

# 'High oil prices and vaccine drive contribute to GCC's economic revival'

**TRIBUNE NEWS NETWORK**

DOHA

DOHA Bank has hosted a virtual client conference "2022 - The Year ahead of US" where leading economists and regional experts discussed what the year might have in store.

Gudni Stiholt, Chief Treasury and Investments Officer, Doha Bank gave the introduction for the event.

Dr R Seetharaman, CEO of Doha Bank gave insight on Global scenario. He said, "According to IMF Jan 2022, Global growth is expected to moderate from 5.9 percent in 2021 to 4.4 percent in 2022. Advanced economies growth is expected to moderate from 5 percent in 2021 to 3.9 percent in 2022. Emerging economies growth is expected to moderate from 6.5% in 2021 to 4.8% in 2022. The emergence of new COVID-19 variants could

prolong the pandemic and induce renewed economic disruptions. Moreover, supply chain disruptions, energy price volatility, and localized wage pressures mean uncertainty around inflation and policy paths is high. US fed expected to begin monetary tightening in March 2022. Bank of England already commenced its Monetary Tightening."

Fahd Iqbal, Head of Middle East Research, Credit Suisse AG gave insights on GCC Economies. He stated that growth forecasts have taken off due to effective vaccination drive and high oil prices. The fiscal balances also expected to improve. The GCC Monetary environment remains loose with lending activity health and improving. The real interest rates continue to contract. The inflation in GCC is picking up and dependence

of food imports is a risk. The GCC has continued to strongly outperform EM. The valuations are no longer cheap. Foreign inflows are robust but mostly passive. In Qatar, Long term capex is the key, carbon prices important for equities. In Saudi Arabia: Shareek program bodes positively, significant growth potential in capex spends. In UAE, Dubai is cementing its position as a regional hub, enjoying a strong post -covid recovery and Abu Dhabi is ramping up oil production capacity.

Mark Matthews, Head of Research Asia, Bank Julius Baer. He stated that Bank of America Fund Survey indicated that hawkish central bank rate hikes, inflation and asset bubbles are the biggest perceived risks. The market looks for 6.4 hikes of 25 basis points to the Fed Funds rate this year, which would take



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it to 1.85%. Covid is still the chief reason, directly or indirectly, for the rise in inflation.

In US confirmed new cases (7 day Moving Average), Cases are down 70% from their

peak in mid-January and falling in 49 out of 50 states. In England, Covid's 7-day case

fatality rate is currently approximately similar to the average range for the seasonal flu, of one death in 150 cases. The inflow of immigrants into the United States halted for almost 2 years, and there are 2 million fewer working-age immigrants than there would be if the trend had continued. Commodities prices, which rose 27% last year, are up another 10% year to date. Energy is a third of the index. Non-profitable tech stocks are back at pre-pandemic levels relative to NASDAQ. Bank of America Fund Survey Positioning Vs Average of Last 10 years indicate Investors remain cyclical (i.e. banks, materials, commodities) relative to history but have increased defensiveness (i.e. cash) while at the same time very underweight assets that are to interest rate hikes (i.e. bonds, tech, emerging markets).