
Macroeconomic indicators - Gulf economy to grow 6pct in 2010 - EFG Hermes

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Emirates Business 24|7 reported that the recovery in oil prices is set to accelerate Gulf Arab economic growth to as much as 6.2% in 2010 compared to a projected contraction of 0.9% in 2009.

EFG Hermes said in the report that "We forecast positive real and nominal GDP growth in 2010 as a result of both higher oil prices and production levels."

The global credit crunch brought a boom in Gulf Arab economies to a grinding halt in 2009 but high state spending and a turnaround in oil prices are helping the world's top oil exporting region recover. EFG Hermes projects oil prices to average \$62 a barrel in 2009 and \$80 a barrel in 2010.

The report said that "The overall GCC real GDP growth will be particularly boosted by Qatari real GDP growth which will accelerate with the marked increase in gas production and to a lesser extent, Saudi Arabia."

Mr Turker Hamzaoglu emerging markets economist at Bank of America Merrill Lynch said that he expects oil prices to average USD 82 per barrel in 2010. He said that "If we expect global recovery to strengthen in 2010 and fiscal stimulus not to be withdrawn, then we have a strong case to be bullish about commodities outlook."

(Sourced from Emirates Business 24|7)

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