

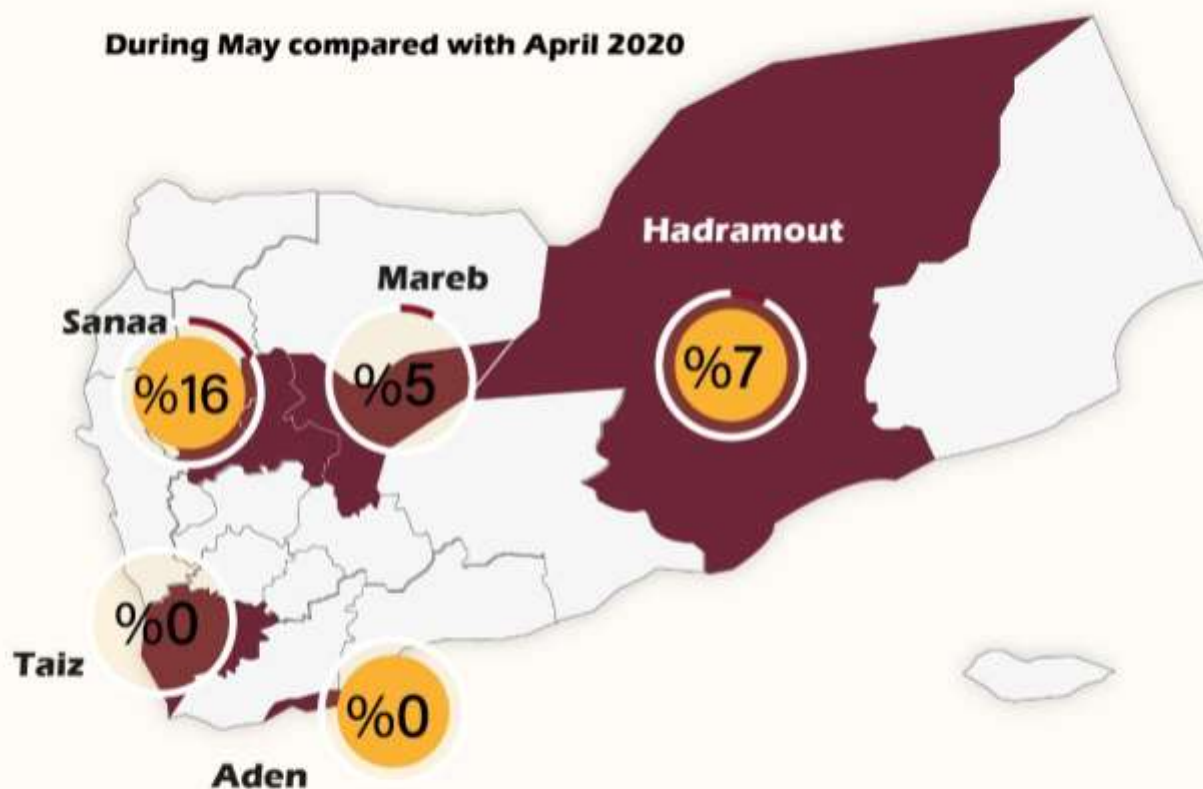
Economic Indicator Report

Yemen - MAY 2020



The average of price increase of basic commodities

During May compared with April 2020



The average of price increase of oil derivatives



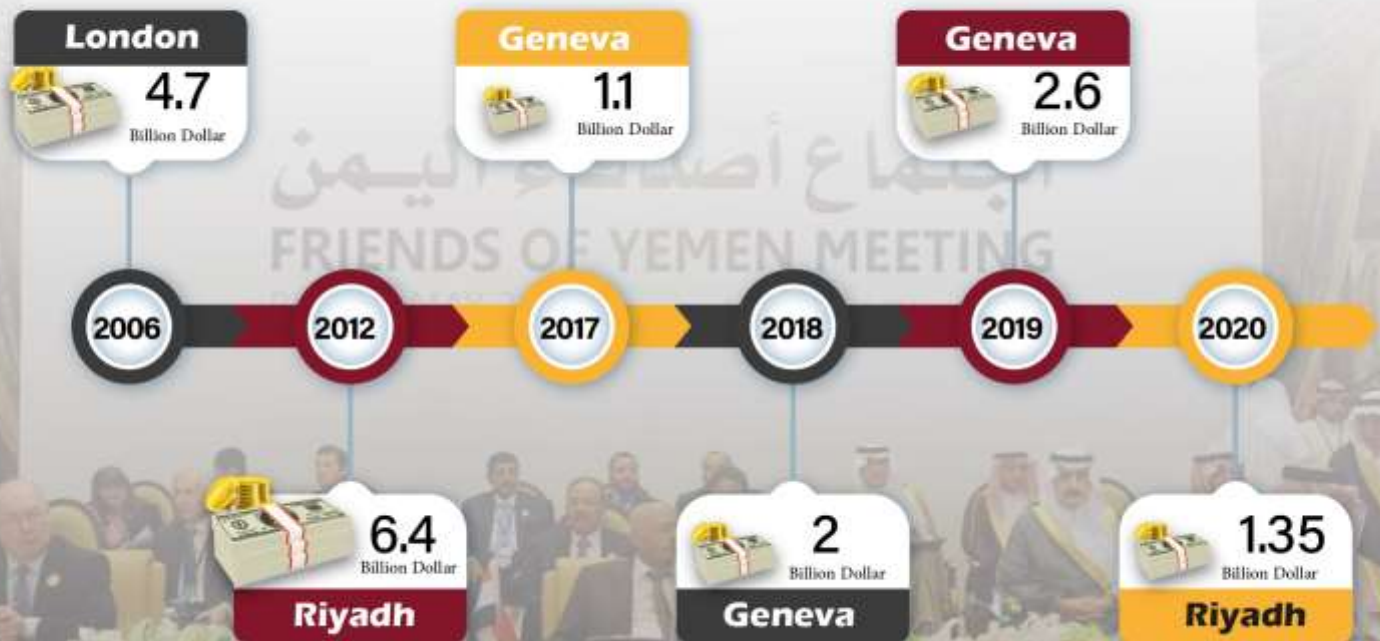
	 Petrol 20Ltr		 Diesel 20Ltr	
	May 2020	April 2020	May 2020	April 2020
Aden	3300	2300	5000	2300
Hadramout	4200	4200	4200	4200
Taiz	5000	4200	7000	4200
Sanaa	5900	5900	6900	5900
Marib	3500	3500	3500	3500

6 Yemen donors' conference

4 from the beginning of the war

 **7.05**
Billion Dollar
The total of pledges for Yemen

% 176
↓
% of the deterioration of Yemeni Riyal



In addition to the amounts announced by countries to fund the humanitarian plans of UN and international organizations working in Yemen, there are additional support for Yemen, either related to direct deposits to support the Central Bank or financing projects and assistance outside the humanitarian response plan.

The average of exchange since the beginning of 2020

US Dollar



642

Jan

652

Feb

651

Mar

661

April

686

May

168

SAR

172

171

173

180



% 176 YER'S LOSSES OVER FIVE YEARS OF WAR

The Yemeni riyal lost approximately 12% of its value during the first five months of this year only, compared to its exchange rate against the USD in December of 2019. It is also worth noting that the exchange rates of the Yemeni riyal are different in the areas run by the Houthi group from areas run by the legitimate government, as Riyal value is 15% higher in the areas run by the Houthi group.

COVID-19 Economic Repercussions

The outbreak of Covid-19 pandemic has cast a shadow on the Yemeni economy. It negatively and directly affected the Yemeni economy, which has collapsed as a result of the five-year-long war in Yemen. The pandemic has further complicated the economic challenges facing the Yemeni economy. Those challenges are clearly demonstrated by the stifling resources crisis facing the government as a result of the global decline of oil prices and the impact of the crisis on international donors to Yemen, especially Saudi Arabia, which is the major supporter. There is also the decline in the volume of foreign exchange required for importing goods, which led to a rapid depreciation of the Yemeni, as the Yemeni rial which lost 12 percent of its value since the beginning of the outbreak of the Covid-19 pandemic.

The government resorted to the newly printed money to cover salaries, a measure that exacerbated the economic crisis, especially in view of the escalating consequences of the Covid-19 pandemic outbreak. The crisis is demonstrated by the scarcity of commodity stocks of basic goods, delay in the arrival of goods and directly affecting several sectors such as tourism and related services, the transport and contracting sectors, the export sector, etc.

Home isolation and other restrictions, procedures and requirements to cope with the Covid-19 pandemic led to further economic stagnation and a rise in the operating cost of work and production at companies and all other institutions, not to mention the fact that many employees in the service, industrial and commercial establishments lost their jobs.

The small-enterprise sector, especially the services sector involving direct contact with customers, was dealt a severe blow by government decisions and as a result of the precautionary measures enforced by the government.

Having traced the various aspects of the negative repercussions of the pandemic on the Yemeni economic sector, we summarize the key repercussions clearly reflected by figures and indicators, which are as follows:

Meagre commodity and supplies stock

According to UNVIM data, there was a noticeable decline in the volume of imported oil and basic commodity imports in February, as the volume of imports unloaded in the Hodeidah and Salif ports, which are subject to UNVIM control, decreased by 71,000 tons, compared to December 2019, while the volume of oil derivatives decreased by 54,000 tons.

Decline of oil prices:

World oil prices fell by more than 55 % during the period February - June 2020, compared to the same period last year. The average price of a barrel stood at \$25 for the period February - June 2020. This decrease will cast a shadow on government revenues as the government was planning to export 30 million barrels in the course of 2020. Therefore, the level of the budget deficit will rise and adversely affect the balance of payments.

Reduced expatriate remittances

The global crisis caused by the COVID-19 is likely to be reflected in the remittances of Yemeni expatriates, the decline in the remittances might reach 60-70%.

Diminishing aid to Yemen

The difficult situation currently facing the Yemeni economy coincides with the new tendency of the United Nations to reduce the level of aid provided to Yemen. This UN attitude is taken as donors and relief workers increasingly assert that “they can no longer guarantee the delivery of food aid to millions of people who are entitled to aid.

It seems that there are no Saudi intentions to provide an urgent deposit to the Central Bank of Yemen, after the depletion of the previous \$1 billion Saudi deposit, which contributed to the stability of the rial in the exchange market, and to financing basic commodity imports. Prime Minister of the internationally recognized Yemeni government, Mu'in Abdul-Malik, has called directly for urgent support of the Yemeni economy during the Donors' Conference held in Riyadh in early June 2020, but those appeals did not receive a response.

Losses in the tourism and service sector

The tourism, travel and related services sector is one of the key economic sectors affected by the repercussions of the COVID-19. Despite the poor tourism movement between Yemen and the outside world due to the war in Yemen, the consequences of closing the borders and suspending visas (work visas, Umrah, visits) and the decline of in-country travel across cities have resulted in huge losses in the tourism industry and related services, such as hotels, restaurants and transport companies.

Many small- and medium-sized enterprises operating in this sector have provided their employees with unpaid leaves, as many of those businesses are facing increasing difficulties due to the going current crisis.

Losses in the Fish sector

The fish sector is also affected by the Covid-19, as well as by the conflict that has been going on for more than five years. We can list the most prominent impacts on the fish sector or rather companies operating in the fish sector:

- The semi-total cessation of exports, especially to the European Union. This cessation occurred suddenly and in a hurry due to the total lockdown by some European countries, especially Italy and Spain, to which most Yemeni exports go, which caused the accumulation of products and increased storage costs.
- The companies' inability to expand their activities in the local market as a result of fluctuations in the Yemeni exchange rate and the weak purchasing power of citizens. The companies were forced to sell their products in the local market at reduced prices to cover a part of the cost and maintain employment.

Government's efforts to fight against Covid-19 and reduce its impacts

The efforts of government authorities were limited to the measures of preventing the spread of Covid-19, such as preventing gatherings and imposing a partial curfew in some areas, in addition to the total / partial lockdown of some commercial facilities, including wedding halls and commercial centers.

In spite of the damage of some commercial and economic establishments as a result of Covid-19 outbreak, the government authorities hasn't not taken concrete measures to reduce the negative impacts on the Yemeni economy due to that outbreak, except for what was done by the authorities of Hadramout governorate that approved a 20% discount for electricity and water bills of individual consumers and 10% for commercial, in addition to the decision of Taiz Governorate, "Taiz Support Fund", to fight disasters and epidemics in the governorate, which has not been activated yet.



The Studies and Economic Media Center (SEMC) is one of the most prominent Yemeni NGOs that works on , and spreads awareness of economic issues, in addition to buttressing good governance and public engagement in decision making, and working towards the creation of professional media.

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