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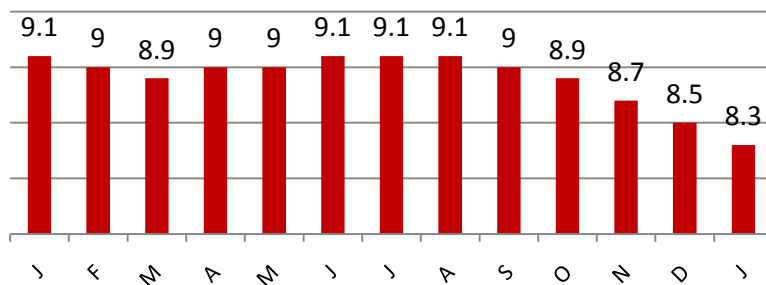
RECENT MACROECONOMIC DEVELOPMENTS

GLOBAL

❖ US: Extension of tax cuts and jobless benefits to spur growth

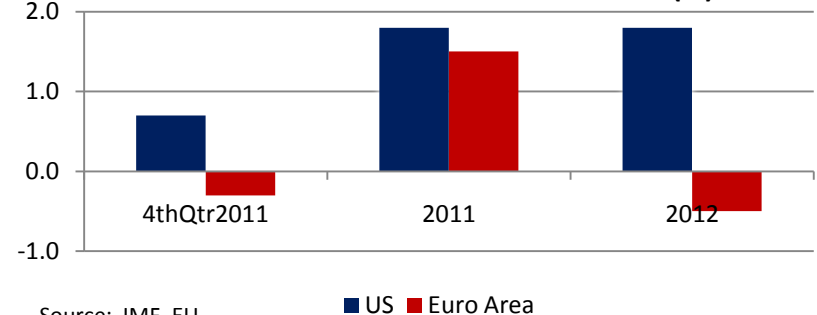
- The decision by the U.S. Congress to extend a tax cut for 160 million workers will give a big boost to the economy, even though the legislation could add US\$ 100 billion to the already high US fiscal deficit.
- Proponents of the bill have argued that it would help stimulate the economy and provide needed cash to struggling middle class families and workers, and to the unemployed who account for 8.3% of the labour force.
- With the passage of the bill, 4 million long-term unemployed people will continue to receive benefits to help them maintain basic standard of living and wellbeing.
- Analysts believe that the scaling down of unemployment benefits will be more gradual than initially thought, "resulting in a slightly less drag on growth" in the second quarter of this year, but a somewhat greater impact at the end of 2012.
- It seems that the US economy is starting to fire on all cylinders as policy makers are starting to get their acts together unlike their transatlantic counterparts.
- While the troubled euro bloc economy contracted by 0.3% in the last quarter of 2011, the US economy expanded by 0.7% in the same quarter. The outlook for the two transatlantic regions shows that while the US economy will expand by 1.8% in 2012, the eurozone will slip into a mild recession, with real GDP expected to shrink by 0.5%.

US Unemployment Rate (%)



Source: Thomson Reuters

GDP Growth Rates in the U.S & Euro Area (%)



Source: IMF, EU

■ US ■ Euro Area

RECENT MACROECONOMIC DEVELOPMENTS

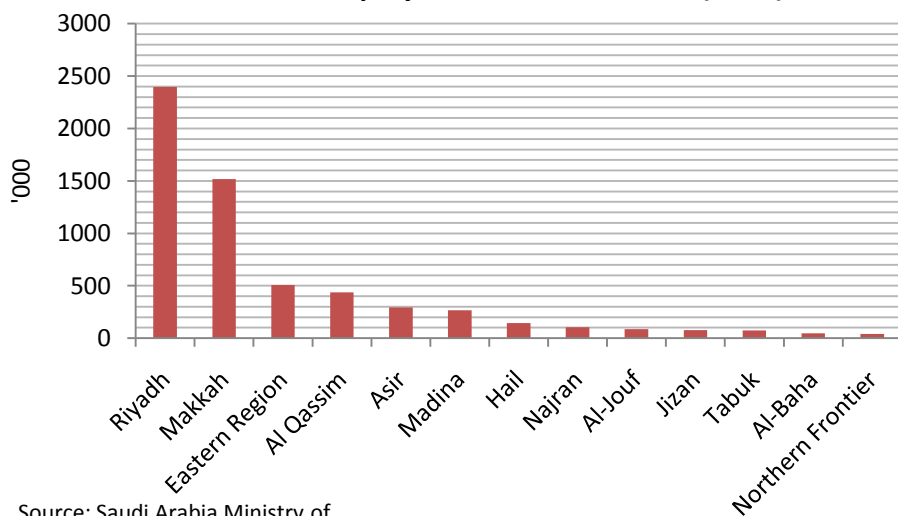


GCC

❖ Saudi Arabia focuses on job creation in the private sector

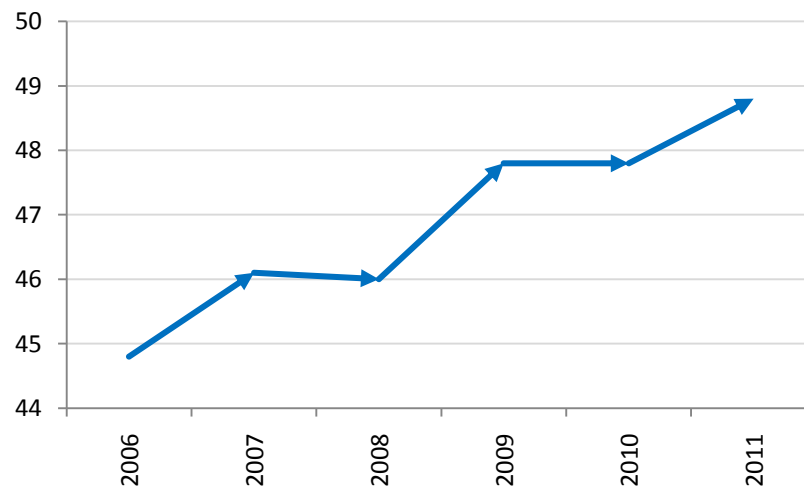
- Saudi Arabia has been taking new initiatives to create 3 million jobs by 2015, with the hope of doubling this number by 2030, aimed at tackling the unemployment problem in the Kingdom, according to the Minister of Labour.
- Currently, the total number of workers in the Kingdom’s private sector stands at around 7 million, with non-Saudis accounting for nearly 90% of the total while Saudi citizens constitute only 10%.
- The new job creation initiative is aimed at substantially increasing the proportion of Saudis in the private sector while at the same time achieving the objective of the saudization policy.
- Private sector employment in Saudi Arabia, however, exhibits considerable variation across regions, with Riyadh alone accounting for 40% of the total, closely followed by Makkah (25%) while the share of the rest of the Kingdom ranges from less than 1% in the Northern Frontier to 8% in the Eastern Province.
- It is expected that increased job creation in the private sector will push up the relative contribution of the sector to economic growth. The share of the private in total GDP has risen gradually over the years, but it still accounts for less than 50% of total GDP.

Private Sector Employment in Saudi Arabia (2011)



Source: Saudi Arabia Ministry of

Saudi Private Sector Contribution to GDP (%)

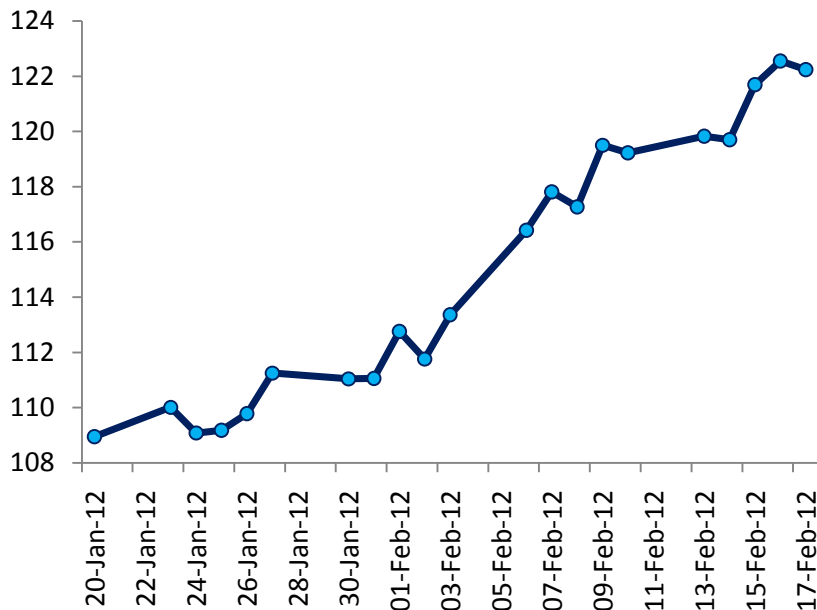


Source: Saudi Ministry of Finance and Gulf One

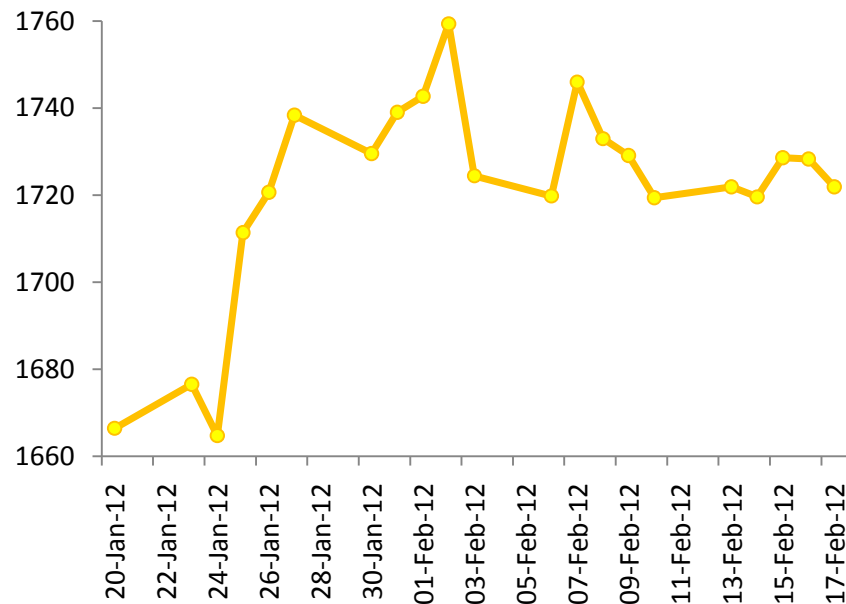
COMMODITIES



Brent Oil Price (US\$/barrel)



Gold Price (US\$/ounce)



As Feb 17 (US\$)	Current	Week Ago	Weekly Change
Brent Oil (barrel)	122.24	119.23	2.52
Gold (ounce)	1721.89	1719.39	0.15
Silver (ounce)	33.20	33.56	-1.06
Copper (pound)	3.73	3.87	-3.62
Aluminium (kilo)	2.12	2.23	-5.15

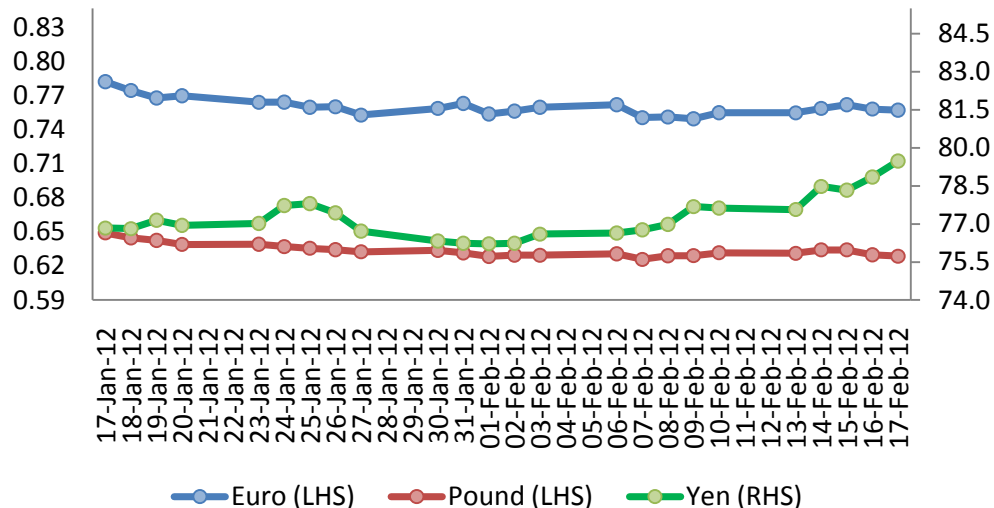
Source: Thomson Reuters

CURRENCIES

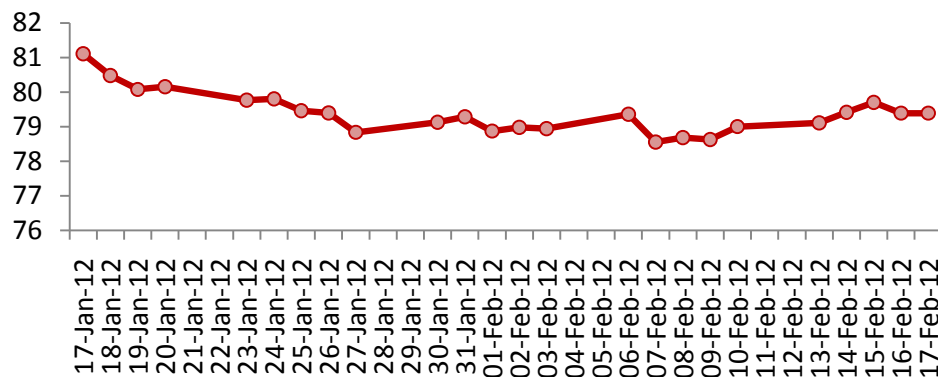


	Current (17 Feb 2012)	Week Ago	Weekly Change
International	\$1	\$1	(%)
Euro	0.760	0.758	0.264
GBP	0.632	0.635	-0.472
Yen	79.480	77.625	2.390
CNY	6.299	6.294	0.079
INR	49.310	49.420	-0.223
CHF	0.919	0.918	0.120
GCC			
AED	3.670	3.670	0.000
BHD	0.380	0.380	0.000
KWD	0.278	0.276	0.725
OMR	0.390	0.390	0.000
QAR	3.640	3.640	0.000
SAR	3.750	3.750	0.000

Euro, Yen & Pound vs Dollar

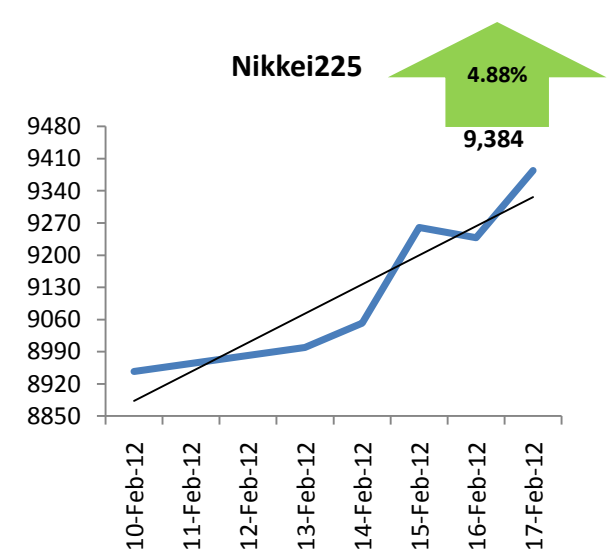
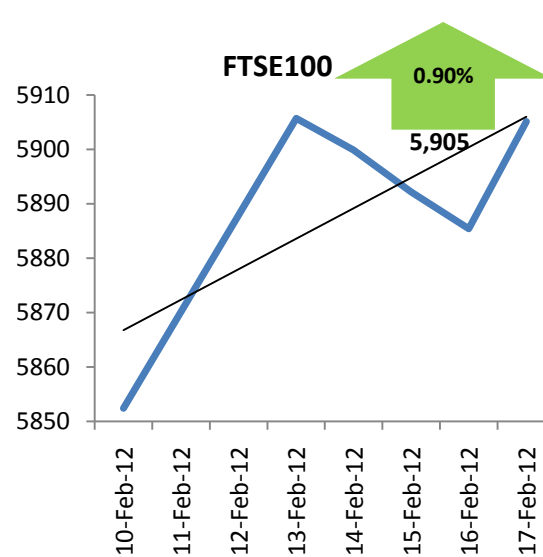
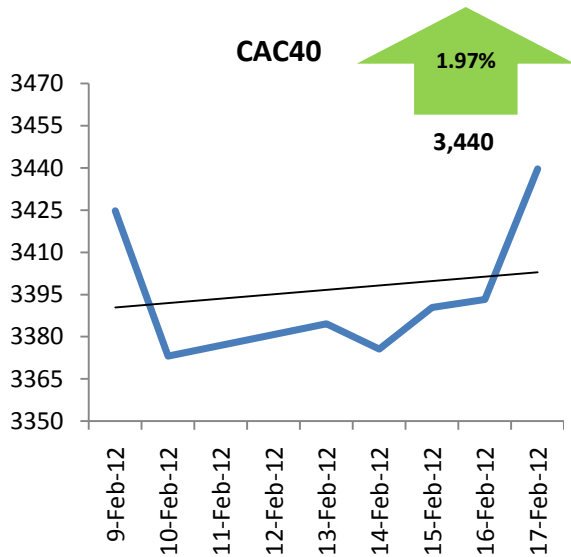
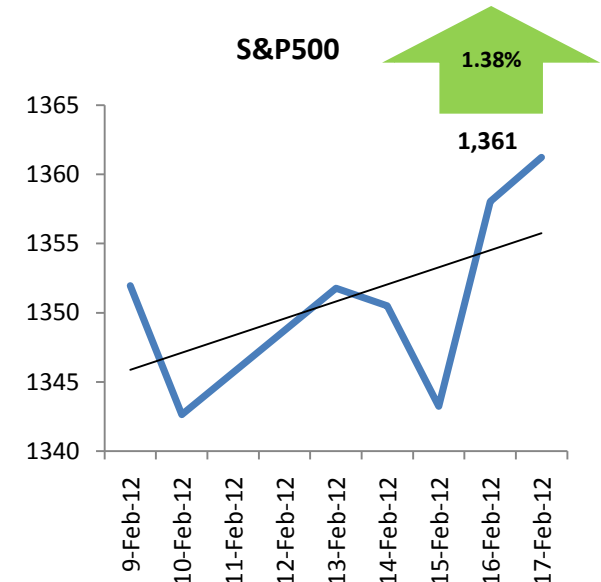
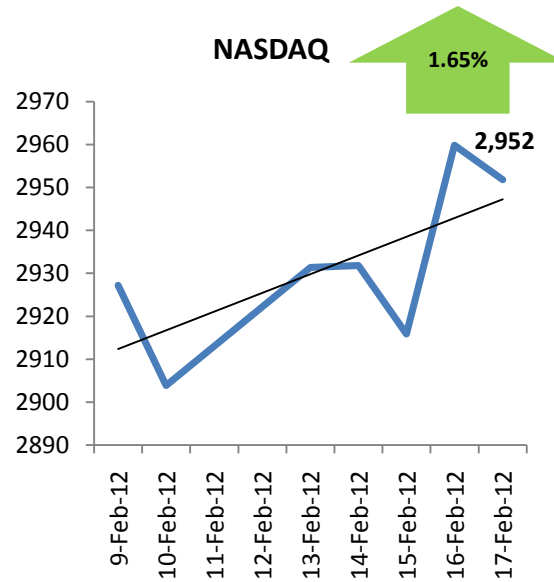
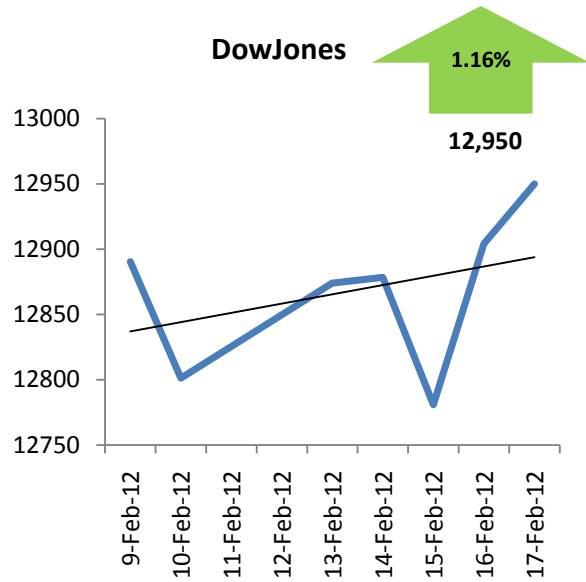


The Dollar Index



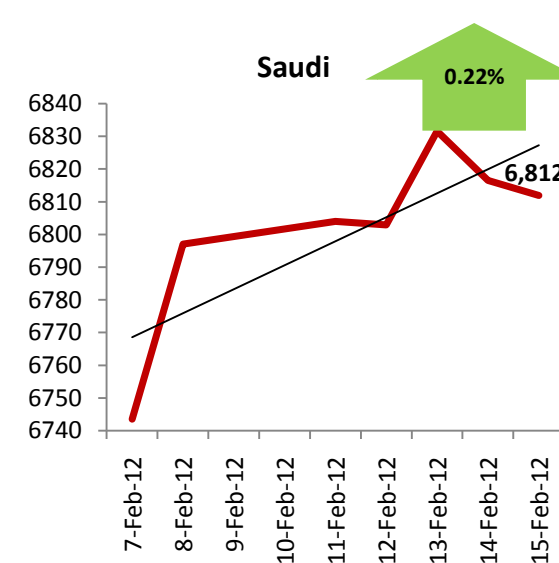
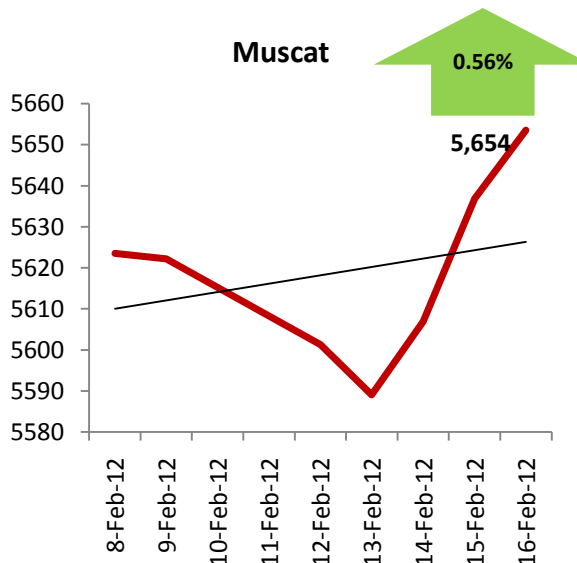
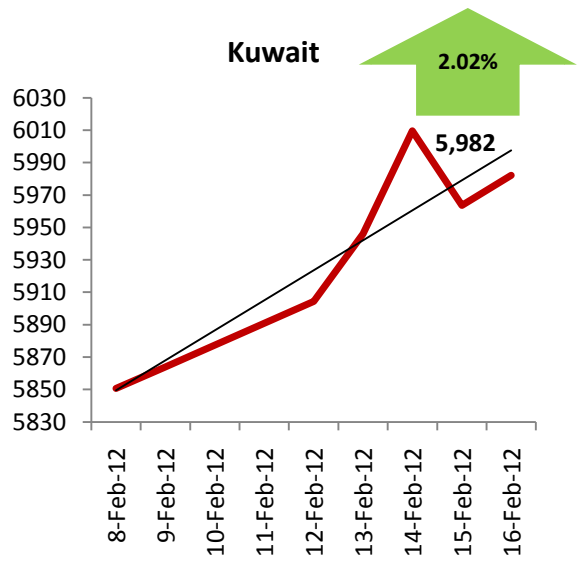
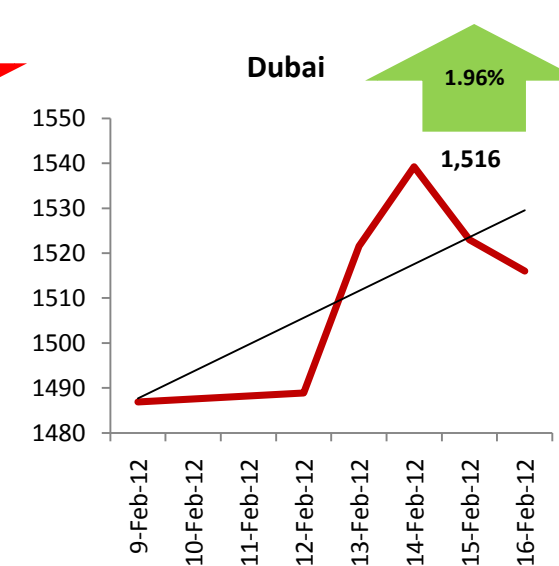
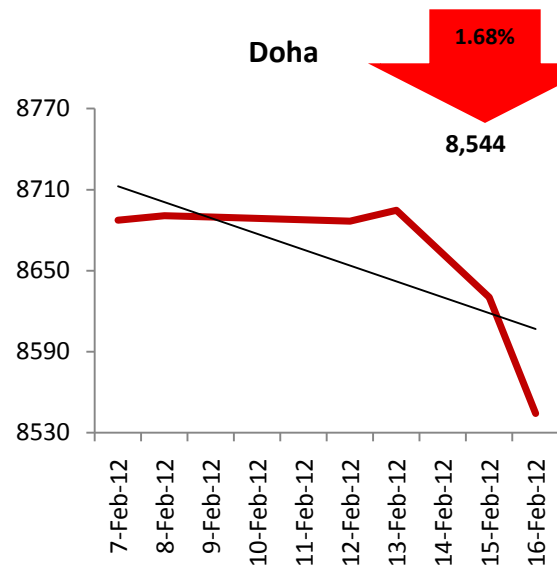
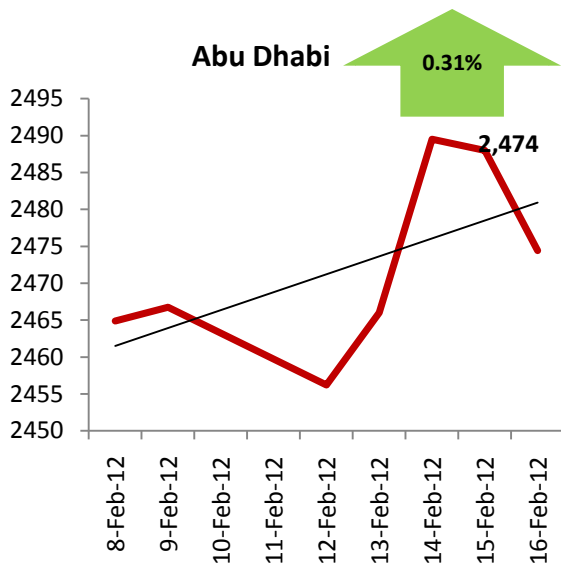
Source: Thomson Reuters

STOCK MARKETS



Source: Thomson Reuters

STOCK MARKETS



Source: Zawya

STOCK MARKETS

Stock Exchange	Current (17 Feb)	A Week Ago	Weekly Change (%)
Dow Jones (US)	12,950	12,801	1.16
Nasdaq (US)	2,952	2,904	1.65
S&P500 (US)	1,361	1,343	1.38
CAC40 (FR)	3,440	3,373	1.97
FTSE100 (UK)	5,905	5,852	0.90
Nikkei225 (JP)	9,384	8,947	4.88
Abu Dhabi	2,474	2,467	0.31
Bahrain	1,144	1,137	0.61
Doha	8,544	8,690	-1.68
Dubai	1,516	1,487	1.96
Kuwait	5,982	5,864	2.02
Muscat	5,654	5,622	0.56
Saudi Arabia	6,812	6,797	0.22

Source: Thomson Reuters and Zawya

MISCELLANEOUS

GULF PROJECTS

	Projects planned or under way	Projects planned or under way	Change on week (%)	Projects planned or under way	Change on year (%)
	14-Feb-12	7-Feb-12		15-Feb-11	
	(\$m)	(\$m)		(\$m)	
Bahrain	63,696	63,927	-0.36	80,523	-20.90
Kuwait	178,856	177,404	0.82	151,326	18.19
Oman	116,558	116,618	-0.05	99,684	16.93
Qatar	215,272	217,897	-1.20	227,981	-5.57
Saudi Arabia	751,120	751,683	-0.07	697,207	7.73
UAE	556,909	574,364	-3.04	631,196	-11.77
GCC	1,882,411	1,901,893	-1.02	1,887,917	-0.29
Iran	311,270	312,080	-0.26	302,890	2.77
Iraq	329,734	367,359	-10.24	268,842	22.65
Gulf Total	2,523,415	2,581,332	-2.24	2,459,649	2.59

Source: MEED

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