

Weekly Insights

23 June 2023

Recovery in Global Trade; Productive Capacity & Gender Equality are a long-term challenge in MENA

- *Saudi Arabia's goods exports declined in Apr 2023*
- *UAE central bank expects GDP to grow by 4.3% this year; foreign assets at record high*
- *Global trade growth turns positive in Q1 2023 following H2 2022's downturn: UNCTAD*
- *UNCTAD's Productive Capacities Index & MENA/ GCC results*
- *It will take the MENA region 152 years to achieve gender equality (at the current rate of progress): WEF*

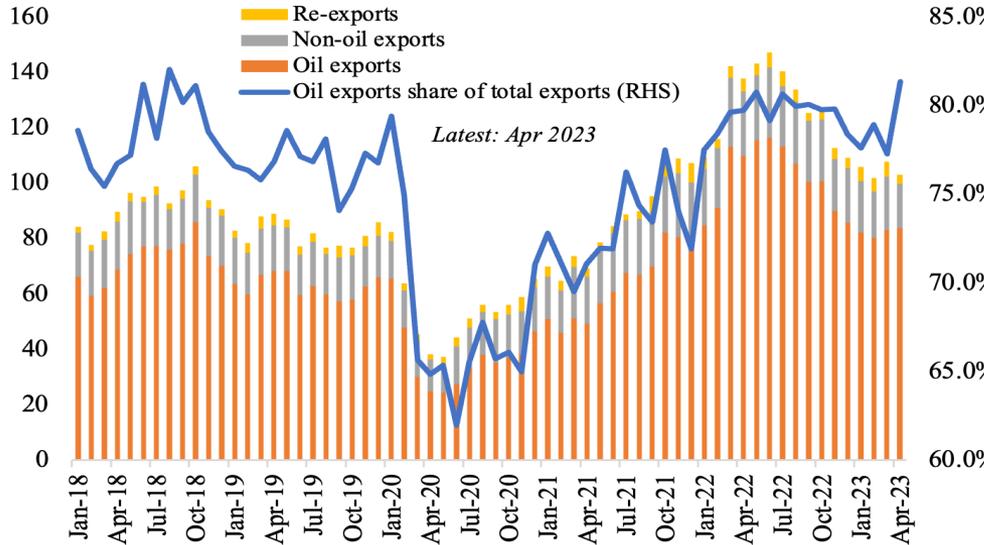
NASSER SAIDI

— & ASSOCIATES —

Saudi Arabia's goods exports declined in Apr 2023

Saudi non-oil exports fell by 32% yoy to SAR 15.8bn in Apr 2023, the lowest in more than 2 years; oil exports share jumped to 81% after 6 months of sub-80% readings

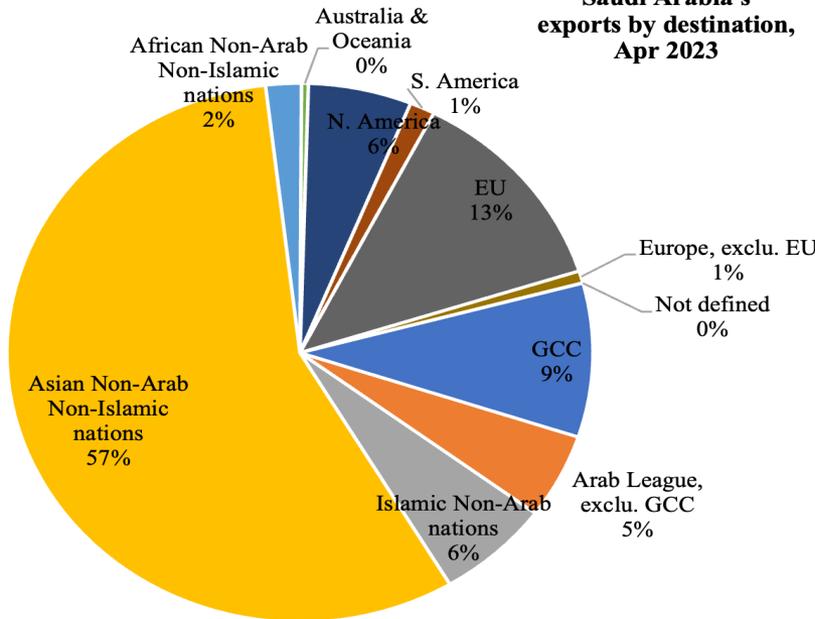
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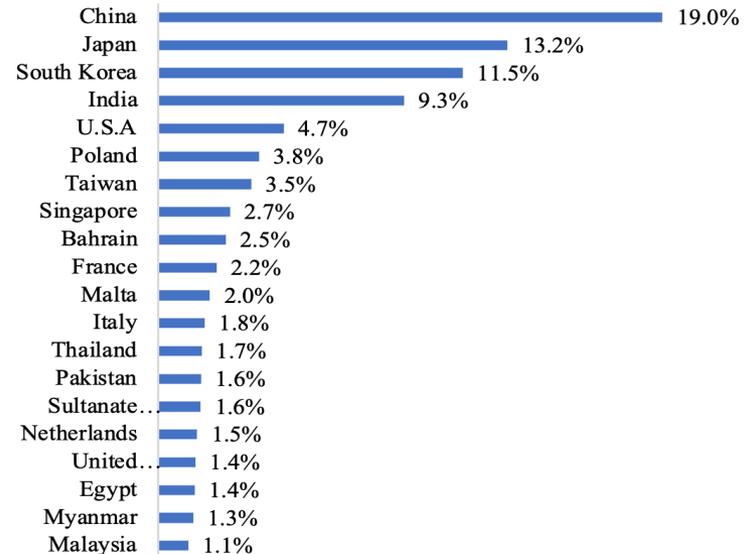
% of total Xs

- Saudi Arabia's exports fell by 25.2% yoy and 4.2% mom to SAR 103bn in Apr. The fall in exports stemmed from oil and non-oil exports, which were down by 24% and 32% respectively.
- The share of oil exports to overall exports increased to **81.3% in Apr**, a range not seen in the previous 6 months.
- **Oil exports to the top 5 destinations** (China, Japan, South Korea, India and the US) **accounted for 57% of the total oil exports** and for the top 20 it was at ~88%.
- Most exported non-oil good (inclu re-exports) was chemicals & allied products (34.6% of outbound trade).
- **Imports declined sharply in mom terms** (-16% mom to SAR 57.9bn).

Saudi Arabia's exports by destination, Apr 2023



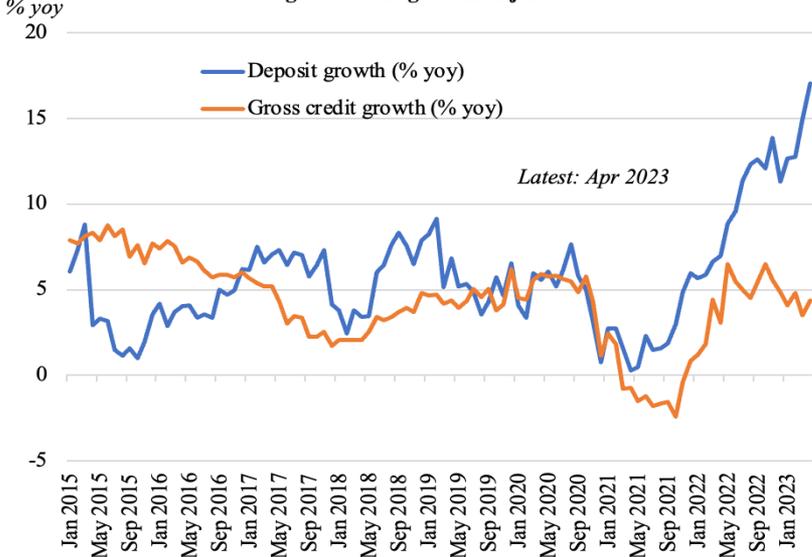
Saudi Arabia's top 20 destinations for oil exports together account for 88% of total oil exports (% share, Apr 2023)



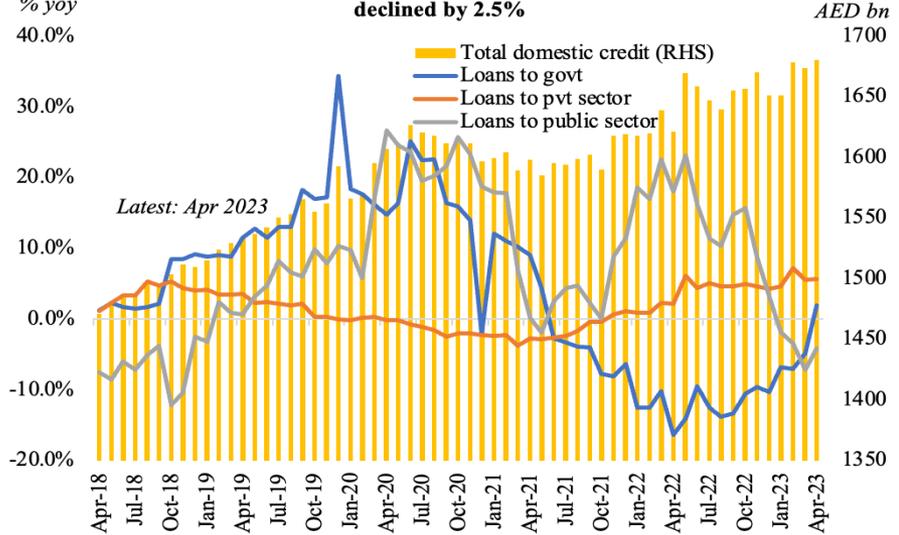
Source: GaStat. Charts by Nasser Saidi & Associates

UAE central bank expects GDP to grow by 4.3% this year (no change from previous estimate); CBUAE foreign assets jumped to a record high of AED 574.18bn in Apr; bank deposits continue outpacing gross credit growth

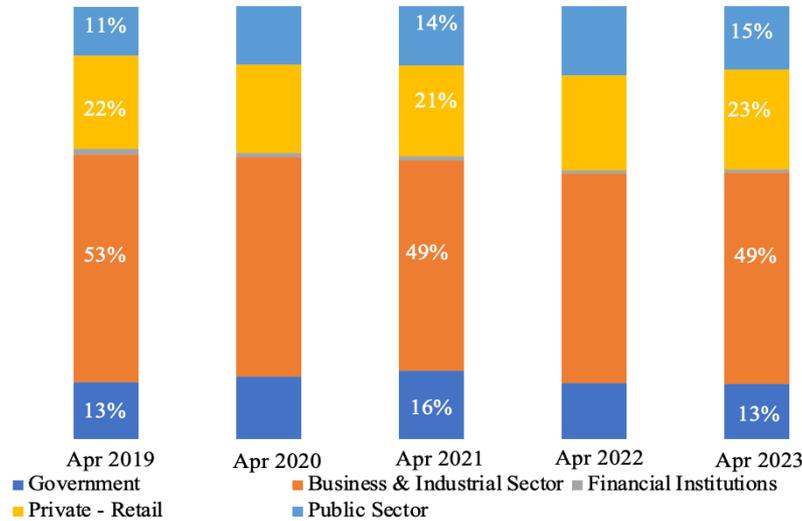
Bank deposits in UAE grew by 5.8% year-to-date (till Apr 2023) versus gross credit growth of just 0.9%



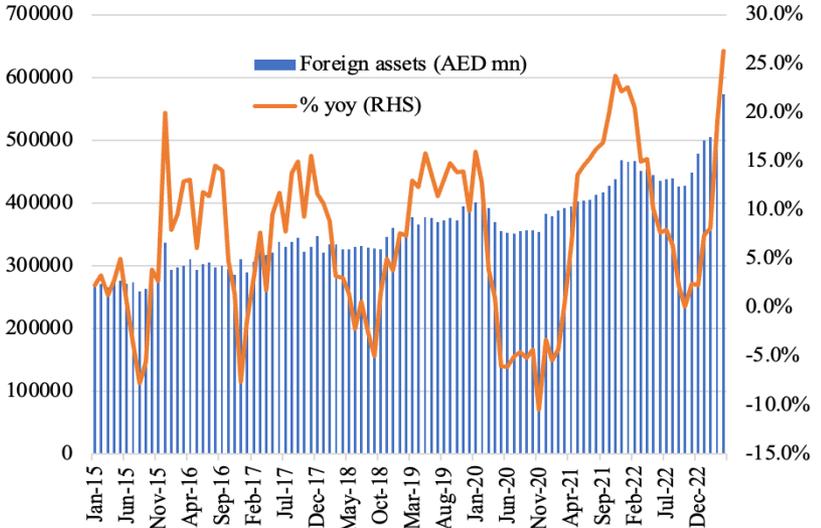
Growth in loans to UAE's private sector ticks up by 2.8% year-to-date as of Apr 2023; loans to the govt is up 1.7% ytd & public sector has declined by 2.5%



Credit to govt & public sector grows to 28% of total in Apr '23 (Apr '19: 24%); share of loans to business & industrial sector slips to 49%



UAE central bank foreign assets cross AED 574bn in Apr 2023, up by 6.9% mom and 27% yoy

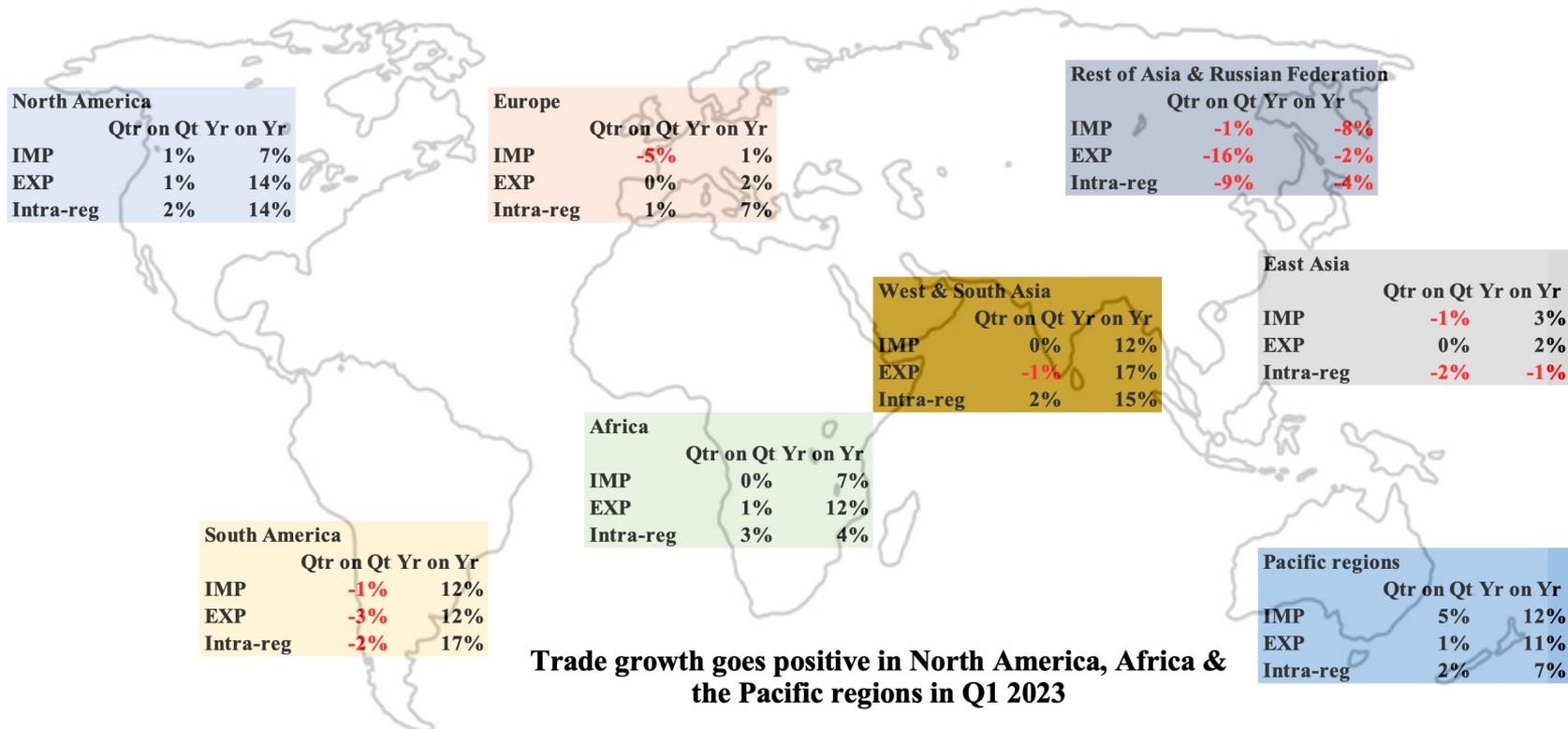


Source: UAE Central Bank. Charts by Nasser Saidi & Associates.



Global trade growth turns positive in Q1 2023 following H2 2022's downturn: UNCTAD

- **UNCTAD estimates global trade in goods and services rebounded by about 2% qoq in Q1 2023.** Goods trade added about USD 100bn (or 1.9% qoq) in Q1 2023 & another USD 50bn (or 2.8% qoq) came via the increase in trade of services. However, **trade is expected to remain weak in Q2 2023.**
- **What factors are likely to support trade growth?** Low shipping costs, increasing demand for services (ICT, travel and tourism).
- **Risk factors that could derail trade growth:** geopolitics (including Russia-Ukraine conflict), weaker-than-expected global economy, inward-looking trade policies & rising restrictiveness, slowing industrial output (as evidenced by PMI), inflationary pressures.
- **Regional trade growth has been positive across most regions in Q1 2023:** The Asian region including Russian Federation witnessed the sharpest year-on-year drops in Q1. In qoq terms, imports dropped the most in Europe and South America while exports dropped in West & South Asia as well as South America (in addition to the Asian region including Russian federation). **In qoq terms, intra-regional trade within Africa grew the most (3%),** outperforming all other regions.



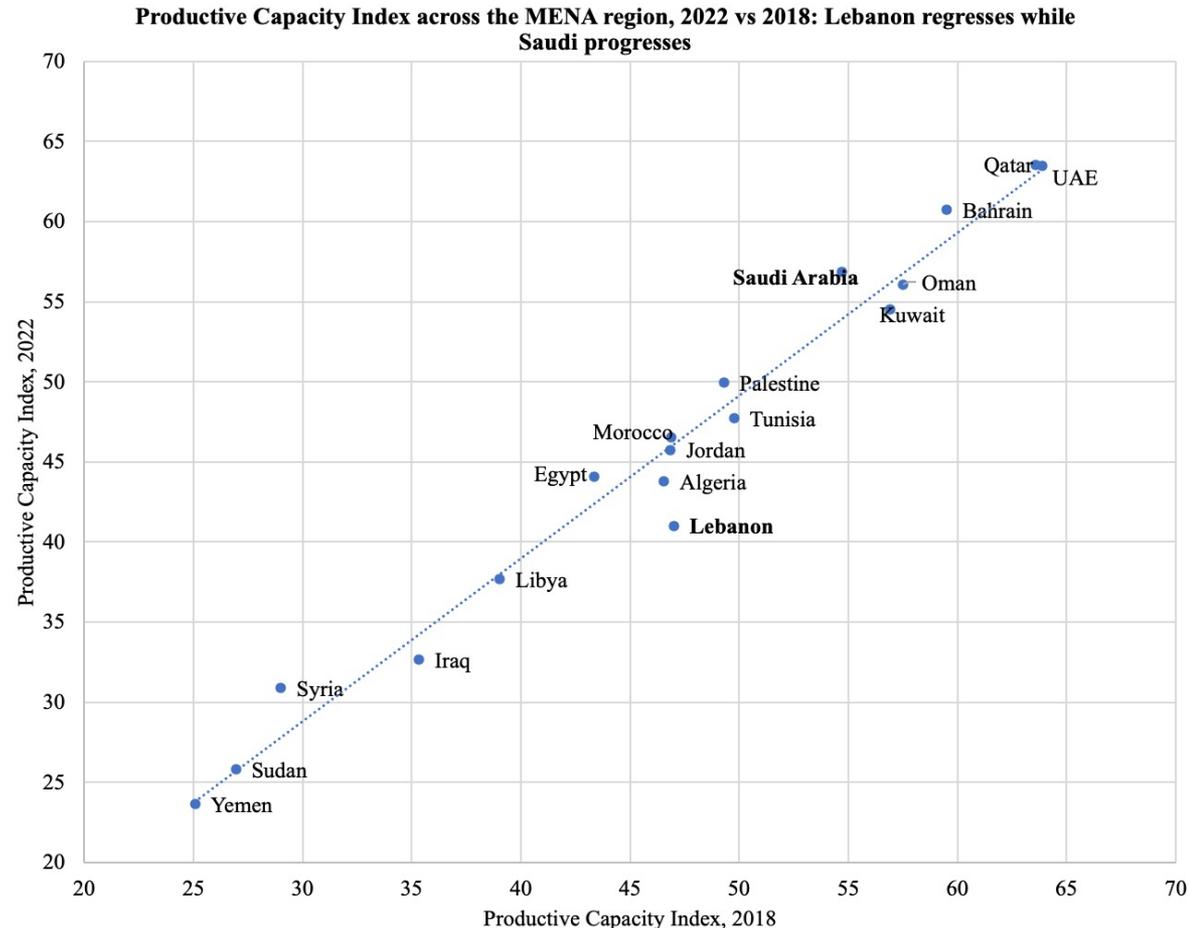
Trade growth goes positive in North America, Africa & the Pacific regions in Q1 2023

UNCTAD's Productive Capacities Index

- UNCTAD this week issued a new **Productive Capacities Index**, to better measure “economic progress” beyond GDP.
- It **measures 8 key areas** - natural capital (i.e. availability of extractive & agricultural resources), human capital, energy (availability, sustainability and efficiency of power sources), ICT, structural change (e.g. movement of labour), transport, private sector (ease of cross-border trade & support to businesses) and institutions.
- Understandably, **the more developed economies have higher capacity scores** (a list topped by Denmark, Australia and the US) while by region, Asia and Latin America perform better than Africa.
- **Qatar, UAE and Bahrain are top in the region** with Syria, Sudan and Yemen the bottom three in 2022.
- The chart tracks **whether the MENA region nations have improved their overall performance in 2022** (vs 2018). Saudi Arabia's progress is notable while Lebanon has regressed.
- Among the GCC nations, **Qatar and the UAE each have each performed best in 4 of the 8 categories**. UAE outperforms Qatar on human capital, ICT, institutions and also the private sector.
- More about the index:

<https://unctadstat.unctad.org/EN/Pci.htm>

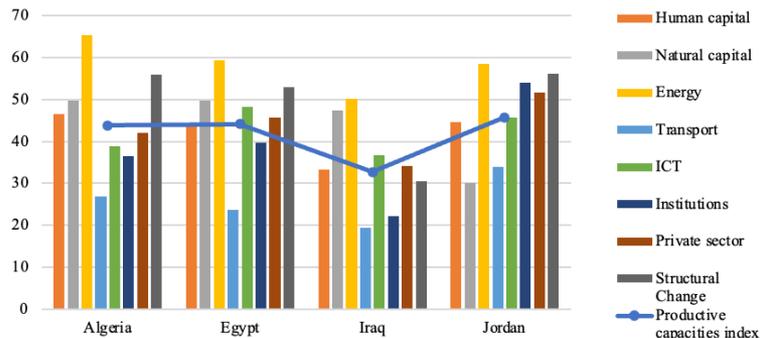
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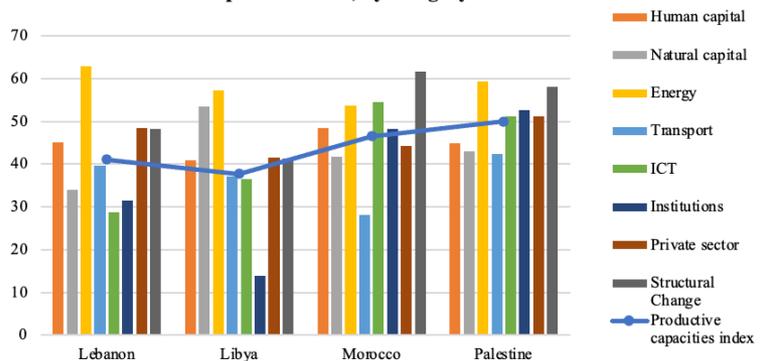
Source: Productive Capacity Index, UNCTAD

UNCTAD's Productive Capacities Index in the GCC/ MENA

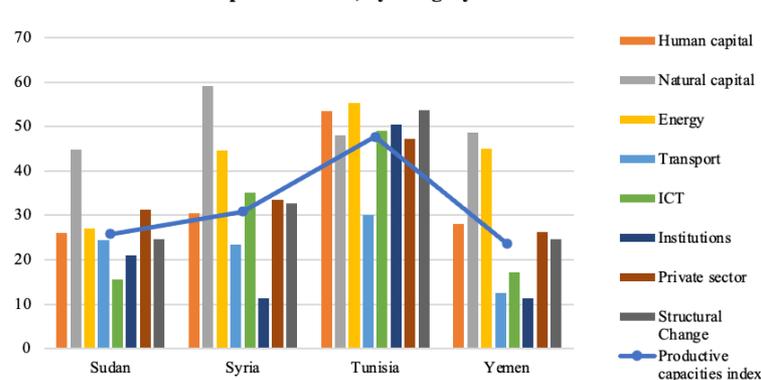
Productive capacities index, by category



Productive capacities index, by category



Productive capacities index, by category



Index Scores	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE
Overall index: Productive capacities index	60.72	54.51	56.03	63.56	56.87	63.47
Human capital: education, skills & health conditions	47.44	45.22	41.98	43.30	49.13	55.94
Natural capital: availability of extractive & agricultural resources	42.34	48.67	55.01	51.65	62.22	37.33
Energy: availability, sustainability and efficiency of power sources	82.90	79.03	76.15	86.85	78.99	82.65
Transport: road, rail & air connectivity	64.00	49.80	48.80	68.05	42.39	57.21
ICT: fixed & mobile users, internet access & service security	71.08	45.62	55.60	61.51	67.12	79.23
Institutions: Political stability & effectiveness	55.31	55.97	56.66	69.20	52.26	70.90
Private sector: ease of cross-border trade & support to biz	71.65	68.18	64.02	69.80	57.27	72.58
Structural Change: movt of labour to high-pdivity	61.57	51.70	56.16	67.78	53.23	65.43

Source: Productive Capacity Index, UNCTAD

It will take the MENA region 152 years to achieve gender equality (at the current rate of progress): WEF

- The World Economic Forum’s Global Gender Gap 2023 report places **Middle East & North Africa at the bottom of the regional groupings**: not only has **the region received a low 62.6% parity score**, it also posted a decline from the previous edition of the report. At the rate of progress since 2006, **it will take MENA 152 years to achieve gender parity**.
- **No country has yet achieved gender parity**, though Iceland (ranked top) has closed more than 90% of its gender gap. The UAE and Bahrain are on top of the list in the region (achieving parity of 71.2% and 66.6% respectively), while Morocco, Oman and Algeria are at the lowest in the list.
- **UAE stands out in the political empowerment sub-category** wherein the indicators include % of women in parliament (where it ranks 1st) and women in ministerial positions (where it ranks 81st) among others

Rankings of	Global Gender Gap Index	Economic Participation & Opportunity	Educational Attainment	Health & survival	Political Empowerment
UAE	71	128	86	119	35
Bahrain	113	122	57	136	99
Kuwait	120	118	51	87	137
Jordan	126	125	66	138	124
Tunisia	128	138	117	81	77
Saudi Arabia	131	130	87	114	131
Lebanon	132	127	90	68	144
Qatar	133	132	93	143	133
Egypt	134	140	119	90	85
Morocco	136	141	115	130	90
Oman	139	135	113	129	140
Algeria	144	145	116	137	135

- **Educational attainment is one of the areas where progress could be achieved** in the MENA region: at the global level, it is estimated that it will take only 16 years for equal educational attainment. In MENA, five of the 12 nations are ranked between 110-120, many dragged down by low literacy rates.

Source: Global Gender Gap Report 2023, World Economic Forum

Prepared by:

Dr. Nasser Saidi
Founder & President
nsaidi@nassersaidi.com

Aathira Prasad
Director, Macroeconomics
aathira@nassersaidi.com