



Summary

Real Economy: The non-oil PMI declined in March, to 58.7 from a recent peak of 59.8 in February. Cement sales and production dropped during the month, down by 16 and 7 percent year-on-year, respectively, while latest available data showed non-oil exports easing in February. That said, the overall trend in the non-oil PMI remains robust.

Consumer Spending: Consumer spending rose in March by 6 percent year-on-year, and by 23 percent month-on-month. This reflected the onset of the Holy Month of Ramadan, when consumer spending typically rises. POS transactions were up 9 percent, year-on-year, more than offsetting a 2 percent decline in cash withdrawals.

Industrial Sector: In February, the non-oil manufacturing index saw a robust 16.8 percent year-on-year gain, though that represented a cooling rate of growth. Moreover, the monthly value of investments in new factories was SR4.3 billion, with 80 new factories starting production during the month.

SAMA Foreign Reserve Assets: SAMA FX reserves declined by \$14 billion month-on-month in March, to stand at \$439 billion. The monthly decrease came from both foreign securities, by \$5.5 billion, and bank deposits, by \$8.8 billion.

Money Supply, Bank Deposits and Credit: The broad measure of money supply (M3) rose by 10 percent year-on-year in March, the highest annual rise since November 2020, and by a healthy 4 percent month-on-month. Total deposits rose by 11 percent year-on-year, though demand deposits continued to trend downwards by 2 percent.

Inflation: Consumer prices rose by 2.7 percent year-on-year in March, and by 0.1 percent month-on-month. Within the CPI basket, 'housing and utilities' continued trending upwards, up by 7.4 percent year-on-year and by 0.4 percent month-on-month.

Real Estate Q1 2023: Real estate prices rose by 1 percent, year-on-year in Q1 2023, but declined slightly by 0.1 percent quarter-on-quarter. While residential real estate prices continued their upward trend, commercial real estate prices rebounded slightly in Q1 and edged up by 0.1 percent.

Oil: Oil markets have adjusted to the surprise announcement by OPEC-Plus that the group would be cutting production by around 1.2 mbpd from May. Prices rose sharply in the immediate aftermath of the announcement, but quickly gave up these gains as investors focused on a weaker demand outlook, particularly in the US.

Stock Market: TASI surged in April on a month-on-month basis, up by 6.8 percent, and pushing the year-to-date gain up to 8 percent. The index also surpassed the 11,000 mark for the first time since November 2022.

For comments and queries please contact:

James Reeve
Chief Economist
jreeve@jadwa.com

Nouf N. Alsharif
Managing Director, Research
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

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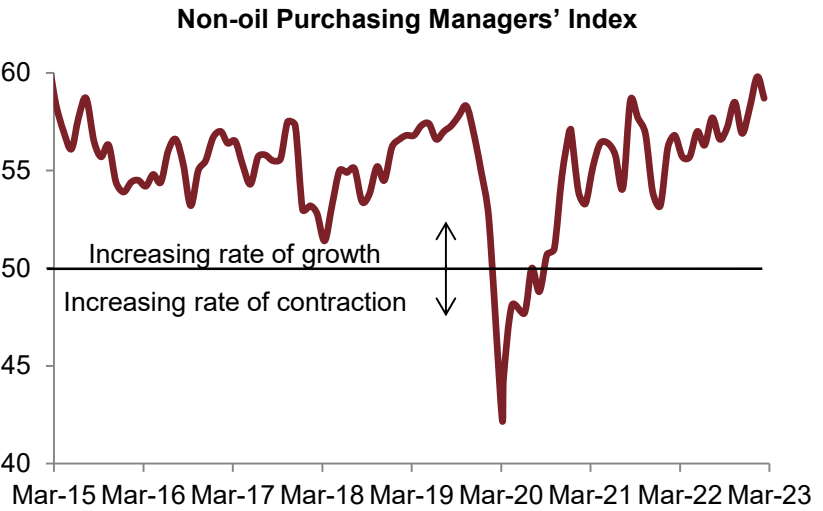
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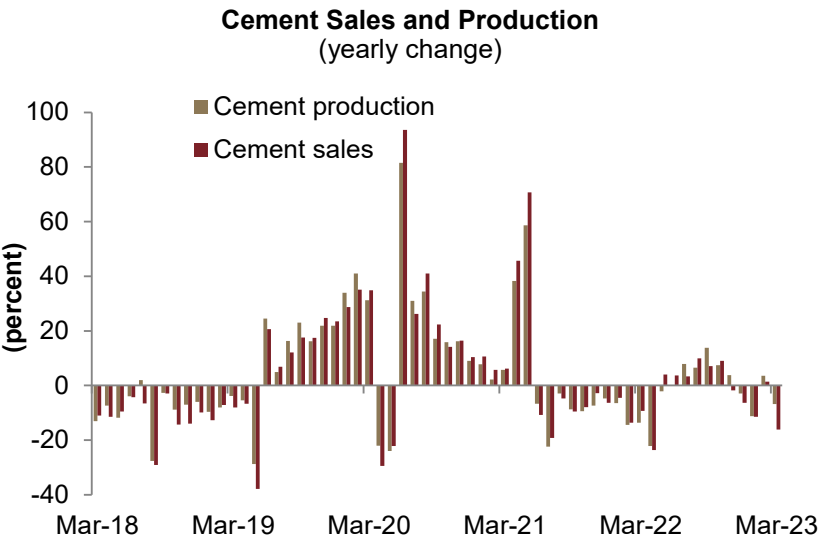
Real Economy

The non-oil PMI declined in March, to 58.7 from a recent peak of 59.8 in February. Cement sales and production dropped during the month, down by 16 and 7 percent year-on-year, respectively, while latest available data showed non-oil exports easing in February. That said, the overall trend in the non-oil PMI remains robust.

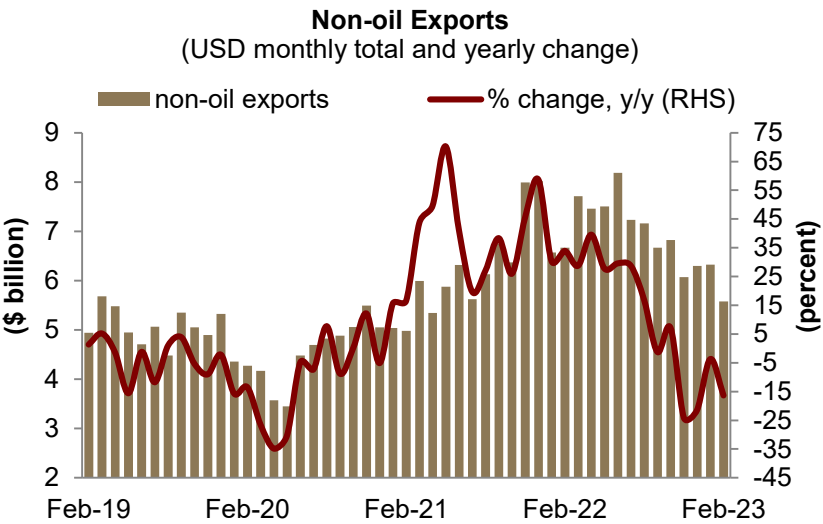
The non-oil PMI declined slightly in March to 58.7 down from February's high of 59.8 (the strongest reading since 2015).



Cement sales and production dropped during the month, down by 16 and 7 percent year-on-year, respectively.



Latest available data showed non-oil exports declining in February by 16 percent year-on-year, with exports from 'petrochemicals' and 'plastics & rubber' both down by 21 and 36 percent year-on-year, respectively.

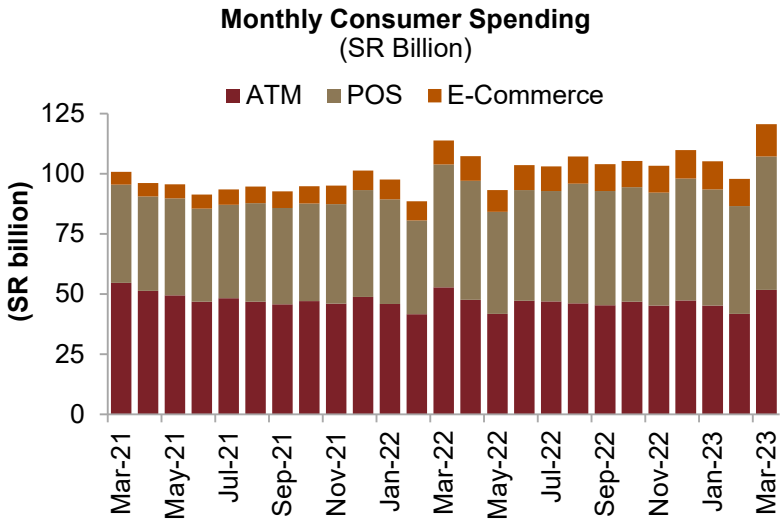




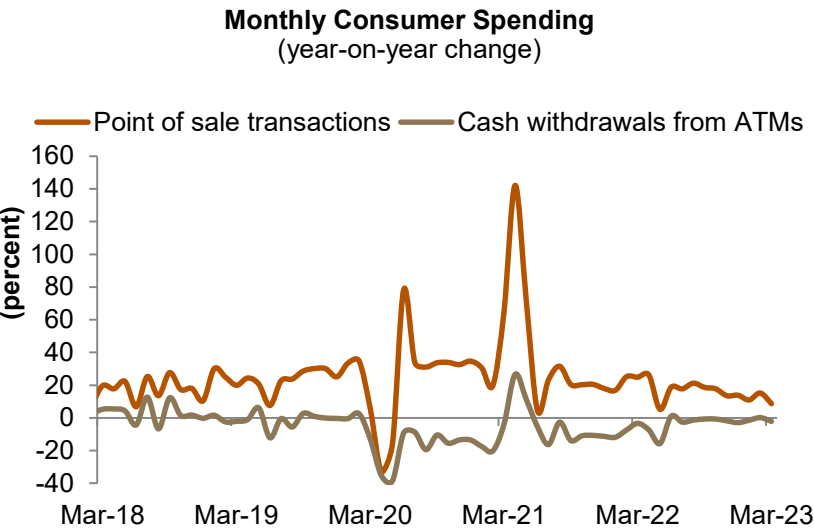
Consumer Spending

Consumer spending rose in March by 6 percent year-on-year, and by 23 percent month-on-month. This reflected the onset of the Holy Month of Ramadan, when consumer spending typically rises. POS transactions were up 9 percent, year-on-year, more than offsetting a 2 percent decline in cash withdrawals. Looking at POS transactions by sector, ‘hotels’, ‘clothing’, and ‘food and beverages’ drove much of the increase.

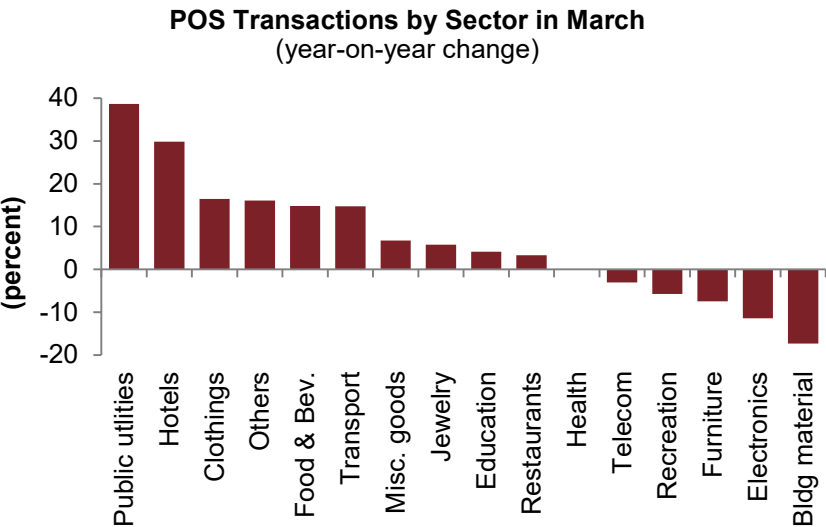
Consumer spending rose in March by 6 percent year-on-year, and by 23 percent month-on-month, the strongest since March 2022.



POS transactions rose 9 percent, and cash withdrawals declined by 2 percent, year-on-year.



Looking at POS transactions by sector, ‘public utilities’, ‘hotels’, ‘clothing’, ‘food and beverages’ and ‘transport’ were the main drivers of the gain, more than offsetting declines in ‘building material’, and ‘electronics’, among others.

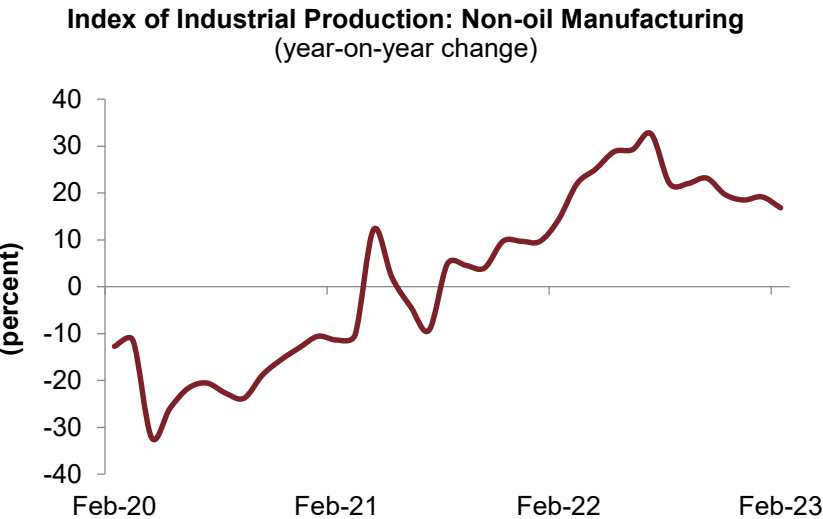




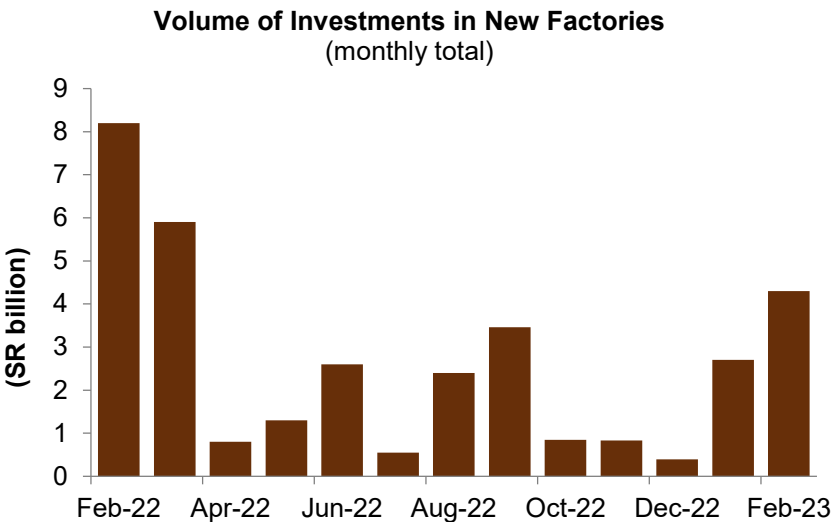
Industrial Sector

In February, the non-oil manufacturing index saw a robust 16.8 percent year-on-year gain, though that represented a cooling rate of growth. Moreover, the monthly value of investments in new factories was SR4.3 billion, with 80 new factories starting production during the month. In terms of size, small factories accounted for 81 percent of total new factories licensed during February, with 11 percent of those investments coming from foreign direct investment.

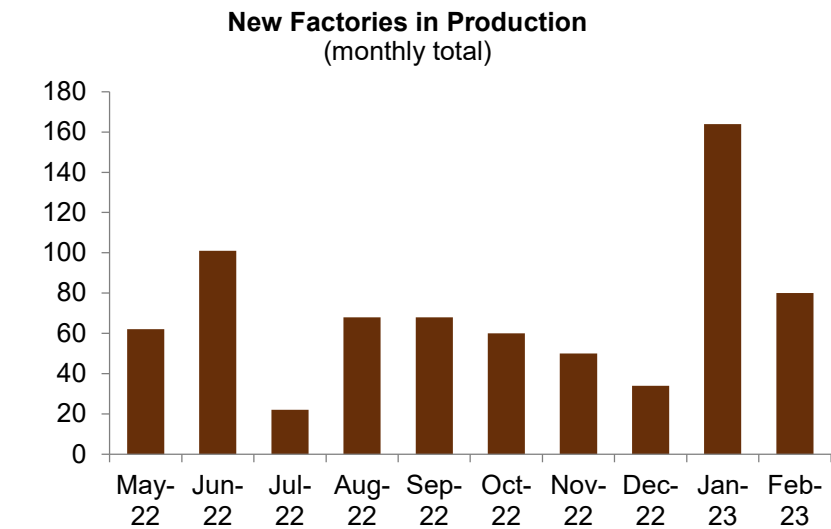
In February, the non-oil manufacturing index rose by 16.8 percent year-on-year.



Moreover, the monthly value of investments in new factories was SR4.3 billion...



... with 80 new factories starting production during the month.

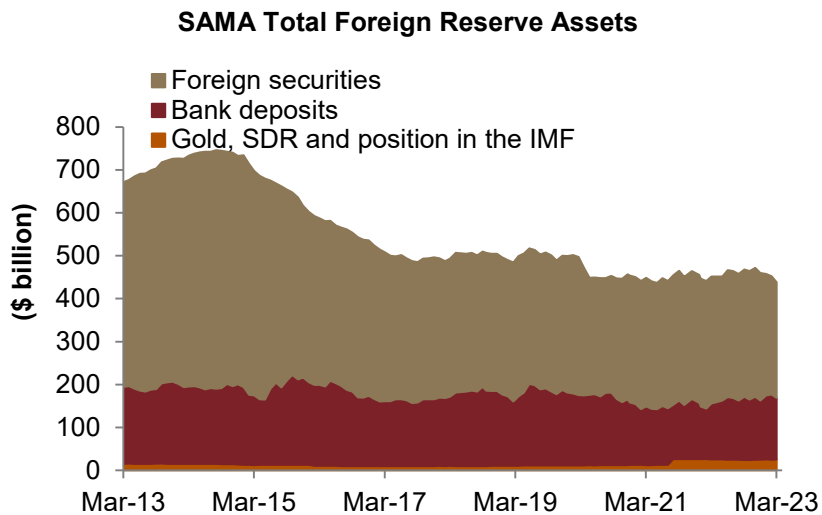




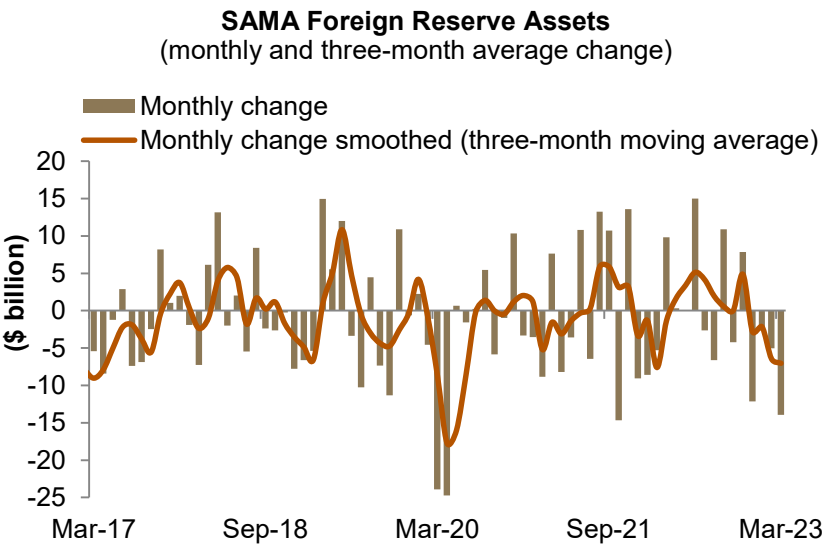
SAMA Foreign Reserve Assets

SAMA FX reserves declined by \$14 billion month-on-month in March, to stand at \$439 billion. The monthly decrease came from both foreign securities by \$5.5 billion and bank deposits by \$8.8 billion. Nevertheless, the total is still the equivalent of some 30 months of import cover, according to our estimates.

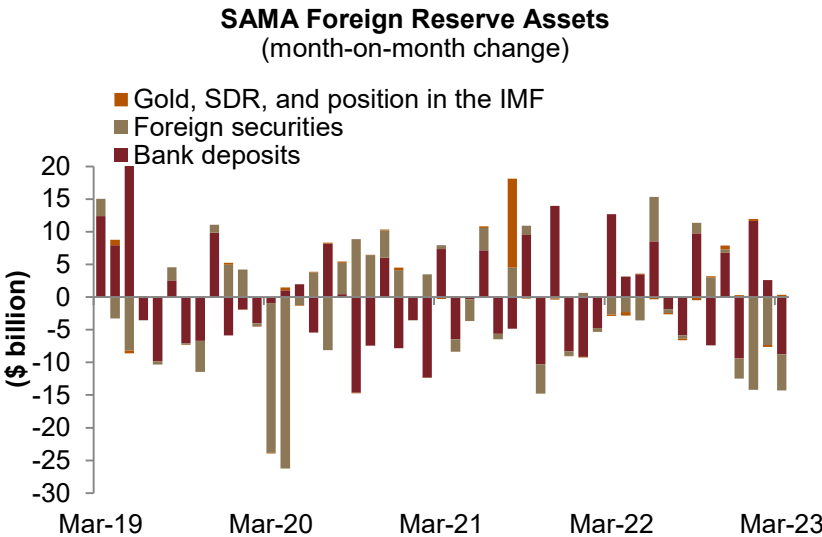
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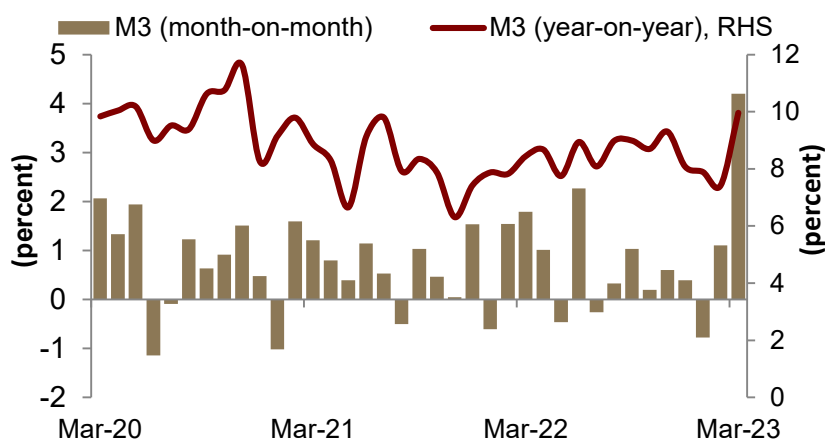


Money Supply, Bank Deposits and Credit

The broad measure of money supply (M3) rose by 10 percent year-on-year in March, the highest annual rise since November 2020, and by a healthy 4 percent month-on-month. Total deposits rose by 11 percent year-on-year, though demand deposits continued to trend downwards by 2 percent. Lending to the private sector continued to grow, by 10.8 percent year-on-year, though this was somewhat weaker than the most recent peak in mid-2022.

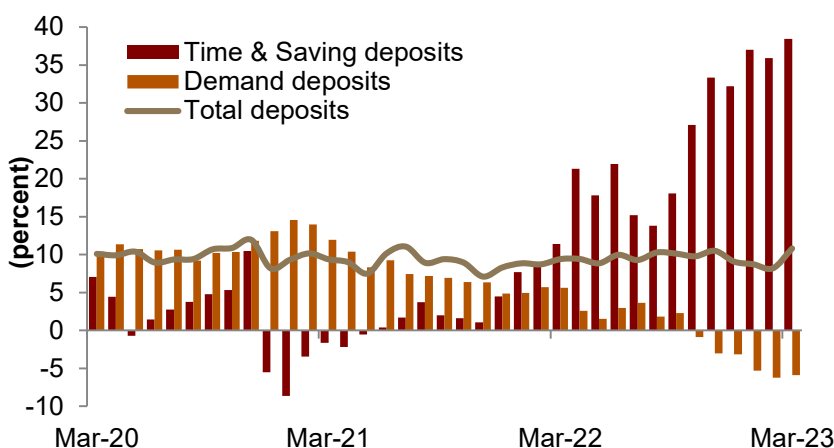
M3 rose by 10 percent year-on-year in March, the highest annual rise since November 2020, and by a healthy 4 percent month-on-month.

Change in Money Supply



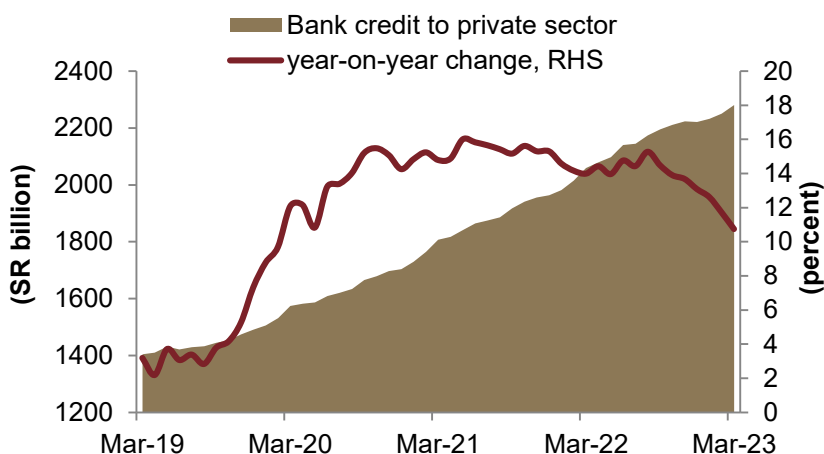
Demand deposits continued to trend downwards by 2 percent. Meanwhile, Time & Saving deposits rose by almost 39 percent year-on-year, and by 5 percent month-on-month as savers looked for higher returns.

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



Bank credit to the private sector continued rising, up by 10.8 percent year-on-year. However, this represented a softening in the rate of growth from a recent peak of 15 percent in August last year.

Bank Credit to the Private Sector





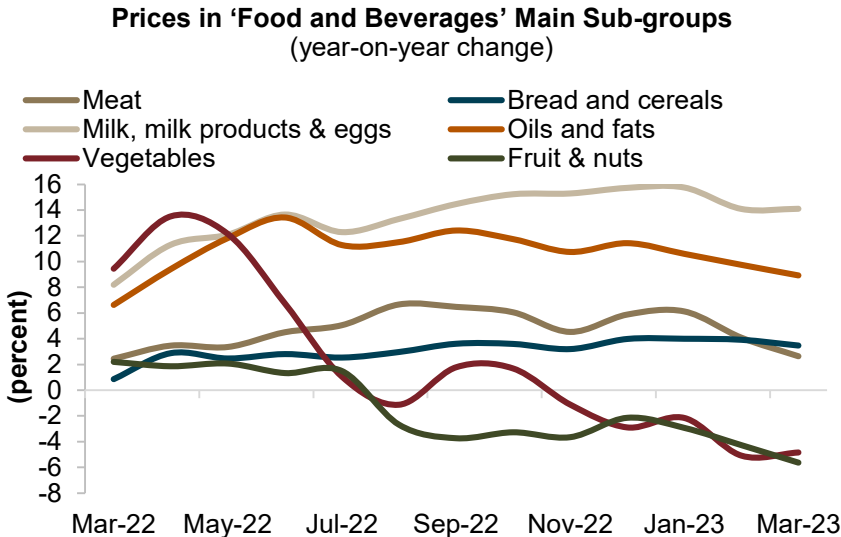
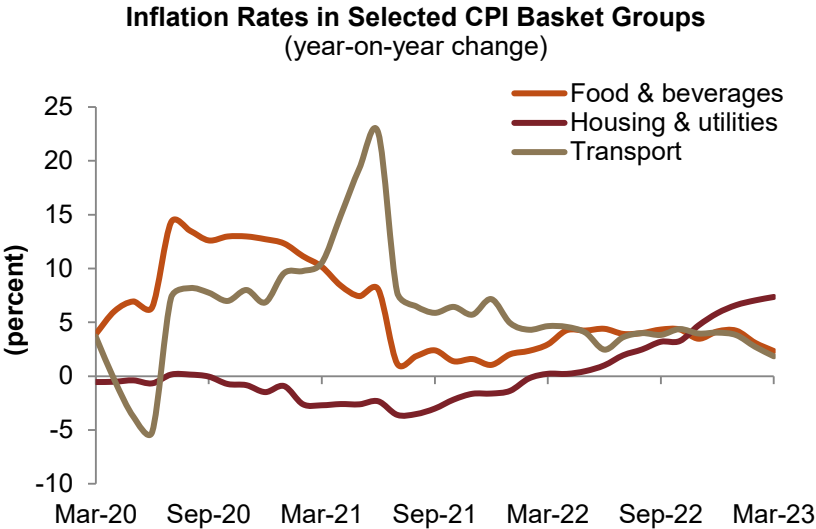
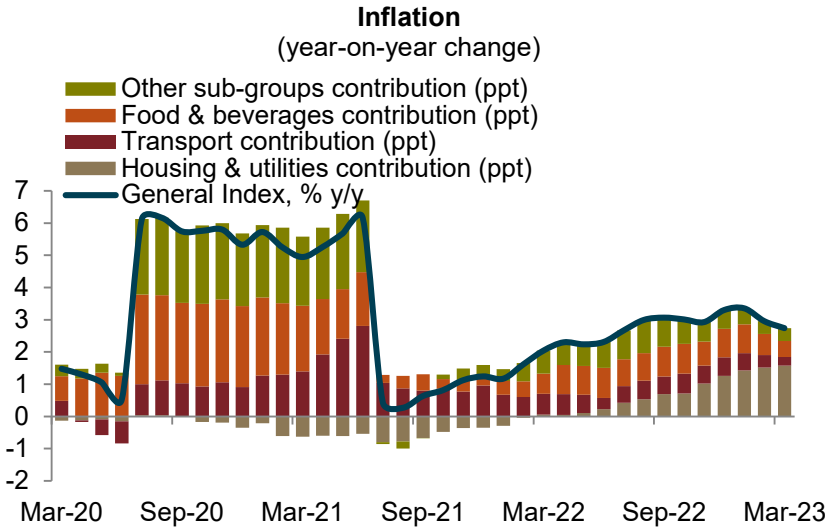
Consumer prices rose by 2.7 percent year-on-year in March, and by 0.1 percent month-on-month.

'Housing & utilities' continued trending upwards, up by 7.4 percent year-on-year and by 0.4 percent month-on-month.

Meanwhile, 'food & beverages' rose by 2.3 percent year-on-year, but declined by 0.4 percent month-on-month. Amongst its main sub-groups, 'vegetables' and 'fruits & nuts' prices continued a downward trend in recent months.

Inflation

Consumer prices rose by 2.7 percent year-on-year in March, and by 0.1 percent month-on-month. Within the CPI basket, 'housing and utilities' continued trending upwards, up by 7.4 percent year-on-year and by 0.4 percent month-on-month. 'Food and beverages' rose by 2.3 percent year-on-year, while declining by 0.4 percent month-on-month.

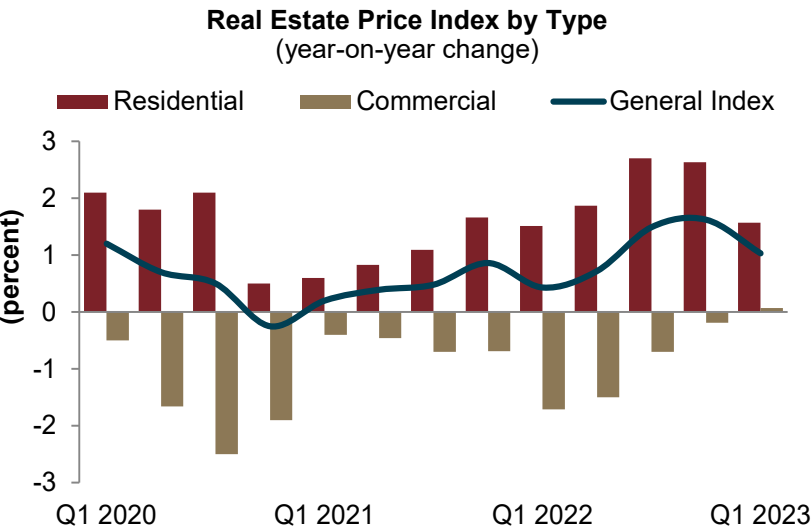




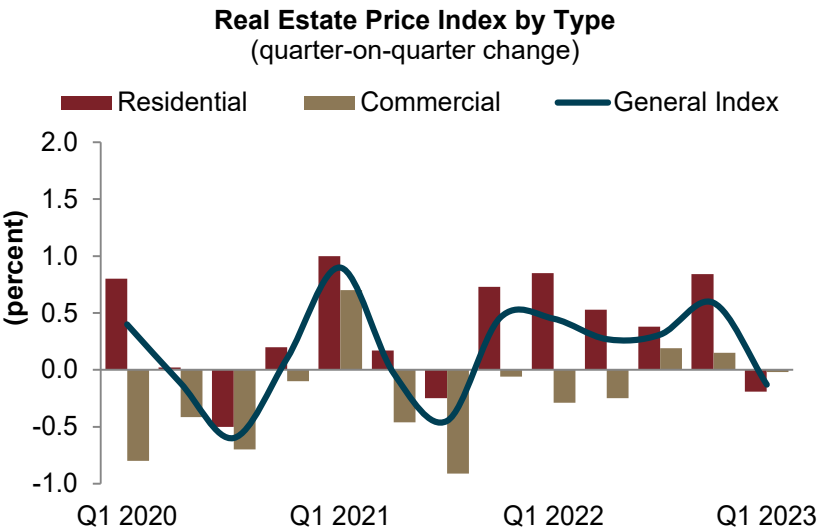
Real Estate Q1 2023

Real estate prices rose by 1 percent, year-on-year in Q1 2023, but declined slightly by 0.1 percent quarter-on-quarter. While residential real estate prices continued their upward trend, commercial real estate prices rebounded slightly in Q1, edging up by 0.1 percent. On a regional level, residential prices in the Riyadh region saw the largest rise at 5.2 percent during Q1 2023, year-on-year.

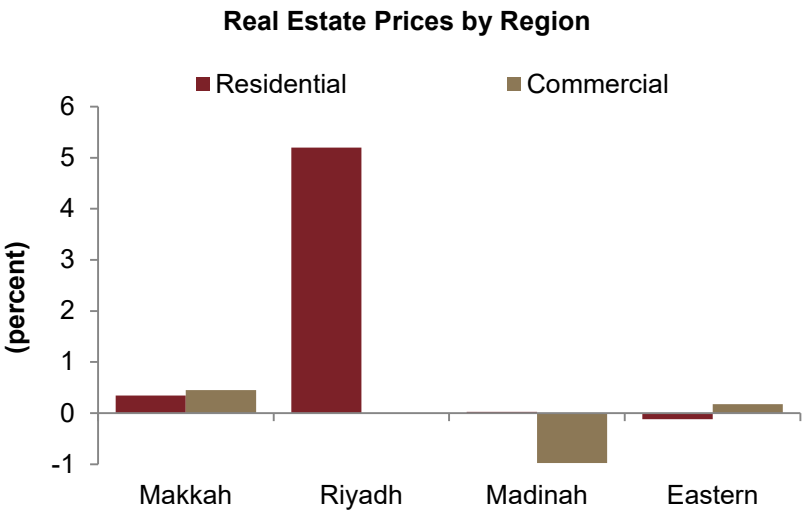
Real estate prices rose by 1 percent, year-on-year in Q1 2023...



...but declined slightly by 0.1 percent quarter-on-quarter.



Residential prices in the Riyadh region saw the largest rise amongst the main regions, at 5.2 percent during Q1 2023, year-on-year.





Oil

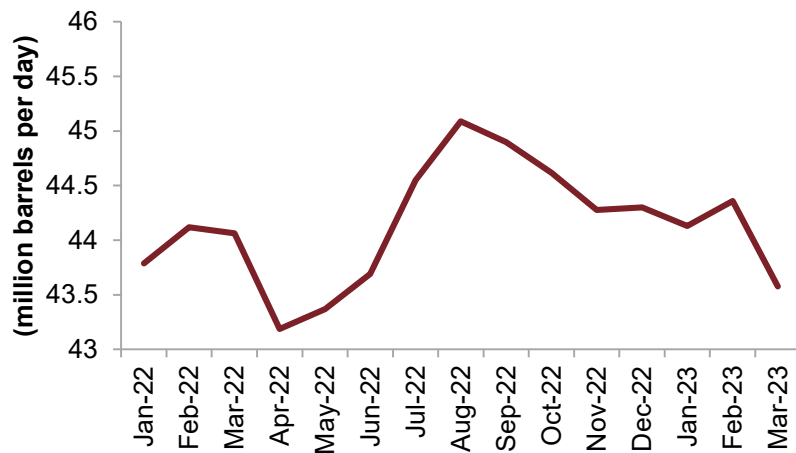
Oil markets have adjusted to the surprise announcement by OPEC-Plus that the group would be cutting production by around 1.2 mbpd from May. Prices rose sharply in the immediate aftermath of the announcement, but quickly gave up these gains as investors focused on a weaker demand outlook, particularly in the US. We think demand from China will be enough to offset the US slowdown and, in combination with the OPEC-Plus cuts, will help to shift the market into deficit in H2-23.

In a surprise move, OPEC Plus announced that it would be cutting supply by 1.16 million barrels a day from May, with the bulk of the cuts coming from the GCC and Iraq. The move was presented as a “precautionary measure” given the highly uncertain demand outlook.

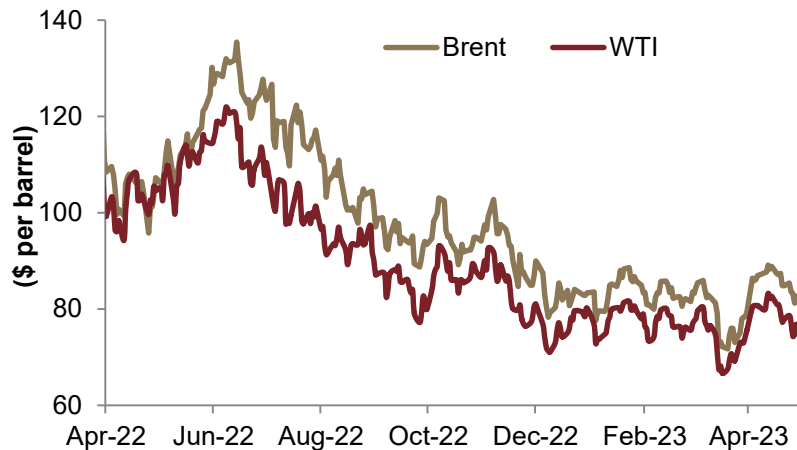
The announcement saw prices rise, with Brent reaching \$87 per barrel (pb) in early April. However, the rally was short-lived and fears of a US economic slowdown saw Brent fall back below \$80 pb by the end of the month.

We are more optimistic about the demand picture. China’s re-opening is driving a solid rebound in crude demand—especially from Russia.

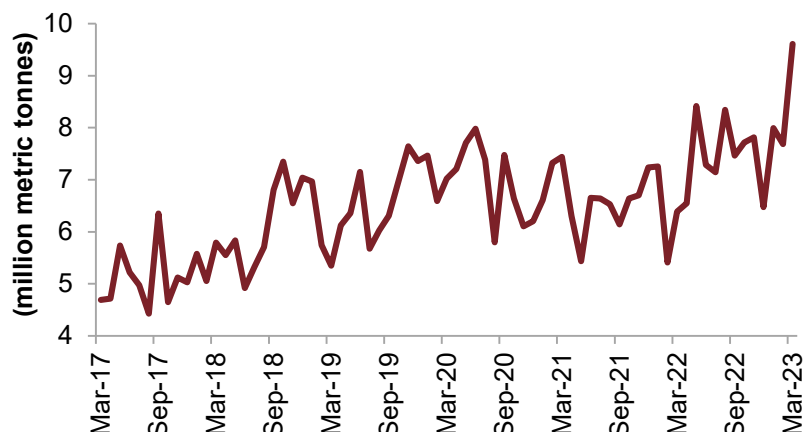
OPEC Plus Production
(million barrels per day)



Oil Prices



China Crude Oil Imports from Russia



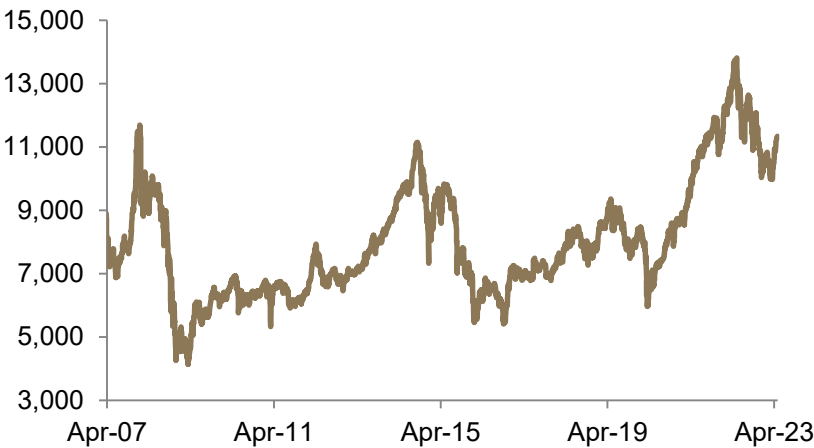


Stock Market

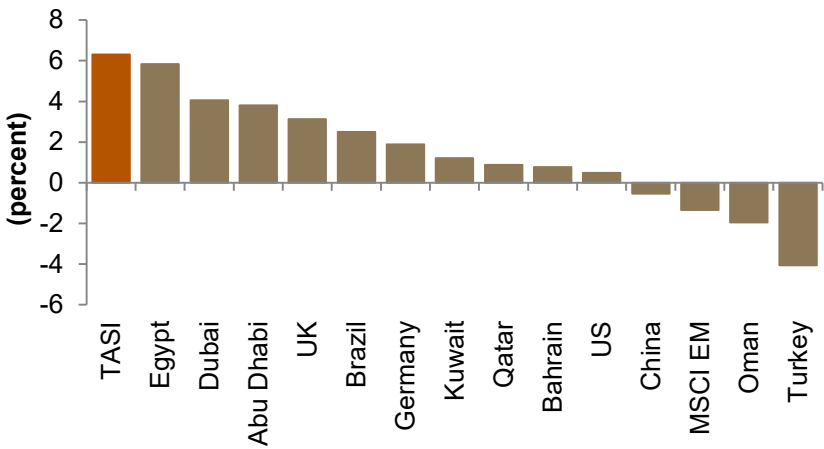
TASI surged in April on a month-on-month basis, up by 6.8 percent, and pushing the year-to-date gain up to 8 percent. The index also surpassed the 11,000 mark for the first time since November 2022. With this, TASI ranked among the best performing regional and global markets during the month. Volumes also rose in April.

TASI surged in April on a month-on-month basis, up by 6.8 percent.

TASI Performance

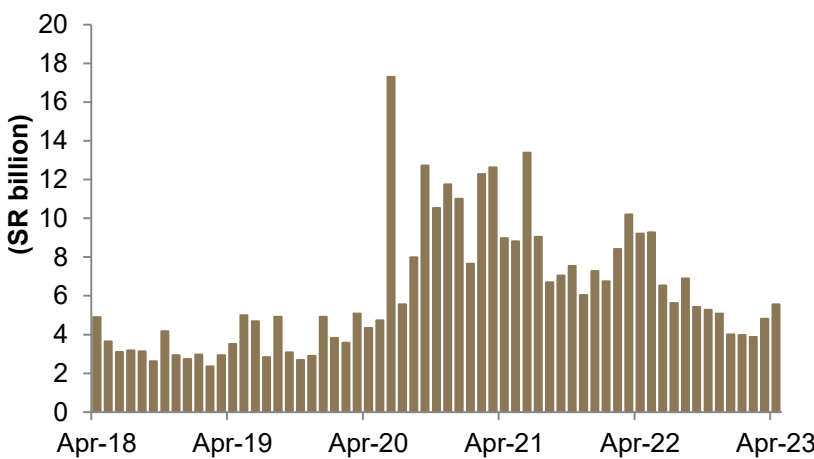


Comparative Stock Market Performance (April)



TASI ranked among the best performing regional and global markets during the month.

Average Daily Traded Volumes (April)



In addition, average traded volumes rose in April.



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