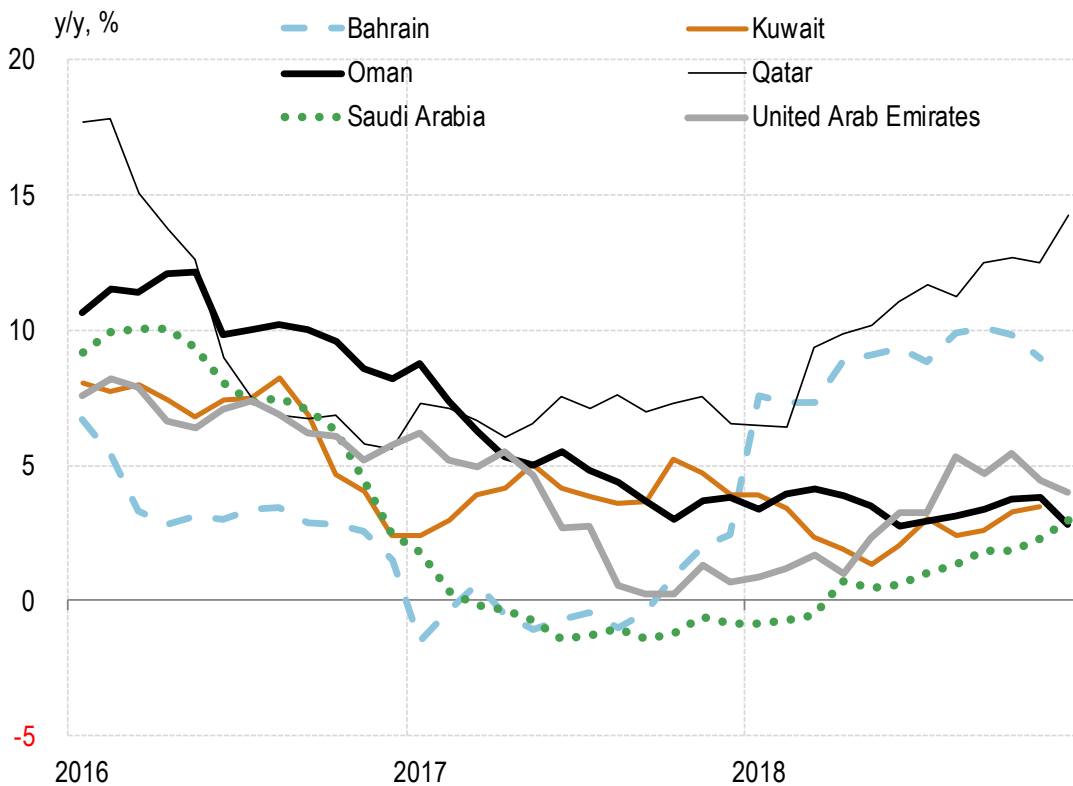




Mixed rebound in private sector lending in the GCC countries

Thanks to the upturn in oil prices, the growth of private sector lending has accelerated since mid-2017 in the Gulf Cooperation Council (GCC) countries. Oil revenues are a key determinant of economic and banking activity.

Yet trends are mixed. The strong growth in lending in Qatar is due to the rebound in commercial activity 18 months after the embargo began. In Bahrain, the construction sector and households are fuelling lending. In contrast, lending has increased very feebly in Kuwait due to the lack of economic opportunities, while Oman has failed to restore its fiscal and external accounts. In Saudi Arabia, reforms are straining private sector activity, resulting in a small increase in lending. Lastly, in the United Arab Emirates, the real estate sector is hampering the banking business. In the short term, the limited risk of higher interest rates should support loan demand.



Source: IMF