

HEADLINES:

Oman economy to maintain upward momentum in 2023

TEASER:

It appears the only way is up for the Sultanate's post-pandemic recovery, thanks to increased hydrocarbon production, fiscal discipline, and growth-friendly reforms.

Oman's economy is expected to grow by 5.5% this year on the back of higher oil and gas production, according to the Ministry of Finance's latest forecast.

The Sultanate's 2023 performance will surpass its impressive 5% growth recorded in 2022, thanks to strong commodity prices, domestic reforms, and efforts by authorities to support the economy. Last year, the oil and gas GDP surged 9.5%, while non-hydrocarbon GDP grew by 2.6%, according to early government estimates.

The hydrocarbon GDP is projected to expand by 10.1% and non-hydrocarbon GDP will rise by 2.9% this year, the [Ministry of Finance](#) said.

In addition, the [ministry](#) expects the improved fiscal position to strengthen the country's credit ratings, which has already been upgraded last year due to the implementation of the government's fiscal consolidation plan.

And while high commodity prices provide fiscal buffer, the ministry said credit ratings agencies have asserted the "significance of continuing with fiscal consolidation measures for fiscal sustainability to overcome any future financial pressures," especially if commodity prices recede.

The [Central Bank of Oman](#) also released its first Macroeconomic Stability Report, covering the January 2021 to June 2022 period, which saw pandemic-related pressures on the economy. But the government navigated through the global health crisis deftly, which resulted in substantial improvement in fiscal balance.

The report noted that overall fiscal deficit declined as a percent of GDP, and that lower government financing needs led to a significant decrease in total public debt as a ratio to GDP during 2021 and in the first half 2022. In particular, external debt was sharply reduced during this period with the government redemption/repurchase of Eurobonds and international sukuk. Meanwhile, inflation, which has been a challenge across the world, remains well-contained in the Sultanate with the consumer price index reaching [1.98%](#) in December.

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