



Summary

Real Economy: The non-oil PMI eased slightly in May, to 58.5, down from 59.6 in April, despite robust levels of new export orders and business activity. Cement sales and production rebounded in May, up by 12 and 20 percent year-on-year, respectively, with monthly rises as well.

Consumer Spending: Consumer spending saw a remarkable 15 percent year-on-year rise in May, despite a monthly decline of 3.7 percent. POS transactions were up 18 percent, year-on-year, while cash withdrawals rose by 8 percent.

SAMA Foreign Reserve Assets: SAMA FX reserves rose in May for the first time in six months, up by \$12.3 billion month-on-month, to \$442 billion. The monthly rise came mainly from bank deposits, which grew by \$12 billion, and marginally from foreign securities, up by \$0.6 billion.

Money Supply, Bank Deposits and Credit: The broad measure of money supply (M3) rose by 9.1 percent year-on-year in May, but declined by 0.8 month-on-month. Overall deposit growth eased slightly, but was still 10 percent in year-on-year terms. Meanwhile, the shift from demand to time deposits continued.

Inflation: Consumer prices rose by 2.8 percent year-on-year in May, and by 0.2 percent month-on-month. Within the CPI basket, 'food and beverages' rose marginally by 0.9 percent year-on-year, while 'restaurants and hotels' eased to 5 percent.

Labor Market Q1 2023: The latest labor market release from GaStat showed that the unemployment rate for citizens rose to 8.5 percent in Q1 2023, from 8 percent in Q4 2022. The unemployment rate for females increased to 16.1 percent in Q1 (versus 15.4 percent in Q4 2022), and the rate for males was also up, to 4.6 percent.

Oil: Oil prices were struggling for direction in early July, with signs of tightening supply offset by concerns about the demand outlook. US crude inventories shrunk by almost 10 million barrels in late June, the largest draw in more than a month, while investment in the US shale sector continued to contract. However, traders remain concerned about the Federal Reserve's interest rate intentions.

Stock Market: TASI rebounded in June, rising by 4 percent during the month, and ending H1 with a 9.4 percent gain. The monthly rise was in line with most regional and main global markets. Meanwhile, average daily traded volumes continued the upward trend seen since the beginning of the year.

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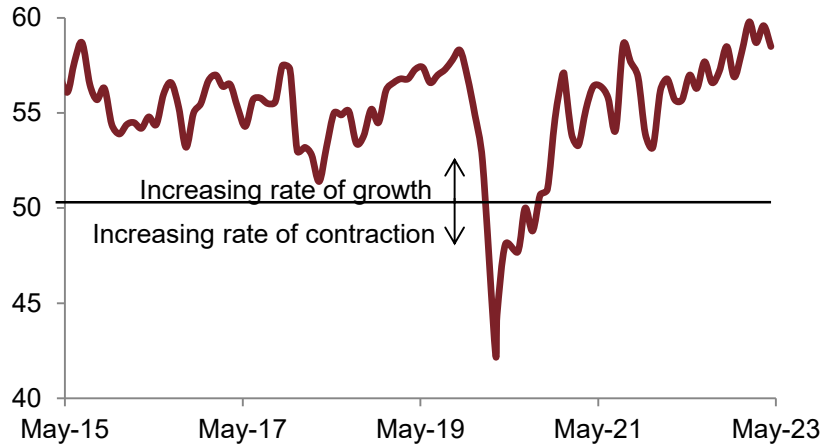


Real Economy

The non-oil PMI eased slightly in May, to 58.5, down from 59.6 in April, despite robust levels of new export orders and business activity. Cement sales and production rebounded in May, up by 12 and 20 percent year-on-year, respectively, with monthly rises as well. Latest available data show non-oil exports continuing to decline in April by 31 percent year-on-year.

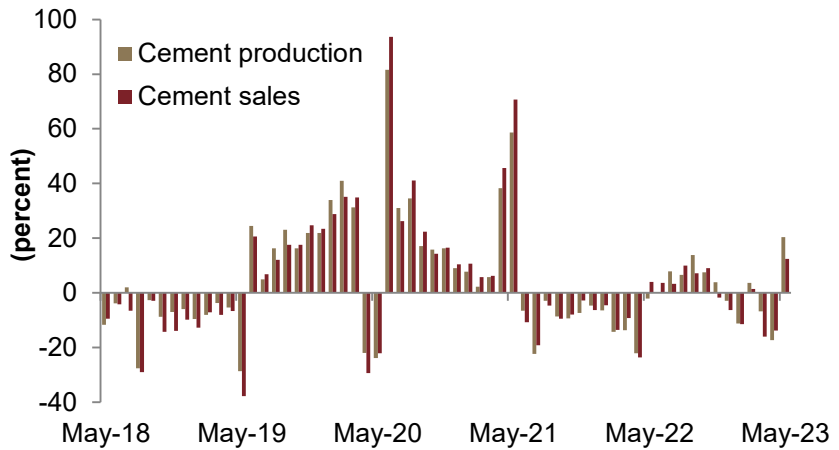
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Non-oil Purchasing Managers' Index



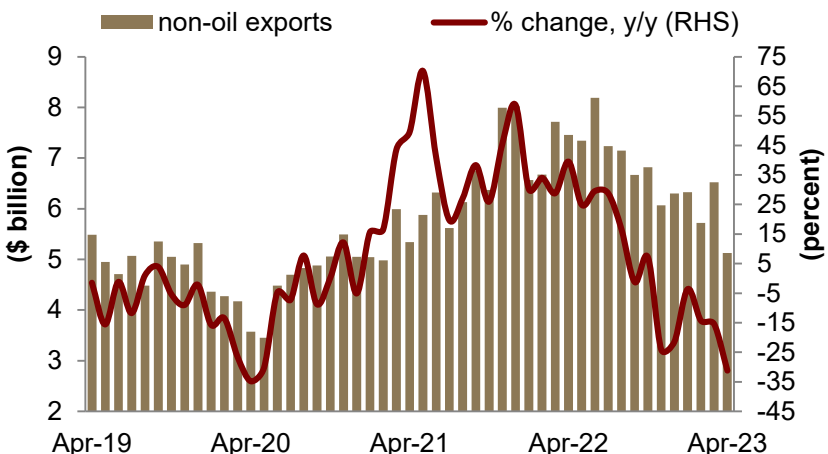
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Cement Sales and Production
(year-on-year change)



Non-oil exports continued to decline in April by 31 percent year-on-year, with exports from 'petrochemicals' and 'plastics' down by 34 and 36 percent, year-on-year.

Non-oil Exports
(USD monthly total and year-on-year change)



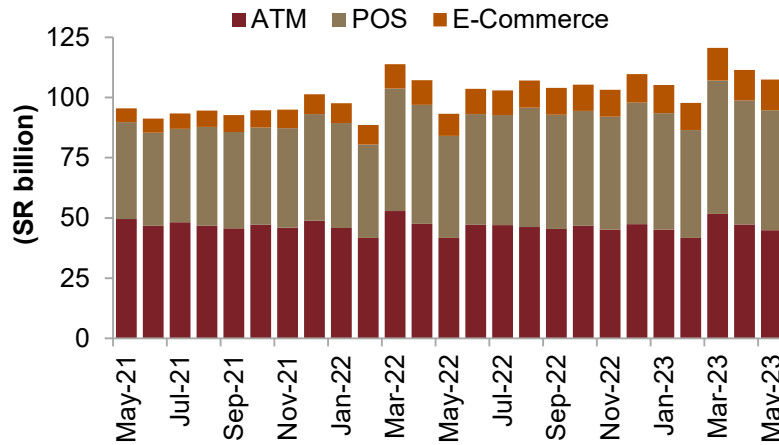


Consumer Spending

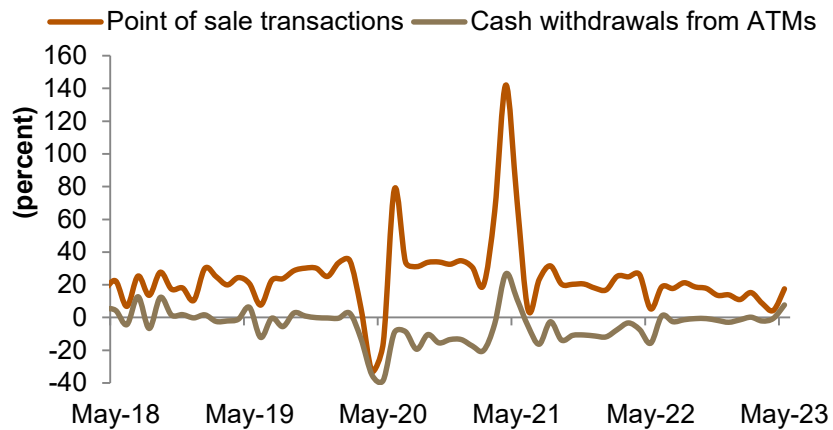
Consumer spending saw a remarkable rise in May by 15 percent year-on-year, despite a monthly decline of 3.7 percent. POS transactions were up 18 percent, year-on-year, and cash withdrawals rose by 8 percent year-on-year. Looking at POS transactions by sector, only 'jewelry' declined during the month, while 'education' saw the largest annual rise.

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Monthly Consumer Spending
(SR Billion)

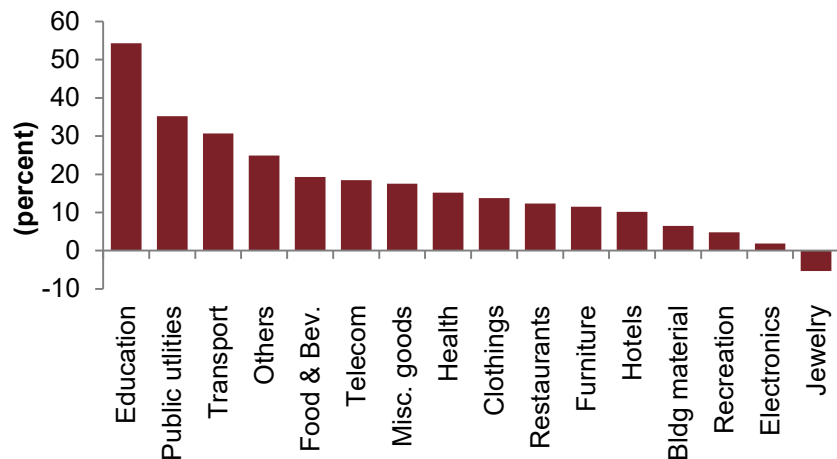


Monthly Consumer Spending
(year-on-year change)



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



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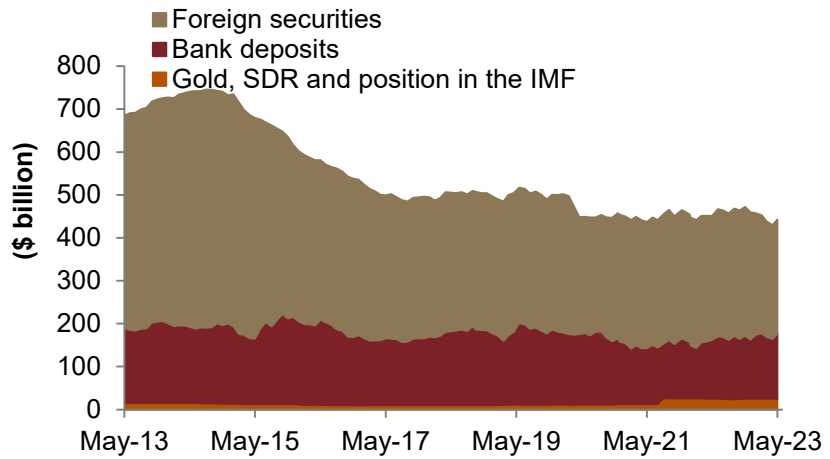


SAMA Foreign Reserve Assets

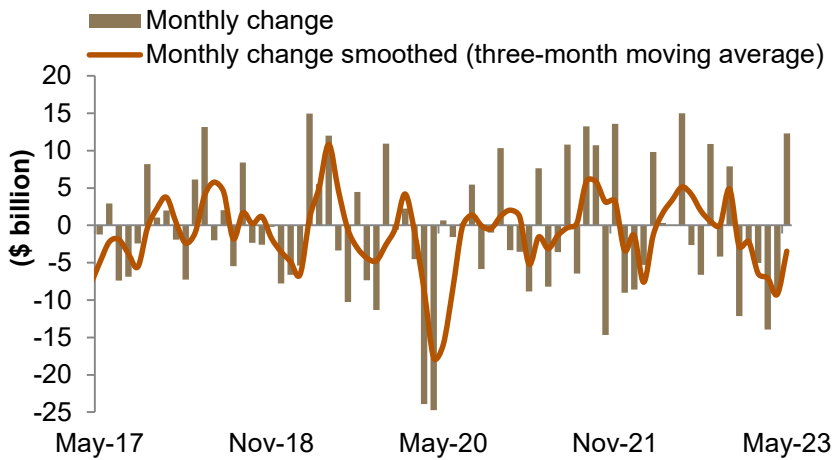
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SAMA Total Foreign Reserve Assets

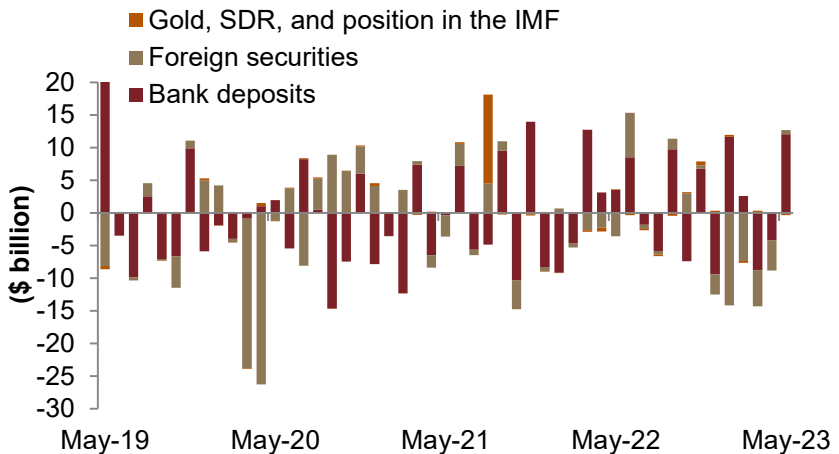


SAMA Foreign Reserve Assets
(monthly and three-month average change)



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SAMA Foreign Reserve Assets
(month-on-month change)



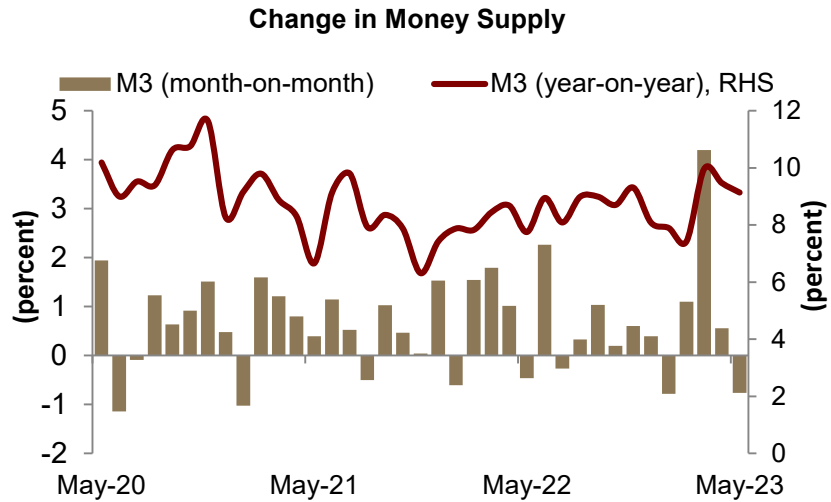
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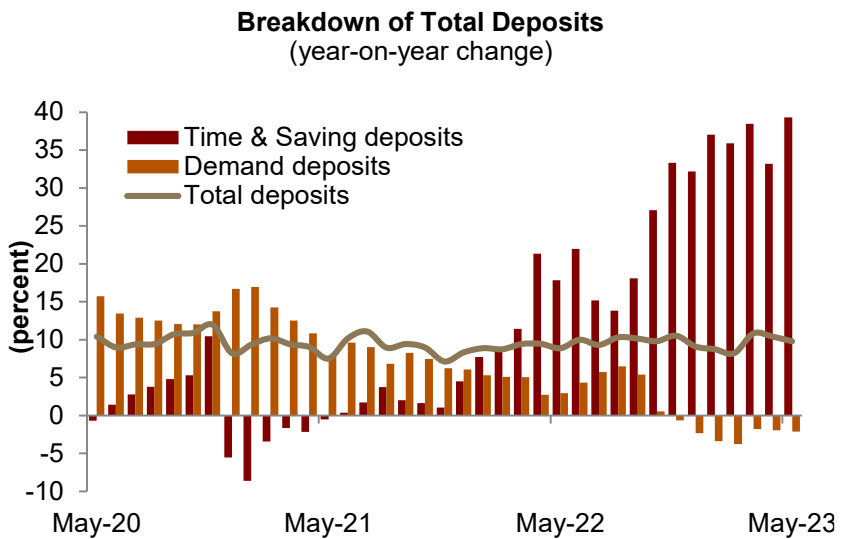
Money Supply, Bank Deposits and Credit

The broad measure of money supply (M3) rose by 9.1 percent year-on-year in May, but declined by 0.8 month-on-month. Total deposits rose by 10 percent year-on-year, despite demand deposits declining by 2 percent compared to last year. Lending to the private sector rose by 10.4 percent year-on-year, and by 1.3 percent month-on-month.

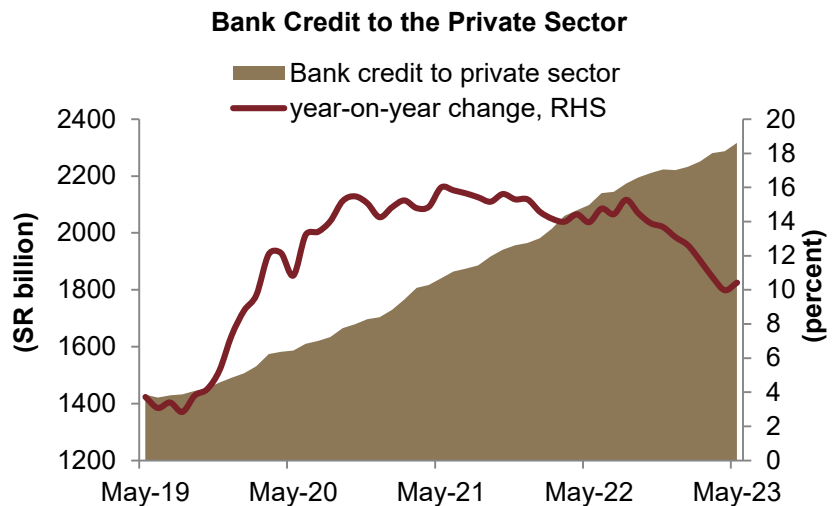
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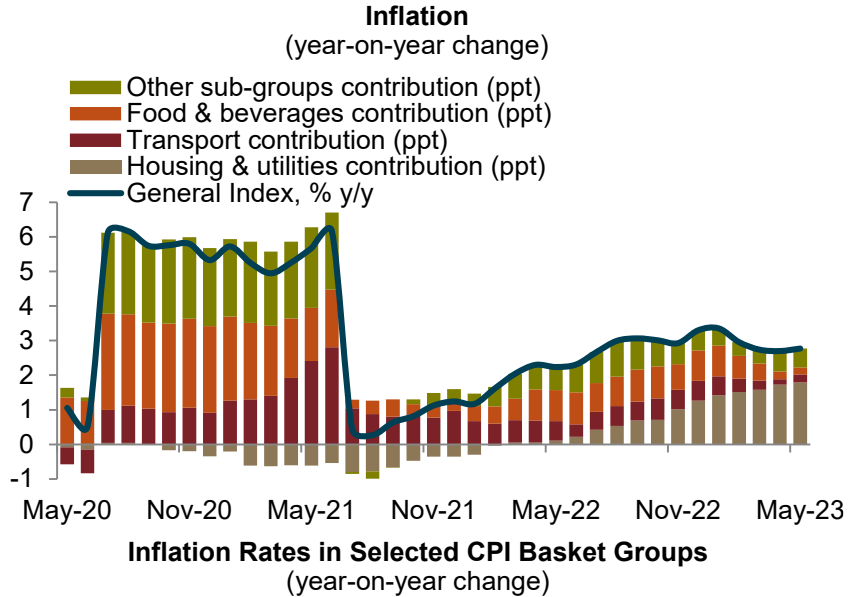




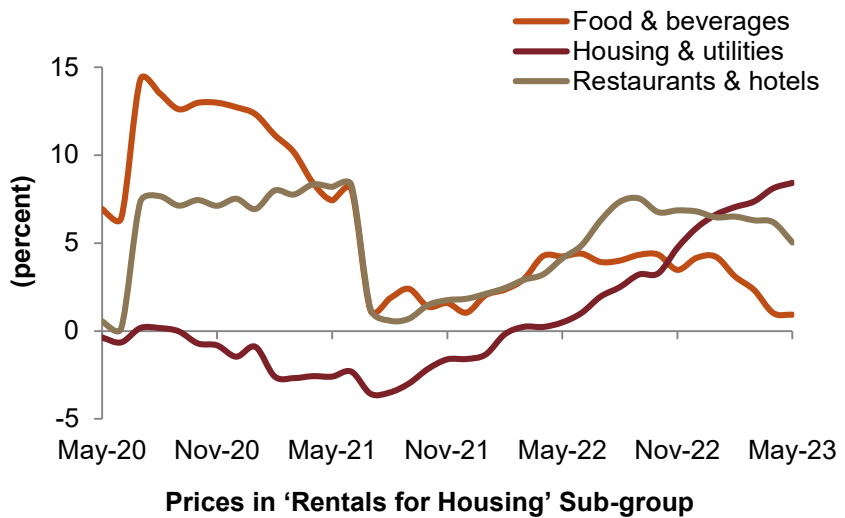
Inflation

Consumer prices rose by 2.8 percent year-on-year in May, and by 0.2 percent month-on-month. Within the CPI basket, 'food and beverages' rose marginally by 0.9 percent year-on-year, and 'restaurants and hotels' eased to 5 percent. Meanwhile, 'housing and utilities' continued to witness high annual rises, up by 8.4 percent year-on-year, mainly driven by rising 'rentals for housing'.

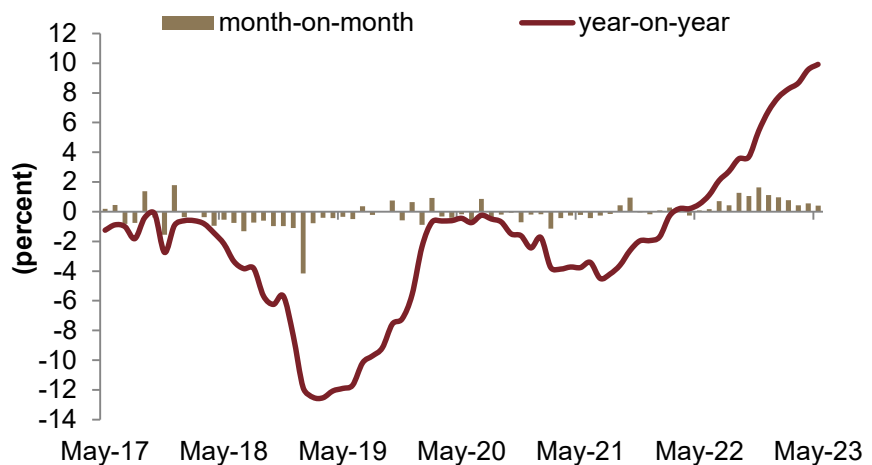
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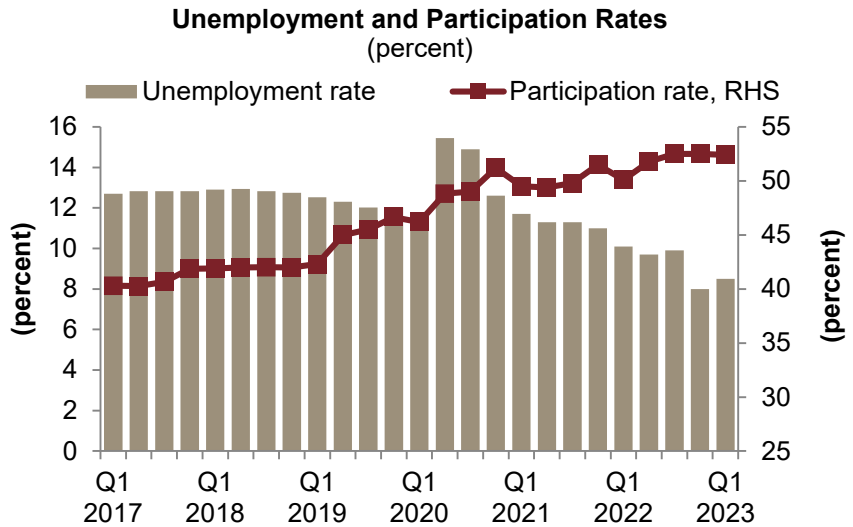




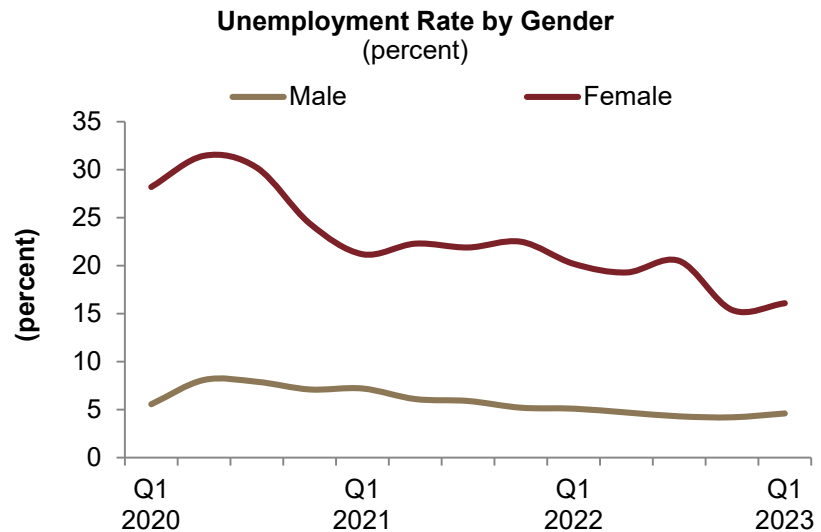
Labor Market Q1 2023

The latest labor market release from GaStat showed that the unemployment rate for citizens rose to 8.5 percent in Q1 2023, from 8 percent in Q4 2022. The unemployment rate for females increased to 16.1 percent in Q1 (versus 15.4 percent in Q4 2022), and the rate for males was also up to 4.6 percent (versus 4.2 percent in Q4). Meanwhile, the participation rate was slightly down at 52.4 percent, affected by a minor decline in male participation.

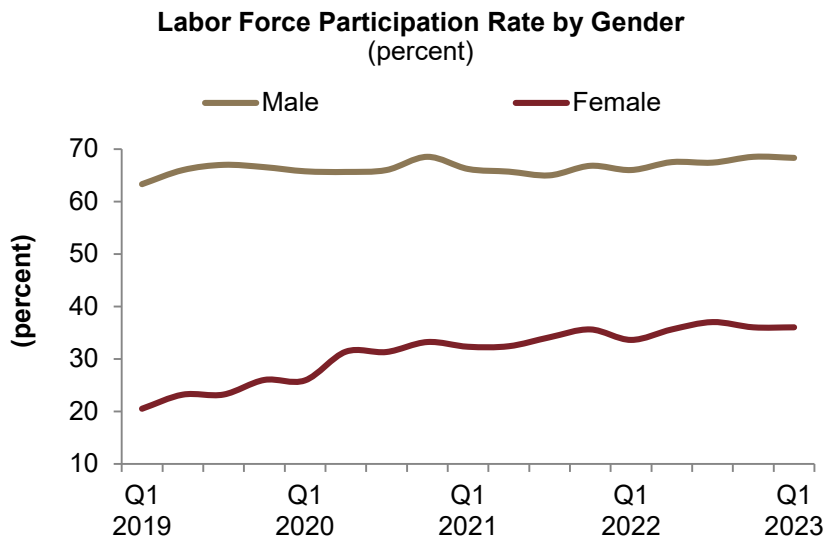
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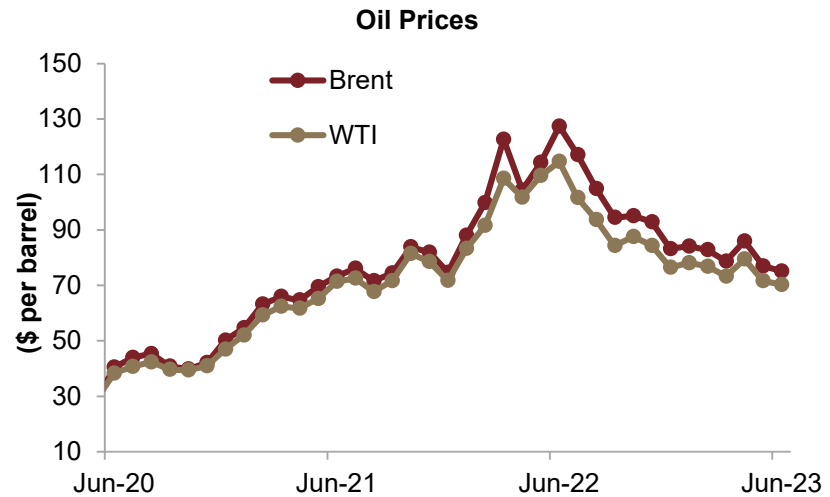




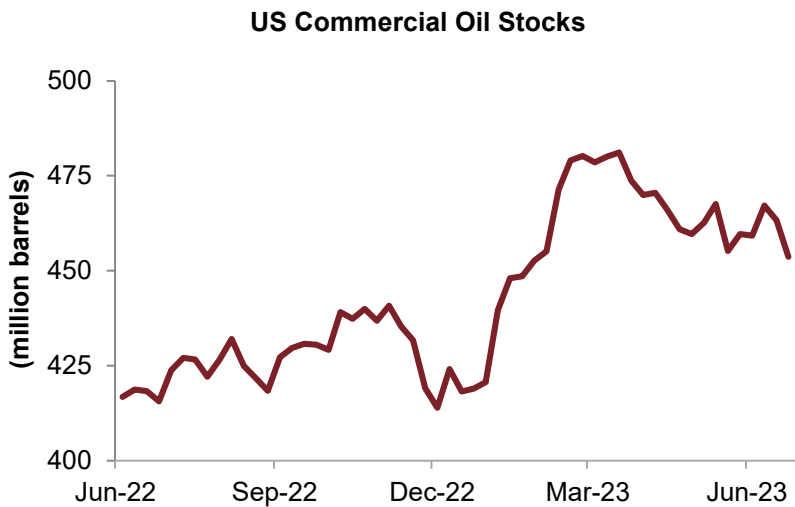
Oil

Oil was struggling for direction in early July, with signs of tightening supply offset by concerns about the demand outlook. US crude inventories shrunk by almost 10 million barrels in late June, the largest draw in more than a month, while gasoline demand also surged to the highest since 2021. In a further bullish signal, investment in the US shale sector continued to contract. However, the impact of these dynamics was offset by US Federal Reserve signals that interest rates might need to be raised twice more this year to bring inflation under control. The ECB has made similar noises.

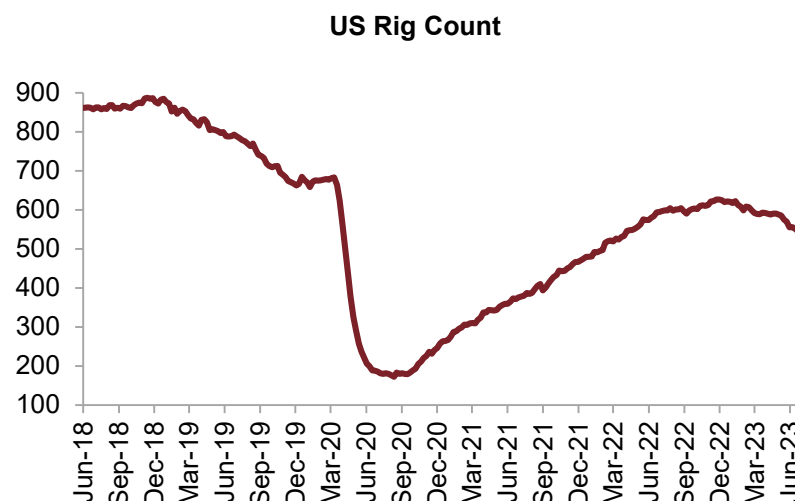
Brent has been trading in a tight range over the past couple of months. Traders are weighing signs of a gradual tightening in supply against the prospect of a sharp slowdown in the US.



US stocks have fallen, reflecting current quite buoyant demand conditions and, possibly, the first signs of slowing US supply.



Investment in the US shale sector continues to slow, as indicated by wells in operation. Price pressures, high interest rates and a general effort to return profits to shareholders are all dampening investment activity.



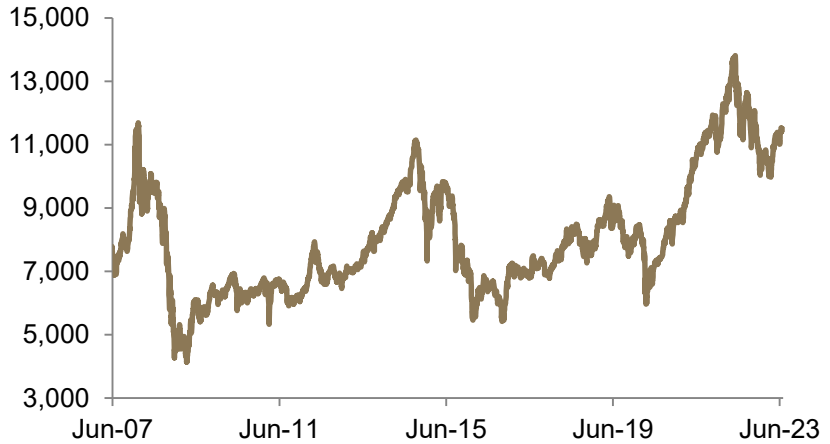


Stock Market

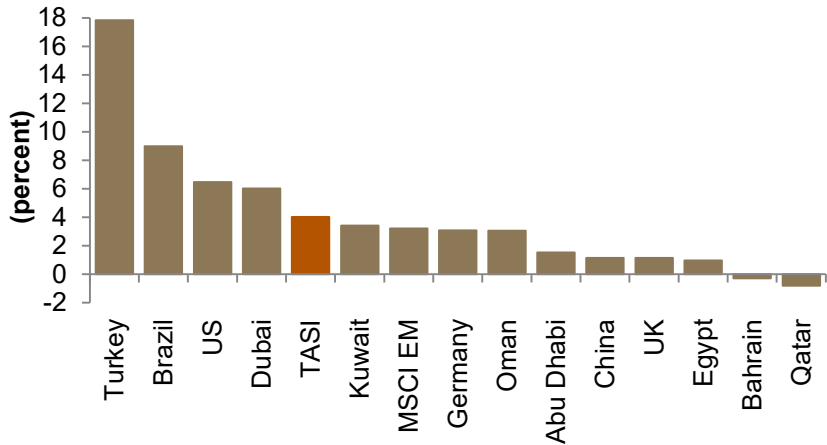
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TASI Performance

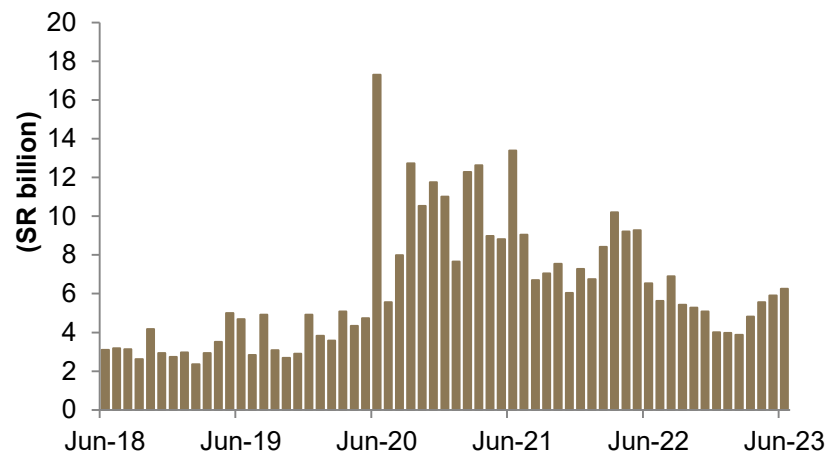


Comparative Stock Market Performance (June)



The monthly rise was in-line with most regional and main global markets.

Average Daily Traded Volumes (June)



Meanwhile, average daily traded volumes continued the upward trend since the beginning of the year.



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