

MASHREQ GLOBAL DIGEST

MENA – KUWAIT & QATAR

October 06 - October 12



This issue of Market Digest analyzes key macroeconomic indicators and economic developments in Kuwait and Qatar, along with major highlights from the MENA region. Additionally, it provides insights into significant financial developments.

Kuwait Economy

Kuwait's GDP Set to Contract 3.2%

The IMF, in its latest mission, highlighted the slowdown in Kuwait's economic recovery. Kuwait's GDP contracted by 3.6% in 2023, with a similar decline of 3.2% expected in 2024, primarily due to reductions in oil production and prices. The oil sector shrank by 4.3%, while the non-oil sector contracted by 1%. However, a modest GDP recovery of 2.8% is projected for 2025. The report also noted that Kuwait's budget shifted from a surplus of 11.7% of GDP in 2022-2023 to a deficit of 3.1% in 2023-2024. The IMF emphasized the importance of financial and structural reforms to diversify Kuwait's economy, recommending the gradual phasing out of energy subsidies and the introduction of new taxes to boost non-oil revenues. The IMF also praised Kuwait's strong banking sector, attributing its resilience to effective oversight by the Central Bank.



Reference: [Zawya](#), [CNBCArabia](#)

Kuwait Inflation Up By 2.92%

Kuwait's consumer price index (CPI) recorded an annual inflation rate of 2.92% in August, with a monthly increase of 0.97% from July, according to the Kuwait Central Statistical Bureau (KCSB). Key contributors to this inflation include a 5.96% rise in food and beverages, a 5.76% increase in clothing prices, and a 0.91% increase in housing services. Other notable price increases included furniture (3.17%), transport (2.37%), and restaurants and hotels (2.52%). Excluding food and beverages, CPI inflation was 2.35% in August.

Reference: [Zawya](#)



Kuwait Unveils \$51 Billion Plan for 35 Major Infrastructure Projects

Kuwait plans to undertake 35 infrastructure projects valued at \$51 billion over the next nine years to enhance its infrastructure and facilities. Of these, 29 projects worth approximately KWD 7.6 billion (\$25 billion) are expected to be completed by 2030. Key initiatives include the construction of around 9,800 houses valued at about KWD 1 billion (\$3.3 billion), road development costing nearly KWD 417 million (\$1.4 billion), and the construction of a 111-kilometer rail line to connect with the planned rail network of the GCC nations. Among the largest projects is the Mubarak Al Kabeer Port, scheduled for completion within four years and projected to cost KWD 990 million (\$3.2 billion).

Reference: [Zawya](#)

Kuwait Housing Projects: Attracting Foreign Developers

Kuwait is expanding its housing projects to address growing demand, focusing on developments like Al-Mutlaa City, South Saad Al-Abdullah City, and South Sabah Al-Ahmad City. These projects, managed by the Public Authority for Housing Welfare (PAHW), aim to provide housing for thousands of citizens while creating opportunities for foreign developers in infrastructure and construction. The projects include 23,551 residential units, with construction having begun in November 2023 and expected completion by November 2027.

Reference: [Zawya](#)



Kuwait: Safest Country

Kuwait topped Gallup's 2023 Global Safety Report as the safest country, with 99% of residents feeling safe and low rates of assault (4%) and theft (1%). The global safety index was 81, with Kuwait scoring 98. Other safe countries included Saudi Arabia (92%) and the UAE (90%). A safe environment attracts tourists, investors, and expatriates, enhances the quality of life for residents, and contributes to overall stability and economic growth.

Reference: [Zawya](#)

FATF: Kuwait's AML Efforts Need Enhancement

Global anti-money laundering watchdog FATF reported that while Kuwait has a sufficient legal and supervisory framework to tackle money laundering and terrorism financing, it faces "serious shortcomings" in achieving effective outcomes, particularly in combating terrorist financing. The report noted that banks and larger financial institutions understand their risks and obligations well, but there is a need for greater focus on beneficial ownership by supervisors in both financial and non-financial sectors.

Reference: [Reuters](#)

Qatar Economy

Qatar Central Bank Unveils Strategy for 2024-2030

The Qatar Central Bank (QCB) has launched its 2024-2030 strategy to develop a sustainable and resilient financial sector in line with the Qatar National Vision 2030. The strategy focuses on enhancing diversification and innovation, ensuring financial stability, and promoting transparency and inclusion. It is built on five core values: integrity, excellence, innovation, sustainability, and inclusion. The strategy includes four strategic pillars—financial resilience, market development, digital transformation, and international collaboration—and outlines over 25 initiatives and 200 projects aimed at advancing financial technology and sustainable finance, reinforcing QCB's commitment to quality and community support.



Reference: [Gulf Times](#)

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Qatar to Forgive Loans to Boost Private Sector Growth



Qatar is set to launch initiatives aimed at boosting private sector growth, including writing off some loans to local companies made during the COVID-19 pandemic. The Cabinet aims to implement a package of measures to support private firms recovering from the pandemic. Loans to Qatari companies will be canceled, and they will have access to short-term funding for working capital. These initiatives align with Qatar's Third National Development Strategy 2024-2030, as the country seeks to reduce its reliance on gas revenue.

Reference: [Reuters](#)

Qatar's Non-Energy Sector Thrives Despite PMI Dip

In September, Qatar's non-energy sector showed stable growth despite a drop in the Purchasing Managers' Index (PMI) from 53.1 to 51.7. While the construction sector experienced a slowdown, manufacturing, services, finance, and retail sectors continued to thrive. A record increase in employment and wages contributed to boosted consumer demand, and the 12-month outlook improved, driven by heightened investment and demand in key areas, particularly financial services. This growth remains crucial for Qatar's economic diversification under the National Vision 2030 initiative.

Reference: [Arab News](#)

QSE to Exceed 11,000 Points on Earnings Boost



The Qatar Stock Exchange (QSE) index rose 0.42% this week, closing at 10,509 points, fueled by a 1.1% increase in the banking sector and a 0.64% rise in transport. The index is expected to soon surpass 11,000 points, supported by strong corporate earnings. It may stabilize above 10,500 points, potentially reaching 10,800. The index is up 2.4% over the past 30 days but is 3% below its 52-week high, recorded on Dec. 31, and 14.7% above its low on May 30, 2024.

Reference: [The Peninsula Qatar](#)

MENA Overview

Shattered Economies: The Israel-Gaza-Lebanon War

Massive Losses: War's Toll on Lebanon's Economy

- Economy Contracted by 20% in H1 2024
- Economic Losses : \$ 13B
- Tourism Losses : \$ 3.5B
- Agricultural Losses : \$ 3.0B
- Displaced : 1.2M

Israeli airstrikes have severely damaged Lebanon, yet the country's defaulted Eurobonds have risen by 44% since late September, reaching a two-year high as investors speculate that weakening Hezbollah might enable Lebanon's political leaders to reach a consensus on economic reforms and a debt restructuring plan. Additionally, the World Bank is considering emergency funding of up to \$100 million as the humanitarian crisis in Lebanon escalates.

Reference: [SkyNews Arabia](#), [SkyNews Arabia](#)

Dubai Launches Cashless Payment Strategy

Digital Dubai has launched the "Dubai Cashless Strategy" to enhance secure digital payment solutions, targeting 90% cashless transactions by 2026. Expected to boost economic growth by over AED 8 billion annually, the strategy focuses on innovations like AI-driven and contactless payment solutions, aiming to provide a seamless experience for users. In 2023, 97% of government transactions were digital, reinforcing Dubai's advanced financial ecosystem and investment appeal.

Reference: [Zawya](#)

Gaza's Economy: The Most Affected"

- Economy Contracted by 86% in H1 2024
- Direct Economic Losses: \$ 33B
- Poverty : 100%
- Destruction : 163k Building

Israel's Economy: A Year After the War on Gaza

- Economy Contracted by 20% in Q4 2023
- Cost of War: \$ 70B
- Budget Deficit : \$ 42B
- Tourism Losses: \$ 5.2B
- Credit Rating : Downgraded 5 times



GCC VC Funding Up 30% amid Global Decline



In 2023, the GCC experienced a 30% increase in venture capital (VC) funding, while global VC funding declined to \$248.4 billion, the lowest level since 2017. Saudi Arabia overtook the UAE, accounting for over 50% of all deals, with the top five deals making up 74% of total investments. Key sectors driving this growth included fintech, healthtech, e-commerce, and green technologies, supported by significant government initiatives. Despite global challenges, the GCC's shift toward a knowledge-based economy presents strong opportunities in AI, green technologies, and advanced mobility.

Reference: [Zawya](#)

Markets

Market Dashboard

The S&P 500 climbed 1.11%, achieving its fifth consecutive week of gains, driven by a strong start to the third-quarter earnings season from major banks. Wall Street often views the banking sector as a key indicator of economic health. Crude oil experienced a second weekly increase amid rising tensions in the Middle East, with prices climbing over 10% since Iran's missile strikes on Israel, as traders worry about potential disruptions to supplies. Meanwhile, gold prices continued to rise, with forecasts suggesting it could reach \$3,000 by 2025 due to geopolitical tensions, inflation concerns, and uncertainties surrounding upcoming elections.

Indicators	4-Oct-24	11-Oct-24	% Change
S&P 500	5,751.07	5,815.03	1.11%
Bitcoin	62,067.48	62,445.09	0.61%
Gold	2,652.25	2,656.00	0.14%
Crude Oil	78.05	78.93	1.13%
EUR/USD	1.1036	1.0941	-0.86%

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