



economics institute

a multi-speed recovery

December 2020



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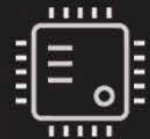


# global trends to watch



## a protracted and unbalanced recovery

- lockdowns disproportionately impacted women, minorities & low income workers
- the great divide: t&e vs non-t&e, digital, small vs big business
- migration and labor imbalances/mismatches
- stimulus cliffs including loan deferrals, eviction moratoriums and unemployment insurance



## investing in robots vs people

- going digital improves productivity at the cost of employment
- older demographic now digital while cutting shopping costs and time could prove sticky
- "every day is a Cyber Monday" impacts day and time of spending with fewer peaks



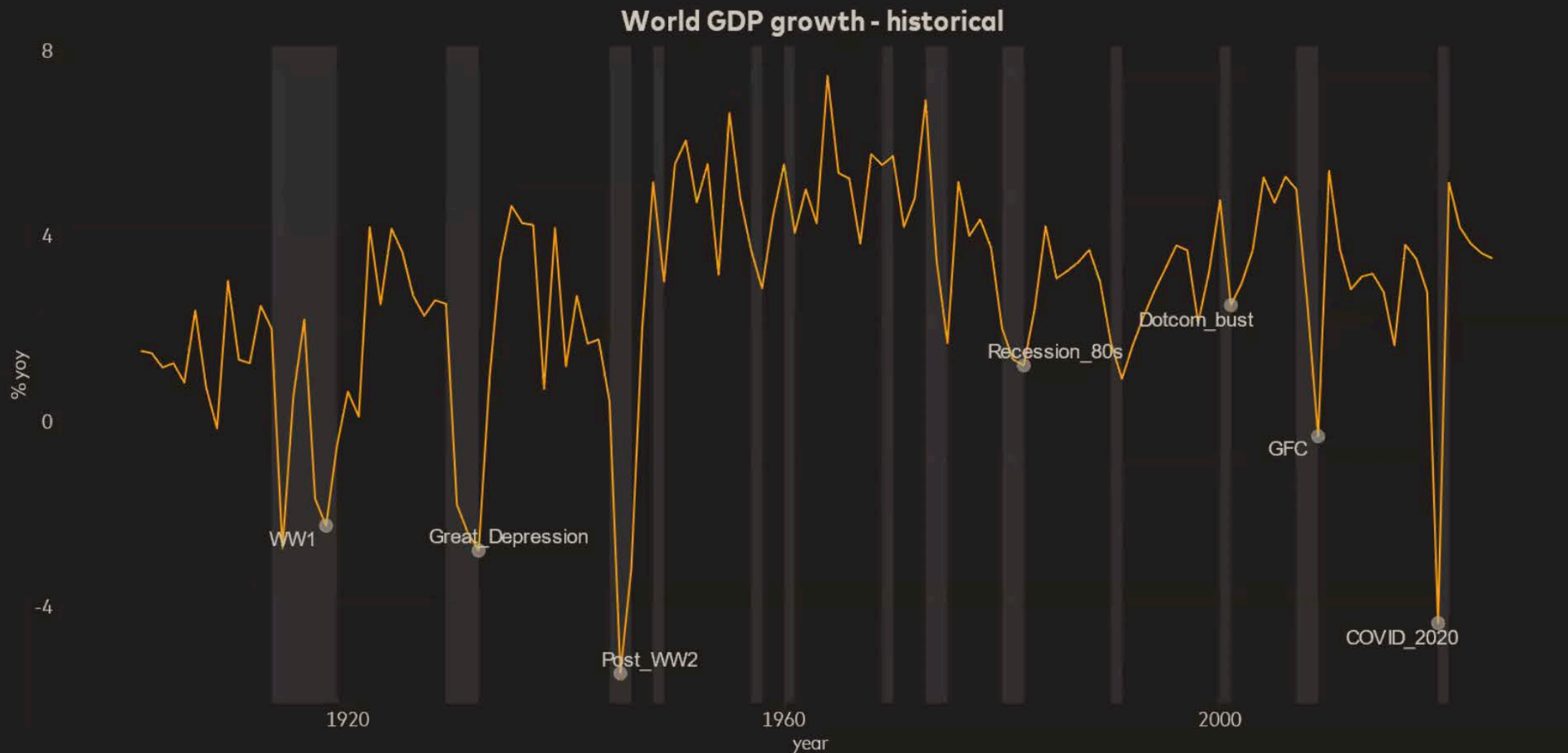
## a focus on individualism

- clear signs of strong demand for more individualized experiences
- investing in hard assets – homes, cars and home offices
- moving production more local



# Unprecedented slowdown since WW2

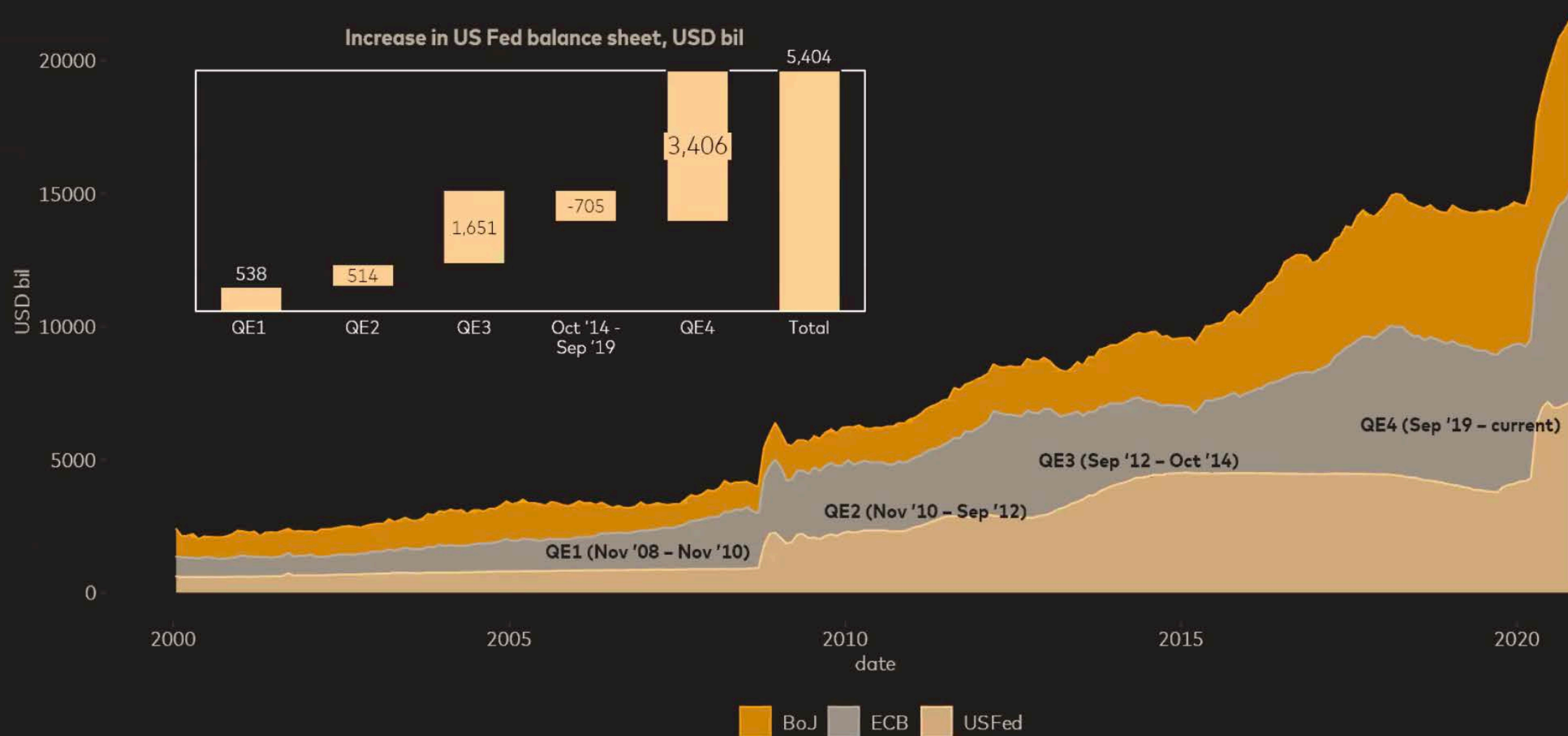
Fall in economic activity exceeds even the Great Depression and the GFC



# This round of QE outstrips the QE during the GFC

63% of the G3 central bank balance sheet expansion since 2008 happened in the last 6 months

## G3 Central bank balance sheet (USD)

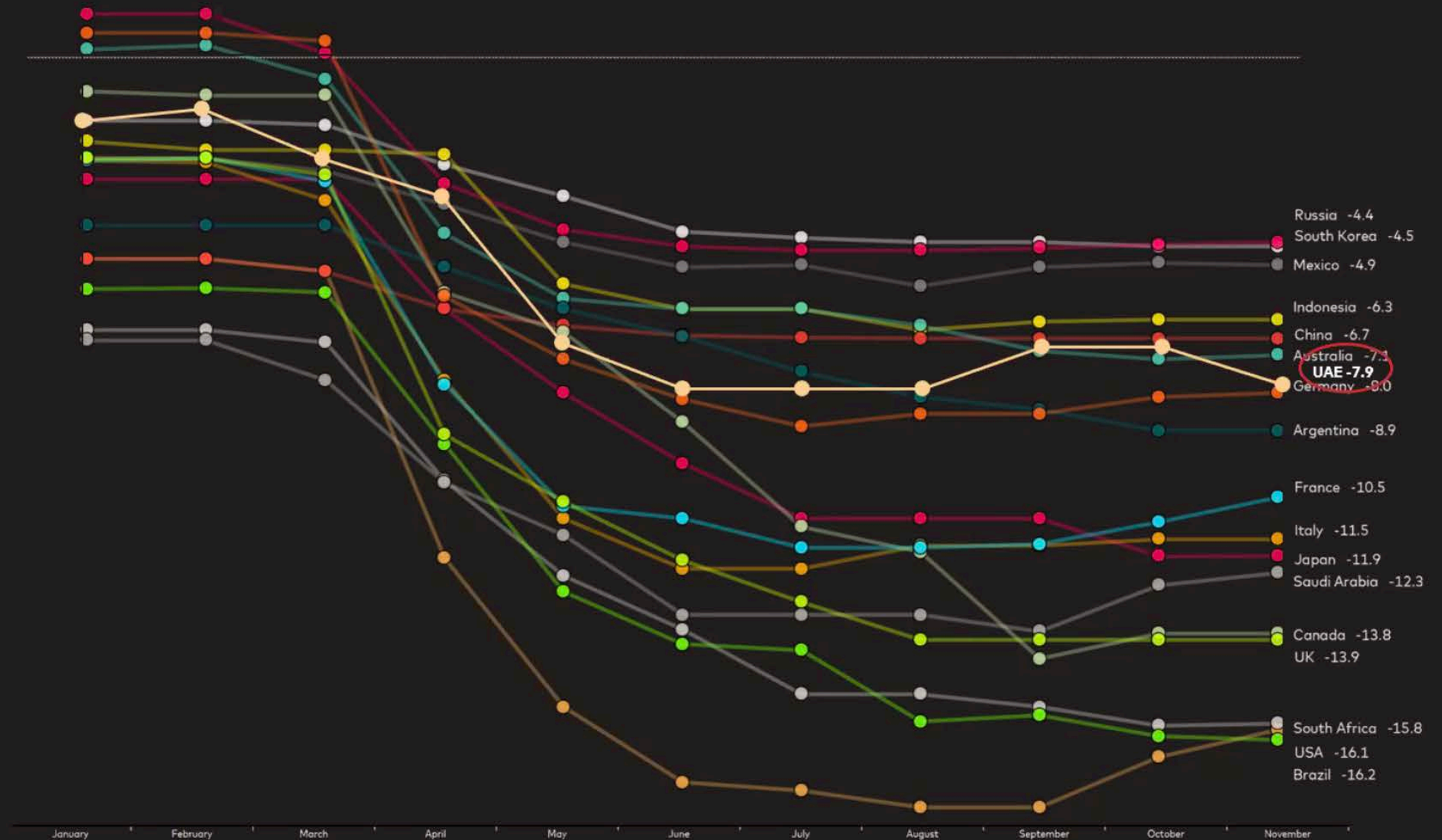




# Fiscal stimulus packages save jobs temporarily

2020 Budget Balance  
forecast (% of GDP)

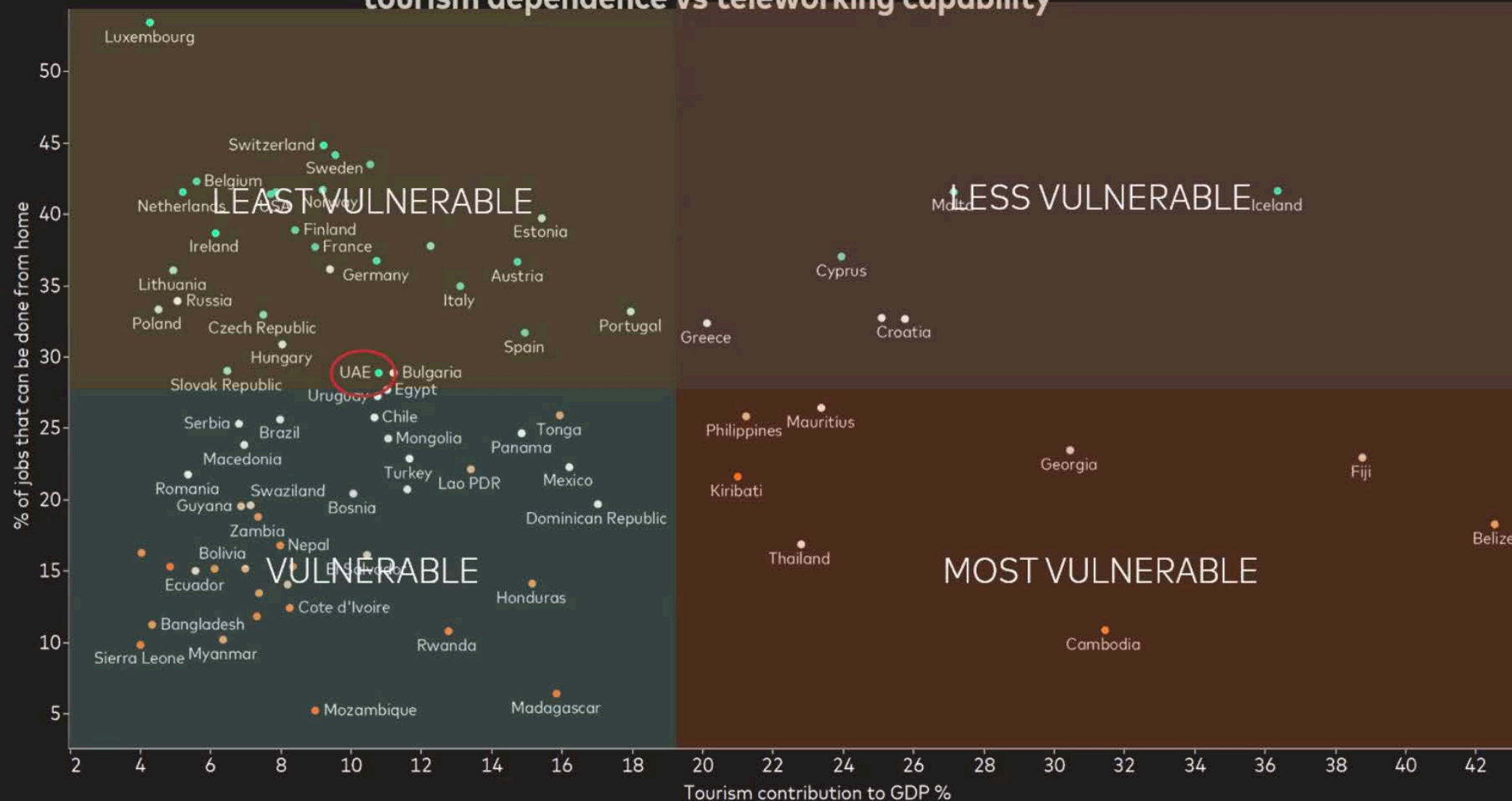
However, expiring  
stimulus in 2021 makes  
the outlook uncertain



# High tourism exposure + low teleworking capacity = vulnerability


UAE least vulnerable due to existing infrastructure and economic diversity

tourism dependence vs teleworking capability



# UAE: macroeconomic outlook

Recovery from the COVID-19 shock to be long drawn out and patchy

A stylized world map in shades of blue and green serves as the background for the slide. Three semi-transparent grey boxes are overlaid on the map, each containing text. The boxes are positioned over North America, Europe, and Asia respectively.

post-recession sources of growth to remain weak – low oil prices, tourism and demographics

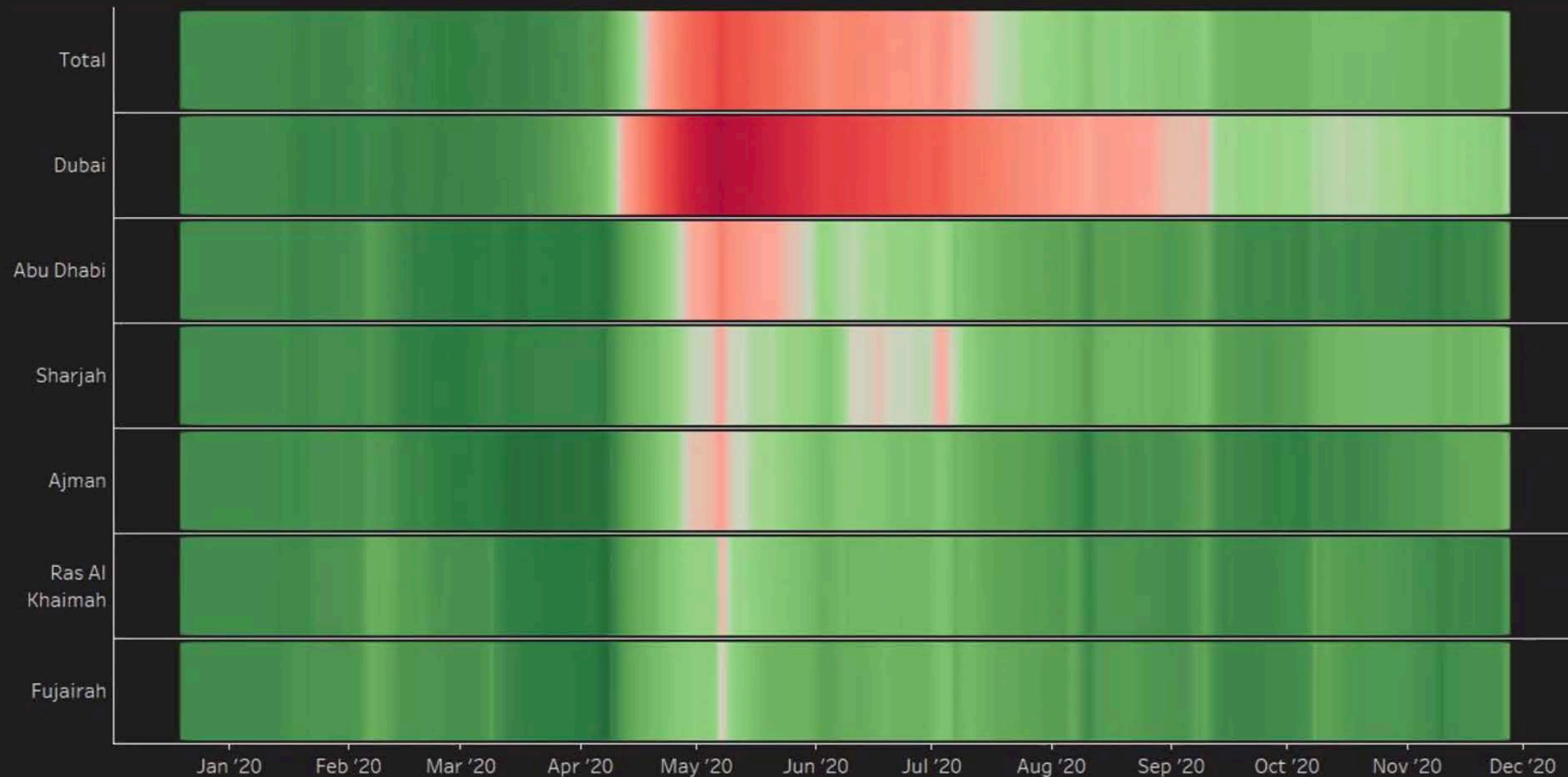
vulnerabilities seen from low oil prices, fiscal position and struggling businesses

return of international tourism and migrant worker flows crucial for recovery



# Emirate-Level Spending Heatmap

Dubai was hit the hardest of any Emirate in the UAE, with tight protective measures in place impacting the tourism industry among other sectors.

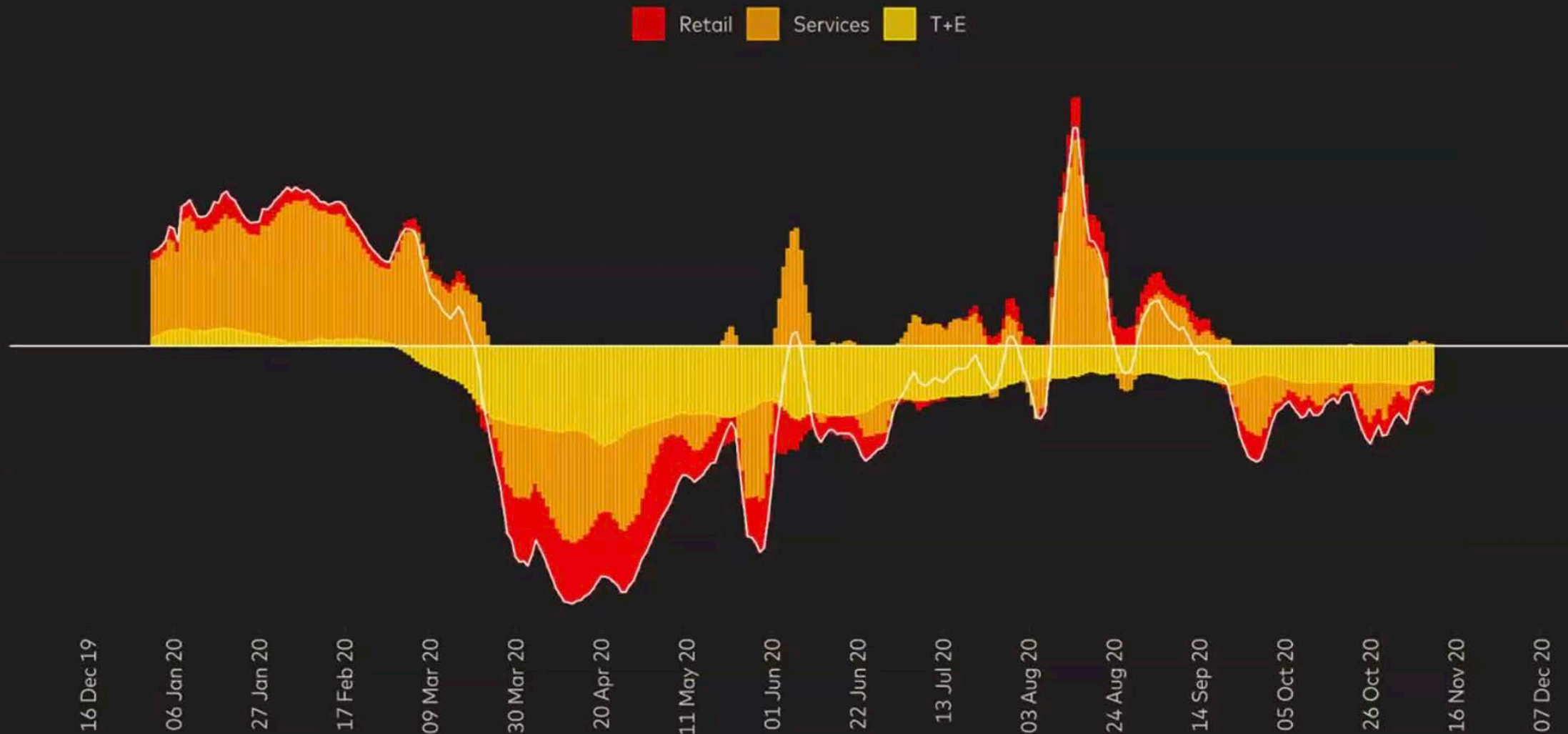




# Contributions to Dubai Spending Growth

A multispeed recovery: while retail and services are nearly back to growth territory, the travel & entertainment industry still remain in contraction territory.

Dubai Sectoral Contribution to Credit and Debit Spending Growth (7 day, %, y/y)



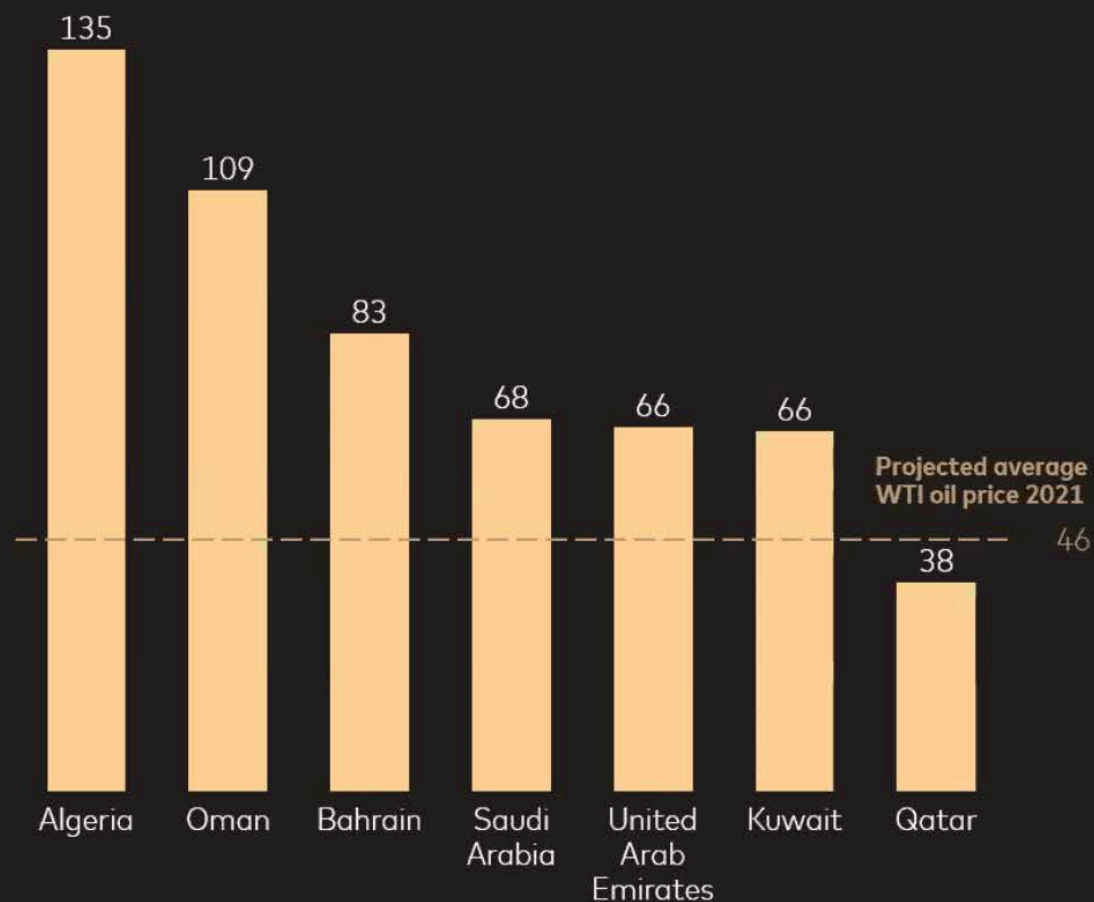
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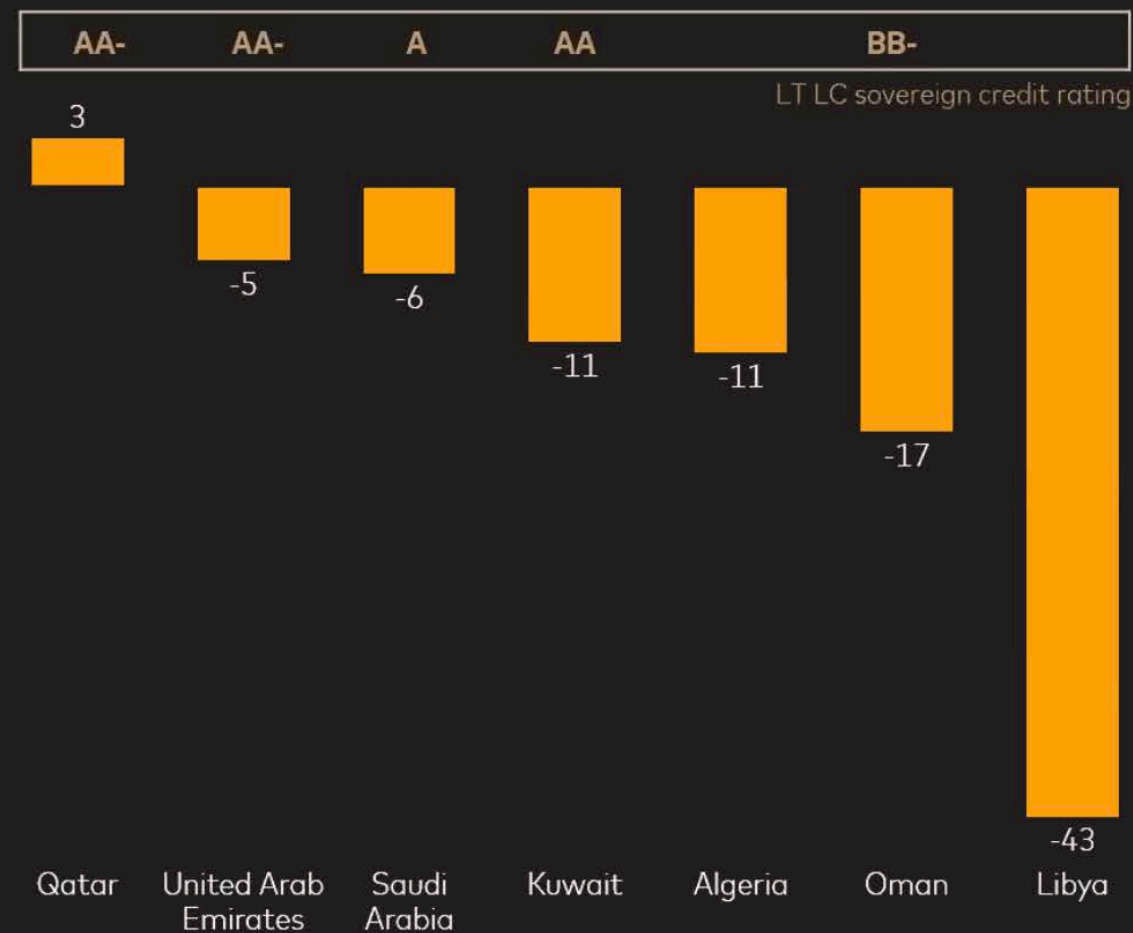
# Oil prices expected to remain below fiscal breakeven

This puts pressure on fiscal balances and credit ratings

2021 Estimated fiscal breakeven oil price (USD/bbl)



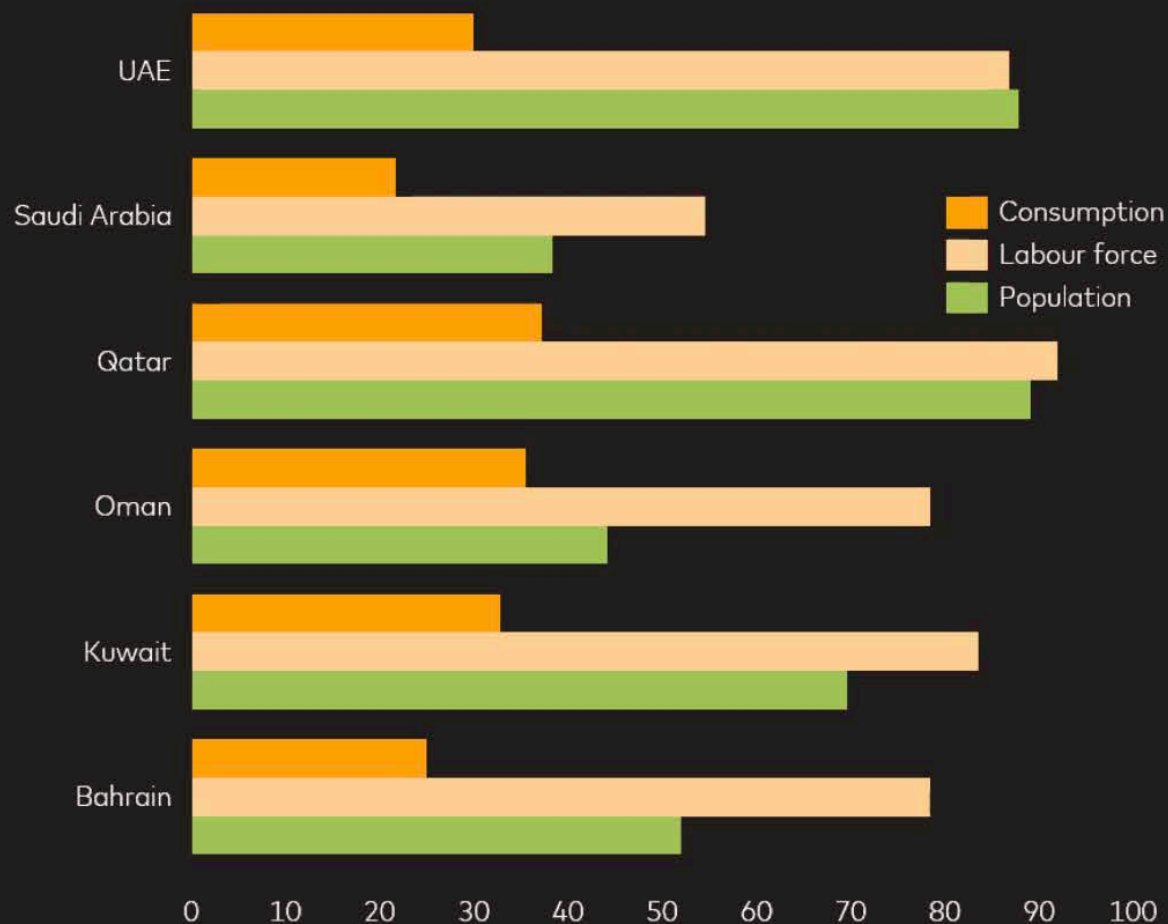
2021 Projected fiscal balance (% of GDP)



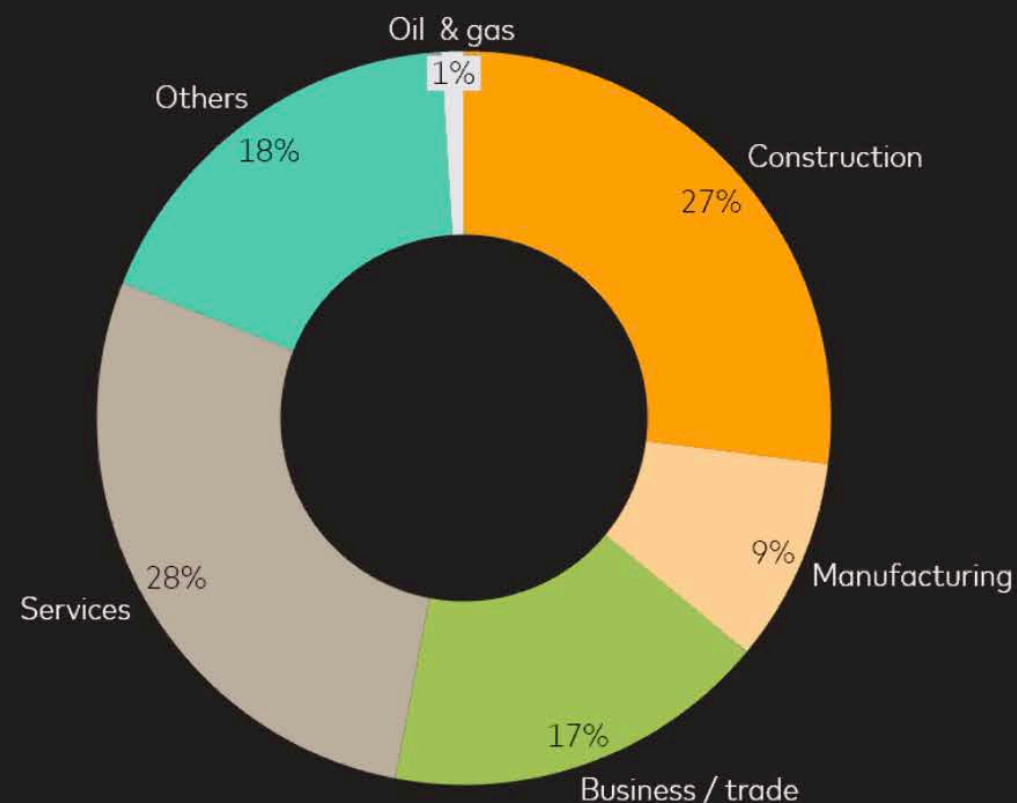
# Especially when a sizeable population are migrant workers

Spending affected by the workers who had returned home due the pandemic

Share of expatriates in GCC countries (% of total)



GCC total expatriate employment by sector







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## UAE: Post-COVID19 trends

post-recession sources  
of growth to remain  
weak – low oil prices,  
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