

GCC Economic Update

Dec-2019

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GCC fiscal expansion in 2020 to continue on non-oil initiatives spending

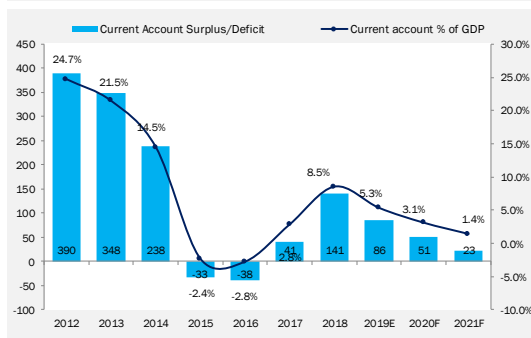
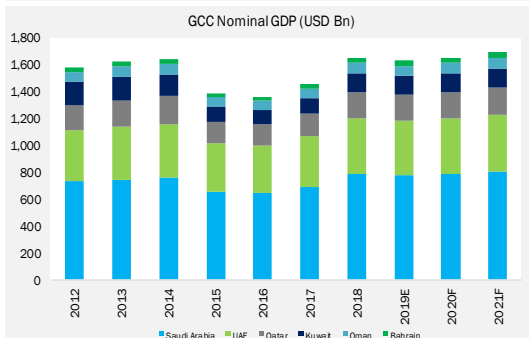
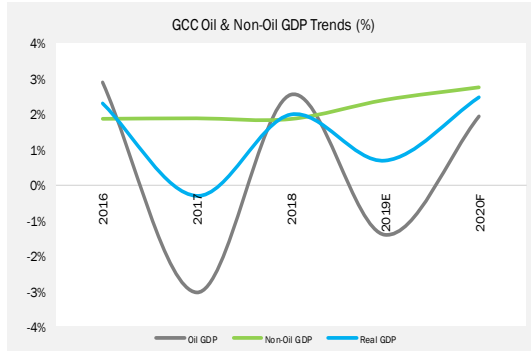
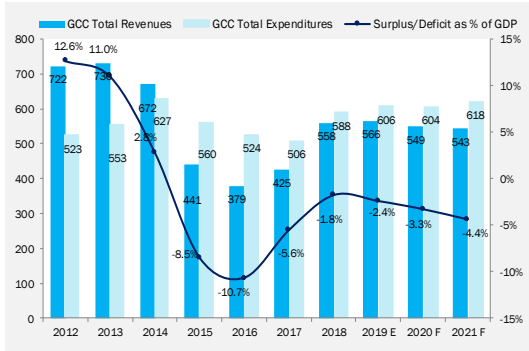
Fiscal expansion is forecasted to continue in the GCC in 2020, although spending is expected to decline marginally as compared to 2019 to reach USD 603.7 Bn, based on the analysis of IMF's general government fiscal balance estimates. Saudi Arabia in its Pre-Budget Statement for FY-2020 forecasted total fiscal expenditure of SAR 1,020 Bn, 2.7% lower than its estimate for 2019 (SAR 1,048 Bn). For the region, budget deficit is forecasted to increase from USD 39.7 Bn in 2019 (-2.4% of GDP) to USD 54.7Bn (-3.3% of GDP) in 2020, as per IMF data. The higher deficit in 2020 despite sequentially lower budget expenditure in the region, is mainly ascribed to lower revenues of USD 549 Bn in 2020, from lower oil output following the deeper cuts and probability of over-compliance from Saudi Arabia. Nevertheless, GCC governments continue to focus on expenditure efficiencies and improving their management of fiscal risks. The drop-in oil production is expected to drive lower current account surplus for the GCC in 2020, as the region's current account surplus is expected to come in at around 3.3% of GDP.

Credit and monetary indicators have fair room to pick up

Credit and monetary indicators such as the money supply, credit lending to various sectors, and inflation trends across the GCC remained largely mixed YTD in 2019. Consumer spending and capex cycles in the region would need to pick up in our view, for these indicators to show sustainable growth.

Fruition and focus of 2019 revenue-side initiatives augurs well for 2020

Quarterly releases of H1-19 GDP figures do exhibit improvements in non-oil GDP growth in Saudi Arabia, UAE and Kuwait on a y-o-y basis. Moreover, in 2019, GCC governments raised in excess of USD 70 Bn in bonds and sukuk combined, significantly larger than the fiscal deficit estimated for the region for the year. Further, the IPOs of state-owned Saudi Aramco, Boursa Kuwait and Shamal Az-Zour further reiterates focus towards pushing diversification initiatives. KAMCO Research believes that GCC countries are comfortably placed in terms of funding their fiscal spending and deficits, via a combination of debt issuances - both conventional and sukuk, options of privatization, listing and partial sale of state-owned assets and their ample FX reserves. Further interest rates are expected to remain accommodative in the GCC, as GCC currencies are either pegged or loosely pegged to the USD, which should leave the bond market route open for future debt issues, if necessary. Having said that, oil market stability will remain necessary for securing more progress for the region's diversification efforts and further non-oil economic growth.



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

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Kuwait

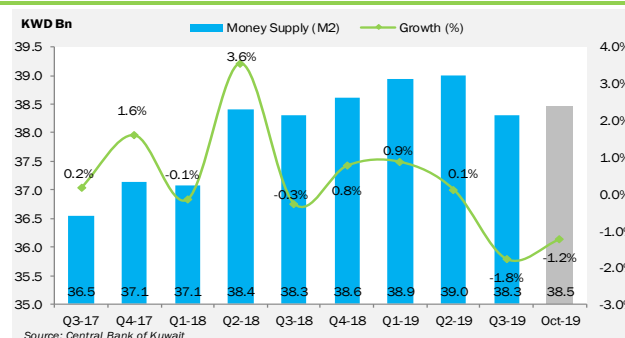
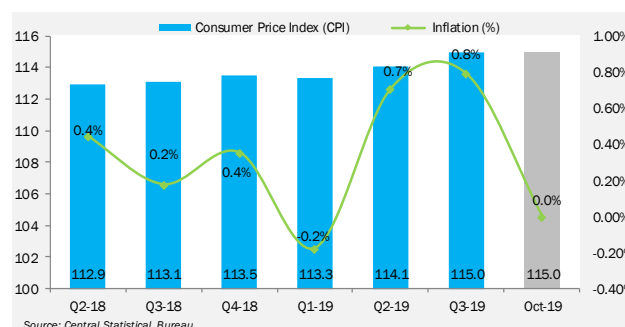
Key Economic Indicators	2016	2017	2018E	2019F	2020F	2021F	2022F	2023F	2024F
Kuwait GDP Share in GCC	8.0%	8.2%	8.6%	8.4%	8.5%	8.5%	8.5%	8.5%	8.5%
Nominal GDP - KWD Bn	33.1	36.3	42.8	41.5	42.1	43.3	44.9	46.9	49.3
Nominal GDP - USD Bn	109.4	119.5	141.6	137.6	139.6	143.4	148.6	155.3	163.2
Real GDP Growth (%)	2.9%	-3.5%	1.2%	0.6%	3.1%	2.6%	2.3%	2.6%	2.9%
GDP per Capita (USD)	25,267	26,863	30,969	29,267	28,883	28,875	29,109	29,586	30,257
Current Account Balance (USD Bn)	(5.06)	9.61	20.40	11.31	9.46	8.36	6.64	6.04	5.27
Current Account Balance (KWD Bn)	(1.53)	2.91	6.16	3.41	2.86	2.52	2.01	1.82	1.59
% of GDP	-4.6%	8.0%	14.4%	8.2%	6.8%	5.8%	4.5%	3.9%	3.2%
Inflation, Avg. CPI (%)	2.6%	1.0%	0.4%	1.8%	3.0%	5.6%	3.0%	2.3%	2.2%

Source: International Monetary Fund (IMF)

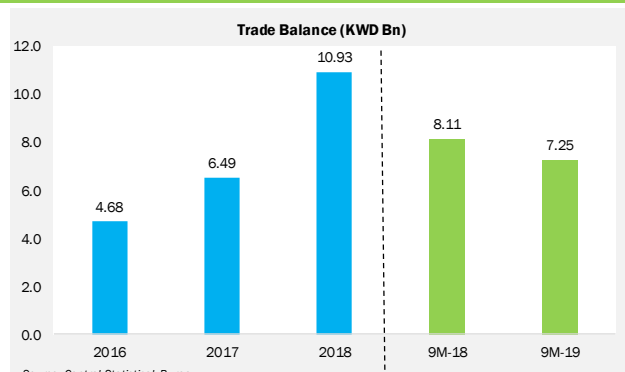
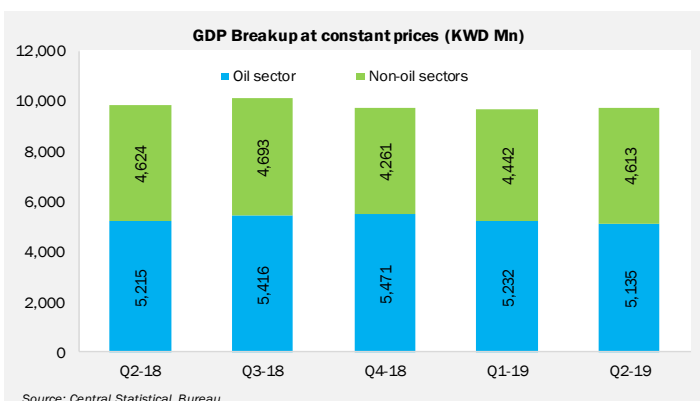
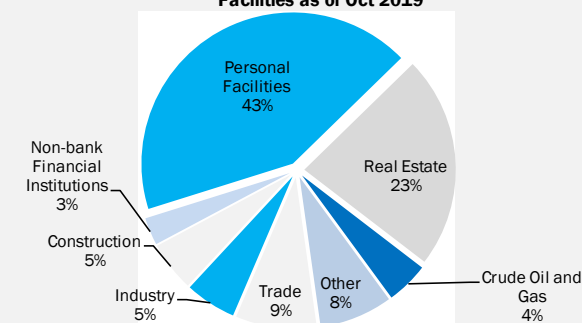
Real GDP in Q2-19 grew by 0.4% y-o-y from KWD 9.67 Bn in Q2-18 to KWD 9.71 Bn, driven by non-oil economic growth. The Real non-oil GDP grew 1.4% y-o-y over the same period from KWD 4.44 Bn to KWD 4.50 Bn, while oil GDP declined marginally by 0.4% y-o-y from KWD 5.23 Bn in Q2-18 to KWD 5.21 Bn in Q2-19, due to lower oil production led by OPEC+ production cuts. In nominal terms however, GDP remained broadly stable y-o-y in Q2-19 and grew by 0.1% to reach KWD 10.65 Bn. Non-oil GDP was the main contributor of growth, as it increased by 4.2% y-o-y in Q2-19, while oil-GDP remained declined y-o-y by 4.3% due to lower oil production and global oil prices over the same period.

Kuwait's trade surplus over 9M-19 declined 10.6% y-o-y to reach KWD 7.24 Bn, from KWD 8.11 Bn during the same period in 2018. Exports were down by 8.2% y-o-y, from KWD 16.23 Bn during 9M-18 to KWD 14.90 Bn during 9M-19, while imports decreased by 5.8% to KWD 7.65 Bn over the same period.

Credit facilities extended by Kuwaiti banks by the end of Oct-19 remained broadly stable, and increased by 1.2% from the end of Q2-19 to KWD 38.3 Bn. From Q2-19, the growth in credit extended was driven by the growth in Consumer Loans and Personal Installment Loans, which grew by 12% and 1.0% respectively over the period and accounted for over 34.7% of the credit disbursed by Oct-19. Credit to the Real Estate sector also increased from Jun-19 by 1.2%, while Construction sector credit grew by 1.4% over the same period. Credit to the Oil and Gas sector grew amongst the fastest from Jun'19-Oct'19, as credit disbursed increased by 8.1% y-o-y to reach KWD 1.74 Bn. Kuwait's broad measure of money supply (M2) declined marginally by 1.4% to KWD 38.47 Bn in Oct-19 from Jun-19 (KWD 38.99 Bn), mainly due to a 5.7% drop in Sight Deposits. As a result, M1 supply was down 4.7% over Jun'19-Oct'19.



Sectoral Distribution of Balances of Utilized Cash Credit Facilities as of Oct 2019



Saudi Arabia

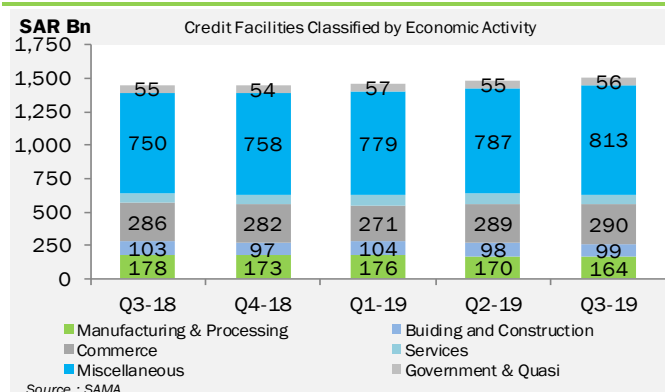
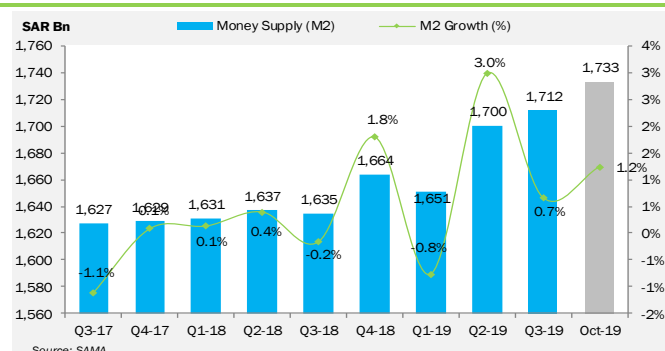
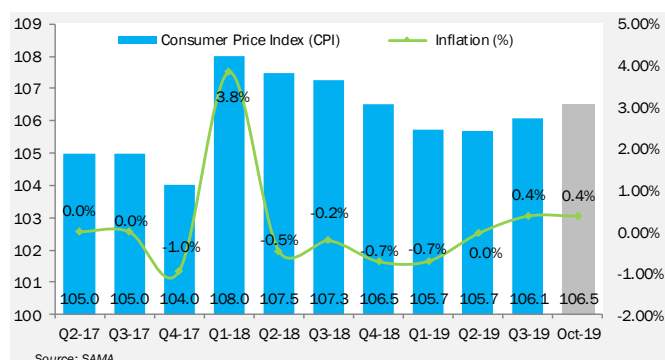
Key Economic Indicators	2016	2017	2018E	2019F	2020F	2021F	2022F	2023F	2024F
KSA GDP Share in GCC	47.4%	47.2%	47.6%	47.8%	47.5%	47.2%	47.2%	47.2%	47.1%
Nominal GDP - SAR Bn	2,418.5	2,582.2	2,949.5	2,922.3	2,937.5	3,001.1	3,109.3	3,237.4	3,384.6
Nominal GDP - USD Bn	644.9	688.6	786.5	779.3	783.3	800.3	829.1	863.3	902.6
Real GDP Growth (%)	1.7%	-0.7%	2.4%	0.2%	2.2%	2.2%	2.4%	2.5%	2.5%
GDP per Capita - PPP (USD)	20,289	21,114	23,539	22,865	22,533	22,570	22,925	23,401	23,986
Current Account Balance (USD Bn)	(23.87)	10.46	72.33	34.22	11.74	(4.81)	(9.43)	(13.25)	(16.07)
Current Account Balance (SAR Bn)	(89.51)	39.24	271.23	128.31	44.04	(18.02)	(35.37)	(49.67)	(60.24)
% of GDP	-3.7%	1.5%	9.2%	4.4%	1.5%	-0.6%	-1.1%	-1.5%	-1.8%
Inflation, Avg. CPI (%)	1.2%	-1.1%	2.3%	-1.1%	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 nominal GDP in Q2-19 grew by 0.2% y-o-y from Q2-18, driven mainly by a 3.1% y-o-y growth in non-oil GDP, while oil GDP declined by 5.9% y-o-y on lower production and average global crude oil prices. Growth in non-oil GDP during Q2-19 was mainly driven by the Private sector, as it grew by 4.3% y-o-y from Q2-18, while the Government sector grew by 0.8% over the same period. In real terms GDP increased by 0.5% y-o-y, with non-oil GDP posting a growth of 2.9% y-o-y, while oil-GDP declined by 3% y-o-y.

Preliminary estimates from Ministry of Finance's forecasts in their 2020 Pre-Budget Statement show that budget revenues in 2019 are expected to come in at SAR 917 Bn, while budget deficits are expected to reach SAR 131 Bn (-4.7% of GDP). For 2020, the Ministry of Finance expects total budget revenues of SAR 833 Bn and budget deficit of SAR 187 Bn (-6.5% of GDP).

During Oct-19, inflation grew 0.8% as compared to Q2-19, as the general consumer price index components included gainers and decliners. Among the components, Food & non-alcoholic beverages (+1.7%), Education (+1.7%) and Restaurants & Hotels (+1.4%) were among the main sectors that saw higher price levels during Oct-19, as compared to Jun-19 levels. Clothing & Footwear witnessed saw a decline of 1% over the aforementioned period while Tobacco and Communication price levels receded by 0.1% each from Jun-19-Oct-19. Credit disbursed stood 4.0% higher from 2018 end to reach SAR 1,502 Bn in Q3-19, as credit disbursed to Commerce and Government sectors increased by 1.5% and 3.9% respectively. Money supply (M2) in the Kingdom improved from 2018 end to Oct-19 by 4.1% and reached SAR 1,732 Bn. M1 component hand such as Currency in Circulation (+4.9%) and Demand Deposits (+5.7%) gained during the period.



Nominal GDP by Institutional Sectors						
SAR Mn	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19
Oil Sector	215,705	250,387	260,119	259,688	217,769	235,519
Non-Oil Sector	479,126	484,219	479,723	501,134	496,371	499,150
Private Sector	324,974	318,813	328,492	328,577	331,713	332,413
Government Sector	154,152	165,406	151,231	172,557	164,658	166,737
Total	694,831	734,606	739,842	760,822	714,139	734,669
Import Duties	4,360	4,244	5,219	5,532	4,404	5,363
Gross Domestic Product (GDP)	699,191	738,851	745,062	766,354	718,543	740,032

General Authority for Statistics

Fiscal Budget (SAR Mn)	2018	Q1-19	Q2-19	Q3-19	9M-19
Oil Revenues	611,239	169,087	174,910	131,843	475,840
Non-oil Revenues	294,370	76,319	85,797	75,366	237,481
Total	905,609	245,406	260,707	207,209	713,321
Expenses	1,079,467	217,570	294,226	239,376	751,173
Fiscal Balance	(173,858)	27,836	(33,519)	(32,167)	(37,852)

Ministry of Finance

United Arab Emirates

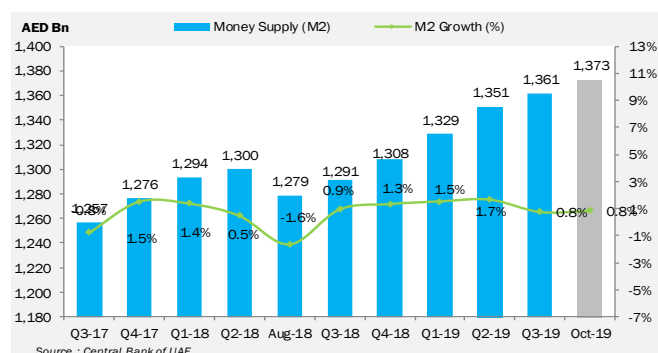
Key Economic Indicators	2016	2017	2018E	2019F	2020F	2021F	2022F	2023F	2024F
UAE GDP Share in GCC	26.2%	25.9%	25.1%	24.9%	25.1%	25.2%	25.2%	25.2%	25.2%
Nominal GDP - AED Bn	1,311.2	1,387.1	1,521.1	1,490.2	1,520.5	1,567.4	1,626.4	1,694.6	1,770.8
Nominal GDP - USD Bn	357.0	377.7	414.2	405.8	414.0	426.8	442.9	461.4	482.2
Real GDP Growth (%)	3.0%	0.5%	1.7%	1.6%	2.5%	2.7%	2.3%	2.4%	2.5%
GDP per Capita - PPP (USD)	36,226	37,252	39,709	37,750	37,375	37,386	37,643	38,057	38,586
Current Account Balance (USD Bn)	13.23	27.50	37.85	36.59	29.46	21.66	22.59	23.63	25.09
Current Account Balance (AED Bn)	48.60	100.99	138.99	134.38	108.17	79.53	82.94	86.78	92.12
% of GDP	3.7%	7.3%	9.1%	9.0%	7.1%	5.1%	5.1%	5.1%	5.2%
Inflation, Avg. CPI (%)	1.62%	1.97%	3.07%	-1.50%	1.20%	1.50%	2.00%	2.00%	2.10%

Source: International Monetary Fund (IMF)

For the UAE, the Central Bank of UAE estimates Q1-19 real GDP growth to have come in at 3.3% y-o-y, vs. the average 2018 growth 2018 of 1.7%, based on their Augmented Economic Composite Indicator (AECI). The agency expects real GDP growth for Q2-19, Q3-19 and Q4-19 to come in at 2.4%, 1.3% and 2.05%, respectively. Non-oil Real GDP is forecasted to grow by 1.8%, 0.9% and 2.3% respectively for Q2-19, Q3-19 and Q4-19. The Central Bank of UAE expects overall real GDP to grow by 2.3% in 2019 driven by the growth in the nonoil sector that is forecasted to reach 1.4% in 2019, as compared to 1.3% in 2018.

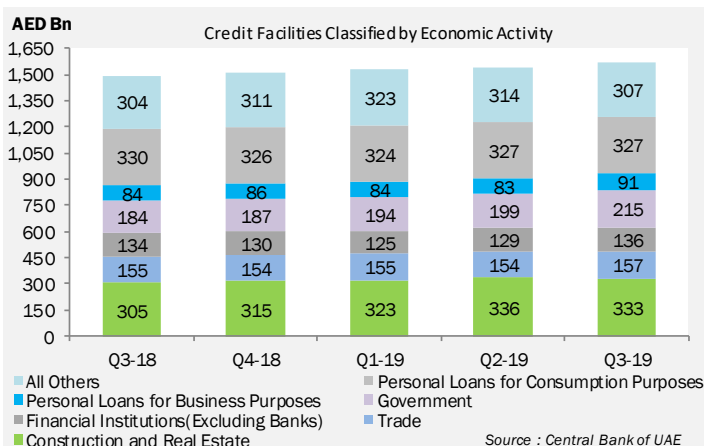
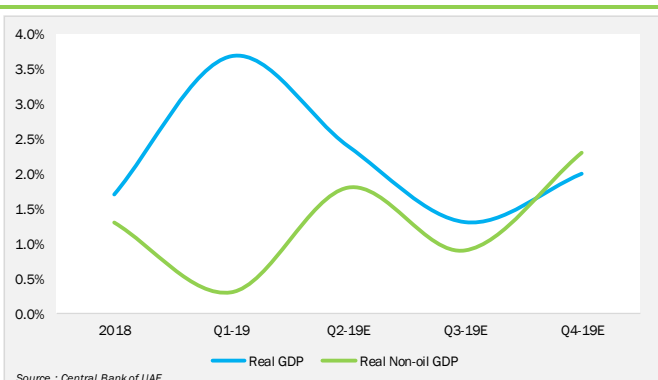
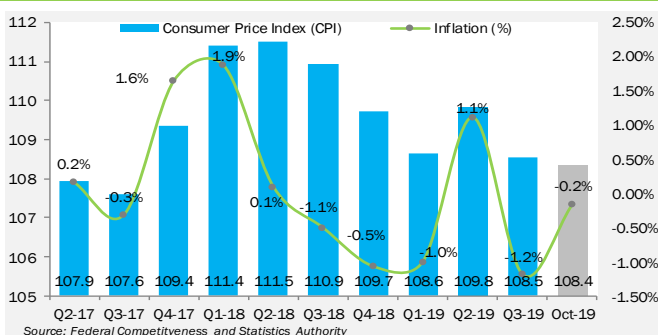
Total credit facilities disbursed by UAE banks increased to AED 1.56 trillion at the end of the Q3-19, an increase of 3.7% from Q4-18, and an improvement of 1.5% q-o-q. Main contributors for the increase from Q4-18 were Construction & Real Estate and Government sectors, as they improved by 5.5% and 15.4%, respectively. In terms of price levels, inflation declined by to 1.3% in Oct-19, as compared to Q4-18. UAE's broad measure of money supply (M2) however increased by 4.9% from Q4-18 to AED 1,373 Bn in Oct-19.

UAE's quarterly government finances strengthened from Q1-19 to Q2-19, as gross operating balance moved from a deficit of AED 1.10 Bn in Q1-19 to a surplus of AED 50.6 Bn in Q2-19. The turnaround in gross operating balance surplus was largely due to a 38% jump in revenues in Q2-19, which came in at AED 145.1 Bn. The higher revenues were driven by higher tax collections that increased by 71% q-o-q in Q2-19. Budget expenses were also down q-o-q by 11% to reach AED 94.50 Bn. On a y-o-y basis, revenues jumped 18.2% from AED 122.71 Bn, with a 46.1% jump in tax revenues, while expenses were down 4.4% y-o-y.



Quarterly Government Finances						
in AED (Bn)	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19
Revenues	103.80	122.71	120.65	118.52	104.80	145.10
Taxes	46.68	49.48	60.61	57.48	42.40	72.30
Social contributions	1.26	1.33	1.28	1.16	1.30	1.30
Other revenues	55.86	71.89	58.75	59.88	61.20	71.50
Expense	91.13	98.84	91.19	108.14	105.90	94.50
Gross Operating Balance	12.67	23.87	29.46	10.38	-1.10	50.60

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	11.2%	11.4%	11.6%	11.8%	11.8%	11.9%	11.9%	12.0%	12.1%
Nominal GDP - QAR Bn	552.3	607.6	696.6	698.3	710.6	730.7	763.5	799.2	844.9
Nominal GDP - USD Bn	151.7	166.9	191.4	191.8	195.2	200.7	209.8	219.6	232.1
Real GDP Growth (%)	2.1%	1.6%	1.5%	2.0%	2.8%	3.0%	2.4%	2.1%	2.8%
GDP per Capita - PPP (USD)	57,965	62,826	70,379	69,688	70,737	72,554	75,625	78,964	83,263
Current Account Balance (USD Bn)	(8.27)	6.43	16.65	11.52	8.08	5.36	7.67	5.57	7.57
Current Account Balance (QAR Bn)	(30.10)	23.39	60.61	41.94	29.43	19.52	27.90	20.27	27.57
% of GDP	-5.5%	3.8%	8.7%	6.0%	4.1%	2.7%	3.7%	2.5%	3.3%
Inflation, Avg. CPI (%)	2.7%	0.4%	0.2%	-0.4%	2.2%	2.1%	2.0%	2.0%	2.0%

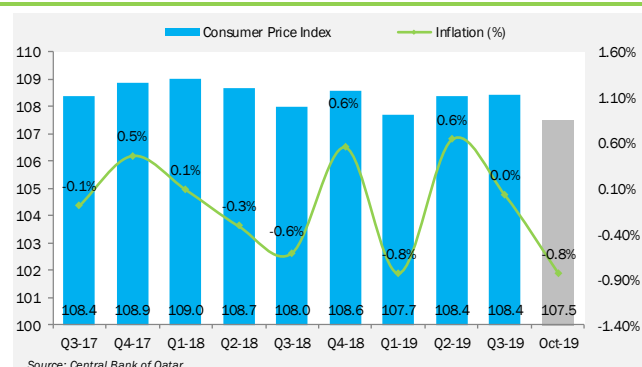
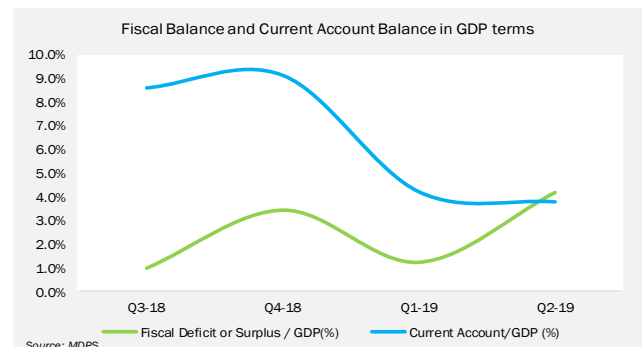
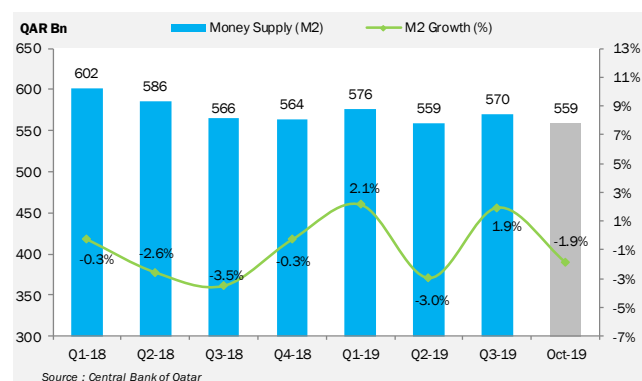
Source: International Monetary Fund (IMF)

Qatar's real GDP in Q2-19 receded by 1.4% y-o-y and reached QAR 200.2 Bn, as per the Ministry of Development Planning and statistics. The non-oil sector which accounts for over 52.4% of the real economy declined by 1.1% y-o-y from Q2-18. The Mining and Quarrying sector GDP declined by 1.1% y-o-y to reach QAR 95.3 Bn. Qatar's current account surplus dropped in GDP terms from 4.2% of GDP in Q1-19 to 3.8% of GDP in Q2-19, as per the Ministry of Development Planning and Statistics.

Qatar reported a fiscal surplus of QAR 6.82 Bn in Q2-19 after posting fiscal surplus of QAR 2.0 Bn in Q1-19. The surplus in Q2-19 came from a 3.9% q-o-q increase in revenues, and was aided by lower expenditure, as expenses went down by 5.0% q-o-q over the same period. Q2-19 fiscal surplus came in at 4.2% of GDP in Q2-19.

Total credit facilities as of Oct-19 reached record high levels and improved by 0.8% from the end of 2018 to reach QAR 1.00 trillion. Public sector credit growth moved up and improved by 0.7% from Q1-19, while the Private sector credit dropped by 15% over the period, as per data from the Central Bank of Qatar.

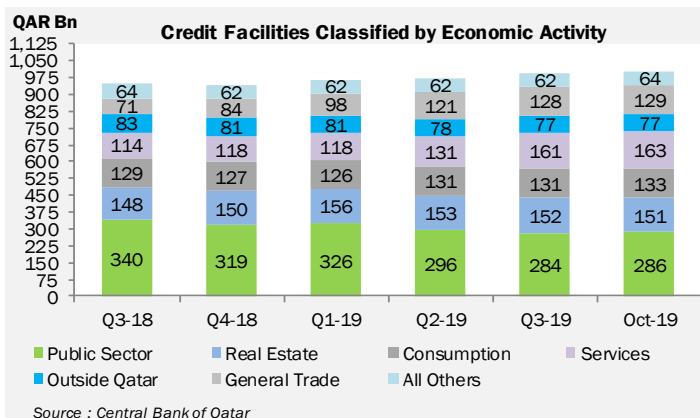
Money supply (M2) at the end of Oct-19 remained broadly stable from Q2-19 and decreased by 3.7% from Q1-19 to reach QAR 554.9 Bn. Time and savings deposits however improved by 3.6 in Oct-19 from Q2-19, while M1 receded by 4.0% over the same period. Deposits in foreign currencies decreased by 3.6% over the first ten months of 2019. Inflation trends at the end of Oct-19 was slightly weaker as compared to Q2-19, as the general CPI index declined by 0.8% over the period. Separately, the QCB's monthly Real Estate Price index decreased to 227.33 in Sept-19 from 238.94 in Jun-19. When compared with Jun-18, the index was down 18.21 points from 245.54 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	Q2-19
Mining and Quarrying Sector	96,303	97,088	98,799	97,141	96,917	95,278
Non-mining and Quarrying Sector	104,276	106,055	111,101	110,612	105,206	104,927
Gross Domestic Product (GDP)	200,579	203,143	209,901	207,753	202,123	200,205

Source: Ministry of Development Planning & Statistics



Bahrain

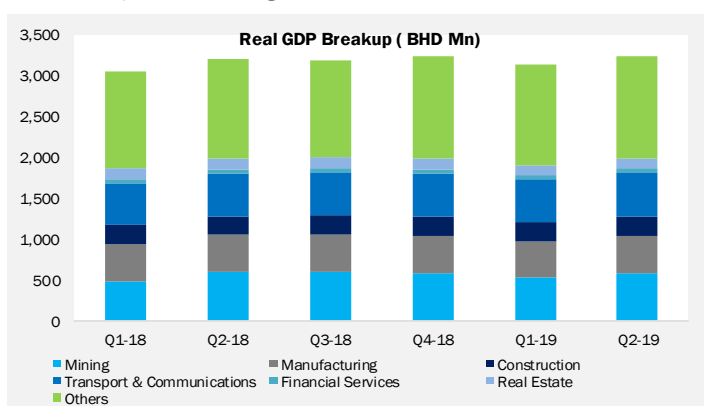
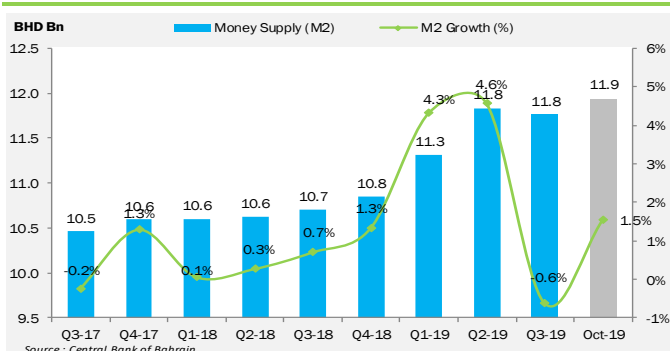
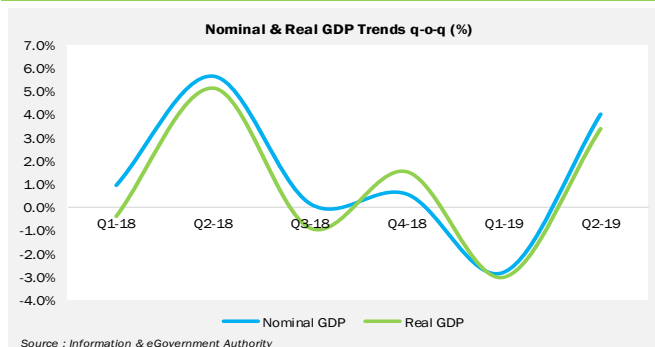
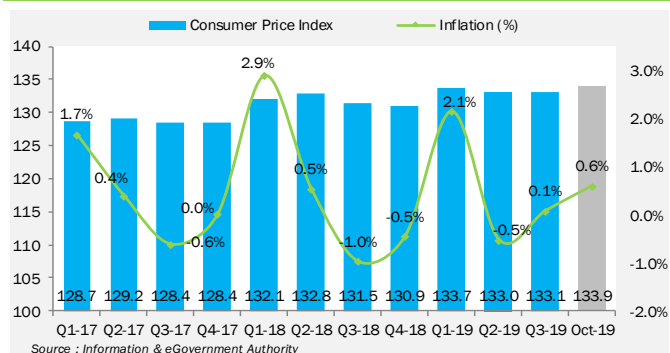
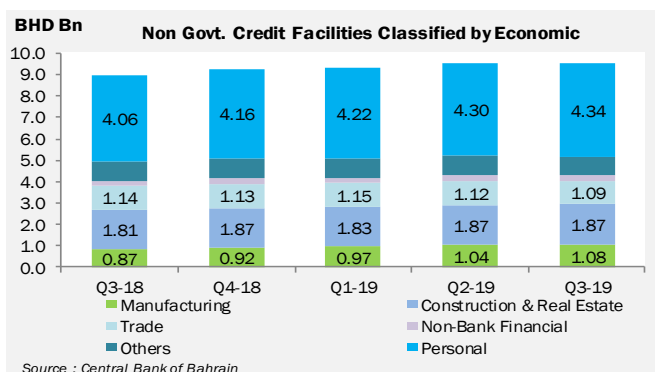
Key Economic Indicators	2016	2017	2018E	2019F	2020F	2021F	2022F	2023F	2024F
Bahrain GDP Share in GCC	2.4%	2.4%	2.3%	2.3%	2.4%	2.4%	2.4%	2.4%	2.4%
Nominal GDP - BHD Bn	12.1	13.3	14.2	14.4	14.8	15.3	15.9	16.6	17.4
Nominal GDP - USD Bn	32.3	35.4	37.7	38.2	39.3	40.8	42.4	44.3	46.4
Real GDP Growth (%)	3.5%	3.8%	1.8%	2.0%	2.1%	2.4%	2.4%	2.8%	3.0%
GDP per Capita - PPP (USD)	22,652	24,399	25,483	25,273	25,507	25,933	26,444	27,075	27,815
Current Account Balance (USD Bn)	(1.49)	(1.60)	(2.22)	(1.66)	(1.72)	(1.76)	(1.66)	(1.79)	(1.91)
Current Account Balance (BHD Bn)	(0.56)	(0.60)	(0.83)	(0.62)	(0.65)	(0.66)	(0.62)	(0.67)	(0.72)
% of GDP	-4.6%	-4.5%	-5.9%	-4.3%	-4.4%	-4.3%	-3.9%	-4.0%	-4.1%
Inflation, Avg. CPI (%)	2.26%	1.42%	1.90%	2.00%	2.80%	2.50%	2.30%	2.10%	2.20%

Source: International Monetary Fund (IMF)

Real GDP in Bahrain improved by 0.8% y-o-y in Q2-19 and reached BHD 3.65 Bn from BHD 3.59 Bn in Q2-18. The Transport & Communications sector was the key driver for the increase, as the sector grew by 2.6% y-o-y in real terms. The Manufacturing sector which accounts for 14% of Bahrain's total GDP however declined by 0.5% y-o-y. Construction and Real Estate sectors, that combine for 11.2% of the total GDP witnessed dissimilar trends as Construction GDP grew by 4.0% while Real Estate GDP declined by 7.9% y-o-y in Q2-19. In the Services sector, Financial Services grew by 4.0% y-o-y in the second quarter of 2019. However, on a q-o-q basis, real GDP grew by 3.4% in Q2-19 from Q1-19, while nominal GDP gained by 4.0% over the same period.

In nominal terms, Manufacturing was the largest sector with a contribution of 17.8% to GDP. Financial Services and the Mining sector followed with contributions of 16.0% and 14.6% to nominal GDP. Construction and Real Estate sectors contributed to a combined 11.8% of nominal GDP. Money supply (M2) at the end of Oct-19 increased by 0.9% from Q2-19 to BHD 11.94 Bn after declining by 0.6% in Q3-19. Time and savings deposits grew by 3.2% from Q2-19, however M1 receded by 4.4% over the same period.

Credit disbursed to the non-government sector declined 0.3% q-o-q and improved 5.7% y-o-y to reach BHD 9.51 Bn in Q2-19. Personal credit disbursed increased by 0.9% q-o-q, while Construction credit receded by 0.3%. Manufacturing credit on the other hand increased by 3.1% q-o-q in Q2-19. On y-o-y basis, credit disbursed to the Personal sector increased by 7.0% as of Q2-19, while Construction and Manufacturing sectors witnessed credit growth of 3.0% and 23.5% respectively over the same period. Further, inflation numbers at the end of Oct-19 suggested a move up of 0.7% as against Jun-19.



Oman

Key Economic Indicators	2016	2017	2018E	2019F	2020F	2021F	2022F	2023F	2024F
Oman GDP Share in GCC	4.8%	4.8%	4.8%	4.7%	4.8%	4.8%	4.8%	4.8%	4.7%
Nominal GDP - OMR Bn	25.2	27.1	30.5	29.5	30.2	31.5	32.3	33.5	34.8
Nominal GDP - USD Bn	65.5	70.6	79.3	76.6	78.7	81.9	84.1	87.0	90.6
Real GDP Growth (%)	4.9%	0.3%	1.8%	0.0%	3.7%	4.3%	0.9%	-0.6%	1.6%
GDP per Capita - PPP (USD)	16,332	17,045	18,970	17,791	17,723	17,900	17,813	17,871	18,019
Current Account Balance (USD Bn)	(12.54)	(10.98)	(4.35)	(5.50)	(6.30)	(5.41)	(6.45)	(7.55)	(8.22)
Current Account Balance (OMR Bn)	(4.82)	(4.22)	(1.67)	(2.11)	(2.42)	(2.08)	(2.48)	(2.90)	(3.16)
% of GDP	-19.1%	-15.6%	-5.5%	-7.2%	-8.0%	-6.6%	-7.7%	-8.7%	-9.1%
Inflation, Avg. CPI (%)	1.1%	1.6%	0.9%	0.8%	1.8%	3.8%	3.4%	2.8%	2.5%

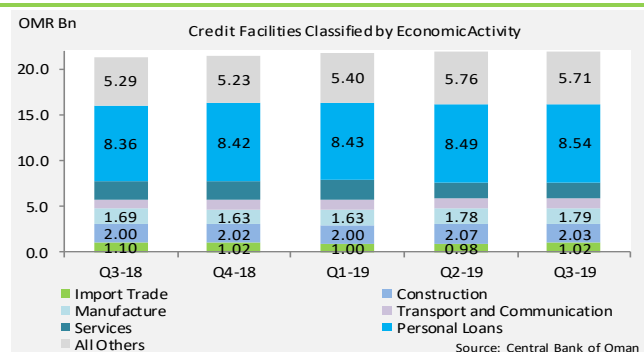
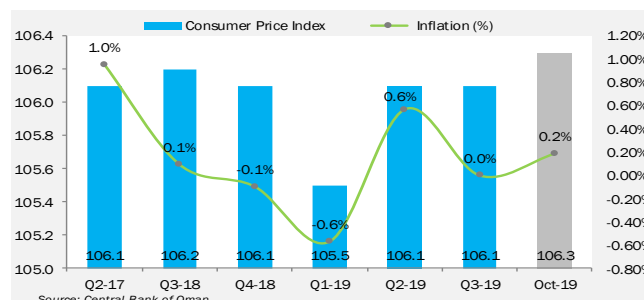
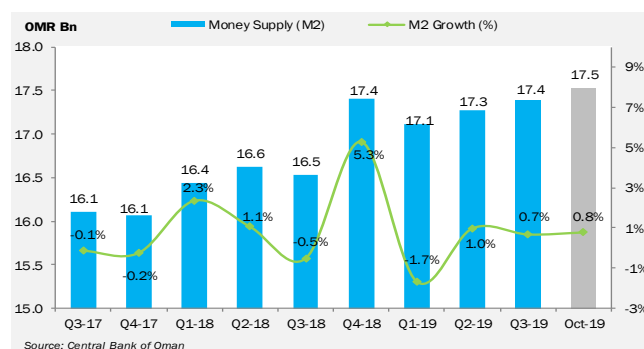
Source: International Monetary Fund (IMF)

Oman continued to report quarterly budget deficits in 2019, but the OMR 1.54 Bn deficit over 9M-19 was 19% lower y-o-y than the OMR 1.92 Bn reported during the same period in 2018. Budget revenues over 9M-19 gained by 3% y-o-y to reach OMR 7.95 Bn, driven by a 26% y-o-y increase in Other revenues that reached OMR 2.04 Bn. Budget expenses declined by 2% y-o-y over 9M-19 and reached OMR 9.49 Bn as Investment expenditure dropped by 8%, while Participation & Subsidy to Private Sector expenditure declined by 5% y-o-y.

Oman registered a y-o-y nominal GDP decline of 1.9% in H1-19, as nominal GDP reached OMR 14.05 Bn from OMR 14.33 Bn in H1-18. Petroleum activities contributed to 36.3% of nominal GDP, and posted a y-o-y growth of 2.1% to reach OMR 5.11 Bn. Non-petroleum activities declined by 3.4% y-o-y to reach OMR 9.57 Bn from OMR 9.91 Bn in H1-18.

On the monetary front, money supply (M2) at the end of Oct-19 improved by 1.4% from Q2-19 to OMR 17.53 Bn, and was up marginally from Q4-18 as well. The increase from Q2-19 was contributed by an increase in Quasi Money (4.0%), while M1 components currency outside banks and demand deposits declined by 6% and 3.8% respectively.

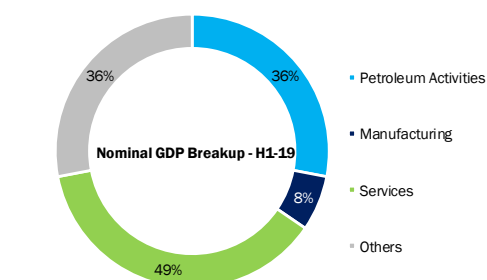
Meanwhile, inflation trends remained stable in Oct-19 as compared to Q2-19, marginally improving by 0.2%. In terms of credit lending, total amount of credit disbursed increased by 2.7% y-o-y during Q3-19 to reach OMR 21.93 Bn. Personal loans which contribute to close to 39% of the total credit went up by 2.1% y-o-y in Q3-19. Manufacturing (+5.8%), Transport & Communication (+22.5%) were the other sectors which grew over the period.



Government Revenues and Expenditure

OMR Mn	2018				2019		
Sectors	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19
Revenues	2,055.4	2,893.1	2,804.9	2,895.2	2,710.6	2,803.4	2,435.7
Oil Revenues	1,329.1	1,599.9	1,832.6	1,652.1	1,631.2	1,443.3	1,529.1
Gas Revenues	399.1	460.5	521.7	613.4	458.0	481.8	370.9
Other Revenues	327.2	832.7	450.6	629.7	621.4	878.3	535.7
Expenditure	2,806.7	3,547.5	3,316.4	3,051.7	3,019.6	3,155.0	3,319.6
Current Expenditure	1,996.5	2,339.5	2,286.9	1,808.4	2,070.0	2,236.3	2,346.2
Investment Expenditure	472.3	797.7	640.9	595.9	456.6	641.4	651.3
Participation & Subsidy To Private Sector	66.9	290.2	202.4	130.9	119.0	173.8	236.1
Actual Expenses under Settlement	271.0	120.1	186.2	516.5	374.0	103.5	86.0
Fiscal Surplus (+) / Deficit (-)	-751.3	-654.4	-511.5	-156.5	-309.0	-351.6	-883.9

Source: Ministry of Finance, Central Bank of Oman



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