



## Summary

**Real Economy:** The non-oil PMI declined in April, falling to 55.7 (versus 56.8 in March) as a result of respondents citing concerns around inflation.

**Consumer Spending:** Consumer spending was up 12.9 percent year-on-year, and by 28.5 percent month-on-month, in March. More recent weekly data for April showed saw sizable rises on 'food and beverages' and 'clothing' during Ramadan.

**Industrial Sector:** In February, the non-oil manufacturing index rose by 14.3 percent year-on-year. More recent data for March showed that the monthly value of licensed investments in new factories totaled SR2.5 billion.

**Government Finance:** The net monthly change to government accounts with SAMA rose by SR69.3 billion in March. The monthly increase came mainly from government deposits.

**SAMA Foreign Reserve Assets:** In-line with our expectations, SAMA FX reserves rebounded in March, rising by \$9.8 billion month-on-month, to reach \$451 billion. The rise came from bank deposits (up \$12.7 billion) whilst foreign securities declined by \$2.7 billion during the month.

**Money Supply, Bank Deposits and Credit:** The broad measure of money supply (M3) rose by 8.4 percent year-on-year in March, the highest rise in eight months, and by 1.8 percent month-on-month. Total deposits rose by 9.4 percent year-on-year.

**Inflation:** Prices rose by 2 percent year-on-year, and by 0.3 percent month-on-month in March. Within the CPI basket, 'food and beverages' rose by 3 percent year-on-year, and 0.4 percent month-on-month.

**Real Estate Q1 2022:** Real estate prices rose by 0.4 percent, year-on-year in Q1 2022, and by 0.5 percent quarter-on-quarter. Both annual and quarterly rises were mainly due to higher residential real estate prices.

**Umrah and Hajj:** The Ministry of Hajj and Umrah recently announced that one million pilgrims (from inside & outside the Kingdom) will be permitted to perform Hajj this year.

**Oil-Global:** Brent oil prices declined 15 percent and WTI oil prices declined 6 percent month-on-month in April, respectively. Since then, both benchmarks have risen due to the risk of a European Union (EU) wide ban on Russian energy imports.

**Oil-Regional:** Latest available official data for February shows that Saudi crude oil exports rose to their highest level in 21 months, to around 7.3 million barrels per day (mbpd).

**Exchange Rates:** The US dollar rose against almost all major currencies during April and early May, as the US Federal Reserve (Fed) raised interest rates by 50 basis points (bps) earlier this month. Such an aggressive rise in interest rates (coupled with investor risk-off sentiment) has helped push the value of the US dollar to multi-year highs recently.

**Stock Market:** TASI rose 4.9 percent month-on-month in April, placing it amongst the better performers when compared to major global and regional indices. The Saudi benchmark has risen a further 0.6 percent in the first two days of trading in May after Eid al-Fitr holidays.

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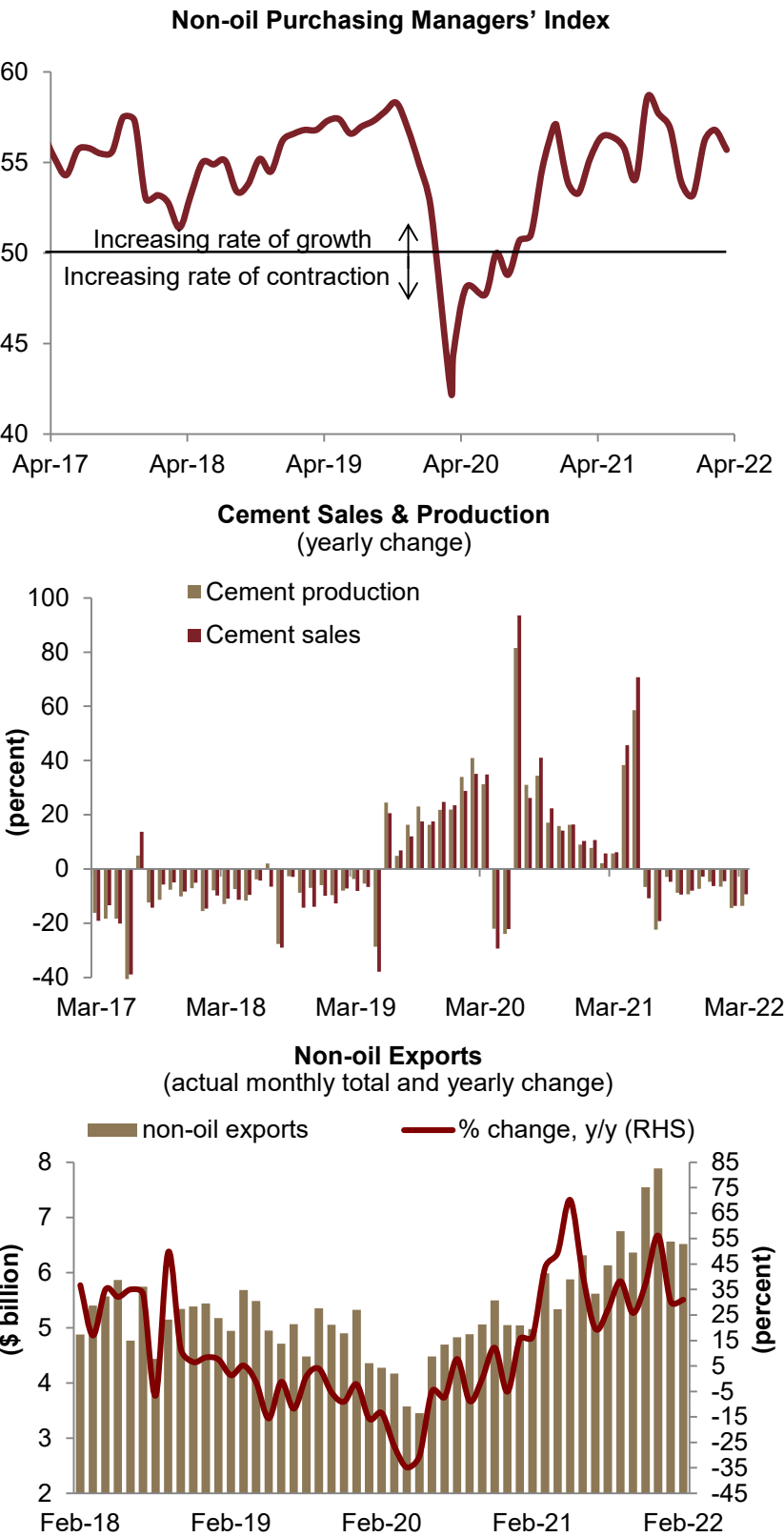
# Real Economy

The non-oil PMI declined in April, falling to 55.7 (versus 56.8 in March) as a result of respondents citing concerns around inflation. Meanwhile, cement sales and production continued to trend downwards by 9.3 and 13.7 percent year-on-year, respectively, in March, despite showing rises on a monthly basis. Meanwhile, latest available data for February showed non-oil exports continued rising by 31 percent, year-on-year, despite a marginal monthly decline.

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Meanwhile, cement sales and production continued to trend downwards by 9.3 and 13.7 percent year-on-year, in March, respectively, despite showing rises on a monthly basis, at 20 and 16 percent, respectively.

Meanwhile, latest available data for February showed non-oil exports continued rising by 31 percent, year-on-year, despite a marginal monthly decline.



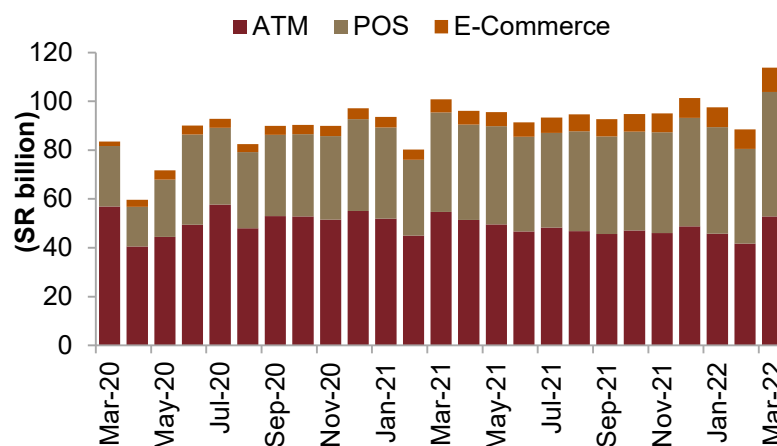


## Consumer Spending

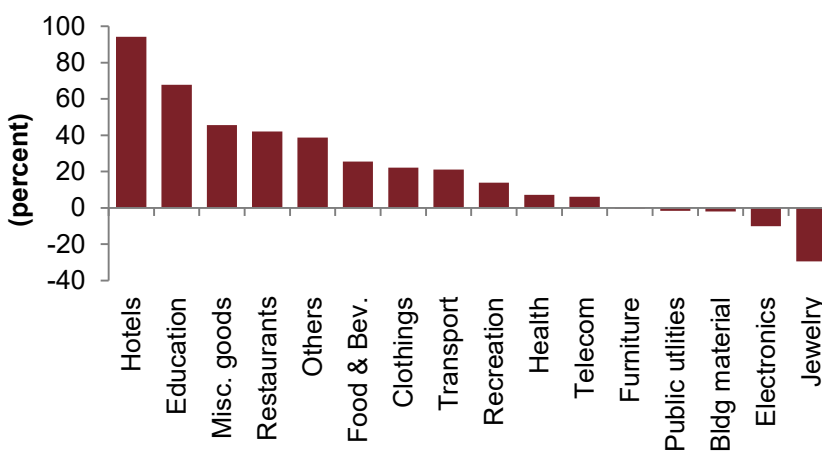
Consumer spending was up 12.9 percent year-on-year in March, and by 28.5 percent month-on-month. Within this, whilst POS transactions rose by 25 percent, cash withdrawals declined by 3 percent, year-on-year. Looking at POS transactions by sector, 'hotels' showed the largest yearly rise during the month. More recent weekly data for April showed spending on 'food and beverages' and 'clothing' saw sizable rises during Ramadan.

Consumer spending was up 12.9 percent year-on-year in March, and by 28.5 percent month-on-month.

**Monthly Consumer Spending**  
(SR Billion)

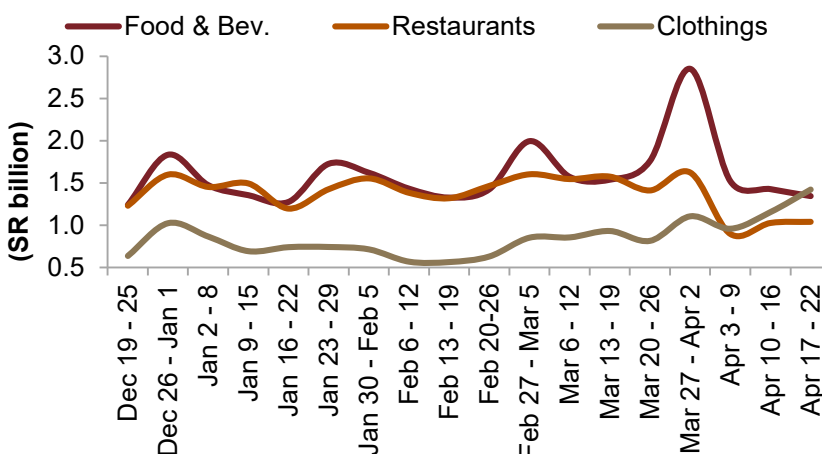


**POS Transactions by Sector in March**  
(year-on-year change)



'Hotels' continued an upward trend during the month, whilst purchases of goods such as 'jewelry' and 'electronics' continued on a downward trend seen in recent months...

**Weekly POS Transactions**  
(year-on-year change)



...although more recent weekly data for April showed spending on 'food and beverages' and 'clothing' rising sizably during Ramadan.



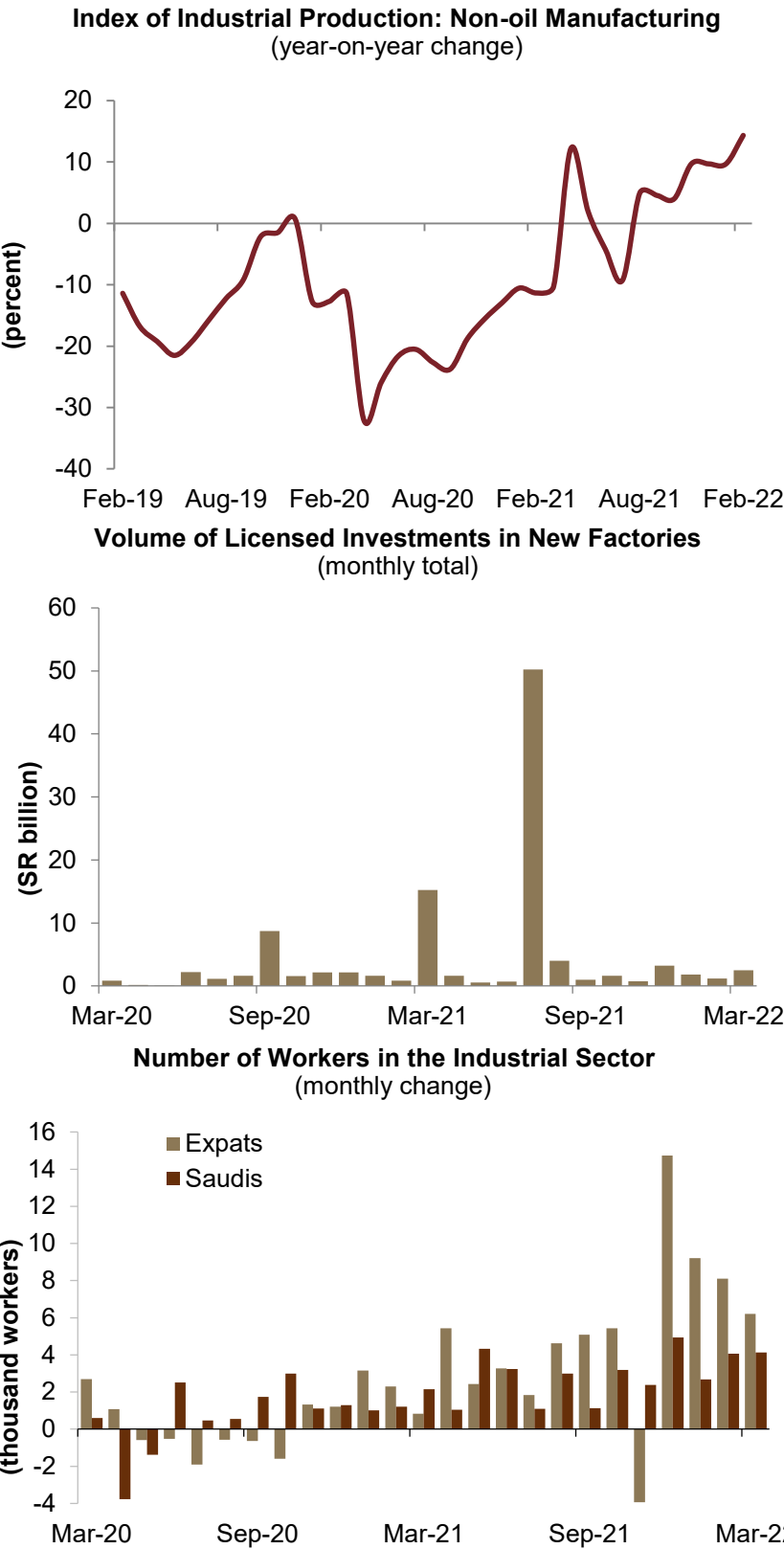
Industrial sector

In February, the non-oil manufacturing index rose by 14.3 percent year-on-year. More recent data for March showed that the monthly value of licensed investments in new factories totaled SR2.5 billion, as 261 factories started production during the month. The month also saw a notable rise in the number of both foreign and Saudi workers.

*In February, the non-oil manufacturing index rose by 14.3 percent year-on-year.*

*More recent data for March showed that the monthly value of licensed investments in new factories totaled SR2.5 billion, as 261 factories started production during the month.*

*The month also saw a notable increase in the number of workers, with rises in both foreign and Saudi workers by 6.2 and 4.1 thousand, respectively.*



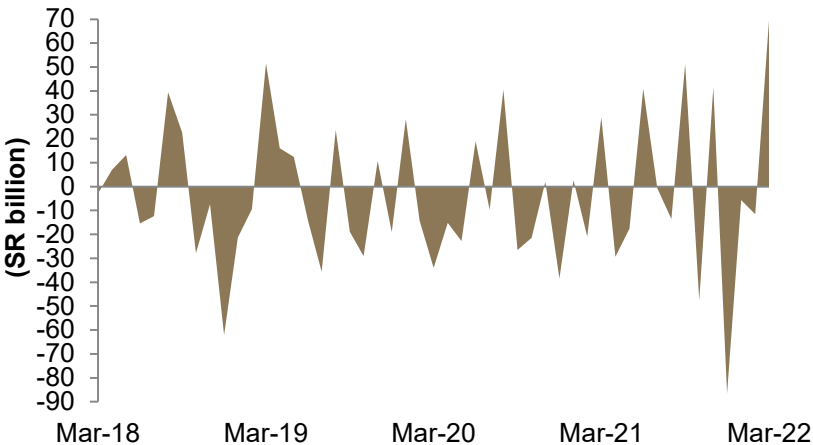


## Government Finance

The net monthly change to government accounts with SAMA rose by SR69.3 billion in March. The monthly increase came mainly from government deposits, which were up by SR70 billion, whilst government reserves were down during the month by SR1.1 billion. Meanwhile, domestic bank holdings of government bonds increased in March by SR4.7 billion.

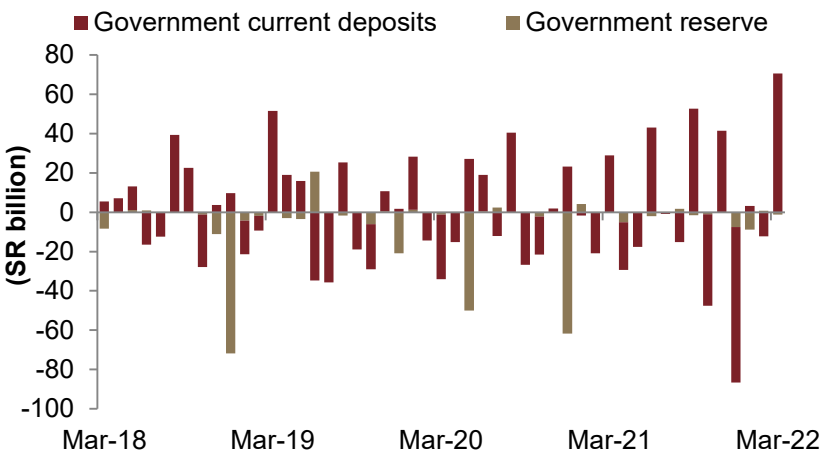
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Net Change to Government Accounts with SAMA  
(month-on-month change)



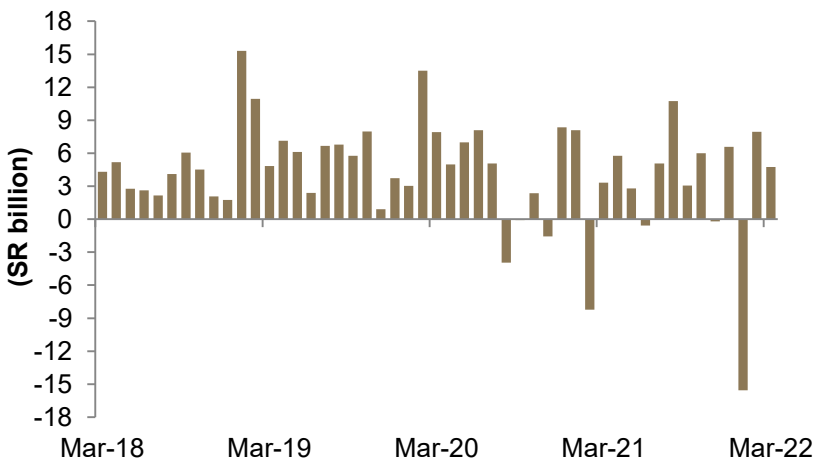
The monthly increase came mainly from government deposits, which were up by SR70 billion, whilst government reserves were down during the month by SR1.1 billion.

Breakdown of Government Accounts with SAMA  
(month-on-month change)



Meanwhile, domestic bank holdings of government bonds increased in March by SR4.7 billion

Domestic Banks Net Holdings of Government Bonds  
(month-on-month change)

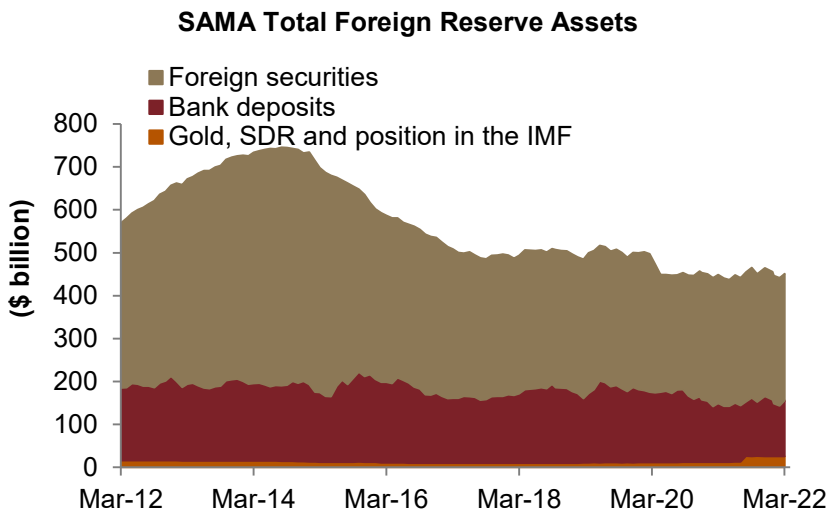




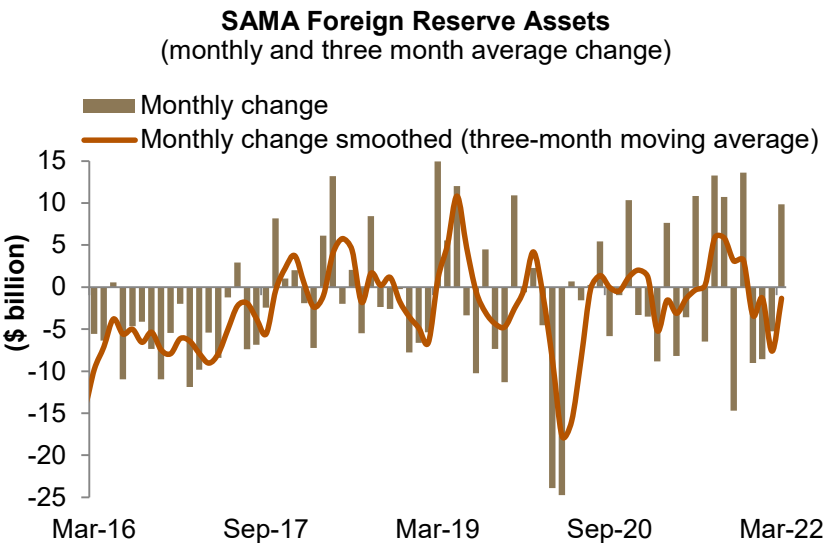
## SAMA Foreign Reserve Assets

SAMA FX reserves rebounded in March, rising by \$9.8 billion month-on-month, to reach \$451 billion, in-line with our expectations (*please refer to last month's [chartbook](#)*). The rise came from bank deposits (up \$12.7 billion) whilst foreign securities declined by \$2.7 billion during the month.

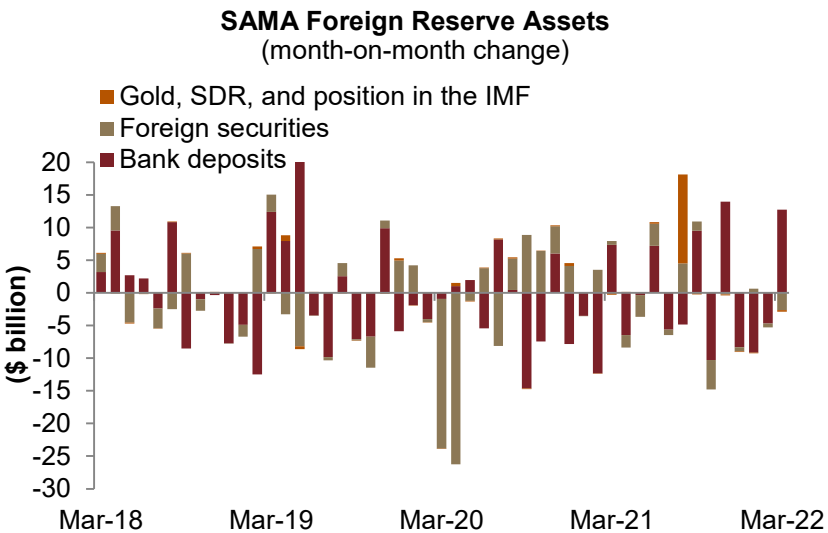
SAMA FX reserves rebounded in March, rising by \$9.8 billion month-on-month...



...to reach \$451 billion, in-line with our expectations



The majority of the monthly rises came from bank deposits, up by \$12.7 billion, whilst foreign securities declined by \$2.7 billion during the month.



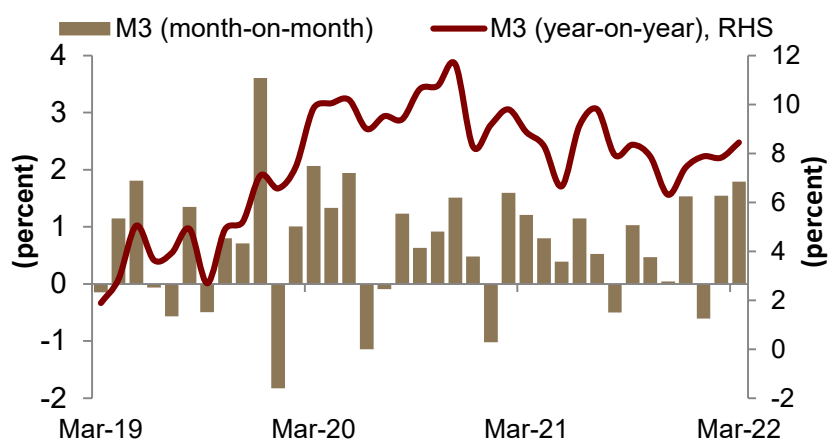


## Money Supply, Bank Deposits and Credit

The broad measure of money supply (M3) rose by 8.4 percent year-on-year in March, the highest rise in eight months, and by 1.8 percent month-on-month. Total deposits rose by 9.4 percent year-on-year. Meanwhile, total bank claims rose by 13.6 percent year-on-year during the month, with credit to the private sector rising by 14 percent year-on-year.

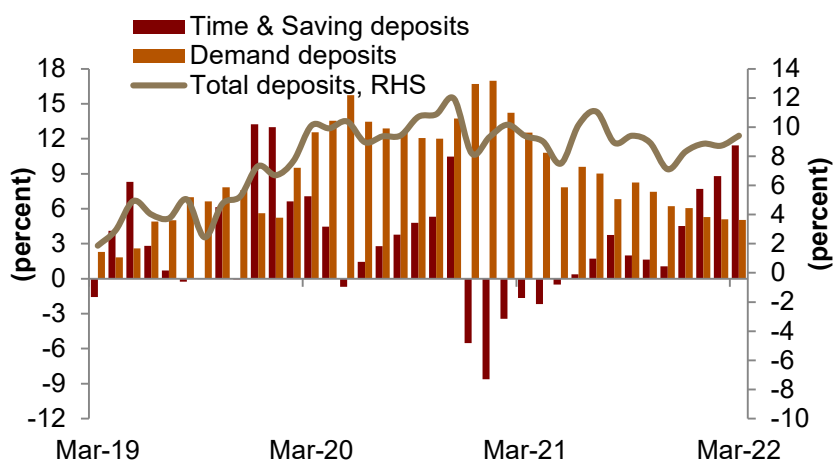
*M3 rose by 8.4 percent year-on-year in March, the highest rise in eight months, and by 1.8 percent month-on-month.*

**Growth in Money Supply**



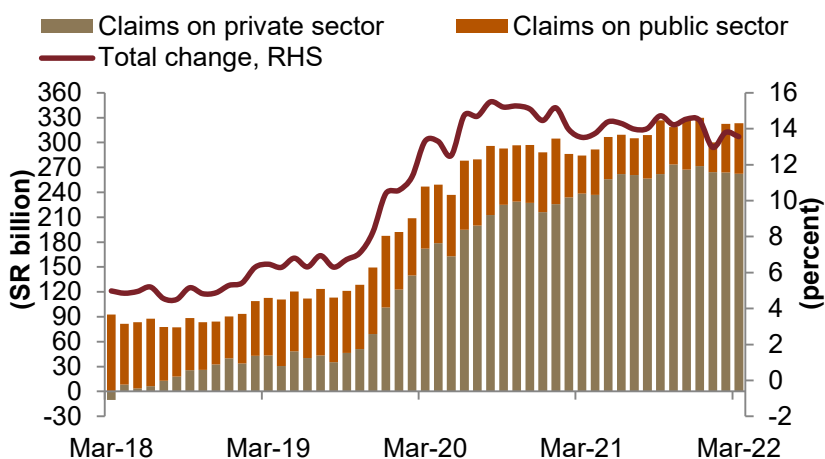
*Total deposits rose by 9.4 percent year-on-year.*

**Breakdown of Total Deposits**  
(year-on-year change)



*Meanwhile, total bank claims rose by 13.6 percent year-on-year during the month, with credit to the private sector rising by 14 percent year-on-year.*

**Breakdown of Bank Claims**  
(year-on-year change)

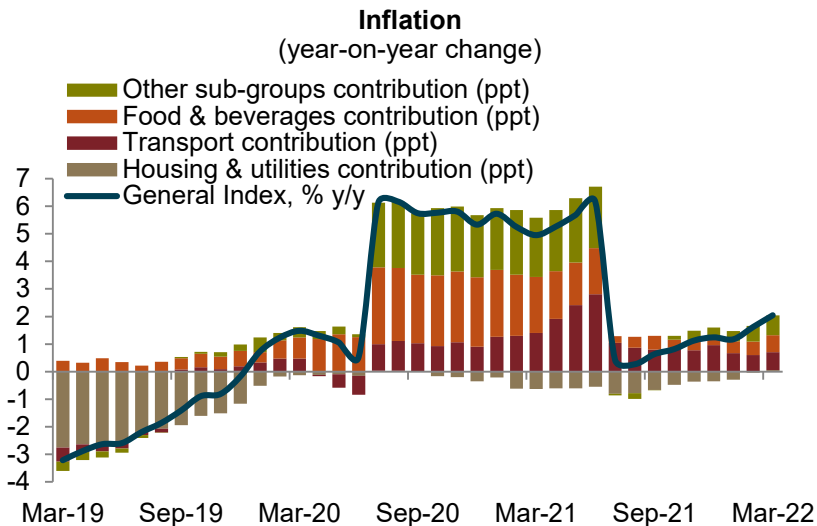




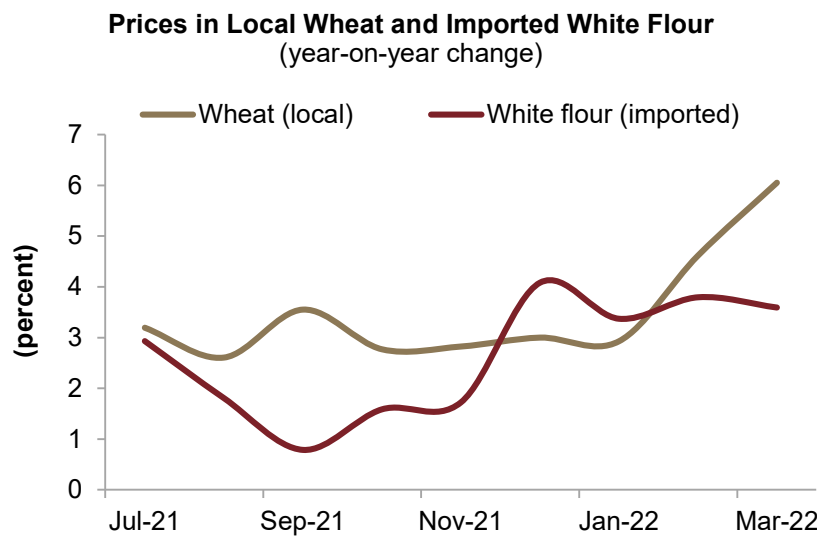
Inflation

Prices rose by 2 percent year-on-year, and by 0.3 percent month-on-month in March. Within the CPI basket, ‘food and beverages’ rose by 3 percent year-on-year, and 0.4 percent month-on-month. Moreover, prices in ‘housing and utilities’ were up by 0.2 percent year-on-year, as ‘rentals for housing’ saw its first annual rise since 2016 (as per our expectations outlined in our recent [inflation update](#)).

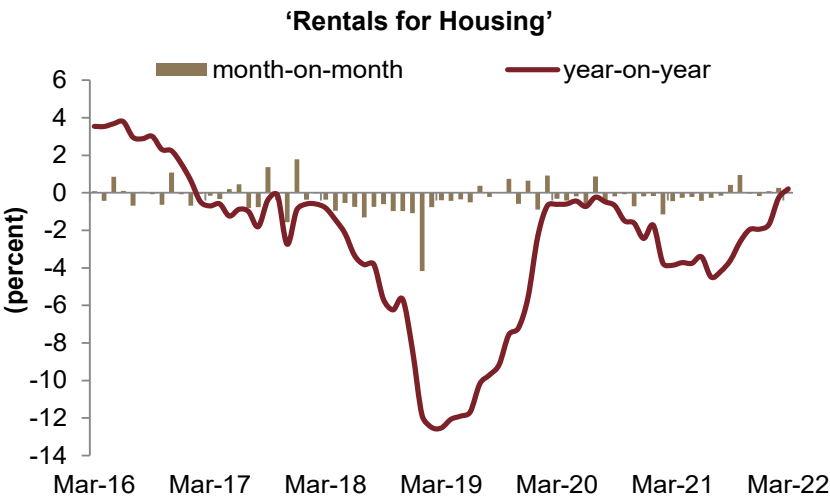
Prices in March rose by 2 percent year-on-year, and by 0.3 percent month-on-month.



Within ‘food & beverages’ items, prices in local wheat continued to rise year-to-date.



Moreover, prices in ‘housing & utilities’ were up by 0.2 percent year-on-year, as ‘rentals for housing’ saw its first annual rise since 2016 (as per our expectations outlined in our recent [inflation update](#)).



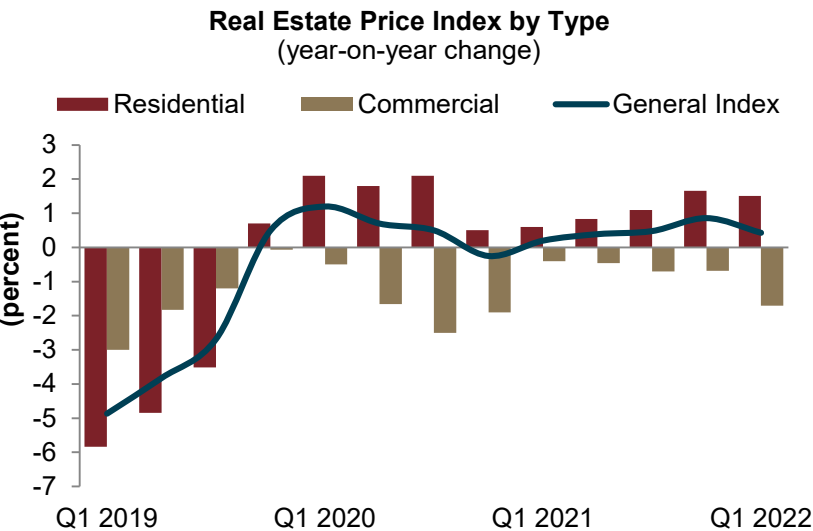




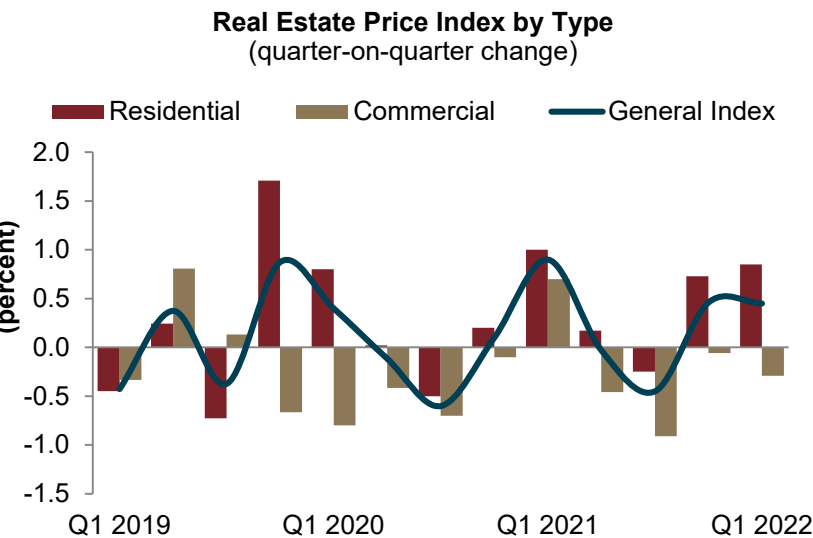
## Real Estate

Real estate prices rose by 0.4 percent, year-on-year in Q1 2022, and by 0.5 percent quarter-on-quarter. Both annual and quarterly rises were mainly due to higher residential real estate prices, which were up 1.5 percent and 0.9 percent respectively. On a regional level, residential prices in the Makkah region have witnessed a rebound in recent months, with annual rises of 1.3 percent during Q1 2022.

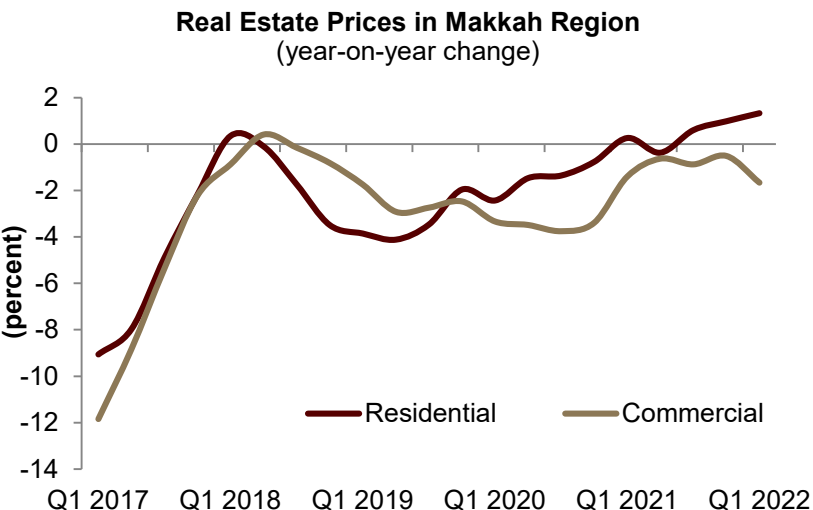
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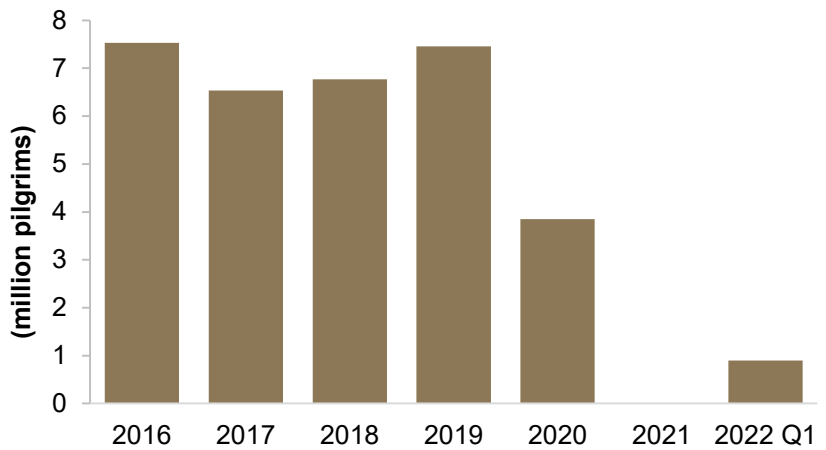


## Umrah and Hajj

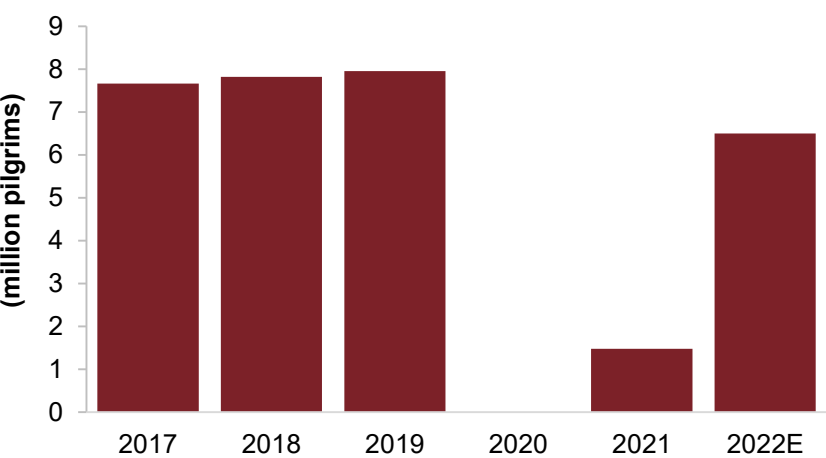
Latest Umrah and Hajj statistics showed the number of Umrah pilgrims in 2021 totaled 6.5 million pilgrims (from inside & outside the Kingdom), up 11.6 percent over 2020. In Ramadan, with most of the Covid-19 related restrictions being lifted, the number of pilgrims is estimated to total 6.5 million. Moreover, the Ministry of Hajj and Umrah recently announced that one million pilgrims (from inside & outside the Kingdom) will be permitted to perform Hajj this year.

The number of Umrah pilgrims coming from outside the Kingdom in FY 2021 totaled 12.6 thousand. However, this rose to 900 thousand pilgrims in Q1 2022.

Umrah Pilgrims from Outside the Kingdom  
(million pilgrims)

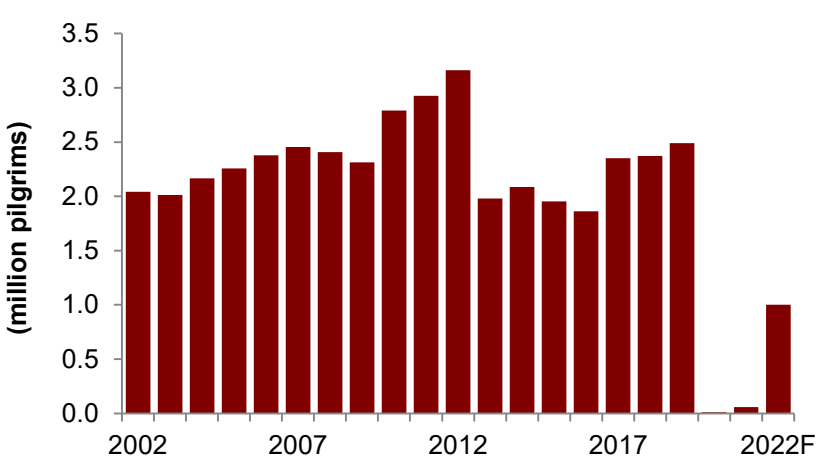


Total Umrah Pilgrims in Ramadan  
(million pilgrims)



The total number of Umrah pilgrims this year is estimated to total 6.5 million pilgrims, compared with almost 8 million pilgrims in 2019.

Hajj Pilgrims  
(million pilgrims)



The Ministry of Hajj & Umrah announced that a total of one million Hajj pilgrims will be allowed this year (from inside and outside the Kingdom), up from 10 thousand and 60 thousand pilgrims from inside the Kingdom only in 2020 and 2021, respectively.



## Exchange Rates

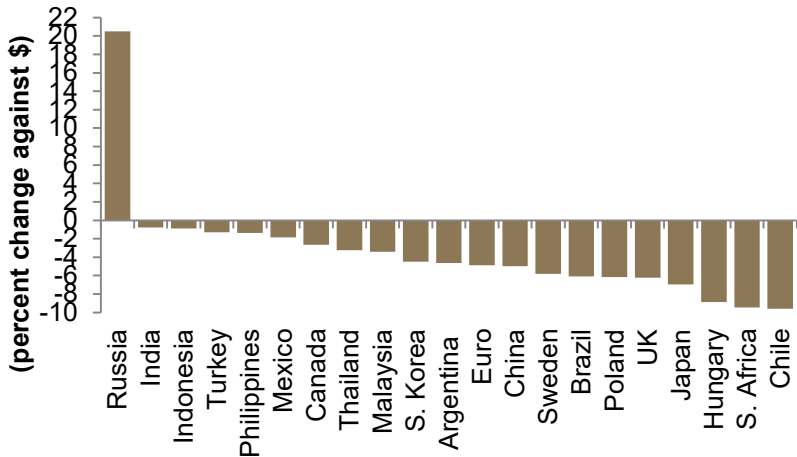
The US dollar rose against almost all major currencies during April and early May, as the US Federal Reserve (Fed) raised interest rates by 50 basis points (bps) earlier this month. Looking ahead, survey data indicates further rate rises in each of the remaining five meetings during 2022, with investors expecting US interest rates to hit 2.8 percent by year end, a full 50 bps higher than last month's estimates (please refer to April's [chartbook](#) for more details).

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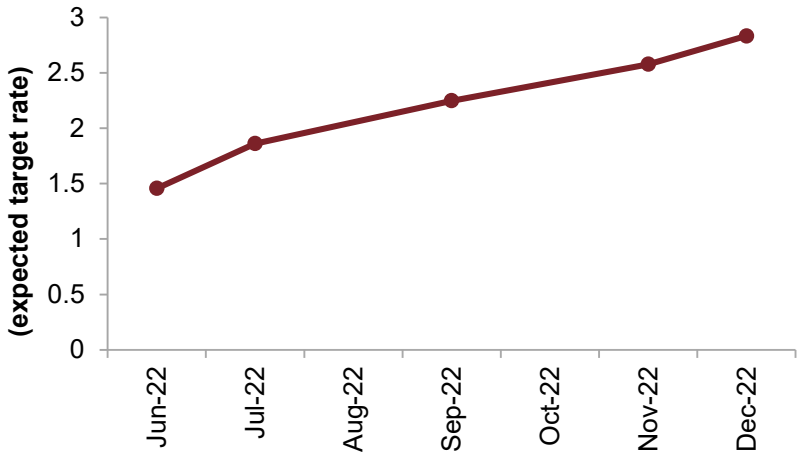
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*Such an aggressive rise in interest rates (coupled with investor risk-off sentiment) has helped push the value of the US dollar to multi-year highs recently.*

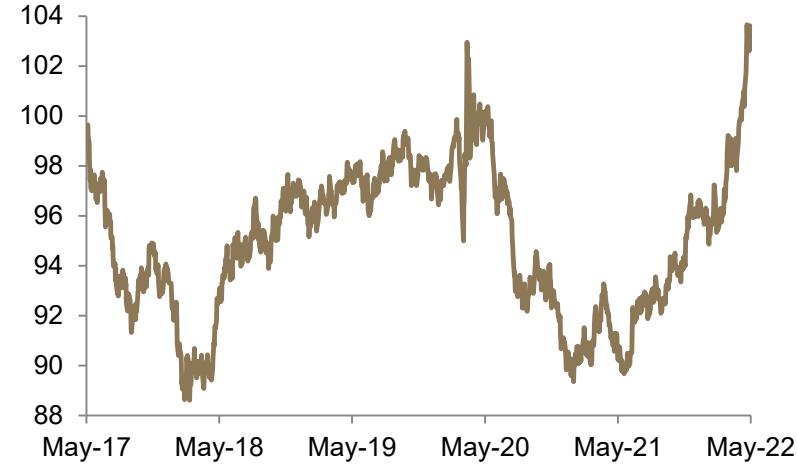
**Monthly Gain/Loss Against US Dollar**  
(April to 1st week of May 2022)



**Implied US Interest Rate**



**Trade Weighted US Dollar**

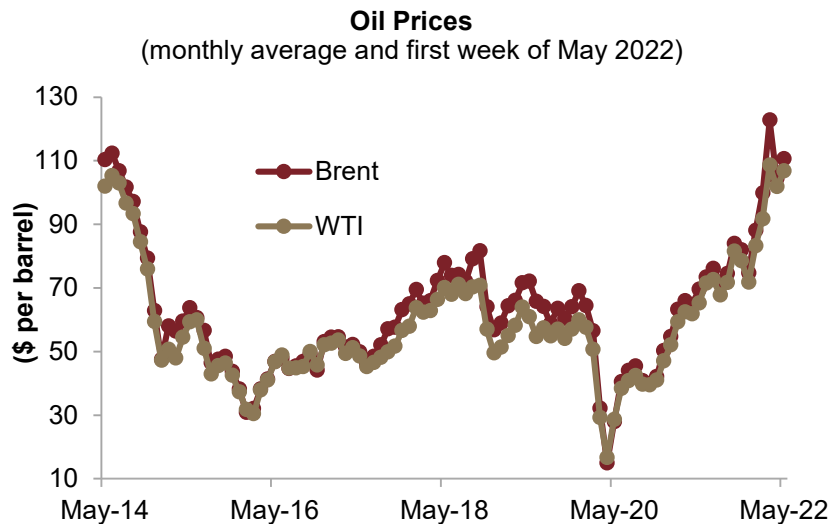




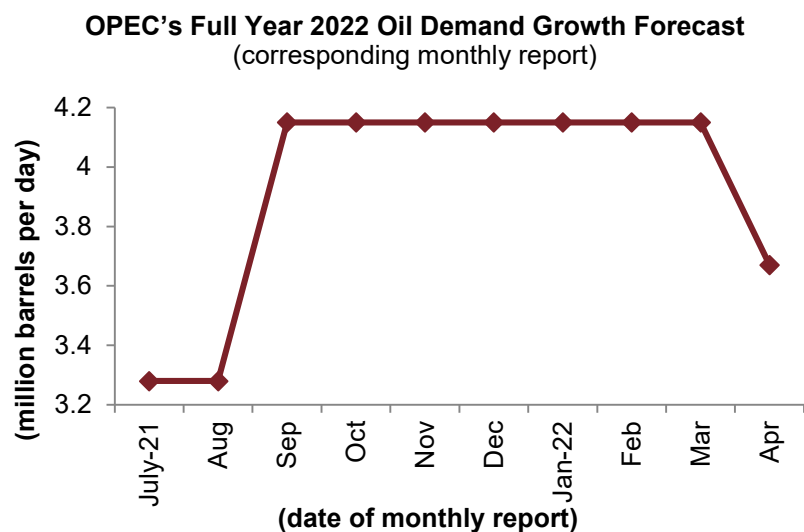
## Oil - Global

Brent oil prices declined 15 percent and WTI oil prices declined 6 percent month-on-month in April respectively. Since then, both benchmarks have risen due to the risk of a European Union (EU) wide ban on Russian energy imports. The EU's current proposal includes ending imports of Russian crude oil within six months and refined products by the end of this year. The proposal has yet to be unanimously agreed by all 27 countries in the bloc.

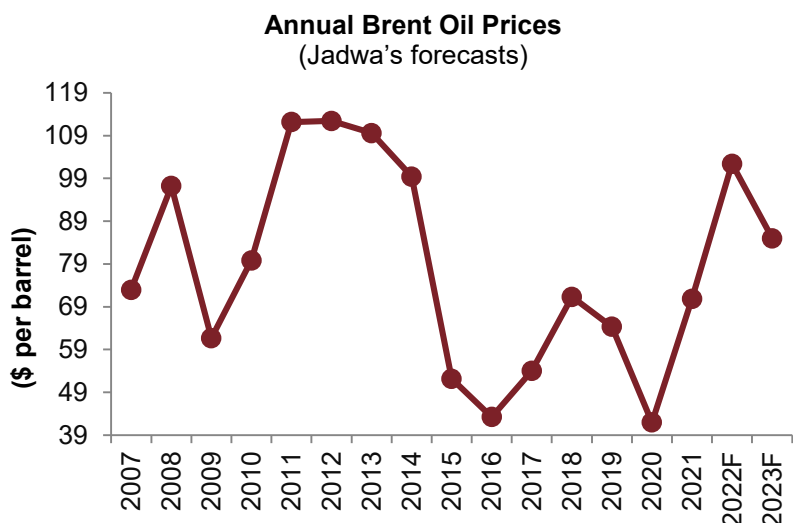
*Brent oil prices declined 15 percent (to \$104 per barrel) and WTI oil prices declined 6 percent month-on-month (to \$102 per barrel) in April, respectively...*



*...due to general downside risks to oil demand as a consequence of slowing global economic growth, with OPEC revising down full year 2022 oil demand growth by 12 percent in its most recent monthly report.*



*Since then, both benchmarks have risen due to the risk of EU wide ban on Russian energy imports. As we pointed out in our recent [Oil Update](#), a drastic turn of events, such as direct sanctioning of Russian oil, would lead to a sudden spike in prices.*



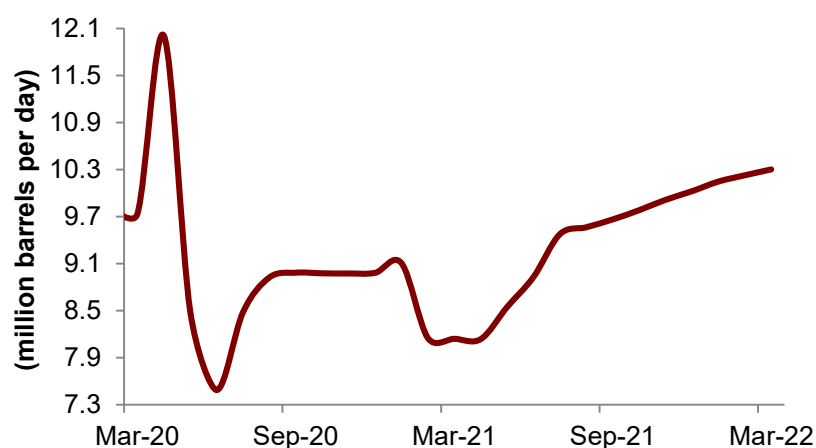


## Oil - Regional

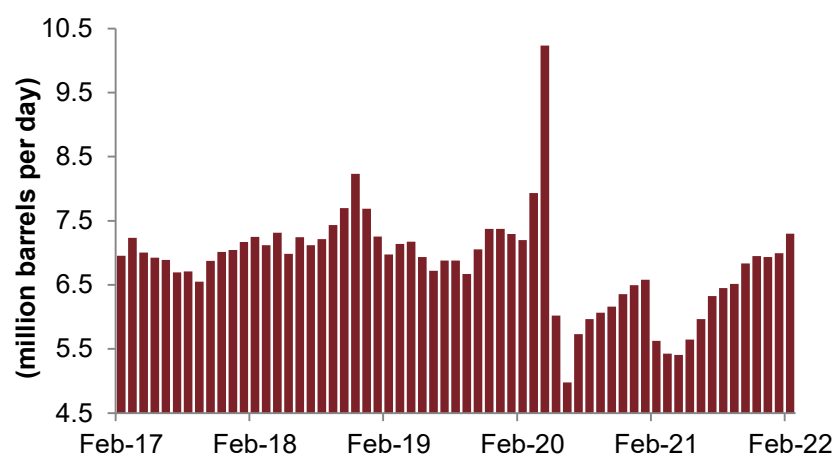
Saudi crude oil production averaged 10.3 million barrels per day (mbpd) in March, in line with OPEC+ agreed levels. Moving forward, we expect oil output to stay in-line with OPEC+'s declaration of cooperation (DoC), and thus rising by an average of 130 thousand barrels per day (tbpd) each month. Latest available official data for February shows that Saudi crude oil exports rose to their highest level in 21 months, to around 7.3 mbpd.

*Saudi crude oil production averaged 10.3 mbpd in March, in line with OPEC+ agreed levels. Moving forward, we expect oil output to stay in-line with OPEC+'s DoC, and thus rising by an average of 130 tbpd each month.*

**Saudi Crude Oil Production**  
(monthly average)

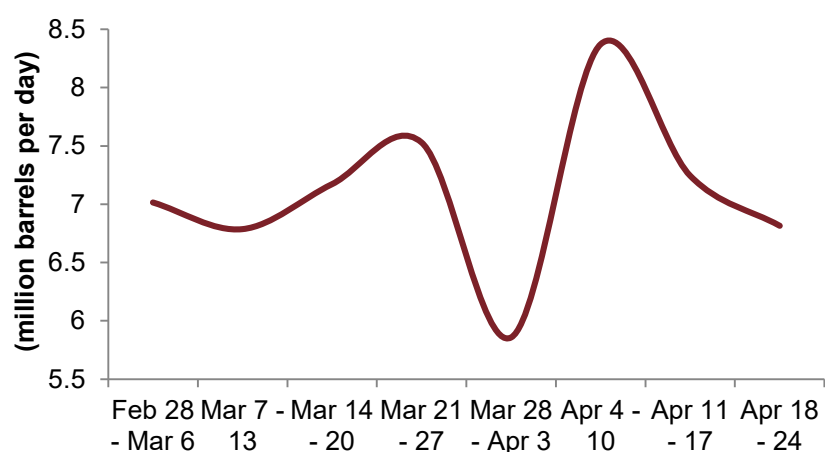


**Saudi Crude Oil Exports**  
(monthly average)



*Latest available official data for February shows that Saudi crude oil exports rose to their highest level in 21 months, to around 7.3 mbpd...*

**Saudi Crude Oil Exports**  
(weekly average)



*...with provisional unofficial data showing that oil exports averaged around 7.1 mbpd in March and rising to 7.5 mbpd in most of April.*

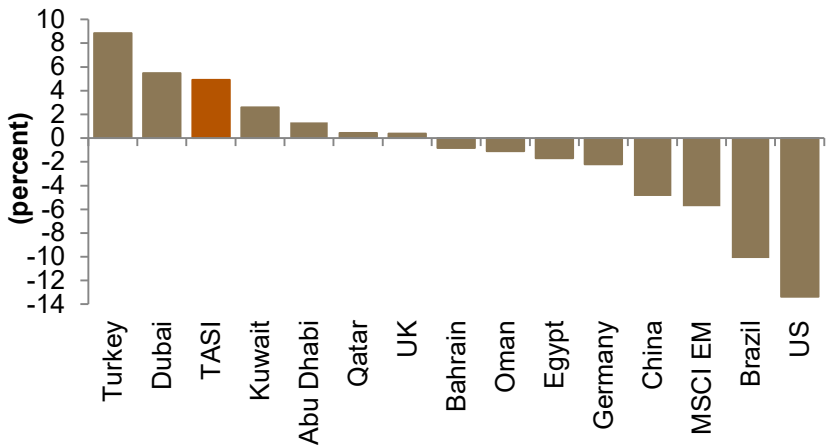


## Stock Market

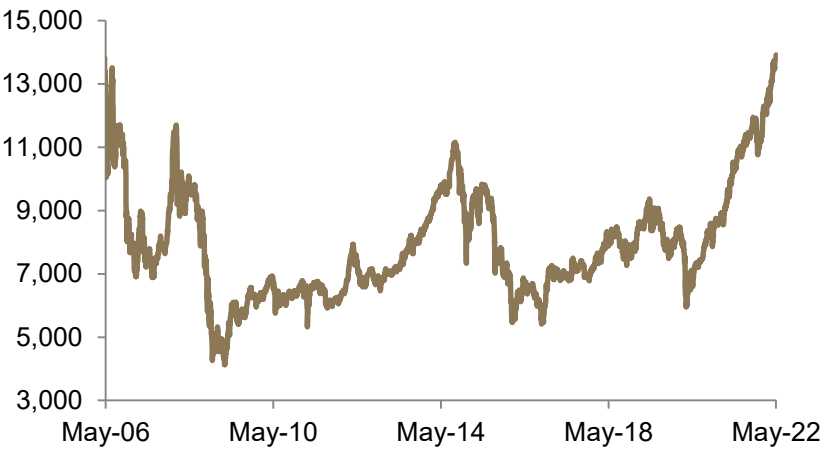
TASI rose 4.9 percent month-on-month in April, placing it amongst the better performers when compared to major global and regional indices. The Saudi benchmark had risen a further 0.6 percent in the first two days of trading in May after Eid al-Fitr holidays. Meanwhile, net purchases of SWAPs and buying by qualified foreign investors (QFIs) totaled SR5 billion (\$1.3 billion) in April, pushing the year-to-date total to SR33.1 billion (\$8.8 billion).

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Comparative Stock Market Performance  
(April)

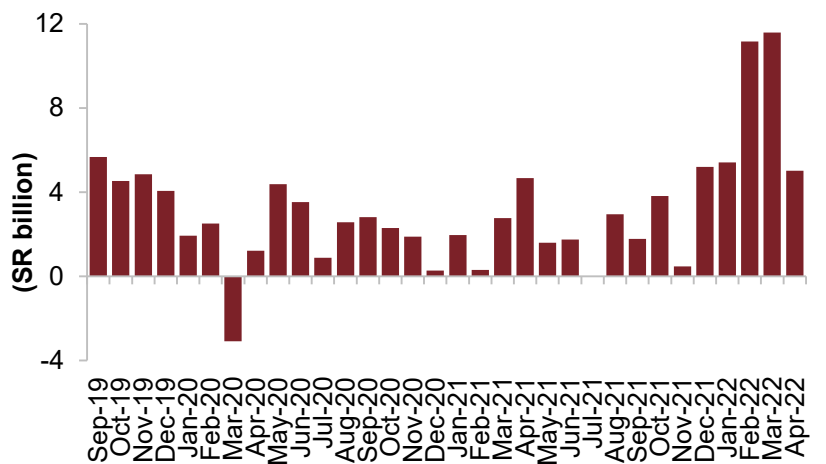


TASI  
(till 9th May 2022)



The Saudi benchmark had risen a further 0.6 percent in the first two days of trading in May after Eid al-Fitr holidays.

Net purchases of SWAPs and buying by QFIs  
(monthly total)



Meanwhile, net purchases of SWAPs and buying by qualified foreign investors (QFIs) totaled SR5 billion (\$1.3 billion) in April, pushing the year-to-date total to SR33.1 billion (\$8.8 billion).



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## Key Data

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F
<b>Nominal GDP</b>									
(SR billion)	2,454	2,419	2,582	3,062	3,014	2,638	3,126	3,839	3,694
(\$ billion)	654	645	689	817	804	703	834	1,024	985
(% change)	-13.5	-1.4	6.8	18.6	-1.6	-12.5	18.5	22.8	-3.8
<b>Real GDP (% change)</b>									
Oil	5.3	3.6	-3.1	2.3	-3.3	-6.7	0.2	15.5	2.0
Non-oil activities	3.5	0.3	1.6	-3.2	3.2	-3.4	6.1	3.4	4.8
Government activities	2.3	0.2	0.3	3.5	1.5	0.2	1.5	1.0	1.0
Total	4.1	1.7	-0.7	2.5	0.3	-4.1	3.2	7.7	3.1
<b>Oil indicators (average)</b>									
Brent (\$/b)	52	43	54	71	66	42	71	102	85
Production (million b/d)	10.2	10.4	10.0	10.3	9.8	9.2	9.1	10.5	10.7
<b>Budgetary indicators (SR billion)</b>									
Government revenue	616	519	692	906	926	782	965	1300	1151
Government expenditure*	1,001	936	930	1,079	1,059	1,076	1,039	1003	941
Budget balance	-385	-417	-238	-173	-133	-294	-74	298	210
(% GDP)	-15.7	-17.2	-9.2	-5.7	-4.4	-11.1	-2.4	7.8	5.7
Gross public debt	142	317	443	560	678	854	937	938	938
(% GDP)	5.8	13.1	17.1	18.3	22.5	32.4	30.0	24.4	25.4
<b>Monetary indicators (average)</b>									
Inflation (% change)	1.2	2.1	-0.8	2.5	-2.1	3.4	3.1	2.4	2.0
SAMA base lending rate (% end year)	2.0	2.0	2.0	3.0	2.25	0.75	0.75	2.00	2.75
<b>External trade indicators (\$ billion)</b>									
Oil export revenues	153	137	171	232	201	120	206	342	295
Total export revenues	204	184	222	294	262	174	280	419	376
Imports	159	128	123	126	140	126	142	157	153
Trade balance	44	56	98	169	121	48	138	262	223
Current account balance	-57	-24	10	72	38	-23	56	146	117
(% GDP)	-8.7	-3.7	1.5	8.8	4.8	-3.2	6.7	14.3	11.9
Official reserve assets	616	536	496	497	500	454	455	581	664
<b>Social and demographic indicators</b>									
Population (million)	31.0	31.7	32.6	33.4	34.2	35.0	35.4	35.8	36.3
Saudi Unemployment (15+, %)	11.5	12.5	12.8	12.7	12.0	12.6	11.0	10.7	10.4
GDP per capita (\$)	21,095	20,318	21,114	24,438	23,485	20,089	23,557	28,597	27,158

Sources: Jadwa Investment forecasts for 2022 and 2023. General Authority for Statistics for GDP and demographic indicators, Saudi Central for monetary and external trade indicators, Ministry of Finance for budgetary indicators. Note: \*2016 government expenditure includes SR105 billion in due payment from previous years.