GCC Budget Analysis

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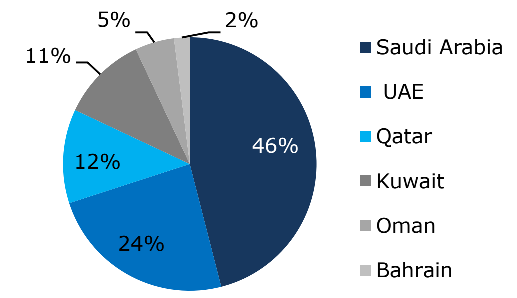
Budgets in the GCC countries have been of vital importance to their respective economies, as government spending has been a key driver of the region's economic and social progress. Budgetary spending in the past few years has witnessed a substantial increase in the wake of the Arab spring, as governments tried to pacify the local population through spending on social sectors. However, four years post the Arab spring phenomenon, rising break-even prices (minimum oil prices required to balance the budget) have started flagging concerns about the sustainability of such budgets amid flattish oil production levels and changing global oil supply dynamics. Recent budgetary spending plans of Saudi Arabia, Kuwait, Qatar and Oman indicate a slower pace of expenditure growth, reflecting a cautious approach. Several economists have opined that the slowdown in expenditure could pose a risk of slower economic growth. The region cannot afford an economic slowdown, given the rapidly growing population (GCC population is increasing at a CAGR of 2.2%[1], compared to 1.1% growth in global population during 2010-2015), large youth population and high living standards.

Concerns regarding sustainability of economic growth are rising as oil market dynamics have started changing with oil production in non OPEC countries, especially the US and Canada, starting to increase. Moreover, the nuclear accord between Iran and six world powers towards the end of 2013 has ignited concerns of increased oil supply from Iran in the near future. In recent months, oil prices have been supported by geopolitical tensions in the Middle East and Ukraine.

Although large fiscal and external buffers offer a cushion to survive any short term price shock, a sustained drop in oil price could drain fiscal surpluses. The governments of the region are cognizant of the fact that the GCC economies are highly vulnerable to the vagaries of the oil markets, and are stepping up efforts to diversify the economic mix.

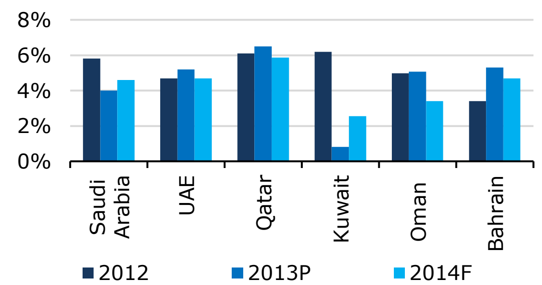
In this backdrop, we have attempted to analyse the broad budgetary trends in four leading economies of the region, namely Saudi Arabia, UAE, Qatar and Kuwait.

Contribution to the GCC Economy (2013)*



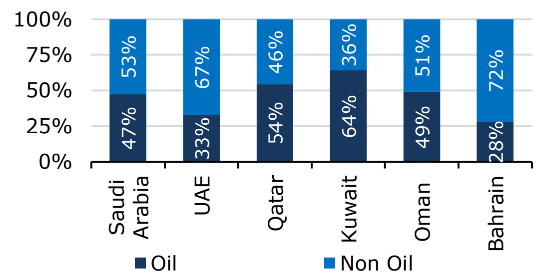
*Source: IMF, *Nominal GDP*

Real GDP Growth



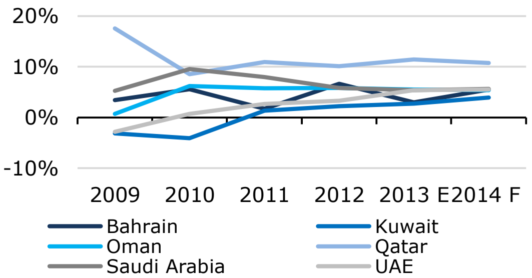
*Source: IMF, *Actual data for Saudi Arabia, Qatar Information Exchange*

Nominal GDP Component by Sector*



*Source: IMF, QCB Q2 2014 Update, SAMA, UAE National Bureau of Statistics, *2013 Preliminary Figures*

GCC Non-oil GDP Growth (YoY)



*Source: IMF, *Actual Data for Saudi Arabia, Qatar Information Exchange, UAE National Bureau of Statistics*

[1] United Nations

High Reliance on Oil Revenues Despite Efforts to Diversify

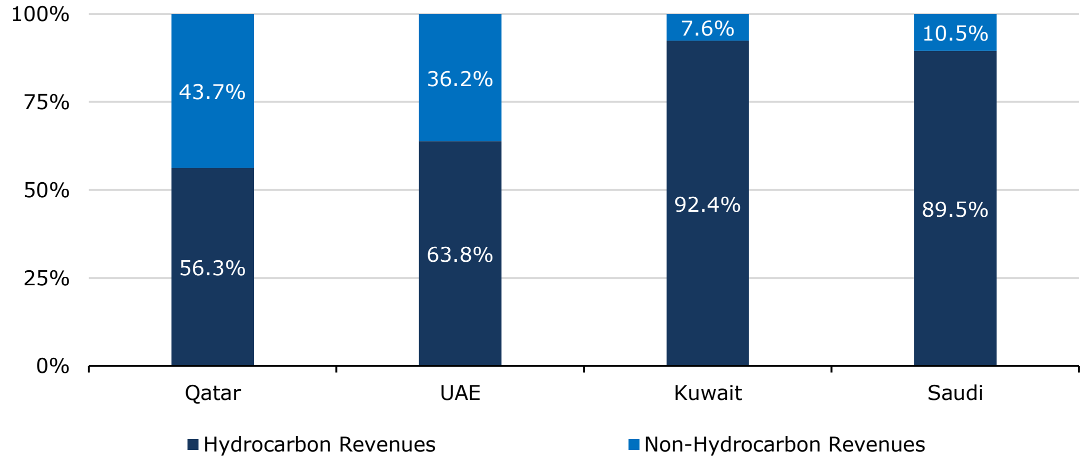
Although GCC countries have witnessed a drop in the share of oil revenues to the real GDP, they have had limited success in diversifying the revenue base substantially. Most of the economic diversification policies initiated in the GCC countries, are influenced by employment opportunities for the local populations, rather than their long term economic feasibility and desirability.

The GCC countries remain highly dependent on hydrocarbon revenues, making them susceptible to fluctuations in global energy demand and prices. Post the global financial crisis, the GCC economies have consistently outperformed their global peers, growing by about 24.0%[2] over the five year period to 2013, supported by robust oil revenues. Sanctions against Iran, protests in Libya and Nigeria, recent militant activity and the growing demand from emerging economies have all helped to sustain oil prices at elevated levels. Oil prices witnessed an increase from $62 per barrel in 2009 to about $105 a barrel[3] in 2013[4], helping the gulf economies to generate high fiscal surpluses. However, the relatively stable oil prices in 2013, have resulted in a slowdown in the GCC economies from the previous years.

Hydrocarbon revenues in majority of GCC countries account for close to 60% of the total revenues, and in case of Saudi Arabia and Kuwait the figure is close to 90% and 93%, respectively. This is in contrast with other resource rich economies such as Norway, where revenues from oil account for just about 30% of government revenues[5].

An exception to this is the emirate of Dubai, part of the UAE, where oil sector revenues form only a small proportion of the emirate's revenue, with the rest coming from sectors such as transportation, tourism and others. Economists in the region believe that Dubai which has relatively smaller oil reserves, has been in the forefront of economic diversification. The Dubai example is viewed as a benchmark to stabilize economic and social conditions, and improve economic growth; however there is a certain degree of caution as the last financial crisis drove the emirate close to default.

Share of Hydrocarbon Revenues to Government Revenues



Source: IMF, SAMA, UAE National Bureau of Statistics, QCB, CBK, Note: Qatar Figures as Per FY2013-14

Although the contribution of non-hydrocarbon GDP to the overall GDP has grown considerably over the past two decades across the region, the annual budget spending in GCC countries still continues to be driven almost entirely by income from export of hydrocarbons. The low contribution of the non-hydrocarbon sector primarily reflects the policy decision of maintaining

[2] Economic Insight report- ICAEW
[3] measured as a simple average of Brent, WTI and Dubai Fateh prices
[4] The International Monetary Fund (IMF) annual assessment of GCC economies,
[5] Norwegian Petroleum Directorate, EIA

a low- or zero-tax environment to assist private sector activity. Although there has been speculation of introduction of GCC-wide value added tax, we do not expect such a decision in the foreseeable future.

Qatar and UAE lead the pack in diversifying revenue streams

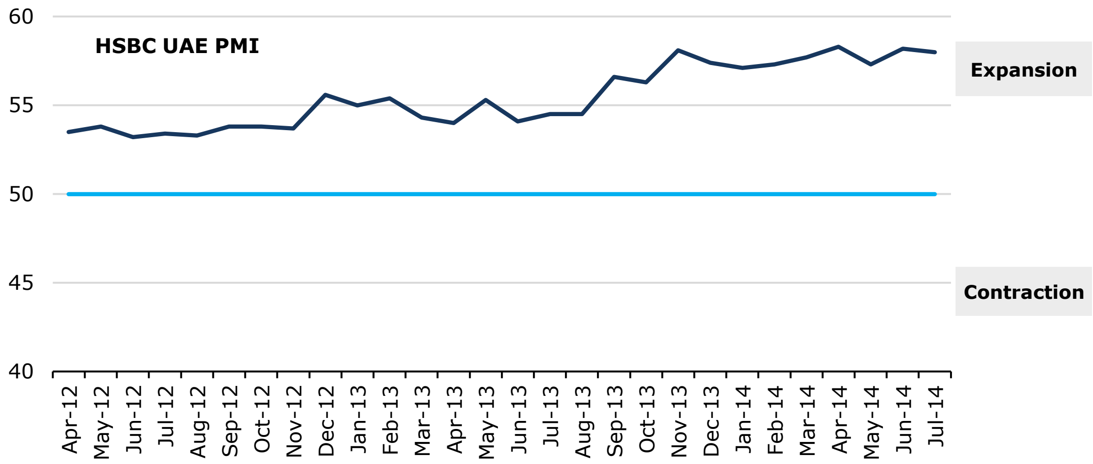
Comparing budgetary revenue trends, it can be clearly seen that apart from Qatar and UAE, the contribution of non-oil public revenue is far lower in other states. In terms of overall revenues, Qatar has registered a double digit growth of 19% annually over the last five years, far ahead of others, reflecting a strong rise in both hydrocarbon and non-hydrocarbon sectors. Qatar's revenue trend is also unique in the sense that the country managed to avoid the large drop in hydrocarbon revenues that impacted other GCC countries due to the long-term nature of its gas contracts, in contrast to spot prices for oil relevant for other nation's hydrocarbon revenues. Nevertheless, the share of hydrocarbon revenue to the total income for Qatar has stayed consistent at around 60% for the 5-year period under review. For FY2014-15, the Qatari government expects total revenues to reach about QAR225.7 billion. The total revenues for FY2013-14 stood at QAR346.6 billion[6], much higher than the initially budgeted level of QAR218 billion[7]. It should be kept in mind that most of the GCC governments are conservative in forecasting their revenues, assuming lower oil prices.

LNG production in Qatar is expected to remain at current levels due to the self-imposed moratorium on gas production from the North Field. The moratorium, initially scheduled to end in 2008, is expected to run through at least 2016 after several extensions. However, Qatar's fiscal revenue is still expected to surpass budget expenditure, providing comfortable fiscal headroom. Qatar has also outpaced other GCC countries in terms of non-hydrocarbon sector revenue growth, posting an 18% CAGR over the last five years. A major part of the non-hydrocarbon revenue comes from investment income, which consists of transfer of profits from public enterprises (including Qatar Petroleum's subsidiaries), and accounted for around 16.9%[8] of the GDP and almost 44% of total revenues in FY2013-14. Custom duties and corporate income tax make up for the rest of the non-hydrocarbon government revenue. The government's long-term objective is to finance its entire budgetary operations through non-hydrocarbon revenue by 2020. In line with this vision, Qatar is focussing on economic diversification and has allocated significant capital towards development of infrastructure, health and education.

Assessment of the overall fiscal situation in the UAE is complicated by the lack of uniformity amongst the seven emirates that form the UAE. Abu Dhabi is the dominant emirate, having the highest hydrocarbon reserves and generating more than half of the GDP in the UAE. Contribution of hydrocarbon revenue to the total revenue stood at around 63.8%[9] in 2013, much lower compared to Kuwait and Saudi Arabia. Abu Dhabi, the major source of hydrocarbon revenue to the UAE, plans to boost output capacity to 3.5 mbpd by 2020[10] and has awarded contracts to several foreign companies. In parallel, the non-oil economy has also been gaining strength and is projected by the IMF to expand by over 4% annually over the next few years on the back of Dubai's strong non-oil growth and diversification efforts by Abu Dhabi.

[6] http://www.qcb.gov.qa/English/Publications/Statistics/Pages/Statisticalbulletins.aspx
[7] http://www.gulfbase.com/news/qatar-approves-largest-ever-budget/259251
[8] http://www.imf.org/external/np/sec/pr/2014/pr14197.htm
[9] http://www.uaestatistics.gov.ae/EnglishHome/ReportDetailsEnglish/tabid/121/Default.aspx?ItemId=2252&PTID=104&MenuId=1
[10] http://gulfnews.com/business/oil-gas/uae-pushes-back-3-5m-barrel-crude-oil-target-to-2020-1.1204120

Private Sector is Expanding in the UAE



Source: HSBC

Under Abu Dhabi's Economic 2030 Vision, the government envisages to cut the emirate's reliance on oil to 36% of GDP by 2030. As part of this strategy, Abu Dhabi has increased investments to develop sectors such as petrochemicals, financial services, aviation, renewable energy, and cultural tourism. In the areas of foreign trade, UAE has transformed itself into a trade hub, particularly for re-export, by setting up giant ports. The UAE economy has also boosted its appeal as a tourism hotspot with significant growth in passenger traffic. Dubai has recently acquired rights for the World Expo 2020 that should help the emirate transform itself into a hub for retail and wholesale trade and tourism. Dubai's recent budget expects public revenues for the fiscal year 2014 to increase by 13% from 2013 helped by a 24% rise in fees. Fees represent around 67%[11] of the total government revenues, while tax and oil revenues account for about 21% and 9%, respectively, of the overall government revenues. Meanwhile, the rest of the emirates have also managed to ride the diversification bandwagon. Ras Al Khaimah is projecting itself as a hub for building materials and construction industries, while Fujairah aims to be the centre for ship supply. Sharjah on the other hand expects to develop itself into a powerhouse of small and medium-sized industries.

Saudi Arabia and Kuwait continue to depend on oil revenues

Saudi Arabia, the largest crude oil exporter, has witnessed huge external surpluses for the past few years mainly on account of better crude oil prices and higher production. In 2012, Saudi Arabia's hydrocarbon revenues reached record high of $305.3 billion before declining to $276 billion in 2013[12]. Saudi Arabia is banking on the non-oil sector to be a key driver of growth in 2014, boosted by large public sector infrastructure investments. In the absence of income taxes, fees and charges for government services and customs tariffs are the main sources of non-oil revenues. However, the low growth in non-hydrocarbon revenues reflects the fact that no significant revenue enhancing measures have been implemented.

On similar lines, about 95%[13] of the goods exported in Kuwait are oil and oil products. Kuwait's economy is much more concentrated in production of hydrocarbon and much less in trade, manufacturing, and even services compared to other GCC countries. Economic reform is vital in Kuwait's bid to find alternative sources of income, instead of being totally dependent on oil revenues. The IMF has urged the country to develop sources of income other than oil, such as

[11] http://gulfbusiness.com/2013/11/dubais-ruler-approves-2014-budget/#.U-r8RBZqtmA
[12] http://www.sama.gov.sa/sites/samaen/ReportsStatistics/statistics/Pages/YearlyStatistics.aspx
[13] http://www.csb.gov.kw/Socan_Statistic_EN.aspx?ID=38
[14] http://www.imf.org/external/pubs/ft/scr/2013/cr13336.pdf, http://www.arabnews.com/news/466421

by extending the 15%[14] corporate tax imposed on wholly foreign-owned companies to all firms and by imposing a value-added tax together with fellow Gulf States.

Budget Outlays Reflect a Cautious Stance

Uncertainty in the oil markets lately has resulted in governments taking a cautious approach to budget expenditures. According to the Institute of International Finance, budgeted expenditures have grown at a slow 4% in the region for the current fiscal, as compared to an average of 15% annual growth in budgeted expenditure during 2010-2013. For instance, Qatar's budget indicates only a 3.7% increase in its expenditures for fiscal ending March 2015, compared to the previous year, the slowest increase since 1999.

Although spending growth has slowed for the current fiscal across the GCC nations, budgeted spending for 2014 is at record highs, reflecting that government spending will continue to rise, despite signs of plateauing oil revenues. One needs to be mindful of the fact that actual government expenditures have often far exceeded the budgeted outlays in the past.

Saudi Arabia leads the pack in terms of budgetary overruns, while Kuwait on the other hand has always underspent, indicating poor execution and political gridlock in the country. One cannot compare the UAE budget with other GCC nations on a like to like basis, given that the Federal Government budget, is for a three year budget framework, and comprises roughly about 15% of the overall UAE spending.

Large portion of budgeted expenditure is allocated towards the social sector

Given the growing youth population, local unemployment, rising housing rentals and food inflation pressures, addressing the social challenges forms a key priority for the regional governments. Large part of the spending continues to be allocated towards the social sectors, mainly education, healthcare, infrastructure and housing. Saudi Arabia, in its 2014 budget, has allocated 25%[15] of the budgetary expenditure towards education and human resource development, while 21%[16] of UAE's federal budget for 2014 is allocated for education. Qatar has doubled its educational spending in the last five years[17], and the nation is now trying to channelize these funds to incorporate innovative techniques in the educational system. Education spending for the overall GCC region was slightly below 20%[18] of total government expenditure in 2013 and GCC economies will continue to allocate considerable portion of their budget towards development of the education sector. Likewise healthcare is also a key focus area and is expected to continue to see spending increases.

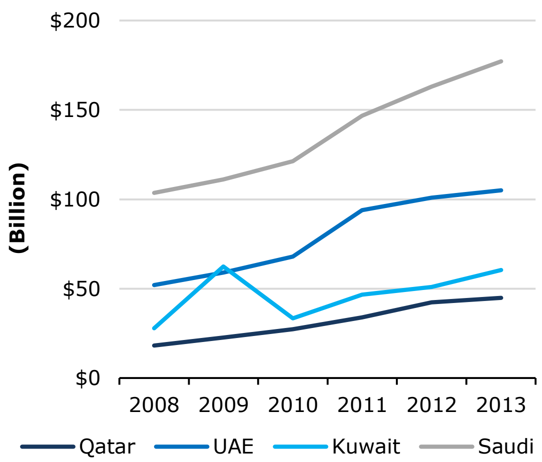
Increased spending is oriented towards current expenditure and not investments

Current expenditure outlays in the region have always formed a lion's share of the total available pie. In 2013, current expenditure in Saudi Arabia, UAE and Kuwait accounted for more than 68% of the total expenditure. Significant portion of the current expenditure is allocated to meet the rising outflow of salaries and wages in the public sector, and other forms of entitlements. It can be observed that most of the oil exporters in the MENA region have seen a dramatic surge in public wage bills post the Arab Spring. Public wages account for a large portion of the overall government expenditure in Saudi Arabia. In 2013, salaries and wages accounted for almost 24%[19] and 15%[20] of total government expenditure in Kuwait and

[14] http://www.imf.org/external/pubs/ft/scr/2013/cr13336.pdf, http://www.arabnews.com/news/466421
[15] http://www.alkhabeer.com/sites/default/files/Saudi%20Budget%202014%20-%20English.pdf
[16] online.wsj.com/article/DN-CO-20131028-000217.html
[17] http://www.zawya.com/story/Qatars_education_spending_among_highest_in_the_world-ZAWYA20130816051013/
[18] http://alt-research.com/wp-content/uploads/2014/02/PE-note-GCC-Education-Industry-ver-11.pdf (Simple Average)
[19] http://new.cbk.gov.kw/en/statistics-and-publication/statistical-releases/quarterly.jsp?selYear=2014&selMonth=tcm%3A10-114614-1024&selTable=115294&publication-id=10&table-type=2&btn-submit=Submit
[20] http://www.uaestatistics.gov.ae/EnglishHome/ReportDetailsEnglish/tabid/121/Default.aspx?ItemId=2252&PTID=104&MenuId=1

the UAE, respectively. The expanding government wage bill also highlights the role of the government as a major employer in the economy, contradicting the governments' thrust towards private sector employment. In the GCC region, about 90% of the public sector jobs are dominated by nationals, while the private sector jobs are primarily held by expatriates.

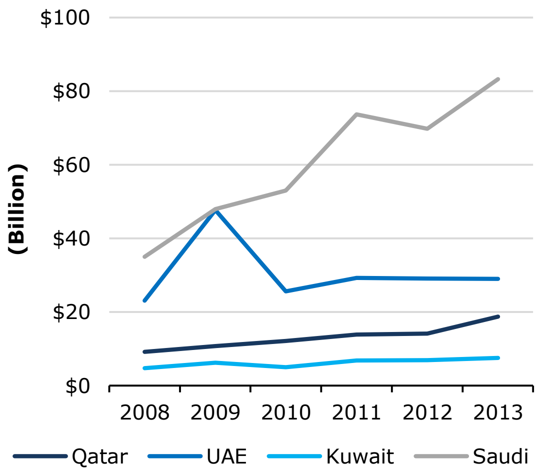
Current Expenditure



Source: SAMA, IMF, QCB, UAE National Bureau of Statistics

Note: Figures for Qatar and Kuwait Are as Per Fiscal Year Beginning in April

Capital Expenditure



Source: SAMA, IMF, QCB, UAE National Bureau of Statistics

Note: Figures for Qatar and Kuwait Are as Per Fiscal Year Beginning in April

Capital expenditure has a long-term impact on the economy and aids in creating an efficient and productive economy. Weakness in capital spending could directly impact long term economic growth. Share of capital spending (as a percentage of budgeted expenditure) in the region has been mostly trending lower, with Qatar and Saudi Arabia being the exceptions. Qatar has been ramping up infrastructure spending ahead of FIFA 2022 and non-hydrocarbon sector growth in Qatar has outpaced private sector growth in other GCC nations in recent years. Qatar plans to allocate a considerable portion of its budget revenue towards key infrastructure initiatives which are likely to assist the nation's private sector growth and diversify its economy. For the current fiscal year, Qatar plans to spend close to 40%[21] of its budgeted expenses in key infrastructure initiatives. The steps to diversify the economy are expected to aid Qatar in meeting its long-term fiscal target to fully balance its budget from non-hydrocarbon revenues by 2020.

Among other GCC economies, robust non-oil growth and latest infrastructure initiatives in Saudi Arabia highlight the Kingdom's intent to lower its reliance on hydrocarbon revenues. Capital expenditure growth in the Kingdom has outpaced growth in current expenditure since 2009 and considerable allocation of funds will be required to support upcoming infrastructure initiatives. Meanwhile, in the UAE and Kuwait growth in capital expenditure has been slower than the rise in current expenditure in the recent years. Budgeted capital expenditure in Kuwait, for the 2015 fiscal accounted for about 9% of the overall expenditure.

Rising Break-even Prices Pose Fresh Challenges

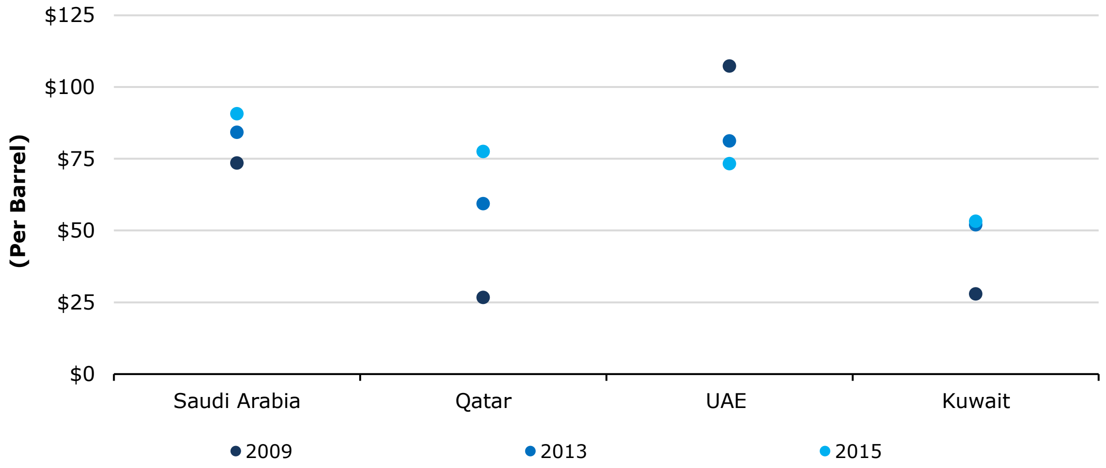
Over the past several years, increased government spending has raised fiscal break-even oil prices faster than the actual rise in oil prices, highlighting that a drop in crude oil prices could expose the region to severe fiscal challenges. In the GCC region, break-even price for oil has

[21] http://www.mof.gov.qa/en/index.php/component/k2/item/127-his-highness-the-emir-endorses-the-country%E2%80%99s-largest-budget

been steadily rising from about $63 per barrel in 2009 to $82[22] in 2013, as expenditure growth continues to outpace growth in revenue.

Break-even price of oil in Saudi Arabia has been steadily increasing in recent years, following the government's move to allocate higher funds for social sector activities. We expect the break-even price for crude oil in Saudi Arabia to range between $89 per barrel to $99.5 per barrel in 2014, compared to slightly below $80[23] per barrel in 2013. It has been observed that fiscal expenditure in the Kingdom has been overshooting budgeted expenditure in the recent past, and the continuation of this trend could severely hurt the Kingdom's fiscal position. The IMF has in fact projected that the Kingdom may register a small deficit in 2016.

Fiscal Oil Break-Even Price



Source: IMF, Note: IMF Considers Consolidated Accounts of the Federal Government, Abu Dhabi, Dubai and Sharjah for UAE

On the other hand, Kuwait has the lowest break-even price in the GCC region, largely supported by lower spending growth in the recent past. In comparison with other GCC economies, Kuwait is likely to continue to run higher fiscal surpluses. UAE's break-even oil price has dropped after the withdrawal of fiscal stimulus injected during the debt crisis in Dubai. Furthermore, the dramatic improvement in Dubai's debt situation has eased UAE's fiscal vulnerabilities. In Qatar, higher contribution of natural gas to the nation's revenue insulates the economy from volatile crude oil prices. However, rising capital expenditure and the flat revenues are likely to propel break-even prices higher until current measures to increase revenue contribution from the non-hydrocarbon sector start yielding results. According to the Ministry of Development Planning and Statistics (MDPS), as per its baseline estimates for capital expenditure for 2014, the oil break-even price in Qatar is expected to rise to $52.9 per barrel in 2014 from $42.3 per barrel last year.

Fiscal Position Remains Sanguine but Longer-term Challenges Need to be Monitored

Despite the prevalent challenges to curtail expenditure and lower dependence on oil revenues, the overall fiscal position in the GCC remains stable. Based on the latest IMF figures, the current account balance as a percentage of GDP for 2013 remains above the five year average. The twin surpluses in the GCC region are likely to shrink in the coming years owing to flat revenue growth and rising pressure to increase spending in the social and non-oil sectors. Lower production or fall in oil prices could hurt the region's fiscal position, and could raise prospects of Saudi Arabia's fiscal balance swinging from surplus to deficit in the coming years. Towards the end of the current decade, the IMF expects overall GCC fiscal balance to turn into

[22] Simple Average of IMF crude oil break-even price per barrel for GCC countries
[23] http://www.alkhabeer.com/sites/default/files/Saudi%20Budget%202014%20-%20English.pdf

deficit, highlighting that the pace of fiscal consolidation measures in the GCC region in the coming years will determine the sustainability of the region's fiscal position.

With Saudi and Qatar taking the lead in the GCC for undertaking key infrastructure initiatives, a recent report has indicated a total of $2.5 trillion spending on mega projects underway in the MENA region, with the GCC region accounting for 87% of the total project volume[24].

[24] http://www.zawya.com/story/GCC_accounts_for_87_of_MENA_real_estate_investments-ZAWYA20140413102625/

However, Dubai's problems during the financial crisis presents a cautionary tale to Arab economies, and regional governments need to be watchful of problems emanating from possible over-heating of their respective economies. Moreover, the GCC region is also grappling with issues of substantial project delays, resulting in huge financial losses, quality compromises, and long waiting periods to commence operations for public services.

Another pressing issue is the growing subsidy bills for the Gulf governments, with energy subsidy costs in some of the GCC countries as high as 28%[25] of government revenues. Moreover energy subsidies are also resulting in enormous waste of energy in the region. Subsidised energy cost has resulted in substantial growth in domestic energy consumption, which now surpasses consumption levels in many of the developed economies. For instance Saudi Arabia is now the sixth largest consumer of oil in the world, albeit being the 19th largest economy. Although Governments across the region acknowledge the fact that lowering subsidies, could free up more oil revenues for development, any attempt to curb subsidies could result in an Arab spring kind of a backlash.

With regional governments seemingly taking cognizance of the prospect of lower hydrocarbon revenues and gradual shrinkage of twin surpluses in the future, the latest drive to diversify their respective economies appears a strategy well poised to mitigate key long-term challenges. A co-ordinated effort to channelize expenditure into more economically productive investments and diversifying the economy is the need of the day. Although steps towards diversifying the economy appear promising, there is also a need to diversify revenue channels. With the IMF projecting dramatic change in the fiscal environment by the end of the decade, a close watch must be kept on the fiscal policy stance of the region's governments in the coming years.

[25] IMF number for 2011

Appendix

Saudi Arabia: Macroeconomic Indicators

	Units	2010	2011	2012	2013	2014F
Real GDP Growth	%	7.4	8.6	5.8	4.0	4.6
Contribution of Hydrocarbons to GDP*	%	45.0	51.2	50.4	47.4	-
Contribution of Non Hydrocarbons to GDP*	%	55.0	48.8	49.6	52.6	-
Real Hydrocarbons GDP Growth	%	0.3	11.0	5.7	-1.0	0.6
Real Non Hydrocarbons GDP Growth	%	9.5	7.9	5.8	5.4	5.6
Revenues (A)	SR Billion	741.6	1117.8	1247.4	1156.3	1068.0
- Hydrocarbon Revenues	SR Billion	670.3	1034.4	1144.8	1035.0	949.0
- Non Hydrocarbon Revenues	SR Billion	71.3	83.4	102.6	121.3	119.0
Expenditure (B)	SR Billion	653.9	826.7	873.3	976.0	-
- Capital Expenditure	SR Billion	198.8	276.2	261.7	312.0	-
- Current Expenditure	SR Billion	455.0	550.5	611.6	664.0	1018.0
Budget Balance (A-B)	SR Billion	87.7	291.1	374.1	180.3	51.0
Current Account Balance	$ Billion	66.8	158.5	164.8	129.8	120.0
Gross Official Reserves	$ Billion	440.4	535.2	647.6	716.7	768.5
Growth in Broad Money (M3)	%	5.0	13.3	13.9	10.9	11.0
Consumer Price Index- Inflation (YoY Change)	%	3.8	3.7	2.9	3.5	2.9
SR/USD Exchange Rate		3.75	3.75	3.75	3.75	3.75

*Source: SAMA, IMF, AlKhabeer Estimates, *Computed at Current Prices*

Qatar: Macroeconomic Indicators

	Units	2010	2011	2012	2013P	2014F*
Real GDP Growth	%	16.7	13.0	6.1	6.5	5.9
Contribution of Hydrocarbons to GDP	%	52.6	58.1	56.8	54.4	-
Contribution of Non-Hydrocarbons to GDP	%	47.4	41.9	43.2	45.6	-
Real Hydrocarbons GDP Growth	%	28.9	15.6	1.3	0.1	-1.0
Real Non Hydrocarbons GDP Growth	%	8.6	10.9	10.1	11.4	10.7
Revenues (A)	QR Billion	156.0	222.5	284.3	346.6	-
-Hydrocarbon Revenues	QR Billion	96.9	155.3	177.6	195.2	-
- Non Hydrocarbon Revenues	QR Billion	59.3	67.3	106.8	151.4	-
Expenditure (B)	QR Billion	143.8	174.4	205.6	231.7	-
- Capital Expenditure	QR Billion	44.2	50.6	51.6	68.4	-
- Current Expenditure	QR Billion	99.6	123.8	154.0	163.2	-
Budget Balance (A-B)	QR Billion	12.2	48.2	78.8	115.0	-
Current Account Balance	$ Billion	23.8	52.0	62.3	59.2	54.3
Gross Official Forex Reserves	$ Billion	31.1	16.7	33.1	42.1	46.6
Growth in Broad Money (M3)	%	23.1%	17.1%	22.9%	19.6%	19.8%
Consumer Price Index- Inflation (YoY Change)	%	-2.4%	1.9%	1.9%	3.1%	3.50%
QR/USD Exchange Rate		3.64	3.64	3.64	3.64	3.64

*Source: Qatar Information Exchange, QCB, IMF, Ministry of Finance. Qatar Public Finances from April to March, * IMF Projections*

Kuwait: Macroeconomic Indicators

	Units	2010	2011	2012	2013E	2014F
Real GDP Growth	%	-2.4	6.3	6.2	0.8	2.6
Real Hydrocarbons GDP Growth	%	0.5	14.2	11.7	-2.0	0.0
Real Non Hydrocarbons GDP Growth	%	-4.1	1.3	2.2	2.7	3.9
Revenues (A)	KD Billion	22.7	32.4	36.1	35.6	35.9
- Hydrocarbon Revenues	KD Billion	18.6	27.5	29.9	29.2	28.1
- Non Hydrocarbon Revenues	KD Billion	4.0	5.0	6.2	6.5	7.7
Expenditure (B)	KD Billion	15.0	16.2	19.0	21.5	22.8
- Capital Expenditure	KD Billion	1.9	1.9	2.1	3.1	3.6
- Current Expenditure	KD Billion	13.1	14.3	16.9	18.5	19.1
Budget Balance (A-B)	KD Billion	7.7	16.3	17.1	14.2	13.1
Current Account Balance	KD Billion	10.6	18.5	22.2	20.0	19.7
International Reserve Assets	KD Billion	5.4	6.3	7.2	7.7	8.2
Growth in Broad Money (M3)	%	1.1	10.2	6.5	11.8	7.5
Consumer Price Index- Inflation (YoY Change)	%	4.5	4.9	3.2	3.0	3.5
KWD/USD Exchange Rate		3.49	3.63	3.60	3.54	-

Source: IMF, Fiscal Year for Kuwait is From April to March

About Us

About Alkhabeer:

Alkhabeer Capital is a leading investment & asset management firm that provides world-class financial products and services which help institutions, family groups and qualified investors.

It is licensed by Saudi Arabia's Capital Market Authority (CMA) under license No. 07074-37. The Asset Management area provides investment opportunities through a large and growing portfolio of public and private funds in the areas of real estate, private equity and capital markets while the advisory area helps clients improve their capital structures with a wide range of innovative investments and corporate finance services and solutions.

Alkhabeer Capital has offices in Jeddah and Riyadh.

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