

Oman Ratings Affirmed At 'BBB-/A-3'; Outlook Stable

September 25, 2026

Overview

- Oman's trade routes remain unobstructed, which will allow the country to grow its oil and gas production capacity and lifts our growth forecast to 3.5% in 2026 from our previous estimate of 1.6%.
- Geopolitical risks prevail, given that a resolution of the conflict in the Middle East remains elusive and our base-case scenario assumes disruptions will continue into 2027.
- Still, Oman's fiscal and external positions are strengthening due to the positive terms-of-trade shock.
- We affirmed our 'BBB-/A-3' long- and short-term ratings on Oman. The outlook is stable.

Rating Action

On Sept. 25, 2026, S&P Global Ratings affirmed its 'BBB-' long-term and 'A-3' short-term foreign and local currency sovereign credit ratings on Oman. The outlook on the long-term rating is stable. The transfer and convertibility assessment is 'BBB'.

Outlook

The stable outlook reflects our opinion that Oman's fiscal and external buffers--which include liquid government assets in excess of 40% of GDP and gross foreign currency reserves of close to 20% of GDP--will support the sovereign against adverse geopolitical developments, except under a scenario of a prolonged escalation of attacks by Iran on Oman's energy and civilian infrastructure.

Downside scenario

We could lower the ratings if Oman's economic activity or fiscal position deteriorated in conjunction with an escalation of the Middle East conflict. Downside pressure could also emerge if conflict-related spending increases, reversing the government's fiscal consolidation efforts.

Upside scenario

Primary Contact

Olivia K Grant

Dubai
46-84-40-5904
olivia.grant
@spglobal.com

Secondary Contacts

YeeFarn Phua

Singapore
65-6239-6341
yeefarn.phua
@spglobal.com

Giulia Filocca

Dubai
971506735067
giulia.filocca
@spglobal.com

We could raise the ratings over the next two years if geopolitical instability subsides, measures to strengthen institutions and support economic diversification continue, and external buffers improve further. Measures to improve the effectiveness of monetary policy, such as establishing deep domestic capital markets, could also be credit positives.

Rationale

Oman continues to be notably positioned among its Gulf neighbors because its hydrocarbon exports do not rely on the Strait of Hormuz. This has allowed for the unobstructed export of oil and gas through ports that have direct Arabian Sea access, such as Duqm, Mina al Fahal, and Salalah, all of which bypass the Strait of Hormuz. Hydrocarbons contribute 30% of Oman's GDP, 50% of good exports and 70% of government revenue, which means access to stable supply chains will facilitate growth and export receipts, in addition to strengthening the fiscal position. Our base-case scenario for 2026 is that Brent oil prices will average \$95 per barrel (/bbl) for the remainder of the year and oil production increases to 1.1 million barrels per day (mbpd) in 2026 (see "[Oil, Henry Hub, And AECO Price Assumptions Lowered; Near-Term TTF Prices Raised](#)," Sept. 8, 2026). As of July 2026, oil and gas production increased about 16% from year-end 2025, suggesting sizable potential for further production growth as the country continues its efforts to optimize the extraction of its hydrocarbon reserves. More broadly, as a result of reduced Gulf Cooperation Council (GCC) supply, we expect Middle Eastern crude oil and condensate exports to range from 10 million-16 million bpd through 2027, compared with approximately 20 million bpd in January-February 2026, before the conflict.

We expect Oman's oil production to support GDP growth of about 3.5% in 2026. While non-oil growth could quickly be dampened given the geopolitical situation, both are likely to benefit from increased activity levels in the hydrocarbon sector. Although some tourism indicators are softer year over year, overall non-oil activity in the first half of the year expanded by about 1.3% year over year, supported by the trade and logistics, IT, and financial services sectors. We expect Oman will increase crude oil production to 1.2 mbpd during our forecast period, supporting real GDP growth of about 2.4% over 2027-2029. This will also drive fiscal and current account surpluses of 1.6% of GDP and 2.4% on average in that time.

Oman's reform agenda continues to unfold. Increased coordination efforts across ministries that strive to improve oversight are creating a more durable structure that will support the development goals set out in Vision 2040. Many of the targets set out in the 10th development plan for 2021-2025 have been nearly achieved, with total investment reaching 25.5% of GDP relative to a 26.5% target, for instance. Other measures have been surpassed, with (for example) non-oil sector growth at 3.9% relative to a goal of 3.2%. Shifting to the 11th development plan for 2026-2030, we anticipate Oman will continue to focus on activating capital market depth, with the Muscat Stock Exchange current market cap at about 37% of GDP and further enhancing regulation for the financial sector.

External security risks could have implications for Oman. Although the country has focused on finding diplomatic solutions that could alleviate tensions in the Gulf, this could also lead to disaffection and impact on its international standing. Our base-case scenario assumes that Middle East disruptions will continue into 2027, maintaining upward price pressure on refined products in particular. However, regional and global actors have been adapting, helping to somewhat limit the magnitude of crude price increases from global supply disruptions. There is a high degree of unpredictability concerning the duration and scale of the Middle East conflict and its potential effect on commodity prices, supply chains, economies, and credit conditions. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we

will gauge the macro and credit materiality of potential shifts and reassess our guidance accordingly.

Institutional and economic profile: Hydrocarbon growth will propel economic activity and support expansion in Oman

- We project Oman's real GDP growth to accelerate to 3.5% in 2026 from 2.3% in 2025, driven by the impact of Middle East geopolitical uncertainty and sustained by higher oil prices and supply expansion to meet global demand for oil, gas, and byproducts.
- Aided by its diplomatic efforts, the country's foreign policy is likely to remain broadly neutral, with relatively limited spillover effects on the country in the event of regional conflicts.

Over the past five years, Oman has demonstrated a proactive commitment to addressing structural challenges, including budgetary and external deficits and economic growth trajectories. Central to this progress has been a stronger institutional framework, characterized by enhanced coordination in public finance reforms and governance improvements. We expect a supportive oil market and a clear trend toward increased transparency to further bolster this momentum. The government's commitment to data disclosure--including the regular publication of quarterly GDP, fiscal positions, and international investment position, alongside active engagement in the IMF Article IV process--reflects a maturing institutional landscape. While regional instability presents external security risks, Oman's strengthened policy foundations provide a robust framework for navigating potential volatility.

We forecast that hydrocarbons will continue to constitute 30%-35% of GDP on projected increases in oil, gas, and condensate production. Supported by OPEC+ output targets, and reinforced by its assets' geographic location, we project Oman's oil production will rise to 1.2 mbpd by 2027-2029 from 1.03 mbpd in 2025. National energy companies Energy Oman (EO; previously Energy Development Oman) and OQ (formerly Oman Oil Co.) continue to drive sector efficiencies and growth, ensuring Oman remains a reliable energy exporter. Both companies have optimized their balance sheets and are focused on pursuing earnings supportive growth opportunities in the country's energy sector. Both companies remain steadfast in their commitment to ensure export deliveries are honored.

Indications from the first quarter show non-oil sectors such as financial services, IT, and logistics will reinforce 2026 growth. The 2025 expansion of the golden visa program--featuring a lower Omani rial (OMR) 200,000 (about \$520,000) threshold and broader family coverage--will continue to support growth in the non-oil sector. We expect this policy, in addition to the launch of the Oman International Financial Centre (OIFC), to further catalyze investment in property and listed shares, strengthening the country's efforts to deepen its capital markets. Meanwhile, the conflict and the effective closure of the Strait of Hormuz indicate Oman's natural competitive edge as a trading hub will likely strengthen the country's role as a regional coordinator for alternative transport routes. In first-half 2026, cargo volumes at the ports of Salalah and Sohar rose by approximately 15% and 52%, respectively; notably, ship-to-ship operations accounted for half of Sohar's volume, likely supporting regional hydrocarbon exports. This strategically fits with Oman's long-term roadmap for transport sector expansion as GCC countries look to improve their interconnectivity.

Oman's sovereign wealth fund, the Oman Investment Authority (OIA), will reinforce the country's fiscal management via coordinated oversight of GREs and its strategic focus on balance-sheet optimization. Most of the country's government-related entities (GREs) are managed by the OIA, including OQ, Nama Group (responsible for electricity, water, and wastewater services), Asyad Group (logistics and shipping service provider), and Omantel. We

expect GRE debt will remain at 35%-36% of GDP, reflecting the balancing of increased capital expenditure with a disciplined approach to earnings, which reflects the framework put into force by the Public Debt Law enacted in 2023. Simultaneously, the Future Fund Oman will continue to act as a key engine for domestic economic diversification; supported by planned annual contributions of up to OMR400 million (about \$1.0 billion), the fund is positioned to scale its investment in and bolster the nonhydrocarbon economy.

Oman will continue to focus on developing its energy generation capacity. In 2022, the government announced a net-zero emissions target date of 2050. To this end, the government is working with foreign investors to develop its liquid ammonia and green hydrogen production capabilities and replace gas in electricity generation, which will ultimately enable the country to become a top exporter of liquid ammonia and hydrogen by 2030. Oman has the potential to develop low-cost solar and wind energy, given its abundance of land, with renewable energy representing about 10% of the country's total power generation. In 2021, the nation's annual renewable production stood at 50 megawatts, but this expanded to over 1,600 megawatts by 2025. Supporting this has been developments such as the Ibri II solar project (500 megawatt output) and the two Manah solar plants (combined output of 1,000 megawatts). Wind has further potential, with the Dhofar Wind Farm Phase 1 providing about 50 megawatts of capacity to the grid.

We expect Oman will remain resilient to regional geopolitical conflicts. The country has historically maintained good relationships with its neighbors, preserving its traditional role as a neutral player and mediator in the region. We anticipate Oman's GCC neighbors to remain supportive partners, as demonstrated by a \$10 billion funding package committed to the country in 2011 by GCC countries (\$2.5 billion each), of which \$2.5 billion had been drawn as of May 2026. Although instability is heightened, we expect Oman will remain resilient to regional conflicts.

Flexibility and performance profile: Sound fiscal and current account balances will support the government's debt and external positions through 2029

- Oman's fiscal and external metrics are benefiting from the rise in hydrocarbon prices, oil output, and supply-chain relocation.
- Deleveraging initiatives have helped reduce fiscal risks tied to government-related entities.
- We expect Oman will maintain its currency peg, supported by its accumulated government external assets of about 35% of GDP.

We anticipate Oman will remain in a net general government asset position over 2026-2029.

We base this on our expectation that the government remains committed to deleveraging, with liquid assets enduring near 45% of GDP. Liquid assets have been accumulating via government deposits in domestic institutions and the central bank, as well as those managed by the OIA in addition to liquid assets held by public pension funds (the SPF) and the Petroleum Reserve Fund. We expect the government will retain a net asset position, which we forecast to average 16%-17% of GDP over 2026-2029. The increase in the government's net asset position in 2025 reflects updated details on what we understand are liquid holdings of the SPF. With plans to actively manage the debt stock, we expect gross government debt will stabilize just below 30% of GDP by 2029, from about 32% of GDP in 2025 and a post-pandemic high of 68%.

We forecast the government will deliver a fiscal surplus of 4.8% of GDP in 2026. This largely reflects our prevailing Brent oil assumption of \$95/bbl for the remainder of 2026 and is a revision to our previous forecast for 2025 of a minor deficit of 0.7% of GDP. Similarly, with our assumption

that the Brent oil price will remain elevated, at \$80/bbl in 2027, we project a surplus of 2.2% of GDP, with the fiscal position nearly balanced over 2028-2029, reflecting a decline in oil prices. We expect non-oil revenue to increase over the coming four years, supported by improved collection efforts in addition to increased customs and duties in line with growth.

The Omani government will continue to prioritize nonhydrocarbon receipts. Tax revenue represents about 15% of total revenue, which includes the 5% value-added tax (VAT) introduced in 2021. Our headline fiscal revenue figures are typically higher than those reported by the authority, largely due to our internal adjustments for privatization proceeds, sovereign wealth fund investment income, and other transfers. Other non-oil revenue sources include corporate income tax (CIT) of 15%, in addition to customs, tariffs, and visa licensing fees, where customs revenue could provide a boost given Oman's intention to grow its transport sector. In addition, the government continues to make progress to introduce a personal income tax (PIT) on high earnings, a first in the GCC region. The 5% PIT is set for 2028 and focuses on individuals earning above OMR42,000 (about \$109,000). The tax base is about 1% of the Omani population, which we expect will raise approximately OMR80 million (about \$208 million) or 0.1% of GDP in the first year.

Our base-case scenario assumes prudent public finance management. This includes exercising restraint for capital and spending plans, which could be affected by the conflict. Considering the backdrop, we anticipate that there will be an increase in defense and security spending, capital expenditure for development projects, and public sector wages as the government continues to reinforce institutional reforms. This will lead expenditure to increase to 34% of GDP in 2026. Defense spending has increased but has remained near 24% of total expenditure since 2022. This is up 8% in the first six months of 2026, indicating the government is intent on bolstering its security apparatus. Over the past five years, current expenditure has been cut about 14% and, along with the introduction of a VAT in 2021, electricity and water subsidies have decreased, and progress has been made on implementing a treasury single account system to enable further efficiencies.

We forecast expenditure will revert toward 27%-28% of GDP over 2028-2029. Following the phased rollout of the social safety protection program in 2024, we expect the cost of certain permanent benefits will offset some cuts to social welfare transfers as well as lower allocations for electricity and fuel subsidies. Other reforms include cuts to water and waste management subsidies (as those entities work on cost optimization) and rationalization of capital spending. Lastly, given the government's efforts to reduce the debt burden, we forecast interest will average 7% of revenue over the next four years, reflecting higher interest rates but assumes similar funding levels to those in 2025. This represents a notable decline from 8.3% in 2023, which in turn has allowed for flexibility with expenses.

The government has demonstrated flexibility in moderating the pace of fiscal consolidation measures, supported by oil prices above the \$60/bbl budget benchmark. This includes moderating cuts to electricity subsidies over 10 years, instead of the initially planned five; subsidies accounted for 16% of expenditure. Our assessment of Oman's fiscal flexibility considers that the government has several levers via expenditure controls, in addition to revenue increasing measures, that could support its fiscal stance if oil prices fall. Liquid assets, at about 45% of GDP, could also act as a countercyclical fiscal buffer. Government deposits constitute about 22% of total deposits in the banking system and almost 35% of the government's liquid assets.

Deleveraging initiatives and continued asset divestments have helped diminish fiscal risk from GREs' contingent liabilities. GRE debt stood at about \$37 billion as of June 2026, reflecting investment plans and reflect a shift toward growth, following several years of deleveraging. We

exclude both EO (BBB-/Stable/--) and OQ (BBB-/Stable/--) from our contingent liability assessment (together, they constitute just under 50% of total debt of state-owned entities) because we view the two companies as having relatively strong financial positions. Explicit government guarantees are now 3% of GDP and we expect these will likely diminish further in 2027, although the government has a track record of extending temporary support to GREs in times of distress, as it did to Oman Air in 2022 (amounting to 0.3% of GDP). No guarantee has been called on to date.

Despite the onus of project financing shifting to GREs from the government, we expect these entities will undertake sizable domestic investment projects without undermining their credit quality. The largest investment projects assumed by OIA companies are in the energy sector, expanding downstream, renewables, and electricity transmission and generation capacity. In early 2024, Duqm--a \$7 billion refinery and oil storage joint venture between OQ8 and Kuwait Petroleum International--was completed. OQ8 expects to process about 230,000 bpd of crude oil from the refinery, which will further reduce the country's dependence on refined petroleum product imports and contribute to advancing growth for the country's logistics and storage sector.

We anticipate improved terms of trade will enable Oman to deliver recurring current account surpluses. We forecast export flows will increase about 35% and lead to a current account surplus of 3.5% of GDP in 2026. Generally, we expect that growing export volumes at lower oil prices will support a positive current account balance that narrows toward 1.8% by 2029. The country has historically mitigated sizable deficits on its transfer, income, and services balances through surpluses on its trade balance. However, volatility in terms of trade remains high, given that oil constitutes 50% of total exports, with Oman having posted current account deficits of up to 17% of GDP during periods of low oil prices. China remains Oman's main export market for oil, at about 45% of exports, followed by India at just under 10%.

We forecast reserves will remain near \$19 billion-\$21 billion until 2029. Oman's gross foreign currency exchange reserves improved to about \$19.5 billion as of June 30, 2026, owing to lower government foreign currency-denominated debt issuance and reduced external debt repayments. The multiyear decline in external leverage, along with an increase in government liquid external assets accrued by the SPF and the OIA, has also significantly improved our estimate of Oman's external stock position, net of liquid public and financial sector external assets. We estimate narrow net external debt will average 4.4% of current account receipts over 2026-2029, compared with an average of more than 30% over 2021-2025.

Given the currency peg, we anticipate that the Central Bank of Oman (CBO) will continue to follow the U.S. Federal Reserve's (Fed's) interest rate policy. In the recent September meeting, the Fed increased its key policy rate by 25 basis points (bps). Furthermore, we forecast the Fed will increase this rate a further 50 bps before the end of 2026 and another 50 bps in 2027, which is likely to support bank earnings in Oman. We forecast private sector credit growth to expand at 8%-10% in 2026-2027, following growth of 6%-7% in 2025, reflecting the increased focus to invest in real estate, as well as companies looking to expand offerings.

We expect asset quality to remain resilient. The nonperforming loan (NPL) ratio stabilized near 4.4% in 2025 and we expect it to remain at 4.4%-4.7% over 2026, with credit growth forecast to be 8%-10% over 2026-2027. Much of this will continue to come from domestic demand via the retail sector, in addition to growth in key sectors such as transportation and utilities, supported by government initiatives. Credit losses are likely to remain within 55-65 bps in 2026 and 2027, only moderately picking up from Oman's cyclical low of about 50 bps in 2025. While geopolitical risks could present challenges, Omani banks are well positioned, with diversified lending

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portfolios, stable funding and solid capital buffers that we expect would help banks manage potential challenges.

The CBO has a strong track record of taking proactive and corrective actions to reduce banks' vulnerability to financial crises. Omani banks also benefit from a stable core deposit base, with limited reliance on external funding, so we expect robust liquidity buffers to cover funding risks well. In our view, Omani banks' regulation is in line with international standards and regulatory supervision is adequate.

In our view, Oman's monetary policy flexibility is constrained by the rial's peg to the U.S.

dollar. The country's resolve in maintaining the longstanding peg has served as an anchor for inflation expectations because oil contracts are typically priced in dollars. We forecast inflation will increase to 2.5% in 2026 but ease toward 1%-2% during our forecast period, supported by a decline in food and transport costs as supply constraints ease.

Oman--Selected Indicators

	2020	2021	2022	2023	2024	2025	2026bc	2027bc	2028bc	2029bc
Economic indicators (%)										
Nominal GDP (bil. OMR)	29.2	33.6	42.2	40.8	41.2	42.2	48.3	48.5	48.4	49.7
Nominal GDP (bil. \$)	75.9	87.3	109.9	106.2	107.1	109.7	125.6	126.2	126.0	129.4
GDP per capita (000s \$)	17.0	19.3	22.3	20.6	20.3	20.5	23.2	22.9	22.5	22.7
Real GDP growth	(3.4)	2.6	8.0	1.4	1.6	2.3	3.5	2.5	2.4	2.4
Real GDP per capita growth	0.8	1.3	(0.9)	(3.1)	(0.4)	0.6	2.3	0.8	0.7	0.7
Real investment growth	1.8	(15.7)	1.8	2.4	6.2	6.0	7.0	6.0	6.0	6.0
Investment/GDP	27.6	27.9	27.3	26.7	24.3	28.8	28.7	31.7	34.2	36.0
Savings/GDP	11.1	22.3	31.0	28.7	27.7	27.7	32.2	34.0	36.2	37.8
Exports/GDP	47.1	53.3	63.3	61.6	66.1	60.4	69.1	69.8	71.2	70.6
Real exports growth	(14.6)	20.2	9.2	2.9	9.0	(2.1)	8.0	8.0	8.0	4.0
Unemployment rate	2.5	1.9	3.3	3.2	3.3	3.1	3.1	3.1	3.1	3.1
External indicators (%)										
Current account balance/GDP	(16.6)	(5.5)	3.7	2.0	3.4	(1.1)	3.5	2.3	2.0	1.8
Current account balance/CARs	(34.5)	(10.0)	5.7	3.2	5.1	(1.8)	5.0	3.2	2.7	2.6
CARs/GDP	48.0	55.4	63.8	62.7	67.0	61.8	70.3	71.1	72.4	71.8
Trade balance/GDP	10.7	18.7	28.2	23.0	24.2	18.3	24.4	23.6	23.4	23.0
Net FDI/GDP	3.6	8.7	6.5	12.0	8.8	6.3	1.0	1.0	1.0	1.0
Net portfolio equity inflow/GDP	(1.0)	(1.3)	0.8	(1.7)	(2.4)	(1.2)	0.0	0.0	0.0	0.0
Gross external financing needs/CARs plus usable reserves	161.3	136.7	117.5	117.2	113.3	115.6	109.3	110.5	111.5	112.6
Narrow net external debt/CARs	52.4	70.9	41.0	24.9	12.5	5.6	3.9	4.2	4.6	5.0
Narrow net external debt/CAPs	39.0	64.5	43.5	25.8	13.1	5.5	4.1	4.4	4.7	5.1

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Oman--Selected Indicators

Net external liabilities/CARs	64.9	72.5	47.5	45.8	36.7	36.1	31.2	32.1	34.1	35.1
Net external liabilities/CAPs	48.2	65.9	50.3	47.3	38.6	35.5	32.8	33.2	35.0	36.0
Short-term external debt by remaining maturity/CARs	55.6	44.3	40.9	37.6	33.2	32.6	27.8	29.3	30.0	30.3
Usable reserves/CAPs (months)	1.6	1.4	1.9	1.8	1.7	1.9	1.6	1.8	1.8	1.7
Usable reserves (Mil. \$)	6,215.8	10,526.6	9,764.6	9,344.2	10,996.3	10,945.6	12,639.2	12,948.4	12,495.7	12,031.1

Fiscal indicators (general government %)

Balance/GDP	(16.8)	(5.2)	2.3	(0.9)	1.4	(0.6)	4.8	2.2	(0.4)	(0.2)
Change in net debt/GDP	1.8	9.4	(10.0)	(6.3)	(4.6)	(10.7)	(1.6)	0.0	(0.1)	(0.6)
Primary balance/GDP	(13.7)	(2.0)	4.9	1.7	3.6	1.5	6.6	4.2	1.8	2.0
Revenue/GDP	28.9	33.0	34.9	30.1	31.0	28.7	33.5	30.1	27.5	27.5
Expenditures/GDP	45.7	38.2	32.6	31.0	29.7	29.3	28.8	27.9	27.9	27.6
Interest/revenues	10.6	9.5	7.3	8.5	7.3	7.3	5.4	6.7	7.9	7.9
Debt/GDP	67.9	61.9	41.7	37.4	35.5	32.0	27.9	27.8	27.9	27.1
Debt/revenues	235.2	187.6	119.6	124.2	114.3	111.3	83.4	92.4	101.6	98.9
Net debt/GDP	10.4	18.4	4.7	(1.5)	(6.1)	(16.7)	(16.2)	(16.0)	(16.2)	(16.4)
Liquid assets/GDP	57.6	43.5	37.0	38.9	41.6	48.7	44.1	43.9	44.0	43.5

Monetary indicators (%)

CPI growth	(0.4)	1.7	2.5	0.9	1.0	1.5	2.5	2.0	1.5	1.5
GDP deflator growth	(10.8)	12.1	16.5	(4.7)	(0.7)	0.2	10.6	(2.0)	(2.6)	0.3
Exchange rate, year-end (OMR/\$)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Banks' claims on resident non-gov't sector growth	2.7	4.3	3.9	4.9	5.7	7.8	3.0	5.0	5.0	5.0
Banks' claims on resident non-gov't sector/GDP	85.0	77.1	63.6	69.1	72.4	76.1	68.5	71.5	75.3	77.0
Foreign currency share of claims by banks on residents	19.1	21.4	17.7	12.9	13.8	14.6	14.6	14.6	14.6	14.6
Foreign currency share of residents' bank deposits	12.5	12.3	12.2	17.6	17.0	16.3	16.3	16.3	16.3	16.3
Real effective exchange rate growth	(2.1)	(3.2)	5.3	(3.0)	(1.3)	(3.8)	N/A	N/A	N/A	N/A

Sources: National Centre for Statistics Information, Ministry of Finance, and Central Bank of Oman (economic indicators); Central Bank of Oman (external indicators); Ministry of Finance and IMF (fiscal indicators); IMF, Central Bank of Oman, and Brugel (monetary indicators).

Adjustments: Usable reserves adjusted by subtracting monetary base and foreign assets placed by nonresidents at the Central Bank of Oman from reported international reserves. General government revenue adjusted by including investment

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Oman--Selected Indicators

income from sovereign wealth funds until 2020. Liquid assets include the liquid assets of the Oman Investment Authority, Petroleum Reserve Fund and public pension funds.

Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A- Not applicable. OMR--Omani rial. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Oman--Rating component scores

Key rating factors	Score	Explanation
Institutional assessment	4	Policy responses have become more predictable and have supported a sustainable improvement in public finances, although some challenges remain for political institutions because of broadly centralized decision-making. Geopolitical risks prevail as a resolution of the conflict in the Middle East remains elusive.
Economic assessment	4	Based on GDP per capita (U.S. dollar) and growth trends as per the Selected Indicators table. Weighted-average real GDP per capita trend growth over a 10-year period is negative 0.1%, which is below sovereigns in the same GDP category.
External assessment	4	Based on narrow net external debt and gross external financing needs/current account receipts plus usable reserves as per the Selected Indicators table. The country is exposed to significant volatility in terms of trade, due to its dependence on hydrocarbons.
Fiscal assessment: flexibility and performance	1	Based on the change in net general government debt (% of GDP) as per the Selected Indicators table. The government has large liquid financial assets. Based on liquid assets/GDP as per the Selected Indicators table. The sovereign government has a volatile revenue base since oil and gas combined account for about 70% of revenue.
Fiscal assessment: debt burden	2	Based on net general government debt (% of GDP) and general government interest expenditure (% of general government revenue) as per the Selected Indicators table.
Monetary assessment	4	The exchange rate regime is a conventional pegged arrangement. Oman has limited monetary policy flexibility, given the Omani rial's peg to the U.S. dollar and the relatively underdeveloped local currency domestic bond markets. Consumer price index as per the Selected Indicators table. The central bank can act as a lender of last resort for the financial system.
Indicative rating	bbb-	
Notches of supplemental adjustments and flexibility	0	
Final rating		
Foreign currency	BBB-	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt.

Oman--Rating component scores

Key rating factors	Score	Explanation
Local currency	BBB-	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' 'Sovereign Rating Methodology,' published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Governments | Sovereigns: Sovereign Rating Methodology](#), Dec. 18, 2017
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Methodology For Rating Sukuk](#), Jan. 19, 2015
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011
- [General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments](#), May 18, 2009

Related Research

- [Sovereign Ratings List](#), Sept. 15, 2026
- [Sovereign Ratings History](#), Sept. 15, 2026
- [Oil, Henry Hub, And AECO Price Assumptions Lowered; Near-Term TTF Prices Raised](#), Sept. 8, 2026
- [Sovereign Ratings Score Snapshot](#), Sept. 7, 2026
- [Full analysis: OQ S.A.O.C.](#), Aug. 4, 2026
- [Sovereign Risk Indicators](#), July 14, 2026. Interactive version available at <http://www.spratings.com/ratings/sri>
- [Middle East War: GCC Sensitivity And Sector Vulnerabilities Aren't Homogenous](#), July 7, 2026
- [Global Credit Conditions And Outlook Q3 2026](#), June 30, 2026
- [Research Update: Oman Ratings Affirmed At 'BBB-/A-3'; Outlook Stable](#), March 27, 2026
- [Default, Transition, and Recovery: 2025 Annual Global Sovereign Default And Rating Transition Study](#), March 4, 2026
- [Research Update: Energy Development Oman SAOC Affirmed At 'BBB-' On Reassessment Of Shareholder Loans' Treatment; Outlook Stable](#), Feb. 18, 2026
- [What Our Updated Stress Test Says About GCC Banks' Geopolitical Risk Exposure](#), Feb. 11, 2026
- [Oman Ratings Affirmed At 'BBB-/A-3'; Outlook Stable](#), Sept. 26, 2025

- [Banking Industry Country Risk Assessment: Oman](#), Feb. 5, 2025

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Rating Component Scores above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria').

Ratings List

Ratings List

Ratings Affirmed

Oman	
Sovereign Credit Rating	BBB-/Stable/A-3
Transfer & Convertibility Assessment	BBB
Short-Term Debt	A-3
Oman	
Oman Sovereign Sukuk S.A.O.C.	
Senior Unsecured	BBB-

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in 'S&P Global Ratings Definitions' at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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