جدوى للإستثمار
Jadwa Investment

September 2013

Macroeconomic Update

Oil income fuels non-oil growth and more

- The global economy appears to be stabilizing as somewhat slower growth in emerging economies is partly offset by a pick-up in advanced economies.
- We expect real GDP growth in the Kingdom to record 4 percent this year as public and private sector performance picks up in the second half and the oil sector becomes less of a drag on growth.
- Elevated current and capital expenditures will keep growth of retail, construction and transport sectors on the lead despite recent changes in labor market regulations. Government services benefit from higher demand.
- Upward revision to our oil price forecasts supports twin surpluses. The Kingdom set to post fiscal and current account surpluses of 7.2 and 14.2 percent of GDP, respectively.
- Record high remittances and bigger import bill to weigh on current account balance this year, but higher oil export revenues keep it in the positive territory and supports growth in foreign assets.

The global economy

While global economy appears to be stabilizing this year, its growth remains fragile, fragmented and at the low end of historical standards. The US shows the best prospects for growth acceleration, but the upside is being limited by fiscal consolidation. The Eurozone is finally emerging from recession, while aggressive monetary and fiscal policies in Japan put the economy back to its pre-crisis level. Emerging markets remains relatively stronger (Figure 1), but external vulnerabilities are likely to remain a major concern. The Chinese economy appears to be transitioning toward a slower growth, while prospect of strong growth in other BRICS is limited. Subdued economic growth means that commodity prices will be under control putting inflation outside the radar screen.

The **US economy** has been performing better recently supported by ultra-easy monetary policy while fiscal tightening limited the upside. Real GDP growth came stronger than expected in the first half of this year supported by solid consumption growth and improved net trade position, but the lag effect of the budget cut and rising energy prices

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Despite the shadow of fiscal uncertainty, the US economy is performing relatively strong…

...which may lead the Fed to gradually reduce its monthly pace of asset purchases.

are likely maintain a subdued growth for the rest of the year leading to an annual growth of 1.7 percent year-on-year in 2013 down from 2.2 percent last year. Fiscal policy uncertainty will come to the fore as Congress discuss new spending bills to continue funding the government to avoid shutdown by October 1 and the need to raise the debt ceiling by mid-October. Nonetheless, there has been “cumulative progress” on the economy including positive data on consumption growth, housing market, investment demand and payroll jobs all of which will support a positive momentum for economic growth. While this progress will most likely lead the US Federal Reserve to start a gradual reduction in the pace of its asset purchases this week, it is not strong enough to absorb a major cut on the $85 billion QE program. In any case, the US monetary policy will remain accommodative with policy interest rates are not likely to be raised before 2015.

The euro area emerged from a recession in the second quarter…

….but recovery not strong enough to have a meaningful impact on unemployment or debt to GDP.

Economic activity in **the euro area** have generally improved with real GDP recording the first positive quarterly growth rate (0.3 percent in the second quarter this year) since the third quarter of 2011 and following a disappointing growth in the first quarter this year (-0.3 percent). The biggest gains in the second quarter were in Germany and France and supported by a strong contribution from industrial production. The peripheral countries, however, remained in recession, though the pace of contraction slowed in the second quarter. This positive growth, however, is not expected to be sufficient enough to have a meaningful impact on unemployment or to provide much relief to the high debt/GDP burden particularly as there is still more fiscal austerity in the horizon. In fact, unemployment continues to rise and the potential increase in borrowing cost particularly in the periphery economies resulting from external factors could undermine improved financial conditions and dampen business and consumer sentiment (Figure 2).

Aggressive monetary and fiscal policies push economic activity up in Japan…

...but concerns about a medium term sustainability of public debt remains.

In **Japan**, aggressive monetary and fiscal policies are expected to provide some support for economic activity in the short run, but raise concerns regarding the sustainability of public debt in the medium term. In the second quarter, economic activity surprise on the upside owing to strong consumption, exports and public and private capital expenditures. Consumption has been supported by the sharp increase in equity markets while exports improvement on the back of weaker yen led to a gradual recovery in capex. Recent industrial production data also show that the economic recovery remains on a firm path, though risks may be to downside as the country moves closer to rising consumption tax (VAT). In this case, we expect the Bank of Japan to announce an extension of its asset purchase program or the government to approve additional fiscal package.

Figure 1: Global GDP growth
(percent; IMF forecasts)

	2009	2010	2011	2012	2013F	2014 F
World	-0.6	5.2	3.9	3.1	3.1	3.8
US	-3.1	2.4	1.8	2.2	1.7	2.7
Japan	-5.5	4.7	-0.6	1.9	2.0	1.2
Euro-Zone	-4.4	2.0	1.5	-0.6	-0.6	0.9
UK	-4.0	1.8	1.0	0.3	0.9	1.5
China	9.2	10.4	9.3	7.8	7.8	7.7
Emerging Markets	2.7	7.6	6.2	4.9	5.0	5.4
Middle East	3.0	5.5	3.9	4.4	3.1	3.7

Growth in emerging economies shifts to a lower level…

...partly owing to capital outflow…

...but remains higher than in advanced economies.

The improvement in developed countries was partly offset by softer growth in major **emerging economies**. Loose monetary policy in advanced economies have pushed large capital flows into EM economies leading to cheaper external funding, lower domestic interest rates, solid credit growth and higher consumption and investment. While all these factors have maintained a solid growth in most EM countries since the onset of the financial crisis, deceleration in demand from developed economies, domestic policy tightening, slower private investment in some key EM economies, and concerns about an exit from ultra-easy US monetary policy weighed on EM growth going forward. That said, we highlight that many emerging economies enjoy robust fundamentals, including demographics, lower leverage ratios than in advanced economies, more scope for policy action that can be applied to support growth when inflation is not a concern. Thus, while growth in these economies have shifted to a lower level, it will nonetheless remain strong relative to that of advanced economies (Figure 3). Although risk to this outlook is on the downside if capital outflows continues creating more pressure on emerging currencies. This could push central banks to tighten monetary policy which in turn would undermine economic growth.

The Saudi Economic update

We fine-tuned our real GDP growth forecasts for the Kingdom…

...reflecting recent flow of data.

We have revised some of our 2013 forecasts to take account of a recent flow of data. While year-to-date average oil production has so far been inline with our forecasts, oil prices recorded a stronger than expected positive trend in the last two months. As a result, we have adjusted our forecasts for Brent crude upward to $108 per barrel (pb) this year, while keeping annual oil production average at 9.6mbpd, 1.7 percent lower than last year. Consequently, we have raised our projections for both the budget and current account surpluses. On the non-oil economy, we cut down our forecasts for some of the leading sectors that recorded lower-than-expected performance over the first half of the year. As such, our overall forecast for real GDP growth in the Kingdom was slightly reduced to 4 percent year-on-year in 2013.

The oil sector

Saudi average annual oil production of 9.5 mbpd so far in 2013 is in line with our forecasts.

While Saudi oil production has been lifted to close to all-time highs in the last two months, the year-to-August production of 9.5 million barrels per day (mbpd) is still inline with our forecasts of 9.6mbpd,

Figure 2: 10-Year advanced economies bond nominal yields

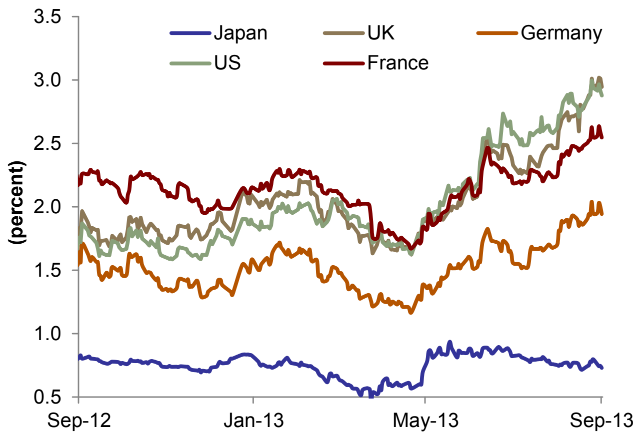
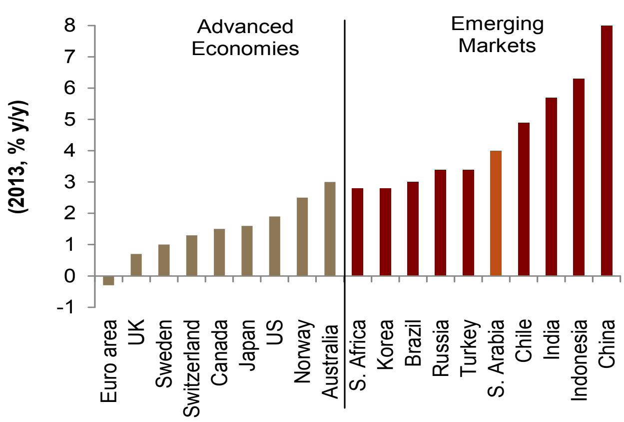


Figure 3: Advanced vs emerging economic growth forecasts for 2013



Despite a close to all-time high Saudi oil output in July and August...

…to offset unexpected outages in the global oil market...

...the rise in Saudi oil production partly calm prices…

...owing to geopolitical risk premium currently attached to oil price...

...which pushed YTD Brent crude up to $110pb and $114pb since end-July.

We, thus, revised up our Brent crude forecast for the year to $108pb.

1.7 percent lower than in last year. This means the Kingdom will gradually reduce production to a range of 9.7mbpd to 9.8mbpd for the remainder of the year, though risks remain on the upside owing to a recent rise in unexpected outages in the oil market. According to the US Energy Information Administration, unexpected outages over the summer reduced global oil supply by 2.8mbpd, a two-year record high. Total OPEC disruptions are estimated at 2mbpd mostly due to lower output from producers such as Libya, Iraq and South Sudan as well as ongoing outages in Syria and Nigeria and as a result of the sanctions on Iran. This uncertainty about global oil supply would lead consumers to increase crude and petroleum stocks. At the same time, OECD commercial oil inventories remains in deficit compared to its five-year average as seasonal accumulation over the summer disappoints.

In response, the Kingdom has raised production to a very high level in the last few months. Official data put oil production at over 10mbpd in July and August. While this partly reflects higher domestic consumption as summer temperatures boost local electricity demand, it also partly compensates for shortage of supply from other OPEC producers (Figure 4). Additional supply from the Kingdom has been sufficient to meet demand for oil, but it has been unable to reduce the geopolitical risk premium currently attached to oil prices. The more the Kingdom produces, the lower its spare production capacity becomes, meaning the smaller the cushion to cope with new supply disruptions. At the same time, concerns that military intervention in Syria could accelerate political tension in the Middle East and possibly spillover into neighboring countries are also weighing on market sentiment.

As a result, Brent crude has averaged $110pb so far in 2013 and $114pb since end-July. We have, thus, revised up our forecast for Brent to reflect the current high level of prices and now expect it to average $108pb this year. We still anticipate that oil prices will fall during the remainder of the year, but highlight that risks are on the upside if the Syrian situation accelerates to a military intervention. In the absence of such scenario, supply constraints are likely to ease in the last quarter of the year thereby reducing the upward pressure on price. Growth of North American oil production is likely to maintain an upward trend (Figure 5) while lower domestic consumption in the Kingdom raises global spare capacity. Iraq will also add to its production capacity as output from its Majnoon and Gharraf fields

Figure 4: OPEC crude oil production

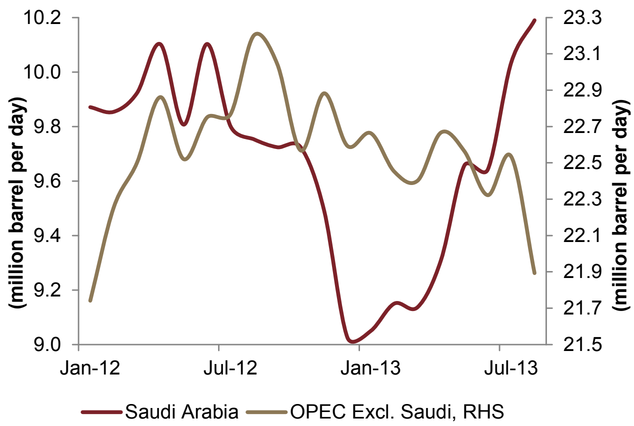
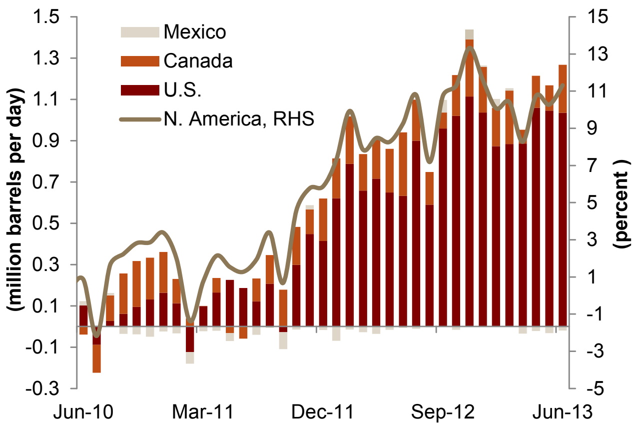


Figure 5: Change in North America oil production



come on stream within few months. At the same time, global oil demand growth is also likely to remain subdued as key emerging economies shift to a lower growth level.

The non-oil sector

Government spending is still the main driver of the non-oil economy.

Very high government spending remains the main stimulus to the real economy. Also, we expect oil revenues to remain sufficiently high to maintain and support business and investor confidence. We believe that progress on awarding contracts and project implementation has been stepped up compared to last year. The HSBC Purchasing Manager Index (PMI) points to strong expansion in private non-oil sector activity (Figure 6). Other data on private consumption, cement production, bank lending, transport and manufacturing activity all point to a robust non-oil growth.

Recent flow of data point to a robust non-oil growth.

The economy expanded by 4.5 percent year-on-year in the first half…

Non-oil growth of 4.5 percent year-on-year in the first half of the year was little changed compared with the same period last year. Lower-than-expected growth of leading private non-oil sectors (retail, construction and utilities) in the first half was partly offset by a strong expansion of government services (Figure 7). Enforcement of labor market regulation has weighed on the growth of both the retail and construction sector in the second quarter while at the same time increased demand on government services (Figure 8). For second half of the year, we expect the non-oil sector growth to pick up pace compared to the first half as the private sector adjust to new labor market norm. We, however, slightly reduce our forecast for the non-oil private sector from 6.3 percent previously to 6 percent in 2013. This revision takes account of data released so far this year and is as follows:

...with retail, construction and government services leading the growth.

Private consumption is remain solid…

...owing to rising disposable income…

- Monthly data points to very strong growth in **consumer spending**. The value of cash withdrawals from ATMs in the first seven months of this year is 8.8 percent higher than for the same period of last year; for point of sale transactions, the growth is 22 percent. In fact, both indicators registered all-time highs in the first seven months of this year. As a result, the retail sector, which includes wholesale, restaurants and hotels, was one of the fastest growing sectors in the first half of the year, expanding by 6.6 percent year-on-year, though growth was lower-than-expected as the sector adjusts to changes in the labor market.

Figure 6: Purchasing Managers' Index

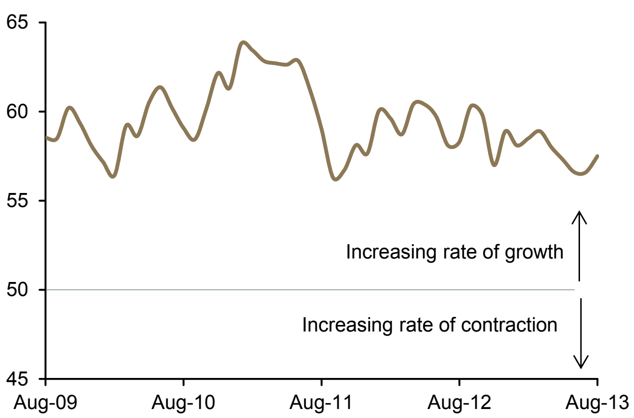
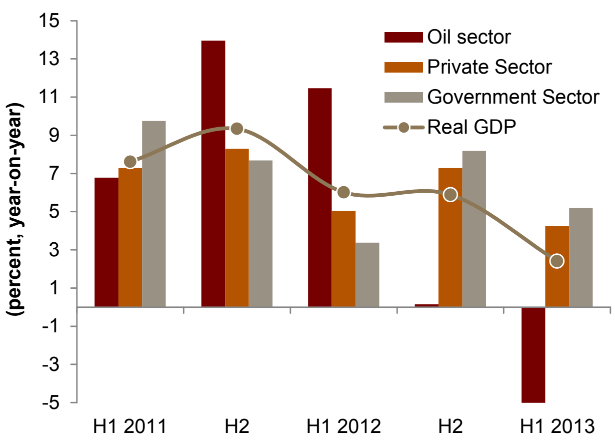


Figure 7: Economic growth by major sector



...but may face downside risk as labor market adjust to a new norm.

On the upside, increase in nominal wage and strong population growth will keep the retail sector growth elevated for the rest of the year. However the impact of the strong retail sector on the rest of the economy will be relatively mild, as much consumer spending is on imported goods; the volume of consumer goods imports through the ports over the first five months of this year is 6 percent higher than in the same period of 2012.

Construction sector is expected to maintain a strong contribution to overall GDP growth…

...benefiting from a massive public and private project markets…

...as well as recent government project-monitoring mechanism…

...but faces challenging changes in the labor market.

- Data also point to healthy growth in the **construction sector**, which rose by 6.6 percent year-on-year in the first half this year. Cement production over the first eight months of the year are 8 percent higher than in the same period of last year, despite seasonal fall recently (Figure 9). At the same time, the pace of awarded projects is expected to pick up this year. According to Middle East Economic Digest, the value of projects to be awarded this year will increase by 40 percent year-on-year, reaching $70 billion; virtually all of these involve some element of construction. The government has also recently approved a new mechanism to step up project monitoring process to ensure their completion on time which should provide another boost to the sector. Furthermore, with the government committed to a substantial support to the residential housing sector over the next few years, construction should remain one of the fastest growing sectors. Recently a royal decree was issued to facilitate residential real estate development by enabling the Ministry of Housing to award both developed lands and interest-free home-loans to Saudi nationals. At the same time, the Real Estate Development Fund have stepped up its lending activity in the last two years with an outstanding loans of SR94.5 billion at the end September last year compared with SR77.6 billion at the end of 2010. We, thus, expect all these positive factors to offset the negative impact of changes in labor market on the sector.

Growth of the transport and telecoms sector slowed to 2.6 percent year-on-year in the first half…

- **Transport, storage and** telecoms sector recorded a lower-than-expected growth of 2.6 percent in the first half. While breakdown is unavailable for this sector, we think the disappointing growth is due to lower contribution of telecoms sector while the contribution of the transport sector should remain elevated. This is because the latter is expected to grow inline with rising volume of imports and exports and the ongoing implementation of infrastructure projects that involve the movement of equipment and material around the Kingdom. The sector will also benefit

Figure 8: Sectoral growth in the first half of 2013

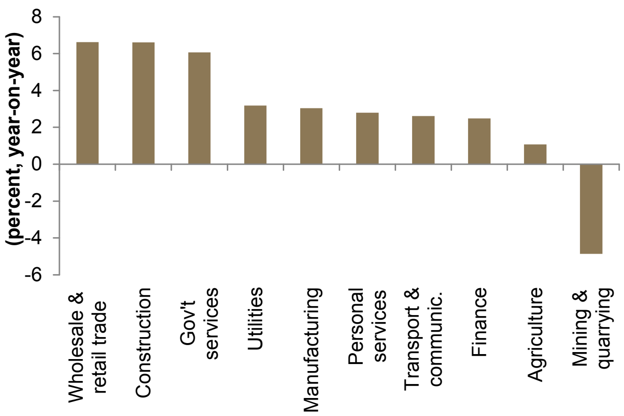
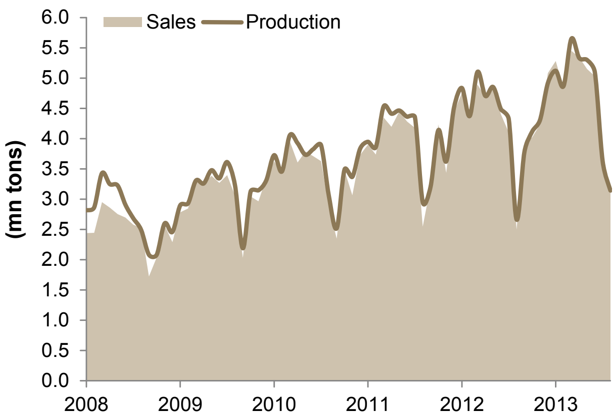


Figure 9: Cement sales and production



..reflecting slower activities at the telecoms sector.

from the completion of a number of transport projects this year including phase one of the Millennium Seaport in King Abdullah Economic City with a capacity of 3.8 million twenty-foot-equivalent-units per year as well as a number of railways projects that will see the light this year. Growth of the telecoms sector, however, seems to be slowing. The number of mobile subscribers fell by 2 percent in the first quarter of 2013 with mobile penetration falling to 177 percent. The contribution of internet and broadband services remains positive and with penetration at 55 percent and **49.6 percent**, respectively, there is more room for growth.

Manufacturing sector grew by 3 percent year-on-year in the first half…

...reflecting partly subdued global demand.

Manufacturing growth is expected to improve in the second half.

- Information on **manufacturing output** is not available, though port data give a guide to the volume of exports of manufactured products. Data from Jeddah Islamic Port shows that exports of petrochemicals were **16 percent** lower in volume over the first eight months of this year compared to the corresponding period of 2012, but those of industrial products were **12 percent** greater during the same period. The subdued global demand may keep manufacturing export growth on the downside over the remainder of the year while internal demand will be positive. With new plants coming on stream or expansion of existing ones, we expect higher output of plastics, cement and other manufactured goods. Manufacturing will also receive a boost from the giant Ma'aden aluminium complex, which is set to begin production in the fourth quarter.

Growing private sector increases demand on financial services…

...leading to a firm growth in credit to private sector…

...and contributing to an all-time high bank profits this year.

- The strong performance of private sector should feed into higher growth for the finance sector. Data for the first seven months show that bank lending rose consistently during 2013 (Figure 10); if continued, incremental increase during the year will be close to an all-time record high . With banks comfortable with lending conditions and their own financial health, we expect year -on-year lending growth to reach 16 percent this year. In an environment of very low interest rates and low investment returns available elsewhere, banks are also likely to put more emphasis on lending to smaller business as their demand for credit picks up in recent years. At the same time, consumer lending picked paced recently owing to housing demand and rising income (Figure 11). These factors are likely to lead to a record high bank profits this year.

Figure 10: Bank lending to the private sector

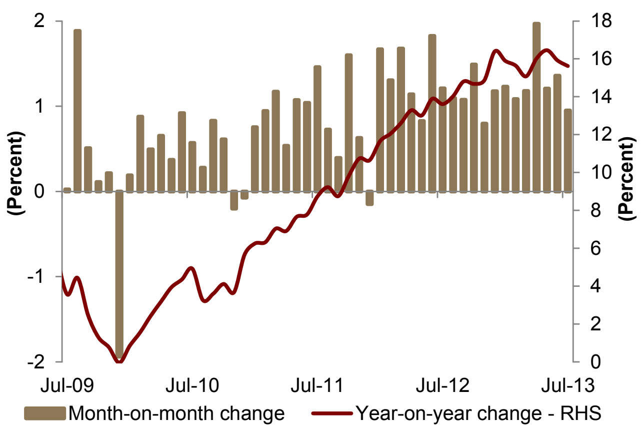
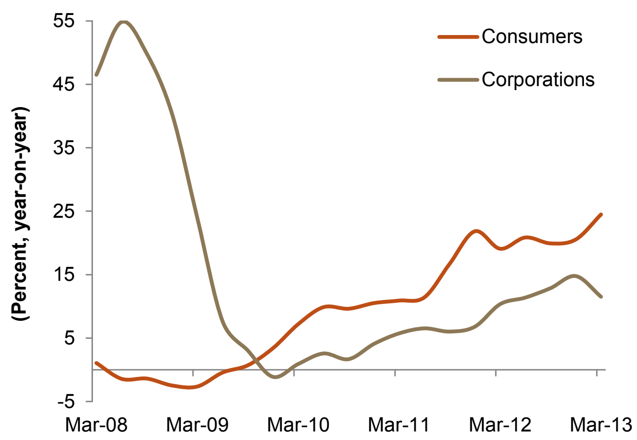


Figure 11: Bank lending to corporates and consumers



Inflation

YTD inflation in was little changed compared to last year…

CPI inflation in the Kingdom recorded an average of 3.8 percent year -on-year for the first seven months this year compared with 3.7 percent for the same period last year. The key inflationary pressure points so far in 2013 have been food and rental inflation while our measure of core inflation eased recently (Figure 12).

...but with rising contribution from food prices…

The food inflation rose by 6 percent year-to-year so far this year compared with 4.6 percent the same period last year. We view the pickup in food prices as mainly a result of higher domestic consumption demand owing to higher disposable income. The positive trend in food prices may also reflect disruption to transport and food imports from or through either Syria or Egypt caused by the ongoing conflict in the former as well as the political instability in the latter. As such, food inflation in the Kingdom does not reflect international food prices. According to the UN Food and Agriculture Organization, global food inflation average 0.2 percent year-on-year for the January-July period this year.

...which diverged from the trend of international food prices owing to higher demand and geopolitical risks.

Rental inflation slowed this year, but remained elevated…

Rental inflation, the second main driver of domestic inflation, slowed to an average of 3.3 percent year-on-year for the first seven months of the year compared with 4.7 percent for the same period last year. The increase in public and private sector national workforce and salary increases have pushed rental prices up recently, but additional supply of accommodations limited the upside trend in rental prices. Any delay in implementing recent government housing initiative, however, will lead to a rapid increase rental prices given the demographical structure of the Kingdom. Finally our measure of core inflation, which excludes food and housing related items, maintained a gradual downward trend since the start of the year. Year-to-April, the core inflation slowed to 0.7 percent compared with 1.3 percent for the same period in 2012.

….owing to a firm housing demand and rising income.

We expect inflation to record 3.8 percent year-on-year in 2013…

While our forecast of an inflation average of 3.8 percent for this year is consistent with the five-year average inflation in the Kingdom, the risk is now on the upside owing to domestic inflationary pressures while external factors remain muted. Despite growth recovery in many of the Kingdom's trading partners, there is still a lot of spare capacity with high unemployment leading to low pressure on inflation (Figure 13). According to the International Monetary Fund, export weighted non-fuel commodity prices are likely to contract by 0.9

...as external inflationary pressure remains low…

Figure 12: Headline inflation and its components

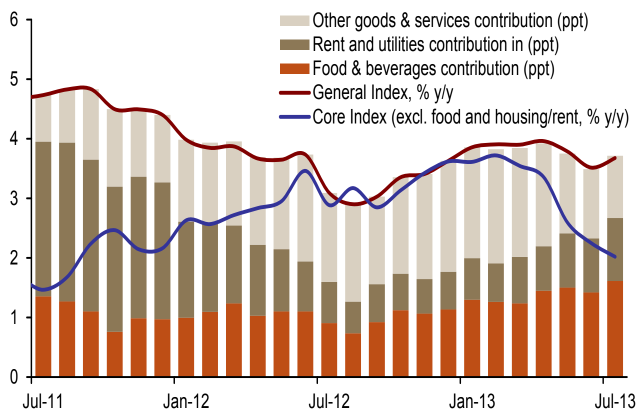
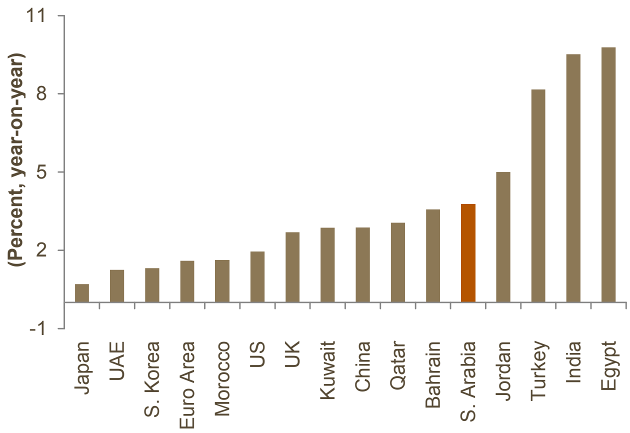


Figure 13: Saudi trading partners' latest headline inflation



...but domestic drivers will remain in place.

Money supply growth and rising credit demand all increases the upside risk to domestic inflation…

...as does recent labor market reform initiatives.

percent this year. In addition, a stronger dollar vis-à-vis other trading partner currencies (therefore the riyal) would reduce any external inflationary pressures.

Domestically, the pressures stem from domestic monetary conditions, government spending, rise in disposable income and recent and expected labor market reforms. Broad money supply growth has picked up this year with a year-to-July expansion of 5.8 percent compared with 4.7 percent for the same period last year while the non-oil GDP growth was little changed. Credit to private sector also continued on a solid positive path, increasing by 9 percent year-to-July, with an upward potential given the low interest rate environment, and the healthy growth in demand deposits. The latter which grew by 10.4 percent year-to-July reflects the increase in domestic disposable income. While recent push to raise Saudi employment in the private sector will also contribute to higher disposable income leading to demand-pull type of inflation, it is also likely to result in cost-push inflation, though there is little evidence it has done so yet. The expected revision to Nitaqat (the Saudization initiatives) to take into account wages for Saudi nationals working in the private sector will also contribute to the upside risk to domestic prices.

Public sector

Budget surplus revised up…

...as we adjust our oil price forecasts…

…while non-oil revenues benefits from rising demand on government services.

We maintain our view that the fiscal balance will remain in surplus this year (Figure 14). Even though we revised up our projections for government spending, we have also increased our projection for the budget surplus to 7.2 percent of GDP (SR201 billion) from 6.3 percent of GDP, previously. This is mainly due to the increase in our oil prices forecast. We now expect government revenues to reach SR1,096 billion this year owing to higher oil revenues. The increase in the latter also reflects 2.9 percentage point increase in the proportion of oil production that has been exported to 79.6 percent over the first half of the year compared with 76.7 percent for the same period last year. This means that growth of domestic oil consumption, which is heavily subsidized, is actually falling. This in turn would also reduce the impact of higher government spending on the fiscal breakeven oil price which we now expect to be $69pb for the Saudi export crude (equivalent to around $75pb for Brent). At the same time, non-oil revenue will benefit from the buoyant domestic non-oil economic activity and likely to record SR109.6 billion (3.9

Figure 14: Government finances

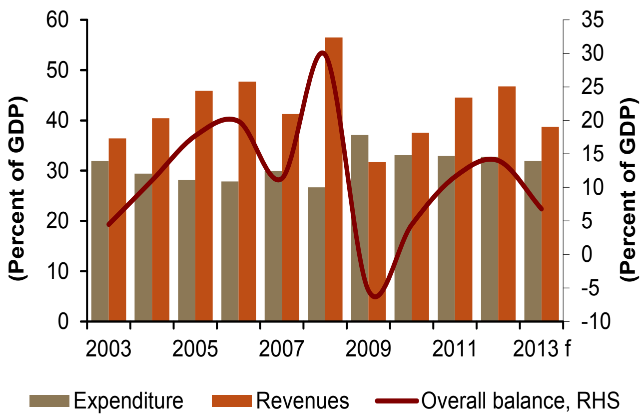
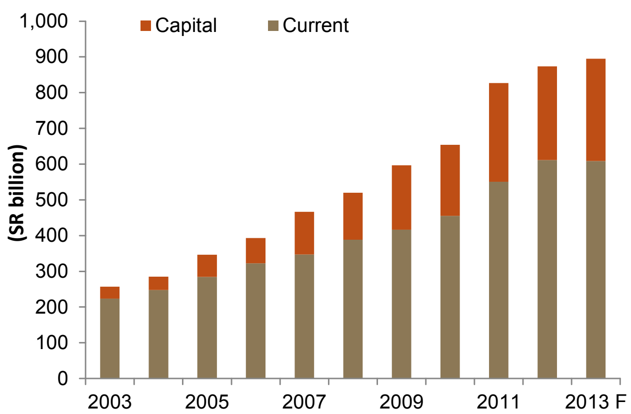


Figure 15: Government expenditures



percent of GDP) or a growth of 7.6 percent compared to last year.

We also revise up our government expenditures forecast for the year…

...to account for the new project mentoring mechanism.

At SR894.8 billion, record high government spending is a key growth driver.

No data is available on government spending, but we maintain our view that the government will most likely exceed its expenditures outlined in the budget, as in previous years. While delays in development and service projects have somewhat limited the expansion of capital expenditures in the last few years, we take into account the recent measures that would insure faster implementation of approved projects. As a result, we have revised up our projection for capital spending to SR285.9 billion or 10.2 percent of GDP compared with 9.8 percent last year (Figure 15). With current spending at SR608.9 billion (21.7 percent of GDP), we now expect the total government expenditures to reach SR894.8 billion (32 percent of GDP).

External sector

Elevated oil production and upside revision to oil prices will keep CA surplus above 10 percent of GDP…

...though the surplus is substantially lower than the all-time high recorded last year.

We expect a large fall in the current account (CA) surplus in 2013 compared to last year because of lower oil export revenues, though the surplus will remain in the double digit territory. The surplus is forecast to decline to 14.2 percent of GDP from 23.2 percent of GDP last year (Figure 16). In dollar terms the surplus is expected to fall by 35.7 percent to $105.8 billion down from the all-time high of $164.8 billion recorded in 2012. Imports should grow on the back of healthy domestic demand and are likely to be faster than the expansion of non-oil exports. The invisibles balance, which consists of flows of remittances, incomes and payments and receipts for services, will remain in a large deficit.

First quarter data show a 27.9 percent year-on-year fall in CA surplus.

Balance of payments data is only available for the first quarter and this is subject to revision. It puts the current account surplus at $34 billion, 27.9 percent lower than the level of the first quarter of 2012, owing to much lower oil revenues. Services payments (for such things such as transport, travel financial and communications) slightly decreased owing to lower travel and financial payments. The transfers position worsened slightly owing to a 3 percent year-on-year increase in workers' remittances.

Imports growth maintains a positive trend owing to strong domestic activity…

More recent data is available on the trade position. Imports over the first six months of the year are 9 percent higher than in January to June of last year. Most categories of imports are up over this period except metals and plant products. Import growth is expected to

Figure 16: Current account

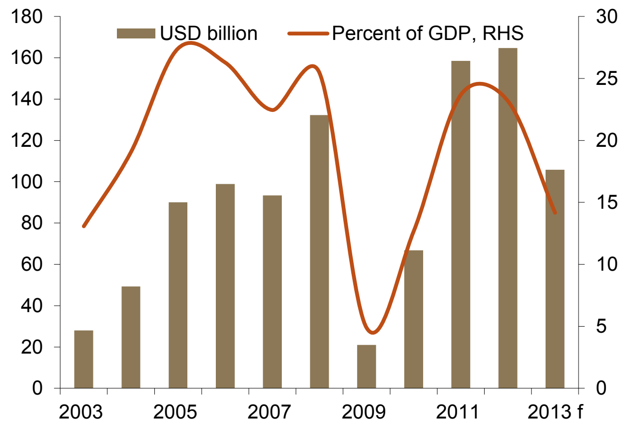
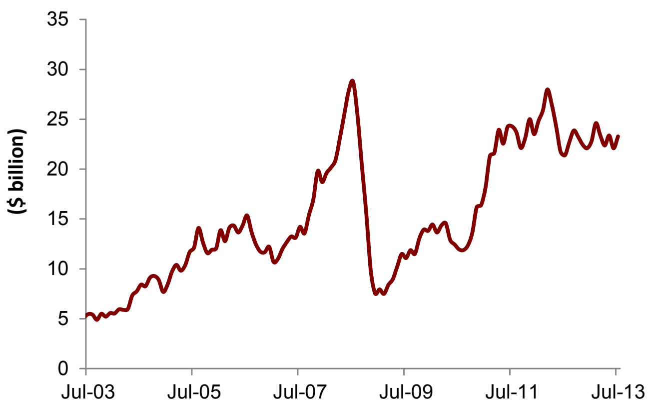


Figure 17: Oil export revenues



maintain this positive trend owing to the ongoing infrastructure work and the expansion of the economy. High consumer spending will also boost imports of household goods, vehicles and electronics.

...while oil export revenues kept trade balance in surplus...

...and support foreign assets accumulation.

Based on production and price data, we think that oil exports averaged $23 billion per month so far this year (Figure 17). Non-oil exports are up by 2 percent year-on-year in the first six months, with petrochemicals contracting by 9 percent. For the whole year, we think oil exports will reach $289.4 billion, 15 percent less than in 2012 owing to lower oil production and prices while non-oil exports should rise only modestly to $51 billion. Therefore, we expect the trade surplus to record $190 billion in 2013 from a record high of $246.6 billion in 2012.

At a record high so far this year, remittances will remain the main source of outflows.

Remittances of foreign workers will remain the main source of outflows from the invisibles accounts. The huge amount of construction work means that the number of foreign workers in the Kingdom will remain high despite recent measures to increase the number of nationals working in the private sector. As a result, remittances are on track to record an all-time high of $32 billion in 2013, in our view. The latest data shows that non-Saudi transfers increased by 14 percent year-on-year to $23.1 billion over the first seven months of this year (Figure 18). There will also be higher outflows to foreign companies providing construction and related services. As the economy expands, payments to foreign providers of other services, such as communications, insurance and financial, should also rise.

We expect returns on government investment to improve….

...but is not likely not be a major CA driver.

Returns on the government's investment portfolio are the main source of non-trade revenues. We expect little growth in returns this year, as the stock of foreign assets will rise further (Figure 19). The bulk of these assets are invested in foreign sovereign securities, primarily US, and with yields on treasury bonds expected to increase as a result changes in the US monetary policy, investment inflows will pick up toward the end of the year.

Figure 18: Personal non-Saudi remittances

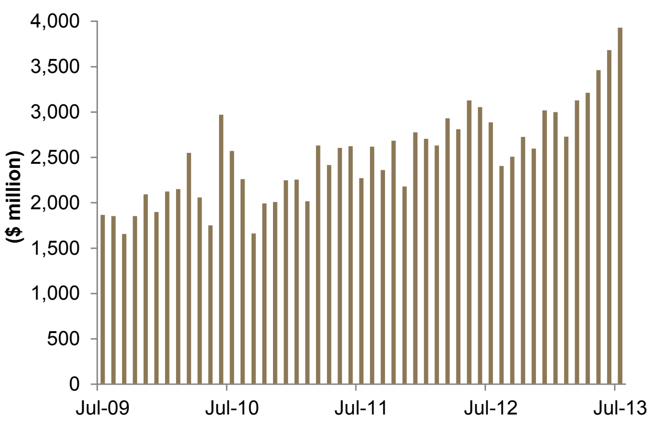
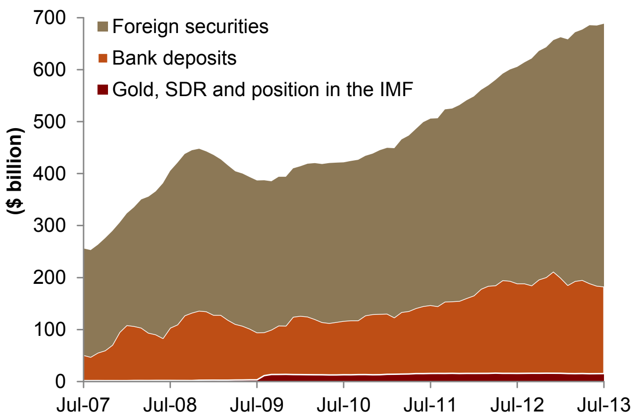


Figure 19: SAMA's Foreign assets



Key Data

	2006	2007	2008	2009	2010	2011	2012	2013 F	2014 F
Nominal GDP									
(SR billion)	1,411	1,559	1,949	1,609	1,976	2,511	2,666	2,802	2,887
($ billion)	376.4	415.7	519.8	429.1	526.8	669.5	711.0	747.2	769.9
(% change)	14.7	10.4	25.0	-17.4	22.8	27.1	6.2	5.1	3.0
Real GDP (% change)									
Oil	-1.0	-3.8	4.3	-8.0	0.3	11.0	5.5	-1.5	-1.4
Non-oil private sector	10.6	12.0	11.1	4.9	10.3	7.7	4.9	6.0	5.1
Government	3.5	4.9	6.2	6.3	7.5	8.7	5.4	4.3	4.0
Total	5.6	6.0	8.4	1.8	7.4	8.6	5.1	4.0	3.5
Oil indicators (average)									
Brent ($/b)	65.4	72.9	97.2	61.7	79.8	112.2	112.4	108	104
Saudi ($/b)	59.2	67.2	94.0	60.4	77.5	103.9	106.1	103	100
Production (million b/d)	9.2	8.8	9.2	8.2	8.2	9.3	9.8	9.6	9.4
Budgetary indicators (SR billion)									
Government revenue	674	643	1,101	510	742	1,118	1,247	1,096	1,022
Government expenditure	393	466	520	596	654	827	873	895	906
Budget balance	280	177	581	-87	88	291	373	201	115
(% GDP)	19.9	11.3	29.8	-5.4	4.4	11.6	14.0	7.2	4.0
Domestic debt	365	267	235	225	167	135	99	90	85
(% GDP)	25.8	17.1	12.1	14.0	8.5	5.4	3.7	3.2	3.0
Monetary indicators (average)									
Inflation (% change)	1.9	5.0	6.1	4.1	3.8	3.7	2.9	3.8	3.4
SAMA base lending rate (%, year end)	5.2	5.5	2.5	2.0	2.0	2.0	2.0	2.0	2.0
External trade indicators ($ billion)									
Oil export revenues	188.3	211.0	282.9	171.8	215.2	317.6	337.4	289.4	273.8
Total export revenues	211.0	233.2	313.5	192.3	251.1	364.7	388.4	340.5	327.4
Imports	63.0	81.5	100.6	86.4	97.4	120.0	141.8	150.1	164.8
Trade balance	148.0	151.7	212.8	105.9	153.7	244.8	246.6	190.4	162.6
Current account balance	98.9	93.3	132.3	21.0	66.8	158.5	164.8	105.8	71.9
(% GDP)	26.3	22.5	25.5	4.9	12.7	23.7	23.2	14.2	9.3
Official foreign assets	225.8	305.6	442.7	410.1	445.1	541.1	656.9	700.9	737.1
Social and demographic indicators									
Population (million)	24.1	24.9	25.8	26.7	27.6	28.4	29.3	30.2	31.1
Unemployment (15+, %)	12.0	11.2	10.0	10.5	10.2	12.4	12.1	10.0	9.5
GDP per capita ($)	15,604	16,667	20,157	16,095	19,113	23,594	24,303	24,778	24,766

Sources: Jadwa forecasts for 2013 and 2014. Saudi Arabian Monetary Agency for GDP, monetary and external trade indicators. Ministry of Finance for budgetary indicators. Central Department of Statistics and Jadwa estimates for oil, social and demographic indicators.

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