



Summary

Real Economy: The non-oil PMI accelerated in November to reach 59, up from 56.9 last month, with higher growth in employment, sales, purchasing activity, and business expansion at its fastest pace since July 2023. Domestic cement sales rose in October by 11 percent year-on-year and 12 percent month-on-month. Non-oil exports grew by almost 23 percent year-on-year in September, staging a recovery from weak performance in the year-earlier period.

Consumer Spending: Total consumer spending rose in October by 10.5 percent year-on-year, with a monthly gain of 5 percent. Looking at POS transactions by sector, most sectors saw robust increases during the month.

SAMA Foreign Reserve Assets: SAMA's FX reserves declined in October by \$21 billion, to stand at \$435.4 billion. This is in line with the level of reserves at the end of 2023.

Money Supply, Bank Deposits and Credit: The broad measure of money supply (M3) rose in October by 9.2 percent year-on-year, despite a marginal decline by 0.3 percent month-on-month. Meanwhile, new residential mortgages rose by 19 percent year-on-year, and by 20 percent month-on-month.

Inflation: Consumer prices rose by 1.9 percent year-on-year in October, and by 0.3 percent month-on-month. Within the CPI basket, 'Food and beverages' prices rose by less than 0.1 percent year-on-year, and 'Housing and utilities' continued trending upwards, up by 9.6 percent year-on-year.

Fiscal Budget 2025: The 2025 budget is largely unchanged from the Preliminary Budget Statement which we discussed in a previous [report](#). The budget incorporates a 4 percent decline in total revenue in 2025 and a 4.5 percent decline in spending, led by lower spend on goods and services and capex. This would lead to a budget deficit of SR101 billion (2.3 percent of GDP).

Oil-Global: Brent crude averaged \$73 per barrel in November, down from \$75 per barrel in October, as geopolitical risks quietened and oversupply concerns dominated. For the same reason, prices were less volatile during the month. Furthermore, the US dollar performed strongly which can be a headwind for oil prices.

Oil-Saudi Arabia: Saudi oil production averaged 9 mbpd in October in line with the OPEC+ agreement. Exports of crude oil and refined products increased to 7.3 mbpd in September from 7 mbpd in July-August because of lower direct crude burn after the summer peak.

Stock Market: TASI declined 3.2 percent during November and is down 9 percent from the 2024 peak in March of 12,800. Macro factors at play include lower oil prices and the market outlook for more inflationary policies in the US and therefore less monetary easing in the wake of Donald Trump's election victory.

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Real Economy

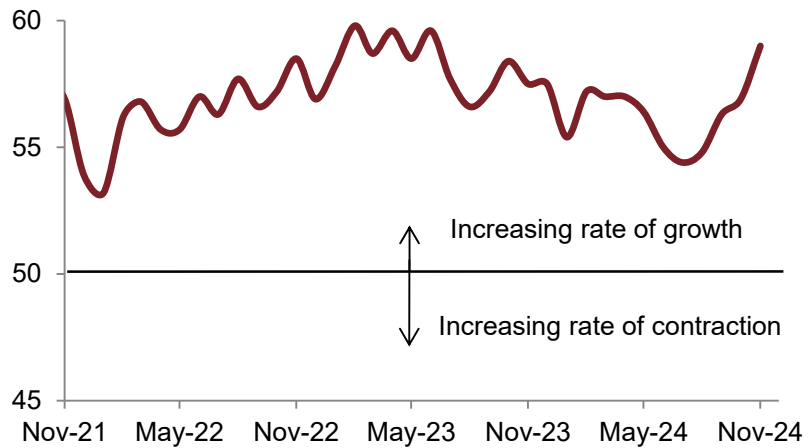
The non-oil PMI accelerated in November to reach 59, up from 56.9 last month, with higher growth in employment, sales, purchasing activity, and business expansion at its fastest pace since July 2023. Moreover, domestic cement sales rose in October by 11 percent year-on-year and 12 percent month-on-month. Latest available data show non-oil exports rising by almost 23 percent year-on-year in September, with exports from plastics and rubber up by almost 20 percent.

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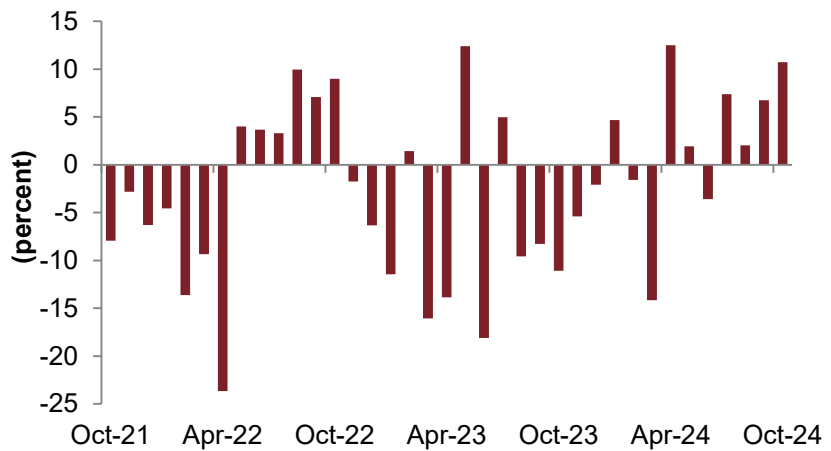
Moreover, domestic cement sales rose in October by 11 percent year-on-year and 12 percent month-on-month.

Latest available data show non-oil exports rising by almost 23 percent year-on-year in September, with exports from plastics and rubber up by almost 20 percent, and exports from petrochemicals rising by 4.4 percent, year-on-year.

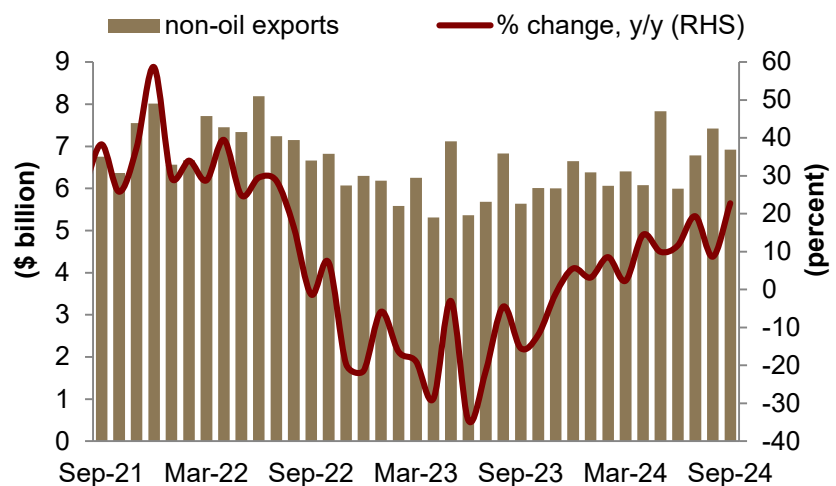
Non-oil Purchasing Managers' Index



Domestic Cement Sales (year-on-year change)



Non-oil Exports

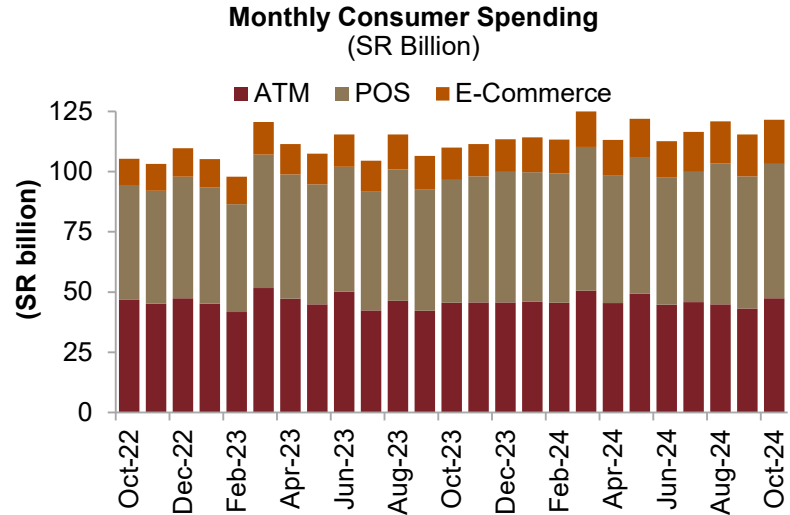




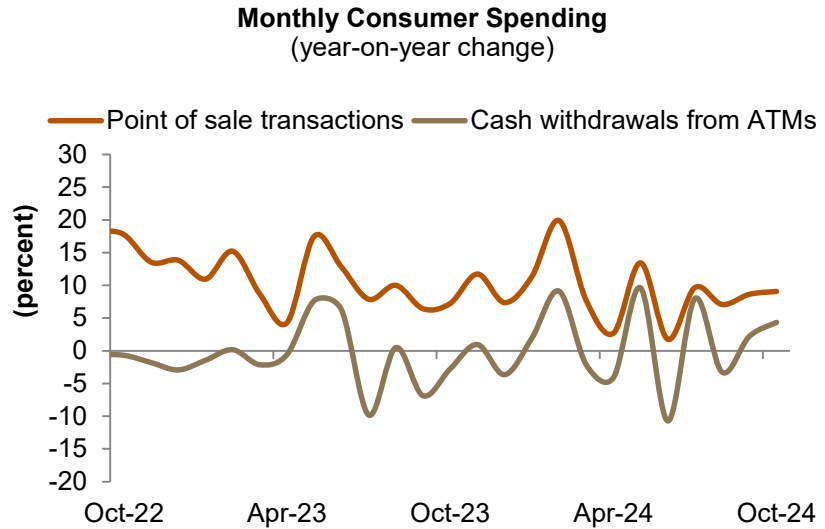
Consumer Spending

Total consumer spending rose in October by 10.5 percent year-on-year, with a monthly gain of 5 percent. The yearly gain was supported by increases in both POS transactions and cash withdrawals, which rose by 9 percent and 4 percent year-on-year, respectively. Looking at POS transactions by sector, most sectors saw robust increases during the month.

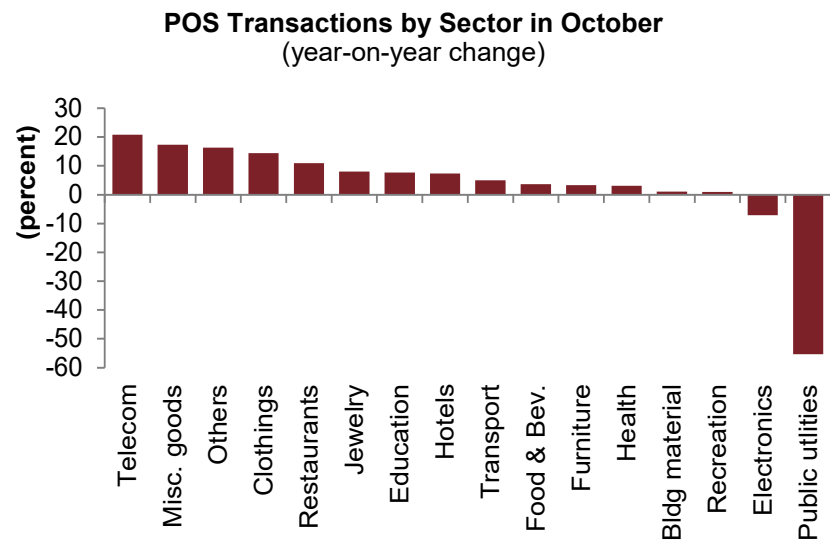
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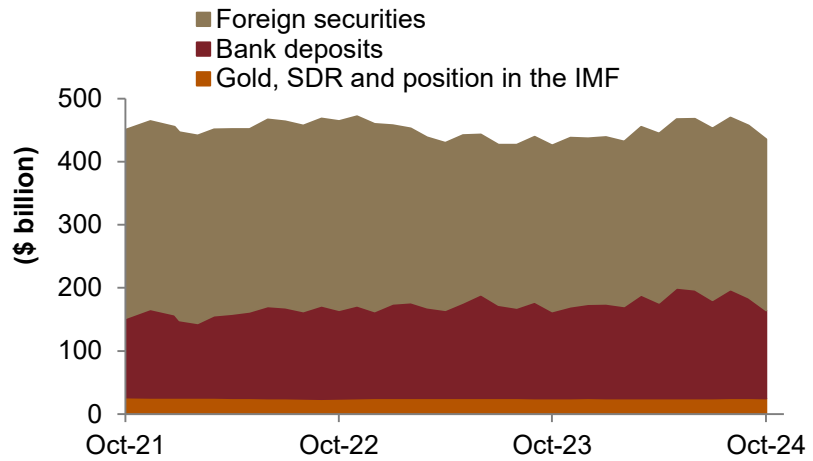


SAMA Foreign Reserve Assets

SAMA's FX reserves declined in October by \$21 billion, to stand at \$435.4 billion. The monthly decrease primarily resulted from a drop in bank deposits, which declined by \$19.8 billion, while foreign securities saw a marginal decrease of \$1.3 billion.

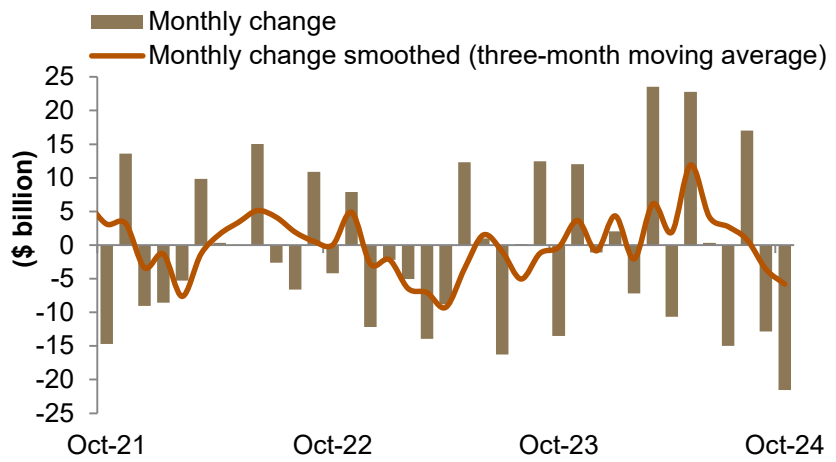
SAMA's FX reserves declined in October by \$21 billion...

SAMA Total Foreign Reserve Assets



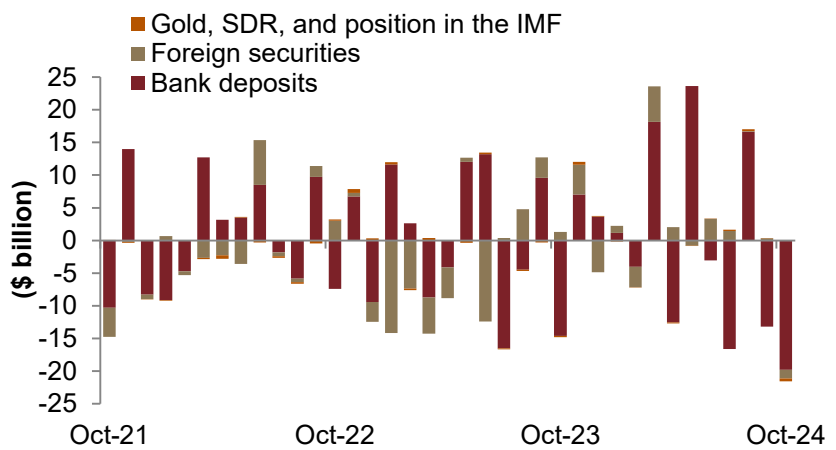
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SAMA Foreign Reserve Assets
(monthly and three-month average change)



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



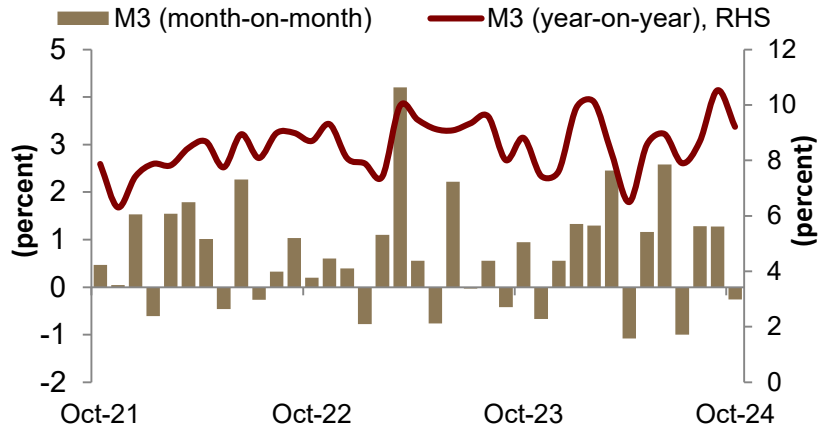


Money Supply, Bank Deposits and Credit

The broad measure of money supply (M3) rose in October by 9.2 percent year-on-year, despite a marginal decline by 0.3 percent month-on-month. Total deposits increased by 9.2 percent year-on-year, with demand deposits gaining further, up by 8.6 percent. Meanwhile, new residential mortgages rose by 19 percent year-on-year, and by 20 percent month-on-month.

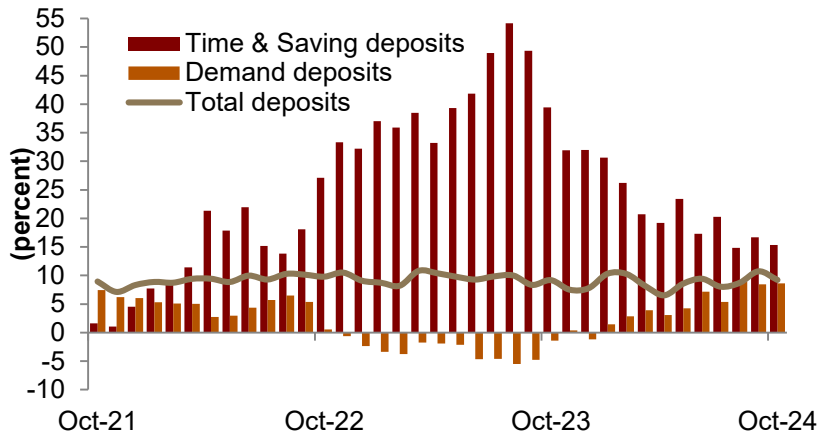
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Change in Money Supply



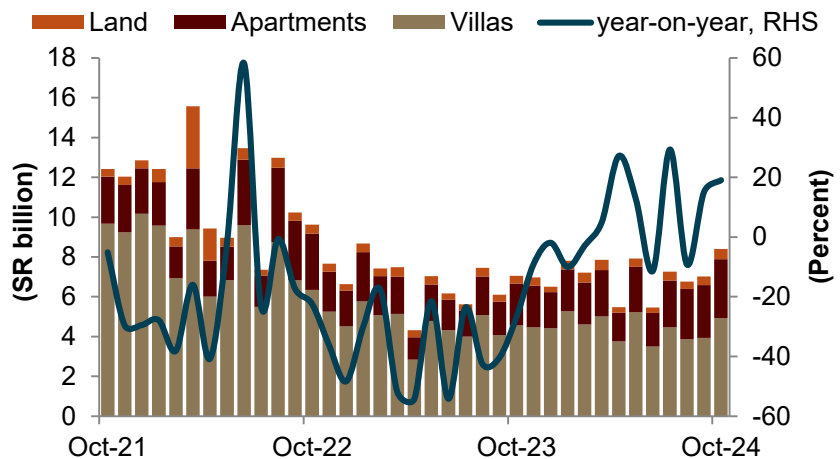
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Breakdown of Total Deposits
(year-on-year change)



Meanwhile, new residential mortgages rose by 19 percent year-on-year, and by 20 percent month-on-month.

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

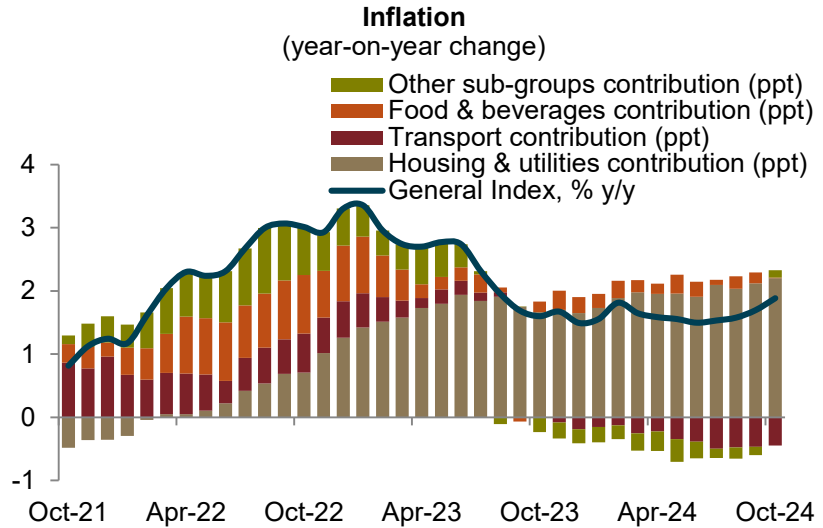




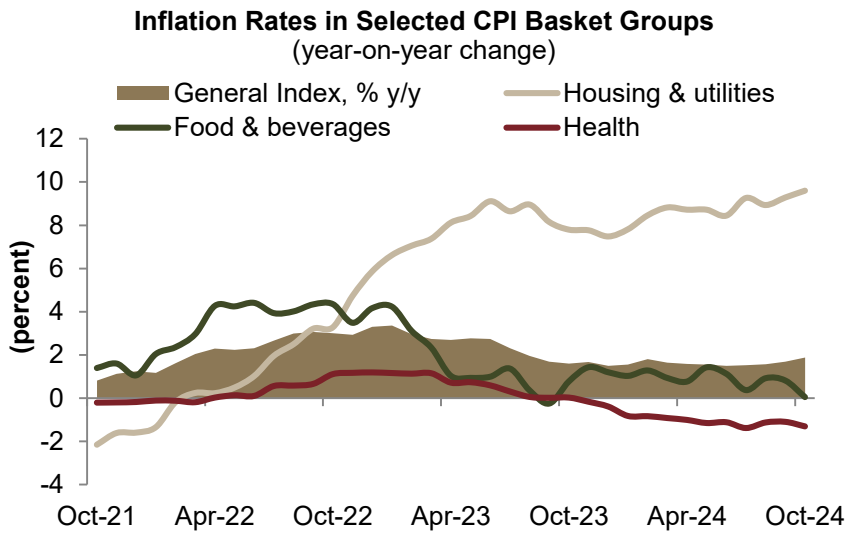
Inflation

Consumer prices rose by 1.9 percent year-on-year in October, and by 0.3 percent month-on-month. Within the CPI basket, 'Food and beverages' prices rose by less than 0.1 percent year-on-year, and 'Housing and utilities' continued trending upwards, up by 9.6 percent year-on-year. Meanwhile, price in 'health' sub-group items saw a declining trend in recent months.

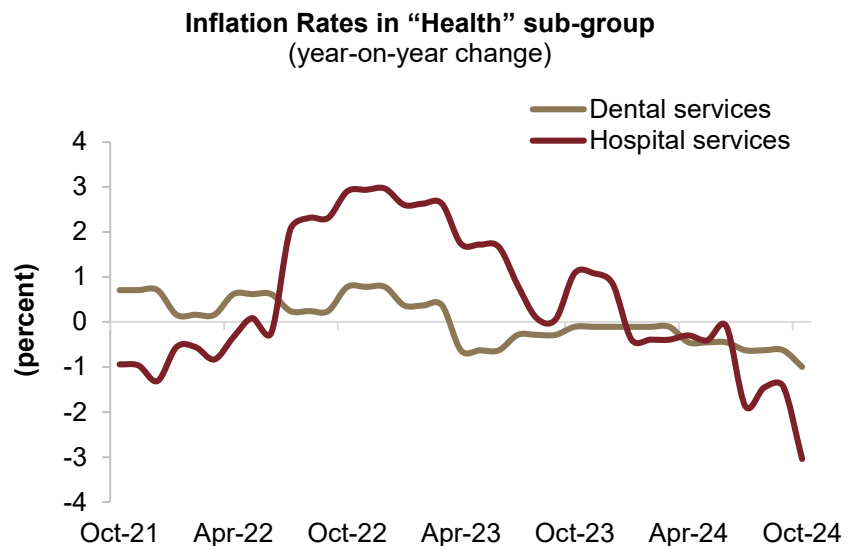
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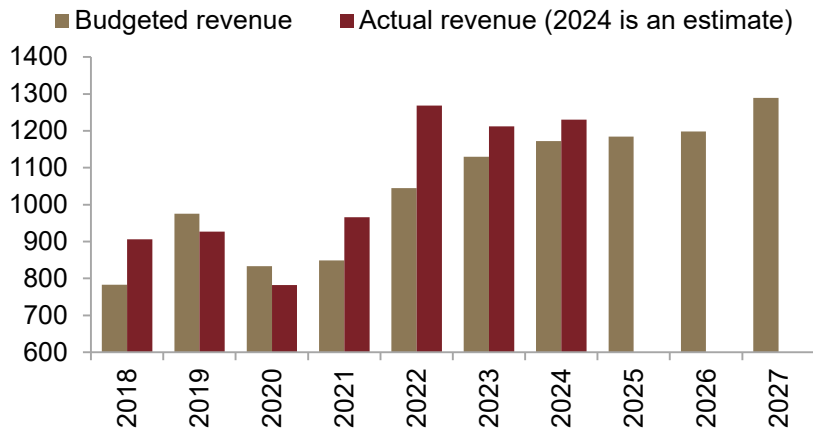


Fiscal Budget 2025

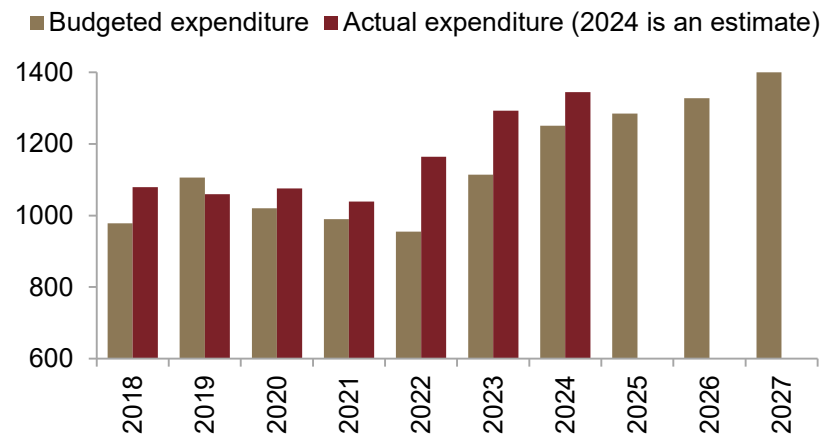
The 2025 budget is largely unchanged from the Preliminary Budget Statement which we discussed in a previous [report](#). The budget incorporates a 4 percent decline in total revenue in 2025 and a 4.5 percent decline in spending, lead by lower spend on goods and services and capex. This would lead to a budget deficit of SR101 billion (2.3 percent of GDP).

The budget incorporates a 4 percent decline in total revenue in 2025, likely driven by assumptions for lower oil revenue.

Government Revenue
(SR billion)

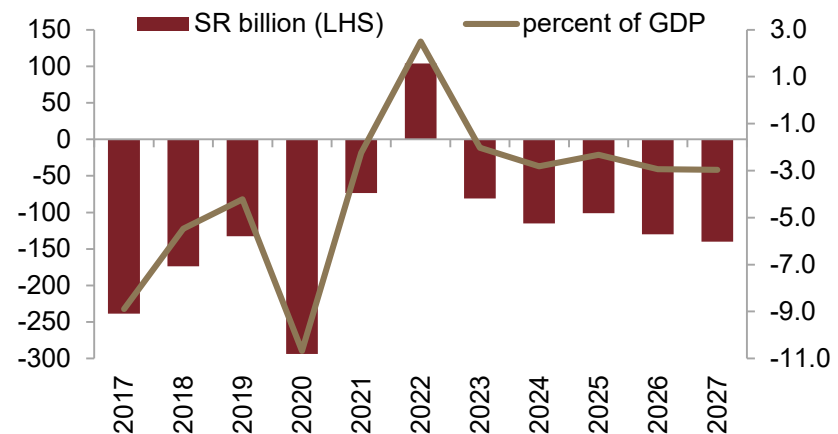


Government Expenditure
(SR billion)



The budget plans for a 4.5 percent decline in total spending, equivalent to SR60 billion. Half of this comes from lower goods and services spending.

Fiscal balance



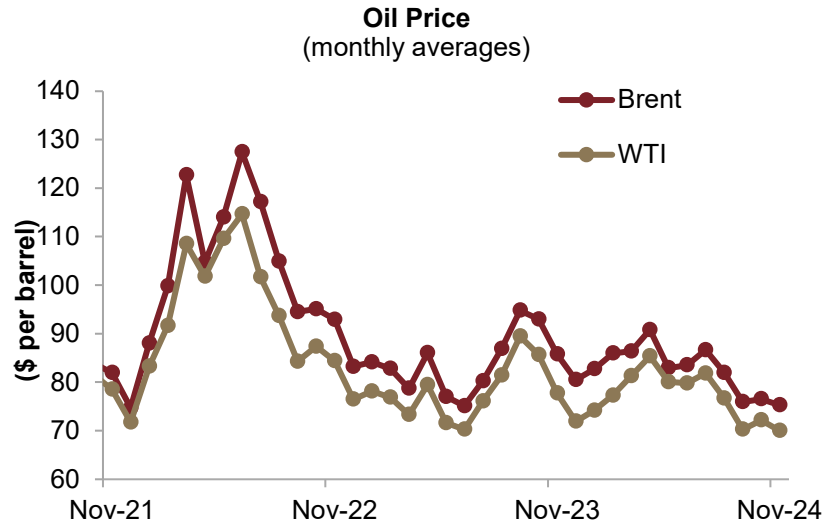
This would lead to a budget deficit of SR101 billion (2.3 percent of GDP), smaller than the 2024 deficit which the government estimates at SR115 billion (2.8 percent of GDP).



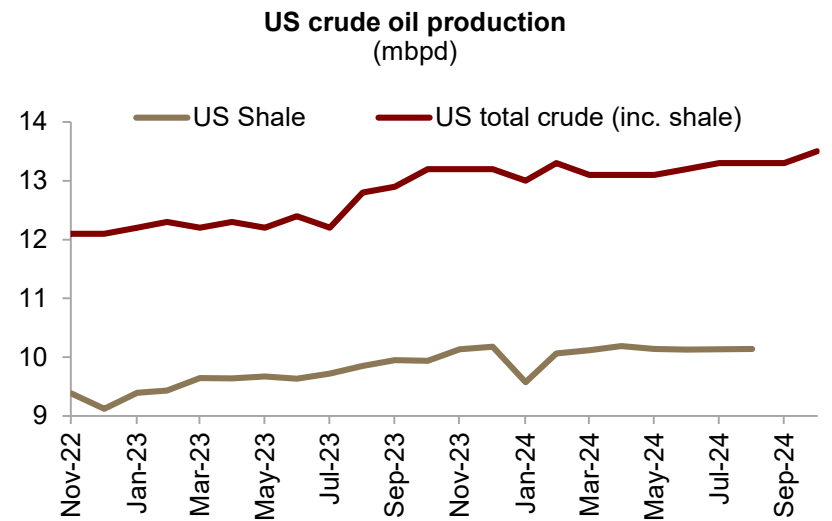
Oil - Global

Brent crude averaged \$73 per barrel in November, down from \$75 per barrel in October, as geopolitical risks quietened and oversupply concerns dominated. For the same reason, prices were less volatile during the month. Furthermore, the US dollar performed strongly which can be a headwind for oil prices.

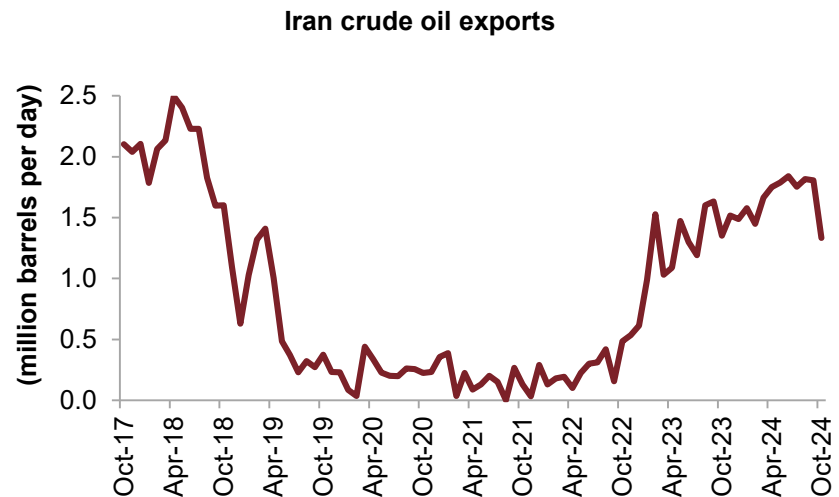
Brent crude averaged \$73 per barrel in November, down from \$75 per barrel in October, as geopolitical risks quietened and oversupply concerns dominated.



In October total US crude production reached a record high of 13.5 million bpd. Within that total shale production is largely flat.



Iran's oil exports reached around 1.8 million bpd (until a dip last month). The market is waiting to see if the next Trump presidency attempts to tighten sanctions on Iranian oil exports as it did in 2018-2021.



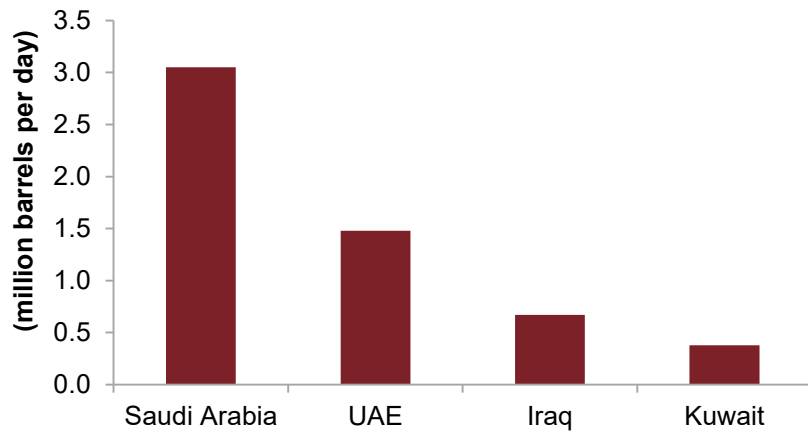


Oil - Saudi Arabia

Saudi oil production averaged 9 mbpd in October in line with the OPEC+ agreement. Exports of crude oil and refined products increased to 7.3 mbpd in September from 7 mbpd in July-August because of lower direct crude burn after the summer peak.

The market currently sees the risk of lower Iranian crude exports as mitigated by the extent of OPEC spare production capacity.

OPEC spare capacity Bloomberg estimates (mbpd)

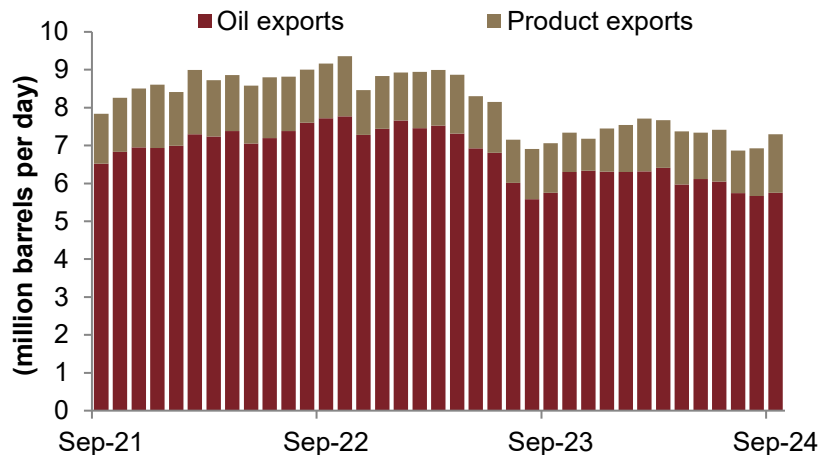


If the OPEC+ agreement to unwind production cuts proceeds, Saudi output would increase to 10 mbpd by end-2025. However, the unwind has suffered delays in the context of softening prices.

Saudi Crude Oil Production (monthly average)



Saudi Crude Oil and Refined Product Exports (monthly average)



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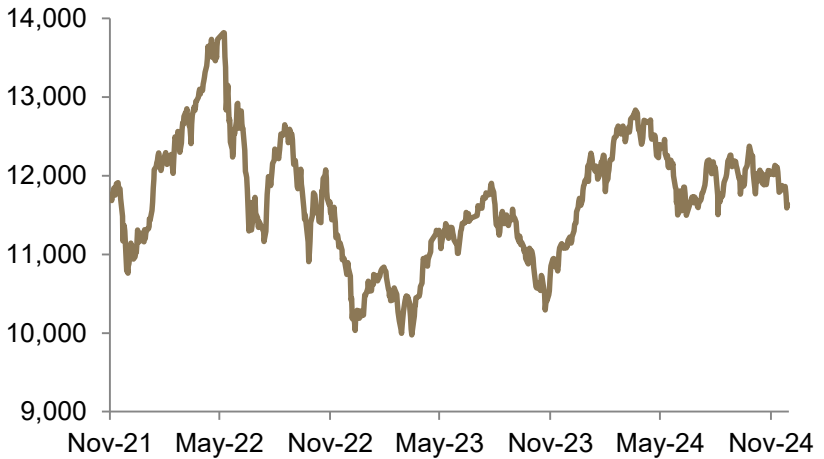


Stock Market

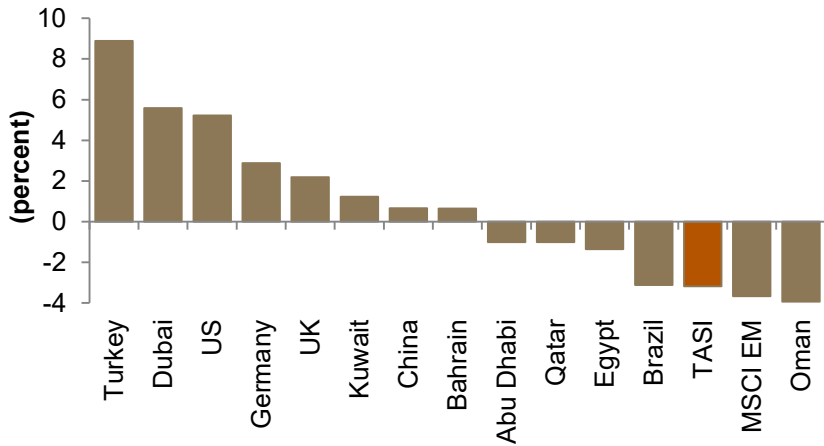
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TASI Performance

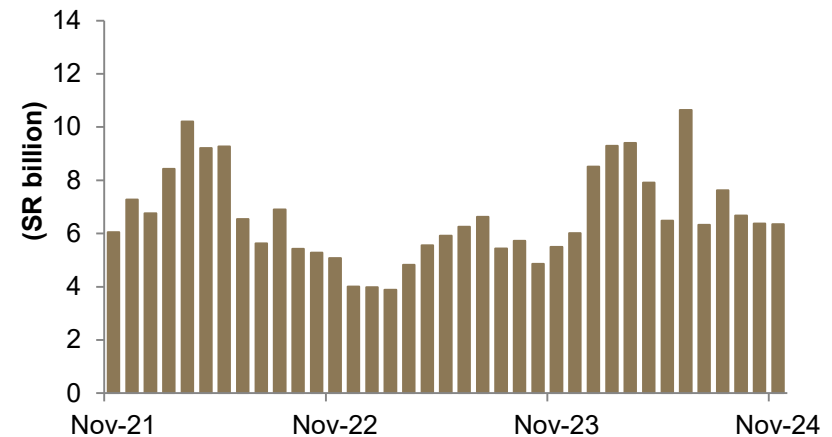


Comparative Stock Market Performance (November)



TASI and Oman were the worst performers among regional markets, although TASI did slightly better than the MSCI EM index.

Average Daily Traded Turnover (November)



Average daily traded turnover in November was in line with previous month. This is lower than the average for 2024 January-September, but higher than the monthly average in 2023.



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