

MENA MACRO MONITOR UPDATE



May 9, 2024

SPOTLIGHT

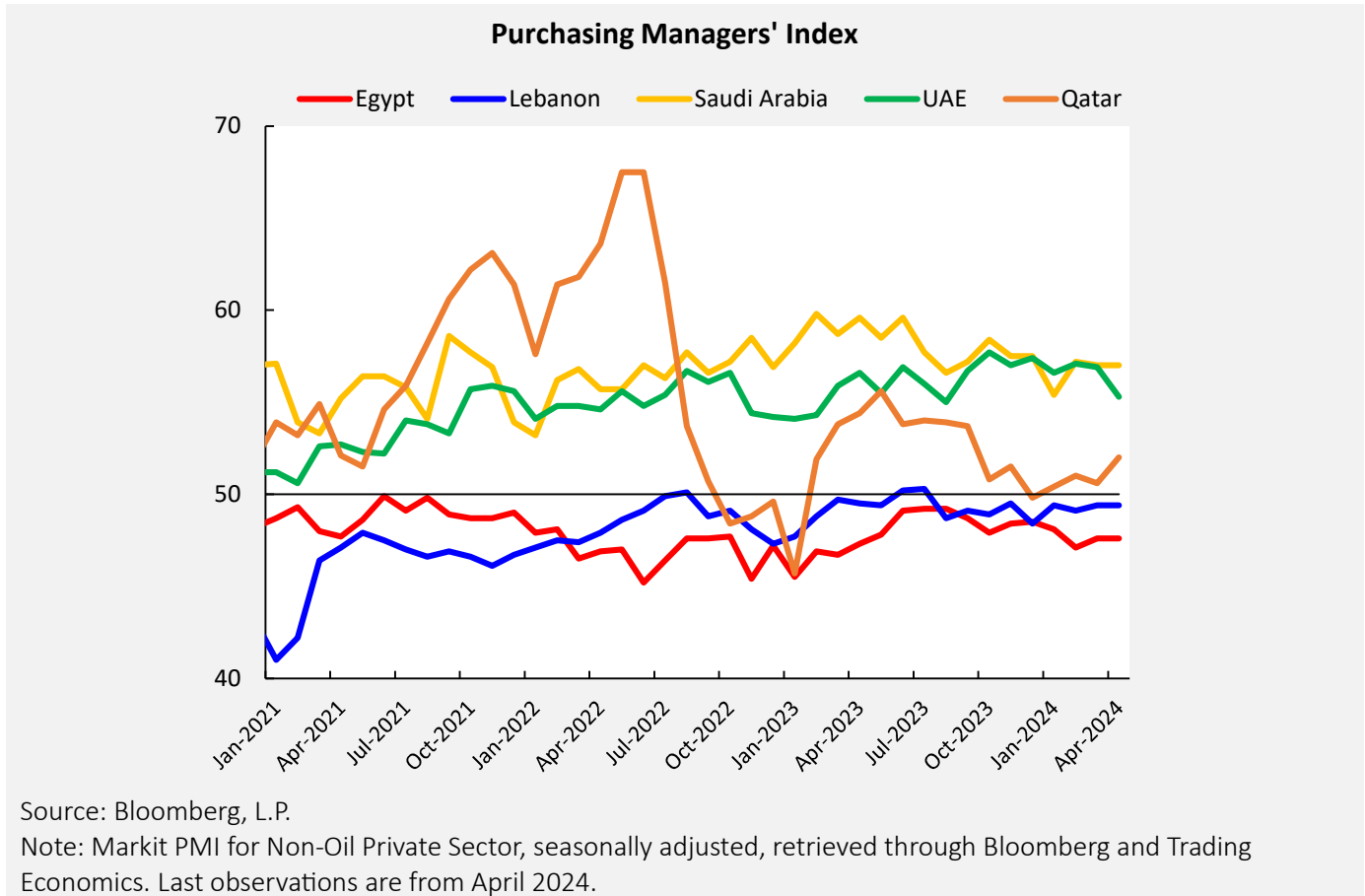
Future Growth Indicators. 2024 consensus forecasts for the MENA region were revised downwards by 0.1 percentage points (pps) in May. This drop reflects shifts in both hydrocarbon exporters and importers alike. Growth projections for Gulf Cooperation Council (GCC) members stand 0.2 pps below the previous month's projections, primarily driven by large revisions in Kuwait (-0.7 pps) and Oman (-0.4 pps). Other oil exporting MENA economies (OEC) also saw downward revisions this month (-0.1 pps) reflecting large decreases in Iraq (-0.6 pps) and Yemen (-1.0 pps), which were only partially offset by upward revisions in Algeria (+0.3 pps) and Libya (+0.5 pps). Growth projections in oil importing economies also declined by 0.1 pps driven mostly by a 1.0 pps drop in Lebanon's forecast. PMI surveys continued to indicate strong activity in the non-oil private sector in Saudi Arabia and the United Arab Emirates reflecting optimism regarding prospects for business activity growth in the year ahead. The PMI of Qatar increased further above the 50-neutral mark – the largest improvement registered over the past two years – while that of Lebanon and Egypt remained stable but below the benchmark, as contractions in output and new orders deepen amid easing domestic demand.

Country	2024				2025			
	May Forecast	1m Forecast Change	3m Forecast Change	12m Forecast Change	May Forecast	1m Forecast Change	3m Forecast Change	12m Forecast Change
MENA	2.6	-0.1	-0.2	-0.8	3.8	0.1	0.1	0.4
GCC	2.5	-0.2	-0.2	-0.9	4.1	0.1	0.2	0.6
Bahrain	2.8	0.2	0.0	0.0	2.8	0.1	0.2	0.3
Kuwait	0.7	-0.7	-0.9	-2.2	3.2	0.3	0.1	0.6
Oman	1.9	-0.4	-0.4	-1.2	2.8	0.0	0.1	0.6
Qatar	2.2	-0.1	-0.2	-0.3	2.9	-0.2	-0.6	-1.9
KSA	2.2	-0.2	-0.3	-1.3	4.7	0.1	0.3	1.5
UAE	3.8	0.0	0.2	-0.1	4.1	0.1	0.2	0.0
OEC	2.7	-0.1	-0.3	-0.6	3.2	0.2	0.2	0.3
Algeria	2.7	0.3	0.3	0.2	2.7	0.2	0.3	0.3
Iran	2.8	0.0	0.2	0.2	2.7	0.0	0.1	0.3
Iraq	2.0	-0.6	-1.2	-1.6	4.1	0.5	0.8	1.1
Libya	7.0	0.5	-0.4	-2.6	5.8	0.1	-1.4	-1.1
Yemen	0.5	-1.0	-1.4	-2.0	2.6	-1.3	-1.1	-1.1
OIC	3.1	-0.1	-0.2	-0.7	3.7	0.0	0.0	-0.3
Djibouti	5.1	0.2	0.0	0.0	5.2	0.2	0.3	0.4
Egypt	3.5	0.0	-0.2	-0.9	4.3	0.1	0.1	-0.3
Jordan	2.2	-0.1	-0.2	-0.4	2.5	0.0	0.0	-0.2
Lebanon	0.6	-1.0	-1.5	-2.6	2.3	-0.4	-0.6	-1.3

Morocco	3.1	-0.1	0.0	-0.1	3.6	0.0	0.2	0.2
Tunisia	1.7	0.0	-0.1	-0.7	2.1	-0.1	-0.2	-0.8

Source: Consensus Focus Economics GDP Growth Forecasts, May 2024, April 2024, February 2024, May 2023; and MNACE Staff Calculations.

Note: Forecasts Change refers to the direct difference between forecasts made in May 2024 and the reference months. Egypt’s 2024 forecast is a calendar year transformation: the average of the FY2024 and FY2025 forecasts. Egypt’s 2025 forecast is a calendar year transformation: the average of the FY2025 and FY2026 forecasts. For reference, FY2024 starts in July 2023 and ends in June 2024. MENA and other category averages are weighted growth rates using previous year GDP levels as the weights.



MACRO NEWS AND DATA TABLE

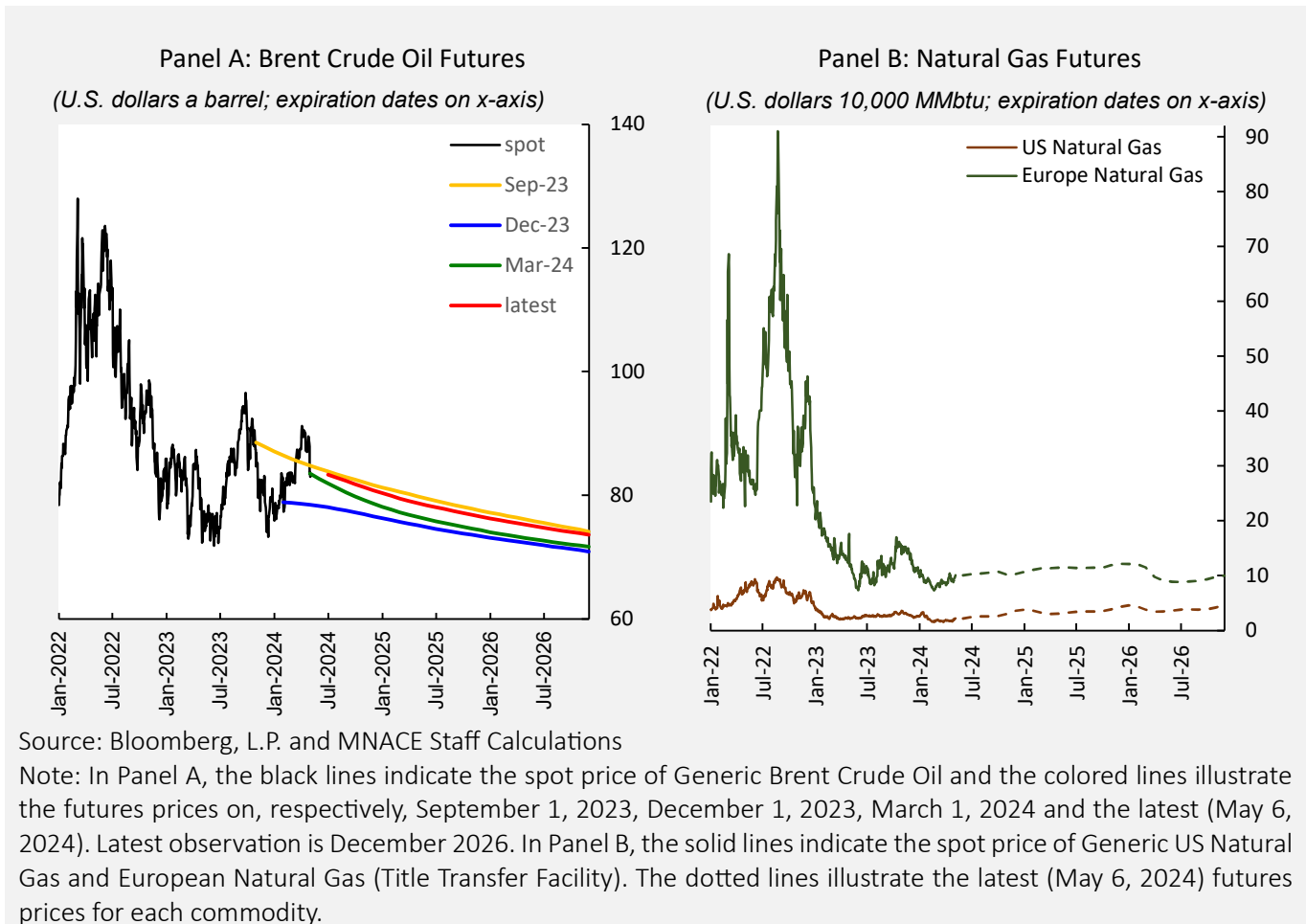
Egypt	Ratings agency Fitch has upgraded the outlook on Egypt’s long-term foreign currency Issuer Default Ratings (IDR) to Positive and affirmed the IDR at B- on May 3. Fitch is the last of the major rating agencies (S&P B-/B; and Moody’s Caaa1) to upgrade Egypt’s IDR outlook.
Lebanon	The total number of airport passengers at the Beirut international airport decreased by 6.7% y/y in the first quarter of 2024, according to data published by Blominvest bank. While 2023 saw the tourism sector partially recover following the impact of the Covid-19 pandemic and the deadly Beirut port explosion in August 2020, tourism activity still remains below pre-pandemic levels.

Morocco	Tourism receipts declined by 5.1% y/y in the first quarter of 2024 according to the latest data released by the foreign exchange office OCP. Combined with a 38.6% y/y surge in spending of Moroccans abroad, this resulted in a 17.6% y/y drop in net tourism receipts.
UAE	Dubai welcomed 5.2mn international overnight visitors in the first quarter of 2024, an increase of 11% y/y, according to the UAE's official news agency. This puts Dubai on track to surpass the 2023 record of 17.2mn international visitors. The minister of Economy said that tourism would contribute 12% to GDP in 2024.

Sources: National authorities, EmergingMarketWatch, Haver Analytics, EIU, Bloomberg, World Bank, IMF.

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Oil prices are down 7.8% since the last update, at USD 83.33 per barrel on May 6, 2024. Oil futures indicate generally higher medium-term prices compared to December 2023 and March 2024, with end-2026 futures trading at USD 73.64 per barrel. US natural gas prices are up 19.0%, at USD 2.195 per 10,000 MMBtu, while European prices are up 14.2%, at USD 10.05 per 10,000 MMBtu.



Very little net change in exchange rate levels since the previous update.

Country	Latest Close as of May 6th, 2024	1M % Change	3M % Change	6M % Change	1Y % Change
Algeria	134.3	0.1%	0.2%	0.4%	0.5%
Bahrain	0.4	0.0%	0.0%	0.0%	0.0%
Djibouti	177.5	0.1%	0.2%	0.1%	0.3%
Egypt*	47.9	-1.2%	-35.6%	-35.6%	-35.5%
Iran*	42,000.0	0.0%	0.0%	0.0%	0.0%
Iraq*	1,310.0	0.0%	0.0%	0.0%	0.0%
Jordan	0.7	0.0%	0.0%	0.0%	0.1%
Kuwait	0.3	0.0%	0.2%	0.4%	-0.4%
Lebanon*	89,562.5	0.0%	-83.2%	-83.2%	-83.2%
Libya*	4.9	-0.4%	-0.5%	0.5%	-2.1%
Morocco	10.0	0.2%	0.4%	1.8%	-0.5%
Oman	0.4	0.0%	0.0%	0.0%	0.0%
Qatar	3.6	0.0%	0.0%	0.0%	0.1%
Saudi Arabia	3.8	0.0%	0.0%	0.0%	0.0%
Syria*	13,500.0	-0.7%	-2.2%	-6.7%	-44.4%
Tunisia	3.1	-0.4%	0.0%	0.5%	-3.0%
United Arab Emirates	3.7	0.0%	0.0%	0.0%	0.0%
West Bank and Gaza	3.7	1.2%	-2.0%	4.5%	-2.1%
Yemen	250.3	0.0%	0.0%	0.0%	0.0%

Source: Bloomberg L.P., the Central Bank of Syria, and MNACE Staff Calculations.

Note: Official exchange rates vis-à-vis the USD expressed in local currency as of May 6, 2024. Countries with multiple exchange rates are highlighted with an asterisk. 1M, 3M, 6M and 1Y change refer to the appreciation or depreciation of the currency against the US Dollar: a positive value indicates an appreciation of the local currency, and a negative value indicates a depreciation. For West Bank and Gaza, the new Israeli shekel is used as the local currency.

Lebanon's y/y headline and food inflation fell markedly from 123.2% and 103.3% in February 2024 to 70.4% and 51.4% in March 2024 respectively, while inflation in the West Bank and Gaza continued its upward trajectory, reaching 37.0% y/y for headline inflation and 51.4% y/y for food inflation. In April, Iran and Tunisia experienced a decline in y/y headline inflation, to 30.9% and 7.2%, respectively, and in y/y food inflation, to 23.6% and 9.1% respectively.

Country	Date of Latest Inflation Data	Headline Inflation		Food Inflation	
		M/M Inflation	Y/Y Inflation	M/M Inflation	Y/Y Inflation
Algeria	March-24	0.6%	4.1%	0.6%	2.8%
Bahrain	March-24	0.0%	1.0%	1.2%	6.4%
Djibouti	January-24	0.2%	7.8%	2.3%	6.7%
Egypt	March-24	0.5%	33.1%	-0.6%	42.0%
Iran	April-24	1.8%	30.9%	1.4%	23.6%
Iraq	January-24	0.4%	0.4%		
Jordan	March-24	0.1%	1.6%	-0.3%	1.4%

Kuwait	March-24	0.3%	3.0%	0.9%	5.2%
Lebanon	March-24	1.7%	70.4%	2.4%	51.4%
Morocco	March-24	0.4%	0.9%	0.9%	0.9%
Oman	March-24	0.1%	0.2%	1.5%	3.3%
Qatar	March-24	-1.4%	1.0%	-3.5%	2.7%
Saudi Arabia	March-24	-0.1%	1.6%	-0.5%	0.9%
Tunisia	April-24	0.4%	7.2%	0.1%	9.1%
UAE (Dubai)	March-24	0.2%	3.3%	-0.4%	3.1%
West Bank and Gaza	March-24	9.1%	37.0%	5.7%	51.4%

Source: Haver Analytics and National Statistics Offices; MNACE Staff Calculations.

Note: National Statistics Offices Consumer Price Indices (CPI) releases, as of May 7, 2024. M/M inflation is seasonally adjusted, except for Djibouti, Iraq, Lebanon, the UAE (Dubai) and West Bank and Gaza due to missing data. Iraq does not have Food CPI published for February 2024. Dubai is used as a proxy for the UAE due to lack of monthly CPI data for the UAE since December 2022.

Policy rates have not changed since the last edition, as Qatar and the UAE maintained their rates following board meetings in May.

Country	Last Decision Meeting	Policy Rate	Latest as of May 7th, 2024	1M Change	3M Change	6M Change
Bahrain	7/26/2023	Policy Rate	6.25	--	--	--
Egypt	3/6/2024	O/N Lending	28.25	--	6.00	8.00
Iraq	1/31/2024	Policy Rate	7.50	--	--	--
Jordan	7/30/2023	Main Rate	7.50	--	--	--
Kuwait	7/27/2023	Discount Rate	4.25	--	--	--
Morocco	3/19/2024	Main Rate	3.00	--	--	--
Oman	12/13/2023	Repo Rate	6.00	--	--	--
Qatar	5/1/2024	O/N Lending	6.25	--	--	--
Saudi Arabia	7/26/2023	Repo Rate	6.00	--	--	--
Tunisia	3/22/2024	Policy Rate	8.00	--	--	--
UAE	5/2/2024	O/N Deposit	5.40	--	--	--

Source: National Central Bank websites.

Note: Central Bank Policy Rates, as of May 7, 2024.

Oman's monthly unemployment rate decreased in March 2024 to 2.8% from 3.3% in February. Iran's quarterly unemployment rate increased in Q1 2024 to 8.6% (from 7.6% in Q4 2023), and Morocco's increased to 13.7% in Q1 2024 (from 13.3% in Q4 2023). Due to the current situation in the Gaza Strip, only the West Bank unemployment rates are reported. Quarterly unemployment rates in the West Bank increased to 32.2% in the Q4 of 2023 compared to 12.9% in Q3 2023.

Country	Unemployment Rates
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	Date of Latest Unemployment Rate Available	Total	Male	Female	Nationals	Non-Nationals
Egypt	Q4-2023	6.9	4.6	17.7		
Iran	Q1-2024	8.6	7.1	15.6		
Jordan	Q4-2023	17.6	16.2	23.0	21.4	11.9
Morocco	Q1-2024	13.7	12.0	20.1		
Oman	March 2024	2.8	1.2	9.2		
Qatar	Q4-2023	0.1	0.1	0.4	0.5	0.1
Saudi Arabia	Q4-2023	4.4	2.3	11.4	7.7	1.1
Tunisia	Q4-2023	16.4	13.8	22.2		
West Bank	Q4-2023	32.2	33.9	24.6		

Source: Haver Analytics and MNACE Staff Calculations.

Note: Latest Unemployment Data available as of May 7, 2024.

Capital market in Egypt, Jordan, Saudi Arabia, Kuwait, Qatar, and Bahrain saw declines, while those in Oman, Morocco, and Tunisia increased slightly.

Country	1M % Change	3M % Change	6M % Change	1Y % Change
Bahrain	-1.1%	2.5%	12.6%	14.1%
Egypt	-10.6%	-38.6%	-28.8%	-12.1%
Kuwait	-3.2%	-3.7%	5.3%	-2.5%
Jordan	-5.2%	-4.3%	-1.5%	-5.9%
Morocco	1.6%	6.6%	11.4%	28.7%
Oman	1.8%	0.0%	2.0%	-0.3%
Qatar	-2.0%	-4.6%	-6.5%	-12.2%
Saudi Arabia	-5.0%	-0.8%	9.0%	4.0%
Tunisia	0.4%	9.2%	7.3%	0.1%
United Arab Emirates	-5.3%	-4.4%	-5.1%	-6.7%

Source: Morgan Stanley Capital International (MSCI) indices obtained from Bloomberg L.P. and MNACE Staff Calculations.

Note: Equity Markets Performance as of May 6, 2024. The MSCI Country Equity indices are market capitalization-weighted indices aggregating the performance of companies representing 85% of each market, mainly consisting of large- and mid-cap companies. These indices are quoted in the USD.

The editors for this edition were Ernest John Sergenti (Senior Economist, MNACE) and Federico Bennett (Economist, MENA Office of the Chief Economist, MNACE). Mennatallah Emam Mousa (Consultant, MNACE) provided the data analysis. This work is the product of MNACE staff using external data. The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of The World Bank, its Board of Executive Directors, or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work. For additional information or questions, kindly contact Federico Bennett (fbennetti@worldbank.org), Ernest John Sergenti (esergenti@worldbank.com), Mennatallah Emam Mousa (mmousa1@worldbank.org) and Tourya Tourougui (ttourougui@worldbank.org).