

# Weekly Insights

## 27 October 2023

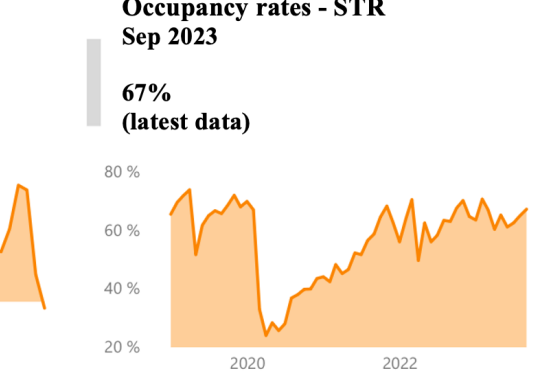
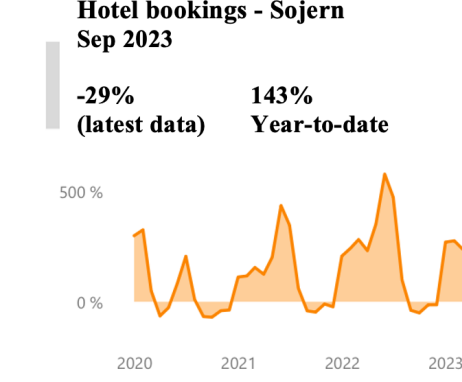
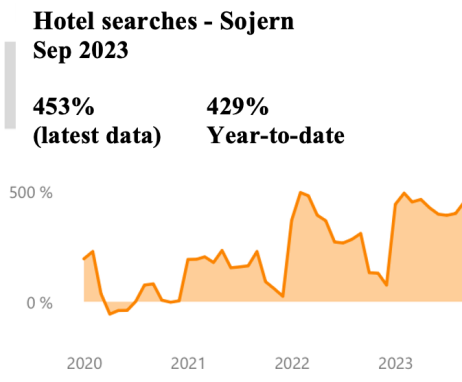
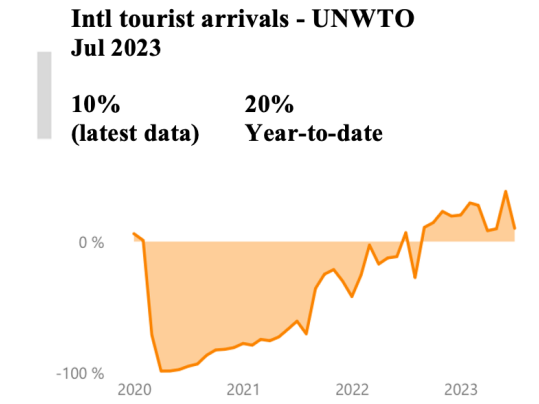
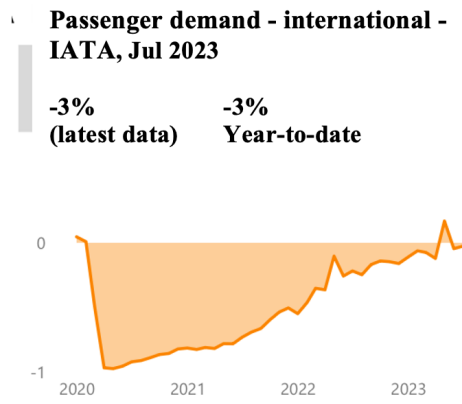
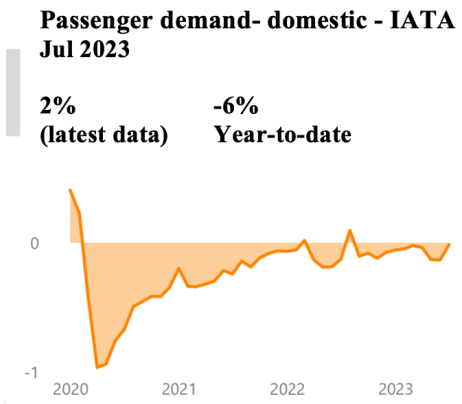
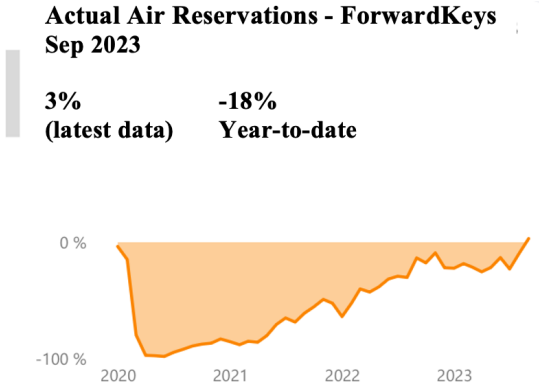
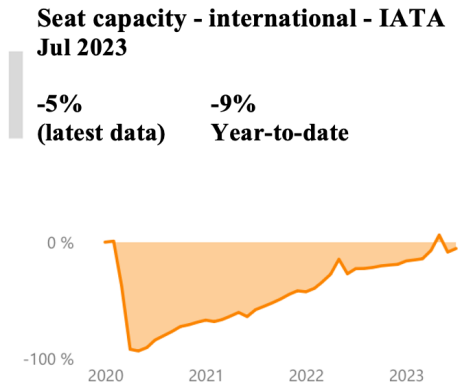
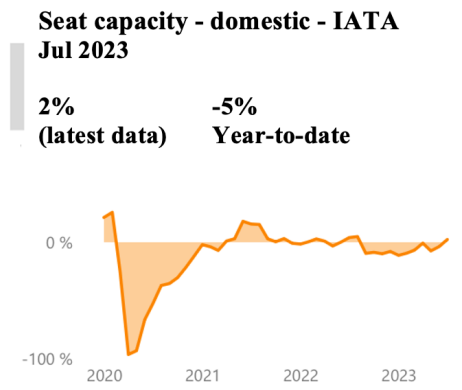
### Will tourism remain a saving grace with lower GCC oil exports feeding into fiscal & monetary indicators?

- *Middle East tourism recovery has been fast-paced, reaching pre-pandemic levels in some indicators*
- *Saudi Arabia's oil & non-oil exports fall in Aug, slashing overall exports*
- *Oman's fiscal surplus touches OMR 773mn in Jan-Aug 2023*
- *UAE's deposit growth accelerated (8.2% ytd as of Aug) versus gross credit growth (3.8%)*

NASSER SAIDI

— & ASSOCIATES —

# Middle East tourism recovery has been fast-paced, reaching pre-pandemic levels in some indicators. What will be the impact of the Israel-Gaza war?

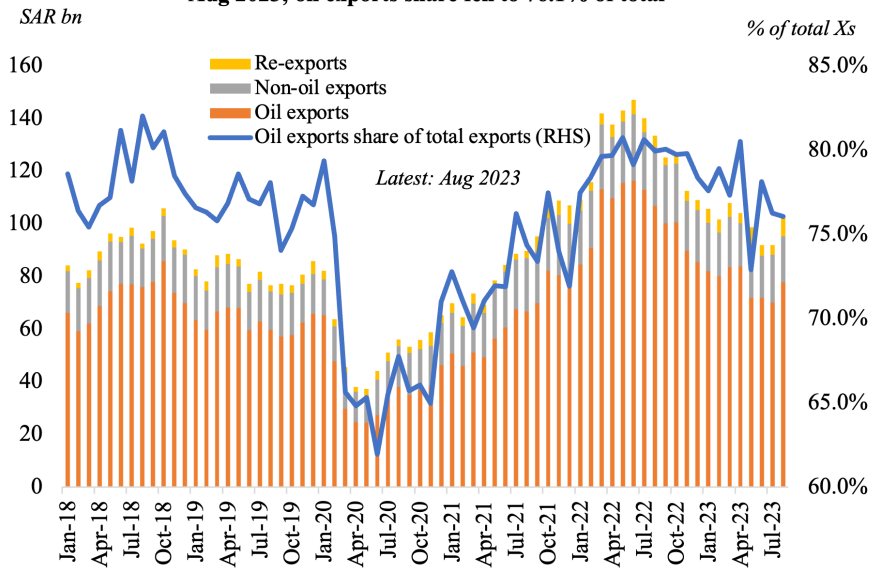


- Tourism into the Middle East could see a decline from the Israel-Gaza conflict, given **early signs of flight cancellations and travel warnings / restrictions.**
- ForwardKeys data indicate that **ticket purchases plunged to visit Egypt (-26% yoy), Jordan (-49%) & Lebanon (-74%) since early-Oct.**

Source: UNWTO Tourism Recovery Tracker



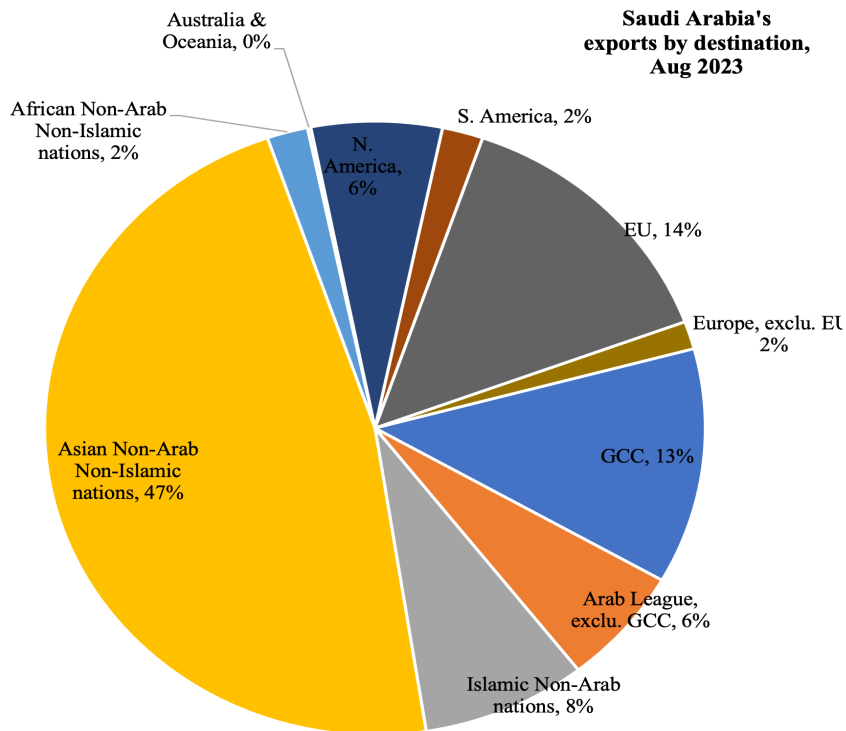
**Saudi oil & non-oil exports fell by 22% and 27% yoy respectively in Aug 2023; oil exports share fell to 76.1% of total**



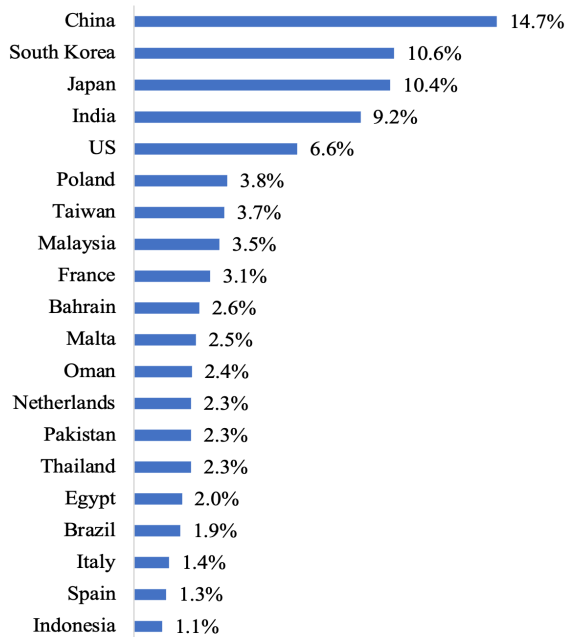
# Saudi Arabia's oil & non-oil exports fall in Aug, slashing overall exports

- **Saudi Arabia's overall exports** fell by 23.4% yoy to SAR 102.4bn in Aug. The fall in exports stemmed from **declines of both oil and non-oil exports**, which plunged by 27.1% and 21.8% respectively. The **share of oil exports to overall exports eased to 76.1%**.
- **Oil exports to the top 5 destinations** (China, South Korea, Japan, India and the US) **accounted for 51.5% of the total oil exports** in Aug and for the top 20 it was 87.7%.
- Largest non-oil exports (including re-exports) were plastics and chemicals & allied products (together close to over 50% of non-oil exports).
- **Imports increased sharply**: 3.6% yoy and 12.1% mom to SAR 61.5bn, led by machinery & mechanical appliances and transport equipment & parts (23.5% and 16.8% respectively of total imports).
- **China remained the top trade partner in Aug**: accounting for 13.4% of total exports and 19.3% of total imports.

**Saudi Arabia's exports by destination, Aug 2023**



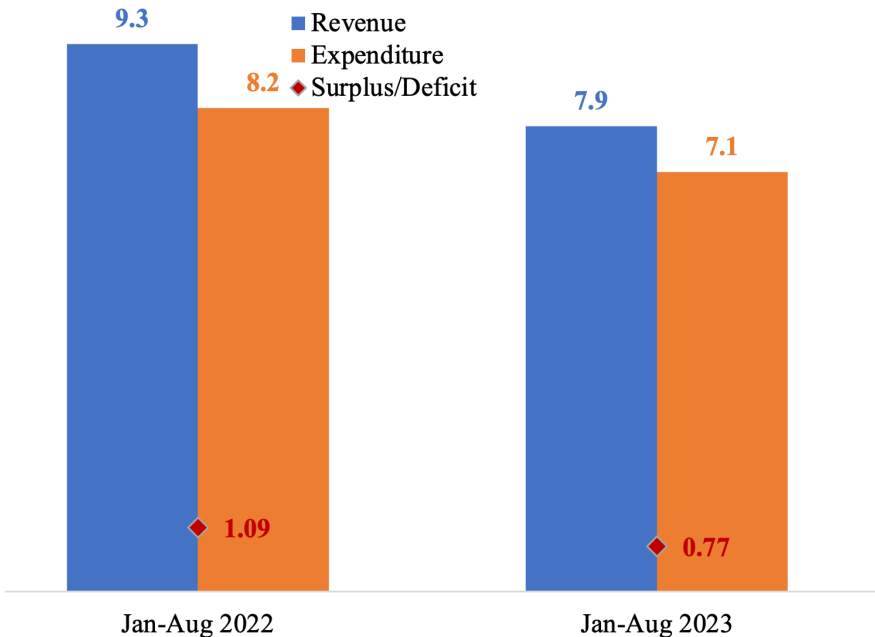
**Saudi Arabia's top 5 (& 20) destinations for oil exports account for about 52% (& 88%) of total oil exports (% share, Aug 2023)**



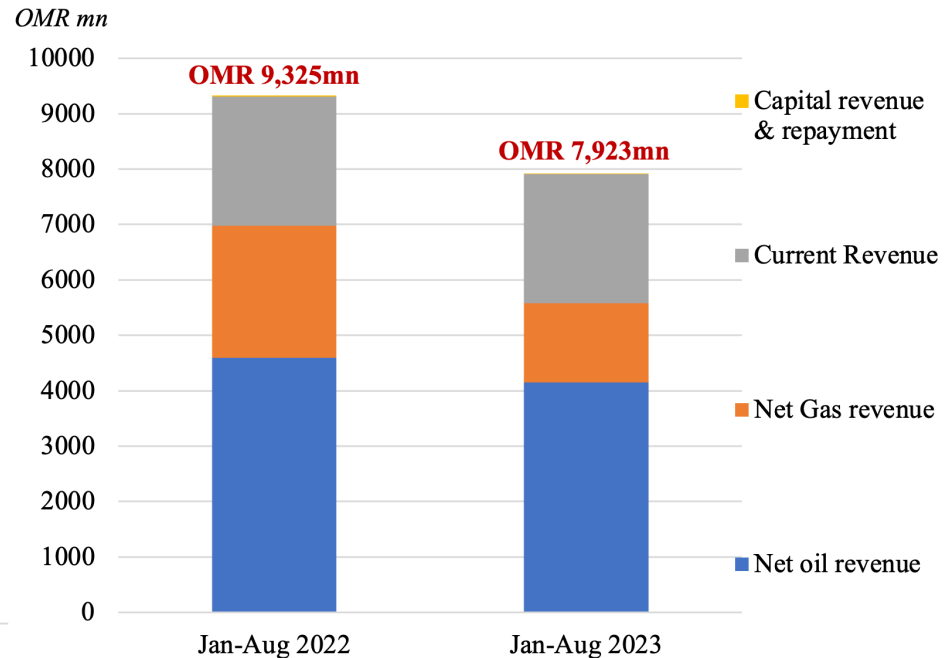
# Oman's fiscal surplus touches OMR 773mn in Jan-Aug 2023

- **Oman posted a budget surplus of OMR 773mn at end-Aug 2023: total revenue decreased by 15% yoy to OMR 7.9bn while spending fell by 13%. This compares to a projected deficit of OMR 1.3bn as per the 2023 budget.**
- While oil production increased by 0.9% yoy to 1.056mn barrels per day at end-Aug 2023, oil price fell by 10% to USD 82, leading to a **10% drop in net oil revenue to OMR 4.2bn** as of Aug 2023.
- **Net gas revenues tumbled** by 40% to OMR 1.43bn (largely due to “the deduction of gas purchase and transport expenses from total revenue collected from Integrated Gas Company” according to the ministry). But together **net oil and gas revenues accounted for close to 70% of total public revenue**, making it more vulnerable to volatility in the oil & gas markets.
- **Spending** was lower in the period ending Aug 2023, given a **13% yoy decline in both current expenditures** while oil and transport sector subsidies amounted to OMR 244mn and OMR 206mn respectively. At end-Jun, development expenditure touched OMR 572mn, close to two-third of total development spending allocated for 2023. A **further OMR 266mn was transferred to future debt obligations** budget-item.

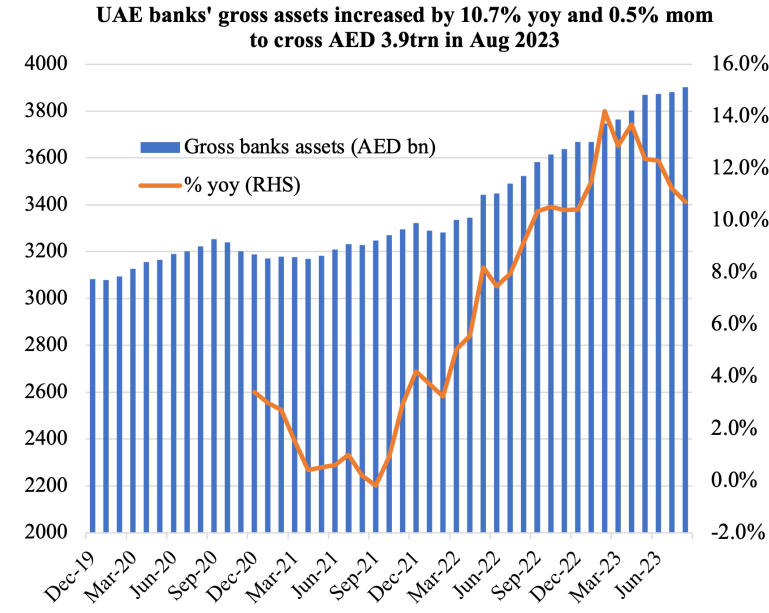
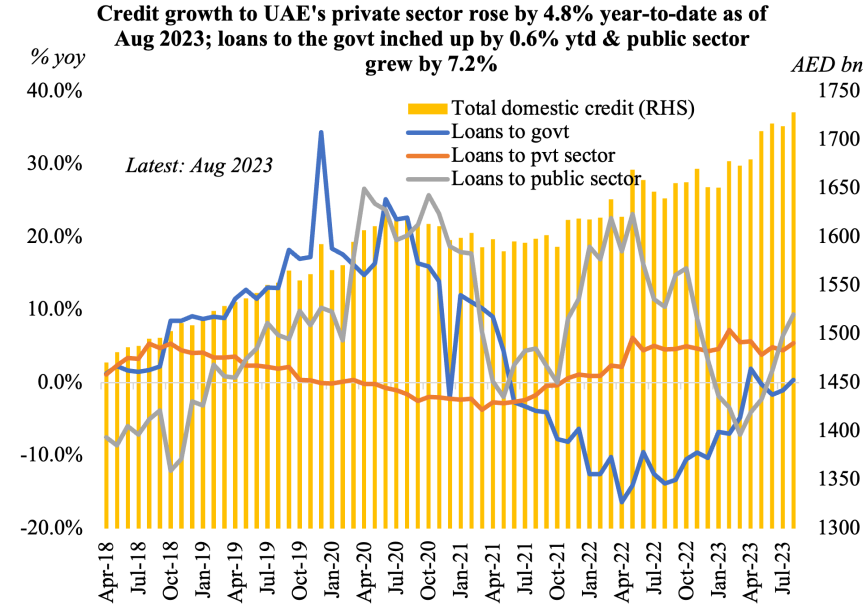
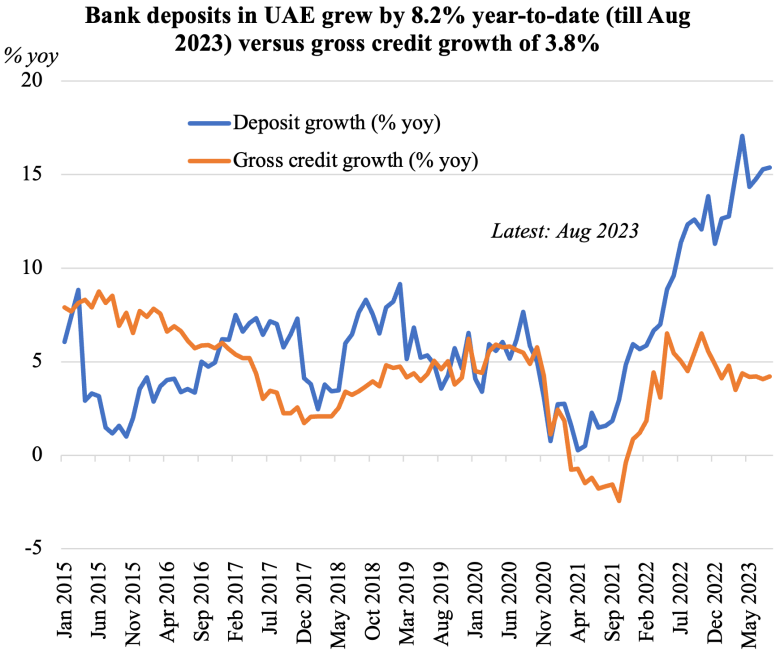
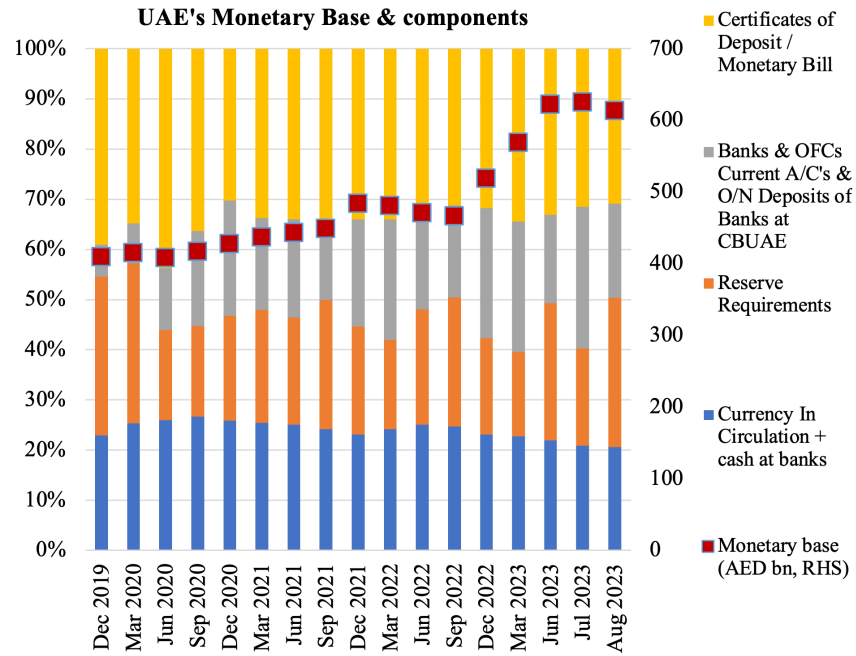
**Oman: Revenue fell by 15% yoy in Jan-Aug 2023 while spending declined by 13%, resulting in a lower surplus of OMR 773mn**



**Oman's revenues declined in Jan-Aug 2023, dragged down by a drop in net gas revenues (40%) and net oil revenues (10%) (together, accounting for 70% of total revenues)**



**UAE's deposit growth accelerated (8.2% ytd as of Aug) versus gross credit growth (3.8%); GRE deposits fell by 2.2% ytd; credit to public sector grew 7.2% ytd vs business & industrial credit (3.8%); monetary base inched lower (-1.9% mom)**



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



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