



Summary

Real Economy: The non-oil PMI ended the year at 56.9, well above the 50 breakeven level, but slightly lower than November, despite robust growth in new orders and business activity. Moreover, cement sales and production continued to trend downwards by 6.3 and 2.9 percent year-on-year, respectively, in December.

Consumer Spending: Consumer spending was up in December by 8.3 percent year-on-year, and by 6.3 percent month-on-month. POS transactions rose 13.8 percent, while cash withdrawals declined by almost 3 percent, year-on-year. Looking at POS transactions by sector, 'education' and 'hotels' saw the largest yearly rise in December.

SAMA Foreign Reserve Assets: SAMA FX reserves declined by \$12 billion month-on-month in December, to stand at \$460 billion. The majority of the monthly fall came from bank deposits (-\$9.4 billion), though a \$3.1 billion decline in foreign securities also contributed.

Money Supply, Bank Deposits and Credit: The broad measure of money supply (M3) rose by 8 percent year-on-year, and by 0.4 percent month-on-month in December. Total deposits rose by 9 percent year-on-year, despite a slight decline in demand deposits, which fell by 2.3 percent year-on-year.

Inflation: Consumer prices rose by 3.3 percent in December year-on-year, and by 0.3 percent month-on-month. 'Food and beverages' rose by 4.2 percent year-on-year, while 'Housing and utilities' gained 5.9 percent. Overall in 2022, inflation averaged 2.5 percent, compared with our forecast of 2.4 percent.

Real Estate Q4 2022: Real estate prices rose by 1.6 percent, year-on-year in Q4 2022, resulting in an annual average rise of 1.1 percent in full year 2022. The annual rise was mainly due to higher residential prices, which were up 2.2 percent year-on-year, while commercial real estate prices declined by 1 percent. On a regional level, residential prices in Riyadh saw the largest rise, growing by 4.6 percent for the year as a whole.

Oil: Brent edged up to \$84 pb in January, driven by optimism around China's re-opening from Covid-19 restrictions. However, uncertainties about the US economic outlook kept the price rise in check, certainly when compared to other commodities. Meanwhile, Saudi oil production was up nearly 16 percent in 2022, though we expect output to stabilize in 2023 as the authorities carefully weigh the demand outlook. Oil exports dipped in November reflecting the impact of a fresh OPEC Plus production agreement.

Stock Market: TASI recorded a modest revival in January, posting a 3 percent month-on-month gain. This followed the broader revival in global risk assets as worries around inflation began to ease. Yet the index was down some 12 percent on January 2022, while daily traded volumes were down 41 percent year on year. Last year was a brutal one for global equities and caution is still elevated.

For comments and queries please contact:

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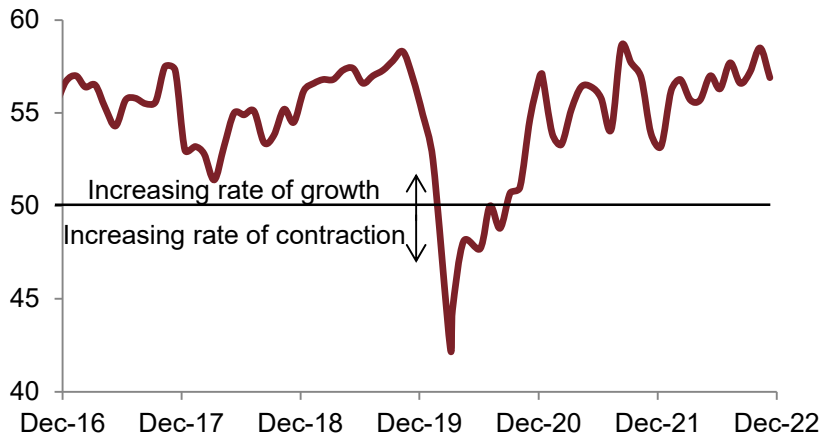


Real Economy

The non-oil PMI ended the year at 56.9, well above the 50 breakeven level, but slightly lower than November, despite robust growth in new orders and business activity. Moreover, cement sales and production continued to trend downwards by 6.3 and 2.9 percent year-on-year, respectively, in December. Meanwhile, latest available data showed non-oil exports declining in November.

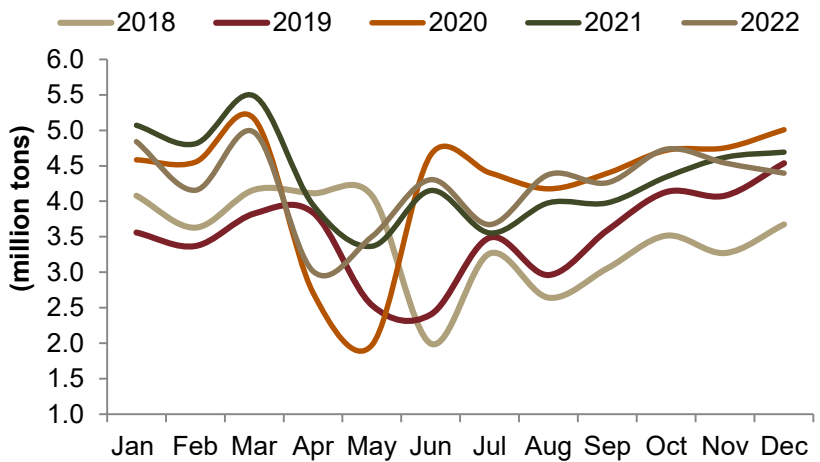
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Non-oil Purchasing Managers' Index



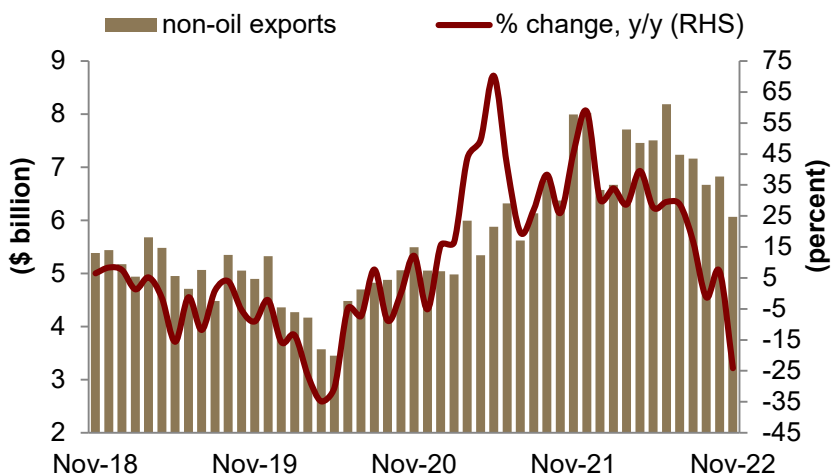
In full year 2022, both cement sales and production declined by 2.4 and 2.5 percent year-on-year, respectively.

Cement Sales
(million tons)



Meanwhile, latest available data showed non-oil exports declining in November, at 24 percent year-on-year, with exports from both 'petrochemicals' and 'plastics and rubber' down by 0.7 percent and 32 percent year-on-year, respectively.

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



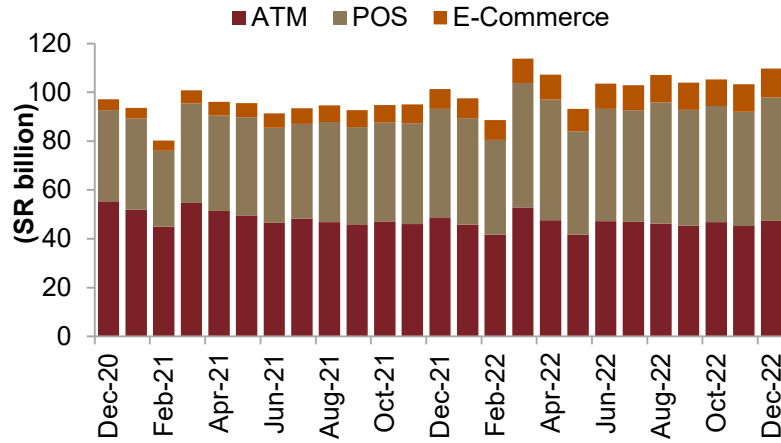


Consumer Spending

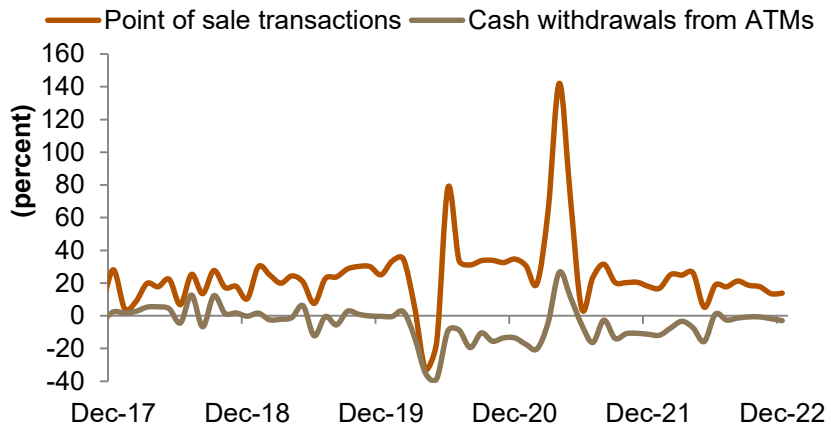
Consumer spending was up in December by 8.3 percent year-on-year, and by 6.3 percent month-on-month. POS transactions rose 13.8 percent, while cash withdrawals declined by almost 3 percent, year-on-year. Looking at POS transactions by sector, 'education' and 'hotels' saw the largest yearly rise in December. Meanwhile, 'furniture' and 'electronics' saw the largest declines during the month, in a downward trend seen over the course of the year.

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Monthly Consumer Spending
(SR Billion)

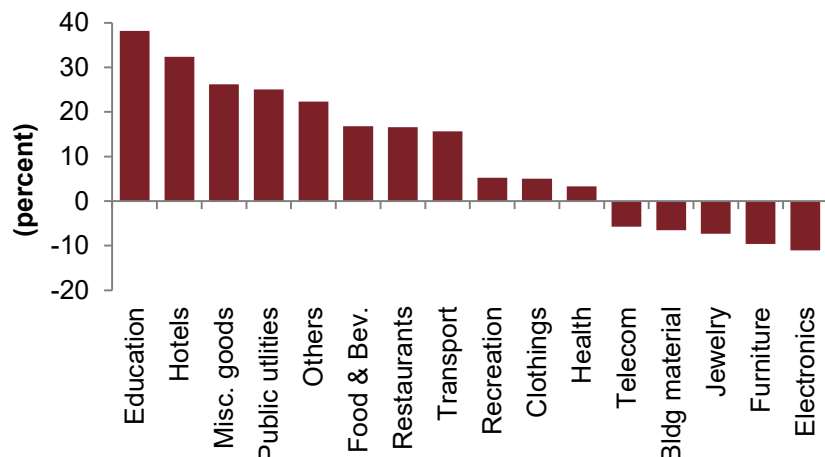


Monthly Consumer Spending
(year-on-year change)



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POS Transactions by Sector in December
(year-on-year change)



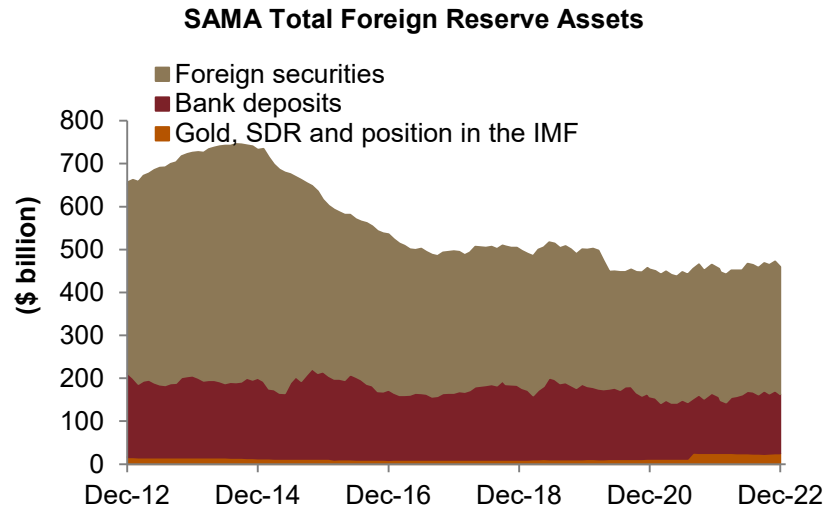
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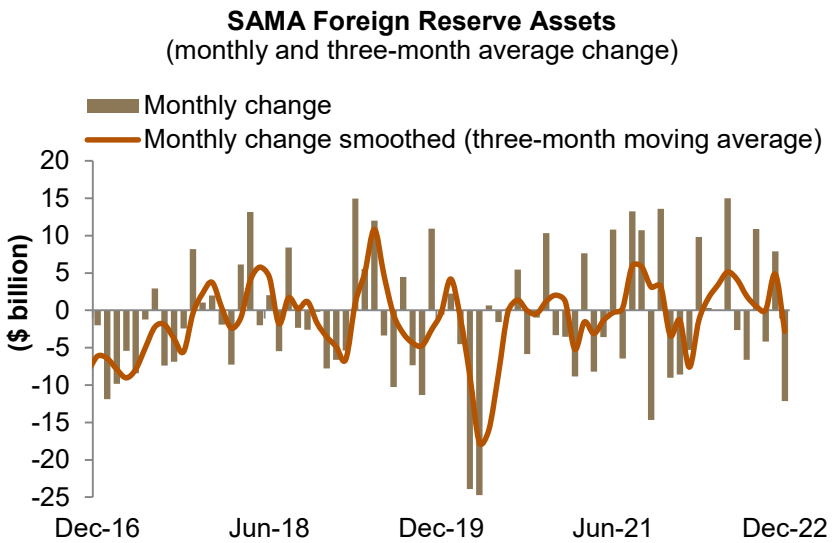
SAMA Foreign Reserve Assets

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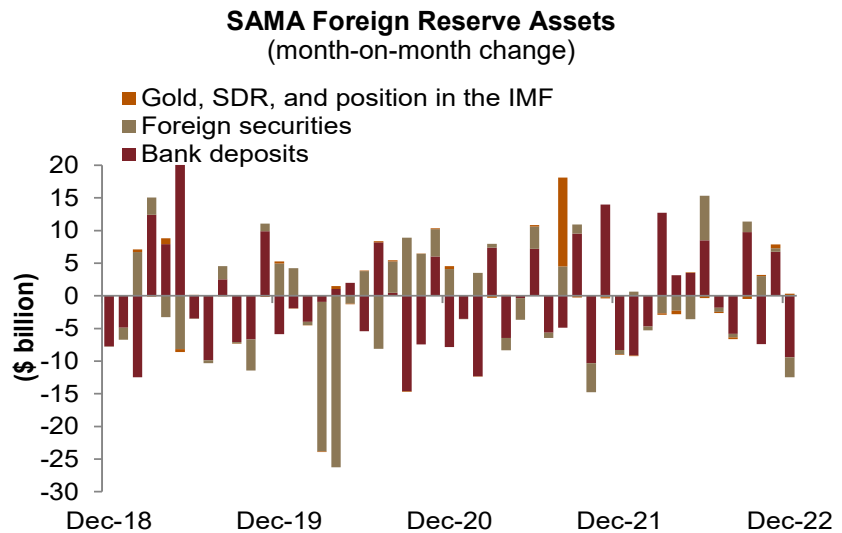
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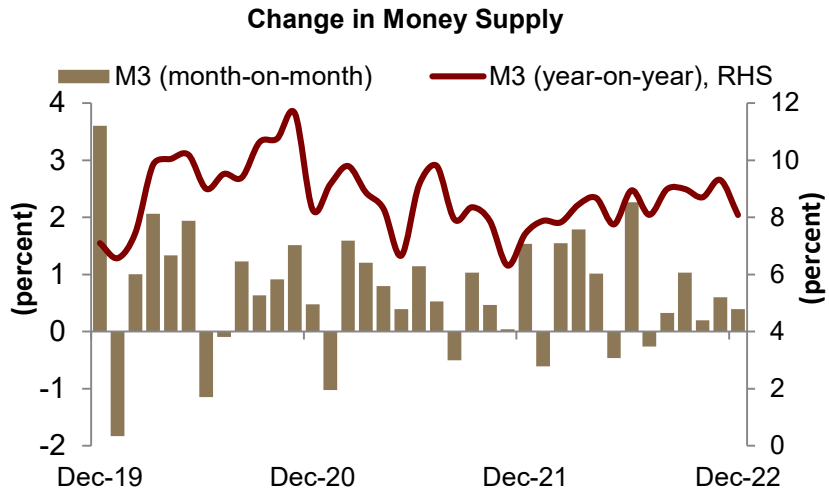




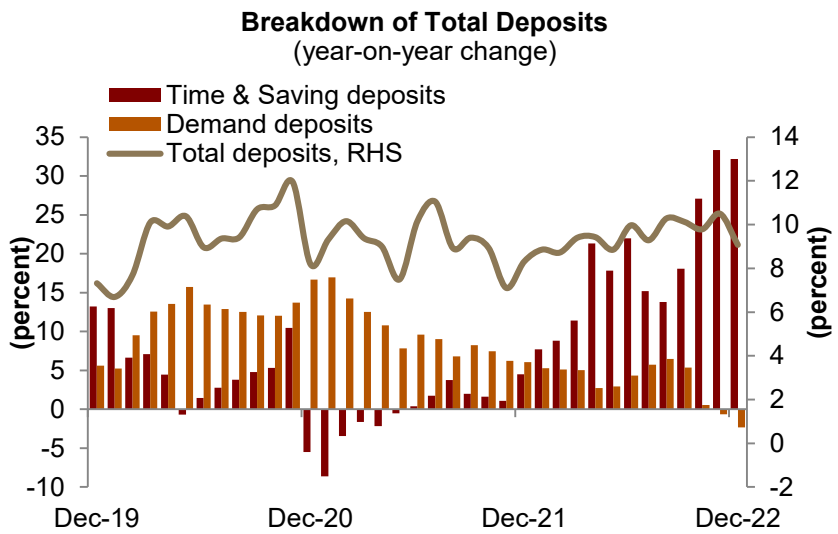
Money Supply, Bank Deposits and Credit

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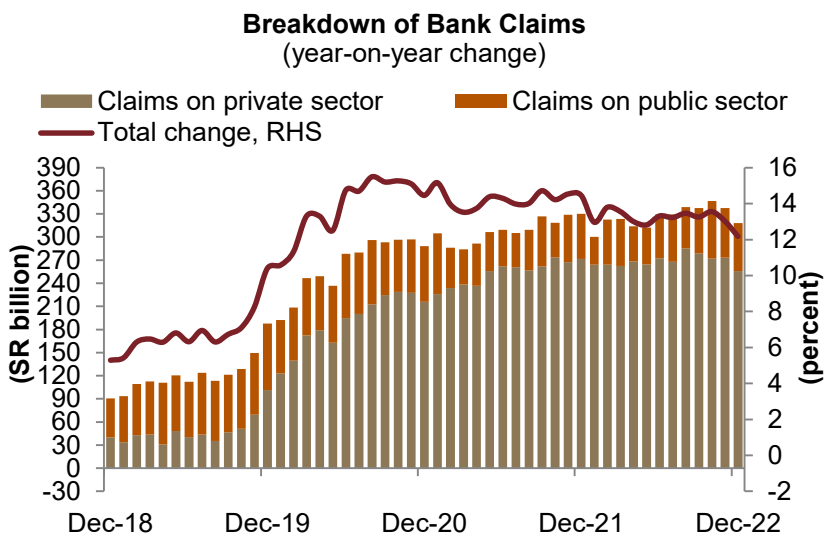
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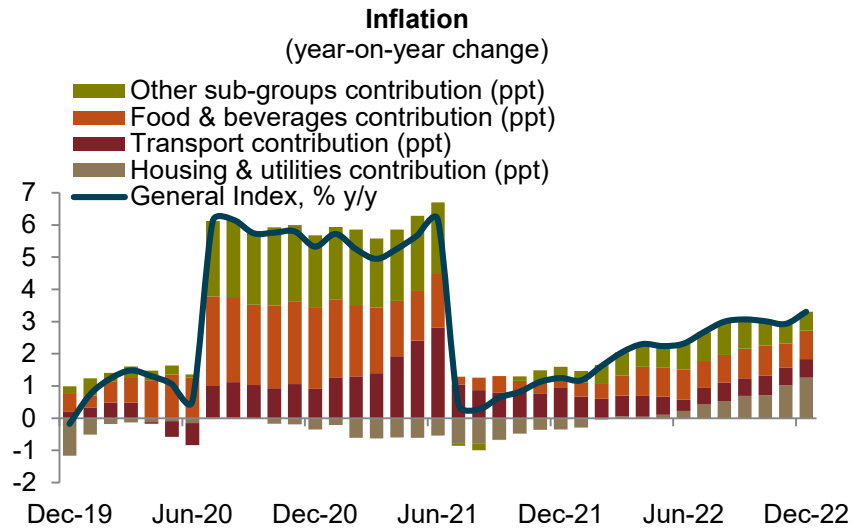




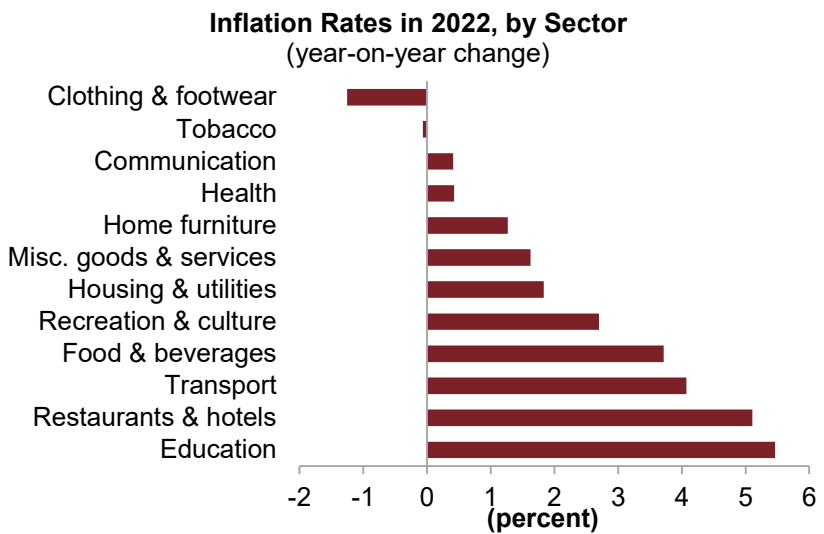
Inflation

Consumer prices in December rose by 3.3 percent year-on-year, and by 0.3 percent month-on-month. 'Food and beverages' rose by 4.2 percent year-on-year, and 'Housing and utilities' also rose by 5.9 percent year-on-year during the month. Overall in 2022, inflation averaged 2.5 percent, compared with our forecast of 2.4 percent.

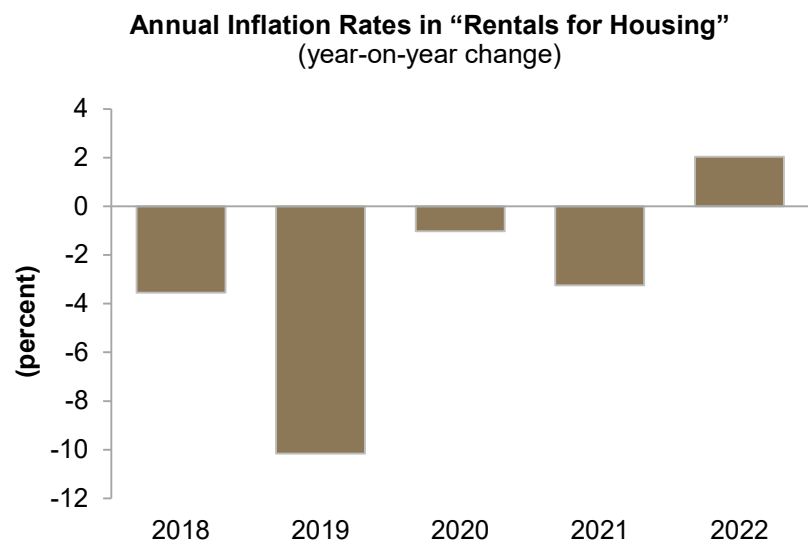
Prices in December rose by 3.3 percent year-on-year, and by 0.3 percent month-on-month.



In full year 2022, prices in 'education' saw the largest rise among the CPI basket groups, while 'clothing & footwear' and 'tobacco' were the only sectors to see annual price declines.



Also, prices in sub-group item 'rentals for housing' saw a yearly rise in 2022, by an average of 2 percent year-on-year, compared with yearly declines in previous years.



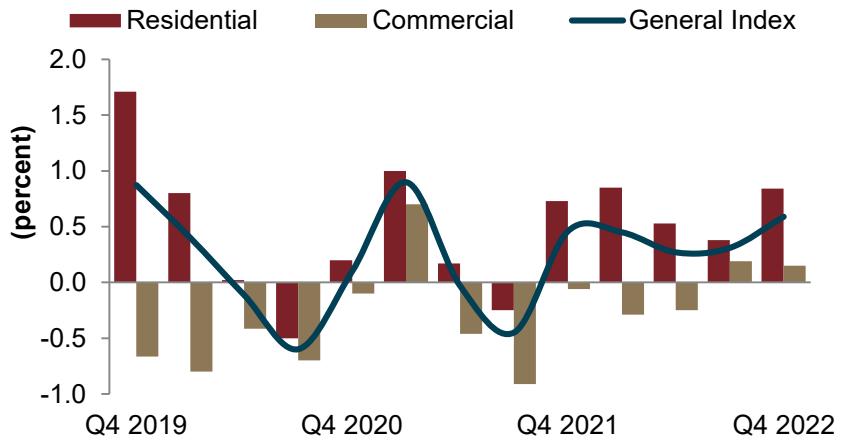


Real Estate Q4 2022

Real estate prices rose by 1.6 percent, year-on-year in Q4 2022, resulting in an annual average rise of 1.1 percent in full year 2022. The annual rise was mainly due to higher residential real estate prices, which were up 2.2 percent year-on-year, whilst commercial real estate prices declined by 1 percent, on a yearly basis. On a regional level, residential prices in Riyadh saw the largest rise by 4.6 percent, year-on-year, in 2022 as a whole.

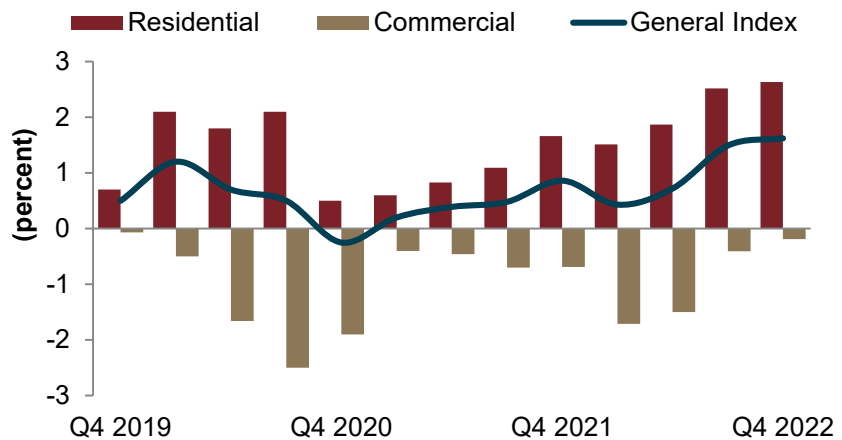
Both residential and commercial real estate prices were up in Q4 2022, quarter-on-quarter, rising by 0.8 percent and 0.2 percent, over the same period, respectively.

Real Estate Price Index by Type
(quarter-on-quarter change)

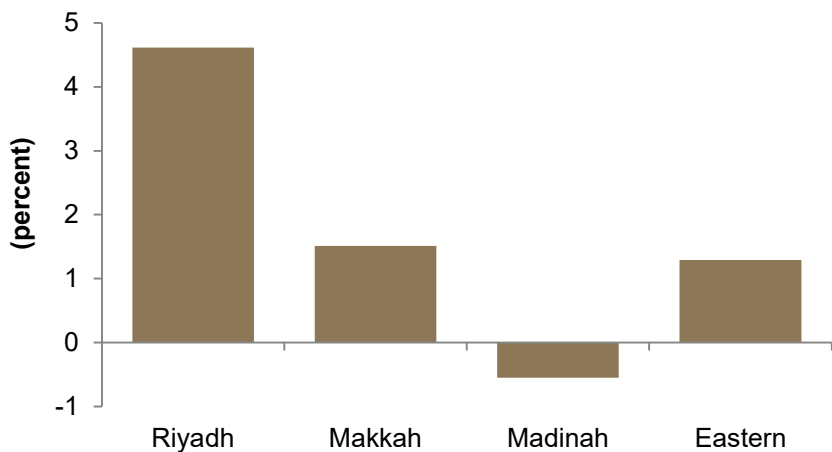


On a yearly basis, real estate prices rose by 1.6 percent in Q4 2022, resulting in an annual average rise of 1.1 percent in full year 2022.

Real Estate Price Index by Type
(year-on-year change)



Full Year 2022 Residential Real Estate Prices by Region
(yearly change)



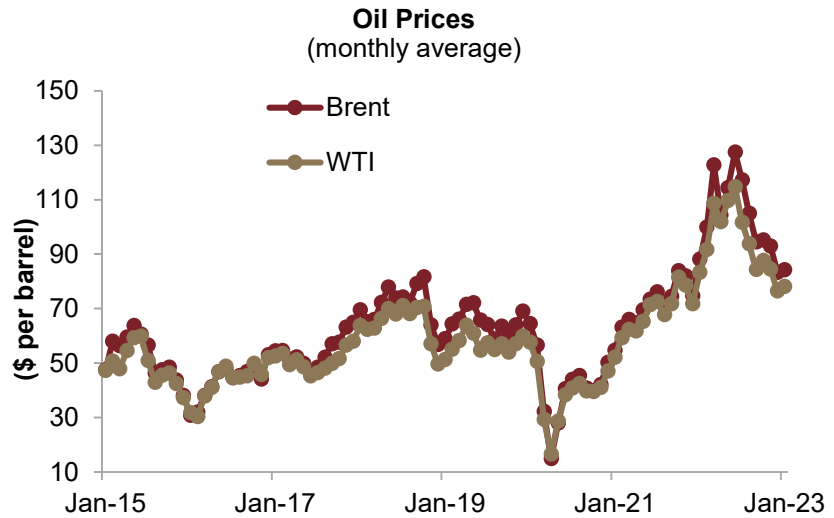
On a regional level, residential real estate prices in Riyadh saw the largest annual rise, by 4.6 percent year-on-year, whilst prices in Madinah declined by 0.5 percent, year-on-year, in 2022 as a whole.



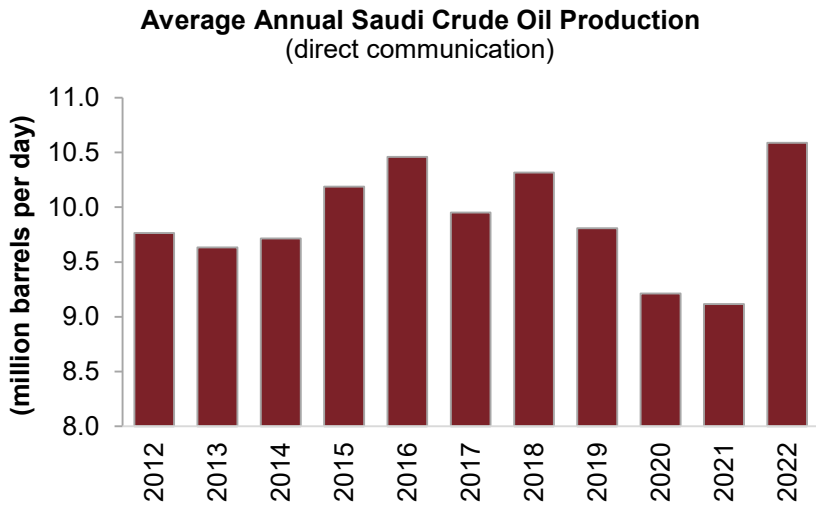
Oil

Brent edged up to an average of \$84 pb in January, driven by optimism around China's re-opening from Covid-19 restrictions. However, uncertainties about the US economic outlook kept the price rise in check, certainly when compared to other commodities. Meanwhile, Saudi oil production was up nearly 16 percent in 2022, though we expect output to stabilize in 2023 as the authorities carefully weigh the demand outlook. Oil exports dipped in November reflecting the impact of a fresh OPEC Plus production agreement.

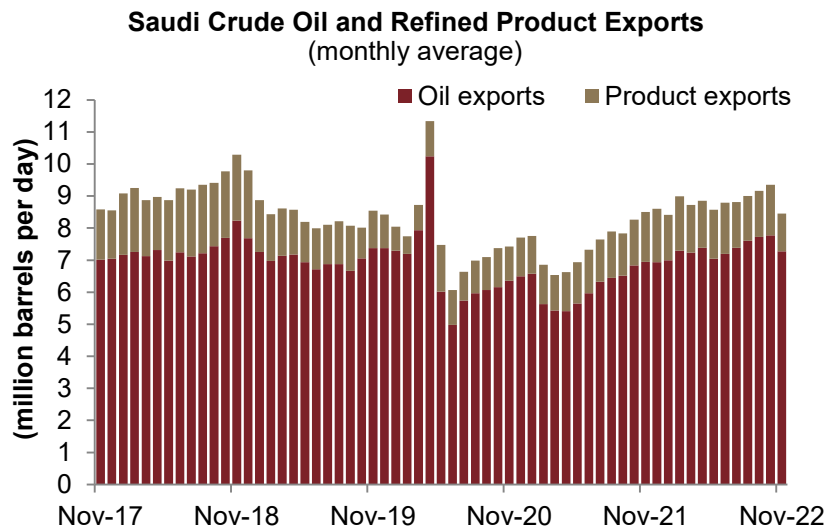
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Full year 2022 data shows that Saudi crude oil production averaged 10.6 million, up 16 percent versus 2021's output.



Separately, latest available official data for November shows that oil and refined product exports declined by 9.6 percent month-on-month to 8.5 mbpd.



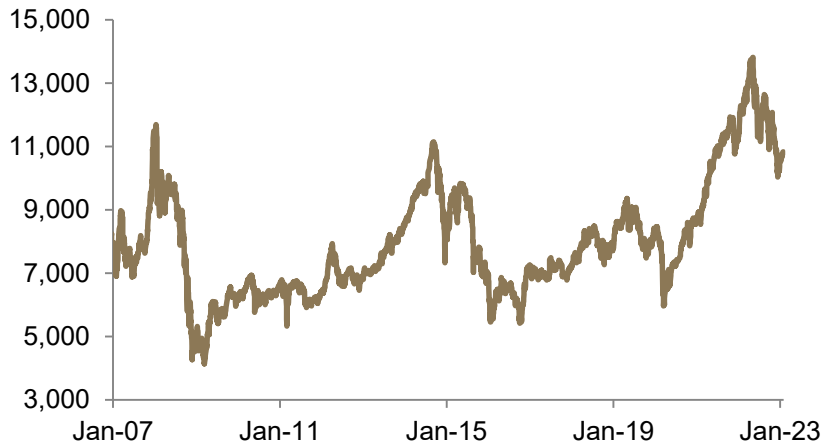


Stock Market

TASI recorded a modest revival in January, posting a 3 percent month-on-month gain. This followed the broader revival in global risk assets as worries around inflation began to ease. Yet the index was down some 12 percent on January 2022, while daily traded volumes were down 41 percent year on year. Last year was a brutal one for global equities and caution is still elevated.

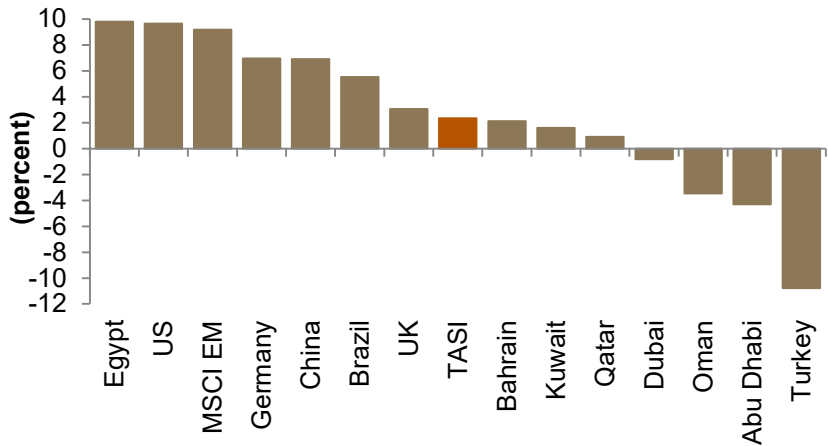
TASI recorded a modest upturn month-on-month as global risk appetite recovered somewhat.

TASI Performance



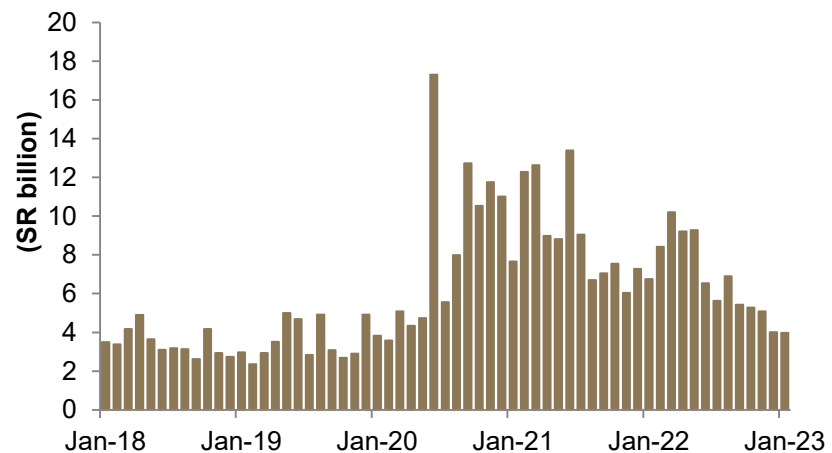
The performance was better than most regional bourses, but lagged some of the large Emerging Markets.

Comparative Stock Market Performance (January)



Daily trade on the Tadawul was down 41 percent year on year, reflecting elevated caution around equities (a global phenomenon).

Average Daily Traded Volumes (January)





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