

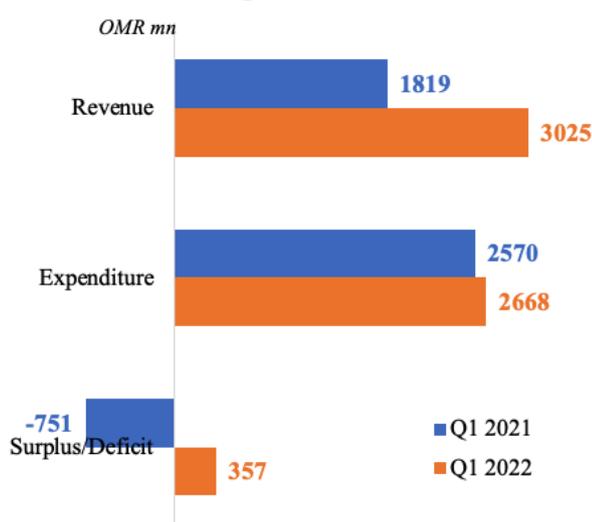
Weekly Insights 20 May 2022: Rising Oil Prices Benefit Oil Exporters, but Being Food Importers Hurts All

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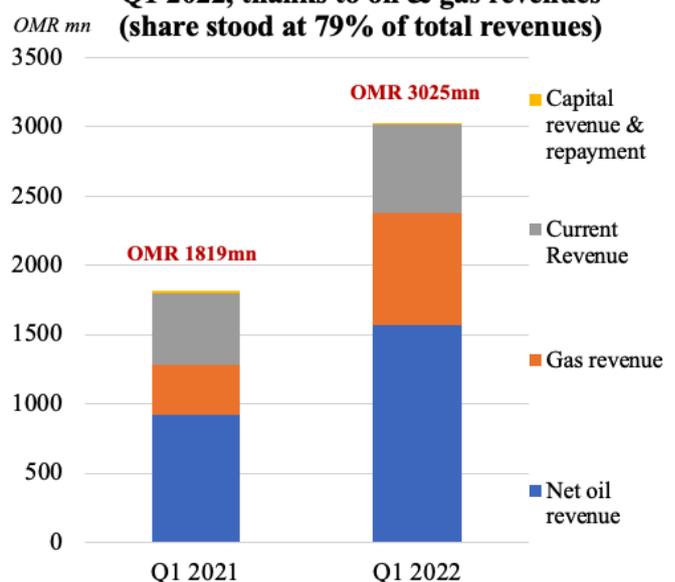
1. Oman posts consistent fiscal surpluses in 2022, supported by higher oil prices; dependence grows

- Oil price was programmed at USD 50 in Oman's budget for 2022; in Q1 itself, the average oil price stood at USD 78, thus enabling Q1 revenues to reach 30% of estimates for the full year
- Unfortunately, dependence on oil & gas for overall revenues is very high, with its share at 79% in Q1. Net oil revenues grew by 70% while gas revenues more than doubled to OMR 819mn in Q1

Avg oil price rose by 73% yoy to \$78 in Q1 2022, enabling Oman to post a fiscal surplus of OMR 357mn



Oman's revenues surged by 66.3% yoy in Q1 2022, thanks to oil & gas revenues (share stood at 79% of total revenues)

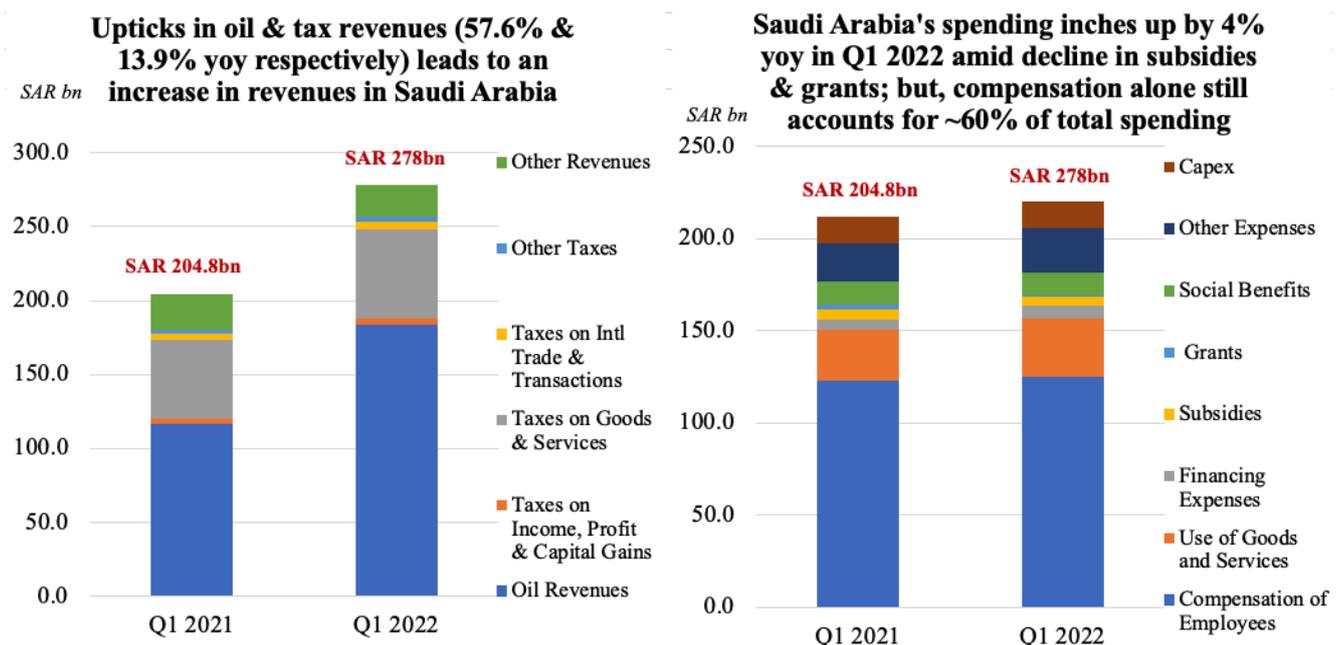


Source: Oman's Ministry of Finance. Charts by Nasser Saidi & Associates

2. Saudi Arabia sees increase in both oil & non-oil revenues,

while recording a surplus of SAR 57.5bn in Q1 2022

- Oil price surge helps Saudi Arabia post a budget surplus of SAR 57.5bn in Q1 2022, the highest quarterly figure in 6 years
- Both oil and tax revenues increased in Q1 2022, though the latter's increase of 13.9% yoy pales in comparison to oil revenues 57.6% surge. Consolidation measures on the spending side still a possibility: compensation of employees accounted for almost 60% of overall spending in Q1

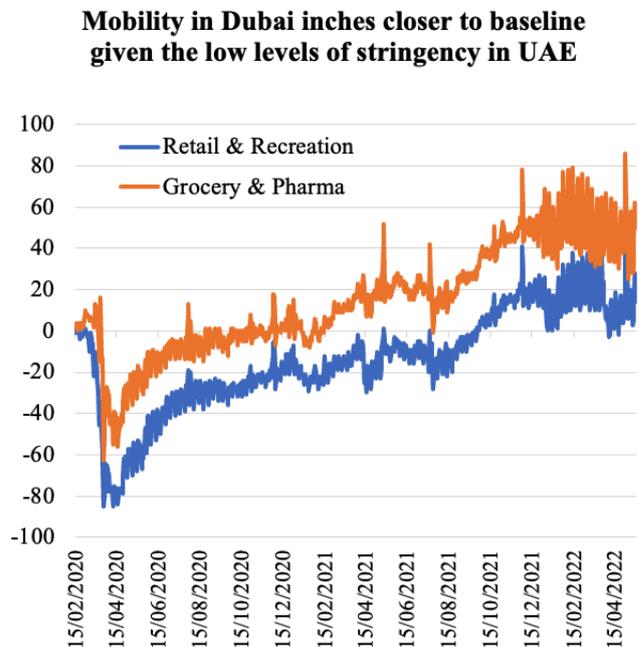
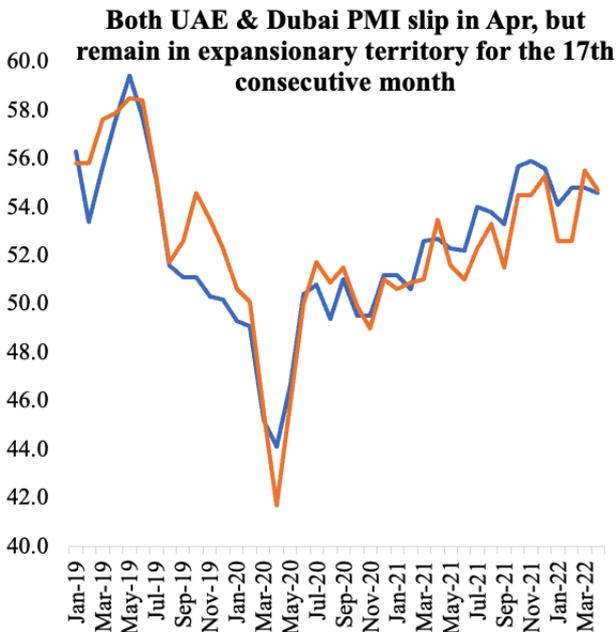


Source: Saudi Arabia's Ministry of Finance. Charts by Nasser Saidi & Associates

3. Dubai PMI eases slightly in Apr, mirroring UAE data; despite rising fuel & raw material costs, firms choose not to pass this to consumers

- Rise in output and new orders enable Dubai PMI stay in expansionary territory for the 17th consecutive month. Demand continues to increase: mobility shows a consistent improvement, inching closer to the baseline (in line with low stringency levels: 29.63 for vaccinated persons)
- However, as companies adjust to rising costs (in line with global movements), employment numbers dropped for

- the first time in five months; most firms also absorbed rising costs to remain competitive
- Optimism for future activity inched up in Apr, but remained below historical trend

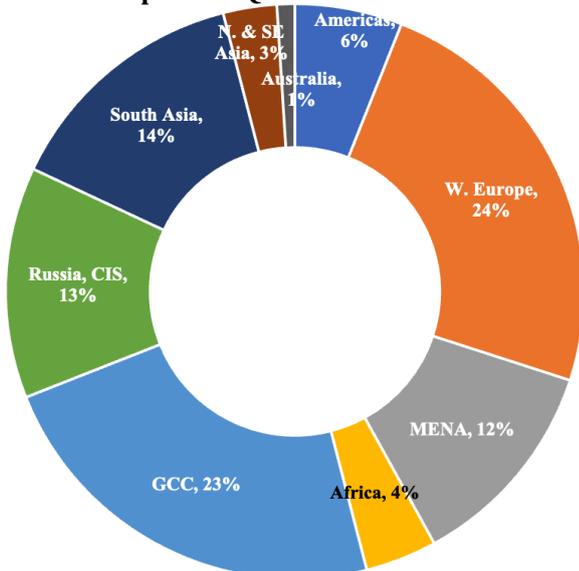


Source: Refinitiv Datastream, Google Mobility reports. Charts by Nasser Saidi & Associates

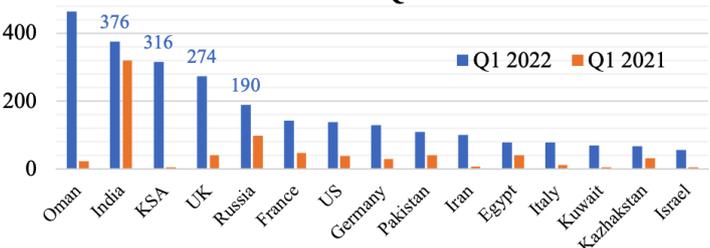
Note: The baseline is the median value, for the corresponding day of the week, during the 5- week period Jan 3–Feb 6, 2020.

4. Dubai tourism surged in Q1 2022: visitors more than double (vs Q1 2021) with Expo 2020 effect; regional tourism picks up; RevPAR surges

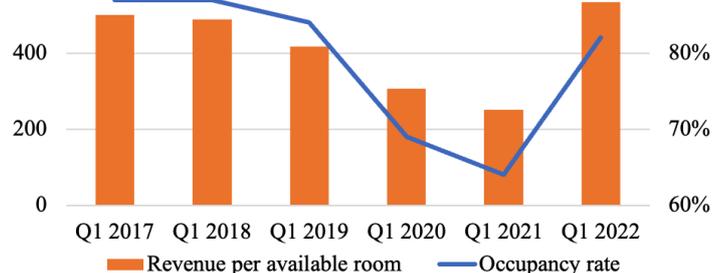
Dubai receives 3.97mn international visitors in Q1 2022, more than double compared to Q1 2021



Regional tourism ticks up, with Oman and Saudi Arabia accounting for 1/5th of visitors into Dubai in Q1 2022



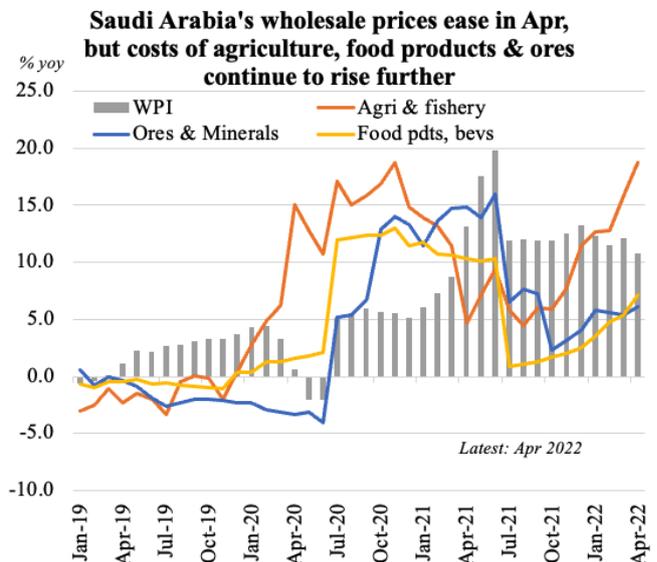
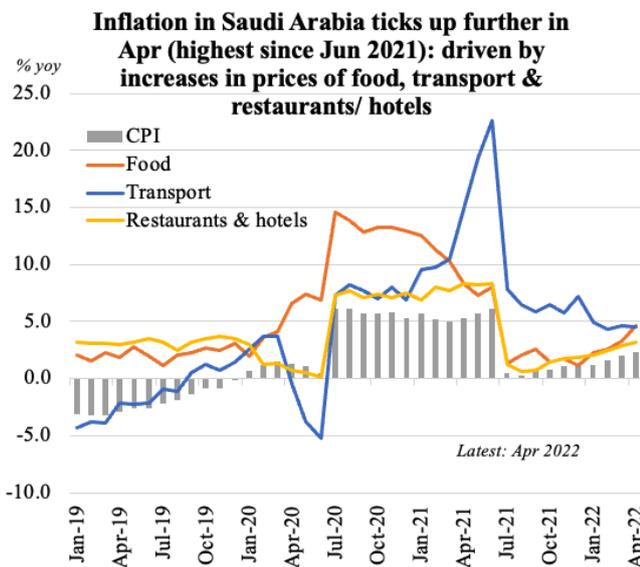
Revenue per available room in Dubai surges in Q1 2022 as occupancy inches close to pre-Covid levels



Source: Dubai Department of Economy and Tourism. Charts by Nasser Saidi & Associates

5. Inflation – both consumer and wholesale – in Saudi Arabia likely to rise further in coming months

- An increase in food and transport costs (+4.6% yoy each) contributed to an **uptick in Saudi consumer price inflation in Apr (2.3% from Mar's 2%)**; prices at restaurants and hotels also accelerated (3.22% from 2.9%)
- **Wholesale prices posted double-digit increases for the 13th consecutive month**: prices rose by 10.7% in Apr though easing from Mar's 12%; agricultural and fishery product prices rose by the most (+18.7%)

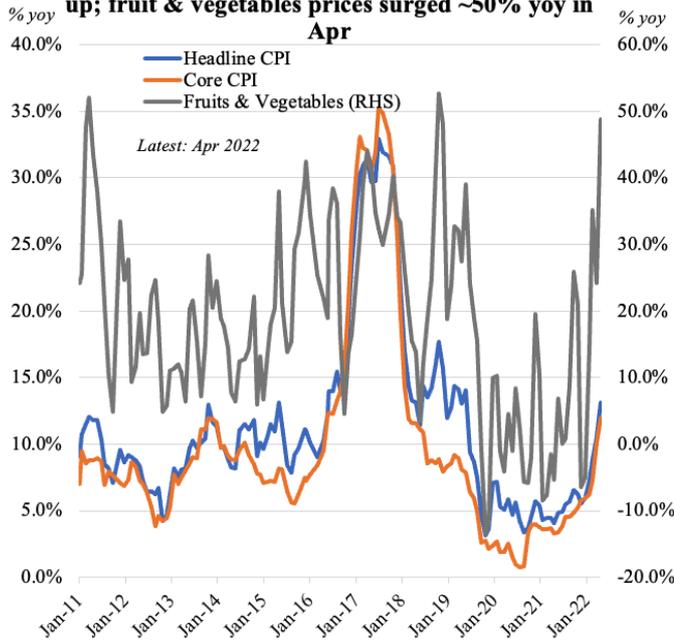


Source: Gastat. Charts by Nasser Saidi & Associates.

6. Egypt raises interest rates by 200bps to tame double-digit inflation; unemployment at 7.2% in Q1 2022

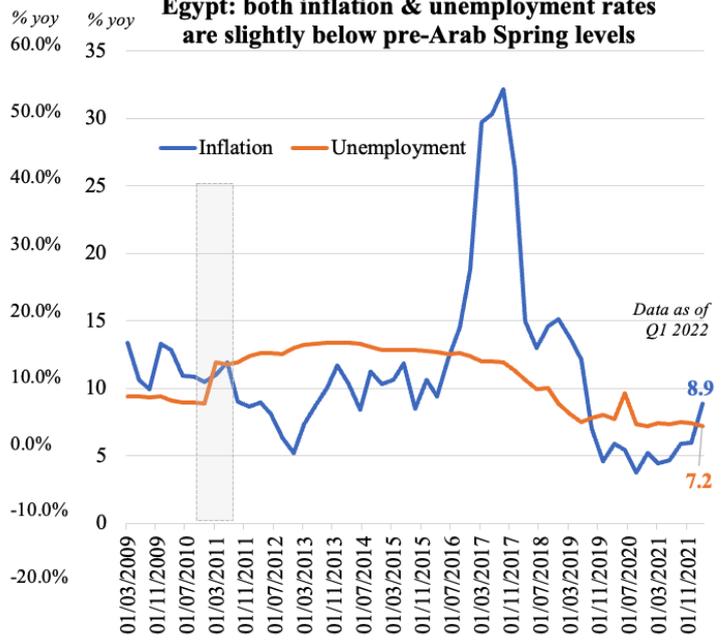
- **Inflation in Egypt climbed to 13.11% in Apr – the highest since May 2019** – as a result of higher wheat prices (given Russia-Ukraine war) and also the currency depreciation. As a result, the Central Bank of Egypt hiked interest rates by 200bps on Thursday
- For now, **both inflation and unemployment rates are lower compared to the period prior to the Arab Spring**, though inflation is still ticking up (wheat prices are up 53% since start of the year, and rising; China's zero-Covid policy is playing havoc with supply, shipping costs)

Egypt's headline & core inflation are both ticking up; fruit & vegetables prices surged ~50% yoy in Apr



Source: CAPMAS, Egypt. Charts by Nasser Saidi & Associates

Trade-off between inflation & employment in Egypt: both inflation & unemployment rates are slightly below pre-Arab Spring levels



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