

## GCC Economic Quarterly Report

March-2016

### In this Report...

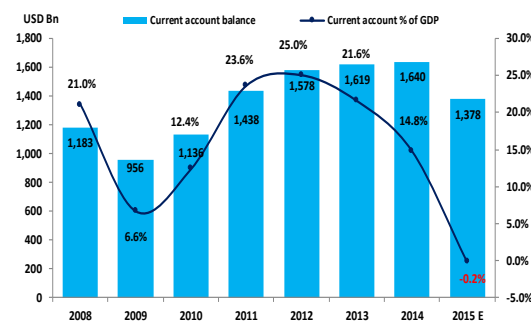
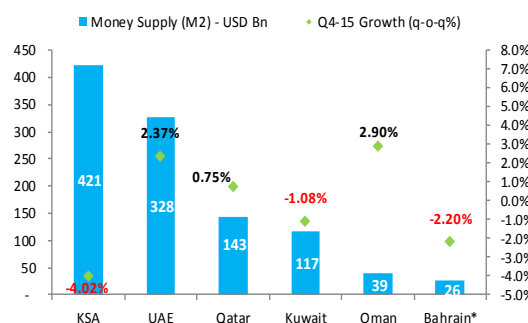
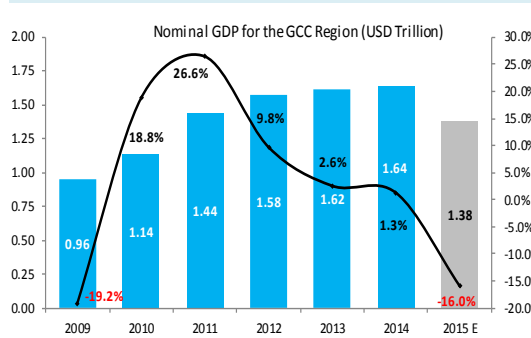
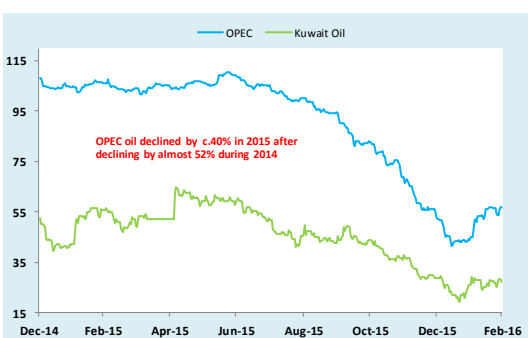
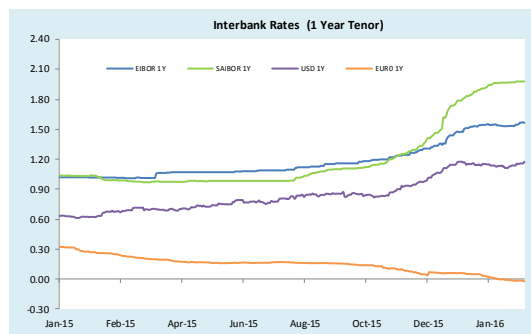
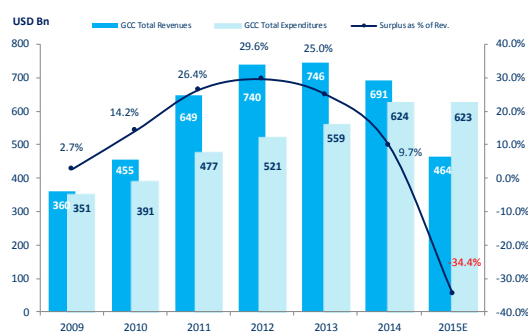
Kuwait .....	2
Saudi Arabia .....	3
UAE .....	4
Qatar .....	5
Bahrain .....	6
Oman .....	7

**Budget deficits were recorded across all GCC states for the first nine months of 2015 as oil revenues plunged and state revenues fell below expenditure.** As a result, the GCC is expected to report a deficit in government finances of approximately USD 160 Bn in 2015, a phenomenon not witnessed in the recent past. The current account balance for the GCC is also expected to come in negative for full year 2015, based on our analysis of IMF data, albeit marginally.

**Oil GDP estimates for the region are likely to almost halve in 2015, and contribute to an overall GDP decline of 16% y-o-y for the region.** Saudi Arabia which accounts for almost 46% of the region's GDP witnessed a decline of 13.3% y-o-y in 2015, as Oil GDP went down by c.43% over the period, based on preliminary estimates published.

**KAMCO expects 2016 to remain a year of transition in the GCC, as governments reassess and implement steps to optimize state budgets and improve revenue side initiatives, as the full year impact of lower oil revenues and government initiatives take effect.** Ratings agencies remain cautious on their outlooks for GCC countries, as witnessed from the S&P's downgrade of Saudi Arabia's debt rating for the second time in four months, which was cut to 'A-/A-2' from 'A+/A-1'.

**Credit lending trends remained positive in major GCC states, as credit disbursed by banks in Saudi Arabia, Kuwait and UAE all went up above 8% in 2015, while credit lending went up higher by 15% y-o-y in Qatar.** Money supply (M2) growth was negative in KSA (-4.0%), Kuwait (-1.1%) on q-o-q basis in Q4-15; while UAE, Qatar and Oman witnessed higher money supply compared to the previous quarter.



Source for the above charts: \* Q3-15, GCC Central Banks, International Monetary

**Faisal Hasan, CFA**

Head - Investment Research

+(965) 2233 6907

[faisal.hasan@kamconline.com](mailto:faisal.hasan@kamconline.com)

**Thomas Mathew**

Senior Financial Analyst

+(965) 2233 6741

[thomas.mathew@kamconline.com](mailto:thomas.mathew@kamconline.com)

# Kuwait

Key Economic Indicators	2010	2011	2012	2013	2014	2015E	2016E
Kuwait GDP Share in GCC	10.2%	10.7%	11.0%	10.9%	10.5%	8.9%	9.1%
Nominal GDP - KWD Bn	33.1	42.5	48.7	49.9	49.0	36.4	37.8
Nominal GDP - USD Bn	115.4	154.0	174.1	175.8	172.6	123.2	128.5
Real GDP Growth (%)	-2.37%	10.61%	7.67%	0.82%	0.10%	1.20%	2.50%
GDP per Capita (USD)	32,216	41,831	45,993	45,202	43,168	29,983	30,426
Current Account Balance (USD Bn)	36.71	65.72	78.71	72.46	53.53	11.43	8.95
Current Account Balance (KWD Bn)	8.14	10.52	18.14	22.03	20.55	15.20	3.38
% of GDP	2.1%	6.0%	3.1%	4.4%	2.7%	2.9%	3.3%
Inflation, Avg. CPI (%)	2.07%	6.01%	3.07%	4.37%	2.66%	2.94%	3.30%

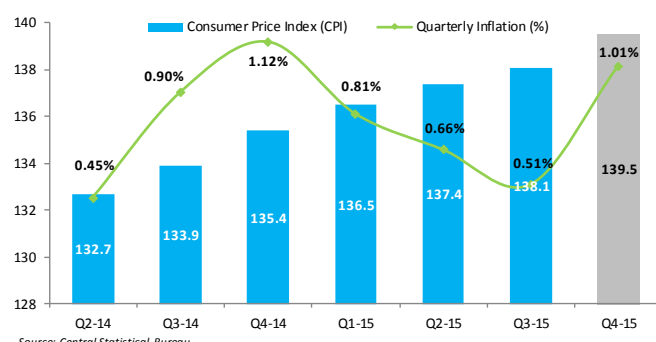
Source: International Monetary Fund (IMF)

After declining marginally in 2014, Kuwait's GDP is expected to register a significant decline in 2015 on a nominal basis, driven by the unprecedented drop in oil prices during the year. The rout in oil prices which started in 2014, continued during 2015, and more than offset the impact of an increase in production of oil from 2.79mb/d in 2014 to 2.9mb/d. Nevertheless, Real GDP is expected to increase y-o-y, albeit marginally, driven by growth from the non-oil sector.

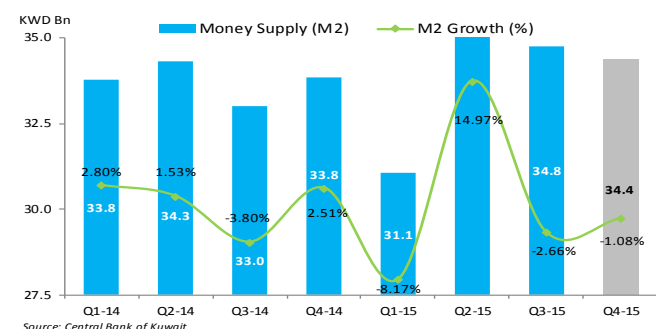
Total government revenues for Kuwait plunged by 47% y-o-y to KWD 12.1 Bn during Jan'15 –Sept'15 as compared to KWD 22.9 Bn during Jan'14–Sept'14. The drop was in large part attributed the fall in oil revenues that almost halved y-o-y (-49%), to KWD 10.9 Bn. Non-oil revenues also declined by 27% y-o-y during the same period to KWD 1.2 Bn. On the other hand, expenditure inched up by 2% y-o-y to KWD 15.6 Bn, despite capital expenditure remaining flat y-o-y from Jan'15–Sept'15 at KWD 1.5 Bn. Government finances swung into the negative over Jan'15–Sept'15 from a surplus in the year prior, as a deficit of over 29% of total revenues was recorded over the period.

Credit facilities extended by Kuwaiti banks by the end of Q4-15 increased by 2.5% q-o-q to KWD 33.2 Bn. On a y-o-y basis however, credit extended improved by 8%, driven by the growth in Personal facilities, which grew by 11% over the period and accounted for over 41% of the credit disbursed by Dec-15. Credit to the real estate and construction sectors however saw muted growth on a y-o-y basis as credit disbursed by the sector grew by 2% and 2.5% respectively.

Kuwait's broad measure of money supply (M2) decreased by 1.08% q-o-q to KWD 34.4 Bn in Q4-15, after recording a drop in Q3-15 as well, as currency in circulation, quasi money and sight deposits declined sequentially since Q2-15.

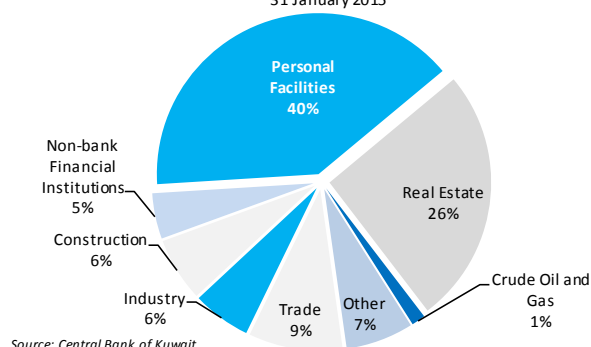


Source: Central Statistical Bureau



Source: Central Bank of Kuwait

Sectoral Distribution of Balances of Utilized Cash Credit Facilities as of 31 January 2015

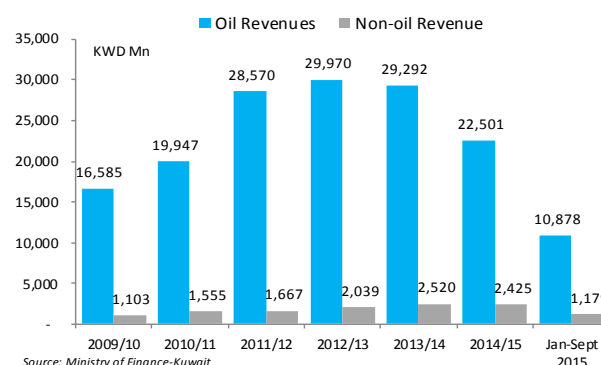


Source: Central Bank of Kuwait

Government Revenues and Expenditure

KWD (Mn)	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Jan-Sept 2015
Oil Revenues	16,585	19,947	28,570	29,970	29,292	22,501	10,878
% of Total Revenue	93.8%	92.8%	94.5%	93.6%	92.1%	90.3%	90.2%
Non-oil Revenue	1,103	1,555	1,667	2,039	2,520	2,425	1,179
% of Total Revenue	6.2%	7.2%	5.5%	6.4%	7.9%	9.7%	9.8%
Total Revenue	17,688	21,502	30,236	32,009	31,811	24,926	12,057
Capital Expenditures	1,308	1,841	1,799	1,811	1,740	1,859	1,514
% of Total Expenditures	11.6%	11.3%	10.6%	9.4%	9.2%	8.7%	9.7%
Other Expenditures	9,943	14,380	15,209	17,497	17,163	19,556	14,108
% of Total Expenditures	88.4%	88.7%	89.4%	90.6%	90.8%	91.3%	90.3%
Total Expenditures	11,251	16,221	17,008	19,308	18,903	21,415	15,622
Surplus/(Deficit)	6,437	5,281	13,229	12,701	12,908	3,510	(3,565)
Surplus as % of Revenues	36.4%	24.6%	43.8%	39.7%	40.6%	14.1%	-29.6%

Source: Ministry of Finance-Kuwait



Source: Ministry of Finance-Kuwait

# Saudi Arabia

Key Economic Indicators	2010	2011	2012	2013	2014	2015E	2016E
KSA GDP Share in GCC	46.4%	46.6%	46.5%	46.0%	45.5%	45.9%	45.5%
Nominal GDP - SAR Bn	1,975.5	2,510.7	2,752.3	2,791.3	2,798.4	2,370.3	2,412.1
Nominal GDP - USD Bn	526.8	669.5	734.0	744.3	746.2	632.1	643.2
Real GDP Growth (%)	4.76%	9.96%	5.38%	2.67%	3.60%	3.40%	1.20%
GDP per Capita - PPP (USD)	19,113	23,594	25,139	24,816	24,252	20,139	20,093
Current Account Balance (US	66.75	158.58	164.76	135.44	76.92	(22.38)	(30.30)
Current Account Balance (SA	250.32	594.68	617.86	507.91	288.44	(83.93)	(113.62)
% of GDP	12.7%	23.7%	22.4%	18.2%	10.3%	-3.5%	-4.7%
Inflation, Avg. CPI (%)	5.77%	2.72%	3.57%	2.97%	2.45%	2.15%	2.33%

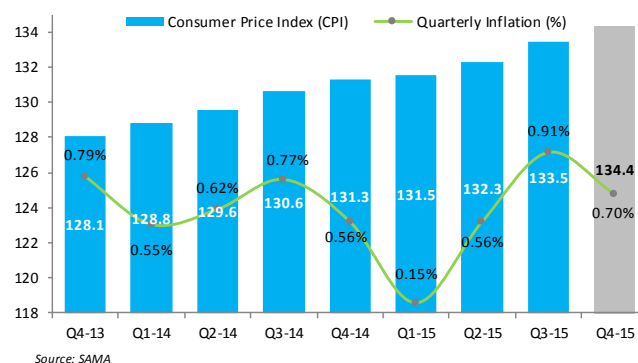
Source: International Monetary Fund (IMF)

Saudi Arabia released 2015 preliminary GDP estimates of SAR 2,449.6 Bn, a decline of 13.3% y-o-y compared to 2014. Non-oil GDP is estimated to have grown by 8.4% y-o-y over the same period to reach SAR 1,740.3 Bn, as the non-oil Government sector grew by 14.6% y-o-y. The non-oil private sector grew by 5.8% over the period. On the other hand, the oil sector is estimated to have declined by over 42% during 2015 to reach SAR 685.3 Bn from SAR 1,197.4 Bn in 2014.

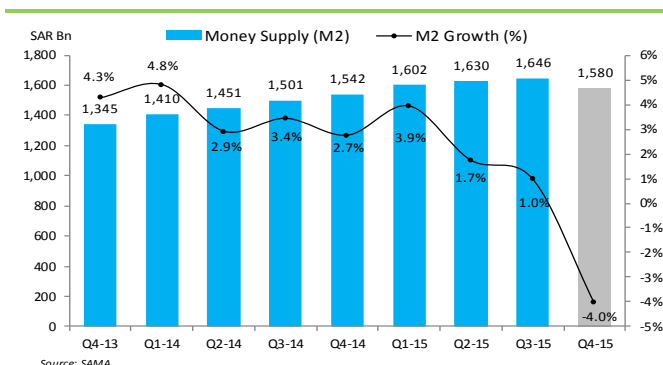
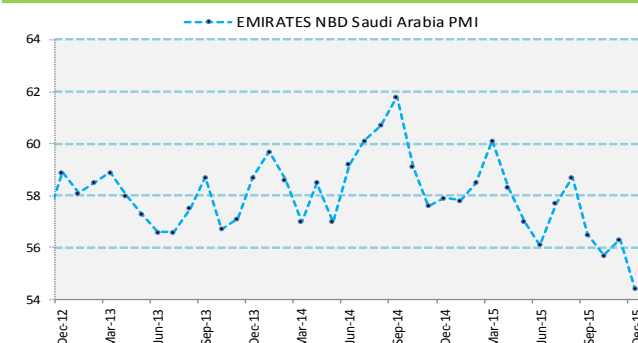
Meanwhile, the Emirates NBD Saudi Arabia PMI reached its lowest level in 2015 of 54.4 points during Dec-15. The index declined after rising to 60.1 points in Mar -15, indicating a deceleration in growth of the non-oil private sector towards the end of the year. Nevertheless, sustaining above 50 points, the index still pointed towards an expansion in the non-oil private sector at the end of the year.

The broad measure of money supply (M2) in the Kingdom decreased by 4.0% q-o-q during Q4-15 to reach SAR 1,580 Bn, after growing by 0.99% and 1.74% in Q3-14 and Q2-14, respectively. The decline in money supply was driven by a decline in demand deposits, which fell by 8.3% to SAR 976 Bn, and currency outside banks which receded by 3.3% from its previous quarter.

During Q4-15, inflation inched up as compared to last quarter. The general consumer price index rose by 0.7% in Q4-15 as compared to Q3-15, and by 1.4% during 2015. Among the sectors, Education recorded the highest inflation rate during Q4-15, registering a quarterly increase in prices of 5%, followed by Clothing & footwear. In terms of the influence on the cost of living index, the food and beverages group ranked first with 26.1% during Q4-15 as compared to 55.3% in Q4-14; followed by Education at 19.1% as compared to 1.9% in Q4-14.



Source: SAMA

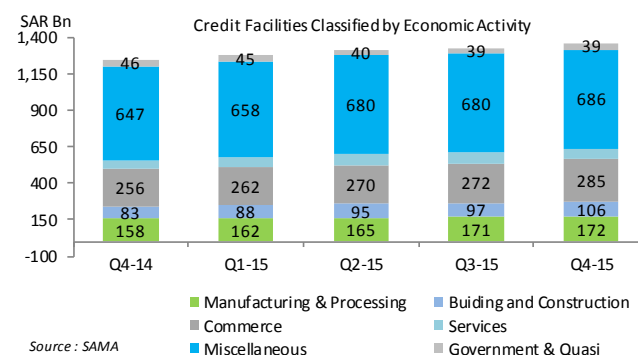


Source: SAMA

Gross Domestic Product by Institutional Sectors at Current Prices

Sectors	GDP (SAR Mn)				2015/2014 Growth (%)
	2012	2013	2014	2015*	
Oil Sector	1,376,576	1,290,789	1,197,414	685,120	(42.8%)
Non-Oil Sector	1,354,264	1,479,296	1,605,935	1,740,284	8.4%
Private Sector	940,794	1,042,319	1,140,191	1,206,685	5.8%
Government Sector	413,470	436,977	465,745	533,599	14.6%
Total	2,730,840	2,770,085	2,803,349	2,425,403	(13.5%)
Import Duties	21,494	21,174	23,520	24,169	2.8%
Gross Domestic Product (GDP)	2,752,334	2,791,259	2,826,869	2,449,572	(13.3%)

Source: \*Preliminary Data by Saudi Central Department of Statistics & Information



Source: SAMA

# United Arab Emirates

Key Economic Indicators	2009	2010	2011	2012	2013	2014	2015E	2016E
UAE GDP Share in GCC	26.5%	25.2%	24.2%	23.7%	23.9%	24.4%	24.6%	25.2%
Nominal GDP - AED Bn	931.2	1,050.5	1,276.0	1,371.4	1,422.0	1,467.0	1,245.3	1,308.2
Nominal GDP - USD Bn	253.5	286.0	347.5	373.4	387.2	399.5	339.1	356.2
Real GDP Growth (%)	-5.24%	1.64%	4.89%	7.22%	4.32%	4.57%	3.00%	3.13%
GDP per Capita - PPP (USD)	30,920	34,612	40,817	42,591	42,875	42,944	35,392	36,142
Current Account Balance (USD Bn)	7.85	7.24	50.95	79.56	71.38	54.63	9.78	10.95
Current Account Balance (AED Bn)	28.83	26.59	187.11	292.20	262.14	200.62	35.91	40.23
% of GDP	3.1%	2.5%	14.7%	21.3%	18.4%	13.7%	2.9%	3.1%
Inflation, Avg. CPI (%)	1.22%	0.88%	0.77%	0.88%	1.73%	3.02%	3.34%	3.01%

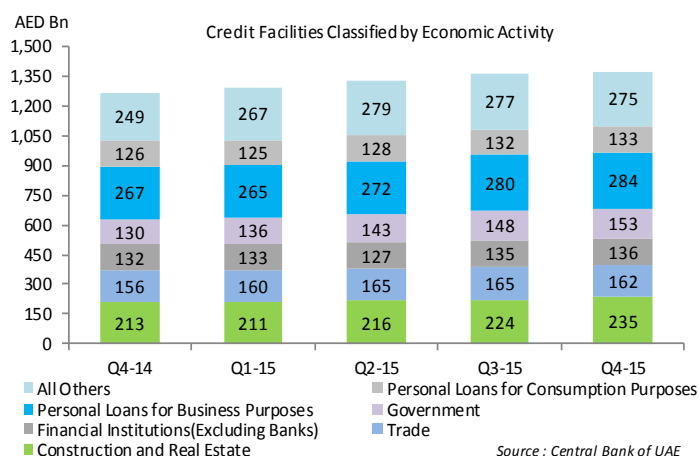
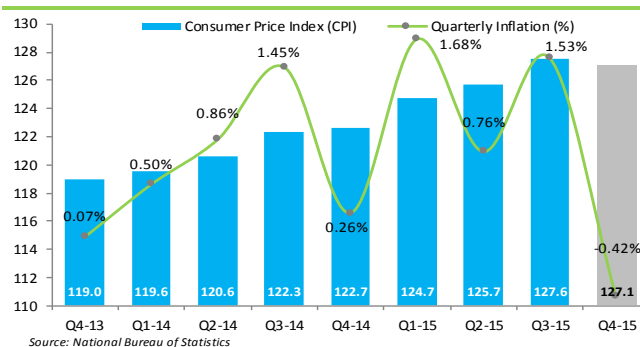
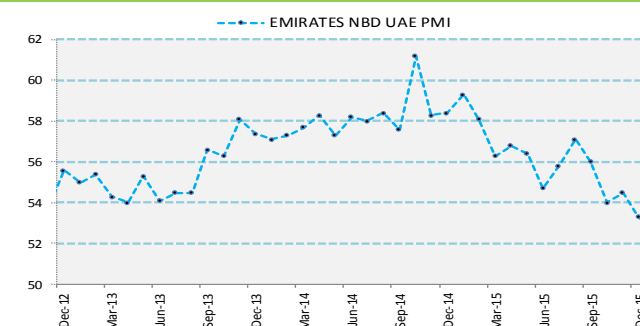
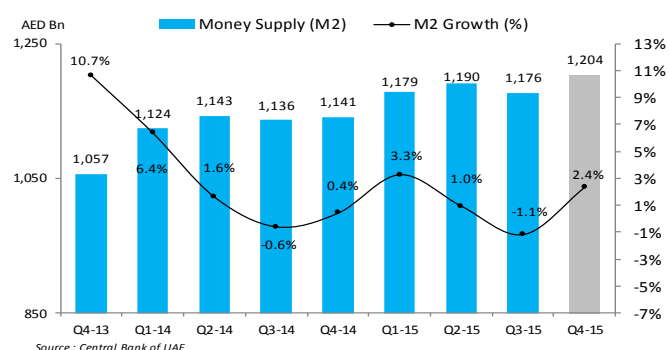
Source: International Monetary Fund (IMF)

Based on the results of their economic composite indicator, the Central Bank of UAE estimates the country's GDP to realize an annual GDP growth of 3% in 2015. This indicator measures the domestic economic activity by taking into account the development of many economic aggregates such as domestic credit growth, monetary aggregates and oil prices. The non-oil economic composite indicator suggested a growth of 3.5% in 2015 as against the previous year. The central bank estimates quarterly growth during Q3-15 to be 2.7% compared to 3.1% in the previous quarter.

Meanwhile, manufacturing data for the non-oil private sector for December-15 highlighted a further slowdown as the Emirates NBD UAE PMI slid to a 3-year low level of 53.3 points, as new orders and export orders expanded more slowly. Moreover, on the price front, a sequential fall in input costs from Sept-2015 to Dec-2015 was recorded, while output prices were reduced as well over the period, in a bid to generate new orders.

On the capital front, total credit facilities further improved to AED 1.38 trillion at the end of the Q4-2015, an increase of 1.1% q-o-q and an 8.3% jump y-o-y. Credit to construction facilities increased by 5.1% q-o-q, while personal facilities inched up by 1.1% and credit to trade facilities contracted by 1.8% over the period.

In terms of price levels, the economy witnessed a drop in quarterly inflation to -0.42% for Q4-15 as compared to +1.53% in Q3-14. Price levels in 2015 however remained higher by 3.6% as compared to 2014. UAE's broad measure of money supply (M2) increased by 2.4% q-o-q to AED 1,204.3 Bn in Q4-15.



Quarterly Government Finances					
in AED (Bn)	Q4-14	Q1-15	Q2-15	Q3-15	9M-2015 vs. 9M-2014
Revenues	97.8	74.9	84.2	64.8	-20.8%
Taxes	68.4	54.9	50.6	41.9	-30.3%
Social contributions	2.4	1.1	1.1	1.0	11.6%
Expenditure	107.9	87.0	93.1	83.9	13.9%
Fiscal Balance	-10.1	-12.1	-8.9	-19.1	-68.8%

Source: Central Bank of UAE

# Qatar

Key Economic Indicators	2010	2011	2012	2013	2014	2015E	2016E
Qatar GDP Share in GCC	11.0%	11.8%	12.1%	12.5%	12.8%	13.9%	13.6%
Nominal GDP - QAR Bn	455.4	618.1	692.7	734.9	764.8	699.2	699.7
Nominal GDP - USD Bn	125.1	169.8	190.3	201.9	210.1	192.1	192.2
Real GDP Growth (%)	19.59%	13.38%	4.88%	4.58%	3.98%	4.70%	4.95%
GDP per Capita - PPP (USD)	76,413	99,431	103,606	98,710	93,990	78,829	73,725
Current Account Balance (USD Bn)	23.95	52.12	62.00	62.42	54.84	9.69	(8.60)
Current Account Balance (QAR Bn)	87.19	189.73	225.68	227.20	199.60	35.26	(31.30)
% of GDP	19.1%	30.7%	32.6%	30.9%	26.1%	5.0%	-4.5%
Inflation, Avg. CPI (%)	0.40%	2.12%	2.65%	2.49%	2.86%	1.61%	2.28%

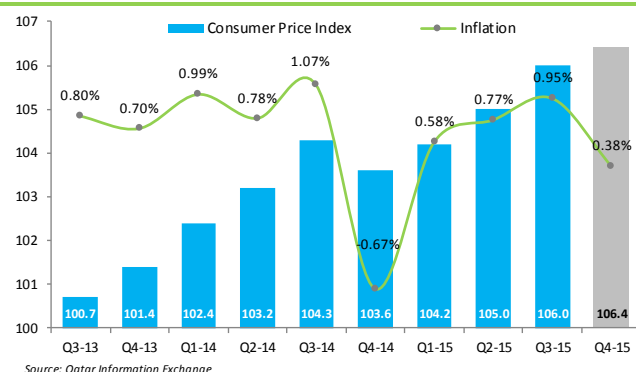
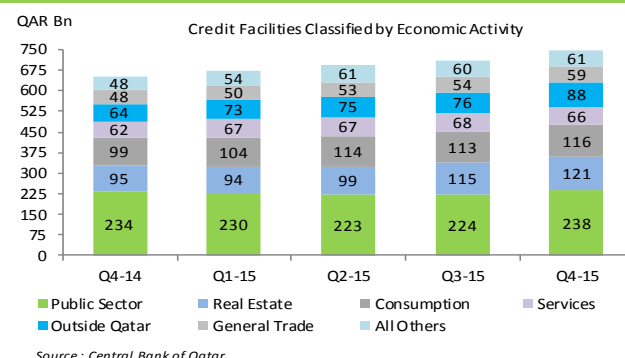
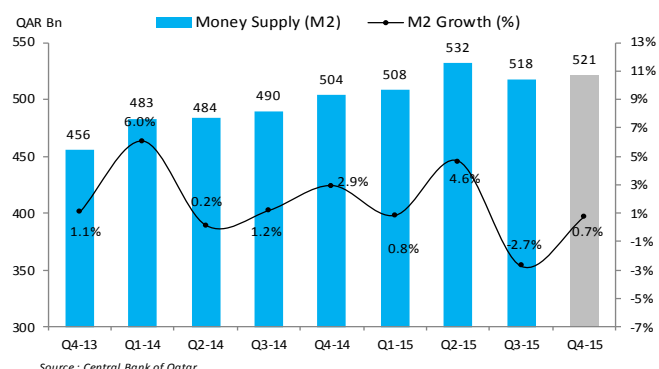
Source: International Monetary Fund (IMF)

Qatar's Q3-15 GDP receded by 2.9% q-o-q, as oil & gas related sectors went down by 12% over the same period. On a y-o-y basis, Q3-15 GDP was down over 22%, while oil & gas related sectors went down by 47% over the same period. The non-oil sector however grew on a q-o-q and y-o-y basis, as the private sector grew by 2.7% on a q-o-q basis and 0.8% on a y-o-y basis. Non-oil Government sector GDP improved by 2.1% q-o-q in Q3-15.

Total credit facilities continued the uptrend and stood at a record high level at the end of 2015 with an increase of 5.5% q-o-q to reach QAR 748.7 Bn as of Q4-15. The growth was ascribed to both the public sector and the private sector, which grew q-o-q in Q4-15, as the public sector grew by 6.4%, while the private sector credit went up by 3.1% over the same period. Within the private sector, larger sectors utilizing credit Real estate and Consumption sectors recorded a growth in lending. Real Estate credit grew by 5.7% q-o-q in Q4-15, and by 27.4% y-o-y, while Consumption credit grew by a lower 2.6% on a quarterly basis and 16.9% y-o-y.

Qatar's broad measure of money supply (M2) improved on a q-o-q basis, to add around QAR 3.9 Bn or 0.75% in Q4-15 and stand at around QAR 521 Bn as of December-15, after receding by 2.7% in Q3-15. The rise in M2 is mainly attributed to the increase in deposits in foreign currencies that added QAR 3.1 Bn on a quarterly basis in Q4-15.

Quarterly inflation inched up during Q4-15 by 0.38% q-o-q, ascribed to an increase in Housing & related utilities prices which went up by 2% over the period, while Recreation gained by 3% as against the previous quarter. Food & Beverages and Clothing & Footwear were amongst the indices, which saw a decline during Q4-15, as they declined by 1% and 2% respectively, as against the previous quarter.



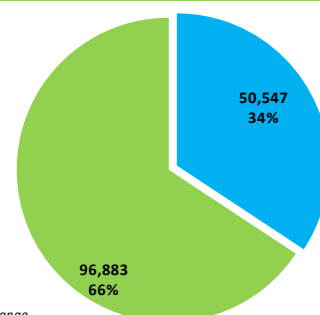
## Quarterly Gross Domestic Product by Economic Sectors at Current Prices

Sectors	GDP (QAR Mn)			
	Q4-14	Q1-15	Q2-15	Q3-15
Mining & Quarrying (Include Oil & Gas)	94,277	64,164	57,435	50,547
Non-Oil Sector	100,121	95,473	94,453	96,883
Private Sector	80,843	76,273	74,802	76,828
Government Sector	19,278	19,200	19,651	20,055
<b>Total</b>	<b>194,398</b>	<b>159,637</b>	<b>151,889</b>	<b>147,430</b>
Import Duties	876	869	925	919
<b>Gross Domestic Product (GDP)</b>	<b>195,274</b>	<b>160,506</b>	<b>152,814</b>	<b>148,349</b>

Source: Qatar Information Exchange

Q3-2015 Gross Domestic Product by Economic Sectors at Current Prices (QAR Mn)

■ Mining & Quarrying (Include Oil & Gas)  
■ Non-Oil Sector



# Bahrain

Key Economic Indicators	2010	2011	2012	2013	2014	2015E	2016E
Bahrain GDP Share in GCC	2.3%	2.0%	1.9%	2.0%	2.1%	2.2%	2.3%
Nominal GDP - BHD Bn	9.7	10.9	11.6	12.4	12.7	11.6	12.2
Nominal GDP - USD Bn	25.7	29.0	30.8	32.9	33.9	30.9	32.3
Real GDP Growth (%)	4.33%	2.10%	3.59%	5.34%	4.51%	3.38%	3.22%
GDP per Capita - PPP (USD)	20,823	24,299	25,227	26,454	26,701	23,899	24,507
Current Account Balance (USD Bn)	0.77	3.25	2.22	2.56	1.12	(1.47)	(1.90)
Current Account Balance (BHD Bn)	0.29	1.22	0.84	0.96	0.42	(0.55)	(0.71)
% of GDP	3.0%	11.2%	7.2%	7.8%	3.3%	-4.8%	-5.9%
Inflation, Avg. CPI (%)	0.99%	0.18%	2.58%	3.99%	2.50%	1.57%	2.59%

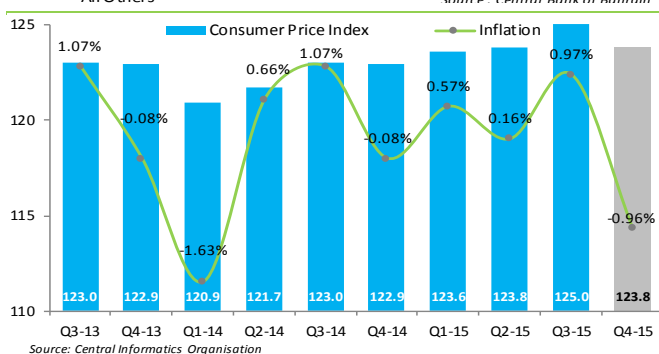
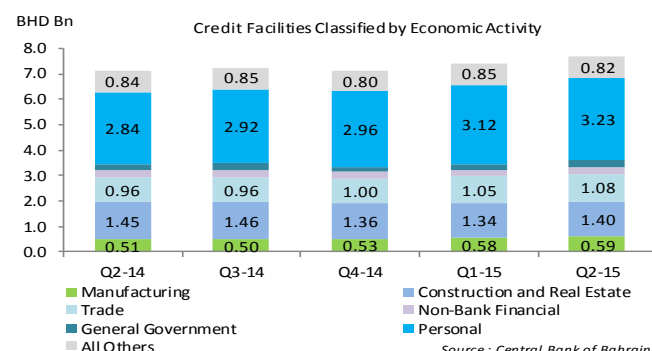
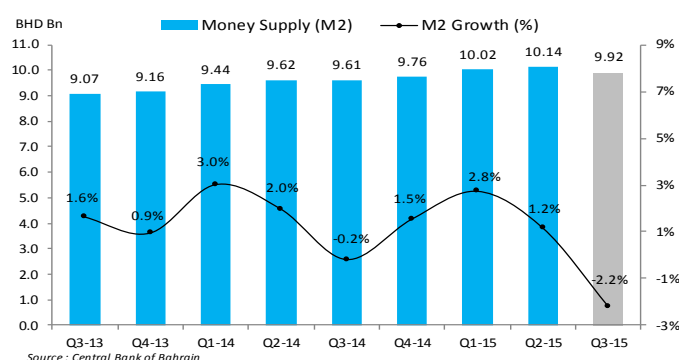
Source: International Monetary Fund (IMF)

Bahrain's GDP receded by 1.4% q-o-q in Q3-15 and reached BHD 3.07 Bn by the end of the period. The decline was largely ascribed to the 9.3% decline in oil sector GDP q-o-q, which constituted 16% of the overall GDP of the country for the quarter, as per Central Bank of Bahrain. Oil sector GDP declined by 40% y-o-y from Q3-14, owing to the lower oil price environment. However, non-oil GDP increased by 5% y-o-y by the end of Q3-15, as Private sector non-oil GDP that contributes c.84% to non-oil GDP grew by an equal amount, while the government sector grew by 6% over the period. Non-oil GDP also grew on a q-o-q basis in Q3-15 by 0.33%.

Real GDP inched higher by 0.3% q-o-q in Q3-15 reflecting non-oil GDP growth mostly. On a y-o-y basis however, Real GDP for the quarter was up by 2.4%, while non-oil GDP grew by a higher 3.3%. Oil GDP for Q3-15 declined in real terms on a y-o-y basis as production went down marginally.

Further, inflation numbers at the end Q4-15 suggested a sequential decrease of 0.96% as against Q3-15. On a y-o-y basis, CPI increased 0.7% by the end of 2015. In terms of components, Housing & Utility costs, Education and Recreation & Culture witnessed the largest increases y-o-y, increasing by 2.2%, 2.4% and 2.4% respectively. Food and Non Alcoholic Beverages also increased over the period by 1.7%, while Clothing and Footwear costs decreased by 1.5% as against Q4-14.

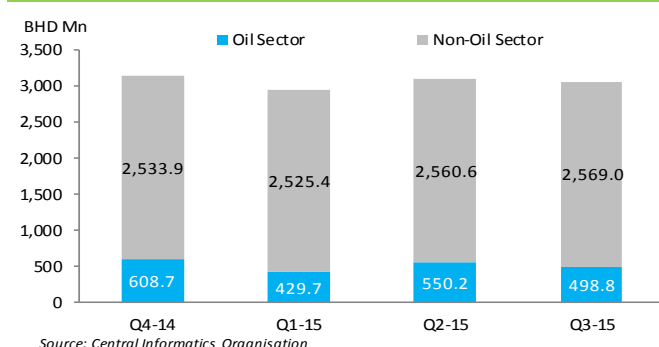
On the monetary front, money supply (M2) during Q3-15 dropped by 2.2% q-o-q to BHD 9.91 Bn, while on a y-o-y basis, this represented a growth of 3.2%. The liquid M1 declined by 3.6% q-o-q to reach BHD 3.3 Bn, but grew by almost 10% y-o-y.



## Quarterly Gross Domestic Product by Economic Sectors at Current Prices

Sectors	GDP (BHD Mn)				Q3/Q2-15 Chg%
	Q4-14	Q1-15	Q2-15	Q3-15	
Oil Sector	608.7	429.7	550.2	498.8	-9.34%
Non-Oil Sector	2,533.9	2,525.4	2,560.6	2,569.0	0.33%
Private Sector	2,131.2	2,114.2	2,146.9	2,154.6	0.36%
Government Sector	402.7	411.2	413.7	414.4	0.17%
<b>Gross Domestic Product (GDP)</b>	<b>3,142.6</b>	<b>2,955.1</b>	<b>3,110.8</b>	<b>3,067.8</b>	<b>-1.38%</b>

Source: Central Bank of Bahrain





# Oman

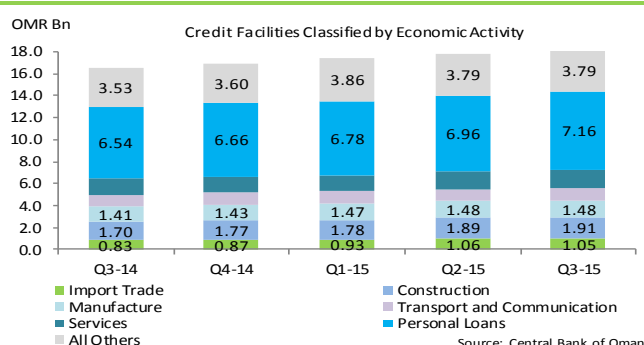
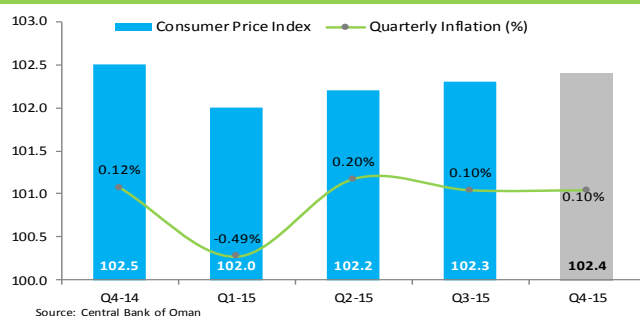
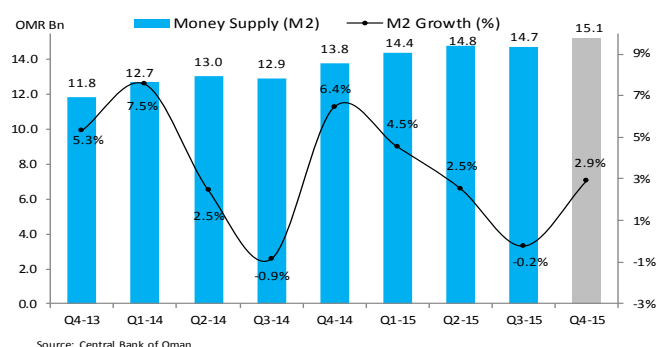
Key Economic Indicators	2010	2011	2012	2013	2014	2015E	2016E
Oman GDP Share in GCC	5.0%	4.7%	4.8%	4.8%	4.7%	4.4%	4.3%
Nominal GDP - OMR Bn	21.9	26.0	29.0	29.6	29.9	23.1	23.3
Nominal GDP - USD Bn	56.8	67.7	75.4	77.0	77.8	60.2	60.6
Real GDP Growth (%)	4.80%	4.10%	5.76%	4.69%	2.95%	4.36%	2.85%
GDP per Capita - PPP (USD)	19,698	22,623	22,923	21,424	20,927	15,672	15,322
Current Account Balance (USD Bn)	5.04	8.95	7.80	5.12	1.54	(10.16)	(14.72)
Current Account Balance (OMR Bn)	1.94	3.44	3.00	1.97	0.59	(3.91)	(5.66)
% of GDP	8.9%	13.2%	10.3%	6.6%	2.0%	-16.9%	-24.3%
Inflation, Avg. CPI (%)	4.19%	3.29%	2.88%	0.30%	1.01%	0.41%	1.98%

Source: International Monetary Fund (IMF)

Oman continued to report quarterly fiscal deficits in 2015, as the deficit reported was OMR 1.02 Bn in Q3-15 as compared to a deficit of OMR 1.37 Bn during Q2-15. Government's total revenues remained stable during the quarter to stand at OMR 2.1 Bn, but dropped by 35% on a y-o-y basis. This drop was due to lower oil revenues as average oil prices continued to decline during 2015, in addition to lower other non-oil revenues. However, gas revenues improved and grew by 4% q-o-q, providing some respite to the declining government revenues. On the other hand, government expenditure decreased on a q-o-q and y-o-y basis, alleviating pressure on fiscal balances. Total expenditure increased by 10.2%, to OMR 3.2 Bn.

On the monetary front, money supply (M2) at the end of the fourth quarter in 2015 increased by 2.9% q-o-q to OMR 15.1 Bn as compared to a decline of -0.2% in Q3-15. Quasi money that accounted for a 64.6% of M2 increased by a strong 3.2% at the end of Q4-15 to OMR 9.8 Bn, whereas the more liquid M1 increased at a slower pace of 2.4% to OMR 5.4 Bn after a decline during Q3-15. The increase in Q4-15 was largely attributed to the 9.0% increase on a q-o-q basis in currency outside banks to OMR 1.4 Bn, while demand deposits remained broadly stable at OMR 3.97 Bn as against the previous quarter.

Meanwhile, inflation continued to increase marginally on a quarterly basis during Q4-15, as it grew by 0.10% at the end of the quarter. In terms of credit lending, total amount of credit disbursed went up by 1.9% during Q3-15 as compared to marginal growth of 2.6% during Q3-14, primarily on the back of higher grant of personal loans that increased by 3% to reach OMR 7.2 Bn.



## Government Revenues and Expenditure

OMR Mn	2013			2014				2015			Last Quarter Chg%
Sectors	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	
<b>Revenues</b>	<b>3,618.5</b>	<b>3,404.8</b>	<b>3,602.1</b>	<b>3,214.4</b>	<b>3,980.0</b>	<b>3,269.0</b>	<b>3,192.2</b>	<b>2,447.3</b>	<b>2,132.3</b>	<b>2,131.8</b>	<b>(0.0%)</b>
Oil Revenues	2,575.7	2,614.7	2,834.5	2,586.9	2,691.1	2,530.5	2,396.8	1,673.4	1,173.4	1,410.2	20.2%
Gas Revenues	319.5	401.5	398.9	363.2	331.9	350.6	441.6	445.5	258.0	366.1	41.9%
Other Revenues	723.3	388.6	368.7	264.3	957.0	387.9	353.9	328.4	700.9	355.5	(49.3%)
<b>Expenditure</b>	<b>4,454.3</b>	<b>3,160.3</b>	<b>3,541.0</b>	<b>2,999.0</b>	<b>3,895.3</b>	<b>3,433.0</b>	<b>3,689.0</b>	<b>2,991.9</b>	<b>3,506.1</b>	<b>3,147.7</b>	<b>(10.2%)</b>
Current Expenditure	1,812.7	1,441.7	1,586.0	1,693.3	2,274.9	1,967.8	2,261.8	1,697.6	2,241.4	1,887.5	(15.8%)
Investment Expenditure	696.6	736.6	785.0	543.0	850.3	819.6	807.8	555.3	743.0	916.1	23.3%
Participation & Subsidy To Private Sector	472.1	426.4	402.4	362.7	470.1	345.6	519.4	189.0	371.7	194.1	(47.8%)
Actual Expenses under Settlement	1,472.9	555.6	767.6	400.0	300.0	300.0	100.0	550.0	150.0	150.0	0.0%
<b>Fiscal Surplus (+) / Deficit (-)</b>	<b>-835.8</b>	<b>244.5</b>	<b>61.1</b>	<b>215.4</b>	<b>84.7</b>	<b>-164.0</b>	<b>-496.8</b>	<b>-544.6</b>	<b>-1,373.8</b>	<b>-1,015.9</b>	<b>(26%)</b>

Source: Central Bank of Oman

---

## Disclaimer & Important Disclosures

**KAMCO** is authorized and fully regulated by the Capital Markets Authority ("**CMA**") and partially regulated by the Central Bank of Kuwait ("**CBK**")

This document is provided for informational purposes only. Nothing contained in this document constitutes investment, an offer to invest, legal, tax or other advice or guidance and should be disregarded when considering or making investment decisions. In preparing this document, KAMCO did not take into account the investment objectives, financial situation and particular needs of any particular person. Accordingly, before acting on this document, investors should independently evaluate the investments and strategies referred to herein and make their own determination of whether it is appropriate in light of their own financial circumstances and objectives. The entire content of this document is subject to copyright with all rights reserved. This research and the information contained herein may not be reproduced, distributed or transmitted in Kuwait or in any other jurisdiction to any other person or incorporated in any way into another document or other material without our prior written consent.

### Analyst Certification

Each of the analysts identified in this report certifies, with respect to the sector, companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report.

### KAMCO Ratings

KAMCO investment research is based on the analysis of regional and country economics, industries and company fundamentals. KAMCO company research reflects a long-term (12-month) target price for a company or stock. The ratings bands are:

- \* **Outperform:** Target Price represents expected returns  $\geq 10\%$  in the next 12 months
- \* **Neutral:** Target Price represents expected returns between  $-10\%$  and  $+10\%$  in the next 12 months
- \* **Underperform:** Target Price represents an expected return of  $< -10\%$  in the next 12 months

In certain circumstances, ratings may differ from those implied by a fair value target using the criteria above. KAMCO policy is to maintain up-to-date fair value targets on the companies under its coverage, reflecting any material changes to the analyst's outlook on a company. Share price volatility may cause a stock to move outside the rating range implied by KAMCO's fair value target. Analysts may not necessarily change their ratings if this happens, but are expected to disclose the rationale behind their view to KAMCO clients.

Any terms and conditions proposed by you which are in addition to or which conflict with this Disclaimer are expressly rejected by KAMCO and shall be of no force or effect. The information contained in this document is based on current trade, statistical and other public information we consider reliable. We do not represent or warrant that such information is fair, accurate or complete and it should not be relied upon as such. KAMCO has no obligation to update, modify or amend this document or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. The publication is provided for informational uses only and is not intended for trading purposes. The information on publications does not give rise to any legally binding obligation and/or agreement, including without limitation any obligation to update such information. You shall be responsible for conducting your own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this or other such document. Moreover, the provision of certain data/information in the publication may be subject to the terms and conditions of other agreements to which KAMCO is a party.

Nothing in this document should be construed as a solicitation or offer, or recommendation, to acquire or dispose of any investment or to engage in any other transaction, or to provide any investment advice or service. This document is directed at Professional Clients and not Retail Clients within the meaning of CMA rules. Any other persons in receipt of this document must not rely upon or otherwise act upon it. Entities and individuals into whose possession this document comes are required to inform themselves about, and observe such restrictions and should not rely upon or otherwise act upon this document where it is unlawful to make to such person such an offer or invitation or recommendation without compliance with any authorization, registration or other legal requirements.

### Risk Warnings

Any prices, valuations or forecasts are indicative and are not intended to predict actual results, which may differ substantially from those reflected. The value of an investment may go up as well as down. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including, without limitation, foreseeable or unforeseeable changes in interest rates, foreign exchange rates, default rates, prepayment rates, political or financial conditions, etc.).

Past performance is not indicative of future results. Any opinions, estimates, valuations or projections (target prices and ratings in particular) are inherently imprecise and a matter of judgment. They are statements of opinion and not of fact, based on current expectations, estimates and projections, and rely on beliefs and assumptions. Actual outcomes and returns may differ materially from what is expressed or forecasted. There are no guarantees of future performance. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. This document does not propose to identify or to suggest all of the risks (direct or indirect) which may be associated with the investments and strategies referred to herein.

### Conflict of Interest

KAMCO and its affiliates provide full investment banking services, and they and their directors, officers and employees, may take positions which conflict with the views expressed in this document. Salespeople, traders, and other professionals of KAMCO may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desks that reflect opinions that are contrary to the opinions expressed in this document. Our asset management area, our proprietary trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this document. KAMCO may have or seek investment banking or other business relationships for which it will receive compensation from the companies that are the subject of this document. Facts and views presented in this document have not been reviewed by, and may not reflect information known to, professionals in other KAMCO business areas, including investment banking personnel. United Gulf Bank, Bahrain owns majority of KAMCO's shareholding and this ownership may create, or may create the appearance of, conflicts of interest.

### No Liability & Warranty

KAMCO makes neither implied nor expressed representations or warranties and, to the fullest extent permitted by applicable law, we hereby expressly disclaim any and all express, implied and statutory representations and warranties of any kind, including, without limitation, any warranty as to accuracy, timeliness, completeness, and fitness for a particular purpose and/or non-infringement. KAMCO will accept no liability in any event including (without limitation) your reliance on the information contained in this document, any negligence for any damages or loss of any kind, including (without limitation) direct, indirect, incidental, special or consequential damages, expenses or losses arising out of, or in connection with your use or inability to use this document, or in connection with any error, omission, defect, computer virus or system failure, or loss of any profit, goodwill or reputation, even if expressly advised of the possibility of such loss or damages, arising out of or in connection with your use of this document. We do not exclude our duties or liabilities under binding applicable law.





---

**KAMCO Investment Company - K.S.C. (Public)**

Al-Shaheed Tower, Khalid Bin Al-Waleed Street- Sharq

P.O. BOX : 28873, Safat 13149, State of Kuwait

Tel: (+965) 1852626 Fax: (+965) 22492395

Email : [Kamcoird@kamconline.com](mailto:Kamcoird@kamconline.com)

Website : <http://www.kamconline.com>