Inflation in the Middle East is rising as increased public spending and strong credit growth spur domestic demand. Structural reforms will be needed to contain price growth.

Figure 2.9. Middle East: Strong Growth, Rising Inflation

Sources: IMF, International Financial Statistics; and IMF staff calculations.

12006–07 average.

2 Oil exporters include Bahrain, Islamic Republic of Iran, Kuwait, Libya, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates, and Republic of Yemen. Non-oil exporters include Egypt, Jordan, and Lebanon.

3Public spending is defined as consumption and investment.