

Weekly Insights

10 Jan 2025

Strengthening non-oil sector was a highlight of GCC's 2024 macroeconomic performance

- *Two-speed performance in Middle East PMIs; GCC moderates in 2024*
- *Bahrain's GDP grew by 2.1% yoy in Q3 2024, supported by a faster-growing non-oil sector*
- *Unemployment rate of Saudi citizens edges up to 7.8% in Q3 2024*
- *Saudi Arabia's industrial production gains on oil & non-oil activity*
- *International visitors to Dubai surge 9.2% yoy to 16.7mn in Jan-Nov 2024*

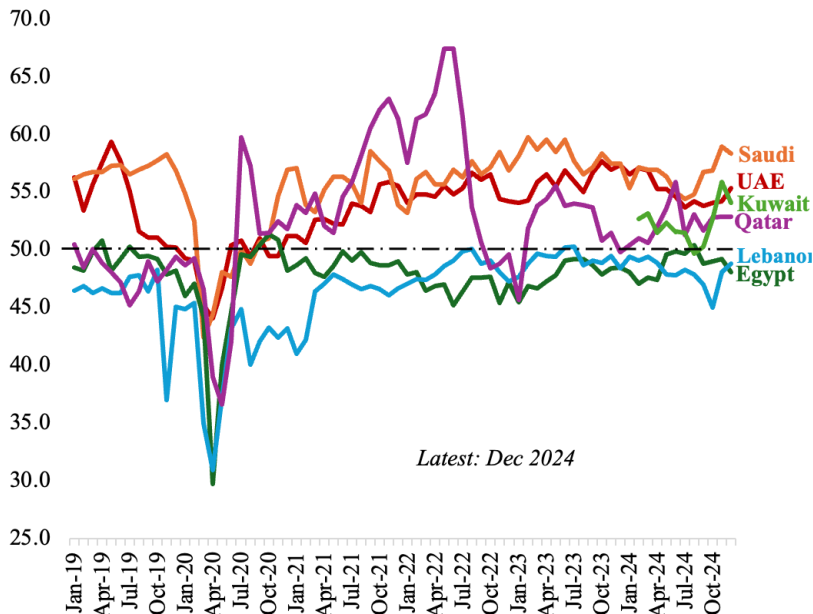
NASSER SAIDI

— & ASSOCIATES —

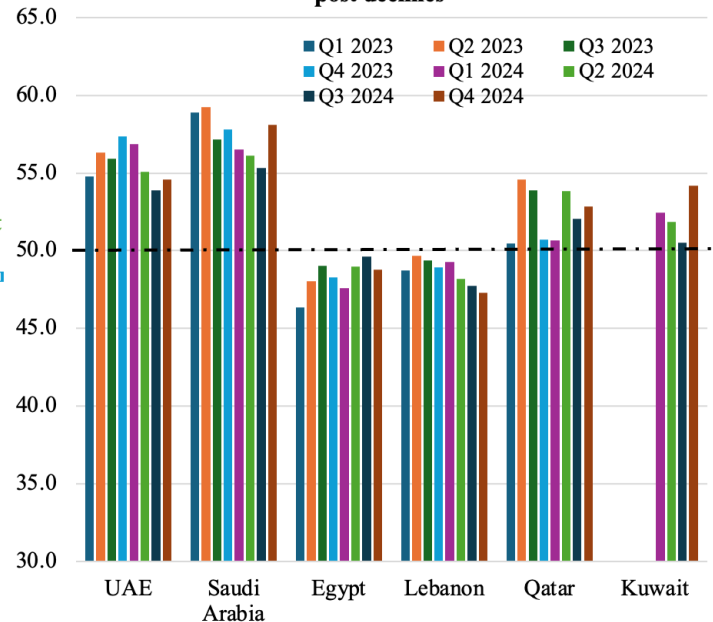
Two-speed performance in Middle East PMIs; GCC moderates in 2024

- **In 2024, GCC PMI readings remained expansionary** – except Kuwait in the month of Aug (49.7). In comparison to 2023, both UAE and Saudi averaged lower by 1.0 and 1.8 points (to 55.1 and 56.5) respectively; Q4 PMI was higher across all GCC vs Q3.
- **Domestic demand has been a key driving force behind GCC PMIs.** With its mega- and giga projects, Saudi has seen a jump in domestic activity (Dec saw a record uptick in sales and new orders) while Qatar’s financial sector stood out (above the long-run series trend in Dec).
- In contrast, **Egypt’s** performance saw one month of expansionary reading in Aug (50.4) though subdued demand, inflationary pressures, volatile currency markets and economic challenges continued to drag down overall business conditions. In Lebanon, the economic and financial challenges were compounded by the war in Q4 (Oct was a 44-month low), which resulted in a further drop in business confidence.
- **Strengthening of trade ties** contrasts with the global picture (e.g. dismal German data): Saudi Arabia saw new export order growth touch a 17-month high in Dec; UAE’s CEPAs have benefitted firms, though in Dec new export orders growth eased to a 7-month low.
- **Input prices stayed high last year** – including raw materials costs and wage inflation (Egypt posted strongest increase in wages since Oct 2020 in Dec; UAE hiring negatively affected, with employment sub-index near a 31-month low in Nov/Dec) - while GCC firms continued to offer price discounts amid strong competition (thus driving down profitability).
- **Optimism in 2025?** Lebanon’s election of a President will likely improve sentiment (though this needs to be complemented by a new government, reforms implementation and a permanent ceasefire in the south); in Egypt firms are optimistic about better conditions (amid inflation & exchange rate concerns). Saudi sentiment improved to a 9-month high in Dec though UAE’s was 2nd-lowest since early 2023 (in Dubai, only 6% of respondents expect output to grow in 2025).

2024 ends with expansionary PMIs in GCC vs below-50 readings in Egypt & Lebanon

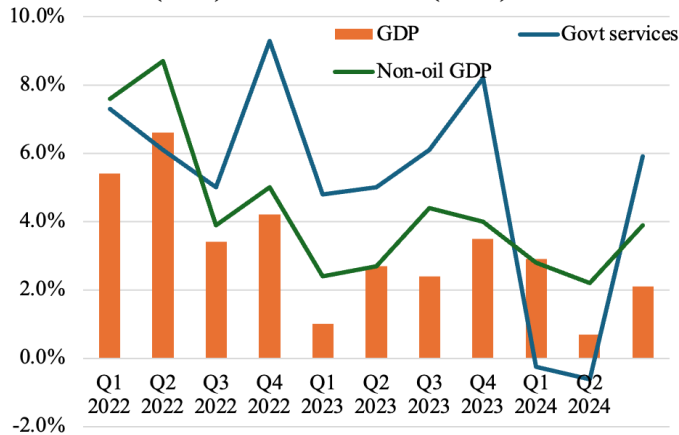


Upticks in average PMI scores in GCC in Q4 2024; Egypt & Lebanon post declines

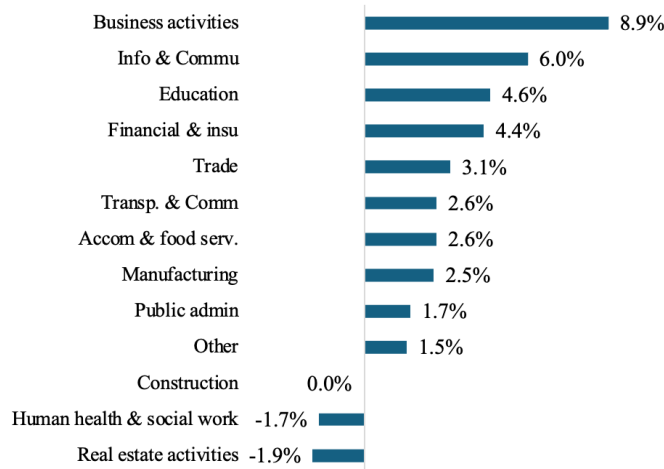


Bahrain's GDP grew by 2.1% yoy in Q3 2024, supported by a faster-growing non-oil sector (Q3: 3.9%); FDI into the financial sector dominates in Q3

Bahrain's GDP grew by 2.1% yoy in Q3 2024 (Q2: 0.7%), supported by growth in non-oil sector GDP (3.9%) while oil contracted (-8.1%)

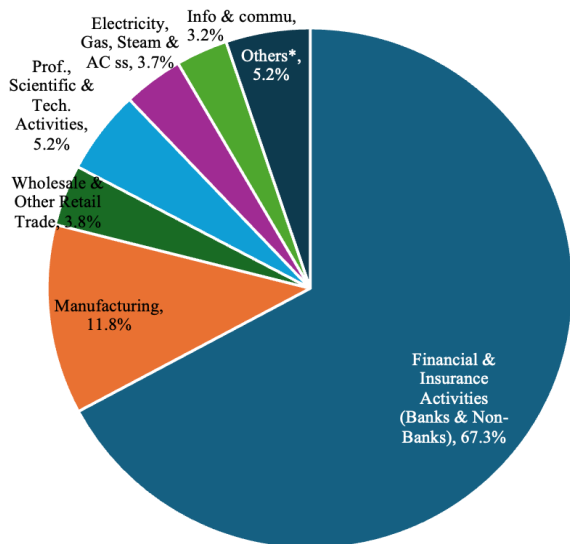


Bahrain: Real GDP growth by non-oil sector activity in Q1-Q3 2024 (% yoy)



- Real GDP in Bahrain grew by an average 2.4% in Jan-Sep 2024, supported by an uptick in non-oil sector (3.4%) vs decline in oil sector activity (-2.5%)
- Real GDP growth grew by 2.1% yoy in Q3 (Q2: 0.7%), pushed by non-oil activity as oil sector plunged by 8.1% (Q2: -6.73%).
- Among the non-oil non-government sector, **information & communication** recorded the highest growth in Q3 (11.9% yoy) while growth was fastest in **business activities in Jan-Sep 2024** (8.9% yoy).

Economic Activities' Share of inward FDI Stock in Q3 2024

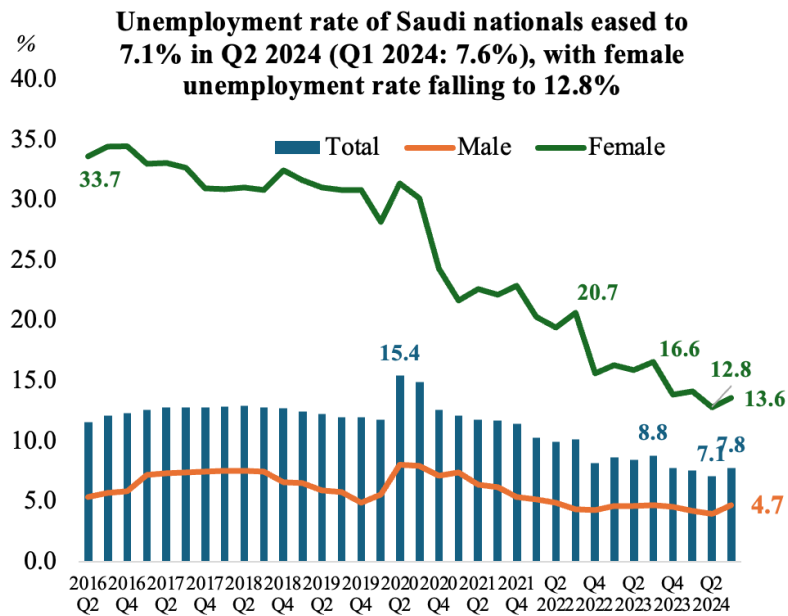


- **Financial and insurance activities**, which contributed the most to real GDP in Q3 (17.7%), grew by 4.4% in Q1-Q3 2024 and 5.8% in Q3.
- In terms of **contribution to growth to real GDP in Q3 2024**, financial & insurance sector was followed by manufacturing (16.0%), crude petroleum & natural gas (13.7%), government services (9.1%) and construction (6.5%).
- Separately, total inward FDI stock grew by 3.5% yoy and 1.1% qoq to BHD 16.5bn in **Q3 2024. Financial and insurance activities accounted for more than two-thirds of Bahrain's inward FDI stock in Q3**, followed by manufacturing (11.8%); by country of origin of investment, Kuwait, Saudi Arabia and the UAE topped the list – each with a share of 35.0%, 21.9% and 10.7% respectively of total FDI stock.

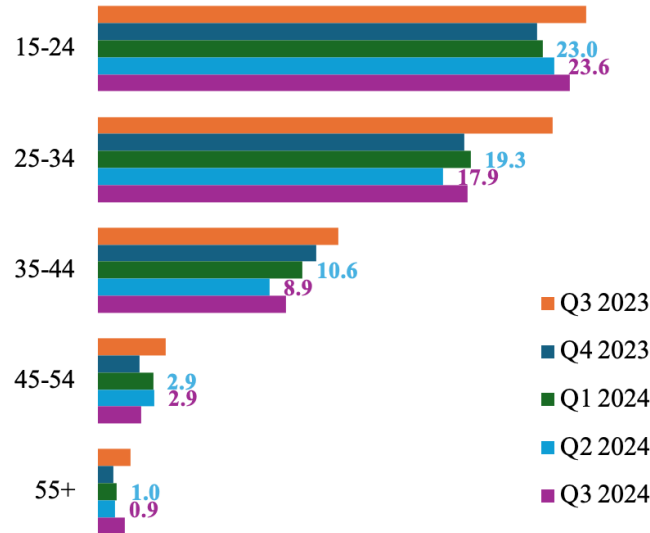
*Includes 12 other activities such as Real Estate, Mining and Quarrying, Education, Construction, and Art, Entertainment and Recreation

Source: Ministry of Finance & National Economy, Information & eGovernment Authority, Bahrain. Charts by Nasser Saidi & Associates.

Unemployment rate of Saudi citizens edges up to 7.8% in Q3 2024

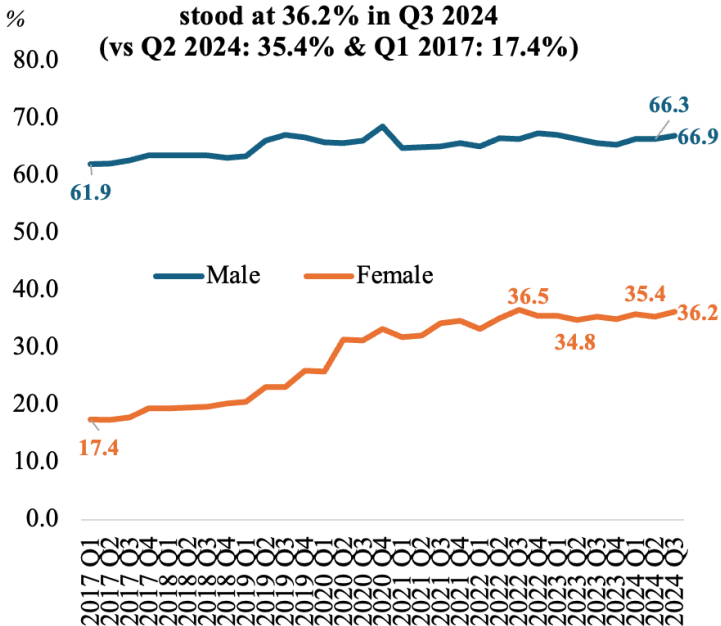


Saudi female unemployment rate rose across major age groups in Q3 2024 except in 45-54

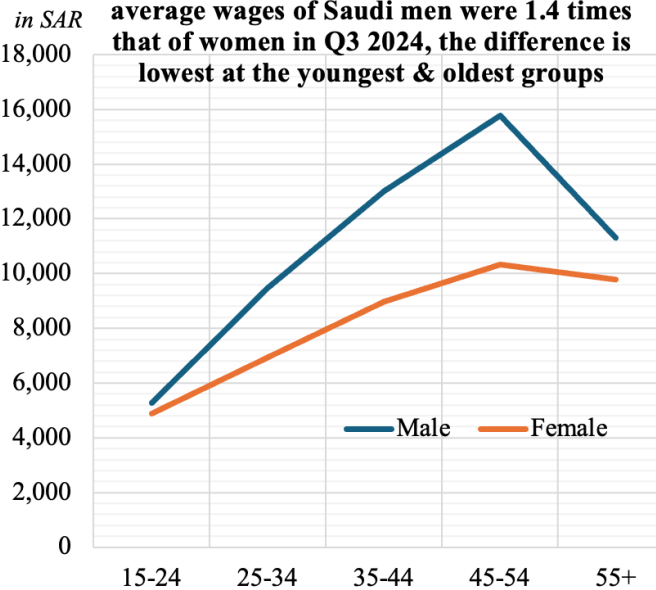


- Unemployment rate in Saudi Arabia (inclusive of expats) inched up to 3.7% in Q3 2024 (Q2: 3.3%). Saudi citizens unemployment rate rose to 7.8% (Q2: 7.1%).
- Saudi female unemployment rate moved up to 13.6% from Q2's record-low of 12.8%, with only the 45-54 group recording a decline in unemployment rate (2.2% from 2.9%).
- Saudi female labour force participation rose to 36.2% (Q2: 35.4%) – but was lower than the high 36.5 in Q3 '22.
- Females' wages for Saudi nationals averaged SAR 8,005 in Q3; wages of 45-54 group was the highest (SAR 10,340). Overall male-female wage gap is high: Saudi women earn 37.8% less on average vs men. The gap is widest in the 45-54 age group.

Saudi female labour force participation rate stood at 36.2% in Q3 2024 (vs Q2 2024: 35.4% & Q1 2017: 17.4%)

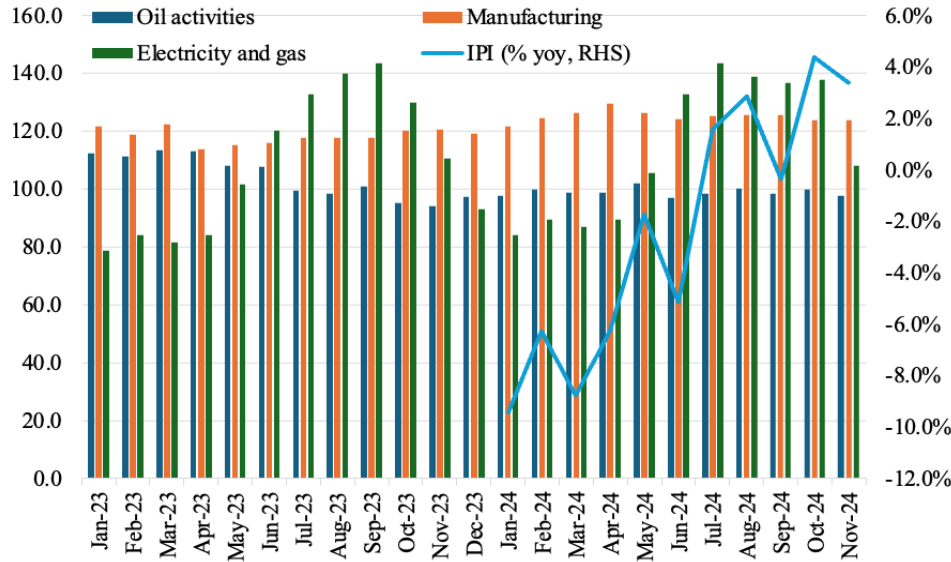


Saudi nationals monthly wage gap was the widest in the 45-54 age group. Though average wages of Saudi men were 1.4 times that of women in Q3 2024, the difference is lowest at the youngest & oldest groups



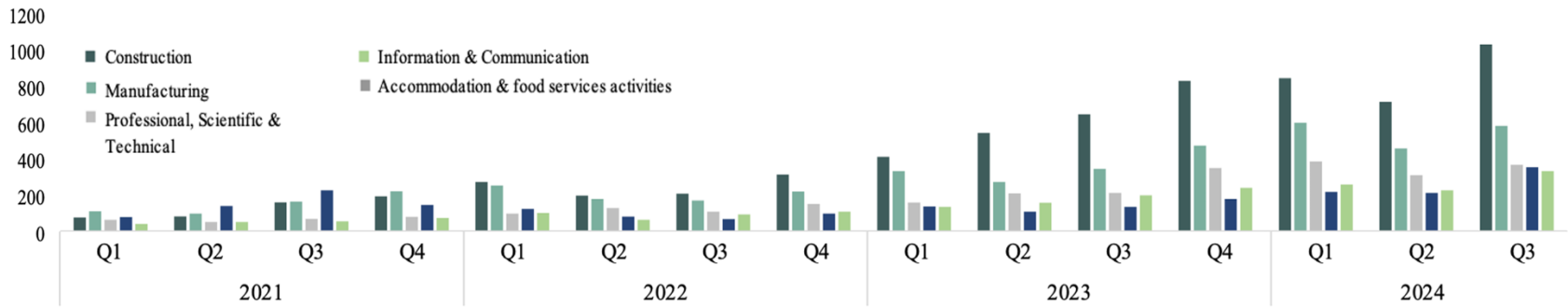
Saudi Arabia's industrial production gains on oil & non-oil activity

Industrial Production (IP) in Saudi Arabia increased by 3.4% yoy in Nov; though slipping by 2.3% mom. Non-oil manufacturing activity however posted gains of 2.7% yoy and 0.1% mom



- **Industrial production in Saudi Arabia grew by 3.4% yoy (Oct: 4.4%),** gaining the second consecutive month, with manufacturing up by 2.7% (Oct: 2.9%). However, in mom terms, IP slipped by 2.3%.
- **Oil activities grew by 3.8% in Nov,** following a 4.8% uptick in Oct (it had plunged by an average 7.3% in Jan-Sep 2024), with manufacture of coke and refined petroleum products surging by 17.6% yoy.
- **Overall non-oil manufacturing activity also grew in Nov,** up by 0.1% mom and 2.7% yoy. Within this segment, the manufacture of furniture grew the most (16.6% yoy) alongside manufacture of electrical devices (10.9%) and manufacture of paper and paper products (8.4%).
- **For the period till end-Nov 2024, gains in non-oil manufacturing was supported by** manufacture of paper & paper products (13.8%), manufacture of electrical devices (12.3%) and manufacturing of beverages (8.4% yoy).
- Saudi Arabia has issued more than 36k investment licenses since Vision 2030 was launched; it surged 73.7% yoy to 3810 as of end-Q3 2024. **Manufacturing continues to be the sector with the second-most investment licenses issued,** following construction.

Investment Licenses by top 5 economic activities*: Q1 2021 to Q3 2024



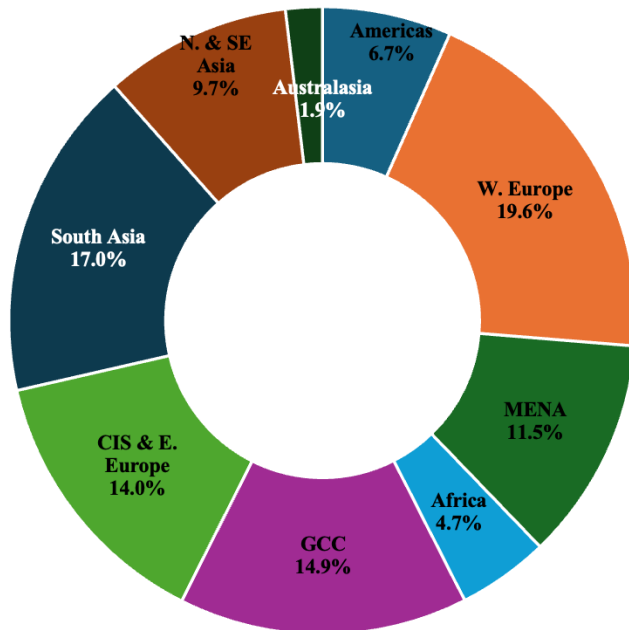
Source: General Authority for Statistics, Ministry of Investment Saudi Arabia (MISA). Chart by Nasser Saidi & Associates.

***Excluding investment licenses granted under the "Tasattur" anti-concealment campaign for the period (Q12022 –Q3 2024)**

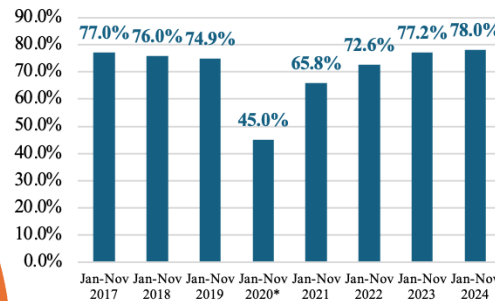
International visitors to Dubai surge 9.2% yoy to 16.7mn in Jan-Nov 2024

- Visitors into Dubai increased by 9.2% yoy to 16.79 million in the 11 months to Nov 2024.
- Western Europe and South Asia accounted for the largest shares of visitors at 19.6% and 17.0% during the period (2.92mn and 2.76mn respectively) while the GCC & MENA regions together accounted for 4.3mn visitors (or 28.2% of the total).
- At end-Nov 2024, there were 153,390 hotel rooms (+2% yoy) across 828 establishments (+1% yoy) in Dubai. **Hotel occupancy rate at a robust 78%** is one of the highest for the same period across all years (with available data); **revenue per available room of AED 405** is also among the highest recorded during the same period (and +2.8% yoy) and room rates were at AED 520 (+2.0% yoy). However, length of stay has edged down to 3.6 (from 3.8 last year), but higher than 3.4 during the same period in 2019.
- With 68.6mn guests passing through the **Dubai International Airport** till end-Sep 2024, the full year is estimated to touch **a record high of nearly 92mn passengers this year** (vs 86.9mn in 2023 and the previous full-year record of 89.1mn in 2018).
- **2025 is shaping up to be another eventful year: Dubai airports processed 311k passengers on Jan 3rd alone** (the highest daily traffic), as international visitors flew out and residents returned after vacations. **Music events** such as the Coldplay concert (in Jan) is to be attended by up to 160k persons. **UAE will also play host to six major global conferences** for the first time in '25, adding to the expanding events list.

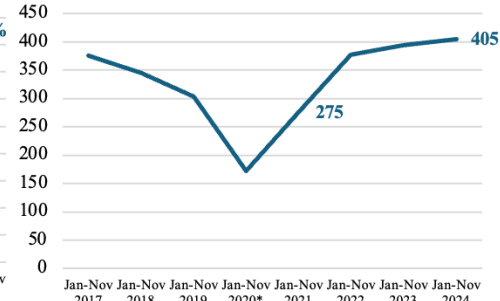
Dubai received 16.79mn international visitors in Jan-Nov 2024, up 9.2% yoy



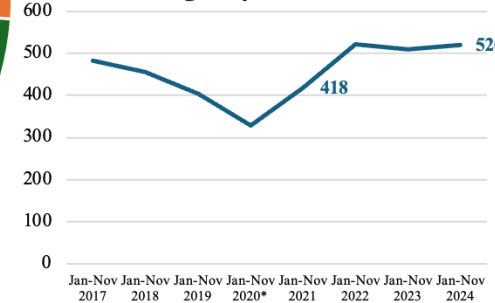
Occupancy rate



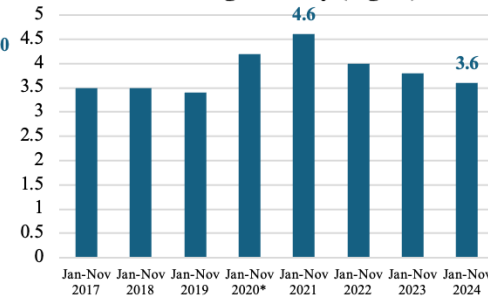
Revenue per available room



Avg daily room rate



Guests' length of stay (nights)



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.

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