

Economy Watch: Gulf Economies in 2021

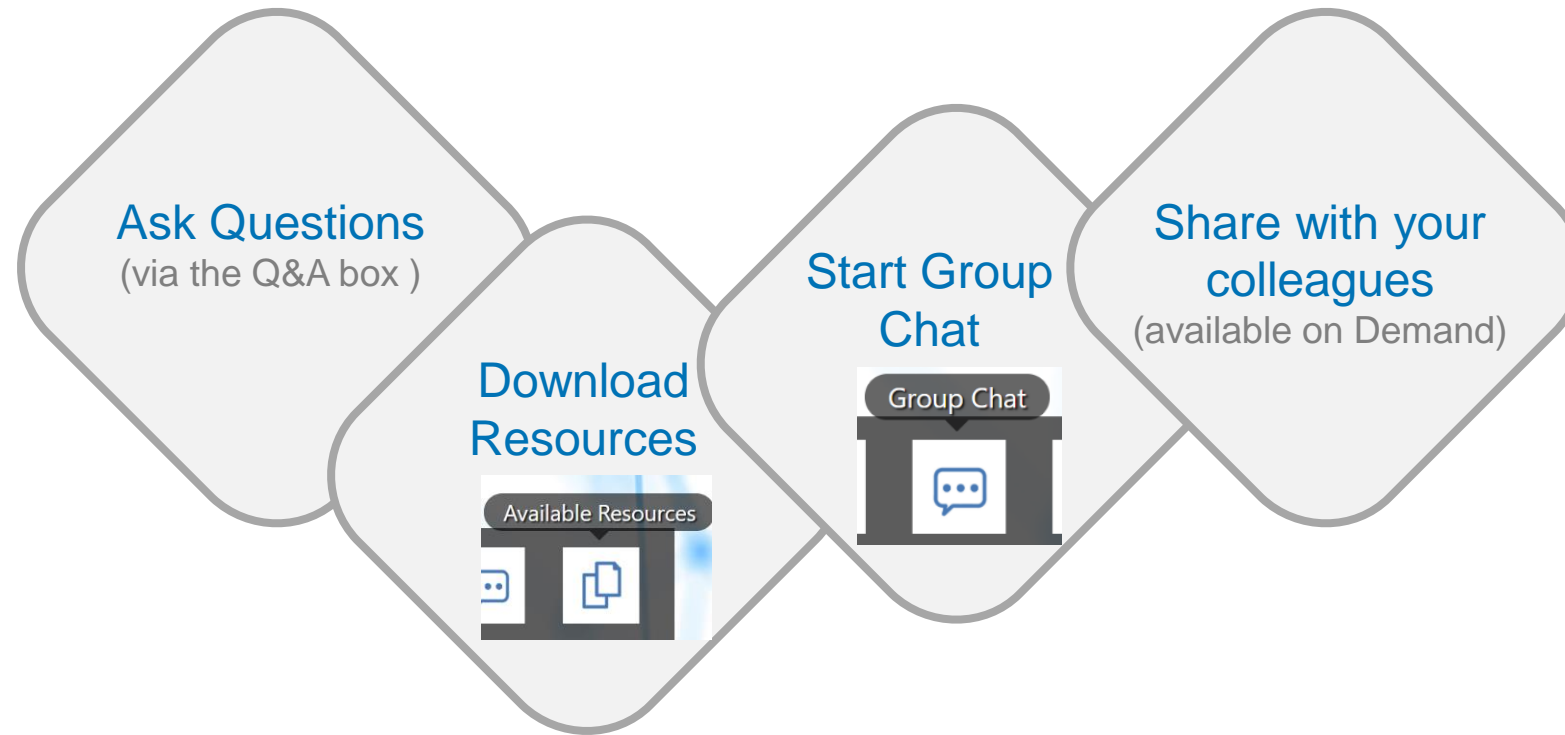
- January 6, 2021

SPECIAL WEBCAST

Urgent and
timely issues



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Panelists:



Hiba Itani (Moderator)

Senior Economist
The Conference Board

Hiba Itani is a Senior Economist with The Conference Board Gulf Center for Economics and Business Research. Hiba is a professional economist with over 14 years of experience in banking and economics with deep knowledge of the Kuwaiti and gulf economies, oil markets, real estate, and retail sectors....[Full Bio](#)



Klaas de Vries

Economist
The Conference Board

Klaas de Vries is an economist with The Conference Board. He closely follows developments in the global economy and researches the structural drivers of global growth and competitiveness relating to productivity and trade. He develops and maintains several large-scale growth and productivity data...[Full Bio](#)



Ilaria Maselli (Moderator)

Senior Economist
The Conference Board

Ilaria Maselli has been the senior economist for Europe at The Conference Board since March 2016. Maselli monitors the monthly business cycle of the European economy and contributes analysis to *The Conference Board Global Economic Outlook*. She also contributes to in-dept...[Full Bio](#)

In this webcast

- How do CEOs see the economy right now?
- What are the Gulf region's prospects for growth in 2021?
- To what extent does that depend on oil prices? How much will this influence fiscal policy?
- Specificities of the Gulf economy: large foreign presence in labor market, importance of remittances
- Long-term opportunities and global context

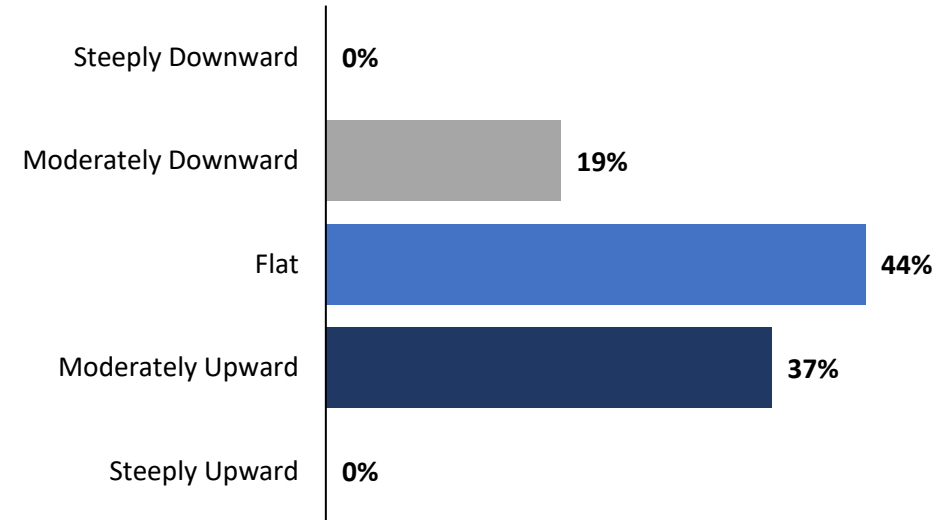


Poll question

- How do you see the trajectory of oil prices during the next 6 months compared to now?
 - ✓ Steeply downward
 - ✓ Moderately downward
 - ✓ Flat
 - ✓ Moderately upward
 - ✓ Steeply upward

CEO Confidence Index for the Gulf reveals cautious optimism

Almost half of the CEOs in the Gulf see the trajectory of oil prices as flat during the next 6 months compared to now



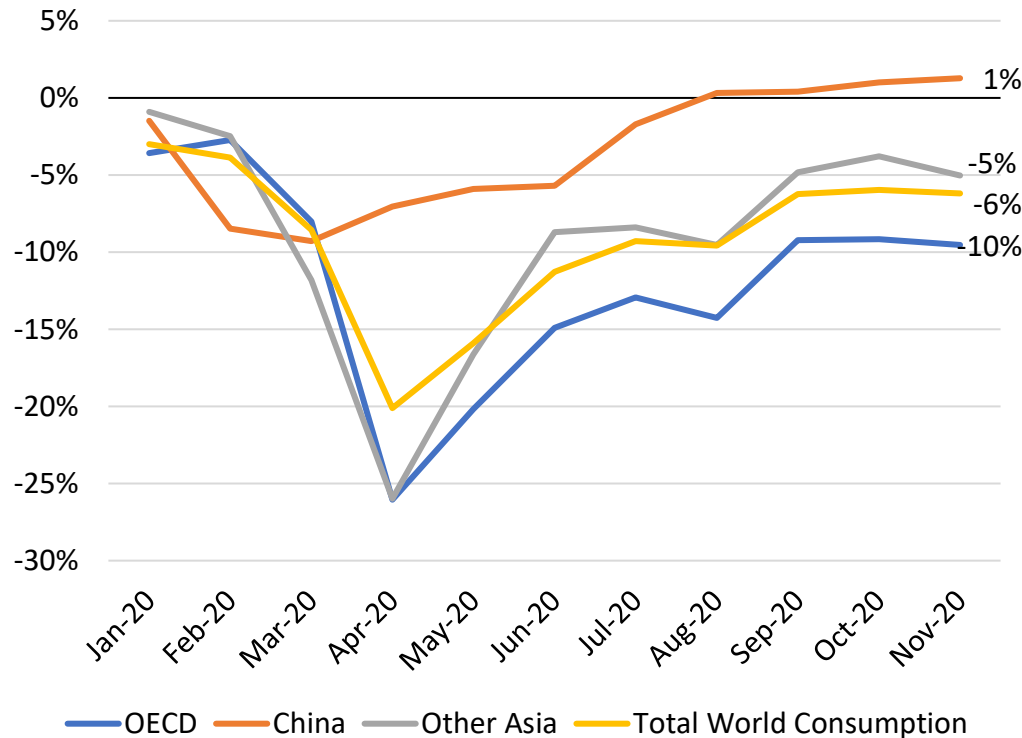
CEO overall confidence at 51, indicating a moderate CEO confidence in the economy. This is notably lower than EU measure of 61.



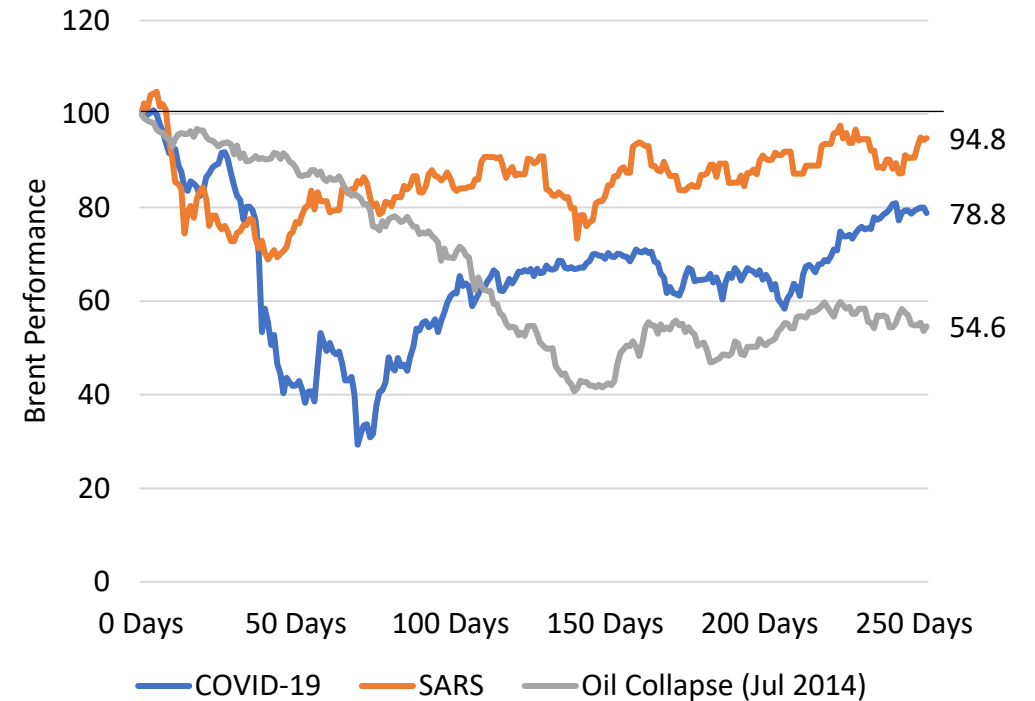
Source: The Conference Board Measure of CEO Confidence™ for the Gulf region

Oil demand recovery will continue to dictate oil price trajectory in 2021

Regional Oil Demand growth (% y/y)

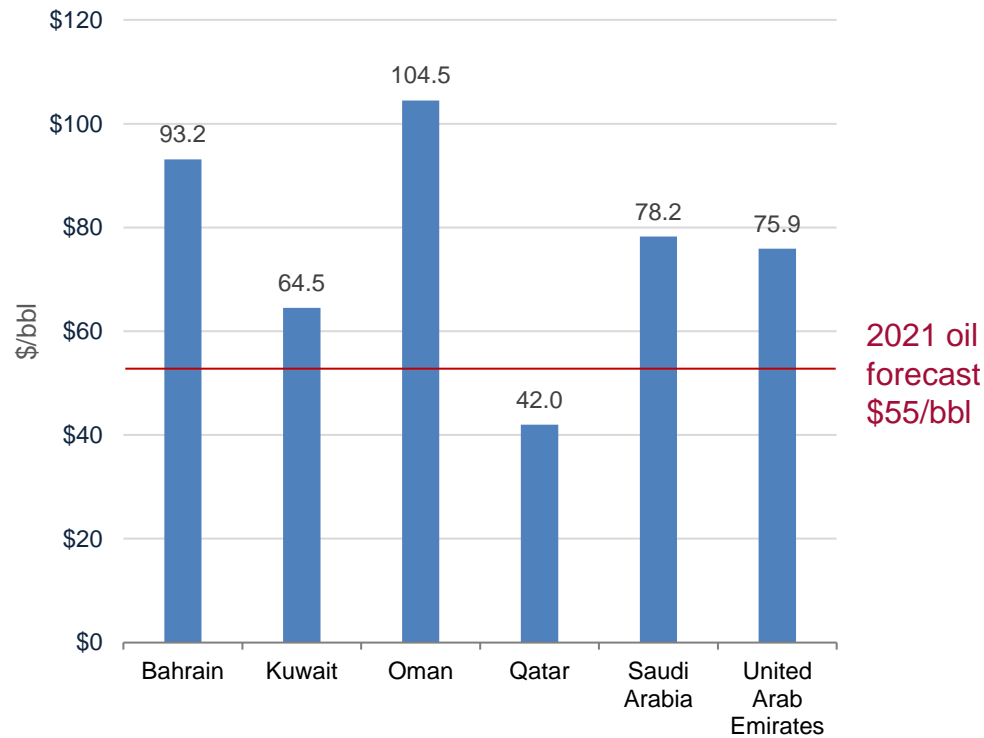


Brent: Post-Crisis Movement
Comparing Coronavirus' Impact on Brent with Past Shocks



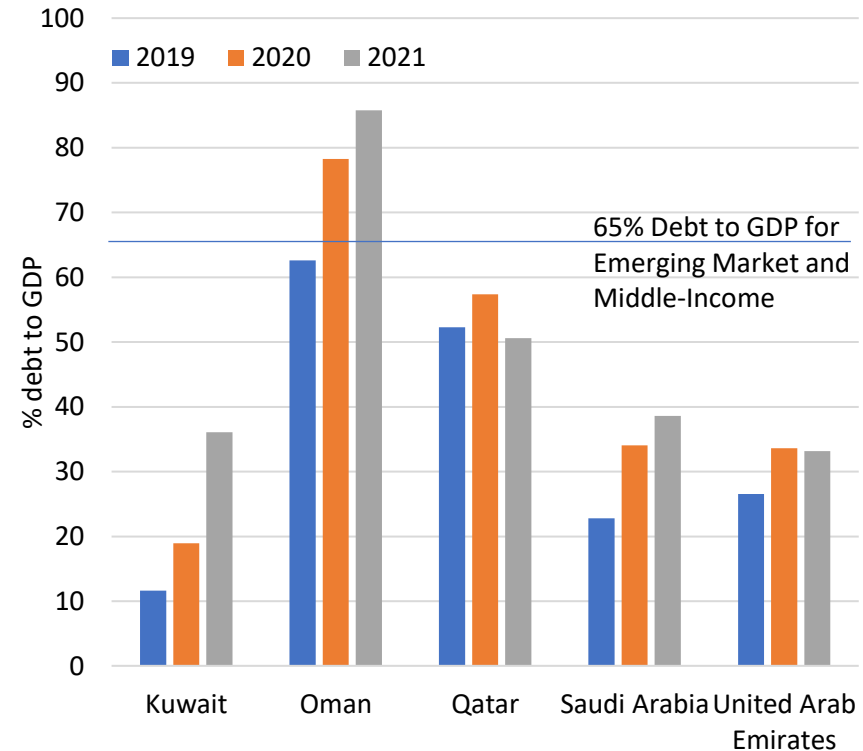
Depleted oil revenues and deepened budget deficits resulted in soaring debt levels and high fiscal breakeven oil prices

Fiscal Breakeven Oil Price (\$/bbl)



Source: IMF

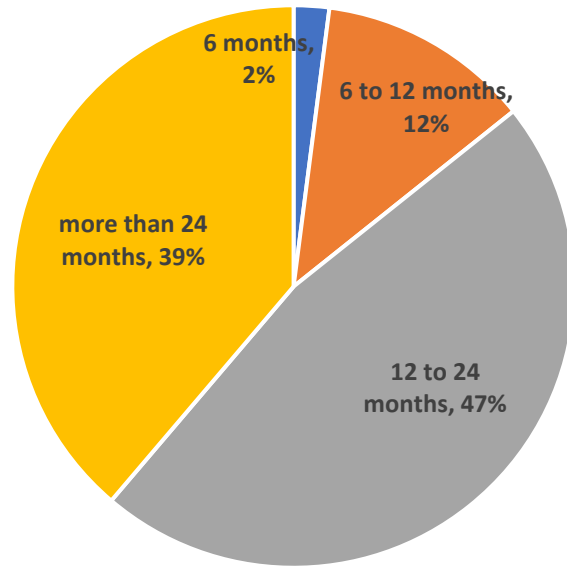
Gross Debt Position (% of GDP)



Source: IMF

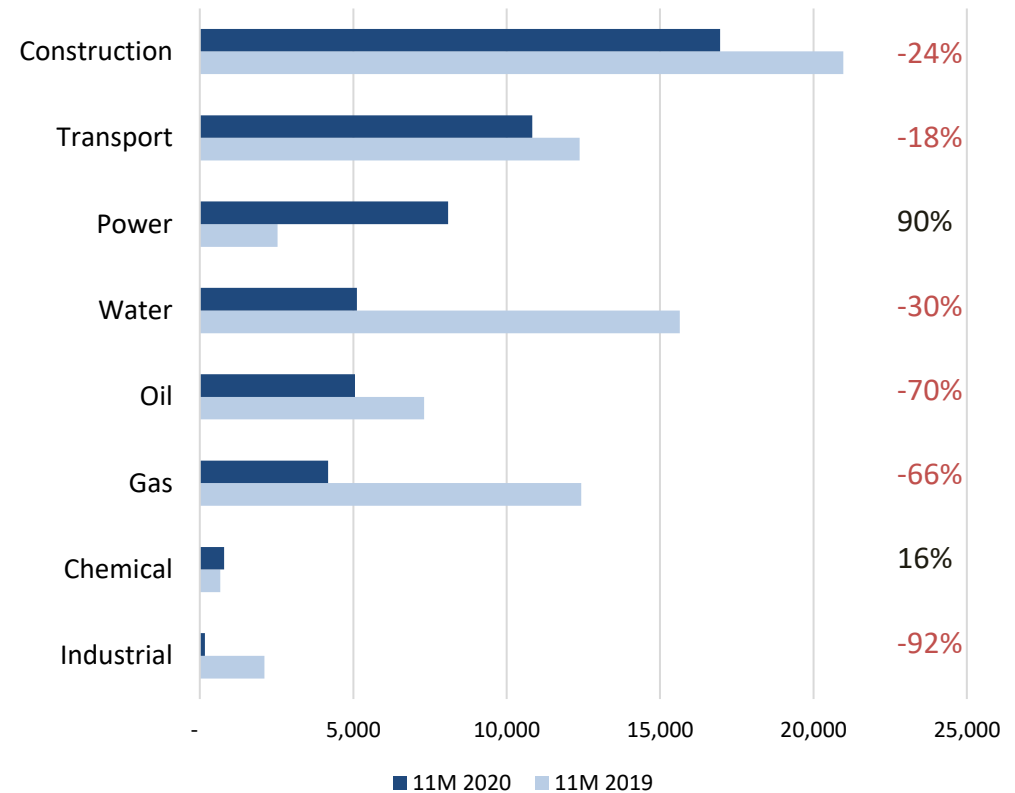
Gulf governments defer nonessential projects

Given the dual shock faced by the Gulf economies do you think the government will go back to its pre-crisis spending levels within the next

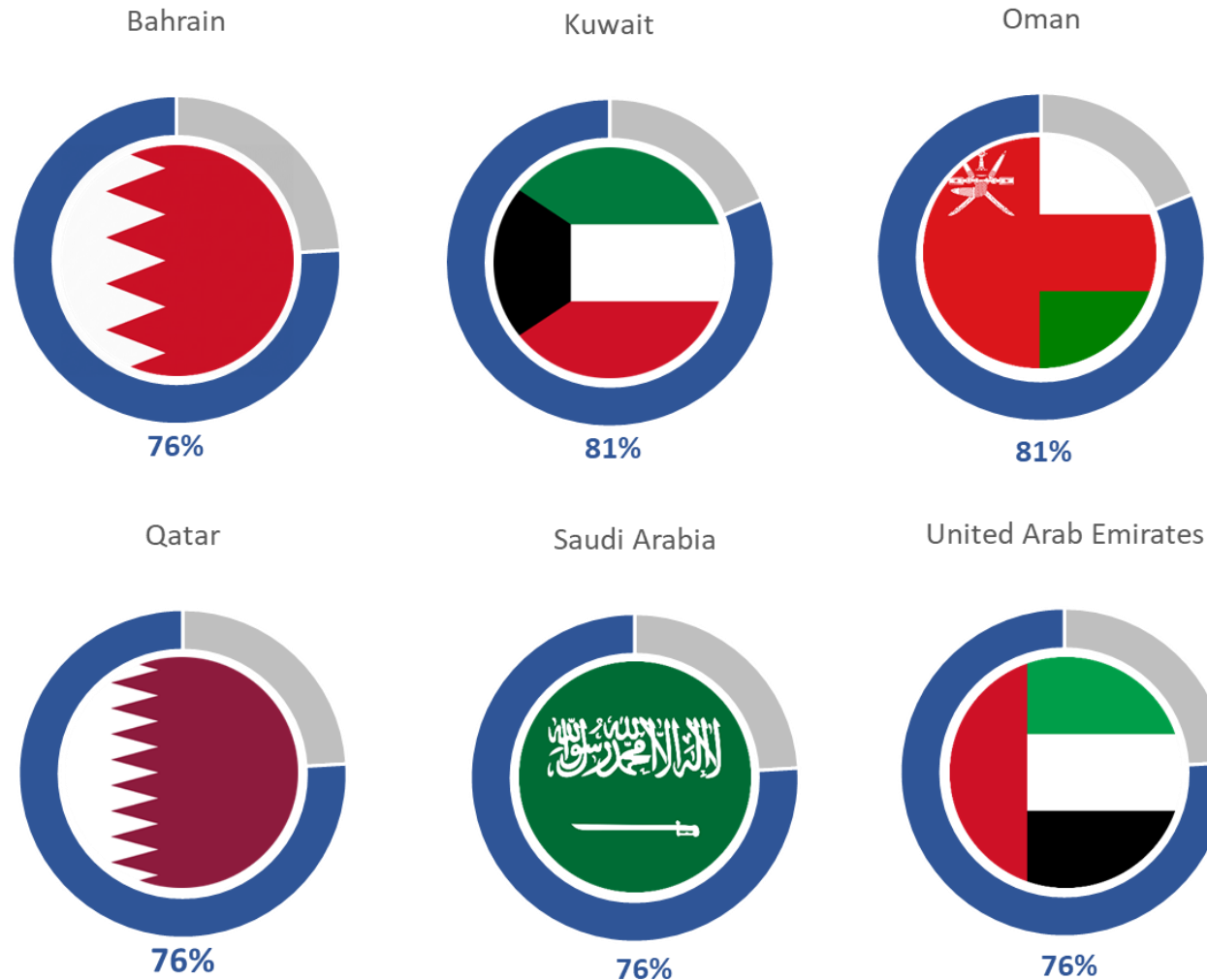


Source: MEED

Gulf contracts awarded by sector (\$Mn)

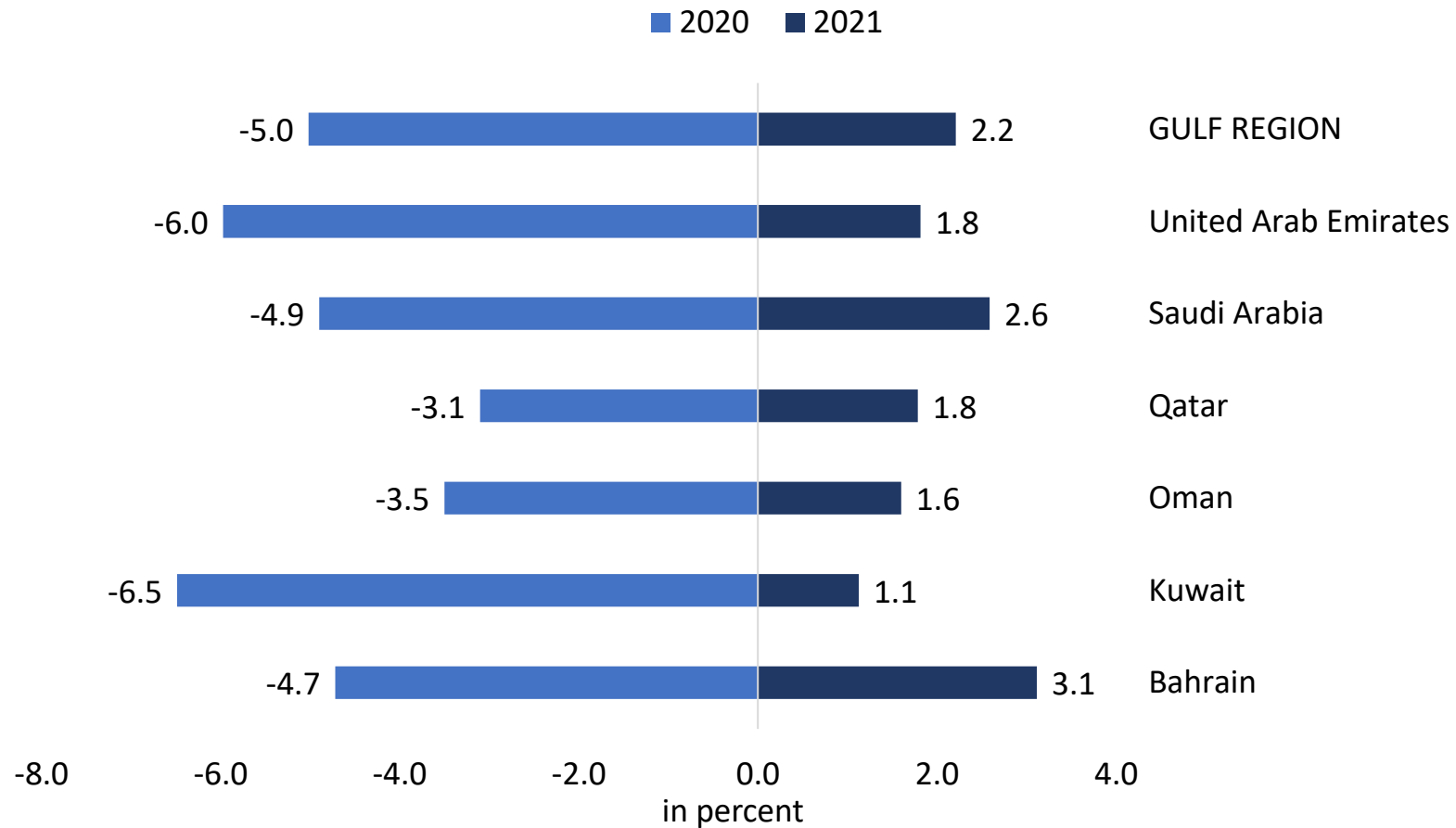


Exodus of expatriate labor force expected along with a decline in remittances from the region



Source: National Sources

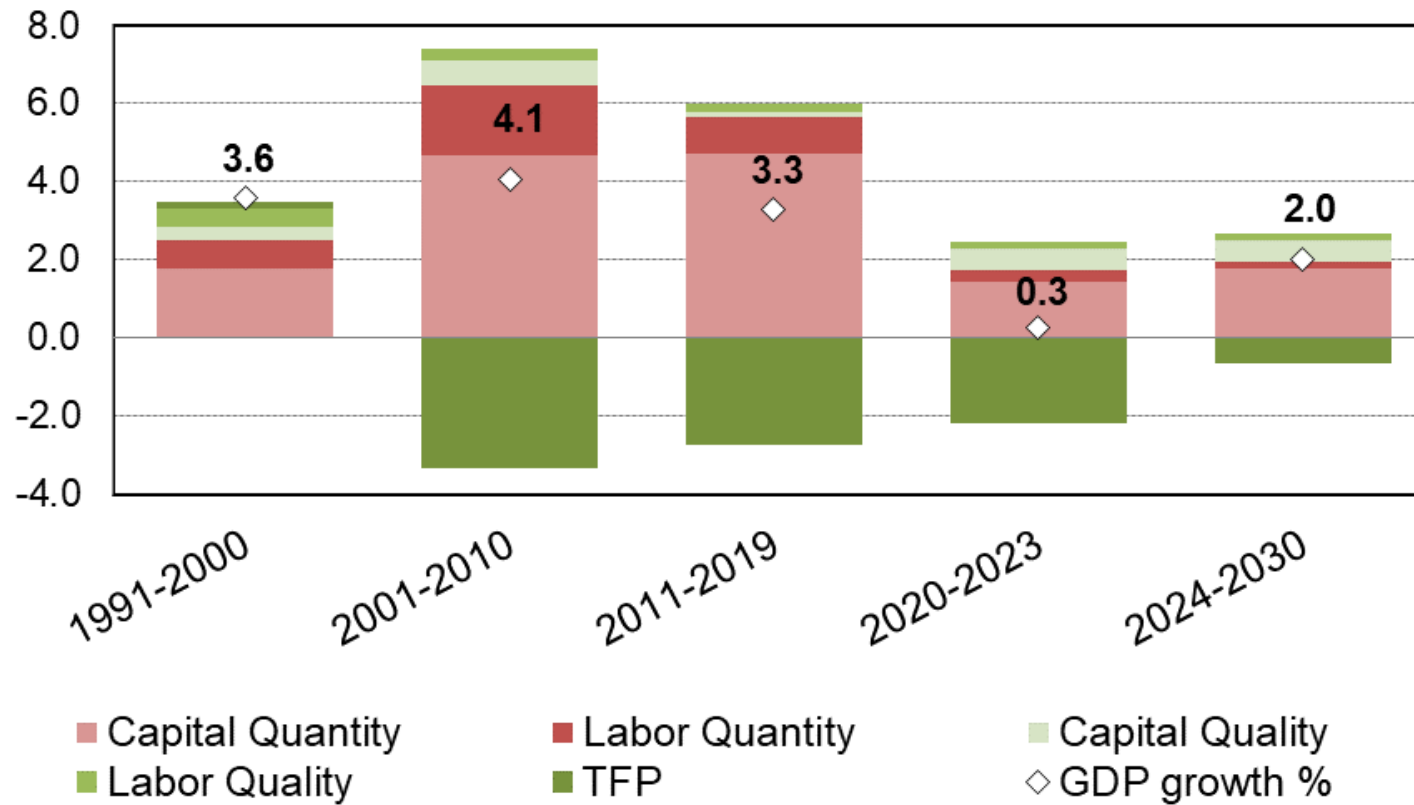
Sharp contraction in the Gulf countries' economies in 2021 as a result of the oil supply and COVID-19 demand shocks



Source: The Conference Board

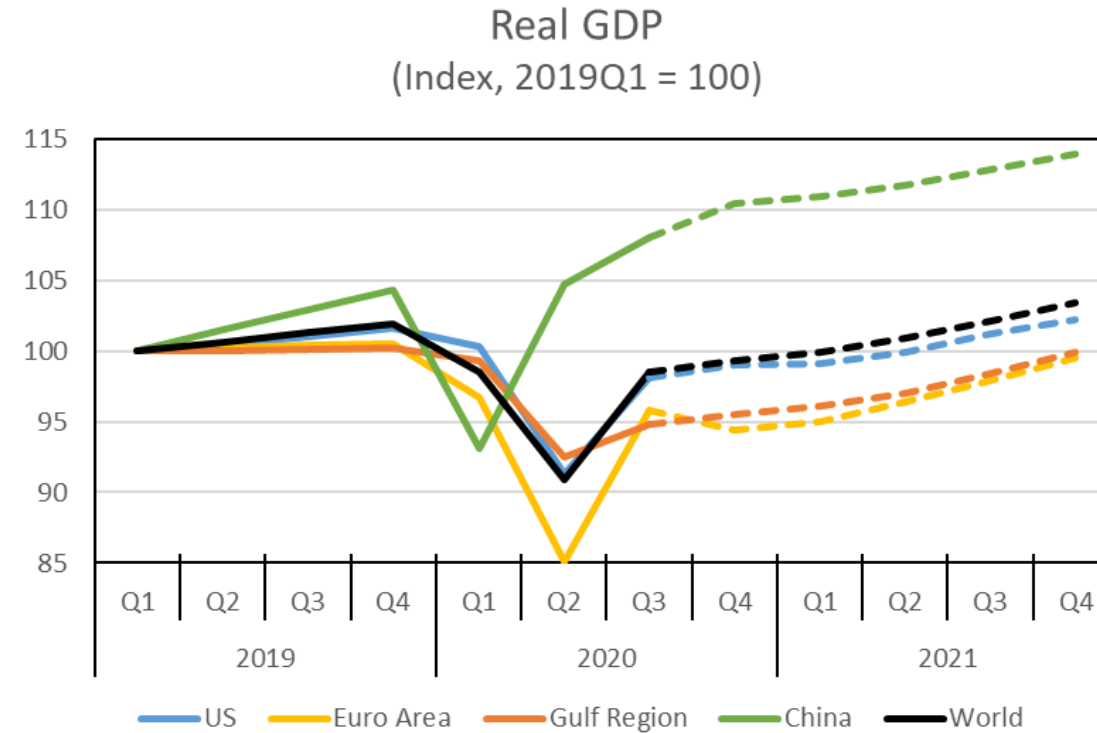
Acceleration in digital transformation and capital to drive the Gulf region's growth in 2020s

Gulf Region



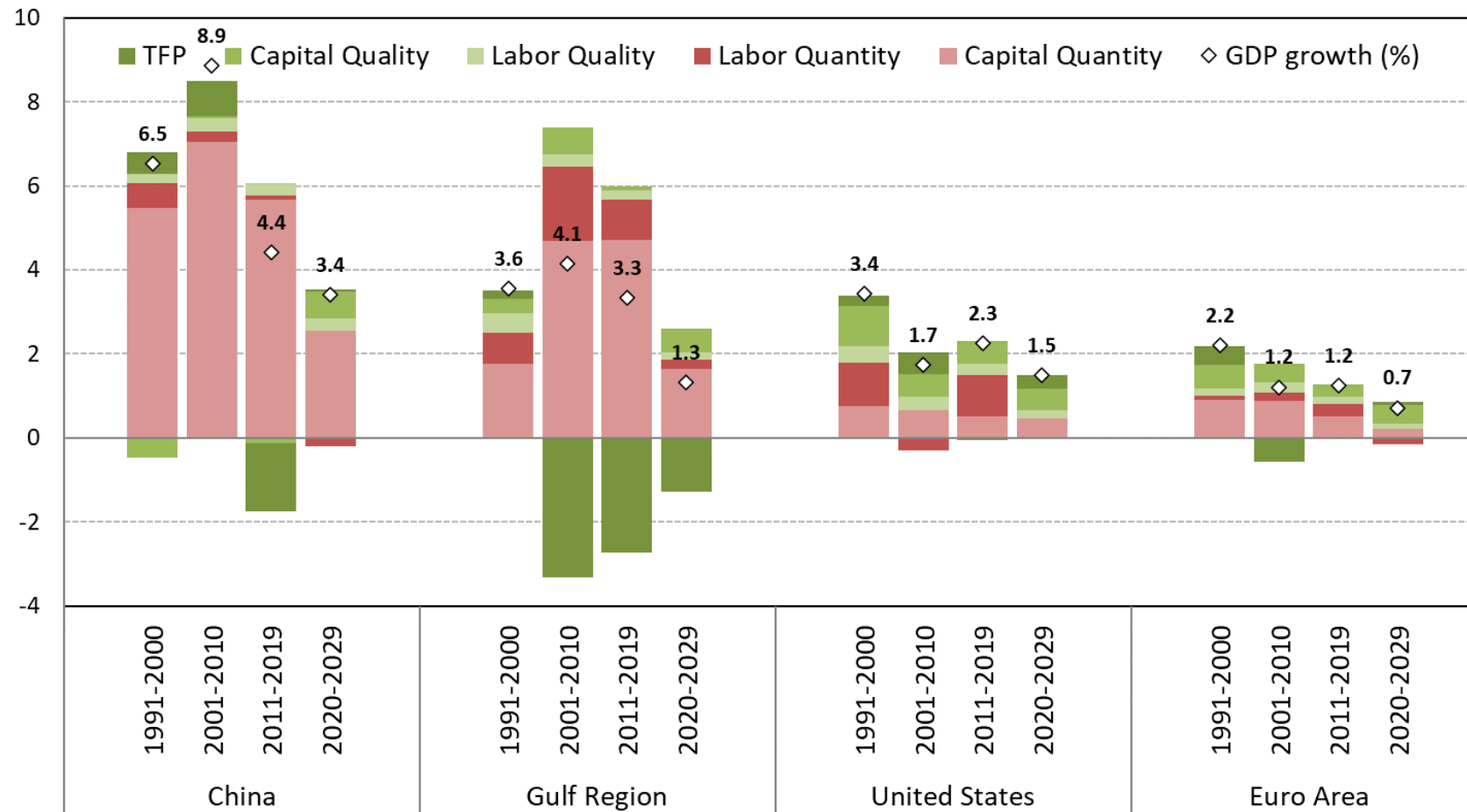
Source: The Conference Board

No V-shaped recovery expected for the Gulf economies



Source: The Conference Board Global Economic Outlook 2021 (December 2020 update)

Growth in the next decade in the Gulf is projected to be similar to the US



Source: The Conference Board Global Economic Outlook 2021

Additional Resources

- <https://www.conference-board.org/topics/global-economic-outlook/>
- Monthly updates
- Full suite of reports





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