IMF cuts Mideast growth projections

● **The latest forecast was once again full of downgrades, with small downward revisions for Germany and Japan, but much larger cuts for Brazil, Mexico, Russia, India and South Africa**

Dubai, United Arab Emirates

The International Monetary Fund yesterday slashed its economic growth forecast for the Middle East and North Africa to the worst level in more than a decade over Iran sanctions and regional unrest.

In its World Economic Outlook update, the global lender projected economic growth for the Middle East, North Africa, Afghanistan and Pakistan this year would be 1.0 per cent, its worst since the IMF put them in one group in 2009.

The downgrade, the fifth in a year, is a half percentage point lower than its April projection.

The reduction is in large part due to a change in the IMF's forecast for Iran's growth "owing to the crippling effect of tighter US sanctions," the lender said.

"Civil strife across other economies, including Syria and Yemen, add to the difficult outlook for the region."

The price of oil, the main driver for revenues in the region, will also impact growth, the IMF added.

In 2018, the region saw 1.6pc growth, down from 2.1pc in the previous year.

The IMF in April projected Iran's economy will shrink by a steep 6.0pc this year, its worst performance since it contracted by 7.7pc in 2012.

The new report provided no updated figures on the Iranian economy, the second largest in the region behind Saudi Arabia, but other reports predicted a deeper recession in the Islamic republic.

One report jointly prepared by the London-based Institute of Chartered Accountants in England and Wales and Oxford Economics, released early this week, said Iran's economy is expected to shrink by 7.0pc this year.

The report also predicted regional growth to be just 0.6pc due to Iran sanctions and instability in the region.

US sanctions on Iranian oil exports were renewed in May and aim to halt Tehran's overseas crude sales, which provide key revenues to the Islamic republic.

The IMF also attributed the lower growth projections to rising US-Iran tensions centred on recent incidents in the Gulf and unrest in several Arab nations.

"Civil strife in many countries raises the risks of horrific humanitarian costs, migration strains in neighbouring countries, and, together with geopolitical tensions, higher volatility in commodity markets," the IMF said.

The IMF raised its forecasts for Saudi economic growth this year by 0.1 percentage points, to 1.9pc, and to 3.0pc in 2020.

It attributed the boost to the development of the kingdom's non-oil-related sectors.

The world's largest oil exporter has substantially cut power and fuel subsidies as well as imposed fees on expatriates and a five-percent value added tax as part of a reform programme to decrease dependence on oil.

IMF economic growth forecasts

	2019	2020
World	3.2 (-0.1)	3.5 (-0.1)
Advanced economies	1.9 (0.1)	1.7 (0.0)
United States	2.6 (0.3)	1.9 (0.0)
Euro area	1.3 (0.0)	1.6 (0.1)
Germany	0.7 (-0.1)	1.7 (0.3)
France	1.3 (0.0)	1.4 (0.0)
Italy	0.1 (0.0)	0.8 (-0.1)
Spain	2.3 (0.2)	1.9 (0.0)
Japan	0.9 (-0.1)	0.4 (-0.1)
Britain	1.3 (0.1)	1.4 (0.0)
Canada	1.5 (0.0)	1.9 (0.0)
Emerging & developing economies 4.1 (-0.3)		4.7 (-0.1)
Russia	1.2 (-0.4)	1.9 (0.2)
Developing Asia	6.2 (-0.1)	6.2 (-0.1)
China	6.2 (-0.1)	6.0 (-0.1)
India	7.0 (-0.3)	7.2 (-0.3)
Latin America & Caribbean	0.6 (-0.8)	2.3 (-0.1)
Brazil	0.8 (-1.3)	2.4 (-0.1)
Mexico	0.9 (-0.7)	1.9 (0.0)
Middle East & North Africa	1.0 (-0.5)	3.0 (-0.2)
Sub-Saharan Africa	3.4 (-0.1)	3.6 (-0.1)
South Africa	0.7 (-0.5)	1.1 (-0.4)
World Trade Volume	2.5 (-0.9)	3.7 (-0.2)

Warns of 'precarious' 2020

Washington, United States

Global trade tensions and continued uncertainty are sapping the strength of the world economy, which faces a "precarious" 2020, the International Monetary Fund warned yesterday.

Trade conflicts are undercutting investment, and the IMF urged countries not to use tariffs in place of negotiations.

In its quarterly update of its World Economic Outlook the IMF trimmed the global forecast issued in April by 0.1 this year and next, with growth expected to hit 3.2 per cent in 2019 and 3.5pc in 2020.But the report sounded the alarm, saying things could easily go wrong.

"The projected growth pickup in 2020 is precarious" and presumes there will be "stabilization in currently stressed emerging market and developing economies and progress toward resolving trade policy differences," the IMF said.

However, the United States, which is at the center of most of the trade tensions, saw one of the rare upgrades in the report, as it got a short-term boost from growth in the early part of the year.

The IMF raised the US GDP forecast by three-tenths to 2.6pc for 2019, but weakening demand, in part due to the trade conflicts and tariffs, points to "slowing momentum over the rest of the year."

The US economy is then expected to slow to 1.9pc in 2020.

China, which is the main target of US trade actions, was already experiencing a slowdown. But "the negative effects of escalating tariffs and weakening external demand have added pressure," the report said.

The report downgraded Chinese growth by a tenth this year and next, to 6.2pc and 6.0pc.

Avoid policy missteps

The IMF cautioned that there are an abundance of "potential triggers" for the situation to turn negative quickly, including the possibility of more US tariffs on China or on European autos, as well as a no-deal Brexit and the high debt levels.

"While the tensions abated in June, durable agreements to resolve differences remain subject to possibly protracted and difficult negotiations," the report said. The latest forecast was once again full of downgrades, with small downward revisions for Germany and Japan, but much larger cuts for Brazil, Mexico, Russia, India and South Africa -- countries that were the engine for global growth in the wake of the 2008 financial crisis.

The last raffle draw winner of "Sparkling summer" campaign, Hasmat Mutaleb, receiving the prize of 100gm Gold Bar from Mohammed Rafeek - branch head, Malabar Gold & Diamonds in the presence of other officials from Malabar Gold & Diamonds

Ahli United Bank honours top staff pacesetters

AUB's Group CEO & Managing Director Adel El-Labban congratulated the six winning finalists at the event held at AUB's headquarters in Bahrain

TDT | Manama

Ahli United Bank held an award ceremony to honour the winners of the first edition of innovate@AUB.

The initiative aims at engaging employees in driving innovation and empowering them to ideate and test new solutions to support organic growth and better deliver on customers' needs and expectations.

AUB's Group CEO & Managing Director Adel El-Labban congratulated the six winning finalists at the event held at AUB's headquarters in Bahrain in conjunction with parallel ceremonies beamed live by video conferencing from sister banks in Kuwait, Egypt and the UK.

Launched earlier in the year, 'innovate@AUB' is an ongoing and open opportunity platform for all AUB staff to present new ideas and approaches which have the potential to transform the way AUB does business and serves customers.

The first edition attracted over 90 entries from across AUB's regional network, with six proposals making it to the winning podium.

Addressing attendees at this pan-Group event, El-Labban said: "As an idea-driven bank, it is exciting to recognise forward-thinking colleagues who are driving positive change and moving AUB forward. All participants are winners through their pro-active contribution."

"This initiative is part of AUB's ongoing plans to remain financially agile and digitally relevant as we continue to build on our strengths in adapting to the ever-changing banking landscape and in staying ahead of the competitive and technological curve," said El-Labban.