

Weekly Insights

21 June 2024

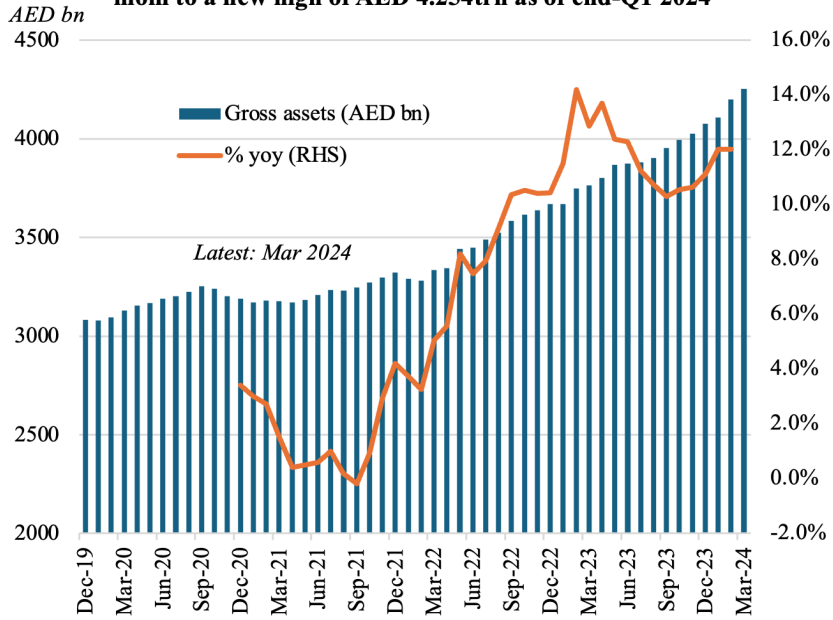
Robust monetary sector performance in the GCC as inflation stays muted

- *UAE banks' deposits & assets post robust growth in Q1 2024*
- *UAE's domestic credit growth stood at 2.2% year-to-date (Q1 2024)*
- *Qatar's monetary sector performance in April shows robust credit & deposit growth*
- *Inflation in Qatar eased in May; industrial production declined in Apr*
- *Consumer & wholesale price inflation in Saudi Arabia slowed further*

NASSER SAIDI

— & ASSOCIATES —

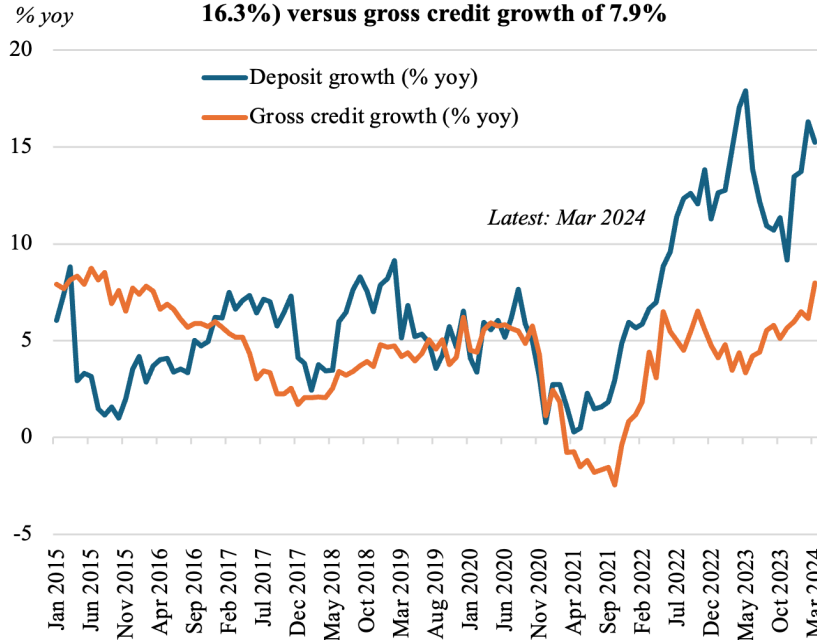
UAE banks' gross assets increased by 13% yoy and 1.4% mom to a new high of AED 4.254trn as of end-Q1 2024



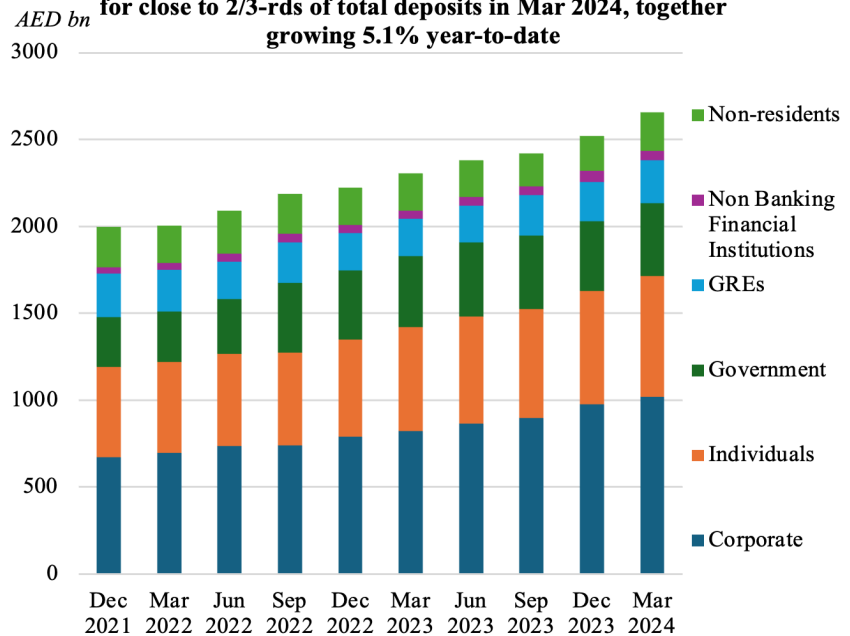
UAE banks' deposits & assets post robust growth in Q1 2024

- **UAE's gross bank assets increased further in Mar 2024, rising to AED 4.254trn (up 1.4% mom and 13% yoy).**
- **Deposits in the UAE grew by 1.5% mom & 15.2% yoy in Mar, thanks to a healthy 1.5% mom & 16.4% uptick in resident deposits; non-resident deposits share was 8.3%.**
- **Private sector deposits** account for 64.5% of total deposits and 70.3% of total resident deposits as of end-Q1 2024. This includes both corporates and individuals' deposits: which grew at a very robust 24.2% yoy and 15.3% respectively.
- **Government and GREs** together accounted for one-fourth of total deposits in Mar; these grew by 4.5% and 10.7% year-to-date.

Bank deposits in UAE grew by 15.2% yoy in Mar 2024 (Feb: 16.3%) versus gross credit growth of 7.9%



Deposits from corporates & individuals in UAE accounted for close to 2/3-rds of total deposits in Mar 2024, together growing 5.1% year-to-date

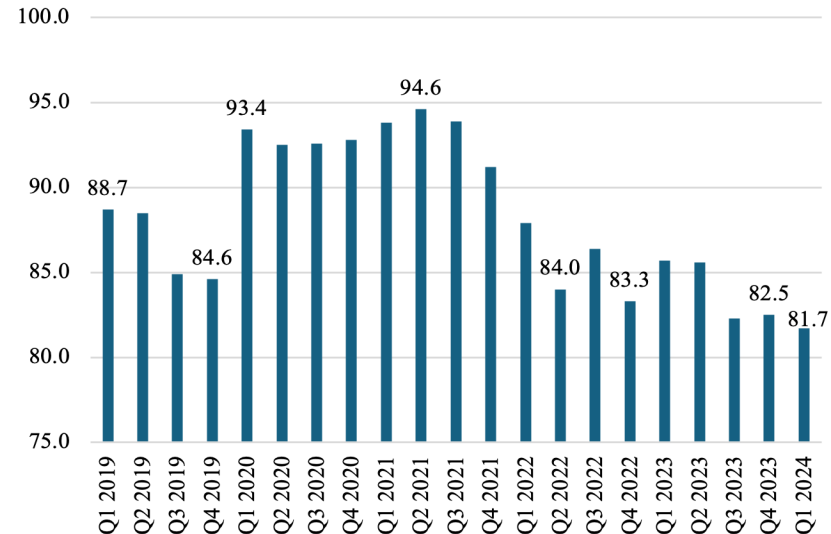


Source: UAE Central Bank. Charts by Nasser Saidi & Associates

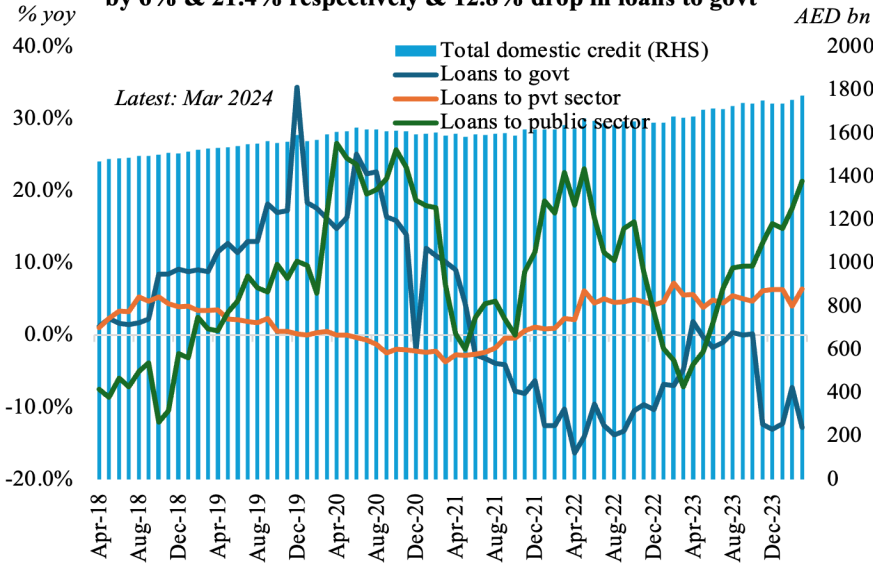
UAE's domestic credit growth stood at 2.2% year-to-date (Q1 2024)

- **Overall domestic credit in the UAE grew by 1.1% mom and 6.1% yoy to AED 1.776trn in Mar.**
- **Credit to the private sector** accounted for 72% of domestic credit. Within the private sector, credit to business and industrial (at AED 841.7bn) accounted for 2/3-rds. **Credit disbursed to SMEs** stood at AED 81.7bn as of end-Mar, down by 4.7% yoy and 1.0% year-to-date, accounting for about 6.4% of total credit to the private sector.
- **Loans to the government and GREs** have increased by 2.3% and 1.7% year-to-date.
- Bank credit to residents by economic activity show that **personal loans for consumption purposes accounts for one-fourth of total**, followed by construction & real estate (16%) and government (11%).

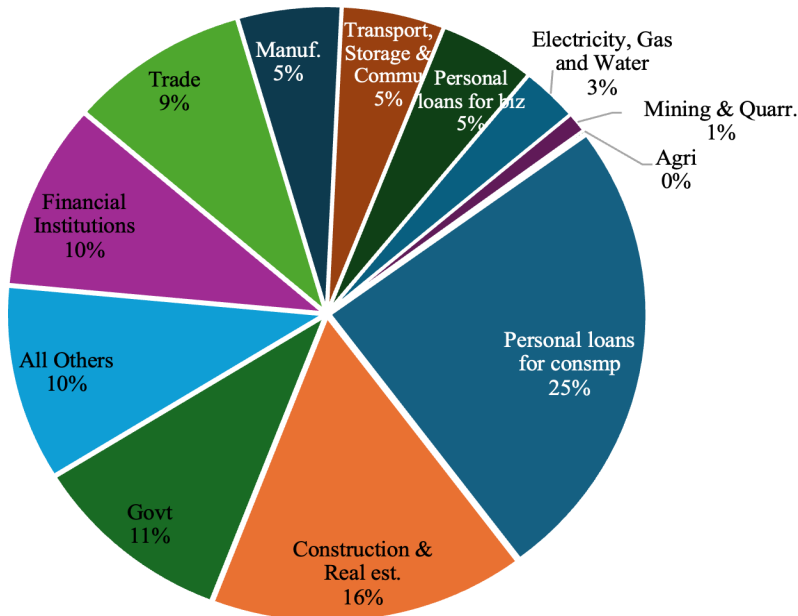
SME lending in the UAE has declined significantly from post-Covid peaks to AED 81.7bn as of Q1 2024 (AED bn): equivalent to 6.4% of domestic credit to the pvt sector



Domestic credit disbursed by UAE banks' grew by 6.1% yoy in Mar (& 2.2% ytd): loans to private retail & public sector grew by 6% & 21.4% respectively & 12.8% drop in loans to govt



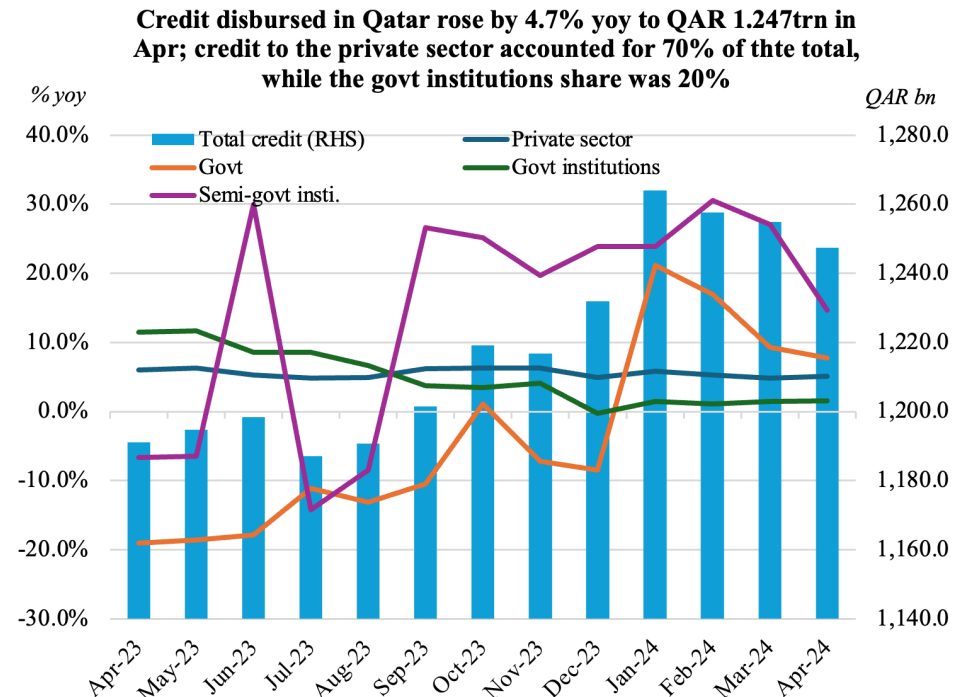
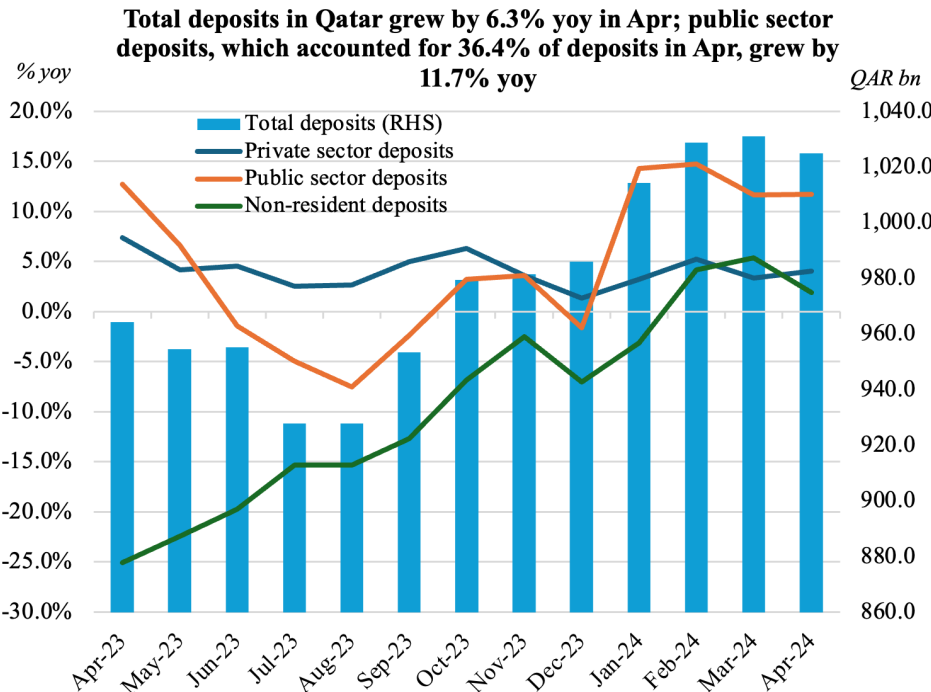
Share of loans by economic activity in UAE, Mar 2024



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

Qatar's monetary sector performance in April shows robust credit & deposit growth

- Latest monetary statistics from the **Qatar** central bank shows a **6.3% increase in commercial bank deposits in Apr**, driven by **public sector deposits** (+11.7% yoy and 0.9% mom to QAR 372.9bn; this accounted for 36.4% of total deposits); private sector deposits edged down slightly in month-on-month terms (-0.9%, but was up 4% yoy).
- **Credit growth grew by 4.7% yoy in Apr** (Mar: 4.9%). Claims to the private and government sectors increased by 5.1% (to QAR 867.3bn) and 7.8% (to QAR 111.1bn) respectively. **Credit to government institutions accounted for 20% of total credit** and edged up by 1.5% yoy to QAR 248.41bn.
- Meanwhile, **money supply growth remained healthy**: M2 and M3 were up by 5.7% and 7.2% respectively. **Overall assets of commercial banks grew by 3.7% to QAR 1.96trn**.

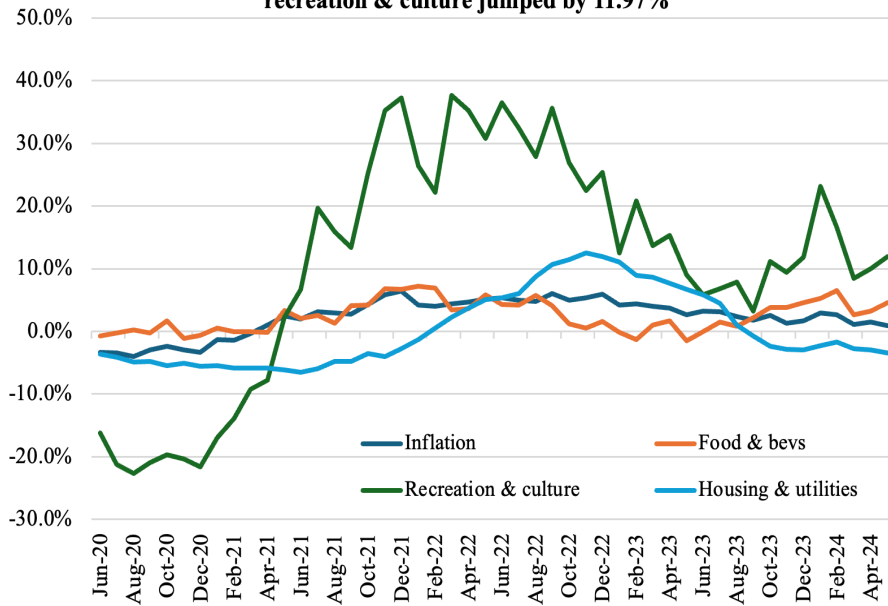


Source: Qatar Central Bank. Charts by Nasser Saidi & Associates.

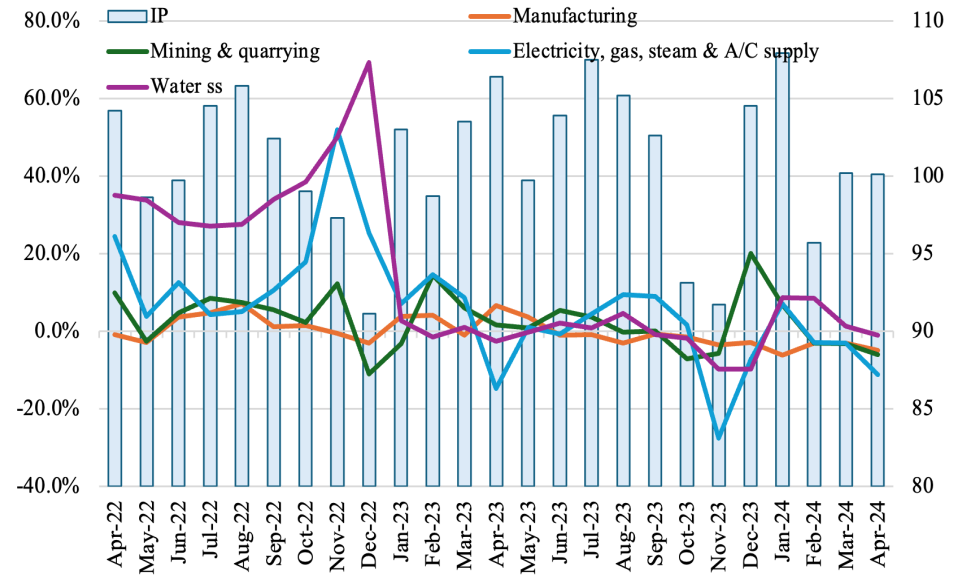
Inflation in Qatar eased in May; industrial production declined in Apr

- Inflation in Qatar eased to 0.93% yoy in May** (Apr: 1.4%) as per data released this week by the National Planning Council. Food prices ticked up to 4.6% (from 3.2%) as did recreation costs (11.97% from 10%) while transport costs slowed (0.82% from 1.2%). Communication costs plunged by 12.73% in May while housing & utilities and restaurants & hotels continued in deflationary territory (at -3.4% and -1.9% respectively).
- Qatar's industrial production declined by 3.1% mom and 5.9% yoy in Apr**; this is the third consecutive month of yoy decline. Among the major sectors, mining & quarrying (with a relative weight of 82.46%) fell by 3.3% mom and 6.1% yoy.
- Manufacturing, with a 15.85% weight, also fell in Apr**: down by 2.5% mom and 5% yoy. This was dragged down by multiple sectors including manufacture of basic metals (-22.5%), printing & reproduction of recorded media (-9.1%) and manufacture of cement & other non-metallic mineral products (-4.2%) among others.
- The forward-looking PMI rising to an 8-month high of 53.6 in May**, on new orders and output, indicates an uptick in IP in coming months.

Inflation in Qatar eased to 0.93% yoy in May (Apr: 1.4%); deflation continued in housing & utilities; food prices rose by 4.6% while recreation & culture jumped by 11.97%



Industrial production in Qatar fell by 3.1% mom & 5.9% yoy in Apr; all major sectors posted yoy declines including manufacturing (-5.0% following a 3.1% drop in Mar)

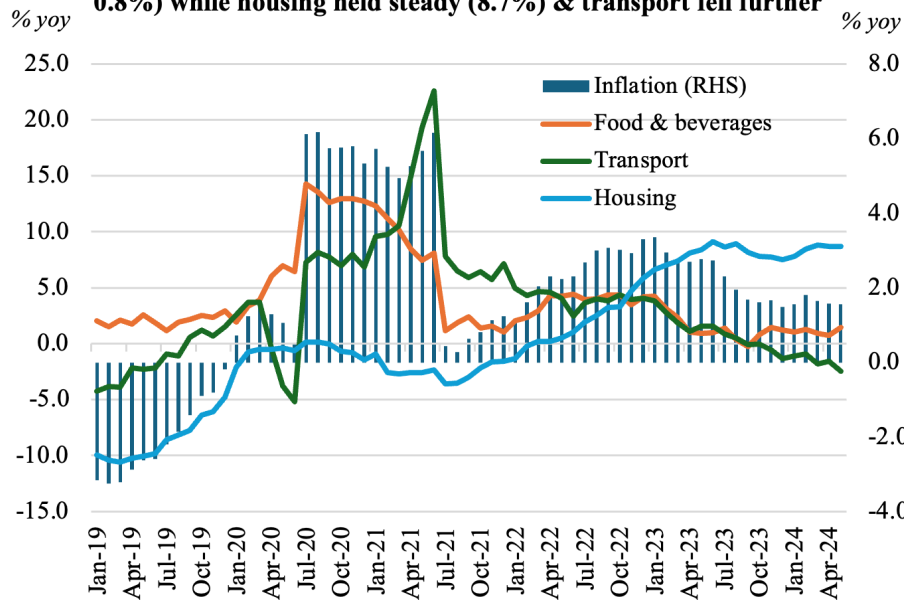


Source: National Planning Council, Qatar. Charts by Nasser Saidi & Associates.

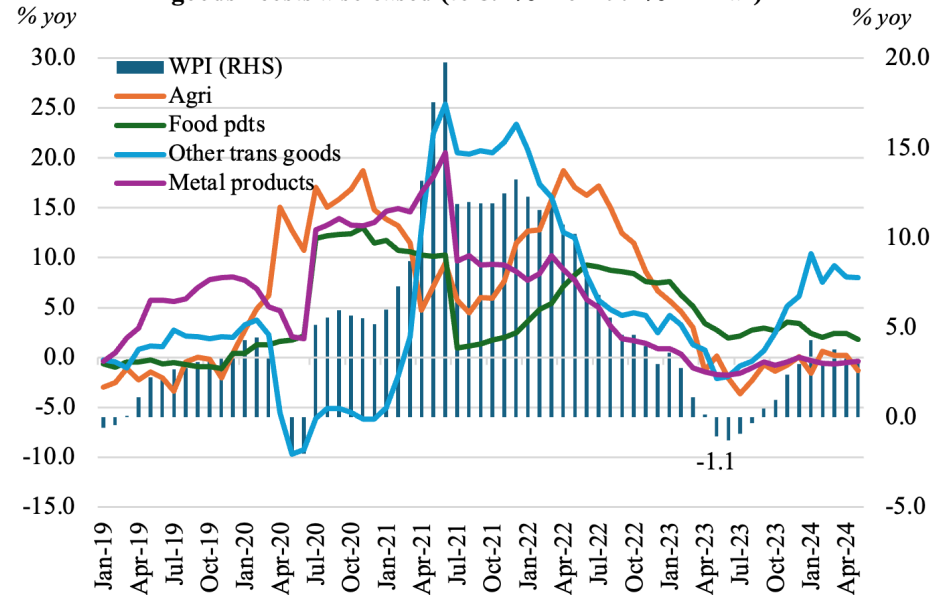
Consumer & wholesale price inflation in Saudi Arabia slowed further

- **Consumer price inflation in Saudi Arabia eased to 1.55% yoy in May** (Apr: 1.58%), though multiple categories posted slight increases including food & beverages (1.43% from 0.8%) and hotels & restaurants (2.48% from 2.0%) and education costs remained steady at 1.1% (from 1.2%). In month-on-month terms, prices rose by 0.2%, following Apr's 0.33% gain.
- **Housing costs held steady at 8.7% yoy** though housing rents inched up slightly to 10.48% (from 10.42%). **Recreation costs** plunged further: -2.11% from Apr's -1.4% and transport costs remained deflationary (-2.44% from -1.6%).
- **Wholesale prices in Saudi Arabia slowed to 3.2% in May** (Apr: 3.4%), with most categories posting declines. "Other transportable goods" category posted the highest readings (8.02% from 8.06% in Apr); within this category, prices accelerated most in basic chemicals (14.47%) and refined petroleum products (12.0%).
- **Deflation continued in ores & minerals** (-2.8% vs -2.3% in Apr) as well as in **metal products, machinery & equipment** (-0.42% from Apr's -0.55%).

Inflation in Saudi Arabia edged down to 1.55% in May (Apr: 1.58%), despite an uptick in food & beverages cost (1.4% from 0.8%) while housing held steady (8.7%) & transport fell further



Wholesale prices in Saudi Arabia slipped to 3.2% in May (Apr: 3.8%) as prices slowed in most categories; "other transportable goods" costs also eased (to 8.1% from 9.2% in Mar)



Source: GaStat. Charts by Nasser Saidi & Associates

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