



MENA 02/01/12–09/01/12

Growth in Saudi Arabia to slow this year

A report by Jadwa Investment predicts that growth in Saudi Arabia will fall to 3.1% in 2012, down from 6.8% in 2011. The drop can be attributed to an expected decrease in oil production forecasts. The report states that the non-oil economy could grow by as much as 5%, with government spending supported by an increase in bank lending and rising consumer spending. As a result, Saudi Arabia's budget and current account surpluses will fall next year. Inflation is expected to remain moderate¹.

Key Data²:

GDP Per Capita (PPP)	3,903.617 ³
GDP Growth	4.5% (2011)
Unemployment	10%
Inflation	6%
Imports	+5.961% (2011)
Exports	+6.303% (2011)
Balance of Trade	+US\$306bn (2011)

¹ <http://bikyamasr.com/52474/saudi-arabia-economy-to-slow-in-2012/>

² http://www.imf.org/external/pubs/ft/weo/2011/02/weodata/weorept.aspx?sy=2009&ey=2016&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=31&pr1.y=8&c=406&s=PPPGDP%2CPPPPC%2CPPPSH%2CTM_RPCH%2CTX_RPCH%2CBCA%2CBCA_NGDPD&grp=1&a=1

³ <http://data.worldbank.org/topic/economic-policy-and-external-debt>



Stories from the week:

- **MENA region governments will continue to support construction sector:** The construction sector in the MENA region will continue to enjoy the support of the region's governments, says a report by the ratings agency, Fitch. Saudi Arabia, Abu Dhabi and Qatar have committed to large infrastructure projects which have government backing. However, companies will operate with lower margins than last year and Abu Dhabi may cut some projects due to concerns about oversupply in the real estate market. The outlook for Dubai's construction sector remains fragile in the medium term⁴. **04/01/12**
- **Regional capital markets generate less than in 2010:** Regional capital markets generated just US\$843.9m in 2011, a drop of 69.3% on 2010, according to a report by Ernst & Young. The year-on-year contrast was most marked in Q4 2011, which was 83.5% down year-on-year. Phil Gandier of Ernst & Young MENA said that companies in the region were increasingly choosing Islamic finance over IPOs⁵. **04/01/12**
- **EU ban on Iranian oil imports may be postponed:** An EU ban on oil imports from Iran could be postponed to protect weak European economies, says Reuters. Whilst a ban has been agreed in principle, the grace period may be as long as one year to allow for the completion of existing contracts. Greece is seeking the longest ban, but the UK, France and Germany want a maximum of three months⁶. **06/01/12**

⁴ <http://af.reuters.com/article/libyaNews/idAFWLA093220120104>

⁵ http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=479001&version=1&template_id=48&parent_id=28

⁶ <http://www.bloomberg.com/news/2012-01-06/eu-states-mull-delay-on-iran-oil-ban-over-economy-reuters-says.html>