

Weekly Insights 19 Oct 2024: Trade & Tourism to aid macroeconomic performance in the Middle East/ GCC

Global trade recovery & risks to outlook. GCC inflation.
Dubai, Oman & Qatar tourism.

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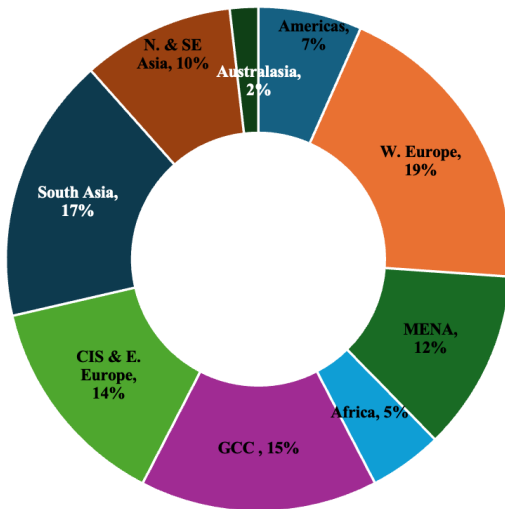
Weekly Insights 19 Oct 2024: Trade & Tourism to aid macroeconomic performance in the Middle East/ GCC

1. International visitors to Dubai rise 7.5% yoy to 11.93mn in Jan-Aug 2024. Hotel occupancy & revenue per room surpass pre- Covid.

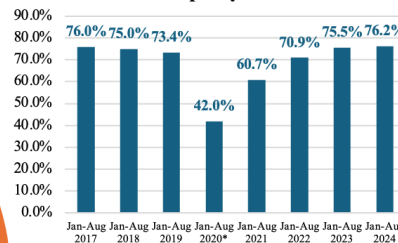
- Despite the seasonal summer lull, visitors into Dubai grew by 7.5% yoy to 11.93mn in Jan-Aug 2024. Western Europe and South Asia accounted for the largest shares of visitors at 20% and 17% during the period (2.32mn and 2.03mn respectively) while the GCC & MENA regions together accounted for 3.2mn visitors (or 27% of the total).
- At end-Aug 2024, there were 151,388 hotel rooms (+2% yoy) across 824 establishments (+1% yoy) in Dubai. Hotel occupancy rate at a strong 76.2% was higher compared to pre-Covid 2019; revenue per available room of AED 384 remains among the highest recorded during the same period in past years while room rates stood at AED 503 (lower than 2022's reading of AED 514) and length of stay has edged down lower (to 3.6 from 3.8 last year, but higher than 3.4 during the same period in 2019). Furthermore, occupied room nights inched up by 2.8% yoy to 21.35mn in H1 2024.

- **Dubai International Airport expects to handle a record high 91.8mn passengers this year (vs 86.9mn in 2023);** the previous full-year record is 2018's 89.1mn. Given a strong events calendar in Q4, this forecast seems achievable given a record 44.9mn clocked in H1 2024.

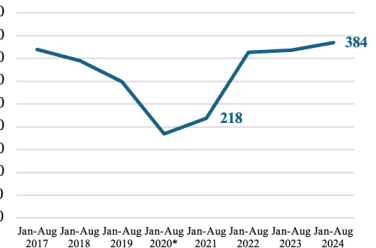
Dubai received 11.93mn international visitors in Jan-Aug 2024, up 7.5% yoy



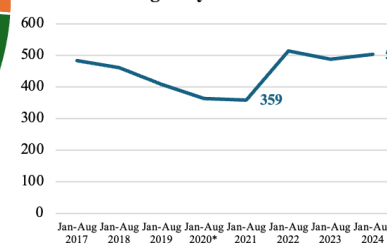
Occupancy rate



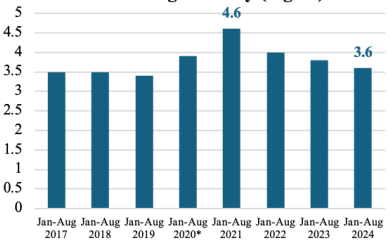
Revenue per available room



Avg daily room rate



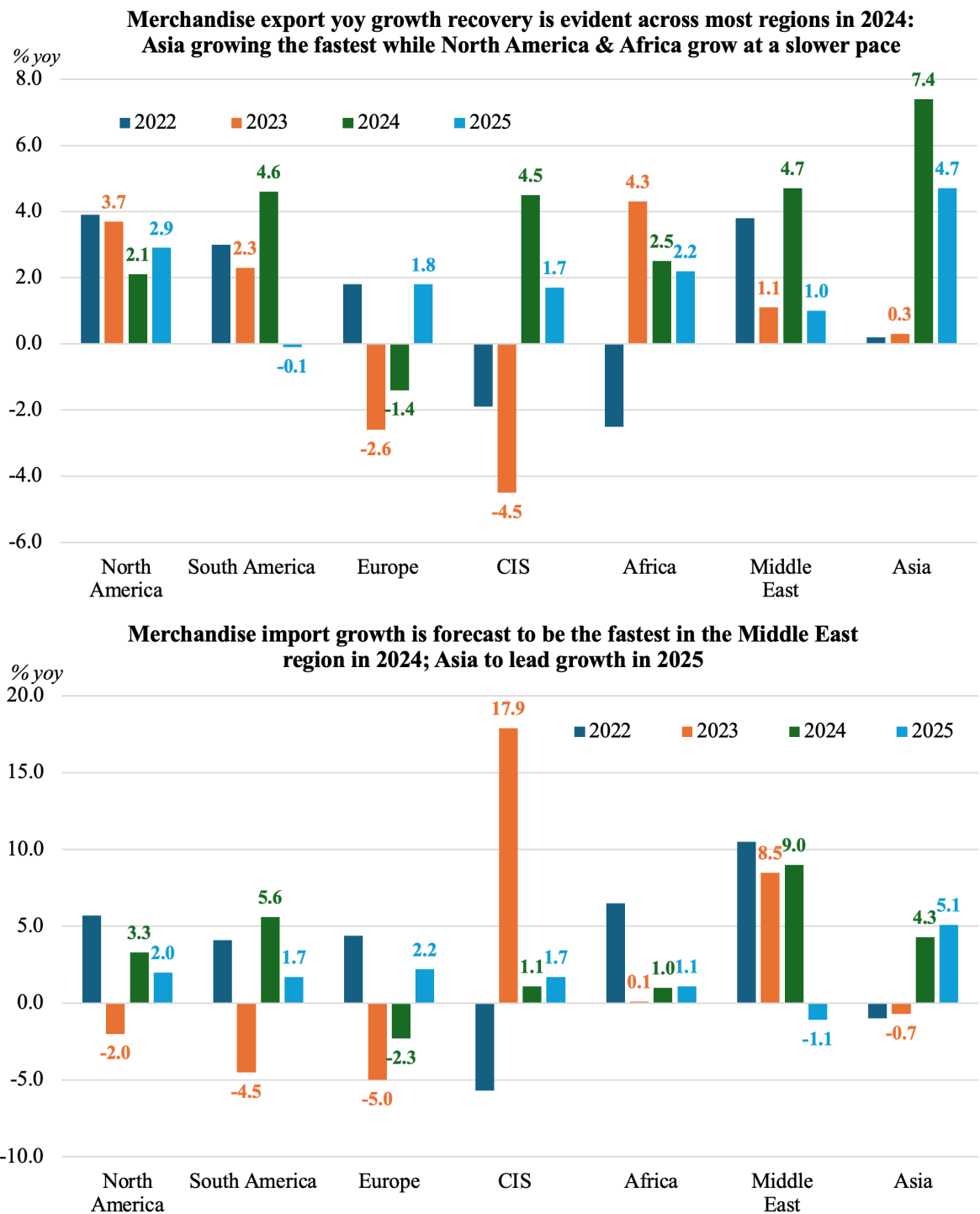
Guests' length of stay (nights)



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

Note: Revenue figures are reflective of reported hotel data including residents and hoppers.

2. Global



Source: Global Trade Outlook, Oct 2024 update, WTO.

- The World Trade Organisation, in its latest Global Trade Outlook and Statistics report, points to a **gradual recovery in global trade (2.7% yoy in 2024)** amid rising uncertainties and potential widening of regional conflicts.
- **Trade volume growth is estimated to rise by 3.0% in 2025.** Any escalation in conflict in the Middle East

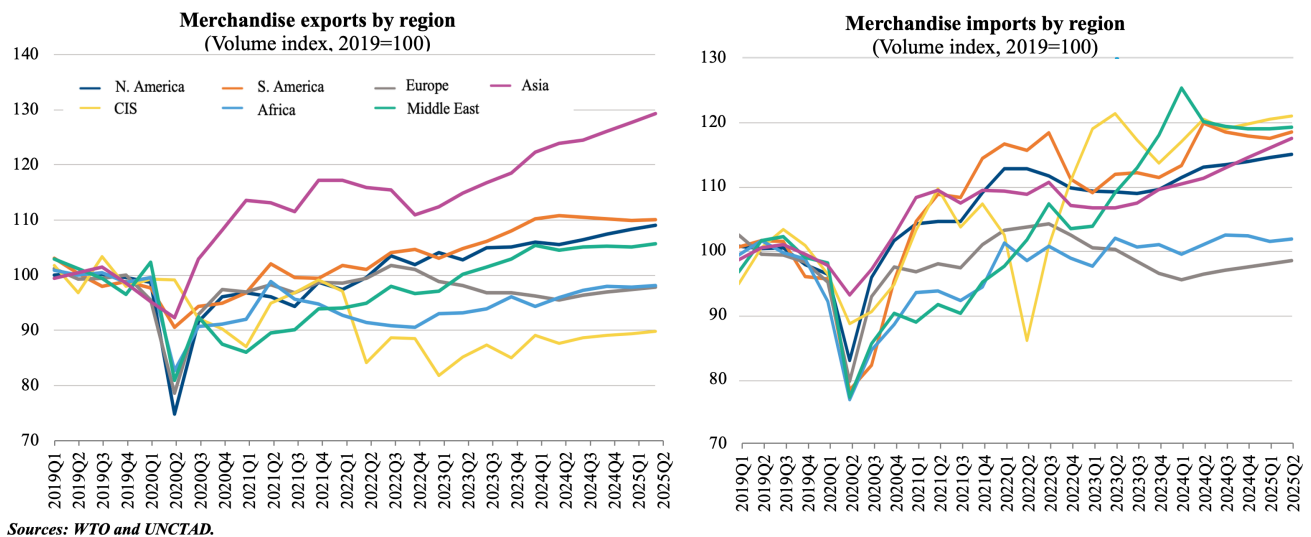
(and/or resulting in disruption to oil production) could pose a significant risk to this forecast.

- As can be seen from the charts, **export and import growth will remain strong in Asia come 2025**. In 2024, Asia is estimated to contribute 2.8 percentage points (%-pts) to the 3.3% export growth and 1.4%-pts to the projected 2.0% import growth.
- **Services trade continues to outperform goods trade**: value of global commercial services trade in USD rose by 8.0% yoy in Q1 2024. International travel has recovered as well, up 19%.
- Interestingly, the WTO finds that while there is evidence of trade fragmentation (given geopolitical concerns), there is **limited signs of near-shoring or regionalisation of global trade**. The US-China trade wars have resulted in the emergence of new “connecting” economies such as Mexico & Vietnam.
- **Risks to the outlook**: widening regional conflicts (via disruption to shipping and/ or rising oil prices), fragmentation of supply chains, financial volatility (capital flows).

3. Global trade recovery underway; growth at divergent paces

- **Trade volumes by region** (charts below) shows actual data till Q2 2024 and WTO/ UNCTAD estimates till Q2 2025. Exports from Asia remains at a high level (+29.4% in Q2 2025 vs 2019 average); North America & Middle East post upticks of 9.1% and 5.7% vs 2019. Europe’s exports are projected to be down by 2.1%.
- **CIS region posted a decline in exports** (-10.1% in Q2 2025 compared to 2019 average) **but is expected to record the largest increase in imports** (21% between 2019 and mid-2025). Middle East & South America will also post gains of around 19% during this period while Europe will be the only region showing a decline (-1.4%).
- **New export orders from PMI data**, a proxy for trade in

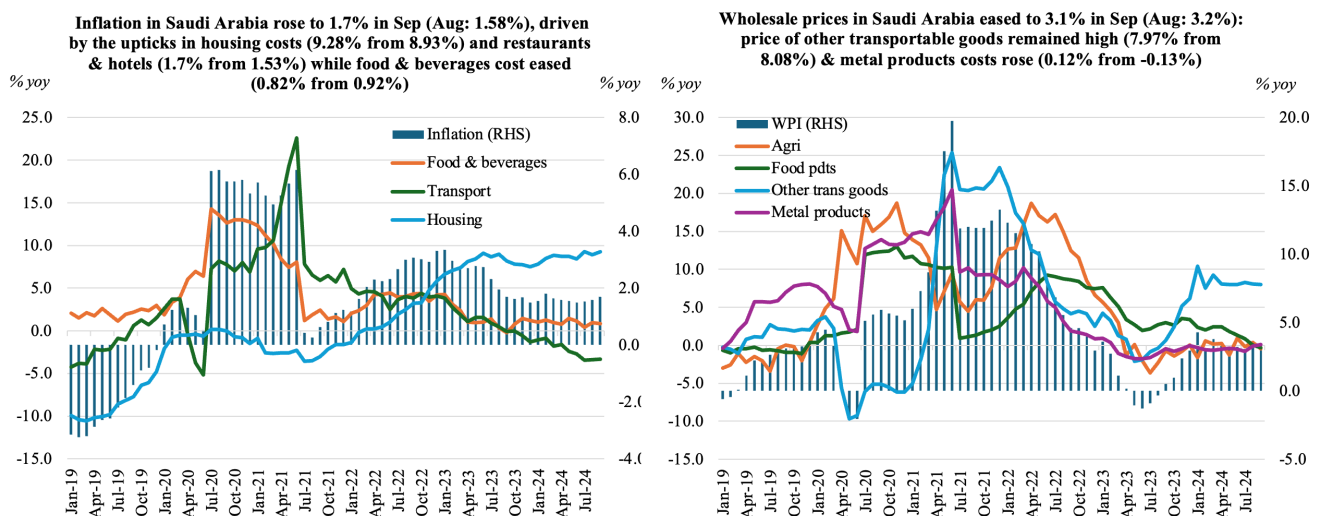
the short-term, suggest divergent manufacturing (falling) & services (rising) trade. Meanwhile, **transit trade volume via the Suez Canal has declined by more than 60% this year**; the Asia-Europe route is the most affected by this.



4. Consumer & producer price inflation in Saudi Arabia hold steady in Sep

- **Consumer price inflation in Saudi Arabia inched up to 1.7% yoy in Sep** (Aug: 1.6%), with the price of housing surging even further (9.3% in Sep from Aug's 8.9%) as **rental costs jumped** by 11.16% (Aug: 10.69%) – the highest on record since Jan 2013. Food prices moderated (up by 0.82% from 0.92% in Aug) while transport prices fell by 3.3% (Aug: -3.36%).
- **CPI averaged 1.6% in Jan-Sep 2024** versus 2.6% in the same period a year ago, with **all major categories showing a decline except housing costs** – which increased by an average 8.7% (vs 8.05% in Jan-Sep 2023).
- **Wholesale prices in Saudi Arabia rose to 3.11% in Sep** (Aug: 3.16%), with costs of agriculture & fishery products declining (-0.43% from 0.4% in Aug). Metal products, machinery & equipment saw prices rise (0.12% from Aug's -0.12%) while "other transportable goods" clocked in the highest gains (7.97% from Aug's 8.08%).

- **For the period till Sep 2024, average wholesale prices accelerated:** clocking in 3.36% (vs Jan-Sep 2023: 0.5%), with the surge driven by “other transportable goods” (8.39% from 0.54%).
- **Saudi PMI underscores the issue of rising input costs,** with respondents citing higher material prices, technology costs, and wages, while selling prices continue to decline as firms opt to remain more competitive offering price discounts.



Source: GaStat. Charts by Nasser Saidi & Associates

5. GCC inflation is relatively low vs MENA peers. Food inflation is higher than headline in a few nations but often supported by government subsidies & price controls policies; Bahrain & Qatar witness a decline in food prices this Aug; housing costs in Saudi & UAE are the main push on headline inflation.



Source: LSEG Workspace. Charts by Nasser Saidi & Associates

Data as of Aug 2024; Saudi & UAE as of Sep and Jul 2024 respectively.

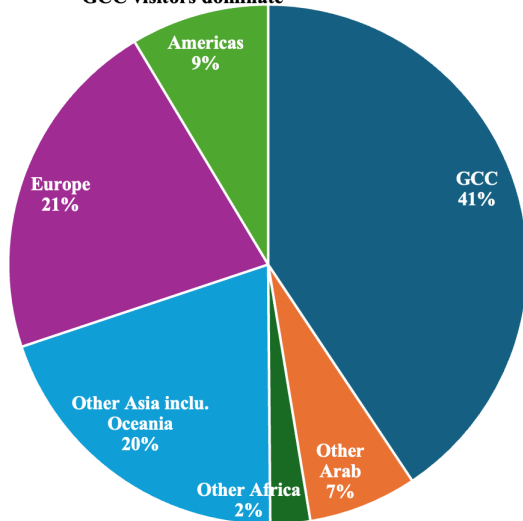
6. Tourism in Qatar & Oman is driven by visitors from the GCC

- According to the UN World Tourism Barometer, **the Middle East was the best-performing region for international tourist arrivals in Jan-Jul 2024**, up 26% higher vs 2019 levels and despite the regional conflicts. **Qatar was the best performing destination globally** for (+147% yoy in Jan-Jul compared to 2019) while Oman reported a 23% gain.
- **Tourism is an integral contributor to non-oil sector GDP in the GCC region** and launch of the GCC unified visa will further strengthen the sector's performance.
- **Tourists into Qatar increased** by 3.3% mom and 24.5% yoy to **328k tourists in Aug** (Jul: 317.5k), taking the total to **3.29mn visitors in Jan-Aug 2024** (Qatar had clocked in a record-high 4mn visitors in full year 2023, which were almost twice pre-pandemic levels). **Visitors from the GCC accounted for 41% of the total**, with Europe and Asia

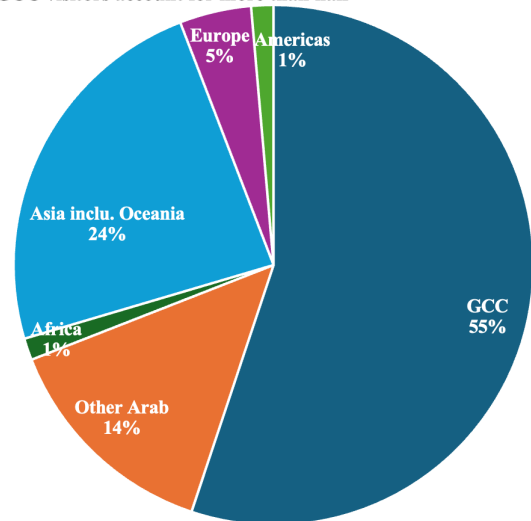
accounting for around 20% each.

- **Oman reported a 2.9% yoy drop in inbound tourists this Aug** (to 374k): majority of the visitors were from the GCC nations (55% of the total) while Asia and other Arab nations were also significant (at 24% and 14% respectively). The UAE-Oman rail link will help improve connectivity and further cement tourists' movement between the two countries.

Tourists into Qatar grew by 24.5% yoy to 328k in Aug;
GCC visitors dominate



Visitor arrivals into Oman slipped by 2.9% yoy to 374k in Aug;
GCC visitors account for more than half



Source: Qatar National Planning Council, Oman National Centre for Statistics & Information. Charts by Nasser Saidi & Associates.

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