

MENA MACRO MONITOR UPDATE



January 11, 2024

SPOTLIGHT

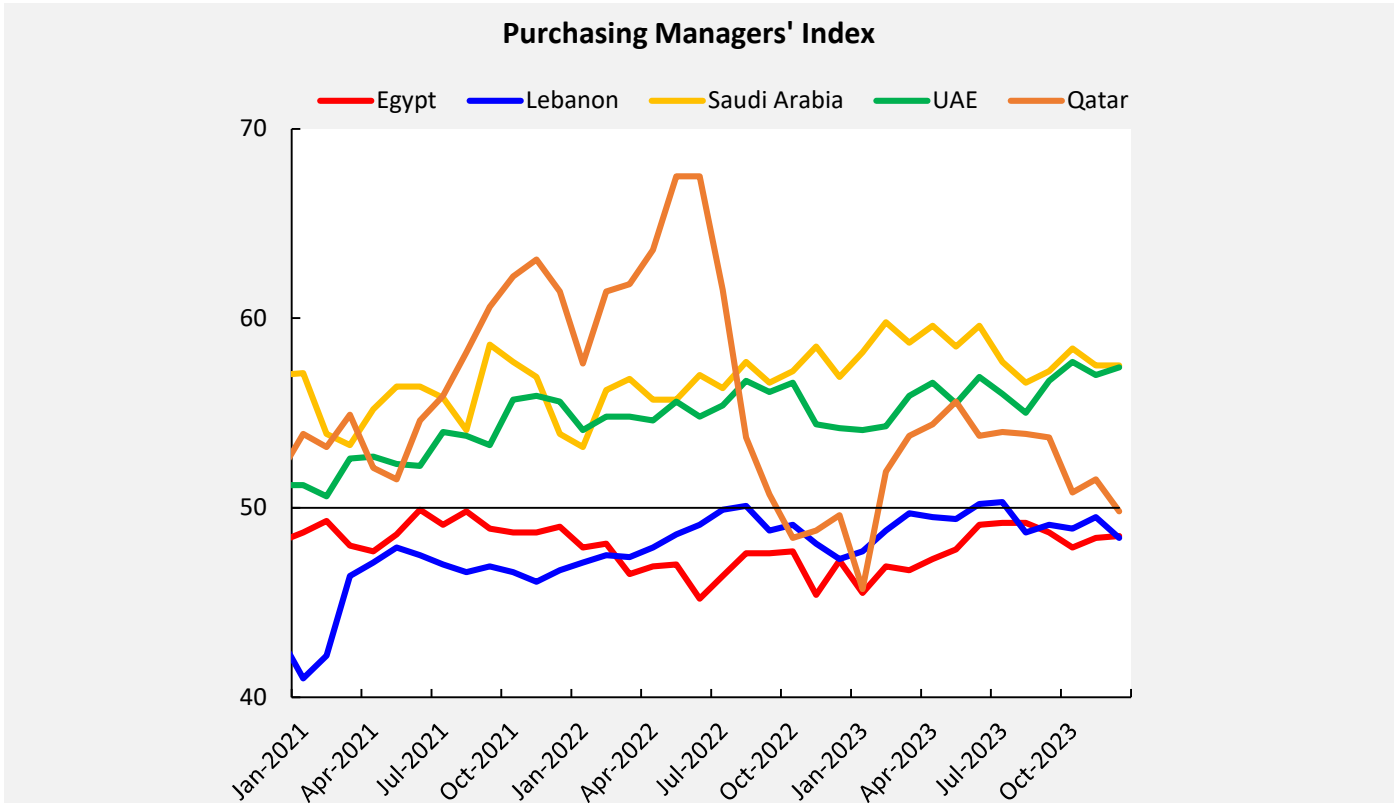
Future Growth Indicators. Consensus growth forecasts for 2024 and 2025 in the MENA region are 3.0 and 3.7, respectively – substantively higher than the estimate of 2023 growth of around 2.0 percent. Growth would be powered by the GCC, with Saudi Arabia expected to grow by 2.9 and 4.4 percent in 2024 and 2025 and the United Arab Emirates (UAE) expected to grow by 3.7 and 4.0 percent. PMI surveys support these forecasts, as they continue to indicate strong activity in the non-oil private sector in Saudi Arabia and the UAE. Qatar is forecast to grow slightly slower than its two GCC neighbors, with its December PMI reflecting stable output and new orders. For developing oil exporters, growth is expected to average around 3.0 percent in 2024 and 2025, with 2024 growth of 3.2 and 7.4 percent forecast for Iraq and Yemen, respectively. Oil importers are expected to grow at a slightly faster average rate, at 3.3 percent in 2024 and 3.8 percent in 2025. Egypt is forecast to grow by 3.7 percent in calendar year 2024, despite a December PMI that indicated continued declines in activity, driven by foreign exchange challenges and high inflation according to survey respondents. The PMI for Lebanon deteriorated further in December, to its lowest level of 2023, as output and new orders contracted.

Country	2024				2025			
	January Forecast	1m Forecast Change	3m Forecast Change	12m Forecast Change	January Forecast	1m Forecast Change	3m Forecast Change	12m Forecast Change
MENA	3.0	-0.1	-0.3	-0.2	3.7	0.0	0.1	0.6
GCC	3.0	-0.2	-0.3	-0.1	4.0	0.0	0.2	0.9
Bahrain	2.8	0.0	0.1	0.2	2.7	-0.1	0.1	0.2
Kuwait	2.1	-0.2	-0.2	-0.6	3.3	-0.3	-0.1	0.8
Oman	2.5	-0.1	-0.3	0.1	2.8	0.0	0.3	0.4
Qatar	2.3	-0.1	-0.2	-0.2	3.6	-0.4	-1.3	-1.4
KSA	2.9	-0.3	-0.5	-0.2	4.4	0.1	0.6	1.7
UAE	3.7	0.0	0.0	0.1	4.0	-0.1	0.0	0.6
OEC	2.9	0.0	0.0	-0.2	3.0	0.0	0.0	0.1
Algeria	2.3	-0.1	0.1	-0.1	2.4	-0.1	-0.1	0.1
Iran	2.6	-0.1	0.1	-0.3	2.6	0.0	0.1	-0.2
Iraq	3.2	0.1	-0.2	-0.1	3.3	-0.1	0.1	0.1
Libya	7.4	-0.3	-0.1	-3.9	7.2	0.0	0.0	-0.3
Yemen	2.0	0.0	-0.1	-2.5	3.8	0.0	0.0	-0.4

OIC	3.3	-0.1	-0.4	-0.7	3.8	-0.1	-0.2	-0.3
Djibouti	5.1	0.0	0.0	0.8	4.8	0.0	0.0	0.9
Egypt	3.7	-0.2	-0.5	-0.9	4.3	-0.1	-0.1	-0.3
Jordan	2.4	-0.1	-0.3	-0.2	2.5	0.0	0.0	-0.2
Lebanon	2.0	-0.2	-0.6	-1.5	2.8	-0.7	-0.9	-0.9
Morocco	3.0	0.0	-0.2	-0.2	3.4	0.0	-0.2	-0.1
Tunisia	1.9	-0.2	-0.3	-0.9	2.4	-0.2	-0.3	-0.8

Source: Consensus Focus Economics GDP Growth Forecasts, January 2024, December 2023, October 2023, and January 2023; and MNACE Staff Calculations.

Note: Forecasts Change refers to the direct difference between forecasts made in January 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.



Source: Bloomberg, L.P.

Note: Markit PMI for Non-Oil Private Sector, seasonally adjusted, retrieved through Bloomberg and Trading Economics. Last observations are from December 2023.

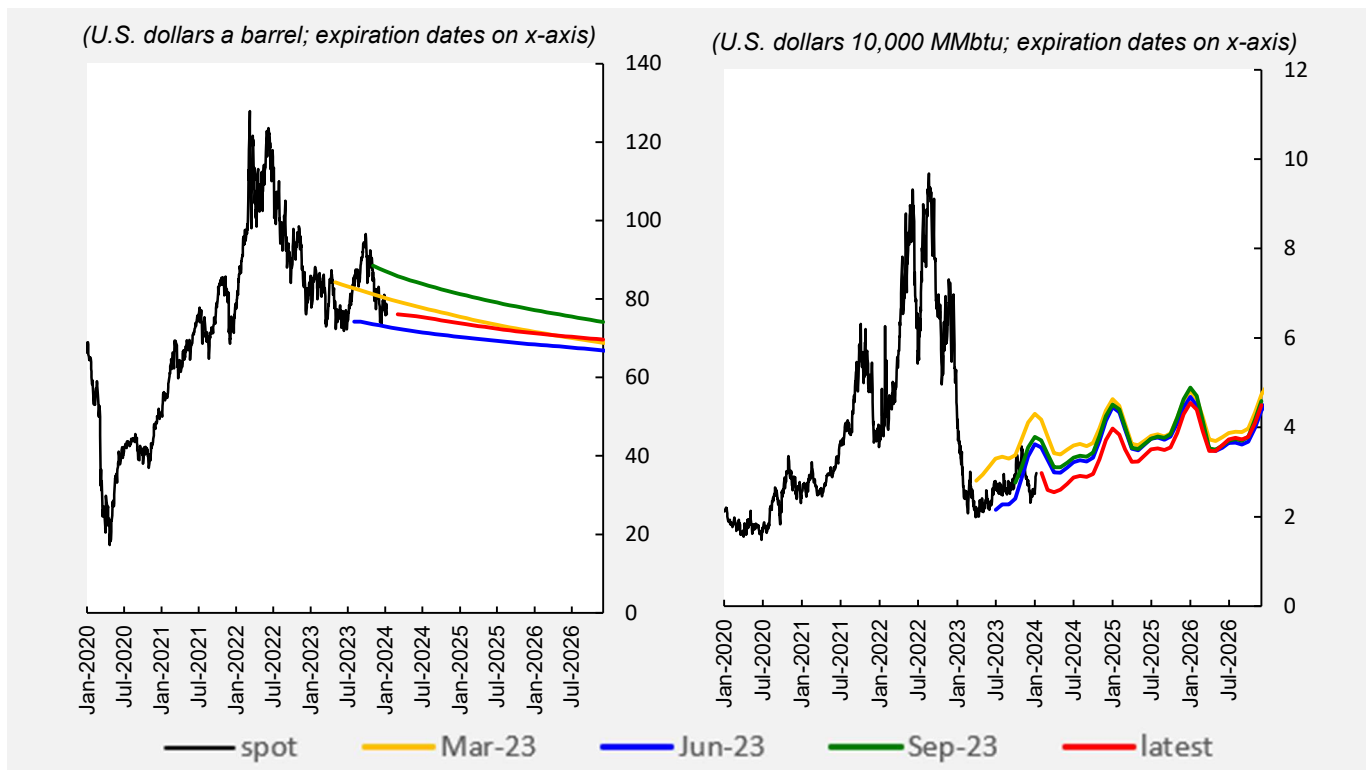
MACRO NEWS AND DATA TABLE

Egypt	The Ministry of Electricity and Renewable Energy raised electricity prices by 16 to 26 percent for households and businesses in early January, the first time tariffs were raised since July 2021. This follows increases in prices for public transport, telecoms, and internet services – as the government released a new 6-year vision for economic development, including goals to continue to adopt a flexible foreign exchange rate and reduce inflation to single digits by the end of 2025.
Kuwait / Oman and Solar	Kuwait launched a tender for solar projects with a total capacity of 1.1 GW, to be installed at its Al Shagaya Renewable Energy facility in the western part of the country. Kuwait is reportedly focusing on solar technologies instead of wind, with a goal of meeting 15 percent of its energy use with renewables by 2030. Oman launched bids for a new 500 MW solar independent power project (IPP) to be located in Ibri in the north of the country, Ibri III Solar IPP. Oman, which receives an average of 2,800 hours of sunshine per year, plans to meet 30 percent of its energy needs with renewable energy by 2030.
UAE	Abu Dhabi's non-oil economy grew by 7.7 percent y/y during Q3 2023 and by 8.6 percent y/y during the first nine months of 2023. This compares with total y/y growth for the emirate of 1.1 percent during Q3 2023 and 2.8 percent between January and September 2023. Non-oil growth was led by the manufacturing, construction, and finance and insurance sectors.

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

CHART PACK

Oil prices are basically unchanged at 0.1% since the last update, at USD 76.12 per barrel on January 8, 2024, and natural gas prices are up 23%, at USD 2.98 per 10,000 MMbtu. Oil futures indicate generally higher medium-term prices when compared to those in June 2023, but lower than those in March and September 2023, with end-2026 futures trading at USD 69.66 per barrel.



Source: Bloomberg, L.P. and MNACE Staff Calculations

Note: The black lines indicate the spot price of Generic Brent Crude Oil and Generic Natural Gas. The colored lines illustrate the futures prices of Brent crude oil and natural gas on, respectively, March 1, 2023, June 1, 2023, September 1, 2023, and the latest (January 8, 2024). Latest observation is December 2026.

Very little net change in currencies over the last month. Morocco and Tunisia saw a slight appreciation of 2.2% and 1.2%, while Syria witnessed a slight depreciation of 3.1%.

Country	Latest Close	1M % Change	3M % Change	6M % Change	1Y % Change
Algeria	134.2	0.3%	2.3%	0.8%	2.3%
Bahrain	0.4	0.0%	0.0%	0.0%	0.0%
Djibouti	177.9	0.1%	0.1%	0.1%	0.1%
Egypt*	30.9	-0.1%	-0.4%	-0.1%	-12.1%
Iran*	42,000.0	0.0%	0.0%	0.0%	0.0%
Iraq*	1,310.0	0.0%	0.0%	0.0%	11.5%
Jordan	0.7	0.1%	0.1%	0.0%	0.0%
Kuwait	0.3	0.3%	0.6%	0.0%	-0.2%
Lebanon*	15,029.0	0.0%	0.0%	0.1%	-89.9%
Libya*	4.8	0.6%	2.0%	0.3%	0.4%
Morocco	9.9	2.2%	3.3%	-1.6%	3.9%
Oman	0.4	0.0%	0.0%	0.0%	0.0%
Qatar	3.6	0.1%	0.0%	0.0%	0.6%
Saudi Arabia	3.8	0.0%	0.0%	0.0%	0.2%
Syria*	13,000.0	-3.1%	-11.5%	-34.6%	-65.2%
Tunisia	3.1	1.2%	2.6%	-0.3%	1.1%
United Arab Emirates	3.7	0.0%	0.0%	0.0%	0.0%
West Bank and Gaza	3.7	0.1%	4.0%	-0.1%	-5.3%
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 January 8, 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.

In December, m/m inflation increased in Iran, Egypt, and Tunisia for both headline and food inflation.

Country	Latest Month Available	Headline Inflation		Food Inflation	
		M/M Inflation	Y/Y Inflation	M/M Inflation	Y/Y Inflation
Algeria	November-23	1.0%	8.4%	1.6%	11.0%
Bahrain	November-23	-0.1%	-0.4%	1.0%	5.2%
Djibouti	November-23	-0.4%	-11.9%	-1.5%	-26.4%
Egypt	December-23	2.1%	35.2%	2.5%	60.2%
Iran	December-23	3.4%	41.4%	4.3%	41.1%
Iraq	November-23	0.2%	4.0%	-0.8%	4.1%
Jordan	November-23	0.0%	1.3%	-1.0%	0.7%
Kuwait	November-23	0.2%	3.8%	0.8%	5.8%
Lebanon	November-23	2.6%	211.9%	2.7%	220.0%
Morocco	November-23	0.0%	3.6%	0.2%	7.7%
Oman	November-23	0.2%	0.5%	1.5%	2.9%
West Bank and Gaza	November-23	3.5%	11.4%	0.8%	9.6%
Qatar	November-23	-0.1%	1.3%	0.3%	3.8%
Saudi Arabia	November-23	0.3%	1.7%	0.6%	1.4%
Tunisia	December-23	0.6%	8.1%	1.0%	12.3%
United Arab Emirates	December-22	0.4%	4.8%	0.1%	6.1%

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

Note: National Statistics Offices Consumer Price Indices (CPI) releases, as of January 11, 2024. M/M inflation is seasonally adjusted, except for Djibouti, Iraq, Lebanon and West Bank and Gaza due to missing data.

Policy rates have not changed since the last edition, as Egypt, Morocco, Oman, Qatar, Tunisia, and the UAE maintained their rates following board meetings.

Country	Last Decision Meeting	Policy Rate	Latest as of January 8, 2023	1M Change	3M Change	6M Change
Bahrain	7/26/2023	Policy Rate	6.25	--	--	0.25
Egypt	12/21/2023	O/N Lending	20.25	--	--	1.00
Iraq	11/30/2023	Policy Rate	7.50	--	--	--
Jordan	7/30/2023	Main Rate	7.50	--	--	0.25
Kuwait	7/27/2023	Discount Rate	4.25	--	--	0.25
Morocco	12/19/2023	Main Rate	3.00	--	--	--
Oman	12/13/2023	Repo Rate	6.00	--	--	0.25
Qatar	12/13/2023	O/N Lending	6.25	--	--	0.25
Saudi Arabia	7/26/2023	Repo Rate	6.00	--	--	0.25
Tunisia	12/11/2023	Policy Rate	8.00	--	--	--
UAE	12/13/2023	O/N Deposit	5.40	--	--	0.25

Source: National Central Bank websites.

Note: Central Bank Policy Rates, as of January 8, 2024.

Unemployment fell slightly in Iran in Q4 2023 compared to the previous quarter; while Q3 2023 unemployment remained the same in Jordan and increased slightly in Saudi Arabia.

Country	Date of Latest Unemployment Rate Available	Unemployment Rates				
		Total	Male	Female	Nationals	Non-Nationals
Egypt	Q3-2023	7.10	4.80	17.20		
Iran	Q4-2023	7.60	6.20	14.20		
Jordan	Q3-2023	22.30	16.28	28.19	22.90	11.45
Morocco	Q3-2023	13.50	11.70	19.80		
Oman	Q3-2023	3.77	1.83	11.73		
Qatar	Q1-2023	0.13	0.08	0.36	0.51	0.11
Saudi Arabia	Q3-2023	5.10	2.50	13.70	8.60	1.50
Tunisia	Q3-2023	15.80	13.40	21.70		
West Bank and Gaza	Q3-2023	24.10	20.10	40.80		

Source: Haver Analytics and MNACE Staff Calculations.

Note: Latest Unemployment Data available as of January 9, 2024. Jordan Male and Female Unemployment, as well as Nationals and Non-Nationals Unemployment, are latest as of Q4-2022.

Capital market indices have been mixed over the past month. Morocco and Egypt saw strong declines followed by Kuwait, while other countries witnessed slight increases, led by Bahrain and Saudi Arabia. Morocco's index is down 40 percent from one year ago.

Country	1M % Change	3M % Change	6M % Change	1Y % Change
Bahrain	3.6%	1.1%	7.3%	19.4%
Egypt	-7.4%	24.2%	31.4%	-24.9%
Kuwait	-4.2%	0.1%	-2.4%	5.4%
Jordan	2.9%	7.2%	-3.6%	24.2%
Morocco	-14.0%	-14.4%	-21.9%	-40.0%
Oman	-2.1%	-0.7%	7.0%	17.8%
Qatar	0.0%	-12.1%	-6.0%	-6.1%
Saudi Arabia	3.3%	-10.6%	-7.6%	-8.2%
Tunisia	2.4%	-8.4%	-5.1%	-10.6%
United Arab Emirates	-1.9%	-4.5%	-2.4%	-8.3%

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

Note: Equity Markets Performance as of January 8, 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 editor for this edition was Ernest John Sergenti (Senior Economist, MENA Office of the Chief Economist, MNACE). Rana Lotfi (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 Ernest John Sergenti (esergenti@worldbank.org), Rana Lotfi (rlotfi@worldbank.org) and Tourya Tourougui (ttourougui@worldbank.org).