



## Summary

**Real Economy:** October saw a marginal decline in the non-oil PMI, month-on-month, whilst recording growth in business output and new orders. Meanwhile, cement sales and production declined in October, by 7.9 and 9.3 percent year-on-year, respectively, despite rising on a monthly basis.

**Consumer Spending:** Consumer spending rose 4.8 percent year-on-year in October, and by 2.2 percent on a monthly basis. More specifically, POS transactions increased by 20 percent, whilst cash withdrawals were down by 11 percent year-on-year.

**Government Finance:** The net monthly change to government accounts with SAMA declined by SR47.6 billion in October. The monthly decrease came mainly from government deposits, which were down by SR46.5 billion, whilst government reserves declined during the month by SR1.1 billion.

**SAMA Foreign Reserve Assets:** SAMA FX reserves declined in October by \$14.7 billion month-on-month, to stand at almost \$451 billion. With Saudi Arabia more than likely recording a current account surplus in October (when Brent oil hit a seven year high), the recently observed decline in FX reserves is most certainly associated with financial account outflows.

**Money Supply, Bank Deposits and Credit:** The broad measure of money supply (M3) rose by 7.9 percent year-on-year, and by 0.5 percent month-on-month in October. Meanwhile, residential new mortgages for individuals declined by 3 percent year-on-year, and by 4 percent month-on-month.

**Inflation:** Prices in October rose by 0.8 percent year-on-year, and by 0.2 percent month-on-month. Within the CPI basket, 'food and beverages' rose by 1.4 percent year-on-year, but declined by 0.4 percent month-on-month.

**Oil-Global:** Both Brent and WTI oil benchmarks were down 2 percent month-on-month in November. The monthly decline disguises the sharp drop in prices seen in the last few days, with Brent suffering a daily loss of 11 percent immediately after news of the 'Omicron' variant emerged. Looking ahead, despite the recent sharp decline, we have adjusted our full year Brent oil forecast to \$71 per barrel (pb) for both 2021 and 2022, respectively (versus \$67 pb & 65 pb previously).

**Oil-Regional:** Saudi crude oil production averaged 9.8 million barrels per day (mbpd) in October, in-line with OPEC+ agreed levels. Looking ahead, we expect Saudi oil production to average 9.1 mbpd in full year 2021, and to rise by 14 percent in 2022, to 10.3 mbpd.

**Stock Market:** TASI saw the largest monthly decline since March 2020, as news of the 'Omicron' variant emerged. The Saudi index declined 8 percent month-on-month, as negative investor sentiment was compounded by a sharp decline in oil prices. In fact, TASI saw the largest monthly declines vis-à-vis major global and regional indices.

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## Real Economy

October saw a marginal decline in the non-oil PMI, month-on-month, whilst recording growth in business output and new orders. Meanwhile, cement sales and production declined in October, by 7.9 and 9.3 percent year-on-year, respectively, despite rising on a monthly basis. Latest available data for September shows that non-oil exports were up 35.6 percent year-on-year.

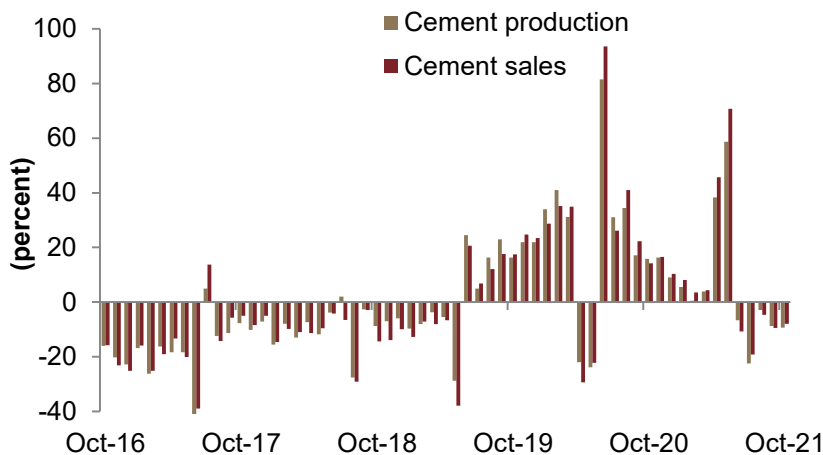
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**Non-oil Purchasing Managers' Index**



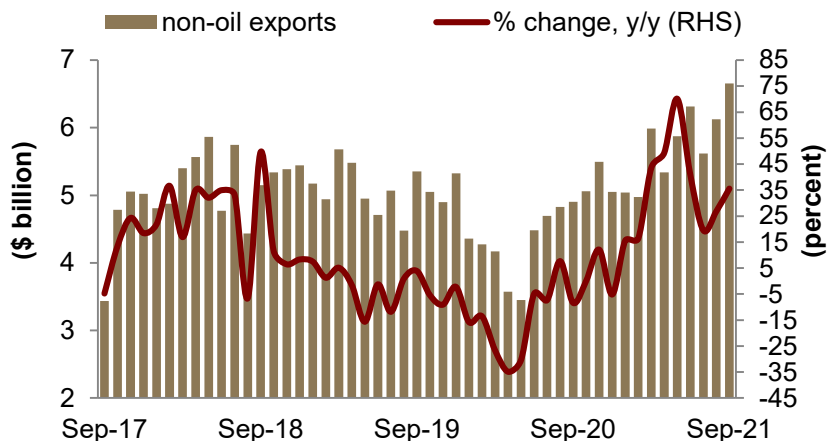
Meanwhile, cement sales and production declined in October, by 7.9 and 9.3 percent year-on-year, respectively, despite rising on a monthly basis.

**Cement Sales and Production**  
(year-on-year change)



Latest available data for September shows that non-oil exports rose by 35.6 percent year-on-year, and 8.6 percent month-on-month.

**Non-Oil Exports**  
(year-on-year change)

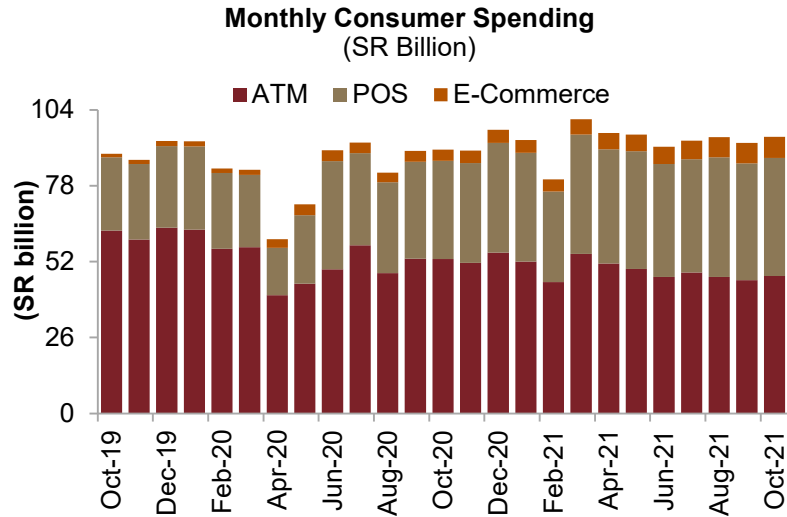




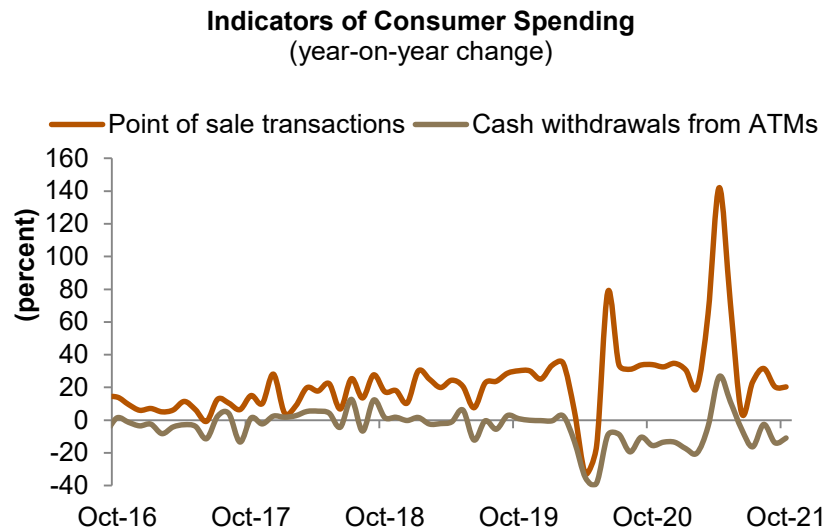
## Consumer Spending

Consumer spending rose 4.8 percent year-on-year in October, and by 2.2 percent on a monthly basis. More specifically, POS transactions increased by 20 percent, whilst cash withdrawals were down by 11 percent year-on-year. Looking at POS transactions by sector, 'furniture' and 'electronics' were the only sectors with annual declines during the month.

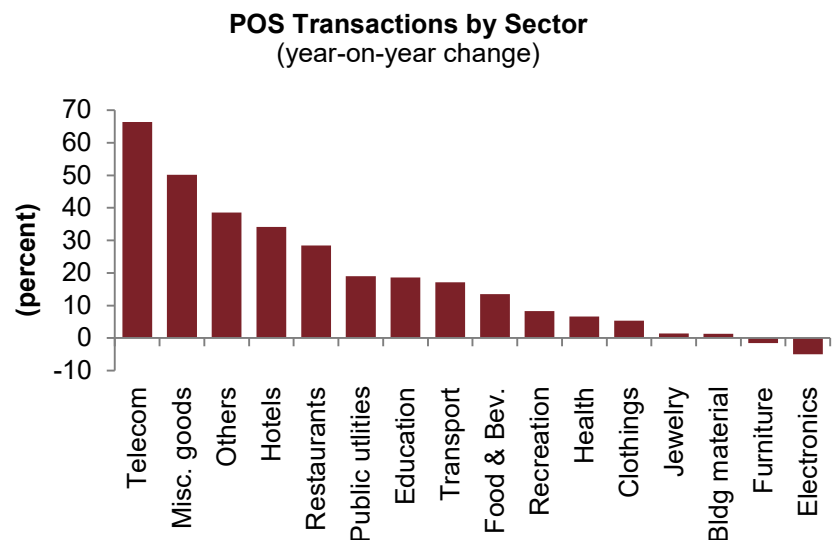
Consumer spending rose 4.8 percent year-on-year in October, and by 2.2 percent on a monthly basis.



POS transactions increased by 20 percent, whilst cash withdrawals were down by 11 percent year-on-year. On a monthly basis, both POS transactions and cash withdrawals were up, by 1.2 and 3.1 percent, respectively.



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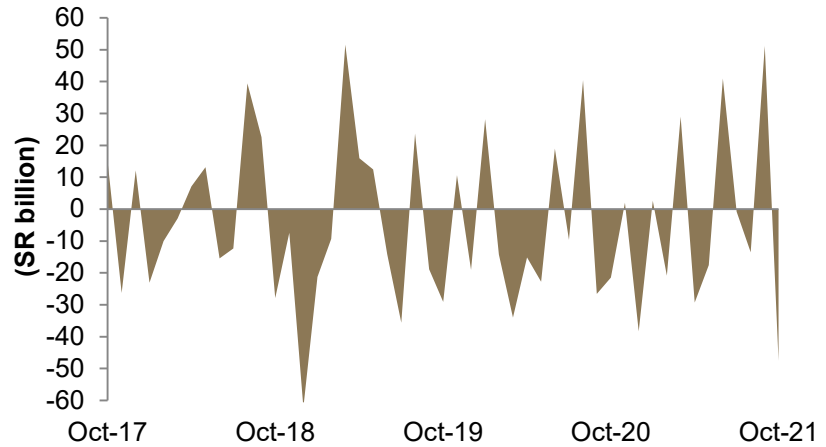


## Government Finance

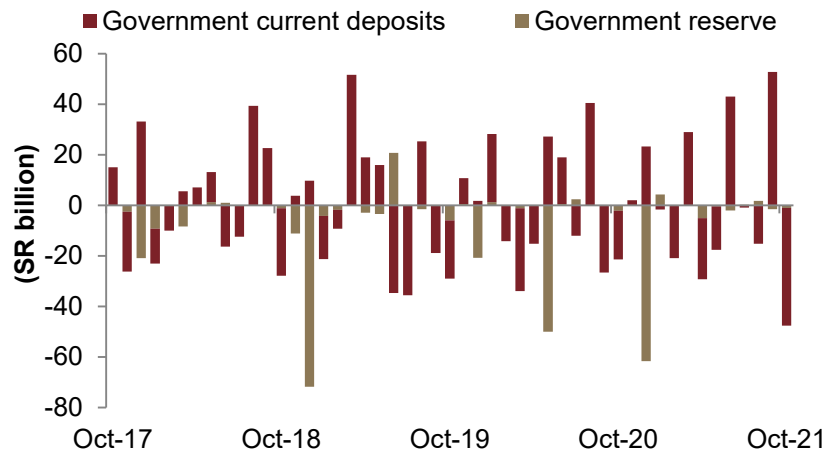
The net monthly change to government accounts with SAMA declined by SR47.6 billion in October. The monthly decrease came mainly from government deposits, which were down by SR46.5 billion, whilst government reserves declined during the month by SR1.1 billion.

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**Net Change to Government Accounts with SAMA**  
(month-on-month change)

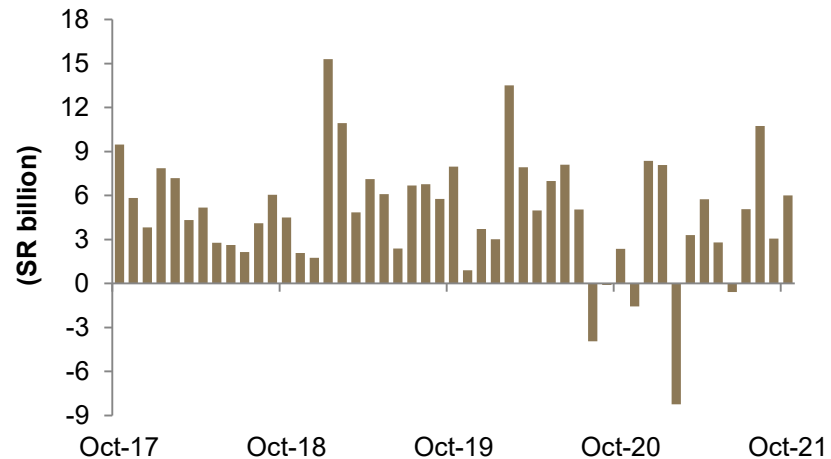


**Breakdown of Government Accounts with SAMA**  
(month-on-month change)



*The monthly decrease came mainly from government deposits, which were down by SR46.5 billion, whilst government reserves declined during the month by SR1.1 billion.*

**Domestic Banks Net Holdings of Government Bonds**  
(month-on-month change)



*Meanwhile, domestic bank holdings of government bonds increased in October by SR6 billion.*

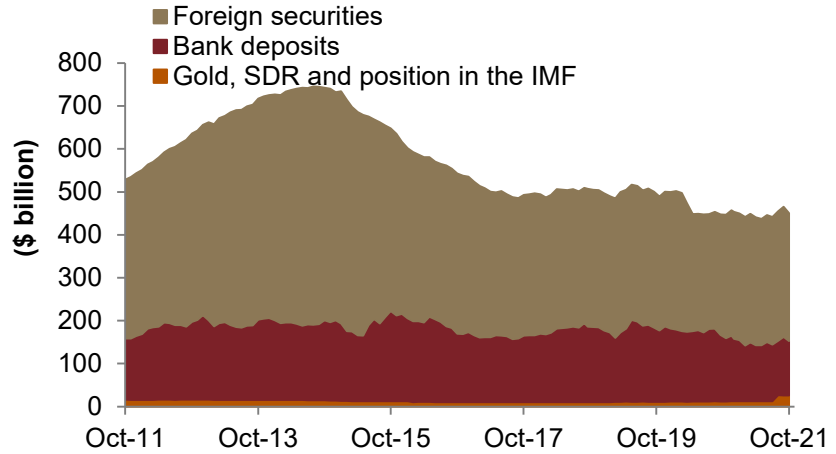


## SAMA Foreign Reserve Assets

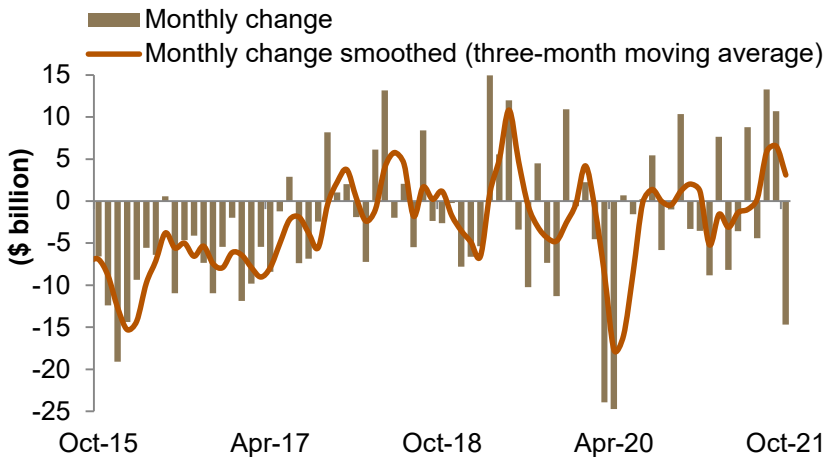
SAMA FX reserves declined in October by \$14.7 billion month-on-month, to stand at almost \$451 billion. A breakdown of FX reserves shows that the monthly decline came from a decrease in both bank deposits and foreign securities, down by \$10.3 billion and \$4.5 billion during the month, respectively.

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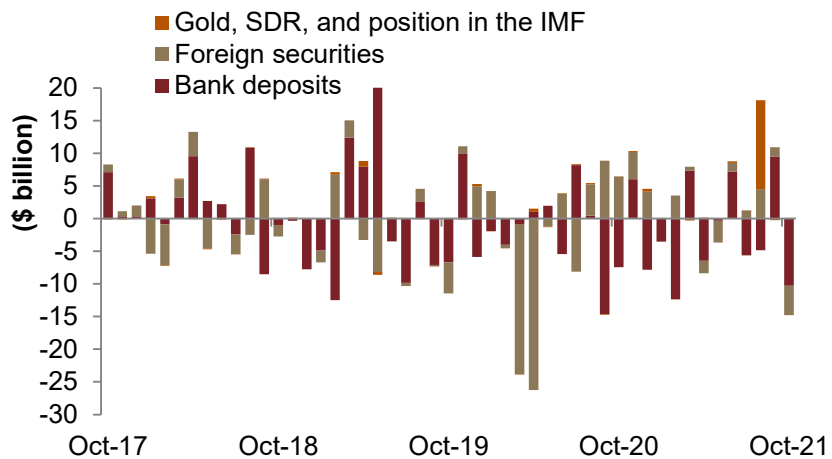
SAMA Total Foreign Reserve Assets



SAMA Foreign Reserve Assets (October 2021)



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



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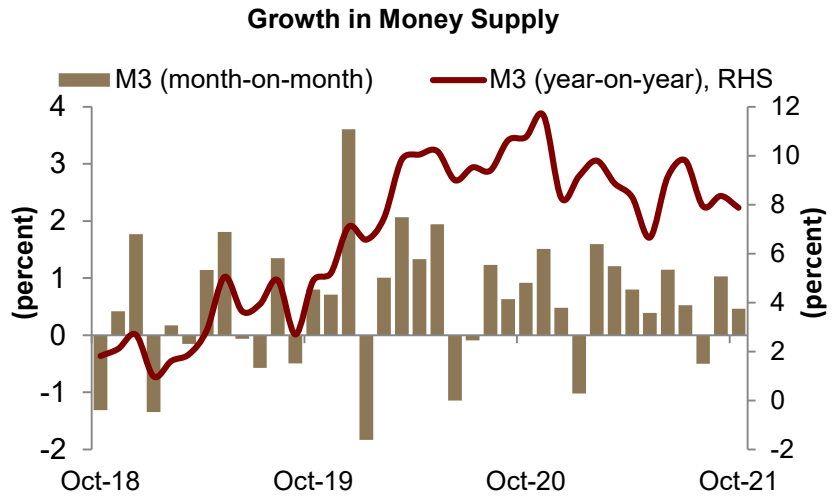
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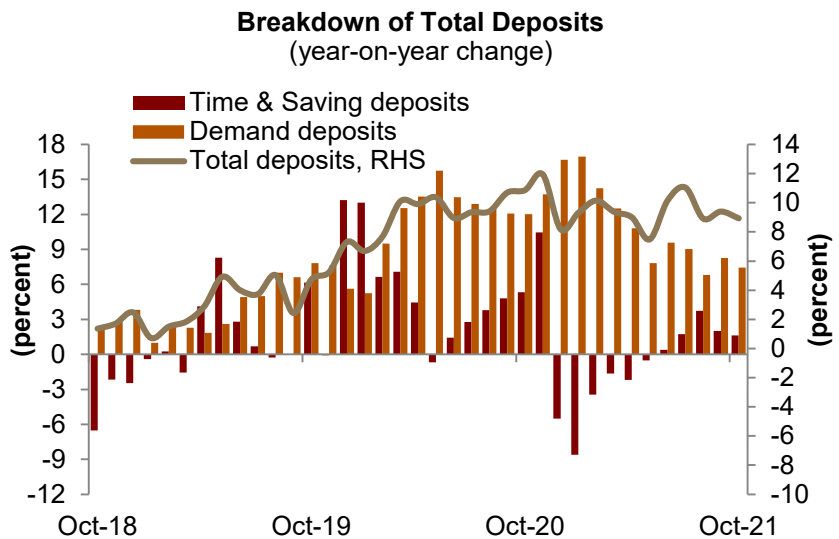
## Money Supply, Bank Deposits and Credit

The broad measure of money supply (M3) rose by 7.9 percent year-on-year, and by 0.5 percent month-on-month in October. Total deposits rose by 9 percent year-on-year. Within this segment, 'demand deposits' were up by 7.5 percent, year-on-year. Meanwhile, residential new mortgages for individuals declined by 3 percent year-on-year, and by 4 percent month-on-month.

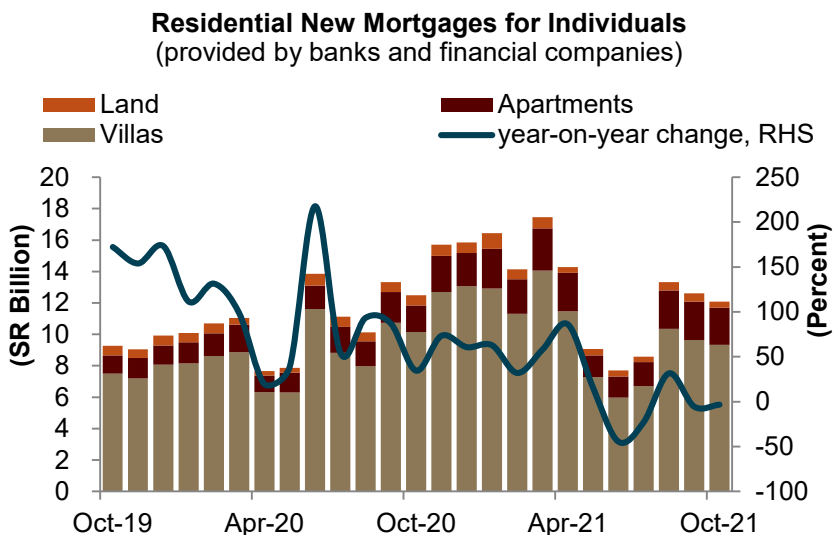
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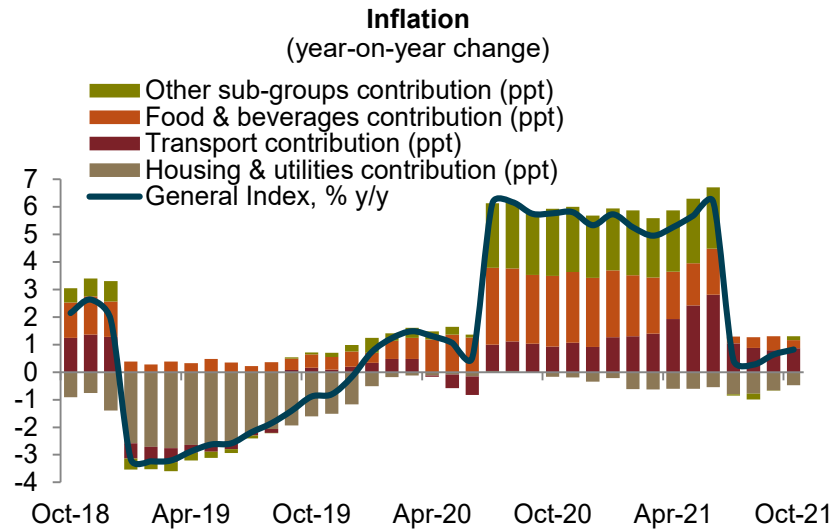




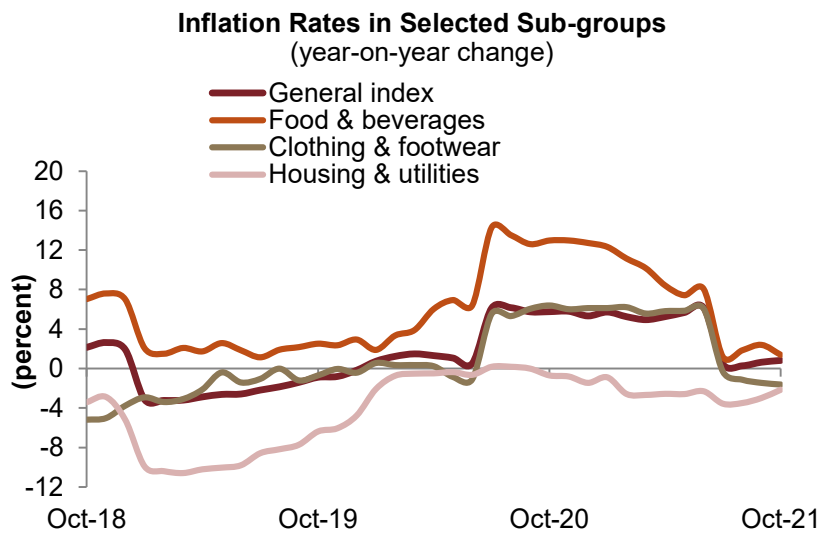
## Inflation

Prices in October rose by 0.8 percent year-on-year, and by 0.2 percent month-on-month. Within the CPI basket, 'food and beverages' rose by 1.4 percent year-on-year, but declined by 0.4 percent month-on-month. Also, 'Transport' prices rose by 6.4 percent year-on-year, but was down 0.5 percent month-on-month.

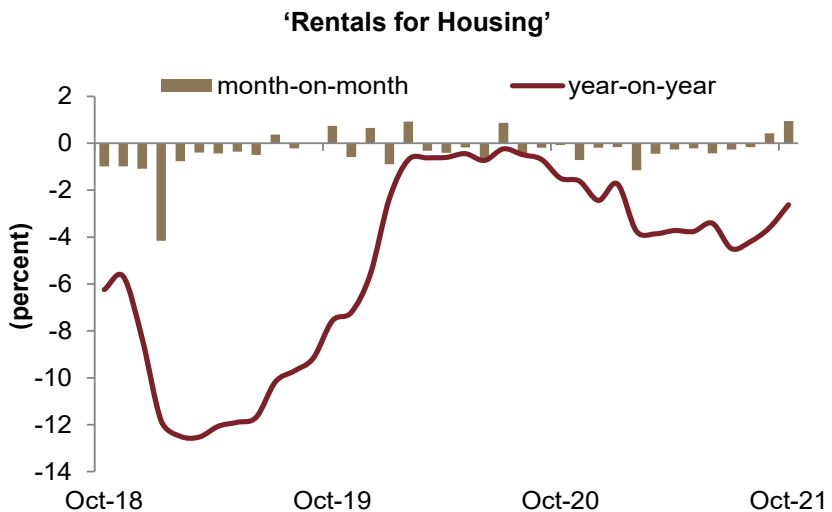
Prices in October rose by 0.8 percent year-on-year, and by 0.2 percent month-on-month.



Within the CPI basket, 'food and beverages' rose by 1.4 percent year-on-year, but declined by 0.4 percent month-on-month. Meanwhile, 'housing & utilities' continued to decline during the month...



...as 'rentals for housing' declined year-on-year, but rose month-on-month by almost 1 percent, marking the second monthly rise in a row.

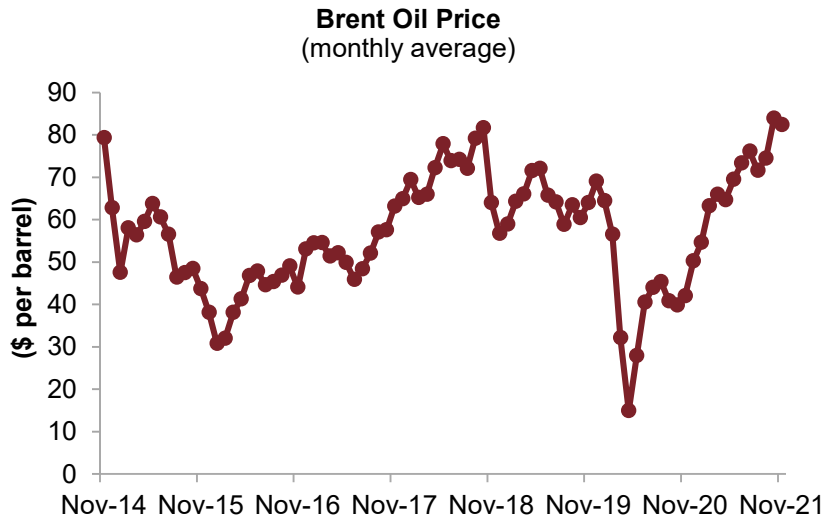




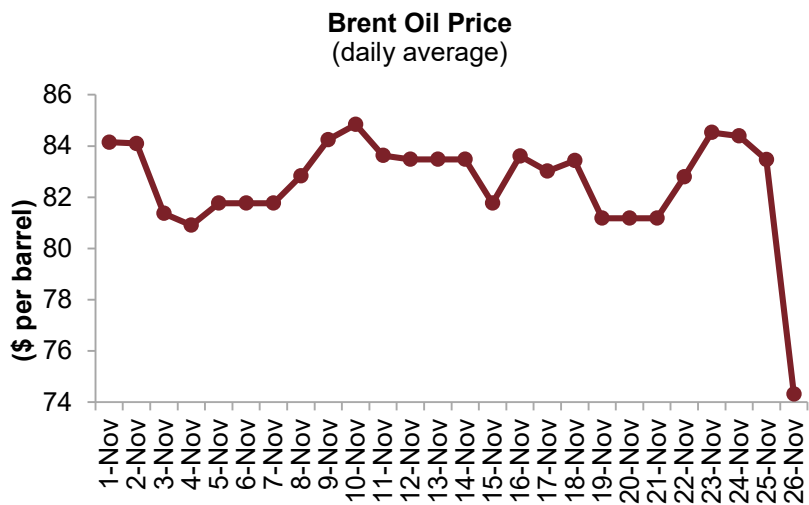
## Oil - Global

Both Brent and WTI oil benchmarks were down 2 percent month-on-month in November. The monthly decline disguises the sharp drop in prices seen in the last few days, with Brent suffering a daily loss of 11 percent immediately after news of the 'Omicron' variant emerged. Looking ahead, despite the recent sharp decline, we have adjusted our full year Brent oil forecast to \$71 per barrel (pb) for both 2021 and 2022, respectively (versus \$67 pb & 65 pb previously).

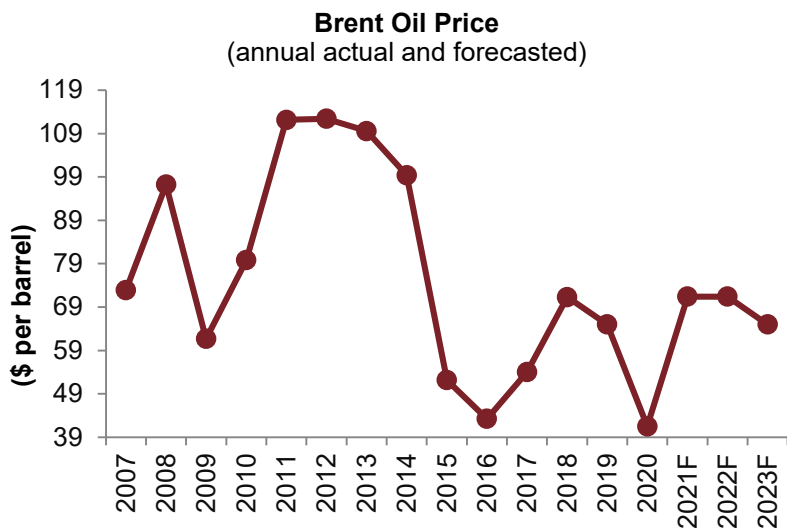
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## Oil - Regional

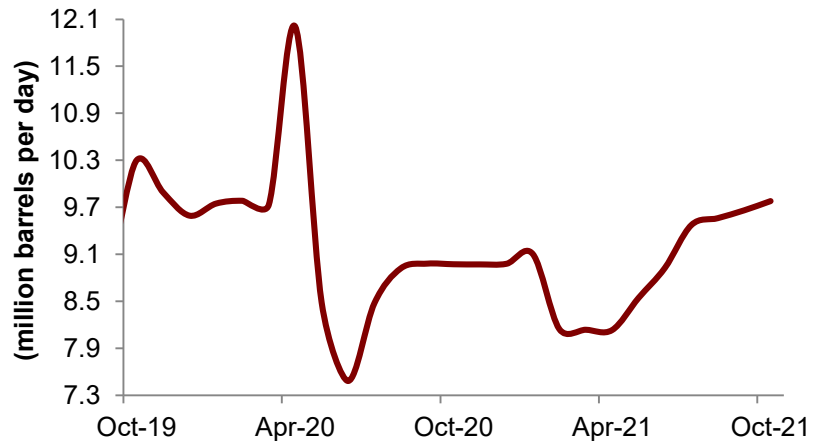
Saudi crude oil production averaged 9.8 million barrels per day (mbpd) in October, in-line with OPEC+ agreed levels. Looking ahead, we expect Saudi oil production to average 9.1 mbpd in full year 2021, and to rise by 14 percent in 2022, to 10.3 mbpd. Meanwhile, latest available data for September showed that crude oil and refined products were virtually flat month-on-month at 7.8 mbpd.

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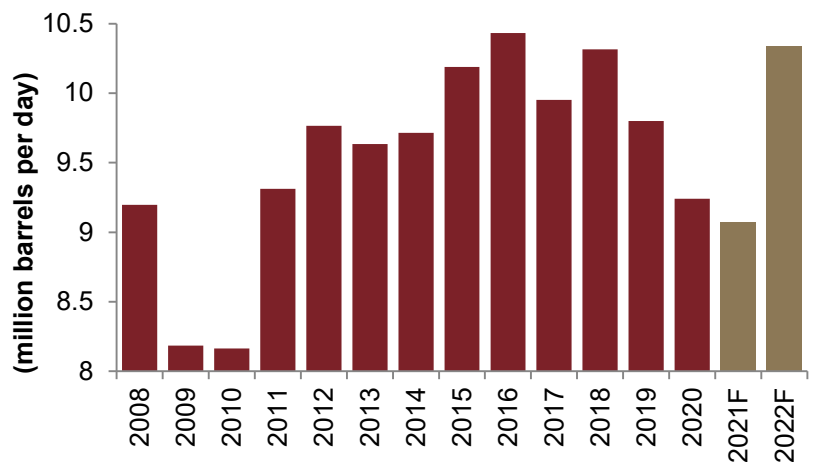
*Looking ahead, we expect Saudi oil production to average 9.1 mbpd in full year 2021, and to rise by 14 percent year-on-year in 2022, to 10.3 mbpd.*

*Meanwhile, latest available data for September showed that crude oil and refined products exports were virtually flat month-on-month, at 7.8 mbpd.*

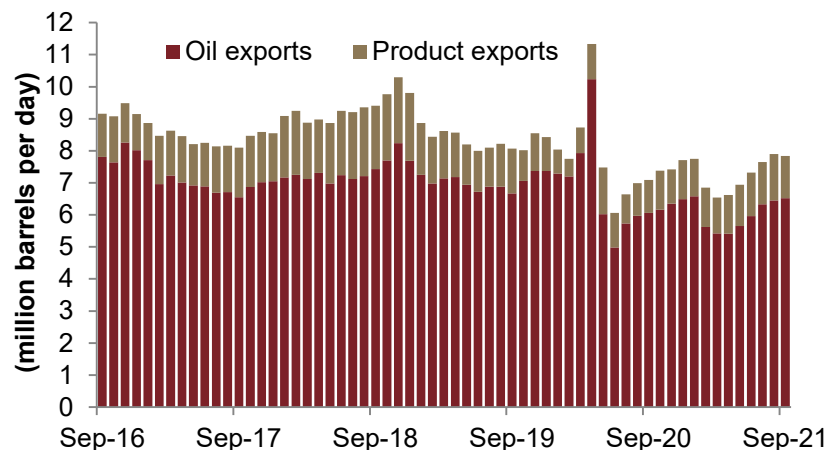
**Average Monthly Saudi Crude Oil Production**  
(direct communication)



**Average Annual Saudi Crude Oil Production**  
(2022: forecasts)



**Saudi Crude Oil and Refined Product Exports**  
(monthly average)





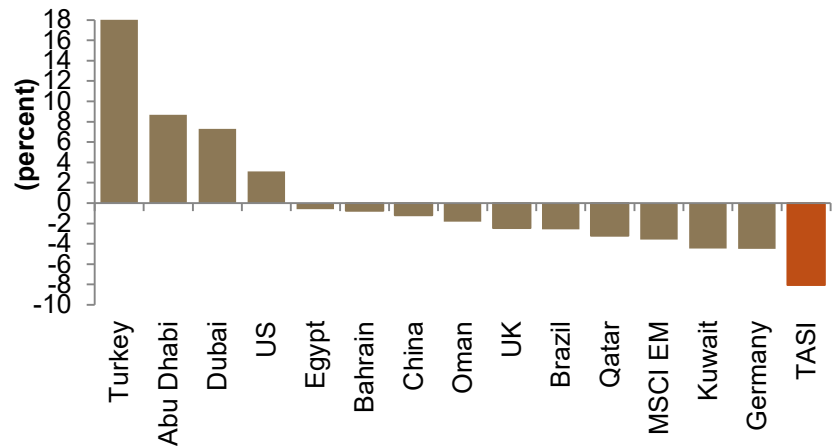
## Stock Market

TASI saw the largest monthly decline since March 2020, as news of the 'Omicron' variant emerged. The Saudi index declined 8 percent month-on-month, as negative investor sentiment was compounded by a sharp decline in oil prices. In fact, TASI saw the largest monthly declines vis-à-vis major global and regional indices. On a sectorial basis, all sectors in TASI declined, although 'utilities' and 'consumer durables' suffered the most.

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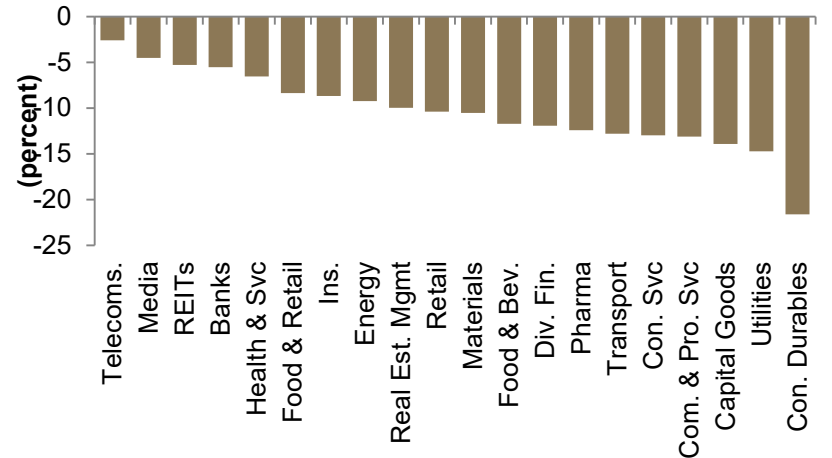


**Comparative Stock Market Performance**  
(November 2021)



*In fact, TASI saw the largest monthly declines vis-à-vis major global and regional indices.*

**Comparative Sectorial Performance**  
(November 2021)



*On a sectorial basis, all sectors in TASI declined, although 'utilities' and 'consumer durables' suffered the most.*



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## Key data

	2015	2016	2017	2018	2019	2020	2021F	2022F	2023F
<b>Nominal GDP</b>									
(SR billion)	2,454	2,419	2,582	2,949	2,974	2,625	3,230	3,495	3,557
(\$ billion)	654	645	689	787	793	700	861	932	949
(% change)	-13.5	-1.4	6.8	14.2	0.8	-11.7	23.0	8.2	1.8
<b>Real GDP (% change)</b>									
Oil	5.3	3.6	-3.1	3.1	-3.6	-6.7	0.3	13.7	3.5
Non-oil private sector	3.4	0.1	1.5	1.9	3.8	-3.1	5.7	3.2	3.5
Non-oil government	2.7	0.6	0.7	2.9	2.2	-0.5	1.0	1.0	1.0
Total	4.1	1.7	-0.7	2.4	0.3	-4.1	2.7	7.0	3.1
<b>Oil indicators (average)</b>									
Brent (\$/b)	52	43	54	71	66	42	71	71	65
Production (million b/d)	10.2	10.4	10.0	10.3	9.8	9.2	9.1	10.3	10.7
<b>Budgetary indicators (SR billion)</b>									
Government revenue	616	519	692	906	926	782	959	990	978
Government expenditure*	1,001	936	930	1,079	1,059	1,076	1015	955	941
Budget balance	-385	-417	-238	-173	-133	-294	-56	35	37
(% GDP)	-15.7	-17.2	-9.2	-5.9	-4.5	-11.2	-1.7	1.0	1.0
Gross public debt	142	317	443	560	678	854	937	1013	1026
(% GDP)	5.8	13.1	17.1	19.0	22.8	32.5	29.0	29.0	28.8
<b>Monetary indicators (average)</b>									
Inflation (% change)	1.2	2.1	-0.8	2.5	-2.1	3.4	3.2	1.7	1.5
SAMA base lending rate (% , end year)	2.0	2.0	2.0	3.0	2.3	0.75	0.75	1.00	1.50
<b>External trade indicators (\$ billion)</b>									
Oil export revenues	153	137	171	232	201	122	200	230	225
Total export revenues	204	184	222	294	262	174	265	296	293
Imports	159	128	123	126	140	126	141	145	147
Trade balance	44	56	98	169	121	48	125	150	147
Current account balance	-57	-24	10	72	38	-20	46	56	56
(% GDP)	-8.7	-3.7	1.5	9.2	4.8	-2.8	5.3	6.0	5.9
Official reserve assets	616	536	496	497	500	454	466	499	524
<b>Social and demographic indicators</b>									
Population (million)	31.0	31.7	32.6	33.4	34.2	35.0	35.4	35.8	36.3
Saudi Unemployment (15+, %)	11.5	12.5	12.8	12.7	12.0	12.6	10.5	10.3	10.0
GDP per capita (\$)	21,095	20,318	21,114	23,539	23,174	19,996	24,344	26,040	26,150

Sources: Jadwa Investment forecasts for 2021 to 2023. General Authority for Statistics for GDP and demographic indicators, Saudi Arabian Monetary Agency for monetary and external trade indicators, Ministry of Finance for budgetary indicators.  
\*Note: 2016 government expenditure includes SR105 billion in due payment from previous years.