

Comments on “SPACs may reshape Gulf financial markets” in Arab News, Feb 13 2022

Dr. Nasser Saidi's comments appeared in an Arab News article titled [“SPACs may reshape Gulf financial markets”](#) published on 13th February 2022.

The comments are posted below.

“SPACs also allow for diversification in listed sectors, which are too concentrated on banks, real estate, and telecoms,” former chief economist of the DIFC business district Nasser Saidi told Arab News. “They will bring support for startups, especially those in disruptive sectors and later-stage growth companies.”

“Target companies will certainly include promising technology ones, financial technology firms, the media industry, and health and education, as well as renewable energy and clean tech.”

Driven by strong liquidity and high technology sector growth, SPACs have boomed recently. There were 613 listings around the world totaling \$145 billion in 2021, compared to \$80 billion for 247 SPACs the year before, according to figures from the consultancy Nasser Saidi & Associates.

Another problem is that, often, SPAC cash can spend a long time looking for a home. “If you look at the 2021 cycle, 82 percent of 2021 SPACs are still searching for deals and only 3 percent of the SPACs realized their deals,” Saidi added.

SPACs also face a shifting financial environment as central banks tighten global monetary policies to battle inflation. The fact that regional economies will profit from spiking oil prices does not necessarily mean that this cash will be injected into SPACs, but instead be used to buy into government initial public offerings, Saidi pointed out.

“The process in Gulf Cooperation Council countries will be more institutionalized, given that regulatory frameworks will look at the US example and avoid mistakes that were done there.”

Saidi said: “SPACs’ future remains promising because the region has many young dynamic companies. SPACs will fill the gap, given the under-developed venture capital and private equity sector in the region.”