2024 Outlook

Research | 12 January 2024

Highlights

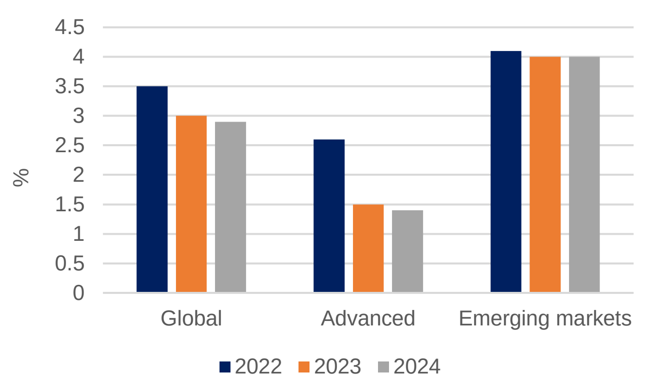
- Despite their better-than-expected performance in 2023, many of the world's major economies appear likely to experience lackluster growth in 2024, amid still tight monetary policy and inflation rates that, while slowing, remain above target. Projections from the IMF point to a marginal slowdown in global growth, falling from a forecast of 3.0% in 2023 to 2.9% in 2024. Within that, advanced economies are forecast to fare poorly with an expected expansion of just 1.4% in 2024. While emerging markets, underpinned by solid growth in India, are projected to perform better, with growth of 4.0% expected in both 2023 and 2024.
- Headline inflation rates in advanced economies should continue to move lower, but central banks will, however, remain wary of cutting rates too early. We expect that the FOMC will be the first to move, and forecast three 25bps cuts from mid-2024, taking the upper bound to 4.75% at year-end. We also expect 75bps worth of cuts from the ECB, starting in the second half of 2024. We anticipate that the BoE will, similarly, be in a position to start easing in the latter part of 2024, with two 25bps cuts by end 2024.
- Oil markets will record a modest surplus on average in 2024 as demand growth slows from a very strong 2023. Supply growth will be led by countries outside of the OPEC+ framework while some members of the producers' alliance have agreed to deeper cuts in Q1. We expect Brent prices at an average of about USD 83/b in 2024, roughly where they were in 2023.
- The GCC was not immune to the weaker global backdrop, with headline GDP estimated at just 0.5% in 2023 from 7.6% in 2022. However, this largely reflected significant cuts to oil production over the course of last year, particularly from Saudi Arabia, and non-oil growth was much more resilient at 3.7% for the region in 2023 (on a nominal GDP weighted basis), down from 5.3% in 2022.
- Population growth helped to support consumption growth across the GCC in 2023, as economic and visa reforms drew expatriate workers to the region. We expect this trend to continue in 2024, albeit at a slower pace. Government investment spending was also a key driver of growth as is expected to continue this year as the region looks to meet ambitious development and economic diversification targets by the end of the decade. We forecast non-oil growth of 3.6% on average across the GCC in 2024. Extended oil production cuts will weigh on headline GDP growth however, with the latter forecast at 1.5% this year.
- Conditions appear favouable for GCC credit in 2024 as monetary policy begins to ease from mid-way through the year. Smaller surpluses or modest fiscal deficits among sovereigns should mean a healthy pattern of issuance in 2024. One risk for the GCC remains the relatively tight spreads in its credit markets thanks to generally higher credit rating than among many emerging market peers.

Global Macro Outlook

The global economy appears to be in much better shape than had been expected at the beginning of 2023, with inflation moderating and most large economies having avoided recessions thus far. Nonetheless, many of the world's major economies are likely to experience lackluster growth in 2024, amid still tight monetary policy and inflation rates that, while slowing, remain above target.

In its October World Economic Outlook, the IMF projected a marginal slowdown in global growth, falling from a forecast of 3.0% in 2023 to 2.9% in 2024. Within that, advanced economies are forecast to fare poorly with an expected expansion of just 1.5% in 2023, falling to 1.4% in 2024. While emerging markets are projected to perform better, with growth of 4.0% expected in both 2023 and 2024, much of this rests on the performance of the Indian economy.

Global GDP growth slowing (% y/y)



Source: IMF WEO, Emirates NBD Research

Central bank focus will shift to the timing of interest rate cuts

Inflation is likely to remain in focus in 2024, although the question for central banks will now be when to start cutting interest rates rather than whether they are sufficiently high. Recent months have seen sharp reductions in both headline and core price growth across major economies. In the US, headline inflation slowed from a multi-decade peak of 9.1% y/y in mid-2022 to 3.4% y/y in December. The Fed's target measure, core PCE inflation, has also fallen materially, dropping to 3.2% y/y in November after starting the year at 4.9%.

Although Eurozone inflation picked up at the end of the 2023, rising to 2.9% y/y in December, it has nonetheless come off a peak of 10.6% in late 2022. And a similar story had played out in the United Kingdom, with headline inflation falling to 3.9% y/y in November after starting 2023 at 10.1%. Core inflation in the UK has also fallen but remained relatively high at 5.1% y/y in November.

With tighter policy starting to feed through to stickier components of the basket, headline inflation rates should continue to move lower. Central banks will, however, remain wary of cutting rates too early, and while our view remains that any further rate hikes from the majors are unlikely, the language will likely remain fairly equivocal through the start of the year.

We expect that the FOMC will be the first to move, and forecast three 25bps cuts from mid-2024, taking the upper bound to 4.75% at year-end, consistent with the FOMC's own dot plot. This is currently less of a loosening than implied by financial markets, which are pricing in almost six 25bp cuts by year-end. We also expect 75bps worth of cuts from the ECB, starting in the second half of 2024. We anticipate that the BoE will, similarly, be in a position to start easing in the latter part of 2024, with two 25bps cuts by end 2024.

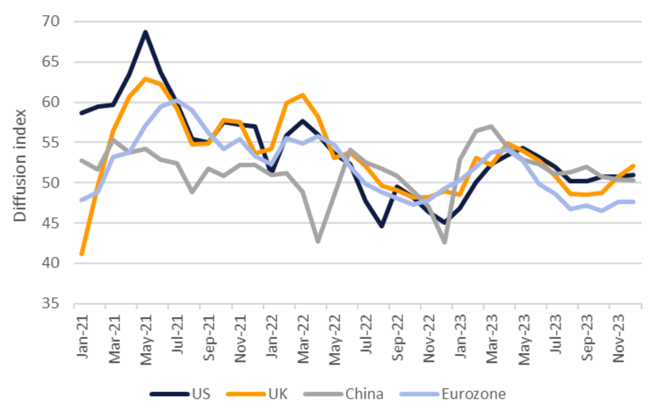
Rate hikes are beginning to bite

Although it increasingly appears as though the Fed has done the impossible by engineering a soft-landing, there are signs that aggressive monetary tightening is beginning to have an impact. There are growing, if still tentative, signs of some cooling in the US labour market. The three-month moving average of nonfarm payrolls has been on a gradual downward trajectory for much the past 2 years, falling to 165k in December from 284k at the end of 2022.

Other recent indicators, such as job openings and the quits rate are also indicative of a marginal slowdown in the US labour market. The composite PMI reading, which act as a barometer of activity in the non-oil private sector, has hovered just above the neutral-50 mark since August, while the manufacturing PMI reading has been in contractionary territory for much of the year. And household spending, which has supported GDP growth in recent quarters, is expected to fall off as household begin to deplete savings buffers built up during Covid. The Fed expects growth to fall to just 1.4% in 2024, from an estimated growth rate of 2.6% in 2023.

The UK and Eurozone economies have both flirted with the prospect of a technical recession for much of 2023. In the Eurozone, in particular, composite PMI readings have declined markedly, moving into contractionary territory from June onwards, suggesting growth in the final months of the year will remain anemic. The consensus expectation is for growth of 0.5% and 0.6%, in 2023 and 2024 respectively.

Key global composite PMI surveys



Source: Bloomberg, Emirates NBD Research

Emerging economies will outpace DMs this year

A far brighter outlook is expected for emerging markets than advanced economies in 2024, with the IMF forecasting a 4% expansion. Much of this growth is expected to come from India, with growth of 6.3% expected in 2024. As with last year, China may also prove to be a key variable, with the outlook remaining weak by historical standards, barring a large increase in monetary or fiscal policy stimulus, amid weak demand and an unstable property market.

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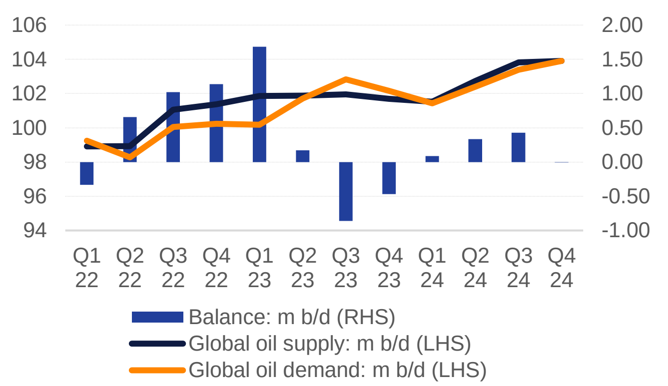
Oil: Prices are likely to linger

The global economy looks set to tread water in 2024 as recovery in China cools and developed economies contend with the effects of high interest rates. That disappointing outlook for global growth is weighing on the outlook for oil demand after a strong 2023 when consumption was helped by the return of China from its stringent Covid-19 restrictions. Oil demand projections from the IEA are for a substantial slowdown in consumption growth to just 1.06m b/d in 2024 from demand growth of almost 2.3m b/d in 2023. Unlike in 2023 when China's reopening helped to lift oil consumption, there will be no clear standout country supporting oil demand in 2024 as most economies endure the impact of tighter monetary policy and elevated overall price levels, even if the pace of inflation is cooling.

The IEA outlook for demand still stands in sharp contrast with OPEC which projects another strong year in 2024. The producers' alliance estimates that global oil demand will grow by 2.3m b/d, expecting an acceleration in OECD demand. Slower economic activity across developed markets will limit investment and industrial appetite, weighing on oil consumption. A "soft landing" in many markets may dampen the slowdown somewhat but oil demand accelerating while economic output slows appears incongruous.

Oil market balances in 2024



Source: IEA, Emirates NBD Research.

Even as OPEC itself had been consistently forecasting another year of robust oil demand growth for 2024, several members of OPEC+ outlined further voluntary production cuts for Q1 2024. In total, the cuts amount to about 2.2m b/d though that includes 1m b/d of output restraint from Saudi Arabia which it has maintained since July 2023 and 500k b/d of production and export curbs from Russia. The new volumes to be cut are shared amongst Iraq (223k b/d), the UAE (163k b/d), Kuwait (135k b/d), Kazakhstan (82k b/d) along with smaller adjustments from other members of the OPEC+ grouping. Along with these cuts, new quotas were announced for several members with Angola allocated a lower target for 2024.

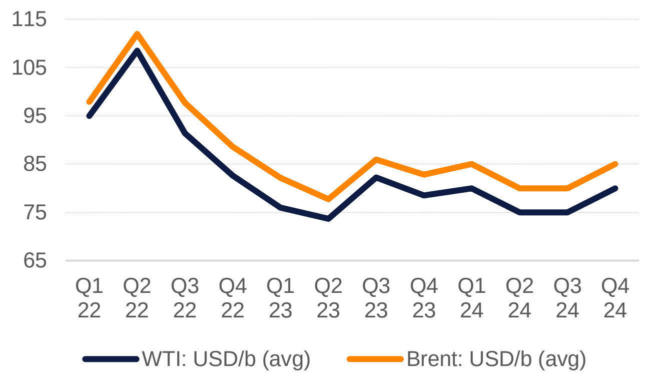
OPEC+ production cuts during the pandemic helped to bring oil markets closer to balance but as prices have recovered thanks to higher demand the argument of using cuts to reduce volatility seems to be losing credibility. OPEC's own assessment of strongly rising oil demand would seem to work against the plan to cut production unless it is solely an attempt to support oil prices. After the cuts were announced at the end of November several oil ministers from OPEC+ noted they could be extended beyond Q1 as oil prices dropped substantially over the following sessions.

The effectiveness of OPEC+ cuts in supporting prices is waning and with no enforcement mechanism for over-producers, markets have cast serious doubt on how meaningful the voluntary cuts will be. The main beneficiary of the cuts actually seems to be non-OPEC+ members who aren't bound by any production restraints and who will still reap the benefit of rising oil prices: both the IEA and OPEC estimate that US oil supply will expand by about 600k b/d in 2024.

Were the voluntary cuts to be implemented in full for Q1 then oil markets would remain in a modest deficit of about 500k b/d. But after that a substantial volume of OPEC+ oil would be returned to markets—including Saudi Arabia's 1m b/d lollipop—that would likely overwhelm markets and lead to stockbuilds. As non-OPEC+ supply is set for further increases in 2024, output from key producers like Saudi Arabia, the UAE or Iraq will only be able to come back into the market tentatively which may fuel further frustrations with the OPEC+ framework.

With some compliance with the Q1 voluntary cuts, oil markets will likely be close to balanced in Q1. For the rest of the year we expect to see markets slightly over-supplied as OPEC+ and non-OPEC+ supply flows to market amid slower demand growth than in 2023.

Emirates NBD Research oil assumptions



Source: Bloomberg, Emirates NBD Research.

An oversupplied market, even if only modestly so, will be a headwind to prices for 2024 and we now expect them to trade with a much flatter trajectory. For 2024 we now target an average Brent price of USD 82.50/b, moving from USD 85/b in Q1 to USD 80/b for Q2-Q3 before returning to USD 85/b in the final months of the year. For WTI the trajectory will be similar but at a shallower base and we target an average of USD 76/b for 2024. Slowing demand growth and an oversupplied market will likely mean a consistent contango structure in both markets.

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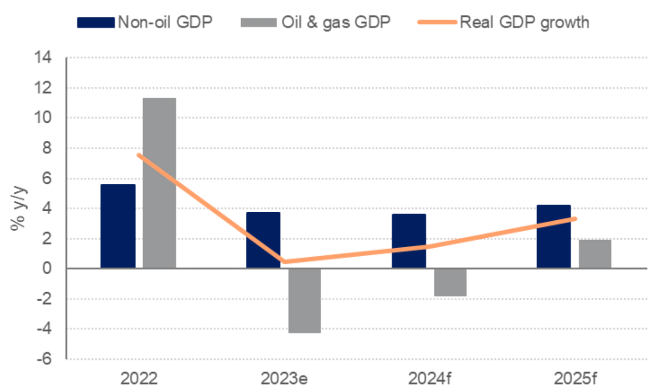
GCC: More of the same in 2024

Global growth slowed in 2023 off the post-pandemic rebound of 2022 and central banks continued to tighten monetary policy. The GCC was not immune to this weaker global backdrop, with headline GDP estimated at just 0.5% in 2023 from 7.6% in 2022. However, this largely reflected significant cuts to oil production over the course of last year, particularly from Saudi Arabia, and non-oil growth was much more resilient at 3.7% for the region in 2023, down from 5.3% in 2022.

Average* GCC growth by sector



**Average is weighted by nominal GDP*
Source: Haver Analytics, Emirates NBD Research

Non-oil growth in 2023 was underpinned by looser fiscal policy, with Saudi Arabia and the UAE increasing government spending by an estimated 9.5% y/y and 7.9% y/y respectively, even as budget revenues declined on lower oil prices and production. Population growth likely supported aggregate consumer spending, offsetting the impact of higher interest rates and cost of living pressures, while a continued rebound in tourism also boosted activity in transport and logistics, hospitality and retail sectors.

Investment was likely also a key driver of growth across the region, with both government and private sector investment in strategic sectors and mega projects. Saudi GDP data showed gross fixed capital formation growth

(GFCF) of 6.2% in the year to September, although this was front-loaded in H1 with GFCF contracting on a y/y basis in Q3.

Non-oil growth to remain robust in 2024

In 2024, global growth is expected to slow slightly to 2.9% from 3.0% in 2023 as tight monetary policy continues to weigh on demand and investment, particularly in the first half of the year. This scenario is consistent with softer demand for oil, particularly in the advanced economies, and oil GDP growth in the GCC will remain a drag on headline GDP growth in 2024. We expect oil prices to average USD 82.5/b this year, similar to 2023.

However, we think non-oil growth will remain relatively robust, averaging 3.6% across the GCC in 2024, underpinned by continued investment as oil exporting countries push ahead with ambitious economic diversification programmes. While government expenditure growth will likely be more modest in 2024 than over the last couple of years, we do not expect governments to cut spending or tighten fiscal policy through higher taxes (other than those already announced such as the UAE's corporate income tax, which came into effect in mid-2023).

In addition, economic and social reforms are likely to support continued private sector investment, and growth in the expatriate population particularly in Saudi Arabia and the UAE. Rate cuts from the Fed, expected in H2 2024, should also boost demand for credit and support investment and consumption.

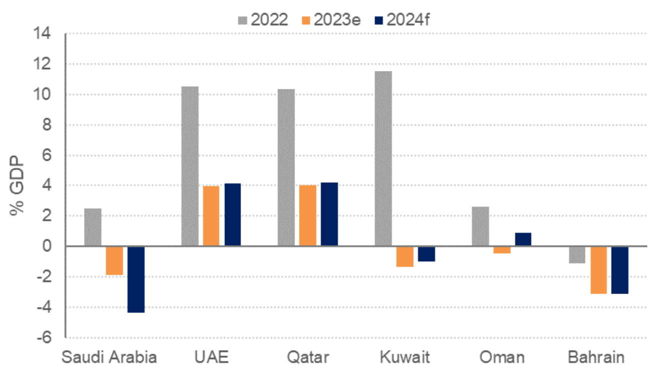
Finally, tourism is expected to remain a key driver of economic growth in the region in 2024 (and beyond), with the return of visitors from China and the growth of the Saudi tourism sector off its relatively low base.

Inflation slowed to an average 2.8% in the GCC (weighted by nominal GDP) from 3.5% in 2022. Lower fuel, food and services inflation were offset in the UAE and Saudi Arabia by rising housing costs. We expect the disinflation trend to continue in 2024, with average CPI inflation for the region forecast at 2.6% this year.

Budget balances set to shrink on average

The budget surpluses enjoyed in 2022 narrowed sharply last year on oil production cuts and lower oil prices, while spending increased. With little rebound in oil revenues expected in 2024, governments will need to rein in spending growth to prevent budget balances shrinking further. We expect Saudi Arabia to run a deficit of -4.3% of GDP this year, up from -1.9% in 2023, as ambitious development plans will require continued investment spending. Bahrain and Kuwait are also likely to run small deficits this year, but Oman, the UAE and Qatar are expected to record surpluses. Overall, sovereign balance sheets in the GCC are much stronger than a few years ago, with lower public debt and healthy FX reserves, which should allow governments to tap capital markets at attractive rates, if needed.

Saudi budget deficit to widen in 2024



Source: Haver Analytics, Emirates NBD Research

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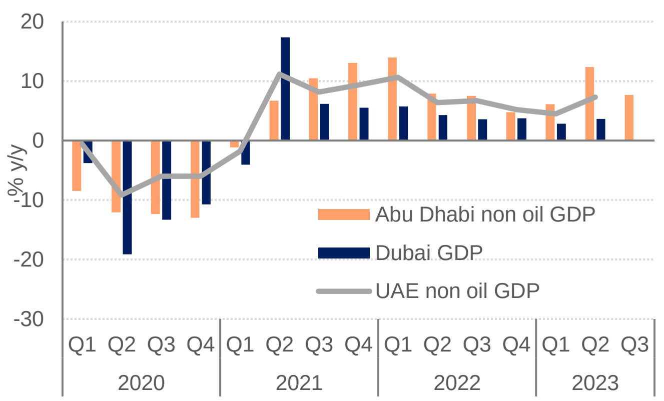
UAE: Non-oil growth to remain robust in 2024

The UAE economy proved remarkably resilient to weaker global growth and higher interest rates in 2023. While GDP growth did slow from the 7.9% recorded in 2022, both oil and non-oil GDP likely came in ahead of our forecasts. We had pencilled in a -2% contraction in oil and gas GDP in 2023, but Bloomberg oil production data shows the UAE produced 3.15mn b/d on average last year, almost unchanged from 2022, so we have revised our estimate for oil and gas GDP growth up to zero in 2023.

Non-oil sector growth came in at 5.9% y/y for the whole UAE in H1 2023, driven by growth of 9.2% y/y in Abu Dhabi's non-oil sectors compared with Dubai's 3.2% first half growth. Preliminary data for Q3 showed non-oil growth in Abu Dhabi slowed only slightly to 7.7% y/y, with average January-September growth of 8.7% in the emirate. PMI data point to an acceleration in activity in Q4 across the UAE, and there is likely upside risk to our 5.0% UAE non-oil GDP growth estimate for 2023. We estimate headline GDP growth of 3.6% last year.

UAE non-oil GDP growth by emirate



Source: Haver Analytics, Emirates NBD Research

There were several factors that contributed to the stronger than expected growth in the UAE's non-oil sectors in 2023, which we think will continue to underpin growth in 2024. Private consumption was likely boosted by population growth across the UAE, as structural reforms to labour and personal laws, new visa options and a low tax regime encouraged new business formation and attracted skilled workers to the UAE. While official population estimates are not yet available for 2023, Dubai's school enrollments grew 12% at the start of the new school year in September 2023, and the number of mobile phone subscribers were up 7% y/y at the end of Q3.

The rebound in tourism also contributed to strong growth last year, as international visitor numbers to Dubai exceeded pre-pandemic levels even without the full return of visitors from China. Hotels across the UAE saw occupancy levels rise to average 75.6% in the year to November from 71.5% in 2022, with no decline in the average daily rate. Abu Dhabi hotels saw a 25% y/y rise in revenue per available room (RevPAR) in the year to November 2023, while Dubai hotels saw RevPAR growth of 4.4% y/y.

Fiscal policy was supportive of economic growth in the UAE last year, with government spending up more than 10% y/y in the year-to-September. However with revenues down -18% over the same period, we estimate the budget surplus for the full year shrank to 4.0% of GDP from over 10% in 2022 (based on Ministry of Finance data). Current spending increased around 8% in the first nine months of 2023, while investment spending in the budget reached almost AED 18bn, up 64% on the first three quarters of 2022.

Indicators on private sector investment are mixed. MEED data points to a slowdown in private sector investment in 2023 on a cashflow basis, likely due to higher borrowing costs. However, FDI data for Dubai is encouraging: total FDI in H1 2023 stood at AED 21.1bn, roughly half the AED 44.7bn in FDI for the full year 2022. Wholly owned greenfield FDI accounted for almost 40% of total FDI into Dubai in H1 2023, creating an estimated 15,875 jobs.

Outlook for 2024

In 2024, we expect non-oil growth to slow only slightly to 4.5% on the back of slower global growth. Continued structural reform to improve the business environment and attract investment is expected to underpin aggregate demand, albeit at a slower pace than in 2023.

Data from MEED projects indicate a significant further increase in government investment spending in 2024, based on estimated cashflows of projects already in execution and announced (but not yet awarded). This will help to offset a forecast slowdown in private sector investment in 2024, although the latter may be revised higher as more projects are announced over the course of this year.

International travel has largely returned to pre-pandemic levels according to data from IATA, and growth in passenger traffic is thus expected to slow in 2024 and beyond, but tourism and hospitality are still expected to contribute positively to UAE GDP growth this year.

In our baseline scenario, the oil and gas sector will likely see no growth again in 2024. The UAE has indicated it will deepen production cuts in Q1 2024 in line with the voluntary cuts announced by OPEC+ in November 2023. We then assume only a gradual increase in UAE oil production over the remainder of 2024, leaving average oil output at a similar level to 2023.

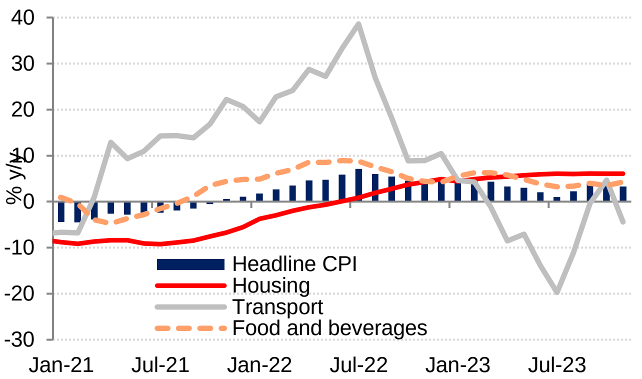
Overall, we expect headline GDP growth of 3.3% in the UAE in 2024, down from an estimated 3.6% in 2023.

Inflation to slow further in 2023

Dubai CPI inflation slowed to 3.3% y/y in November from 5.2% in December 2022. We estimate inflation averaged just under 3.5% in 2023 from 4.7% in 2022, despite rising housing costs. Housing and utilities costs grew 5.6% on average in 2023, up from 0.7% in 2022, while household durables prices increased 8.2% last year from 2.3% in 2022. The only other categories of the CPI to see inflation accelerate in 2023 were education (1.9% y/y) and healthcare (0.7%). Most other components of Dubai's CPI showed disinflation in 2023, including food, hospitality, and recreational services. The biggest driver of slower CPI inflation in Dubai last year was transport which declined -4.8% y/y after a 22% rise in 2022.

We expect housing costs to remain the key driver of inflation in 2024, as the lagged impact of last year's increase in rents continues to feed through to the official CPI. However, we expect all other components of the CPI to see slower price growth in 2024 compared with 2023, helping to keep overall inflation contained to an average of 3.0%.

Housing to remain key source of inflation



Source: Haver Analytics, Emirates NBD Research

Money and credit growth

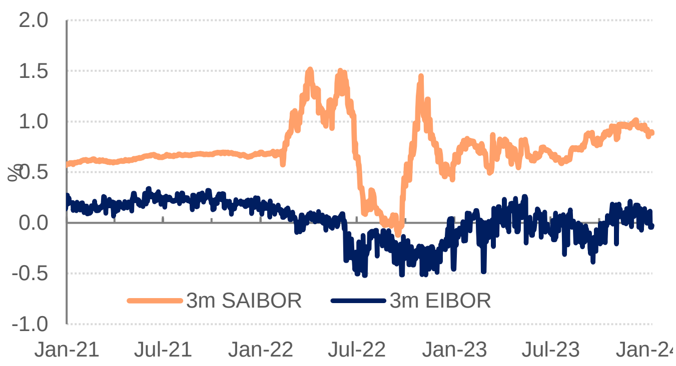
Money supply growth surged in 2023, reaching 18.0% y/y in October from 9.0% at the end of 2022. M1 growth doubled to 10.5% y/y by October as demand deposits increased, while quasi money (FX and long-term dirham deposits grew almost 24% y/y in October. Growth in money supply far exceeded growth in private sector and non-bank FI credit, which stood at 4.7% y/y in October.

Bank deposits grew 11.4% y/y in October, with corporate deposits increasing over 20% y/y, followed by individuals' deposits (17% y/y) and GRE deposits (14% y/y). Deposit growth was likely supported by higher interest rates as well as growth in business activity and the sharp rise in real estate sales in 2023.

Bank loans increased 5.1% y/y in October, with loans to individuals rising 11% y/y, followed by loans to GREs at 9.6% y/y. Businesses appeared reluctant to take on new credit, likely deterred by high borrowing costs and strong cash positions, with business loan growth slowing to 2.1% y/y in October from a 2023 peak of 5.9% y/y in February.

Excess liquidity in the UAE banking system helped to keep 3m AED interbank rates in line with the underlying 3m USD rate, with zero spread on average over the year. To the extent that lower borrowing costs in 2H 2024 spur demand for credit, and deposit growth slows, we could see some modest widening in AED 3m rates over the underlying SOFR rate over the course of 2024.

3m interbank rate spread over SOFR



Source: Bloomberg, Emirates NBD Research

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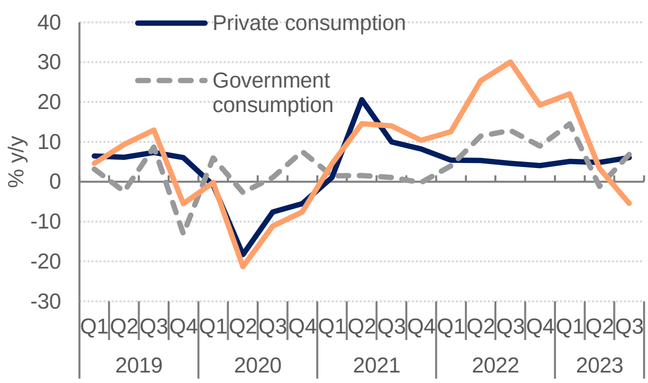
Saudi Arabia: Oil sector to remain a drag on growth

GDP growth in Saudi Arabia slowed sharply in the first three quarters of 2023 to just 0.2% y/y, down from 10.0% y/y in the same period 2022. This was largely due to a -6.5% y/y contraction in hydrocarbon GDP on the back of oil production cuts, but non-oil GDP growth also slowed to average 3.5% in January -September. Trade and hospitality, and transport and storage sectors saw the fastest growth in the first three quarters of 2023, along with construction and social and personal services. For the year as a whole, we estimate non-oil growth of 4.0%, which was likely offset by a -8.5% contraction in oil and gas GDP, resulting in headline GDP contracting by around -1.3% in 2023.

The expenditure breakdown of GDP shows private consumption spending grew 5.3% y/y in the first three quarters of 2023, slightly stronger than in the same period the previous year, while government consumption spending grew 6.3% y/y over the same period. Investment was also a key driver of non-oil growth with GFCF up 6.2% y/y in Jan-Sep, although this was much slower than investment growth over the same period in 2022. Net exports were the main drag on GDP last year, as exports contracted -5.5% while imports grew 7.8%.

Private consumption growth underpinned aggregate demand in 2023



Source: Bloomberg, Emirates NBD Research

2024 growth outlook

In 2024, we expect private consumption to remain supported by continued migration to the kingdom as well as relatively low inflation. We expect government spending (both consumption and investment) to increase at a slower pace in 2024 than the 9.5% growth in 2023 budget spending. However, we don't expect a tightening in fiscal policy as the ambitious diversification targets will require significant further investment in the coming years.

Estimates from MEED projects at the start of 2024 show a significant increase in expected cash flow disbursed for both government and private sector on projects in the kingdom this year and a further increase in 2025, which we expect to support non-oil GDP growth this year and next.

Net exports are likely to remain a drag on growth in 2024 however, with oil exports expected to decline further on weaker global growth, and import demand forecast to remain strong with ongoing domestic investment. We have pencilled in non-oil GDP growth of 4% again in 2024, partially offset by at -4% contraction in oil and gas GDP, yielding headline GDP growth of 0.7% in 2024.

Budget deficit to widen this year

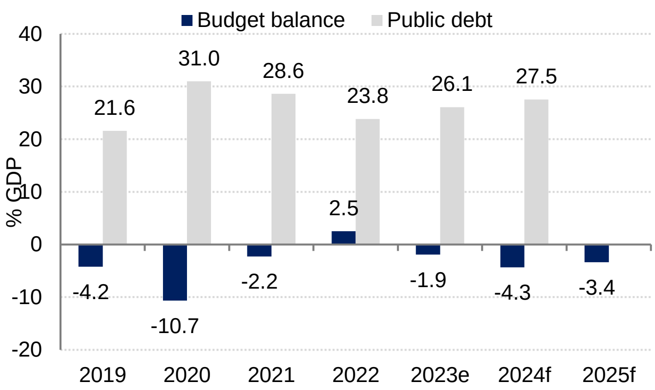
Official estimates put the 2023 budget balance at -2.0% of GDP, broadly in line with our own forecast of -1.9% of GDP. Revenues declined by an estimated -5.5% last year on lower oil prices and production, while expenditure grew by almost 10% y/y, largely driven by a 41% increase in capital (investment) spending in the budget.

For 2024, we expect oil prices to average USD 82.5/b, similar to 2023. However with Saudi Arabia now extending its 1mn b/d voluntary production cut at least through March 2024 and only gradually recovering thereafter, we expect the volume of oil sold to decline by around -4% from average 2023 levels, weighing on budget revenue. While the published budget shows a forecast -1.8% decline budget revenue in 2023, our estimate is for a steeper -6.4% decline in topline revenue this year. At the same time, we forecast 2.0% growth in total expenditure, compared with a -1.9% decline in the official budget. Consequently, we expect the budget deficit to widen to -4.3% of GDP this year, versus the official estimate of -1.9% of GDP.

The 2024 budget document is not explicit about the breakdown of oil and non-oil revenues, nor the assumed level of oil production. Based on our expectations for dlower oil production this year relative to 2023, we estimate the break-even oil price for the budget at approximately USD 104/b, up from around USD 87/b in 2022 and USD 97/b in 2023.

The stock of public debt rose to SAR 1,024bn in 2023 according to the 2024 budget statement, or 26.1% of GDP, up from 23.8% of GDP in 2022. Public debt remains relatively low and there is scope for additional borrowing to finance the budget deficit in 2024. Indeed the government has already issued USD 12bn in bonds in January as yields have fallen to levels last seen in summer 2023.

Stock of public debt will increase but remains low



Source: Bloomberg, Emirates NBD Research

Inflation

CPI inflation in the kingdom slowed to 1.7% y/y in November from 3.3% in December 2022. CPI averaged 2.4% in the year to November 2023, only slightly lower than the 2.5% average in 2022. The main driver was higher housing costs, up 8% y/y in 2023, while most other categories saw inflation slow relative to 2022.

We expect housing to remain the key source of inflation in 2024 also, along with services prices such as for hospitality and recreation. We retain a 2.5% forecast for average inflation in 2024.

Money and credit

Private sector credit growth continued to exceed money supply growth in November 2023, although the difference is not as large as it was for most of 2021 and 2022. Private sector credit grew 9.8% y/y in November, up from 9.4% in October, while broad money supply grew 7.4% y/y, down from 8.8% in October. Money supply growth has been driven by quasi money (mainly longer-term SAR deposits), which have grown almost 30% on average in 2023, while M1 contracted by -2.3% y/y.

The relatively tight liquidity conditions in the Saudi financial system are reflected in the widening of the 3m SAIBOR spread over SOFR, which ended the year at around 100bp. Spreads have tightened a bit since the start of this year but remain wider than the average since 2018.

To the extent that we expect investment in strategic sectors and mega-projects to continue in 2024, demand for credit is likely to remain strong. With oil-related liquidity likely to remain constrained, overall banking sector liquidity is expected to remain tight.

Net foreign assets at SAMA declined modestly last year, reaching USD 418bn at the end of November, down from USD 441bn at the end of 2022. This was largely matched by a decline in government and related deposits at the central bank over the same period. We expect the budget deficit in 2024 to be financed by debt issuance rather than drawing down reserves.

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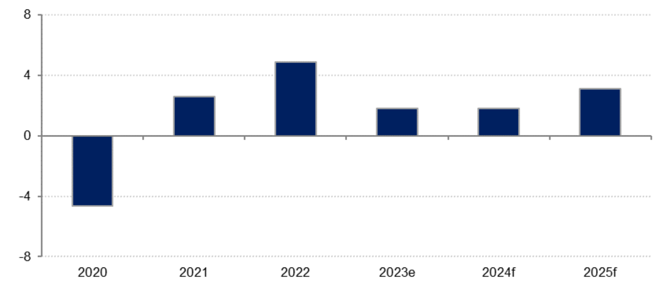
Bahrain

We forecast real GDP growth of 1.8% in Bahrain this year, which if realised would put it in line with our estimate for last year and make it the second-strongest growth in the GCC in 2024, after the UAE. This relative outperformance is in large part down to the fact that Bahrain's oil sector, at less than a fifth of total output, is the smallest proportional share in the bloc, and, once again, it will be the oil sector which will weigh on the regional growth outlook, with the ongoing OPEC+ production curbs set to see a second consecutive year of lower oil output. In 2025, we forecast an acceleration in Bahrain's headline real GDP growth to 3.1%.

Real GDP growth, % y/y



Source: Haver Analytics, Emirates NBD Research

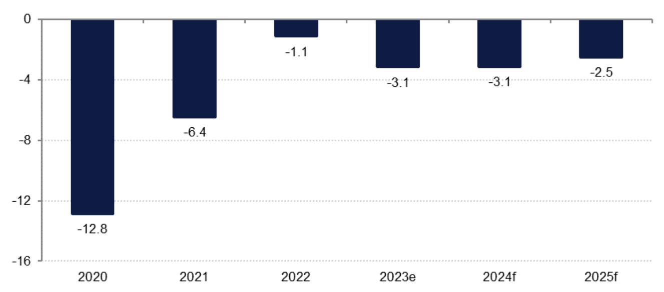
Oil production curbs will weigh on growth

As mentioned, we anticipate another lacklustre year for Bahrain's hydrocarbons sector amid ongoing OPEC+ limits on production, with OPEC+ members including Bahrain having reaffirmed in October their commitment to the policy. This will likely see constrained output through the first quarter at least, and our production forecast for this year sees no change in production following an estimated 0.5% decline in 2023 (oil production in Bahrain averaged 142,700 b/d over the first nine months of the year, down 4.7% y/y). Bahrain's Q3 2023 growth note stated that oil production at the Abu Sa'afa field in that quarter was down 10.0% y/y, with the onshore field seeing a drop of 1.7%. While there was a 6.4% y/y increase in natural gas production in the period, hydrocarbons GDP contracted 6.8% y/y nonetheless. Our estimate for oil GDP in 2023 is a 3.0%

contraction, and we forecast a further 2.0% drop this year, before returning to growth at 2.0% in 2025.

Crucially, this has implications for the budget given that oil and gas exports have traditionally accounted for the vast bulk of government revenues (an average 81% over the decade to pre-pandemic 2019). This has fallen to just over two thirds over 2021 to 2022, and last year we estimate that it shrank even further, to 62.6%, as both oil prices and production fell. This is in part due to a robust expansion in non-oil revenues on the back of diversification of income efforts – VAT now sits at 10% and a 2% tax on expat remittances has been approved by parliament, though is unlikely to be passed by the government. However, the falling oil revenues outweigh this and we estimate that the budget deficit widened to -3.1% of GDP last year, from -1.1% in 2022. This year we expect that it will remain at the -3.1% level before narrowing to -2.5% in 2025. In October, ratings agency S&P revised its Bahrain outlook down from 'positive' to 'stable' as it estimated that the 2023 deficit would be wider than it had previously anticipated at 3-4% of GDP compared with 2-3% previously.

Budget balance, % GDP



Source: Haver Analytics, Emirates NBD Research

High interest rates will weigh on non-oil sector

With the hydrocarbons sector under pressure it will be up to the non-oil sector to drive growth once again this year, and we forecast an expansion of 2.7% in 2024, down moderately from the 3.0% we estimate for last year; non-oil GDP growth averaged 3.1% y/y over the first three quarters of 2023 and we estimate a moderate slowdown in Q4 on the back of base effects. While slower than the 4.5% registered in 2022, our estimate for last year would be broadly in line with the long-run average. In 2025 we forecast an acceleration to 3.5%.

Looking ahead, many of the factors that will have determined growth in 2023 are set to remain in play this year, not least elevated interest rates as we do not expect any rate cuts to start until the middle of the year, and to be fairly hesitant even when they do. This will likely constrain private consumption and could drive a slowdown in real estate activity. The impact of higher interest rates on consumption would have been mitigated to a degree by price stability last year, with CPI averaging just 0.1% y/y, but we forecast a moderate acceleration in price growth to 1.0% in 2024.

In terms of individual sectors, the travel and tourism sector has been a notable growth driver of late as it averaged y/y growth of 7.7% over the first three quarters, with visitor numbers up 7.0% y/y in Q3. There were 5.9mn visitors in the first half of the year, putting Bahrain on track to beat its 2018 record of 12.1mn visitors over the year. However, with reopening gains now realised this growth will likely slow materially in 2024. The largest sector in Bahrain's non-oil economy remains the financial corporations sector, which registered growth of 8.4% y/y in Q3.

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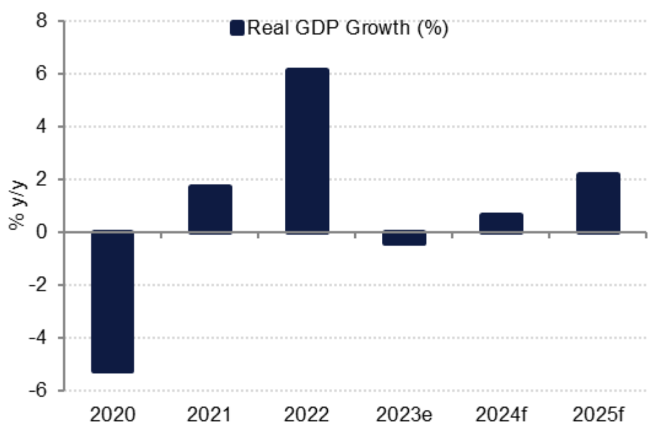
Kuwait

We forecast real GDP growth of 0.7% in Kuwait in 2024, which would mark an improvement on the estimated 0.4% contraction last year (one of two GCC states which is likely to have seen its economy shrink in 2023, along with Saudi Arabia) but remains far off the 6.1% recorded in 2022. While diversification efforts have seen the proportion of the hydrocarbon economy in the rest of the GCC decline in recent decades, in Kuwait it still accounts for over half of GDP. As such, the constrained outlook for oil production in the bloc this year will weigh heavier in Kuwait than in some of the other economies where diversification efforts have been more gainful. In 2025, we forecast that Kuwait's growth will accelerate to 2.2%.

Oil production curbs will weigh on growth and budget

Amid ongoing OPEC+ production curbs, Kuwait's oil output declined 3.7% last year according to Bloomberg estimates, averaging 2.7mn b/d. On the back of this we estimate a 3.0% contraction in oil GDP last year, compared with a 12.1% expansion in 2022 as production was ramped up coming out of the pandemic. The first quarter last year saw 2.5% y/y growth in the oil sector, but this turned negative at -3.9% in Q2, and we expect that it will have continued to decline through the second half of the year.

Real GDP growth, % y/y



Source: Haver Analytics, Emirates NBD Research

The year ahead is not especially brighter for growth in the oil sector, with OPEC+ recommitting in recent months to its strategy of curbing production to try and put a floor under prices, and Kuwait amongst the several members which has said it will extend its voluntary cuts through into Q1. There is a further 135,000 b/d set to be taken out which would see production average 2.41mn b/d through the first quarter with a potential pick up thereafter. With this in mind, we forecast a 1.0% contraction in oil GDP this year, although the completion of the final phase of the Al Zour refinery at the close of 2023 offers some upside risk to this outlook.

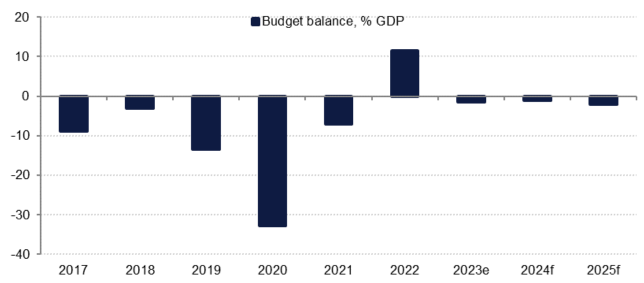
The further decline in oil output has implications for the budget as well, and we forecast a deficit equivalent to -1.0% of GDP in 2024/25 (ending March 2025), following a projected -1.4% in the current 2023/24. Kuwait ran its first budget surplus in eight years in 2022/23 as higher production and prices combined to generate a surplus of 11.5% of GDP, but a decline in oil revenue and prices while expenditure has been maintained has seen this reversed. We forecast that Brent crude will average USD USD 82.5/b in 2024, little changed from the USD 82.2/b averaged last year but still substantially lower than 2022's USD 99.0/b. Further, the investment ambitions of Kuwait Petroleum Corporation over its five-year plan aimed at boosting production capacity mean that the state oil firm is unlikely to distribute its annual dividends to the state budget over the duration of the plan.

Nevertheless, the bumper windfall seen in 2022/23 means that pressure on Kuwait government finances have eased somewhat, which will potentially push back any efforts at diversifying the revenue base. The protracted journey of the debt law (which would enable Kuwait to tap international markets when the budget is in deficit) through parliament which began in 2017 has yet to conclude, with finance minister Fahad al-Jarallah saying in September that it was not a priority. He also pushed back against reports that the introduction of VAT was being considered, with Kuwait one of two GCC states (along with Qatar) yet to implement the sales tax.

Non-oil sector will fuel growth

Lower oil revenues and a failure to diversify government income or enable borrowing will also potentially weigh on the non-oil sector, with government spending and investment likely to come in under projections, slowing growth both in the near-term but also over a longer horizon as diversification efforts take longer to bear fruit. Bureaucratic hurdles have also slowed progress: according to press reports citing a Kuwaiti government issuance, only around 10% of the funds allocated in the budget to public projects were spent in the first half of the present fiscal year, and only five out of 130 approved projects were completed in the period.

Budget balance, % GDP



Source: Haver Analytics, Emirates NBD Research

Political deadlock between parliament and the government has been a key factor in the lack of progress on reform and economic diversification in recent years. However, the new Emir's appointment of Dr Mohammed Sabah al Salem as prime minister may usher in a period of greater cooperation and progress on economic policy and reform.

Private sector investment also appears to have lagged amid a higher interest rate environment, with credit growth to industry down -4.8% y/y in November. On the consumption side, spending has likely continued to be constrained by price growth which has been at elevated levels compared with the long-run average. CPI inflation averaged 3.6% in 2023, down from 4.0% in 2022 but still around double the five-year pre-pandemic average of 1.7%. Higher interest rates will also have constrained activity here, and the real estate sector has been slower. Consumer loans were up just 0.4% y/y in November and while GDP data shows a robust expansion in restaurants and hotels in H1 last year, averaging 12.7% over Q1 and Q2, this reflected base effects from pandemic restrictions still in place at the start of 2022. Wholesale and retail trade performed far weaker, contracting 1.2% y/y in Q2 2023. Our estimate for non-oil growth in 2023 is 2.0%, compared with 0.8% in 2022.

This year we anticipate stable non-oil GDP growth at 2.0%. Some of the challenges of the past several years remain in play, with interest rates likely to remain around present levels through the first half of the year and come off gradually thereafter, even if any further hikes are unlikely. Inflation will slow to an average 2.5% according to our forecasts but there remain upside risks given ongoing geopolitical uncertainty and its potential to disrupt markets.

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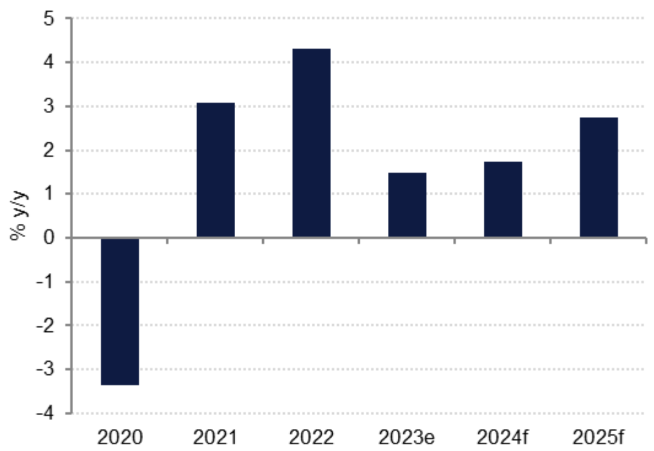
Oman

We forecast real GDP growth of 1.7% in Oman this year, which would reflect a modest acceleration on the 1.5% we estimate for 2023. Once again it will be the non-oil sector that will drive the expansion, as we expect flat growth in the oil sector this year after an estimated contraction in 2023. Even with another year of constrained oil output, we anticipate an ongoing improvement in the fiscal position, with the debt load continuing to ease from the elevated levels seen several years ago.

Real GDP growth, % y/y



Source: Haver Analytics, Emirates NBD Research

Oil sector will see flat growth this year

Oil production in Oman averaged 1.05mn b/d over January to November last year, down 1.9% on the 1.07mn b/d produced over the corresponding period in 2022, and for the full year we have estimated a production decline of 2.0%. This informs our hydrocarbons GDP estimate of a 0.6% contraction in 2023, with natural gas and condensates production helping to offset the more sluggish crude oil production; production of condensates, which are exempt from the OPEC+ agreement, were up 8.5% y/y over the same January to November period. Nevertheless, this growth estimate stands in contrast to the 10.2% hydrocarbons GDP growth recorded in 2022 as oil production was ramped up post the Covid-19 pandemic.

Looking ahead, previously agreed OPEC+ production curbs were reaffirmed by member states in late 2023 (Oman committed to cutting by 40,000 b/d in May) and are set to remain in place through the first quarter at least before potentially coming off modestly thereafter. While near-term oil production is likely to be weaker y/y, the Omani hydrocarbons sector also stands to benefit from ongoing investment in exploration and development. According to the Oman News Agency, total investment in the sector totaled USD 5.8bn in the first half of 2023, with capital expenditure accounting for 62% of that. As such, we project flat hydrocarbons GDP this year.

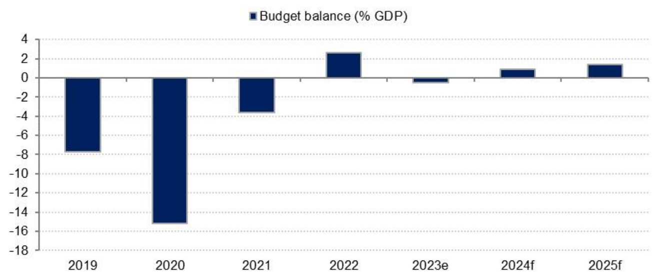
Non-oil sector will underpin growth

With oil sector growth set to be dampened once again by constraints on production growth, it will be the non-oil sector that drives the expansion in Oman this year. We forecast non-oil growth of 2.5%, which would be in line with both our estimate for last year and moderately stronger than the average over the decade to 2022 (2.2% pa). Over the first three quarters of last year, non-oil sector growth averaged 2.7% y/y.

The tourism sector has continued to recover from the pandemic shock, and according to the UN's World Tourism Organisation (UNWTO), international visitor numbers were at 2.1mn, up 343% on 2022 but still 17.6% off pre-pandemic 2019. Growth continued in 2023 at 43.2% y/y over the first three quarters and we anticipate ongoing growth, if at a slower pace, over the coming years. While a global slowdown does pose a risk to the pace of the expansion, Oman is becoming increasingly attractive to new growth markets in Europe. The proposed launch of a GCC unified tourist visa, which was agreed to by ministers from all six states in October, would also support ongoing growth in visitors, not least from regional non-national residents.

As with the rest of the GCC, anticipated lower interest rates in the second half of next year should encourage greater consumption and investment from both households and businesses, especially with prices pressures likely to remain benign. We forecast an average annual CPI inflation rate of 2.0% next year, higher than our estimate of 1.0% in 2023.

Budget balance, % GDP



Source: Haver Analytics, Emirates NBD Research

Budget

With oil production constrained, and prices likely to average similar to those last year, Oman's government revenues from oil will see only modest growth, but higher natural gas revenues and an increasingly diversified tax base (VAT was introduced in 2021) will cushion the impact. Meanwhile, we anticipate that expenditure will remain flat, meaning a fiscal surplus equivalent to 0.9% of GDP this year, compared with our estimate of a modest -0.5% deficit in 2023 and a surplus of 7.3% in 2022. A reversal from the period of consecutive fiscal deficits has enabled Oman to reduce its government debt to 38% of GDP in 2023 according to ratings agency S&P, down from around 70.0% in 2020. This improved fiscal position has been recognized by the major ratings agencies, with Fitch, S&P, and Moody's all upgrading Oman's score in the second half of last year.

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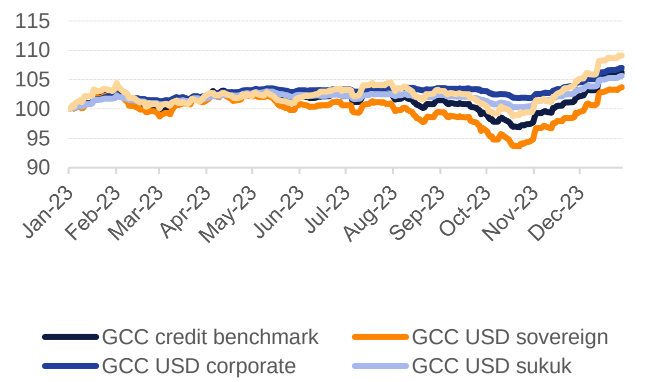
GCC credit: A macro perspective

GCC credit rode out a decent end to 2023 in line with a broader move higher in emerging market bonds. The Bloomberg GCC benchmark index, including investment grade and high-yield bonds, closed up 6.2% in 2023. The performance was largely down to corporates, up by slightly more than 7% last year, while GCC sovereigns lagged somewhat, gaining about 3.7% on the year. Overall regional credit followed rather than led wider emerging market bonds with Bloomberg's EM USD index adding about 9.1% in 2023.

GCC credit in context in 2023



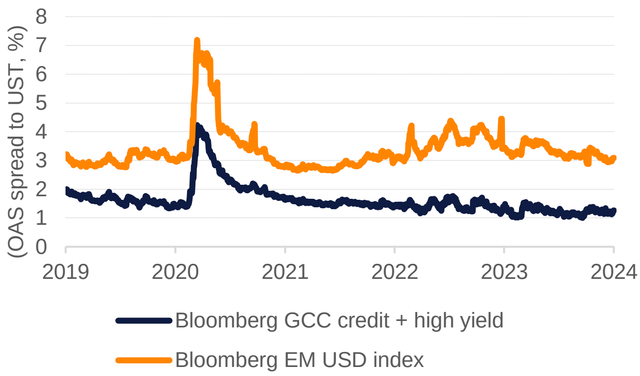
Source: Bloomberg, Emirates NBD Research. Note: rebased to Jan 1 2023.

Most of the gains across the EM space have been concentrated in the final months of the year. Emerging market bonds in general had been drifting for much of 2023 as the global context was unfavourable. High benchmark interest rates, a strong US dollar, declining global trade and an uncertain macro trajectory for China all dragged on emerging markets this year but now some of those dynamics are set to reverse.

For 2024, macro conditions for GCC credit look more favourable. We expect the Federal Reserve to begin cutting interest rates mid-way through 2024, helping to lift bonds in general. If the Fed is successful in engineering a soft-landing—milder growth, a modest increase in unemployment and slowing inflation—then demand for risk assets like EM credit should be healthy. For the GCC, pegged currencies to the US dollar means that sovereign credit should track performance in benchmark treasuries and help to eliminate some of the FX volatility related risks that could impact EM peers.

We expect that supply will also expand in 2024 as flat oil prices year-on-year will mean wider budget deficits or more modest fiscal surpluses across the GCC sovereign space. Non-oil economies across the region are set to have another decent performance in 2024, largely thanks to government spending which is likely to mean greater issuance this year. Indeed, Saudi Arabia has already taken advantage of lower yields by issuing USD 12bn worth of bonds this month, to help plug and estimated -4.3% of GDP budget deficit in 2024.

Tigther spreads in GCC



Source: Bloomberg, Emirates NBD Research.

One risk that could hold GCC credit back is if investors perceive the asset class as too expensive. GCC credit spreads are tighter than the broader EM universe with an overall higher credit rating in the region compared with EM peers. Volatility in oil prices may help to widen spreads somewhat for the GCC though that will likely affect EMs in general as well given a high preponderance of hydrocarbon exporters across the space.

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Emirates NBD

UAE forecasts

National Income	2021	2022	2023e	2024f	2025f
Nominal GDP (AED bn)	1524.7	1862.2	1883.4	1983.3	2127.4
Nominal GDP (USD bn)	415.5	507.4	513.2	540.4	579.7
GDP per capita (USD)	44315	53061	52614	54318	57122
Real GDP Growth* (% y/y)	4.4	7.9	3.6	3.3	4.0
Hydrocarbon	-1.1	9.5	0.0	0.0	2.0
Non-hydrocarbon	6.5	7.2	5.0	4.5	4.7
Dubai	5.7	4.4	4.0	4.0	4.5
Monetary Indicators (% y/y)					
M2 (eop)	5.7	9.0	20.0	7.5	7.2
Private sector credit (eop)	1.4	4.0	5.5	5.5	6.0
CPI (average)	0.2	4.8	3.5	3.0	2.5
External Accounts (USD bn)					
Exports	323.3	401.5	404.8	422.2	443.4
Of which: hydrocarbons	30.1	91.2	71.1	71.3	74.9
Imports	244.2	331.1	331.1	339.3	347.8
Trade balance	79.0	70.4	73.7	82.9	95.6
% GDP	19.0	13.9	14.4	15.3	16.5
Current account balance	48.0	38.7	40.5	49.5	62.1
% GDP	11.6	7.6	7.9	9.2	10.7
Fiscal Indicators (% GDP)					
Consolidated budget balance (UAE Min Fin to 2022, Emirates NBD forecasts)	4.0	10.5	4.0	3.8	3.9

Source: Haver Analytics, IMF, National sources, Emirates NBD Research

Saudi Arabia forecasts

National Income	2021	2022	2023e	2024f	2025f
Nominal GDP (SAR bn)	3278	4157	3928	4010	4255
Nominal GDP (USD bn)	874.2	1108.6	1047.3	1069.2	1134.6
GDP per capita (USD)	28400	34449	31753	31626	32741
Real GDP Growth* (% y/y)	4.3	8.7	-1.3	0.7	3.5
Hydrocarbon	-1.2	15.8	-8.5	-4.0	2.0
Non-hydrocarbon	6.4	5.3	4.0	4.0	5.0
Dubai	4.3	8.7	-1.3	0.7	3.5
Monetary Indicators (% y/y)					
M3 (eop)	7.4	8.1	8.1	7.0	8.0
Private sector credit (eop)	15.4	12.6	11.0	8.0	8.0
CPI (average)	3.1	2.5	2.5	2.5	2.5
External Accounts (USD bn)					
Exports	276.2	411.2	325.5	319.5	334.1
Of which: hydrocarbons	202.2	327.0	246.2	237.9	250.0
Imports	139.7	175.9	193.5	203.2	213.3
Trade balance	136.5	235.3	131.9	116.3	120.7
% GDP	15.6	21.2	12.6	10.9	10.6
Current account balance	44.3	153.5	62.9	54.3	64.7
% GDP	5.1	13.8	6.0	5.1	5.7
Fiscal Indicators (% GDP)					
Budget balance	-2.2	2.5	-1.9	-4.3	-3.4
Revenue	29.5	30.5	30.6	28.0	27.7
Expenditure	31.7	28.0	32.5	32.3	31.1
Public debt	28.6	23.8	26.1	27.5	

Source: Haver Analytics, IMF, National sources, Emirates NBD Research

Bahrain forecasts

National Income	2021	2022	2023e	2024f	2025f
Nominal GDP (BHD bn)	14.8	16.7	17.5	18.2	19.2
Nominal GDP (USD bn)	39.3	44.4	46.6	48.4	51.2
GDP per capita (USD)	26116	29104	29973	30497	31627
Real GDP Growth (% y/y)	2.6	4.9	1.8	1.8	3.1
Monetary Indicators (% y/y)					
M2 growth (eop)	4.9	3.9	3.8	3.8	5.5
Private sector credit (eop)	4.4	3.5	3.0	4.0	5.5
CPI (average)	-0.6	3.6	0.1	1.0	2.0
External Accounts (USD bn)					
Exports	22.4	30.2	24.2	24.5	25.5
Of which: hydrocarbons	9.9	15.1	11.9	11.9	12.5
Imports	17.5	21.9	20.6	20.9	21.5
Trade balance	4.9	8.2	3.6	3.6	3.9
% GDP	12.5	18.6	7.7	7.4	7.7
Current account balance	2.6	6.8	1.7	1.8	2.2
% GDP	6.6	15.4	3.7	3.8	4.3
Fiscal Indicators (% GDP)					
Budget balance	-6.4	-1.1	-3.1	-3.1	-2.5
Revenue	17.7	21.2	18.0	17.8	17.8
Expenditure	24.2	22.3	21.1	20.9	20.3

Source: Haver Analytics, IMF, National sources, Emirates NBD Research

Kuwait forecasts

National Income	2021	2022	2023e	2024f	2025f
Nominal GDP (KWD bn)	42.8	56.0	58.4	60.4	64.1
Nominal GDP (USD bn)	141.7	182.7	190.0	196.3	208.5
GDP per capita (USD)	32390	41758	43421	44867	47638
Real GDP Growth (% y/y)	1.7	6.1	-0.4	0.7	2.2
Hydrocarbon	-0.9	12.1	-3.0	-1.0	2.0
Non-hydrocarbon	6.7	0.8	2.0	2.0	2.0
Monetary Indicators (% y/y)					
M2 growth (eop)	3.8	6.5	2.0	4.5	5.0
Private sector credit (eop)	5.3	8.0	3.0	5.0	6.0
CPI (average)	3.4	4.0	3.6	2.5	2.5
External Accounts (USD bn)					
Exports	68.4	100.3	78.9	78.4	82.1
Of which: hydrocarbons	63.0	94.0	72.5	72.0	75.6
Imports	27.9	28.3	30.3	31.2	32.5
Trade balance	40.5	71.9	48.5	47.2	49.6
% GDP	28.6	39.4	25.5	24.0	23.8
Current account balance	37.4	63.1	32.5	29.2	31.6
% GDP	26.4	34.5	17.1	14.8	15.2
Fiscal Indicators (% GDP)					
Budget balance	-7.0	11.5	-1.4	-1.0	-2.0
Revenue	43.5	51.4	38.0	37.9	35.5
Expenditure	50.5	40.0	39.4	38.9	37.5

Source: Haver Analytics, IMF, National sources, Emirates NBD Research

Emirates NBD

Oman forecasts

National Income	2021	2022	2023e	2024f	2025f
Nominal GDP (OMR bn)	33.9	44.1	44.0	45.4	47.9
Nominal GDP (USD bn)	88.1	114.5	114.3	117.8	124.5
GDP per capita (USD)	19456	23210	22927	23403	24490
Real GDP Growth* (% y/y)	3.1	4.3	1.5	1.7	2.8
Monetary Indicators (% y/y)					
Broad growth (eop)	4.6	0.6	9.5	4.0	5.0
Private sector credit (eop)	2.1	4.3	6.5	4.0	4.0
CPI (average)	1.6	2.8	1.0	2.0	2.0
External Accounts (USD bn)					
Exports	44.3	66.0	58.9	59.4	61.4
Of which: hydrocarbons	25.8	43.0	35.7	35.9	37.5
Imports	28.0	34.7	36.4	37.1	37.8
Trade balance	16.3	31.3	22.6	22.3	23.6
% GDP	18.5	27.3	19.8	18.9	19.0
Current account balance	-4.8	5.7	1.0	0.7	1.9
% GDP	-5.4	5.0	0.8	0.6	1.5
Fiscal Indicators (% GDP)					
Budget balance	-3.6	2.6	-0.5	0.9	1.4
Revenue	33.0	32.8	27.9	28.4	28.4
Expenditure	36.6	30.2	28.4	27.5	27.0
Public debt	63.0	40.0	37.0	35.0	35.0

Source: Haver Analytics, IMF, National sources, Emirates NBD Research

Interest rates forecasts

	12-Jan-24	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Interbank Rate Forecasts									
SOFR	5.31	5.40	5.15	4.90	4.65	4.40	4.15	3.90	3.65
SOFR 3M	5.31	5.33	5.08	4.83	4.58	4.33	4.08	3.83	3.58
AED 3M EIBOR	5.20	5.33	5.08	4.83	4.58	3.80	3.60	3.50	3.30
SAR 3M SAIBOR	6.19	6.23	5.98	5.73	5.48	5.23	4.98	4.73	4.48
Rates Forecasts									
Fed Funds target rate (upper bound)	5.50	5.50	5.25	5.00	4.75	4.50	4.25	4.00	3.75
ECB (Deposit Rate)	4.00	4.00	4.00	3.75	3.25	3.25	3.25	3.25	3.25
BoE (Bank Rate)	5.25	5.25	5.25	5.00	4.75	4.50	4.50	4.50	4.50
BoJ (Policy Balance Rate)	-0.10	0.00	0.10	0.20	0.20	0.20	0.20	0.20	0.20
SNB (Policy Rate)	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
RBA (Cash Target Rate)	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.60	4.60
RBI (Repo Rate)	6.50	6.50	6.25	6.00	5.75	5.75	5.75	5.75	5.75
SCB (Reverse Repo)	5.50	5.50	5.25	5.00	4.75	4.50	4.25	4.00	3.75
CBUAE (Base Rate)	5.40	5.40	5.15	4.90	4.65	4.40	4.15	3.90	3.65
CBK (Discount Rate)	4.25	4.25	4.00	3.75	3.50	3.25	3.00	2.75	2.50
CBB (O/N Deposit Rate)	6.00	6.00	5.75	5.50	5.25	5.00	4.75	4.50	4.25
CBO (O/N Repo Rate)	6.00	6.00	5.75	5.50	5.25	5.00	4.75	4.50	4.25
CBE (O/N Deposit Rate)	19.25	19.25	19.25	18.25	16.25	15.75	14.75	13.75	12.75

Source: Bloomberg, Emirates NBD Research

Commodities forecasts

	12-Jan-24	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Energy Commodity Forecasts									
Brent: USD / b	79.17	85.00	80.00	80.00	85.00	85.00	85.00	82.50	80.00
WTI: USD / b	73.78	80.00	75.00	75.00	80.00	82.50	82.50	78.50	75.00
Precious Metals Forecasts									
Gold: USD / troy oz	2,034.84	2,000.00	2,000.00	1,950.00	1,900.00	1,850.00	1,850.00	1,800.00	1,800.00
Silver: USD / troy oz	22.90	23.52	23.52	22.93	22.34	22.00	20.00	20.00	19.00
Platinum: USD / troy oz	922.59	1,000.00	1,050.00	1,100.00	1,100.00	1,200.00	1,200.00	1,200.00	1,200.00
Palladium: USD /troy oz	996.62	1,400.00	1,400.00	1,450.00	1,450.00	1,475.00	1,450.00	1,450.00	1,400.00
Industrial Metals Forecasts									
Aluminium: USD / tonne	2,235.00	2,350.00	2,400.00	2,500.00	2,500.00	2,600.00	2,600.00	2,650.00	2,650.00
Copper: USD / tonne	8,355.00	8,500.00	8,500.00	8,750.00	9,000.00	9,250.00	9,250.00	9,500.00	9,500.00
Lead: USD / tonne	2,095.50	2,154.96	2,154.96	2,186.65	2,217.89	2,248.69	2,248.69	2,248.69	2,248.69
Nickel: USD / tonne	16,420.00	21,500.00	22,000.00	22,500.00	23,000.00	23,000.00	23,000.00	23,000.00	23,000.00
Tin: USD / tonne	24,554.00	28,500.00	28,500.00	29,000.00	29,000.00	28,000.00	28,000.00	27,000.00	27,000.00
Zinc: USD / tonne	2,502.50	2,584.70	2,584.70	2,660.72	2,736.74	2,812.76	2,812.76	2,812.76	2,812.76

Source: Bloomberg, Emirates NBD Research

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