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Oman Stock Market- Emerging from the Shadows

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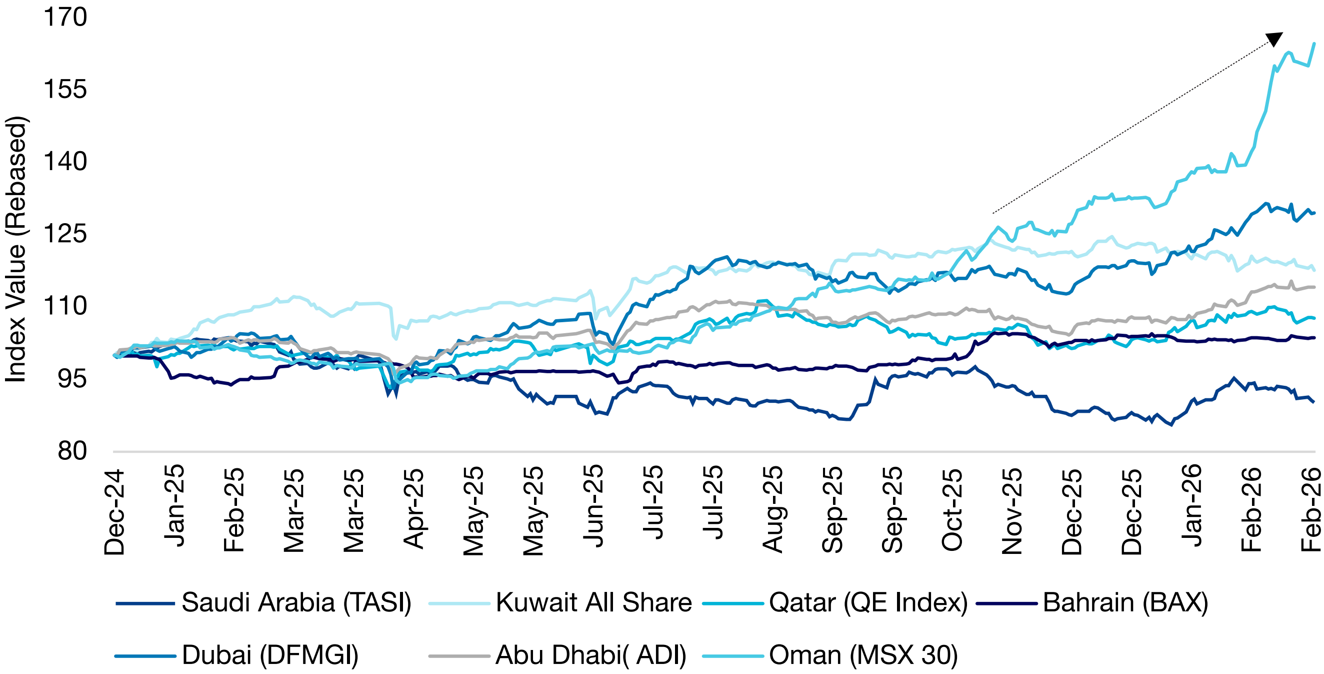
The Oman Stock Market has been an underdog for the past few years until recently, when it grabbed the attention of the market. Where the average price gain between the three-year period 2021-2024 for MSX 30 has been 11.9%, the index gained 28.2% in price returns and 29.3% in total returns in 2025. The growth momentum continued in 2026, with a 25.9% price gains in YTD as of February 2026. With respect to its regional peers, Oman's stock market performance in 2025 visibly stands out, making it the best-performing index or the year in the GCC region.

GCC indices movement since 2025 (Rebased 2024-end=100)



Source: LSEG Workspace

The Muscat Stock Exchange (MSX) has undergone significant fiscal developments which has gradually resulted in the MSX 30 surpassing the 7,000-mark in February 2026, the highest in last 11 years. Moreover, the total market capitalization of the Muscat Stock Exchange grew by 16% in 2025. Although this might seem like a sudden surge in demand for Omani financial assets, the growth foundation has been developing behind the scenes since few years now. Oman has witnessed robust transition in its stock market fundamentals like market capitalization and liquidity metrics over the years.

Major wealth creators in 2025

Top Wealth Creators in 2025 (Companies over USD 1 billion in FF Adj. Market Cap)	2025 returns
OQ Base Industries	64.3%
Asyad shipping company*	59.3%
OQ Gas Networks	40.6%
Bank Muscat	32.1%
National Bank of Oman	29.1%
Sohar International Bank	17.0%

Source: LSEG Workspace; *Returns since inception (12th March 2025)

Among large-cap stocks, the newly listed names such as OQ Base Industries (listed in 2024), Asyad Shipping Company (listed in 2025), and OQ Gas Networks (listed in 2024) emerged as the top three wealth creators in 2025. Meanwhile, more mature banking stocks like Bank Muscat, National Bank of Oman and Sohar International Bank delivered solid yet relatively lower returns during the year. This reflects increased investor optimism toward IPOs, making new listings the primary driver of 2025 gains.

What propelled the market?

Although the recent growth momentum may appear to stem from Oman's potential inclusion in the MSCI Emerging Market index, the primary driver are the government's structural reforms that have gradually transformed the face of Oman over the years.

The transformation embarked with the Oman Stock Exchange transitioning into a closed joint-stock company under the ownership of the Oman Investment Authority (OIA), the sovereign wealth fund of the country. This strategic shift of placing the exchange under the nation's sovereign wealth fund enhanced liquidity and solidified investor confidence. The launch of Capital Market Incentives Program (CMIP) in 2024 is another initiative that encourages private companies to list on the exchange. This 5-year initiative offers benefits like refund of two-thirds of the tax paid (effectively reducing it from 15% to 5%) for five years after listing on the exchange, with an option to pay income taxes in instalments.

It essentially encourages broader market participation by providing three tailored pathways:

1. promoting the formation and listing of new public joint stock companies and the conversion of private and family owned firms on the MSX with significant tax and regulatory incentives,

2. establishing a dedicated MSX Alternative Investment Market (MSX AIM), a sub-market within MSX, to attract SMEs and emerging companies with reduced listing requirements and supportive benefits like providing alternative financing for growth and expansion, &

3. facilitating the transition of limited liability companies (LLCs) into closed joint stock structures to prepare them for future equity market participation.

To improve the depth of markets, the Oman Investment Authority (OIA) launched the Tanmia Liquidity Fund to enhance stock exchange by increasing investor base and deepen liquidity. By coordinating the participation of major institutional investors, the fund seeks to boost investor confidence by providing a sustainable trading environment on the exchange. Oman has also revamped the Foreign Capital Investment Law (FCIL), eliminating the minimum capital requirements for investing and the requirement of a local partner for foreign investments. It also removed the 70% limit on foreign ownership of an Omani company, essentially allowing 100% of foreign ownership across most sectors. The linkage of the Muscat Stock Exchange (MSX) with Euroclear, a major international clearinghouse, was another move that facilitated Oman's capital markets access to foreign investors, attracting higher capital flows and increasing the depth of the market.

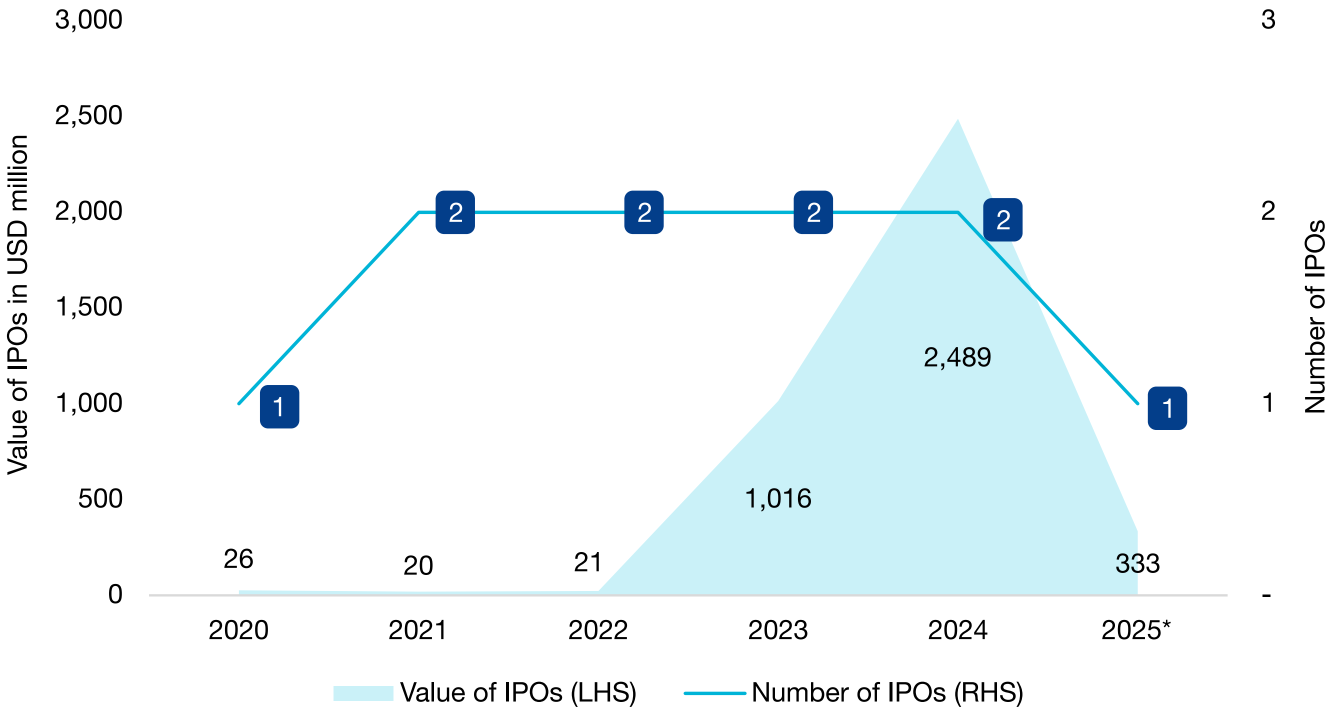
In September 2025, the Financial Services Authority (FSA) of Oman and the Securities Commission Malaysia (SC) launched a two-year Joint Programme for Capital Market Development Cooperation to strengthen collaboration between the two regulators. The programme is designed to promote investment opportunities across both markets, giving Omani companies greater exposure to Malaysian and ASEAN investors and helping attract new foreign capital. It also explores the possibility of a mutual recognition agreement and cross/dual listings of products and companies, making it easier for Omani issuers to access foreign markets and for international investors to participate in Oman's capital market. This reflects Oman's proactive efforts to strengthen its financial markets and make it more accessible to global investors.

Meanwhile, in background, the Omani government consistently focused on strengthening its fiscal position by reducing debt, from OMR 19.8 billion in 2020 to OMR 14.7 billion by September 2025. As a result, the debt-to-GDP ratio declined from its peak of 67.9% in 2020 to close to 36% in September 2025, supporting the improving macroeconomic outlook in the foresight of investors. Additionally, the introduction of excise taxes on sin products in 2019 and 5% VAT in 2021 aid in diversifying government revenues away from oil, supporting long-term fiscal sustainability. In a GCC region's first, Oman is set to implement a 5% personal income tax for individuals earning more than OMR 42,000 annually (~USD 109,000), effective from 1st January 2028. All these fiscal reforms led to Oman regaining its investment-grade status (BBB-/Baa3) from S&P, Fitch, and Moody's by late 2025. Oman has also significantly improved its business environment by streamlining company registration procedures. The average time required to start a business has been reduced to 4 to 5 days, compared to around 10 days in some regional countries. The process has no minimum capital requirement, and licensing fees remain relatively low at around 3% of average individual income as compared to 17% in some countries. This positions Oman as an increasingly attractive investment destination by lowering entry barriers for businesses.

In 2019, Oman launched the 'Manufacturing Strategy 2040' to increase the industrial sector's contribution to GDP and reduce dependence on oil exports. The strategy focuses on diversifying into advanced industries such as pharmaceuticals, solar energy, surgical equipment, and recycling, while maintaining its strength in oil, gas, and metals. To support this, the Omani government launched the "Made in Oman" campaign in 2023 to promote locally manufactured products and enhance export potential of Omani industries.

Beyond fiscal incentives and economic reforms, multiple regulations were also introduced to modernize market infrastructure and align it with international best practices. Disclosure requirements were further strengthened, with ESG (Environmental, Social, and Governance) reporting made mandatory for all listed companies in the Muscat Stock Exchange. Previously, the disclosure of prior-year activities in the current year's report was voluntary which has now been made mandatory, bringing Oman's reporting standards in line with international reporting benchmarks. Not just public companies, Oman has also enacted stricter regulations for closed joint stock companies. Among many new requirements, the law has enhanced qualification criteria for board members requiring expertise aligned with company activities. The law also introduces stricter auditor rotation rules, mandatory competitive bidding for audit appointments, and periodic board performance evaluations, attempting to align private companies more closely with public company standards. In all, these reforms elevate governance standards in Oman's financial markets and are bound to strengthen investor participation as the market climate continues to improve.

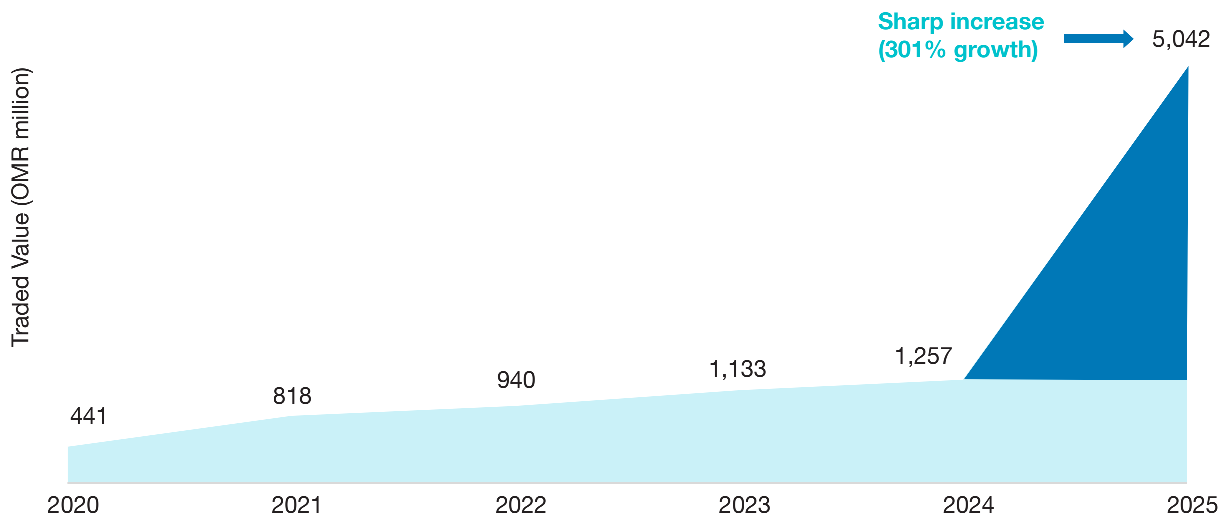
The surge of IPOs in Oman



Source: PwC, AGBI; *As of Q3 2025

While the number of IPOs continued to remain low, the scale of listings grew significantly. Oman has shifted its focus on divesting large-scale entities that provide crucial market depth. Similar strategies have been observed across regional markets where government divested partial stakes in its entities to deepen equity markets and stimulate trading activity. The Government of Dubai, for instance, divested stakes in Dubai Electricity and Water Authority (DEWA) and Salik in 2022 to boost liquidity and attract foreign capital. Dubai Government divested 18% stake in DEWA, raising USD 6.1 billion through the offering, making it the biggest IPO as of 2022 in the Middle East since Saudi Aramco's listing in 2019. Therefore, despite the number of IPOs being limited in Oman, the divestment of stakes in big names like OQ Exploration and Production (OQEP) has boosted the Muscat Stock Exchange's liquidity to unprecedented levels.

Growth in Traded Value in the Muscat Stock Exchange (2020-2025)



Source: MSX

While liquidity in Oman's capital markets was on a gradual increasing momentum since 2020, there is a sudden spike in 2025 where the traded value increased by 301%. This surge was a result of multiple high-profile IPOs in last two years. In 2024, OQ Exploration and Production's (OQEP) IPO raised USD 2 billion (OMR 780 million), becoming the largest IPO in the GCC for the year. Later in 2024, OQ Base Industries also went public, floating 49% of its capital, raising ~USD 489 million (OMR 188 million). Building on this momentum, in 2025 Asyad Shipping raised around USD 333 million, offering close to 20% of its share capital through its IPO. These IPOs highlight Oman's strategy to divest stakes in state-owned companies to raise funds and depth in the capital markets while expanding investor participation. Owing to the 5-year divestment plan rolled out in 2026 by the Oman Investment Authority, Oman is set to witness a structural shift in capital markets as it aims to liquidate stakes in 30-odd companies to attract foreign capital. The initiative targets five to six companies for divestment each year, potentially keeping the growth in Muscat stock exchange's liquidity consistent.

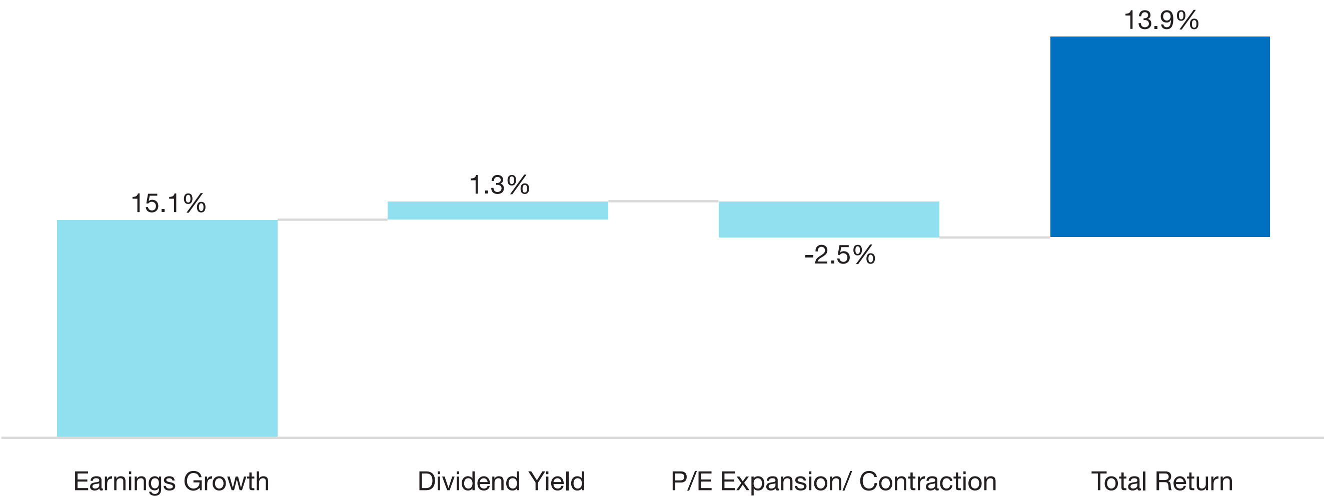
However, a critical feature to note is that even though the liquidity of Muscat Stock Exchange surged significantly, the source of liquidity remains concentrated. This means that majority of the liquidity continues to come from a handful of stocks.

Top 5 cos. By Traded Value (2025)	Turnover (OMR million)	% of total trading value
Bank Muscat	888	17.6%
Bank Sohar International	775	15.4%
OQ Basic Industries	731	14.5%
OQ Exploration and Production	604	12.0%
OQ Gas Networks	468	9.2%
Total	**3,467**	**68.7%**

Source: MSX

Collectively, these five companies accounted for approximately OMR 3.4 billion in traded value, representing 68.7% of total market turnover during the year. This high concentration of activity within a limited number of stocks indicates that, while liquidity is relatively deep within few large-cap names, the overall market depth remains narrow. However, as the Omani government continues to divest stakes in additional sizeable state-linked entities, liquidity is likely to become more evenly distributed across a wider group of stocks.

Return Decomposition of MSX 30 (2020-2025)



Source: LSEG Workspace

Earnings growth is the most direct driver of equity market performance and holds the highest explanatory power for equity returns. In the last five years, the total return of 13.9% was primarily attributed to a 15.1% surge in corporate earnings. However, the P/E ratio contracted by roughly 2.5% over the period, which means earnings grew at a faster pace than stock prices, indicating that investors remained conservative through the period.

Oman and MSCI EM inclusion – Where does Oman stand?

As of February 2026, the combined weightage of Saudi Arabia, UAE, Qatar, and Kuwait remained close to 5%. Given that Qatar's weightage in the MSCI EM Index is ~0.6%, it is reasonable to expect that Oman's weightage in the EM index post-inclusion would likely not exceed 0.6%, assuming no significant changes in the index composition. A more precise estimate can be derived at by comparing market capitalizations of the two countries. Qatar's current free-float adjusted market capitalization is ~USD 76 billion, while Oman's free-float adjusted market capitalization is relatively smaller at ~USD 28 billion. On a proportional basis, this suggests that Oman's potential weight in the MSCI EM Index would fall within the 0.25% after inclusion. Accordingly, a realistic estimate would place Oman's weight between 0.10% and 0.25%, with 0.25% representing the upper bound under favourable assumptions. However, the final index weight would also depend on the extent of change in constituents and additional MSCI methodology factors, particularly the Foreign Inclusion Factor (FIF). The FIF adjusts weight by excluding shares that are not readily available to international investors, such as those held by governments, strategic shareholders, or subject to foreign ownership restrictions. Therefore, Oman's relatively small market size makes the case that while upgrading to an emerging market status will be a positive development for Oman, it is unlikely to substantially influence the trajectory of Oman's stock market. However, the benefits of an EM status upgrade cannot be undermined. Saudi's Tadawul witnessed close to SAR 50 billion (~USD 13 billion) in passive fund flows upon its EM status upgrade. Meanwhile, Kuwait registered USD 3 billion in capital flows during the day of inclusion, most of which came from foreign investors. Moreover, in the 12 months following MSCI's announcement in June 2013 of Qatar, Abu Dhabi, and Dubai's upgrade to Emerging Market status, all the three stock indices experienced significant surge, rising between 50% and 100% during the period. This hints that MSCI inclusion has the potential to derive meaningful growth for the Oman stock market in terms of both, liquidity and returns.

Although Oman's MSCI inclusion have become the talk among investors, the practical timeline for an upgrade still seems to be in a distant future. Typically, the subject market remains on the watchlist for two to three years to assess whether the required criteria are sustainably met before any formal reclassification begins. The upgrade process then unfolds over a similar timeframe, making it a multi-year process rather than an immediate transition. Additionally, there could be prolonged delays in cases where the required standards for an MSCI status upgrade have not been adequately met. For instance, even though UAE and Qatar were placed under review by MSCI in 2008 for an Emerging Market (EM) status upgrade, the actual upgrade took five years (effective in 2014) to materialise, only after all regulatory and operational concerns were satisfactorily addressed. This highlights that a typical MSCI upgrade relies not only on policy announcements but on the consistency of implementation of reforms and its effectiveness over time.

Therefore, the resurgence of the Oman Stock Market can then be reasoned with the long-running fiscal reforms that cumulatively led to the chain of improvements happening on the economic front, repositioning Oman as a growing, long-term investment destination. Strengthening fiscal standing, ongoing reform implementation, and improved sovereign credit positioning instil confidence in investors that grow beyond short-term speculation in the markets.

Outlook

Potential P/E re-rating of Oman – A Sensitivity Analysis

MSX 30 Index Forecast				
Current Index Level: 7,284		**P/E re-rating**		
		15.3x	16.0x	16.7x
Earnings Growth	5%	8,031	8,413	8,796
	15%	**8,796**	**9,214**	**9,633**
	25%	9,560	10,016	10,471

Source: LSEG Workspace, Marmore Analysis; Base Earnings and P/E ratio as of 04th March 2026.

We analyse three potential scenarios reflecting a moderate to optimistic re-rating of the MSX 30 index's P/E ratio. With ongoing discussions around Oman's potential upgrade to Emerging Market status, we assume the MSX 30's P/E ratio could range anywhere between 15.3x and 16.7x in the next three years, should this upgrade materialise. This range represents approximately 5%–15% increase from MSX 30's current P/E ratio of ~14.5x, in line with the re-rating observed in other GCC markets during similar upgrades. For earnings, we take the current five-year annualized growth of approximately 15% as the base-case scenario, assuming this trend continues. Additionally, we also consider more conservative and optimistic cases with +5% and +25% earnings growth, respectively, to capture a broader spectrum of potential outcomes.

Appendix:

1) MSX 30 Constituents – Price Returns

Company Name	FF Adj. Mkt Cap (USD Mn.)	5Y – CAGR (As of 2025)	YTD 2026 (26th Feb)	2025	2024	2023
MSX 30	**28,667**	**9.9%**	**26.0%**	**28.2%**	**1.4%**	**-7.1%**
OQ Exploration and Production*	9,914	-	30.0%	6.8%	-	-
Bank Muscat	5,511	14.3%	27.9%	32.1%	-4.5%	-4.0%
Sohar International Bank	3,330	12.9%	41.8%	17.0%	42.3%	-7.5%
Asyad shipping company*	2,045	-	33.5%	59.3%^	-	-
OQ Gas Networks SAOC*	1,882	-	22.2%	40.6%	-9.8%	-
Oman Telecommunications Company	1,307	7.8%	25.6%	10.7%	-11.3%	15.2%
OQ Base Industries (SFZ)*	1,075	-	24.5%	64.3%	-	-
National Bank of Oman	546	19.0%	0.8%	29.1%	5.7%	-3.1%
Oman Arab Bank	485	-1.3%	13.5%	15.6%	8.5%	3.6%
Oman International Development & Investment Company	481	7.8%	20.2%	40.4%	-16.5%	0.0%
Abraj Energy Services*	292	-	32.0%	23.1%	-7.4%	-
Bank Nizwa	207	2.1%	46.2%	9.3%	1.0%	-4.0%
Oman Cables Industry	201	44.4%	11.3%	-5.4%	24.4%	32.4%
Omani Qatari Telecommunications Company	183	-6.2%	26.3%	23.9%	-29.2%	-26.1%
Phoenix Power Co	173	24.9%	2.6%	167.2%	7.4%	25.6%
Sembcorp Salalah Power and Water Company	166	15.9%	5.8%	107.0%	16.3%	30.3%
Voltamp Energy	156	58.0%	75.7%	196.5%	192.3%	57.8%
Al Suwadi Power Company	101	26.0%	1.2%	145.5%	214.3%	-27.6%
Al Jazeera Steel Products Company	95	37.0%	36.4%	128.4%	20.4%	6.7%
Al Batinah Power Company	89	26.5%	1.2%	145.5%	230.0%	-31.0%
ASaffa Foods	88	-1.7%	52.5%	23.5%	18.2%	35.2%
Renaissance Services	86	-1.4%	22.1%	-17.2%	-4.0%	-14.4%
Global Financial Investments Holding	62	33.7%	35.0%	151.8%	49.1%	1.8%
SMN Power Holding	56	23.4%	13.5%	-35.7%	356.6%	65.2%
Al Anwar Ceramic Tiles Company	40	-9.9%	7.5%	75.5%	-38.0%	-58.5%

Al Anwar Investments	35	16.6%	15.3%	85.3%	-8.0%	-12.2%
Al Madina Insurance Company	34	4.2%	36.5%	18.5%	-3.6%	-6.7%
Oman and Emirates Investment Holding Company	12	18.1%	8.9%	48.5%	30.8%	-33.3%
ASharqiya Investment Holding Co	12	5.8%	33.0%	32.4%	4.4%	-13.9%
National Gas Company	2	-8.6%	5.5%	16.7%	-8.2%	-20.6%

Source: LSEG, Marmore Analysis; *Recently listed companies; CAGR has not been computed for stocks that were listed less than 5 years ago.

2) Traded Volume and Value in 2025

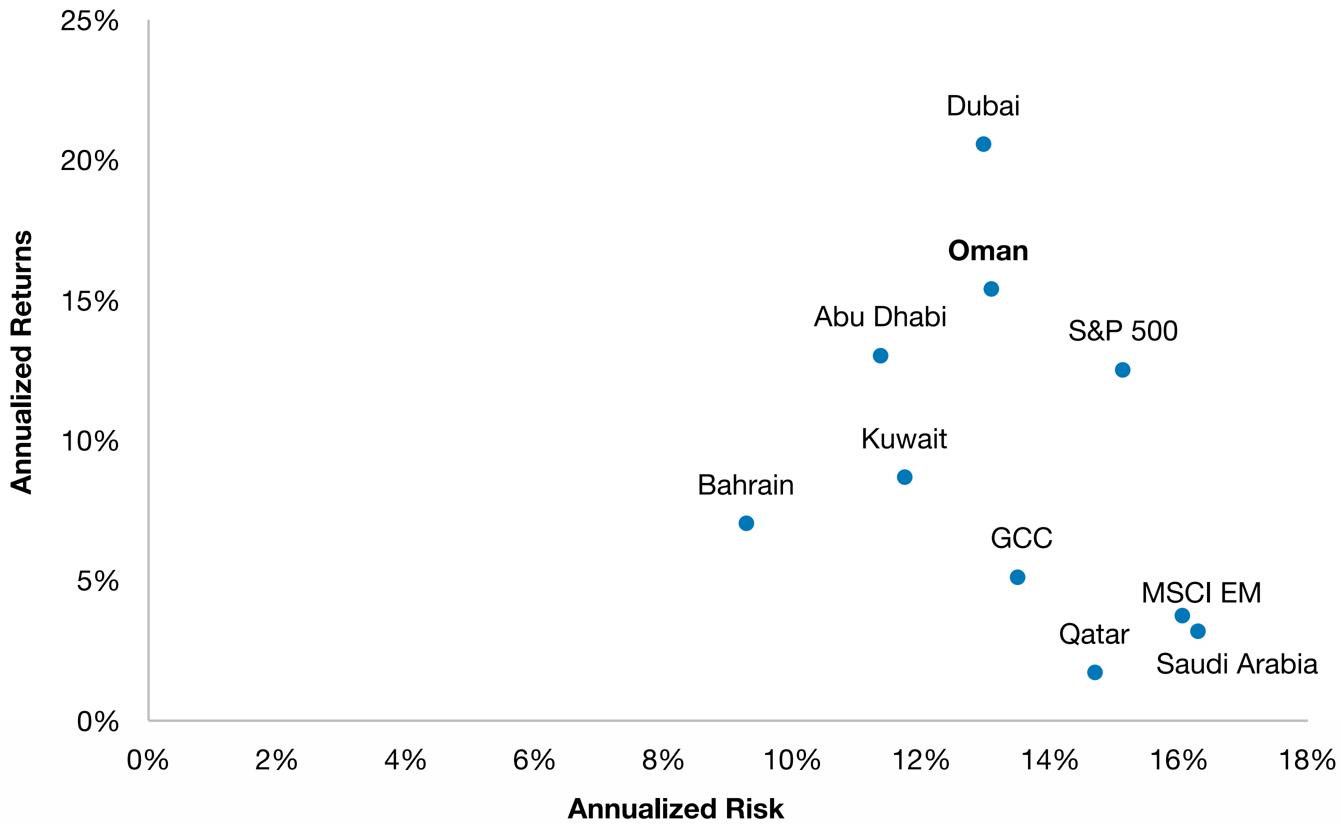
Top 5 securities Traded in 2025 (Based on Volume)	Share of total
Sohar International Bank	20.44%
OQ Base Industries	19.54%
Asyad Shipping	11.50%
OQ Gas Networks	11.25%
Bank Muscat	11.15%
Others	26.12%

Source: MSX

Top 5 securities Traded in 2025 (Based on Value)	Share of total
Bank Muscat	17.62%
Sohar International Bank	15.38%
OQ Base Industries	14.51%
OQ Exploration and Production	11.98%
OQ Gas Networks	9.27%
Others	31.24%

Source: MSX

3) 5-year Risk Return Profile of Major Markets



Source: LSEG Workspace. As of Feb end 2026

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