

Bloomberg Daybreak Middle East Interview, 28 Nov 2022

Aathira Prasad joined Yousef Gamal El-Din on 28th of November, 2022 as part of the Bloomberg Daybreak: Middle East edition, touching upon oil prices and views in the backdrop of China's Covid policy and the price cap on Russian oil. On the economic outlook for the GCC, we remain optimistic, especially given that recovery is being boosted by both oil and non-oil sectors and that the relatively better fiscal stance of the GCC (with more savings and monies set aside for domestic and regional investments).

Watch the interview below, which can also be accessed from the original link:
<https://www.bloomberg.com/news/videos/2022-11-28/-bloomberg-daybreak-middle-east-full-show-11-28-2022> (listen from 28:33 to 37:00)

Bloomberg Daybreak Middle East Interview, 14 Oct 2022

Aathira Prasad joined Manus Cranny on 14th of October, 2022 as part of the Bloomberg Daybreak: Middle East edition, speaking about the latest red-hot US inflation readings and what it means for the MENA region. Also discussed in detail are Dubai inflation (especially housing), the 15-month high Saudi inflation and also oil prices in the backdrop of the US-Saudi

comments.

Watch the interview below, which can also be accessed from the original link:
<https://www.bloomberg.com/news/videos/2022-10-14/prasad-inflation-relatively-muted-in-gcc-economies>

Bloomberg Daybreak Middle East Interview, 16 Nov 2021

Aathira Prasad joined Manus Cranny on 16th of Nov, 2021 as part of the Bloomberg Daybreak: Middle East edition, discussing the outlook for the oil market as well as Dubai's potential IPO pipeline and related market exuberance.

Watch the interview below from 01:21:00 to 01:27:00; this can also be accessed at:
<https://www.bloomberg.com/news/videos/2021-11-16/-bloomberg-daybreak-middle-east-full-show-11-16-2021-video>

Interview with BBC Arabia on

Dubai Expo, Oct 2021

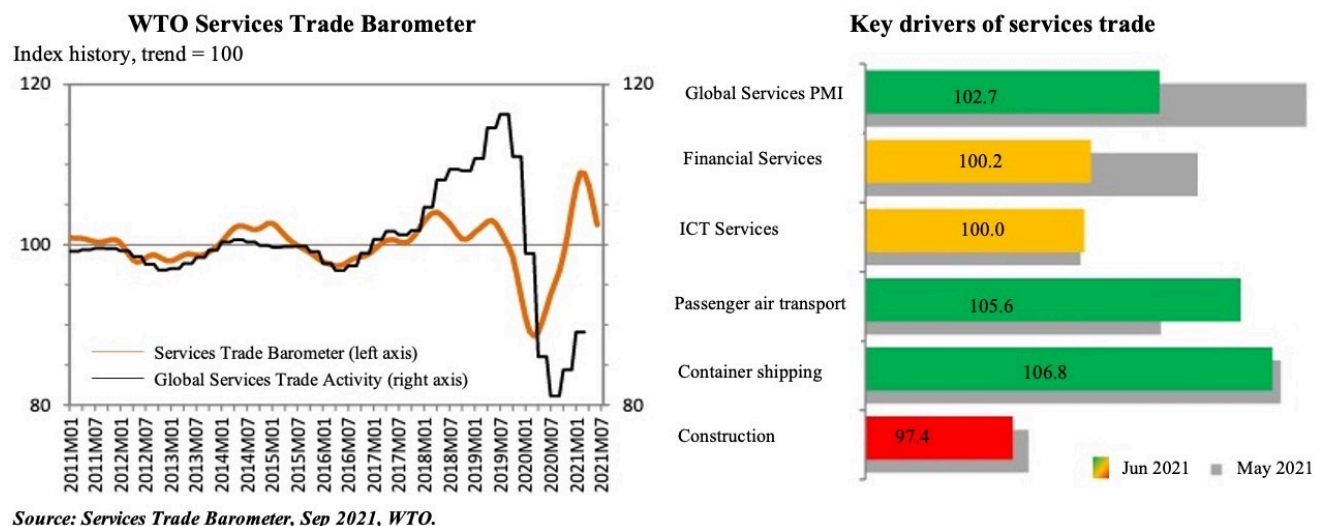
In an interview with BBC Arabia, aired early Oct 2021, Dr. Nasser Saidi offered his insights on the Dubai Expo. Dr. Saidi touched upon sectors that would likely benefit from the Expo, as well as investments and benefits for Dubai.

Watch the interview:

Weekly Insights 30 Sep 2021: Headwinds to Recovery in Global Trade

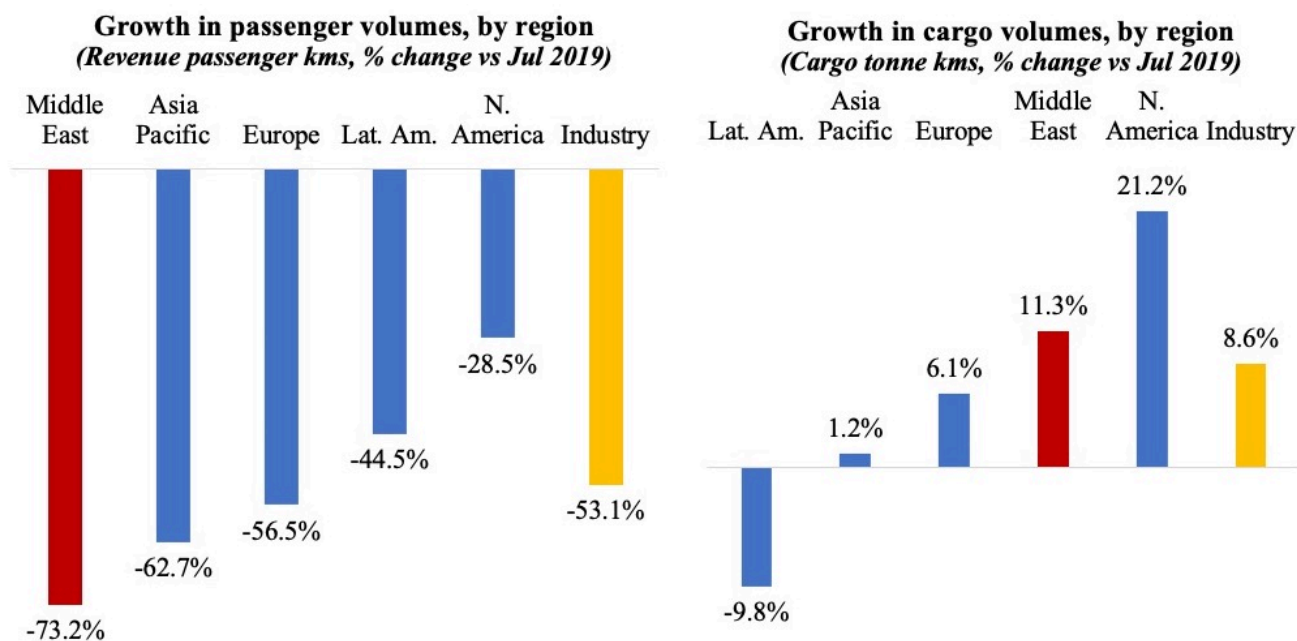
Weekly Insights 30 Sep 2021: Headwinds to Recovery in Global Trade

1. Global services trade has been lagging goods trade, still below pre-pandemic levels | Evidence from Services PMIs



- **Trade in goods seem to be on a strong recovery path, but services trade has not been keeping pace.** The WTO's Global Services Trade Activity index showed that the volume of services trade was down by 13.9% in Q1 2021 (but coming off higher declines of 26.3%, 25.5% and 20.5% in Q2, Q3 and Q4 2020 respectively).
- **Services PMI readings (from Markit) seem to suggest that though recovery was underway in Q2, growth has eased sharply since.** Flash PMIs for Sep showed that: (a) growth eased sharply to the lowest since May in the eurozone; (b) US expansion slide to a 14-month low; (c) UK posted the worst performance since Jan's lockdown; and (d) Japan reported lower service sector output for the 20th consecutive month.
- **Many factors were attributed to the slowdown in the services sector:** weaker demand (given Delta variant's spread and related restrictions) + supply shortages + labour supply issues (esp. in the US and the UK). This has also resulted in driving up input costs & overall prices

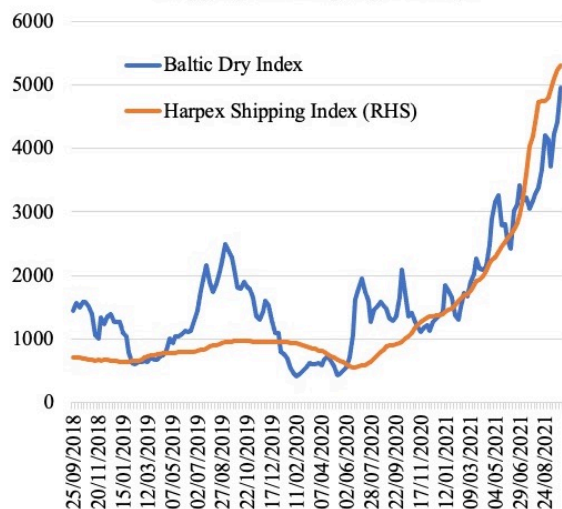
2. Global services trade | Evidence from Passenger & Cargo volumes



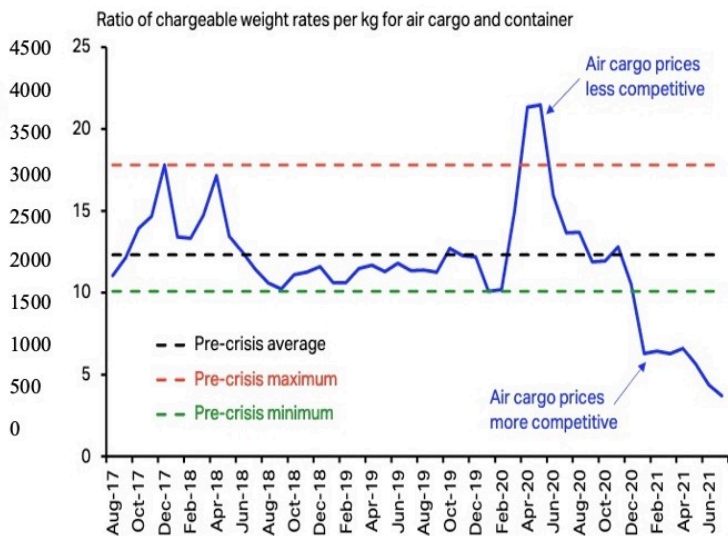
Source: Air Freight & Air Passenger Monthly Analysis, IATA Economics

- **Passenger traffic has been recovering globally**, as the rollout of vaccines led to reopening of international travel while also aided by domestic passenger growth (especially in the US & China).
- The surge in Delta-variant cases in China since end-Jun has impacted domestic travel significantly; but, **improving intra-European traffic** has benefitted European airlines, and **India has seen a resurgence in domestic traffic**.
- IATA, using the DDS ticketing database, find that **though travel demand for Q4 is looking stronger than last year, bookings are still only at 42% of 2019 levels**.
- **Revenue Passenger Kilometers (RPKs) of Middle Eastern airlines fell by 73.2% in Jul 2021 vs. Jul 2019**: this was the weakest outcome amongst all regions (a result of the slow recovery of international flights) versus an industry reading of -53.1%. **Passenger capacity** of the region's airlines **fell by 57.5% (vs Jul 2019), also the weakest across regions**.
- **Air cargo** recovery has been underway since May: while **global supply chain issues have been a key challenge**, expansions in new export orders and manufacturing production will support growth.
- **Middle Eastern airlines reported the biggest improvement in Aug** amongst all regions: 15.4% vs Aug 2019 & 2.4 ppts up from Jul's expansion (ME-Asia segment gained the most)

Shipping costs: up, up & away!



Source: Reuters Eikon. Chart by Nasser Saidi & Associates



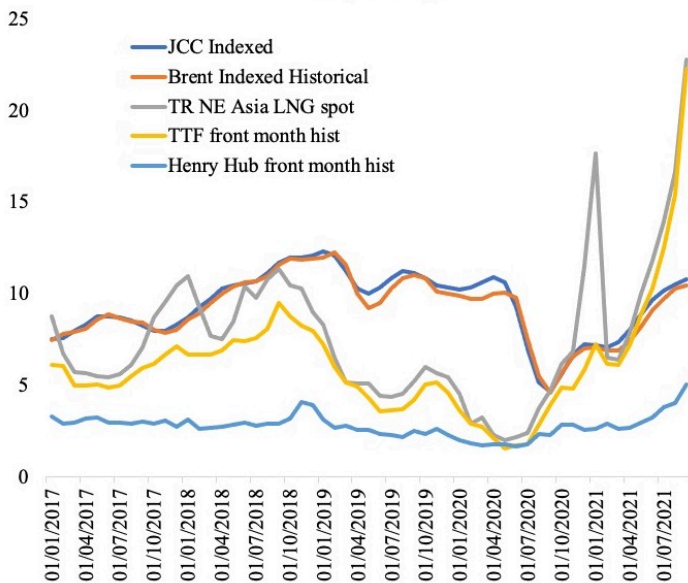
Source: Cargo Chartbook Q3 2021, IATA Economics

- **Supply chain congestion has been pushing up prices amid an increase in demand for goods. These constraints are likely to persist for the rest of the year**
- **Shipping costs have been increasing** – given extended idling times, container shortages, shortage of workers at ports and congested seaports. **Spillover effects** to the supply chain are also visible with **truck and rail transport hit by further delays.**
- However, **air cargo has been less impacted than container shipping**, thereby leading to a comparatively favourable relative price for chargeable weight.

4. Adding to price pressures: multi-year highs in oil, gas &

LNG (spot & JCC indexed), TTF and HH prices, per mmBtu (monthly)

coal prices

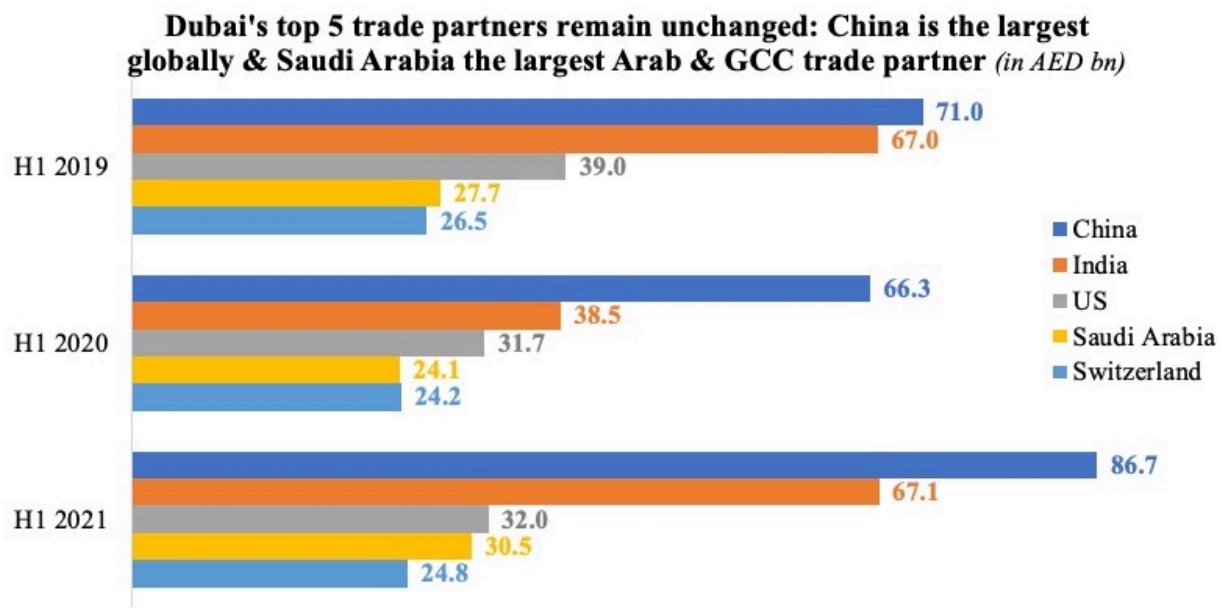
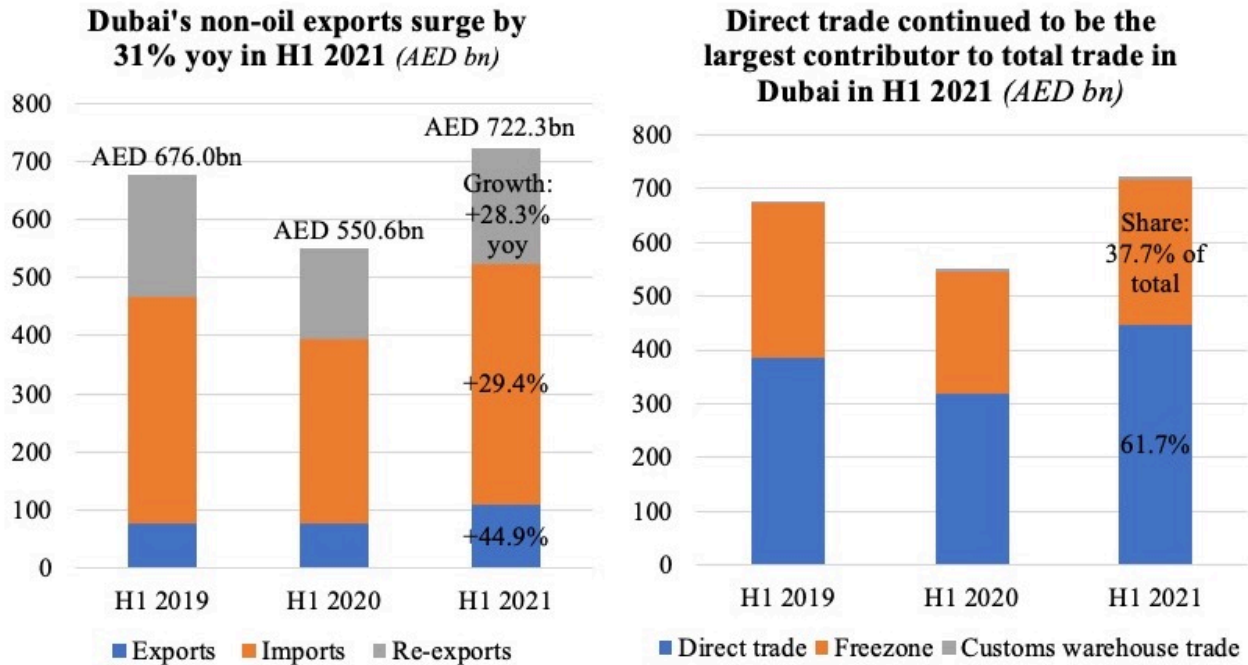


Source: Refinitiv Eikon; retrieved 30 Sep 2021

- **US natural gas prices rose to a 7-year high earlier this week; gas prices in Europe and Asia traded about four times over US gas** (close to USD 29 per mmBtu vs USD 6)
- **Brent oil price crossed USD 80** – a 3 year high – before falling lower + **coal prices have been rising** (thermal coal prices are 96% higher in China this year)
- **Why the surge? More than just a supply shortage amid fast-rising demand:**
 - **US:** less drilling by shale producers + recent supply disruptions from hurricanes
 - **Europe:** low natural gas stockpiles + delayed shipments from abroad + shutdowns for maintenance works
 - **UK:** labour shortage esp truckers to distribute fuel from refinery to retailers
 - **China:** shutting down coal plants & power outages => rising demand for LNG as an alternative option to coal
 - **OPEC's** supply restrictions notwithstanding (*next week, it is likely to add 400k bpd to output for Nov, as previously agreed*), rise in gas prices & limited supply could see a switch towards using oil => higher oil prices

- **Outlook: rising input costs + higher gas prices + weaker growth**

5. Dubai's non-oil exports surge, as it accelerates to meet the 10 X 10 goal



Source: Dubai Customs. Charts by Nasser Saidi & Associates

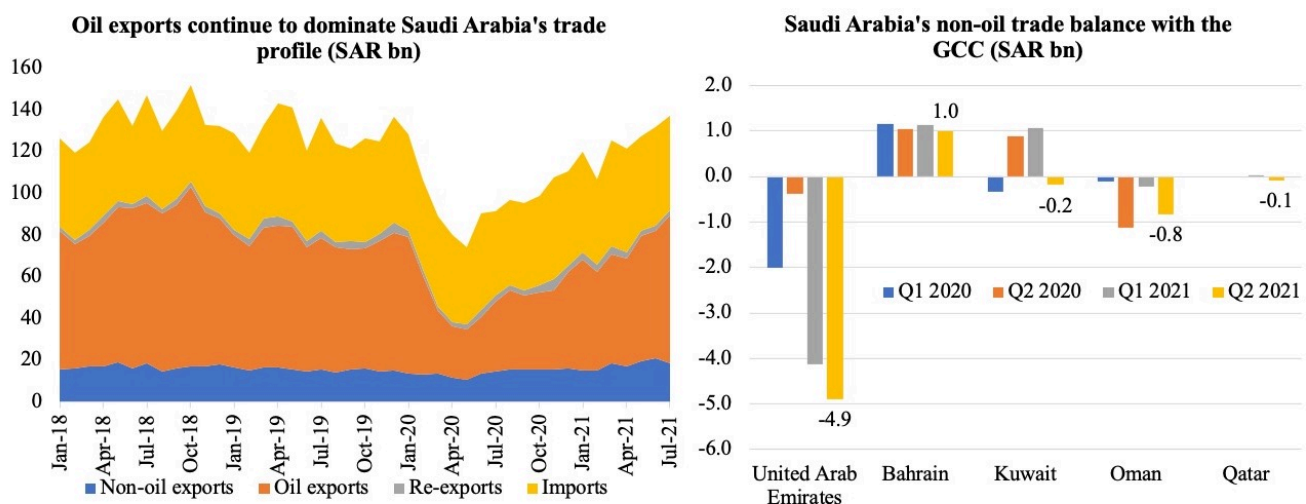
- **Dubai disclosed a 31% yoy surge in non-oil exports in H1 2021.** This follows the pandemic-hit drop in H1 2020, but when compared to H1 2019, trade is up by a significant 6.8%.
- **This is in line with the ambition of UAE's 10X10**

program, announced as part of the “Project of the 50”. This involves an annual increase in the country’s exports by 10% in 10 key markets: China, the UK, the Netherlands, Italy, Russia, Poland, Luxembourg, Australia, New Zealand and Indonesia.

- **Top trade partners for Dubai remained the same** over the last 3 years: **China, India and US the top 3** followed by Saudi Arabia (which is the largest partner in the Arab region) and Switzerland.

6. Saudi Arabia’s trade diversification efforts need a significant push

Oil accounted for an average ~3/4th of total exports this year



Source: GaStat. Charts by Nasser Saidi & Associates

- **Saudi crude oil exports rose to 6.327mn barrels per day in Jul**, according to data from JODI – this was the highest reported level since Jan.
- Not surprising then that **oil exports grew by 112.1% yoy in Jul**, thereby supporting overall export growth (+79.6% yoy in Jul & 40.5% ytd).
- **Non-oil trade deficit with the UAE widened in Jul**, after new amendments were introduced from Jul related to imports. **Value of imports from the UAE fell** by 32.8% mom and 6.2% yoy to SAR 3.1bn in Jul: **the monthly drop was the sharpest this year**. As a result, UAE slipped to the

3rd largest import partner (after China and the US) from 2nd in June.

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Comments on the Expo 2020 in Arab News, Sep 29 2021

Dr. Nasser Saidi's comments appeared in an Arab News article titled "[How investment in Expo 2020 will pay off for UAE economy, burnish Dubai brand](#)" on 29th September 2021.

The comments are posted below.

Independent economists are taking a rather more cautious view of the long-term economic legacy.

"The 25 million expo visits may be a tad too optimistic during an ongoing pandemic," Nasser Saidi, a regional economics expert and Lebanon's former economy and industry minister, told Arab News.

But he recognizes the achievement of staging the event at all after such an unprecedented slowdown in travel, trade, and tourism during 2020.

"Little did anyone envisage the scenario within which the expo would eventually take place," he said. "Expo 2020 will be the first global mega-event to be held permitting physical entry

of visitors, after the Tokyo Olympics went ahead without spectators.

“A successfully run event will boost Dubai’s and the UAE’s image as a global frontrunner in safely hosting large-scale events during the pandemic era. The expo will act as a stepping-stone for potential investors to buy into Brand Dubai and move businesses and families into the country.”

Staging such a huge event is a costly and demanding exercise, although no detailed up-to-date figures on the actual cost are available from the organizers.

“Hosting such mega-events is usually found to be a strain on country or city budgets,” Saidi said.

“The economic case for hosting such events is based on the increase in economic activity, the rise in tourists and spending, building the intangible Dubai brand, as well as other qualitative and social impacts, like strengthening trade and business with global counterparts.

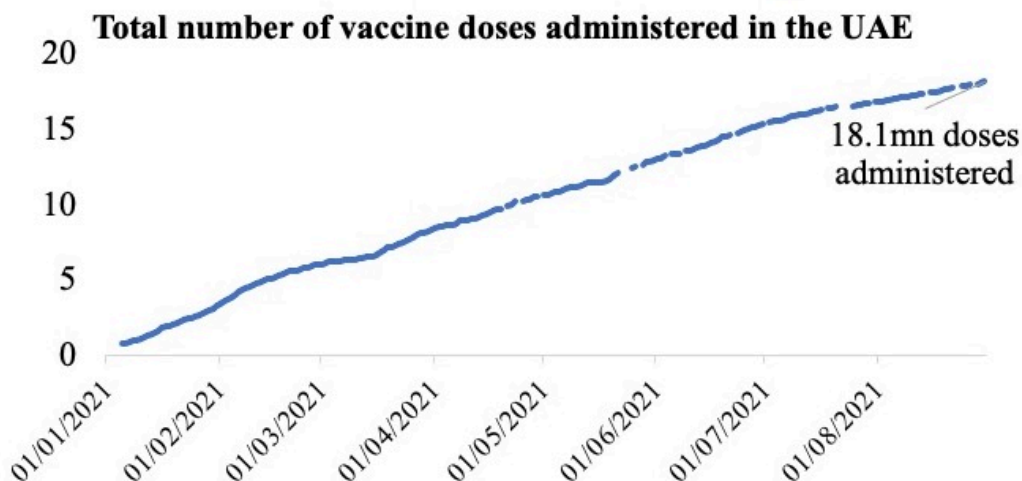
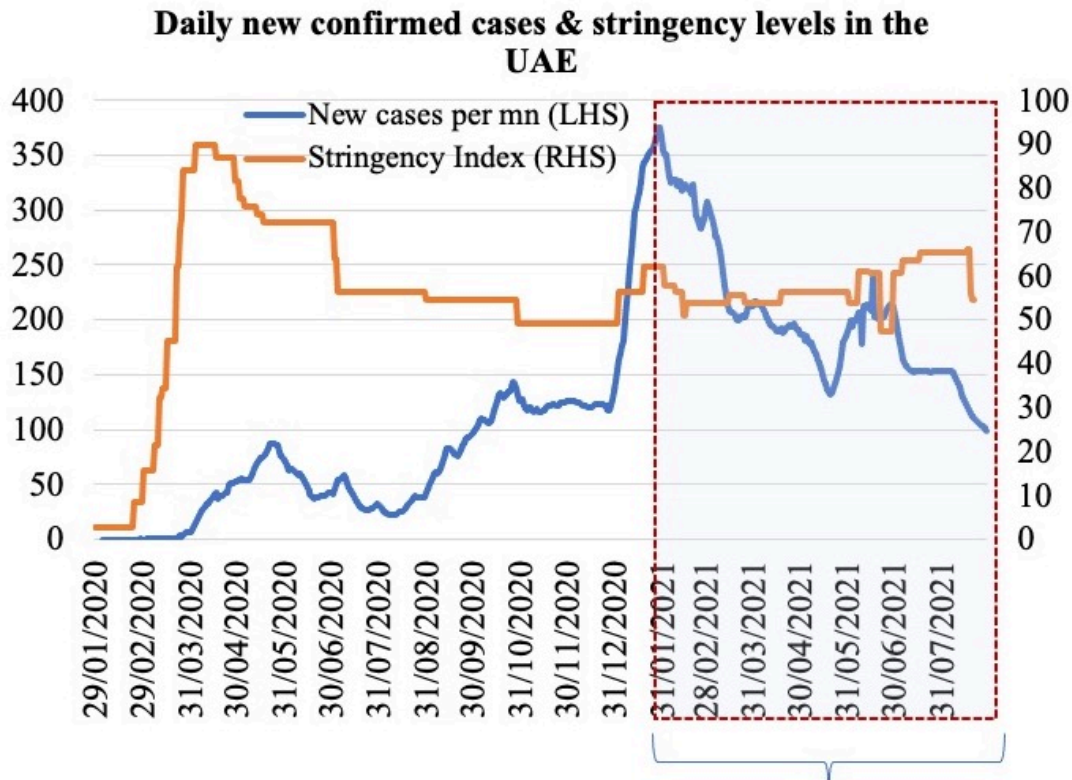
“Plus the feel-good factor, which is more important during a pandemic when trying to return to normal.”

Weekly Insights 1 Sep 2021: Thinking beyond the Expo 2020 Dubai

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beyond the Expo 2020 Dubai

Dubai is gearing up for the Expo extravaganza, scheduled to start in just over a month's time on October 1st. Plans and preparations have been underway since the Emirate won the rights to hold the mega-event in Nov 2013.



Source: Our World in Data; Charts created by Nasser Saidi & Associates

Little did anyone envisage the scenario within which the Expo would eventually take place. **Expo 2020 will be the first global mega-event to be held permitting physical entry of**

visitors, after the Tokyo Olympics and Paralympics went ahead sans spectators (given the spiraling Covid19 crisis in the country). Holding a mega event during a global pandemic will be no mean feat. Nevertheless, Dubai has been open for tourists since July 2020 and has managed to control the epidemic amid a highly effective vaccination campaign. Restrictions were tightened when cases surged and eased later. **Vaccination rates are among the highest globally:** over 18 million doses have been administered to a population of 10 million.

From Oct 2020, the Emirate opened to host multiple global conferences and sports events – albeit at a smaller scale compared to the Expo – and have other major events on the horizon like the Indian T20 IPL championship matches (mid-Sep), T20 Cricket World Cup (mid-Oct) and Formula 1 (Dec 3-5) among others. These will be testing grounds for the control of crowds ahead of the Expo. Of course, having a well-connected airport will be critical in this regard: some 2/3rd of the world's population lives within 8 hours flight from Dubai and 1/3rd lives within 4 hours. Expo 2020 will be the first expo with the vast majority of visitors using international travel.

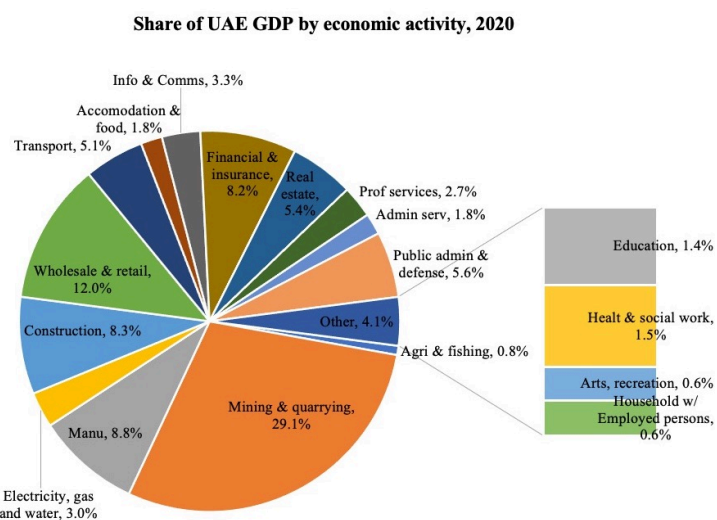
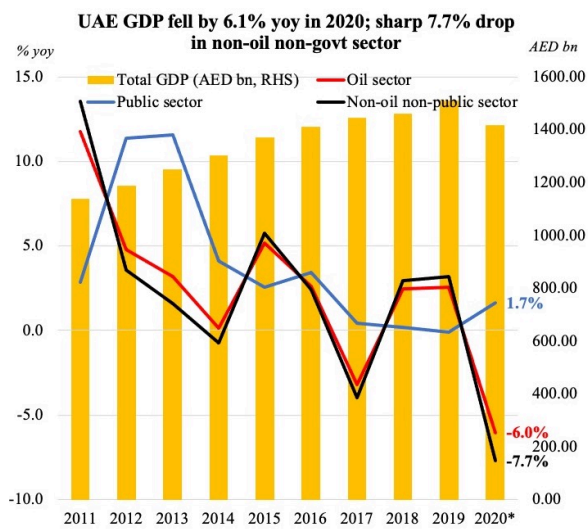
Even though passenger traffic at Dubai's international airport plummeted to 25.9mn in Covid19-affected 2020 (from 86.4mn in 2019), it was ranked the world's busiest airport for international passengers, and passengers are expected to rise to 28mn this year. Anecdotal evidence suggests a surge in tourist visa applications and ticket demand following the **recent announcement of entry for all WHO-approved vaccinated persons into the UAE:** while the 25mn Expo visitors may be a tad too optimistic during an ongoing pandemic, the WHO approval will increase the likelihood and perception of health safety and encourage visitors.

Hosting such mega-events are usually found to be a drain on country or city budgets: to take an example of the recently concluded spectator-free Tokyo Olympics, the official budget

by 2019 stood at USD 12.6bn (vs the estimation of USD 7.5bn in 2013) though the audit board places the amount as at least double. In the Expo's case this year, where visitors are allowed entry, they also have to account for additional spending given the Covid19 countermeasures (i.e. costs of testing, adapting to social distancing policies etc.). However, **the economic case for hosting such events is based on** the increase in economic activity (infrastructure development, job creation and the multiplier effect, event-related revenues), rise in tourists and spending (supported by enhancement to key tourism infrastructure e.g. extension of the Dubai Metro to the Expo, roads to and hotels near the Expo etc.), building the intangible "Dubai brand" as well as other qualitative and social impacts (strengthening trade and business with global counterparts, the "feel-good" factor – more important during a pandemic when trying to return to "normal").

Expo 2020 has prioritized health and safety guidelines (including a mask mandate), and plans to dazzle the rest of the world with its AI-assisted queue and crowd controls and roving paramedics. A trial period earlier this year saw these practices being tested as residents previewed the area. While this should put visitors' minds at ease, we expect that the Expo will benefit from UAE residents' multiple visits (domestic) in addition to those from its major regional and international source countries (India, Saudi Arabia, UK, Russia etc.). Having hosted 2.5mn overnight visitors in H1 2021, and 5.51mn persons in 2020 (of which 3.27mn were in Jan-Feb), Dubai has already gained sufficient experience to safely secure visitors (& manage events during a pandemic – this is just scaling it up many times over!).

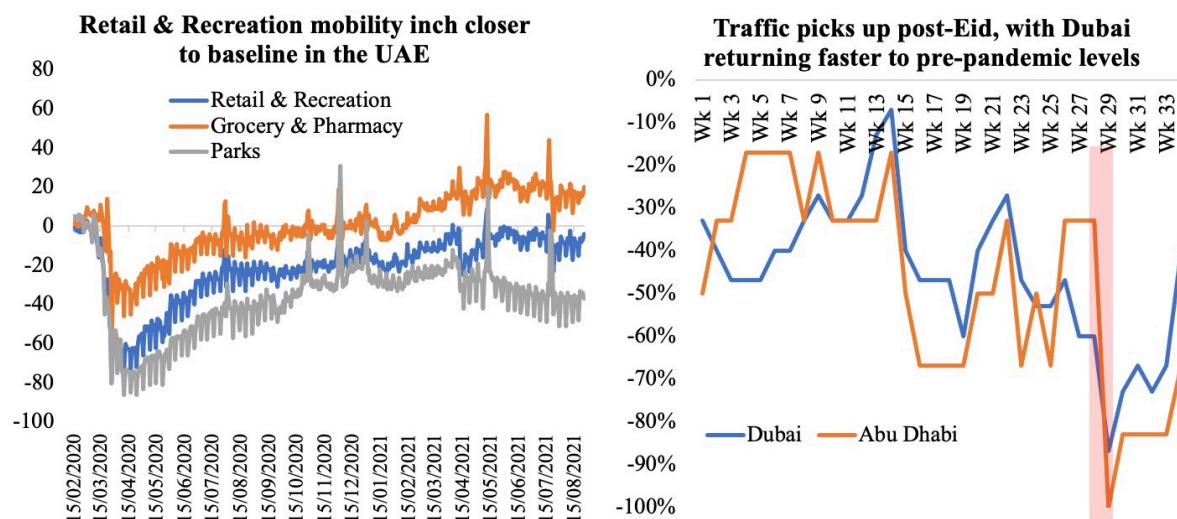
Will the Expo affect UAE's growth prospects?



In 2020, UAE's growth fell by 6.1% yoy dragged down by a 7.7% plunge in private sector activity. By economic activity, four sectors saw double-digit declines last year: accommodation and food (-23.6%), transport (-15.5%), wholesale and retail (-13.1%), construction (-10.4%). Not surprising considering that these sectors were directly affected by the pandemic. This is in addition to the oil sector which fell by 6%, given compliance with lower production levels agreed by the OPEC+ bloc. However, the UAE's diversification policy measures have meant that the oil sector now accounts for less than 1/3-rd of GDP, thereby lessening the impact of the global slowdown in the demand for oil. However, the sectors it diversified into – including trade, tourism and hospitality – were significantly impacted by Covid19.

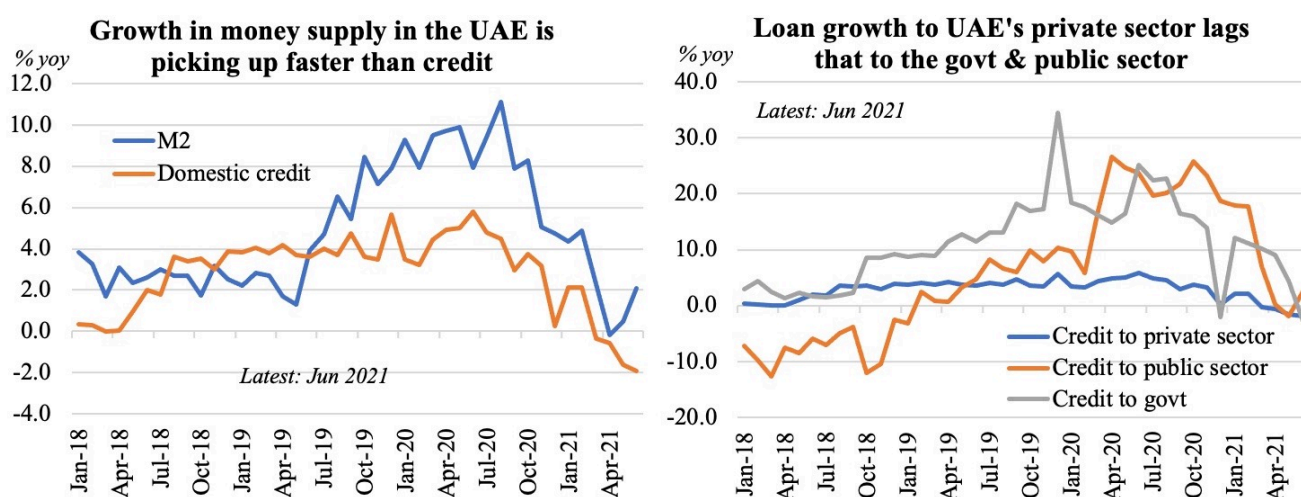
How soon these sectors recover is a critical question. **High immunization rates and the easing of restrictions allowing for tourists' entry, along with the ability to host global conferences, entertainment and sporting events have already boosted the confidence of consumers and businesses.** Consider the UAE's non-oil sector PMI: at 54 in Jul, this was the highest reading since Jul 2019; it has already improved to an average reading of 52.2 in H1 this year vs 50.2 in H2 2021, thanks to the pace of vaccination, improvements in domestic demand and recovery in employment. Tourism numbers and hotel occupancy rates have been picking up, despite having

restricted entry from India (during its Covid19 wave), the UK (since UAE was placed on UK's Red and Amber lists requiring mandatory "quarantine on return") and direct travel from Saudi Arabia still suspended. Higher frequency indicators like mobility, traffic and money supply growth also indicate a broad-based improvement.



Source: Google Mobility Report, TomTom traffic congestion data. Charts by Nasser Saidi & Associates

Notes: Google Mobility baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020. TomTom data shows the relative difference of average congestion levels in 2021 from standard congestion levels in 2019.



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

Some **pain points need to be tackled**, key among them being the dip in loans to the private sector. **Private sector loans**, which accounted for roughly 70% of overall loans in H1 2021, **witnessed a marginal 0.4% growth year-to-date** (till Jun) vis-à-vis the 1.7% uptick in loans to GREs. Furthermore, **funding to SMEs remains trivial**, with the Jun reading at 12.2% of

overall business and industrial sector credit and just 5.9% of overall domestic credit.

Standing at the 1-month countdown to the start of the Expo, the 192 pavilions, around 50k employees (so far) and the related infrastructure are ready to receive the world: a successfully run event will boost Dubai's/ UAE's image as a global frontrunner in safely hosting large-scale events during the pandemic era. **The Expo will act as a stepping stone for potential investors to buy into "Brand Dubai" and move businesses and families into the country.** A long list of recent reforms including visa changes (long-term golden visas, retirement visas, remote visas) and ownership rules (allowing 100% foreign ownership outside the free zones) make Dubai/ UAE an attractive global hub to live, work and play. A successfully managed Expo will only further accentuate this message to the world.

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Comments on Dubai's Indebtedness in Bloomberg, 17 Sep 2020

Dr. Nasser Saidi's comments appeared in the Bloomberg article titled "[Dubai May Be as Indebted as South Africa If S&P Proves Right](#)", published 17th September 2020.

Comments are posted below:

By drawing the line around what Dubai considers its direct liabilities, the government is sending a message that it won't be held responsible for other debt, said Nasser Saidi, who worked as chief economist of the Dubai International Financial Centre during the city's debt crisis. By contrast, rating companies have to adopt the view of an external investor, which means taking all liabilities into account.

"Creditors will always try to claim the sovereign guarantee," he said. "Claiming under a sovereign guarantee is less costly and potentially less protracted than trying to claim against companies."

When it comes to borrowings from commercial banks, Saidi said some of the money may be offset by government deposits, since there is usually a working relationship between authorities and lenders. Dubai's biggest bank, Emirates NBD PJSC, reported its aggregated sovereign loan exposure at almost 162 billion dirhams as of June 30.

The lesson of Dubai's brush with default in 2009 is that creditors failed to show the government's guarantee, but the risk of spillover and damage to the creditworthiness of the UAE as a whole prompted Abu Dhabi to intervene, Saidi said. Dubai has since set up a public debt office to monitor the borrowings of the GREs, especially their foreign-currency liabilities.

Bloomberg Daybreak: Middle East Interview, 22 Apr 2019

In the 22nd Apr, 2019 edition of Bloomberg Daybreak: Middle East, Dr. Nasser Saidi speaks to Yousef Gamal El-Din about Oman's growth and risk outlook (following S&P's downgrade) as

well as Dubai's growth prospects.

Watch the interview on Oman below.

<https://www.bloomberg.com/news/videos/2019-04-22/oman-risks-descending-deeper-into-junk-video>

The original link to the full episode (Dr. Nasser Saidi speaks from 29:15 to 34:19):

<https://www.bloomberg.com/news/videos/2019-04-22/bloomberg-day-break-middle-east-full-show-04-22-2019-video>