Middle East Economic Outlook:
Cautious Recovery

Gega Todua, Economist  •  Brendan Meighan, Economist  •  Daviti Jibuti, Economist
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Presenters

Gega Todua
Gega is the key analyst for the United Arab Emirates and Kuwait. He also contributes to projects focused on IFRS 9 and stress testing in the Middle East. Prior to joining Moody’s, Gega was a junior researcher at the Center for Economic Research and Graduate Education (CERGE-EI) in Prague and a lecturer at the Institute of Economic Studies, Prague.

Brendan Meighan
Brendan is the key analyst for Qatar and Oman and contributes to commentaries on the Middle East. He received his master’s degree in international relations and economics from the Johns Hopkins University’s School of Advanced International Studies and his bachelor’s degree in international affairs and economics from Lafayette College.

Daviti Jibuti
Daviti is an economist with responsibilities for macroeconomic research, forecasting (Egypt and Jordan) and model development. Prior to joining Moody’s, Daviti worked as a macroeconomic analyst at the Global Projection Model Network and a lecturer at Masaryk University in Brno. Daviti holds a master’s degree in economics from CERGE-EI in Prague.
Agenda

1. Global & Middle East Outlook
2. Qatar & Oman Outlook
3. Egypt & Jordan Outlook
Global & Middle East Outlook
Global Business Cycle Status

October 2020

Source: Moody’s Analytics
Monitoring COVID-19

Coronavirus reported cases per 100,000 population, 7-day MA

Sources: WHO, Moody’s Analytics
Demand Recovery Key to Oil Market

Sources: International Energy Agency, Moody’s Analytics
Economies Coming Out of Contraction

Real GDP, % change yr ago

- GCC
- MENA*
- Asia-Pacific
- Euro Zone
- U.S.
- World

* Consists of GCC countries, Jordan, Egypt, Lebanon and Algeria

Source: Moody’s Analytics
Key Risks

» Recent rise in infections locally and globally

» Oil price volatility

» Fiscal sustainability

» Geopolitical risks
Qatar & Oman Outlook
Gas is More than Half of Energy Output in Oman

Mil bpd oil equivalent

Sources: IMF, Moody’s Analytics
Refining Helps Supplement Flagging Oil Output

Ths bpd oil refining capacity

Sources: BP, Moody’s Analytics
Oman’s Budget Situation is Dire

Sources: IMF, Moody’s Analytics
GCC VATs Tend to Slow Consumption

Real consumption, % change qtr ago

Sources: GCC statistical offices, Moody’s Analytics

* Based on forecast assumptions
Breakeven Prices are Rising in Oman

Price per barrel of oil required to balance budget

Black line represents Brent Crude oil 1-month forward

Sources: IMF, Moody’s Analytics
Gas Dominates in Qatar

Mil bpd oil equivalent

Sources: IMF, Moody’s Analytics
Asia’s Fortunes Drive Qatar Gas Sales

Sources: IMF, Japan METI, Moody’s Analytics
Qatar’s Budget is in a Solid Position

Sources: Qatar Central Bank, Moody’s Analytics
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Egypt & Jordan Outlook
Egypt’s Fundamentals Improved Markedly

Sources: World Bank, Moody’s Analytics
Egypt Managed to Narrow the Twin Deficit

% of GDP

Govt budget balance (L)  Current account balance (R)

Sources: IMF, World Bank, Central Bank of Egypt, Moody’s Analytics
Investment Plummeted in 2020Q1

Contribution to real GDP growth, % change

Sources: World Bank, Moody’s Analytics
Economic Activity Deteriorated in Jordan

Sources: UN, World Bank, Moody’s Analytics
Fiscal Consolidation Helped Stabilize Debt in Jordan

Sources: IMF, World Bank, Moody’s Analytics
Muted Response to COVID-19 Crisis

Fiscal stimulus, select countries, % of GDP

- Egypt
- Jordan
- Kuwait
- Saudi Arabia
- UAE
- Qatar

Sources: IMF, Moody’s Analytics
Central Bank of Egypt Eased Policy Stance

Sources: Central Bank of Egypt, Moody’s Analytics
Central Bank of Jordan Followed the Fed

Sources: Central Bank of Jordan, US Fed, Moody's Analytics
Grim 2020 but Brighter 2021

Real GDP growth, % change yr ago

Source: Moody’s Analytics
Summary

» MENA economies recover, but downside risks prevail

» Gas sector curbs the pandemic impact for Qatar and Oman

» MENA oil importers suffer less from the pandemic than GCC countries do
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<td>+1.610.235.5299</td>
<td>121 North Walnut Street, Suite 500, West Chester PA 19380, USA</td>
</tr>
<tr>
<td>New York, Corporate-HQ</td>
<td>+1.212.553.1653</td>
<td>7 World Trade Center, 14th Floor, 250 Greenwich Street, New York, NY 10007, USA</td>
</tr>
<tr>
<td>London</td>
<td>+44.20.7772.5454</td>
<td>One Canada Square, Canary Wharf, London E14 5FA, United Kingdom</td>
</tr>
<tr>
<td>Toronto</td>
<td>+1.616.811.2133</td>
<td>200 Wellington Street West, 15th Floor, Toronto ON M5V 3C7, Canada</td>
</tr>
<tr>
<td>Prague</td>
<td>+420.22.422.2929</td>
<td>Washingtonova 17, 110 00 Prague 1, Czech Republic</td>
</tr>
<tr>
<td>Sydney</td>
<td>+61.2.9270.8111</td>
<td>Level 10, 1 O’Connell Street, Sydney, NSW. 2000, Australia</td>
</tr>
<tr>
<td>Singapore</td>
<td>+65.6511.4400</td>
<td>6 Shenton Way, #14-06 OUE Downtown 2, Singapore 068809</td>
</tr>
<tr>
<td>Shanghai</td>
<td>+86.21.6101.0172</td>
<td>Unit 2306, Citigroup Tower, 33 Huayuanshiqiao Road, Pudong New Area, 200120, China</td>
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