

# MASHREQ GLOBAL DIGEST

## Oman

June 1 – June 7



This edition of Market Digest highlights Oman’s key macroeconomic indicators, recent financial and tech developments, and major deals and projects, offering valuable insights into current economic trends.

### Macroeconomic News

#### IMF Praises Oman’s Growth and Reform Progress

The IMF completed its 2025 Article IV consultations with Oman, praising the country’s economic growth—real GDP rose to 1.7% in 2024 and is projected at 2.4% in 2025 and 3.7% in 2026—driven by non-oil sectors such as manufacturing, tourism, logistics, and renewables. The IMF highlighted a 3.3% budget surplus, reduced public debt at 35.5% of GDP, and key reforms in SOE governance, tax, and green energy. The banking sector remains strong, with solid credit growth and financial inclusion. Though a short-term current account deficit is expected, a surplus is forecast as oil production increases. The IMF noted that these efforts are in line with Vision 2040 and support Oman’s path toward a more diversified economy.



Reference: [Times of Oman](#)



#### Oman’s Q1 2025 Budget Revenue Drops 7%

In the first quarter of 2025, Oman’s overall budget revenue declined by 7% year-on-year to RO 2.635 billion (\$6.85 billion), mainly due to a significant 13% drop in oil revenue and a slight 2% decrease in gas revenue. Despite this, government spending increased by 4%, showing continued investment in public services. Oman’s public debt eased slightly to 14.3 billion rials, and the finance ministry cleared over 304 million rials in arrears to the private sector during the period.

Reference: [Reuters](#)

#### IMF Says Oman Needs to Create 220,000 Jobs by 2032

The IMF warns Oman must create over 220,000 jobs by 2032 as 550,000 young nationals will enter the workforce. While many Omanis prefer public sector jobs for better pay and security, the private sector is dominated by lower-paid expatriates, limiting opportunities for nationals. Challenges include a skills gap from education misaligned with market needs, low female participation, and restricted job mobility. The IMF supports recent labor law reforms and calls for more vocational training, wage alignment, and increased female employment to support economic diversification.



Reference: [Zawya](#)

#### Oman Spent Over RO 2.1B on Public Support in 2024

Oman allocated more than RO 2.1 billion in 2024 to support key sectors and public welfare. The largest share—RO 565 million—went to electricity, followed by RO 501 million for social protection, and RO 400 million for debt servicing. Additional funds supported fuel, water, sanitation, transport, food, housing, and waste management. These targeted subsidies aim to protect citizens, improve infrastructure, and align with Oman Vision 2040’s goals of sustainable growth and social stability.

Reference: [Zawya](#)

### Financial/Tech News

#### Oman Approves Digital Banking Framework

The Central Bank of Oman has introduced a regulatory framework for digital banks, effective June 1, 2025, marking a key step toward modernizing the nation’s financial sector. The framework allows both local and foreign digital banks to operate under two licensing tiers, with capital requirements of RO 30 million and RO 10 million. It sets clear rules on ownership limits, business models, cybersecurity, Omanisation targets, and regulatory compliance. This initiative is expected to expand financial inclusion, promote innovation through AI and blockchain, and strengthen Oman’s position as a competitive, digitally driven economy.

Reference: [Zawya](#)



#### Oman’s Push Toward a Digital Economy

According to the IMF and international agencies, Oman is making notable progress in digital transformation through its Vision 2040 strategy, which aims to raise the digital economy’s contribution to GDP from 2% to 10% by 2040, improve government services, and enhance quality of life. The Tahweel programme, Oman’s National Digital Economy Programme, reached a 73% performance rate in 2024, helping Oman climb to 72% in the UN’s Government Electronic and Mobile Services Maturity Index. However, the IMF notes that while the progress is strong, further investment is needed in internet speed, ICT skills, and digital innovation to fully catch up with GCC leaders like the UAE and Saudi Arabia.

Reference: [Zawya](#)

#### Oman Licenses 11 New Financial Institutions in 2024

Oman’s Central Bank approved 11 new financial institutions in 2024, including three foreign banks—Mashreq Bank, Gulf International Bank and HSBC Middle East— and the country’s first local investment bank. The Central Bank received 1,020 license applications last year—an 81% increase—reflecting strong investor interest and rapid sector expansion. To streamline growth, the Central Bank will launch an automated licensing system in 2025—supporting a more dynamic, diversified financial sector in line with Oman Vision 2040.

Reference: [Zawya](#)

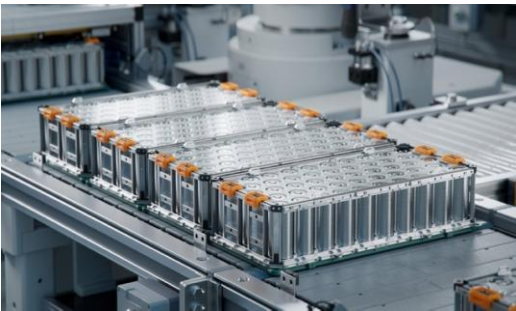
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Deals/Projects

China to Build \$1.1B Lithium Battery Plant in Oman

China's Zhongke Electric plans to invest \$1.1 billion to build a lithium battery materials plant at Oman's Sohar Port and Freezone. The project will be completed in two phases over 36 months each, with each phase producing 100,000 tonnes of lithium battery anode materials annually. This facility aims to meet growing global demand and strengthen Oman's role in the lithium battery supply chain. This investment adds to China's broader involvement in Oman, which includes major projects in energy, wind power, and solar power.

Reference: [AGBI](#)



Oman Launches Salalah Airport City Plan to Boost Economy

Oman Airports unveiled Salalah Airport City master plan to promote economic growth and diversify the economy. The project focuses on connecting logistics and tourism sectors and involves collaboration between government and private entities. Salalah Airport aims to double its cargo capacity from 50,000 to 100,000 tonnes, including cold storage and live animal facilities. This follows a successful air-sea cargo transfer pilot, strengthening Oman's position as a regional logistics hub.

Reference: [Zawya](#)

Oman's \$15 Billion Smart City Plan

Oman is investing over \$15 billion in smart city projects to diversify its economy and improve sustainability by 2040. However, critics worry these developments may harm the country's cultural heritage, which is key to attracting tourists. While Oman aims to grow tourism from 3 million to 16 million visitors annually by 2040, some stress preserving tradition is crucial for economic diversification. Despite financial challenges, officials believe smart cities will create jobs and boost growth.

Reference: [AGBI](#)

Oman and Kazakhstan Partner on Logistics and Mining

Oman and Kazakhstan have joined forces to strengthen their economic ties by establishing two companies focused on logistics and mining. Leveraging Kazakhstan's expertise, Oman aims to boost its mining sector and improve transportation, including building a metro in Muscat and investing \$400 million in road projects. Additionally, both countries signed an agreement to avoid double taxation and prevent tax evasion, further boosting their bilateral ties.

Reference: [AGBI](#)

Oman to Launch Six Renewable Energy Projects This Year

Oman will start six renewable energy projects in 2025, mainly wind farms in Al Wusta and Dhofar, aiming to increase green energy to 30% of its electricity mix by 2030. The country is also preparing its first renewable energy storage project. Oman already has major solar plants and plans a large solar farm and a green hydrogen project to boost clean energy.

Reference: [AGBI](#)

Markets

Market Dashboard

- Last week, the S&P 500 rose about 1.5%, closing just above 6,000 points, its highest since February but still 2.3% below its record high. Gains were driven by a strong U.S. jobs report easing recession fears. Investors remain cautious ahead of Wednesday's inflation data, which could show tariff impacts, and watch ongoing trade talks and a key fiscal bill. The Fed is expected to keep rates steady in June but may cut later if inflation eases.
- Bitcoin ended the week up 0.38%, trading around \$105K, as a stronger-than-expected U.S. jobs report boosted investor appetite for risk assets. This rebound helped BTC recover from earlier losses and bring it within 6.6% of its all-time high of \$111,986 set on May 22. Sentiment was also lifted by news that Gemini, the U.S.-based crypto exchange founded by the Winklevoss twins, filed for an IPO, adding optimism to the sector's outlook.
- Gold posted a modest weekly gain of 0.6%, even after falling more than 1% on Friday following stronger-than-expected U.S. jobs data that tempered expectations for imminent Federal Reserve rate cuts. The upbeat labor report signaled that the Fed may hold interest rates steady longer than anticipated, which weighed on gold prices as higher rates diminish the appeal of non-yielding assets like bullion. Despite the pullback, gold's overall performance for the week reflected continued investor interest amid lingering macroeconomic uncertainty.
- Oil prices rose this week due to OPEC+ deciding against a bigger production increase, combined with U.S. oil rigs dropping to their lowest level since late 2021, tightening supply. These supply constraints outweighed concerns about softer demand, helping to support prices. Market participants remain cautious but focused on the impact of OPEC+'s output strategy and U.S. production trends as key factors influencing oil market dynamics.
- This week, the U.S. dollar rose after stronger-than-expected jobs data, showing economic resilience and lowering chances of near-term Fed rate cuts. It gained versus the yen and Swiss franc but is still down for the year. The euro weakened against the dollar on Friday but posted a weekly gain, supported by ECB signals that monetary easing is ending.

Indicators	30-May-25	6-Jun-25	% Change
S&P 500	5,911.69	6,000.36	1.50%
Bitcoin	103,998.57	104,390.34	0.38%
Gold	3,289.40	3,310.17	0.63%
Crude Oil	63.90	65.91	3.15%
EUR/USD	1.1378	1.1396	0.16%