بنك الإمارات دبي الوطني
Emirates NBD

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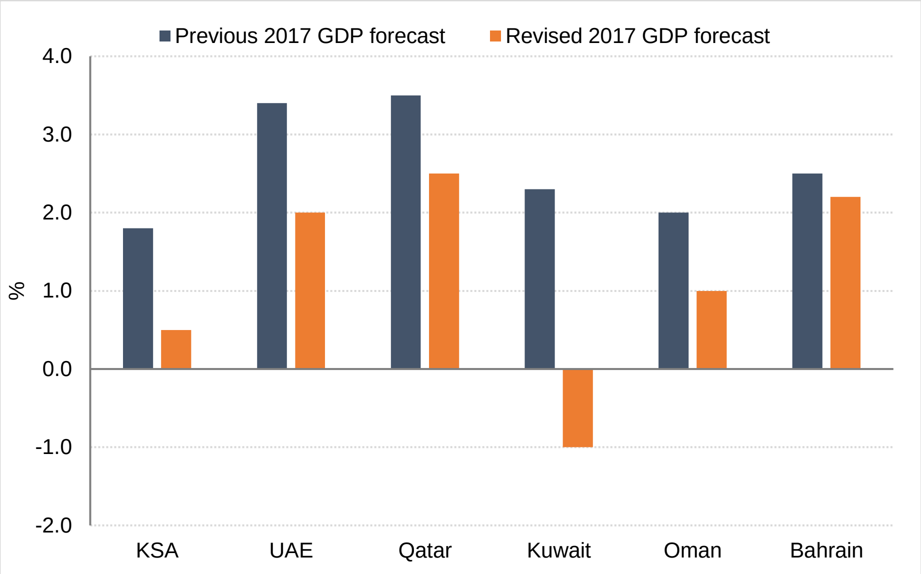
GCC Quarterly: Q3 2017

- We expect compliance with the OPEC production cut deal to wane as we move into 2018 as there are few signs it has been successful in rebalancing markets, or that it will have more of an effect in the second half of 2017. A resumption of production growth by major MENA oil producers will be another hurdle for oil prices and we are revising lower our view for 2018 and the remainder of 2017.
- OPEC's decision to extend oil production cuts through to end-March 2018 has led us to revise down our expectations for oil sector growth – and thus real GDP growth – across the GCC. The downward revision to our 2018 oil price forecast to USD 51 p/b has also widened the external and budget deficit forecasts for next year.
- We now expect just 0.5% growth in Saudi Arabia this year, as the Kingdom has cut production by more than agreed with OPEC in Q1 2017, and has remained compliant in Q2. We do expect oil production to rebound from Q2 2018 however, and this should boost overall GDP growth next year.
- Non-oil growth in the UAE appears to have accelerated in H1 2017, based on PMI survey data. However, with the oil sector now expected to contract y/y, we have downgraded our 2017 growth forecast to 2.0% from 3.4% previously. We expect Dubai to grow at a faster rate than Abu Dhabi as it won't be as affected by lower oil output.
- Kuwait's large oil sector, which accounts for more than half of total GDP, means that compliance with OPEC cuts for the whole of 2017 will push the economy into outright recession (-1.0%) despite robust non-oil sector growth.
- We have revised 2017 GDP growth forecasts for Qatar, Oman and Bahrain down to 2.5%, 1.0% and 2.2% respectively.

Extended OPEC production cuts lead to lower growth forecasts for the GCC



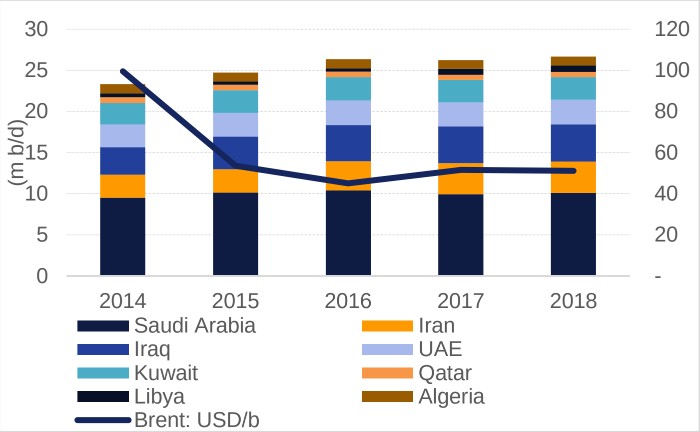
Source: Emirates NBD Research

Contents

Oil market outlook

We expect OPEC will return to a strategy of production growth in 2018 as the imperative to secure market share will be pressing in a context of strong supply growth outside the producers' bloc. Six months into OPEC's plan to rebalance markets by limiting production in conjunction with partners, there are few signs of success nor do we expect that the second half of the year will see a substantial improvement. With a potential reversal in policy coming in the next twelve months we caution that downside risks for oil prices are growing clearer and are revising lower our expectations for 2018.

MENA output threatens rebalancing



Source: IEA, Emirates NBD Research.

At the halfway point of 2017, OPEC has removed roughly 600k b/d from the market since the start of the year as collective compliance with production targets had been strong. Saudi Arabia has provided the bulk of OPEC's output restraint, achieving average compliance with its production target of more than 100%. Across the rest of MENA OPEC producers, compliance has been more varied: Kuwait and Qatar have been close to target while the UAE, Iraq and Algeria have fallen short. Iran has inadvertently helped by not achieving the production increase it had been allowed.

Saudi Arabia's 'over-cutting' signifies to us that the OPEC agreement has largely been a Saudi project and we would expect their compliance to remain strong during the course of the deal. But for the other producers, with few obvious signs that the agreement is helping to actually balance markets, we expect to see waning compliance and expect a return to production growth in 2018.

For the six months OPEC has been trying to actively manage markets, they have been unable to meaningfully erode the market surplus or catalyze a drawdown in excessive inventories. OECD inventories of crude and products were higher in April than they were at the end of 2016 and appear to have leveled off but not declined considerably over the duration of Q2.

Forward-looking signals from the market are also undermining expectations that crude balances are noticeably tightening. The contango structure in futures markets has remained largely intact throughout the year, despite several approaches to flipping into backwardation. Prompt prices have also failed to receive a boost from lower OPEC volumes—both Brent and WTI futures have fallen 18% year to date and are hovering at levels below break-even levels for even the most fiscally assured GCC economies.

Even as prices have floundered and inventories have yet to show considerable tightening, non-OPEC supplies have been able to grow. US production has surged ahead in 2017 and is expected to grow as much as 1m b/d in 2018, according to the IEA. There is a risk that the industry in the US is growing too fast for its own good but its ability to respond quickly means that higher prices will see a short-term positive reaction in output. This increase in US production won't be entirely absorbed domestically and already in 2017 we have seen exports of US crude exports into traditional OPEC markets growing strongly.

Initial projections for 2018 from the IEA expect non-OPEC supply to expand by nearly 1.5m b/d, capturing all of its forecast growth in demand. If OPEC maintained 100% compliance with its production cuts for the duration of 2017-18, it would see its share of global oil supply pushed back below 40%, assuming its partners also maintained their cuts.

Voluntarily accepting lower market share and lower prices is not a formula we believe MENA OPEC producers will endure in perpetuity. We doubt that OPEC members would make an official statement acknowledging that the production cuts have failed to balance the market but instead will allow the production cut deal to lapse at the end of Q1 2018. The ambiguity about what would happen at the end of the cut deal is already in place even if the cuts bite into market balances more significantly over the remainder of 2017.

A return to production growth from most OPEC members, even if Saudi Arabia unilaterally withholds output, could end up with total supply growth breaking above 2m b/d. This would ensure the market will return to surplus in 2018, reinforce the contango structure and act as a serious topside barrier to oil prices recovering.

We are revisiting our expectations for oil prices for the remainder of 2017 and 2018 and don't expect much of a recovery from current levels. We have revised lower our 2017 forecasts for Brent to an average of USD 51.50/b from USD 54/b previously. For next year, we expect prices will stay roughly at those levels with a risk they drift lower if OPEC production surprises to the upside.

Edward Bell, Commodities Analyst

Bahrain

2017 budget approved in June

Bahrain's cabinet finally approved the draft budget for this year and next, nearly seven months behind schedule. For 2017, the budget assumes revenue of BHD 2.2bn, up from BHD 1.9bn achieved in 2016. The revenue projections were based on an average oil price of USD 55pb, which is higher than our forecast for this year.

Total spending this year is projected to be BHD 3.5bn, in line with the budget outcome for 2016. This yields an official deficit projection of -BHD 1.3bn (-USD 0.5bn) in 2017 or -10.4% GDP. However, our projections for budget revenue are more conservative at BHD 1.8bn while we expect a slight rise in government spending this year. As a result, we are forecasting a deficit of -14.7% of GDP this year.

Central bank's NFAs rise in March

After declining to just USD 1.7bn in February (less than 1.5 months import cover), net foreign assets at the central bank of Bahrain rose to USD 2.8bn at the end of March, equivalent to 2.2 months' imports. Nevertheless, this is still well below the recommended minimum of 3-months' import cover. With Bahrain's current account expected to remain in deficit this year, the country will continue to rely on foreign grants (mainly from the rest of the GCC) and external debt financing to maintain its currency peg.

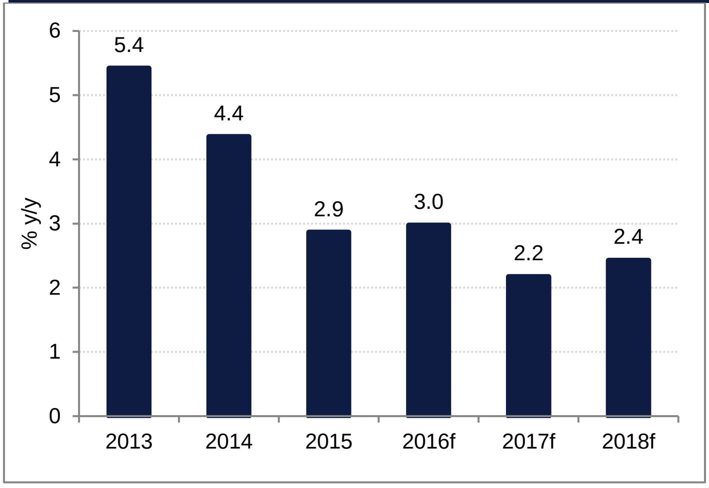
Money supply growth accelerates in Q1

M2 growth slowed sharply at the end of 2016, reaching 1.2% y/y in December. Broad money supply growth has accelerated slightly to 1.6% y/y in Q1 2017. Private sector credit growth has continued to weaken however, contracting outright in annual terms in January and February and expanding just 0.6% y/y in March.

Inflation remains low

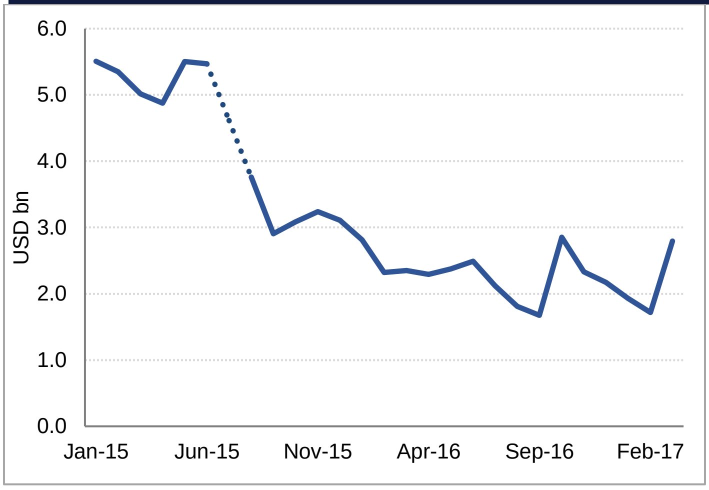
Inflation in the first five months of the year averaged 0.72% y/y, as lower food prices offset higher housing and other services prices. Imported inflation was also muted in H1 2017. We expect annual inflation rates to rise in H2 2017, off a low annual base. Nevertheless, we have revised down our average 2017 CPI forecast to 1.4% from 2.0% previously.

GDP Growth



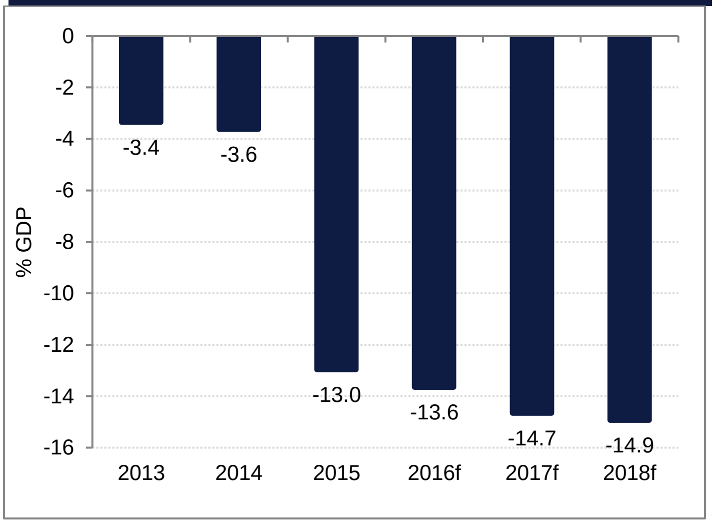
Source: Haver Analytics, Emirates NBD Research

Official reserves



Source: Haver Analytics, Emirates NBD Research

Fiscal balance



Source: Haver Analytics, Emirates NBD Research

Kuwait

Kuwait's growth downgraded to -1.0% this year

Average crude production in H1 2017 was 2.7mn bpd, exactly in line with Kuwait's target agreed with OPEC in November 2016. However, this is a substantial -5.9% y/y contraction from average 2016 oil production.

We had expected oil production to recover in H2 2017, but the extension of the OPEC cuts through to end-March 2018 is now likely to result in a sharp -5% contraction in Kuwait's oil sector this year. As the oil sector accounts for more than 55% of the economy, we have downgraded our 2017 real GDP growth forecast to -1.0%, despite relatively robust non-oil sector expansion.

Looking ahead to next year, we expect some recovery in oil production from Q2 2018, with overall oil sector growth now forecast at 1.0% in 2018. This should boost real GDP growth to 2.2% next year. However we note that 2016 GDP data for Kuwait has yet to be released, and it's possible that once this is available our forecasts for 2017 and 2018 will need to be reviewed again.

Inflation slows in 2017

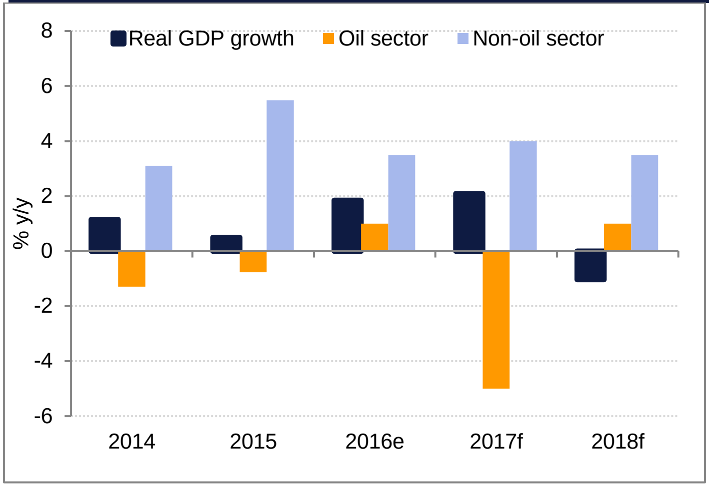
Average monthly inflation averaged zero in January through May 2017, as lower food prices offset higher prices in other components of the CPI. Food and beverages account for over 18% of the basket of goods and services tracked in the CPI. As a result, the annual inflation rate slowed to 2.9% in Jan-May, down from 3.2% in 2016. We have revised our full year inflation forecast down to 3.0% from 3.5% previously.

Money supply growth slows in Q1

Broad money supply (M2) growth slowed to just 0.9% y/y in April from 3.6% in December 2016. The main driver was a contraction in quasi money (FX and longer term KWD deposits). M1 growth accelerated to 7.3% y/y in April as both cash in circulation and demand deposits increased y/y.

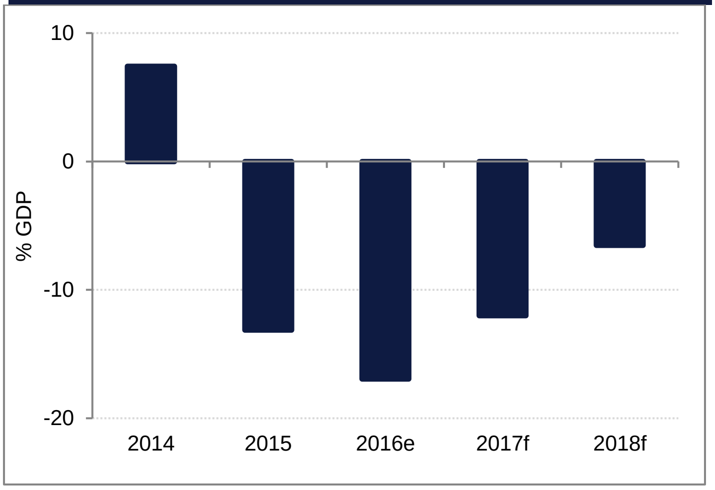
Both government and private sector credit growth increased in the first four months of this year, reaching 131% y/y and 4.0% y/y respectively. Foreign assets at the central bank rose to KWD 9.5bn in April 2016, the highest level since January 2016. The increase likely reflects both the proceeds of the USD 8bn bond issue in March and higher oil prices relative to Q1 2016.

GDP growth



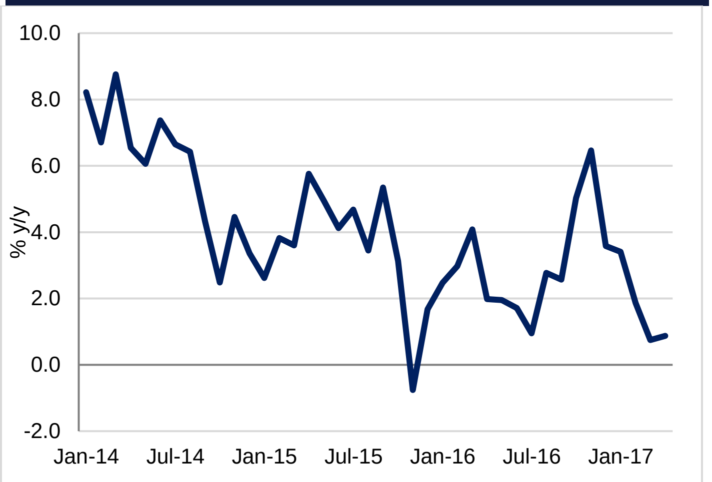
Source: Bloomberg, Emirates NBD Research

Budget deficit



Source: Haver Analytics, IMF, Emirates NBD Research

Money supply (M2)



Source: Haver Analytics, Emirates NBD Research

Oman

Expect growth of just 1.0% this year

Oman is not a member of OPEC. However, it agreed to cut its oil production to support OPEC's efforts to bring down excess supply in global oil markets. Average oil output in Jan-May was 977 thousand b/d, down -3.4% from average 2016 output.

If Oman continues to curb output in line with OPEC countries in H2 2017, then the oil sector is likely to contract this year, weighing on overall GDP growth. We have thus revised down our growth forecast for this year to 1.0% from 2.0% previously. We have also revised down our forecast for 2018 to 2.3% from 2.8% previously, based on a more conservative estimate for oil sector expansion next year.

We note that Oman has not yet released official 2016 GDP data, and we may need to review our forecasts again once this is available.

Monetary indicators

M2 growth averaged 3% in the first four months of this year, much slower than growth in the same period last year. Currency in circulation and demand deposits have declined on an annual basis, although longer term OMR deposits were up 7.6% y/y at end Q1 2017.

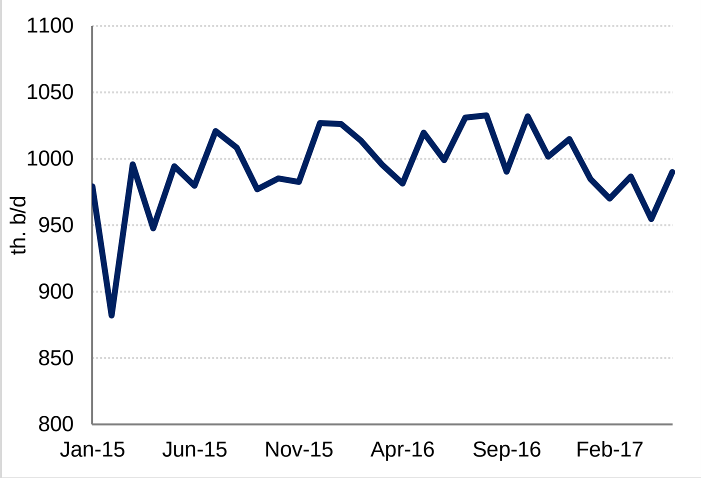
Government borrowing rose sharply (March: 46.2% y/y) in Q1 2017, crowding out other public sector enterprises which saw credit decline -11.0% y/y in March. Private sector credit growth remained solid at 8.4% y/y at end March, higher than in most other GCC countries.

Foreign assets at the Central Bank of Oman have been broadly stable so far this year, standing at USD 19.1bn at the end of April.

Inflation rises off low base

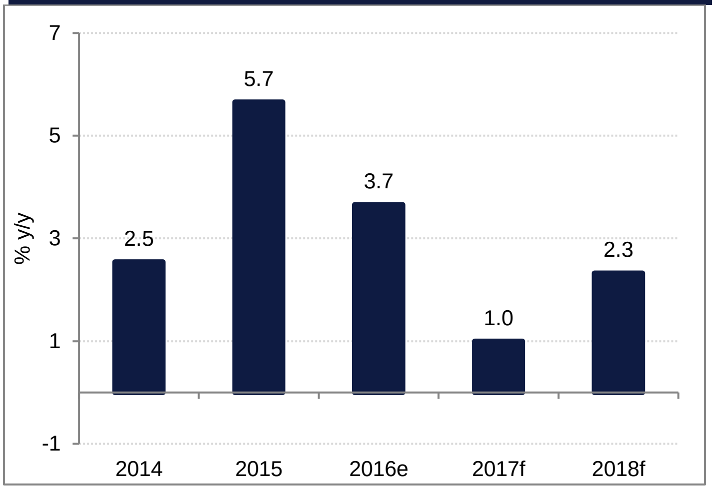
Consumer inflation averaged 2.2% in the first five months of this year, up sharply from just 0.6% in the same period last year. The main driver was higher transport costs as subsidies on fuel prices were removed and oil prices rose. Education and furnishing & equipment also saw prices rise in H1 2017 but this was partially offset by lower food costs. Overall, we expect inflation to average 2% this year, up from 1.1% in 2016.

Oil production



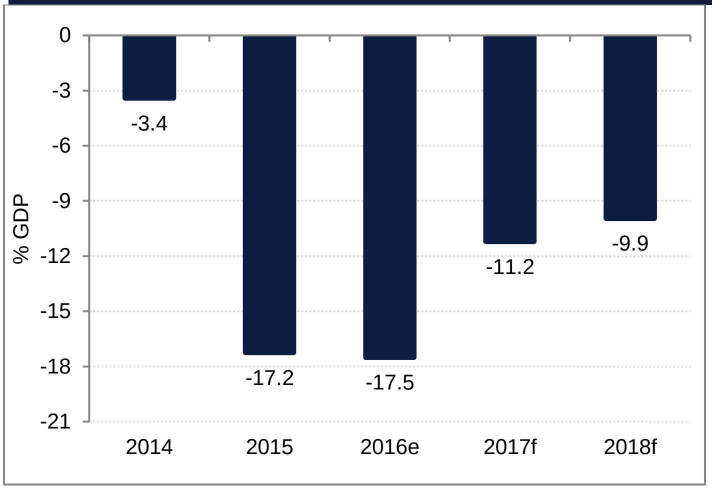
Source: Bloomberg, Emirates NBD Research

GDP growth



Source: Haver Analytics, Emirates NBD Research

Budget balance



Source: Haver Analytics, Emirates NBD Research

Qatar

Q1 GDP growth accelerates to 2.5%

Qatar's annual GDP growth accelerated to 2.5% in Q1 2017 from 1.7% y/y in Q4 2016 and 1.4% y/y in Q1 2016. Growth in Q1 was driven entirely by the non-oil sector, with the building and construction sector expanding 6.7% q/q and 15.7% y/y. Financial services growth was also strong at 10.1% y/y, while real estate services grew 5.7% y/y. However, the manufacturing sector, which accounts for just under 10% of GDP, contracted -1.4% y/y in Q1. Wholesale & retail trade growth has slowed since end-2015, reaching just 1.4% y/y in the first quarter of this year, down from 2.9% in Q4 2016 and 4.4% in Q1 2016.

Lower oil production won't affect GDP growth…

Qatar's oil production has averaged 617 thousand b/d in H1 2017, well below its OPEC agreed target of 648 thousand b/d and down -4.5% from 2016 average oil production. In fact, Qatar's oil output has declined every year since 2011 according to Bloomberg estimates. However, this has been more than offset by growth in LNG and condensates, which now account for the bulk of Qatar's energy production and exports. Qatar will continue to invest in boosting LNG capacity and production in the coming years, and as a result, the hydrocarbons sector is expected to continue to contribute positively to overall GDP growth, regardless of OPEC policy.

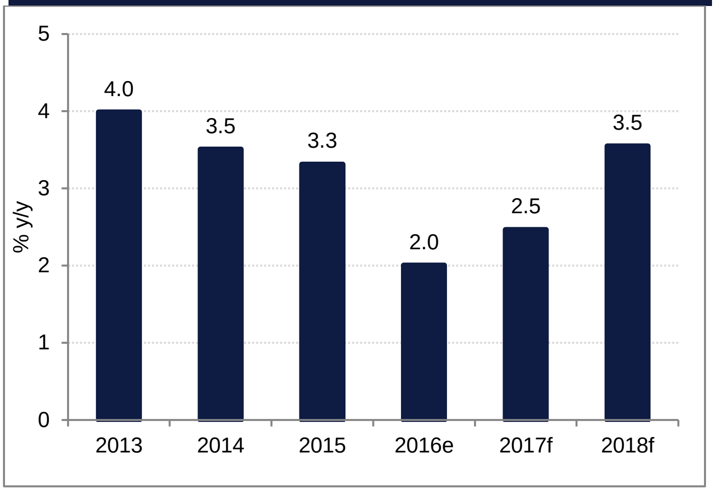
…but we have downgraded our non-oil growth forecast

The impact of the sanctions imposed on Qatar by Saudi Arabia, UAE, Bahrain and Egypt (the alliance) has so far been most evident in financial markets: CDS spreads have widened, QAR 12m forwards have increased and there are reports that QAR is trading weaker than its peg in offshore markets. However, the consequences for the real economy appear to be relatively contained so far, with Qatar sourcing alternative food and building materials.

However, it appears unlikely that the diplomatic crisis will be resolved in the near-term, and the longer the sanctions remain in place, the more significant the economic impact is likely to be. The cost of replacement imports is likely to be higher and business activity and investment are likely to be curtailed by the travel restrictions and general uncertainty about the economic and political landscape.

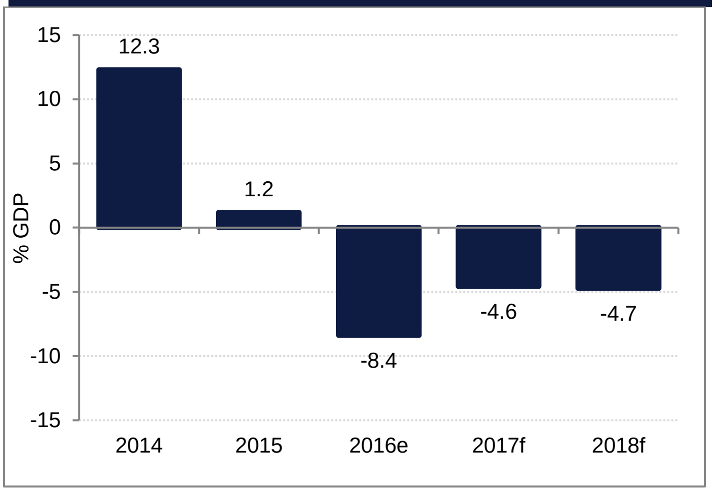
These factors, as well as the high proportion of short term external debt, were the main factors behind Moody's recent decision to downgrade the outlook on Qatar's sovereign debt rating to negative. We have revised down our forecast for Qatar's non-oil sector growth to 4% in 2017 from 6% previously. As a result, our 2017 real GDP growth forecast is now 2.5%, compared with 3.5% previously.

GDP growth



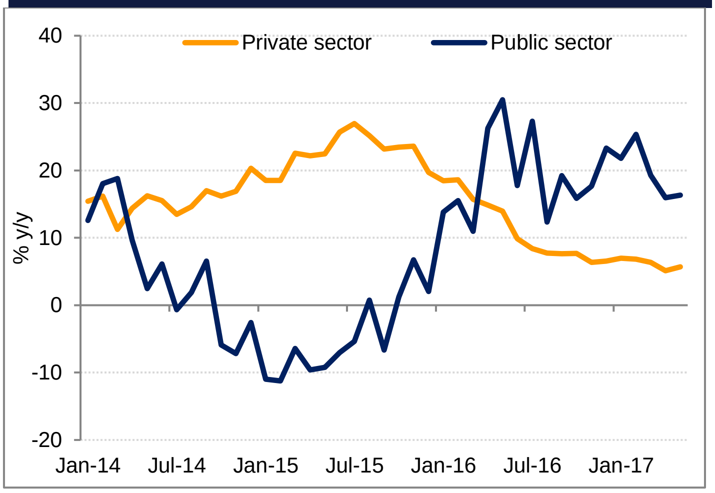
Source: Haver Analytics, IMF, Emirates NBD Research

Budget balance



Source: Haver Analytics, Emirates NBD Research

Commercial bank credit growth



Source: Haver Analytics, Emirates NBD Research

Saudi Arabia

Saudi cut oil output to below OPEC target

Oil production averaged 9.94mn b/d in H1 2016 according to Bloomberg estimates, below the target of 10.058mn b/d agreed with OPEC in November. At the start of this year, we had forecast a cut in oil production in H1 2017 followed by an increase in output in H2 once the OPEC agreement had expired. The decision to extend the cuts for another 9 months suggests that Saudi Arabia's oil economy will contract by -3.0% this year, rather than the 'no change' we had previously expected. As a result, we have downgraded our real GDP growth forecast for 2017 to 0.5% from 1.8% previously.

Non-oil sector likely expanded in H1 2017

The downgrade to this year's growth forecast is entirely due to the oil sector outlook revision; we continue to expect faster non-oil sector growth in 2017. PMI survey data (56.0 in H1 2017 compared with 54.4 in the same period last year) suggest that the non-oil private sector is indeed growing at a faster pace this year, supported by the restoration of public sector bonuses that were cancelled in Q4 2016, a smaller budget deficit and improved liquidity in the Saudi banking system.

The current OPEC agreement expires at the end of Q1 2018. Beyond this, we see oil production rising across the GCC. As a result, we expect the Saudi economy to grow 2.5% in 2018

Net foreign assets continue to decline

SAMA's net foreign assets declined to USD 491.7bn in May, down –USD 39.9bn since the start of this year. This is broadly similar to the –USD 36.0bn decline in NFAs in January through May 2016. However, the oil price was nearly 30% higher y/y in H1 2017 and even accounting for lower oil production, net export revenues should have been up at least 25%. In addition, the Kingdom raised over USD 9bn in its first international sukuk earlier this year.

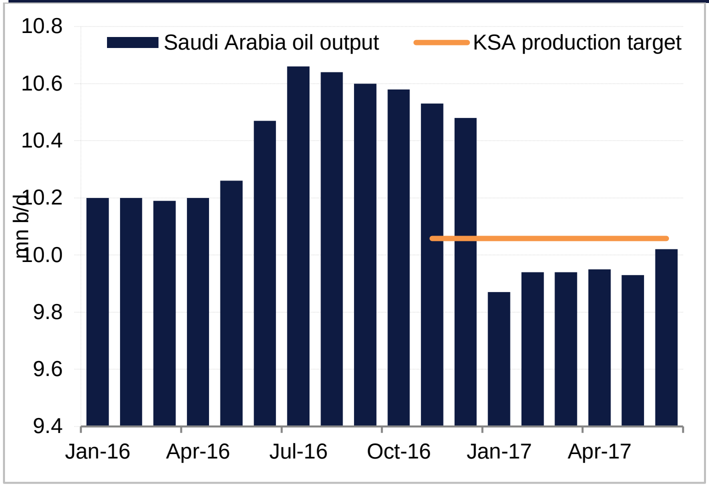
That the change in NFAs does not appear to reflect either of these factors suggests that outflows on the balance of payments remain significant. While some of this may be related to transfers of funds by the PIF to invest abroad, and some may be due to increased imports of goods and services, there could also be an element of repatriation/ capital flight from the non-government sector.

Private sector credit growth remains weak

Broad money supply growth remained sluggish in May, at 0.4% y/y. Private sector credit growth declined on an annual basis for the third straight month in May (-0.7% y/y), although it has increased m/m since March.

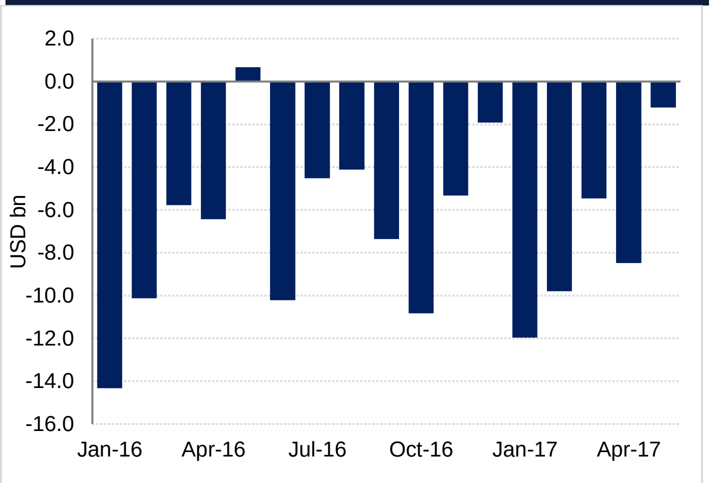
Public sector borrowing has slowed as SAMA has not issued domestic debt so far this year, although the Minister of Finance indicated in a recent interview that the Finance Ministry would issue a domestic sukuk in July.

Oil production and OPEC target



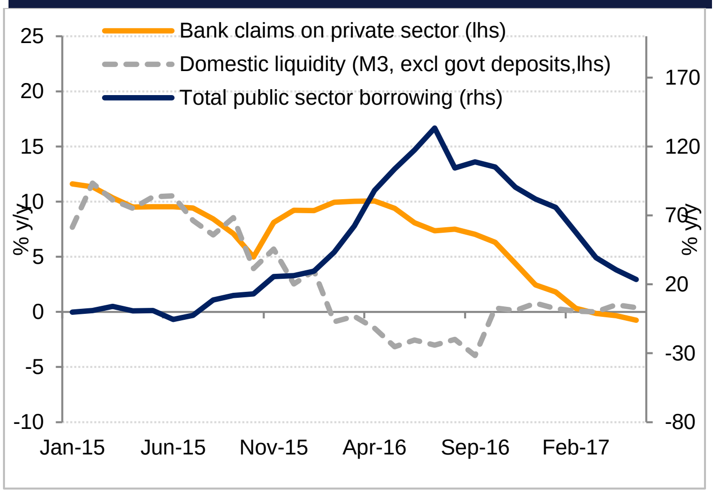
Source: Bloomberg, Emirates NBD Research

Monthly change in SAMA's NFAs



Source: Haver Analytics, Emirates NBD Research

Inflation



Source: Haver Analytics, Emirates NBD Research

UAE

Economy grew 3.0% in 2016

2016 GDP growth came in at 3.0% according to preliminary data released by the Federal Competitiveness and Statistics Authority, exactly in line with our forecast. The hydrocarbons sector expanded 3.8% last year (as oil production increased despite lower oil prices), while the non-oil sectors grew 2.7%.

2017 and 2018 growth forecasts downgraded

After producing more than its agreed OPEC quota of 2.874mn b/d in Q1 2017, the UAE's crude production declined to its target level in May and June. We have assumed for the time being that the UAE keep production at this level through H2 2017 and Q1 2018, in line with OPEC's decision to extend the production cuts. As a result, we have revised down our 2017 UAE GDP growth forecast to 2.0% from 3.4% previously.

While we expect oil production to recover from Q2 2018 and rise by 1.8% in 2018 as a whole, this is still less than we had initially projected in terms of oil sector growth in 2018, based on the government's strategy to boost oil production capacity to 3.5mn b/d by 2020. We have thus revised down our forecast for 2018 real GDP growth to 3.4% from 4.1% previously.

Survey data points to faster non-oil growth

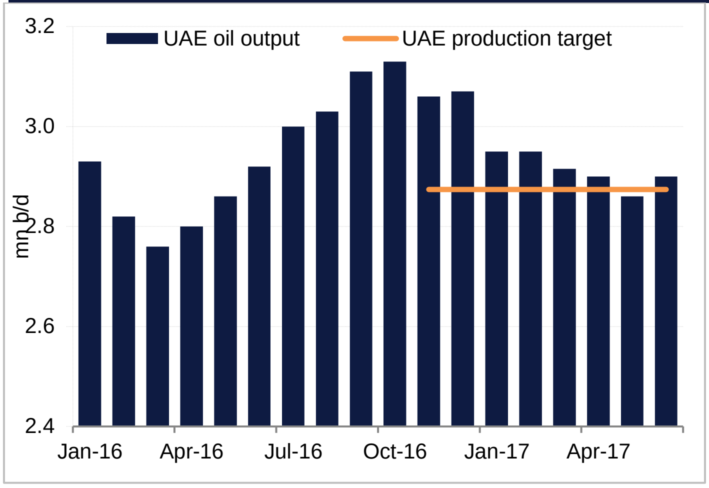
Despite the contraction in the oil sector, non-oil sector activity has improved, according to survey data. The purchasing managers' index averaged 55.6 in H1 2017, up from 53.4 in H1 2016 and pointing to a faster rate of growth in the non-oil private sector this year. Output and new order growth have been strong, but firms have been offering discounts and promotions as they compete for custom, and this has put pressure on margins. Perhaps unsurprisingly in this context, employment growth has been anaemic, despite the robust activity and new work data.

Money supply growth accelerates

M2 growth accelerated to 7.4% y/y in May from 3.3% in December 2016. Both M1 and quasi money (longer term dirham and FX deposits) grew at a faster rate in the first five months of this year. Private sector credit growth slowed to 2.7% y/y in May from 3.5% in April.

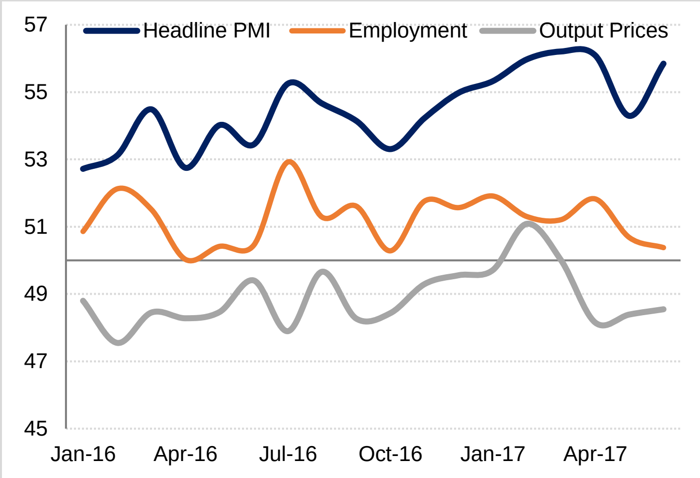
Bank deposits have risen twice as much as new loans in the year-to-May. As a result, the loan/ deposit ratio has declined to 99.0% (gross) compared to 100.7% in December 2016.

Oil production and OPEC target



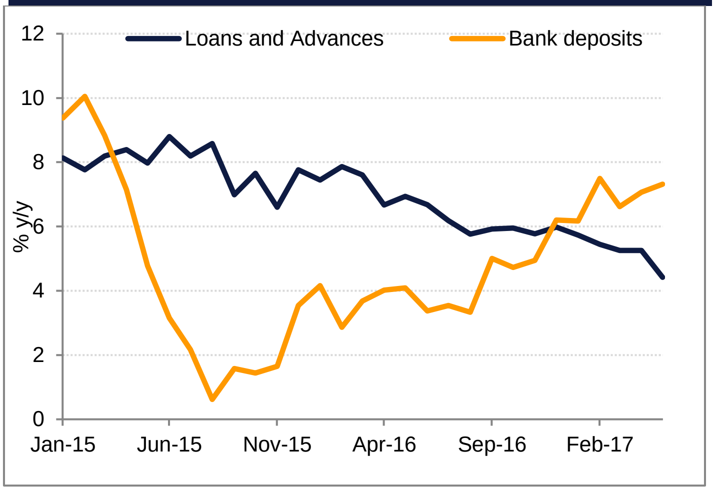
Source: Bloomberg, Emirates NBD Research

Emirates NBD UAE PMI



Source: IHS Markit, Emirates NBD

Bank loan and deposit growth



Source: Haver Analytics, Emirates NBD Research

UAE - Dubai

2016 GDP growth slowed to 2.9%

Data from the Dubai Statistics Centre showed Dubai's economy grew 2.9% last year, slower than 4.3% growth in 2015 and our forecast of 3.5%. However, economic growth accelerated in H2 2016, reaching 3.9% y/y in Q4. This is consistent with the data from the Dubai Economy Tracker (DET) surveys which pointed to faster growth in H2 2016 relative to the first half of the year.

The DET surveys year-to-date suggest that Dubai's economy continued to expand at a robust rate in H1 2017, driven by faster growth in output and new work. However, firms' margins remain under pressure and as a result, employment growth has been marginal. This is particularly evident in the wholesale & retail trade sector, where selling prices have declined on average for the last 20 months.

DET data points to faster growth in H1 2017

The construction sector has seen a sharp acceleration in output and new work growth in H1 2017, compared with H2 2016. New projects have been awarded as the government increased infrastructure spending this year, as expected.

The travel & tourism sector had a strong start to the year, although the rate of growth appears to have moderated somewhat in recent months. As in other sectors, firms in the travel & tourism space have reduced selling prices and offered promotions in order to support demand, particularly as the low summer season approaches. Nevertheless, hotel occupancy in Dubai hotels averaged 83.9% in January through May, up from 82.1% in the same period last year.

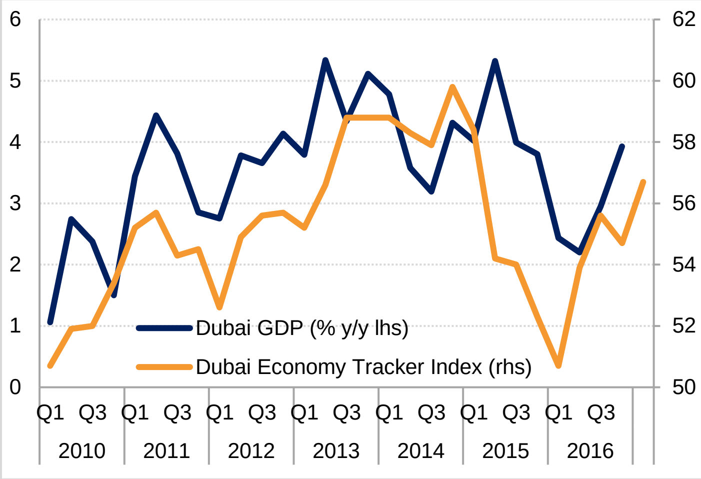
Our UAE GDP downgrades for this year and next are entirely due to our outlook for the oil sector. We continue to expect Dubai's economy to expand at a faster rate than Abu Dhabi's, underpinned by investment in infrastructure ahead of Expo 2020.

Real estate prices decline further

Residential real estate prices continued to decline in Q2 2017, according to data from Phidar Advisory. However, apartment prices have fared much better than villas, with the rate of price decline slowing sharply in 2017, to reach -2.3% y/y in May compared with -6.8% y/y in December. Villa prices fell nearly -14% y/y in May.

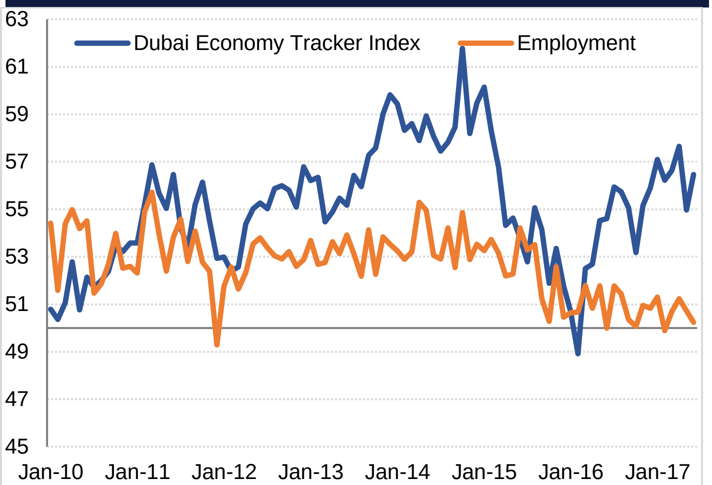
The volume of residential real estate sales across the whole of Dubai rose sharply in May, but for the freehold areas captured in the Phidar Advisory 9/5 index, the volume of transactions declined ahead of Ramadan and the summer.

Dubai GDP growth



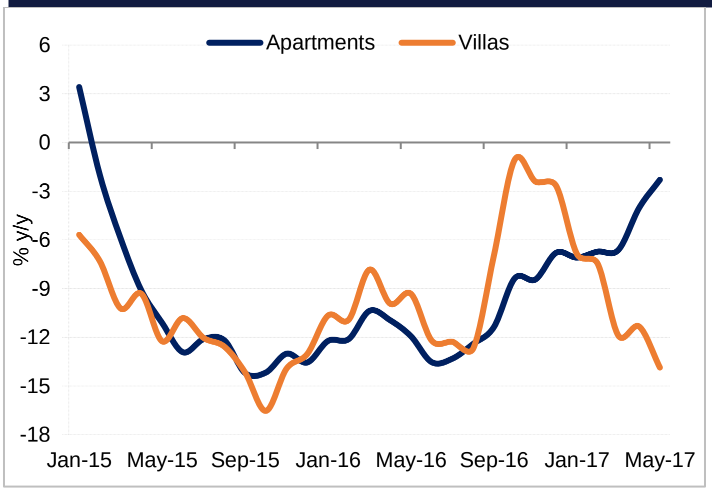
Source: IHS Markit, Emirates NBD Research

Dubai Economy Tracker Index



Source: IHS Markit, Emirates NBD Research

Residential real estate sales prices



Source: Phidar Advisory, Emirates NBD Research

Key Economic Forecasts: Bahrain

National Income	2014	2015	2016e	2017f	2018f
Nominal GDP (BHD bn)	12.6	11.7	12.0	12.7	13.3
Nominal GDP (USD bn)	33.4	31.1	31.9	33.9	35.3
GDP per capita (USD)	25398	22720	22798	23758	24309
Real GDP Growth (% y/y)	4.4	2.9	3.0	2.2	2.4
Monetary Indicators (% y/y)					
M2	6.5	2.9	1.2	3.6	4.4
Private sector credit	-5.9	7.6	1.5	3.5	5.0
CPI (average)	2.7	1.8	2.8	1.4	2.0
External Accounts (USD bn)					
Exports	23.5	16.5	12.8	13.9	15.4
Of which: hydrocarbons	14.5	7.7	6.1	6.9	6.9
Imports	19.8	15.7	13.6	14.3	14.6
Trade balance	3.7	0.8	-0.8	-0.4	0.8
% GDP	11.1	2.7	-2.5	-1.1	2.3
Current account balance	1.5	-0.8	-1.5	-1.7	-0.9
% GDP	4.6	-2.4	-4.7	-4.9	-2.6
Fiscal Indicators (% GDP)					
Budget balance	-3.6	-13.0	-13.6	-14.7	-14.9
Revenue	24.6	17.4	15.8	13.9	13.3
Expenditure	28.2	30.4	29.5	28.6	28.2

Source: Haver Analytics, Emirates NBD Research

Key Economic Forecasts: Kuwait

National Income	2014	2015	2016	2017f	2018f
Nominal GDP (KWD bn)	47.4	35.2	28.9	30.7	31.6
Nominal GDP (USD bn)	166.3	116.9	95.5	101.1	103.4
GDP per capita (USD)	42127	28975	23166	24004	24022
Real GDP Growth (% y/y)	0.5	1.8	2.1	-1.0	2.2
Hydrocarbon	-1.3	-0.8	1.0	-5.0	1.0
Non-hydrocarbon	3.1	5.5	3.5	4.0	3.5
Monetary Indicators (% y/y)					
M3	3.4	1.7	3.6	2.0	5.7
Private sector credit	5.2	7.9	2.5	5.0	6.0
CPI (average)	2.9	3.3	3.2	3.0	3.5
External Accounts (USD bn)					
Exports	104.6	55.3	44.9	53.7	57.3
Of which: hydrocarbons	97.4	48.8	37.9	46.2	49.3
Imports	27.3	27.3	26.5	28.0	29.5
Trade balance	77.4	28.0	18.4	25.7	27.8
% GDP	46.6	23.9	19.3	25.5	26.9
Current account balance	54.3	6.0	-1.7	4.3	5.1
% GDP	32.6	5.1	-1.7	4.3	5.0
Fiscal Indicators (% GDP)					
Budget balance	7.4	-13.1	-16.9	-12.0	-6.5
Revenue	52.6	38.8	48.9	49.9	53.7
Expenditure	45.2	51.9	65.8	61.9	60.2

Source: Haver Analytics, IMF, Emirates NBD Research

Key Economic Forecasts: Oman

National Income	2014	2015	2016	2017f	2018f
Nominal GDP (OMR bn)	31.2	26.9	27.9	29.8	31.2
Nominal GDP (USD bn)	80.9	69.7	72.5	77.4	81.0
GDP per capita (USD)	20268	17123	17458	18270	18729
Real GDP Growth (% y/y)	2.5	5.7	3.7	1.0	2.3
Monetary Indicators (% y/y)					
M2	15.3	10.0	1.8	3.0	4.0
Private sector credit	14.8	13.9	9.9	6.0	6.0
CPI (average)	1.0	0.1	1.1	2.0	2.0
External Accounts (USD bn)					
Exports	53.6	35.7	34.4	39.1	38.6
Of which: hydrocarbons	35.2	21.2	18.4	21.2	21.6
Imports	27.9	26.6	27.7	28.2	29.1
Trade balance	25.7	9.1	6.8	10.9	9.5
% GDP	31.8	13.1	9.3	14.0	11.7
Current account balance	4.2	-10.8	-12.8	-10.3	-2.0
% GDP	5.2	-15.5	-17.7	-13.4	-2.5
Fiscal Indicators (% GDP)					
Budget balance	-3.4	-17.2	-17.5	-11.2	-9.9
Revenue	45.3	33.8	26.5	29.1	28.6
Expenditure	48.7	51.0	44.0	40.3	38.5

Source: Haver Analytics, Emirates NBD Research

Key Economic Forecasts: Qatar

National Income	2014	2015	2016	2017f	2018f
Nominal GDP (QAR bn)	750.7	599.3	555.0	620.3	689.9
Nominal GDP (USD bn)	206.2	164.6	152.5	170.4	189.5
GDP per capita (USD)	92271	68208	59310	63437	69513
Real GDP Growth (% y/y)	3.5	3.3	2.0	2.5	3.5
Hydrocarbon	-0.6	-0.5	-1.0	1.0	1.0
Non- hydrocarbon	9.8	8.2	5.6	4.0	6.0
Monetary Indicators (% y/y)					
M2	10.6	3.4	-4.6	5.0	7.0
Private sector credit	20.3	19.7	7.0	6.0	7.0
CPI (average)	3.3	1.9	2.7	3.0	3.5
External Accounts (USD bn)					
Exports	138.0	84.5	64.1	75.3	81.3
Of which: hydrocarbons	125.2	72.8	53.1	63.6	69.7
Imports	31.1	28.5	29.2	34.2	35.8
Trade balance	106.9	56.0	34.9	41.1	45.5
% GDP	51.8	34.0	22.9	24.1	24.0
Current account balance	60.8	20.9	1.8	6.7	8.6
% GDP	29.5	12.7	1.2	3.9	4.5
Fiscal Indicators (% GDP)					
Budget balance	12.3	1.2	-8.4	-4.6	-4.7
Revenue	45.7	42.7	28.1	27.4	28.4
Expenditure	33.4	41.5	36.5	32.0	33.1

Source: Haver Analytics, IMF, Emirates NBD Research

Key Economic Forecasts: Saudi Arabia

National Income	2014	2015	2016	2017f	2018f
Nominal GDP (SAR bn)	2836	2444	2399	2610	2840
Nominal GDP (USD bn)	756	652	640	696	757
GDP per capita (USD)	24477	20478	19511	20612	22431
Real GDP Growth (% y/y)	3.7	4.1	1.7	0.5	2.5
Hydrocarbon	2.1	5.3	3.8	-3.0	1.5
Non- hydrocarbon	4.9	3.2	0.2	3.3	3.4
Monetary Indicators (% y/y)					
M2	11.9	2.5	0.8	3.3	6.0
Private sector credit	11.8	9.2	2.4	5.0	6.0
CPI (average)	2.7	2.2	3.5	2.8	3.5
External Accounts (USD bn)					
Exports	342.2	203.2	181.6	178.0	188.9
Of which: hydrocarbons	285.2	151.3	120.1	123.4	133.9
Imports	158.5	159.3	123.9	164.0	168.0
Trade balance	183.8	44.0	57.6	14.0	20.9
% GDP	24.3	6.7	9.0	2.0	2.8
Current account balance	72.5	-59.5	-26.9	-85.0	-80.1
% GDP	9.6	-9.1	-4.2	-12.2	-10.6
SAMA's Net foreign Assets	724.3	608.9	528.6		
Fiscal Indicators (% GDP)					
Budget balance	-2.3	-15.0	-13.6	-11.0	-10.6
Revenue	36.8	25.1	21.4	25.4	23.7
Expenditure	39.1	40.0	35.0	36.4	34.3
Public debt	1.6	5.8	13.2	18.0	

Source: Haver Analytics, Emirates NBD Research

Key Economic Forecasts: UAE

National Income	2014	2015	2016	2017f	2018f
Nominal GDP (AED bn)	1480.7	1314.6	1280.8	1595.4	1681.9
Nominal GDP (USD bn)	403.5	358.2	349.0	434.7	458.3
GDP per capita (USD)	44233	37759	35036	41564	41733
Real GDP Growth* (% y/y)	3.3	3.8	3.0	2.0	3.4
Monetary Indicators (% y/y)					
M2	8.0	5.5	3.3	4.5	6.9
Private sector credit	5.2	9.0	3.7	6.0	7.5
CPI (average)	2.3	4.1	1.6	2.5	3.5
External Accounts (USD bn)					
Exports	343.0	300.5	291.1	306.4	318.2
Of which: hydrocarbons	101.9	61.5	46.5	53.1	53.2
Imports	234.6	223.9	232.3	242.5	252.0
Trade balance	108.4	76.6	58.8	63.9	66.2
% GDP	26.9	21.4	16.8	14.7	14.4
Current account balance	40.3	12.3	-7.5	-4.8	-7.2
% GDP	10.0	3.4	-2.2	-1.1	-1.6
Fiscal Indicators (% GDP)					
Consolidated budget balance	5.0	-2.1	-3.2	-1.7	-1.9
Revenue	37.3	28.5	26.8	26.3	24.7
Expenditure	32.3	30.6	30.1	27.9	26.6

** UAE real growth data are sourced from NBS to 2014, with Emirates NBD forecasts for 2014 and 2015. Dubai's real growth data are sourced from Dubai Statistics Centre. Abu Dhabi's real growth data are sourced from Statistics Centre Abu Dhabi.*

Source: Haver Analytics, IMF, National sources, Emirates NBD Research

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