

Comments on Saudi stock market in Arab News, 29 Jul 2018

The below quotes from Dr. Nasser Saidi appeared in an Arab News report titled "Saudi stock market basking in global investor interest", on July 29, 2018. The full article can be accessed [here](#).

Nasser Saidi, former chief economist of the Dubai International Financial Center and now an independent economics consultant, also sounded a note of caution. "The volatility of oil prices still dominate the performance of the economy, budget and the current account. This has meant macroeconomic uncertainty, accompanied by uncertainty surrounding policies in response to the fall in oil prices. In turn this means that investors whether domestic or foreign are in a 'wait-and-see' mode," he told Arab News.

"Geopolitics, with ongoing wars in Syria and Yemen, and sanctions on Iran are negatively affecting investor sentiment, and Trumpian trade wars that can derail global economic growth, recovery in Europe and disrupt trade. In turn this affects the oil price and Saudi exports to China and other Asian countries," he added.

He also warned of an after-party effect from soaring share prices. "The evidence also suggests a negative effect on the market on the actual event of reclassification, with prices falling. This involves investors speculatively bidding up securities prices and returns, before the actual reclassification event, in the expectation that foreign investors will be entering the market, resulting in prices falling following the actual reclassification event.

"Exuberance and market hype accompanying market reclassification can lead to asset price bubbles," he added.