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Water, energy and the MENA growth map, 2027

A MENA reading of DWS's CIO View 2027 — emerging markets as the growth engine, an energy shock that ended cheap money, and water as an underpriced constraint on growth in the world's most water-stressed region.

Executive assessment

DWS frames 2027 around ten themes. Three matter most for MENA: emerging markets remain the main source of global growth, resources and the energy transition; the February 2026 attack on Iran raised energy costs, inflation and interest rates; and water is emerging as a constraint on trade, food security, industrial production and growth. [1, themes 2, 3, 9]

The energy shock and the end of cheap money

DWS notes the rest of the world has been grappling with higher energy costs since the Iran attack, feeding inflation and higher rates, with no clear exit from the conflict. The US Federal Reserve remains the decisive central bank for markets. [1, introduction, theme 3]

Emerging markets: growth with selection

DWS expects much of future global growth and energy demand growth to originate outside the developed world, and stresses that emerging markets are not homogeneous: reform and competitiveness determine whether growth translates into stronger companies and capital markets. [1, theme 2]

Water as an underpriced resource

DWS argues water has received comparatively little investor focus relative to energy and is likely to be repriced. It highlights water intensity in power generation, mining and chip fabrication, cooling needs for AI, and solutions such as recycling, leakage reduction, desalination, precision irrigation and monitoring, which it sees as a more durable, less cyclical source of demand. [1, theme 9]

Hakeema interpretation — Gulf exporters

Higher energy prices strengthen Gulf fiscal and external positions in the near term, while the region's dependence on desalination makes power and water a single system. Gulf ambitions in AI data centres add cooling demand to an already water-scarce base, which favours recycled water, efficient cooling and integrated power-and-water planning. This is Hakeema's interpretation, not a view stated by DWS.

Hakeema interpretation — importers

For Jordan, Egypt and Morocco, the energy shock widens import bills and inflation, while water scarcity weighs on agriculture, a large employer in each. Jordan is among the most water-scarce countries globally; Egypt depends heavily on the Nile; Morocco has faced repeated droughts.

Water infrastructure and efficiency therefore sit close to food security and external balances. Hakeema interpretation.

Hakeema interpretation — what to watch

Desalination and reuse capacity, tariff reform for water and power, agricultural water efficiency, and how data-centre projects in the region disclose water use. Taken together, they suggest water intensity should sit alongside carbon as a lens on MENA companies and projects. Hakeema interpretation.

Sources
[1] DWS (Deutsche Bank Group), CIO View — 10 themes for the year ahead, 27 October 2026 (supplied document; marketing material).

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