

State of Qatar

Composite Rating: Aa2 / AA / AA

Bond/s: QATAR 3.25 26

Outlook: Positive

Country Overview

- **Hydrocarbon-driven economy:** Qatar's economy is primarily fueled by its vast reserves of oil and natural gas. As the world's largest exporter of liquefied natural gas (LNG), the country's economic health and government revenues are highly dependent on global energy prices. This resource has endowed Qatar with one of the world's highest per capita incomes and significant fiscal strength.
- **Vision for diversification:** Under its **Qatar National Vision 2030**, the country is actively working to reduce its reliance on hydrocarbons. The government is investing heavily in developing a knowledge-based economy and promoting sectors like finance, logistics, and tourism to create more sustainable and diversified growth.
- **Robust Fiscal Position:** Due to high energy prices, Qatar has consistently maintained substantial fiscal and current account surpluses. These surpluses have allowed the government to build significant financial reserves and sovereign wealth, providing a strong economic buffer against external shocks and funding major infrastructure projects.

Macro Fundamentals

- **Pegged currency and monetary policy.** The Qatari riyal is pegged to the US dollar, which means the Qatar Central Bank's monetary policy decisions are closely linked to those of the US Federal Reserve. This policy provides a stable exchange rate and helps anchor inflation expectations.
- **Strong twin surpluses.** Qatar's external position is exceptionally strong, characterized by persistent and large current account and fiscal surpluses. While these surpluses have moderated from their 2022 peaks as energy prices have stabilized, they are projected to remain in positive territory, ensuring financial stability.
- **Significant public and private investment.** Both public and private sectors are focused on large-scale infrastructure and development projects. Key investments, such as the massive **North Field East** LNG expansion and continued growth in the services sector (particularly post-World Cup), are central to the country's economic strategy.



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Risks and Catalysts

- **Risks**

- **Hydrocarbon price volatility:** Qatar's economy remains highly sensitive to fluctuations in global oil and natural gas prices. A sharp and sustained decline in energy prices would pose the most significant risk to its fiscal and external balances.
- **Geopolitical instability:** While Qatar has demonstrated resilience, regional conflicts and geopolitical tensions could disrupt trade routes, affect foreign investment, and impact the country's vital tourism sector.
- **Global economic slowdown:** A weaker-than-expected global economy could dampen demand for LNG, which would directly affect Qatar's export volumes and revenues.

- **Catalysts**

- **LNG expansion:** The ongoing expansion of the North Field, the world's largest natural gas field, is a major long-term catalyst. It is expected to significantly increase Qatar's LNG production capacity and solidify its position as a global energy leader.
- **Economic diversification:** Continued progress on the **Third National Development Strategy (NDS3)**, with a focus on private-sector growth and non-hydrocarbon industries like tourism and logistics, could provide more balanced and sustainable growth.
- **Foreign direct investment:** The stable political environment and government initiatives to improve the business climate are expected to attract further foreign direct investment, supporting non-energy sector growth and job creation.

Key Macro Indicators

Indicator	2022	2023	2024 (E)	2025 (F)
Real GDP Growth	4.20%	1.20%	1.50%	1.90%
Inflation Rate	5.00%	3.00%	1.10%	1.20%
Current Account Balance, % of GDP	26.80%	17.10%	13.40%	13.3
Fiscal Balance, GDP	10.40%	5.50%	0.70%	1.50%
General Government Gross Debt, % of GDP	42.60%	43.30%	41.20%	40.20%

(E) = Estimate, (F) = Forecast. Data is sourced from recent IMF reports and projections.)

Sources: International Monetary Fund (IMF), Metrobank Research

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