Weekly Insights
24 Nov 2023

COP28 boosts Dubai tourism, amid evidence of slowing GCC inflation & lower oil exports

- *Dubai welcomed 12.4mn international visitors in the first 9 months of 2023*
- *Saudi Arabia's trade surplus widens as exports & imports decline in yoy terms*
- *While inflation in Oman fell to a 21-month low in Oct, Kuwait's inched up slightly*
- *Ahead of COP28, a peek at the status & role of ClimateTech in the MENA*

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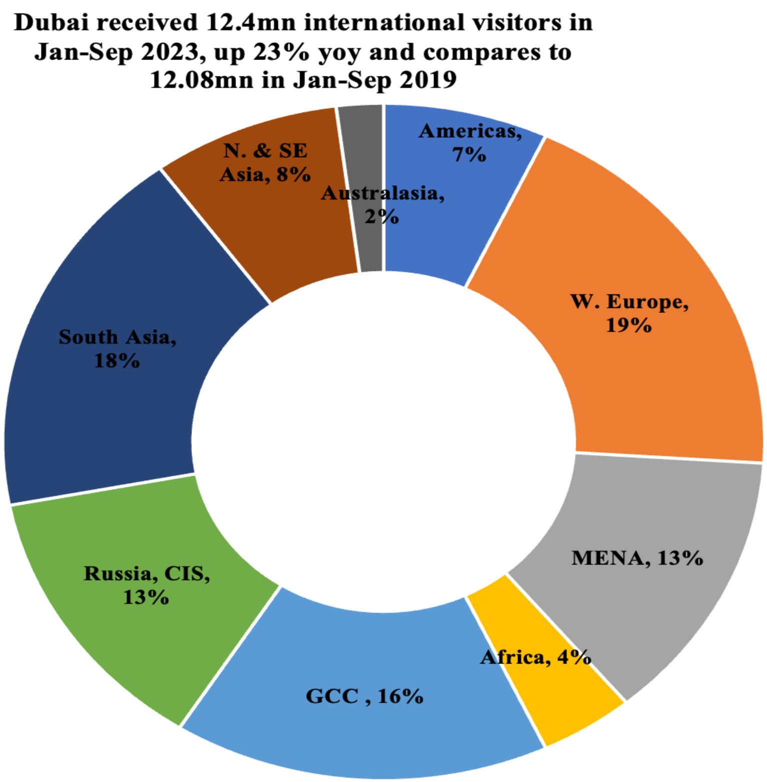
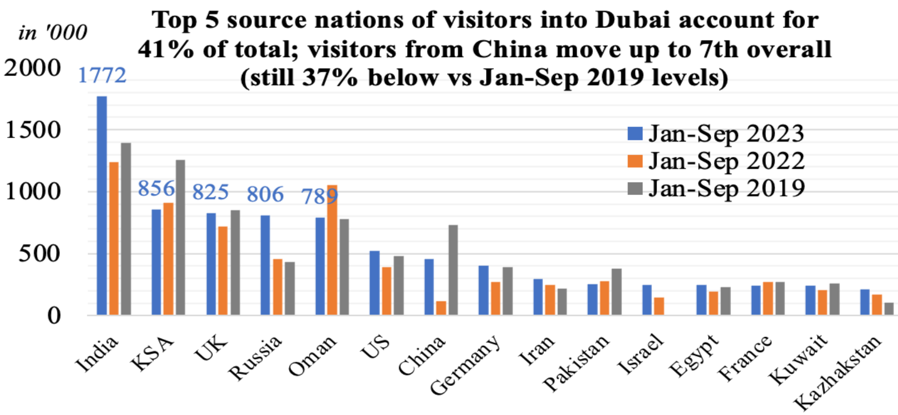
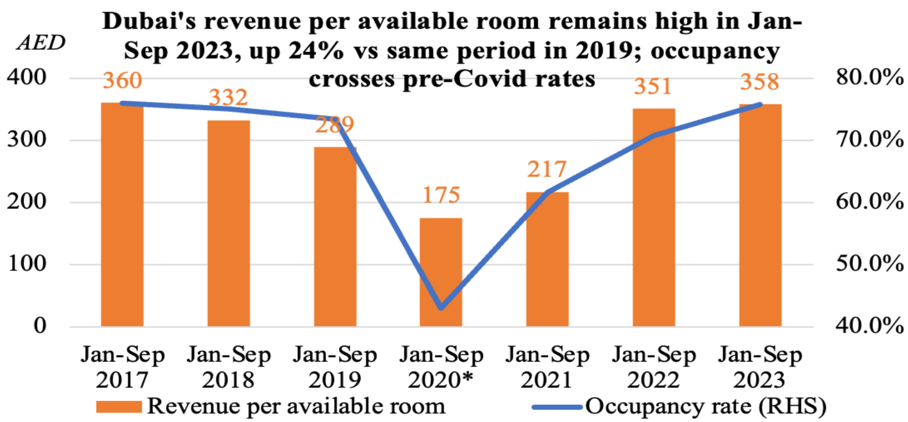
Dubai welcomed 12.4mn international visitors in the first 9 months of 2023 (+21% yoy and 2.6% higher vs Jan-Sep 2019)

- **Regional composition of tourists remained broadly unchanged**: South Asia accounting for close to one-fifth of visitors and GCC at 16%.
- **Major changes among top source nations**: (a) Chinese travelers have jumped to 7th largest in the list of visitors; (b) Saudi Arabia and Oman are the second and 5th largest source nations; (c) Russia has moved lower to 4th largest (from second in the period till Jul 2023).
- **Occupancy rate** crossed pre-Covid levels; **revenue per available room** remains high; room rates have fallen (-4% yoy to AED 473) & so has length of stay (3.7 from 4.0).
- **Q4 is one of the busiest quarters**: following events such as Gitex & Dubai Airshow, this weekend sees the **Formula1 finale race** in Abu Dhabi (potential spillovers); **COP28** is expected to receive 70k+ participants – Wego (an online travel marketplace) reported a 29% rise in flight & hotel bookings in Nov (vs Nov 2022); the **New Year celebrations** will be another major attraction (hotels already abt 75% booked).





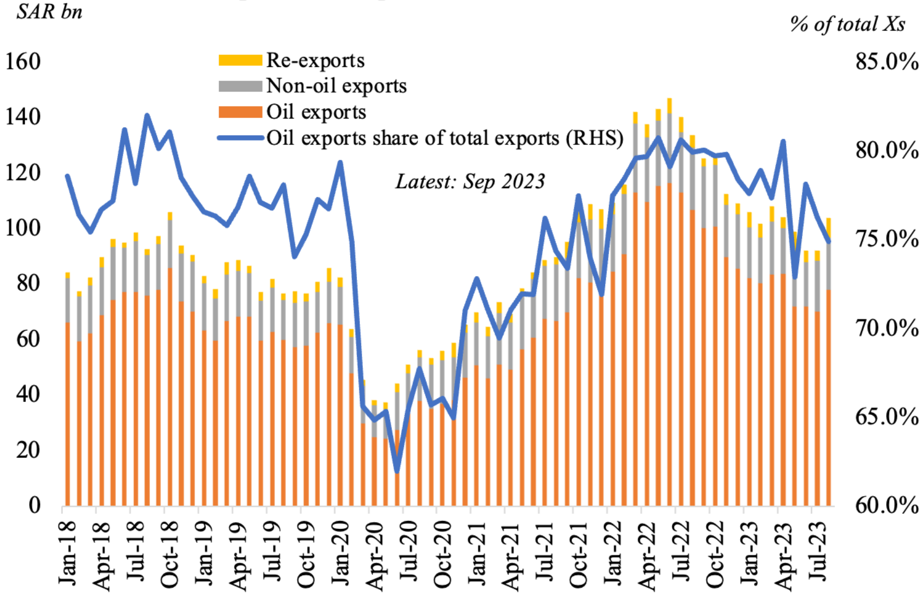


Source: Dubai Department of Economy and Tourism. Charts by Nasser Saidi & Associates

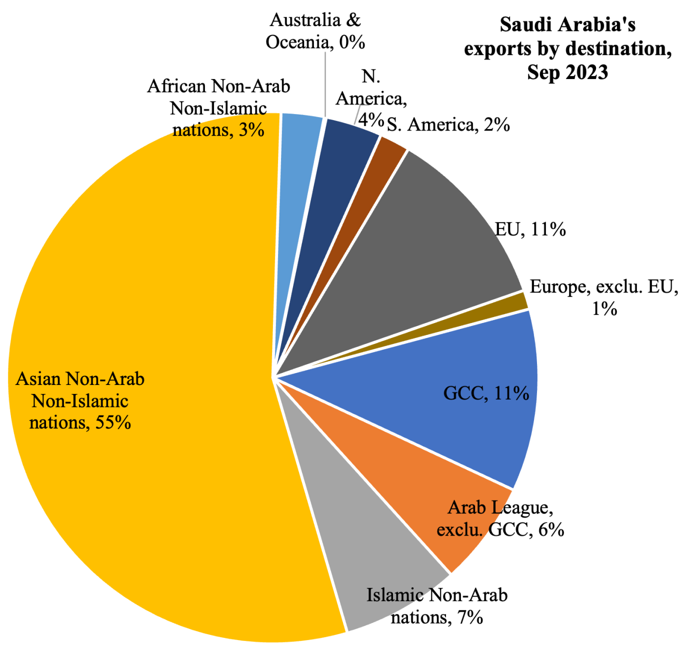
*Note: Revenue figures are reflective of reported hotel data including residents and hoppers; * Covid adjusted 2020 figures*

Saudi Arabia's trade surplus widens as exports & imports decline in yoy terms

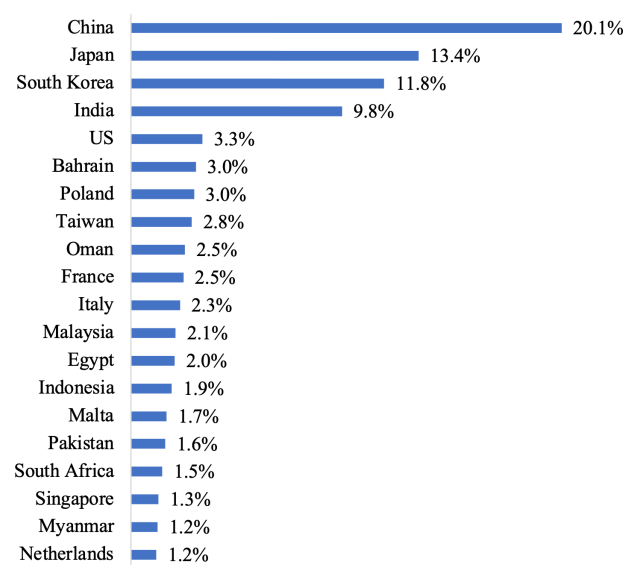
Saudi oil & non-oil exports fell by 17.1% and 25.8% yoy respectively in Sep 2023; oil exports share rise to 80.1% of total



- **Saudi Arabia's overall exports fell** by 17.1% yoy and 0.1% mom to SAR 103.8bn in Sep – due to the drop in oil exports (-17.1% yoy) and non-oil exports (-25.8% yoy and -13.5% mom).
- Though **re-exports plunged 40% from Aug**, it grew by 48.1% yoy.
- **Share of oil exports to overall exports rose to 80.1% in Sep**.
- **Imports declined in Sep:** it fell by 13.7% yoy and 2.2% mom to SAR 60.1bn, led by base metals and machinery & mechanical appliances (21.7% and 17.8% respectively of total imports).
- As a result, **trade surplus widened to SAR 43.73bn in Sep**, from Aug's SAR 34.31bn.
- **China was the top trade partner in Jul**: accounting for 18.3% of overall exports and 20.5% of total imports.



Saudi Arabia's top 5 (& 20) destinations for oil exports account for close to 60% (& 90%) of total oil exports
(% share, Sep 2023)



- **Oil exports to the top 5 destinations** (China, Japan, South Korea, India and the US) **accounted for 58.5% of total oil exports** in Sep and for the top 20 it was close to 90%.
- **Largest non-oil exports** (including re-exports) were chemicals & allied products and plastics (close to 60% of outbound trade).

Source: GaStat. Charts by Nasser Saidi & Associates

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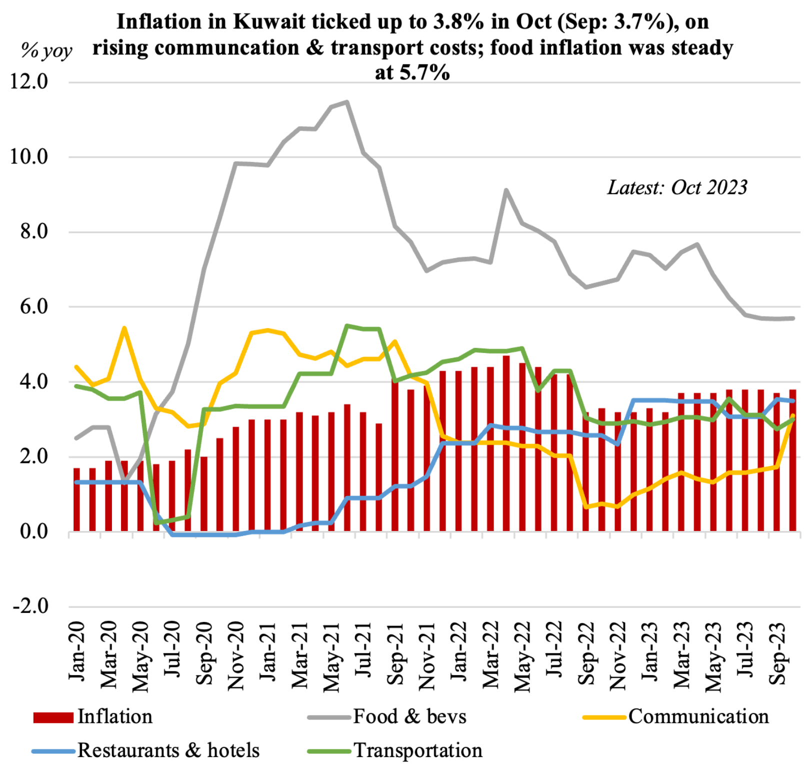
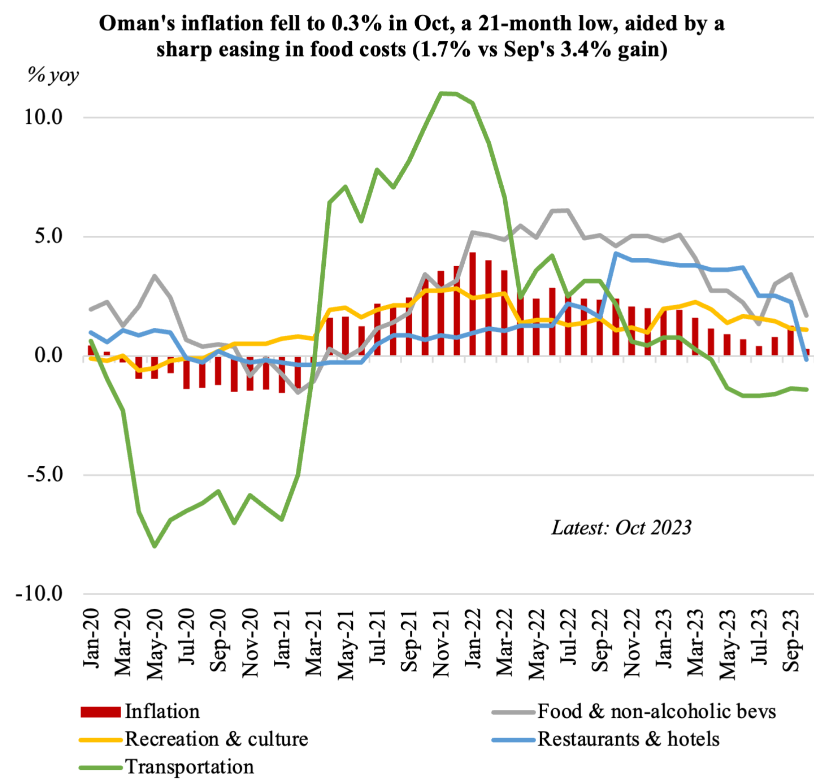
While inflation in Oman fell to a 21-month low in Oct, Kuwait's inched up slightly

- **Inflation in Kuwait inched up to 3.8% in Oct** (Sep: 3.7%): this stemmed from an **increase in communication costs** (3.1% in Oct from Sep's 1.7% gain) and transportation (3.0% from 2.7% in Sep).
- **Core inflation**, that excludes both food and housing, **also edged up to 3.5%** (Sep: 3.4%). Average inflation this year stands at 3.7%.
- Clothing inflation remained relatively high (7% in Oct), while **food inflation held steady at 5.7%** (though it was up by 0.9% from Sep). Other major categories that remained stable were restaurants & hotels (3.1%), housing & utilities (3.1%) and education (0.7%).

- **Oman's inflation eased to a 21-month low of 0.3% yoy in Oct**, from Sep's 1.3% rise.
- This reflected **declines across multiple categories**, including education (-2.3%), transport (-1.4%) and communication (-0.2%). Food costs moved lower to 1.7% (Sep: 3.4%) while clothing and housing posted no change in year-on-year terms.
- It is however important to note that **Oman has a price cap on fuel products** (due to expire this year) and other specific products (such as essential food items); strength of the USD (to which OMR is pegged has allowed imported inflation to be kept at bay).





Source: Kuwait Central Statistical Bureau, Oman's National Centre for Statistics and Information, Refinitiv Eikon. Charts by Nasser Saidi & Associates.

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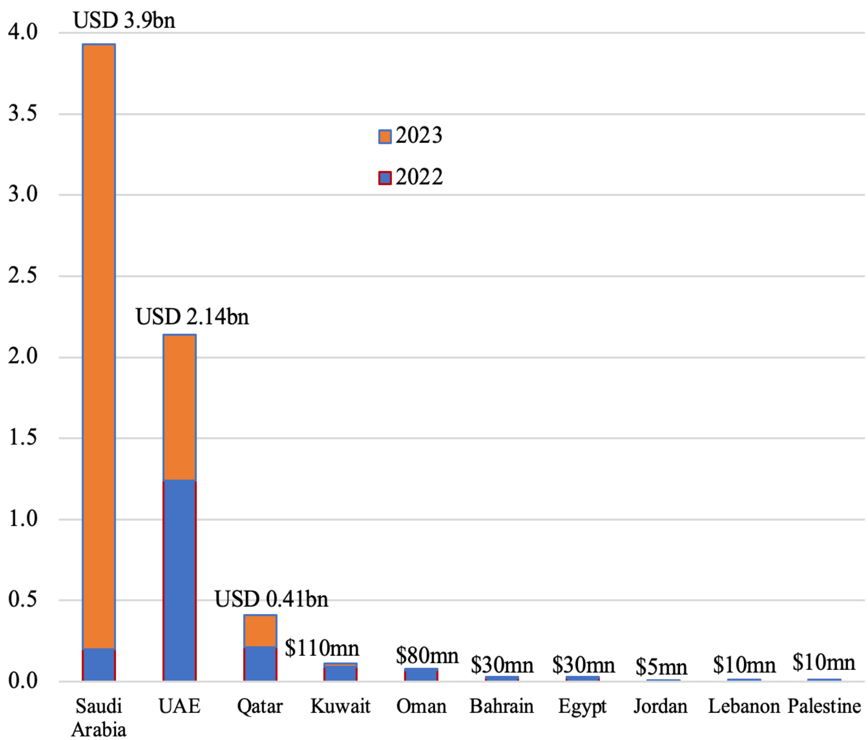
Ahead of COP28, a peek at the status & role of ClimateTech in the MENA

- **ClimateTech will play an important role in helping communities and ecosystems become more resilient**, especially in light of MENA region's extreme weather events.
- GCC & MENA will continue to produce oil & gas to meet energy demand: **support needed to make fossil fuels greener**.
- A relatively **minor portion of startup investments is allocated to climate technology solutions** which target major contributors to emissions reductions.

Saudi Arabia dominates the region in its global investment in climate technology



Source: PwC 2023 Middle East Climate Tech report

- According to PWC's "**Climate Tech in the Middle East**" report:
  - ✓ **Middle East climate tech-related transactions globally stood at USD 5bn in the 12 months to end-Sep 2023**, almost triple estimated spending of ISD 1.8bn in 2022. Bulk of the funding comes from Saudi Arabia (USD 3.7bn), followed by UAE (USD 900mn) and Qatar (USD 225mn);
  - ✓ About **73.1%** of Middle East investment in climate technology globally has **gone into Mobility & Transport;**
  - ✓ **Climate tech funding in the Middle East itself fell** to USD 152mn this year from USD 1bn in 2022; number of start-ups & unique investors fell to a 5-year low;
  - ✓ **Since 2018, UAE-based companies received largest share of climate tech funding in the Middle East** (USD 1.17bn of a total USD 1.85bn); focus on mobility & transport. **Saudi Arabia and Egypt follow** (USD 460mn & USD 210mn respectively), but with **funding mostly going to clean energy** (80% & 70% of the total respectively).
- To achieve climate goals, increased investments need to be directed towards technological solutions **for hard-to-abate sectors like industrial and power**, as these technologies will have a more significant impact on reducing emissions.

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