

Weekly Insights, 4 Feb 2021

**A Covid19 Balancing Act: Cases,
Vaccinations & Economic Activity**

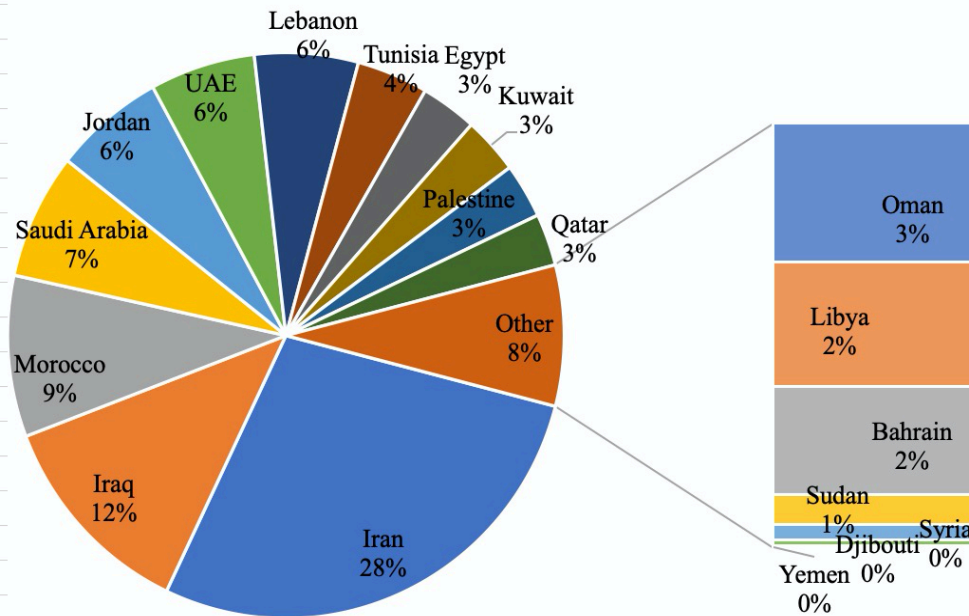
NASSER SAIDI

— & ASSOCIATES —

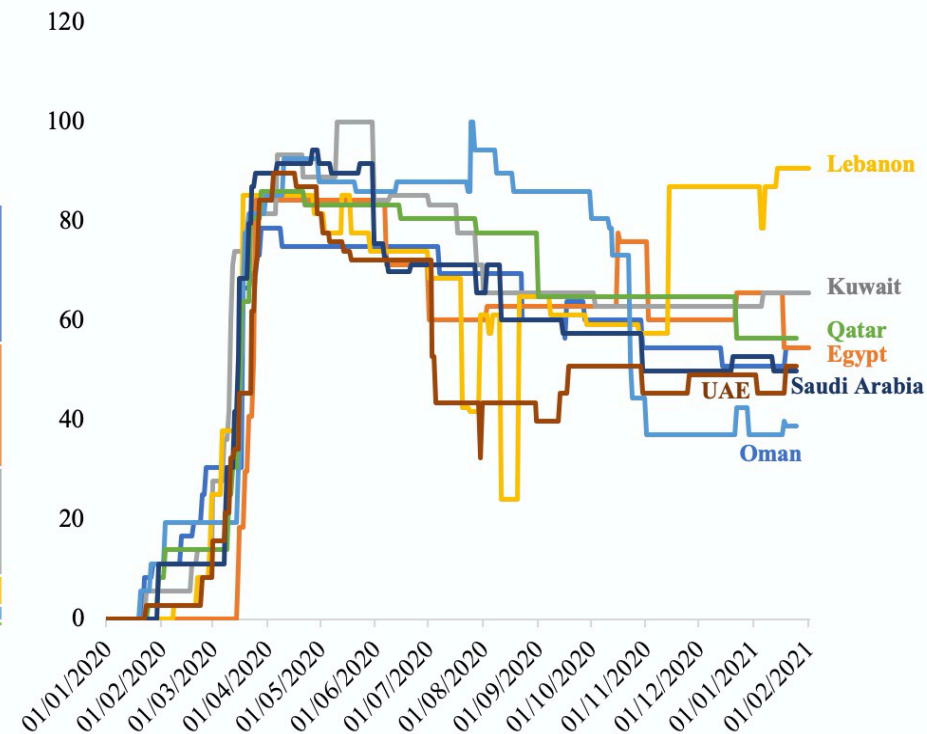
Chart 1: Covid19 cases rise in the Middle East & so do Restrictions

- Covid19 cases in MENA crossed 5 million; the **GCC is home to 24% of confirmed cases**
- The uptick in cases has seen many countries **re-introduce border controls** (e.g. Oman, Lebanon), **flight restrictions** (e.g. Saudi Arabia) as well as **capacity/ recreational activity restrictions** (e.g. UAE/ Dubai)

Share of Confirmed Covid Cases in MENA
Latest: Feb 4, 2021 6am GMT



Covid19 Government Response Stringency Index
Latest: Feb 1, 2021



Source: John Hopkins University (<https://coronavirus.jhu.edu/map.html>), Oxford COVID-19 Government Response Tracker from Blavatnik School of Government - Our World in Data (<https://ourworldindata.org/grapher/covid-stringency-index>); Charts created by Nasser Saidi & Associates

Chart 2: Vaccination drives are picking up

- **Focus has shifted to vaccination drives**, with almost all GCC nations receiving a combination of supplies including Pfizer, Moderna, AstraZeneca, Sinopharm and Sputnik vaccines
- **UAE has administered a total 34.8 vaccination doses per 100 people**, behind only Israel (58.8) globally
- In terms of the **share of fully vaccinated population** (i.e. both doses), Israel tops at 21.43% followed by UAE at 2.53% and US (1.81%)
- **UAE's hub status supports distribution:** Dubai's Vaccines Logistics Alliance & Abu Dhabi's Hope Consortium to deliver vaccine doses across the globe
- **A potential manufacturing hub?** UAE is building up its capacity to manufacture the Covid19 vaccine in the future

Vaccines approved for use in the GCC					
	Pfizer	Moderna	AstraZeneca	Sinopharm	Sputnik V
Bahrain	✓		✓	✓	
Kuwait			✓		
Oman	✓		✓		
Qatar	✓	✓ (agreement signed)			
Saudi Arabia	✓		✓		
UAE	✓		✓	✓	✓ (only for emergency use)

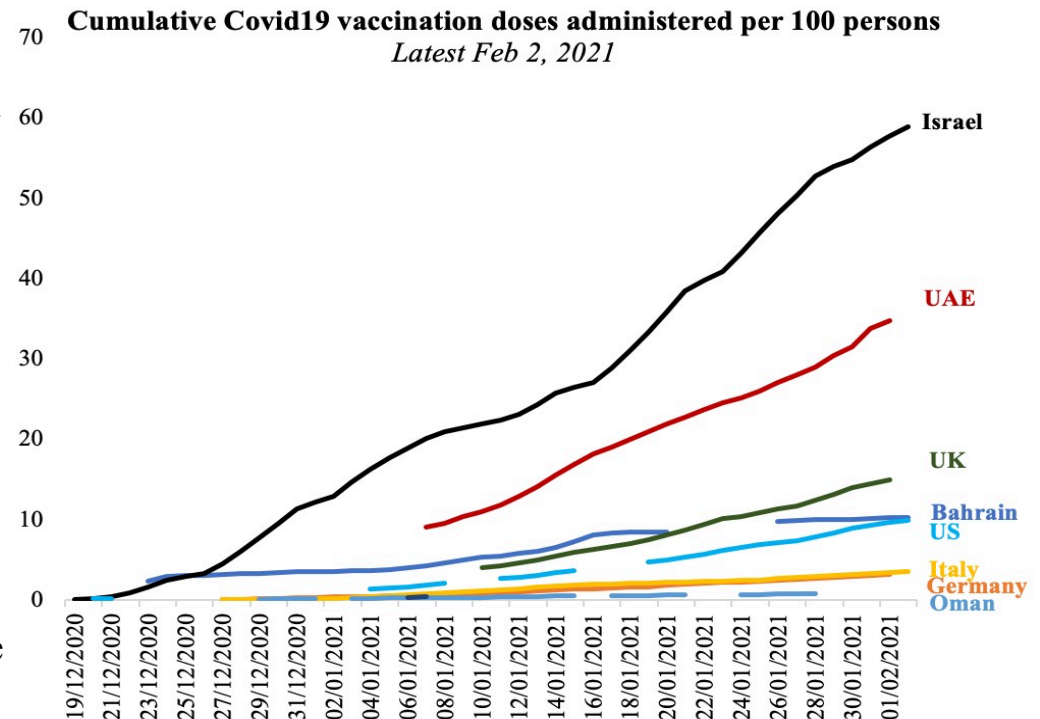
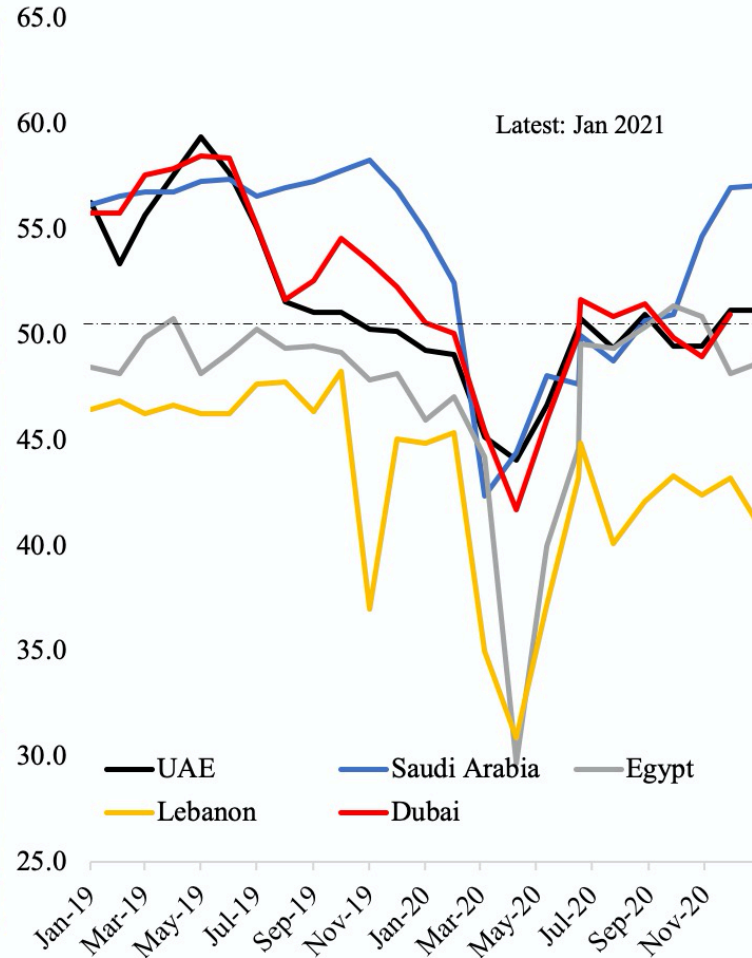


Chart 3: Businesses ride the wave of vaccine optimism in Saudi Arabia & UAE

Heatmap of non-oil private sector PMIs

	UAE	Saudi Arabia	Egypt	Lebanon	Dubai
Jan-19	56.3	56.2	48.5	46.5	55.8
Feb-19	53.4	56.6	48.2	46.9	55.8
Mar-19	55.7	56.8	49.9	46.3	57.6
Apr-19	57.6	56.8	50.8	46.7	57.9
May-19	59.4	57.3	48.2	46.3	58.5
Jun-19	57.7	57.4	49.2	46.3	58.4
Jul-19	55.1	56.6	50.3	47.7	55.2
Aug-19	51.6	57.0	49.4	47.8	51.7
Sep-19	51.1	57.3	49.5	46.4	52.6
Oct-19	51.1	57.8	49.2	48.3	54.6
Nov-19	50.3	58.3	47.9	37.0	53.5
Dec-19	50.2	56.9	48.2	45.1	52.3
Jan-20	49.3	54.9	46.0	44.9	50.6
Feb-20	49.1	52.5	47.1	45.4	50.1
Mar-20	45.2	42.4	44.2	35.0	45.5
Apr-20	44.1	44.4	29.7	30.9	41.7
May-20	46.7	48.1	40.0	37.2	46
Jun-20	50.4	47.7	44.6	43.2	50
Jul-20	50.8	50.0	49.6	44.9	51.7
Aug-20	49.4	48.8	49.4	40.1	50.9
Sep-20	51.0	50.7	50.4	42.1	51.5
Oct-20	49.5	51.0	51.4	43.3	49.9
Nov-20	49.5	54.7	50.9	42.4	49.0
Dec-20	51.2	57.0	48.2	43.2	51.0
Jan-21	51.2	57.1	48.7	41.0	

PMIs start to recover on vaccination optimism

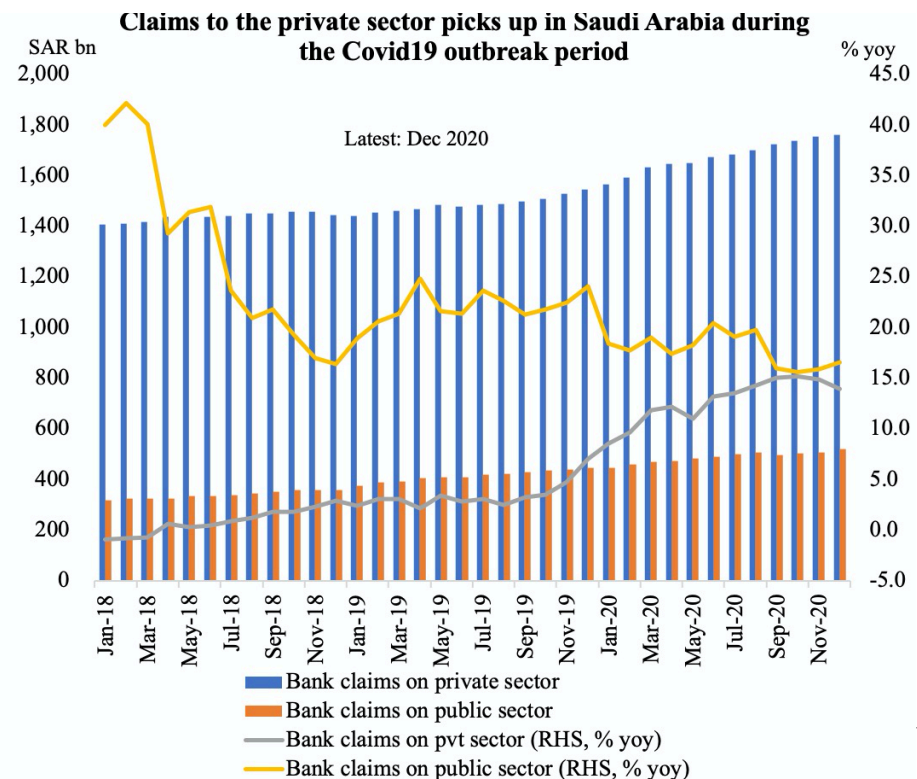
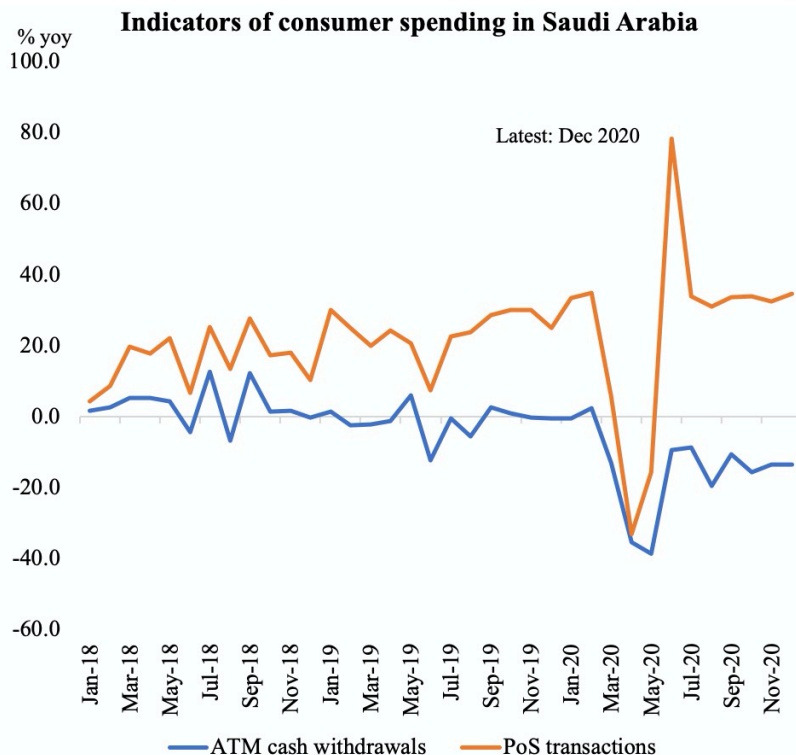


Jan 2021 PMI data showed Saudi ticking up to a 15-month high while in the UAE, though the headline number remain unchanged, jobs moved into positive territory for the first time in over a year

Lebanon's numbers remain dismal with the complete lockdown adding to the existing socio, economic and political woes

Chart 4: Indicators of economic activity in Saudi Arabia

- **Proxy indicators for consumer spending** – ATM withdrawals and PoS transactions – have shown a **divergence during the pandemic year.**
- For the full year 2020, PoS transactions rose by 24% yoy while **ATM cash withdrawals were negative**, declining by 15% - **pointing to the rise in digital/ contactless/ e-payments in a Covid19 backdrop**
- **Overall loans picked up in the country**, with loans to the private sector for the full year rising at 12.8% versus a 17.8% uptick in loans to the public sector



Source: Saudi Central Bank (SAMA), Refinitiv Eikon, Nasser Saidi & Associates.

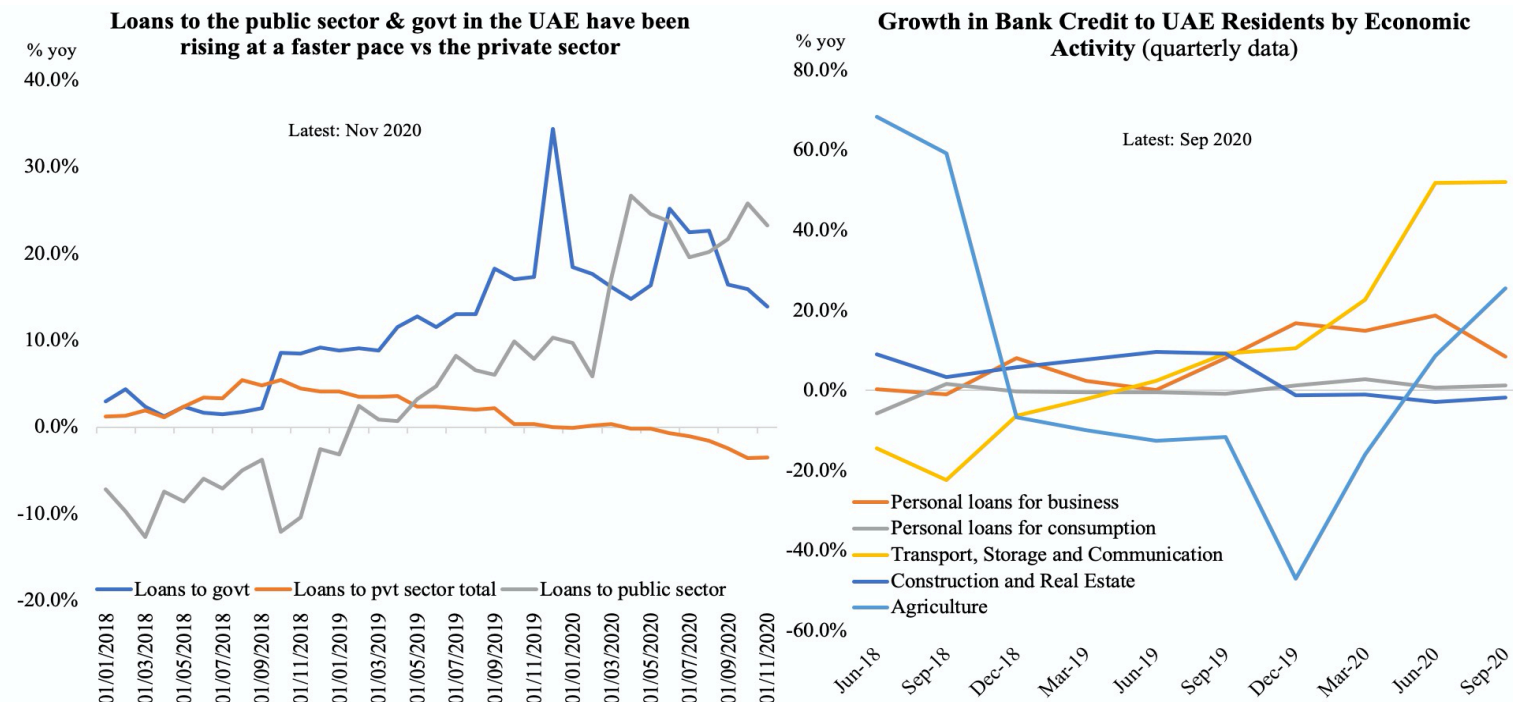
Chart 5: Indicators of economic activity in the UAE

More than 2/3-rds of UAE banks' loans went to the private sector (69.4% as of Nov 2020 vs. 76% in end-2018 & 72% in end-2019), while public sector & government together account for ~30% of all loans in Nov 2020 (vs. 25% a year ago)

However, the overall **pace of lending** to GREs (+23.2% yoy during Apr-Nov 2020) and the government (+18.5%) outpaced the drop in lending to the private sector (-1.6%)

Bank credit by business activity showed an interesting pattern: as of end-Sep 2020, **loans towards agriculture** surged by 18.6% qoq, following a 18% uptick in end-Jun, underscoring the recent focus on food security and evidence of investments into vertical farming and agritech companies (its share of total loans is just 0.13%). Loans to the transport & logistics have shown a strong upsurge, rising by 52.1% yoy as of end-Sep.

Personal loans for consumption (accounting for 20.6% of total loans) dropped by 0.5% qoq at end-Sep.



Source: UAE Central Bank, Refinitiv Eikon, Nasser Saidi & Associates.

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