



Summary

Real Economy: The non-oil PMI started the year with a significant rise, up to 58.2 in January, compared with 56.9 in December. The gain came with higher business confidence and output growth during the month. Meanwhile, cement sales and production continued to trend downwards by 11.4 and 11.3 percent year-on-year, respectively, in January. Latest available data showed non-oil exports declining in December.

Consumer Spending: Consumer spending edged up in January by 7.8 percent year-on-year, but declined by 4.2 percent month-on-month. POS transactions rose 11 percent, while cash withdrawals declined by 1.5 percent, year-on-year. Looking at POS transactions by sector, 'hotels' saw the largest yearly rise in January. Meanwhile, 'jewelry' and 'electronics' witnessed the largest declines during the month.

SAMA Foreign Reserve Assets: SAMA FX reserves declined by \$2.2 billion month-on-month in January, to stand at \$458 billion. The monthly decrease came mainly from foreign securities (-\$14 billion), while bank deposits rose by \$11.6 billion during the month.

Money Supply, Bank Deposits and Credit: The broad measure of money supply (M3) rose by almost 8 percent year-on-year in January, but declined slightly by 0.8 percent month-on-month, marking the first monthly decline in six months. Total deposits rose by 8.7 percent year-on-year, while demand deposits declined by 3.4 percent. Meanwhile, bank credit to the private sector continued rising, up by 12.6 percent year-on-year.

Inflation: Consumer prices rose by 3.4 percent year-on-year and by 0.2 percent month-on-month in January. Within the CPI basket, 'food and beverages' rose by 4.2 percent year-on-year, and by 0.5 percent month-on-month. Meanwhile, 'housing and utilities' continued rising in January, with its largest sub-group item 'rentals for housing' up by 7.7 percent year-on-year.

Oil: Brent declined to an average of \$83 per barrel (pb) in February, driven by concerns about the trajectory of global interest rates. Recently released Joint Organizations Data Initiative (JODI) data for full year 2022 showed that Saudi crude oil and refined product exports rose 17 percent year-on-year, to an average of 8.8 million barrels per day (mbpd).

Stock Market: Local investors succumbed to risk-off sentiment during the month, as TASI declined 6.4 percent month-on-month in February. The sell-off was in line with many global and regional markets. In addition, average traded volumes continued their downward trend.

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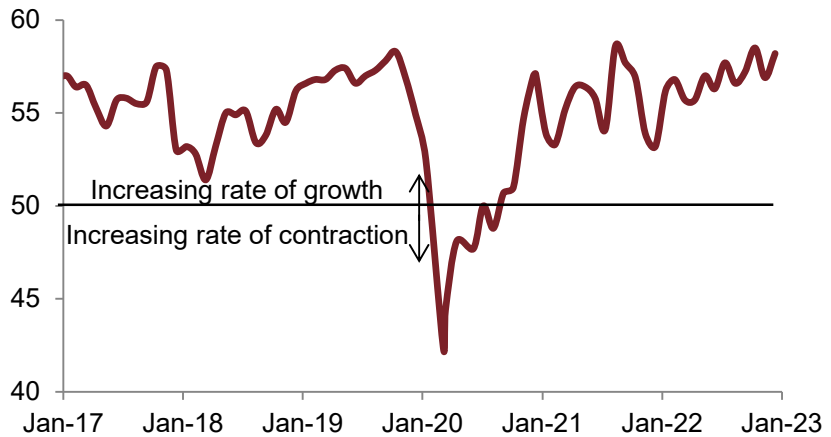


Real Economy

The non-oil PMI started the year with a significant rise, up to 58.2 in January, compared with 56.9 in December. The gain came with higher business confidence and output growth during the month. Meanwhile, cement sales and production continued to trend downwards by 11.4 and 11.3 percent year-on-year, respectively, in January. Latest available data showed non-oil exports declining in December.

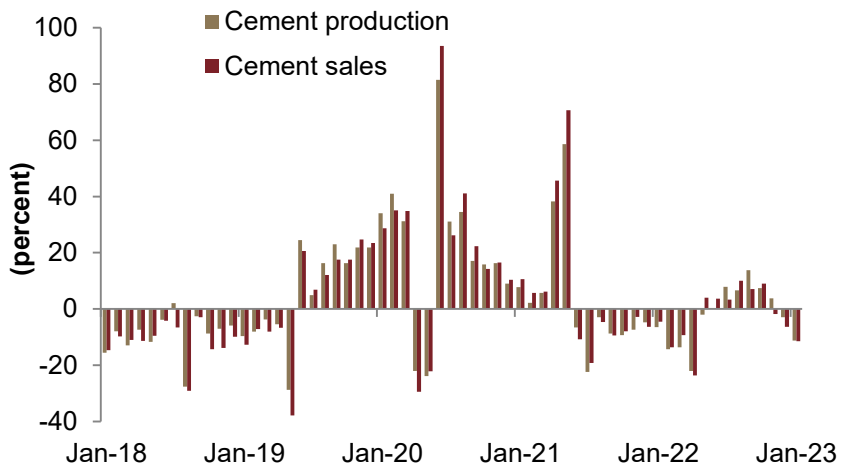
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Non-oil Purchasing Managers' Index



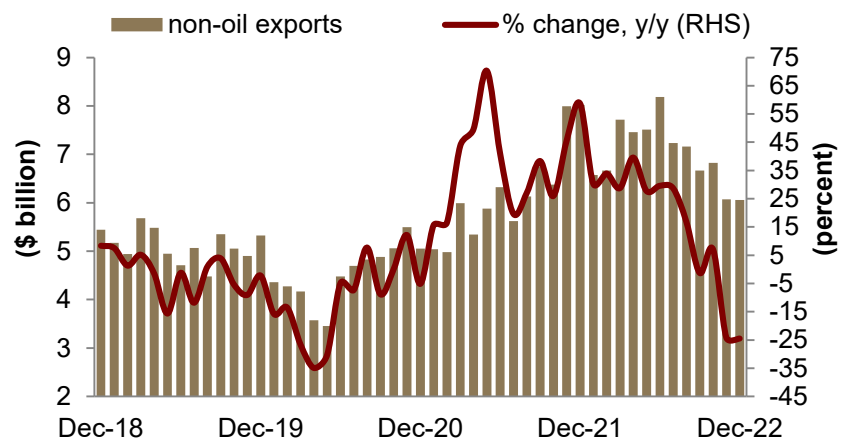
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Cement Sales
(million tons)



Latest available data showed non-oil exports declining in December by 24 percent year-on-year, but mostly unchanged month-on-month.

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

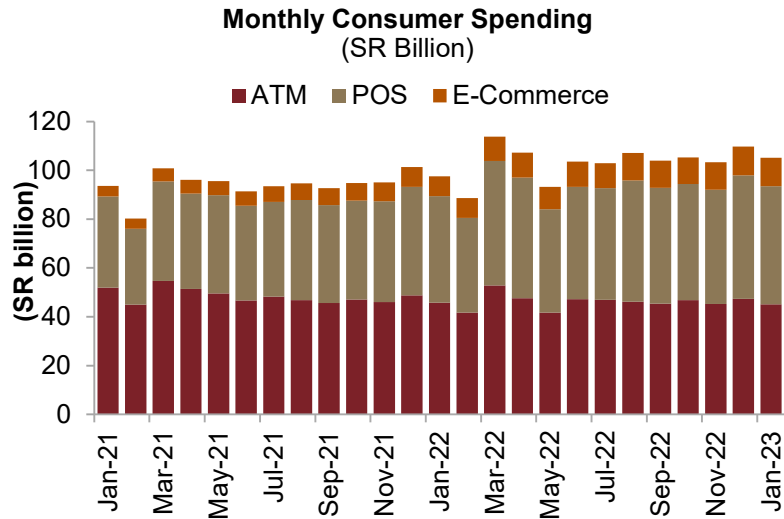




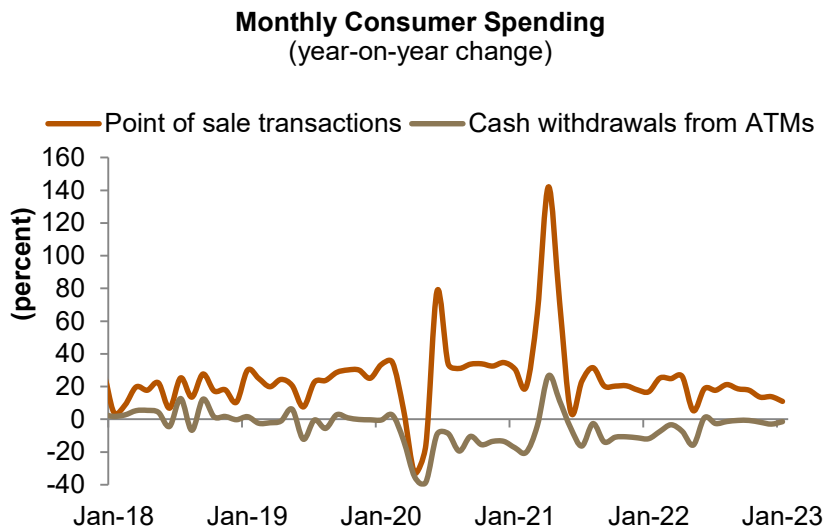
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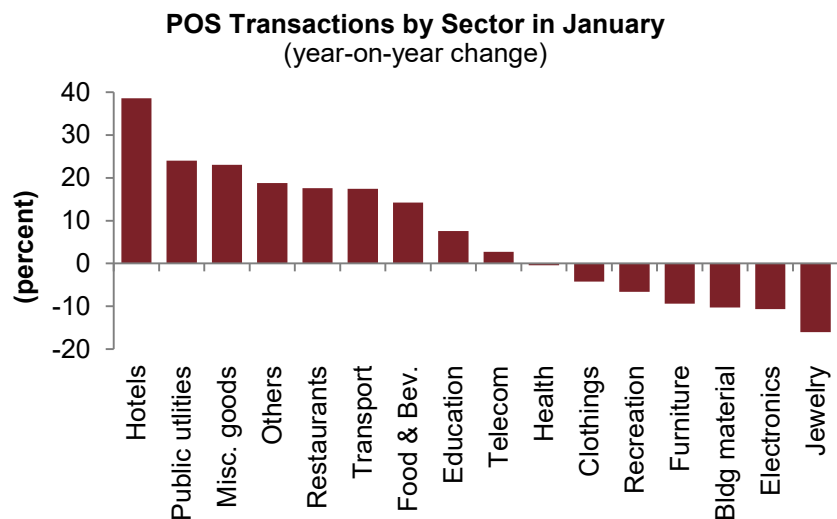
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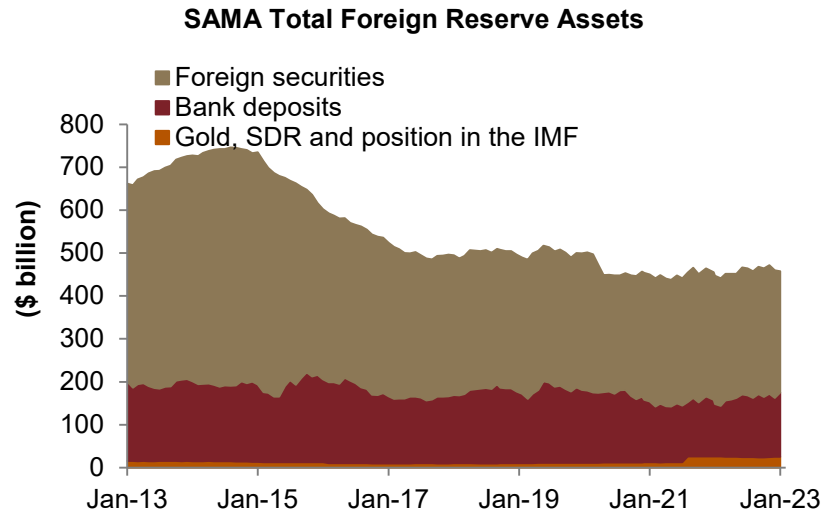




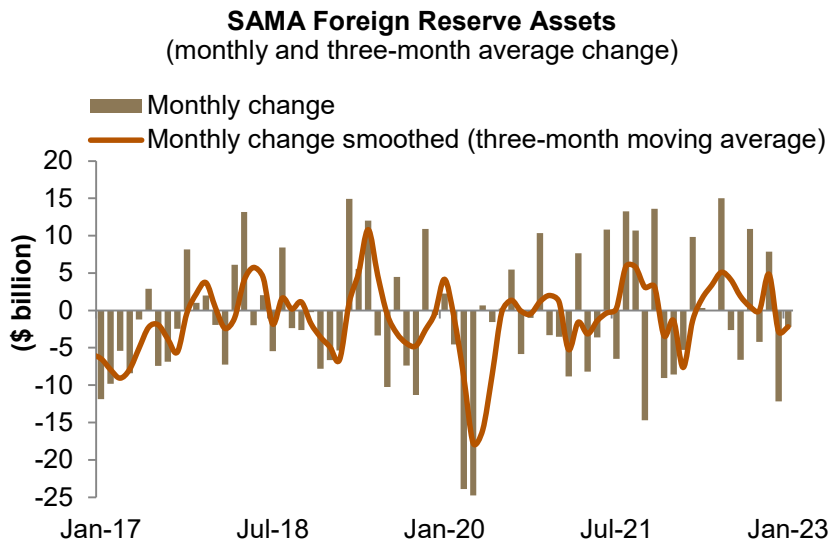
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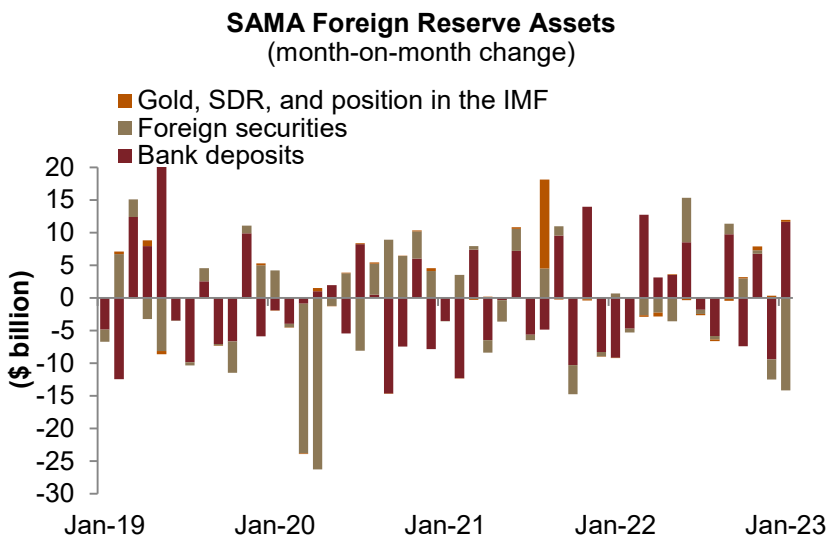
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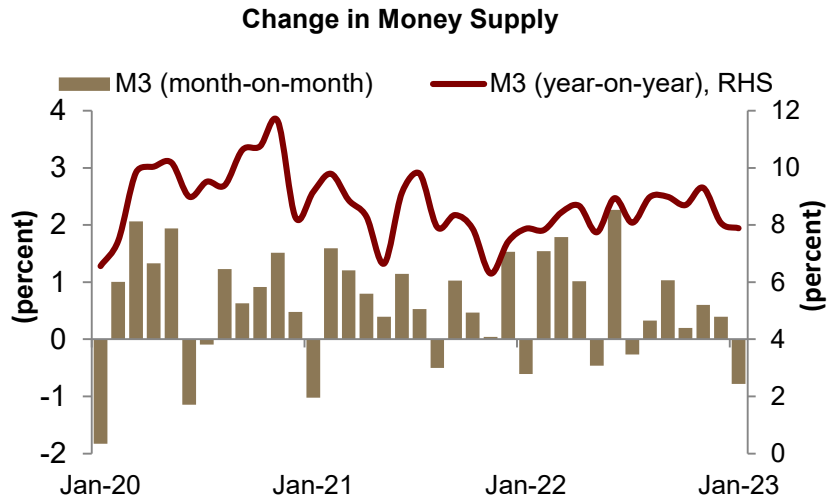




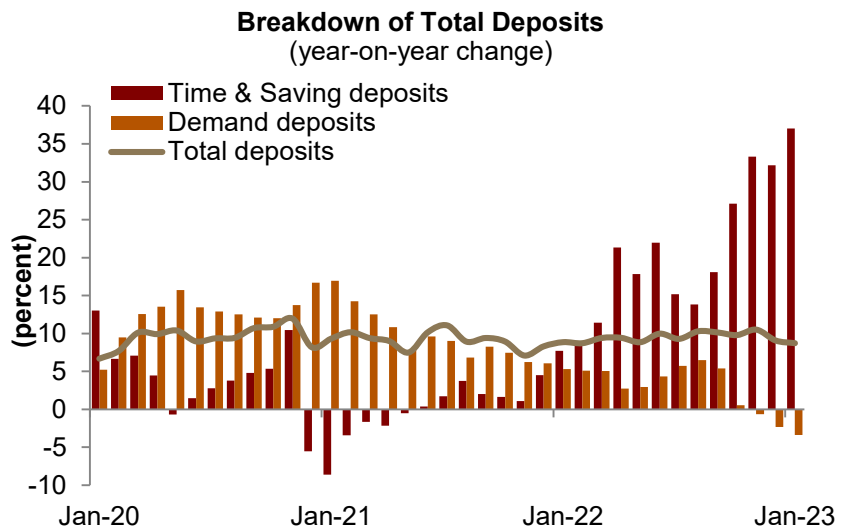
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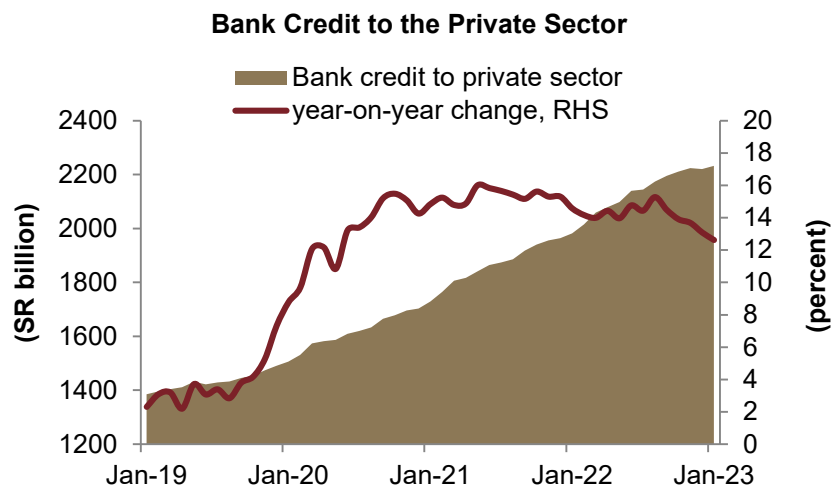
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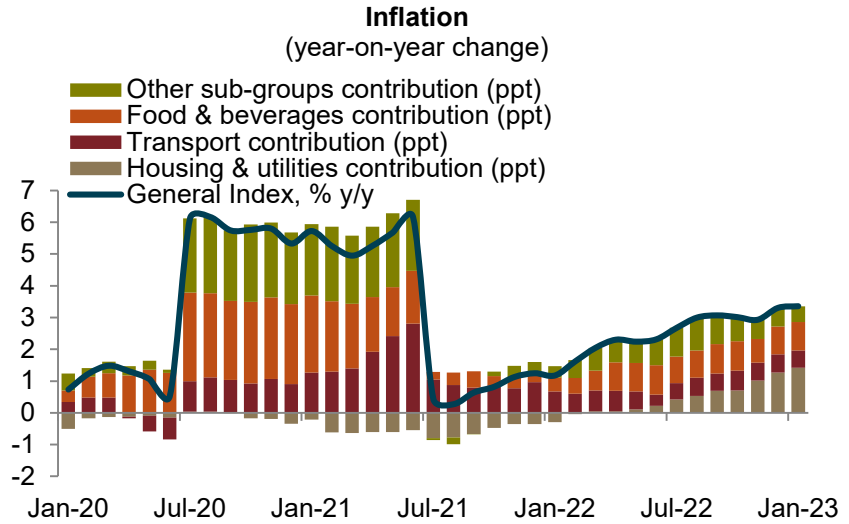




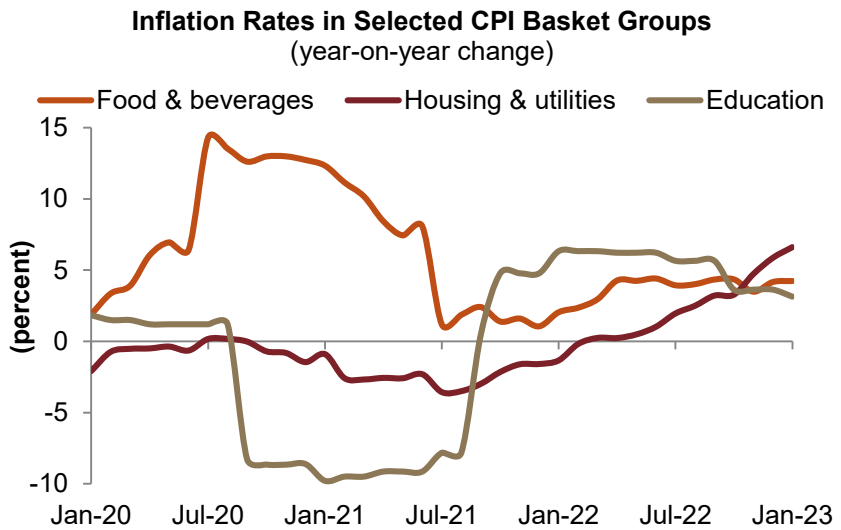
Inflation

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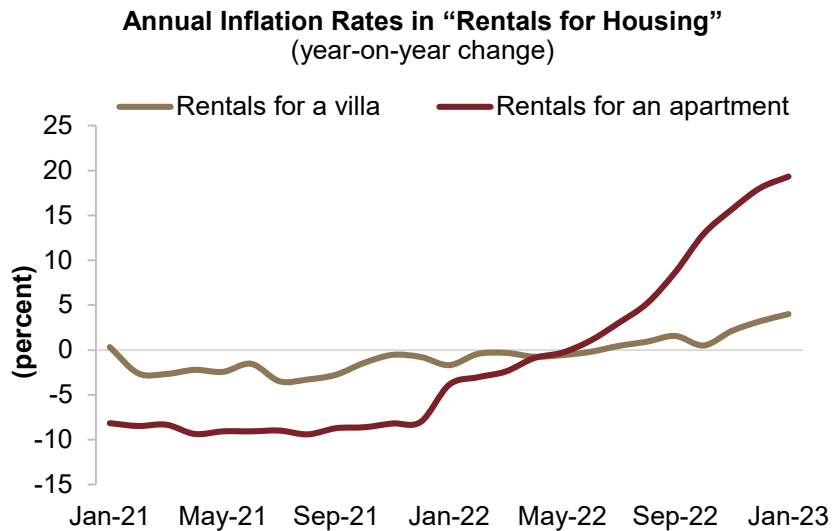
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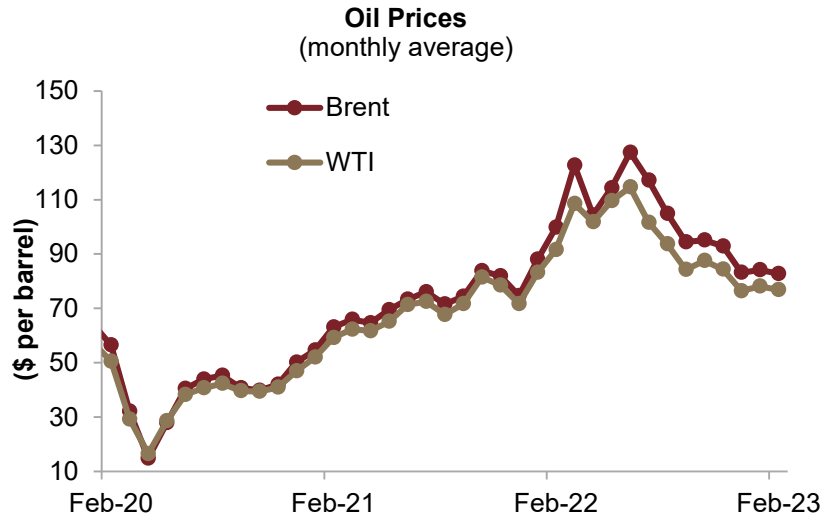




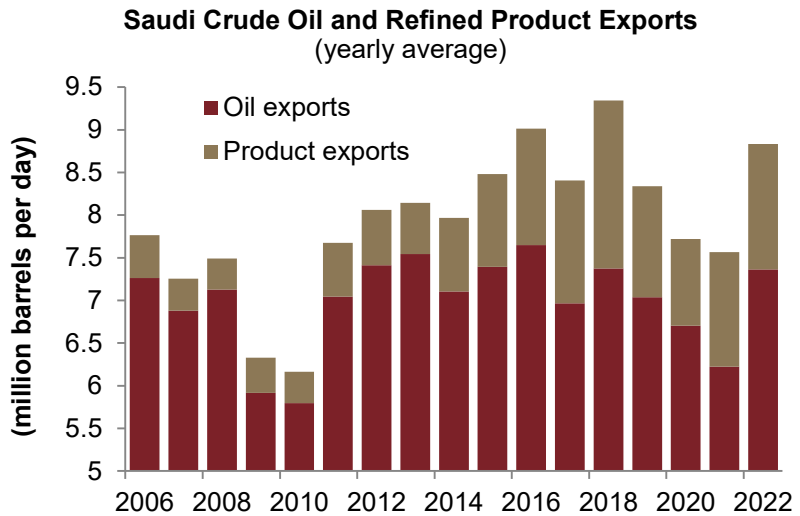
Oil

Brent declined to an average of \$83 per barrel (pb) in February, driven by concerns about the trajectory of global interest rates. Recently released Joint Organizations Data Initiative (JODI) data for full year 2022 showed that Saudi crude oil and refined product exports rose 17 percent year-on-year, to an average of 8.8 million barrels per day (mbpd). JODI data also showed that domestic crude oil burn (for electricity generation) rose by 11 percent over 2021 to an average of 486 tbpd.

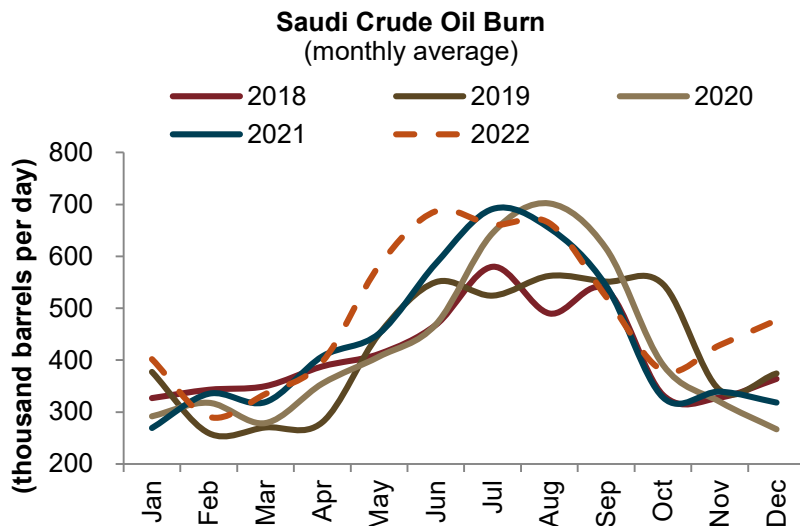
Both Brent and WTI prices declined by 2 percent month-on-month in February, to an average of \$83 and \$77 pb.



Recently released JODI data for full year 2022 showed that Saudi crude oil and refined product exports rose 17 percent year-on-year, to an average of 8.8 million barrels per day (mbpd).



JODI data also showed that domestic liquid fuel demand rose by 10 percent year-on-year in 2022 to an average of 2.4 mbpd, with domestic crude oil burn rising by 11 percent over 2021 to an average of 486 tbpd.



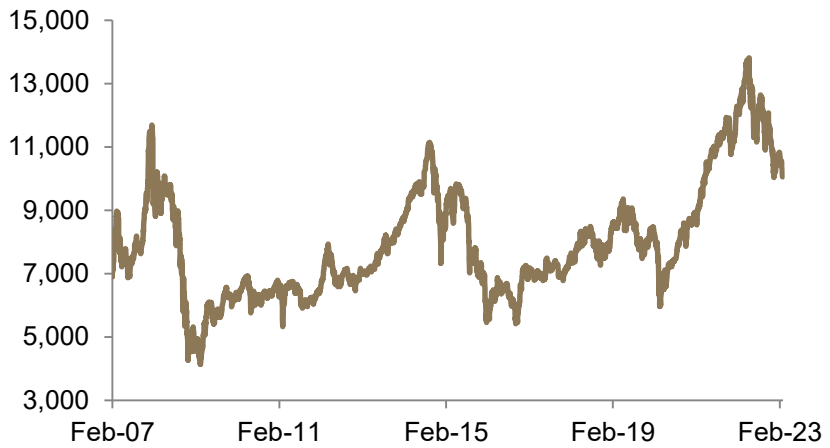


Stock Market

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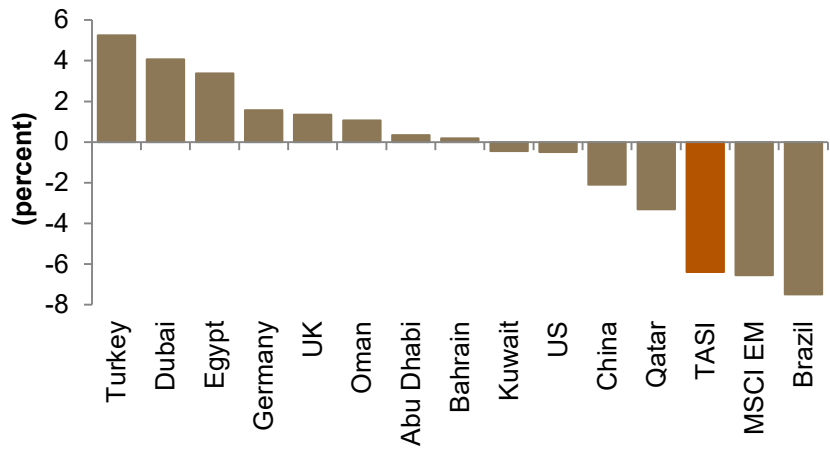
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TASI Performance



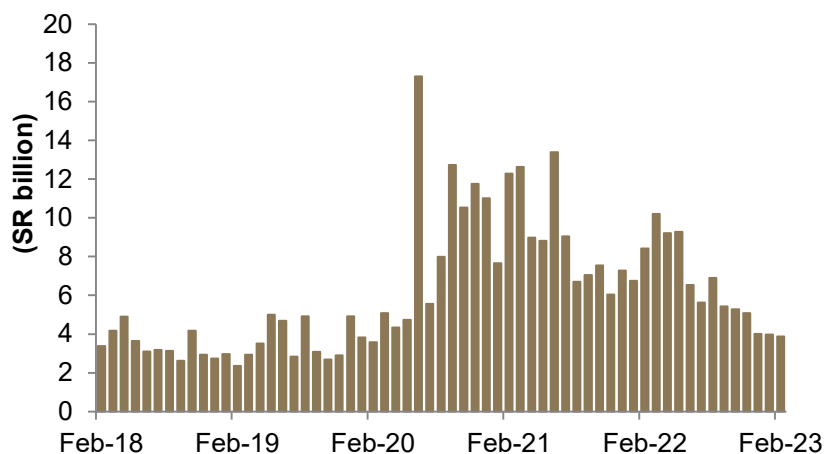
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Comparative Stock Market Performance (February)



In addition, average traded volumes continued their downward trend.

Average Daily Traded Volumes (February)





Key Data

	2016	2017	2018	2019	2020	2021	2022E	2023F	2024F
Nominal GDP									
(SR billion)	2,497	2,681	3,175	3,145	2,754	3,257	4,034	3,941	4,060
(\$ billion)	666	715	847	839	734	869	1,076	1,051	1,083
(% change)	-0.5	7.4	18.4	-0.9	-12.4	18.3	23.9	-2.3	3.0
Real GDP (% change)									
Oil	3.6	-3.1	2.3	-3.3	-6.7	0.2	15.4	-0.2	2.8
Non-oil activities	1.9	3.0	-2.4	4.1	-3.7	7.2	5.4	5.5	5.6
Government activities	0.2	0.3	3.9	1.7	-0.6	1.1	2.2	2.2	2.1
Total	2.4	-0.1	2.8	0.8	-4.3	3.9	8.7	2.8	4.1
Oil indicators (average)									
Brent (\$/b)	43	54	71	66	42	71	104	90	87
Production (million b/d)	10.4	10.0	10.3	9.8	9.2	9.1	10.6	10.5	10.8
Budgetary indicators (SR billion)									
Government revenue	519	692	906	926	782	965	1234	1181	1213
Government expenditure*	936	930	1,079	1,059	1,076	1,039	1132	1144	1151
Budget balance	-417	-238	-173	-133	-294	-74	102	37	62
(% GDP)	-16.7	-8.9	-5.5	-4.2	-10.7	-2.3	2.5	0.9	1.5
Gross public debt	317	443	560	678	854	938	985	951	959
(% GDP)	12.7	16.5	17.6	21.6	31.0	28.8	24.4	24.1	23.6
Monetary indicators (average)									
Inflation (% change)	2.1	-0.8	2.5	-2.1	3.4	3.1	2.5	2.6	2.2
SAMA base lending rate (% end year)	2.0	2.0	3.0	2.25	1.00	1.00	4.50	5.00	3.00
External trade indicators (\$ billion)									
Oil export revenues	137	171	232	201	120	203	331	297	294
Total export revenues	184	222	294	262	174	280	414	383	383
Imports	128	123	126	140	126	142	170	185	200
Trade balance	56	98	169	121	48	138	243	199	183
Current account balance	-24	10	72	38	-23	56	124	86	69
(% GDP)	-3.6	1.5	8.5	4.6	-3.1	6.5	11.5	8.2	6.3
Official reserve assets	536	496	497	500	454	455	460	478	492
Social and demographic indicators									
Population (million)	31.7	32.6	33.4	34.2	35.0	34.1	35.3	35.9	36.4
Saudi Unemployment (15+, %)	12.5	12.8	12.7	12.0	12.6	11.0	9.8	9.4	9.1
GDP per capita (\$)	20,981	21,924	25,336	24,506	20,971	25,464	30,493	29,308	29,748

Sources: Jadwa Investment forecasts for 2023 and 2024. 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.



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