



**GCC Sovereigns – Oil revenues, expenditure, and asset ~~accumulation~~  
*depletion?***

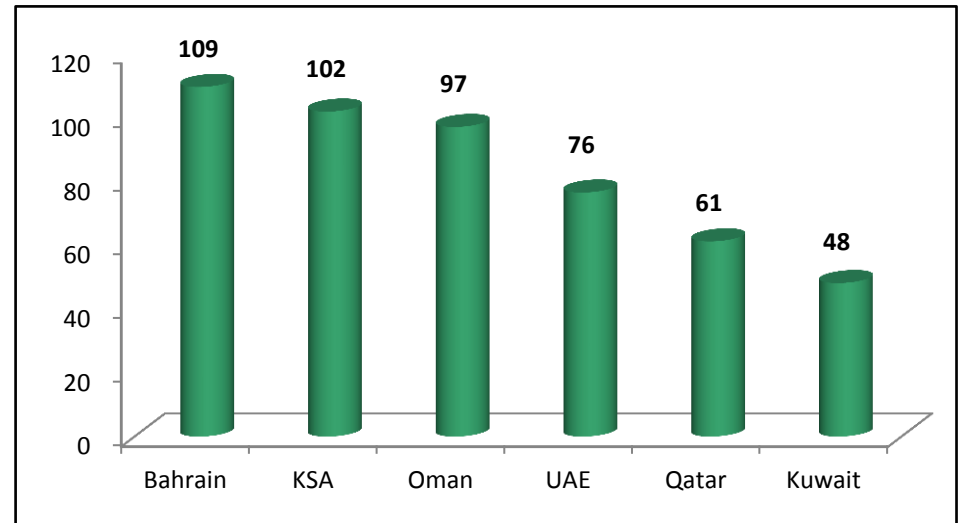
20 May, 2015

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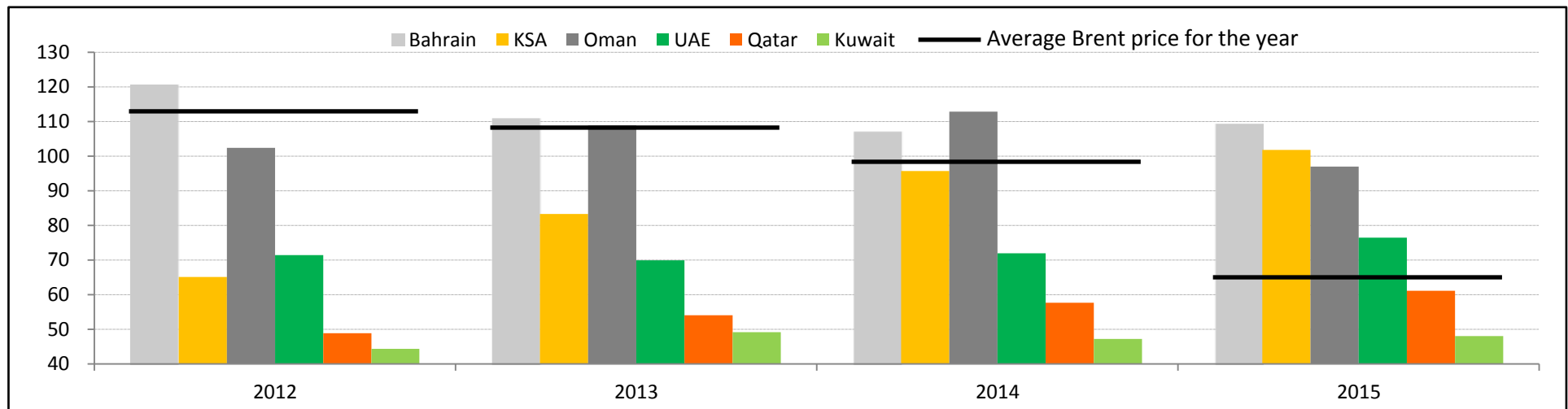
# Break even oil price for GCC countries

	2012	2013	2014	2015
<b>Bahrain</b>	120.65	111.00	107.09	109.47
<b>Kingdom of Saudi Arabia</b>	65.11	83.31	95.71	101.76
<b>Oman</b>	102.37	108.83	112.87	96.95
<b>United Arab Emirates</b>	71.43	69.89	71.94	76.42
<b>Qatar</b>	48.87	54.02	57.66	61.12
<b>Kuwait</b>	44.32	49.12	47.19	48.06

2015 break-even oil price for GCC countries (Brent in US\$)



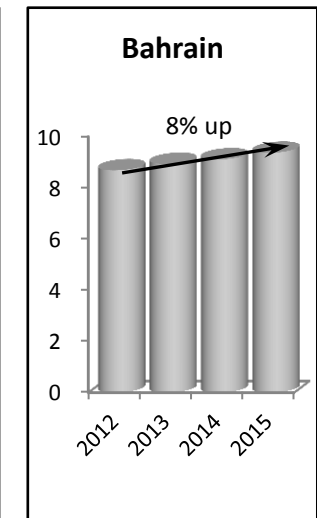
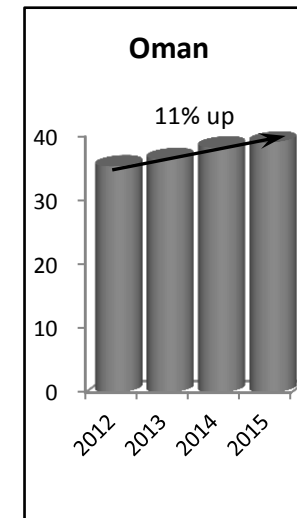
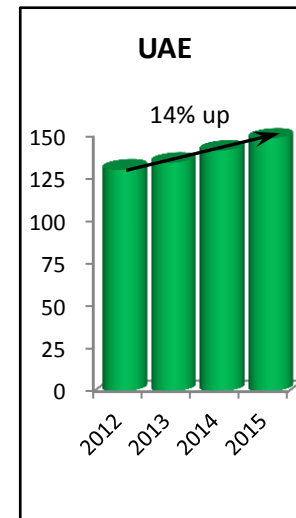
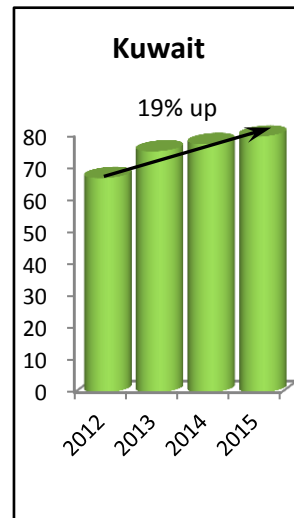
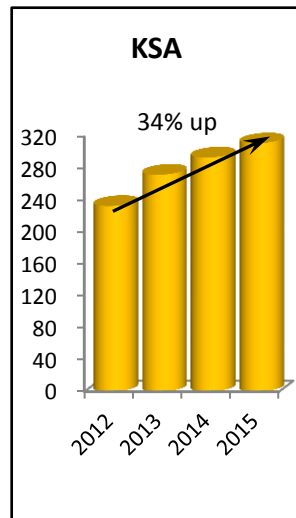
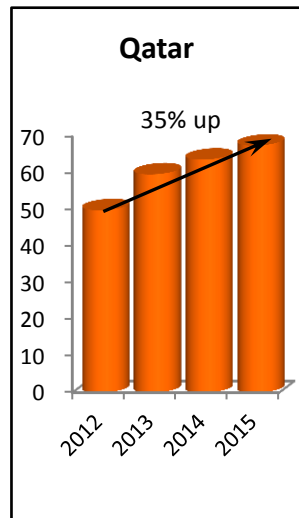
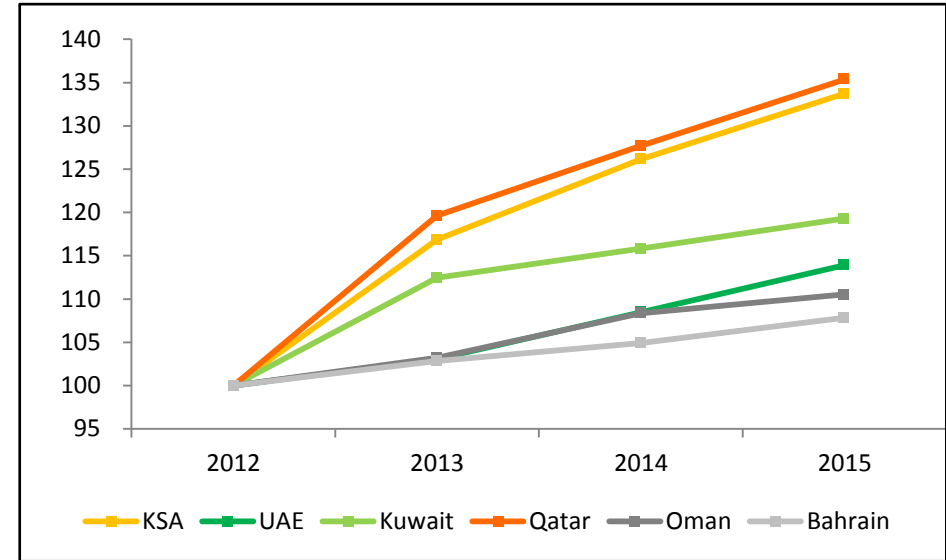
Break-even oil price for GCC countries (Brent in US\$) vs Average Brent price



# Government Spending in GCC countries (US\$ billion)

	2012	2013	2014	2015
<b>Kingdom of Saudi Arabia</b>	232.88	272.13	293.78	311.40
<b>United Arab Emirates</b>	130.52	134.51	141.59	148.67
<b>Kuwait</b>	66.94	75.28	77.54	79.86
<b>Qatar</b>	49.84	59.62	63.64	67.46
<b>Oman</b>	35.30	36.43	38.25	39.01
<b>Bahrain</b>	8.67	8.92	9.10	9.35

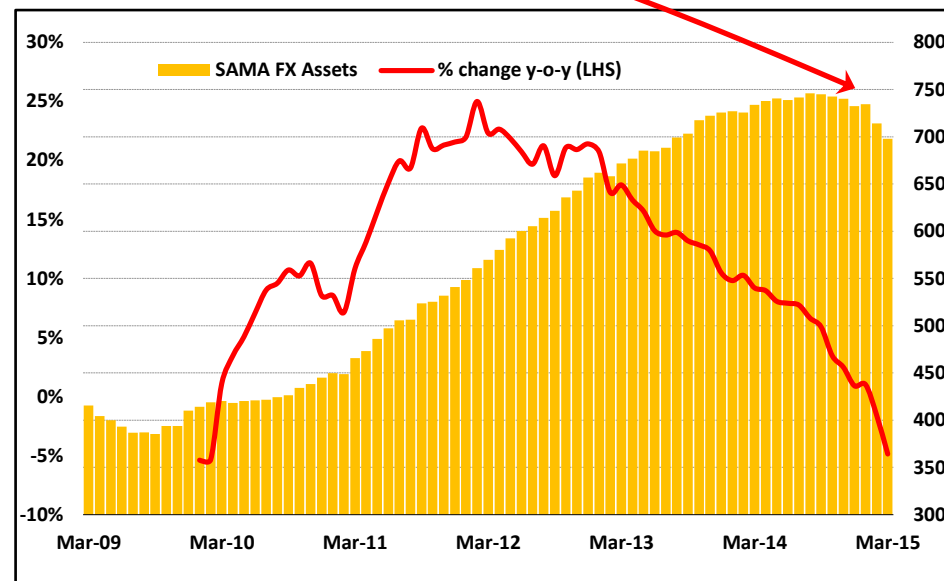
GCC government spending (2012-2015, rebased)



# Asset Accumulation/Depletion (in US\$ billion) at various oil prices in 2015

	US\$45	US\$55	US\$65	US\$75	US\$85
Kingdom of Saudi Arabia	(188.09)	(162.69)	(137.28)	(111.87)	(84.99)
United Arab Emirates	(64.45)	(54.47)	(44.49)	(35.22)	(24.53)
Oman	(16.31)	(13.42)	(10.53)	(7.64)	(4.75)
Bahrain	(8.50)	(7.96)	(7.43)	(6.88)	(6.34)
Qatar	(9.80)	(8.99)	(8.19)	(7.39)	(6.27)
Kuwait	(4.32)	5.66	15.65	25.63	35.61
GCC (aggregate)	(291.47)	(241.86)	(192.27)	(143.37)	(91.28)

Saudi Arabia Monetary Agency Reserve Assets (US\$ bn)



The charts and tables in this report show clearly that the substantial drop in oil revenues coupled with the increases in Government expenditure by the GCC sovereigns has led to a situation where we are talking about **asset depletion** rather than accumulation. The chart above from SAMA illustrates that this is already happening, and in a sizeable way. The table on the right shows the magnitude of expenditure cuts that would be required to bring the fiscal budget back into balance based on current data. These numbers are not insignificant.

Bottom line – this is a situation that GCC sovereigns are going to have to monitor very closely and work out appropriate solutions (e.g. cut expenditure, rework capex plans, raise debt, etc). Watch this space...

Expenditure cuts needed to balance government budget (2016)

	US\$45	US\$55	US\$65	US\$75	US\$85
Bahrain	-58.43%	-52.11%	-45.78%	-39.46%	-33.66%
Kingdom of Saudi Arabia	-52.43%	-43.32%	-34.21%	-25.09%	-15.98%
Oman	-39.07%	-31.86%	-24.19%	-16.75%	-8.84%
United Arab Emirates	-24.80%	-17.16%	-9.52%	-1.88%	5.77% (NA)
Qatar	-3.10%	7.5% (NA)	NA	NA	NA
Kuwait	-14.35%	-7.74%	-1.14%	5.47% (NA)	NA

Note: As per Kuwait's budget it will have fiscal surplus with oil price of \$55 or above; Qatar's budget allows it to have a fiscal surplus at \$55 or above and for UAE its \$85 or above. Hence, expenditure cuts are not necessary.

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