

Weekly Insights 15 Nov 2024: Robust tourism & manufacturing sector growth in the GCC alongside rising credit growth & low inflation

Dubai GDP, tourism. Saudi inflation, industrial production.
Oman budget surplus. Qatar monetary stats.

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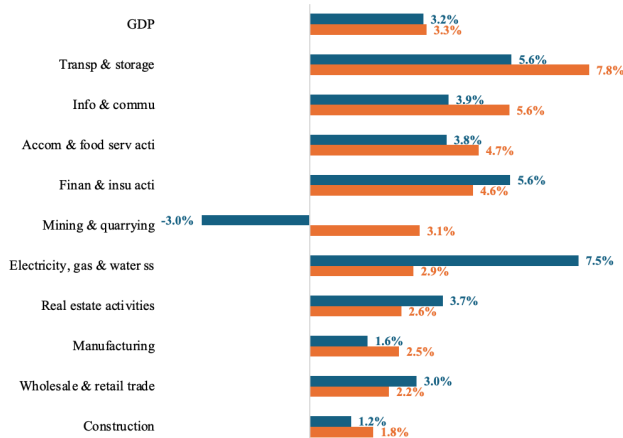
**1. Dubai real GDP grew by 3.3% yoy in Q2 2024 (Q1: 3.2%), with
the fastest pace recorded in the transportation & storage
sector**

- **Dubai real GDP grew by 3.3% yoy to AED 116.2bn in Q2 2024**, following a growth of 3.2% in Q1, despite the intense flooding mid-Apr, underscoring the resilience of the emirate. The fastest growing sector was transportation & storage (7.8%), followed by ICT (5.6%) while accommodation & food services and financial & insurance activities posted growth rates of 4.7% and 4.6% respectively.
- **Wholesale & retail trade was the largest contributor to GDP** (24.7% of total), followed by transportation & storage (13.6%) and financial & insurance activities (11.3%). Along with manufacturing and real estate activities, these five sectors together accounted for 67.5% of overall GDP. **Dubai PMI averaged 54.7 in Q2**, slightly lower than Q1's 57.2. Though Q3 PMI edged even

lower, new orders and orders were still in expansionary territory.

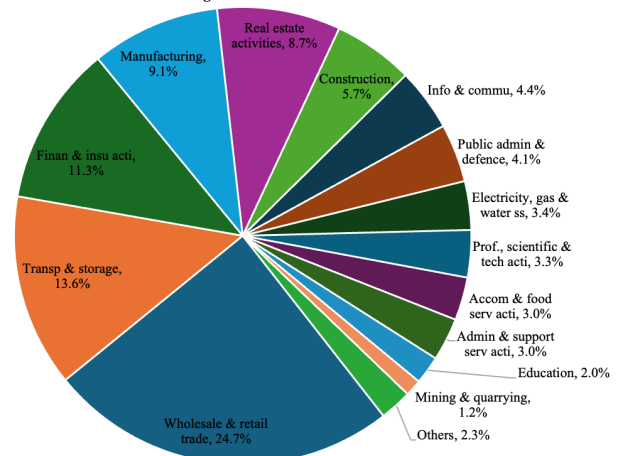
- In addition to the **growth in tourism** (Dubai welcomed 13.9mn visitors in Jan-Sep 2024, see next point), some sectors are expected to perform relatively better including finance (upticks in DIFC & ADGM), and the **signing of various CEPAs have boosted Dubai's role as a logistics hub**. The Jebel Ali port posted an increase in container traffic in H1, especially from Asian markets, despite geopolitical tensions and supply chain disruptions. The trade, transportation & storage sectors can be expected to remain robust in H2 2024.

Dubai GDP grew by 3.3% yoy to AED 116.2bn in Q2 2024. Transport & storage sector grew the fastest, followed by info & comms; financial sector grew by 4.6%



Source: Dubai Statistics Centre, Dubai Pulse. Charts created by Nasser Saidi & Associates.

Top 5 sectors accounted for over 2/3-rds of Dubai's GDP in Q2 2024; wholesale & retail trade sector was the largest contributor, followed by transportation & storage and finance & insurance

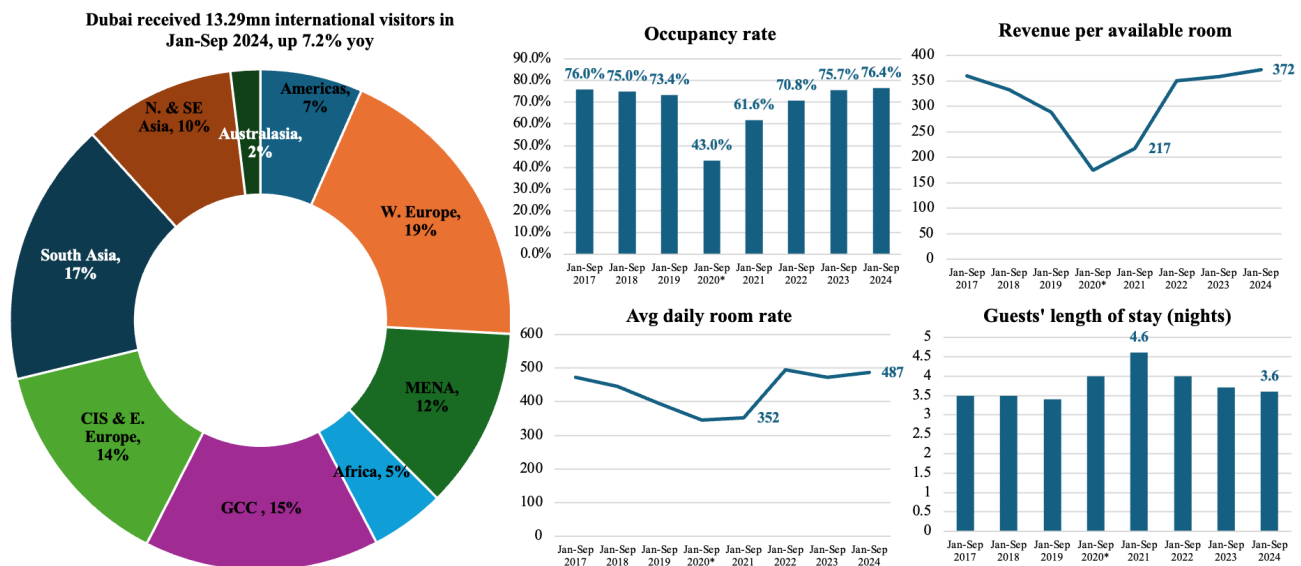


2. International visitors to Dubai rise 7.2% yoy to 13.29mn as of Q3 2024

- Despite the seasonal summer lull, **visitors into Dubai grew by 7.2% yoy to 13.29mn in Jan-Sep 2024**.
- **Western Europe and South Asia accounted for the largest shares of visitors at 19.3% and 17.1%** during the period (2.56mn and 2.27mn respectively) while the GCC & MENA regions together accounted for 3.6mn visitors (or 27% of the total).
- At end-Sep 2024, there were 152,048 hotel rooms (+2% yoy) across 826 establishments (+1% yoy) in Dubai. **Hotel occupancy rate at a strong 76.4% and revenue per**

available room of AED 372 remain among the highest recorded during the same period in recent years. Room rates stood at AED 487 (lower than 2022's reading of AED 495) and length of stay has edged down lower (to 3.6 from 3.7 last year, but higher than 3.4 in Q1-Q3 2019). Furthermore, occupied room nights inched up by 2.8% yoy to 31.28mn in Jan-Sep 2024.

- **Dubai International Airport recently upgraded their forecast for 2024 to a record high 93mn passengers** (vs a previous forecast of 91.8mn and 86.9mn in 2023); the previous full-year record is 2018's 89.1mn. About 44.9mn passengers crossed in H1, and Q4 is generally a busy quarter with events, concerts and conferences.



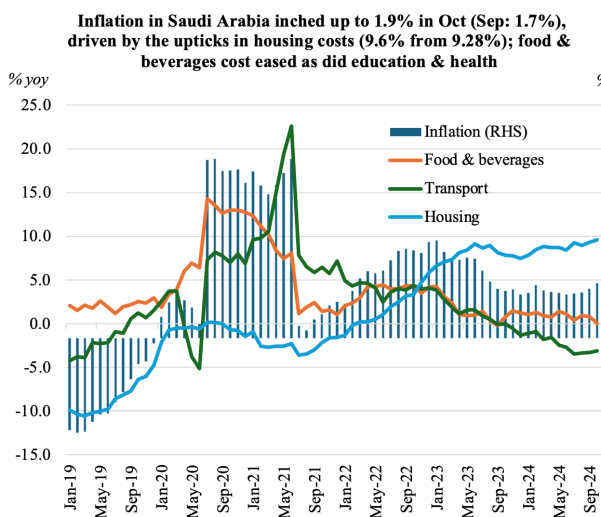
Source: Dubai Department of Economy and Tourism. Charts by Nasser Saidi & Associates
Note: Revenue figures are reflective of reported hotel data including residents and hoppers.

3. Saudi consumer & producer price inflation steady in the beginning of Q4

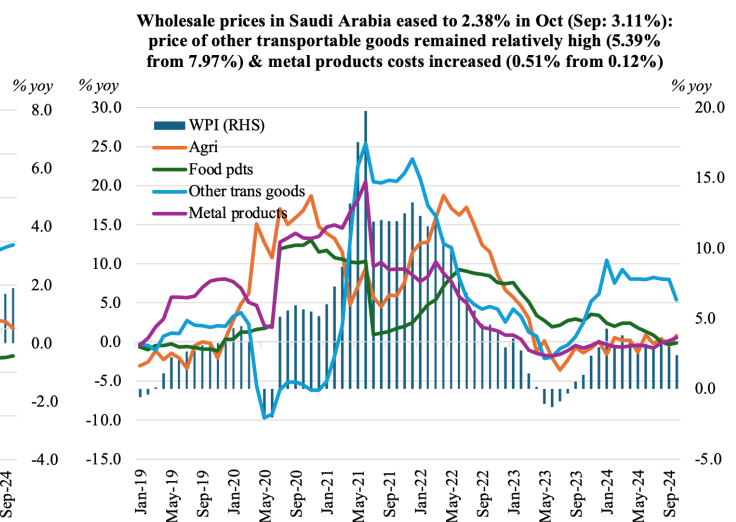
- **Consumer price inflation in Saudi Arabia inched up to 1.88% yoy in Oct** (Sep: 1.7%), the highest since Aug 2023. Once again **housing & utilities costs were the main driver of inflation**: it grew by 9.6% (following a 9.28% uptick in Sep) – because of a **surge in rental costs** (11.57% from Sep's 11.16%) – still the highest on record since Jan 2013. Food prices moderated (up by 0.05% from

Sep's 0.82%) while transport prices fell by 3.2% (slower than Sep's 3.3% drop).

- **CPI averaged 1.63% in Jan-Oct 2024** versus 2.5% in the same period a year ago, with **all major categories posting an easing except housing costs** – which increased by an average 8.8% (vs 8.02% in Jan-Oct 2024).
- **Wholesale prices in Saudi Arabia eased sharply to 2.38% in Oct** (Sep: 3.11%), with costs of agriculture & fishery products up 0.79% (vs -0.43% in Sep). Price of metal products, machinery & equipment (with a weight of 39.71%) increased to 0.51%, the second consecutive month of an increase following 18 months of deflationary readings. “Other transportable goods” (with a weight of 33.72%) eased, though at a relatively high 5.4% from Sep's 7.97% uptick.
- **For the period till Oct 2024, average wholesale prices accelerated** to 3.27% (vs Jan-Oct 2023: 0.55%), with the surge driven by “other transportable goods” (8.09% from 0.74%).



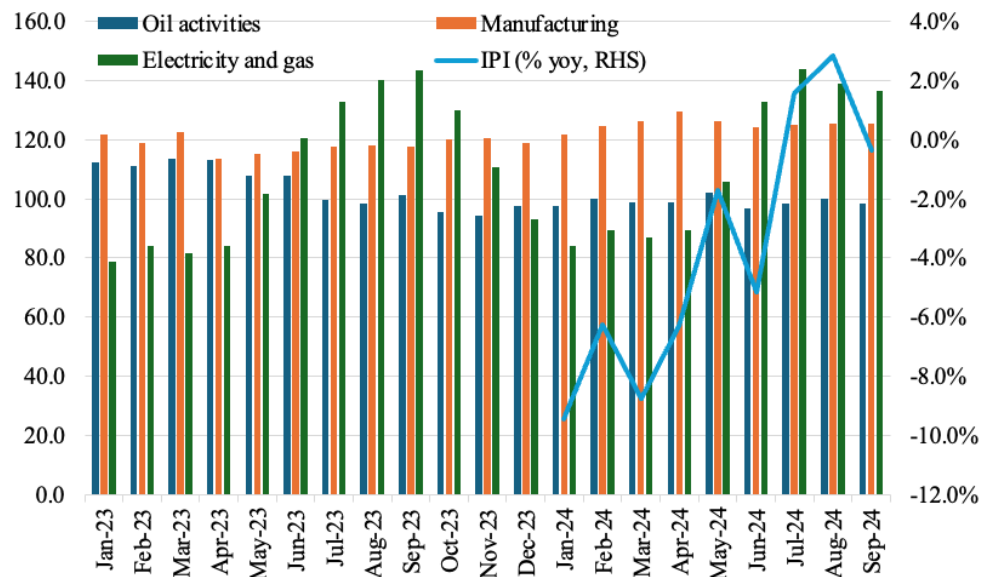
Source: GaStat. Charts by Nasser Saidi & Associates



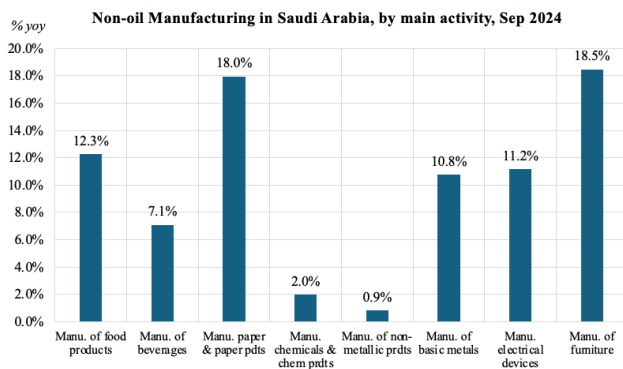
4. Saudi non-oil manufacturing sector grows even as overall IP

dips

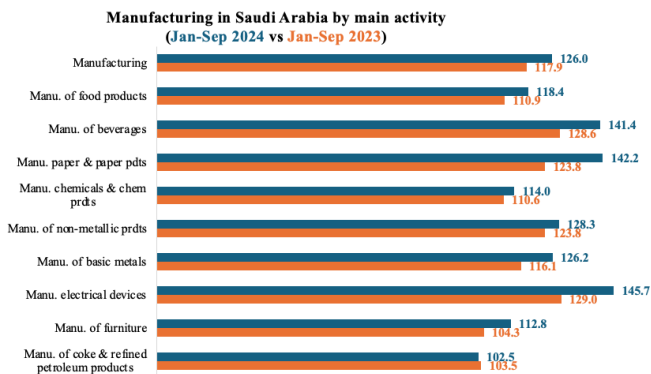
Industrial Production (IP) in Saudi Arabia fell by 0.3% yoy and 1.2% mom in Sep 2024. Non-oil manufacturing activity however posted gains of 6.7% yoy and 0.1% mom



- **Industrial production in Saudi Arabia fell by 0.3% yoy and 1.2% mom in Sep**, falling after two months of gains.
- **Oil activities** continued to decline, down by 2.5% yoy and 1.6% mom in Sep, though the **decline was relatively slowing** (it had plunged by an average 7.6% in Jan-Sep 2024). Manufacture of coke and refined petroleum products fell by 12.3% yoy and 7.6% mom, driving the decline.
- **Overall non-oil manufacturing activity meanwhile grew** by 0.1% mom and 6.7% yoy in Sep. Within this segment, the manufacture of furniture grew the most (18.5%) alongside manufacture of paper & paper products (18.0%) and manufacture of food products (12.3%).
- **For the period till end-Q3 2024, gains in non-oil manufacturing was supported by** manufacture of paper & paper products (14.9%), manufacture of electrical devices (13.0%) and manufacturing of beverages (9.9% yoy).
- **Manufacturing sector in Saudi received the largest net FDI inflow in 2023**, standing at SAR 32.1bn – this was the largest since 2016's net FDI inflow of SAR 49.7bn. This bodes well for job creation and near-term growth.

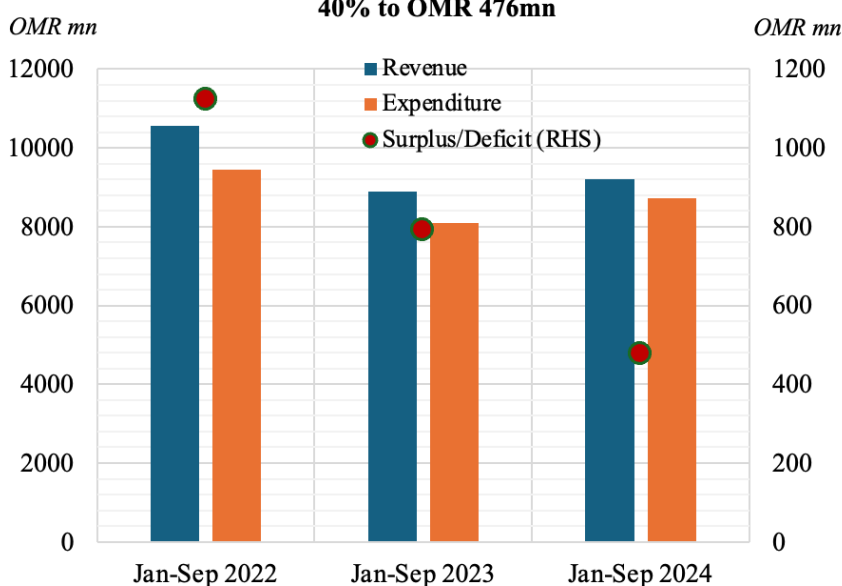


Source: GaStat. Charts by Nasser Saidi & Associates



5. Oman budget surplus at OMR 476mn as of end-Q3 2024; revenues up 4.0% yoy

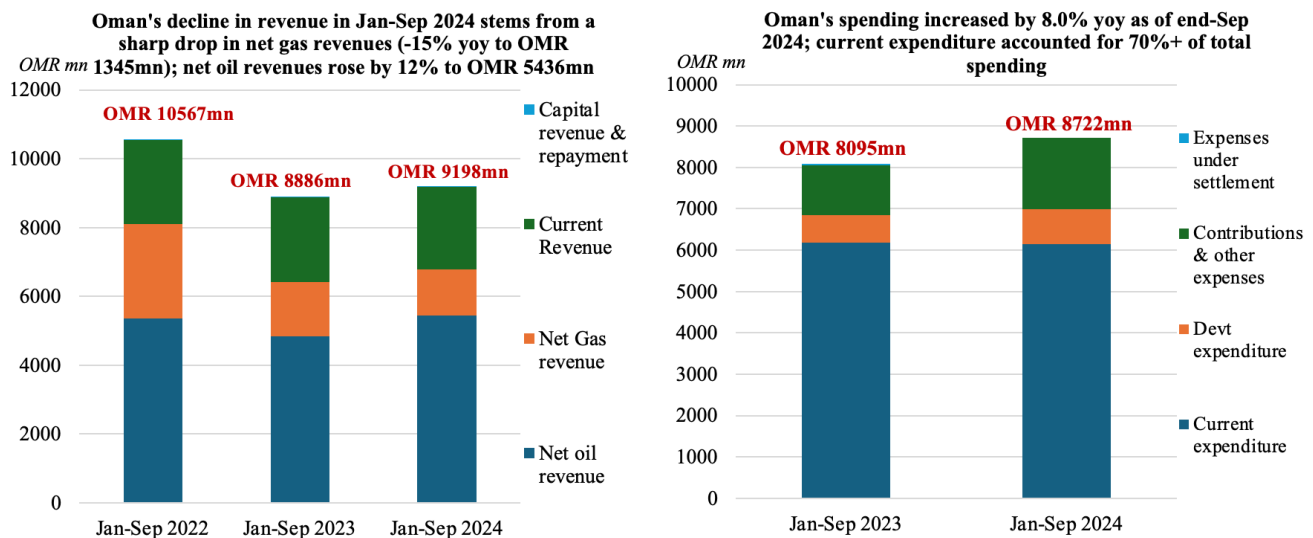
Oman: Revenue climbed by 4.0% yoy to OMR 9198mn till Q3 2024 alongside a 8.0% jump in spending; surplus fell by 40% to OMR 476mn



- **Oman's budget surplus declined by 39.8% yoy to OMR 476mn in Jan-Sep 2024.** Revenues grew by 3.5% yoy to OMR 9.2bn alongside a faster pickup in spending (+7.8% yoy to OMR 8.7bn). **Average oil price rose by 2.5% yoy to USD 83** and average daily oil production fell by 5.2% to 999k barrels per day.
- There was a sharp decline in net gas revenues (-15.0% yoy to OMR 1.35bn) but overall **public revenues increased thanks to net oil revenues** – which surged by 12.4% to OMR 5.4bn. Net O&G together accounted for 73.7% of revenues at end-Sep.
- **Expenditure grew by 7.8%:** though current expenditure edged down slightly (-0.4% yoy to OMR 6.15bn) alongside

a 25% surge in development expenditure (to OMR 840mn, or 93% of total development spending for 2024) while contributions & other expenses jumped by 45% yoy to OMR 1.731bn. Social protection system subsidies accounted for one-fourth of total contributions & other expenses.

- Repayment of public debt meant that **public debt stood at OMR 14.4bn at end-Q3**, from OMR 15.3bn at end-Dec 2023 and OMR 15.7bn at end-Q3 2023.



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

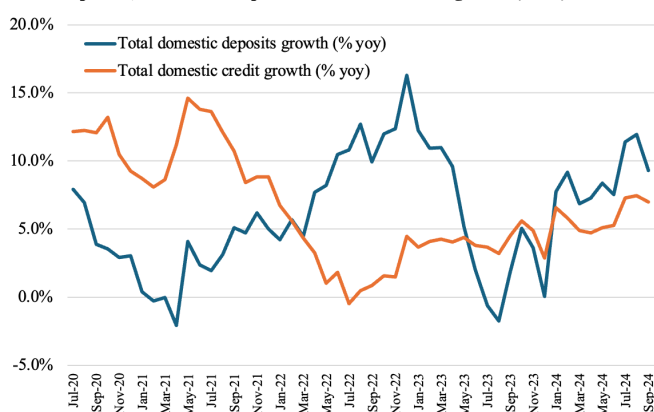
6. Qatar commercial banks' domestic deposit growth continues to outpace credit in Sep; official reserves grow, with gold reserves surging 47% ytd in Oct

- Latest monetary statistics data released by the Qatar central bank showed that **total assets of commercial banks grew by 5.5% yoy to QAR 2.026trn in Sep**. Money supply growth was healthy: M2 and M3 were up by 5.0% and 9.1% respectively.
- Total deposits grew by 9.8% yoy to QAR 1.05trn in Sep, with **domestic deposits accounting for the major share (81.0%)**. **Domestic deposits** were up by 9.3% in Sep and grew by an average 8.8% in Jan-Sep. **Public sector deposits grew by +19.3%** yoy to QAR 378.1bn while private sector deposits were up by 2.4% yoy to QAR 469.5bn.
- **Domestic credit was up by 7.0% yoy** in Sep, with claims

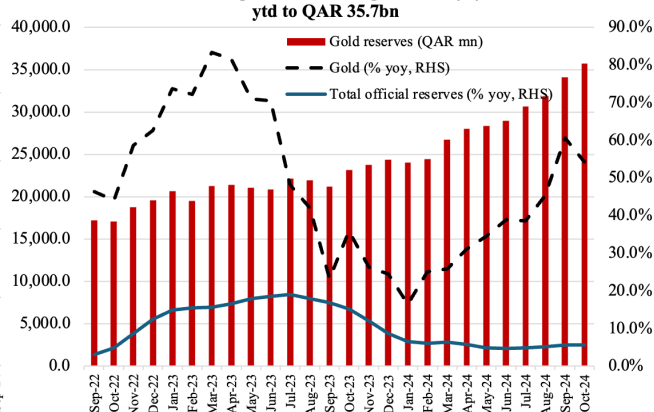
to the private sector and government up by 5.9% (to QAR 894.1bn) and 18.6% (to QAR 115.3bn) respectively.

- For the period Jan-Sep, **average domestic credit (6.0%) increased at a much slower pace compared to domestic deposits (8.8%)**. Year-to-date domestic credit was up by 4.4% vs domestic deposit growth of 5.0%.
- **Qatar's official reserves grew by 5.7% yoy to QAR 195.16bn in Oct 2024**, partly due to an increase in the holdings of foreign bonds and treasury bills. **Gold holdings surged by 54.2% yoy and 46.6% year-to-date to QAR 35.736bn as of Oct.**

Domestic deposits in Qatar have grown at an average 8.8% till Sep 2024, a much faster pace than domestic credit growth (6.0%)



Qatar's official reserves grew by 5.7% yoy and 4.3% ytd to QAR 195.2bn at end-Oct; gold reserves surged 54.2% yoy and 46.6% ytd to QAR 35.7bn



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

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