A report issued by the United Nations Conference on Trade and Development (UNCTAD) showed that global trade movement contracted by 9 percent over the past year, despite the improvement it recorded at the end of the year led by East Asian economies.

According to the report, the recovery in global trade during the fourth quarter of last year was uneven, as the movement of goods trade increased by 8%, while the trade in services contracted.

The report showed that while international trade was severely affected by the economic and social disruptions caused by the emerging coronavirus pandemic, East Asian countries recorded an increase in their share of the global market after they were able to better deal with the pandemic challenge.

The last quarter of last year witnessed a growth in exports of goods from China by 17 percent annually, while exports from Japan increased by 3 percent and South Korea by 4 percent. The Chinese economy recorded a growth rate of 2.3 percent during the past year, after growing in the last quarter of the year by 6.5 percent, which contributed to offsetting the economic contraction in the first months of the year.

UNCTAD revealed that while merchandise trade recorded a growth during the first half of last year, services trade continued to decline internationally due to the severe effects of travel restrictions imposed to contain the pandemic. At the same time, the movement of trade in goods in the world decreased during the past year as a whole by 6 percent annually, while trade in services decreased by 10.5 percent.

Source Asharq Al-Awsat Newspaper, Edited)
The foreign assets of the Central Bank of Oman decreased in 2020 by 9.9 percent, compared to the levels recorded in the previous year, according to data issued by the Central Bank of Oman, as foreign assets decreased to 5.77 billion riyals (15.03 billion dollars) by the end of last December. The foreign assets of the Omani Central Bank recorded 6.406 billion riyals (16.69 billion dollars) during the same month of 2019. They are distributed between foreign currency deposits and the Sultanate’s reserve account with the International Monetary Fund, and securities investments.

On a monthly basis, the Central Bank of Oman’s foreign assets declined by 0.6 percent in December 2020, compared to 5.805 billion riyals ($15.12 billion) in the previous November.

The Sultanate’s public finances were affected by the double whammy of the Corona outbreak and the drop in oil prices, despite it being a small oil producer with a production volume of less than one million barrels per day.

According to a report by Fitch Ratings, the next three years will be a critical test of the resilience of financing Oman has shown in the past. Fitch expects a large fiscal deficit for the Sultanate’s budget, with maturities of foreign debt ranging between $12 and $14 billion annually in the period 2020-2022.

Source (Anatolia Agency, Edited)
كشفت وكالة موديز للتصنيف الائتماني في تقرير حديث صادر عنها، عن أن الرؤية ما زالت غير واضحة في الكويت بشأن ترتيبات التمويل الحكومية، وهو السبب في خفض التصنيف السيادي إلى (A-) وهو ما يجعل من الصعب توقع التأثير المحتمل.
وتوقع الوكالة أن تفوض الهيئة العامة للاستثمار صندوق الاحتياطي العام بالبيع حصص إضافية من مجموعتها المتضائلة من الأصول غير السائلة إلى صندوق الأجيال القادمة، وهو أداة ادخار أخرى تمتلك غالبية مدخرات الحكومة، ولكنها غير متاحة لتمويل الميزانية العامة، كاشفة عن أنه في ظل استنفاد معظم أصول صندوق الاحتياطي العام.
وقدّر "موديز" قيمة هذه الأصول بـ 15 مليار دولار كحد أقصى لغرضية

Moody's Downgrades Kuwait's rating: The Vision Remains Unclear

Moody's credit rating agency revealed in a recent report issued by it, that the vision is still unclear in Kuwait regarding government financing arrangements, which is the reason for reducing the sovereign rating to (A-), which makes it difficult to anticipate the potential impact.

The agency expects the General Investment Authority to authorize the General Reserve Fund to sell additional shares of its dwindling group of illiquid assets to the Future Generations Fund. The agency referred to the Future Generations Reserve Fund, which is another savings tool that possesses the majority of government savings, but is not available to finance the general budget, revealing that it is in light of the depletion of most of the General Reserve Fund's assets.
Moody's estimates the value of these assets at $15 billion as a maximum to cover budget expenditures, which will cover about less than half of the projected financing requirements for the next fiscal year. As such, it expects the government to take additional measures to avoid the financing crisis, which could include passing the long-awaited debt law or amending the existing legal framework to allow a portion of investment income from the Future Generations Fund to be transferred to the General Reserve Fund.
The agency estimates that the liquid portion of the assets in the General Reserve Fund, the smaller stabilization fund, has been largely depleted, but some additional liquidity could be provided by selling the remaining share of illiquid assets that we estimate at 12 percent of GDP as in February 2021 for the Future Generations Fund.

Source (Al-Arabiya.net website, Edited)
كشفت وكالة "موديز" لخدمات المستثمرين، عن أن السعودية أكثر عرضة لانخفاض الأصول السيادية على المدى المتوسط، بسبب تداعيات جائحة كورونا والسحب المتزايد لتعويض انخفاض أسعار النفط.

وبيت "موديز" أن التداعيات ستؤدي إلى تآكل كبير في الهوامش الوقائية في السعودية، ما يقلل القوة المالية لصناديقها السيادية ويزيد المخاطر الخارجية.

وأدى انخفاض أسعار النفط الناجم عن الوباء إلى زيادة كبيرة في متطلبات الاقتراض الإجمالية للحكومات الخليجية، التي سيُوفى بها جزئياً من خلال السحب من صناديق الثروة السيادية.

وأورد التقرير أن في حالة سلطنة عمان، سيؤدي العجز المزدوج الكبير إلى انخفاض في كل من الاحتياطيات الدولية وأصول صناديق الثروة السيادية، ما يزيد من مخاطر الضعف الخارجية على المدى المتوسط، مفصلا عن أن مخزون أصول صناديق الثروة السيادية في قطر وأبوظبي لا يزال أكثر من كافٍ لتغطية عقود من العجز.

ومليار

وتوقعت وكالة "ستاندرد آند بورز"، أن عجز ميزانيات دول الخليج سيبلغ 490 مليار دولار في السنوات الأربعة المقبلة من عام 2020 إلى 2023، وسط ارتفاع احتياجات التمويل مقابل انخفاض الإيرادات النفطية.

Moody’s Investors Service revealed that Saudi Arabia is more vulnerable to a decline in its sovereign assets in the medium term, due to the repercussions of the Corona pandemic and the increasing withdrawal to compensate for lower oil prices. "Moody's" indicated that the repercussions would lead to a significant erosion of protective margins in Saudi Arabia, which would reduce the financial strength of its sovereign funds and increase external risks.

The drop in oil prices caused by the epidemic has significantly increased the overall borrowing requirements of Gulf governments, which will be partly fulfilled through withdrawals from sovereign wealth funds.

The report stated that in the case of the Sultanate of Oman, a large double deficit would lead to a decrease in both international reserves and sovereign wealth fund assets, increasing the risks of external vulnerability in the medium term. It also revealed that the stock of sovereign wealth funds' assets in Qatar and Abu Dhabi are still more than enough to cover decades of fiscal deficit at current levels. In Kuwait, the report noted that the huge fiscal deficit led to the depletion of the liquid part of the smaller general reserve fund.

The Gulf States are going through the worst economic and financial crisis in their history as a result of the negative consequences of the outbreak of the Corona pandemic, and the drop in oil prices, the main source of income in the region, amid a decline in global demand.

"Standard & Poor’s" agency predicted that the budget deficit of the Gulf States will reach 490 billion dollars in the four years extending from 2020 to 2023, amid rising financing needs in exchange for low oil revenues.

The list of the top 10 sovereign funds in the world includes 4 Arab funds, led by the Abu Dhabi Investment Authority (UAE), with assets of $579.6 billion, and ranked third in the world, according to the latest data of the Sovereign Wealth Funds Institute "SWFI".

Source (Al-Araby Al-Jadeed Newspaper, Edited)
The USA Records an Unprecedented Budget Deficit Estimated at $163 Billion

The United States government recorded a budget deficit of $163 billion in January, an unprecedented high level on a monthly basis, and a $130 billion jump from the deficit in the same period in 2020, after a new package of direct payments was distributed to individuals as revealed by the US Treasury Department.

Revenue rose 3 percent in January compared to the same period a year earlier, to $385 billion, while spending increased by 35 percent to $547 billion. Both revenue and spending recorded unprecedented heights in January. For the first four months of the fiscal year 2021, the deficit increased 89 percent to $736 billion, as revenues rose by 1 percent to $1.19 trillion, and spending jumped 23 percent to $1.92 trillion, noting that revenues, spending and the deficit recorded an unprecedented rise since the beginning of the year.

For his part, Federal Reserve Chairman Jerome Powell declared that the US economy is "very far" from reaching a solid job market, adding that the experience of previous recessions indicates that the recovery may take years.

He said that reforming what the epidemic crisis has caused on the labor market will require a wide range of government policies, in addition to a large-scale vaccination campaign to control the outbreak of the Coronavirus.

Source (Al-Araby Al-Jadeed Newspaper, Edited)