

## **GULF BUSINESS CONFIDENCE DECLINES IN 4<sup>th</sup> QUARTER OF 2009**

- *UAE and Oman business confidence levels dip; Saudi, Kuwait rise*
- *All countries have risen from their lows of Q1 and Q2 2009*
- *Profit margins and revenues seen under threat in 2010*

14<sup>th</sup> January 2010

Levels of confidence among Gulf business people declined slightly in the fourth quarter of 2009, although regional variations are beginning to emerge, with Kuwait and Saudi showing increasing confidence, while in the UAE, Oman and Bahrain business confidence levels have declined in the fourth quarter.

HSBC's quarterly Gulf Business Confidence Index fell from 81.4 to 80.2 between the third and fourth quarters of 2009. While this change is small, it masks a more complex regional picture: Saudi's index rose marginally from 91.5 to 91.6, while Kuwait's rose from 83.1 to 84.6. The UAE by contrast declined from 72.2 to 69.8 in the fourth quarter. The main trend of business sentiment over the last three quarters is becoming slowly more confident, although it remains a long way below the exuberant mood of 2007 and early 2008. The first quarter of 2009 registered an Index score of 70.9, so the year has seen a bounce of over 10 points in the Index.

"We are seeing a slight dip in confidence levels quarter on quarter across the board," said Simon Vaughan Johnson, HSBC's Head of Commercial Banking for the MENA region, "but we have not returned to the lows seen earlier in 2009. If I were to characterize the mood of the region's business people, I would say they are cautiously realistic. 2009 was a difficult year for the GCC economies, and there is a feeling that 2010 will be a year of improvement, tempered by a realism of expectation."

“Confidence is on the rise in the hydrocarbon-producing states of Saudi, Qatar and Kuwait, while the UAE’s score is clearly heavily influenced by Dubai’s well-publicised debt issues,” he added.

Other highlights from the survey:

- Saudi Arabia is the most confident country in the region, with an Index score of 91.6; UAE remains the least confident at 69.8
- Predictions for profitability, turnover, and investment all show slight rises quarter-on-quarter.
- Cross-border and international business is seen as growing by 35% of respondents
- 37% of respondents say they will add staff in 2010 (36% in Q3)

(ends)

## **Notes to Editors:**

### **1. About the HSBC Gulf Business Confidence Survey:**

The HSBC GCC Business Confidence Survey was compiled by YouGov Siraj. The Survey appears quarterly, and tracks business sentiment in all six countries of the GCC.

### **Survey Methodology:**

The Gulf Business Confidence Survey is calculated using the results from Q1 2007 as a base, with a score of 100. This and future Surveys will show a deviation from that base to indicate rising or falling levels of business confidence.

A score greater than 100 indicates a shift in the positive direction. A score lower than 100 indicates that business confidence is lower than in Q1 2007.

Questionnaires were completed between 19<sup>th</sup> – 23<sup>rd</sup> December 2009.

A total of 1367 respondents took part in the online survey, conducted by YouGov Siraj, from the following countries: Oman, Kuwait, Bahrain, Qatar, Saudi Arabia, United Arab Emirates.

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