+357 96 030922
info@marketpublishers.com

Saudi Arabia Business Forecast Report Q2 2014

https://marketpublishers.com/r/SC299AA34EDEN.html
Date: February 2014
Pages: 53
Price: US$ 1,195.00 (Single User License)
ID: SC299AA34EDEN

Abstracts

Includes 3 FREE quarterly updates

Core Views

Continued heavy spending on the part of the government indicates its ongoing concerns about the need to shore up key bases of support given the persistent threat of public unrest. While we maintain that large-scale protests are unlikely to occur in Saudi Arabia, large youth unemployment, coupled with a lack of political liberties, mean that tensions will continue to linger. N on-hydrocarbon growth in Saudi Arabia will remain buoyant over 2014, spurred by sustained domestic demand and the government's ongoing infrastructure spending. We retain our forecast for overall real GDP growth of 4.3% this year (moderating to 3.3% by 2015), but caution that risks are tilted to the downside. An uncertain outlook for the oil sector and disruptions linked to the government's 'Saudisation' policy could put pressure on headline growth over the coming quarters.

Although balance of payments stability in Saudi Arabia is unlikely to come under any pressure in the foreseeable future, we expect the current account surplus to shrink substantially in the years ahead, falling from 23.5% of GDP in 2012 to 9.7% of GDP by 2018. Developments in Egypt, Syria and Iran have disrupted relations between Saudi Arabia and its traditional ally, the United States. Although we expect the alliance to remain firm over the coming years, we note that Riyadh's foreign policy risks have increased, with the prospect of a US-Iran détente presenting a particular quandary to Saudi policymakers.

Key Risks To Outlook

The government's recent intensification of workforce nationalisation efforts (under a programme known as 'Saudisation') poses a downside risk to the economic outlook. We

+357 96 030922
info@marketpublishers.com

expecTheightened 'Saudisation' measures to add to the costs for the private sector over the coming quarters, leading to an increase in project delays and a more difficult business environment overall.

A sharper-than-expected downturn in the global economy, if it was to translate into a substantial decline in oil prices, would pose significant downside risks to our forecasts for Saudi Arabia's fiscal and current account position, though it remains highly unlikely that either account will fall into the red in the near term. We expect inflation to remain relatively subdued in 2014, albeit reaching high levels relative to the rest of the region. However, we highlight that a prolonged period of robust growth, coupled with loose fiscal and monetary policy, poses a medium-term inflation risk, and could begin to spur more rapid price rises in the coming years.

+357 96 030922
info@marketpublishers.com

Contents

+357 96 030922
info@marketpublishers.com

spending growth to reach its weakest level since 2002. We forecast a budget surplus of 4.1% of GDP in 2014, from 7.4% in 2013.

Table: GOVERNMENT BUDGET

Table: COMPOSITION OF 2014 BUDGET

Table: FISCAL POLICY

Labour Market

Saudisation, A Year On

A year after the government scaled up its workforce nationalisation programme, the long-term effectiveness of the 'Saudisation' policy remains in doubt. We expect disruptions to continue in several sectors of the economy over the near term before moderating by the end of 2014. However, tangible improvements in private sector enrolment among nationals will develop slowly as domestic criticism of the 'Saudisation' policy increases.

Key Sector Outlook

New Tourist Visa Provides Opportunities

Saudi Arabia's relaxation of visa restrictions on overseas visitors in December 2013 marks a significant step forward in the country's tourism ambitions. The authorities' move to create a tourist visa for religious visitors and extend their stays could provide a strong boost to tourism receipts, underpinning our largely positive outlook on the industry.

Regional Outlook

GCC Subsidies: Change At Last? the increasing willingness of officials from the Gulf Cooperation Council to publicly criticise the region's long-established subsidy schemes represents a change in rhetoric, yet we note that few policy changes have so far been announced. Domestic political tensions will continue delaying the passage of reforms affecting nationals over the coming years, although the provision of subsidies to expatriate workers faces a more limited future. We believe reform will proceed first in Bahrain and Oman given their more precarious fiscal positions.

Table: MENA TOURISM RISK/REWARD RATINGS   Table

Table: GCC – A CHANGING MENTALITY?

Table: GCC – INCENTIVES AND ROADBLOCKS TO SUBSIDY REFORM

Regional Banking Sector Outlook

Islamic Banking: New Markets To Emerge

We expect 2014 to be a key year for the global Islamic finance industry as several new markets come to the fore. It has been our longheld view that rather than becoming an integrated global financial system, Islamic banking will see the creation of regional hubs. Even with this slightly fragmented outlook, we still expect significant growth for the sector. That said, we think the impact of low base effects is beginning to wear off, and we expect to see lower growth rates in the coming years.

+357 96 030922
info@marketpublishers.com

Table: Islamic Bonds & Loans (2013)

CHAPTER 3: 10-YEAR FORECAST

the Saudi Arabian Economy To 2023

Politics Main Risk To Long-Term Outlook

Assuming the survival of the current form of government into the medium term, we see ongoing strong growth and asset accumulation via real expansion in investment and exports amid relatively high oil prices.

Table: Long-Term Macroeconomic Forecasts

CHAPTER 4: BUSINESS ENVIRONMENT

SWOT Analysis

BMI Business Environment Risk Ratings

Business Environment Outlook institutions

Table: BMI Business And Operation Risk Ratings

Table: BMI Legal Framework Rating infrastructure

Market Orientation

Table: Labour Force Quality

Table: MENA – Annual FDI Inflows

Operational Risk

Table: Trade And Investment Ratings

Table: Top Export Destinations

CHAPTER 5: KEY SECTORS

Autos

Table: Auto Sales, 2011-2017

Food & Drink

Table: Food Consumption Indicators, 2010-2017

Table: Soft Drinks Value/Volume Sales, 2010-2017

Other Key Sectors

Table: Oil & Gas Sector Key Indicators

Table: Pharma Sector Key Indicators

Table: Defence & Security Sector Key Indicators

Table: Telecoms Sector Key Indicators

Table: Infrastructure Sector Key Indicators

Table: Freight Key Indicators

+357 96 030922
info@marketpublishers.com

CHAPTER 6: BMI GLOBAL ASSUMPTIONS

+357 96 030922
info@marketpublishers.com

I would like to order

Product name: Saudi Arabia Business Forecast Report Q2 2014

Product link: https://marketpublishers.com/r/SC299AA34EDEN.html

Price: US$ 1,195.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:

info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page https://marketpublishers.com/r/SC299AA34EDEN.html