

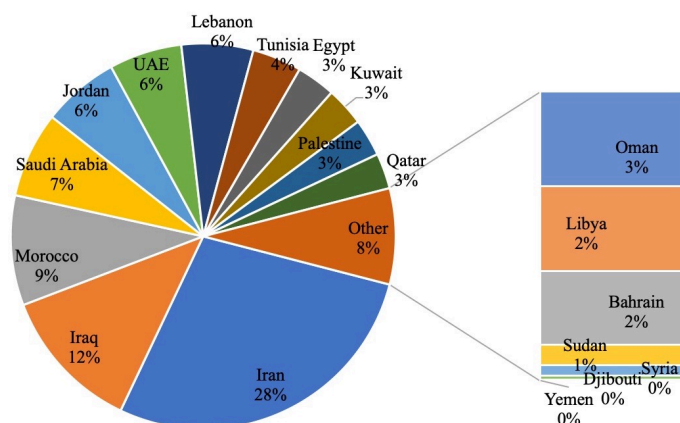
Weekly Insights 4 Feb 2021: A Covid19 Balancing Act – Cases, Vaccinations & Economic Activity

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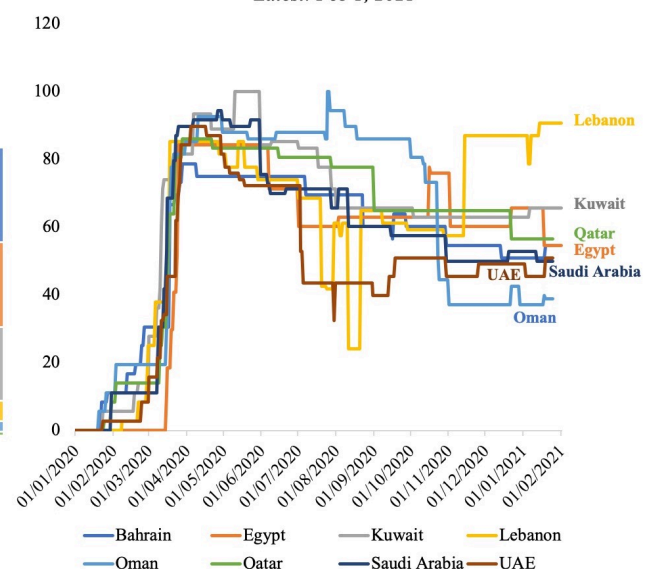
1. Covid19 cases rise in the Middle East & so do Restrictions

- Covid19 cases in MENA crossed 5 million; the **GCC is home to 24% of confirmed cases**
- The uptick in cases has seen many countries **re-introduce border controls** (e.g. Oman, Lebanon), **flight restrictions** (e.g. Saudi Arabia) as well as **capacity/recreational activity** restrictions (e.g. UAE/ Dubai)

Share of Confirmed Covid Cases in MENA
Latest: Feb 4, 2021 6am GMT



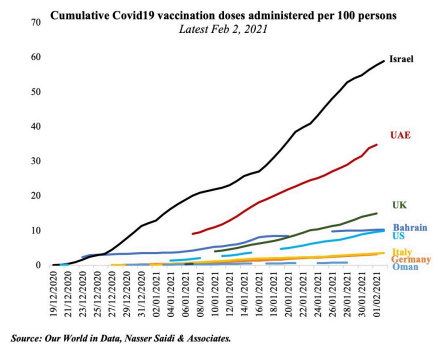
Covid19 Government Response Stringency Index
Latest: Feb 1, 2021



Source: **John Hopkins University** (<https://coronavirus.jhu.edu/map.html>), **Oxford COVID-19 Government Response Tracker** from **Blavatnik School of Government** – **Our World in Data** (<https://ourworldindata.org/grapher/covid-stringency-index>);

2. Vaccination drives are picking up

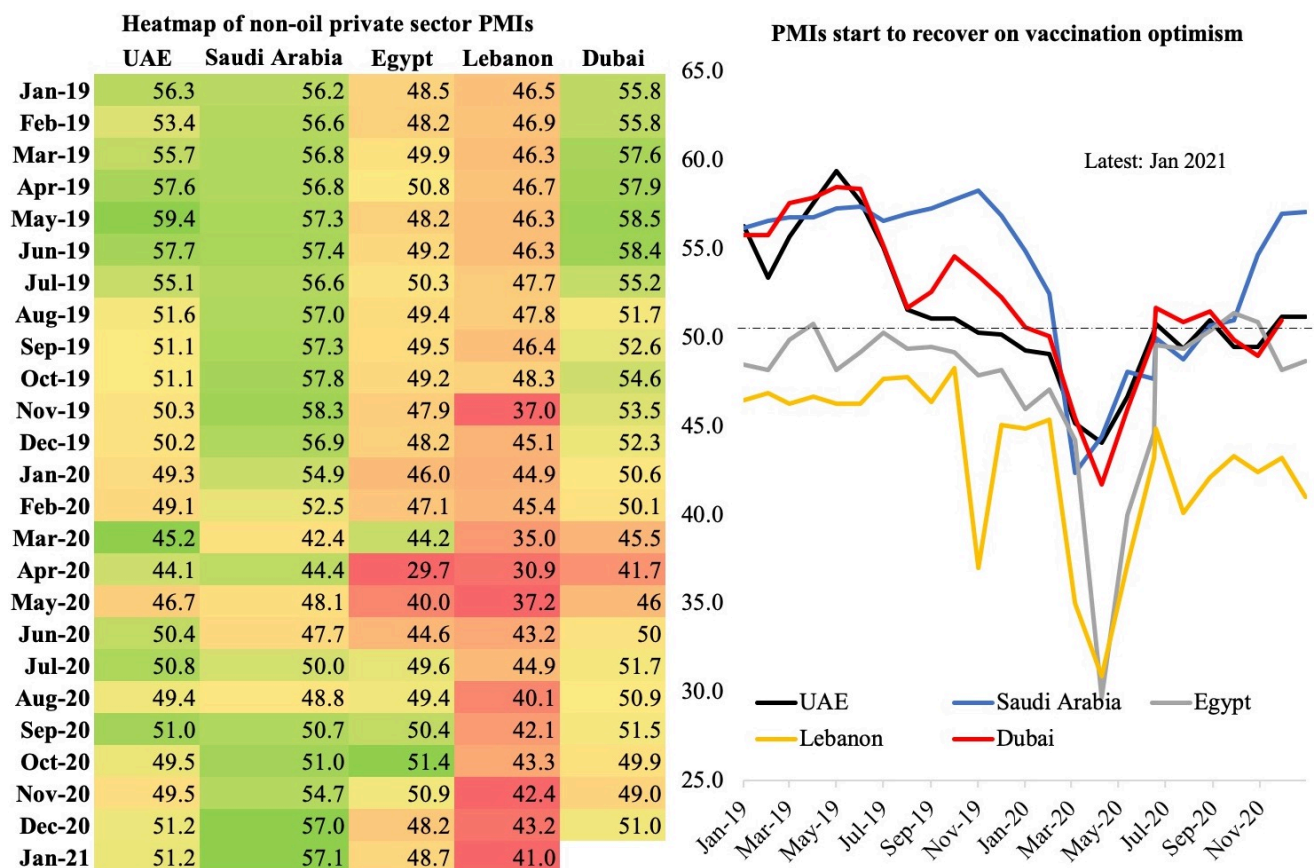
Vaccines approved for use in the GCC					
	Pfizer	Moderna	AstraZeneca	Sinopharm	Sputnik V
Bahrain	✓		✓	✓	
Kuwait			✓		
Oman	✓		✓		
Qatar	✓	✓ (agreement signed)			
Saudi Arabia	✓		✓		
UAE	✓		✓	✓	✓ (only for emergency use)



- **Focus has shifted to vaccination drives**, with almost all GCC nations receiving a combination of supplies including Pfizer, Moderna, AstraZeneca, Sinopharm and Sputnik V vaccines
- **UAE** has administered a **total 34.8 vaccination doses per 100 people**, behind only Israel (58.8) globally
- In terms of the **share of fully vaccinated population** (i.e. both doses), Israel tops at 21.43% followed by UAE at 2.53% and US (1.81%)
- **UAE's hub status supports distribution**: Dubai's Vaccines Logistics Alliance & Abu Dhabi's Hope Consortium to deliver vaccine doses across the globe
- A **potential manufacturing hub**? UAE is building up its capacity to manufacture the Covid19 vaccine in the future

3. Businesses ride the wave of vaccine optimism in Saudi Arabia & UAE

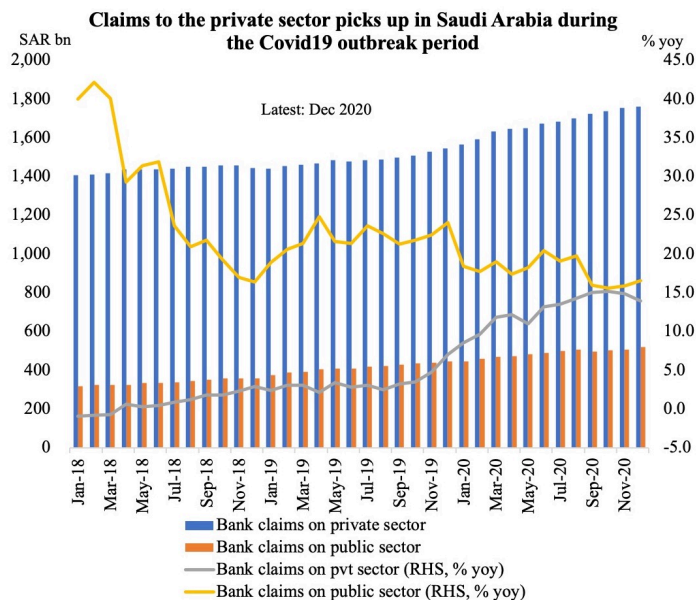
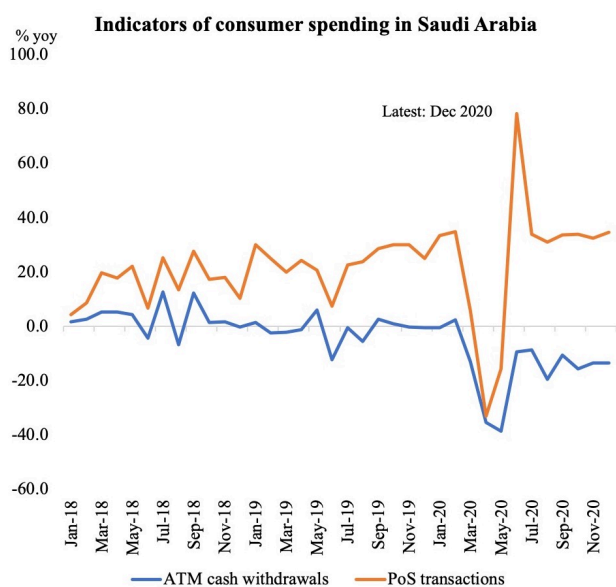
- Jan 2021 PMI data showed Saudi ticking up to a 15-month high while in the UAE, though the headline number remain unchanged, jobs moved into positive territory for the first time in over a year
- Lebanon's numbers remain dismal with the complete lockdown adding to the existing socio, economic and political woes



Source: Refinitiv Datastream, Nasser Saidi & Associates.

4. Indicators of economic activity in Saudi Arabia

- **Proxy indicators for consumer spending** – ATM withdrawals and PoS transactions – have shown a **divergence during the pandemic year**
- For the full year 2020, PoS transactions rose by 24% yoy while **ATM cash withdrawals were negative**, declining by 15% – **pointing to the rise in digital/ contactless/ e-payments in a Covid19 backdrop**
- **Overall loans picked up in the country**, with loans to the private sector for the full year rising at 12.8% versus a 17.8% uptick in loans to the public sector

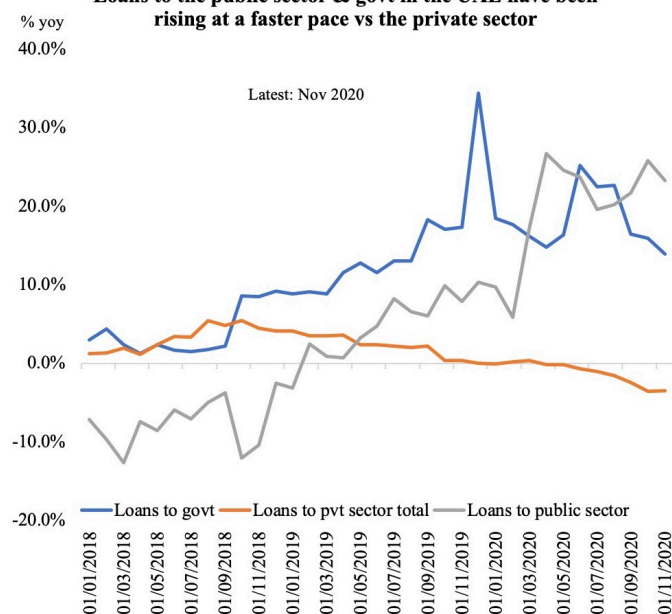


Source: Saudi Central Bank (SAMA), Refinitiv Eikon, Nasser Saidi & Associates.

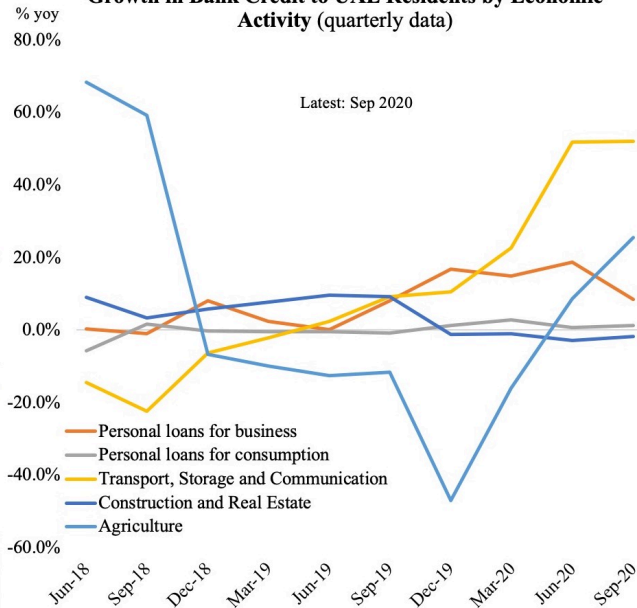
5. Indicators of economic activity in the UAE

- **More than 2/3-rds of UAE banks' loans went to the private sector** (69.4% as of Nov 2020 vs. 76% in end-2018 & 72% in end-2019), while public sector & government together account for ~30% of all loans in Nov 2020 (vs. 25% a year ago)
- However, the overall **pace of lending** to GREs (+23.2% yoy during Apr-Nov 2020) and the government (+18.5%) outpaced the drop in lending to the private sector (-1.6%)
- **Bank credit by business activity** showed an interesting pattern: as of end-Sep 2020, **loans towards agriculture** surged by 18.6% qoq, following a 18% uptick in end-Jun, underscoring the recent focus on food security and evidence of investments into vertical farming and agritech companies (its share of total loans is just 0.13%). Loans to the transport & logistics have shown a strong upsurge, rising by 52.1% yoy as of end-Sep.
- **Personal loans for consumption** (accounting for 20.6% of total loans) rose by 1.3% yoy at end-Sep (Jun: 0.7%).

Loans to the public sector & govt in the UAE have been rising at a faster pace vs the private sector



Growth in Bank Credit to UAE Residents by Economic Activity (quarterly data)



Source: UAE Central Bank, Refinitiv Eikon, Nasser Saidi & Associates.

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