

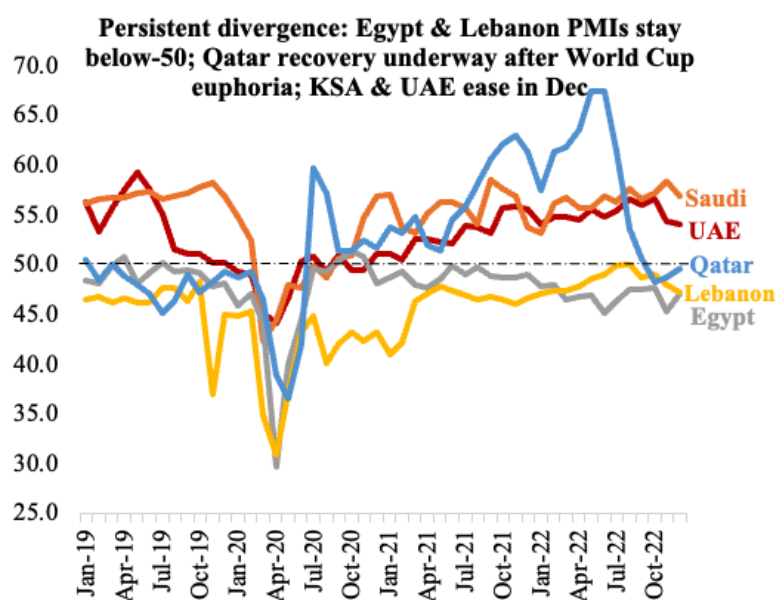
# Weekly Insights 6 Jan 2023: Starting 2023 with a Macroeconomic Update

Middle East PMIs. KSA Oil Exports, Monetary Stats, Unemployment. UAE Monetary Stats, Inflation, Tourism.

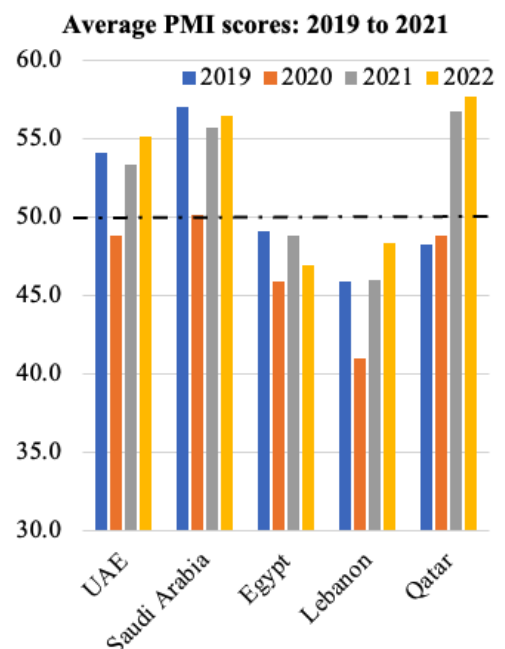
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## Weekly Insights 6 Jan 2023: Starting 2023 with a Macroeconomic Update

### 1. A mixed bag of Middle East PMIs in 2022



Source: Refinitiv Datastream. Chart by Nasser Saidi & Associates

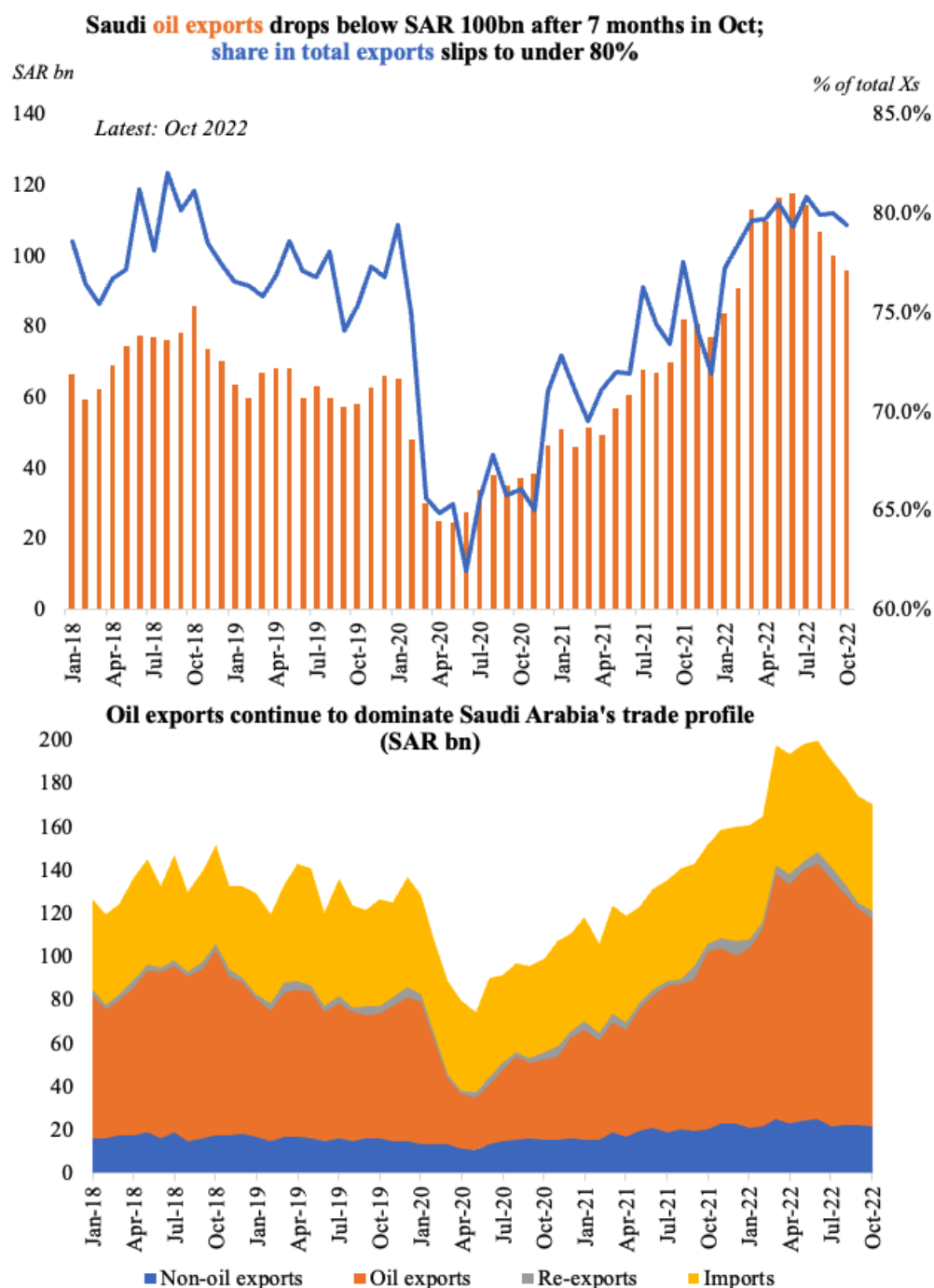


- **Divergence in non-oil sector activity in the Middle East was the main story in 2022:** on average, the GCC nations have stayed expansionary in 2022 alongside contractions in Egypt and Lebanon. Both UAE and Qatar have posted a

higher average in 2022 compared to pre-Covid while in Saudi Arabia, it was slightly lower.

- **Saudi Arabia and the UAE have been spearheading non-oil sector recovery** in the region. Both ended Dec on a lower note, but in expansionary territory. Qatar had seen months of optimistic readings prior to the World Cup before it fell under-50 in the months preceding the event (as a result of pause in new work leading up to the mega-event). **Qatar in Dec recorded expansion across all sectors of activity** – wholesale, retail and service providers – and the 12-month outlook for business activity strengthening further to the highest since Jul 2020.
- **Egypt and Lebanon continue to show readings below-50:** the former has access to funding from the IMF while the ongoing economic-political turmoil in the latter has meant uncertainty regarding stabilization and an agreement with the IMF.

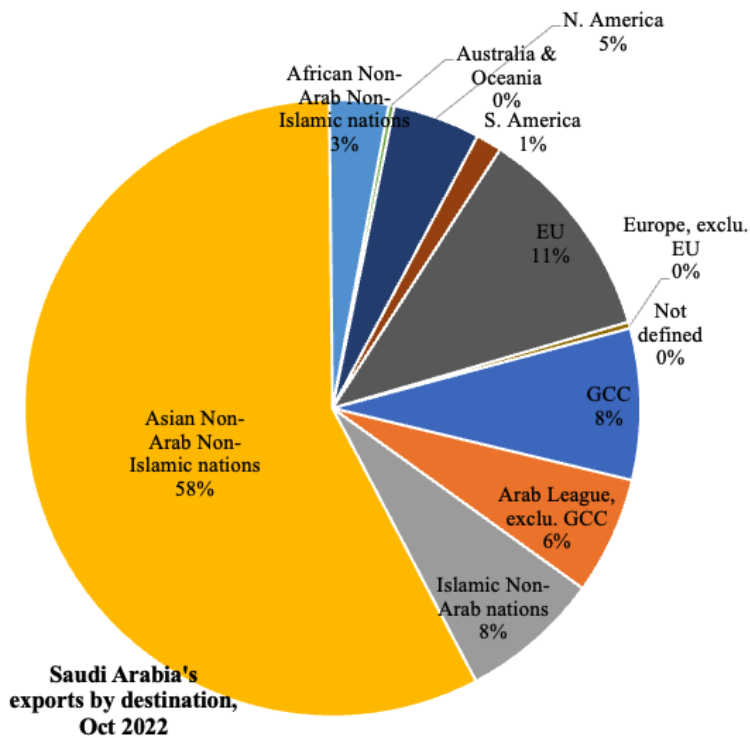
## **2. Irrespective of non-oil sector activity, oil sector continues to shine in Saudi Arabia**



Source: GaStat. Charts by Nasser Saidi & Associates

- **Saudi Arabia's oil exports declined to below SAR 100bn in Oct**, after 7 consecutive months. Non-oil exports (including re-exports) grew by 4.4% to SAR 24.9bn.
- JODI data indicated that **Saudi Arabia's crude exports grew 52,000 barrels per day (bpd) to 7.77mn bpd in Oct**, a **30-month high**.
- **Exports with major Asian nations increased in Nov** – China by 15.7% yoy, South Korea (20.4%), India (11.3%)

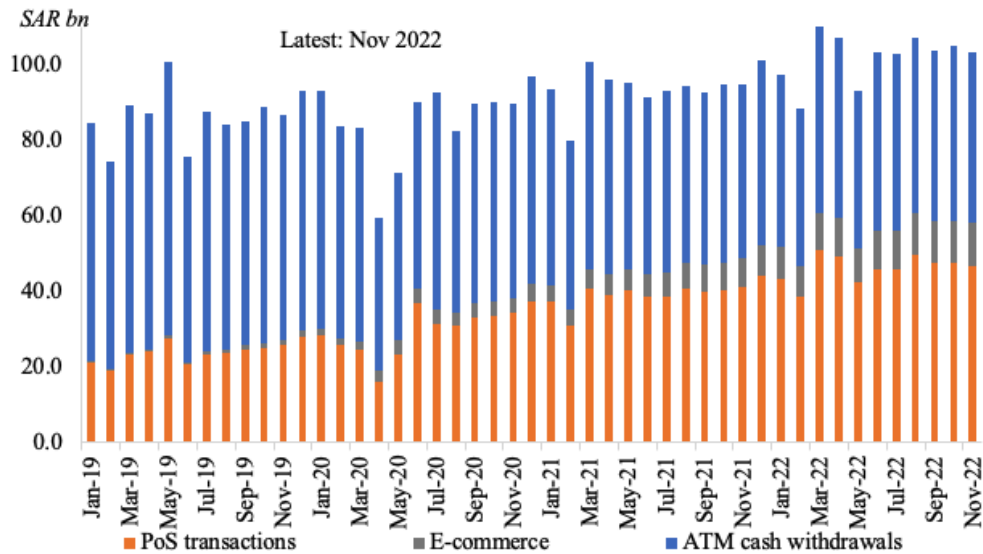
and Japan (8.7%) – while exports with the US was flat.



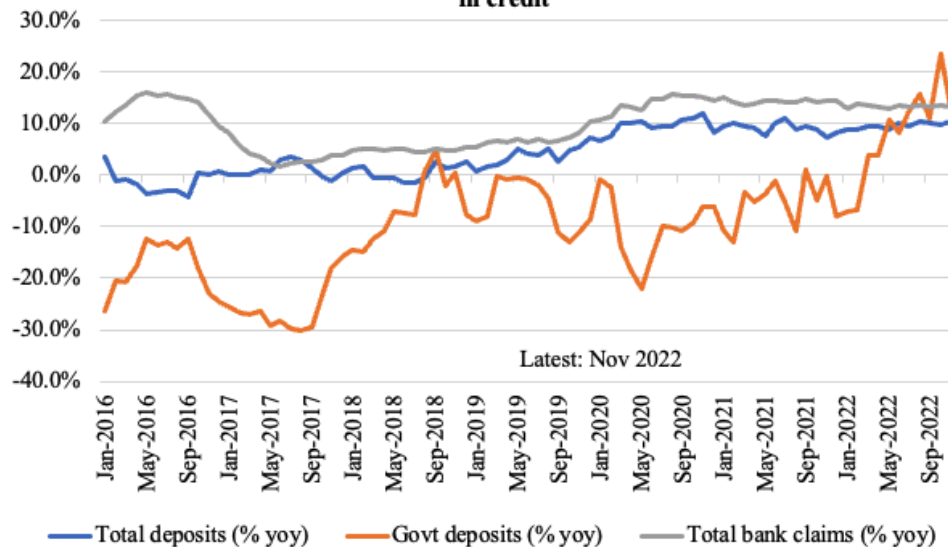
### 3. Banks in Saudi Arabia are lending at a faster pace compared to deposit growth

- **Consumer spending in Saudi Arabia grew by 8.7% yoy in Nov**, with e-commerce and point-of-sale transactions driving growth. Supported by the rush of World Cup visitors, **'hotels' posted the largest yearly rise in PoS transactions in Nov.**

**Consumer spending in Saudi Arabia grew by 8.7% yoy in Nov; value of PoS & e-commerce transactions continue to register double-digit growth**

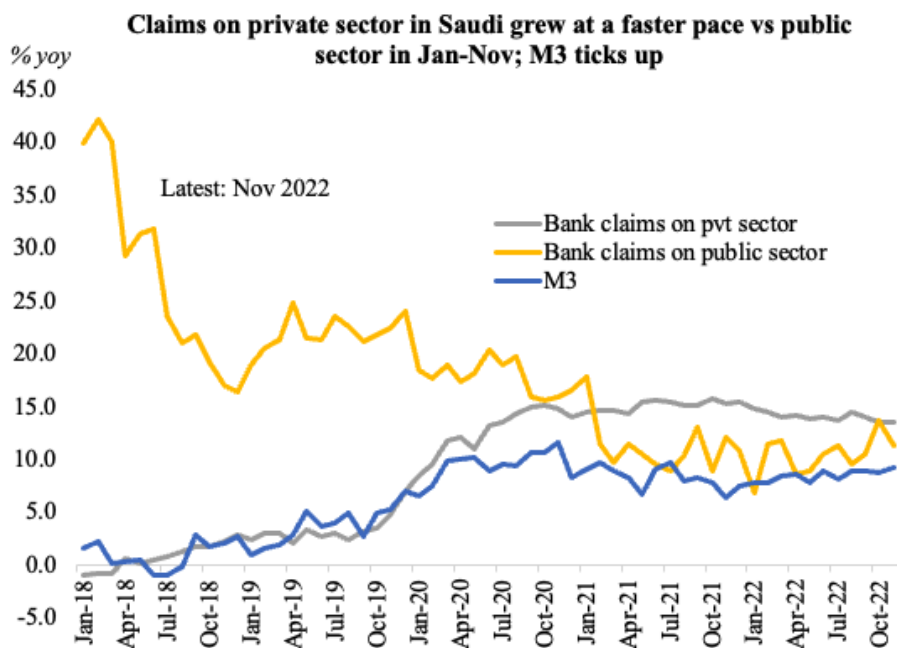


**Government deposits in Saudi Arabia surged by 13% yoy to SAR 692bn in Oct; growth in bank deposits has lagged overall expansion in credit**



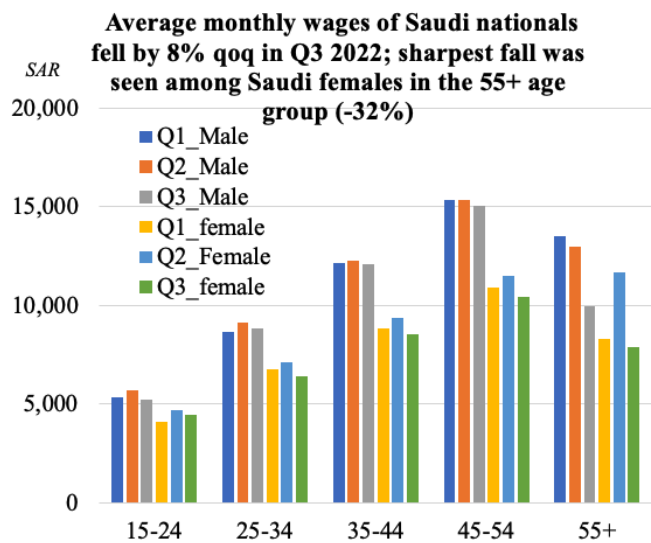
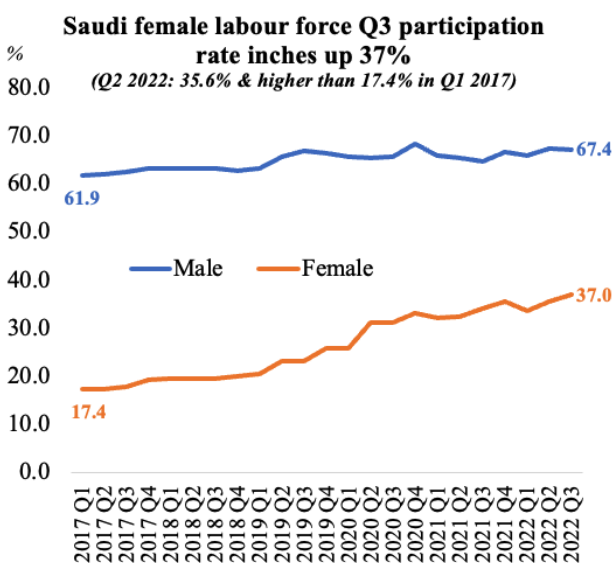
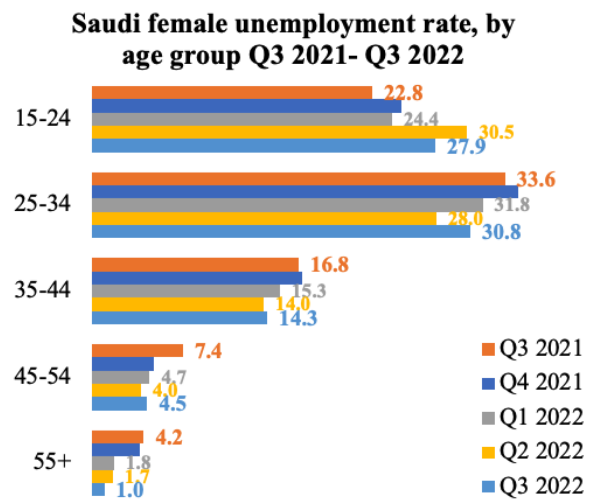
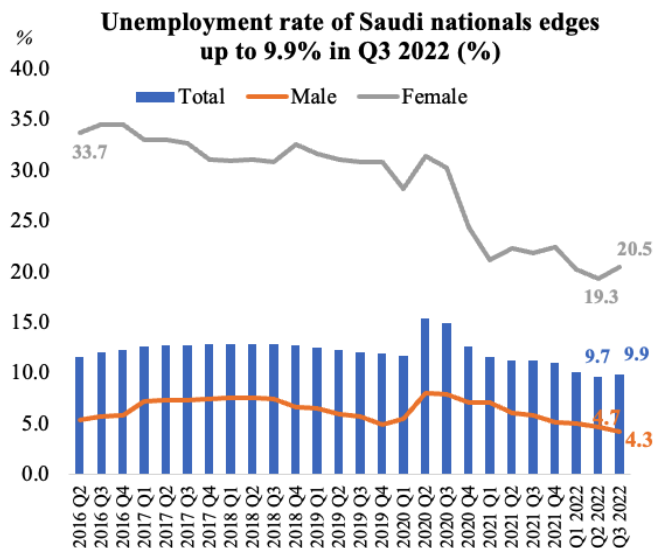
*Source: Saudi Central Bank. Charts created by Nasser Saidi & Associates*

- Government deposits increased by 13% yoy to SAR 692bn in Nov while **overall deposit growth stood at 9.6% in Nov. Lending** has been rising in 2022: **an average gain of around 13% yoy every month.** Meanwhile the broad measure of money supply (M3) rose by 9.3% yoy and by 0.6% mom.
- **Claims to the private sector inched up faster in Jan-Nov,** compared to claims on the public sector.



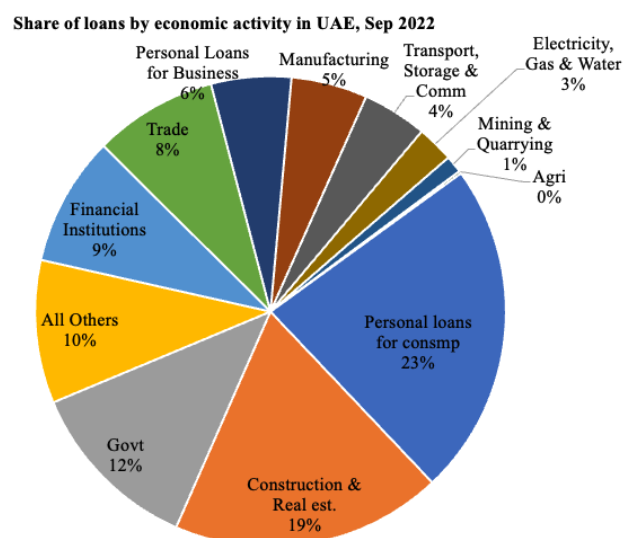
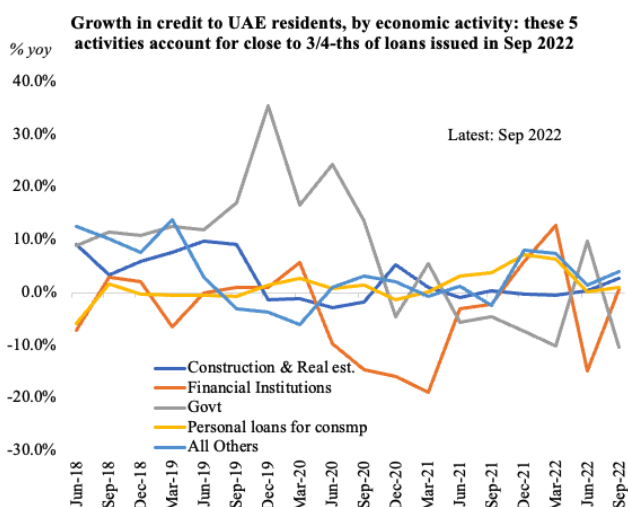
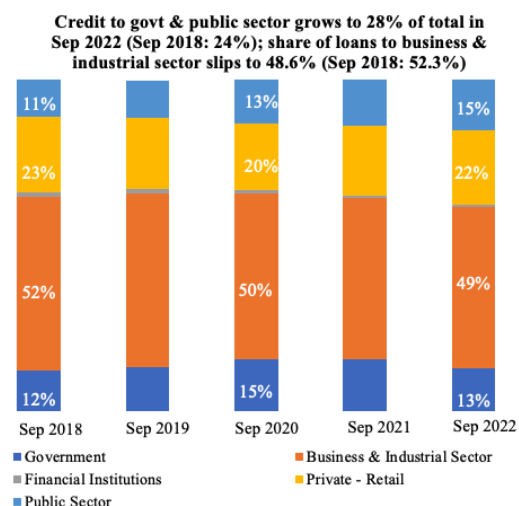
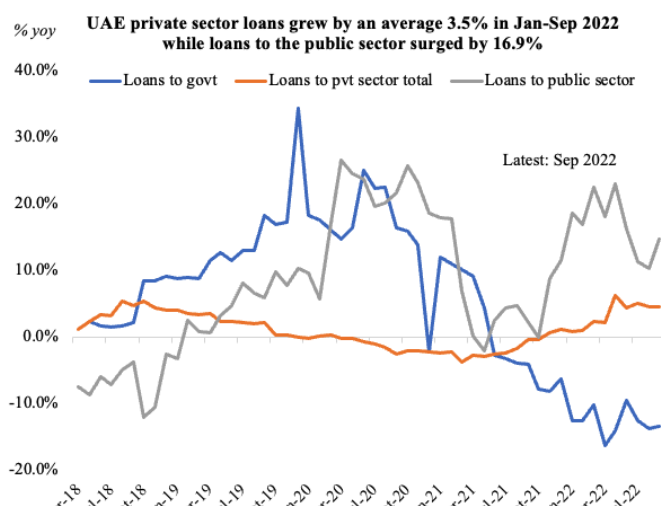
#### 4. Unemployment among Saudi citizens inched up to 9.9% in Q3 2022

- **Unemployment rate among Saudi women** saw a slight increase to 20.5% in Q3. It was 30.8% in the 25-34 age group.
- **Saudi female workforce participation rates** continue to rise (37% in Q3 2022 vs 17.8% in Q3 2017).
- **Evidence of a wage gap** between Saudi men and women; overall wages dipped among Saudi citizens in Q3.



Source: Labour market survey Q3 2022, GaStat. Charts created by Nasser Saidi & Associates

**5. Deposit growth outpaces credit in the UAE; public sector loan growth in double-digits in 2022; loan growth to the construction sector leads in Sep 2022**



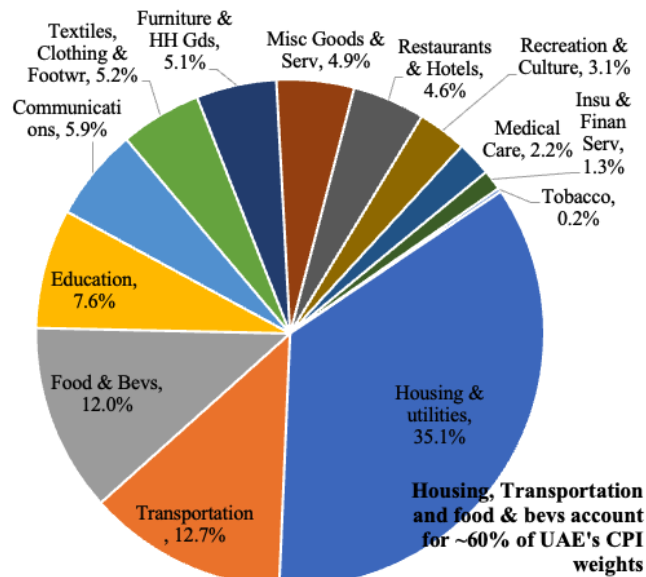
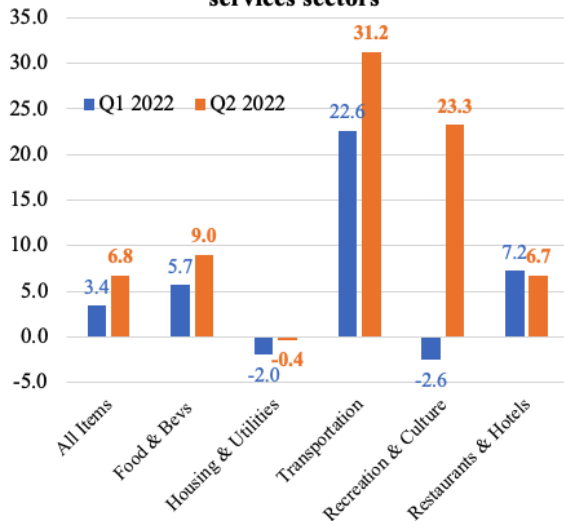
Source: UAE Central Bank. Charts by Nasser Saidi & Associates.

## 6. UAE inflation rose to 6.8% in Q2 2022

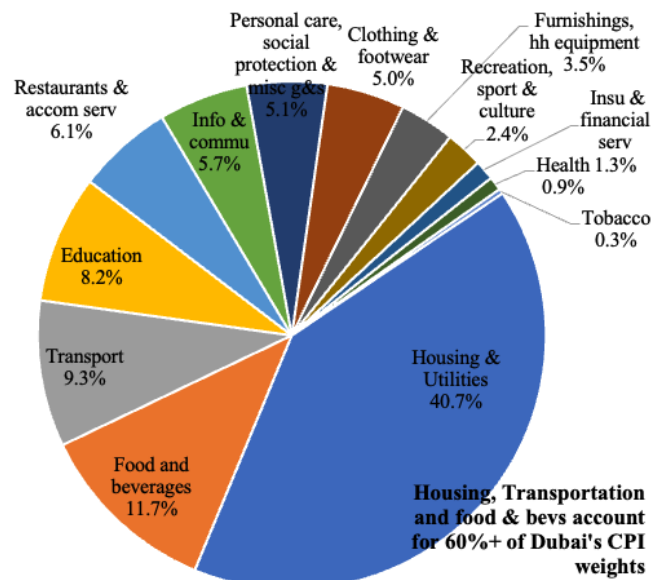
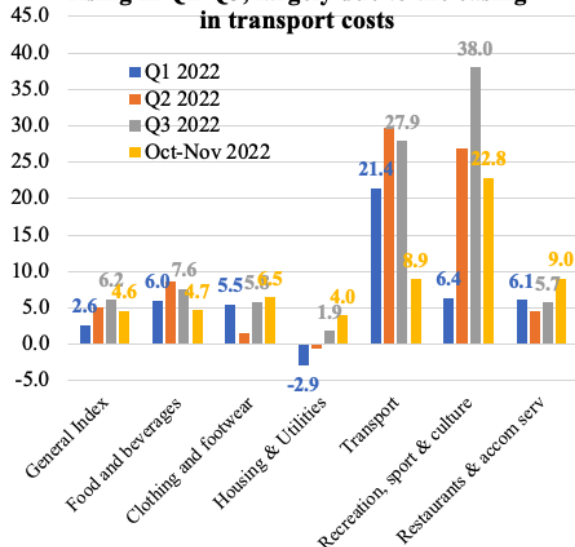
- **UAE inflation rose to 6.8% in Q2 2022**, as costs of transportation and services related sectors increased. Housing (which has the largest weightage of 35%) declined in Q1 & Q2, but at a slower pace in Q2.
- In contrast, **Dubai inflation ticked up during the period Q1-Q3 2022**, with Jul recording a peak 7.1% reading. A decline in petrol prices resulted in lowering of transportation costs. However, **costs of services related sectors rising** (recreation & restaurants/ accommodation at 20% & 9.8% respectively in Nov).
- **Housing costs have been rising in Dubai**, and is reflected in the index, but declined in Dubai in Q3.
- **Muted effect from imported inflation** given the peg to the strong \$ in 2022



### UAE inflation surges to 6.8% in Q2 2022 (Q1: 3.4%), driven by transportation & services sectors



### Dubai inflation eases in Oct-Nov, after rising in Q1-Q3, largely due to the easing in transport costs

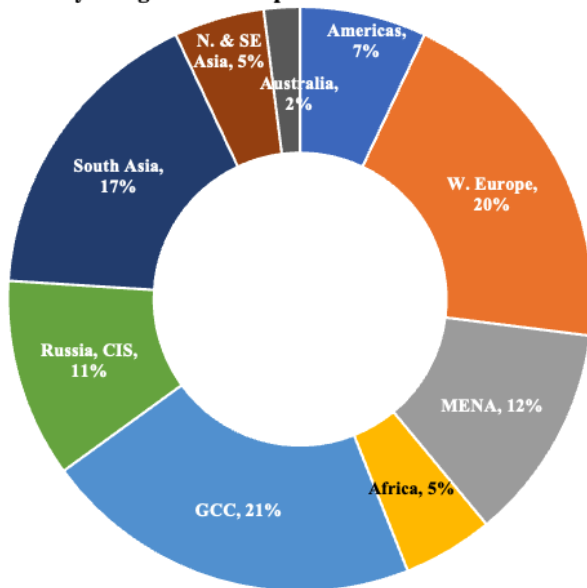


Source: Federal Competitiveness & Statistics Center, Dubai Statistics Centre. Charts by Nasser Saidi & Associates

## 7. Dubai welcomes 12.8mn international visitors in Jan-Nov 2022: 85% of pre-Covid levels

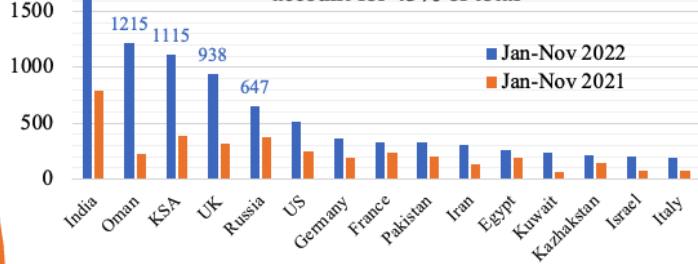
In Nov, Dubai received 1.42mn visitors, supported also by the Qatar World Cup: interestingly, this was close to the visitors' target for Qatar World Cup (estimated at 1.5mn visitors). Occupancy rates in Dubai in Nov (76.2%) surpassed Qatar (56%)!

**Dubai receives 12.82mn international visitors in Jan-Nov 2022, more than double vs a year ago & 85% of pre-Covid levels**

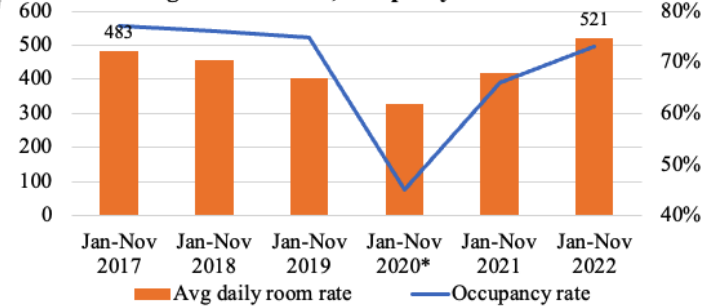


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**Regional tourism ticks up, with Oman and Saudi Arabia accounting for just under 1/5th of visitors into Dubai till Nov 2022; top 5 source nations account for 43% of total**



**Dubai's average daily room rate till Nov 2022 rises to the highest since 2017; occupancy crosses 70%**



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

\* Covid adjusted data for 2020

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