

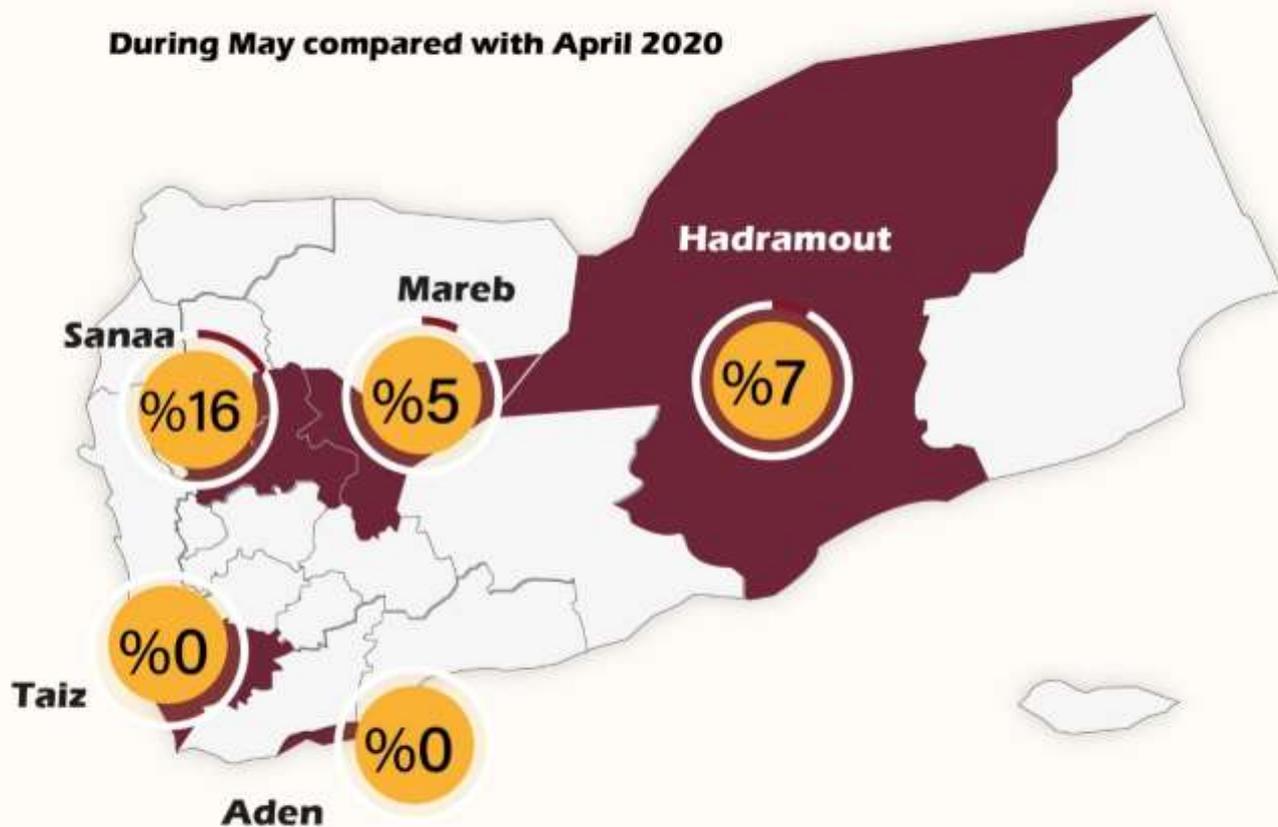
Economic Indicator Report

Yemen - MAY 2020

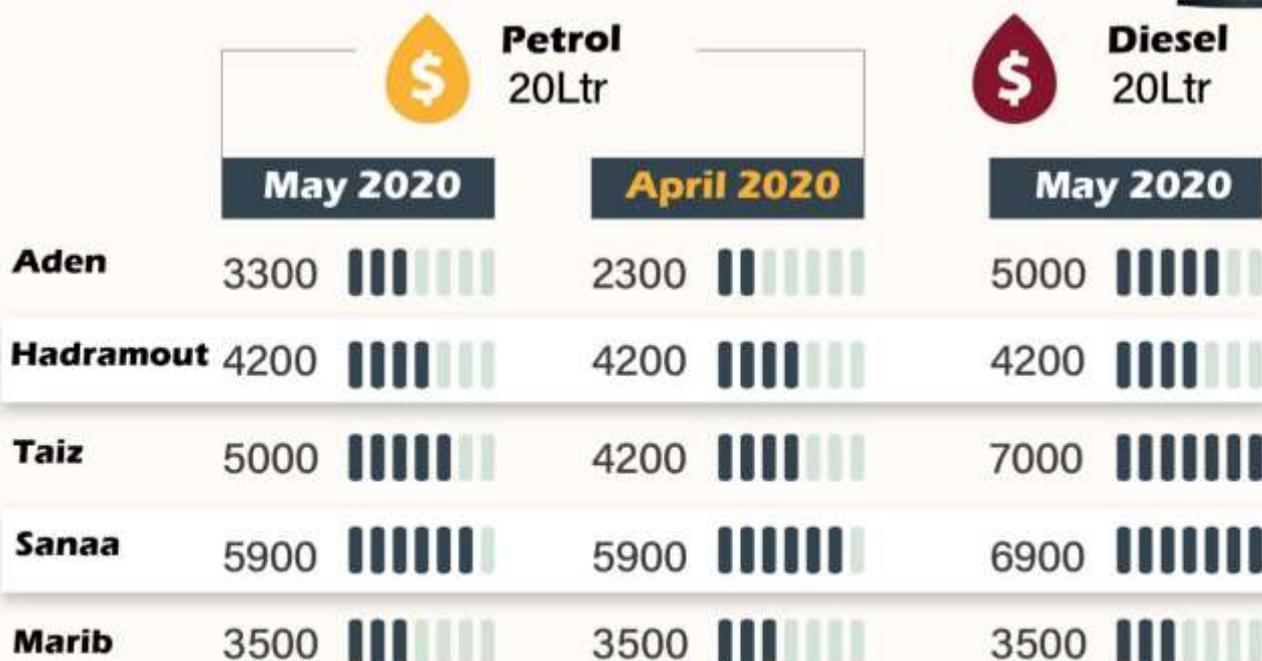


The average increase in the price of basic commodities

During May compared with April 2020



The average increase in the price of Fuel



6 Yemen donors' conference

4 Conference from the beginning of the war



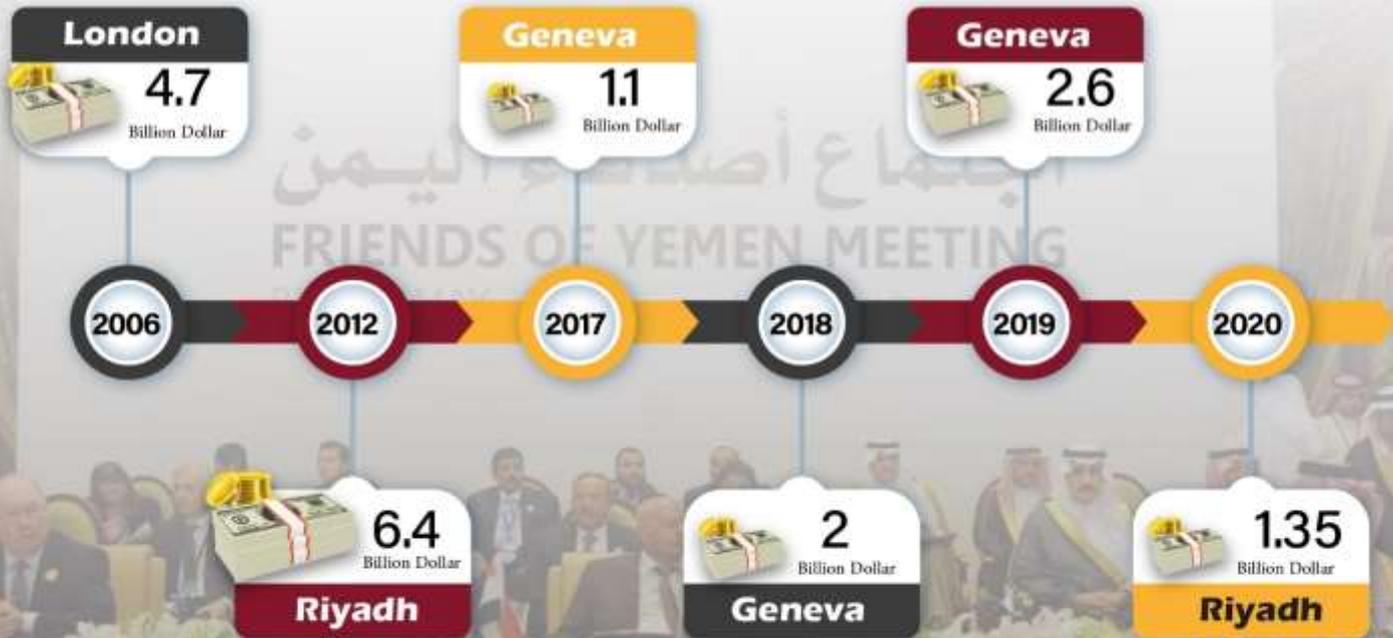
7.05

Billion Dollar

The total of pledges for Yemen

% 176

the depreciation in the value 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. The support was given in the form of direct deposits to the Central Bank or fund for supporting development projects.

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

The depreciation in the value of Yemeni Riyal

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. The collapsed economy, as a result of the five-year-long war in Yemen, encountered additional challenges. The main challenge is clearly demonstrated by the limited resources available to the government which was driven by the global decline of oil prices and its impact on the Yemen major donors, mainly Saudi Arabia. The sharp decline in the foreign currency needed for importing goods, has led to a rapid depreciation of the Yemeni Riyal, which lost 12 percent of its value since the beginning of the outbreak of the Covid-19 pandemic.

The government consequently pumped newly printed money to cover salaries, a measure that exacerbated the economic crisis. As the COVID-19 impact grows the country suffers a shortage of food and basic supplies which is intensified by the significant delays and blockages in delivery process. The crisis has a negative impact on all sectors including tourism, transport, construction, the export sector....etc.

Home isolation and other restriction measures implemented by the government to cope with the Covid-19 pandemic led to further economic stagnation. It triggered an increase in the operating expenses of the Yemeni companies, who had already to lay off some of their staff to keep their businesses running.

The small-enterprises in the services sector that requires direct interaction with customers, was negatively affected by government restriction measures and as a result of the precautionary measures enforced by the government.

Here is a brief description of the key repercussions caused by the pandemic to the economy as follows:

Shortage in fuel and basic supplies

According to UNVIM data, there was a decline in the quantity of the imported oil and basic commodity. The imports unloaded in the Hodeidah and Salif ports, according to UNVIM control, decreased by 71,000 tons, compared to December 2019, and the quantity of fuel decreased by 54,000 tons.

Fall of fuel prices

Global fuel prices fell by more than 55 % during the period February - June 2020, compared to the same period last year, and the average price of a crude oil barrel stood at \$25. That decrease casted a shadow on government revenues which 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.

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Remittances decline

The global crisis caused by the COVID-19 will cause a decline in the remittances of Yemeni expatriates, the decline is estimated to be 60-70%.

Decreasing in humanitarian aid

The difficult situation currently facing the Yemeni economy coincides with the United

Nations latest statement that 56% of the needed funding were pledged in the Donors' Conference in Riyadh this year. Donors and relief workers increasingly consequently asserted 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. That deposit contributed to the stability of the riyal 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 Riyadh Donors' Conference in early June 2020, but his appeal did not receive a response.

Losses to 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. The tourism activities between Yemen and the outside world is poor due to the war, and the closing of Yemeni borders and suspension of visas (work visas, Umrah, visits). The decline of the in-country travel have resulted in huge losses to 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, justified by the increasing difficulties these enterprises are facing.

Losses to the Fish sector

The fish sector is also affected by the Covid-19 outbreak, 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. These measures are in the form of preventing gatherings, imposing a partial curfew in some areas, and possibly total / partial lockdown of some commercial facilities, including wedding halls and commercial centers.

In spite of the damage caused to some of the commercial and economic institutions as a result of Covid-19 outbreak, the government authorities hasn't not taken concrete measures to mitigate its impact on the economy. Only two reported measures at the governorates level. The first was in Hadramout in which authorities approved 20% discount for electricity and water bills of individual consumers and 10% for commercial. In Taiz in the other hand, in which "Taiz Support Fund" was established, to support governorate citizens amid disasters and epidemics, however, it is not yet working.



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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