

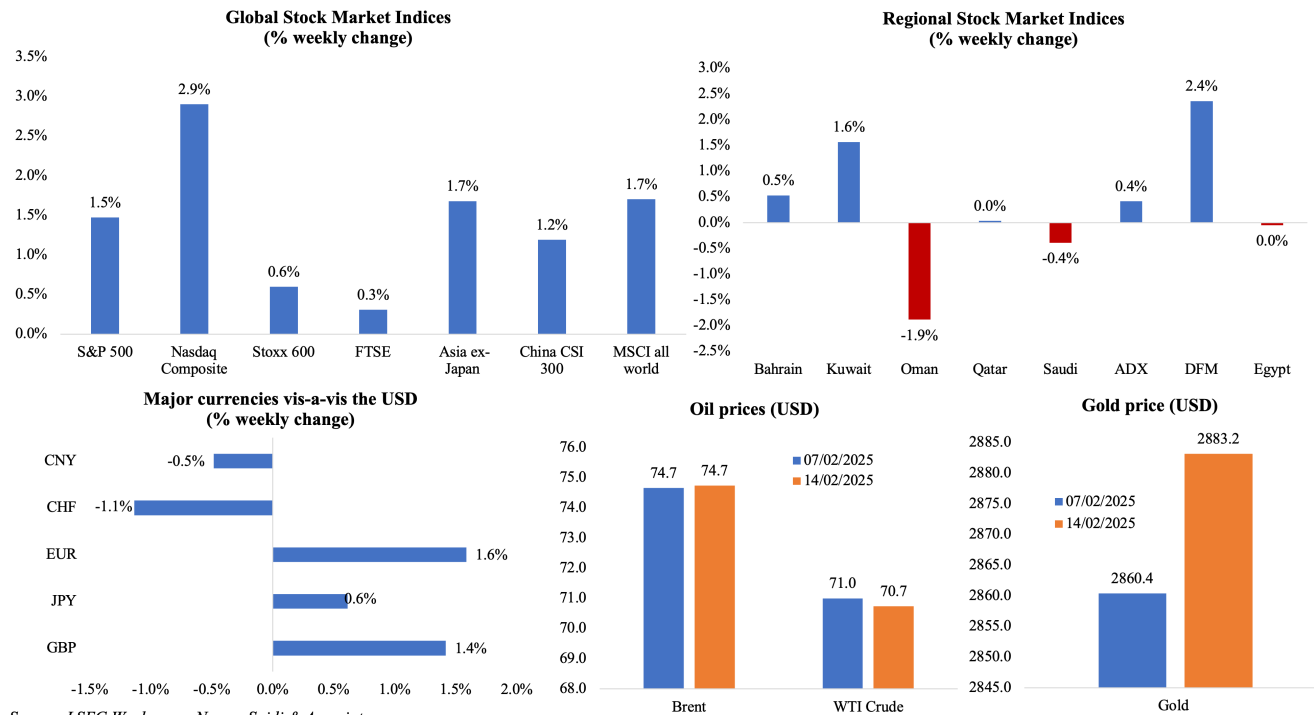
Weekly Economic Commentary – Feb 17, 2025

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Markets

Major equities markets closed on a positive note last week, with many near record-highs after Trump delayed imposing reciprocal tariffs on every country taxing US imports. European stocks gained for the eighth consecutive week alongside a rise in China's market (supported by tech stocks). Regional markets were mixed even as Dubai's DFM rose to the highest since May 2014, supported by strong corporate earnings. The euro gained on talks of peace talks between Russia and Ukraine while the GBP gained on better-than-expected GDP data. Brent oil price edged up slightly on forecasts of higher demand and the potential Russia-Ukraine peace deal. However, fears of tariffs implementation and other US policy decisions added to overall uncertainty, leading the gold price to rise for the seventh week in a row.

Weekly % changes for the week ending 13-14 Feb from 6 Feb (regional) & 7 Feb (international)



Global Developments

US/Americas:

- **Inflation in the US ticked up to 0.5% mom and 3% yoy in Jan** (Dec: 0.4% mom and 2.9% yoy). This was a 6-month high in yoy terms; egg prices surged by 15%+ monthly, the biggest rise in around 10 years while rents & other housing related costs gained by 4.4% (the smallest 12-month rise since Jan 2022). Core inflation rose, up to 3.3% (Dec: 3.2%).
- **Producer price index in the US increased to 3.5% yoy in Jan** (Dec: 3.3%), with goods prices up by 0.6% (driven by diesel fuel costs) and services prices higher by 0.3% (led by traveller accommodation services, +5.7%). Core producer prices eased to 3.6% (Dec: 3.7%).
- **Retail sales in the US fell by 0.9% mom in Jan** (Dec: 0.7%), the sharpest decline since Mar 2023. Auto sales tumbled (-2.8%), as did sporting goods sales (-4.6%) and online sales (-1.9%) among others. In yoy terms, sales grew by 4.2%, slower than Dec's 4.4% gain.
- **Industrial production in the US grew by 0.5% mom in Jan**

(Dec: 1%), with manufacturing slipping by 0.1% (dragged down by motor vehicles and parts) and mining down by 1.2%. Capacity utilisation inched up to 77.8% (Dec: 77.5%) but remained lower than the long-run average (1972-2024).

- **US budget posted a deficit of USD 129bn in Jan** (Dec: USD 87bn), as receipts grew by 8% to USD 513bn while outlays jumped by 29% to USD 642bn. For the period Oct-Jan, deficit widened to a record USD 840bn, up 58% from a year ago.
- **Initial jobless claims declined by 7k to 213k in the week ended Feb 7**, leading to a slight slip in the 4-week average to 216k (by 1k). **Continuing jobless claims fell by 36k to 1.85mn in the week ended Jan 31.**

Europe:

- **GDP in the eurozone grew by a marginal 0.1% qoq and 0.9% yoy in Q4** (Q3: flat qoq and 0.9% yoy). GDP contracted in Germany and France while Spain expanded.
- **Industrial production in the eurozone declined by 1.1% mom and 2% yoy in Dec** (Nov: 0.4% mom and -1.8% yoy). In month-on-month terms, IP was dragged down by capital goods production (-2.6%), intermediate goods (-1.9%) and durable consumer goods (-0.7%). Declines were evident in Italy (-3.1%) and Germany (-2.9%) though Spain gained (1.4%).
- **Sentix investor confidence in the eurozone improved in Feb**, moving to -12.7 (Jan: -17.7) – the highest since Jul 2024.
- **Germany's current account surplus widened to EUR 24bn in Dec** (Nov: EUR 21.9bn), with goods surplus narrowing slightly (EUR 10.8bn from EUR 16.5bn) while primary income surplus widened to EUR 23.2bn (from EUR 18.1bn). For the full year, surplus rose to EUR 248.7bn (2023: EUR 243.1bn).
- **UK GDP unexpectedly grew by 0.1% qoq and 1.4% yoy in Q4,**

according to preliminary estimates (services sector supported gains in Dec). This puts full year growth at 0.9%, up from 2023's 0.4%. **IP and manufacturing rebounded in Dec**, up by 0.5% and 0.7% respectively (Nov: -0.5% and -0.3%) while in yoy terms, it fell by 1.9% and 1.4% (Nov: -1.8% and -1.1%).

- **BRC like-for-like retail sales in the UK** grew by 2.5% yoy in Jan, lower than Dec's 3.1% gain but higher than the average growth of 0.8% over the past one year.

Asia Pacific:

- **China's money supply grew by 7.0% yoy in Jan** (Dec: 7.3%) while the narrower M1 ticked up by just 0.4% yoy (Dec: -1.4%). **New loans surged to a record-high CNY 5.13trn in Jan**, more than four-times the Dec figure of CNY 990bn (and Jan 2024's CNY 4.92trn). Annual growth of outstanding total social financing stood unchanged at 8.0% in Jan.
- **Japan's GDP grew an annualised 2.8% in Q4**, thanks to a recovery in exports (+1% qoq) and capex spending (+0.5% qoq) while private consumption trailed (0.1% qoq vs Q3's 0.7%).
- **Retail price inflation in India cooled in Jan to a 5-month low of 4.31% yoy** (Dec: 5.22%), as food prices eased (to 6.0% from 8.4%) and non-food inflation rose to a 13-month high of 3.2%. **Wholesale price inflation edged lower to 2.31% in Jan** (Dec: 2.37%), as both food (7.47% from 8.89%) and fuel & power (2.78% from 3.79%) prices slipped. With the Indian rupee's recent depreciation, the months ahead could see some passthrough from imports.
- **Industrial output in India grew by 3.2% yoy in Dec** (Nov: 5.2%), dragged down by manufacturing output (up by 3% vs Nov's 5.8%) and mining (2.6% from 5.2%). Cumulative output ticked up by 4.0% (vs 4.1% in Apr-Nov and 6.2% in the same period a year ago).

Bottom line: A constant stream of announcements from the White House related to tariffs as well as Russia-Ukraine and Gaza peace deals has kept the world on its toes – both deals have resulted in criticisms & rush for revised counterplans. France is set to host an emergency European Summit on Ukraine (after the US indicated that Europe would not have any role in the peace talks, though the US Secretary of State indicated they would be invited to “real negotiations” after the initial backlash) and Saudi Arabia is expected to host a summit on Trump’s Gaza plan. Peace plans would impact oil prices (sanctions on Russia had led to lower crude exports). OPEC has already released forecasts for oil demand to rise by a strong 1.45mn barrels per day in 2025 and by 1.43mn bpd in 2026 – there is still a slight gap in expectations, with IEA projecting a lower growth, at 1.05mn bpd this year.

Regional Developments

- **Bahrain’s top trading partner in the GCC continued to be Saudi Arabia**, with a trade volume of USD 867mn in Q3 2024 (0.69% yoy), followed by UAE (-22% yoy to USD 640mn) and Qatar (+409% yoy USD 93mn). **Saudi was the largest export market** (USD 647mn), followed by UAE (USD 396mn) and US (USD 291mn).
- **A raw material supply agreement valued at USD 1.3bn was signed between Bahrain Steel and Qatar:** this will facilitate the supply of 5mn metric tons of raw materials over the course of five years. Another **MoU** was signed between Bahrain’s Peninsula farms and UAE’s ISC Capital **to establish a sustainable microalgae production facility in Bahrain**, with an investment of USD 10mn. These were part of the USD 2bn+ worth of new industrial projects announced at the 5th meeting of the Higher Committee of regional Integrated Industrial Partnership for Sustainable Economic Development.
- **Bahrain’s National Space Science Agency signed an MoU with Hong-Kong’s Uospace Technology Group** (an industrial

satellite manufacturer) to cooperate in satellite telemetry, tracking and controlling, and data application activities.

- **Inflation in Egypt eased to 24% yoy in Jan** (Dec: 24.1%), with price increases remaining in double digits for food and beverages (2.1% mom and 20.2% yoy), transport (33.6% yoy) and entertainment (48%). Core inflation also edged lower, to 22.6% (from 23.2%).
- **Egypt's foreign debt ticked up by 1.5% qoq to USD 155.204bn in Q1** of the current fiscal year 2024-25, with long-term debt at USD 127.538bn. External debt was down by 5.7% yoy.
- **Private sector minimum wage in Egypt will be increased to EGP 7,000 effective 1st March** from EGP 6,000, according to the National Wages Council.
- **DP World** disclosed that the first phase of its USD 80mn **logistics hub in Egypt's Suez Canal Economic Zone** was nearly 2/3rds done.
- **Kuwait's** finance minister stated that the country was **prepared to return to international debt markets soon**. The debt law needs to be passed for the country to issue bonds (was last issued in 2017).
- **Kuwait expects the Gulf power grid to meet the country's power shortfall** during next summer when demand exceeds 19,000 MW. Electricity production is expected to reach 20,000 MW in 3 years, given plans to "expand existing power plants and construct a number of new facilities" including renewable energy plans.
- The **average price of Lebanon's Eurobonds crossed 18 cents on the dollar last week Monday**, the highest level since Mar 2020, following news of the government formation.
- **Oman signed agreements for 100 new industrial projects** with an investment volume of nearly OMR 1.5bn. According to the undersecretary of the ministry of commerce, the industrial sector provided about 26k job opportunities for Omanis since 2020 (+79% vs 2020).

- **Oman secured a USD 100mn loan** from the Qatar Development Fund **to finance the connection of the regional power grid** to the country. The project, estimated to cost upwards of USD 700mn, is slated to begin in H2 2025 and get completed by H1 2027.
- **Oman-based EV manufacturer Mays Motors has built the first batch of cars** and is distributing to local companies: the car boasts a range of 610kms on a single charge and costs OMR 11k for companies and OMR 12k for individuals.
- **Hotel revenues in Oman grew by 6% yoy** to OMR 243.4mn (USD 633mn) **by end-Dec 2024**, as guest grew by 4% to 2mn. Domestic guests were up 4.5% to 804k while visitors from Europe and the GCC stood at 539k and 199k respectively.
- **Qatar is expected to grow by 2% in 2024-25**, thanks to “public investment, spillovers from the ongoing LNG expansion project, and strong tourism”, according to the IMF. In the medium term, growth is projected to average 4.75%, with support from LNG production and benefits from reforms in the Third National Development Strategy.
More:
<https://www.imf.org/en/News/Articles/2025/02/11/pr25034-qatar-imf-executive-board-concludes-the-2024-article-iv-consultation>
- **International reserves and foreign currency liquidity at Qatar Central Bank increased** by 3.7% yoy to QAR 255.166bn in Jan. Gold holdings increased by around QAR 12.582bn to QAR 36.651bn.
- The **BNPL firm Tabby doubled its valuation to USD 3.3bn** after a new funding round (from firms including Saudi pension company Hassana Investment Company and Saudi Technology Ventures), and **ahead of an IPO plan within 18 months**. Tabby has more than 15 million registered users and over 40,000 sellers.
- **GCC nations aim to invest USD 100bn in renewable energy by 2030** and aim to lower emissions by up to 20% as part of their transition to sustainable energy. This was

announced at the 43rd meeting on 'Future Climate Change Management and Economic Development in the Gulf States' held in Muscat.

Saudi Arabia Focus



- **Inflation in Saudi Arabia inched up to 2% yoy in Jan** (Dec: 1.9%), once again driven by housing costs (rents were up 9.7% yoy and villa rentals were up 7.7%). Prices of both food & drinks and restaurants & hotels increased by 0.8%. **Wholesale price index rose by 0.9% yoy in Jan**, with increases in costs of agriculture and fishing company (4.6%) and other transportable goods (1.5%).
- **Saudi Arabia's fiscal deficit clocked in at SAR 115.625bn** (USD 30.83bn) **in 2024** (2023: SAR 79bn). Revenues grew by 4% yoy to SAR 1.26trn (with oil revenues rising to SAR 756.6bn and non-oil revenues rose by 10% to SAR 502bn) and spending was up 6% yoy to SAR 1.38trn. Total debt stood at SAR 1.22trn at end-2024. In Q4, deficit stood at SAR 57.7bn (Q3: SAR 30.2bn) while oil revenues tumbled by 31% yoy to SAR 170.8bn.
- **The number of registered investment licences surged to 40,000 in 2024** from 4,000 in 2018-19, with total investments rising two-fold to SAR 1.2trn. The minister of investment disclosed that around 72% of investments came from the private sector, while the PIF's portfolio and companies account for only 13%.
- **Savings and time deposits in Saudi Arabia expanded by 0.3% qoq and 10% yoy to an all-time high of SAR 949.708bn by end-2024**, accounting for 32.5% of the broad money supply.
- **Multiple AI investments to the tune of USD 14.9bn were announced at the LEAP 2025 event in Saudi Arabia:** Salesforce plans to invest USD 500mn via Hyperforce, its platform architecture; Groq (a US semiconductor startup) secured a USD 1.5bn commitment from Saudi for its advanced AI chips and to expand its existing data centre

in Dammam; DataVolt signed a USD 5bn agreement with NEOM to develop a 1.5GW net zero AI project (set to begin operations in 2028) in the Oxagon industrial zone.

- **Saudi Arabia's transport minister revealed that there were more than SAR 240bn (USD 64bn) of logistics projects underway and planned in the country, of which 80% were open to private investment. He also disclosed that private companies had already signed SAR 18bn of contracts to develop and operate Saudi ports.**
- **Saudi government entities awarded contracts valued at more than SAR 6.5bn (USD 1.7bn) in Jan, with more than half the value of contracts allocated to construction (SAR 3.7bn). There were a total of 15 projects and Riyadh's projects were valued at SAR 4.8bn.**
- **The PIF and its portfolio companies have invested SAR 400bn into local content during the period 2020-23, disclosed the fund's governor at the PIF Private Sector Forum. The Fund offered SAR 40bn in investment opportunities through its private sector platform.**
- **Saudi electric car manufacturer Ceer will produce its first EVs in late 2026, revealed the CEO. The company also announced 11 partnerships worth SAR 5.5bn (USD 1.5bn) with private sector firms (80% involving Saudi businesses) during the PIF Private Sector Forum. This is on top of already signed deals worth more than SAR 6.6bn with 250+ local firms.**
- **The number of licensed real estate developers in Saudi Arabia surged by 50% to 690 in 2024 and added 3800 new construction licenses to a total of 8,900.**

UAE Focus



- **UAE's GDP is forecast to grow by 5-6% in 2025, after averaging 4.8% between 2021 and 2024 alongside the non-oil sector growing at an average 6.2%, according to UAE's minister of economy. He also stated that the contribution of non-oil sectors reached 75% of the**

national economy's GDP.

- **UAE money supply (M2) grew by 0.4% mom and 17.7% yoy in Nov** while M3 (including government deposits) expanded by 0.5% mom and 15.9% yoy. Gross banks' assets increased by 10.6% yoy to AED 4.45trn in Nov. **Gross credit accelerated by 8.47% yoy in Nov**, driven by an increase in credit to the private sector (7.3% yoy and 8.8% year-to-date). Credit to the business and industrial sector grew by a relatively modest 3.2% yoy.
- **UAE technology services firm Alpha Data will list on the Abu Dhabi Securities Exchange**, offering 400mn shares or 40% of its capital. The subscription period will run for 20-25 Feb.
- **UAE and Indonesia plan to double bilateral trade to USD 10bn per year** (from USD 5bn in 2024, and USD 3bn in 2020), following the CEPA signed in Jul 2022 (and came into effect in Sep 2023). **Other avenues of cooperation** include supporting on the construction of solar power plants (with capacities up to 10GW), aviation infrastructure development (a new airport in northern Bali) and increasing flight frequency among others. Separately, Emirates Global Aluminium disclosed plans to explore alternative clean energy development in Indonesia.
- **ADNOC signed a 5-year LNG deal with India's Bharat Petroleum Corporation** to supply 2.5mn tons starting from Apr; the agreement is extendable by another 5 years. **ADNOC also signed a sale purchase agreement with Indian Oil Corp** for long-term LNG: valued at over USD 7bn, it will involve supplies of 1.2mn metric tons per annum from Apr 2026 for 14 years.
- **UAE's Civil Aviation Authority disclosed that it had begun mapping air corridors for air taxis and cargo drones.** These are set to be defined within 20 months. The official news agency reported that air taxis are expected to begin flying next year.
- **Dubai's Road and Transport Authority has signed an**

agreement with Musk's The Boring Company **to build the Dubai Loop**. The 17km network will consist of 11 stations in the initial phase, with an aim to carry more than 20,000 passengers per hour initially. No timelines were given for the project.

- The **Abu Dhabi** Registration and Licensing Authority disclosed a **16% yoy increase in new economic licenses issued** in the emirate in **2024** as well as 27% increase in renewed licenses and 9% uptick in active licenses.

Media Review:

The Global Economic Diversification 2025 report

Report:

<https://nassersaidi.com/2025/02/13/global-economic-diversification-index-2025-report-released-at-the-world-governments-summit-feb-2025/>

Key insights:
<https://nassersaidi.com/2025/02/14/weekly-insights-14-feb-2025-progress-of-economic-diversification-in-the-middle-east/>

Underlying data & past reports: <https://economicdiversification.com>

Saudi Arabia spearheads Arab scramble for alternative to Trump's Gaza plan

<https://www.reuters.com/world/middle-east/saudi-arabia-spearheads-arab-scramble-alternative-trumps-gaza-plan-2025-02-14/>

Global marine fuel sales jump in 2024 on Red Sea diversions

<https://www.reuters.com/business/energy/global-marine-fuel-sales-jump-2024-red-sea-diversions-2025-02-12/>

Promoting Resilience: Shaping the Future of the GCC Economy Amid Regional and Global Challenges – Speech by IMF MD at the World Governments Summit 2025

<https://www.imf.org/en/News/Articles/2025/02/11/sp021125-shaping-future-gulf-cooperation-council-economy-amid-regional->

[global-challenges](#)

It's not just AI. China's medicines are surprising the world, too

<https://www.economist.com/business/2025/02/16/its-not-just-ai-chinas-medicines-are-surprising-the-world-too>

IEA's Electricity 2025

<https://www.iea.org/reports/electricity-2025>

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