

Turning the Tide: Growth Signals in the GCC Amid Shifting Trade & Oil Dynamics, Weekly Insights 25 Jul 2025

Kuwait GDP rebound. Saudi non-oil exports. Oman foreign trade & fiscal deficit. Inflation in Kuwait & Qatar.

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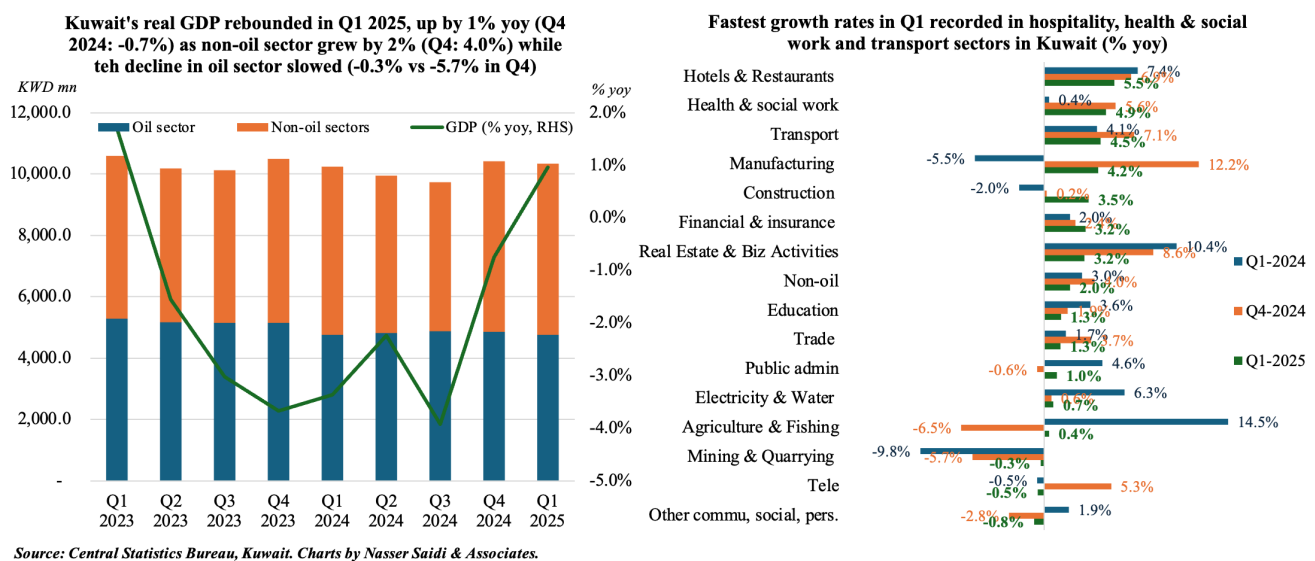
Turning the Tide: Growth Signals in the GCC Amid Shifting Trade & Oil Dynamics: Weekly Insights 25 Jul 2025

1. Kuwait's GDP rebounds in Q1 2025, after seven quarters of declines

- **Real GDP in Kuwait grew by 1.0% yoy in Q1 2025 following seven consecutive quarters of declines.** The recovery was thanks to an increase in non-oil sector activity (+2.0% yoy, though slower than Q4's 4.0% gain) and a slower pace of decline in oil sector activity (-0.3% from Q4's 5.7% plunge, and the softest decline since Q2 2023). Oil production in Q1 2025 had declined compared to a year ago, but production has started to rise in Q2 with the unwinding of OPEC+ voluntary cuts.
- **Expect an uptick in Q2, from gains in both oil sector and non-oil sector activity;** for the latter consider non-oil PMI as a proxy – PMI rose to 53.7 in Q2 vs 52.4 in Q1.
- Among the non-oil non-government sector, **hotels & restaurants** recorded the highest growth in Q1 (5.5% yoy vs Q4's 6.9%) followed by **health & social work** (4.9% vs 5.6%) and **transport** (4.5% vs 7.1%). A sharp decline in

growth was seen in manufacturing (4.2% in Q1 vs Q4's 12.2%).

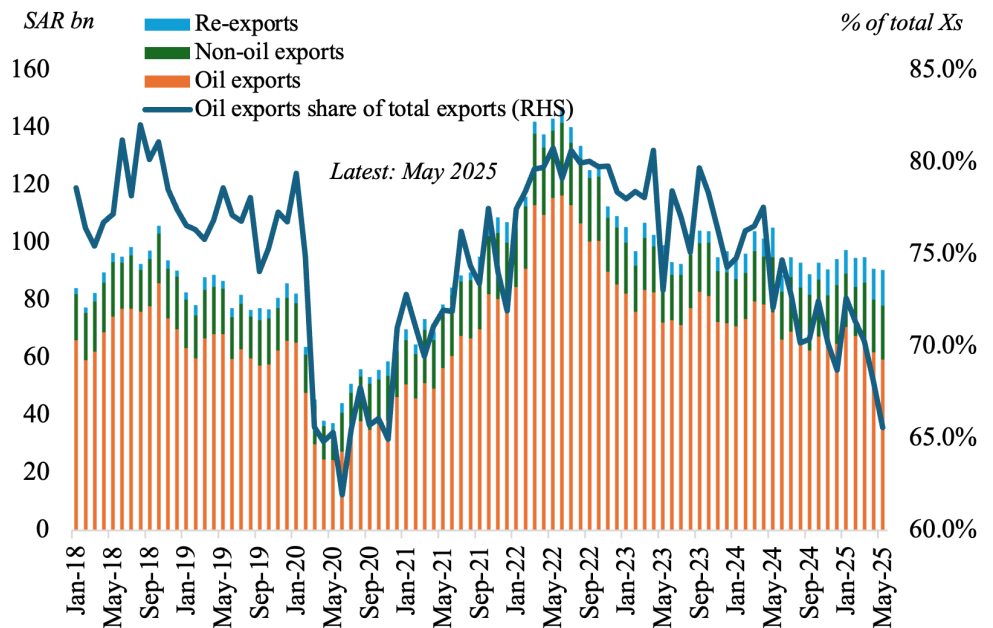
- **Nominal GDP stood at KWD 12.6bn in Q1 2025**, with the hydrocarbon sector still accounting for 41.4% of GDP. In terms of percentage distribution, **non-oil non-government sector accounted for 46.1% of GDP**; financial & insurance sector dominated (9.4% of overall GDP) followed by real estate, renting & business activities (8.6%) and manufacturing (7.7%). Government sector share was 12.5%.



2. Saudi total non-oil exports climbed 6% yoy in May; oil

exports hit a 4-y

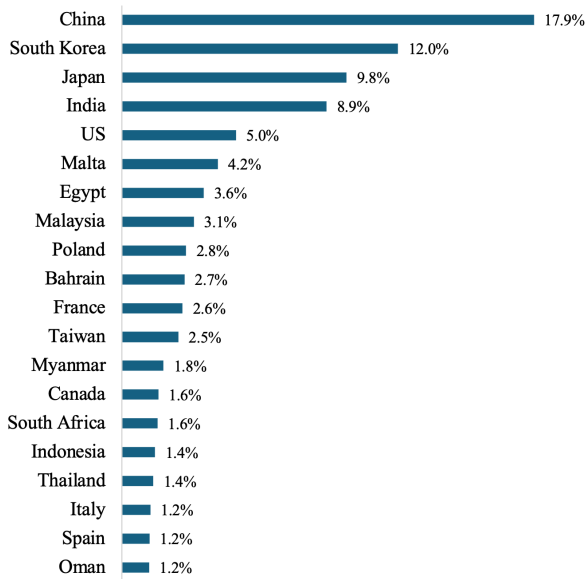
Saudi oil exports stood at a 4-year low of SAR 59.3bn in May, with its share of overall exports at two-thirds (the lowest share since Nov 2020). Non-oil exports and re-exports grew by 2.8% mom and 14.7% respectively



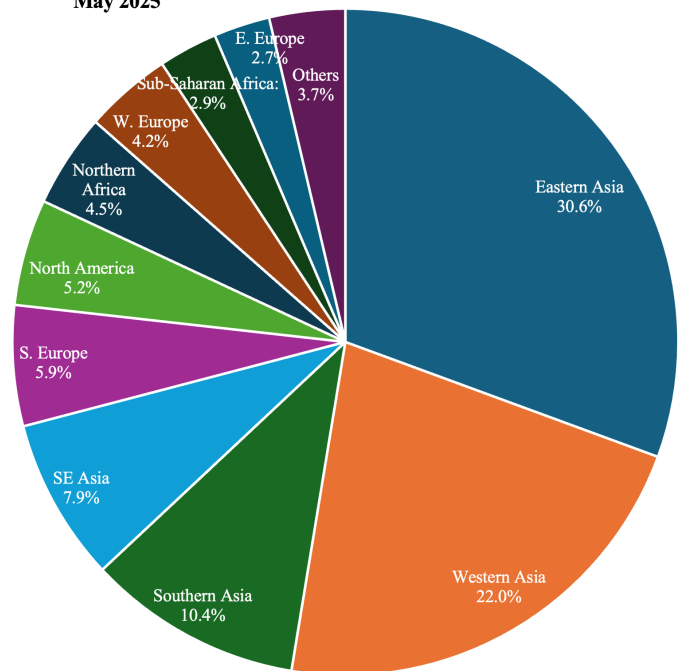
- **Saudi Arabia's overall exports fell by 0.6% mom and 14.0% yoy to an 8-month low of SAR 90.5bn in May 2025.**
- **From a year ago, overall non-oil exports grew by 6% to SAR 31.1bn; re-exports surged by 20.5% but excluding re-exports, non-oil exports fell by 1.8% in May.**
- **Oil exports stood at a 4-year low of SAR 59.3bn in May, down by 4.2% mom and 21.8% yoy. Share of oil exports to overall exports dropped sharply to 65.6% in May – the lowest since Nov 2020.**
- **Imports rose by 8% yoy to SAR 80.9bn in May, though down by 0.7% in monthly terms. This resulted in trade surplus of SAR 9.52bn – slightly higher than Apr's SAR 9.5bn but less than one-third of May 2024's SAR 30.1bn.**
- **China, South Korea & Japan were top destinations for oil exports. Top 5 & 25 nations accounted for 53.6% & 91.7% of total oil exports.**
- **UAE was the largest destination of overall non-oil exports e. including re-exports (30.7%). Machinery & mechanical appliances was the largest segment of total non-oil exports (23.7%).**
- **Eastern Asia accounted for 30.6% of overall exports,**

with MENA's share at 26.5%.

Saudi Arabia's top 5 (& 20) destinations for oil exports account for 53.6% (& 86.5%) of total oil exports (% share, May 2025)



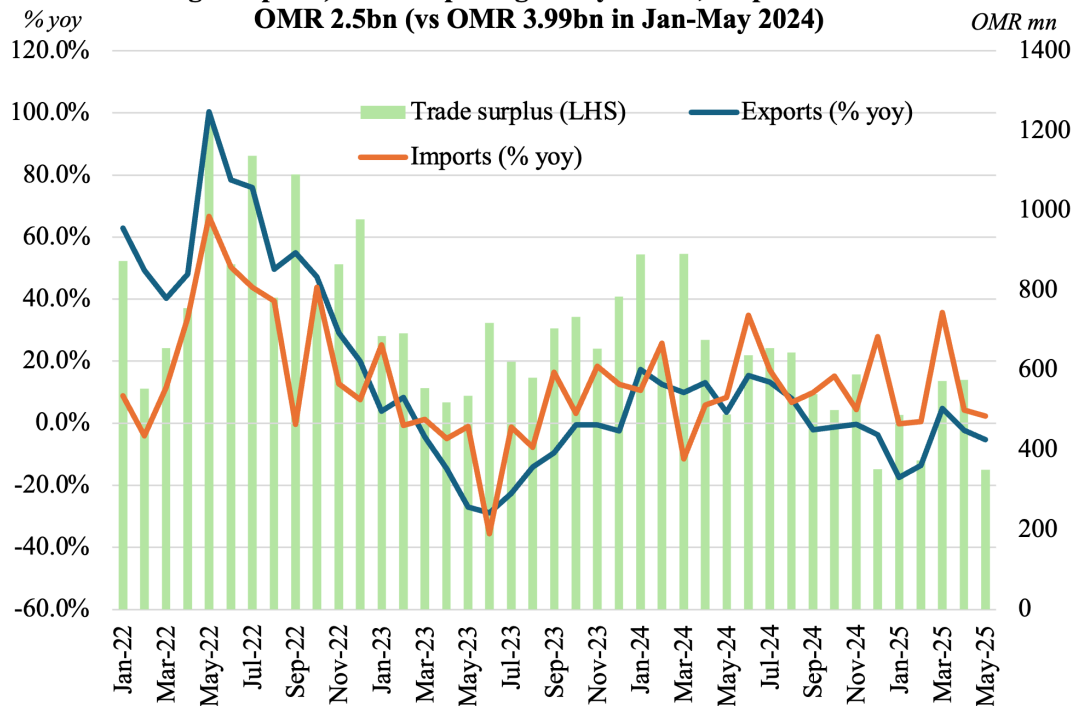
Exports by group of countries, May 2025



Source: GaStat. Charts by Nasser Saidi & Associates

3. Oil & gas exports account for around two-thirds of Oman's overall exports

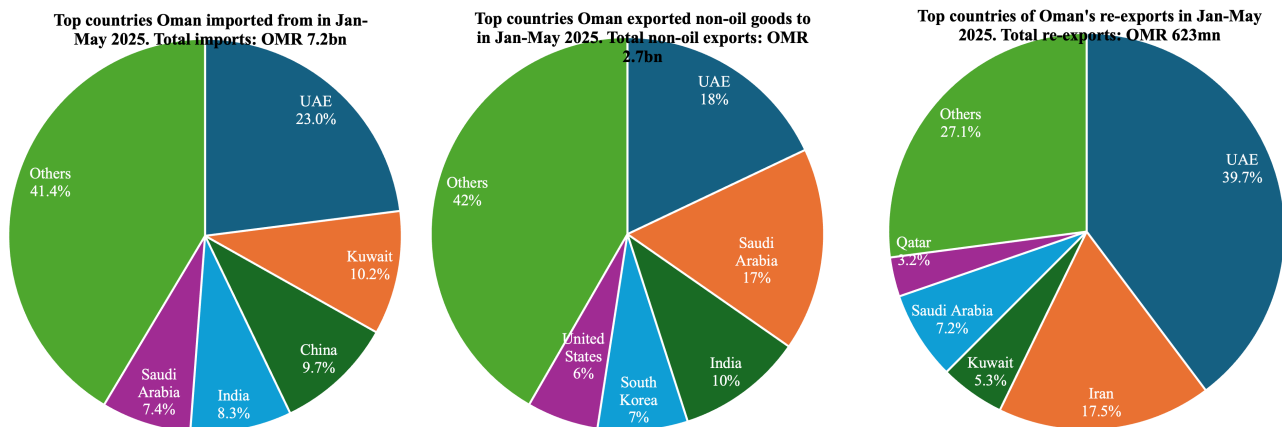
Oman's exports fell by 6.6% yoy in Jan-May 2025 (dragged down by oil & gas exports) while imports grew by 12.0%; surplus narrowed to OMR 2.5bn (vs OMR 3.99bn in Jan-May 2024)



- Oil and gas exports accounted for around two-thirds of Oman's overall exports in Jan-May 2025, (65.5% vs 69.8%

in Jan-May 2024). **Exports fell** by 9.6% yoy to OMR 9.64bn (as oil & gas exports plunged by 15.2% yoy to OMR 6.32bn). Imports increased by 7.7% to OMR 7.2bn – resulting in a narrower trade surplus (OMR 2.45bn in vs OMR 3.99bn in Jan-May 2024).

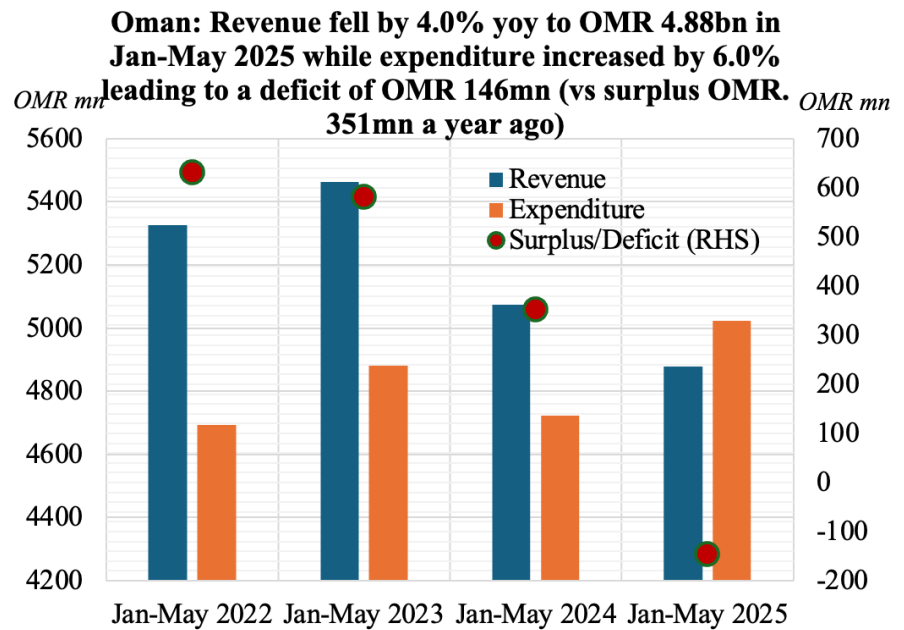
- **Non-oil exports during the year grew by 7.2% yoy to OMR 2.7bn; this comprised mainly mineral products** (OMR 716mn, down by 0.7% yoy, but accounting for 7.4% share of total exports) and base metals & articles (OMR 568mn). **Re-exports fell by 10.3% to OMR 623mn**, with by electrical machinery & equipment and transport equipment accounting for 26.7% and 23.0% of total re-exports respectively.
- **UAE was Oman's largest non-oil trade partner:** non-oil exports to UAE grew by 22.9% yoy to OMR 485mn in Jan-May 2025, while re-exports were OMR 248mn (1.5%). **Oman's imports originated mainly from GCC:** UAE was Oman's largest source of imports (OMR 1.65bn, or 23.0% of total); along with Kuwait and Saudi, the 3 countries accounted for 40.5% of imports.



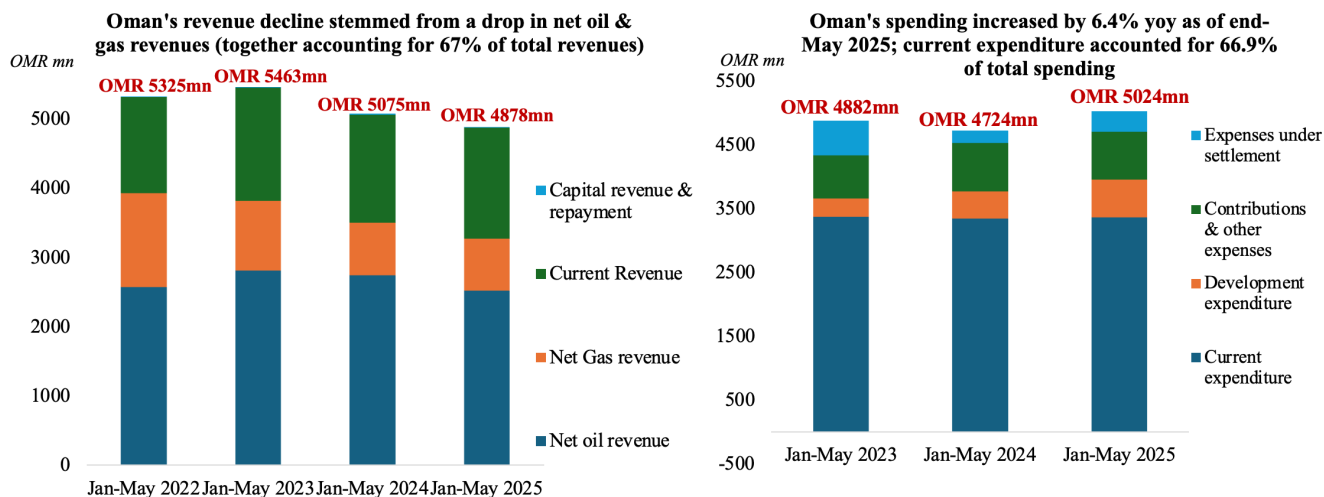
Source: National Centre for Statistics & information, Oman. Charts by Nasser Saidi & Associates.

4. Oman clocked in a fiscal deficit of OMR 146mn in Jan-May

2025



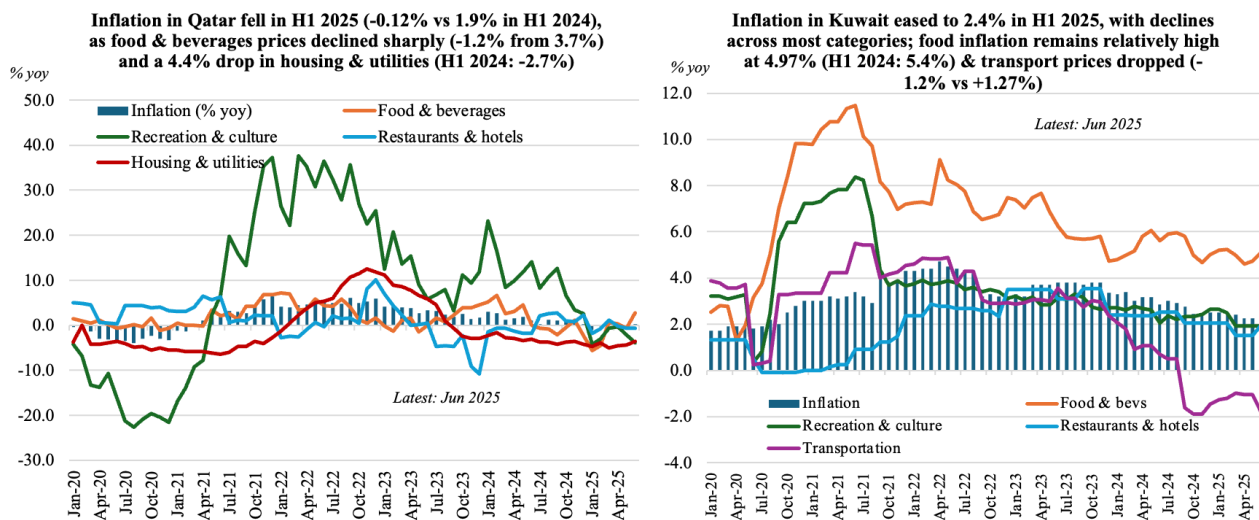
- **Oman posted a budget deficit of OMR 146mn in Jan-May 2025.** Revenues fell by 3.9% yoy to OMR 4.88bn alongside a 6.4% rise in spending (to OMR 5.0bn). There was a **sharp decline in net oil revenues** (-8.0% yoy to OMR 2.52bn) and **net gas revenues** (-2.1% to OMR 747mn). Net O&G together accounted for 67.0% of revenues.
- **Current revenues grew by 2.6% yoy to OMR 1.6bn**, of which corporate taxes and taxes on goods & services accounted for 34.9% and 20.2%.
- **Expenditure increased by 6.4% in Jan-May 2025:** current expenditure edged up slightly (0.6% yoy to OMR 3.36bn) alongside a 37.2% surge in development expenditure (to OMR 590mn) while contributions & other expenses slipped by 0.13% yoy to OMR 753mn. **Social protection system subsidy and electricity sector subsidy** together accounted for close to 50% of contributions and other expenses.



Source: National Centre for Statistics & information, Oman. Charts by Nasser Saidi & Associates.

5. Inflation in Kuwait and Qatar relatively low at 2.3% and 0.1% in Jun 2025

- **Inflation in Kuwait edged up to 2.3% yoy in Jun** (May: 2.25%, lowest since Sep 2020): food prices stayed relatively high in Jun, rising to 5.1%, a 4-month high (May: 4.7%). Health costs eased to 2.9% (May: 3.8%) while transportation costs fell at a faster pace (-1.8% vs -1.1%).
- **Overall inflation clocked an average 2.37% in H1 2025**, slowing from 3.2% in H1 2024: compared to a year ago, almost all categories were lower in 2025 except health costs (3.73% from 3.32%); food & beverages costs eased to 4.97% in H1 2025 vs 5.4% in H1 2024.
- **Inflation in Qatar ticked up to 0.07% yoy in Jun** (vs May: -1.08%, the third deflationary reading this year), taking the H1 average to -0.21% (H1 2024: 1.9%).
- **Prices of food and non-alcoholic beverages fell to an average -1.2% in H1** (vs 3.7% in H1 2024) alongside recreation & culture (-2.4%) and transport costs (-0.76% vs 0.7% in H1 2024). Transport costs fell for the fourth month in a row and recreation costs fell for all six months this year.



Source: National Planning Council, Qatar & Kuwait Central Statistical Bureau. Charts by Nasser Saidi & Associates.

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