



Summary

Real Economy: The non-oil PMI dipped in February, but remained high due to strong demand driving sales and output. Businesses reported rising employment to deliver on output growth, but also noted rising input costs. Meanwhile, domestic cement sales rose in January by 9 percent year-on-year. Non-oil exports grew by 18 percent year-on-year in December. In full year 2024, total non-oil exports rose by almost 13 percent.

Consumer Spending: Total consumer spending grew in January by 11 percent year-on-year, with a monthly gain of 1.1 percent. Looking at POS transactions by sector, most sectors saw robust increases during the month.

SAMA Foreign Reserve Assets: SAMA's FX reserves were fairly stable in January, edging down by \$2.9 billion, to stand at \$434.3 billion.

Money Supply, Bank Deposits and Credit: The broad measure of money supply (M3) rose in January by 9 percent year-on-year, and by 1.5 percent month-on-month. Total deposits increased by 9 percent year-on-year. New residential mortgages were 37 percent higher year-on-year, despite a monthly decline by 12 percent following the surge in December.

Inflation: Consumer prices rose by 2 percent year-on-year in January, and by 0.3 percent month-on-month. 'Housing and utilities' inflation continued to drive overall inflation, but cooled to 8 percent year-on-year. 'Food and beverages' prices rose marginally by 0.8 percent year-on-year. Meanwhile, the 'miscellaneous goods and services' sub-group has trended up in recent months.

Oil-Global: Global oil prices declined in February, with Brent crude ending the month down at \$73pb. On March 3rd prices fell further to \$71pb, as OPEC+ confirmed its plan to gradually increase output from April. Prices have weakened since January in the context of US-Russia talks regarding the war in Ukraine and because of concern about weakening US growth, as reflected in the recent decline in US treasury yields, alongside broader global economic uncertainty.

Oil-Saudi Arabia: Saudi crude oil production was 8.9mbpd in January and is set to increase gradually starting in April in line with our forecast. Saudi Arabia's refinery output increased by 3 percent in 2024, despite lower upstream oil production.

Stock Market: After a strong performance in January, TASI dropped back in February, by 2.4 percent, with headwinds from lower oil prices and as global economic uncertainty weighed on markets. The performance of regional markets was mixed, with Bahrain, Kuwait and Dubai outperforming.

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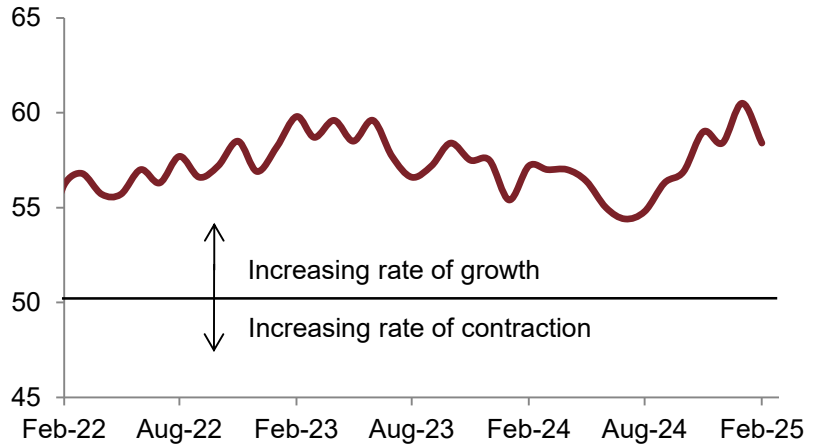


Real Economy

The non-oil PMI dipped in February, but remained high due to strong demand driving sales and output. Businesses reported rising employment to deliver on output growth, but also noted rising input costs. Domestic cement sales rose in January by 9 percent year-on-year. Non-oil exports grew by 18 percent year-on-year in December. In full year 2024, total non-oil exports rose by almost 13 percent.

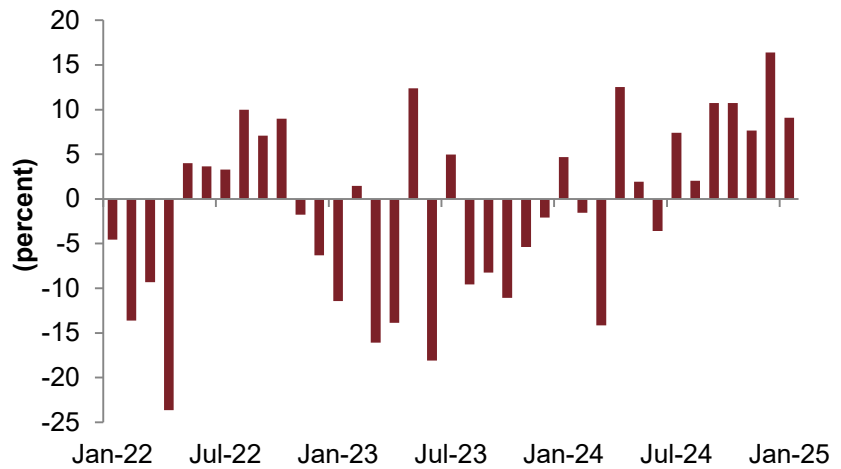
The non-oil PMI dipped in February to 58.4 after the exceptionally strong reading in January.

Non-oil Purchasing Managers' Index



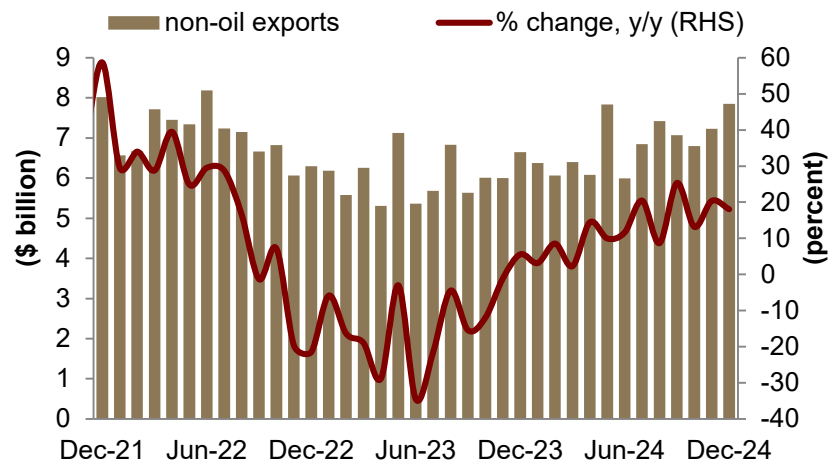
Domestic cement sales rose in January by 9 percent year-on-year.

Domestic Cement Sales (year-on-year change)



Latest available data show non-oil exports rising by 18 percent year-on-year, and by 8 percent month-on-month, in December.

Non-oil Exports

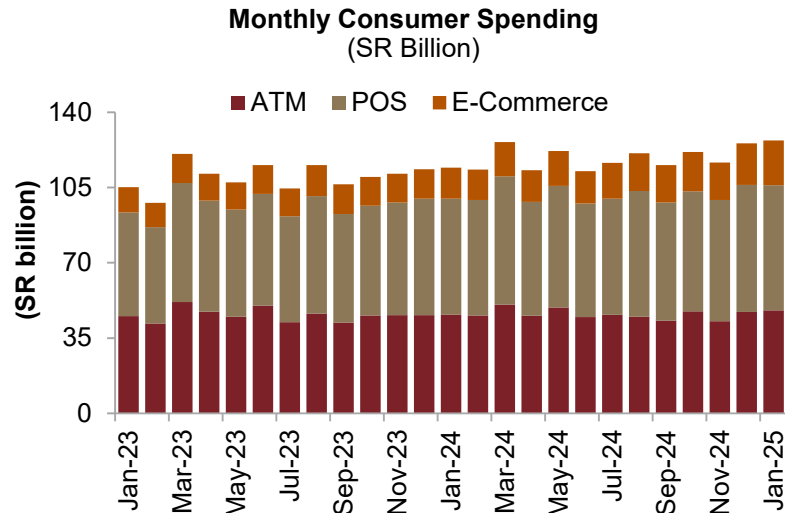




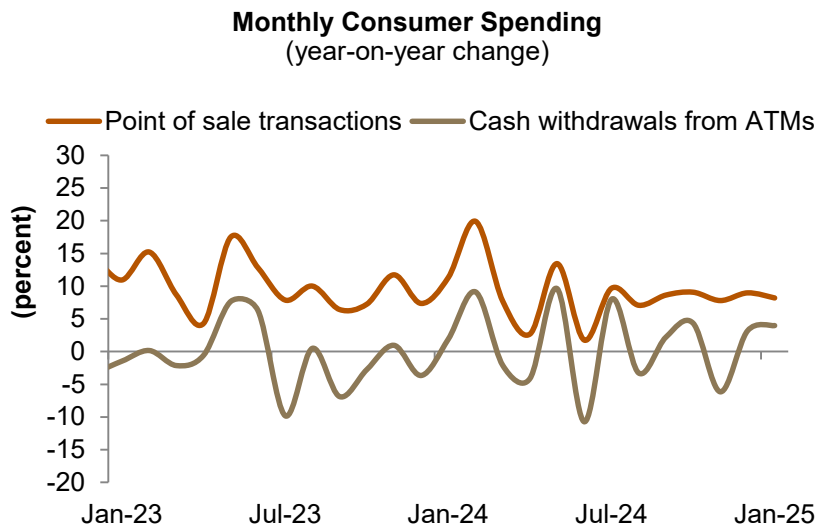
Consumer Spending

Total consumer spending grew in January by 11 percent year-on-year, with a monthly gain of 1.1 percent. The yearly gain was supported by increases in both POS transactions and cash withdrawals, which rose by 8 percent and 4 percent year-on-year, respectively. Looking at POS transactions by sector, most sectors saw robust increases during the month.

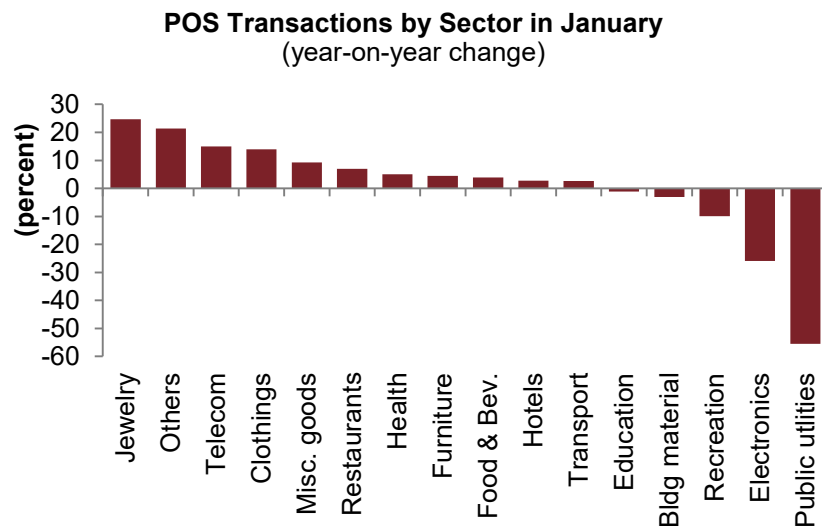
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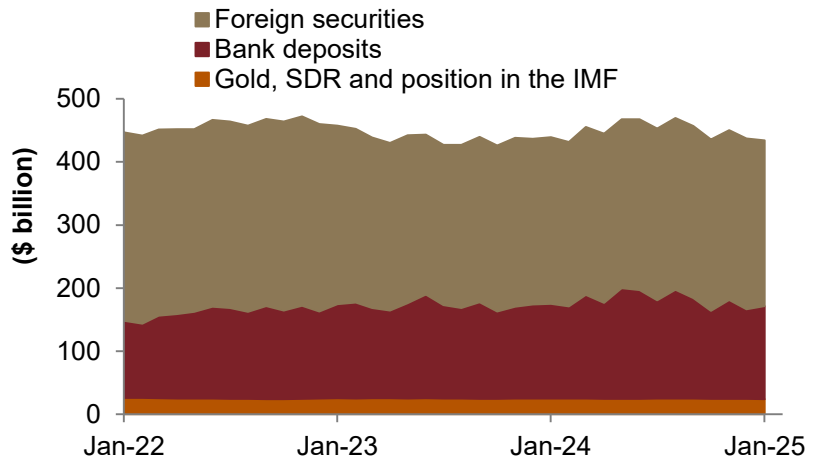


SAMA Foreign Reserve Assets

SAMA's FX reserves were fairly stable in January, edging down in January by \$2.9 billion, to stand at \$434.3 billion. The monthly decrease primarily resulted from a drop in foreign securities, which declined by \$8 billion, while bank deposits rose by \$5.4 billion.

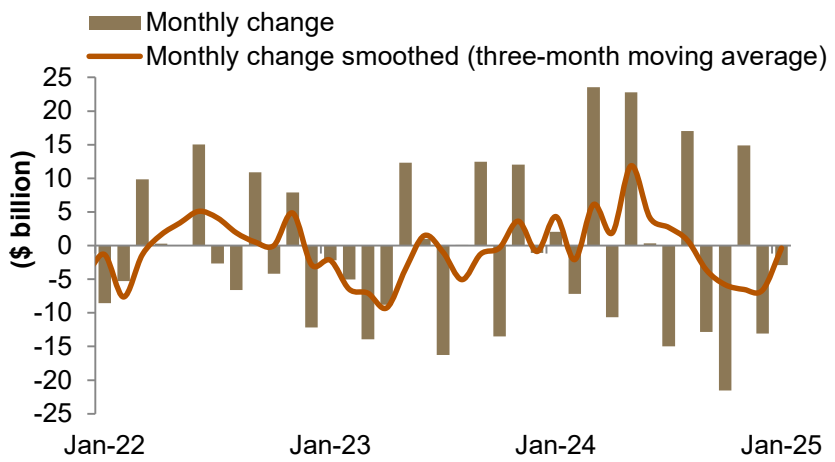
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SAMA Total Foreign Reserve Assets



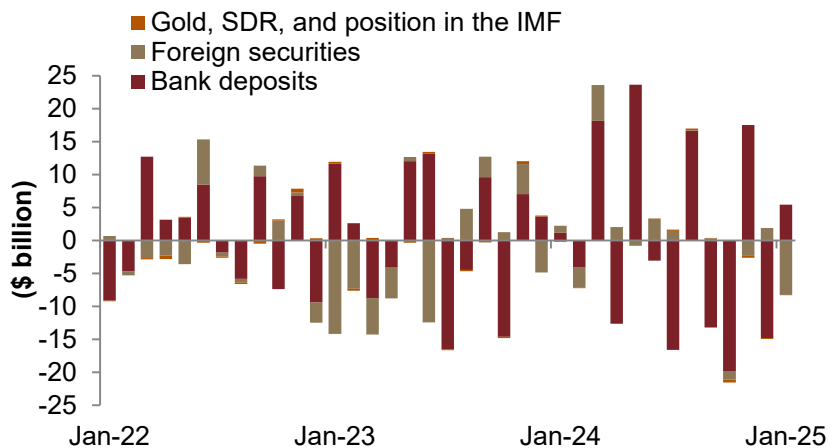
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SAMA Foreign Reserve Assets
(monthly and three-month average change)



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

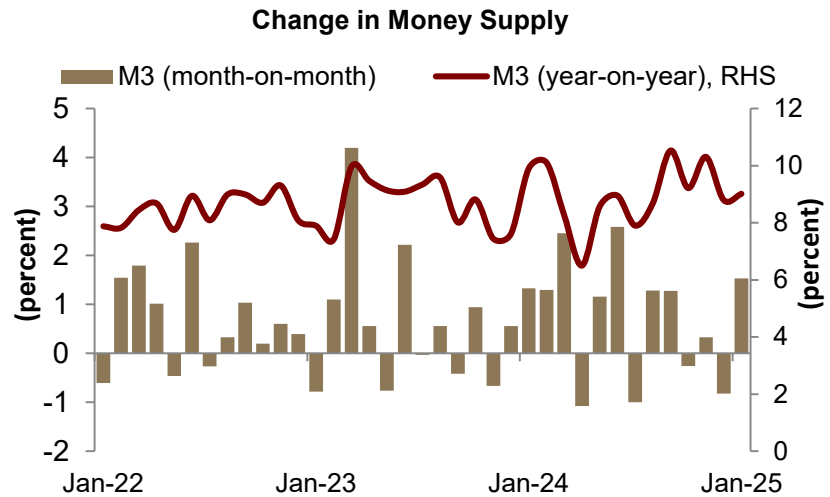




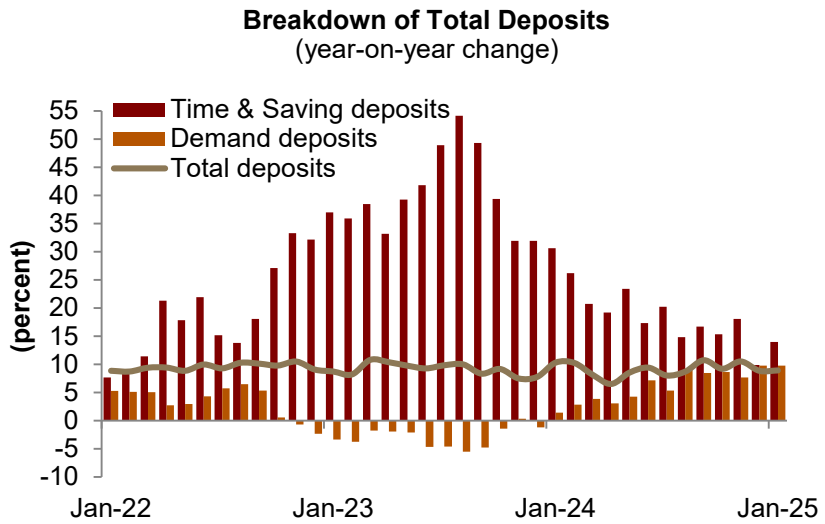
Money Supply, Bank Deposits and Credit

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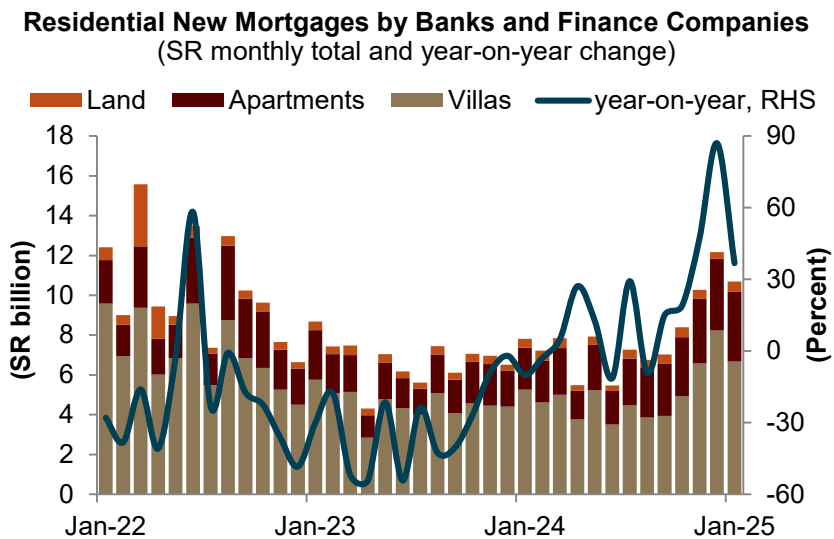
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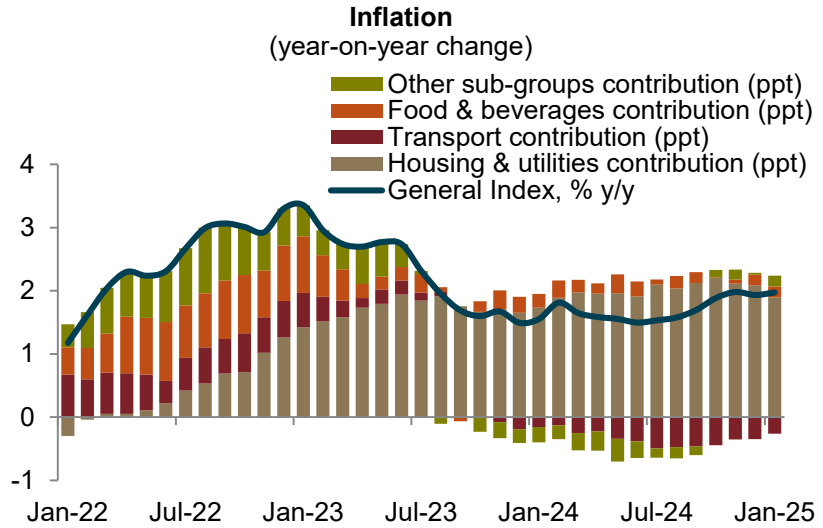




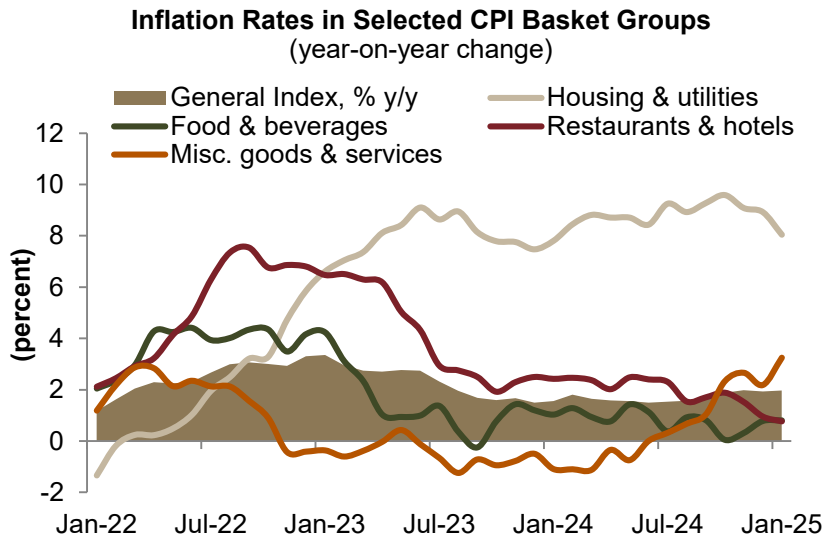
Inflation

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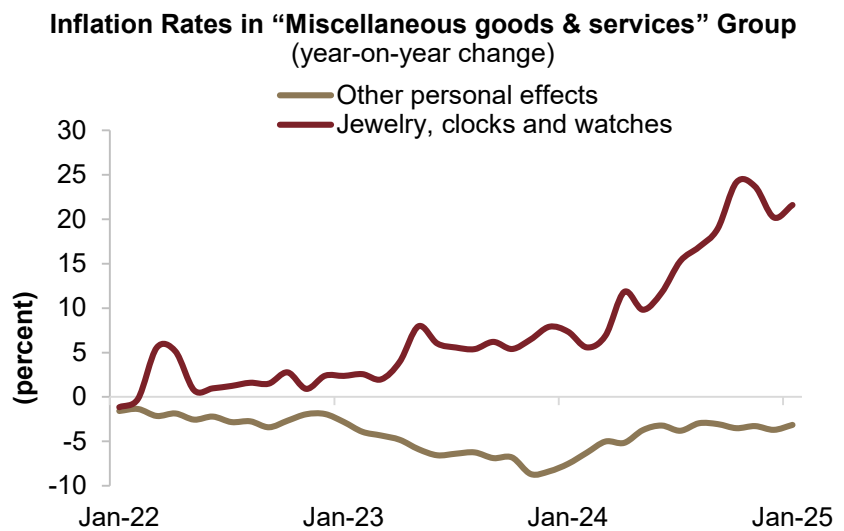
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Within the CPI basket, 'Food and beverages' prices rose by 0.8 percent year-on-year, and 'Housing and utilities' continued trending upwards, up by 8 percent year-on-year.



Meanwhile, price in 'miscellaneous goods & services' sub-group items exhibited an upward trend in recent months, mainly driven by higher prices in 'jewelry' affected by rising gold prices.

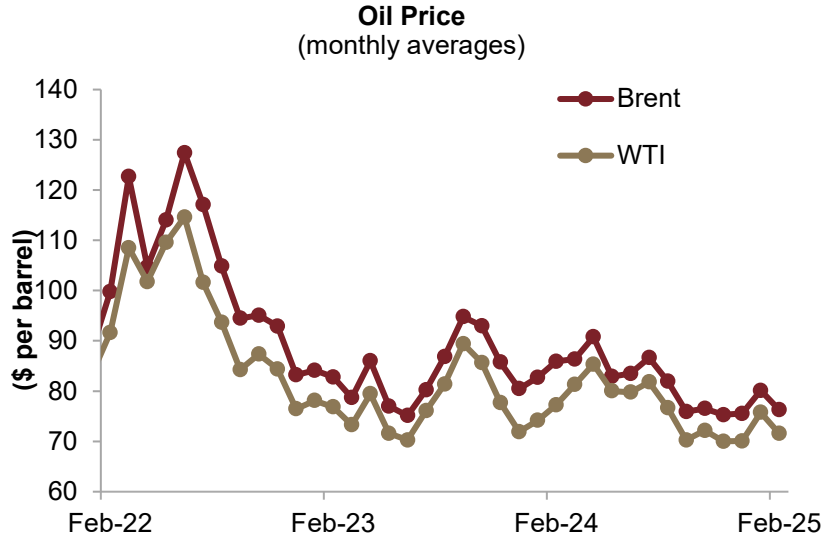




Oil - Global

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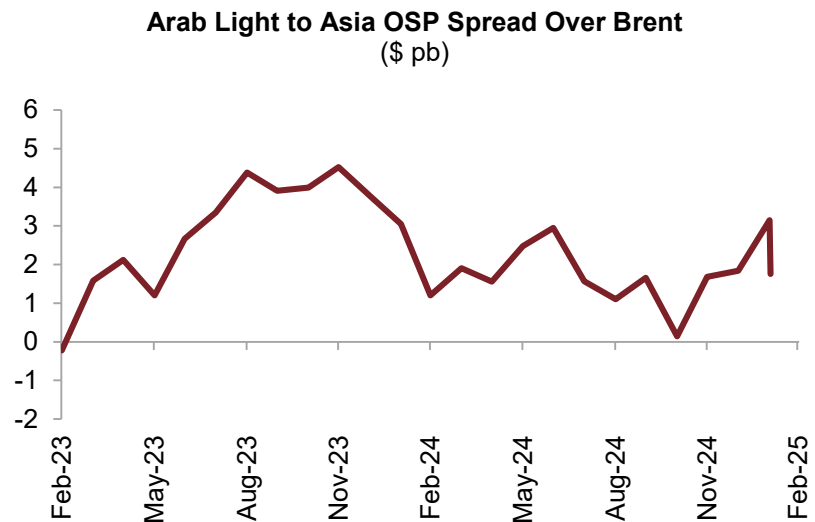
Global oil prices declined in February, with Brent crude ending the month down at \$73pb.



The US 10 year treasury yield has retreated due to concerns about US growth.



We expect that Saudi Arabia's main export blend, Arab Light crude to Asia, will continue to enjoy a \$1-\$2pb premium over Brent.



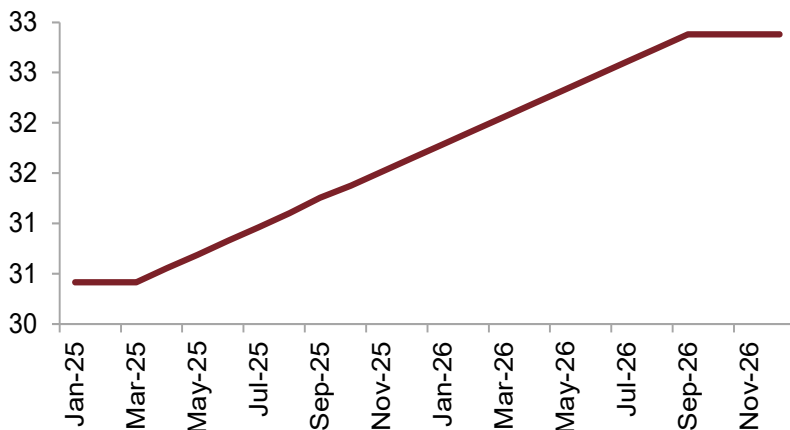


Oil - Saudi Arabia

Saudi crude oil production was 8.9mbpd in January and is set to increase gradually starting in April. OPEC+ has confirmed that it will proceed with its plan to gradually increase production. This is subject to change during the year depending on market conditions.

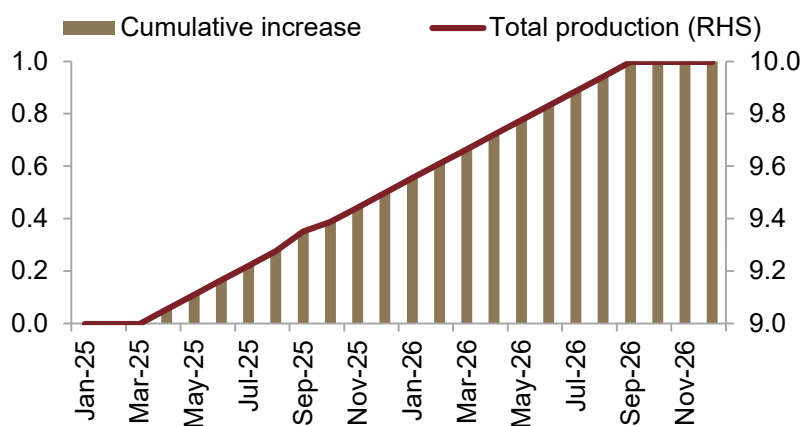
OPEC+ output would increase by 1.2mbpd in 2025 under the plan to unwind the November 2023 output cuts. Compensation cuts from Iraq and Kazakhstan are meant to offset some of the increase, but these remain unclear.

OPEC+ Output Plan
(mbpd; total for eight countries which cut output in Nov 2023)



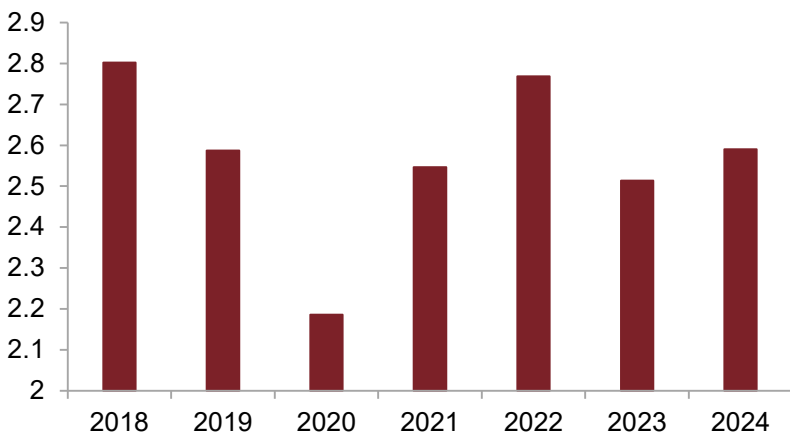
Under the OPEC+ plan Saudi Arabia's production will increase by 0.5mbpd by the end-2025 and 1mbpd by end-2026.

Saudi Crude Oil Production under OPEC+ plan
(mbpd)



Saudi Arabia's refinery output increased by 3 percent in 2024, despite lower upstream oil production. As a result, refined product exports also increased.

Refinery Output, Annual Average
(mbpd)



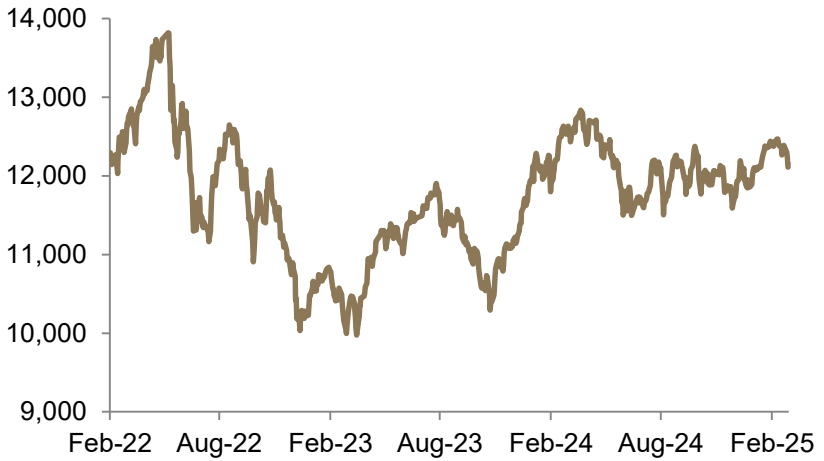


Stock Market

After a strong performance in January, TASI dropped back in February, by 2.4 percent, with headwinds from lower oil prices and as global economic uncertainty weighed on markets. The performance of regional markets was mixed, with Bahrain, Kuwait and Dubai outperforming.

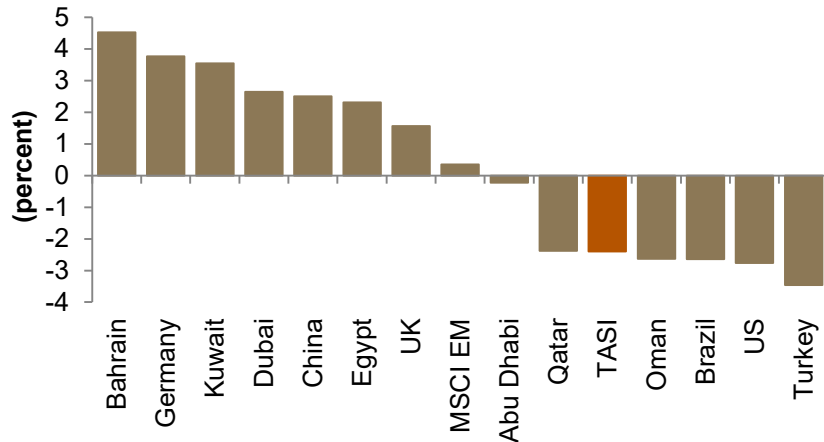
TASI ended February just over 12,100, down 2.4 percent month end to month end.

TASI Performance



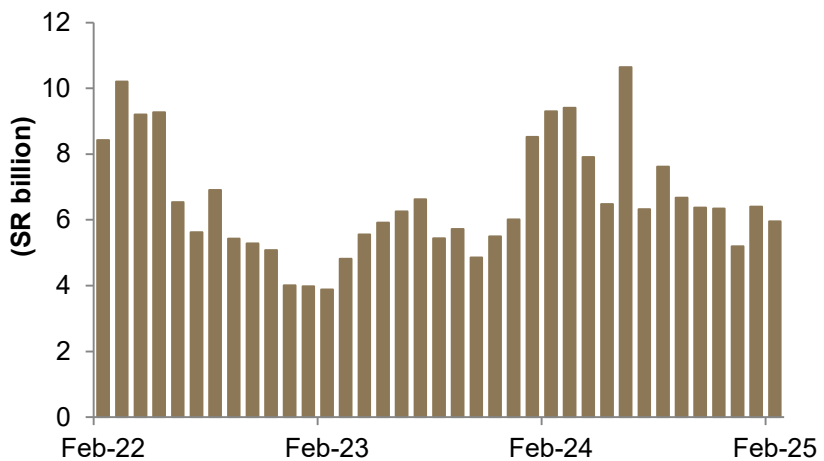
The performance of regional markets was mixed, with Bahrain, Kuwait and Dubai outperforming.

Comparative Stock Market Performance (February)



Average daily traded turnover was broadly in line with the H2-24 average, but a long way short of turnover in the opening months of 2024.

Average Daily Traded Turnover (February)





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Key Data

	2018	2019	2020	2021	2022	2023	2024E	2025F	2026F
Nominal GDP									
(SR billion)	3,175	3,145	2,754	3,278	4,157	4,003	4,069	4,187	4,411
(\$ billion)	847	839	734	874	1,109	1,068	1,085	1,117	1,176
(% change)	18.4	-0.9	-12.4	19.1	26.8	-3.7	1.6	2.9	5.3
Real GDP (% change)									
Oil	2.2	-3.3	-6.9	1.2	15.0	-9.0	-4.5	2.6	4.0
Non-oil activities	-2.6	3.7	-2.9	7.4	5.6	4.4	4.3	4.4	4.5
Government activities	3.9	1.7	-0.6	1.1	4.6	2.1	2.6	2.0	2.2
Total	3.2	1.1	-3.6	5.1	7.5	-0.8	1.3	3.7	3.9
Oil indicators (average)									
Brent (\$/b)	71	66	42	71	104	84	80	75	75
Production (million b/d)	10.3	9.8	9.2	9.1	10.6	9.6	9.0	9.2	9.6
Budgetary indicators (SR billion)									
Government revenue	906	927	782	965	1,268	1,212	1259	1190	1234
Government expenditure	1,079	1,059	1,076	1,039	1,164	1,293	1375	1317	1367
Budget balance	-174	-133	-294	-73	104	-81	-116	-127	-133
(% GDP)	-5.5	-4.2	-10.7	-2.2	2.5	-2.0	-2.8	-3.0	-3.0
Gross public debt	560	678	854	938	990	1,050	1216	1343	1476
(% GDP)	17.6	21.6	31.0	28.6	23.8	26.2	29.9	32.1	33.5
Monetary indicators									
Inflation (% change, average)	2.5	-2.1	3.4	3.1	2.5	2.3	1.7	2.3	2.1
SAMA Repo (% , year end)	3.0	2.25	1.00	1.00	5.00	6.00	5.00	4.75	4.25
External trade indicators (\$ billion)									
Oil export revenues	232	200	119	202	327	247	220	210	217
Total export revenues	294	261	172	275	410	319	300	297	311
Imports	123	138	125	136	171	185	201	210	222
Trade balance	171	123	47	139	239	133	100	86	89
Current account balance	73	38	-26	41	150	35	0	-11	-10
(% GDP)	8.6	4.6	-3.5	4.6	13.6	3.3	0.0	-1.0	-0.9
Official reserve assets	497	500	454	455	460	437	436	417	410
Social and demographic indicators									
Population (million)	30.2	30.1	31.6	30.8	32.2	33.7	35.3	36.3	37.1
Saudi Unemployment (15+, %)	12.7	12.0	12.6	11.0	8.0	7.7	7.6	7.5	7.4
GDP per capita (\$)	28,036	27,893	23,271	28,396	34,454	31,676	30,737	30,791	31,715

Sources: General Authority for Statistics, Saudi Central Bank and Ministry of Finance. Jadwa Investment forecasts for 2025 and 2026.