



# Economic Updates Bulletin

Economic Surveillance & Research Unit  
at Studies and Economic Media Center  
(SEMC)

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## 1- Introduction

This monthly economic bulletin is issued by the Studies and Economic Media Center (SEMC) with the aim of highlighting the most important economic developments in Yemen, analyzing the political and administrative factors affecting the course of the national economy, and examining their impact on citizens' lives.

## 2- Analysis of Yemen's economic landscape in February 2026

After a difficult process, the Presidential Leadership Council (PLC) approved the ministerial lineup of the government headed by Dr. Shaye' Al-Zindani, which consists of 35 ministers representing a diverse mix, a "consensus government" designed to satisfy all parties and political components. While this diversity of expertise and experience may offer elements of success, it also carries potential seeds of failure, lack of cohesion, and increased government expenditures.

Political and economic conditions witnessed cautious optimism during February, with the IRG returning to Aden, holding its first meetings, and announcing the start of preparations for the state's general budget for 2026. This coincided with clear support from the Saudi Arabia, which announced a grant of 1.3 billion Saudi riyals (approximately \$346.59 million) to help cover the budget deficit.

Despite the challenges faced by the IRG of Yemen, particularly protests by supporters of the Southern Transitional Council (STC), who attempted to storm the government headquarters in Ma'ashiq Palace in Aden, the IRG managed to partially overcome the crisis with Saudi support, which was present on the ground both morally and financially.

The Yemeni government in Aden is operating at a slower pace than expected. Its activities have largely been limited to internal meetings and communication with representatives of foreign diplomatic missions and international funding organizations. At the same time, electricity services have improved noticeably, and commercial activity has revived as a result of Saudi support, although the liquidity crisis in the local currency has worsened.

Direct cash assistance from Saudi Arabia, along with remittances from expatriates, has helped maintain a reasonable level of foreign currency reserves. However, imbalances in monetary circulation within the market have led to a shortage of local currency liquidity. This prompted the Aden-CBY to take a series of measures, including raising the value of the Yemeni riyal against the Saudi riyal and obligating banks to purchase foreign currency, but these measures have not alleviated the worsening crisis.

Dr. Shaye' Al-Zindani enjoys relatively broad acceptance among all parties. Despite the lack of cohesion in his broadly structured government, it includes relatively clean and professionally reputable cadres, which creates a degree of optimism regarding the normalization of conditions and overcoming the repercussions of the "surgical operation" that followed the STC forces' control over Hadhramout and Al-Mahra and the events that followed.

However, the measure of success or failure does not depend solely on the IRG. The manner in which Saudi Arabia manages the file, as well as its future relationship with the UAE and its local allies, will play a fundamental role in determining the government's ability to operate effectively on the ground. This is closely linked to unifying the various military and security factions under the leadership of the Ministries of Defense and Interior, controlling the financial funding received by different parties inside Yemen, and transforming Saudi support into sustainable development assistance.

It also depends on the level of harmony and full coordination between the PLC and the IRG, as well as among members of the government themselves, and their ability to overcome numerous challenges representing the legacy of ten years of manufactured chaos in Yemen.

This bulletin provides a broad overview of declared intentions for reforms and various government activities aimed at restoring confidence in the government among the international community and donors more than among ordinary Yemeni citizens. Meanwhile, major service-related problems continue, including the persistence of illegal levies, despite IRG directives to abolish them, the domestic gas crisis, and the fragility of the health and education systems, among other issues.

On the other hand, areas under the control of the Houthi group are witnessing a state of unannounced public unrest due to the worsening economic and humanitarian crisis, driven by economic contraction, cases of bankruptcy in banks and commercial and industrial establishments, and the ongoing liquidity crisis.

The bulletin documented businesses that have closed as a result of deteriorating economic conditions in areas controlled by the Houthi group, in addition to the increasing manifestations of poverty and begging due to a significant decline in sources of income.

Economic activity in Houthi-controlled areas is heading along a dangerous trajectory that warns of catastrophic repercussions on all levels, particularly economic and social ones. The Houthi group is attempting, through its strict security grip, to conceal the crisis and search for external justifications for it.

### 3- Outlook and Future Scenarios:

The large size of the ministerial formation represents one of the main sources of risk threatening the IRG. The high number of ministers may become a cause of internal disputes within the cabinet, in addition to the significant operational costs that will be borne by an already fragile state suffering from near bankruptcy. If the IRG does not operate under a clear and well-defined vision with firm leadership, this diversity within the cabinet may turn into a heavy burden and a source of fragmentation and failure.

**Based on current indicators, three possible future scenarios can be anticipated:**

**Fragile Stability:** If Saudi emergency support to the IRG continues, alongside sustained remittance flows from expatriates and strengthened confidence among the international community and donors, the exchange rate of the Yemeni Riyal may continue to improve, and the prices of some goods may decline. This would help maintain the current situation. However, public revenues are likely to continue deteriorating, with many resources leaking into various channels of corruption. In the short term, it remains unclear whether the IRG is capable of addressing corruption issues or initiating genuine reforms.

**Economic Deterioration:** The state of fragility affecting the IRG in general could lead to a loss of control over the situation and a slide into paralysis, particularly if protests opposing the government escalate, especially those supported by the STC and its backers. Overreliance on Saudi Arabia to manage even the small details of the Yemeni file could further exacerbate this situation. This scenario would likely lead to a decline in the value of the local currency, rising inflation, worsening public services, especially electricity, and disruptions in the regular payment of salaries.

**Collapse and Conflict:** Recent regional developments, particularly the war involving the United States, Israel, and Iran, cast a shadow over the political and economic situation in Yemen, especially if the conflict expands and becomes prolonged. Such a development could reduce Saudi Arabia's attention to the situation in Yemen.

As a result, an intense resurgence of conflict among Yemeni factions within the framework of the IRG may occur. This could be accompanied by the government's inability to pay salaries, further depreciation of the exchange rate, rising fuel prices, bottlenecks in domestic gas supplies, and a deeper deterioration in the living conditions of Yemeni society.

## 4- Key economic news and indicators (February 1-28):

### Actions Taken by the Yemen's Presidential Leadership Council (PLC), the IRG of Yemen, the Central Bank of Yemen in Aden, and Related Developments:

- **Presidential Leadership Council, the IRG, and its Institutions**

**The** Presidential Leadership Council (PLC) approved the formation of the new Yemeni government composed of 35 ministers, headed by Dr. Shaye' Al-Zindani.

**Chairman** of the PLC, Dr. Rashad Al-Alimi, stated that illegal levies imposed at the entrances of cities and governorates must stop and should only be handled in accordance with the law.

**Salaries** for employees of public service units and civil sector workers for January 2026 were disbursed on February 18, the first day of the holy month of Ramadan, following directives from the new Prime Minister who emphasized the establishment of a mechanism to ensure the regular and timely payment of salaries without delay.

**During** the first meeting of the new government in Aden, Prime Minister Dr. Shaye' Al-Zindani stated that curbing inflation and protecting purchasing power are top priorities, alongside ensuring the regular payment of public sector salaries. He affirmed support for the independence of the Central Bank and announced plans to approve a realistic 2026 state budget. He also stressed stronger market oversight, the need for exchange rate improvements to reflect in prices, unifying military and security decisions under the Ministries of Defense and Interior, increasing revenues through the Aden-CBY, ending illegal levies, and strengthening anti-corruption measures through enhanced oversight and transparency.

**The** Minister of Local Administration directed local authorities to swiftly end illegal levies and fees, remove unauthorized collection points, and limit fee collection exclusively to officially approved channels. He warned of the negative impact of such practices on commercial activity and price increases, stressing that violators would be referred to the competent judicial authorities in implementation of the PLC's decision regarding the comprehensive economic reform plan.

**The** Minister of Industry and Trade stated that the government is implementing measures to ensure the flow of goods, regulate prices, and address the LPG crisis to support economic stability and meet citizens' basic needs. The ministry is strengthening market monitoring, organizing domestic trade, launching an electronic platform for complaints, and deploying field teams to oversee markets. He noted that illegal levies in some governorates disrupt trade and affect prices, and that efforts are underway to address them. Plans are also in place to build a strategic reserve of essential commodities and strengthen partnerships with the private sector. He added that the LPG crisis is primarily administrative and that a special committee is working to reorganize distribution to ensure fair access.

**Saudi Arabia** announced that it will provide 1.3 billion Saudi riyals (approximately \$346.59 million) to cover salaries of Yemeni government employees and the state budget deficit. This amount is part of Saudi financial support allocated to Yemen for 2026, estimated at \$3 billion.

**Prime** Minister Shaye' Al-Zindani chaired a meeting in Aden of the Supreme Budget Committee, which approved the draft 2026 state budget in preparation for submitting it to the Council of Ministers to complete legal procedures. This step is part of a declared effort to strengthen financial discipline, ensure salary payments, and fund essential public services, although the total budget size and estimates have not yet been disclosed.

## • Aden-CBY

**Governor** of the Aden-CBY Ahmed Ghaleb stated that Saudi Arabia injected approximately 1 billion Saudi riyals in January 2026 to cover the salaries of Yemeni government employees. He denied circulating claims that the Aden-CBY had injected new cash blocks into the market, confirming that the printed currency that arrived at the port of Aden does not exceed \$25 million and was not released into circulation; rather, it was received following pressure from Aden port authorities after remaining there since 2021. He clarified that the Aden-CBY has not injected any new currency since early 2022 but instead withdrew approximately 3 trillion Yemeni riyals and reintroduced them to the market through salary payments. He warned against exploiting the issue to attack the Aden-CBY without understanding its implications for citizens' livelihoods.

**February** witnessed two consecutive developments in monetary policy. The Aden-CBY directed all operating banks and major money exchangers to purchase foreign currency from citizens with a daily cap of 10,000 Saudi riyals per person. This measure aims to address the liquidity crisis linked to foreign currency purchases at the official exchange rate (425 Yemeni riyals per Saudi riyal), while it committed to repurchasing the currency from them to support import financing and enhance market stability.

In a subsequent step, the Aden-CBY announced the recovery of the Yemeni riyal and officially adjusted exchange rates by adopting 410 Yemeni riyals for buying and 413 for selling the Saudi riyal, while re-pricing other currencies within the same framework. During a meeting chaired by its Governor, the Aden-CBY reaffirmed continued market monitoring and efforts to address liquidity shortages in coordination with the Exchange Companies Association to maintain currency and price stability.

**Aden-CBY** Governor also denied circulating rumors regarding exchange rate manipulation. During a meeting with officials from local banks, the Exchange Association, and major money exchange companies, he stressed that the Aden-CBY would not take any measures that do not serve the public interest or lack economic justification consistent with the objectives of precautionary monetary policy. He emphasized that the Aden-CBY continues to follow realistic policies aligned with market mechanisms while considering its obligations toward citizens, financial institutions, and international partners. He noted that the scarcity of the national currency supply amid rising demand reflects growing confidence in the Aden-CBY's policies aimed at achieving exchange rate stability.

- **National Committee for Regulating and Financing Imports**

**The** National Committee for Regulating and Financing Imports stated during its first meeting of 2026, held via video conference, that the financing approvals granted during January reached \$600 million, bringing the total value of import financing since the committee began operations in August 2025 to more than \$3 billion.

**The** committee held its second meeting of 2026 at the Aden-CBY headquarters, chaired by the Aden-CBY Governor in his capacity as head of the Committee, with the Minister of Industry and Trade serving as deputy head and with the participation of representatives from relevant authorities. The meeting aimed to follow import regulation and enhance supply stability. Participants reviewed reports from the executive and advisory teams, as well as a report from the Customs Authority on the level of implementation of the import regulation and financing mechanism at land and seaports, including procedures related to certain entities, specific commodities, and specialized financing mechanisms.

The Committee approved a number of recommendations after amendments and referred to other issues for further in-depth study. It emphasized continued monitoring to ensure efficient implementation and to achieve a balance between regulatory oversight and the protection of state resources on the one hand and facilitating trade movement and meeting market demand for essential goods on the other. The Committee concluded its meeting by calling on IRG and the private sector to fully cooperate in implementing the directives in order to enhance supply stability in a regular and sustainable manner.



The **Studies & Economic Media Center (SEMCC)** is one of Yemen's leading civil society organizations. Established in 2008, SEMCC has extensive experience in promoting good governance, transparency, civic participation, evidence-based advocacy, media development, and the economic and social empowerment of youth and women.

SEMCC seeks to contribute to improving Yemen's economic system by making it more transparent and equitable. It works to advance the principles of transparency, good governance, and citizen participation in decision-making; support the development of a free, professional, and independent media sector; strengthen the economic and social empowerment of women and youth; and mitigate the impact of conflict on development pathways while contributing to sustainable peace.

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