

MASHREQ GLOBAL DIGEST MENA

September 22 – September 28



This issue of Market Digest provides an analysis of key macroeconomic trends in the MENA region, along with investment flows between the MENA region and the rest of the world. In addition, it offers insights into major financial developments.

Macroeconomic News

CBUAE Raises GDP Growth to 4% in 2024 and 6% in 2025

The Central Bank of the UAE has raised its 2024 GDP growth forecast to 4%, up from 3.9%, driven by strong oil sector performance. Overall growth is expected to reach 6% in 2025, supported by tourism, transportation, and construction. According to Oxford Economics Middle East, the UAE economy is expected to grow by 4.8% in 2025, fueled by a 4.6% increase in the non-oil sector, particularly in travel and tourism, with Dubai's visitor numbers projected to rise over 20%. The economy remains resilient due to government support and diversification strategies, including 100% foreign ownership of onshore companies.

Reference: [Zawya](#), [Gulf News](#)



Gulf Nations Face Budget Deficits

Oil prices are currently in the low \$70s per barrel, significantly below the \$90 needed for budget balance, posing financial challenges for Gulf states reliant on oil revenues. If prices remain low, these countries may need to borrow or liquidate assets. While not facing immediate external pressures, diversifying their economies is essential. A key concern is how long they will wait for prices to recover, particularly as some nations aim for over \$120 per barrel to meet their financial needs. Kuwait is facing budget deficits and rising inflation. To address these issues, the government plans to privatize state-owned companies, attract foreign investment, raise petrol prices for expatriates, and provide cash subsidies to citizens. Additionally, efforts to manage illegal foreign residents and create more job opportunities for citizens are underway, resulting in a slight decrease in the expatriate population.

Reference: [Gulf News](#), [Zawya](#)

High ROI in Egypt's Real Estate

In Egypt, ROI ranges from 10% to 15%, higher than in stable markets like England and Dubai, where returns are typically 5% to 8%. Commercial properties yield the best returns, while residential ones provide lower yields. Key factors affecting ROI include location, developer reputation, and supply scarcity. Economic stability has revitalized the market, with sales expected to hit EGP 1 trillion by 2024. Experts highlight that real estate offers more diverse and stable returns compared to gold and the dollar, making it a strong investment option in Egypt.

Reference: [Daily News Egypt](#)



Dubai inflation ticks up in August

In August, inflation in Dubai increased by 0.6% month-on-month, with year-on-year CPI inflation rising to 3.38% from 3.32% in July. Average inflation for 2024 stands at 3.6%, slightly up from 3.3% in 2023. Key contributors to inflation include a 6.9% rise in housing and utilities costs, which significantly affects the overall CPI due to housing's substantial weight. Emirates NBD forecasts an average CPI inflation of 3.5% for 2024, driven by housing costs despite cooling oil prices.

Reference: [Khaleej Times](#)

Lebanon-Israel War: Crisis Intensifies

Lebanon's Minister of Economy and Trade warned that without an immediate political resolution to the Israel-Hezbollah conflict, the country risks chaos and faces a humanitarian crisis costing at least \$135 million monthly. Israel's airstrikes have displaced nearly 500,000 people, and preparations for a potential ground invasion continue. The conflict has devastated key sectors: agriculture has been destroyed, and tourism, which once generated \$5 billion to \$7 billion annually, has vanished. With no growth, significant loss of life, and widespread destruction of infrastructure, Lebanon urgently needs international assistance to recover. The Minister cautioned that without a ceasefire, the humanitarian and financial crises could worsen. In related news, Moody's downgraded Israel's credit rating from "A2" to "Baa1" due to increased geopolitical risks from the conflict. The agency holds a negative outlook, highlighting uncertainties about Israel's security and economic growth. Although the rating remains investment-grade, further downgrades could increase debt servicing costs and prompt investor sell-offs, negatively affecting bond prices. Fitch also downgraded Israel's rating to "A" last month with a negative outlook.

Reference: [The National News](#), [Reuters](#)

Saudi Arabia's Non-Oil Exports Surge 19% in July

In July, Saudi Arabia's non-oil exports surged by 19.04% year-on-year to reach SR25.38 billion (\$6.76 billion), driven primarily by chemical products, which made up 25.8% of total exports, and plastic and rubber products at 25.6%. Imports also increased by 12.6% to SR75.22 billion, with China as the top trading partner for imports at SR19.10 billion. This growth aligns with the goals of Saudi Arabia's Vision 2030 agenda to diversify its economy away from oil dependency.

Reference: [Arab News](#)



Qatar Tourism Grows by 26%

By the end of August 2024, Qatar welcomed over 3.2 million visitors, marking a 26% increase from the previous year. This growth underscores the significant role tourism plays in the country's economic diversification efforts. As part of the Third National Development Strategy for 2024-2030, Qatar aims to attract six million annual visitors and increase tourism's contribution to GDP from 7% to 12% by 2030. Qatar is dedicated to becoming a family-friendly destination while also expanding its offerings in different sectors. By creating jobs, fostering inclusion, and strengthening local economy, the tourism sector is paving the way for Qatar to continue to thrive.

Reference: [Zawya](#)

Rise every day

MENA Investments Inflows & Outflows

Middle East Boosts Silicon Valley AI

Middle Eastern sovereign wealth funds from countries like Saudi Arabia, the UAE, Kuwait, and Qatar are increasingly investing in Silicon Valley's AI sector as part of their economic diversification strategies. Funding for AI companies from these nations has surged fivefold in the past year, fueled by rising energy prices and a projected increase in collective wealth from \$2.7 trillion to \$3.5 trillion by 2026. Major players include the Saudi Public Investment Fund (PIF) with over \$925 billion and UAE's Mubadala managing \$302 billion, both forming partnerships with firms like BlackRock and Microsoft.

Reference: [CNBC](#)



Microsoft Opens AI Center in Abu Dhabi

Microsoft Corp. is establishing an Engineering Development Center in Abu Dhabi to focus on AI innovations, cloud technologies, and advanced cybersecurity. This initiative follows a \$1.5 billion investment in the UAE's G42 AI firm. The center, the first of its kind in the Arab world, aims to foster cutting-edge technology and drive economic growth and job creation in the region. Sheikh Khaled bin Mohamed bin Zayed emphasized Abu Dhabi's potential for significant impact due to its infrastructure and strategic location. Additionally, Microsoft and G42 plan to open two centers dedicated to responsible AI development. Elsewhere, an investment partnership involving MGX, Microsoft, and others aims to mobilize up to \$100 billion for AI infrastructure. A PwC report predicts AI could contribute \$96 billion to the UAE economy by 2030.

Reference: [ZAWYA](#)



Egypt aims for \$20 billion in FDI by 2030

Egypt announced goals for the country to achieve over \$20 billion in foreign direct investments and \$140 billion in exports by 2030. The government's commitment to improving the investment environment, particularly in manufacturing and production sectors, will make Egypt a hub for international business. To support this, a package of tax incentives is expected to be finalized by the Finance Minister, along with new incentives from the Minister of Investment and Foreign Trade to attract foreign investments.

Reference: [ZAWYA](#)



UAE Seeks to Grow \$1 Trillion U.S. Partnership via AI and Investment

The UAE President's first official visit to the U.S. aims to shift the UAE-U.S. relationship toward economic growth and innovation, moving beyond traditional focuses like oil and regional conflict. Discussions with Biden and Harris addressed both economic cooperation in areas such as AI and renewable energy, as well as regional issues like the Gaza conflict. The UAE seeks to strengthen its status as a tech hub, supported by significant investments from companies like Open AI. With bilateral trade valued at around \$31.4 billion in 2023 and \$1 trillion in UAE investments in the U.S., the partnership is poised for strategic evolution.

Reference: [CNBC](#)

Qatar Strengthens Ties with Canada and Czechia

Qatar's recent visit to Canada marked 50 years of diplomatic relations, focusing on collaboration in various sectors. A memorandum of understanding was signed for foreign aid and poverty reduction, with both countries committing \$95 million to youth initiatives, including UNICEF's Generation Unlimited. In a separate meeting, Qatar and the Czech Republic launched their first Joint Committee for Economic Cooperation, exploring opportunities in trade and investment. Qatar highlighted the Czech Republic as a key partner and encouraged investment in Qatar, proposing a joint business council to enhance trade relations.

Reference: [ZAWYA](#), [The Peninsula Qatar](#)



Dubai Partners with Amazon to Boost SMEs

The Dubai Department of Economy and Tourism has partnered with Amazon UAE to boost the growth of SMEs in Dubai. This initiative enhances their global competitiveness by providing digital tools, resources, and mentorship for digital transformation and international expansion. Aligned with Dubai's Economic Agenda and the Dubai Traders initiative, the program offers access to Amazon's global network, customized training, tailored support, and increased visibility through an Amazon "Shop Local" initiative. Participating businesses will also receive advertising credits to enhance their marketing efforts. By leveraging Amazon's expertise, this collaboration aims to position Dubai as a leading hub for entrepreneurship and emphasize the importance of digital transformation.

Reference: [Business Out Reach](#)

Markets

Market Dashboard

The S&P 500 posted three consecutive positive weeks after a batch of data assured investors of the strength of the U.S. economy. Meanwhile, oil prices have fallen around 3% due to the prospect of rising supplies from OPEC+ combined with soft demand in China. Gold prices are on track for their best quarter in more than eight years, having reached a series of record highs in recent sessions, as the start of U.S. monetary easing leads some banks to expect prices could rise toward \$3,000.

Indicators	20-Sep-24	27-Sep-24	% Change
S&P 500	5,702.55	5,738.17	0.62%
Bitcoin	63,192.98	65,790.66	4.11%
Gold	2,621.96	2,657.97	1.37%
Crude Oil	74.49	71.98	-3.37%
EUR/USD	1.1162	1.1168	0.05%