Moody's Grants the UAE an "Aa2" Credit Rating

Moody's Credit Rating Agency has assigned the United Arab Emirates a rating of "Aa2" with a stable outlook, which is the strongest sovereign rating in the region.

This new classification reflects the strength and flexibility of the UAE's economy and its ability to overcome various challenges, especially in light of the exceptional circumstances that the world is witnessing from the repercussions of the spread of the Covid-19 pandemic. According to the agency, the credit strengths of the UAE are related to the high per capita gross domestic product, as well as the country's enjoyment of internal stability and strong and broad international relations.

It also indicated that the UAE had demonstrated effective and strong institutional practices by leading reforms and diversifying its revenue base.

As for the outlook for the economy, the agency revealed that it was supported by stable expectations for the sovereign rating as well as the potential for an upward trend in the medium term in line with the ongoing diversification efforts, in addition to its commitment to the emergency commitments associated with the government.

It should be noted that the international credit agency "Fitch" had recently set the UAE sovereign rating at (AA-), with a stable outlook. This rating comes within 18 indicators that reflect the creditworthiness of federal government institutions and their ability to formulate the necessary policies to continue sustainable growth.

Source (Al-Arabiya.net, Edited)
Fitch Warns of Social Tensions in the Arab Countries During 2021

Fitch, the credit rating agency, revealed that Arab countries have adopted harsh financial measures to contain the repercussions of the Corona crisis on their public finances, in the absence of economic opportunities and improved living standards to satisfy the peoples that are still growing rapidly and are predominantly young and suffering from a lack of employment, which would threaten a violent political and social reaction in the coming year in the absence of any economic improvement.

According to the agency, after a sharp contraction this year, most of the region's economies are expected to return to growth with the recovery of oil prices and the decline in stimulus spending to confront the Covid-19 pandemic. However, according to "Fitch", "the lower oil prices for a longer period and other possible repercussions of the pandemic, raise questions about the economic and social models in the long term for the countries of the GCC."

The Kingdom of Saudi Arabia, the largest Arab economy and the largest oil exporter in the world, has tripled the value-added tax this year to 15 percent to compensate for the damage inflicted on its public finances by the drop in oil prices.

"Fitch" indicated that the social reaction in the face of financial reforms will pose a threat to reduce credit ratings in 2021, especially in Oman and Saudi Arabia, and to some extent in Iraq, Jordan and Tunisia.

Source (Al-Araby Al-Jadeed Newspaper, Edited)
Kuwait's gold reserves reached about $104 million last September. According to the latest report of the World Gold Council, the Kuwait Central Bank possesses about 79 tons of gold, whose market value exceeds about $5 billion.

Kuwait approved a package of measures to support the economy to recover from the Corona pandemic and low oil prices, and according to the data released by the Institute of Sovereign Wealth Funds, the assets of the Kuwait Investment Authority (sovereign fund) decreased by $58.3 billion from $592 billion at the beginning of this year to $533.65 billion last May.

Source (Al-Arab Newspaper-London, Edited)

The IMF Expects the Moroccan Economy to Contract by 7%

The International Monetary Fund expected the Moroccan economy to contract by up to 7% by the end of this year, indicating that the government deficit will expand to 7.8 percent of GDP this year, compared to 4.1 percent last year.

The central bank revealed that Morocco's government debt has risen to 76.1 percent of GDP in 2020 from 65 percent in 2019. The World Bank approved a $400 million loan to support reforms undertaken by Morocco to strengthen the safety net for the poorest families. On November 24, Morocco issued international bonds worth one billion euros, with the interest rate on those bonds reaching 1.5 percent for a 12-year term.

Moroccan bonds met with a large demand, with total demand for the offering reaching 5.3 billion euros, from 285 investors.

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Source (Al-Arab Newspaper-London, Edited)

Kuwait's Foreign Reserves Increase by 25%

The Central Bank of Kuwait revealed that Kuwait's foreign reserve assets rose by 24.92 percent y-o-y in October, setting a new record. Indicating that reserve assets increased to 14,741 billion dinars (48.5 billion dollars) in October, compared to 38.8 billion dollars in the same month of 2019.

On a monthly basis, the foreign reserves increased by 0.61 percent in October, from $48 billion in the previous September. Kuwait's reserves included about $13.93 billion in deposits and currencies, in addition to about $1.85 billion in special drawing rights for Kuwait with the International Monetary Fund, and about $705 million balance at the International Monetary Fund.

Source (Al-Arab Newspaper-London, Edited)

The IMF's latest report revealed that the government will face a major challenge in managing its budget due to the economic slowdown caused by the Covid-19 pandemic. The fund expects that the budget deficit will rise to 7.8 percent of GDP this year, compared to 4.1 percent last year.

The IMF expects that the government will need to take steps to reduce spending and increase revenue to bring the deficit down to a sustainable level. The fund also expects that the government will need to implement structural reforms to make the economy more resilient to shocks.

Source (Al-Arab Newspaper-London, Edited)