



Summary

Global Economy: US tariffs announced on April 2nd represent a massive shock to the US effective tariff rate, pushing it to the highest level since the early 1900s. Much will depend on whether these tariffs hold or whether they are a starting point for negotiations, but as things stand this is already causing sharp falls across global stockmarkets and commodities, while also presenting a stagflationary risk to the US.

Saudi Real Economy: The non-oil PMI remained elevated in March at 58.1, marginally down from its level in February at 58.4, with strong growth in business conditions and new orders, and employment at robust levels. Domestic cement sales rose in February by 11.8 percent year-on-year. Meanwhile, non-oil exports grew by 10 percent year-on-year in January.

Consumer Spending: Total consumer spending increased by 8.6 percent year-on-year in February, although it declined by 3 percent on a monthly basis.

SAMA Foreign Reserve Assets: SAMA's FX reserves saw a minor decline in February, edging down by \$1.3 billion, to stand at \$433 billion, in line with end-2024 levels.

Money Supply, Bank Deposits and Credit: Total deposits increased by 10 percent year-on-year. Meanwhile, bank credit to the private sector rose by 13.5 percent year-on-year in February, marking the highest yearly rise since November 2022.

Inflation: Consumer prices rose by 2 percent year-on-year in February, and by 0.2 percent month-on-month. 'Housing and utilities' inflation continued to cool to 7 percent year-on-year, down from 9 percent and 8 percent during the last two months.

Labor Market Q4 2024: The latest labor market release from GaStat showed that the unemployment rate for citizens dropped to 7 percent in Q4 2024, down from 7.8 percent in Q3.

Umrah Statistics Q4 2024: The number of Umrah visitors rose in Q4 2024 by 31 percent year-on-year, reaching a total of 7.4 million visitors. Of these, 5.3 million were Umrah visitors from outside the Kingdom.

Current Account 2024: The current account recorded a small deficit in 2024, at 0.5 percent of GDP, close to our forecast for a balanced current account.

Oil-Global: The main risk for the Saudi economy from higher US tariffs globally is via slower world growth and therefore weaker oil demand and prices. Oil prices plunged in early April following the double blow of Trump's tariff announcements on April 2nd and OPEC's decision on April 3rd to boost production more than previously announced. Brent crude fell to \$64pb and WTI down to \$60pb.

Oil-Saudi Arabia: OPEC announced that it would increase output by 274 thousand bpd more than planned in May (to 30.96 mbpd). The new production plan would see Saudi output hitting 9.2 mbpd in May. OPEC stressed that it will review plans on a monthly basis subject to market conditions.

Stock Market: The TASI fell 6.8 percent (895 points) on April 6th to 11,077 in the wake of the Trump tariff announcements and the decline in oil prices and as global stock markets sold off.

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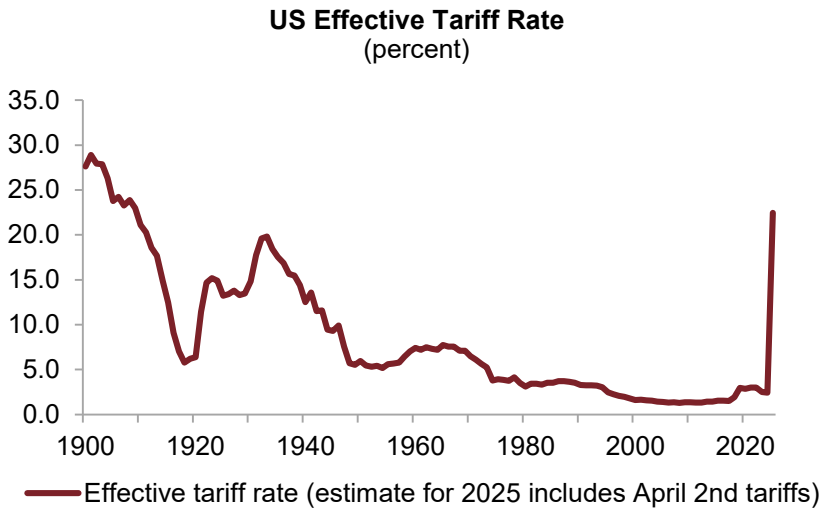
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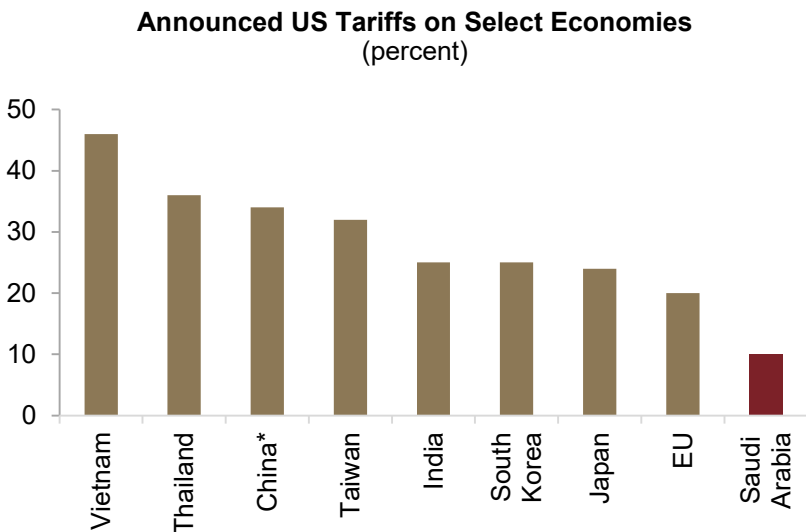
Global Economy

US tariffs announced on April 2nd represent a massive shock to the US effective tariff rate, pushing it to the highest level since the early 1900s. Much will depend on whether these tariffs hold or whether they are a starting point for negotiations, but as things stand this is already causing sharp falls across global stockmarkets and commodities, while also presenting a stagflationary risk to the US.

The April 2nd tariffs imply an increase in the US effective tariff rate to the highest level since the early 1900s.

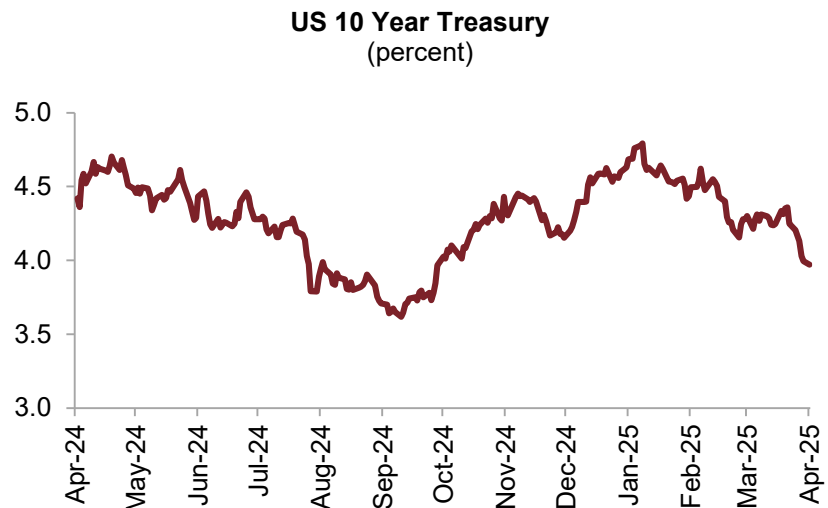


Asian countries were hit hard, posing a risk to their economies and in turn their demand for oil. China, India, South Korea and Japan account for close to 20 percent of global oil demand. The EU is also a key oil importer. Saudi Arabia received the minimum 10 percent tariff. China slapped a retaliatory tariff of 34 percent on US imports in addition to existing tariffs.



* On top of the 20 percent already imposed on China

The US 10 year treasury has fallen below 4 percent for the first time since October 2024 as money moved out of risk assets and markets weighed a higher risk of a US recession.



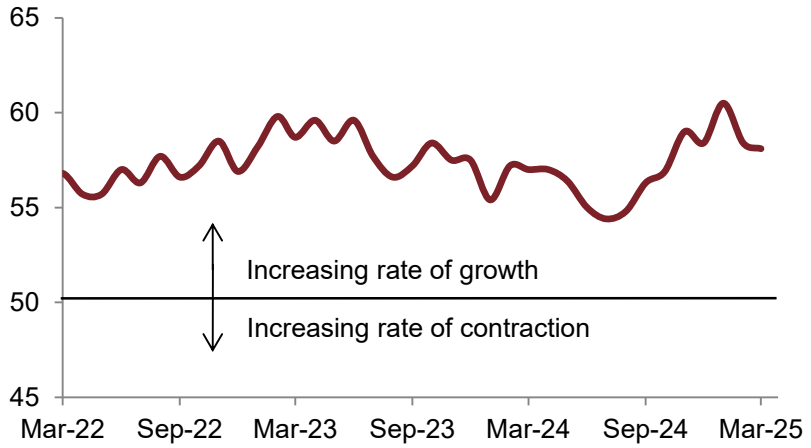


Saudi Real Economy

The non-oil PMI remained strong in March at 58.1, marginally down from its level in February at 58.4, with strong growth in business conditions and new orders, and employment at robust levels. Domestic cement sales rose in February by 11.8 percent year-on-year. Meanwhile, non-oil exports grew by 10 percent year-on-year in January.

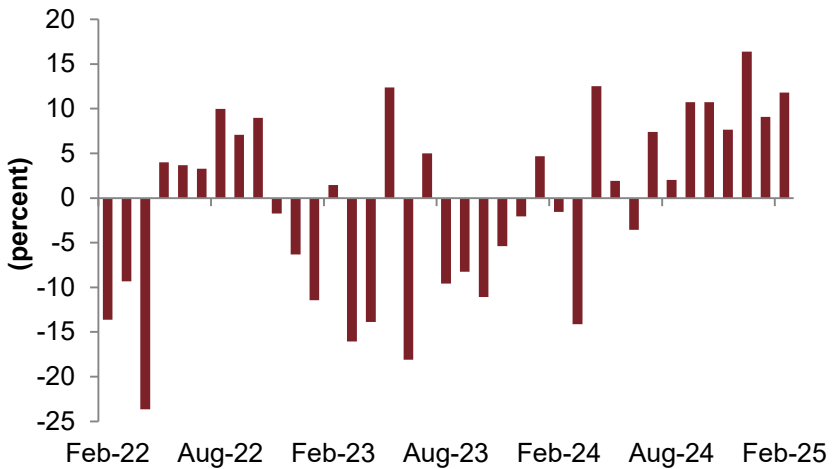
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Non-oil Purchasing Managers' Index



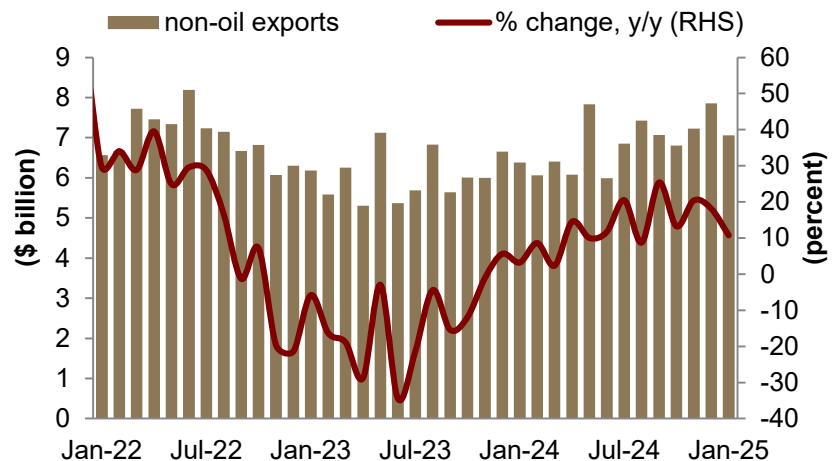
Domestic cement sales rose in February by 11.8 percent year-on-year.

Domestic Cement Sales (year-on-year change)



Non-oil exports grew by 10 percent year-on-year in January.

Non-oil Exports



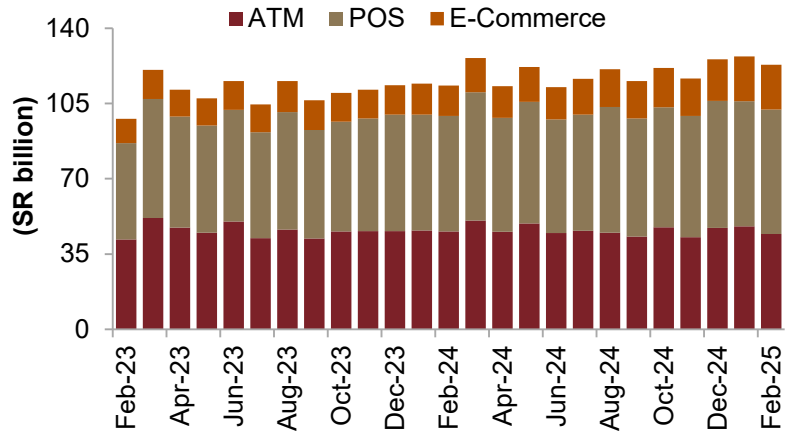


Consumer Spending

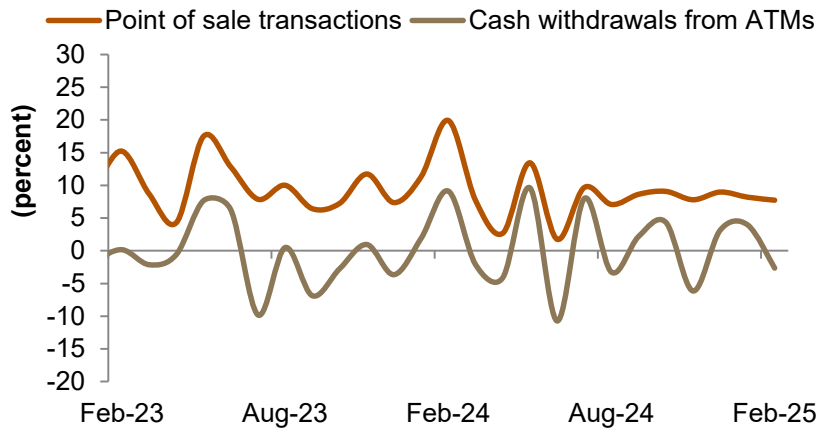
Total consumer spending increased by 8.6 percent year-on-year in February, although it declined by 3 percent on a monthly basis, primarily due to lower cash withdrawals. The yearly growth was supported by a 7.7 percent increase in POS transactions. Looking at recent weekly POS transactions by sector, spending on 'food and beverages' saw a notable rise at the beginning of March, coinciding with the start of the holy month of Ramadan.

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Monthly Consumer Spending (SR Billion)

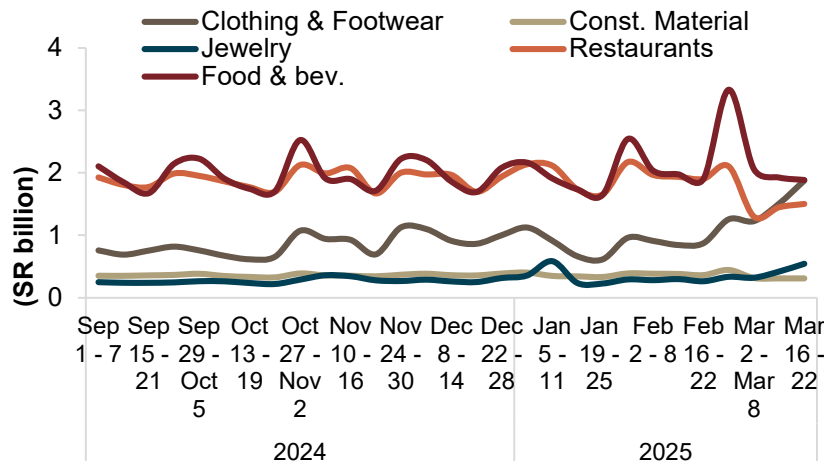


Monthly Consumer Spending (year-on-year change)



The yearly gain was supported by an increase in POS transactions by 7.7 percent year-on-year, despite a decline in cash withdrawals.

Weekly POS Transactions by Sector (SR Billion)



Looking at recent weekly POS transactions by sector, spending on 'food and beverages' saw a notable rise at the beginning of March, whereas spending on 'restaurants' dropped, coinciding with the start of the holy month of Ramadan.

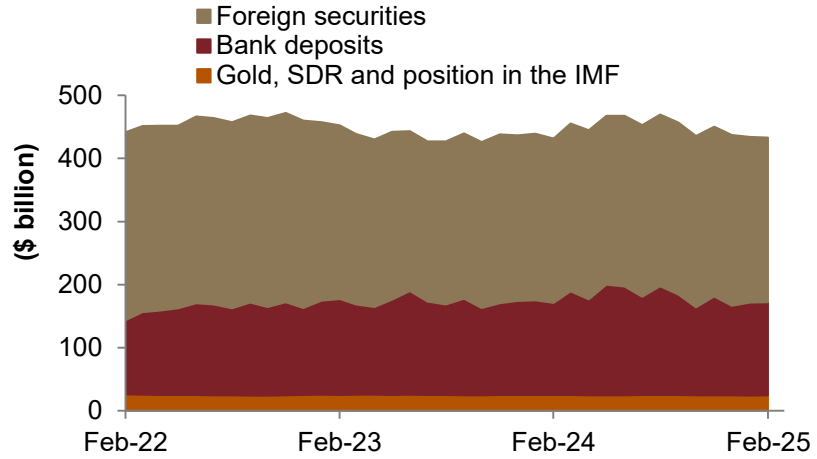


SAMA Foreign Reserve Assets

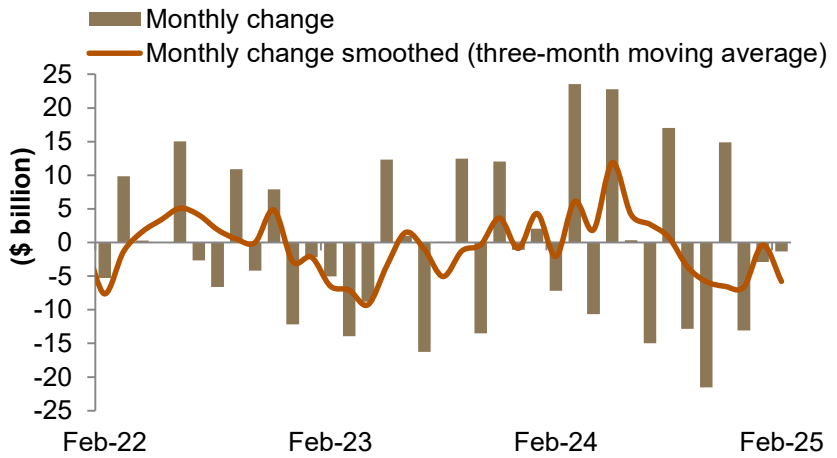
SAMA's FX reserves saw a minor decline in February, edging down by \$1.3 billion, to stand at \$433 billion, in line with end-2024 levels. The monthly decrease primarily resulted from a drop in foreign securities, which declined by \$1.8 billion, while bank deposits rose by \$0.3 billion.

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SAMA Total Foreign Reserve Assets

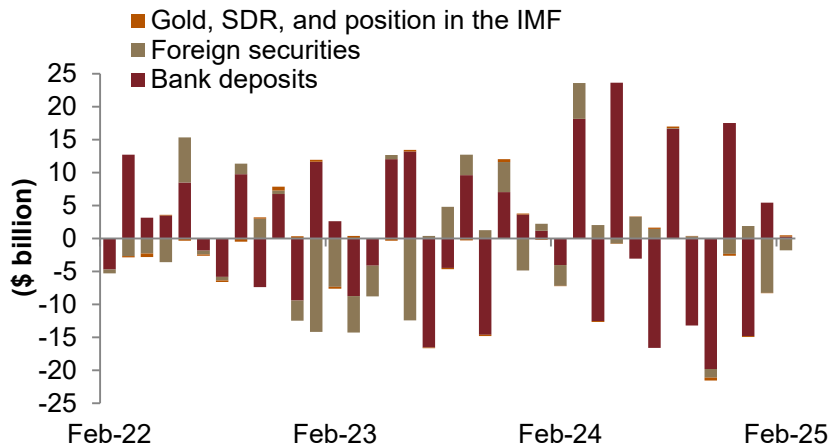


SAMA Foreign Reserve Assets
(monthly and three-month average change)



...to stand at \$433 billion.

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



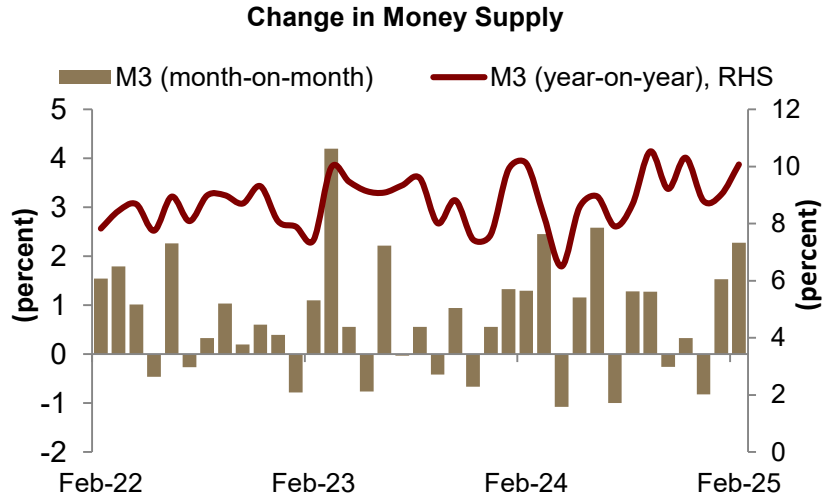
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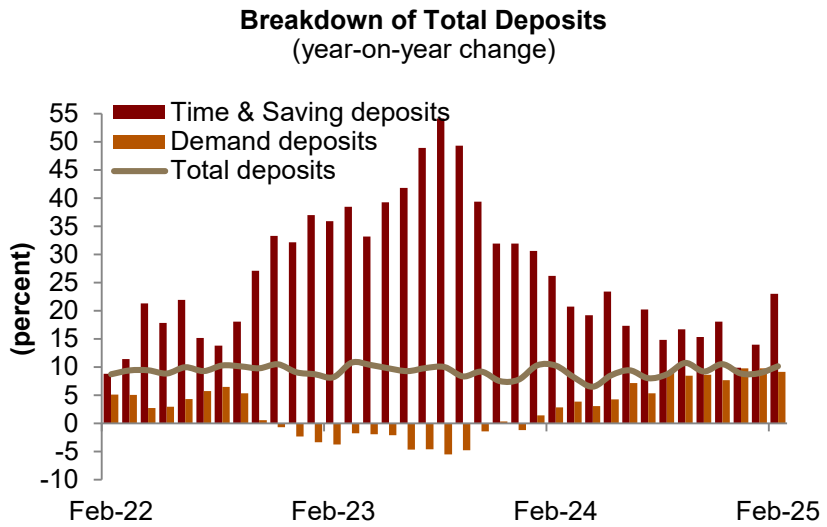
Money Supply, Bank Deposits and Credit

The broad measure of money supply (M3) rose in February by 10 percent year-on-year, and by 2.3 percent month-on-month. Total deposits increased by 10 percent year-on-year, with a notable rebound in time and saving deposits, up by 23 percent. Meanwhile, bank credit to the private sector continued the upward trend, rising by 13.5 percent year-on-year in February, marking the highest yearly rise since November 2022.

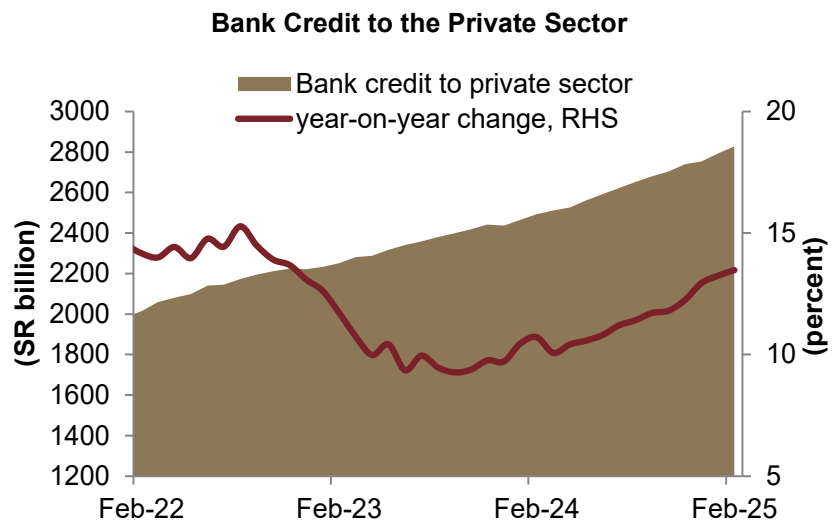
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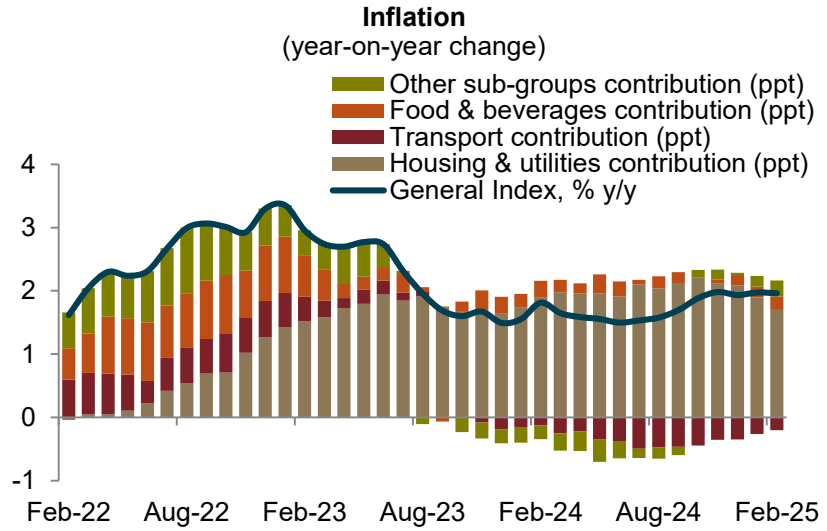




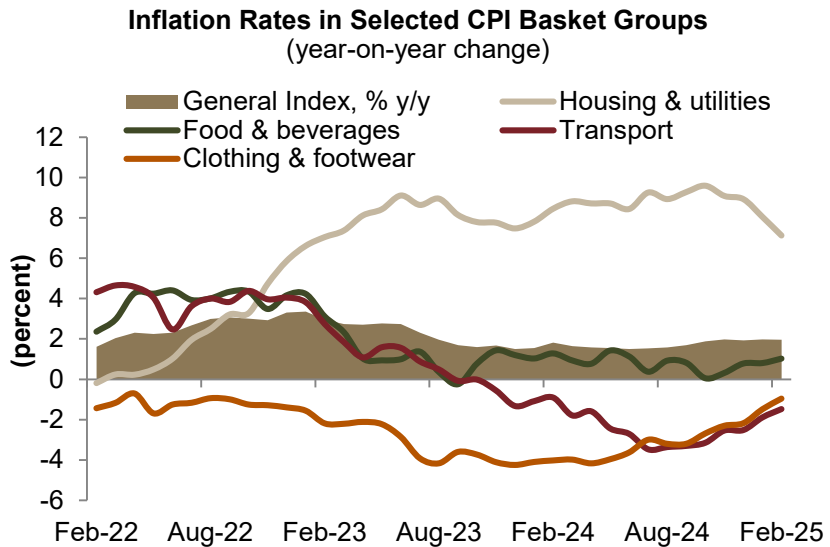
Inflation

Consumer prices rose by 2 percent year-on-year in February, and by 0.2 percent month-on-month. 'Housing and utilities' inflation continued to cool to 7 percent year-on-year, down from 9 percent and 8 percent during the last two months. 'Food and beverages' prices rose by 1 percent year-on-year, while they declined by 0.2 percent month-on-month.

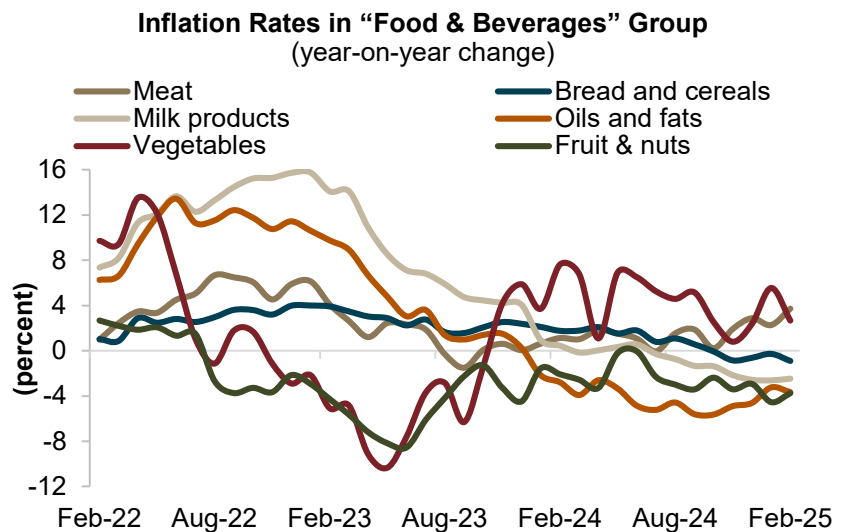
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'Housing & utilities' inflation continued to cool to 7 percent year-on-year, down from 9 percent and 8 percent during the last two months.



'Food & beverages' prices rose by 1 percent year-on-year, while they declined by 0.2 percent month-on-month as competition intensifies with Ramadan approaching.

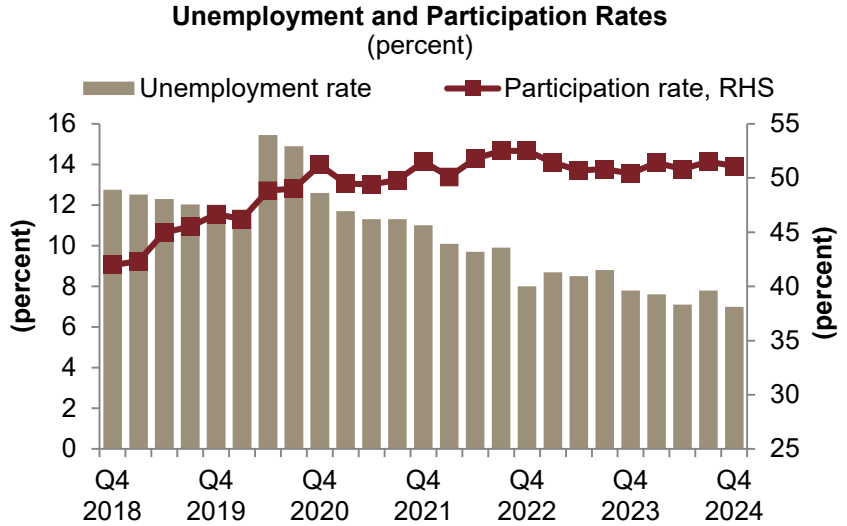




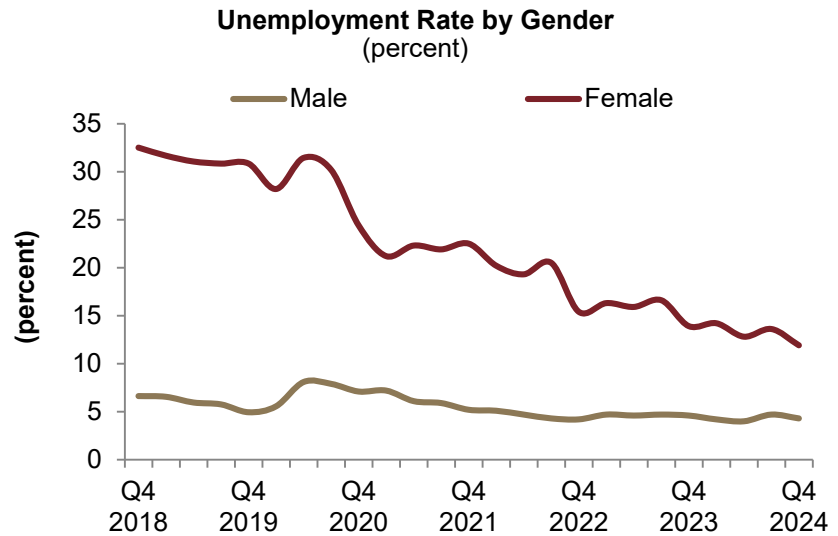
Labor Market Q4 2024

The latest labor market release from GaStat showed that the unemployment rate for citizens dropped to 7 percent in Q4 2024, down from 7.8 percent in Q3. Unemployment rates for both males and females declined in Q4, reaching 4.3 percent and 11.9 percent, respectively, compared with 4.7 percent and 13.6 percent in Q3. Meanwhile, the participation rate was slightly down at 51.1 percent, with lower participation rates for both male and female citizens.

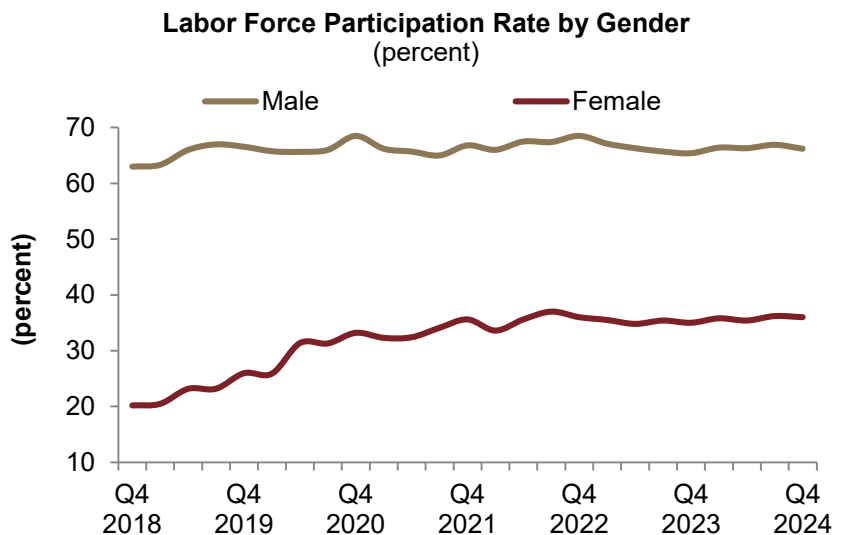
Unemployment rate for citizens dropped to 7 percent in Q4 2024, reaching Vision 2030's target.



Unemployment rates for both males and females declined in Q4, with female unemployment declining to a record 11.9 percent, compared with 30.8 percent in Q4 2019.



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Umrah Statistics Q4 2024

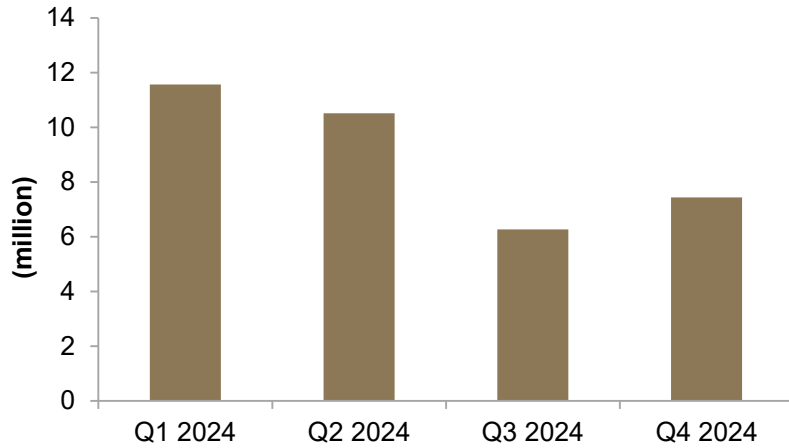
The number of Umrah visitors rose in Q4 2024 by 31 percent year-on-year, reaching a total of 7.4 million visitors. Umrah visitors from Inside the Kingdom are estimated at 2.2 million visitors, with around 30 percent in the age group (30-39). Meanwhile, Umrah visitors from outside the Kingdom were estimated at 5.3 million visitors, with male and female visitors at 49 percent and 51 percent of total in Q4.

The number of Umrah visitors rose in Q4 2024 by 31 percent year-on-year. As a result, the preliminary number of total Umrah visitors in 2024 was around 35.8 million from inside and outside the Kingdom.

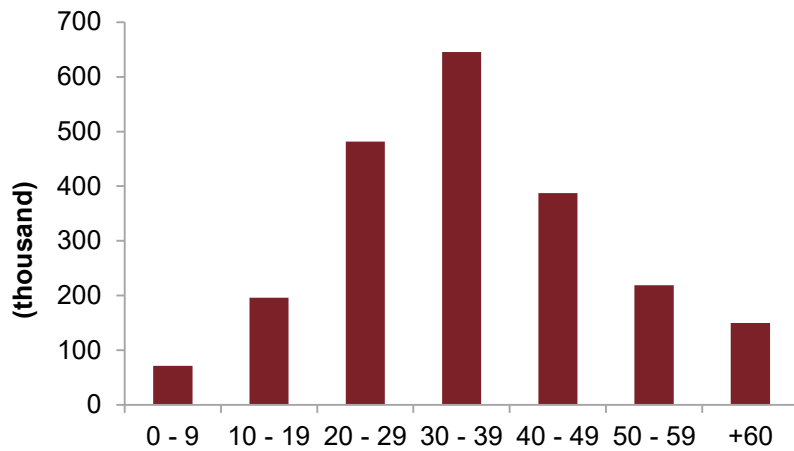
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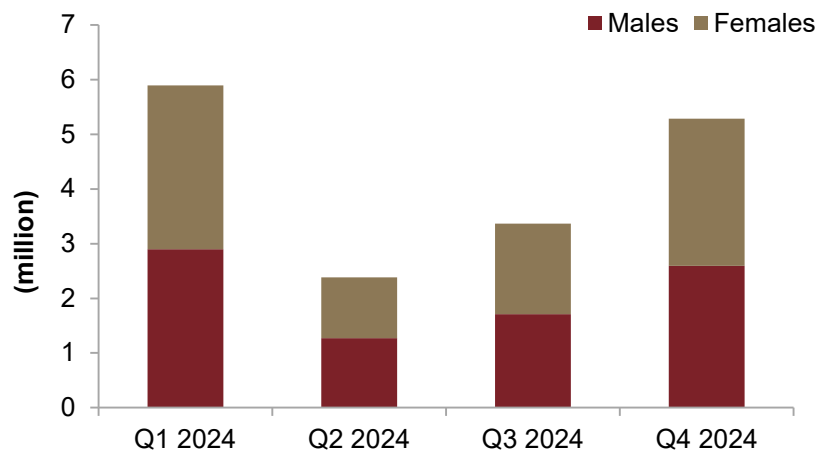
Number of Umrah Visitors in 2024
(million visitor)



Umrah Visitors in Q4 2024 from Inside the Kingdom
(By Age Group)



Umrah Visitors in 2024 from Outside the Kingdom
(By Gender)



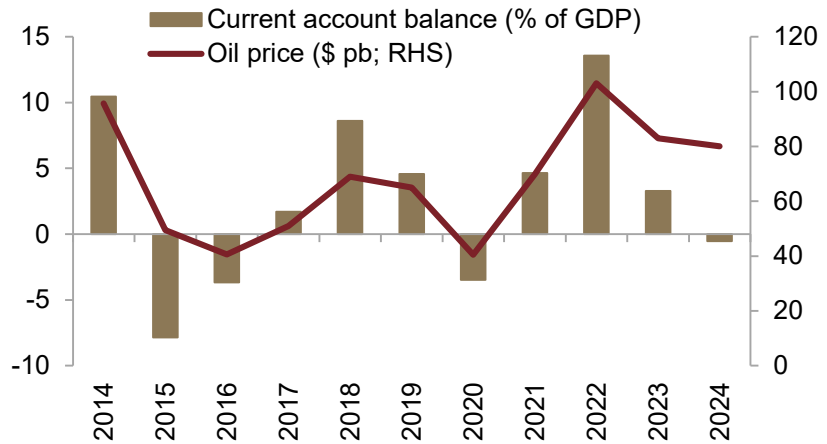


Current Account 2024

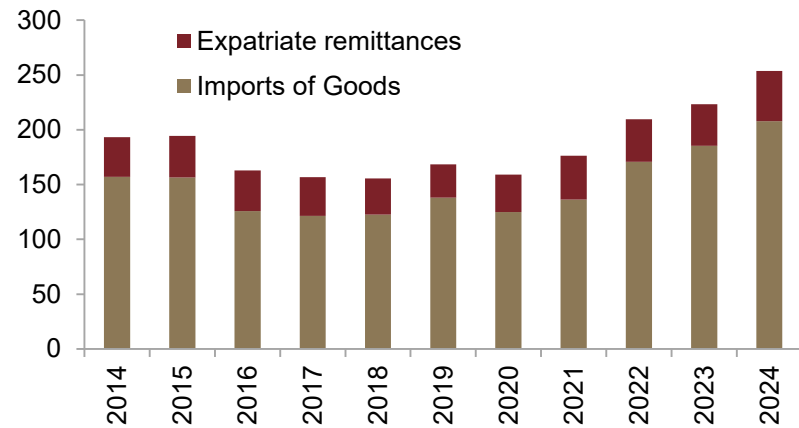
The current account recorded a small deficit in 2024, at 0.5 percent of GDP, close to our forecast for a balanced current account. Lower oil prices and export volumes drove lower oil export revenue. This was only partially offset by higher non-oil exports, while imports continued to grow, leading to a smaller trade surplus. The travel surplus expanded, but remittance outflows also grew.

The current account recorded a small deficit in 2024, at 0.5 percent of GDP, close to our forecast for a balanced current account. We expect the deficit to widen in 2025-2026.

Current Account Balance Shifts to Deficit
(percent of GDP)

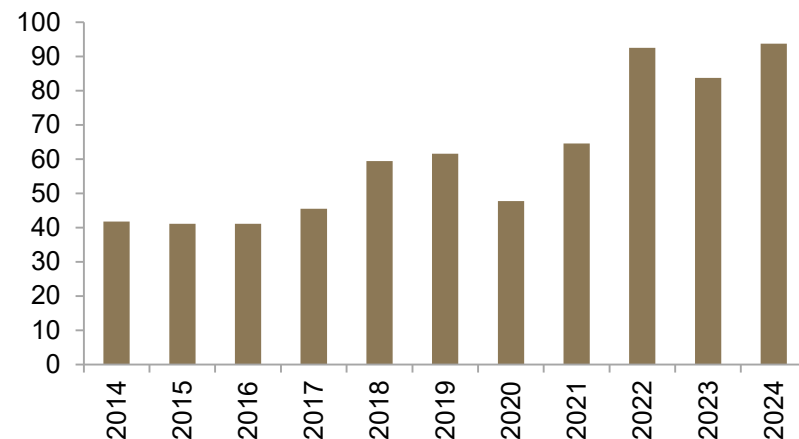


Imports and Expat Remittances
(\$ billion)



While oil export revenue fell to \$223 billion, the import bill grew to \$208 billion. Expat remittance outflows increased to \$46 billion on the back of growth in the number of expat workers.

Non-Oil Goods Exports Plus Travel Services Balance
(\$ billion)



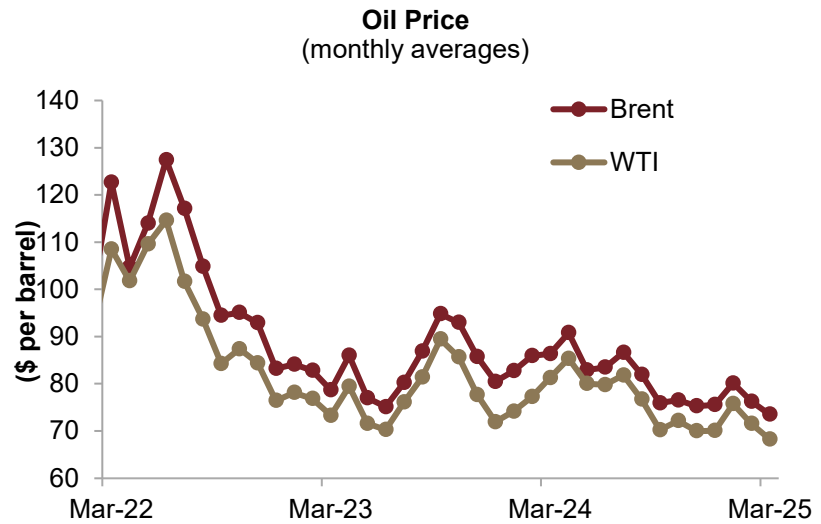
Non-oil exports were \$80.5 billion, up by \$9 billion year on year. And the travel services surplus edged up to a record \$13 billion. Non-oil goods exports and the travel surplus combined have doubled since 2017.



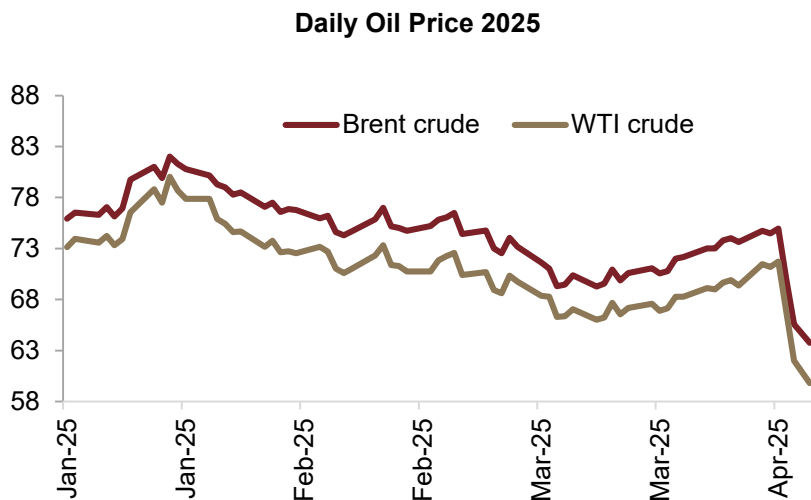
Oil - Global

Oil prices plunged in early April following the double blow of Trump's tariff announcements on April 2nd and OPEC's decision on April 3rd to boost production more than previously announced. Brent crude fell to \$64pb and WTI down to \$60pb. In March, oil prices were supported as the market weighed risks to supply from US sanctions policy, in particular risks to Venezuelan supply.

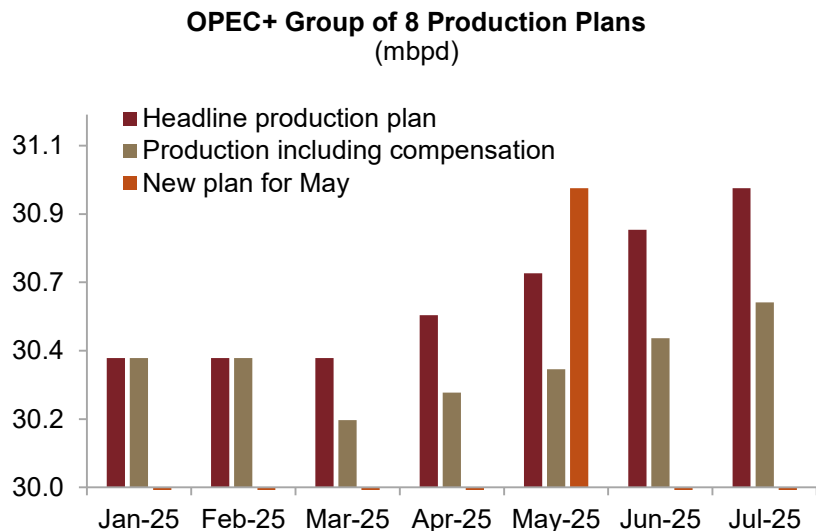
Oil prices held up in March as the market weighed risks to supply from sanctions.



However, prices plunged in early April following the double blow of Trump's tariff announcements on April 2nd which could hit oil demand and OPEC's decision on April 3rd to boost supply more than previously announced.



OPEC announced that it would increase output by 274 thousand bpd more than planned in May (to 30.96 mbpd). The increase is even more than that if compensation plans published in March are included.



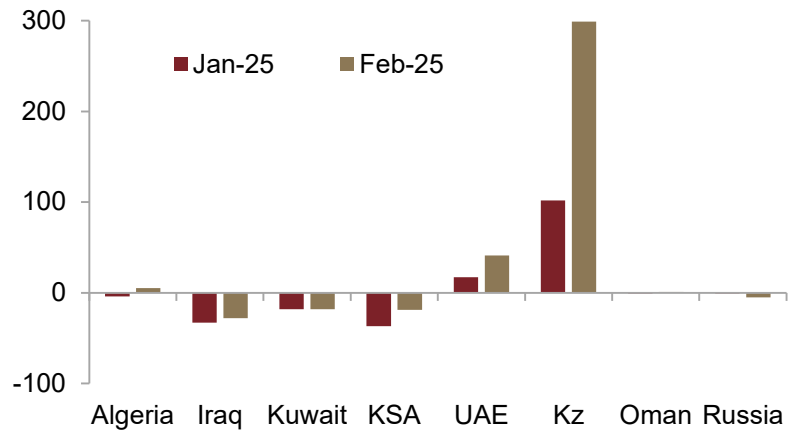


Oil - Saudi Arabia

Saudi crude oil production was 8.96 mbpd in February, in line with OPEC production curbs. Under the new OPEC plan announced on April 3rd, Saudi output will increase to 9.2 mbpd in May. OPEC will review plans on a monthly basis subject to market conditions.

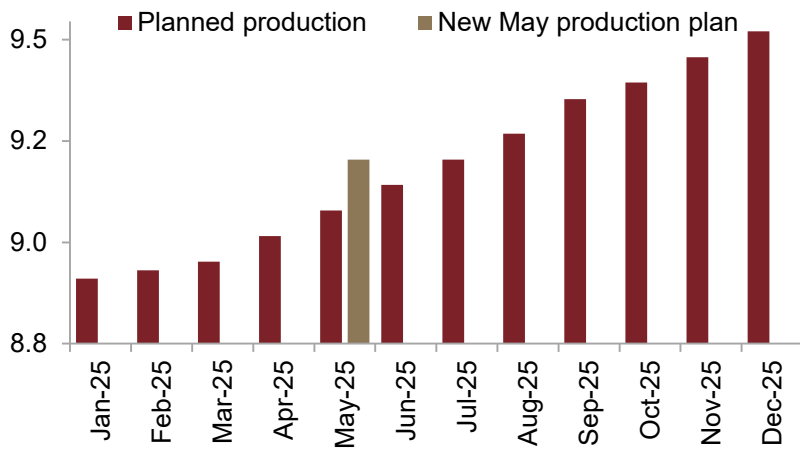
One reason for the change in OPEC plans is that actual production was higher than planned in February, due to significant overproduction by Kazakhstan. Overproducing countries will announce updated compensation plans on April 17th, a date to watch.

Actual Production (Secondary Sources) v OPEC Plan (kbpd)



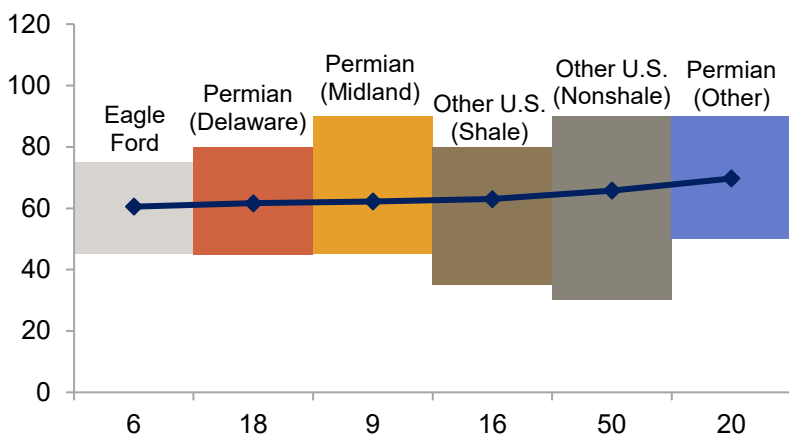
The new production plan would see Saudi output hitting 9.2 mbpd in May. OPEC stressed that it will review plans on a monthly basis subject to market conditions.

Saudi Crude Oil Production Under OPEC+ Plan (mbpd)



If oil prices remain lower after the April shock this will put pressure on non-OPEC supply growth. In the Q1 Dallas Fed Energy Survey respondents on average need WTI above \$60pb to drill a new well.

WTI Oil Price to Profitably Drill a New Well (\$pb)





Stock Market

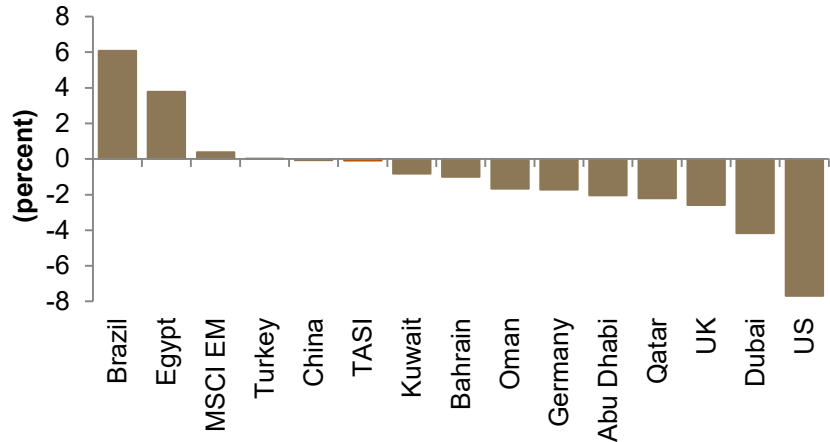
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TASI Performance

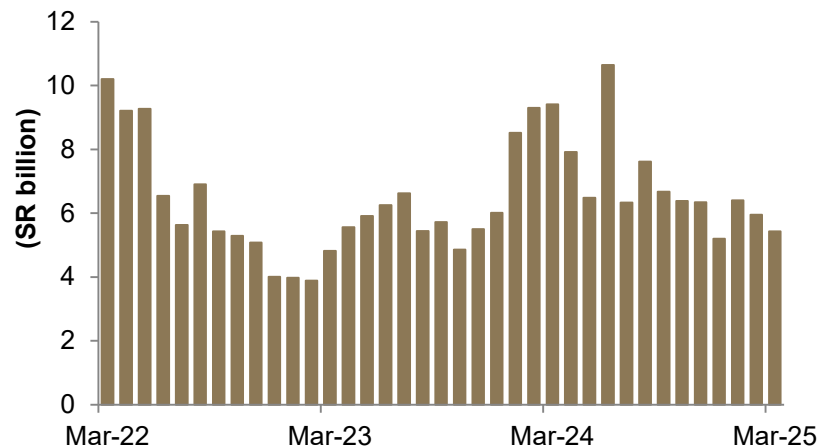


Comparative Stock Market Performance (March)



In March the largely flat performance of TASI outperformed declines across the rest of the GCC. Markets across the region have fallen after the tariff announcements.

Average Daily Traded Turnover (March)



Turnover soared to SR8.4 billion on April 6th during the market turmoil. This followed modest average daily turnover of SR5.4 billion in March, lower than in January-February.



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