



## Summary

**Real Economy:** The non-oil PMI declined again in November, month-on-month, with output and new orders slowing during the month. We expect to see a further downward trend in the near term, as firms remain cautious over Omicron related developments.

**Consumer Spending:** Consumer spending was up 5.6 percent year-on-year in November, and by 0.3 percent month-on-month. Within this, POS transactions rose by 21 percent, whilst cash withdrawals were down by 11 percent year-on-year.

**Industrial Sector:** October saw a rise in the non-oil manufacturing index by 4 percent year-on-year. More recently, the monthly value of licensed investments in new factories stood at SR735 million in November, with a net increase of 37 factories during the month.

**Government Finance:** The net monthly change to government accounts with SAMA increased by SR41.4 billion in November. The monthly rise came mainly from government deposits, which were up by SR41.4 billion.

**SAMA Foreign Reserve Assets:** SAMA FX reserves rose in November by \$13.6 billion month-on-month, to stand at almost \$464 billion. A breakdown of FX reserves shows that the monthly increase came mainly from a rise in bank deposits.

**Money Supply, Bank Deposits and Credit:** The broad measure of money supply (M3) rose by 6.3 percent year-on-year, whilst remaining almost unchanged month-on-month in November. Total deposits rose by 7 percent year-on-year.

**Inflation:** Prices in November rose by 1.1 percent year-on-year, and by 0.2 percent month-on-month. Within the CPI basket, 'food and beverages' rose by 1.6 percent year-on-year, and 0.1 percent month-on-month.

**Labor Market Q3 2021:** The latest labor market release from GaStat showed that unemployment rate for citizens remained unchanged at 11.3 percent in Q3, quarter-on-quarter. Meanwhile, participation rate rose in Q3 to 49.8 percent up from 48.4 percent in Q2, mainly supported by a rise in female participation.

**Oil-Global:** The global spread in Omicron variant cases resulted in both Brent and US WTI oil benchmarks declining by 9 percent on a monthly basis in December. As a result, Brent averaged \$71 per barrel (pb) in full year 2021 (in-line with our forecasts).

**Oil-Regional:** Saudi crude oil production edged up 1 percent month-on-month in November, to an average of 9.9 million barrels per day (mbpd). The rise was in-line with OPEC+'s agreement. Meanwhile, latest available official data for October showed that Saudi crude oil and refined products exports hit a 17 month high at 8.2 mbpd.

**Stock Market:** TASI finished the year on a positive note, rising 5 percent month-on-month, in December, with investors seemingly brushing aside concerns related to the global spread of Omicron. This improvement helped TASI record its best performance in a decade, with annual rise of 30 percent in full year 2021.

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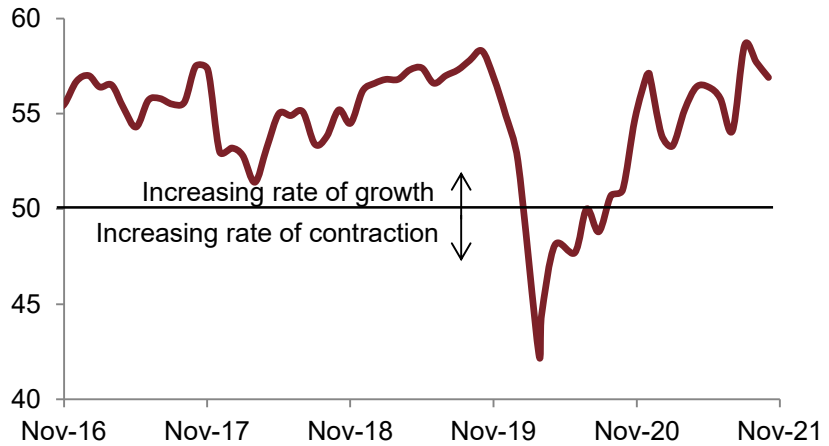


## Real Economy

The non-oil PMI declined again in November, month-on-month, with output and new orders slowing during the month. Separately, cement sales and production also declined in November, by 2.8 and 7.4 percent year-on-year, respectively. Meanwhile, latest available data for October shows that non-oil exports were up by 25.5 percent year-on-year, but registered a monthly decline of 6 percent.

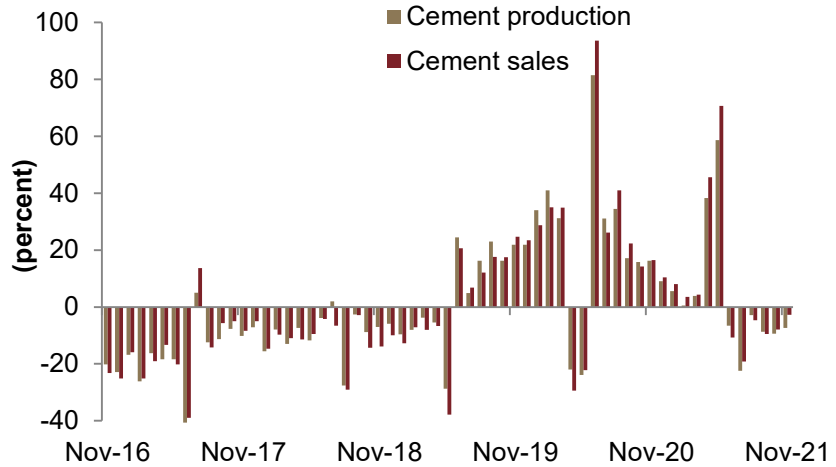
*The non-oil PMI declined again in November, month-on-month, with output and new orders slowing during the month. We expect to see a further downward trend in the near term, as firms remain cautious over Omicron related developments.*

**Non-oil Purchasing Managers' Index**



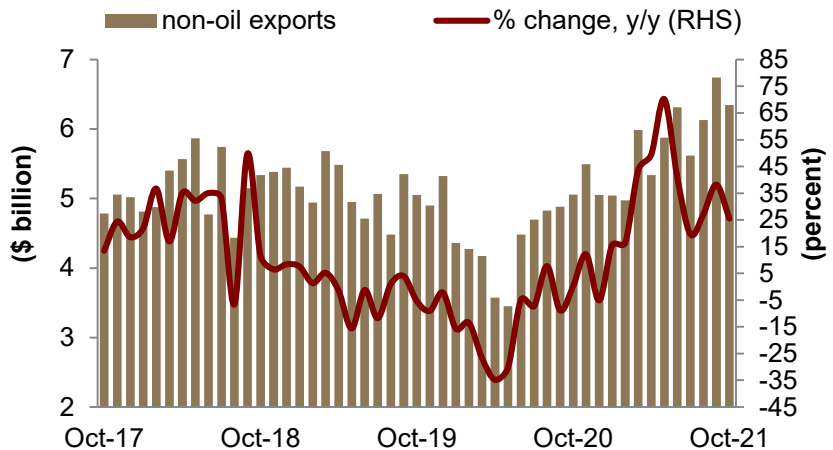
*Cement sales and production also declined in November, by 2.8 and 7.4 percent year-on-year, respectively.*

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



*Meanwhile, latest available data for October shows that non-oil exports were up by 25.5 percent year-on-year. On a monthly basis, non-oil exports decline by 6 percent, driven mainly by lower exports in "plastics & rubber".*

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

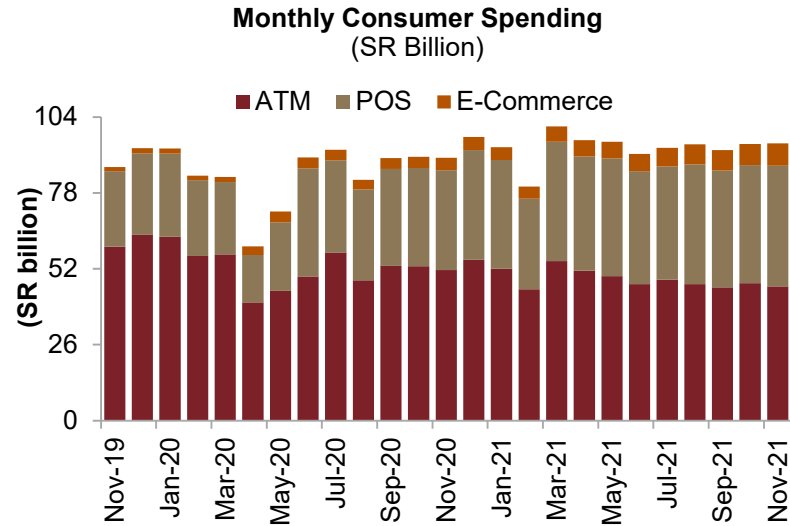




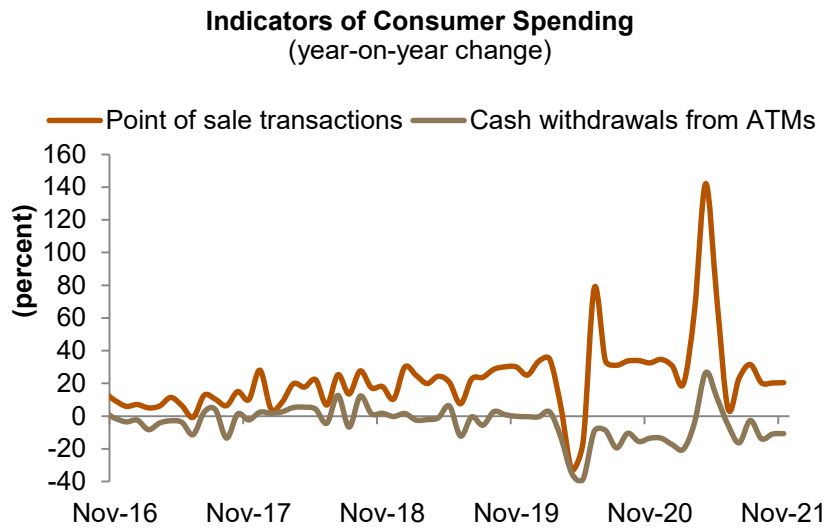
## Consumer Spending

Consumer spending was up 5.6 percent year-on-year in November, and by 0.3 percent month-on-month. Within this, POS transactions rose by 21 percent, whilst cash withdrawals were down by 11 percent year-on-year. Looking at POS transactions by sector, 'furniture', 'jewelry' and 'electronics' were the only sectors with annual declines during the month.

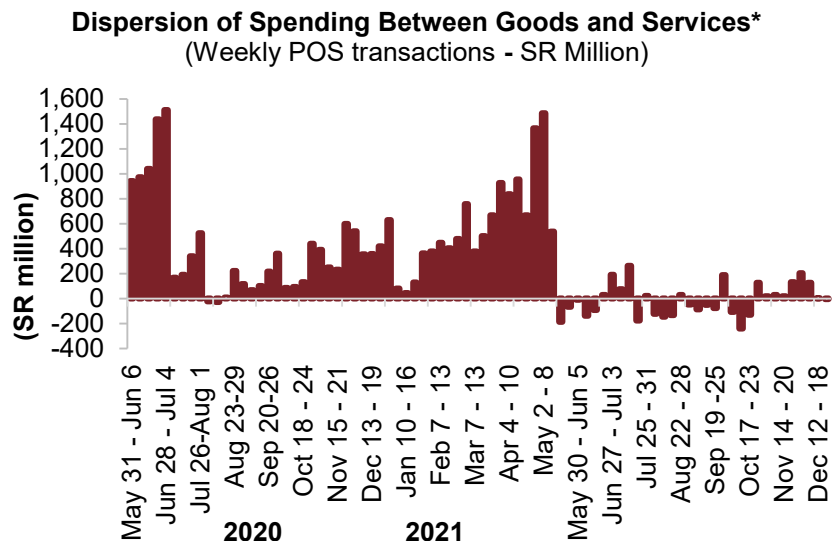
Consumer spending was up 5.6 percent year-on-year in November, and by 0.3 percent month-on-month. The share of ATM cash withdrawals reached a record low of 48 percent of total spending, versus 74 percent back in January 2019.



POS transactions rose by 21 percent year-on-year, and by 2 percent month-on-month.



We note that there has been a shift in spending patterns from goods to services recently (something we anticipated in our August [macroeconomic update](#)). More specifically, as pandemic related restrictions around social distancing have been relaxed, in-line with herd immunity, more spending has been diverted to services, especially so with the roll-out of a large scale leisure and entertainment festival related to 'Riyadh Seasons'.



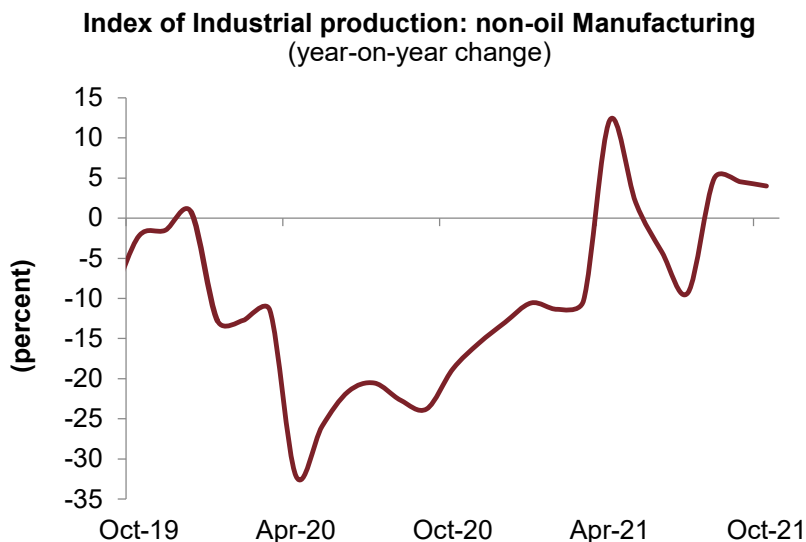
\* Positive = more spending on goods / Negative = more spending on services  
\* Jadwa's calculation (POS transactions on goods minus POS transactions on services)



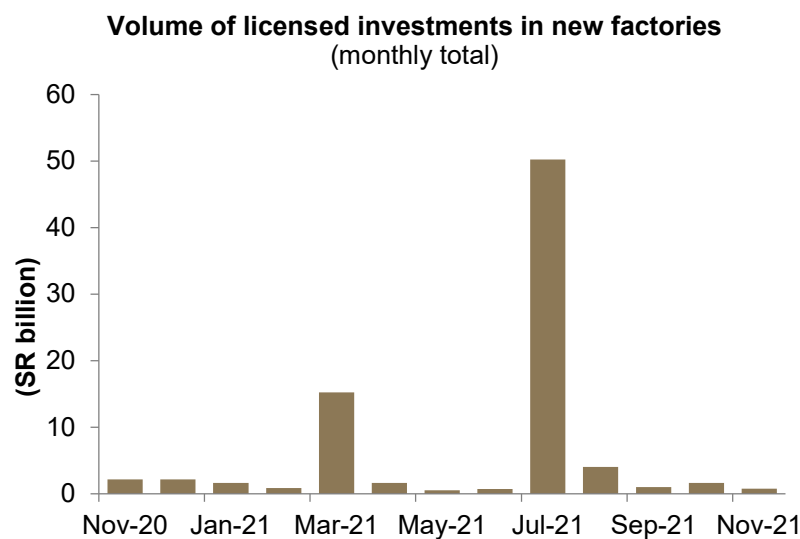
## Industrial sector

October saw a rise in the non-oil manufacturing index by 4 percent year-on-year. More recently, the monthly value of licensed investments in new factories stood at SR735 million in November, with a net increase of 37 factories during the month. Moreover, the month saw a decline in foreign workers (by 3.9 thousand) and an increase in Saudi workers by 2.3 thousand.

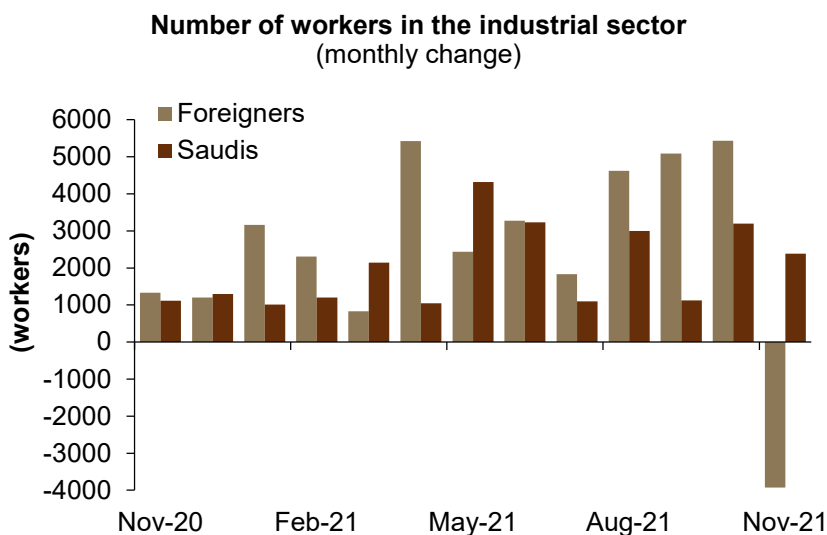
October saw a rise in the non-oil manufacturing index by 4 percent year-on-year.



The monthly value of licensed investments in new factories stood at SR735 million in November, with a net increase of 37 factories (existing and under construction) during the month.



November saw a decline in foreign workers (by 3.9 thousand) and an increase in Saudi workers by 2.3 thousand.



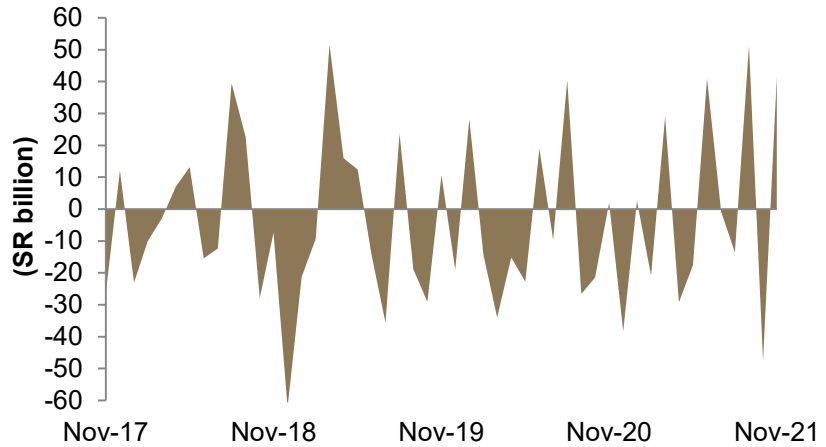


## Government Finance

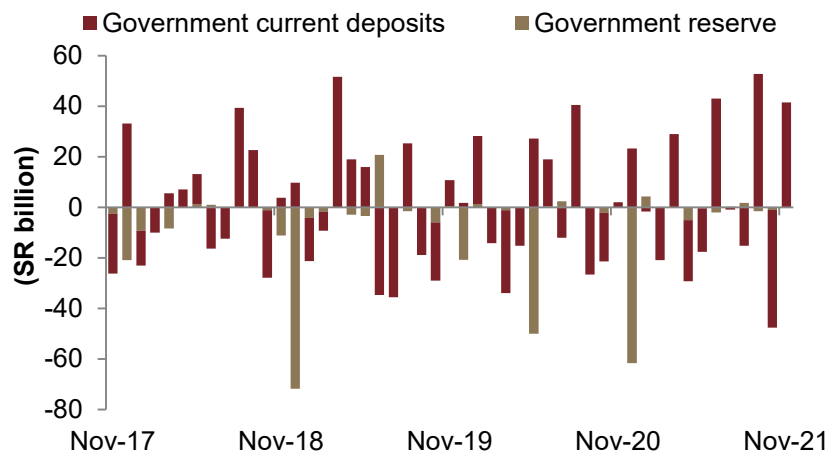
The net monthly change to government accounts with SAMA increased by SR41.4 billion in November. The monthly rise came mainly from government deposits, which were up by SR41.4 billion, whilst government reserves saw a marginal rise during the month by SR41 million.

*The net monthly change to government accounts with SAMA increased by SR41.4 billion in November.*

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

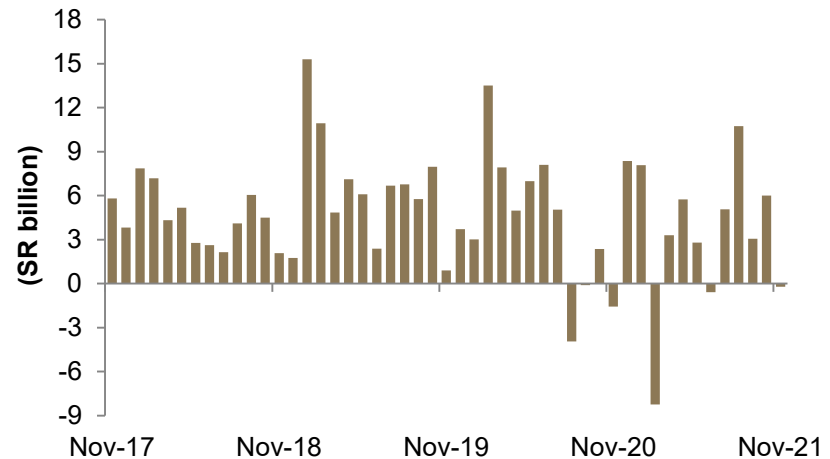


**Breakdown of Government Accounts with SAMA**  
(month-on-month change)



*The monthly rise came mainly from government deposits, which were up by SR41.4 billion, whilst government reserves saw a marginal rise during the month by SR41 million.*

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



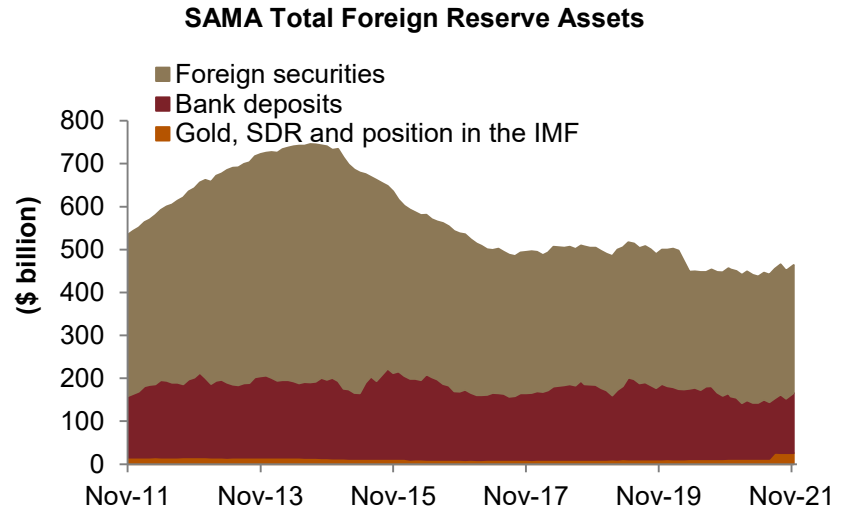
*Meanwhile, domestic bank holdings of government bonds declined marginally in November by SR208 million.*



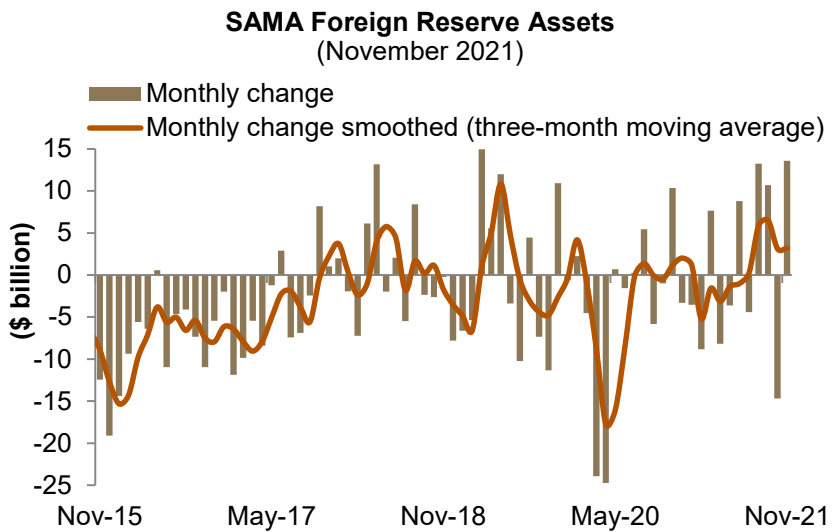
## SAMA Foreign Reserve Assets

SAMA FX reserves rose in November by \$13.6 billion month-on-month, to stand at almost \$464 billion. A breakdown of FX reserves shows that the monthly increase came mainly from a rise in bank deposits, up by \$14 billion during the month. By the end of 2021, we expect SAMA FX reserves to total \$466 billion.

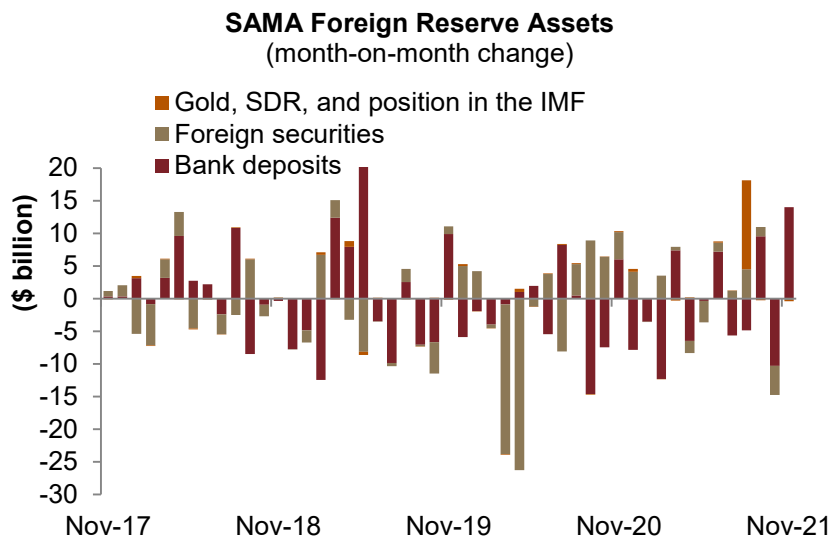
*SAMA FX reserves rose in November by \$13.6 billion month-on-month...*



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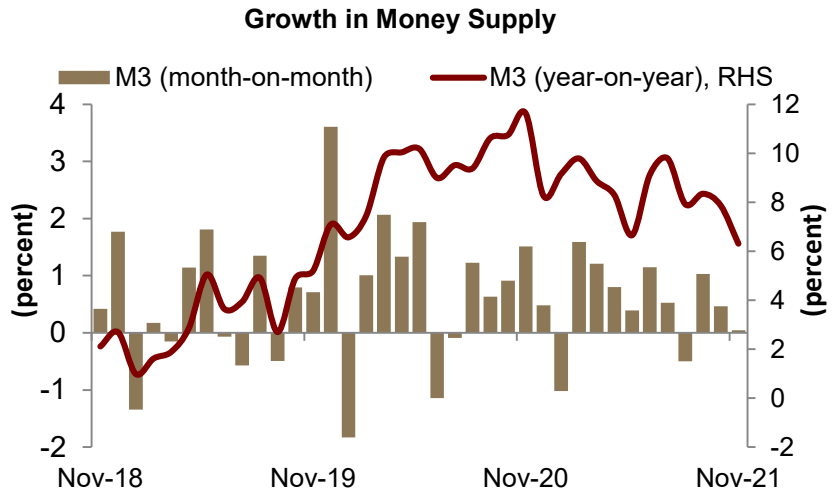




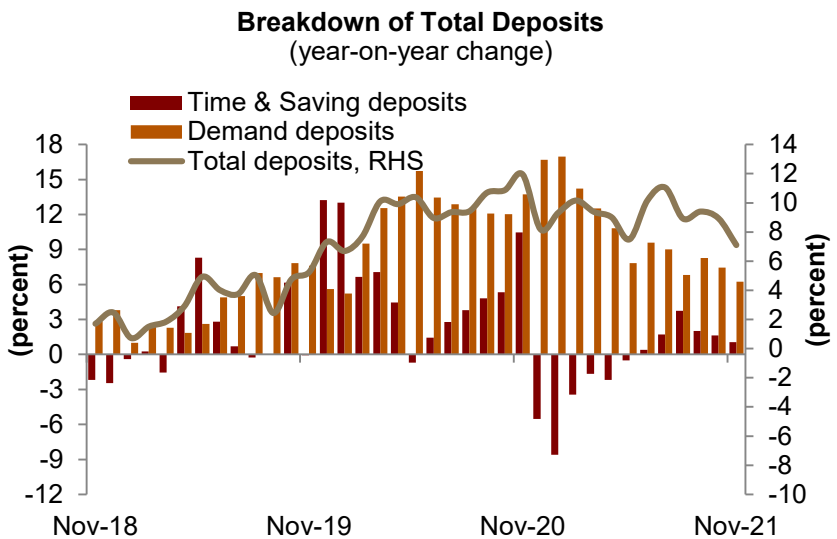
## Money Supply, Bank Deposits and Credit

The broad measure of money supply (M3) rose by 6.3 percent year-on-year, whilst remaining almost unchanged month-on-month in November. Total deposits rose by 7 percent year-on-year. Within this segment, 'demand deposits' were up by 6.2 percent, year-on-year, mainly driven by a rise in 'private demand deposits', up by 6.3 percent year-on-year.

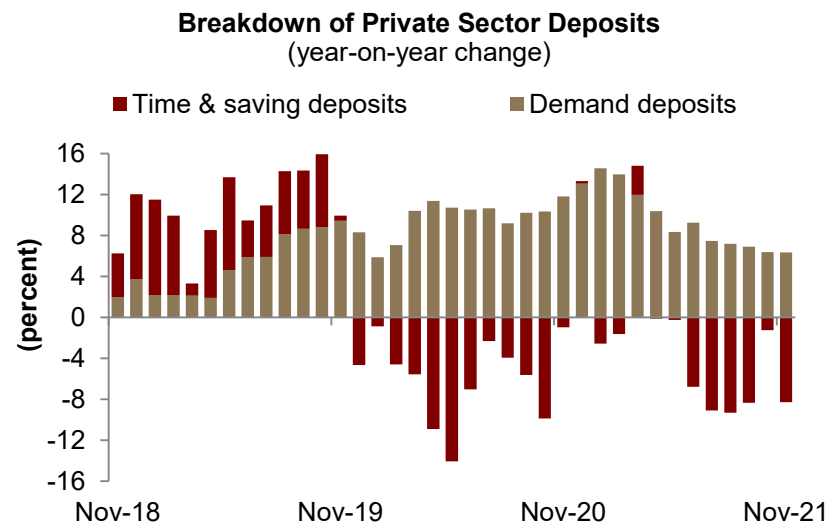
*M3 rose by 6.3 percent year-on-year, whilst remaining almost unchanged month-on-month in November.*



*Total deposits rose by 7 percent year-on-year. Within this segment, 'demand deposits' were up by 6.2 percent, year-on-year...*



*...mainly driven by a rise in 'private demand deposits', up by 6.3 percent year-on-year. Meanwhile, 'private time & saving deposits' continued to decline year-on-year in November.*

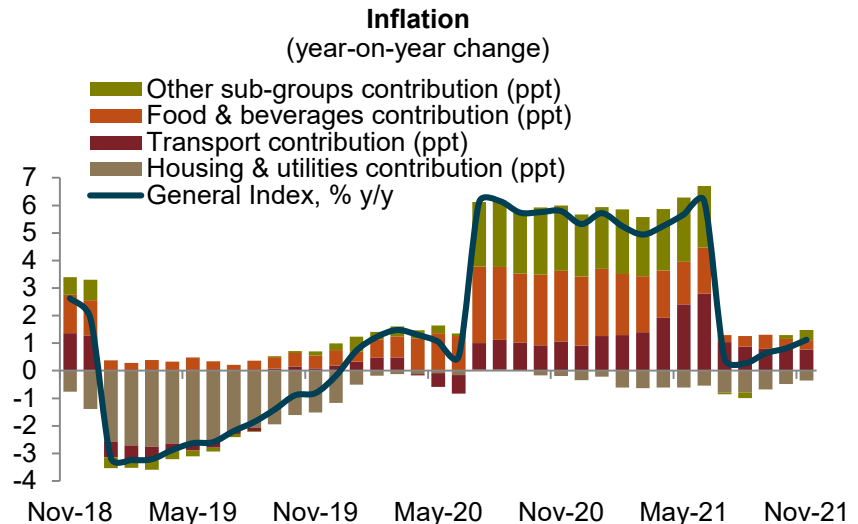




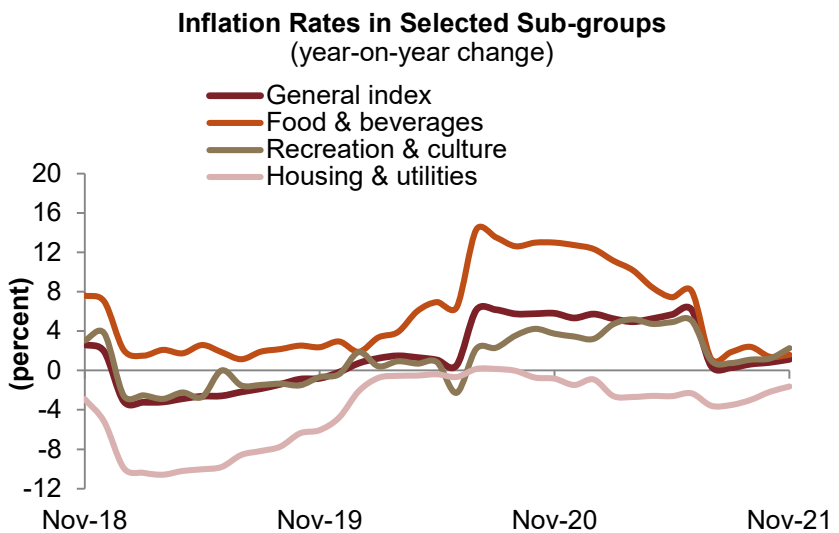
## Inflation

Prices in November rose by 1.1 percent year-on-year, and by 0.2 percent month-on-month. Within the CPI basket, 'food and beverages' rose by 1.6 percent year-on-year, and 0.1 percent month-on-month. 'Transport' prices were up by 5.7 percent year-on-year, and by 0.3 percent month-on-month. Meanwhile, 'housing and utilities' saw an annual decline during the month, at 1.6 percent.

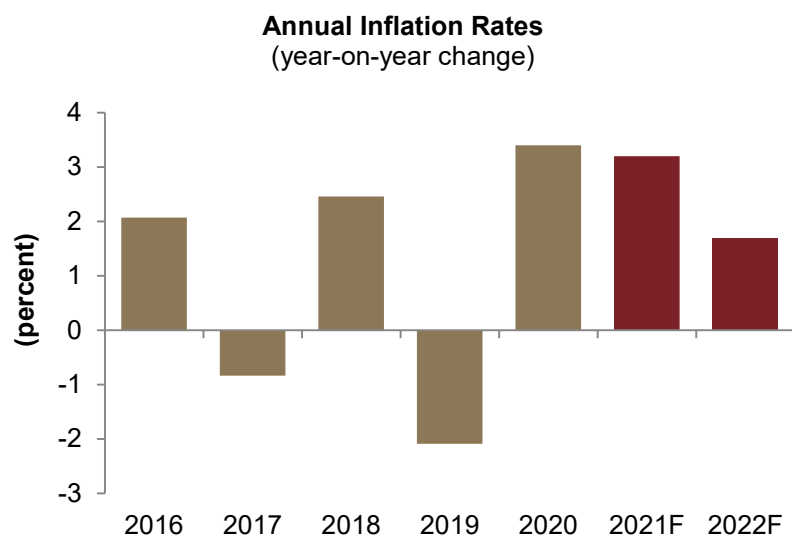
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Within the CPI basket, 'food & beverages' rose by 1.6 percent year-on-year.



We estimate inflation rates of 3.2 percent for full year 2021, and 1.7 percent in 2022.



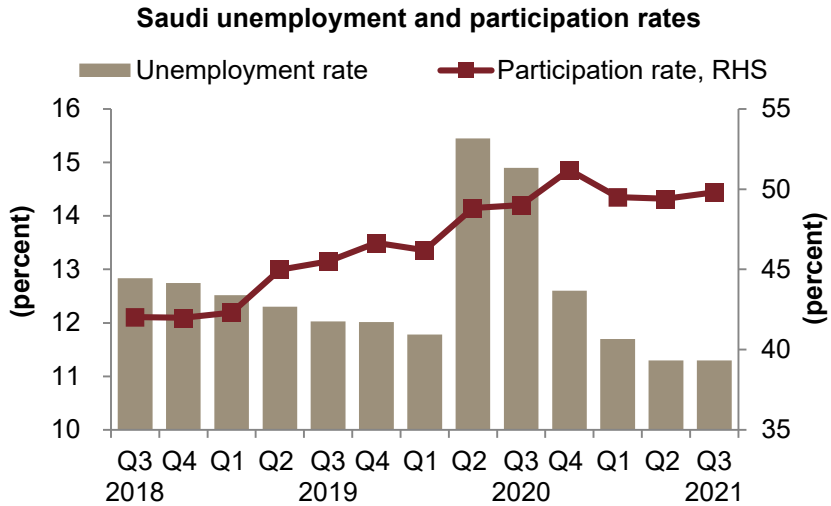




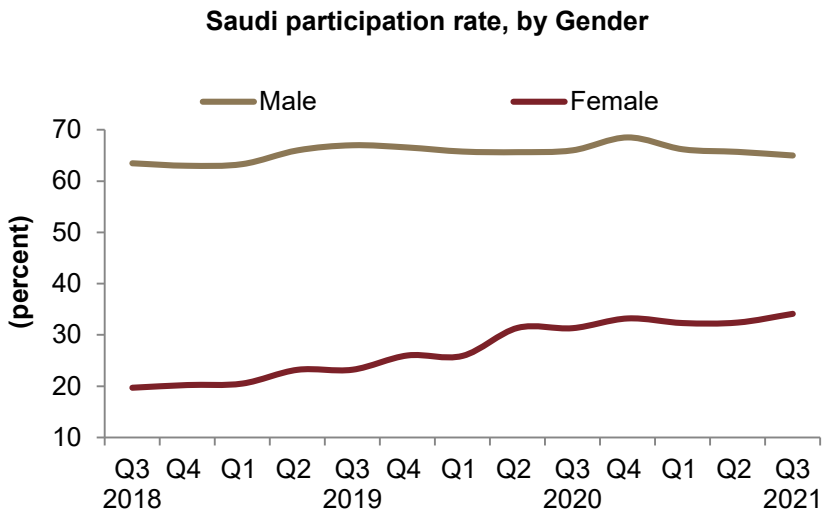
## Labor Market Q3 2021

The latest labor market release from GaStat showed that unemployment rate for citizens remained unchanged at 11.3 percent in Q3, quarter-on-quarter. Meanwhile, participation rate rose in Q3 to 49.8 percent up from 48.4 percent in Q2, mainly supported by a rise in female participation. Sectorial data showed that most sectors saw a net rise in the number of Saudi workers, quarter-on-quarter.

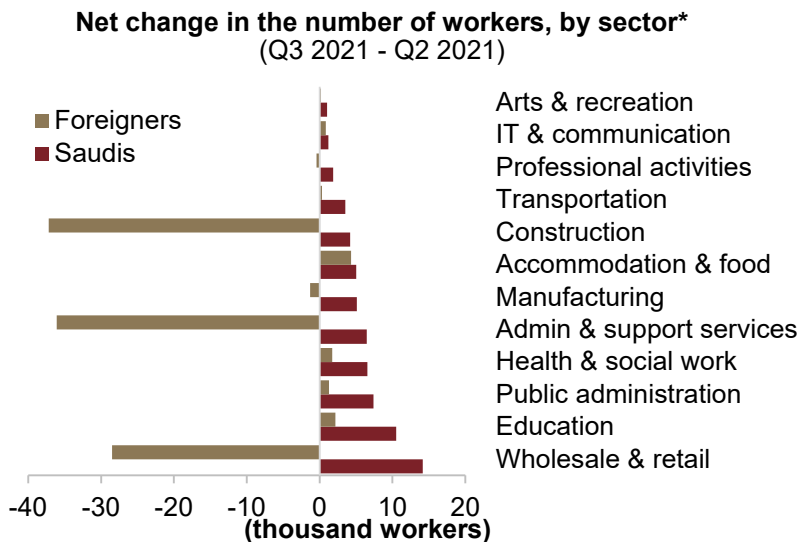
Unemployment rate for citizens remained unchanged at 11.3 percent in Q3, quarter-on-quarter. Meanwhile, participation rate rose in Q3 to 49.8 percent up from 48.4 percent in Q2...



...mainly supported by a rise in female participation rate, which jumped from 32.4 percent in Q2 to 34.1 percent in Q3, reaching a new record.



Sectorial data showed that most sectors saw a net rise in the number of Saudi workers during Q3, mainly in 'wholesale & retail' and 'education', as previously expected. It is likely that Q3 saw a rise in the number of job opportunities in-line with the rise in the vaccination rate, and the opening of many tourism sites and events in different regions. Looking forward, we think that the unemployment rate will decline in Q4.



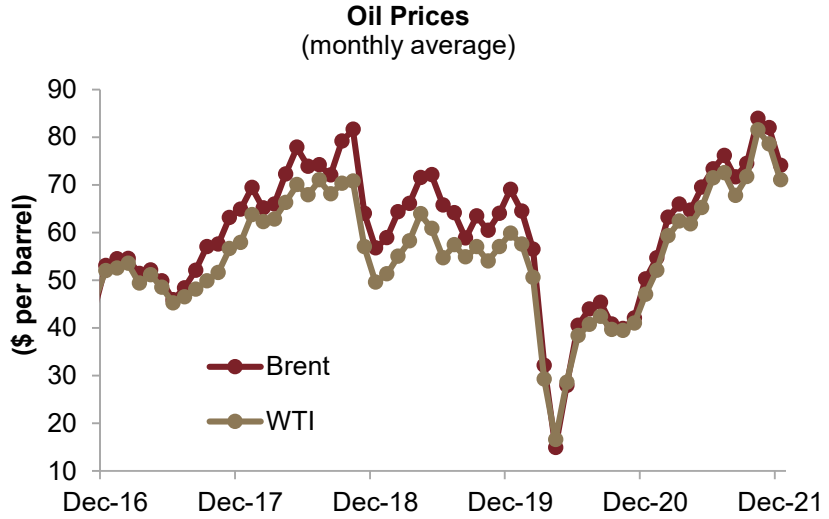
\*Remaining sectors were excluded for non-significant changes in labor during Q3 2021.



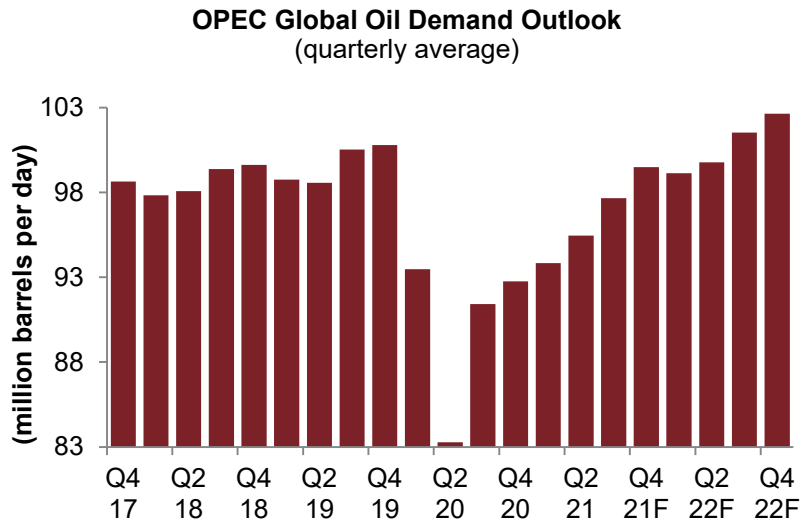
## Oil - Global

The global spread in Omicron variant cases resulted in both Brent and US WTI oil benchmarks declining by 9 percent on a monthly basis in December. As a result, Brent averaged \$71 per barrel (pb) in full year 2021 (in-line with our forecasts), whilst WTI oil averaged \$68 pb. Looking ahead, whilst further volatility is expected in the near-term, higher oil demand is forecasted in 2022 as a whole, which should lend support to oil prices.

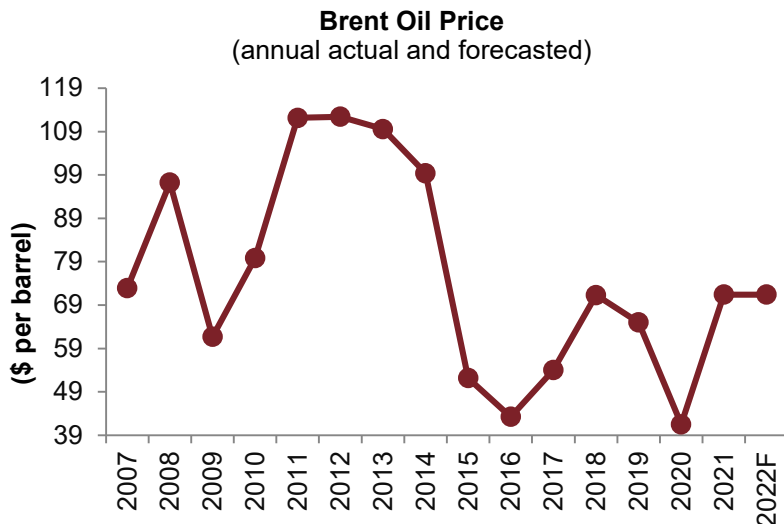
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*Looking ahead, whilst further volatility is expected in prices in the near-term, higher oil demand is forecasted in 2022 as a whole, which should lend support to oil prices.*



*Brent oil averaged \$71 pb in full year 2021 (in-line with our forecasts), and we expect a similar price level in 2022.*



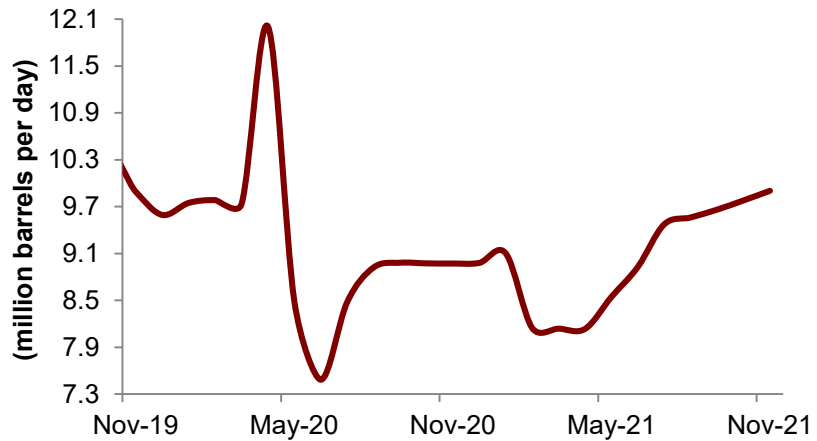


## Oil - Regional

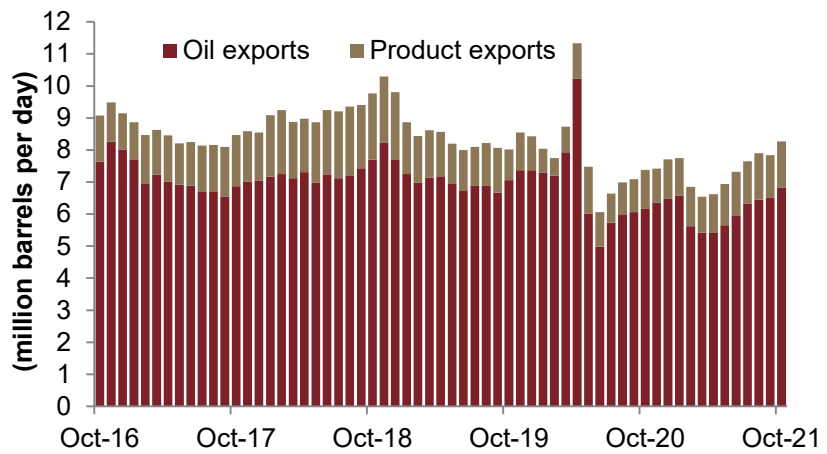
Saudi crude oil production edged up 1 percent month-on-month in November, to an average of 9.9 million barrels per day (mbpd). The rise was in-line with OPEC+'s agreement. Meanwhile, latest available official data for October showed that Saudi crude oil and refined products exports hit a 17 month high at 8.2 mbpd. Looking ahead, we expect exports to continue rising in the near term.

*Saudi crude oil production edged up 1 percent month-on-month in November, to an average of 9.9 million barrels per day (mbpd). The rise was in-line with OPEC+'s agreement.*

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

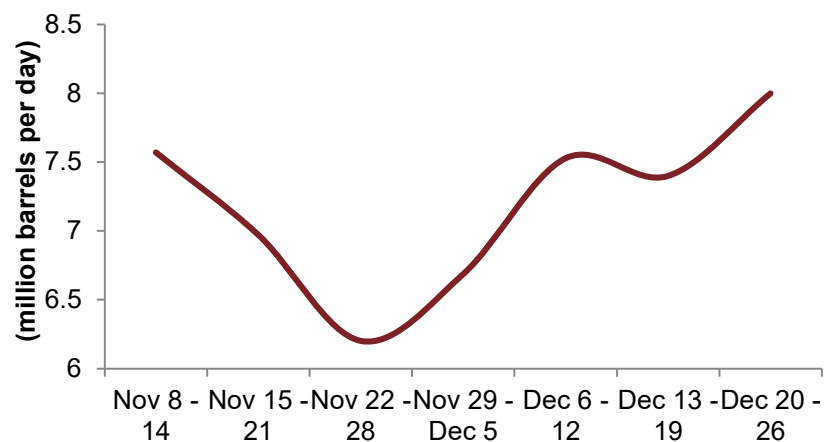


**Saudi Crude Oil and Refined Product Exports**  
(monthly average)



*Meanwhile, latest available official data for October showed that Saudi crude oil and refined products exports hit a 17 month high at 8.2 mbpd.*

**Saudi Crude Oil Exports**  
(weekly average)



*Looking ahead, we expect exports to continue rising in the near term, with unofficial data indicating higher crude oil exports in November and December.*



## Stock Market

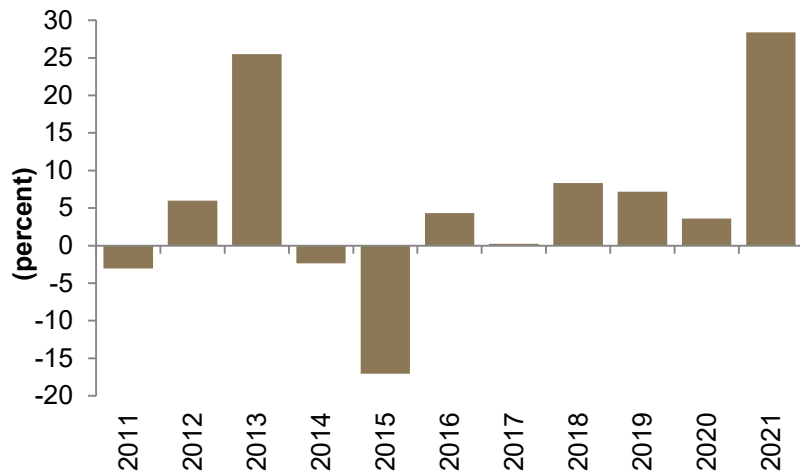
TASI finished the year on a positive note, rising 5 percent month-on-month, in December, with investors seemingly brushing aside concerns related to the global spread of Omicron. This improvement helped TASI record its best performance in a decade, with an annual rise of 30 percent in full year 2021. As a result, TASI was amongst the best performing indices when compared to major global and regional stock markets.

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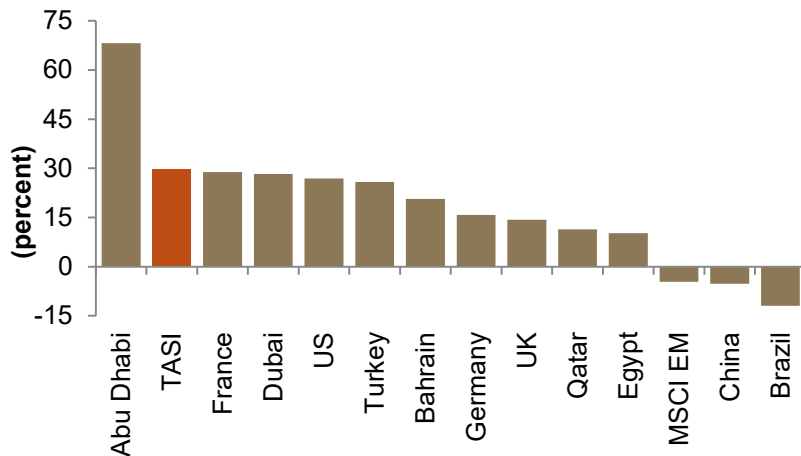


*This improvement helped TASI record its best performance in a decade, with an annual rise of 30 percent in full year 2021.*

### Annual Stock Market Performance



### Comparative Stock Market Performance (annual)



*As a result, TASI was amongst the best performing indices when compared to major global and regional stock markets.*



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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.