MASHREQ GLOBAL DIGEST GCC

March 16 – March 22

This edition of Market Digest focuses on GCC’s key macroeconomic indicators, along with updates on its financial and corporate sectors, offering insights into current economic trends.

Macroeconomic News

GCC to Grow 4% in 2025 Despite Uncertain Global Outlook

According to the latest ICAEW Economic Insight report by Oxford Economics, the GCC economy is projected to grow by 4% in 2025, up from 1.8% in 2024, driven by strong non-energy sector expansion, increasing oil production, and rising tourism supported by the GCC-wide visa. Saudi Arabia and the UAE will lead non-oil growth at 5.8% and 4.8%, while Qatar’s GDP is expected to grow by 2.1%, with growth set to more than double in 2026 due to additional LNG capacity. Despite softer oil prices, projected to average $70.5 per barrel this year, the easing of OPEC+ production cuts will support energy sector recovery. Bahrain's economy is projected to grow by 2.8%, fueled by diversification efforts, though fiscal challenges remain. Investment in tourism and infrastructure continues to strengthen GCC resilience amid global economic uncertainty.

Reference: Zawya

Saudi Inflation Steady at 2%, Qatar's Drops by 1.15%

Saudi Arabia’s inflation rate remained stable at 2% in February 2025, reflecting the country's position among the lowest inflation rates in the G20. The Consumer Price Index (CPI), which tracks the prices of a fixed basket of goods and services, showed no change compared to the previous year. In contrast, Qatar saw a 1.15% year-on-year decline in inflation for January 2025, driven by lower costs in food, housing, and transport. Qatar's inflation is expected to remain the lowest in the GCC region, averaging 1.4% in 2025.

Reference: Gulf News, Arab News

GCC Workers' Remittances Hit $131.5B in 2023

In 2023, workers in GCC countries sent a total of $131.5 billion in remittances, making it the highest global remittance volume, closely followed by the United States. However, this figure marked a slight decline of nearly $500 million, or 0.4%, compared to 2022. The decrease comes after two years of growth, with remittances rising by 9.2% in 2021 and 3.8% in 2022. Additionally, the proportion of remittances relative to the GCC’s GDP fell from 8.1% in 2020 to 6% in 2022, before experiencing a modest recovery to 6.2% in 2023.

Reference: Economy Middle East

Saudi Arabia and UAE Lead GCC Greenfield Investments

In 2024, Saudi Arabia and the UAE led the GCC in greenfield investments, with Saudi Arabia securing 54% and the UAE 36%. While the number of projects grew slightly, the average project value dropped by 26%. Key sectors included communications, renewables, and oil & gas, with the US, China, the UK, and India as major investors. Saudi Arabia’s Vision 2030 aims to attract $100 billion in annual FDI, supported by reforms like 100% foreign ownership. Dubai was the top recipient of greenfield investments in the UAE, especially in real estate and tech.

Reference: Me Construction News

UAE Commits $1.4 Trillion Investment in U.S.

The UAE has committed to a 10-year, $1.4 trillion investment in the U.S., focusing on sectors like AI, energy, and manufacturing. A major new initiative includes building the first aluminum smelter in the U.S. in 35 years, aimed at doubling domestic aluminum production. This move is part of the UAE's strategy to diversify its economy away from oil and strengthen ties with the U.S.

Reference: Reuters

GCC Construction Market to Reach $277 Billion by 2030

The GCC construction market is projected to reach $277 billion by 2030, growing at 5% annually. This growth reflects a shift towards sustainable building practices and energy efficiency, driven by innovations like 3D printing. The UAE leads with projects such as Dubai's "Office of the Future," the world’s first fully functional 3D-printed building. This aligns with Dubai’s goal of having 25% of buildings constructed using 3D printing by 2030, reducing material waste and promoting advanced architectural designs.

Reference: Mubasher

GCC Imposes Anti-Dumping Duties on Chinese Aluminum Imports

The GCC states have decided to impose anti-dumping duties on aluminum alloy products imported from China, following a recommendation by the GCC Permanent Committee for Anti-Injurious Practices in International Trade. The duties apply to coated or colored flat or grained rectangular aluminum sheets, plates, coils, and strips with thicknesses ranging from 2.0 mm to 8.0 mm.

Reference: Al-Arabiya

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Financial & Corporate News

Gulf SWFs Drive Global Growth, Set for $18 Trillion by 2030

A Deloitte Middle East report highlights that Gulf Sovereign Wealth Funds (SWFs) continue to lead global growth, with assets projected to reach $18 trillion by 2030. Gulf SWFs, which control 40% of global SWF assets, remain the largest players, driving innovation and operational excellence. In 2023, Gulf funds invested $82 billion, and another $55 billion in the first nine months of 2024, focusing on high-growth regions like Asia and Africa. They are particularly active in China, with $9.5 billion invested by the year ending September 2024. As competition rises, Gulf funds are enhancing their internal capabilities, adopting more proactive investment strategies, and attracting top talent to remain competitive.

Reference: Zawya

Gulf Consulting Market to Reach $8.3B in 2025

The Gulf consulting market is set to grow by 12% in 2025, reaching $8.3 billion, slightly lower than last year's 13.3%. Saudi Arabia's consulting market, the largest in the region, grew 14.1% to $4.3 billion in 2024 and is expected to see 13% growth this year. The UAE's market is projected to grow 14% to $1.8 billion, while Qatar's will rise 10% to $811 million. The region continues to lead globally, with strong demand for digital transformation and AI investments, particularly in sectors like energy, financial services, and retail.

Reference: The National

GCC Banks Set for Strong Growth in 2025

According to the EY GCC Banking Sector Outlook 2024 report, GCC banks are poised for steady growth in 2025, supported by strong capital reserves, stable asset quality, and a favorable economic environment. Credit growth is being driven by major infrastructure projects, economic diversification efforts, and a rising demand for loans, particularly in Saudi Arabia and the UAE. Interest rate cuts and stable oil prices will further strengthen the sector. Additionally, advancements in technology, such as AI and digital banking, are reshaping financial services, while banks continue to expand globally amid improved lending conditions. With a robust financial position and strategic reforms, GCC banks are well-positioned to sustain profitability and support economic expansion across the region.

Reference: Arabian Business

Moody's Highlights Strong Credit Health of GCC Firms

GCC companies show strong credit quality, supported by solid financial performance, low leverage, and substantial cash reserves, according to Moody's Ratings. Their outstanding debt remains stable at around $410 billion, while cash holdings rose from $125 billion in 2019 to $200 billion in 2023. Key sectors like oil, gas, and real estate benefit from stable oil prices and economic diversification, though geopolitical risks remain a concern.

Reference: Zawya

One in Four GCC Companies to Invest in AI in 2025

A Boston Consulting Group survey shows that 1 in 4 GCC companies will invest over $25 million in AI in 2025. 81% plan to increase tech investments, with 66% expecting AI to boost productivity. AI is a top priority for 72% of GCC executives, despite concerns about data privacy, security, and regulation. The region's long-term approach to AI adoption stands out globally.

Reference: Zawya

Markets

Market Dashboard

- The stock market showed mixed performance this week, with the Dow up 1.2%, the S&P 500 gaining 0.5%, and the Nasdaq rising slightly by 0.17%. This performance was influenced by investor optimism over potential flexibility in upcoming tariffs, easing concerns about their impact on corporate profits. However, broader uncertainty about trade policies, economic growth, and monetary policy decisions continued to weigh on market sentiment, preventing a stronger rally.
- Bitcoin hovered around $84,000, facing pressure from uncertainty over U.S. interest rates and trade tariffs. This has led to a cautious sentiment in crypto markets. Meanwhile, altcoins like Ether and XRP saw declines, reflecting broader market weakness.
- The price of gold reached a record high of $3,057.21 per ounce on Thursday before pulling back. Despite this decline, it still posted a 1% gain for the week. Key factors influencing the gold include safe-haven demand driven by trade concerns and geopolitical risks. Analysts expect gold to continue climbing, with some predicting it could reach $3,500 an ounce.
- Oil prices rose for the second consecutive week, with Brent crude settling at $72.16 and WTI at $68.28, marking their biggest gains since January. The increase was fueled by tighter supply expectations, driven mainly by new U.S. sanctions on Iran, which are likely to tighten supply further.
- The euro has been almost flat this week, following a strong two-week rally driven by Germany's spending plans.

Indicators	14-Mar-25	21-Mar-25	% Change
S&P 500	5,638.94	5,667.56	0.51%
Bitcoin	83,969.10	84,043.24	0.09%
Gold	2,984.42	3,023.63	1.31%
Crude Oil	70.58	72.16	2.24%
EUR/USD	1.0856	1.0857	0.01%

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