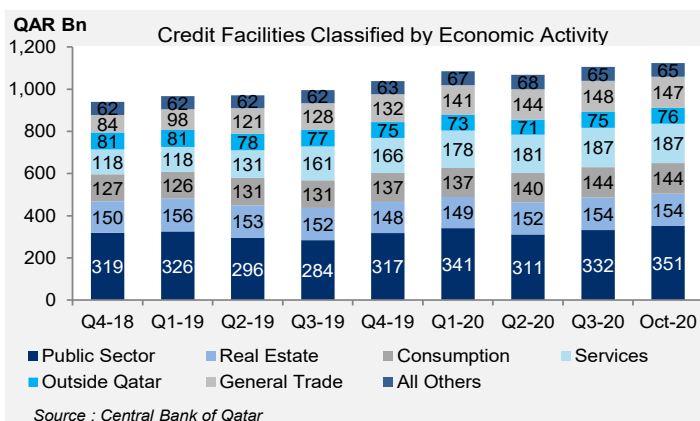
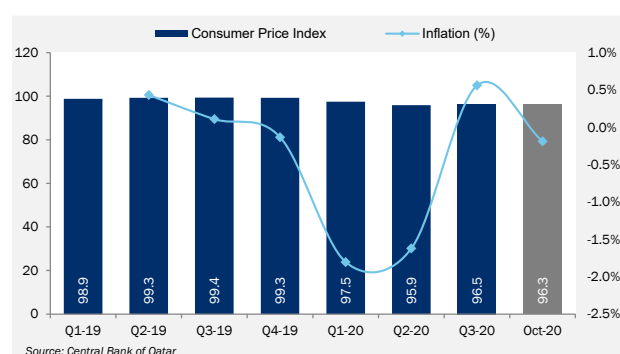
Qatar Ministry of Finance mentioned that Q3-2020 budget deficit came in at QAR 2.7 Bn from total revenues of QAR 38.9 Bn and budget expenses of QAR 41.6 Bn. Oil & gas revenues were down 28% y-o-y in Q3-2020 to QAR 30.6 Bn, while Other revenues declined by 22% y-o-y to QAR 8.3 Bn. Total expenditure was down mainly from a 31% y-o-y reduction in major project spending in Q3-2020, while other current expenditure was down 15% y-o-y over the same period. As a result, the fiscal balance swung from a surplus of QAR 2.4 Bn in Q3-2019 to a deficit of QAR 2.7 Bn in Q3-2020.

Total credit facilities as of Oct-2020 improved by 8.2% from the end of 2019 to reach QAR 1.12 trillion. Public sector credit growth moved up and improved by 10.7% from Q4-2019, while the Private sector credit increased by 8.7% over the period, as per data from the Central Bank of Qatar. In terms of current account balance, the IMF expects Qatar to report a deficit of 0.6% of GDP for 2020, and a surplus amounting to 2.6% of GDP, respectively for 2020 and 2021. Money supply (M2) at the end of Oct-2020 improved from Q4-2019 marginally by 0.9% to reach QAR 583.15 Bn. Time and savings deposits however declined by 7.6% in Oct-2020 from Q4-2019, while M1 increased by 17.7% over the same period. Deposits in foreign currencies increased by 3.5% in Oct-2020 from Q4-2019. Separately, the QCB's monthly Real Estate Price index decreased to 217.11 in Sept-2020 from 229.60 in Sept-2019. When compared with Dec-2019, the index was down from 226.20 points.



Fiscal Budget (QAR Bn)	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20
Total Revenues	55.0	57.2	53.2	49.4	47.6	45.2	38.9
Oil & Gas	53.3	33.5	42.5	40.7	43.1	26.2	30.6
Other Revenues	1.7	23.7	10.7	8.7	4.5	19.0	8.3
Total Expenditure	53.0	50.3	50.8	54.3	48.0	46.3	41.6
Salaries & Wages	16.3	16.7	14.2	14.3	15.0	14.8	13.6
Other Current Expenditure	17.4	17.9	14.7	12.7	16.0	15.2	12.5
Minor Capital Expenditure	1.3	0.9	0.6	1.2	0.8	1.0	0.7
Major Projects	18.0	14.8	21.3	26.1	16.2	15.3	14.8
Surplus/Deficit	2.0	6.8	2.4	(4.9)	(0.4)	(1.1)	(2.7)

Source: MOF



Bahrain

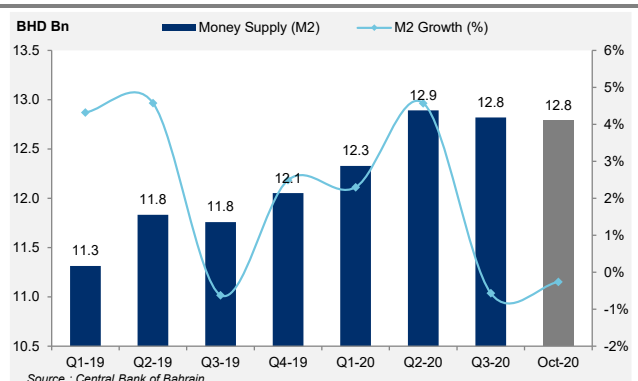
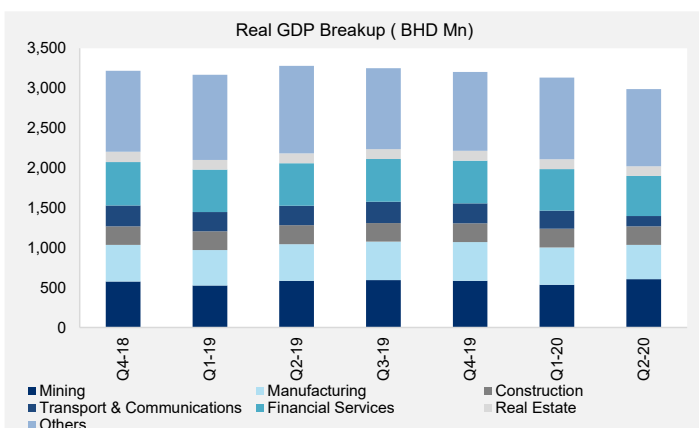
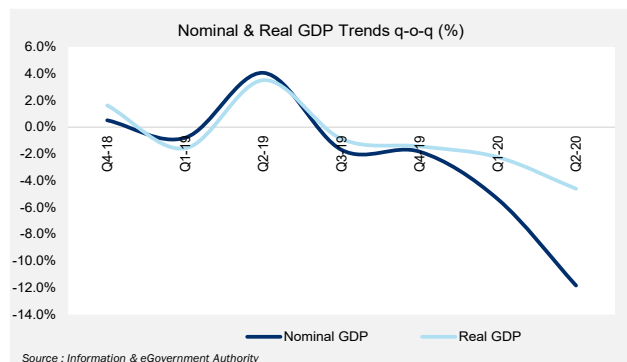
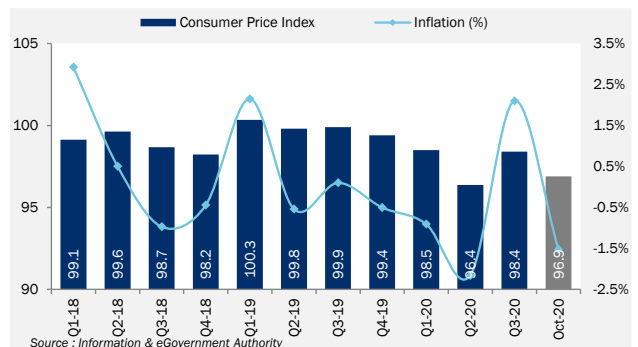
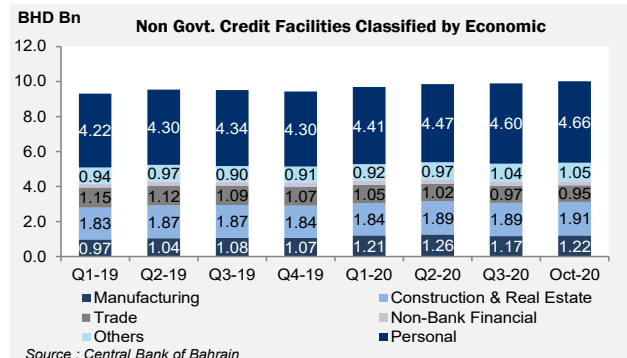
Key Economic Indicators	2013	2014	2015	2016	2017	2018	2019	2020F	2021F
Real GDP growth (%)	5.4%	4.4%	2.5%	3.6%	4.3%	1.8%	1.8%	-4.9%	2.3%
Nominal GDP - USD Bn	32.5	33.4	31.1	32.2	35.5	37.7	38.6	34.6	36.6
Real GDP per capita growth % (PPP)	1.7%	-0.5%	-1.7%	-0.3%	2.2%	-0.2%	1.6%	-6.8%	0.2%
Current account balance (% of GDP)	7.4%	4.6%	-2.4%	-4.6%	-4.1%	-6.5%	-2.1%	-8.0%	-5.7%
General Govt. net lending/borrowing % of GDP	-9.7%	-1.6%	-18.4%	-17.6%	-14.2%	-11.9%	-10.6%	-13.1%	-9.2%
Inflation, avg. CPI (%)	3.3%	2.6%	1.8%	2.8%	1.4%	2.1%	1.0%	0.0%	2.8%

Source: International Monetary Fund (IMF)

Real GDP in Bahrain receded by 8.9% y-o-y in Q2-2020 and reached BHD 3.00 Bn from BHD 3.28 Bn in Q4-2019. The Transport & Communications sector was the key driver for the decline, as the sector dropped by 47.4% y-o-y in real terms. Other Services Industries which accounts for 21% of Bahrain's total GDP however declined by 5.2% y-o-y. Construction and Real Estate sectors, that combine for 11.9% of the total GDP witnessed similar trends as Construction GDP declined by 2.3% y-o-y, while Real Estate GDP declined by 1.5% y-o-y in Q2-2020. In the Services sector, Financial Services receded by 5.8% y-o-y in the Q2-2020. On a q-o-q basis, real GDP dropped by 4.6% in Q2-2020, while nominal GDP lost ground by 11.8% over the same period. The IMF expects real non-oil GDP to decline in 2020 by 6.0% y-o-y, followed by a recovery and growth of 2.5% y-o-y in 2021.

Bahrain's Cabinet reportedly approved a draft budget for FY 2021-2022 which estimates public revenues of BHD 2.285 Bn for FY2021 and BD 2.339 Bn for FY2022, based on an oil price assumption of USD 45/bbl. Overall recurring expenditure was reportedly forecasted at BHD 3.296 Bn for FY2021 and BHD 3.219 Bn for FY2022. Overall deficits reportedly were estimated at BHD 1.276 Bn for FY2021 and BHD 1.145 Bn for 2022. Money supply (M2) at the end of Oct-2020 increased by 6.1% from Q4-2019 to BHD 12.79 Bn. Time and savings deposits grew by 3.8% from Q4-2019 to Oct-2020, and M1 improved by 11.7% over the same period.

Credit disbursed to the non-government sector improved 6.2% from Q4-2019 to reach BHD 10.02 Bn in Oct-2020. Personal credit disbursed increased by 8.6% over the same period, while Construction credit improved by 3.9%. Trade and Non-banking credit on the other hand fell by 11.5% and 10.0%, respectively from Q4-2019 to Oct-20. Further, inflation numbers at the end of Oct-2020 moved down by 2.5% as against Q4-2019.



Oman

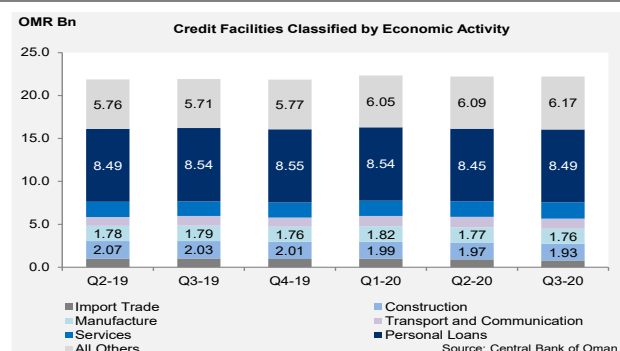
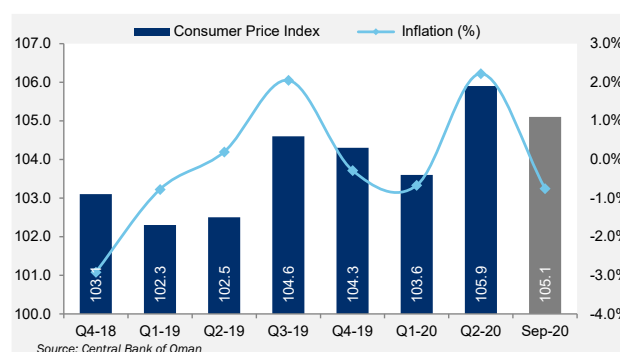
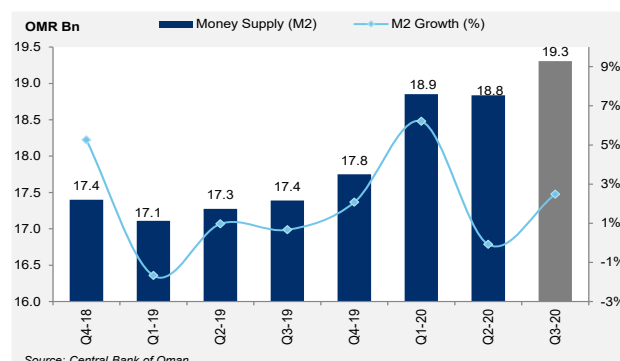
Key Economic Indicators	2013	2014	2015	2016	2017	2018	2019	2020F	2021F
Real GDP growth (%)	5.1%	1.4%	4.7%	4.9%	0.3%	0.9%	-0.8%	-10.0%	-0.5%
Nominal GDP - USD Bn	78.8	81.1	68.9	65.5	70.6	79.8	76.3	62.3	65.3
Real GDP per capita growth % (PPP)	-3.8%	-1.9%	3.0%	-1.2%	-2.9%	0.0%	-1.2%	-12.6%	-3.5%
Current account balance (% of GDP)	6.6%	5.2%	-15.9%	-19.1%	-15.6%	-5.5%	-4.6%	-14.6%	-12.9%
General Govt. net lending/borrowing % of GDP	4.7%	-1.1%	-15.9%	-21.3%	-14.0%	-7.9%	-7.1%	-18.7%	-16.8%
Inflation, avg. CPI (%)	1.2%	1.0%	0.1%	1.1%	1.6%	0.9%	0.1%	1.0%	3.4%

Source: International Monetary Fund (IMF)

Oman continued to report budget deficits in 2020, as the deficit over Jan-Aug 2020 reached OMR 1.96 Bn, down from OMR 1.38 Bn reported during the same period in 2019. Budget revenues from Jan-Aug 2020 declined by 22% y-o-y to reach OMR 5.55 Bn, driven by a 31% y-o-y decrease in Oil revenues that reached OMR 2.81 Bn for the first eight months of 2020. Budget expenses decreased by 12% y-o-y from Jan-Aug 2020 and reached OMR 7.51 Bn, as Investment expenditure fell by 27% y-o-y to OMR 1.11 Bn, while Current expenditure receded by 3% y-o-y to OMR 5.74 Bn.

Oman registered a y-o-y nominal GDP decline of 13.4% for H1-2020, as nominal GDP reached OMR 12.25 Bn from OMR 14.14 Bn in the same period in H1-2019. Petroleum activities contributed to 36% of nominal GDP, and posted a y-o-y decline of 20% in H1-2020 to reach OMR 4.08 Bn. Non-petroleum activities declined by 9.6% y-o-y to reach OMR 8.17 Bn in H1-2020 from OMR 9.04 Bn in H1-2019. Oman announced the implementation of VAT with an implementation date of 16 April 2021. The standard rate of VAT in Oman is 5% and consistent with the GCC Unified Agreement, and there are provisions for zero rating and exemptions.

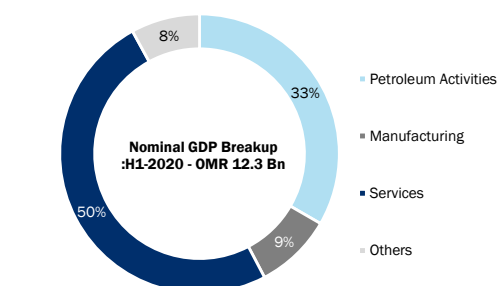
On the monetary front, money supply (M2) at the end of Q3-2020 improved by 1.4% from Q4-2019 to OMR 18.01 Bn. The increase from Q4-2019 was contributed by an increase in Quasi Money (+3.0%), while M1 components currency outside banks (+2.3%) and demand deposits (-3.5%) witnessed mixed trends. Meanwhile, inflation trends remained broadly stable in Sept-2020 as compared to Dec-2019, marginally improving by 0.8%. In terms of credit lending, total amount of credit disbursed increased by 1.7% from Q4-2019 to reach OMR 22.22 Bn. Personal loans which contribute to close to 38% of the total credit, declined by 0.6% over the aforementioned period. Services (+9.1%), Transport & Communication (+8.1%) were the sectors which grew over the period.



Government Revenues and Expenditure

OMR Mn	2019				2020		
Sectors	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Jan-Aug
Revenues	2,710.6	2,803.4	2,435.7	2,524.0	2,615.6	2,199.2	5,554.3
Oil Revenues	1,631.2	1,443.3	1,529.1	1,494.9	1,396.9	1,159.7	2,810.3
Gas Revenues	458.0	481.8	370.9	475.1	365.3	375.5	917.4
Other Revenues	621.4	878.3	535.7	554.0	853.4	664.0	1,826.6
Expenditure	3,019.6	3,155.0	3,319.6	3,582.0	2,652.0	3,062.3	7,511.5
Current Expenditure	2,070.0	2,236.3	2,346.2	2,834.6	1,959.7	2,321.3	5,738.0
Investment Expenditure	456.6	641.4	651.3	923.8	350.9	466.1	1,107.7
Participation & Subsidy To Private Sector	119.0	173.8	236.1	387.1	14.0	114.9	175.8
Actual Expenses under Settlement	374.0	103.5	86.0	-563.5	327.4	160.0	490.0
Fiscal Surplus (+) / Deficit (-)	-309.0	-351.6	-883.9	-1,058.0	-36.4	-863.1	-1,957.2

Source: Ministry of Finance, Central Bank of Oman



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