

GCC Economic Update

July-2019

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GCC fiscal expansion continues in 2019; lower y-o-y budget deficits forecasted for 2020

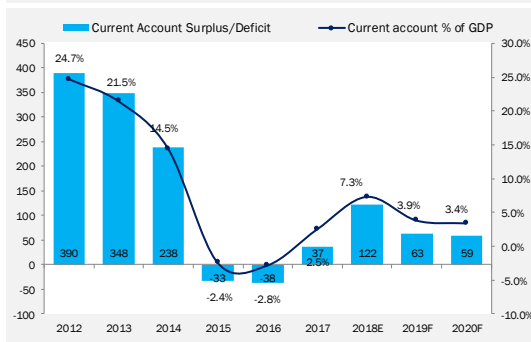
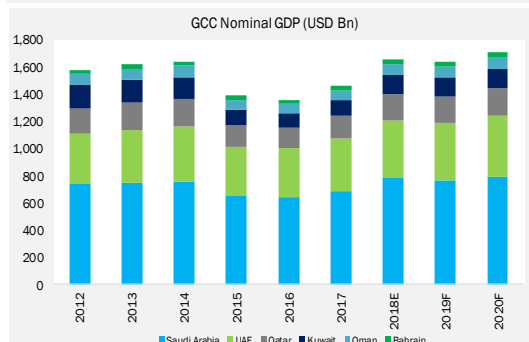
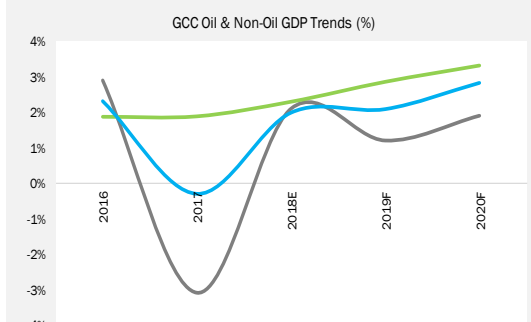
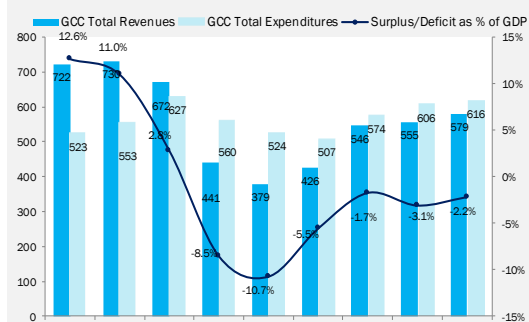
Fiscal expansion is forecasted to continue in the GCC in 2019, as fiscal spending in the region is expected to increase by almost 5.5% to reach USD 605.6 Bn, based on the analysis of IMF's general government fiscal balance estimates. Saudi Arabia is expected to incur around 76% of the additional increase in fiscal spending for the region, at almost USD 24 Bn. Budget deficit for the region is forecasted to increase from USD 28 Bn in 2018 (-1.7% of GDP) to USD 50 Bn (-3.1% of GDP) in 2019, as per IMF data. The lower deficit in 2018 was mainly ascribed to increased oil revenues from higher oil prices. GCC countries continue to focus on their structural reforms, aimed at diversification of their economies via their strategic Vision Plans, revenue optimization roadmaps, along with large spending plans and mega investments, that could improve growth going forward. In 2020, budget revenues are forecasted to improve faster than budget expenses incurred, and contribute to fiscal deficits narrowing y-o-y to USD 37 Bn (-2.2% of GDP). Current account surpluses are also expected for the GCC over 2019 and 2020, as the region's surplus is expected to average over 3% of GDP over the period.

Q1-19 starts on a cautiously optimistic note

The Q1-19 real GDP releases of GCC countries signals stabilizing real GDP growth and non-oil GDP growth, with Kuwait and Saudi Arabia leading the way, and witnessing y-o-y real GDP growth rates of 2.6% and 1.7% respectively. Credit and monetary indicators across the GCC remained largely mixed, while inflation trends remained subdued in the region.

Macro environment in H2-2019 could remain accommodative for further GCC recovery

While we expect fiscal expansion to continue by GCC governments, we expect GCC macros to remain broadly accommodative in 2019. The move by the OPEC+ countries to rollover the ongoing production cut agreement for another nine months, should keep oil prices relatively stable in our view. This should aid GCC budget finances and their ongoing transformation plans and diversification efforts, aimed at bolstering non-oil GDP growth. Further an interest rate cut by the Fed during the July FOMC meeting or thereafter would translate into lower interest rates for the GCC region as well, as GCC currencies are either pegged or loosely pegged to the USD. This would reduce borrowing costs in general for GCC economies, as and when they take the bond market route for future debt issues. Further, the ongoing inclusion of GCC sovereign and quasi-sovereign debt issuers in JP Morgan's EMBI index and relative attractiveness of GCC credit should keep debt markets active. Having said that, we do see a possibility of lower fiscal balances and current account balances for the region in 2019 and 2020 than estimated by the IMF, due to the lower oil production resolution from OPEC+ countries.



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

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Kuwait

Key Economic Indicators	2016	2017	2018E	2019F	2020F	2021F	2022F	2023F	2024F
Kuwait GDP Share in GCC	8.0%	8.2%	8.5%	8.4%	8.4%	8.4%	8.4%	8.5%	8.5%
Nominal GDP - KWD Bn	33.1	36.3	42.6	41.3	43.2	45.2	47.1	49.3	51.8
Nominal GDP - USD Bn	109.4	119.5	141.1	136.9	143.0	149.6	156.0	163.3	171.7
Real GDP Growth (%)	2.9%	-3.5%	1.7%	2.5%	2.9%	2.9%	2.5%	2.7%	2.9%
GDP per Capita (USD)	25,267	26,863	30,839	29,129	29,592	30,112	30,552	31,119	31,824
Current Account Balance (USD Bn)	(5.06)	7.09	17.97	10.20	11.44	11.94	10.37	9.96	9.46
Current Account Balance (KWD Bn)	(1.53)	2.15	5.43	3.08	3.45	3.60	3.13	3.01	2.86
% of GDP	-4.6%	5.9%	12.7%	7.4%	8.0%	8.0%	6.6%	6.1%	5.5%
Inflation, Avg. CPI (%)	2.6%	1.0%	1.1%	2.8%	3.0%	6.0%	3.2%	2.8%	2.8%

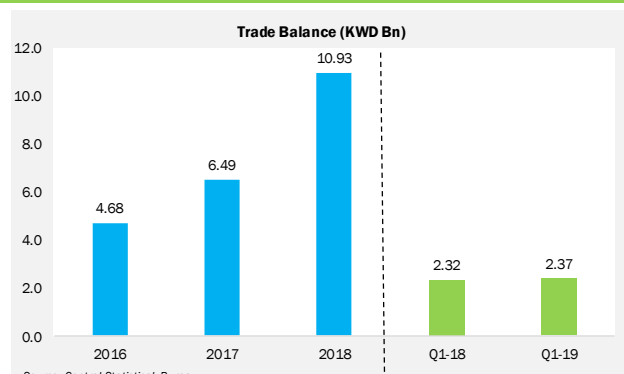
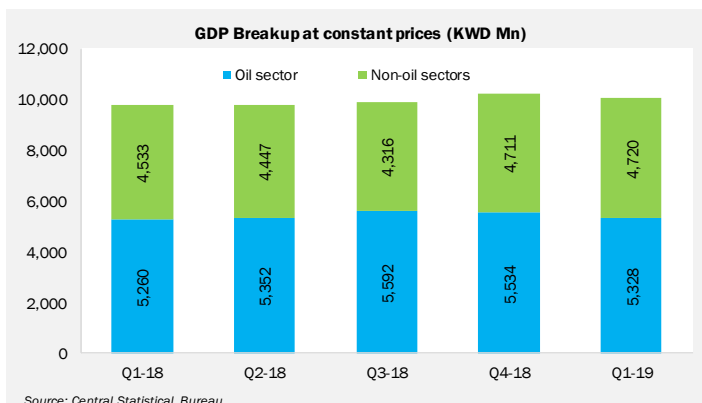
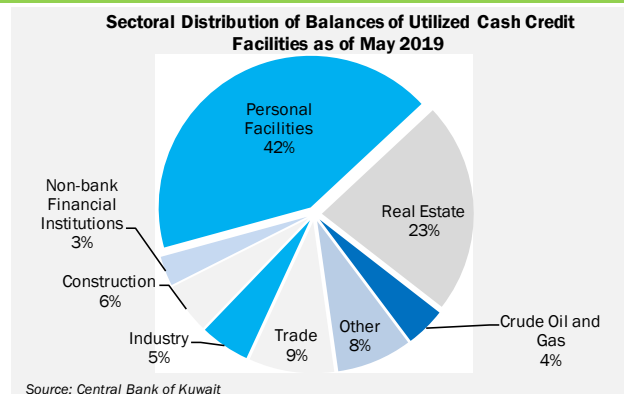
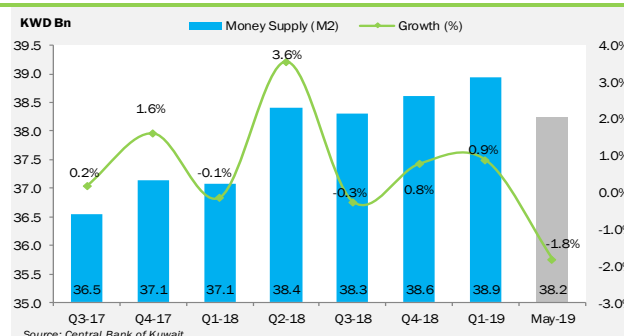
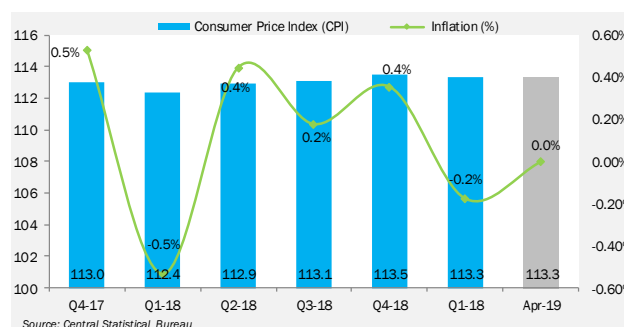
Source: International Monetary Fund (IMF)

Real GDP in Q1-19 grew 2.6% y-o-y from KWD 9.79 Bn in Q1-18 to KWD 10.05 Bn, driven by growth in both non-oil and oil sectors. The real oil GDP grew 1.3% y-o-y over the same period from KWD 5.26 Bn to KWD 5.33 Bn, while non-oil GDP grew by 4.1% y-o-y from KWD 4.53 Bn in Q1-18 to KWD 4.72 Bn in Q1-19. In nominal terms however, GDP grew by 2.1% y-o-y in Q1-19 to KWD 10.23 Bn. Non-oil GDP was the main contributor of growth, as it increased by 3.9% y-o-y in Q1-19, while oil-GDP remained growth remained flat over the same period.

Kuwait's trade balance surplus over Q1-19 posted a growth of 2.2% y-o-y to reach KWD 2.37 Bn, from KWD 2.32 Bn during the same period in 2018. Exports however were down marginally by 1.2% y-o-y, from KWD 5.0 Bn during Q1-18 to KWD 4.9 Bn during Q1-19, while imports decreased by 4.2% to KWD 2.6 Bn over the same period.

Credit facilities extended by Kuwaiti banks by the end of May-19 remained broadly stable, and increased by 0.4% from the end of Q1-19 to KWD 37.6 Bn. On a y-o-y basis, credit extended improved by 6.0%, driven by the growth in Personal Installment Loans, which grew by 5.8% over the period and accounted for over 42% of the credit disbursed by May-19. Credit to the Real Estate sector also increased on a y-o-basis by 7.5%, while Construction sector credit was marginally down by 0.5% over the same period. Credit to the Crude Oil and Gas sector grew the fastest on a y-o-y basis, as credit disbursed increased by 18.4% y-o-y to reach KWD 1.6 Bn.

Kuwait's broad measure of money supply (M2) declined marginally by 1.8% to KWD 38.24 Bn in May-19 from Mar-19 (KWD 38.94 Bn), mainly due to a 6% drop in Quasi-Money supply. M1 supply components on the other hand such as Currency in Circulation (+14%) and Sight Deposits (+8%) gained during the period.



Saudi Arabia

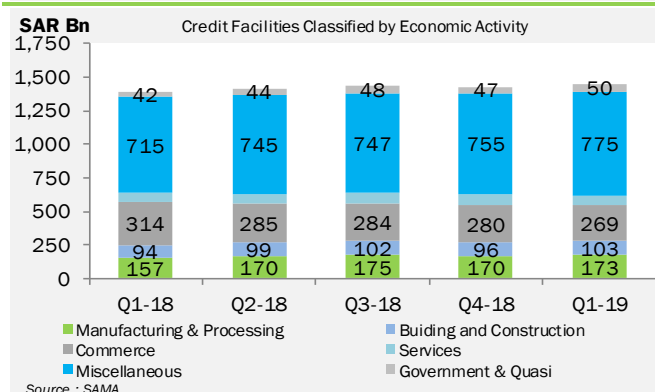
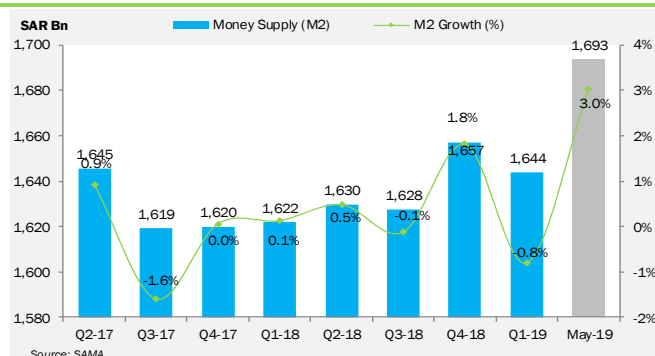
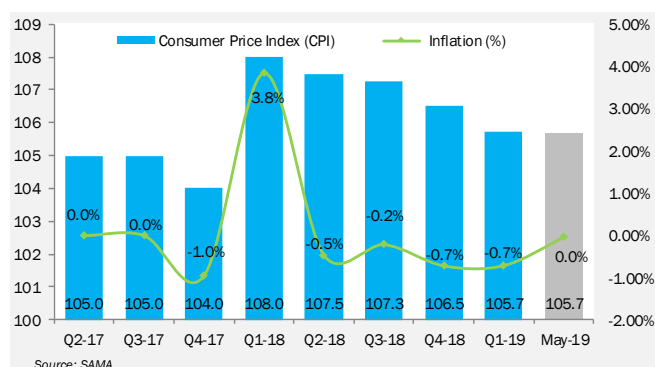
Key Economic Indicators	2016	2017	2018E	2019F	2020F	2021F	2022F	2023F	2024F
KSA GDP Share in GCC	47.4%	47.0%	47.1%	46.5%	46.2%	45.9%	45.8%	45.6%	45.5%
Nominal GDP - SAR Bn	2,418.5	2,582.2	2,934.3	2,858.5	2,962.7	3,065.4	3,178.3	3,307.5	3,448.8
Nominal GDP - USD Bn	644.9	688.6	782.5	762.3	790.1	817.4	847.6	882.0	919.7
Real GDP Growth (%)	1.7%	-0.7%	2.2%	1.8%	2.1%	2.2%	2.2%	2.3%	2.3%
GDP per Capita - PPP (USD)	20,318	21,153	23,566	22,507	22,871	23,199	23,582	24,059	24,596
Current Account Balance (USD Bn)	(23.87)	9.68	65.16	27.04	21.92	12.17	5.78	(1.25)	(8.32)
Current Account Balance (SAR Bn)	(89.51)	36.29	244.36	101.41	82.21	45.64	21.66	(4.70)	(31.18)
% of GDP	-3.7%	1.4%	8.3%	3.5%	2.8%	1.5%	0.7%	-0.1%	-0.9%
Inflation, Avg. CPI (%)	1.2%	-1.1%	2.5%	-0.7%	2.2%	2.1%	2.1%	2.1%	2.1%

Source: International Monetary Fund (IMF)

Data released by the General Authority of Statistics shows that Saudi Arabia's real GDP in Q1-19 grew by 1.7% y-o-y from Q1-18, led by a 2.1% y-o-y growth in non-oil GDP and 1.0% y-o-y growth in oil GDP. Growth in non-oil GDP during Q1-19 was mainly driven by the Private sector, as it grew by 2.3% y-o-y from Q1-18, while the Government sector grew by 1.7% over the same period. In nominal terms GDP increased by 3% y-o-y, with non-oil GDP posting a growth of 4% y-o-y, while oil-GDP grew by 1% over the same period.

Higher oil and non-oil revenues helped ensure that Saudi Arabia's budget swung to a surplus of SAR 27.8 Bn in Q1-19, from deficits recorded both in Q1-18 and Q4-18. The surplus was achieved despite expenses being higher by 8.5% y-o-y at SAR 217.6 Bn, but was more than offset by increases in both oil and non oil revenues. Oil revenues increased by 48.4% y-o-y to reach SAR 169.1 Bn in Q1-19, from SAR 113.9 Bn in Q1-18. Non-oil revenues also grew by 45.9% y-o-y to reach SAR 76.3 Bn.

During May-19, inflation remained stable as compared to Q1-19, as the general consumer price index witnessed no change over the period. Among the components, Clothing & Footwear(+0.8%), Transport (+0.9%) and Restaurants & Hotels (+0.5%) were among the main sectors that saw higher price levels during May-19, as compared to Mar-19 levels. Housing & related expenses and Recreation & Culture were the two prominent sectors that declined by 1.3% and 0.7% respectively over the same period. Credit disbursed stood 3.6% higher y-o-y to reach SAR 1,442 Bn in Q1-19, as credit disbursed to Manufacturing & Processing and Building & Construction sectors increased by 9.7% and 9.4% respectively. The broad measure of money supply (M2) in the Kingdom improved from Mar-19 to May-19 by 3.0% and reached SAR 1,693 Bn.



Real GDP by Institutional Sectors

SAR Mn	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19
Oil Sector	273,031	278,735	289,871	296,009	275,867
Non-Oil Sector	373,414	357,845	360,475	386,690	381,371
Private Sector	258,442	253,180	261,598	261,415	264,395
Government Sector	114,972	104,665	98,877	125,275	116,976
Total	646,445	636,580	650,346	682,699	657,238
Import Duties	3,432	3,271	4,026	4,291	3,446
Gross Domestic Product (GDP)	649,878	639,851	654,372	686,990	660,685

General Authority for Statistics

Fiscal Budget (SAR Mn)	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19
Oil Revenues	113,947	184,165	153,950	159,177	169,087
Non-oil Revenues	52,316	89,423	69,312	83,319	76,319
Total	166,263	273,588	223,262	242,496	245,406
Expenses	200,592	280,950	230,549	367,377	217,570
Fiscal Balance	(34,329)	(7,361)	(7,287)	(124,881)	27,836

Ministry of Finance

United Arab Emirates

Key Economic Indicators	2016	2017	2018E	2019F	2020F	2021F	2022F	2023F	2024F
UAE GDP Share in GCC	26.2%	26.1%	25.6%	26.1%	26.2%	26.4%	26.5%	26.6%	26.6%
Nominal GDP - AED Bn	1,311.2	1,405.0	1,559.5	1,571.4	1,649.4	1,724.2	1,802.8	1,886.8	1,977.2
Nominal GDP - USD Bn	357.0	382.6	424.6	427.9	449.1	469.5	490.9	513.8	538.4
Real GDP Growth (%)	3.0%	0.8%	1.7%	2.8%	3.3%	3.0%	2.9%	2.8%	2.7%
GDP per Capita - PPP (USD)	36,226	37,733	40,711	39,806	40,545	41,127	41,726	42,373	43,084
Current Account Balance (USD Bn)	13.23	26.47	28.03	25.39	23.04	20.56	19.39	19.47	18.82
Current Account Balance (AED Bn)	48.60	97.20	102.93	93.26	84.60	75.49	71.20	71.49	69.12
% of GDP	3.7%	6.9%	6.6%	5.9%	5.1%	4.4%	3.9%	3.8%	3.5%
Inflation, Avg. CPI (%)	1.62%	1.97%	3.08%	2.14%	2.06%	2.09%	2.11%	2.09%	2.23%

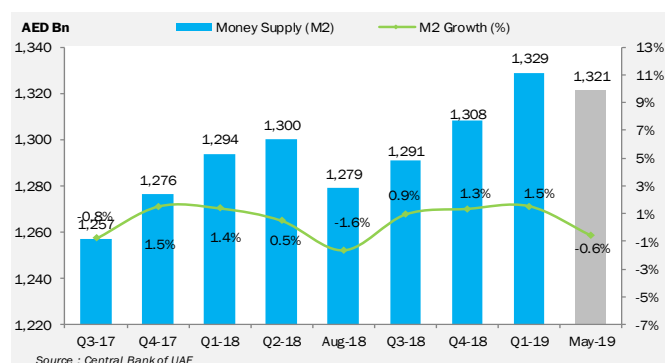
Source: International Monetary Fund (IMF)

For the UAE, the Central Bank of UAE estimates Q1-19 real GDP growth to have come in at 2.2% y-o-y, similar to the y-o-y growth registered in Q4-18, based on their Augmented Economic Composite Indicator (AECI). Real GDP growth registered for Q1-19 was faster than the 1.0% y-o-y registered in Q1-18. The AECI indicator also estimates the y-o-y non-oil GDP growth to have receded marginally from 1.7% in Q1-18 to 1.6% in Q1-19.

For 2019, the Central Bank of UAE forecasts real GDP for the UAE to grow by 2.0% y-o-y, with oil-GDP growth of 2.7%, and non-oil GDP growth of 1.8% over the same period. Further, they mentioned that a stronger Purchasing Managers' Index (PMI), a significant increase in Dubai Economic Tracker (DET), and a y-o-y increase in private sector employment were all visible in Q1-19.

On the capital front, total credit facilities disbursed increased to AED 1.53 trillion at the end of the Q1-19, an increase of 1.3% q-o-q, and an improvement of 3.8% y-o-y. Main contributors for the q-o-q increase were Construction & Real Estate and Government sectors, as they improved by 2.5% and 4.2% respectively. In terms of price levels, inflation grew by to 1.1% in May-19, as compared to Q1-19. UAE's broad measure of money supply (M2) however decreased by 0.6% from Q1-19 to to AED 1,321 Bn in May-19.

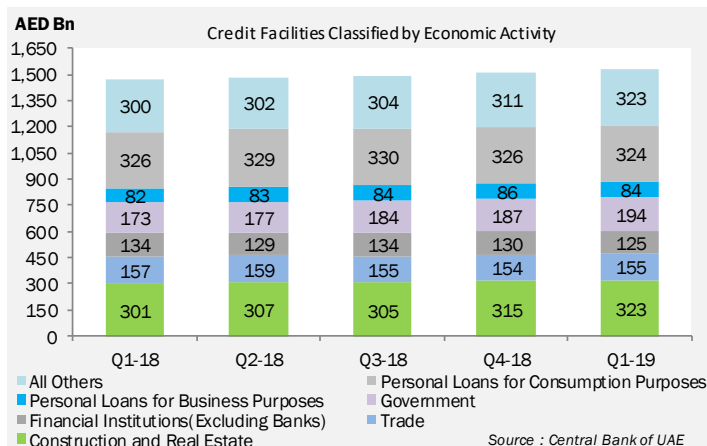
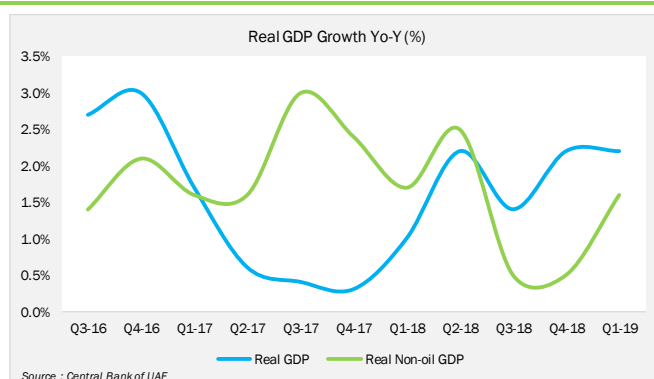
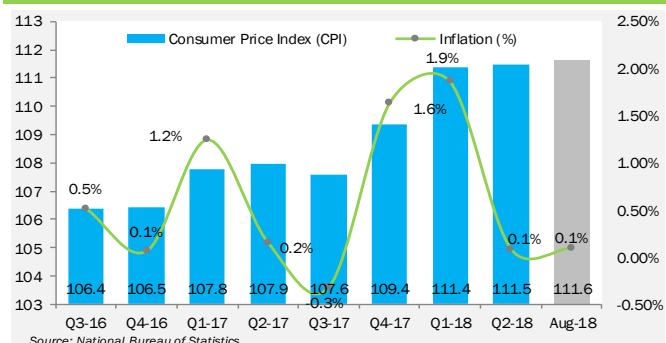
UAE's quarterly government finances weakened from Q3-18 to Q4-18, as net operating balance surplus declined from AED 29.46 Bn in Q3-18 to AED 10.38 Bn in Q4-18. The lower net operating balance surplus was largely due to higher expenses in Q4-18 of AED 108.14 Bn. The decline in revenues q-o-q was minimal as revenues reached AED 118.52 Bn.



Quarterly Government Finances

in AED (Bn)	Q1-18	Q2-18	Q3-18	Q4-18
Revenues	103.80	122.71	120.65	118.52
Taxes	46.68	49.48	60.61	57.48
Social contributions	1.26	1.33	1.28	1.16
Other revenues	55.86	71.89	58.75	59.88
Expense	91.13	98.84	91.19	108.14
Net Operating Balance	12.67	23.87	29.46	10.38

Source: Central Bank of UAE, Ministry of Finance



Qatar

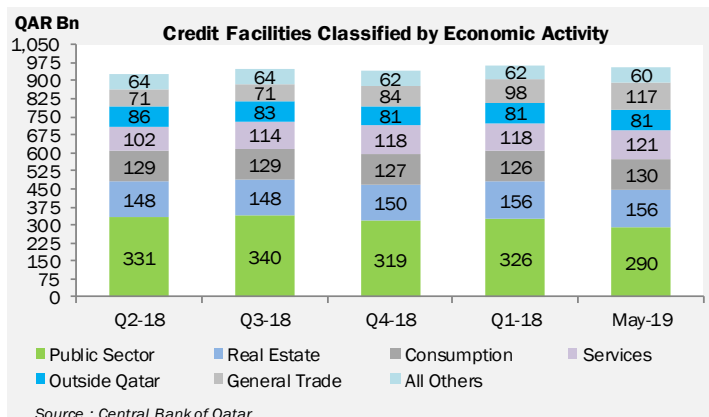
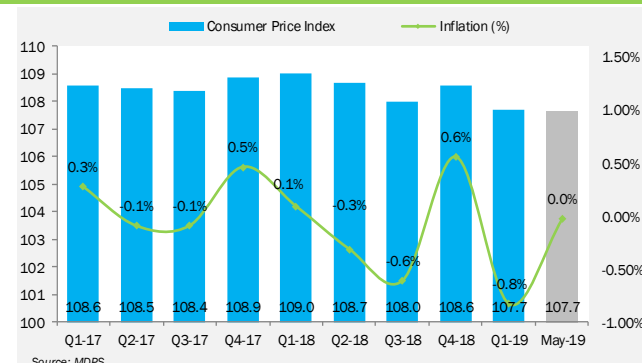
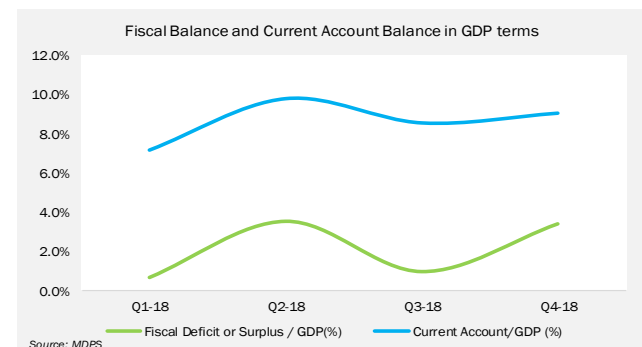
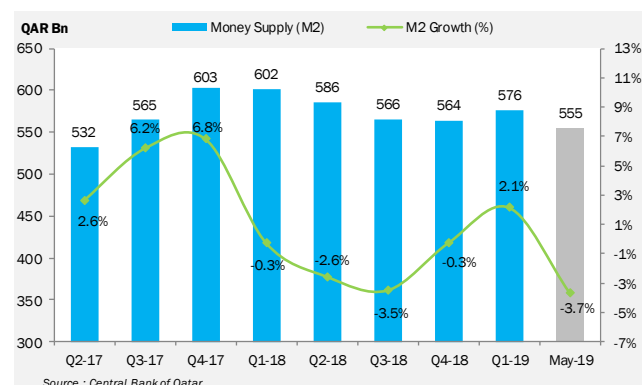
Key Economic Indicators	2016	2017	2018E	2019F	2020F	2021F	2022F	2023F	2024F
Qatar GDP Share in GCC	11.1%	11.4%	11.6%	11.8%	11.9%	12.0%	12.1%	12.1%	12.3%
Nominal GDP - QAR Bn	552.3	607.6	700.5	704.3	742.6	775.6	813.2	852.1	903.3
Nominal GDP - USD Bn	151.7	166.9	192.5	193.5	204.0	213.1	223.4	234.1	248.2
Real GDP Growth (%)	2.1%	1.6%	2.2%	2.6%	3.2%	3.3%	2.7%	2.3%	3.0%
GDP per Capita - PPP (USD)	57,965	62,826	70,780	70,288	73,919	77,018	80,544	84,189	89,026
Current Account Balance (USD Bn)	(8.27)	6.43	17.97	8.90	8.36	6.90	8.76	5.73	7.81
Current Account Balance (QAR Bn)	(30.10)	23.39	65.40	32.40	30.43	25.11	31.90	20.86	28.42
% of GDP	-5.5%	3.8%	9.3%	4.6%	4.1%	3.2%	3.9%	2.4%	3.1%
Inflation, Avg. CPI (%)	2.7%	0.4%	0.2%	0.1%	3.7%	2.3%	2.0%	2.0%	2.0%

Source: International Monetary Fund (IMF)

Qatar's real GDP in Q1-19 improved by 0.9% y-o-y and reached QAR 202.3 Bn, as per the Ministry of Development Planning and statistics. The non-oil sector which accounts for over 52% of the real economy improved by 1.6% y-o-y from Q1-18. Mining and Quarrying sector growth remained stable broadly to reach QAR 96.4 Bn. Qatar's current account surplus grew in GDP terms from 9.1% of GDP in Q3-18 to 8.6% of GDP in Q4-18, as per the Ministry of Development Planning and Statistics. Qatar reported a fiscal surplus of QAR 6.20 Bn in Q4-18 after posting fiscal surplus of QAR 1.7 Bn in Q3-18. The surplus in Q4-18 came despite a 16.2% q-o-q drop in revenues, and was aided by lower expenditure, as expenses went down by 25% q-o-q over the same period. Q4-18 fiscal surplus came in at 3.4% of GDP in Q1-18.

Total credit facilities as of May-19 cooled off from the record high levels seen in Q1-19 (QAR 966.9 Bn), and declined by 1.2% over the period to reach QAR 955.7 Bn. Public sector credit growth went down and declined by 11.0% from Q1-19, while the Private sector grew by 3.8% over the period, as per data from the Central Bank of Qatar.

Money supply (M2) at the end of May-19 continued its decline from the start of 2018 and decreased by 3.7% from Q1-19 to reach QAR 554.9 Bn. Time and savings deposits however improved by 2.9% in May-19 from Q1-18, while M1 receded by 0.7% over the same period. Deposits in foreign currencies decreased by 15.7% over the aforementioned period. Inflation trends at the end of May-19 remained broadly stable as compared to Q1-18, after dropping 0.8% q-o-q in Q1-18. Separately, the QCB's monthly Real Estate Price index increased to 238.94 in Jun-19 from 233.24 in Feb-19. When compared with Jun-18, the index has inched up 3.68 points from 235.266 points.



Quarterly Gross Domestic Product by Economic Sectors at Constant Prices

Sectors	GDP (QAR Mn)				
	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19
Mining and Quarrying Sector	96,303	95,257	98,799	97,141	96,374
Non-mining and Quarrying Sector	104,276	107,477	111,101	110,612	105,960
Gross Domestic Product (GDP)	200,579	202,734	209,901	207,753	202,334

Source: Ministry of Development Planning & Statistics

Bahrain

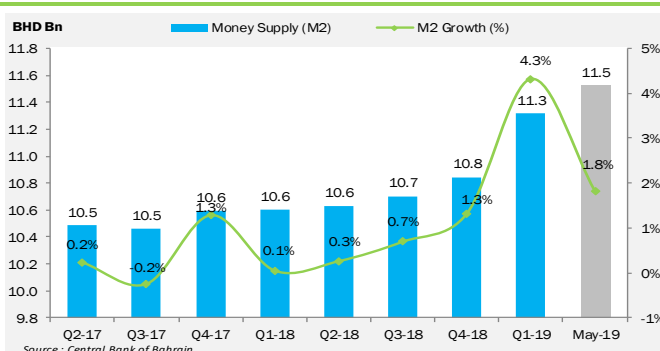
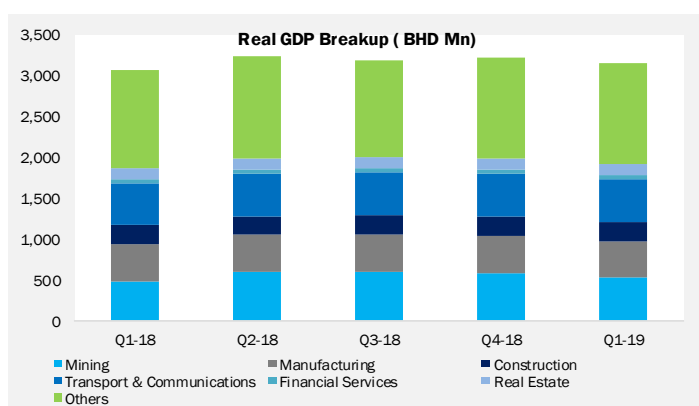
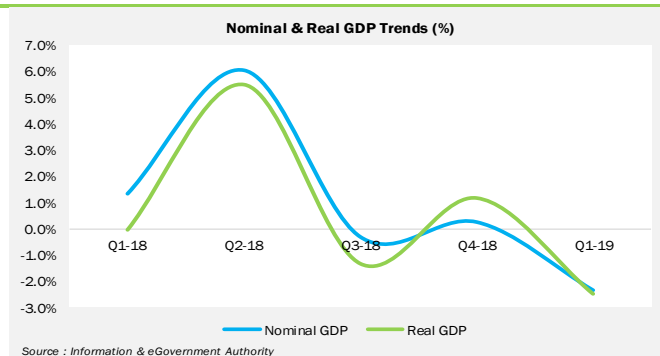
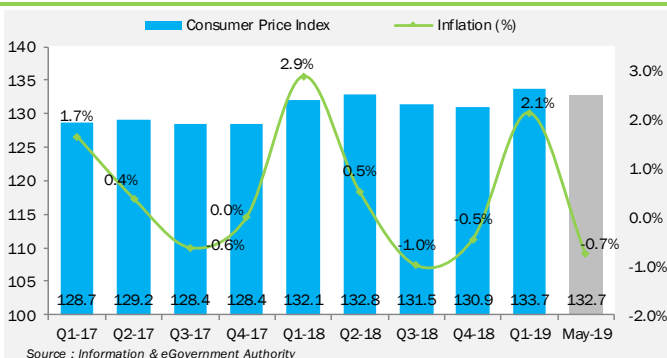
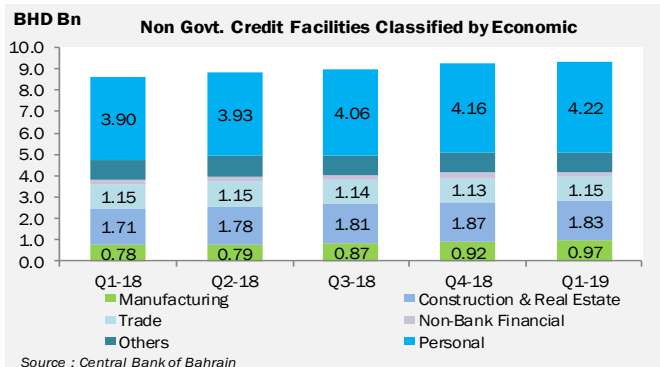
Key Economic Indicators	2016	2017	2018E	2019F	2020F	2021F	2022F	2023F	2024F
Bahrain GDP Share in GCC	2.4%	2.4%	2.3%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
Nominal GDP - BHD Bn	12.1	13.3	14.4	14.6	15.3	16.0	16.6	17.4	18.2
Nominal GDP - USD Bn	32.3	35.4	38.3	39.0	40.7	42.5	44.2	46.2	48.4
Real GDP Growth (%)	3.5%	3.8%	1.8%	1.8%	2.1%	2.4%	2.4%	2.8%	3.0%
GDP per Capita - PPP (USD)	22,652	24,399	25,851	25,781	26,414	27,043	27,590	28,247	29,008
Current Account Balance (USD Bn)	(1.49)	(1.60)	(2.22)	(1.42)	(1.38)	(1.34)	(1.28)	(1.35)	(1.46)
Current Account Balance (BHD Bn)	(0.56)	(0.60)	(0.83)	(0.53)	(0.52)	(0.50)	(0.48)	(0.51)	(0.55)
% of GDP	-4.6%	-4.5%	-5.8%	-3.6%	-3.4%	-3.2%	-2.9%	-2.9%	-3.0%
Inflation, Avg. CPI (%)	2.26%	1.42%	1.90%	3.80%	3.20%	2.80%	2.30%	2.10%	2.20%

Source: International Monetary Fund (IMF)

Real GDP in Bahrain improved by 2.7% y-o-y in Q1-19 and reached BHD 3.15 Bn from BHD 3.07 Bn in Q1-18. The Mining sector was the key driver for the increase, as the sector grew by 9.2% y-o-y in real terms. The Manufacturing sector which accounts for 14% of Bahrain's total GDP however declined by 3.1% y-o-y, while the Construction and Real Estate sectors, that combine together for 11.7% of the total GDP grew by 2.9% and 0.5% respectively on average y-o-y during Q1-19. In the Services sector, Financial Services grew by 3.2% y-o-y in the first quarter of 2019. However on a q-o-q basis, real GDP declined by 2.5% in Q1-19 from Q4-19, while nominal GDP declined by 2.4% over the same period.

In nominal terms, Manufacturing was the largest sector with a contribution of 18.3% to GDP. Financial Services and the mining sector followed with contributions of 16.4% and 12.8% to nominal GDP. Construction and Real Estate sectors contributed to a combined 12.4% of nominal GDP. Money supply (M2) at the end of May-19 increased by 1.8% from Q1-19 to BHD 11.52 Bn after growing by 4.3% in Q1-19. Time and savings deposits grew by 3.1% from Q1-19, however M1 receded by 1.1% over the same period.

Credit disbursed to the non-government sector increased 0.9% q-o-q and 8.1% y-o-y to reach BHD 8.38 Bn in Q1-19. Personal credit disbursed increased by 1.5% q-o-q, while Construction credit receded by 2.1%. Manufacturing credit on the other hand increased by 6.2% q-o-q in Q1-19. On y-o-y basis, credit disbursed to the Personal sector increased by 8.2% as of Q1-19, while Construction and Manufacturing sectors witnessed credit growth of 6.7% and 24.9% respectively over the same period. Further, inflation numbers at the end of May-19 suggested a decline of 0.7% as against Q1-19.



Oman

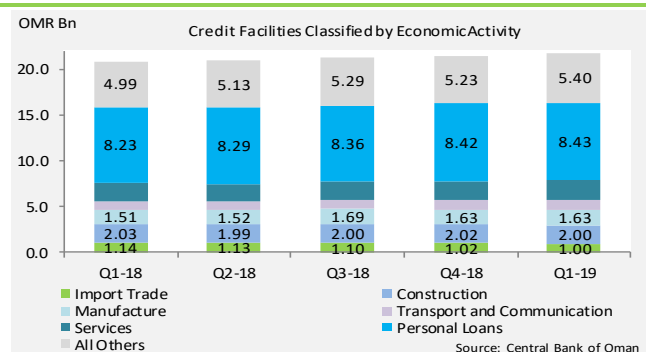
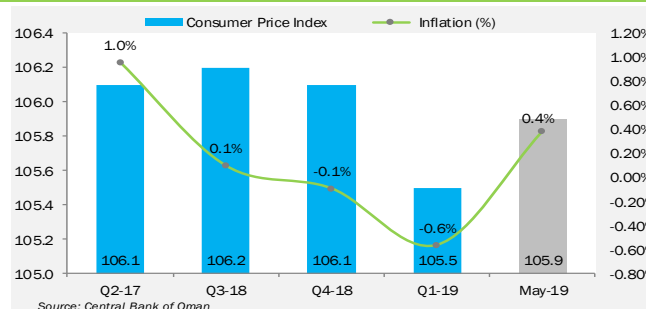
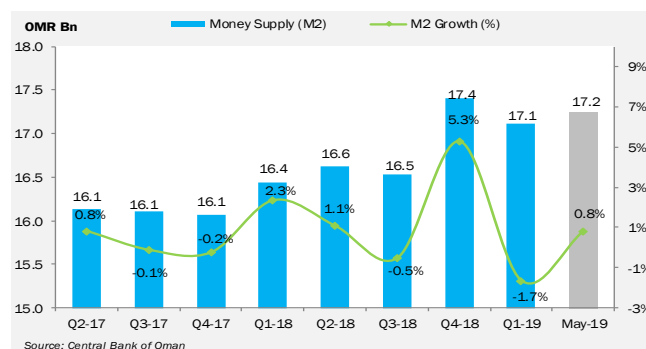
Key Economic Indicators	2016	2017	2018E	2019F	2020F	2021F	2022F	2023F	2024F
Oman GDP Share in GCC	4.8%	4.8%	5.0%	4.8%	4.9%	4.9%	4.9%	4.8%	4.8%
Nominal GDP - OMR Bn	25.4	27.2	31.6	30.6	32.4	33.6	34.6	35.8	37.2
Nominal GDP - USD Bn	65.9	70.8	82.2	79.5	84.2	87.4	90.0	93.1	96.6
Real GDP Growth (%)	5.0%	-0.9%	2.1%	1.1%	6.2%	2.8%	1.2%	1.4%	1.7%
GDP per Capita - PPP (USD)	16,447	17,128	19,302	18,082	18,564	18,683	18,645	18,685	18,790
Current Account Balance (USD Bn)	(12.32)	(10.76)	(4.86)	(6.94)	(4.54)	(4.22)	(5.12)	(5.98)	(6.30)
Current Account Balance (OMR Bn)	(4.74)	(4.14)	(1.87)	(2.67)	(1.75)	(1.62)	(1.97)	(2.30)	(2.42)
% of GDP	-18.7%	-15.2%	-5.9%	-8.7%	-5.4%	-4.8%	-5.7%	-6.4%	-6.5%
Inflation, Avg. CPI (%)	1.1%	1.6%	0.9%	1.5%	1.8%	3.8%	3.4%	2.8%	2.5%

Source: International Monetary Fund (IMF)

Oman continued to report quarterly budget deficits in 2018, but the OMR 1.87 Bn deficit from Jan'18-Nov'18 was sequentially lower than the OMR 3.29 Bn reported during the same period in 2017. Budget revenues over Jan'18-Nov'18 jumped by 34% y-o-y to reach OMR 9.69 Bn, driven by a 45% y-o-y increase in oil revenues that reached OMR 5.88 Bn, and a 34% leap in Gas Revenues that reached OMR 1.77 Bn. Budget expenses also moved up 10% y-o-y over Jan'18-Nov'18 and reached OMR 11.57 Bn as both current expenditure grew by 6% over the period. Oman registered a y-o-y nominal GDP growth of 12% in 2018, as nominal GDP reached OMR 30.50 Bn from OMR 27.21 Bn in 2017. Petroleum activities contributed to 29% of nominal GDP, and posted a y-o-y growth of 37.1% to reach OMR 10.83 Bn, as growth came from both crude petroleum revenues and natural gas revenues. Non-petroleum activities grew 2.9% y-o-y to reach OMR 20.84 Bn.

On the monetary front, money supply (M2) at the end of May-19 improved by 0.8% from Q1-19 to OMR 17.25 Bn, but was lower from the start of the year. The increase from Q1-19 was contributed by increases in currency outside banks (7.5%), and an 0.5% growth in quasi money - that contributes 69% (OMR 12 Bn) to M2 money supply.

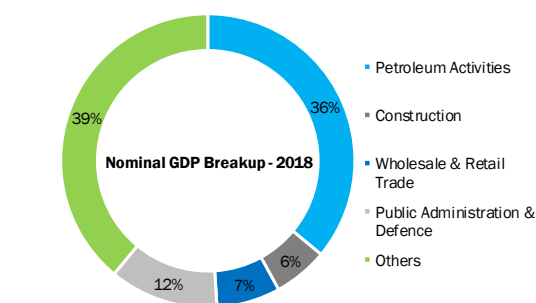
Meanwhile, inflation trends remained stable in May-19 as compared to Q1-19, marginally improving by 0.4%. In terms of credit lending, total amount of credit disbursed increased by 4% y-o-y during Q1-19 to reach OMR 21.74 Bn. Personal loans which contribute to close to 39% of the total credit went up by 2.5% y-o-y in Q1-19. Manufacturing (+8.0%), Transport & Communication (+10.7%) and Services (+8.1%) were the other sectors which grew over the period.



Government Revenues and Expenditure

OMR Mn	2017	2018			
Sectors	Jan'17-Nov'17	Q1-18	Q2-18	Q3-18	Jan'18-Nov'18
Revenues	7,219.7	2,055.4	2,893.1	2,804.9	9,687.2
Oil Revenues	4,058.5	1,329.1	1,599.9	1,832.6	5,883.4
Gas Revenues	1,327.4	399.1	460.5	521.7	1,774.6
Other Revenues	1,833.8	327.2	832.7	450.6	2,029.2
Expenditure	10,516.3	2,806.7	3,547.5	3,316.4	11,565.6
Current Expenditure	7,458.7	1,996.5	2,339.5	2,286.9	7,920.6
Investment Expenditure	2,512.2	472.3	797.7	640.9	2,303.6
Participation & Subsidy To Private Sector	445.4	66.9	290.2	202.4	688.3
Actual Expenses under Settlement	100.0	271.0	120.1	186.2	653.1
Fiscal Surplus (+) / Deficit (-)	-3,296.6	-751.3	-654.4	-511.5	-1,878.4

Source: Central Bank of Oman



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