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The Saudi and Gulf Stock Markets:

Irrational Exuberance or Markets Efficiency?

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Introduction

The Gulf States are experiencing unprecedented growth in their economies and stock markets. The hope is that this growth is based on real economic growth, sound market fundamentals, and realistic economic policies. While the majority of companies that are listed on the Gulf Cooperation Council (GCC) stock exchanges have solid track records, there is limited historical data to analyze the basis of this remarkable growth.

By all accounts, the stock markets are overheated, and may need to be forced to cool off. The question is not whether the GCC stock market bubble will burst, but when and at what cost. Economies and stock markets are cyclical, and market corrections are all too common in many of the world's economies. The Gulf is no exception, but the consequence of a "bursting" of the bubble to the Gulf economies can have strategic and economic implications to the Gulf States.

The GCC Stock Markets

The Saudi stock market *Tadawul* index increased by roughly 540% during the last five years. From June 2001 to October 2005, the Kuwaiti stock exchange rose by roughly 560%, and from October 2002 to October 2005, the Dubai stock exchange increased by approximately 1024%.¹

Table 1 compares the performance of the GCC stock markets between 2003 and 2005. It is important to note that the market cap of each stock market represent a large percentage of GDP. They range from as low as 18% in Oman to as high as 143% in Kuwait. These numbers emphasize the importance of the stock markets in the Gulf States to understanding the recent high growth rates of the respective economies. It is equally important to note that in 2004-2005, with the exception of Bahrain and Dubai, the GCC stock markets are likely to outperform their 2003-2004 growth rates.

Table 1: GCC Stock Markets Performance 2003-2005

Stock Exchange	Index (10/24/05)	% Δ YTD	% Δ (2003-04)	2004 Market Cap (% of GDP)
Saudi Arabia (TSAI)	14,808.12	107.02%	85%	73%
Kuwait (KSE)	5578.3	69.51%	33%	143%
Abu Dhabi (JSX Comp)	5,452.30	77.28%	44%	38%
Qatar (DSM)	8846.03	113.26%	65%	136%
Dubai (DFM)	6562.88	123.33%	173%	18%
Bahrain (All Shares)	1490.71	21.86%	33%	113%
Oman (MMS)	2050.53	46.18%	24%	36%

Sources: *Dinar Standard*, <http://www.dinarstandard.com/finance/StockMarkets071505.htm>, Al-Rajhi Banking and Investment, and AME Info http://www.ameinfo.com/financial_markets.

In addition, according to Al-Rajhi Bank of Saudi Arabia, market capitalization of the GCC stock markets increased by 92% between September and January 2005. It reached \$1.042 trillion on September 29, 2005, compared to \$543 billion on December 31, 2004 and \$119 billion in December 2000. Saudi Arabia contributed to 55.8% of the total increase, with the remainder

accounted for by Dubai (21.1%), Kuwait (10.8%), Qatar (9.5%), Bahrain (1.6%), and Oman (1.2%).²

Signs of Overvaluation

The Gulf stock markets have seen major initial public offerings (IPOs) such as Saudi Telecom and Dana Gas of the UAE. In each case, investors oversubscribed the shares of these companies. For example, Dana Gas of the UAE was oversubscribed by 140% on its initial public offering in early October 2005. According to the Saudi American Bank (SAMBA), in recent Saudi IPOs, STC was 2.4 times oversubscribed, Saudi Sahara petrochemicals was 124 times oversubscribed, and Ettihad Ettisalat was 50 times oversubscribed.³

In addition, the GCC stock markets have higher than normal price-earning (PE) ratios. For the first quarter of 2005, the Saudi stock market had a PE ratio of roughly 39. In March 2005, the PE of the UAE stock market reached as high as 47. It is significant to note that “sectoral” PE ratios are even higher. According to SAMBA, the PE ratio for the first quarter of 2005 in the agricultural sector was 88.6, electricity was 71.3, service was 54.2, and insurance was 34.2. It is also equally important to compare these numbers to roughly a PE ratio of 20 for the Dow Jones.⁴

Many experts question whether this growth is due to real market forces or the sign of “irrational exuberance” on the part of Gulf and international investors. As is the case with many intricate economic systems, the growth in the GCC stock markets is due an array of factors.

There are no measures or warnings of economic or stock market bubbles. Few people--if any--predicted the US stock market bubble in the late 1990s or the Asian economic meltdown of 1997. Bubbles, however, do eventually burst. The timing, the amount of loss, and the shape of recovery, however, remain uncertain.

The apparent overvaluation of the GCC stock markets--represented by high PE ratios and unprecedented growth in market capitalization--present a worrisome trend. An active monetary policy to tighten the money supply and cool off the economies in the Gulf may be necessary in the short term. For that, if this bubble is left to burst on its own, it may have long-term economic and strategic implications.

The consequences, however, of a market correction are not fully understood due to the lack of historical data for the Gulf stock markets. Capital markets laws and regulations are just beginning, economies in the Gulf are just starting to open up, and the health of the Gulf economies depend largely on the volatility of oil prices.

Understanding the underlying forces at play, however, is of enormous importance to crafting a policy to address these trends. In addition, it is equally important that this is done ahead of any efforts to launch a common currency, scheduled for 2010 or any further efforts to open up the Gulf economies through trade deals.

Reasons for the “Exuberance”

The Gulf economies may be different than others that have experienced economic and stock market bubbles, but not entirely. With sustained high oil prices predicted for the foreseeable future compounded by the high dependence of the Gulf economies on oil, the GCC states will likely sustain moderate to high growth rates in the near future. The problem, however, is that current growth in the GCC markets is nominal and there is little evidence that this growth is

based on real structural economic changes. Several things happened during the last five years that made this growth possible.

First, the Gulf economies, despite efforts to diversify, are still highly dependent on the oil and petrochemical sectors. For most of the GCC economies, oil revenues account for roughly a third of GDP, as much as 75% of the budget, and approximately 90% of export revenues.

During the last five years, the price per barrel of oil increased by roughly 108%. In addition to high oil prices, global demand for oil increased from 78.0 million barrels per day (MMBD) in 2001 to 82.4 MMBD in 2004. According to the Energy Information Administration (EIA), during the same period, the Gulf production capacity is estimated to have increased from 14.1 MMBD in 2001 to 17.26 MMBD, matching nearly three-quarters of the total world demand increase.

The EIA estimates that Saudi oil export revenues, in constant 2000 dollars, were \$59.64 billion in 2001 compared to \$108.03 billion in 2004, representing roughly an 81% increase. The UAE's oil export revenues in 2001 were \$18.03 billion compared to \$28.27 billion in 2004 (57% increase). Kuwait earned \$18.63 billion in 2001 and \$25.62 billion in 2004 (37% increase). Qatar's oil revenues rose from \$7.03 billion in 2001 to \$12.64 billion in 2004 (80% increase). Bahrain is not a major oil producer, and it is worth noting that Bahrain's stock market performed the worst out of the seven GCC markets.⁵

Second, due to high budget surpluses, government spending in the Gulf has reached all time highs. Saudi Arabia declared its intention of spending its budget surplus on rebuilding infrastructure, repaying its public debt, and modernizing its educational systems. For example, in 2004, the government announced that the \$26.1 billion surplus would be spent on two broad areas: \$15.2 billion would be used to pay down the Kingdom's public debt and the rest would go towards modernizing infrastructure. In addition, the Kingdom has announced a series of major energy projects to increase its production capacity to 12.5 MMBD by 2009, which will cost the government an estimated \$16.5 billion. Other Gulf States have also embarked on similar spending patterns.

Third, there has been repatriation of Gulf capital from the West. Large amounts of Arab investments were moved from the US and Europe to the region out of fear of it being frozen after new regulations following the attacks of 9/11, as a backlash against the US invasion of Iraq, and due to general Arab anger at the US' position on the Palestinian *Intifadhah*. The data on the total amount of Gulf capital in the West remains uncertain--estimates range from \$400 billion to \$800 billion. By all accounts a large portion of this capital has been repatriated and invested domestically in the GCC.

Fourth, the Gulf has seen tremendous growth in its access to information during the last five years. Investors have the ability to do research on individual companies as well as the global economy, and the ability to trade online at cheaper prices. The access to IT, however, has also complicated the regulatory agencies' ability to monitor the capital markets. Rumors and "hying" of stocks on the internet are commonplace, and it is a near impossibility for the young regulatory agencies to control it.

Fifth, the GCC countries are "liberalizing" their economies. During the last year, Bahrain signed a Free Trade Agreement (FTA) with the US and Saudi Arabia has signed a deal with the US that opens up its eventual accession to the WTO later this year. In addition, Oman and the UAE are

negotiating FTAs with the US, and Qatar and Kuwait are likely to follow suit. In order to qualify for trade deals, the GCC countries have opened up their capital markets to outside investors, introduced foreign capital laws, and streamlined investment inflow. It is, however, important to note that many of these reforms are just starting to take effect and their long-term effect is yet to be known.

Sixth, there have been signs of wealth distribution that did not exist in the Gulf States before. For example, according to SAMBA, more than half of the Saudi population subscribed in the Al-Bilad Bank's IPO in early 2005. This can be attributed to the emergence of a new generation of Gulf investors, who tend to be younger, come from a diverse educational and economic background, and are more willing to take risks. That is not to say that the entire body of investors is young, but this generational shift is important and given the dynamics of the demographics, this will continue for decades to come.

Seventh, the growths in the GCC stock indices have been driven by giant companies such as STC, Dana Gas and Al-Bilad Bank. According to a recent SAMBA report, 45% of the Saudi stock market capitalization comes from three companies: Saudi Arabian Basic Industries Co. (SABIC), Saudi Electricity Co. (SEC), and Saudi Telecom Co. (STC). This is an indication of Saudi and GCC efforts to privatize major areas of their economies such as communication, electricity, and transportation.⁶

Finally, the Gulf States are experiencing high levels of liquidity, low interest rates, and low levels of inflation. Table 2 shows key indicators for the GCC economies in 2004. It shows the interaction between low inflation rates, low interest rates, and high GDP growth rates. For 2005, GDP growth rates are projected to be higher while inflation and interest rates are expected to be similar to their 2004 levels.

Table 2: GCC Key Economic Indicators: 2004

	Real GDP (\$Billion)	GDP Growth Rate	Inflation Rate	Interest Rate
Saudi	254.0	5.3%	0.6%	0.20%
UAE	96.0	8.5%	3.0%	0.19%
Kuwait	41.0	7.2%	1.7%	0.66%
Bahrain	11.0	5.4%	1.0%	0.19%
Qatar	28.0	9.3%	6.8%	0.23%
Oman	25.0	5.3%	0.6%	0.18%

Source: Al-Rajhi Banking and Investment *Monthly Newsletter*, September 2005; Saudi American Bank, and Global Insight.

One explanation for the low inflation rates, despite the high economic growth rates, is the high dependence of the Gulf economies on the inflow of oil export revenues and the high oil prices. Most of the "nominal" growth is due to the rise of the price of oil without the inflationary pressure other economies may experience in similar circumstances.

These are important factors that present the broad picture of what took place in the GCC economies during the last decade. These factors can have effects that extend beyond the economies of the Gulf, and the uncertainty surrounding the GCC stock markets can add to an "instability premium" in the oil market, international security, and the global economy.

Short To Medium-Term Economic Uncertainties

The questions that remain are: does this call for intervention or should it be left to market forces? And what are the risks of inaction? There are no simple answers to these important questions.

It is all too easy to recommend active policy to burst the bubble before it becomes unmanageable. It is much more difficult, however, to craft sensible economic policies to cool the economy off without impeding real economic progress.

An economic meltdown in the Gulf can have dire consequences on the global energy market and stability of some of these countries. The following are key areas of uncertainty in the GCC capital markets:

- Transparency in the banking systems in the Gulf States have improved over the last few years, and that has added to confidence in the capital markets. Many analysts, however, believe that profits announced by some banks in the GCC, particularly in the UAE, may not be sustainable in the long-run, especially given the fact that banks represent at least half of the listed stocks on the Gulf exchanges.
- Currencies in the Gulf States are pegged to the US dollar. No one fully knows their “real” value in the long-term or their level of volatility. They have always been pegged, and it is important that countries in the GCC do not float them without careful study of their foreign currency reserves, and their ability to support a reasonable value in the short to medium terms.
- While there have been some efforts by the Gulf States to provide a level of transparency on the flow of capital, there is limited data to suggest that countries in the region have developed the necessary mechanisms to deal with excess capital from the oil boom and the repatriation of capital from the West.
- The Gulf States are trying to build an atmosphere that encourages entrepreneurship and builds vibrant private sectors. In light of the high capital inflows, the GCC countries should create venture capital funds to channel some of this excess capital into meaningful domestic startup companies, create infant industries in the high tech and IT sectors, and help create an investor class.
- Another important use of this capital is to address the demographic crunch. Countries in the region are facing a “youth explosion” that will put strain on resources and security apparatus. It is important that some of this extra capital is channeled toward job training, upgrading the educational systems, and improving “nationalization” of the job markets.
- The majority of businesses in the Gulf are family owned. With the demographic boom and the liberalization of economies, these businesses have to be able to compete at the global level. The economy and the livelihood of the citizen depend on these businesses, and a meaningful “transition” into public or private companies is needed for these businesses to survive and thrive in a global environment.
- Opening up the economy to trade is beneficial in the long-term, if it is managed responsibly. It also has its drawbacks. The same rules that allow for capital to flow in will allow it flow out. Capital controls are hard to enforce and are often counterproductive, but countries in the region have to manage the flow of capital and prevent capital flight by building business hospitable environments through limited regulations but strong enforceable laws.
- With the push to open up their economies, countries in the Gulf lack a clear comparative advantage in any sector other than energy. Saudi Arabia has announced plans to make the Kingdom the number one destination of foreign investment and create a vibrant financial sector. Other countries in the region, however, have opened up their economies for the sake of opening up with no clear long-term plans.
- The Gulf countries need to improve credibility and transparency of their monetary and fiscal policies, which is all the more important to attract foreign capital. International investors need to feel confident about the market and economic policies. The Saudi Monetary Agency provided credible reports on annual and quarterly basis. However, there has been limited reporting on the part of the other GCC countries to provide the same level of transparency.
- Countries in the Gulf lack sound regulatory agencies. Hyping, dumping, and rumored investing are all too common in the Gulf. A GCC wide agency or regulatory bodies must be created in each country to monitor security, equity, and bond trading. In addition, the Gulf must standardize their rules and regulations, especially if they hope to create a monetary union in 2010.

All that said, any casual observer will notice that recent growth in the Saudi and GCC stock markets is unprecedented and requires careful attention. No one, however, can ignore the fact that most Gulf States have taken some steps in the area of economic reforms. There have been some tangible efforts to improve the business environment in the Gulf States. For example, a recent report by the International Financial Cooperation (IFC) shows that these efforts have improved the competitiveness of some of the GCC economies. The IFC ranks Saudi Arabia as the most competitive country in the Arab world and the 38th globally. In one year, the Kingdom jumped 29 places among the 135 countries in contention. Kuwait followed as the 47th, Oman as the 51st, and the UAE as the 69th.

As is the case with many of these theoretical ranking models, they are meaningless if they don't translate into real improvements on the ground. Dealing with the overvaluation of the stock markets and the risks outlined above is all too important to ensuring robust economic stability in the long-run.

The GCC states have implemented some meaningful market reforms in the last several years. It remains uncertain, however, how and if these reforms will translate into realistic remedies to some serious risks in the various Gulf stock markets.

Implementing these capital markets reforms are important first steps, but like all countries in the world, there is always room for further development. As mentioned earlier, one area necessary for improvement is ensuring that the GCC stock markets and their economies as a whole are strong enough to withstand speculative equity and currency attacks, and to channel the excess wealth into meaningful structural economic reforms.

Saudi & Gulf Economic Outlook in 2005

With sustained high oil prices and high levels of oil production, the Gulf economies will likely see high rates of growth in 2005-2006. Table 3 compares the level of oil production to the oil revenues for the six Gulf States. These EIA estimates are based on relatively low oil prices of approximately \$48/barrel, although actual levels may prove to be much higher. It is important, however, to note the steady increase in the inflow of oil revenues and their effect on the overall economic growth in the Gulf.

Table 3: GCC Oil Production and Oil Revenues: 2004-2006

	Oil Production (In MMBD)		Oil Revenues (In Nominal \$billion)		
	2004	2005	2004	2005	2006
Saudi	9.1	9.5	115.6	150.1	154.3
UAE	2.4	2.5	30.2	39.0	42.7
Kuwait	2.2	2.6	27.4	36.9	40.3
Bahrain	0.035	0.035*	1.3	1.5*	1.6*
Qatar	0.07	0.08	13.5	17.0	17.2
Oman	0.65	0.70*	5.0	6.0*	6.1*

Source: Energy Information Administration (EIA). Note: * Estimated by the author.

It is equally important to note that economic growth is driven by the health of the Saudi economy. As Table 2 shows, the Saudi GDP is nearly 2.5 that of the UAE, 6.3 of Kuwait, 23.1 of Bahrain, 9.1 of Qatar, and 10.1 of Oman. In addition, the Kingdom is a major exporter to its

neighbors. Robust economic growth and stability in the Kingdom, therefore, is of enormous importance to the health of the GCC countries.

Early estimates of the GCC economies show higher levels of economic growth in 2005 compared to 2004. Al-Rajhi Bank projects that in 2005, the overall GCC GDP growth is estimated to be 5.48% and the overall inflation rate to be 1.52%.⁷

As for the Kingdom's economic outlook in 2005, according to the Saudi American Bank, the Saudi real GDP in 2005 is projected to grow at 6.80% while inflation is expected to be 1.0%. This projection is based on an average oil price of \$51/barrel for Saudi oil. It also projects that the Saudi budget surplus for 2005 will be \$55.4 billion. The same projection also estimates that the Saudi government will reduce its public debt to \$158.6 billion or 49% of GDP, compared to 66% (\$163.7 billion) in 2004, and 119% (\$166.6 billion) in 1999.⁸

In addition to paying its public debt, the Kingdom has announced preliminary plans on how it will spend the rest of its budget surplus. The following are key projects that have been announced:⁹

- \$8 billion to increase salary of government employees (15% raise).
- \$10 billion allocated for development and maintenance of services and infrastructure, including:
 - \$2.13 billion for the building of public housing projects.
 - \$1.86 billion for construction of new desalination plants.
 - \$1.33 billion for construction of new highways and roads.
 - \$1.2 billion for street maintenance and drainage system.
 - \$1.06 billion for construction of new schools.
 - \$1 billion for the construction of university campus construction.
 - \$800 million for construction of primary health care facilities.
 - \$666 million for construction of new vocational training institutes.
- \$4 billion allocated for Saudi Export Program Initiative.
- \$3.46 billion to increase the capital of the Saudi Industrial Development Fund.
- \$1.2 billion to increase the capital of the Saudi Real Estate Fund.
- \$800 million to increase the capital of the Saudi Credit Bank.
- \$4 billion to increase the minimum social security payment.

Many of these projects will finance areas that were under funded for extended periods of time during the periods of high budget deficits throughout the 1980s and 1990s. While it is too early to tell how these projects will be implemented, it is clear that this level of increase in government spending is likely to spur further economic growth in 2005-2006.

The Importance of High Economic Growth on Gulf Stability

Despite promising trends in economic reforms, there are key areas of uncertainty that require serious considerations. The high oil prices and the vibrant economic growth in the Gulf provide significant opportunities for the GCC countries to use the excess capital to reform their entitlement programs, lessen their dependence on foreign labor, address their unemployment problems, and improve their internal security and military forces. Dealing with these key areas of

uncertainty is all too important in the fight against the Gulf States' most urgent threat--terrorism and asymmetric warfare posed by groups such as al-Qaeda.

Since May 2003, Saudi Arabia has been battling al-Qaeda within the Kingdom. The Saudi security forces' counterterrorism and intelligence capabilities have been steadily improving, and many analysts believe that the Kingdom is winning the war against al-Qaeda by putting them on the defensive.

The Saudi security forces have proved their effectiveness in tracking terrorists, preventing attacks, and protecting important government, economic, and oil infrastructures. In addition, the security forces in the Saudi National Guard, the Ministry of Defense, and the Ministry of Interior have worked together and have improved their interagency cooperation and "jointness" capabilities.

The Saudi government has also kept the social cohesion during this fight. The Saudi leadership has tried to include the citizens in this fight with public awareness campaigns educating about the danger of terrorism. In addition, counterterrorism forces in the Kingdom have been aggressive, but have not used excessive forces and have tried to limit collateral damage in human and economic terms.

The Saudi security efforts, however, like every country in the world, still need some improvements in the areas of jointness, interoperability, and sustainability. High oil prices provide the Kingdom with the financial ability to support such force transformations.

While the Saudi security apparatus has proven itself capable, it remains unclear whether the security forces in the other Gulf States can handle the same magnitude of threat and attacks. Due to the failures by al-Qaeda to destabilize the Kingdom, many experts believe that al-Qaeda may turn its attention to the Gulf States.

The following are key areas of uncertainties that the Gulf States need to develop their capacity to deal with:

- Countries such as the UAE have many high level targets such as high-rise buildings where terrorists can inflict grave damages to citizens, expatriates, and the economy.
- Security forces in Bahrain, Qatar, and the UAE have a "non-national" component from various countries. This does present a threat for extremist to infiltrate.
- The majority of the population the UAE is foreign workers. It is estimated that 81% of the UAE population are non-citizens, 60% of Qatar, 59% of Kuwait, 37% of Bahrain, 26% of Oman, and 24% of Saudi. Attacks on expatriates can cause an exodus of foreign labor.
- There is limited data on how the GCC States protect their energy infrastructure or build redundant installations in case of damage. An attack on an oil installation in the Gulf can send oil prices even higher to an already tight energy market.
- The radicalization of the region's youth and the fear of the Iraq insurgency spilling over into neighboring states.
- Implementing meaningful cooperation on border and coast security to prevent the flow of terrorist and arms.

The nature of threat is changing rapidly, and the Gulf security forces are just starting to deal with these changes. Terrorism, proliferation, and asymmetric warfare present a threat to "collective instability" in the Gulf, which requires a "collective response."

Regardless of the shape or form of security arrangements, it is important that these collective security agreements do not develop into another “glitter factor” vehicle. They have to take into account the nature of threats, the realistic readiness and capabilities of the forces, and the long term economic, social, political, and strategic goals of individual countries and the region as a whole.

This period of high oil prices, large oil revenues, and robust economic conditions presents an opportunity for all the Gulf States to assess their threats and craft comprehensive plans for their strategic future. This involves not only strengthening their security apparatuses, but also implementing realistic reforms in their economies, stock markets, and social structures. For all the talk of political reforms, it is evolutionary economic and social reforms that improve the ability of young people in the region to find jobs, start business, and build their own future, which is most important in the fight against extremists and stability in the Gulf.

Conclusion

By the nature of the economic business cycles, the growth in the Gulf economies is likely to slow down in the coming years. Some experts have predicted that we are likely to see a market correction, or bubble bursting, in 2006. As mentioned above, the issue is not whether growth in the GCC will slow down, but rather how much of a market correction they will face and what are its long-term economic and strategic implications to Saudi Arabia and the Gulf.

The Gulf central banks are facing an important decision: tighten their monetary policy to cool the GCC economies off, or leave it to market forces? Despite the lack of inflationary pressures, the invisible hand may not be as effective in this case, and it is necessary for the GCC central banks to start gradually increasing their target interest rates. The GCC governments must also take a proactive role to prevent the hyping and dumping of the stock market, require more transparency from publicly traded companies, and strengthen the laws of the capital market regulatory agencies.

Given recent developments in the global energy market, it is all too clear that the GCC states will experience high oil revenues in the foreseeable future. This inflow of capital will also be met by high propensity to invest by the citizens of the Gulf, allowing the Gulf States to maintain moderate levels of domestic investment. The question that remains is: will the Gulf States repeat the mistakes of the 1980s and 1990s of mismanaging oil revenues, or will they use their newfound “oil wealth” to implement realistic structural economic reforms?

Furthermore, reforming welfare systems of entitlements, solving the unemployment problems, and reducing the Gulf States’ reliance on foreign labor are as important for the Gulf’s stability as any political or security reforms, and it must not develop into another missed opportunity.

¹ See each exchange's website: Saudi: <http://www.tadawul.com.sa> ; Bahrain: <http://www.bahrainstock.com/> ; Kuwait: <http://www.kuwaitse.com/default.aspx>; Dubai: <http://www.dfm.co.ae/> ; Abu Dhabi: <http://portal.adsm.ae/wps/portal>; Qatar: <http://www.dsm.com.qa>; Oman: <http://www.msm.gov.om/>

² Al-Rajhi Banking & Investment Corp., *Monthly Newsletter*, 20th Issue, September 2005.

³ Saudi American Bank, "Saudi Economy at Mid-Year 2005," August 2005, available at: http://www.samba.com.sa/investment/economywatch/pdf/Saudi_Economy_Aug_2005_Eng.pdf

⁴ Ibid.

⁵ Energy Information Administration, "OPEC Oil Revenues."

⁶ Saudi American Bank, "Saudi Economy at Mid-Year 2005," August 2005, available at: http://www.samba.com.sa/investment/economywatch/pdf/Saudi_Economy_Aug_2005_Eng.pdf

⁷ Al-Rajhi Banking & Investment Co., *Monthly Newsletter*, Issue 20th, September 2005.

⁸ Saudi American Bank, "Saudi Arabia: Third Quarter Economic Update," October 22, 2005.

⁹ Saudi National Security Assessment Project.