Moody’s: The Huge Financial Reserves of the UAE Enhances its Economy’s Strength to Survive

Moody’s credit rating agency revealed that the huge financial reserves of the United Arab Emirates would contribute to reducing the impact on its economy due to the sharp decline in global oil prices, which reached 60% since the end of last year.

The agency estimated the value of the UAE’s reserves of liquidity at about $147 billion in exchange for financial obligations not exceeding $22 billion, which strengthens its financial position in the face of the decline in oil prices. According to the agency, the UAE’s success in diversifying the base of the economic growth contributed greatly to reducing its dependence on oil economically, which also contributes to reducing the economic impact of the sharp decline in oil prices.

The agency expects that the UAE will increase its oil production this year by about 8%, indicating that the UAE is one of the few oil producing countries that have the ability to raise production without the need for additional investment. Moody’s announced that the oil balance price in the UAE is the lowest at the level of oil producing countries, where it is less than $30 a barrel, and the balance price is the one at which the state’s budget stabilizes without a deficit or surplus.

Source (Al-Khaleej Newspaper-UAE, Edited)
“Fitch” Expects the GCC States to Withdraw $110 billion of their Reserves

“The IMF Expects Negative Growth for the World’s Economies in 2020

Gulf Cooperation Council will issue about $42 billion in external debt this year, from $48 billion last year; this will be accompanied by $110 billion in withdrawals from the financial reserves and wealth funds, compared to only $15 billion in 2019.

Most of the Gulf Cooperation Council countries announced economic stimulus packages, at 30 percent of GDP for Bahrain and Oman, more than 10 percent of GDP in the UAE and Qatar, and more than 4 percent in Saudi Arabia.

Source (The New Arab Newspaper, Edited)

The Managing Director of the International Monetary Fund, Kristalina Georgieva, indicated during the phone conference of the finance ministers and central bankers of the G20, that mankind has suffered huge losses so far due to the pandemic of the Corona virus and all countries of the world must work together to protect their people and reduce economic damage. She added: “The time has come for solidarity, and this is the main theme of the G20 finance ministers and central bankers meeting.”

Georgieva talked about the prospects for global growth for the year 2020, revealing that growth will be negative during this year, “at the very least, a recession is expected to be as bad as it was during the global financial crisis or worse, but we expect recovery in 2021, and to achieve this goal it is extremely important to prioritize containment and health systems - everywhere. The economic impact is already severe and will remain so, but the sooner the virus stops spreading, the faster and more solid the recovery will become.”

She concluded: We are going through exceptional circumstances. There are many countries that are already taking unprecedented action, and we at the International Monetary Fund, in cooperation with our member countries, will do the same. Let us unite during this emergency crisis to support all people around the world.

Source (London Arab newspaper, Edited)