Moody’s Expects UAE GDP to Grow by 4.1 percent in 2021

Moody’s global credit rating agency, expected the UAE economy to recover strongly from the consequences of the Covid-19 pandemic, with real GDP recording an average growth of 4.1% next year (2021) after a contraction of 5% this year (2020).

The agency expects that the oil economy of the UAE to shrink as a result of the pandemic and the decline in oil prices globally by about 7.2% this year, to take off next year with a growth expected to reach 6.5%.

The agency revealed that there are several factors that support the credit rating granted to the UAE, which is stable Aa3, among them the huge financial assets of its sovereign funds, the extremely high per capita income, superior infrastructure, and huge oil reserves, in addition to the stability of the political situation and strong state relations globally. Indicating that the credit rating can be higher if there is more comprehensive disclosure about the size of the external assets.

The agency disclosed that the UAE’s financial dependence on hydrocarbons reached 46% of the total government revenues within the combined government budget in 2019. It also showed that the UAE’s efforts at the level of diversification of economic growth resources and reducing dependence on oil contribute to enhancing the stable outlook for its economy.

Moody’s discussed the effects of the pandemic and the sharp decline in oil prices in the UAE economy, indicating that the consequences of the situation will lead to a decline in oil revenues in the short term, likely to have limited repercussions on the country’s credit rating.

Source (Al-Khaleej Newspaper-UAE, Edited)
نيسان الماضي، ليبلغ الانكماش التراجمي
أدى ذلك إلى رفع نسبة الدولرة في الودائع إلى أعلى
مليار دولار للودائع بالعملات الأجنبية. وقد
مليارات دولار للودائع بالليرة اللبنانية، وتراجع
ومع ذلك، تم الإبلاغ منذ بداية العام عن انخفاض
مليار دولار في الودائع غير
مليار دولار في الودائع المقوّمة حتى
وكشفت إحصاءات القطاع المصرفي، عن انكماش
활동ية، تحت ضغط تهاوي عائدات النفط، حيث تتوقع تهاوي احتياطي البلاد من
العملة الصعبة من 51.6 مليار دولار، كما هو محدد في الميزانية الأولى للسنة
الحالية، إلى 44.2 مليار دولار في الميزانية التكميلية.
(المصدر (صحيفة العربي الجديد، بصرف)

The World Bank: The Algerian Economy Will Contract by 6.4 percent this Year

The World Bank expected the Algerian economy to shrink by 6.4% this year, due to the repercussions of the Corona pandemic, as well as the consequences of falling oil prices and structural weaknesses, accompanied by a decline in GDP from 5.2% this year compared to 6.2 next year.

According to the report, the contraction of economic activity will include all oil exporting countries in the MENA region, expected to reach 5% for these countries.

According to the June issue of its periodic report, Global Economic Prospects, efforts to contain the Corona pandemic have weakened economic activity in the MENA region in the short term, while increased investor reluctance to take risks has exacerbated spells of financial market volatility.

Due to the sharp decline in oil prices and demand in global markets, exports of oil-producing countries shrank, and this had negative repercussions on the non-oil sectors, as their challenges were exacerbated by several long-standing structural imbalances and impeding growth, according to the report.

The Algerian government was forced to adjust its financial forecasts, under pressure of falling oil revenues, as it expects the country’s hard currency reserves to fall from 51.6 billion dollars, as specified in the first budget for the current year, to 44.2 billion dollars in the supplementary budget.

Source (New Arab newspaper, Edited)

The Lebanese Banking Sector Deposits Decreased by $25 Billion

A report issued by the Audi Lebanese Bank, showed that the deposits of the banking sector decreased by $25 billion dollars since August 2019.

According to banking sector statistics, customer deposits shrank by an additional $2.1 billion in April, bringing the cumulative contraction to $11.3 billion since the beginning of this year, or a total of $25 billion since the end of August 2019, the date on which deposits began to decline in Lebanon.

Deposits actually shrank from $172.5 billion at the end of August 2019 to $147.5 billion at the end of April 2020. The collapse of deposits by currency in April shows that the decline was in

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Deposits actually shrank from $172.5 billion at the end of August 2019 to $147.5 billion at the end of April 2020. The collapse of deposits by currency in April shows that the decline was in Lebanese pounds, while deposits in foreign currency barely moved. However, since the beginning of the year, a decrease of $7 billion in deposits in Lebanese pounds has been reported, and a decrease of $4.3 billion in deposits in foreign currencies. This pushed the dollarization ratio in deposits to the highest level in 13 years, reaching up to 78.9%.

The banking sector statistics revealed a contraction of $8.1 billion in denominated deposits so far, while a decrease of $3.3 billion in non-denominated deposits has been reported.

Source (The Economic Bulletin site, Edited)
Global Aviation Sector Losses Up to $84 billion in 2020

The International Air Transport Association (IATA) expects airlines to incur more than $84 billion in net losses during the fiscal year 2020, and more than 15 billion in 2021, as a result of the emerging Coronavirus.

In this regard, the CEO of the International Air Transport Association, Alexandre de Juniac, pointed out that this year’s losses will be the largest in aviation history, pointing out that for comparison, airlines lost 31 billion dollars during the major financial crisis in 2008 and 2009.

De Juniac warned of the airline debt level in the future, explaining that the airline in 2020 entered a relatively good financial position, noting that the financial assistance measures taken by the governments prevented the bankruptcy of the companies, but it increased the debt from 120 to 550 billion dollars, or about 92% of expected revenues in the year 2021. He also emphasized the need for governments and the sector to work together to implement the health recommendations of the International Civil Aviation Organization (ICAO), because passengers will return to aircraft once the borders are opened again.

He also stressed that we should be ready, when the activity is resumed, to implement measures all over the world in order to give passengers the confidence to travel.

The International Civil Aviation Organization has published a set of health recommendations for the aviation sector, alerting them to the need to use masks, check passenger temperature and sterilize aircraft. The report recommends countries, airports and airlines to implement non-mandatory measures, but it is the fruit of broad consensus that gives authority to make it a global reference.

Source (Al-Ray Newspaper-Qatar, Edited)