

The implication is that the cost of borrowing will go up.

The fluctuations in world oil prices are having a major impact on all oil producing countries. Those countries that based budgets on high oil prices, such as Russia, are facing significant shortfalls. The Saudi budgets were more conservative and based on the current price of \$40-\$50 per barrel. Dr. John estimates that Saudi budget surpluses will continue, 4.9% of GDP in 2009, albeit the lowest level of surplus since 2004. Saudi oil exports peaked at \$1.1bn per day a few times in July, but Dr. John predicts that these days are over, although oil prices will increase again in 2/3 years time.

Overall, the Saudi economy is healthy and ranked among top 25 in the world. Government debt reduced significantly and GDP per capita is rising, but wealth distribution is not equal. A major issue in Saudi for the lower income earners has been the increase in the inflation rate that has pushed-up rents and food prices. According to Dr. John, inflation will peak to around 9.7% in 2008 and then ease in 2009 to 5.6%.

In terms of specific sectors, Dr. John paints a scenario of a "light recession". All sectors will come under some pressure - Retail, Consumer Electronics, Food, Dairy and Auto. Demand will fall, primarily because

of attitudes towards spending. People will generally spend less and save more. Prudent choices lower consumption of luxury goods, delay car upgrades, dining in cheaper restaurants etc.

In conclusion, Dr. John left us in doubts that 2009 will be a difficult year – "Begin to think about your traps, it's not time to hunt because 2009 will be a bloody year"!





Open Paws
Helping Hands for Companion Animals

www.OpenPaws.org

Peace - in the Middle East?

It can happen on your very own sofa



Join Us
Can you offer sponsorship, volunteer time, assist with donations or pet fostering?

Ask Us
How can we help you?

We can't promise to solve every problem but together we can take small steps in the right direction.

Feline models, William & Harry, safe in a foster home
newhomes@openpaws.org

www.OpenPaws.org
help@openpaws.org