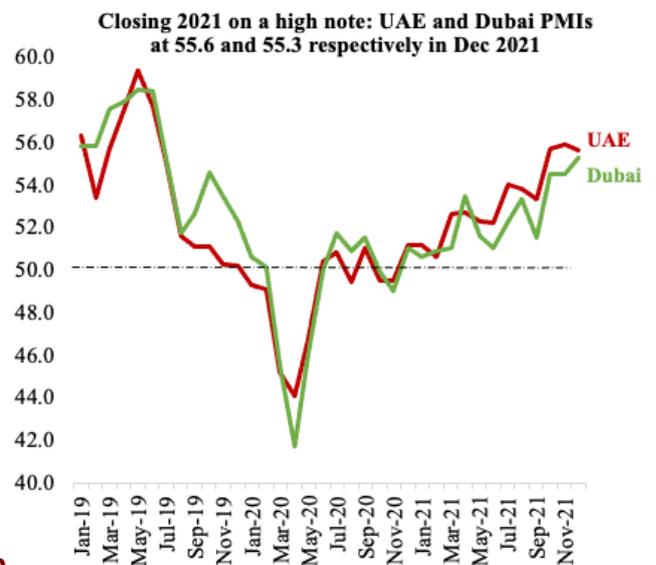


Weekly Insights 13 Jan 2022: Dubai's rosy December month amid Omicron fears and rising global food prices

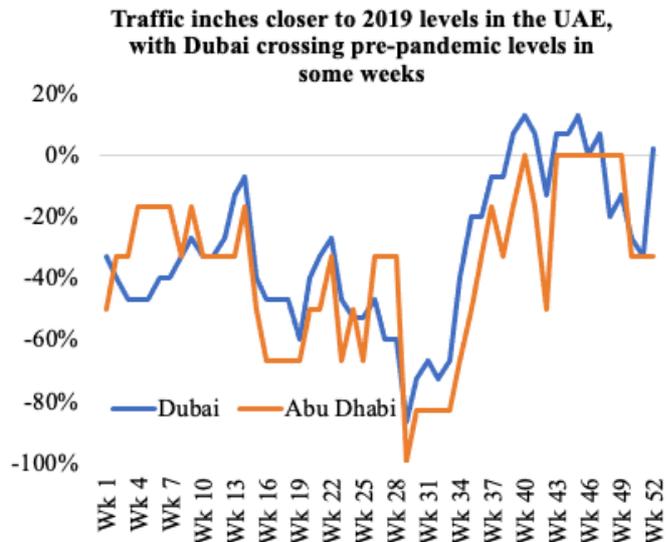
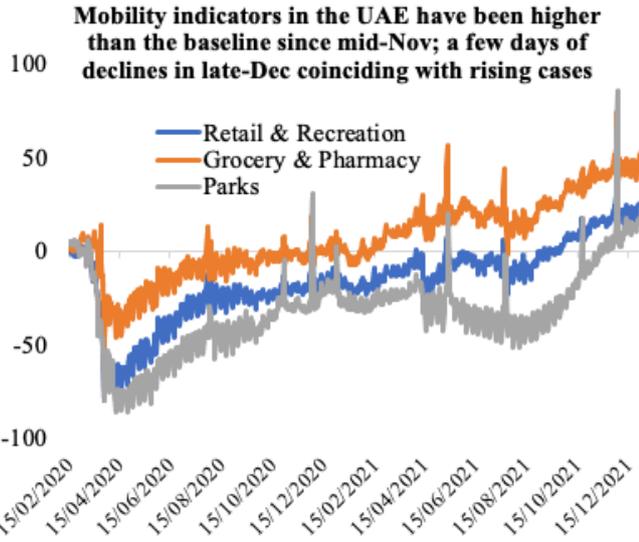
Weekly Insights 13 Jan 2022: Dubai's rosy December month amid Omicron fears and rising global food prices



1. Dubai PMI signals an improvement in Dec, in

line with high-frequency data

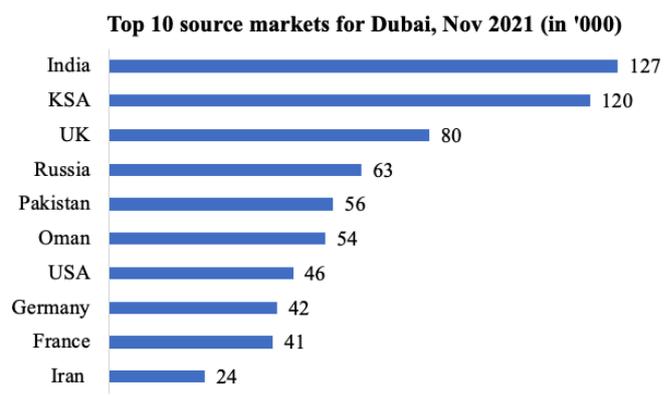
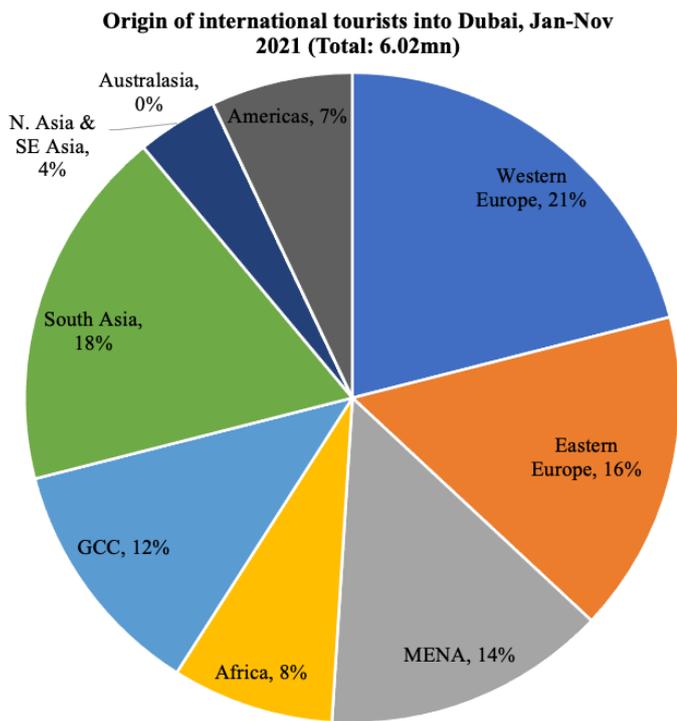
- highest reading since (Nov: 54.5), the Non-oil PMI in Dubai increased to 55.3 in Dec, supported by new order volumes
- Easing of travel restrictions in Dec, tourism demand and the Expo effect supported firms
- inflationary pressures are ticking up while
- show a return to pre-pandemic activity levels, readings While mobility & traffic data towards end-Dec showed a dip, in line with the rising number of Covid cases in the country
- The rise in new cases globally (& related restrictions) create more uncertainty for businesses: reflected in the latest Dubai survey, where only 12% of respondents were confident of output expansion over 2022



Source: IHS Markit, Google Mobility Reports, TomTom Traffic Index

Dubai welcomes 6.02mn international tourists in Jan-Nov 2021; supports Expo footfall2.

- latest Expo figures place total visits to the mega-event at more than 9.5mn in The (just over the halfway mark for the 6-month event). Nearly half the period to Jan 10 the visits (47%) were users of Seasons Passes (allowing multiple entry for the duration of the event) and the number of repeat visits touched 3.5mn
- top nations include India, 30% of these visits were from international visitors: About Germany, France, UK, USA, Russia and Saudi Arabia, which are also among the top source markets for Dubai)
- , Dubai welcomed a total of 6.02mn tourists into the emirate in Jan-Nov 2021 still a far cry from the surpassing the 5.5mn overseas visitors in full year 2020; but 16.7mn recorded pre-Covid
- Dec likely to see a further With Dubai continuing to remain open for most tourists, nearly 1mn travelers passing via Dubai during Dec Emirates Airline expected spike: average daily rate for Dubai hotels ; data from STR indicate that the to Jan 10th30 (highest since Jan 2015), with prices on New Year's stood at AED 956.01 in Dec 2021 Eve rising to the highest ever AED 1963.37

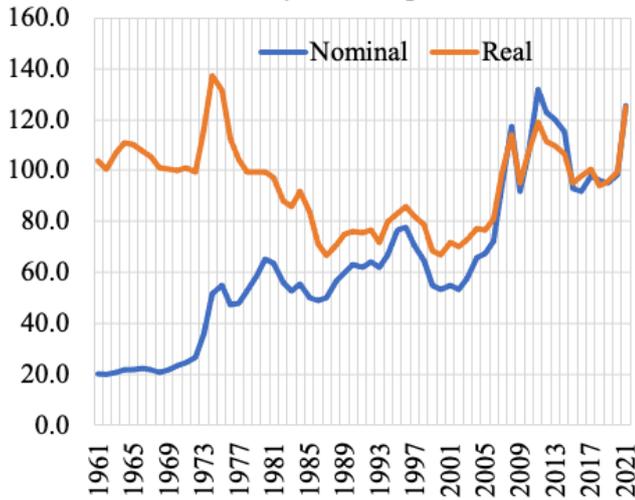


Source: Dubai Department of Economy & Tourism, Dubai Expo

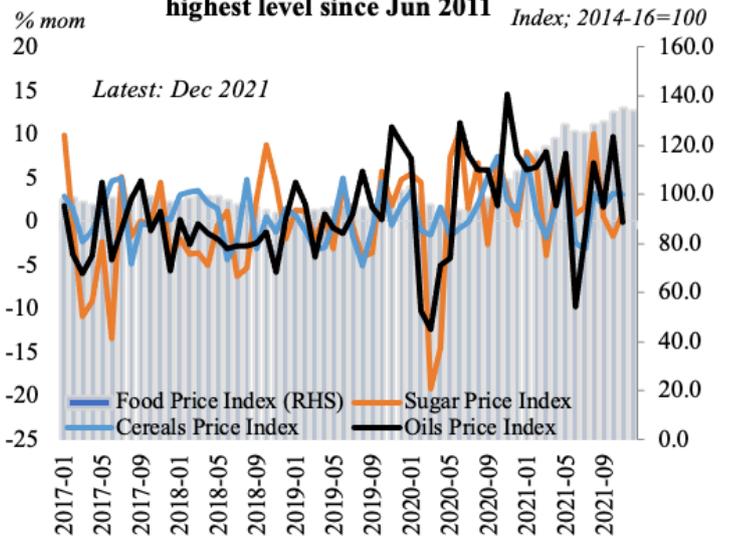
he FAO's Food Price Index reached a 10-year high in 2021T 3.

- according to the FAO. Interestingly, if **Food prices reached a 10-year high in 2021**, the only time it was more expensive to buy **real vs. nominal food prices** we compare food was in 1974-75
- Dec saw a slight 0.9% mom decline in FAO Food Price Index, but it was still 23.1% higher in yoy terms
- Rising fuel prices and shipping costs (due to supply chain disruptions and container ship shortages), strong demand amid tight supplies (given extreme weather changes) and labour shortages (during the harvest season) are some factors leading to the rise in prices
- Where food consumption shares are high and food is mostly imported (like in the GCC), high food pass-through tends to increase inflation pressures

Inflation adjusted food prices are higher now than in all years except in 1974-75



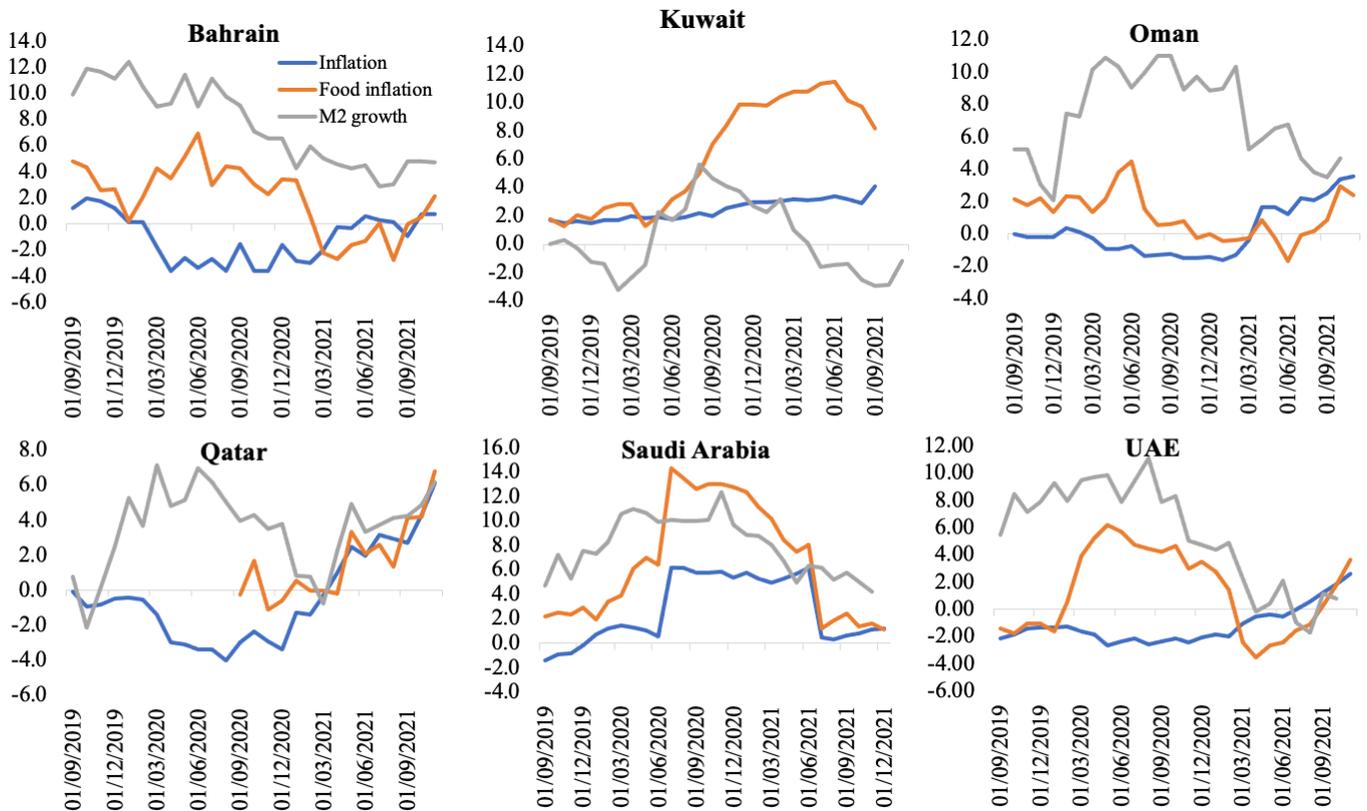
Global (nominal) food price index is at the highest level since Jun 2011



Source: FAO, Nasser Saidi & Associates

In line with the global trend, most GCC nations are witnessing (its mostly imported) 4. food prices rising at a fast pace

(Saudi prices in yoy terms are much lower now given VAT hike from Jul 2020, but ticking up; Bahrain will see a surge from 2022 when VAT is hiked to 10%)



Source: Refinitiv Eikon; Charts by Nasser Saidi & Associates. Data is as of Nov 2021 for all nations except Saudi (Dec 2021) & Kuwait (Sep 2021)

Saudi Arabia's industrial production improves, thanks to an uptick in mining; 5. wholesale prices surge

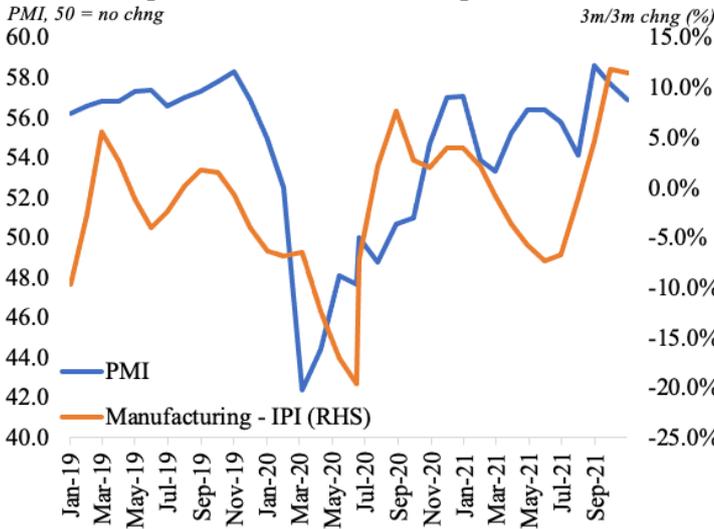
(2020: 50.2), in **Saudi non-oil sector PMI increased to an average of 55.8 in 2021** •
 spite of falling 3 points to 53.9 in Dec 2021, as Omicron variant spread across the globe
 increasing uncertainty

manufacturing grew by **Overall industrial production (IP) increased by 10.3% in Nov:** •
 9.7% and mining/ quarrying sector production improved (+10.4%).

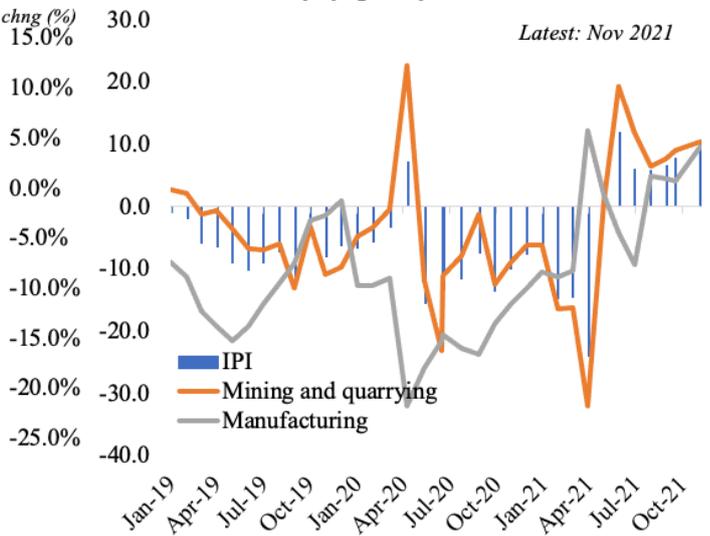
The charts below track three-month-on-three-month changes in the official IP data to •
 remove some volatility. It shows that improvement in non-oil sector is happening faster
-strength in recovery of the non-oil, non-than in manufacturing – pointing to the
anufacturing sectors

(Dec: +13.2% yoy), thanks to other **wholesale prices are rising** Meanwhile, •
 transportable goods (+23.4%) which includes basic chemicals (+91.2%) and refined
 petroleum products (28.9%) and agriculture products (11.4%)

Manufacturing growth in Saudi Arabia turns positive, in line with the uptick in PMI



Manufacturing production starts to increase yoy, partly due to base effect



Source: IHS Markit, GaStat. Charts by Nasser Saidi & Associates