

Growth In Personal Wealth Has Slowed To 1.6% Globally, But Not In The Middle East

World over, growth in personal wealth slowed to 1.6% in 2018 after years of economic growth fueled wealth in healthy figures. But the Middle East has bucked the trend by a growth in personal wealth.

According to a report by consultancy Boston Consulting Group, the region saw personal wealth rose 5.7% in 2018, outstripping the global growth that has dipped to reach \$205.9 trillion. This was sharply lower than the growth of 7.5% recorded the year before when personal wealth touched \$202.7 trillion. This was well below the compound annual growth rate of 6.2% between 2013 and 2017.

The decline in the growth of personal wealth is largely attributed to most major market indexes plummeting by as much as 20% last year.

“2018 was the worst year for stocks in a decade. The steep decline in equity market performance, most notably in the fourth quarter, had a significant impact on wealth and a corresponding impact on wealth managers’ profitability,” the report says.

Declines in equities and investment funds had a ripple effect on wealth across various segments of the region especially for high net worth individuals in North America and Western Europe, BCG added. These investors were hardest hit due to their exposure to equities.

On the contrary, the report added that the stock markets within the Arabian Peninsula had a good year.

“Positive returns, combined with solid deposit expansion in Turkey, drove up overall wealth growth in the Middle East by 5.7%.” the report explained.

The figures come as an economic softening is afoot in Gulf countries, which has been trying to adjust to a new normal of lower oil prices. Meanwhile, ongoing trade tension has further hit growth in the region that has also seen economic competitiveness impacted due to a strong dollar to which most of the GCC’s currencies are pegged to.

However, figures indicate that such setbacks are temporary at best. BCG forecasts that wealth in the Middle East and Africa is set to soar by 7.7% to touch \$7.6 trillion by 2023.

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