

Consumer-spending in Oman skyrockets

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(MENAFN - Times of Oman) MUSCAT Consumer-spending in Oman is believed to be recording its biggest-ever increase since 2000.

"Spending is going to be solid, but it's not going to be explosive. Though no official data is available on consumer-spending, it must have increased by at least 50 per cent or more since December 2000," analysts opine informally.

Consumer market analysts attribute this impressive growth to remarkable growth in GDP, bank credit, consumer loans, upgraded sovereign ratings on Oman and record sales by retail and hypermarkets, across the country.

Last year, GDP at current prices grew by 16.8 per cent, and six per cent at constant prices. Total bank credit now stands at more than RO4.6 billion. Of which, the private sector credit stands at over RO4.3 billion. Consumer loans had crossed the RO1.5 billion-mark early last year. Standard & Poor's had upgraded Oman's long-term foreign and local currency sovereign credit ratings from 'A-' to 'A'.

A booming real estate market encourages the domestic banking sector to remain strong in the years to come. The number of residents using credit cards Visa, MasterCard and American Express has also registered substantial growth.

Money is pouring into the system, as consumers believe in Oman's solid economic fundamentals, and indeed, the nation's political stability. Stability in Oman crude prices and the resultant surplus that the government posts year-after-year enhances consumer confidence further. Oman posted a record surplus of RO2.4 billion in 2006 on high oil prices.

Provisional data reveals that Oman crude had realised \$62 a barrel last year. This indeed could provide encouragement to policy makers at all levels.

Inflation, according to official sources, stood at 3.1 per cent in 2006, and has been recording marginal increase over the past 24 months. Inflation is not accelerating, but in general stands secure for spenders.

Retail shops, especially very small shops are not making excellent sales, but sales at hypermarkets are visible all over Oman. Government employees saw their incomes rise last month as the government is spending an additional RO130 million on them following the recent 15 per cent increase in salaries. Despite this increase there are a few sections of the people who spent at about the same rate as they were spending in 2006, but are borrowing more than usual, indicating more spending in future.

"Banks now sit on savings deposits of more than RO1 billion 2006.

"The current environment of increasing job opportunities is an encouraging factor, which will make the economy maintain solid growth during 2007-2010," most analysts opine.

As far as the Indians (more than 350,000, which is the largest foreign population in Oman) living in Oman are concerned, they also have started spending heavily on hopes that the economy will remain solid, and create fresh jobs.

"India is one of the fastest growing economies in the world, and now has a strong 450 million workforce. The need for employment opportunities has been increasing drastically, and the Gulf region enjoys the presence of a relatively cheap but effective workforce from India and other Asian countries," analysts said.

Oman's tourism sector grew by more than 22 per cent in 2006, and is growing steadily. External debt level stands well-off at RO1.08 billion. Trading volume on the Muscat Securities Market is also increasing. Last year, trading volume touched RO1.1 billion, and the market capitalisation touched RO6 billion.