

Middle East and North Africa Economic Outlook: Recovery

Presenters



Suren Vardanyan

Suren is responsible for macroeconomic and market risk forecasting. He provides commentary and research on economies in the Middle East and Ireland. As the key analyst for Saudi Arabia and Bahrain, Suren is responsible for macroeconomic baseline and scenario forecasts and narrative development.



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.



Alex Cohen

Alex Cohen, an associate at Moody's Analytics, covers Middle East and North African countries. Alex earned a bachelor's degree in economics from The Pennsylvania State University, where his thesis addressed the implementation of a free market voucher school system in Chile.

Agenda

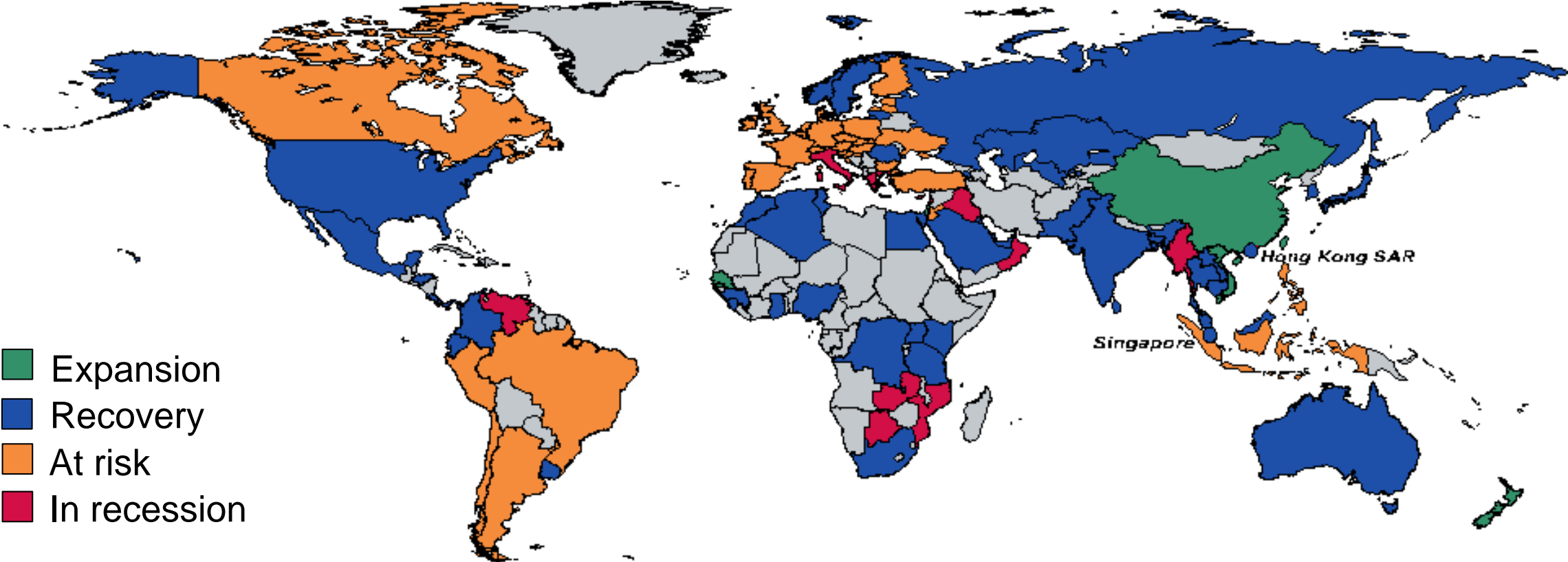
1. Middle East & North Africa Outlook
2. UAE Outlook
3. Algeria Outlook

1

Middle East & North Africa
Outlook

Global Business Cycle Status

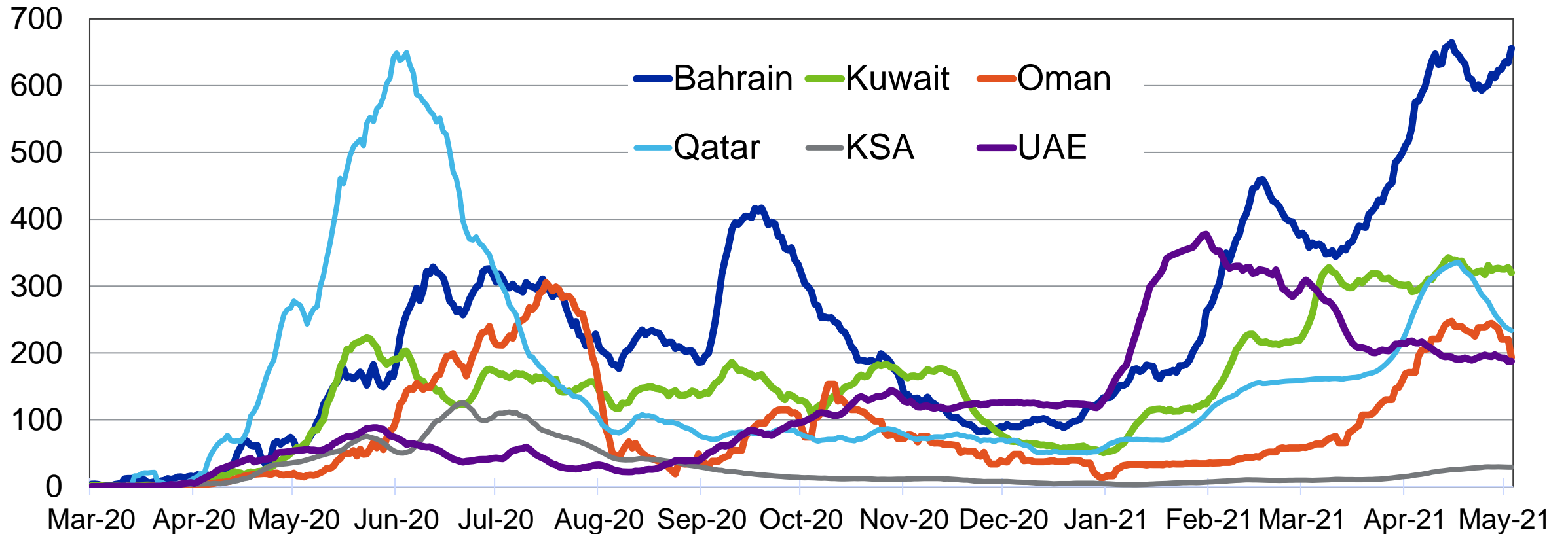
April 2021



Source: Moody's Analytics

Monitoring COVID-19 in GCC

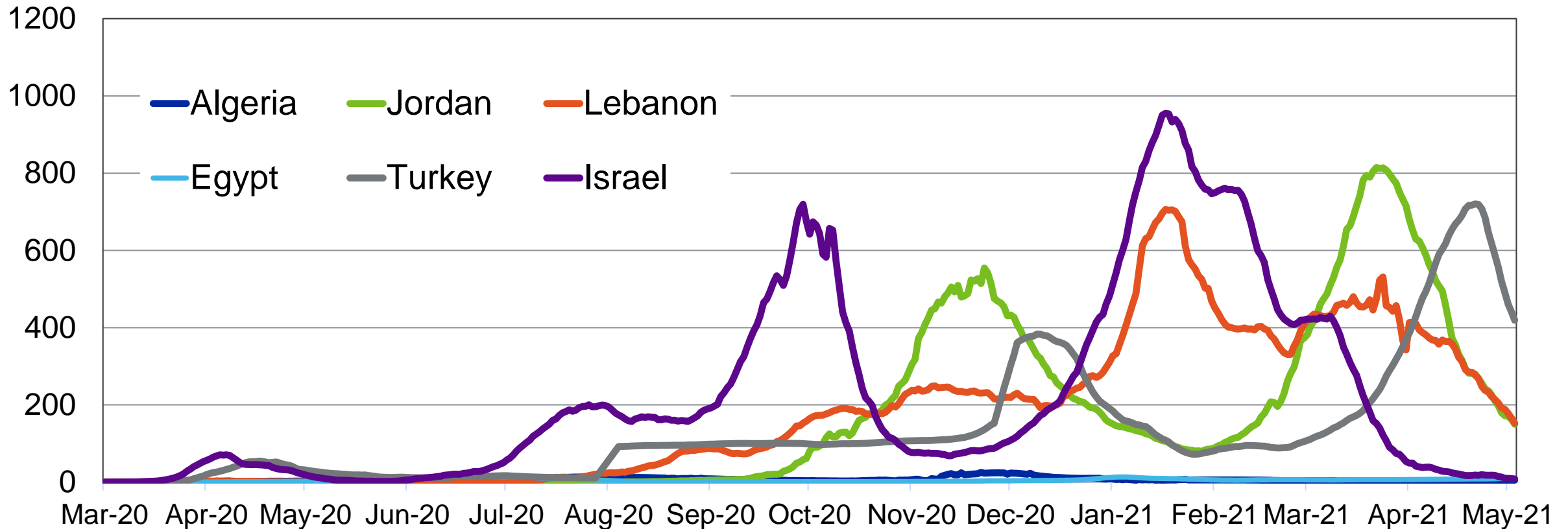
Reported cases per million population, 7-day MA



Sources: WHO, Moody's Analytics

Monitoring COVID-19: Middle East non-GCC

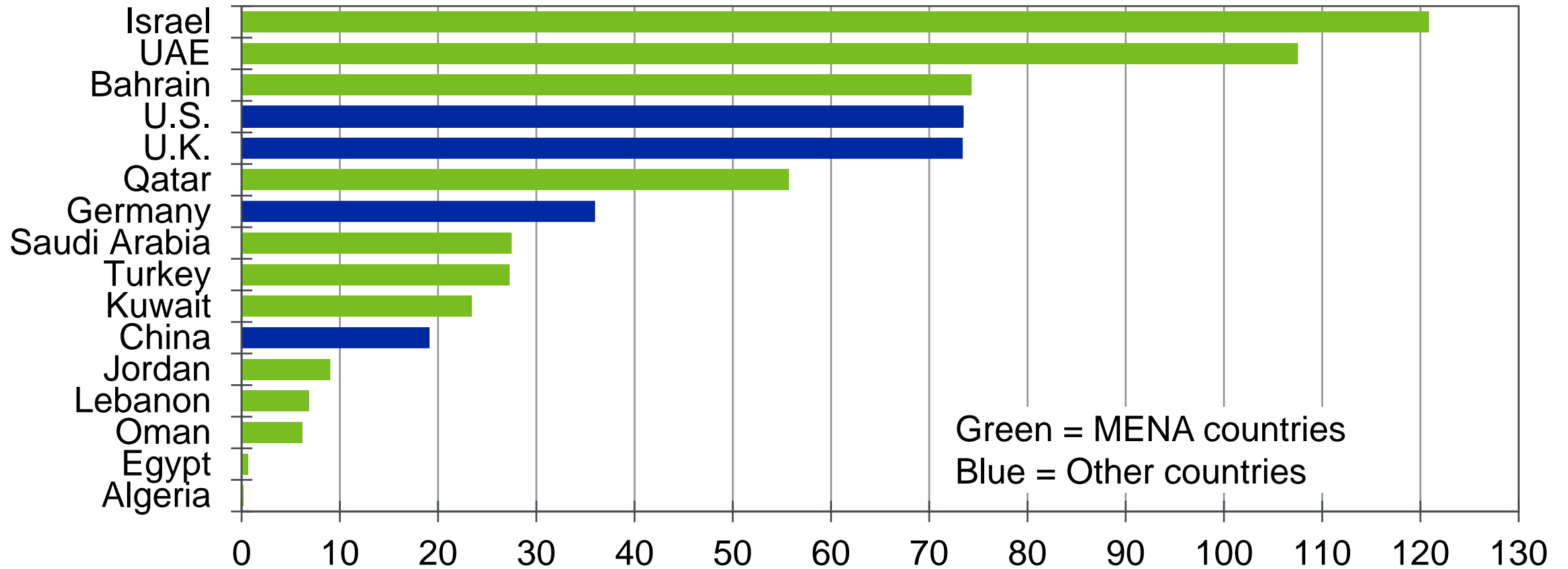
Reported cases per million population, 7-day MA



Sources: WHO, Moody's Analytics

Divergence in Vaccination Progress

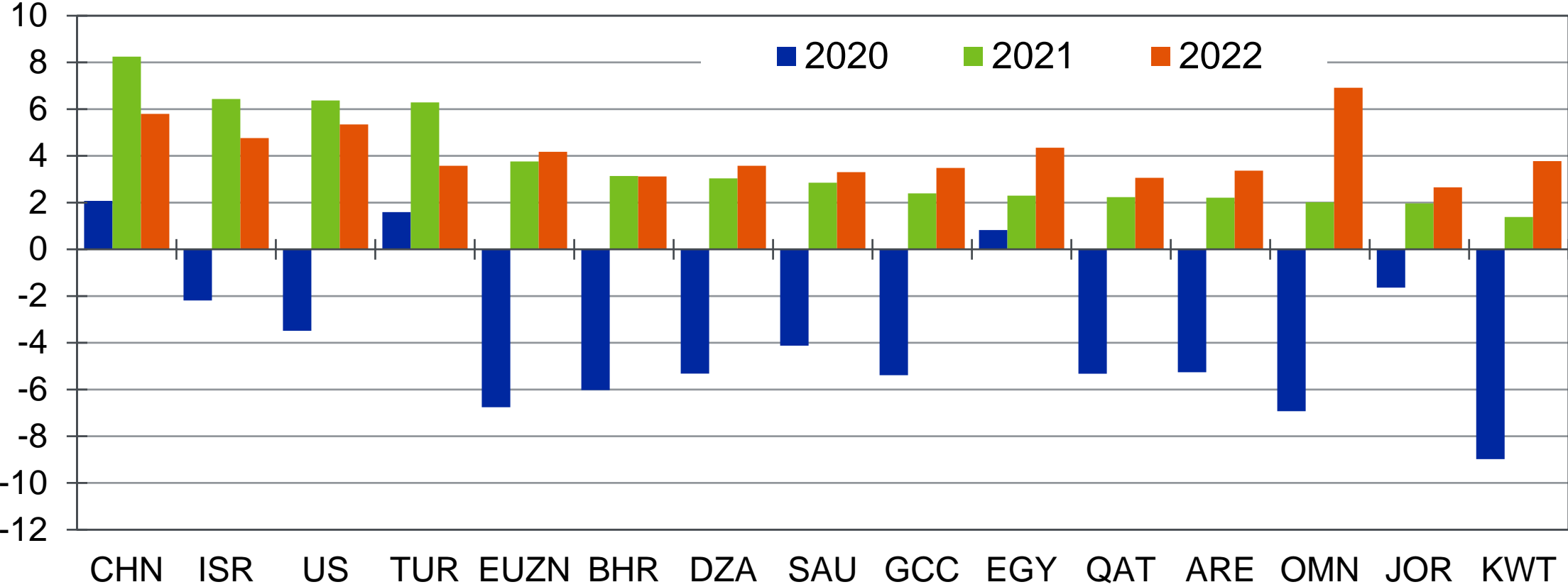
Total vaccines administered, % of adult population, MENA and benchmarks



Source: Moody's Analytics

Double Crisis Weighs on Oil Exporters

Real GDP, % change, March 2021 forecast



Source: Moody's Analytics

Recovery Will Lag in GCC Region

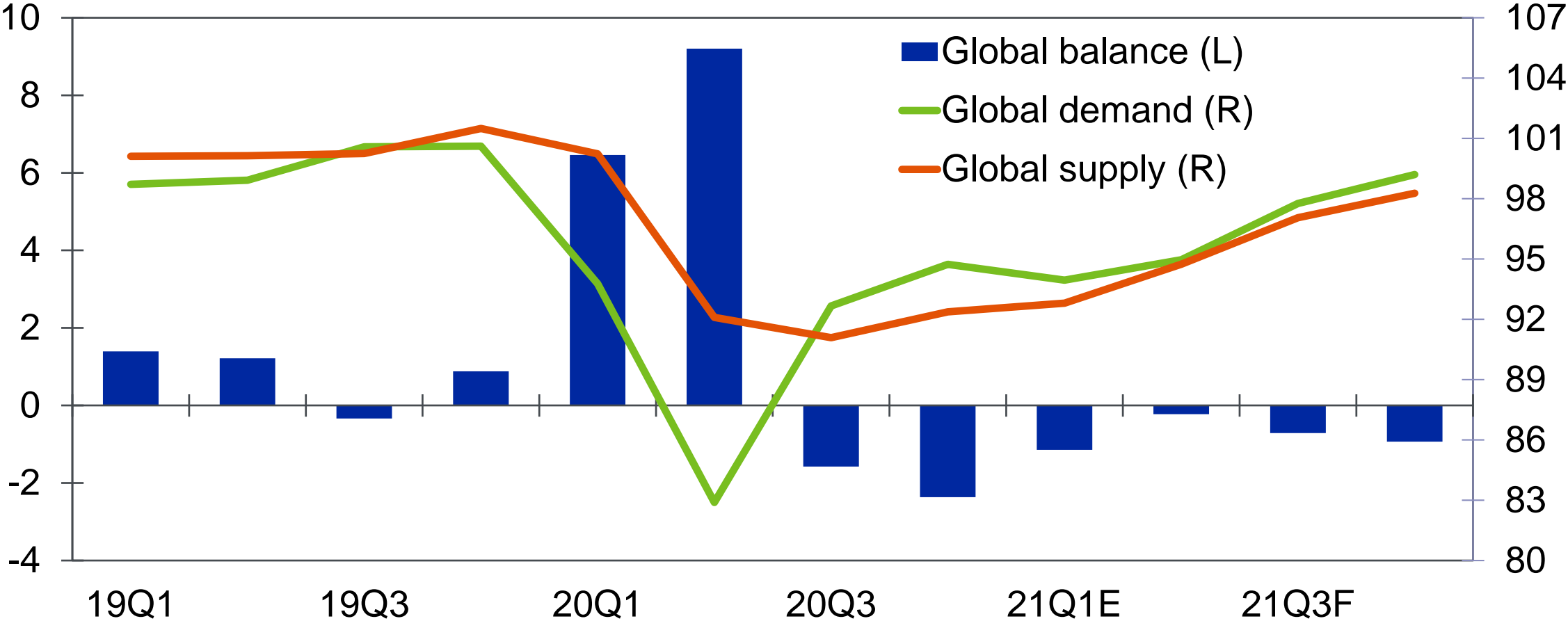
Quarter when real GDP exceeds 2019Q4 level

Country	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
China		Light Green														
Turkey			Light Green													
Israel					Light Green											
Egypt						Light Green										
U.S.						Light Green										
World						Dark Green										
Jordan							Light Green									
Saudi Arabia									Light Green							
Euro Zone										Light Green						
Algeria										Light Green						
UAE										Light Green						
Qatar											Light Green					
Bahrain											Light Green					
Oman											Light Green					
Kuwait															Light Green	

Source: Moody's Analytics

Small Global Oil Deficit in 2021

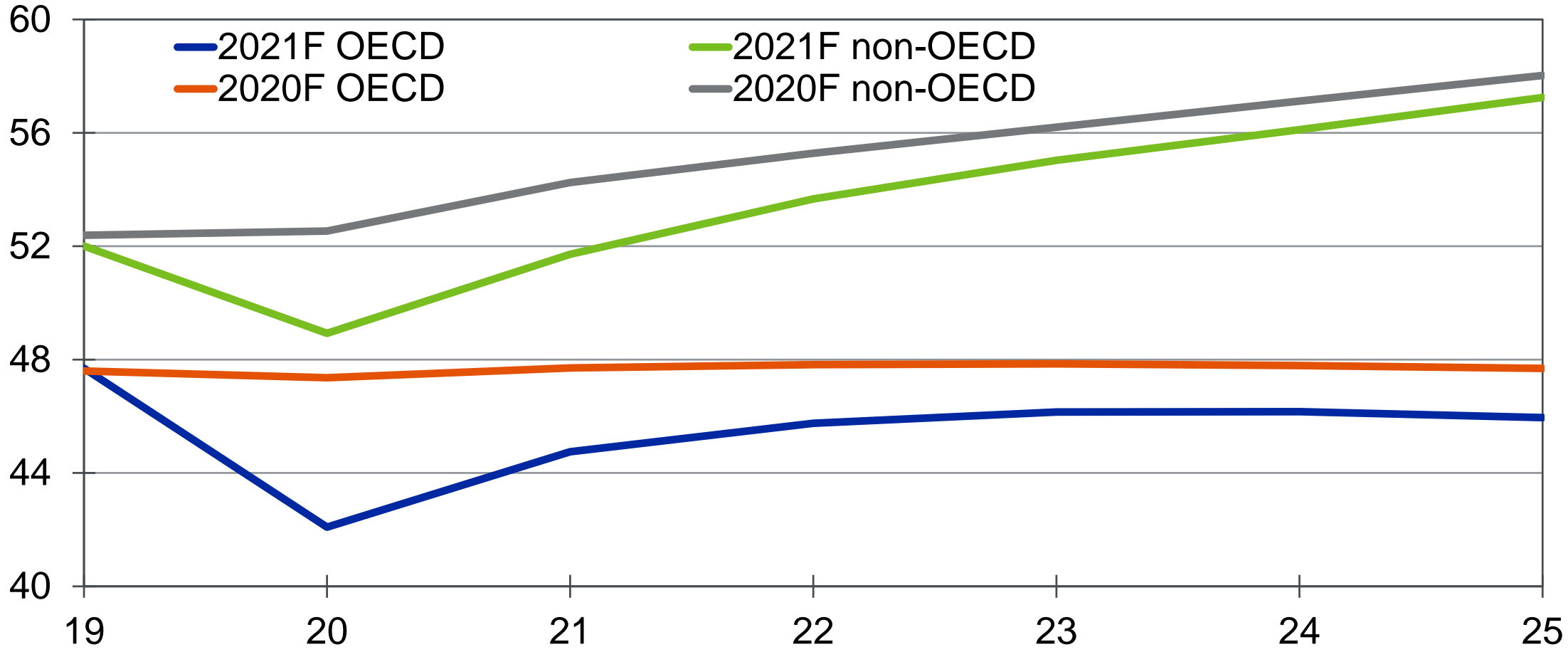
Mil bpd



Sources: IEA, Moody's Analytics

Oil Demand Does Not Fully Recover

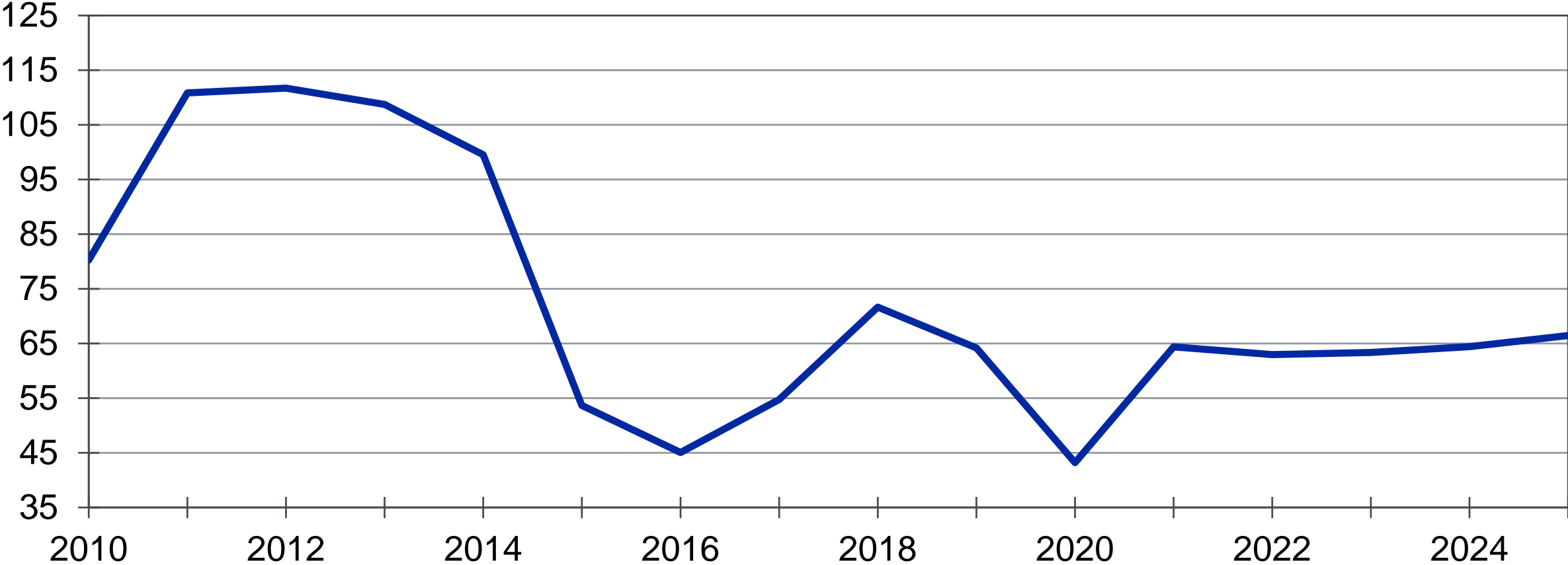
World oil consumption, mil bpd



Sources: IEA, Moody's Analytics

Brent Crude Oil Prices

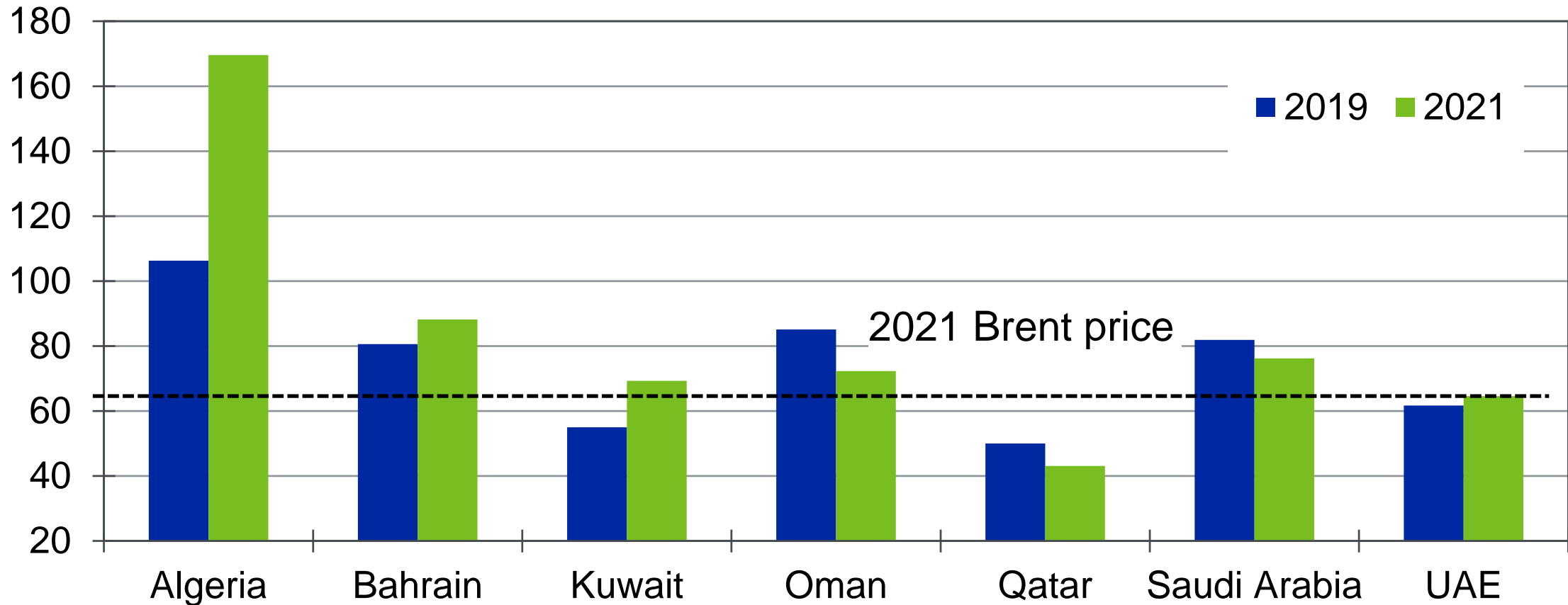
\$ per bbl



Source: Moody's Analytics

Stronger Oil Prices Will Be a Plus

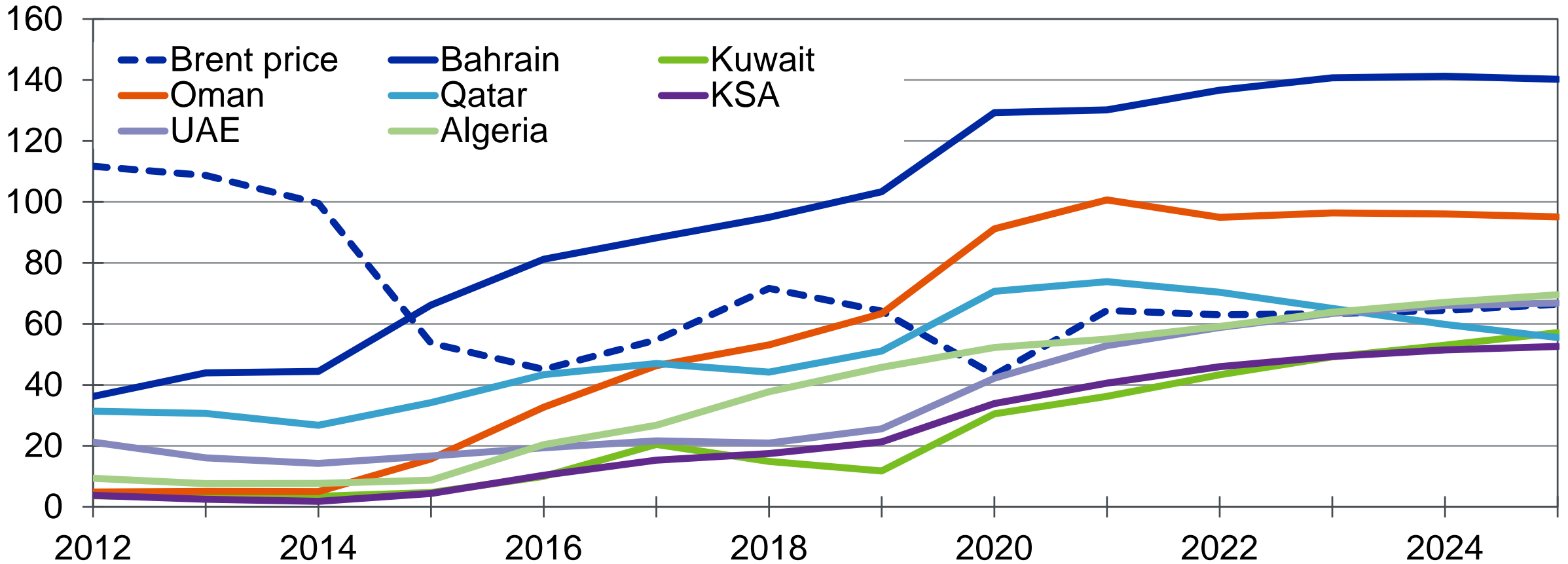
Price of oil needed for a balanced budget, \$ per bbl



Sources: IMF, Moody's Analytics

Fiscal Pressure Continues

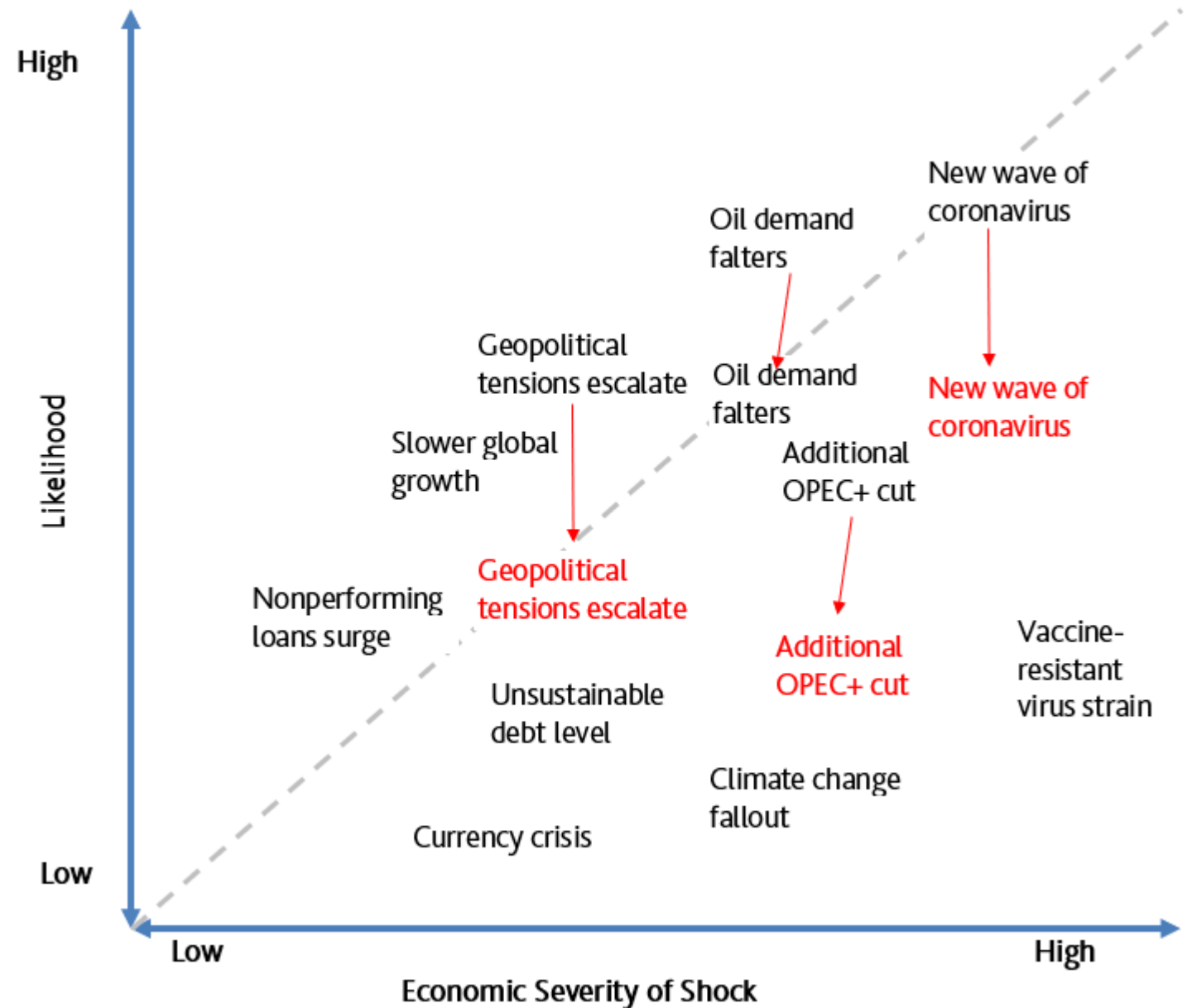
Government debt as % of GDP, Brent crude oil price



Source: Moody's Analytics

Risk Matrix

- » Vaccine-resistant virus strain
- » Oil price volatility
- » Fiscal sustainability
- » Geopolitical risks

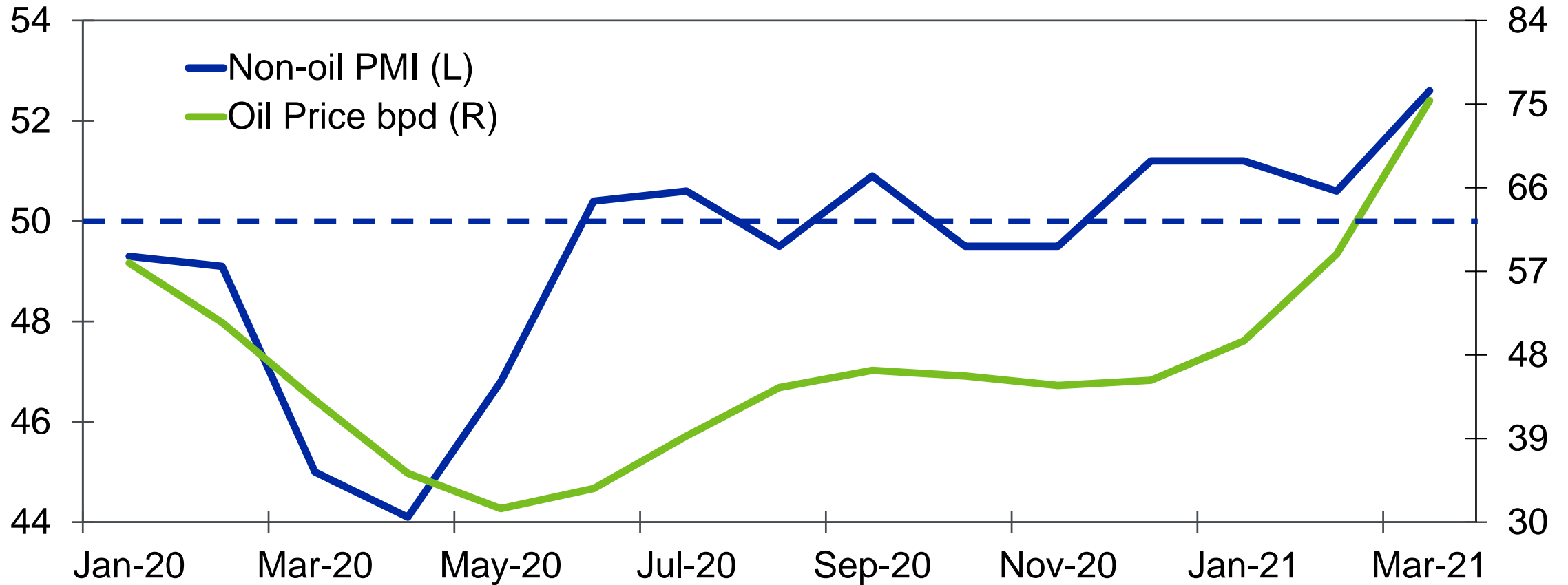


2

UAE Outlook

Non-Oil Private Sector PMI vs Oil Production

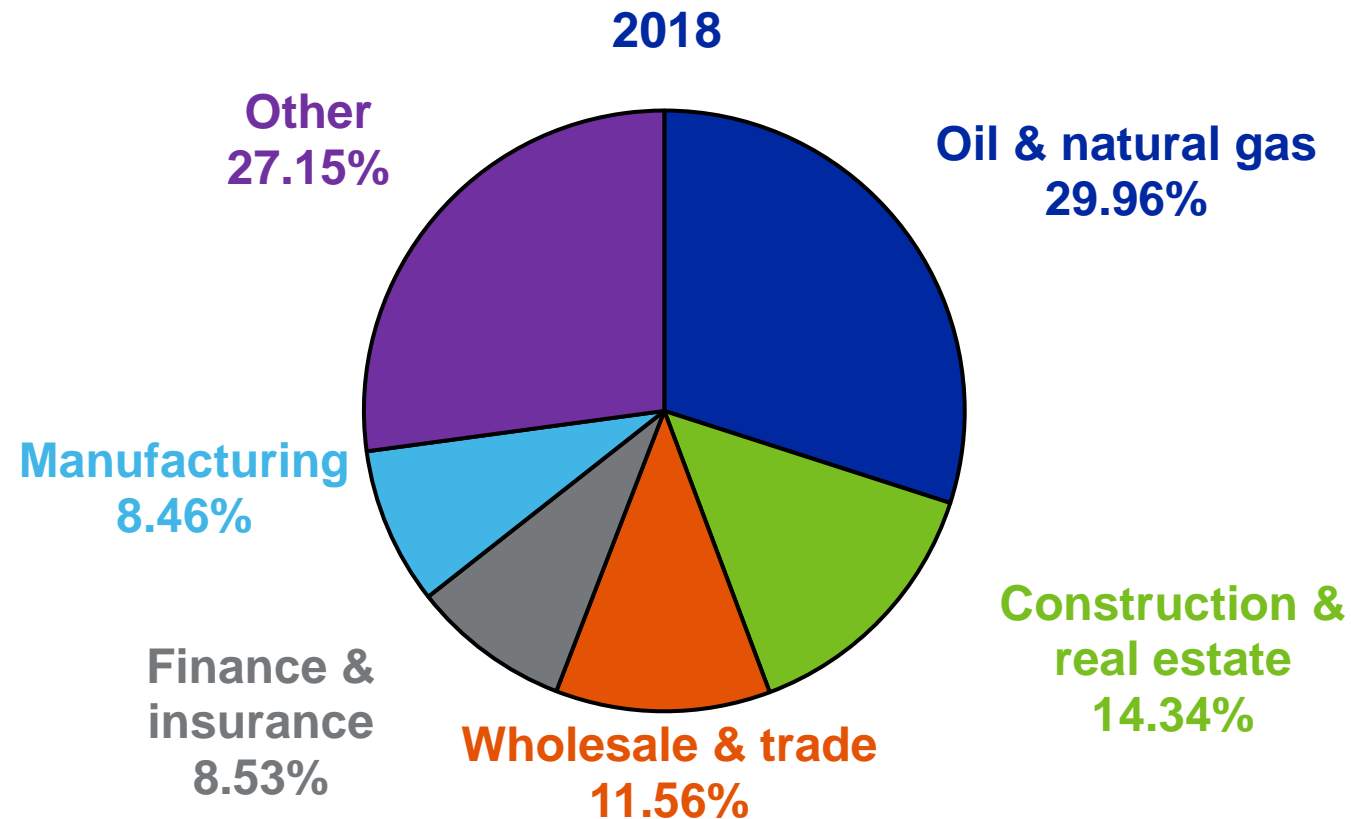
Purchasing Managers' Index (PMI) vs thousands of bpd



Sources: Economena, Organization of the Petroleum Exporting Countries, Moody's Analytics

Other Sectors Are Gaining on Oil...But at a Crawl

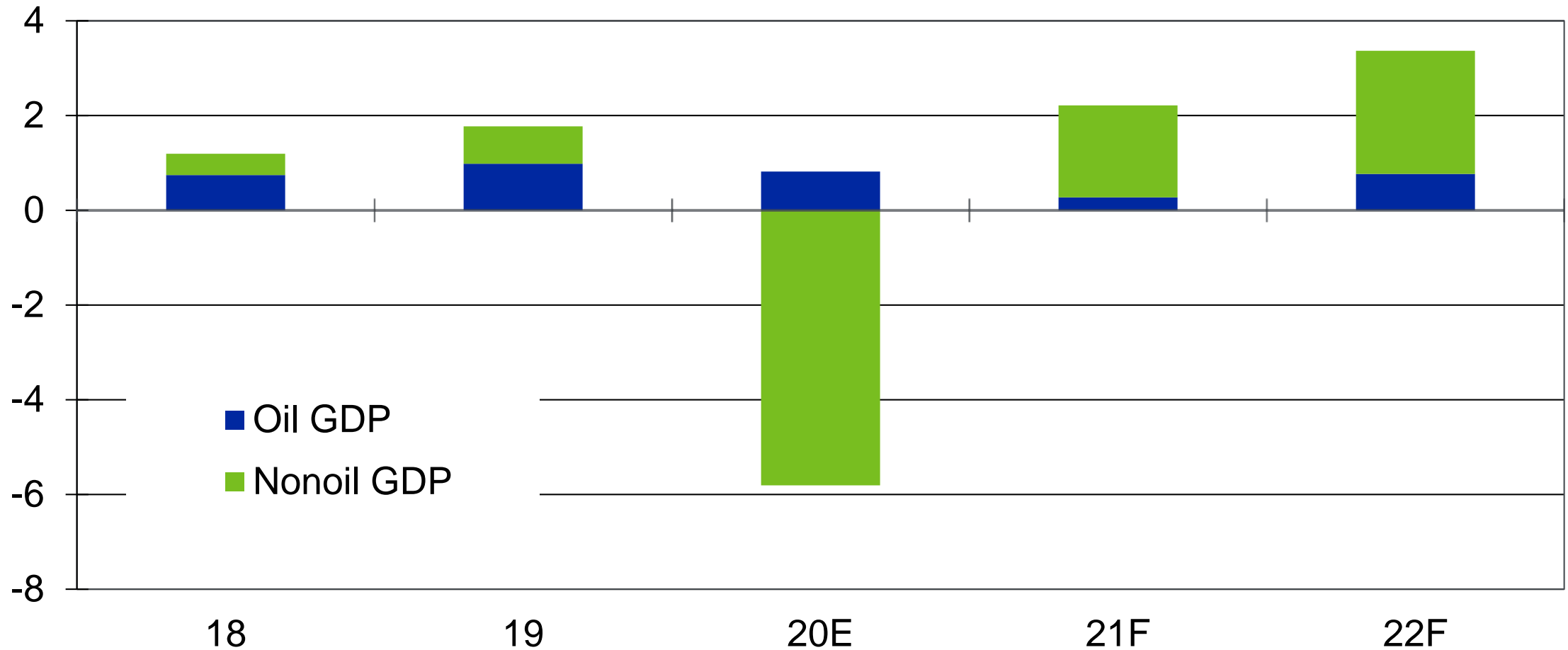
UAE real GDP by economic activity, %



Sources: Economena, Moody's Analytics

Nonoil Fuels the UAE's Recovery

Contribution to real GDP growth, ppts



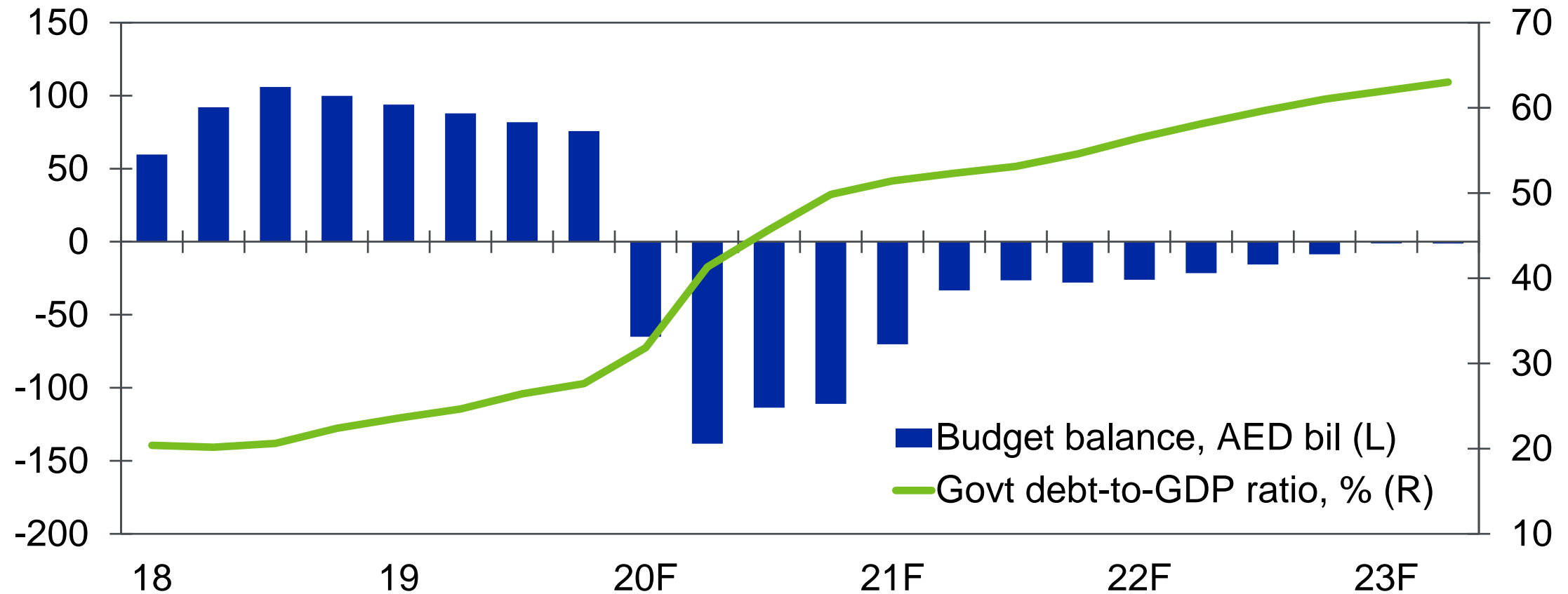
Sources: UAE Federal Competitiveness and Statistics Authority, Moody's Analytics

Monetary & Fiscal Support

Extended Measures

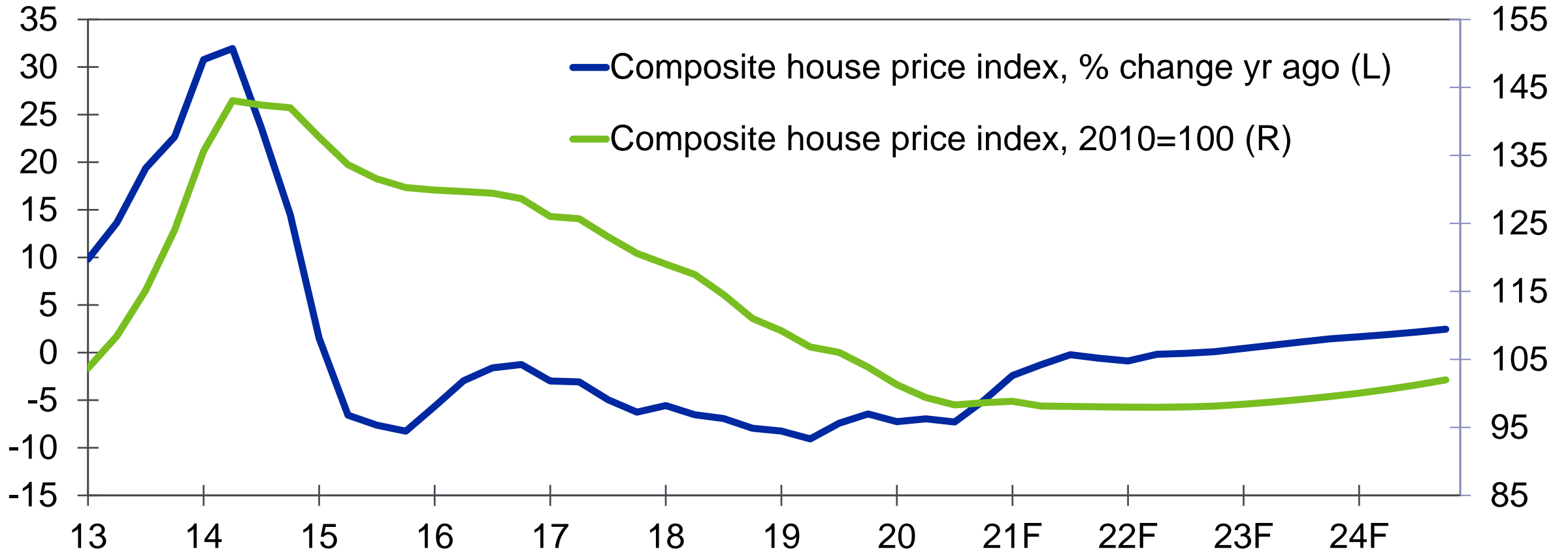
- » AED 50 billion from the Targeted Economic Support Scheme (TESS) **until June 2022**
- » Financing of loan deferrals **until the end of 2021**
- » Additional AED 315 million Dubai stimulus package for **January-June 2021**
- » Fiscal Consolidation: 2021 federal budget 7% lower compared with 2020

Government Finances



Sources: Federal Competitiveness and Statistics Authority, Moody's Analytics

Property Prices



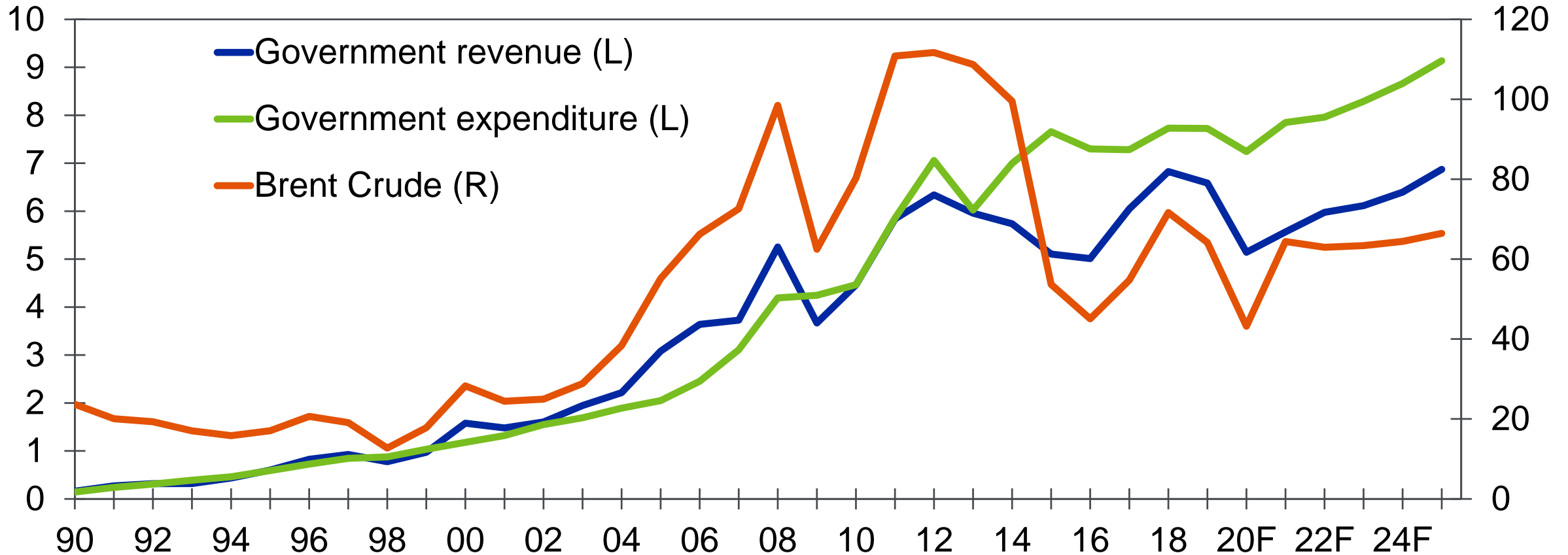
Sources: Bank for International Settlements, Moody's Analytics

3

Algeria Outlook

Expenditure Rises, Brent Crude Falls

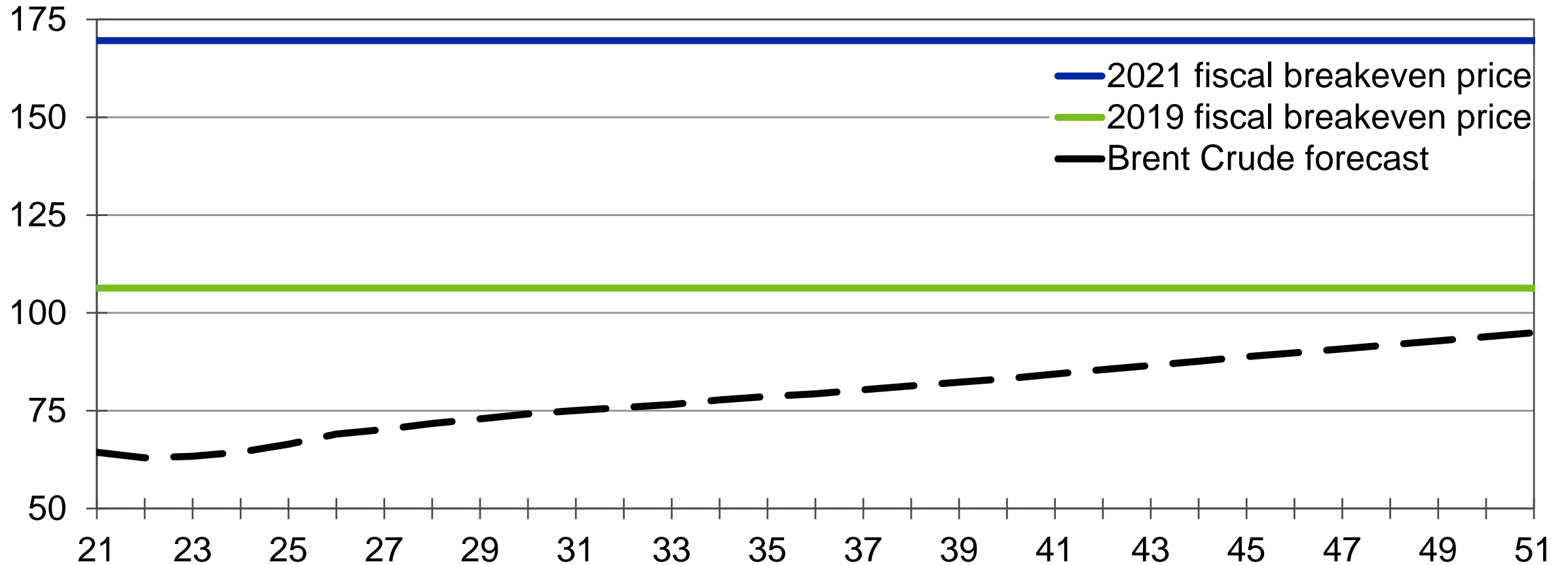
Tril. Algerian Dinar (L), USD per bbl (R)



Sources: IMF, SIX Financial Information, European Central Bank (ECB), Moody's Analytics

For Algeria, Breakeven Is a Long Way Off

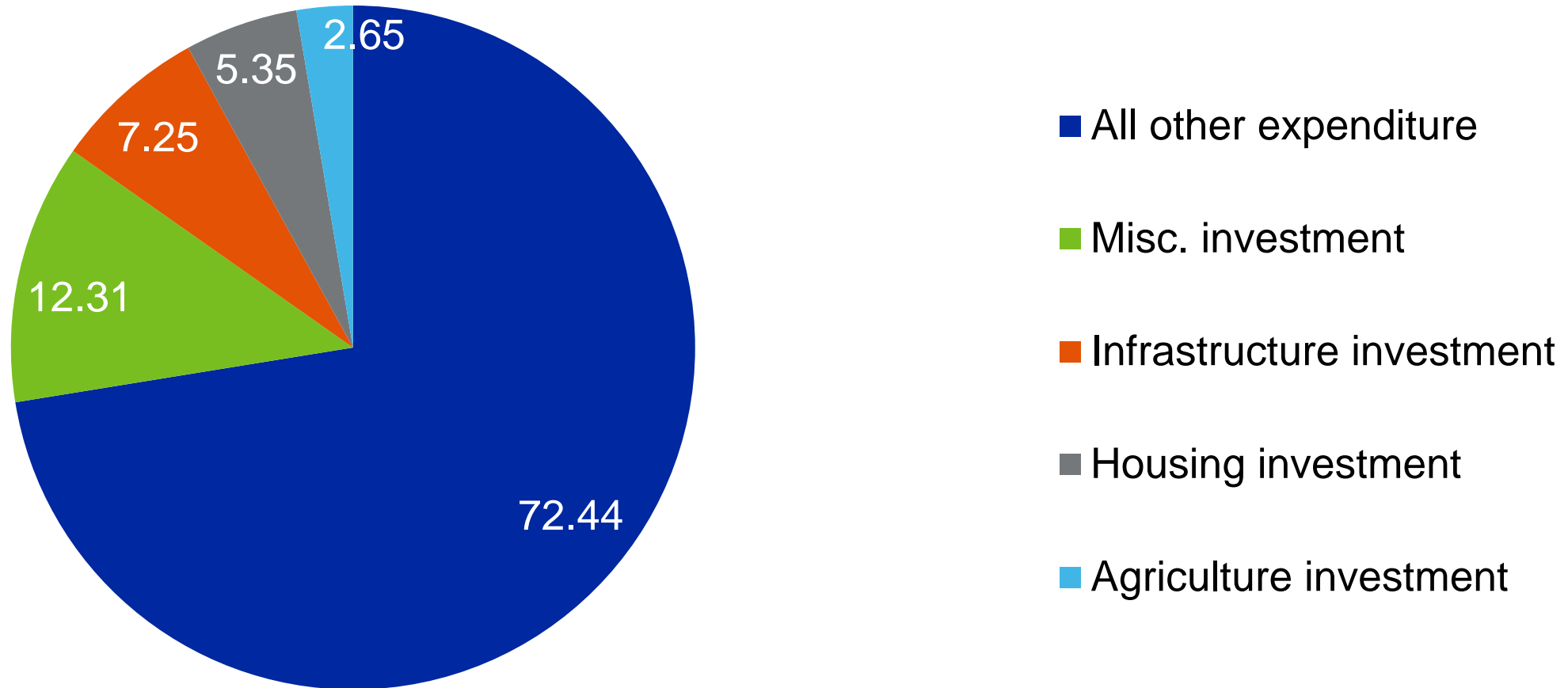
\$ per bbl



Sources: IMF, SIX Financial Information, European Central Bank (ECB), Moody's Analytics

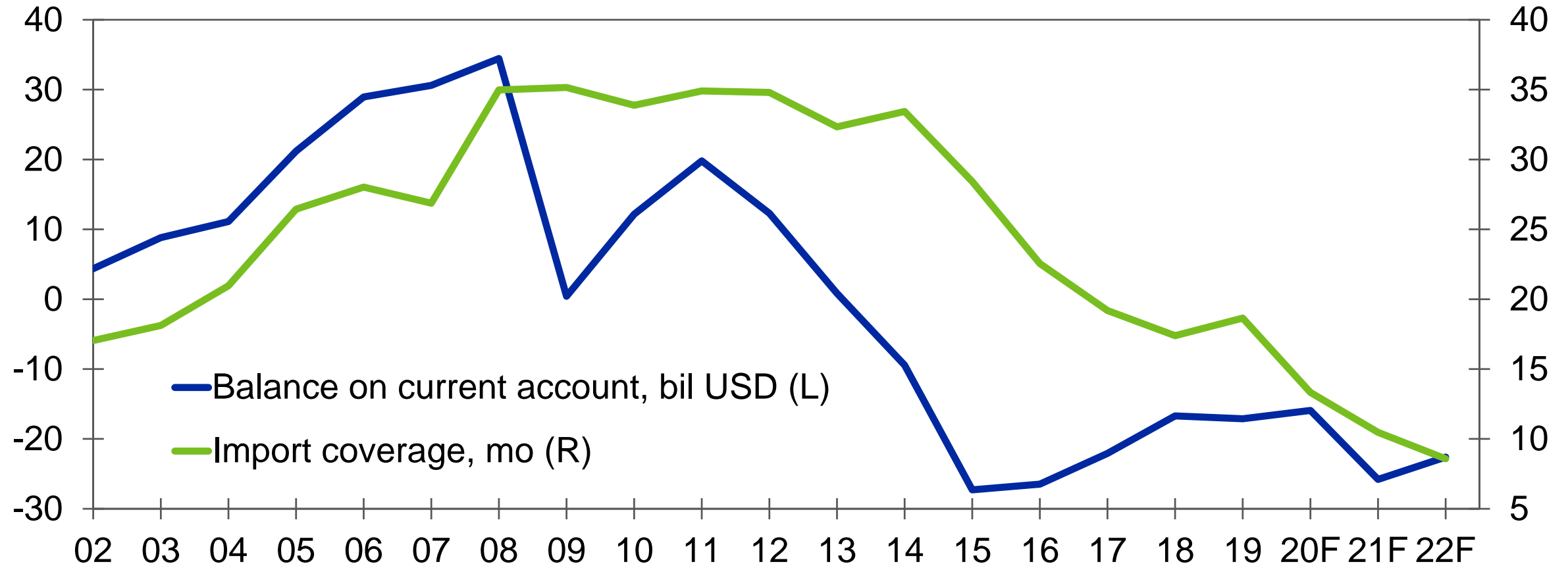
Investment Is a Quarter of 2021 Budget

%



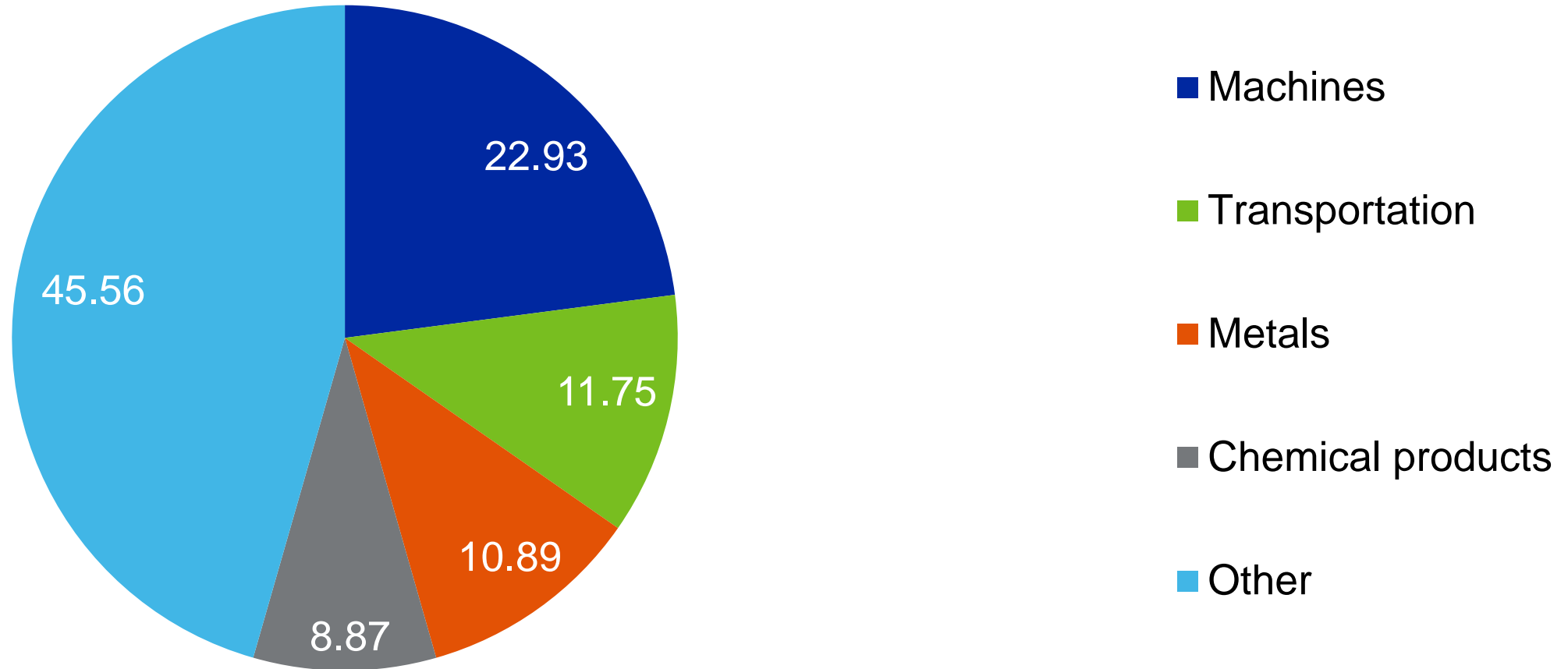
Sources: Algerian Ministry of Finance, Moody's Analytics

Falling Current Account Shrinks Import Coverage



Imports Comprised of Key Capital Goods

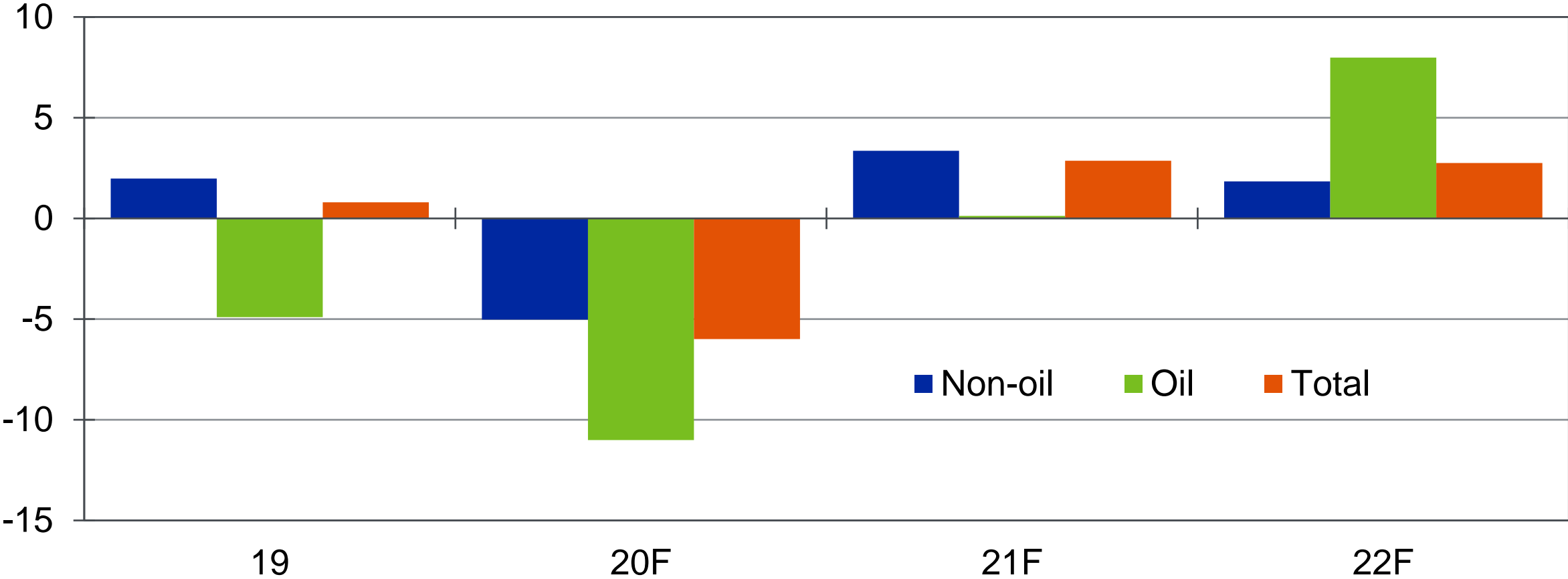
2019, %



Sources: United Nations Statistical Division, Moody's Analytics

Oil Sector a Drag Through 2021

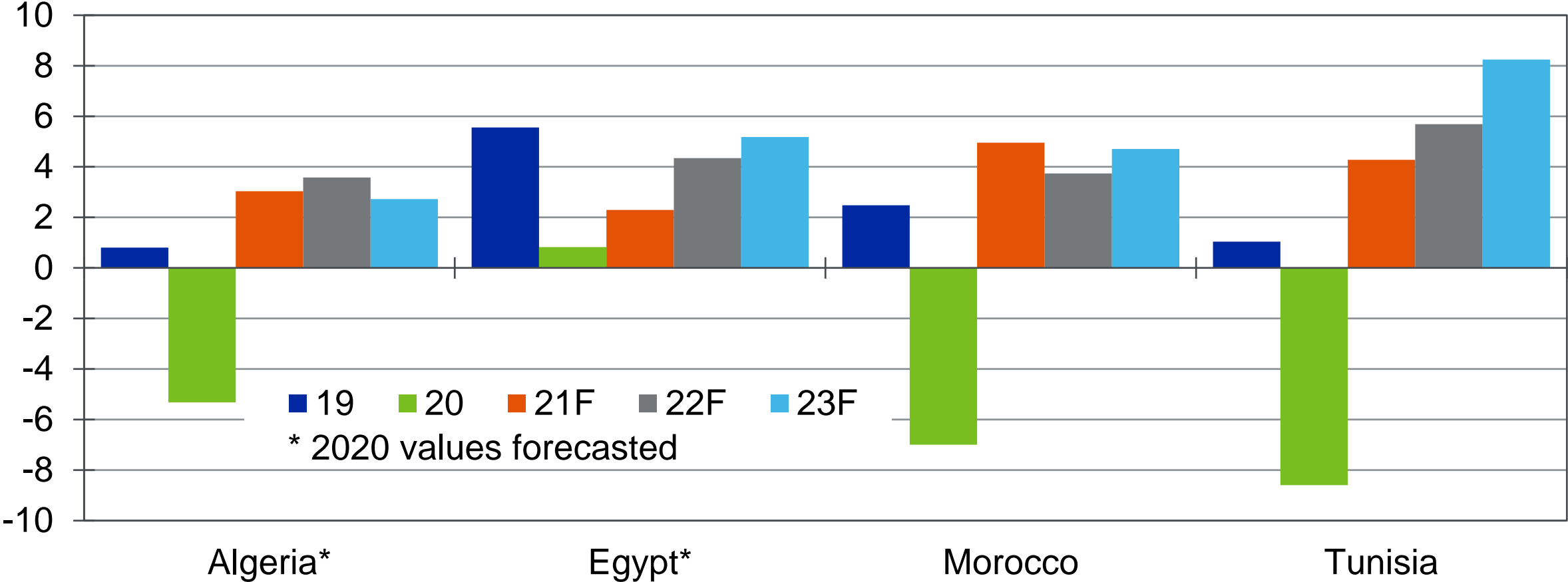
% change



Sources: IMF, Moody's Analytics

Algeria's Recovery Trails the Region

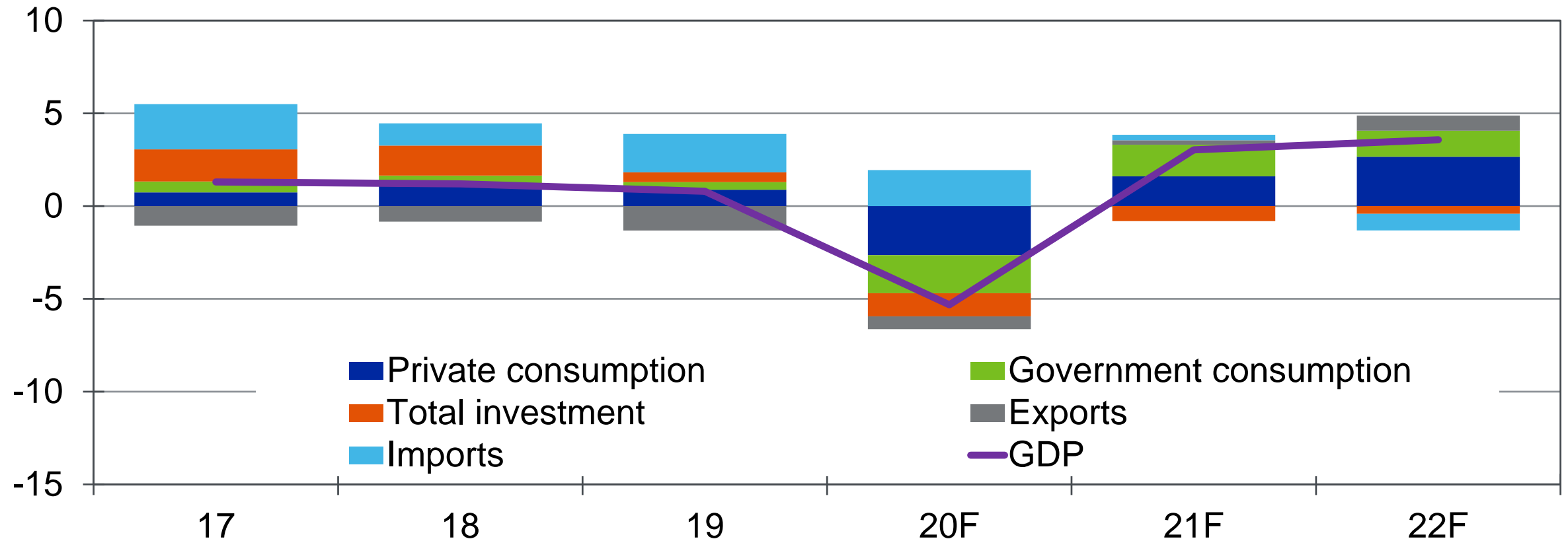
% change



Sources: United Nations Statistical Division, The World Bank, Moody's Analytics

Consumption, Government Driven Recovery

Contribution to real GDP growth, % change



Sources: United Nations Statistical Division, Moody's Analytics

Summary

- » MENA economies recover, with risks diminishing as vaccination progresses.
- » Recovery of oil exporters will lag due to slower growth in oil demand.
- » Vaccine-resistant virus strain remains a major risk.

Questions?

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