



Summary

Real Economy: The non-oil PMI was marginally down month-on-month in July to 56.3 from 57 in June, despite an improvement in business activity and new export order growth during the month. Meanwhile, cement sales and production rose during the month, by 3.3 percent and 7.9 percent year-on-year, respectively.

Consumer Spending: Consumer spending rose by 10.2 percent year-on-year in July, but declined slightly by 0.6 percent month-on-month, with cash withdrawals declining by 2.6 percent year-on-year, as POS transactions rose by 17.7 percent.

Industrial Sector: In June, the non-oil manufacturing index saw a significant rise by 29.3 percent year-on-year. Moreover, the monthly value of licensed investments in new factories increased to SR2 billion, with 90 new licensed factories during the month.

SAMA Foreign Reserve Assets: SAMA FX reserves declined by \$2.6 billion month-on-month in July, to stand at \$464.1 billion. During the month, declines were seen in both bank deposits and foreign securities.

Money Supply, Bank Deposits and Credit: The broad measure of money supply (M3) rose by 8 percent year-on-year in July, but declined slightly by 0.2 percent month-on-month. Total demand deposits rose by 5.7 percent year-on-year, with rises seen in both private and government demand deposits.

Inflation: Prices rose by 2.7 percent year-on-year, and by 0.5 percent month-on-month in July. Within the CPI basket, 'food and beverages' rose by 3.9 percent year-on-year, and 0.1 percent month-on-month, the lowest monthly rise since December 2021.

Q2 2022 Budget Statement: The Q2 Budget Statement showed that government revenue totaled SR370 billion in Q2 2022, up 49 percent, or SR122.3 billion, year-on-year. Meanwhile, government expenses also rose by 16 percent year-on-year in Q2 2022 to SR292 billion.

Oil-Global: Brent oil prices declined 10 percent (to an average of \$105 per barrel) and WTI oil prices were down 8 percent (to an average of \$94 per barrel) month-on-month in August. Meanwhile, data from key demand centers like the US showed lower stocks in both oil and gasoline in August.

Oil-Regional: Saudi crude oil production averaged 10.8 million barrels per day (mbpd) in July, in line with OPEC+ agreed levels. Moving forward, we expect Saudi crude oil production to inch above 11 mbpd in September.

Stock Market: TASI continued rising in August on a month-on-month basis, up by 0.7 percent, which came in-line with other regional markets, despite a downward trend seen in a number of global bourses during the month.

For comments and queries please contact:

Nouf N. Alsharif
Director
nalsharif@jadwa.com

Head office:

Phone +966 11 279-1111
Fax +966 11 293-7988
P.O. Box 60677, Riyadh 11555
Kingdom of Saudi Arabia
www.jadwa.com

Jadwa Investment is licensed by the Capital Market Authority to conduct Securities Businesses, license number 6034-37.

View Jadwa Investment's research archive and sign up to receive future publications:
<http://www.jadwa.com>



Real Economy

The non-oil PMI was marginally down month-on-month in July to 56.3 from 57 in June, despite an improvement in business activity and new export order growth during the month. Meanwhile, cement sales and production were up during the month, by 3.3 percent and 7.9 percent year-on-year, respectively. Moreover, latest available data for June showed non-oil exports continued rising.

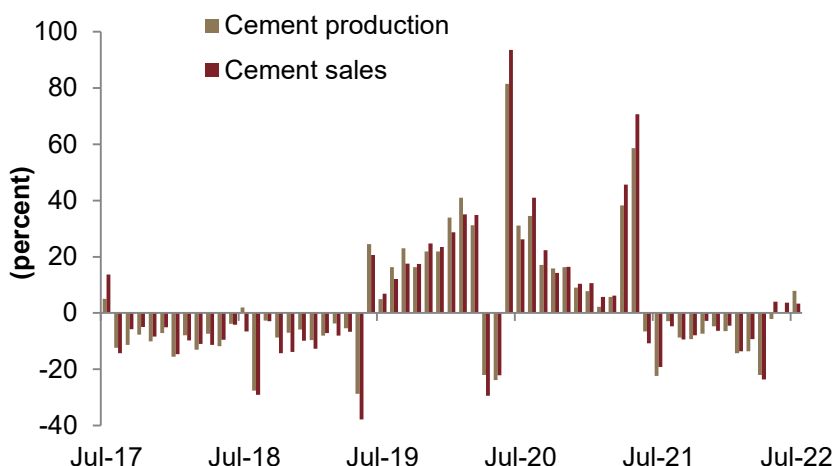
The non-oil PMI was marginally down month-on-month in July to 56.3 from 57 in June.

Non-oil Purchasing Managers' Index



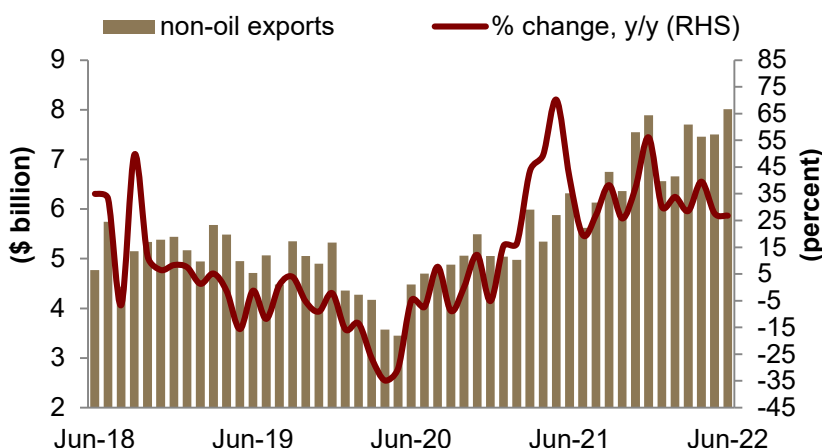
Meanwhile, cement sales and production rose during the month, by 3.3 percent and 7.9 percent year-on-year, respectively.

Cement Sales & Production
(yearly change)



Moreover, latest available data for June showed non-oil exports continued rising, up by 26 percent year-on-year, and 6.8 percent month-on-month.

Non-oil Exports
(USD monthly total and yearly change)

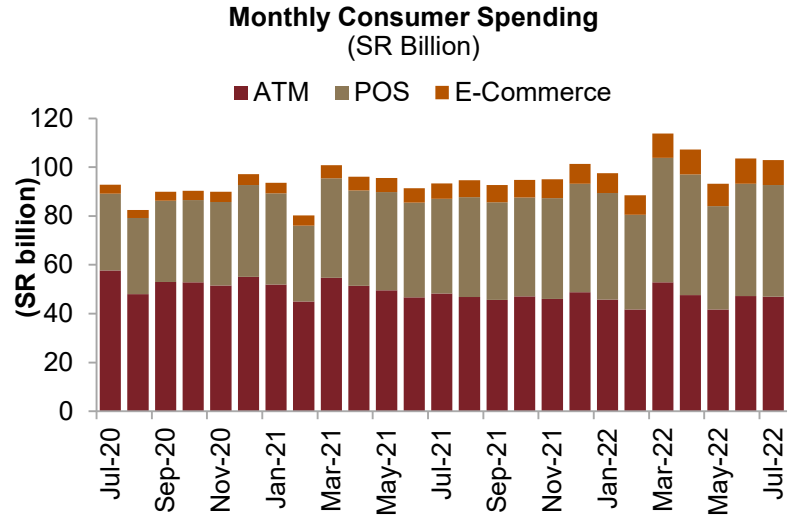




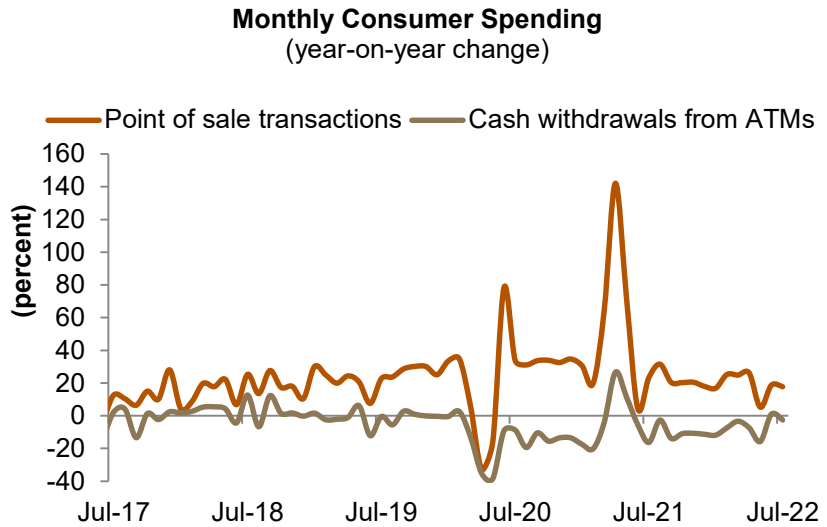
Consumer Spending

Consumer spending rose by 10.2 percent year-on-year in July, but declined slightly by 0.6 percent month-on-month, with cash withdrawals declining by 2.6 percent year-on-year, as POS transactions rose by 17.7 percent. Looking at POS transactions by sector, yearly declines were noted in 'furniture', 'electronic and electric devices' and 'telecommunications' during the month.

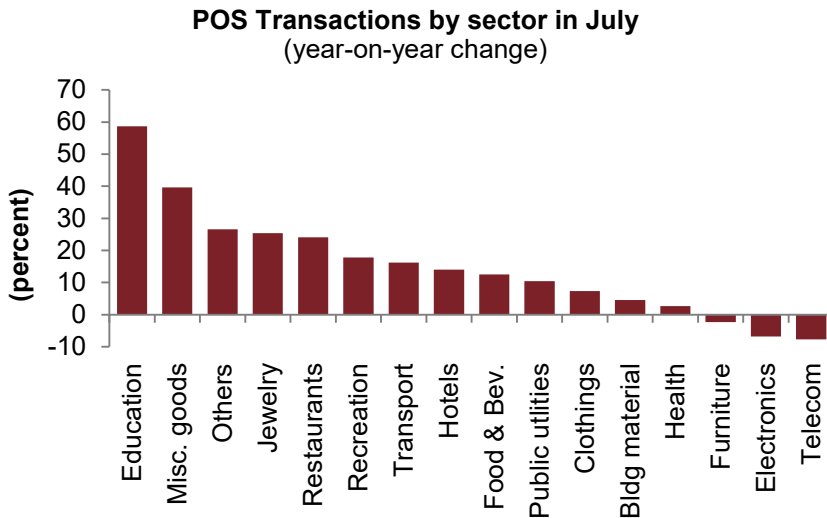
Consumer spending rose by 10.2 percent year-on-year in July, but declined slightly by 0.6 percent month-on-month.



Cash withdrawals from ATMs declined by 2.6 percent year-on-year, but POS transactions rose by 17.7 percent in July.



Looking at POS transactions by sector, the yearly declines were noted in 'furniture', 'electronic & electric devices', and 'telecommunications' during the month.



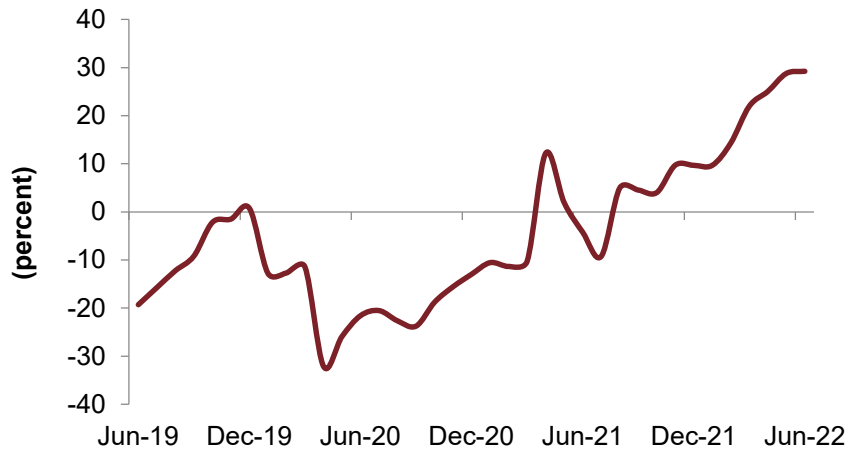


Industrial sector

In June, the non-oil manufacturing index saw a significant rise by 29.3 percent year-on-year. Moreover, the monthly value of licensed investments in new factories increased to SR2 billion, with 90 new licensed factories during the month. By size, the share of new small factories that began operation in June was 77.2 percent of total new factories.

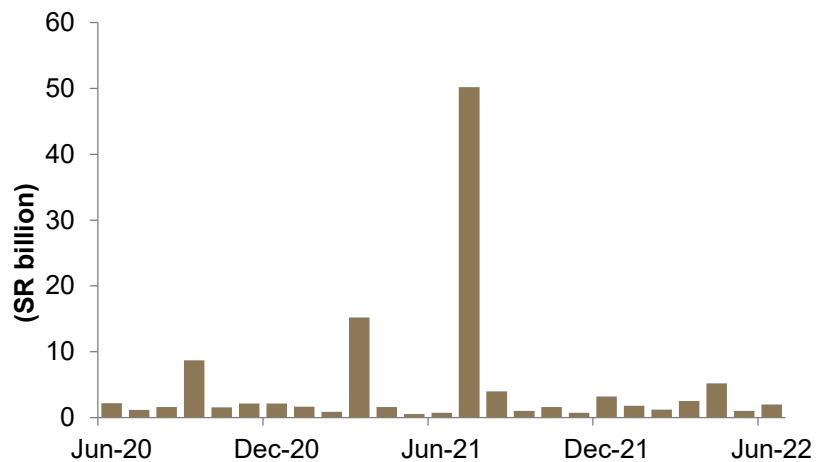
In June, the non-oil manufacturing index saw a significant rise by 29.3 percent year-on-year.

Index of Industrial production: non-oil Manufacturing
(year-on-year change)

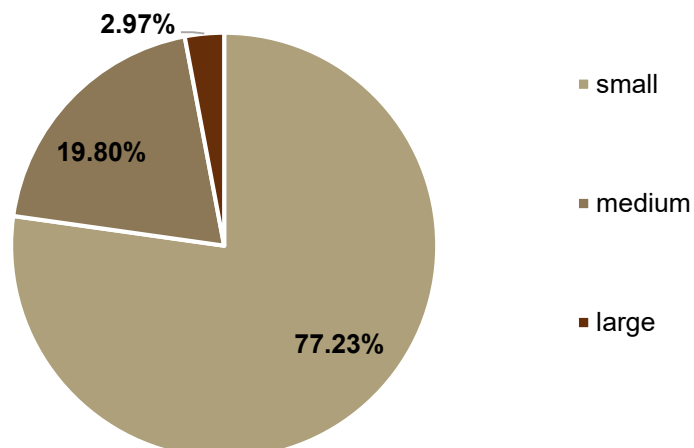


Moreover, the monthly value of licensed investments in new factories increased to SR2 billion, with 90 new licensed factories during the month.

Volume of Licensed Investments in New Factories
(monthly total)



New Factories in June, by size
(percent)



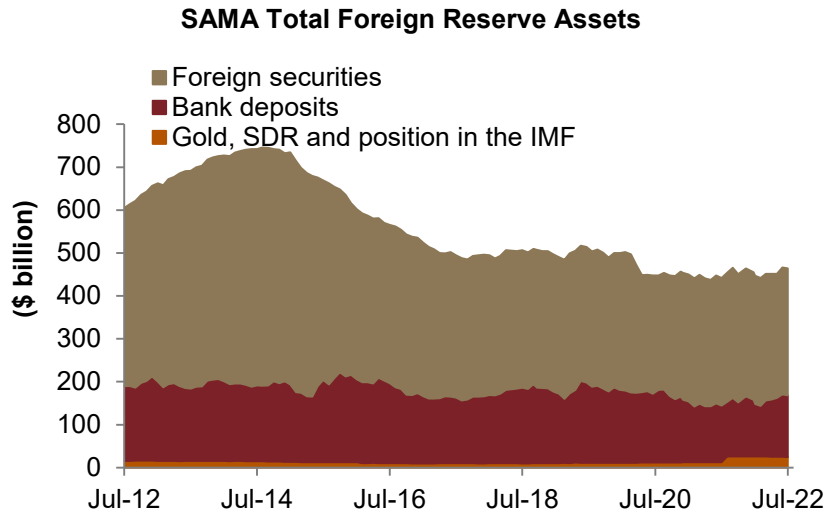
By size, the share of new small factories that began operation in June was 77.2 percent of total new factories.



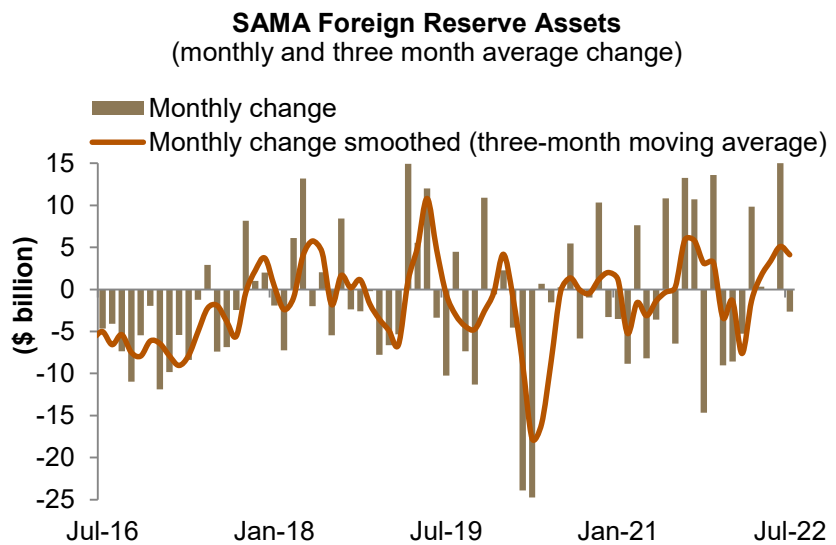
SAMA Foreign Reserve Assets

SAMA FX reserves declined by \$2.6 billion month-on-month in July, to stand at \$464.1 billion. During the month, declines were seen in both bank deposits and foreign securities, which were down by \$1.8 billion and \$0.6 billion month-on-month, respectively.

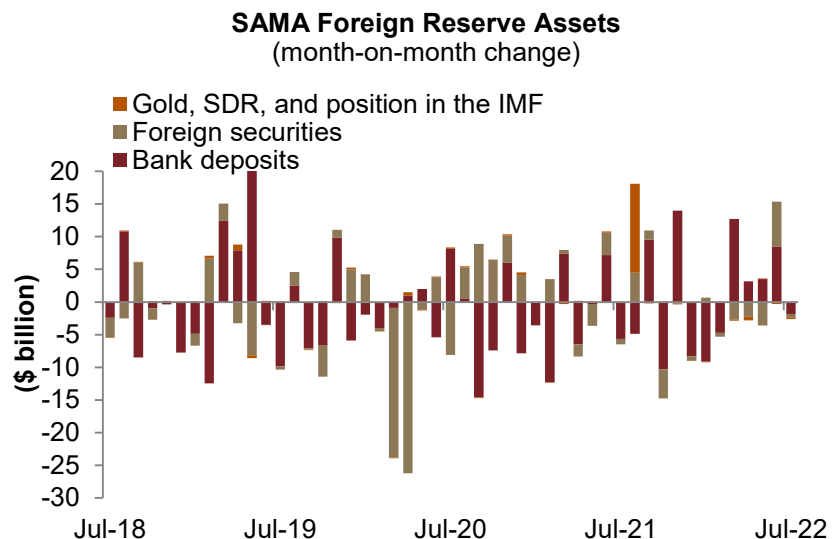
SAMA FX reserves declined by \$2.6 billion month-on-month in July...



...to stand at \$464.1 billion.



During the month, declines were seen in both bank deposits and foreign securities, which decreased by \$1.8 billion and \$0.6 billion month-on-month, respectively.

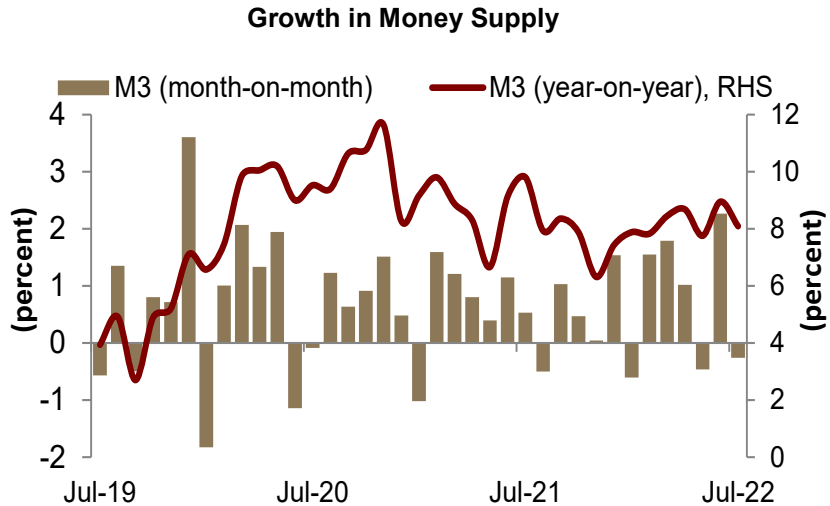




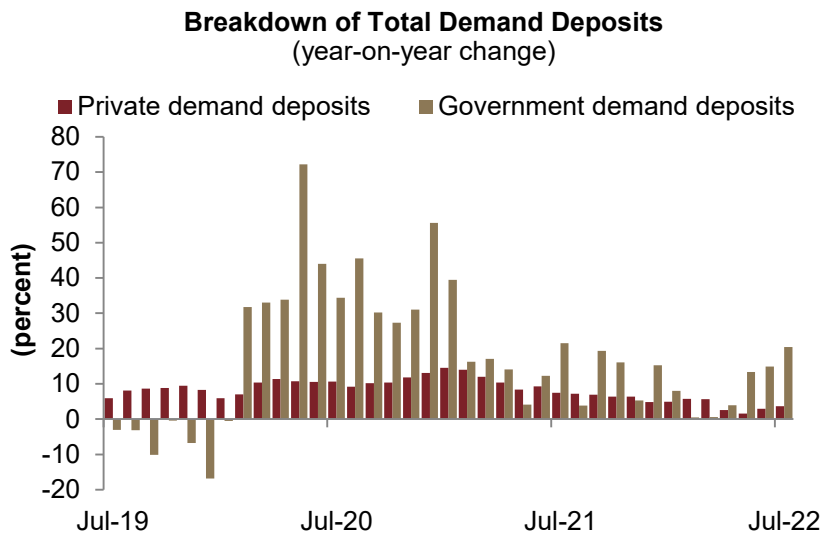
Money Supply, Bank Deposits and Credit

The broad measure of money supply (M3) rose by 8 percent year-on-year in July, but declined slightly by 0.2 percent month-on-month. Total demand deposits rose by 5.7 percent year-on-year, with rises seen in both private and government demand deposits during the month. Moreover, total new residential mortgages for individuals declined by 23 percent year-on-year in July.

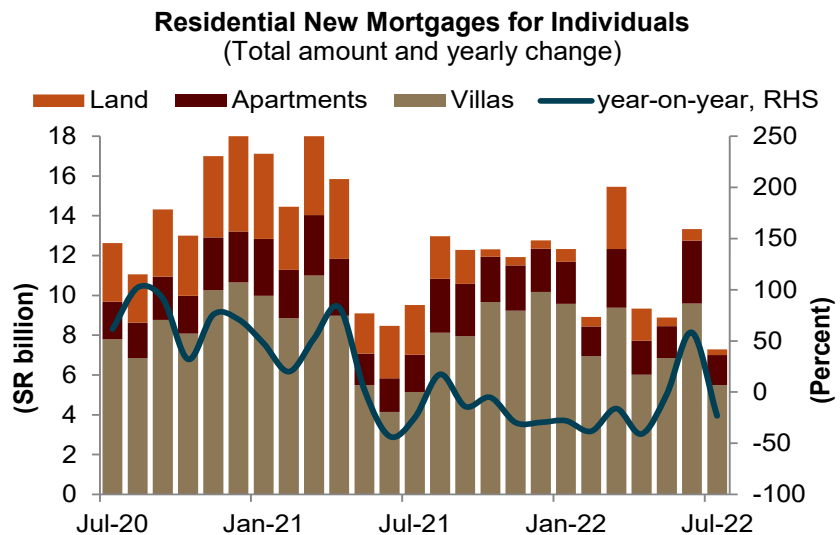
M3 rose by 8 percent year-on-year in July, but declined slightly by 0.2 percent month-on-month.



Total demand deposits rose by 5.7 percent year-on-year, with both private and government demand deposits rising during the month.



Moreover, total new residential mortgages for individuals declined by 23 percent year-on-year in July.

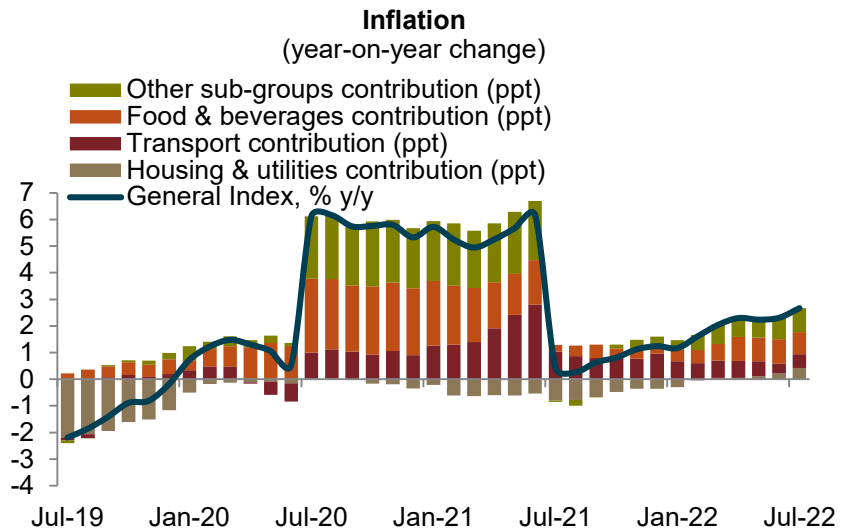




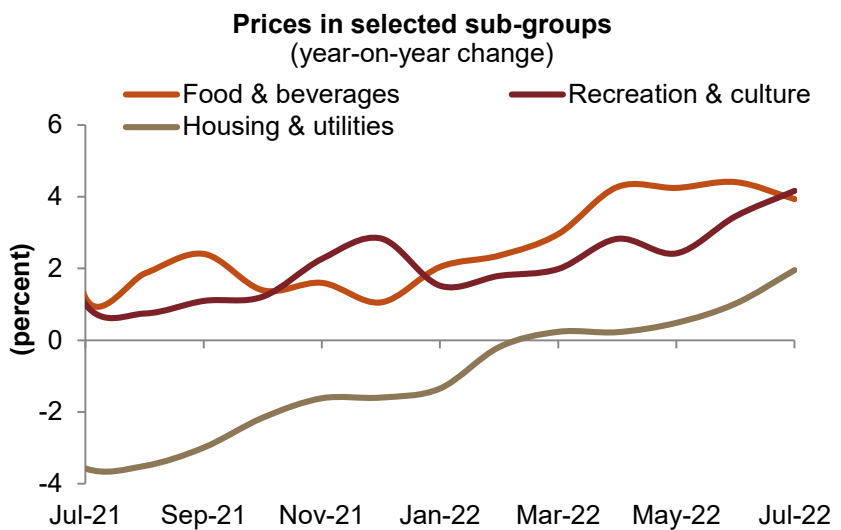
Inflation

Prices rose by 2.7 percent year-on-year, and by 0.5 percent month-on-month in July. Within the CPI basket, 'food and beverages' rose by 3.9 percent year-on-year, and 0.1 percent month-on-month, the lowest monthly rise since December 2021. Moreover, prices in 'housing and utilities' were up by 2 percent year-on-year, and 0.7 percent month-on-month.

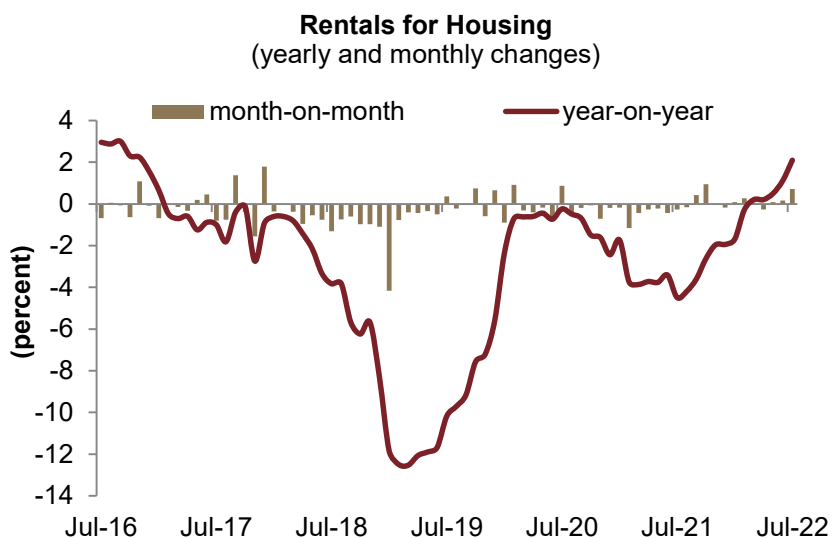
Prices rose by 2.7 percent year-on-year, and by 0.5 percent month-on-month in July.



Within the CPI basket, 'food & beverages' rose by 3.9 percent year-on-year, and 0.1 percent month-on-month, the lowest monthly rise since December 2021. Moreover, prices in 'housing & utilities' were up by 2 percent year-on-year, and 0.7 percent month-on-month...



...as the sub-group item 'rentals for housing' saw a significant rise in July at 2.1 percent year-on-year, and 0.7 percent month-on-month.





Q2 2022 Budget Statement

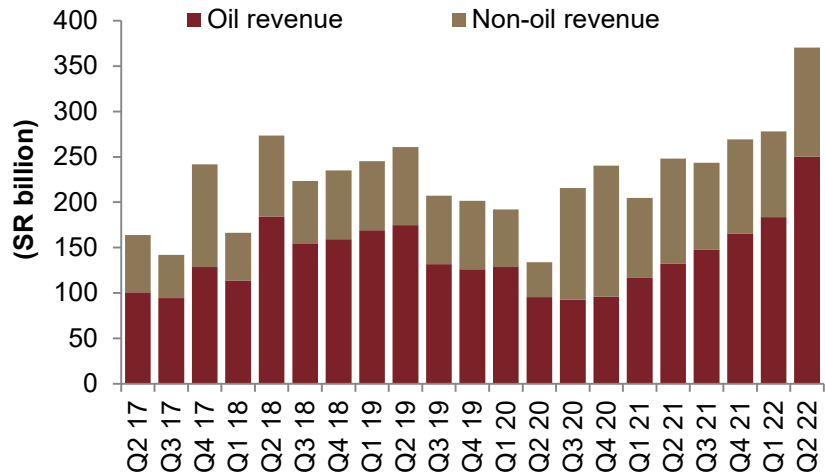
The Q2 Budget Statement showed that government revenue totaled SR370 billion in Q2 2022, up 49 percent, or SR122.3 billion, year-on-year. Meanwhile, government expenses also rose by 16 percent year-on-year in Q2 2022 to SR292 billion. As a result, Q2 registered a fiscal surplus amounting to SR77.9 billion, with H1 2022 total surplus at SR135.4 billion.

The Q2 Budget Statement showed that government revenue totaled SR370 billion in Q2 2022, up 49 percent, or SR122.3 billion, year-on-year.

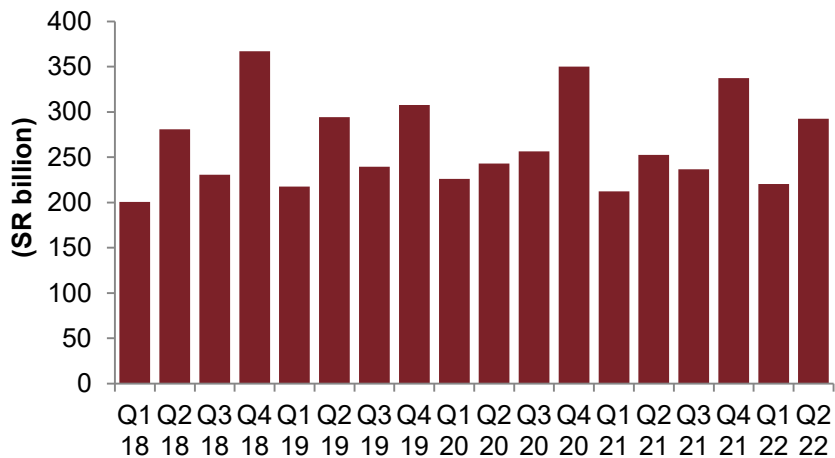
Meanwhile, government expenses also rose by 16 percent year-on-year in Q2 2022 to SR292 billion.

As a result, Q2 registered a fiscal surplus amounting to SR77.9 billion, with H1 2022 total surplus at SR135.4 billion.

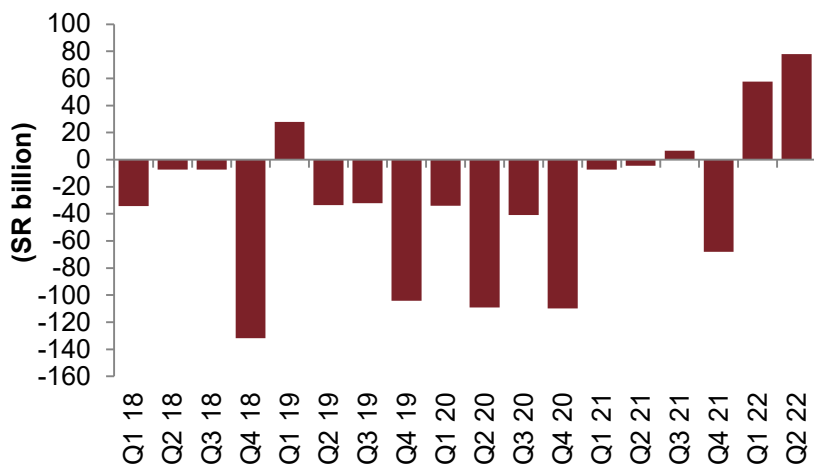
Quarterly Government Revenue
(SR billion)



Quarterly Government Expenditure
(SR billion)



Quarterly Fiscal Balance
(SR billion)

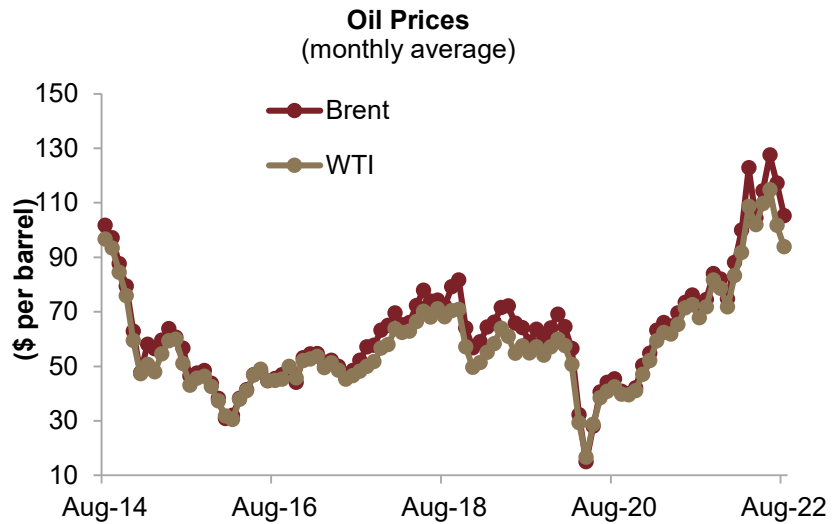




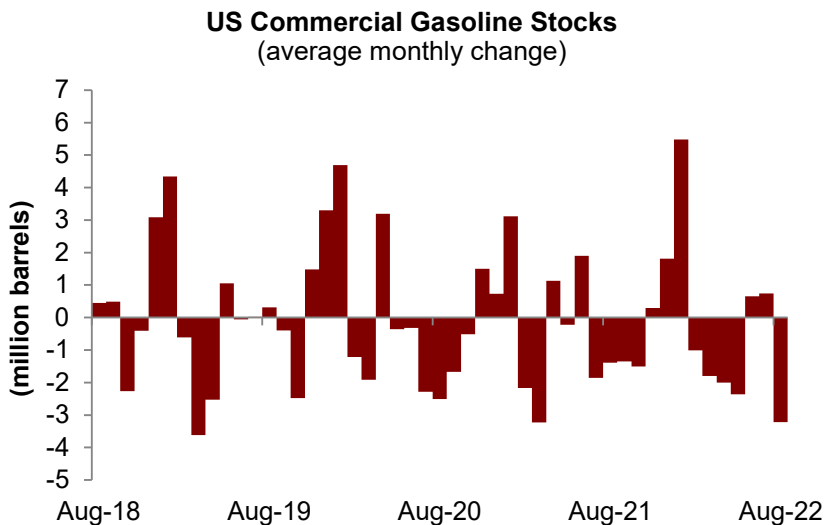
Oil - Global

Brent oil prices declined 10 percent (to an average of \$105 per barrel) and WTI oil prices were down 8 percent (to an average of \$94 per barrel) month-on-month in August. Meanwhile, data from key demand centers like the US showed lower stocks in both oil and gasoline in August, likely related to higher demand during the summer driving season.

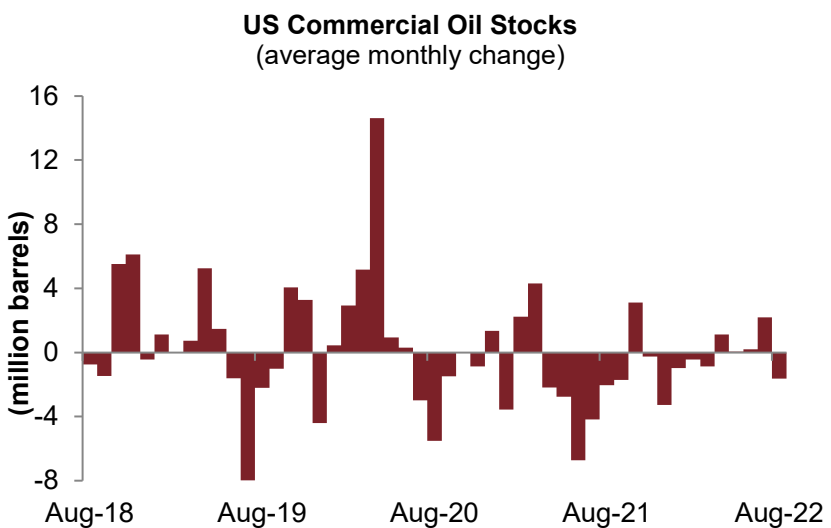
Brent oil prices declined 10 percent and WTI oil prices were down 8 percent month-on-month in August.



Meanwhile, data from key demand centers like the US showed lower stocks in both oil and gasoline in August...



...likely related to higher demand during the summer driving season.

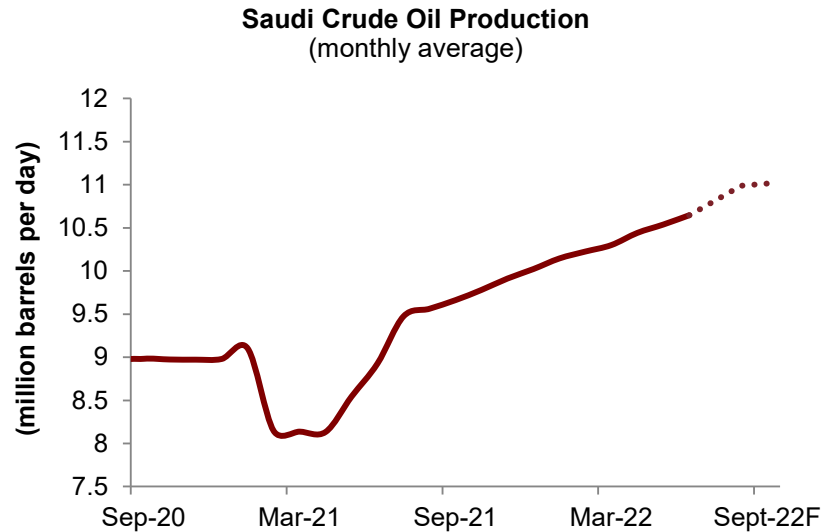




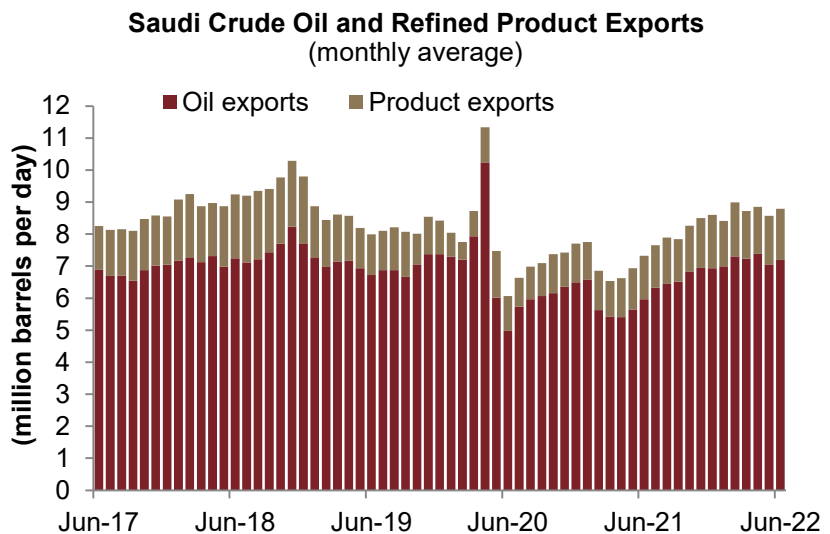
Oil - Regional

Saudi crude oil production averaged 10.8 million barrels per day (mbpd) in July, in line with OPEC+ agreed levels. Moving forward, we expect oil output to stay in-line with OPEC+'s levels, and thus rising by an average of 26 thousand barrels per day (tbpd) in September. As a result, we expect Saudi crude oil production to inch above 11 mbpd in September.

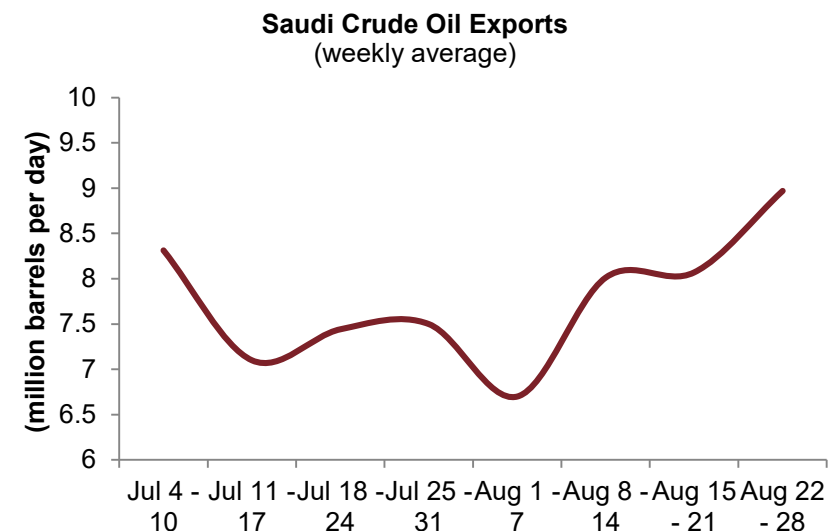
Saudi crude oil production averaged 10.8 million barrels per day (mbpd) in July, in line with OPEC+ agreed levels.



Meanwhile, latest available official data for June showed that Saudi crude oil and refined products exports were at almost 8.8 mbpd.



Looking ahead, we expect exports to continue rising in the near term, with unofficial data indicating higher crude oil exports in July and August.



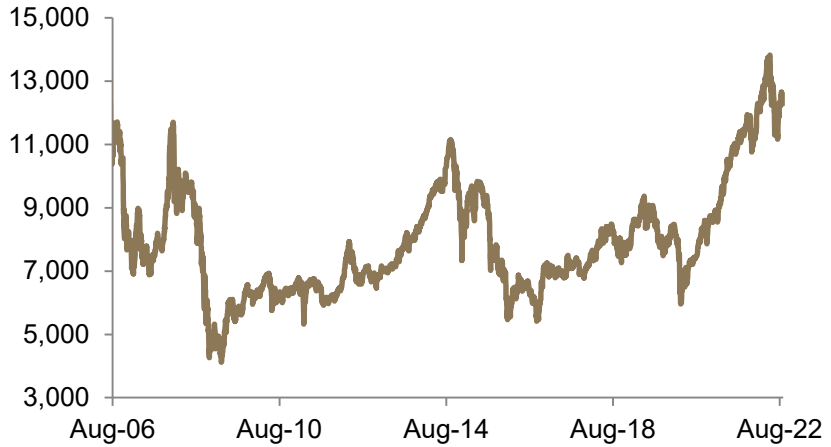


Stock Market

TASI continued rising in August on a month-on-month basis, up by 0.7 percent, which came in-line with other regional markets, despite a downward trend seen in a number of global bourses during the month. Moreover, average traded volumes trended upwards during August, compared with July.

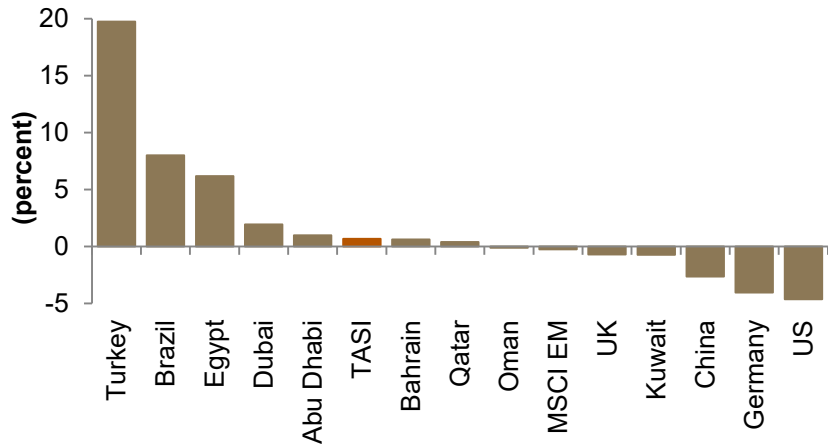
TASI continued rising in August on a month-on-month basis, up by 0.7 percent...

TASI Performance



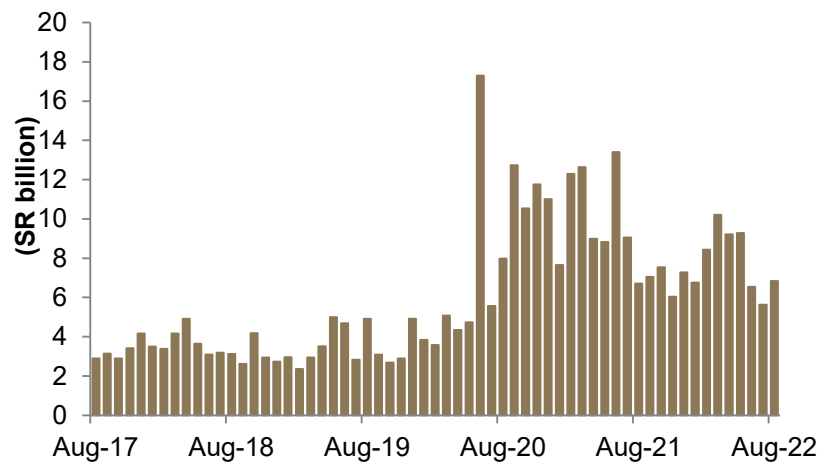
...which came in-line with other regional markets, despite a downward trend seen in a number of global bourses during the month.

Comparative Stock Market Performance (August)



Meanwhile, average traded volumes trended upwards during August.

Average Daily Traded Volumes (August)





Disclaimer of Liability

Unless otherwise stated, all information contained in this document (the "Publication") shall not be reproduced, in whole or in part, without the specific written permission of Jadwa Investment.

The data contained in this research is sourced from Reuters, Bloomberg, The World Bank, Tadawul and national statistical sources unless otherwise stated.

Jadwa Investment makes its best effort to ensure that the content in the Publication is accurate and up to date at all times. Jadwa Investment makes no warranty, representation or undertaking whether expressed or implied, nor does it assume any legal liability, whether direct or indirect, or responsibility for the accuracy, completeness, or usefulness of any information that contain in the Publication. It is not the intention of the publication to be used or deemed as recommendation, option or advice for any action(s) that may take place in future.



Key Data

	2015	2016	2017	2018	2019	2020	2021	2022F	2023F
Nominal GDP									
(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
Real GDP (% change)									
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
Oil indicators (average)									
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
Budgetary indicators (SR billion)									
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
Monetary indicators (average)									
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
External trade indicators (\$ billion)									
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
Social and demographic indicators									
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.