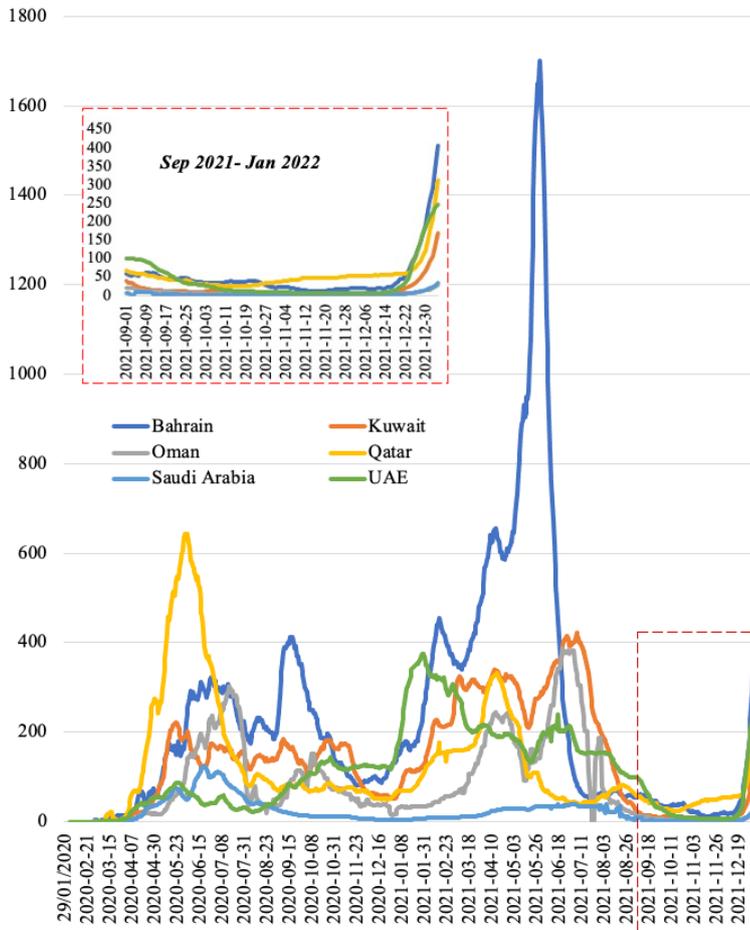


Weekly Insights 6 Jan 2022: Covid19 cases rise in the GCC, but economic activity is supported by high vaccination rates, oil & consumer spending

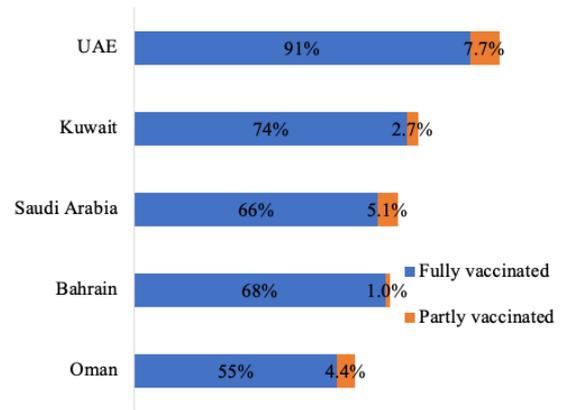
Weekly Insights 6 Jan 2022: Covid19 cases rise in the GCC, but economic activity is supported by high vaccination rates, oil & consumer spending

1. Covid19 cases have been rising in the GCC given the Omicron variant. The vaccination pace is strong & boosters are being rolled out. Stringency has ticked up slightly.

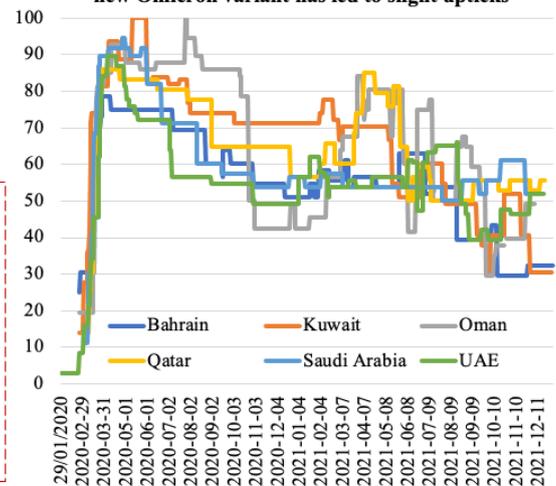
Daily new confirmed cases per mn in the GCC have been on the rise with the Omicron variant



Share of vaccinated persons is rising (& high)...



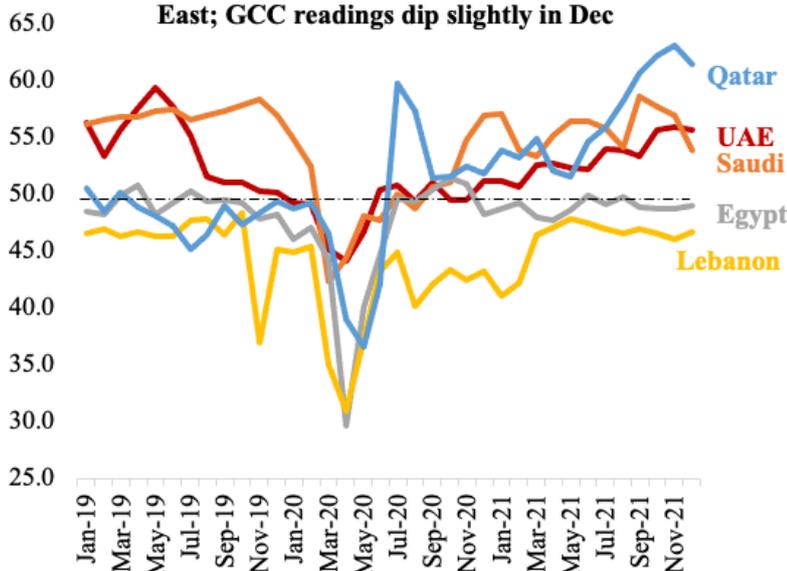
Stringency levels below previous highs but the new Omicron variant has led to slight upticks



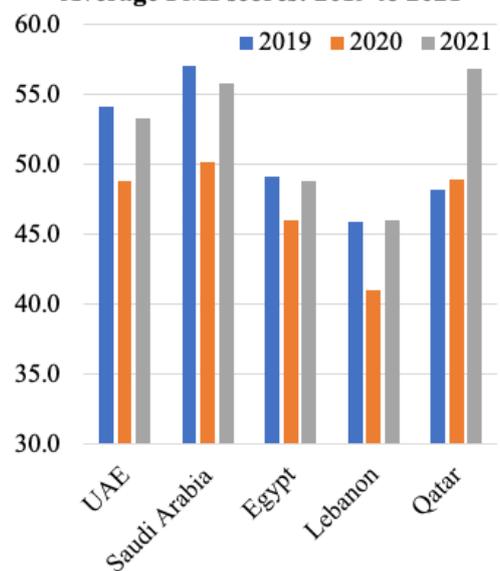
Source: Our World In Data; charts by Nasser Saidi & Associates. Data updated as of 5th Jan 2022

2. GCC PMIs remain expansionary in 2021. Divergent wrt other Middle East nations

Persistent divergence in recovery across the Middle East; GCC readings dip slightly in Dec



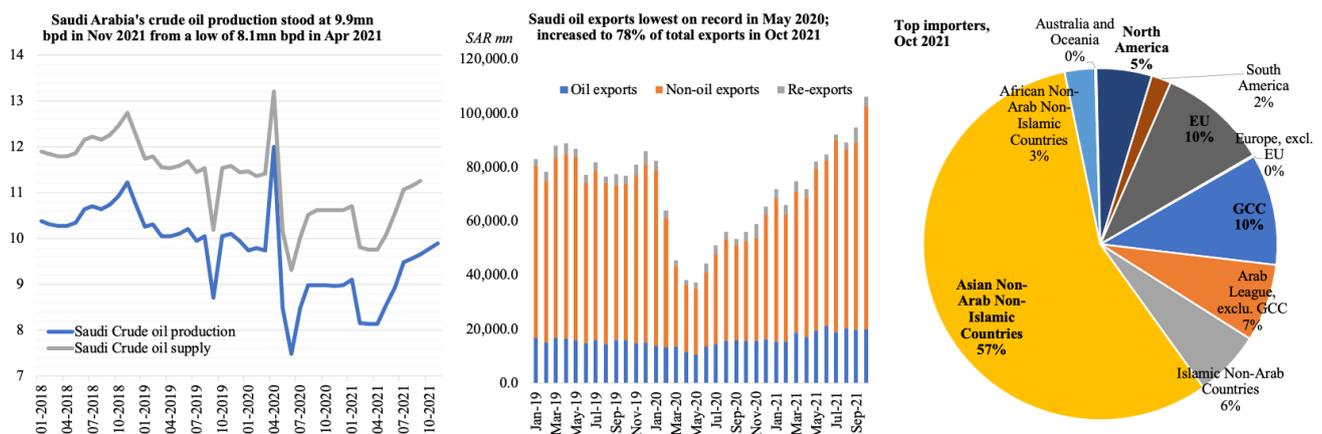
Average PMI scores: 2019 to 2021



Source: Refinitiv Datastream. Chart by Nasser Saidi & Associates

- **Average PMI in 2021 stayed above 50 in UAE, Saudi and Qatar**, with the latter's activity much higher than recorded in its 5-year history. Egypt and Lebanon saw the 2021 average reading lower than in 2019, but substantially higher compared to 2020
- The **resurgence of Covid19 cases in GCC has led to a decline in sentiment in Dec 2021** with concerns about the spread of the Omicron variant and potential curbs on travel/ business
- Input prices are rising => **inflation is a rising concern** (firms in Qatar are passing on costs to the consumer); **strong competition** (& offering of discounts) **is another concern** (in Saudi & UAE)

3. Oil continues to play a dominant role in Saudi Arabia's economic activity

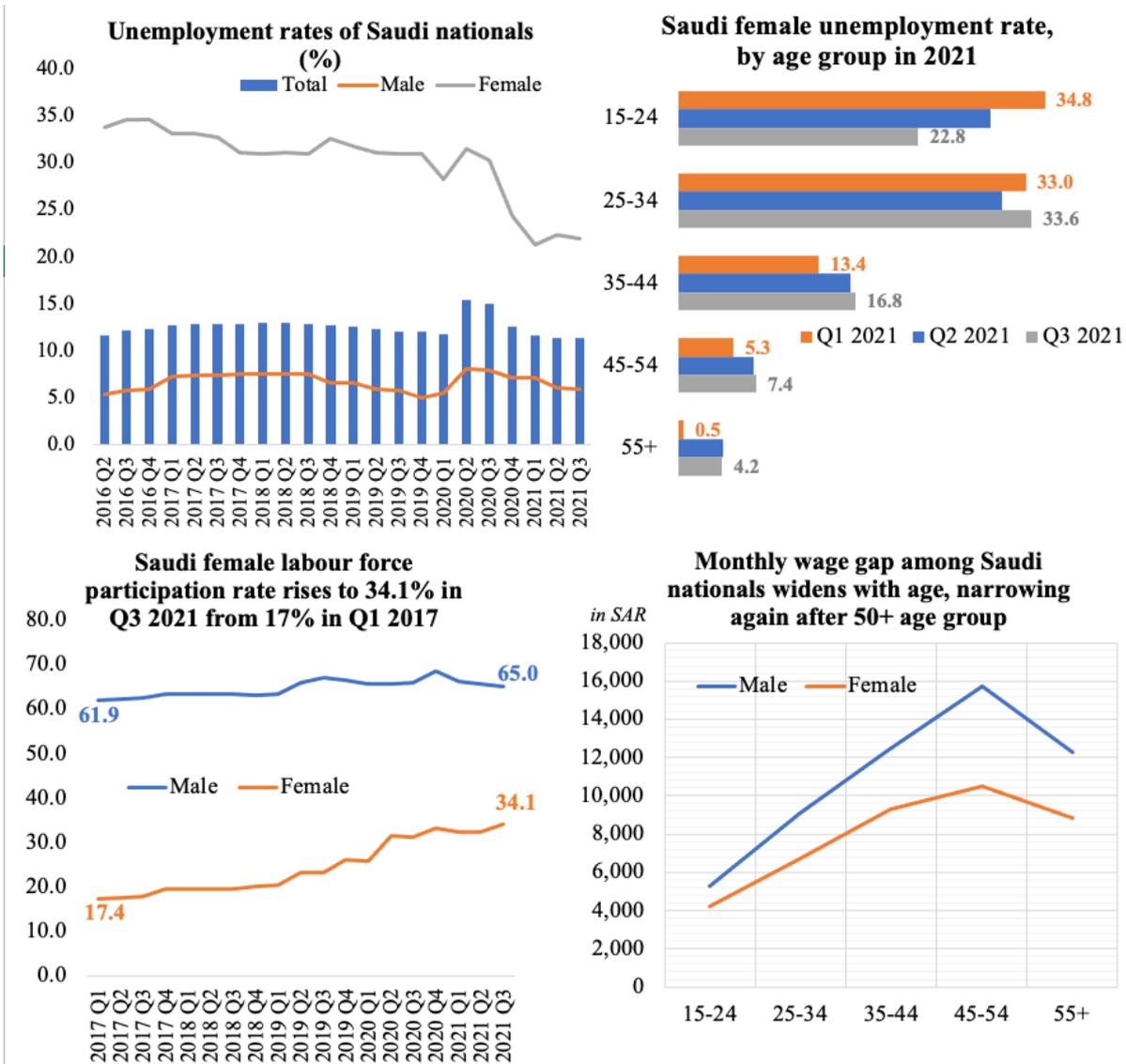


Source: OPEC, Refinitiv Datastream, GaStat, Nasser Saidi & Associates

- **Saudi Arabia's oil production and supply have been gradually rising**, in line with OPEC+ decisions. Production hit the highest since Apr 2021
- The latest OPEC+ meeting upheld the decision to raise production by 400k bpd in Feb, which **will result in a surge in oil GDP growth in the quarter**
- Thanks to rising demand and higher prices, **oil exports accounted for 78% of the total in Oct 2021**, with Asia the key import partner

4. Unemployment rate for Saudi nationals held steady at 11.3%

in Q3



Source: Labour market survey Q3 2021, GaStat. Charts created by Nasser Saidi & Associates

- Supported by **measures to boost local employment in the private sector**, unemployment rate remains unchanged at 11.3% in Q3 2021
- As seen previously, **female labour force participation rates are rising** (34.1% in Q3 2021); **wage disparity continues to widen** for ages 15-54

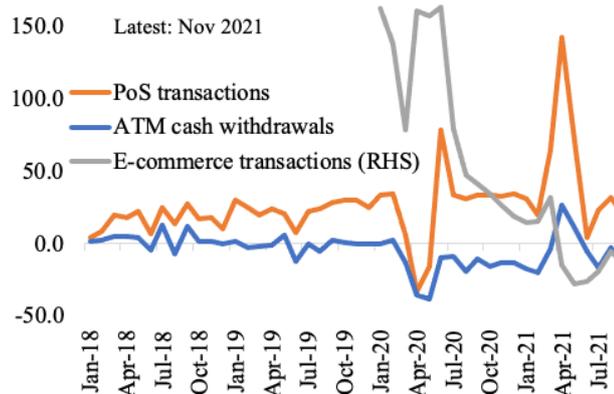
5. Consumer spending in Saudi Arabia is on the rise, in line with economic recovery

- **Consumer spending has been rising in Saudi Arabia**, with Point of Sales (20.5% yoy & 2% mom) and **e-commerce** (83.5% yoy and 7.7% mom) transactions driving the

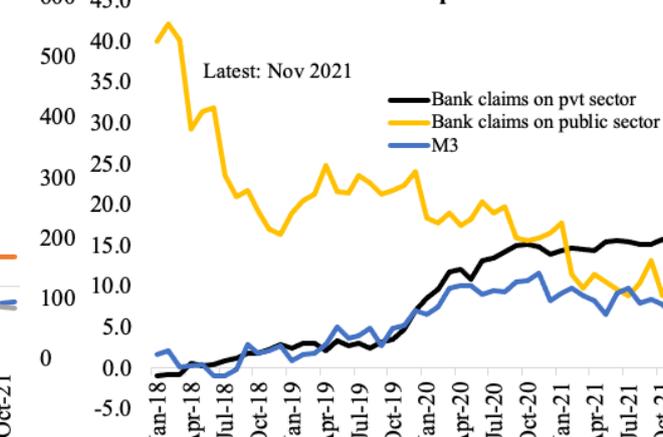
increase in Nov. Significant increases in spending has been recorded in sectors like hotels (47.7%) education (33.3%), transportation (39.8%) and restaurants (31%)

- In Nov, **credit disbursed to the public sector** (govt + quasi-govt institutions) **ticked up by 4% mom** vs private sector's marginal 0.6% rise. **Mortgage lending** continues to remain a strong contributor to loan growth.

Saudi consumer spending ticks upward in Nov, after slowing slightly in past months
(yoy numbers are affected by lockdown readings last year)



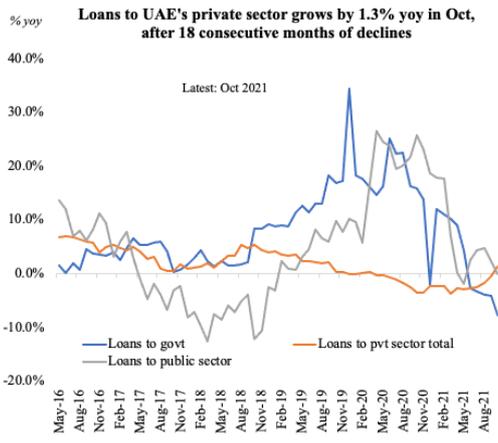
Claims on private sector grows faster than public sector in Jan-Nov; money supply (M3) at a slower pace



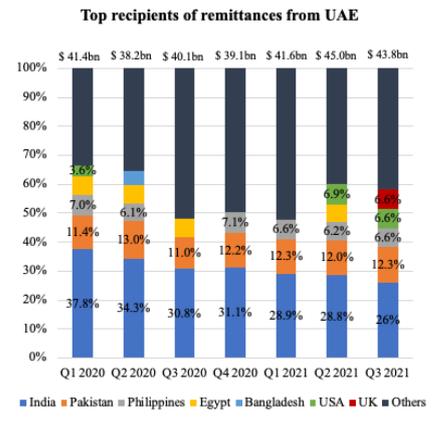
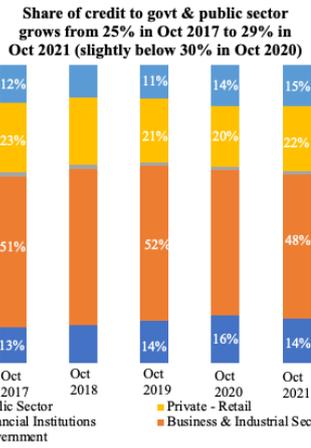
Source: Saudi Central Bank. Charts created by Nasser Saidi & Associates

6. Credit growth in the UAE remains soft; private sector loans turn a corner

- **Credit disbursed to the UAE's private sector grew** by 1.3% yoy in Oct, turning positive after 18 consecutive months of year-on-year declines.
- The **share of credit to the public sector** (i.e. govt & state-owned firms) stayed just under one-third of the total in Oct 2021 while business sector loans was lower than 50%
- **Outward remittances from the UAE grew by 9.2% yoy** in Q3 2021 to USD 43.8bn. India remained the top recipient, but its share is much lower (26% in Q3 vs 37.8% pre-pandemic)



Source: UAE Central Bank. Charts by Nasser Saidi & Associates.



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