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SAUDI ARABIA ECONOMIC OUTLOOK

Real Economy: The non-oil PMI declined in April, falling to 55.7 (versus 56.8 in March) as a result of respondents citing concerns around inflation.

Consumer Spending: Consumer spending was up 12.9 percent year-on-year, and by 28.5 percent month-on-month, in March. More recent weekly data for April showed saw sizable rises on 'food and beverages' and 'clothing' during Ramadan.

Industrial Sector: In February, the non-oil manufacturing index rose by 14.3 percent year-on-year. More recent data for March showed that the monthly value of licensed investments in new factories totaled SR2.5 billion.

Government Finance: The net monthly change to government accounts with SAMA rose by SR69.3 billion in March. The monthly increase came mainly from government deposits.

SAMA Foreign Reserve Assets: In-line with our expectations, SAMA FX reserves rebounded in March, rising by \$9.8 billion month-on-month, to reach \$451 billion. The rise came from bank deposits (up \$12.7 billion) whilst foreign securities declined by \$2.7 billion during the month.

Money Supply, Bank Deposits and Credit: The broad measure of money supply (M3) rose by 8.4 percent year-on-year in March, the highest rise in eight months, and by 1.8 percent month-on-month. Total deposits rose by 9.4 percent year-on-year.

Inflation: Prices rose by 2 percent year-on-year, and by 0.3 percent month-on-month in March. Within the CPI basket, 'food and beverages' rose by 3 percent year-on-year, and 0.4 percent month-on-month.

Real Estate Q1 2022: Real estate prices rose by 0.4 percent, year-on-year in Q1 2022, and by 0.5 percent quarter-on-quarter. Both annual and quarterly rises were mainly due to higher residential real estate prices.

Umrah and Hajj: The Ministry of Hajj and Umrah recently announced that one million pilgrims (from inside & outside the Kingdom) will be permitted to perform Hajj this year.

Oil-Global: Brent oil prices declined 15 percent and WTI oil prices declined 6 percent month-on-month in April, respectively. Since then, both benchmarks have risen due to the risk of a European Union (EU) wide ban on Russian energy imports.

Oil-Regional: Latest available official data for February shows that Saudi crude oil exports rose to their highest level in 21 months, to around 7.3 million barrels per day (mbpd).

Exchange Rates: The US dollar rose against almost all major currencies during April and early May, as the US Federal Reserve (Fed) raised interest rates by 50 basis points (bps) earlier this month. Such an aggressive rise in interest rates (coupled with investor risk-off sentiment) has helped push the value of the US dollar to multi-year highs recently.

Stock Market: TASI rose 4.9 percent month-on-month in April, placing it amongst the better performers when compared to major global and regional indices. The Saudi benchmark has risen a further 0.6 percent in the first two days of trading in May after Eid al-Fitr holidays.

Source: Jadwa Investment Research

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