

News

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MOODY'S ANALYTICS

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Moody's Analytics expects GCC economic growth of 2.5% in 2018 according to new forecasts

DUBAI, December 4, 2017 – The Gulf Cooperation Council (GCC) region's economy will grow near 2.5 percent in 2018, according to new forecasts from Moody's Analytics, a leading provider of economic forecasts and data. Stable energy prices will underpin this growth, with the price for Brent crude oil fluctuating in a tight range of \$50-60 per barrel.

"OPEC's likely extension of production cuts, coupled with growing oil demand from emerging markets, will lead to a decline in global oil inventories, supporting oil prices in 2018," said Chris Lafakis, Moody's Analytics Energy Economist. "Oil prices will be capped; however, OPEC countries may not adhere to production cuts. U.S. shale oil producers will in turn ramp up oil exploration, ensuring that oil trades within a range."

Improved current account positions as a result of replenished oil reserves will support investment in non-oil sectors of the economy as the Gulf countries attempt to diversify away from dependence on hydrocarbons. In Saudi Arabia, recent anti-corruption efforts in the country underscore the commitment to the country's Vision 2030 economic transformation program.

Meanwhile, security and refugee concerns in the region will continue to hamper growth in other economies in the Middle East. Heightened security fears have severely damaged tourism in Egypt, Tunisia and Jordan, while low oil prices have curbed remittances from the GCC countries.

"Regional political instability remains the main risk to the Middle Eastern and North African economies," said Juan Licari, Moody's Analytics Chief International Economist. "An increase in geopolitical tensions could escalate the region's refugee crisis, increase government spending on security and undermine investment."

Moody's Analytics produces 30-year baseline economic forecasts and alternative scenarios for 29 countries across the Middle East and Africa and the GCC multinational aggregate. Banks, asset managers and corporates worldwide use Moody's Analytics forecasts to assess the impact of economic performance on their portfolios and business.

Firms also use them to address the forward-looking and probability-weighted aspects of IFRS 9 impairment calculation and capital adequacy and stress testing exercises. Moody's Analytics methodologies are transparent and fully documented to allow for the identification of scenarios that are associated to customer-defined severities.

[Click here](#) to learn more about the Moody's Analytics forecasts for the Middle East and North Africa.

About Moody's Analytics

Moody's Analytics helps capital markets and risk management professionals worldwide respond to an evolving marketplace with confidence. The company offers unique tools and best practices for measuring and managing risk through expertise and experience in credit analysis, economic research and financial risk management. By providing leading-edge software, advisory services, and research, including the proprietary analysis of Moody's Investors Service. Moody's Analytics integrates and customizes its offerings to address specific business challenges. Moody's Analytics is a subsidiary of Moody's Corporation (NYSE: MCO), which reported revenue of \$3.6 billion in 2016, employs approximately 11,700 people worldwide and maintains a presence in 41 countries. Further information is available at www.moodyanalytics.com.

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