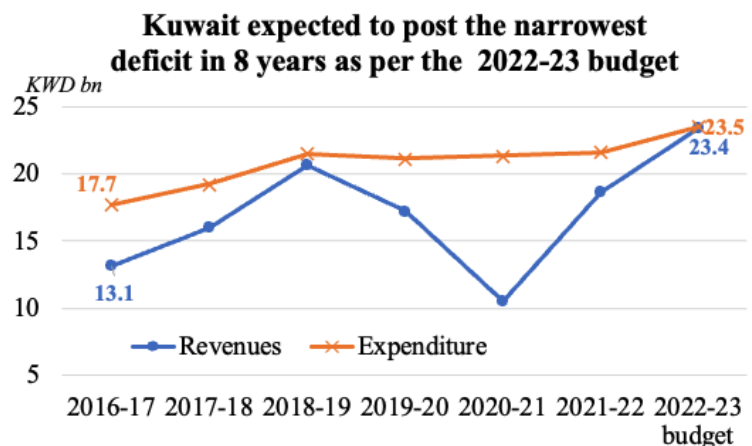


Weekly Insights 25 Nov 2022: Oil price boosts fiscal stance, exports, T-bill investments & GDP in the GCC

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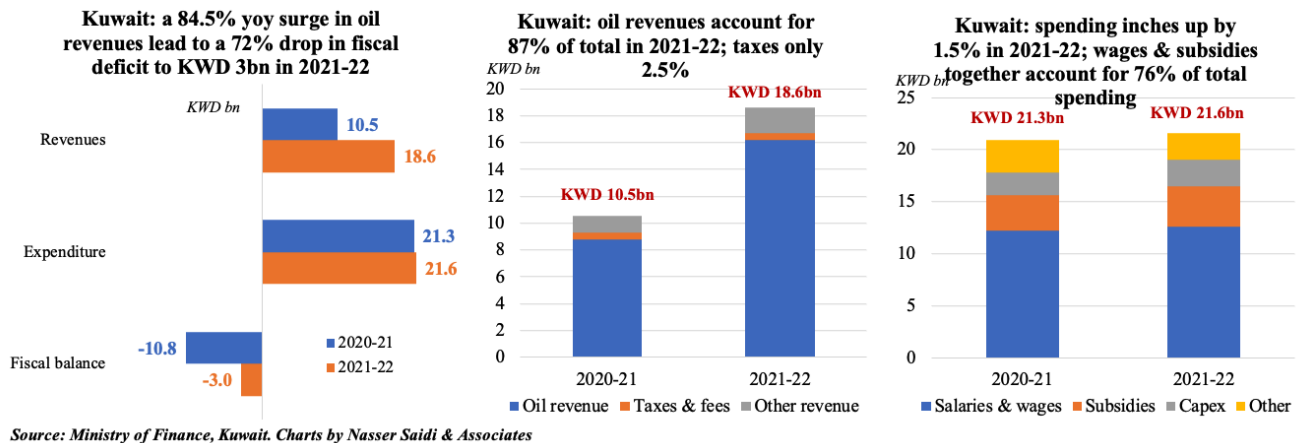
1. Kuwait's fiscal deficit narrows in fiscal year 2021-22



- **Kuwait's fiscal deficit narrowed to KWD 3bn in the 2021-22 fiscal year** (ended Mar 2022). This is the first-time deficit narrowed since FY2018-19, and much lower than the deficit of KWD 12.1bn estimated in the budget. In the 2022-23 budget, deficit is forecast to further decline to USD 0.1bn.
- **Revenues surged by 76.9% yoy** to KWD 18.6bn in 2021-22, supported by oil revenues – which surged by 84.5% yoy to almost double the budget estimate. **Taxes accounted for just 2.5% of total revenues.**
- **Expenditure**, in contrast, inched up by just 1.5% yoy in

2021-22. **Salaries and wages accounted for 58.4% of the total**, and subsidies another 17.65%.

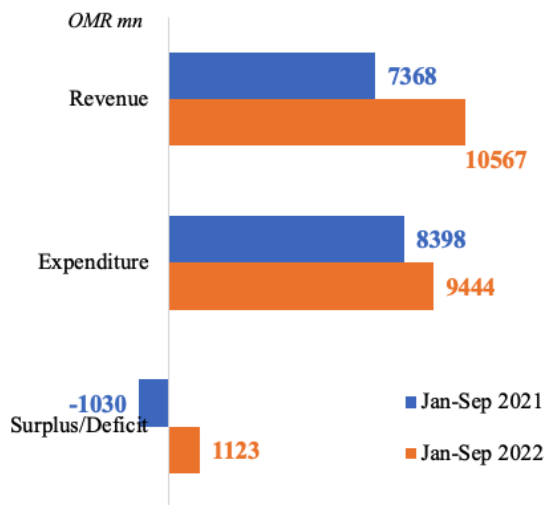
- In FY 2022-23, **oil production is forecast to rise to 2.73mn barrels per day** (from 2.43mn bpd) and average oil price to jump to USD 80 (from USD 45).



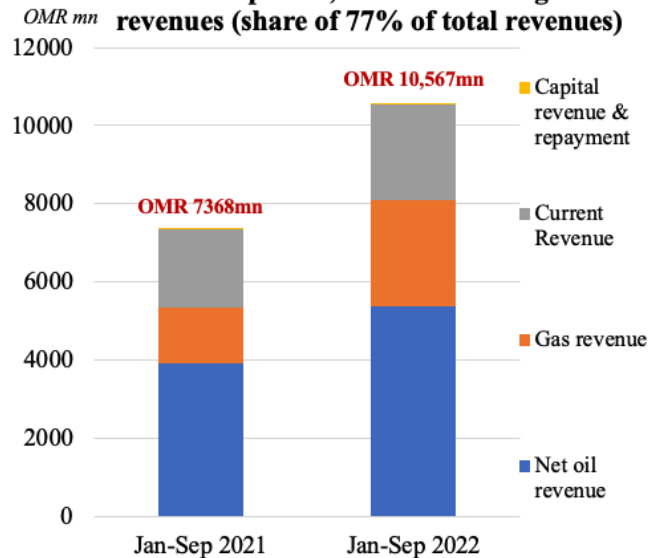
2. Oman's fiscal surplus stood at OMR 1.123bn in Sep 2022

- With revenues rising by 43.4% yoy and expenditures by a lower 12.5%, **fiscal balance in Oman moved to a surplus of OMR 1.123bn in the period Jan-Sep 2022** (from a deficit of OMR 1.03bn a year ago).
- **Revenues**, as expected, **grew** thanks to a jump in net oil revenues (+37% to OMR 5.36bn) and gas revenues (92.8% to OMR 2.7bn): together oil and gas revenues accounted for 76.7% of total revenues. **Average oil price has increased to USD 94** (from USD 57 a year ago) in Jan-Sep, and average daily oil production was up to 1.056mn barrels per day (from 957k bpd a year ago).
- **Expenditures stood at OMR 9.4bn as of Sep 2022**, reaching 78% of 2022 budget estimate. An amount of OMR 150mn was allocated for future debt obligations budget-item.

Oman: Avg oil price rose by 65% yoy to \$94 in Jan-Sep 2022 leading to a fiscal surplus of OMR 1.1bn

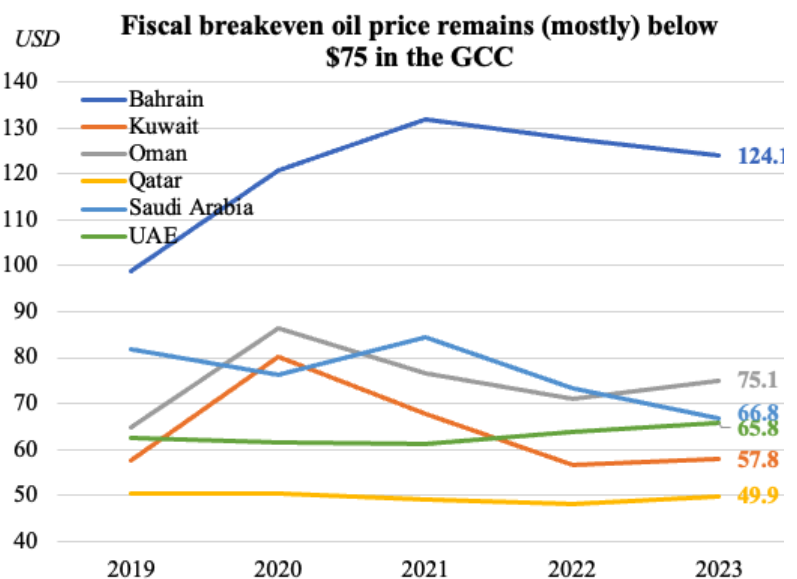


Oman's revenues surged by 43% yoy in Jan-Sep 2022, thanks to oil & gas revenues (share of 77% of total revenues)



Source: Oman's Ministry of Finance. Charts by Nasser Saidi & Associates

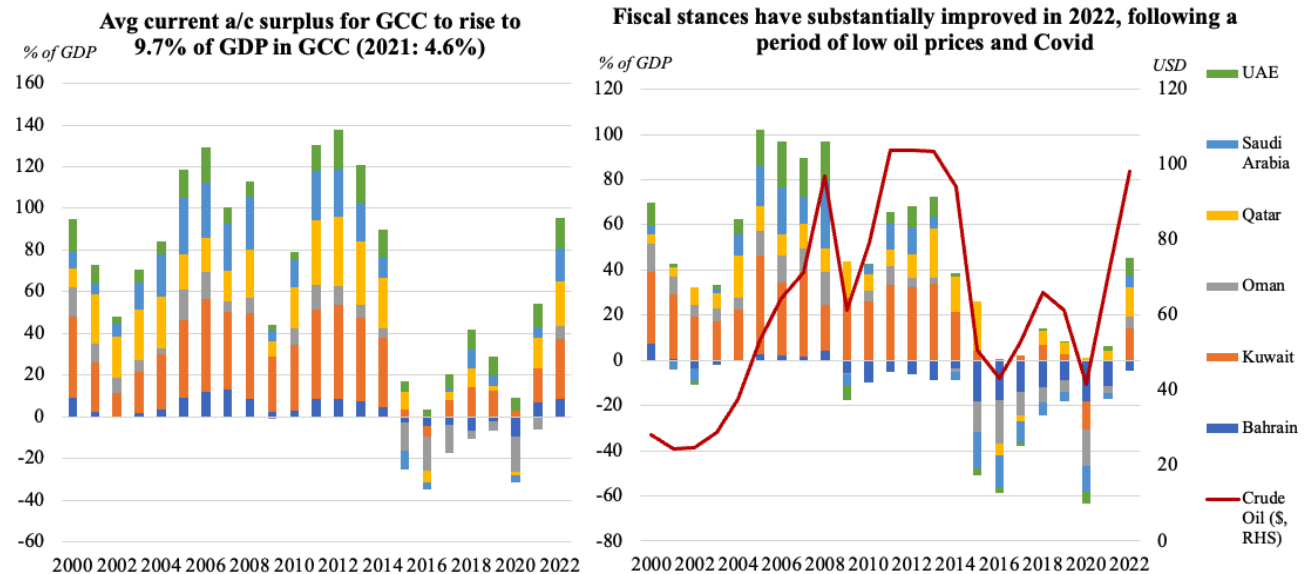
3. GCC's fiscal prudence



Source: IMF Regional Economic Outlook, Nov 2022

- **Fiscal stances have improved in 2022**, following a long period characterized by low oil prices and then the Covid19 pandemic.
- As the GCC nations narrow fiscal deficits or move into surpluses, **one common factor is that of limited spending** (in contrast to pro-cyclical spending) and saving (about 33%) oil revenues for future use.
- **Current account surpluses are rising**: instead of petrodollars flowing mostly to the US (Treasuries, equity

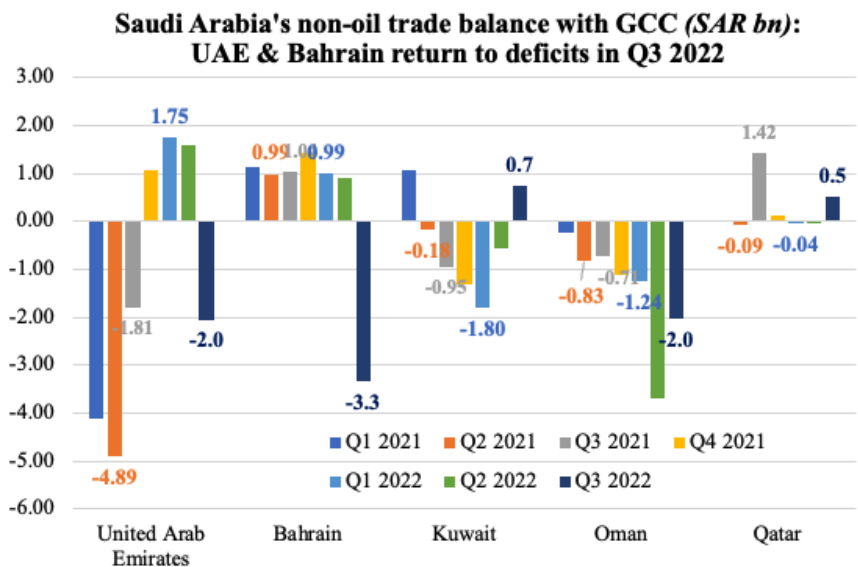
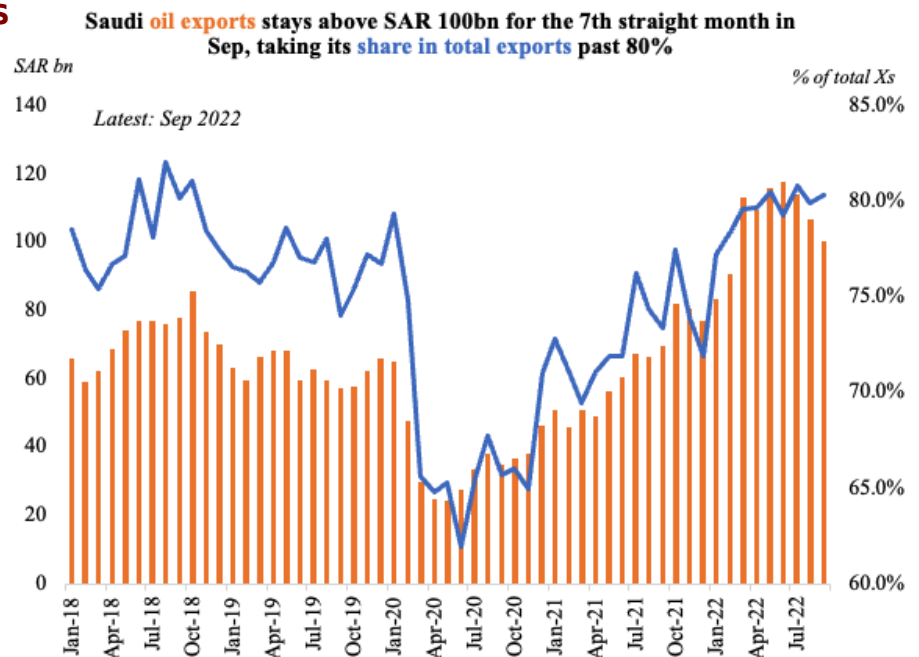
markets etc), funds are being re-routed into the domestic/ regional economies (providing aid to low- and middle-income nations).



Source: IMF World Economic Outlook, Oct 2022

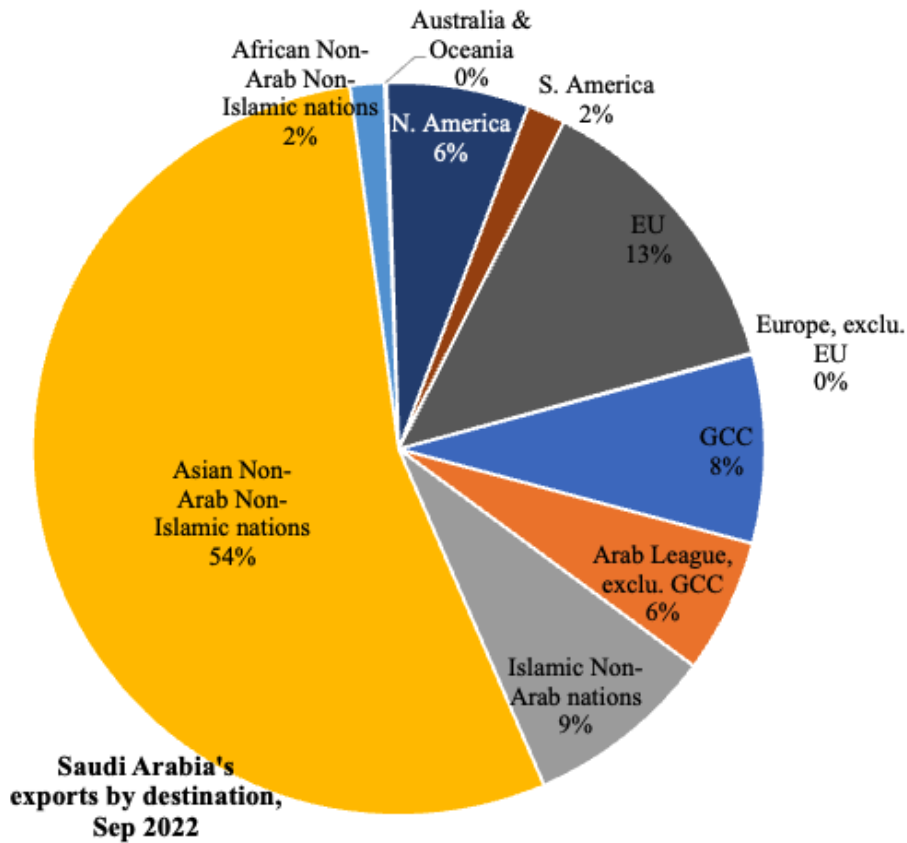
4. Saudi oil exports almost doubles to SAR 952bn in Jan-Sep

2022; non-oil exports

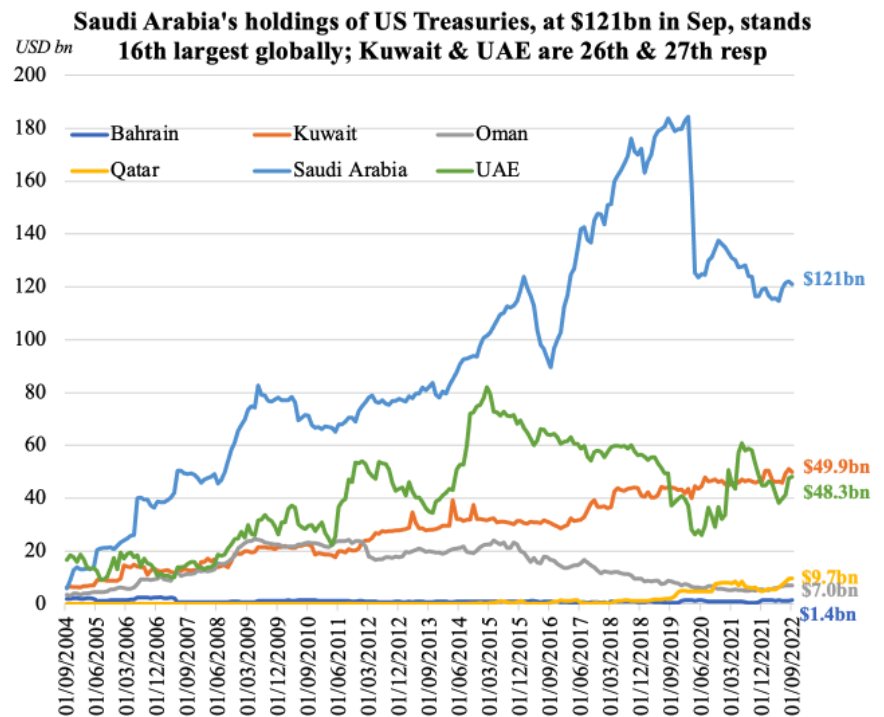


Source: GaStat. Charts by Nasser Saidi & Associates

- **Oil exports** value surpassed SAR 100bn for the 7th consecutive month in Sep, and continued to drive overall exports and foreign trade. **Non-oil exports are also rising**, thanks to an uptick in chemical products & plastics (accounting for > 2/3rd of total exports in Sep).
- As of Sep 2022, **almost half of Saudi exports went to Asian non-Arab non-Islamic nations**, followed by the EU (13%) and the GCC (8%). Among GCC, both **UAE and Bahrain returned register trade deficits with Saudi** in Q3 2022.



5. Holdings of US Treasuries in the GCC grew by 3.2% from end-Dec 2021 to Sep 2022



Source: US Treasury, Refinitiv Eikon. Chart by Nasser Saidi & Associates.

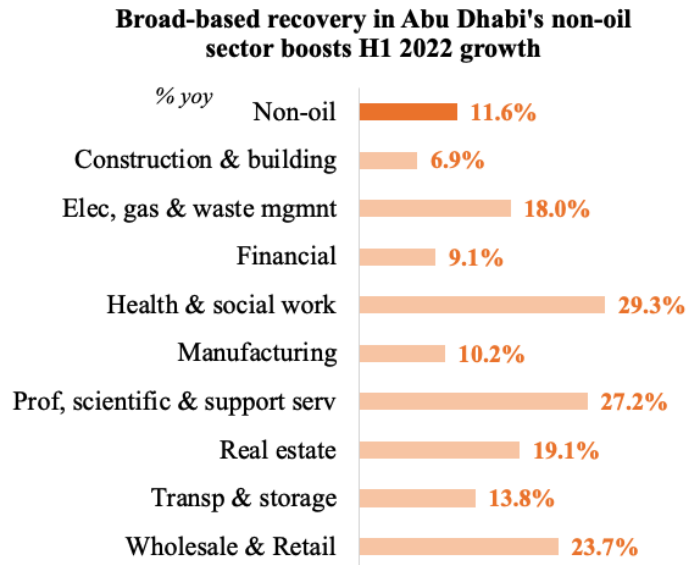
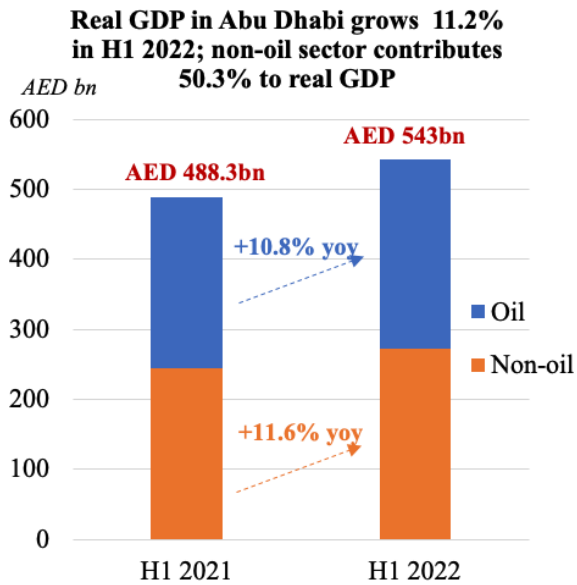
- Saudi Arabia is the 16th largest investor in US Treasury bonds globally as of Sep 2022 (USD 120.997bn).

- While this pales in comparison to the top of the list Japan (USD 1.120trn) and China (USD 933.6bn), it is still **highest among the GCC**.
- GCC nations, excluding the UAE, have increased their holding compared to end-2021. Fiscal buffers and reserves increasing has led to increased Treasury-bill investments. Max increase was from Qatar: +71.6% ytd to USD 9.7bn. **Overall, GCC holdings of US Treasuries grew by 3.2%** to USD 237.4bn as of Sep.
- A strong dollar, and recent global central banks' decisions to aggressively raise rates to combat inflation contributed to selling of Treasuries by many nations. **Foreign holdings of Treasuries dropped to their lowest level in Sep 2022 since May 2021.**

5. Abu Dhabi GDP grew by 11.2% yoy in H1 2022

- **Real GDP in Abu Dhabi grew by 11.2% yoy** to AED543bn in the first half of 2022, **supported by both oil and non-oil sectors** (which grew by 10.8% and 11.6% yoy respectively). Oil sector accounted for 49.7% of overall GDP in H1 2022.
- According to Statistics Centre Abu Dhabi, **Abu Dhabi's GDP grew by 11.7% yoy in Q2 2022, the highest quarterly value in 6 years.**
- Among **non-oil sector activity** (the share of which stood at 50.3%), the **highest growth rates** were seen in health and social work (29.3% yoy), professional, scientific and support services (27.2%) and the wholesale and retail sector (23.7%). The **recovery was broad-based** with manufacturing ticking up by 10.2% and financial sector by 9.1%.
- **IMF**, in its completion of the Article IV consultation, **projected UAE's growth at over 6%**, thanks to a strong

rebound in domestic activity and higher oil prices.



Source: Abu Dhabi Media Office (based on SCAD estimates). Charts by Nasser Saidi & Associates

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