Moody’s Esteems the Saudi Measures: It Surely Helps Offsetting the Lost Revenue

Moody’s credit rating agency noted the measures announced by the Kingdom of Saudi Arabia, expecting these measures to help offset a portion of the lost revenue resulting from the large decline in oil prices, and the decline in oil production resulting from the OPEC Plus agreement.

In this context, Alex Bergesey, Vice President and Chief Analyst of the Agency, pointed out that "these measures highlight Saudi Arabia’s ability to deal with economic shocks," explaining that "the reduction of new spending, with those that were announced last March, and the other that was approved in the 2020 budget, equivalent to about 8% of the Kingdom’s GDP."

Mr. Bergesey considered that "the decision regarding increasing the value-added tax to 15%, will contribute to increasing the state’s revenues by about 5% of the gross domestic product annually," stressing that "the increase in the value-added tax will negatively affect sustainable consumption rates, and this will also enhance the negative economic impact resulting on the decline in oil prices, and the measures taken to combat the Corona epidemic."

Saudi Arabia announced a package of measures, including raising the tax and stopping the cost of living allowance, and decided to stop the cost of living allowance starting from next June, and raising the value-added tax rate from 5% to 15% starting from next July.

Source (Al-Arabiya.net website, Edited)
A Loan of $2.77 Billion from the IMF to Support Egypt

The IMF Board of Directors agreed to grant Egypt an emergency loan of $2.77 billion to help it deal with the effects of the Covid-19 epidemic.

In this regard, First Deputy CEO Jeffrey Okamoto said that "Egypt witnessed a remarkable change before the shock of Covid-19 in the framework of an economic reform program supported by the Fund, but this progress is now threatened," saying that "the loan will help finance the targeted and temporary spending with the aim of containing the epidemic and mitigate its economic impact."

He also warned that Egypt would need additional rapid support from bilateral and multilateral creditors in order to bridge the remaining balance of payments gap, reduce the burden of settlements and maintain the macroeconomic stability that Egypt has endeavored to achieve.

The emergency loan comes from the Fund's Rapid Funding Tool, which has been strengthened to quickly obtain assistance for developing countries most vulnerable to the economic impacts of the epidemic. Egypt began to gradually reopen its activities after the government eased a strict curfew during the month of Ramadan in an attempt to advance the largest economy in North Africa.

Corona Increases the Syrian Budget Deficit

The precautionary measures taken by the Syrian government to confront the Corona virus increased production and trade paralysis, which affected the limited resources collected by the state's public treasury, especially the expected revenue from fees and taxes at 83 billion pounds during the first quarter of this year.

The deficit reached during the first quarter of 2020 amounted to 4000 billion Syrian pounds (about 8 billion dollars at the time), an increase of 118 billion pounds from the same period in 2019.

The figures show, according to Syrian economic analysts, that despite the aid the Syrian state received in order to confront Corona, from Arab countries and international organizations, the public treasury is empty and there is no foreign exchange at the central bank, as evidence of not increasing wages despite the high prices and massive inflation, after the price of the dollar is exceeded 1400 liras.

Corona (MDC) 易于传播的缺陷
Jordan's Inflation Increased by 1.55 percent

The consumer price index (inflation) in Jordan increased during the first quarter of this year by 1.55 percent to reach 101.55 compared to 99.99 during the same period in the past 2019. According to the monthly report of the Governmental Statistics Department, the consumer price index for April of this year increased by 0.57 percent, reaching 101.05 compared to 100.47 for the same month last year.

On the monthly level, the general consumer price index for April of this year decreased by 0.98 percent, reaching 101.05 compared to 102.05 in March of the same year.

As for the basic index of consumer prices for April of this year,