"Fitch" credit rating agency expected that the rise in oil prices will lead to a noticeable improvement in the financial balances and external reserves of the Gulf Cooperation Council countries in 2021, supported by the momentum of reforms that have been consolidated to varying degrees, since 2014, in response to oil price fluctuations.

"Fitch" estimates that the budgets of the GCC countries, with the exception of Bahrain, will achieve a fiscal surplus if oil prices average $75 a barrel in 2022. In the case of the current price of $85 a barrel, Bahrain's budget will also be close to the equilibrium rate. In a stress scenario of $45 per barrel on average in 2022, the fiscal balances would be in deficit across the region, and this would create the most pressure on Bahrain and then Oman.

The gradual reconfiguration of fiscal policies in the Gulf Cooperation Council (GCC) countries began with the decline in oil prices in late 2014. "Fitch" expects more fiscal reforms, especially in the lower-rated GCC countries, given the uncertainty about the outlook for oil prices in the context of the push towards the limit of global oil demand, and focus on improving core financial performance in the Gulf region while stripping it of the influence of oil habits.

Source (Al Khaleej Newspaper-UAE, Edited)
Algeria Records a Historic Deficit in its 2022 Budget

A report issued by the National Bank of Kuwait (NBK), showed that after the difficult conditions experienced by the Omani economy during 2020, the macroeconomic prospects appear brighter thanks to the recovery of the activities of the oil and non-oil sectors.

According to the report, the non-oil sector will register a growth of more than 3 percent in the medium term, supported by the wide-ranging reforms related to the implementation of Vision 2040, and the initial financial reforms, including value-added tax and reducing spending rates, will contribute to reducing the fiscal deficit to 0.5 percent of the GDP in 2024.

The report also shows that the future prospects of the Omani economy are improving, with a potential GDP growth of 2.1 percent in 2021, and then rising to about 3.1 percent on average during the period 2022-2024, as a result of a combination of factors that include rising oil production, and gas production as well as the government’s extensive implementation of structural reforms. However, the reforms related to deficit reduction through fiscal consolidation may negatively affect the growth in the short term.

Source (Al-Rai Newspaper-Kuwait, Edited)