



Summary

Real Economy: The non-oil PMI bounced back in February, following the lowest reading for two years in January. Both output and new orders accelerated, month-on-month, as demand remained very firm and supply bottlenecks showed some signs of easing. Meanwhile, cement sales saw their first yearly rise in six months in January.

Consumer Spending: Total consumer spending rose by almost 9 percent year-on-year in January, the highest rise in seven months, with a monthly gain of 0.6 percent. Looking at POS transactions by sector, almost all sectors gained during the month, with only 'electronics' declining.

SAMA Foreign Reserve Assets: SAMA's FX reserves rose in January by \$2.1 billion, to reach \$439 billion. The monthly increase came from both bank deposits, which were up by \$1.2 billion, and foreign securities, which rose by \$1.1 billion. The country's holdings with the IMF fell a little.

Money Supply, Bank Deposits and Credit: The broad measure of money supply (M3) rose by 10 percent year-on-year in January, with a monthly gain of 1.3 percent. Total deposits rose by 10 percent year-on-year, with demand deposits rebounding by 1.4 percent. New mortgages were down by 10 percent year-on-year, despite a 20 percent monthly gain.

Inflation: Consumer prices rose by 1.6 percent year-on-year in January, and by 0.3 percent month-on-month. Within the CPI basket, 'Food and beverages' and 'Restaurants and hotels' continued trending upwards. By contrast, 'Transport' has been in a down trend in recent months, pulled lower by falling car prices.

Real Estate Q4 2023: Real estate prices rose by 0.2 percent, year-on-year in Q4 2023, and by a marginal 0.1 percent quarter-on-quarter, giving an annual rise of just 0.7 percent, down from 1.1 percent growth in 2022.

Oil: Oil prices have been trading in a tight range over the past month. The impact of Red Sea shipping disruption has been largely indirect, with foreign buyers looking to US crude in a bid to bypass the Red Sea. Elsewhere, Chinese travel during the lunar New Year appears to have been robust. However, traders are still concerned that gains from non-OPEC Plus production—especially from US shale—will see markets soften in due course. In fact, we expect US shale oil growth to weaken this year.

Stock Market: TASI rebounded in February on a month-on-month basis, up by 7.1 percent, in line with most regional and global markets, as inflationary pressures in the US continued to ease. Average daily trading volumes maintained its upward trend.

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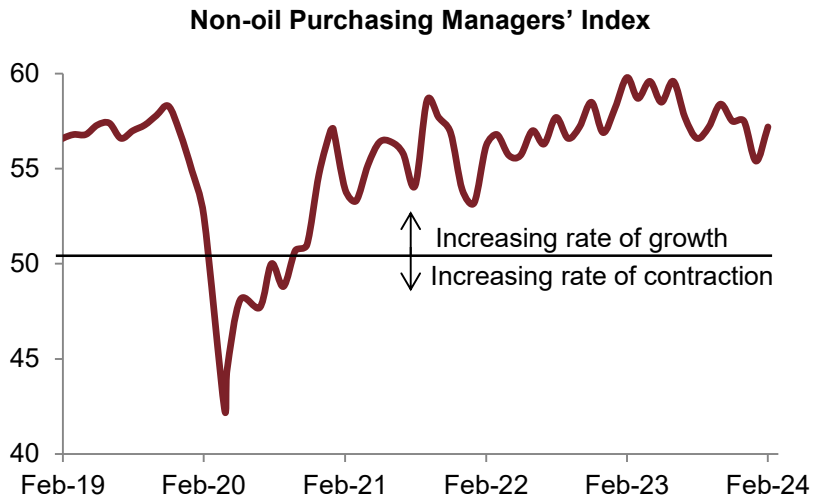
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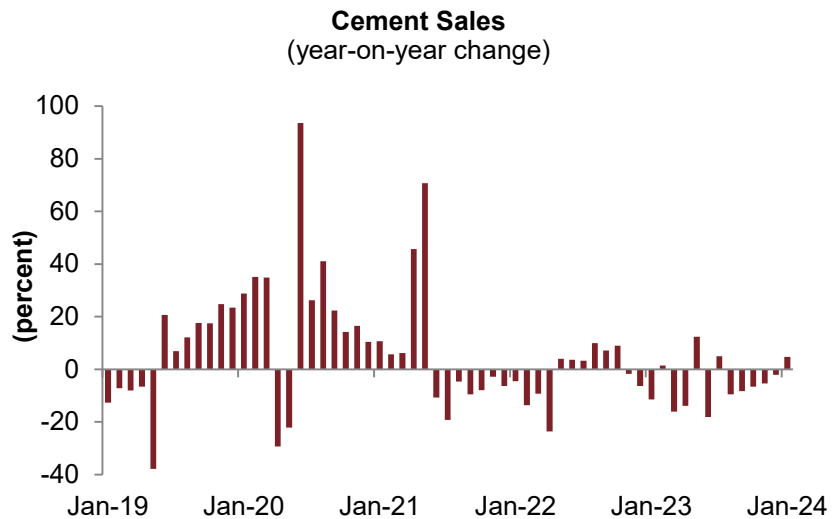
Real Economy

The non-oil PMI bounced back in February, following the lowest reading for two years in January. Both output and new orders accelerated, month-on-month, with demand extremely firm and some signs of supply bottlenecks easing. Meanwhile, cement sales saw their first yearly rise in six months, up by 4.7 percent year-on-year and by 4.2 percent month-on-month in January. Also, latest available data show non-oil exports rebounding in December, up by 12 percent year-on-year.

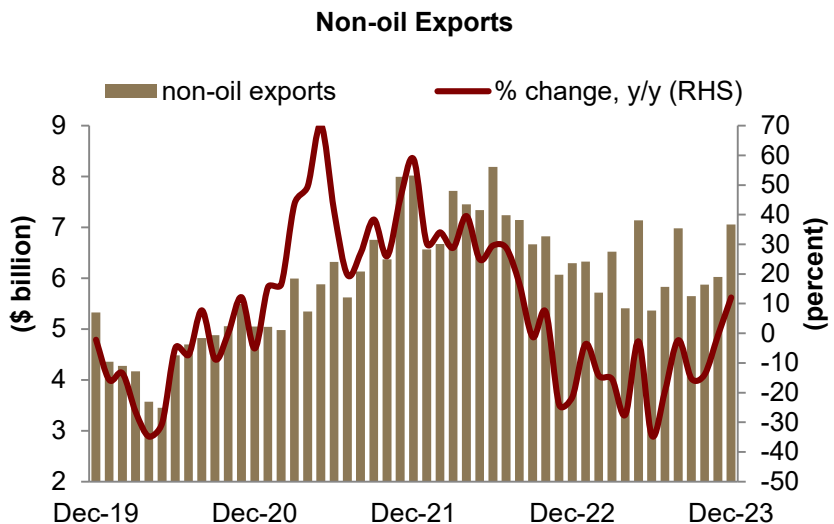
The non-oil PMI recovered to 57.2 in February. Demand remains very strong, and there are signs that supply bottlenecks and cost pressures might be softening, at least a bit.



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Also, latest available data show non-oil exports rebounding in December, up by 12 percent year-on-year, as petrochemicals exports saw their first yearly rise in 14 months, up by 5.5 percent year-on-year. More recent data from the PMI show non-oil export orders recovering somewhat in February.

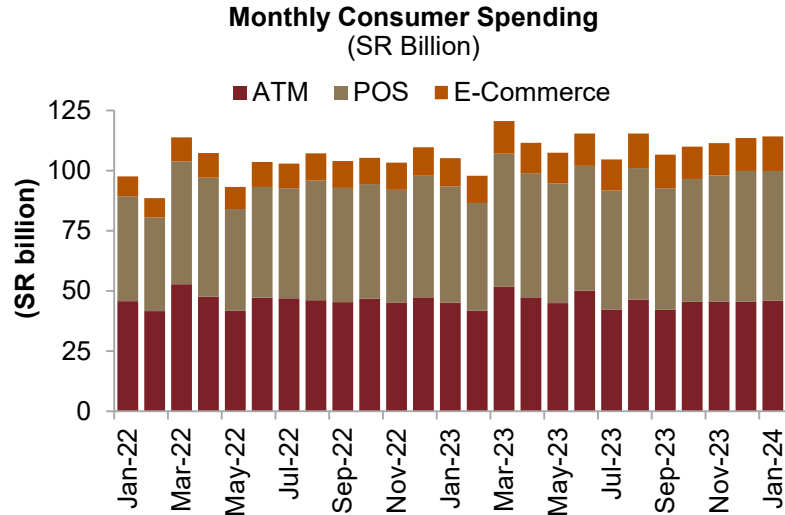




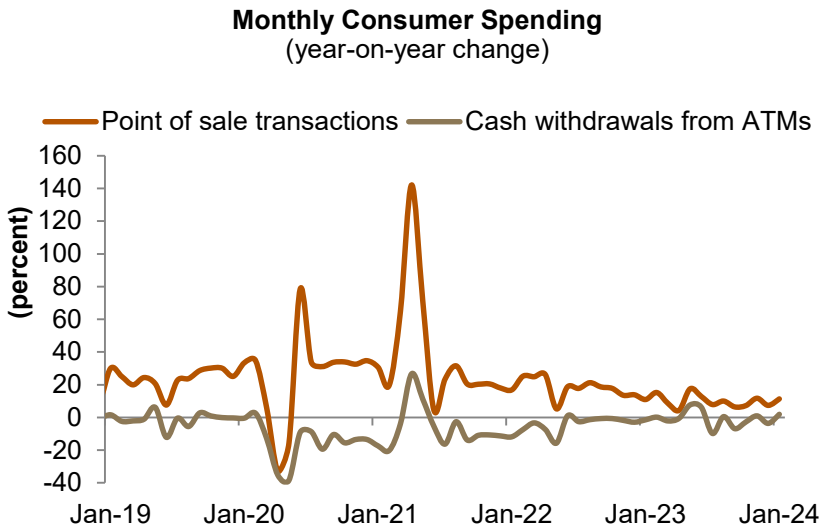
Consumer Spending

Total consumer spending rose by almost 9 percent year-on-year in January, the sharpest gain for seven months, with a monthly rise of 0.6 percent. Cash withdrawals rose by 2 percent year-on-year, and POS transactions increased by 11 percent. Looking at POS transactions by sector, almost all sectors gained during the month, with only 'electronics' declining.

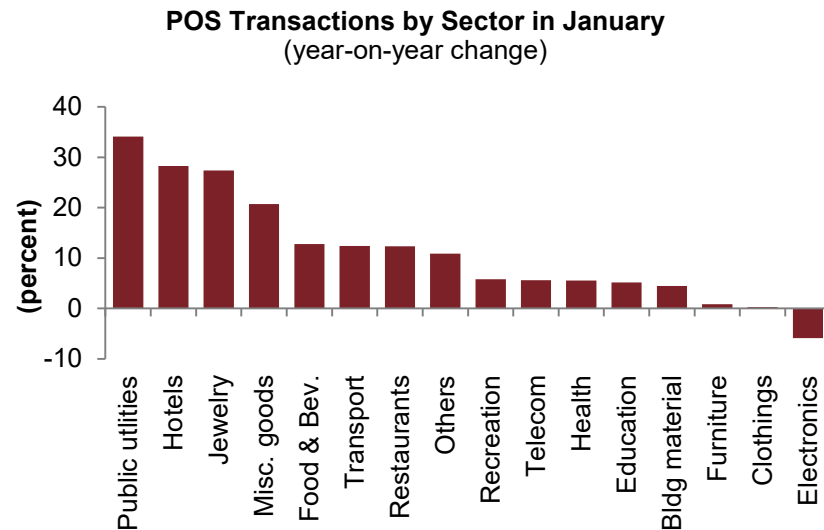
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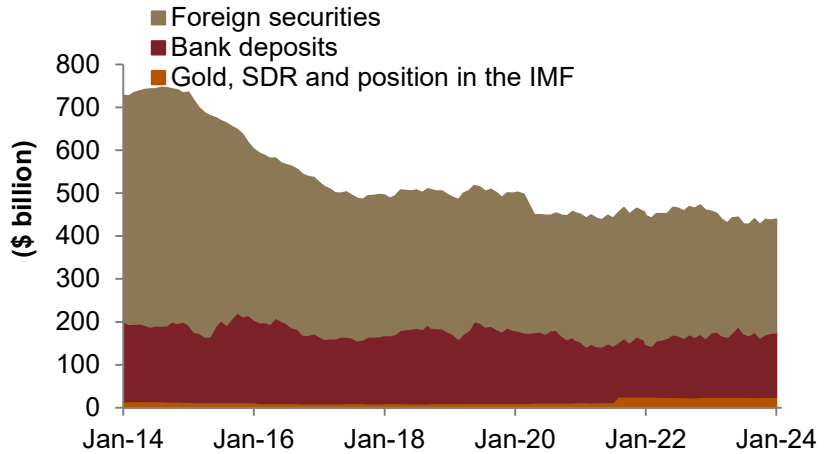


SAMA Foreign Reserve Assets

SAMA's FX reserves rose in January by \$2.1 billion, to reach \$439 billion. The monthly increase came from both bank deposits, which were up by \$1.2 billion, and foreign securities, which rose by \$1.1 billion (there was a slight downward adjustment to the country's holdings with the IMF).

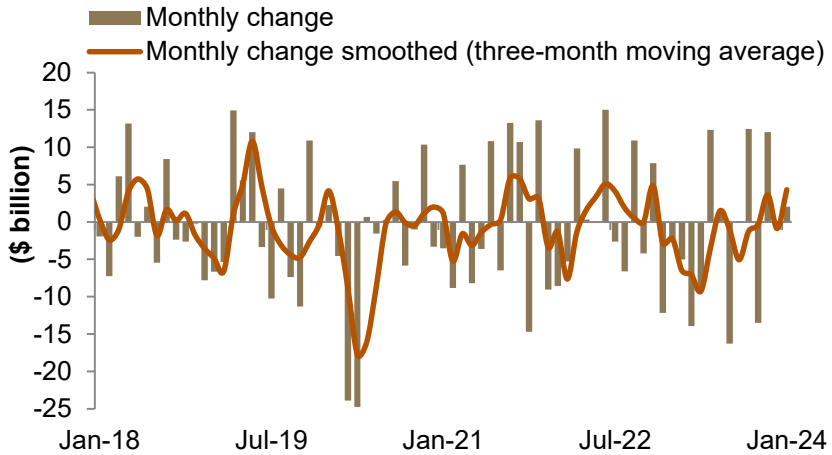
SAMA's FX reserves rose in January by \$2.1 billion...

SAMA Total Foreign Reserve Assets



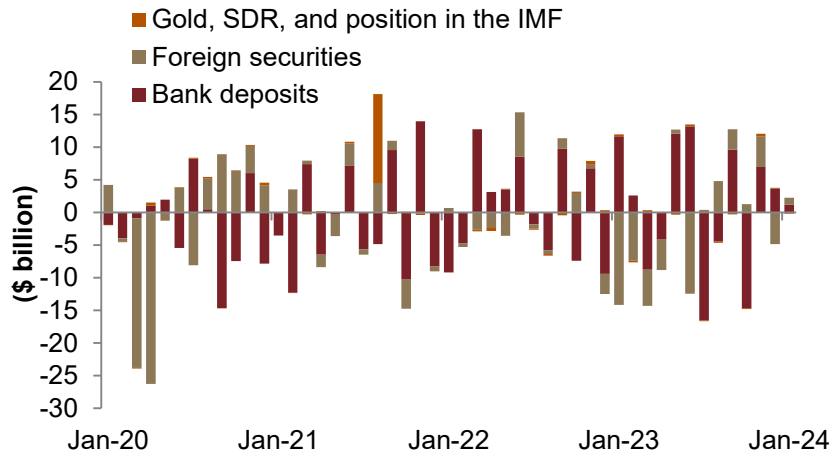
...to stand at \$439 billion.

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



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

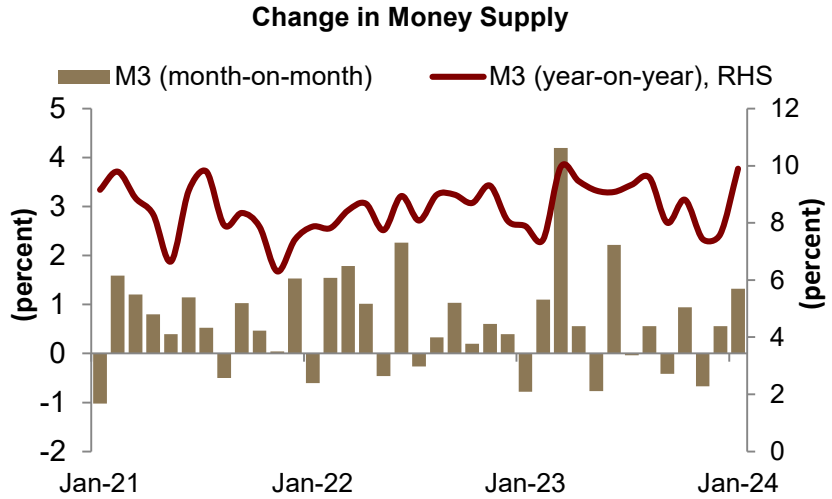




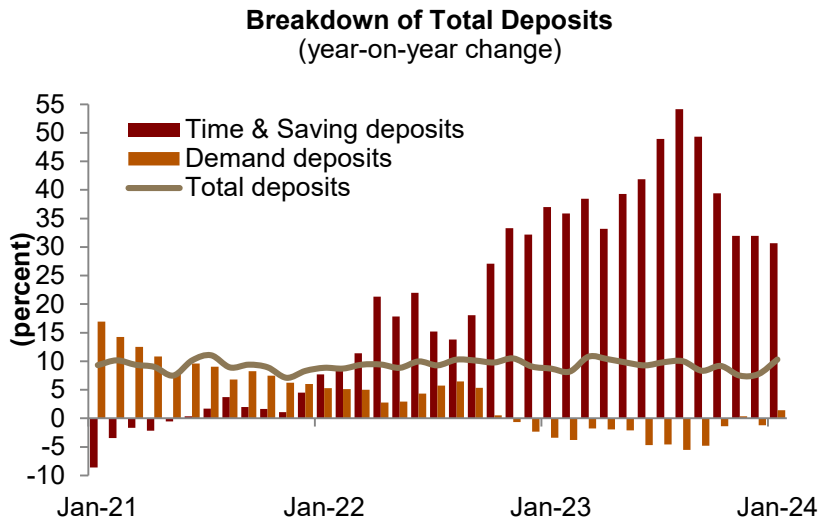
Money Supply, Bank Deposits and Credit

The broad measure of money supply (M3) rose by 10 percent year-on-year in January, with a monthly gain of 1.3 percent. Total deposits rose by 10 percent year-on-year, with demand deposits rebounding by 1.4 percent. New mortgages were down by 10 percent year-on-year, despite a 20 percent monthly gain that pushed the value of new mortgages to its highest level for 12 months.

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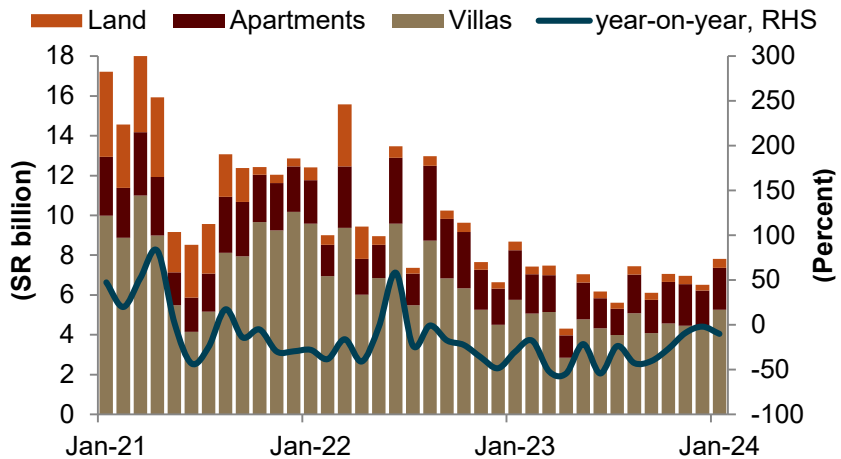


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New mortgages were down by 10 percent year-on-year, despite a monthly gain of 20 percent. This saw the value of new mortgages rise to SR7.8 billion—the highest level for 12 months.

Residential New Mortgages by Banks and Finance Companies (SR monthly total and year-on-year change)

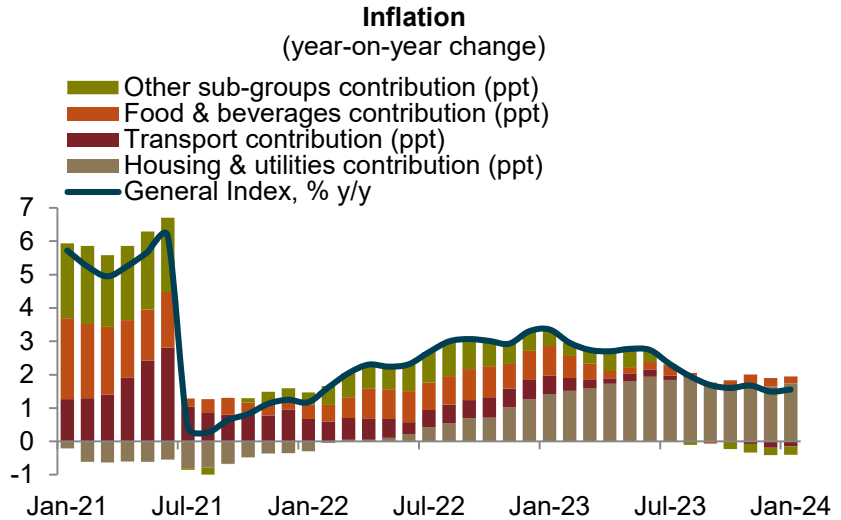




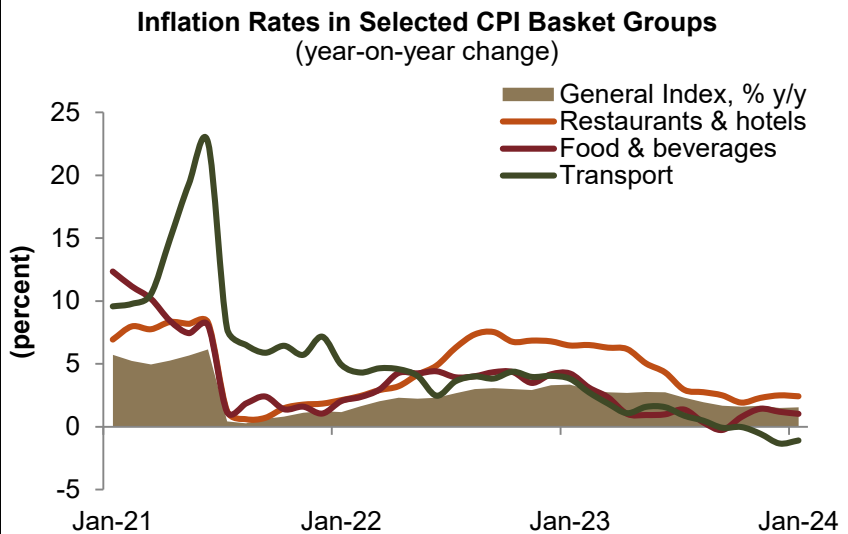
Inflation

Consumer prices rose by 1.6 percent year-on-year in January, and by 0.3 percent month-on-month. Within the CPI basket, 'Food and beverages' and 'Restaurants and hotels' continued trending upwards. By contrast, 'Transport' has been in a down trend in recent months, pulled lower by falling car prices. Meanwhile, the price of diesel jumped in January, following an upward adjustment to regulated prices.

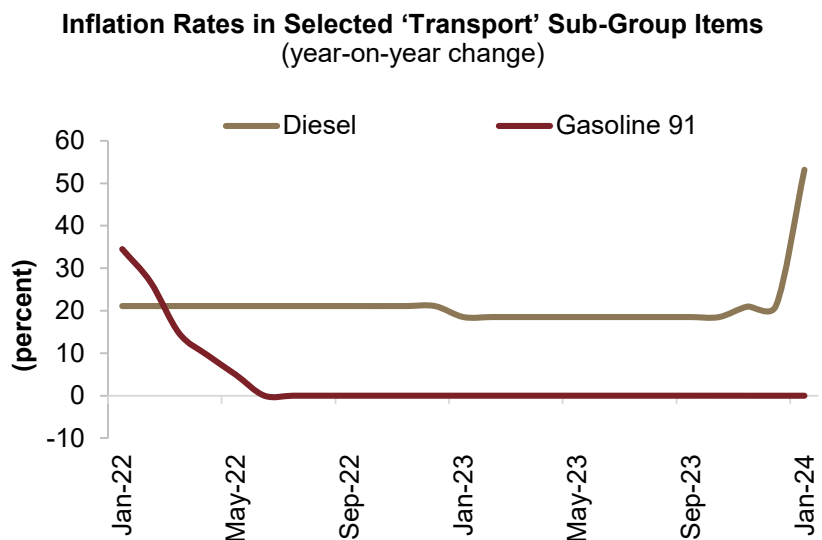
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Within the CPI basket, 'Food and beverages' and 'Restaurants and hotels' both continued trending upwards. By contrast, 'Transport' has been in a down trend in recent months, pulled lower by falling car prices



Meanwhile, the price of diesel jumped in January, following an upward adjustment to regulated prices. Diesel has only a small weighting in the consumer price index, but there may be some spillovers to other sectors of the economy, most notably Transport and Trade.

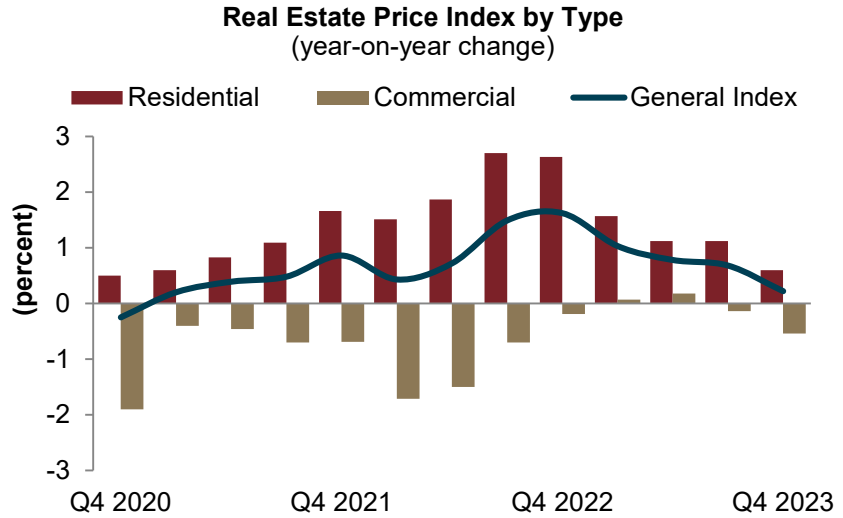




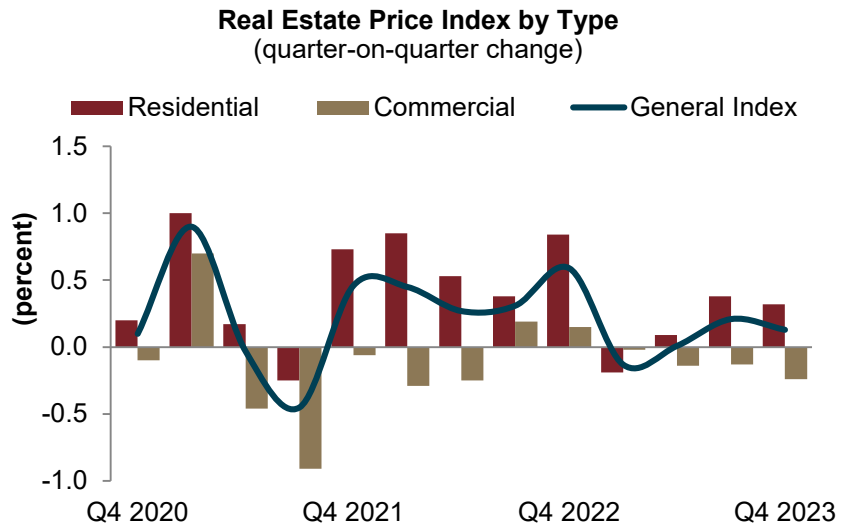
Real Estate Q4 2023

Real estate prices rose by 0.2 percent, year-on-year in Q4 2023, and by a marginal 0.1 percent quarter-on-quarter, giving an annual rise of just 0.7 percent, down from 1.1 percent growth in 2022. Residential real estate continued to rise, but by just 1.1 percent compared with 2.2 percent in 2022. The decline in commercial real estate prices softened to -0.1 percent in 2023, compared with -1 percent in 2022.

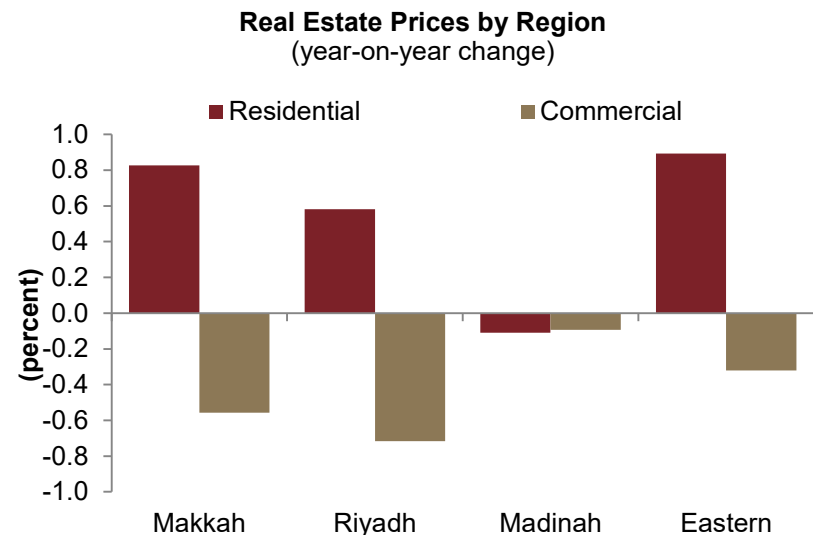
Real estate prices rose by 0.2 percent, year-on-year in Q4 2023...



...and by a marginal 0.1 percent quarter-on-quarter.



Regionally, residential real estate prices in the Eastern Region saw the highest rise.





Oil

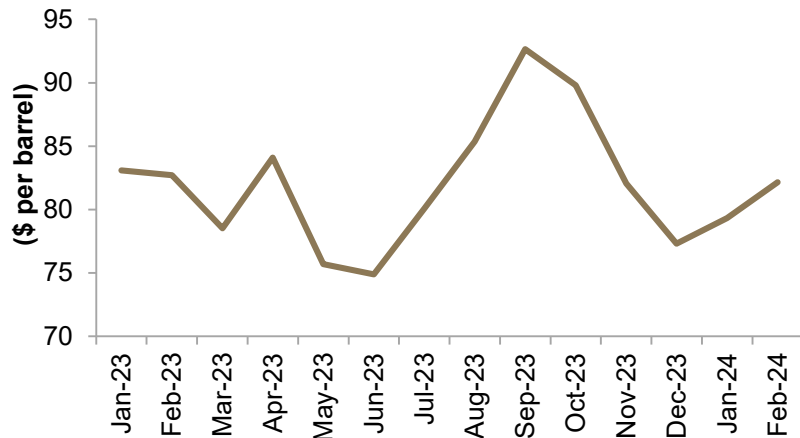
Oil prices have been trading in a tight range over the past month. The impact of Red Sea shipping disruption has been largely indirect, with foreign buyers looking to US crude in a bid to bypass the Red Sea. Elsewhere, Chinese travel during the lunar New Year appears to have been robust. However, traders are still concerned that gains from non-OPEC Plus production—especially from US shale—will see markets soften in due course. In early March, OPEC Plus decided to extend its production cuts until end Q2, as was widely expected.

Dislocations from the Red Sea disruption are being felt largely in European and US markets. European refiners are eager for US crude, while US refiners are ramping up activity again following a very cold January.

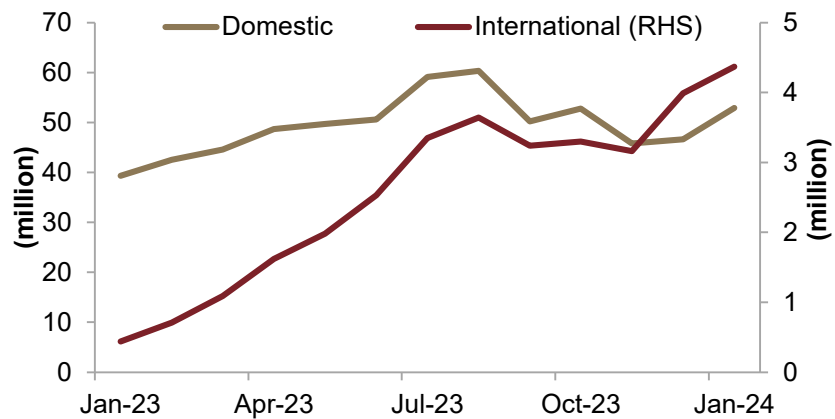
East Asian demand is also reasonably robust. In China, there was a surge in air travel during the lunar New Year, particularly for overseas trips.

OPEC Plus production discipline has been better than expected, though traders are more focused on non-OPEC supply, principally from the US. We see US output continuing to grow but at a slowing rate as the impact of consolidation is felt and good acreage in the Permian basin becomes increasingly scarce.

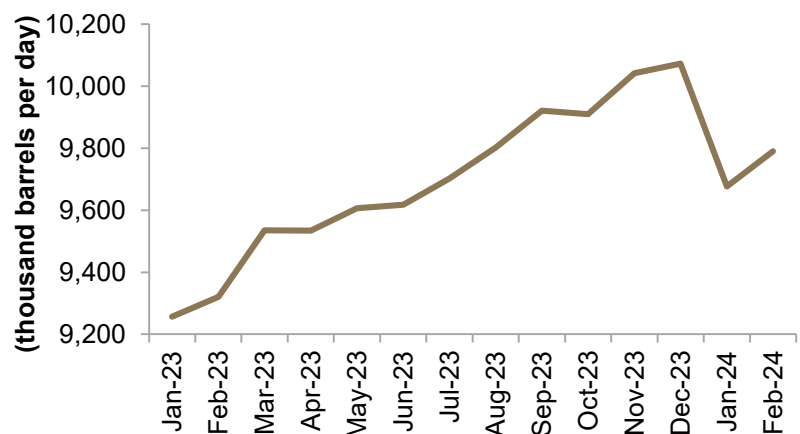
Brent Oil Price
(monthly averages)



China Air Travel



US Shale Output



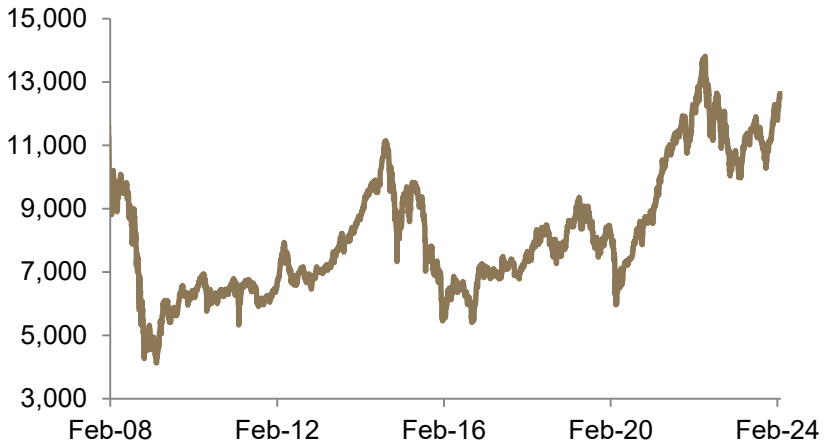


Stock Market

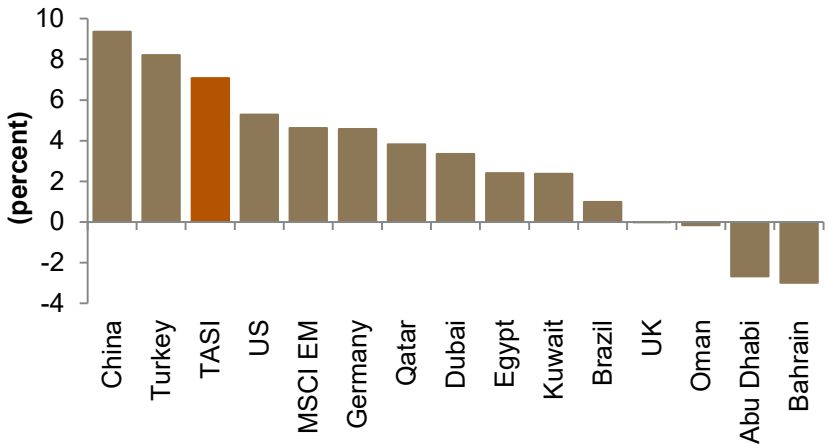
TASI rebounded in February on a month-on-month basis, up by 7.1 percent, in line with most regional and global markets, as inflationary pressures in the US continued to ease. Average daily trading volumes maintained its upward trend.

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TASI Performance

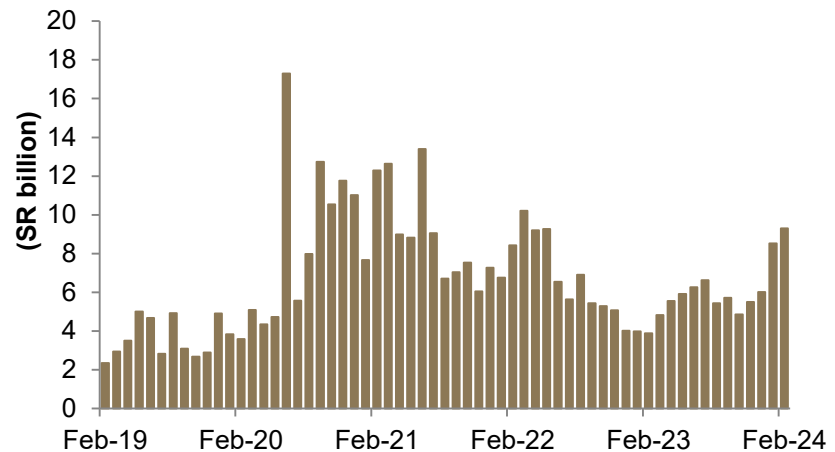


Comparative Stock Market Performance (February)



...in line with most regional and global markets, as US inflation continued to soften.

Average Daily Traded Volumes (February)



Average daily traded volumes maintained its upward trend in February.



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Key Data

	2017	2018	2019	2020	2021	2022	2023E	2024F	2025F
Nominal GDP									
(SR billion)	2,681	3,175	3,145	2,754	3,257	4,156	3,831	3,891	4,179
(\$ billion)	715	847	839	734	869	1,108	1,022	1,038	1,114
(% change)	7.4	18.4	-0.9	-12.4	18.3	27.6	-7.8	1.5	7.4
Real GDP (% change)									
Oil	-3.1	2.3	-3.3	-6.7	0.2	15.4	-9.2	-1.8	7.9
Non-oil activities	3.0	-2.4	4.1	-3.7	8.1	5.5	4.6	5.1	5.2
Government activities	0.3	3.9	1.7	-0.6	1.1	4.6	2.1	2.3	2.5
Total	-0.1	2.8	0.8	-4.3	4.3	8.7	-0.9	2.3	5.8
Oil indicators (average)									
Brent (\$/b)	54	71	66	42	71	104	84	81	86
Production (million b/d)	10.0	10.3	9.8	9.2	9.1	10.6	9.6	9.4	10.2
Budgetary indicators (SR billion)									
Government revenue	692	906	926	782	965	1,268	1212	1266	1391
Government expenditure	930	1,079	1,059	1,076	1,039	1,164	1293	1361	1435
Budget balance	-238	-173	-133	-294	-74	104	-81	-95	-44
(% GDP)	-8.9	-5.5	-4.2	-10.7	-2.3	2.5	-2.1	-2.4	-1.0
Gross public debt	443	560	678	854	938	990	1050	1115	1178
(% GDP)	16.5	17.6	21.6	31.0	28.8	23.8	27.4	28.7	28.2
Monetary indicators									
Inflation (% change, average)	-0.8	2.5	-2.1	3.4	3.1	2.5	2.3	2.0	2.1
SAMA Reverse Repo (% , year end)	1.5	2.5	1.75	0.50	0.50	4.50	5.50	4.50	3.50
External trade indicators (\$ billion)									
Oil export revenues	170	232	200	119	202	327	242	226	264
Total export revenues	222	294	262	174	276	411	306	290	331
Imports	135	137	153	138	153	190	216	239	252
Trade balance	87	157	108	36	123	221	90	51	79
Current account balance	10	72	38	-23	44	151	29	21	56
(% GDP)	1.5	8.5	4.6	-3.1	5.1	13.6	2.8	2.0	5.0
Official reserve assets	496	497	500	454	455	460	437	428	447
Social and demographic indicators									
Population (million)	31.0	30.2	30.1	31.6	30.8	32.2	32.9	33.7	34.4
Saudi Unemployment (15+, %)	12.8	12.7	12.0	12.6	11.0	8.0	7.8	7.6	7.5
GDP per capita (\$)	23,081	28,036	27,893	23,271	28,215	34,441	31,050	30,832	32,385

Sources: Jadwa Investment forecasts for 2024 and 2025. General Authority for Statistics for GDP, external trade indicators and demographic indicators, Saudi Central Bank for monetary indicators, Ministry of Finance for budgetary indicators.