



Summary

Real Economy: The non-oil PMI increased further in October, to 58.4, the highest level in four months, reflecting higher demand and rising business activity. Despite this, cement sales eased again in September, down by 8.3 percent year-on-year, with a monthly decline of 1.2 percent. Non-oil exports declined by 9 percent year-on-year in August. However, this marked an improvement on July and was triggered by a 12 percent month-on-month gain—the second consecutive monthly increase.

Consumer Spending: Total consumer spending rose by 2.5 percent year-on-year in September, despite a monthly decline of 7.7 percent. While cash withdrawals declined by 7 percent year-on-year, POS transactions increased by 6 percent. Services such as 'hotels', 'restaurants' and 'transport' posted solid growth.

SAMA Foreign Reserve Assets: SAMA's FX reserves rose further in September by \$12.4 billion, to reach \$440 billion. The monthly rise was mainly thanks to bank deposits, which were up by \$9.6 billion, while foreign securities contributed a \$3 billion increase.

Money Supply, Bank Deposits and Credit: Growth in the broad measure of money supply (M3) eased to 8 percent year-on-year in September. Growth in total deposits also eased to 8 percent year-on-year, with demand deposits continuing their downward trend and time and savings deposits' growth showing a deceleration.

Inflation: Consumer prices rose by 1.7 percent year-on-year in September, continuing the slower growth rates seen since June. The main area of softness was 'food and beverages', which saw its first annual decline in five years, despite a small month-on-month increase.

Real Estate Q3 2023: Real estate prices rose by 0.7 percent, year-on-year in Q3 2023, and by a marginal 0.2 percent quarter-on-quarter. While price growth for residential real estate was largely unchanged, the annual change in commercial real estate prices fell back into negative territory in Q3.

Oil: Oil prices have been volatile, surging and then retreating in response to the war between Israel and Hamas. Initially, traders were concerned that the violence could intensify and spread, possibly pulling in state actors and threatening oil supply. While these fears remain real, by early November they had abated somewhat and Brent was down to \$84 pb, which is roughly where it was prior to the outbreak of violence.

Stock Market: TASI declined in October on a month-on-month basis, down by 3.3 percent, in line with a downward trend seen in most global and regional markets amid concerns over the global economy. Average daily traded volumes also declined during the month.

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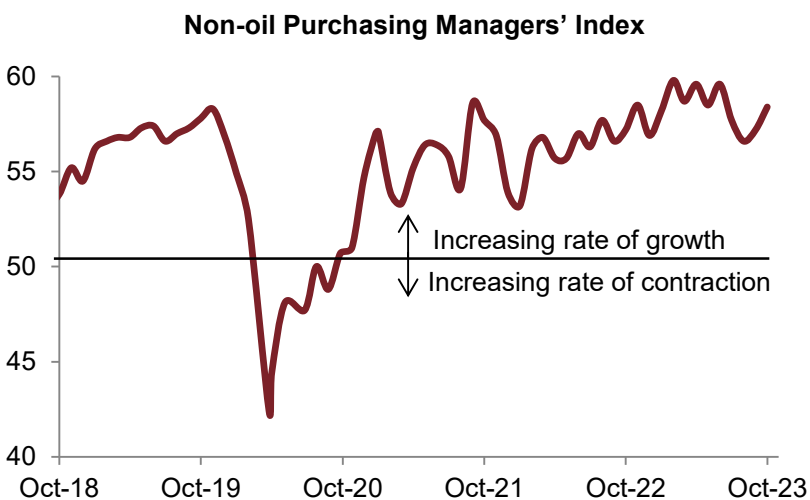
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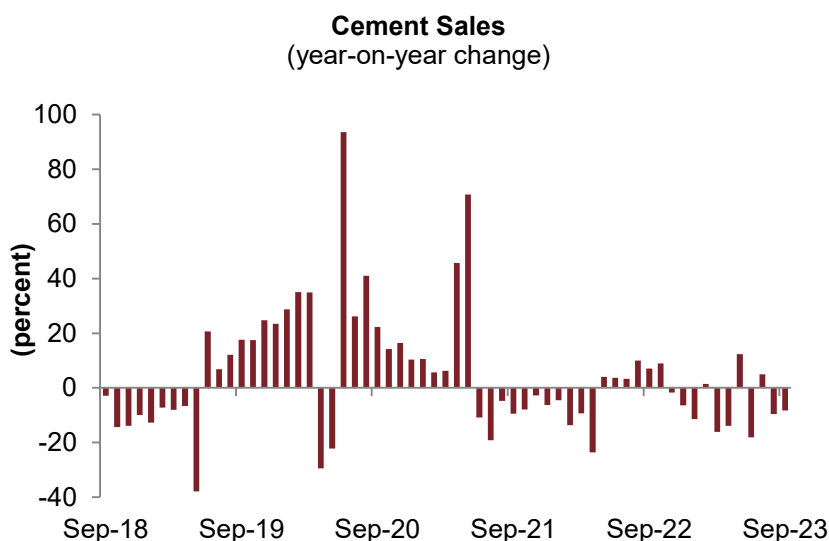
Real Economy

The non-oil PMI increased further in October, to 58.4, the highest level in four months, reflecting higher demand and rising business activity. Despite this, cement sales eased again in September, down by 8.3 percent year-on-year, with a monthly decline of 1.2 percent. Latest available data show non-oil exports declining by 9 percent year-on-year in August. However, this marked an improvement on July and was triggered by a 12 percent month-on-month gain—the second consecutive monthly increase.

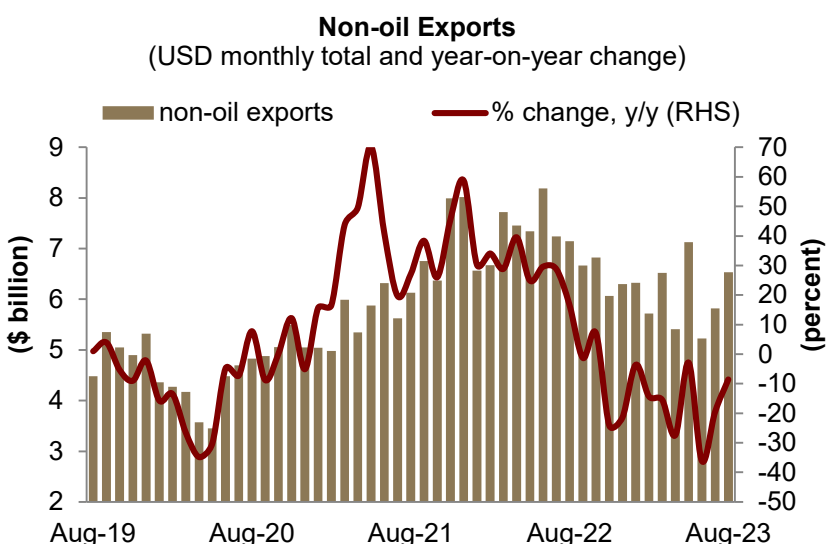
The non-oil PMI increased further in October to 58.4, the highest level in four months.



Meanwhile, cement sales eased again in September.



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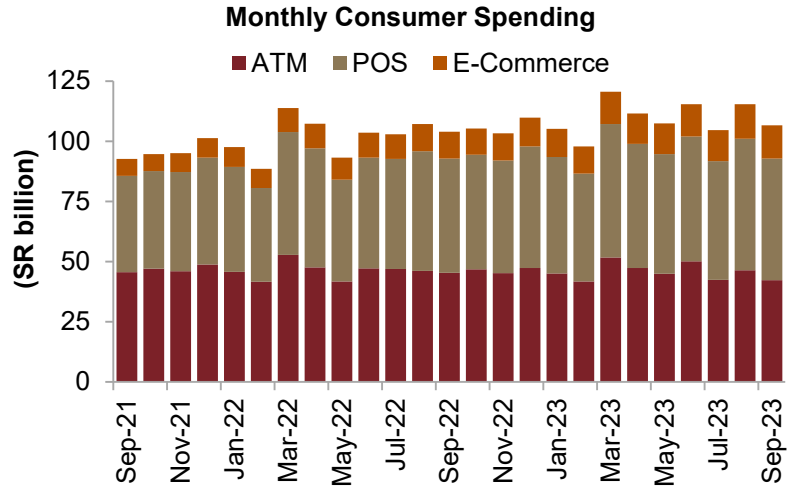




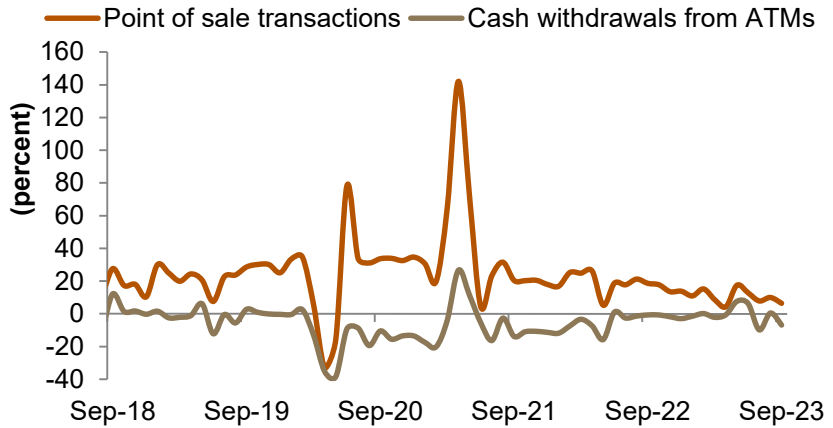
Consumer Spending

Total consumer spending rose by 2.5 percent year-on-year in September, despite a monthly decline of 7.7 percent. While cash withdrawals declined by 7 percent year-on-year, POS transactions increased by 6 percent. Looking at POS transactions by sector, services such as 'hotels', 'restaurants' and 'transport' posted solid growth, while many goods (especially 'furniture', 'electronics' and 'building materials') continued their downward trend.

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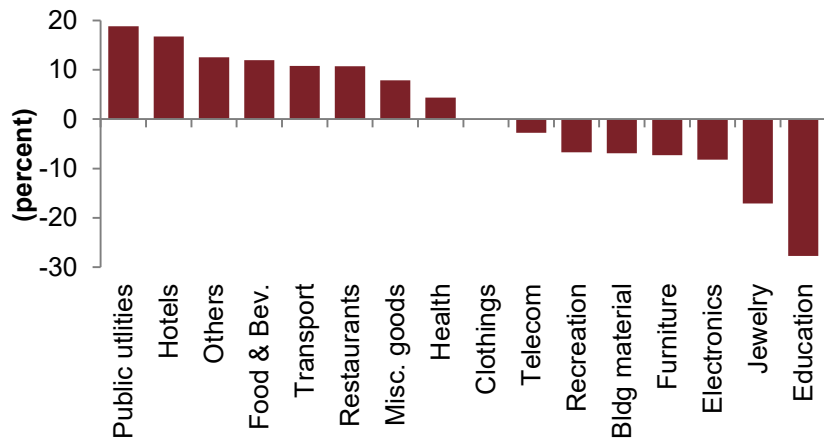


Monthly Consumer Spending
(year-on-year change)



While cash withdrawals declined by 7 percent year-on-year, POS transactions increased by 6 percent.

POS Transactions by Sector in September
(year-on-year change)



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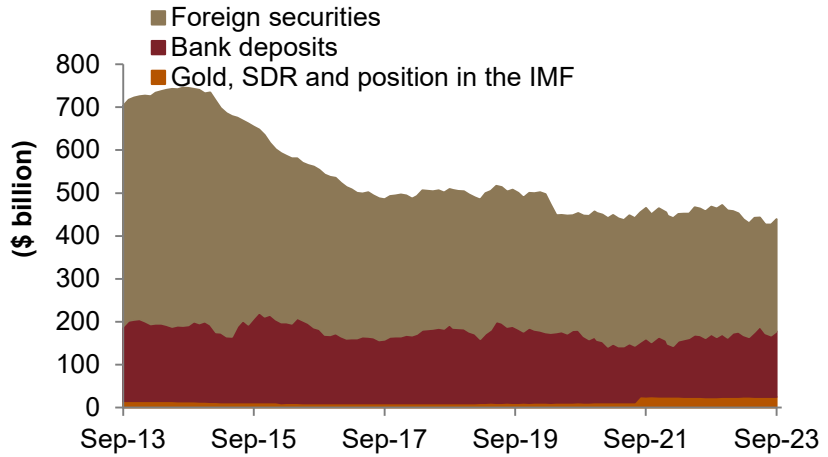


SAMA Foreign Reserve Assets

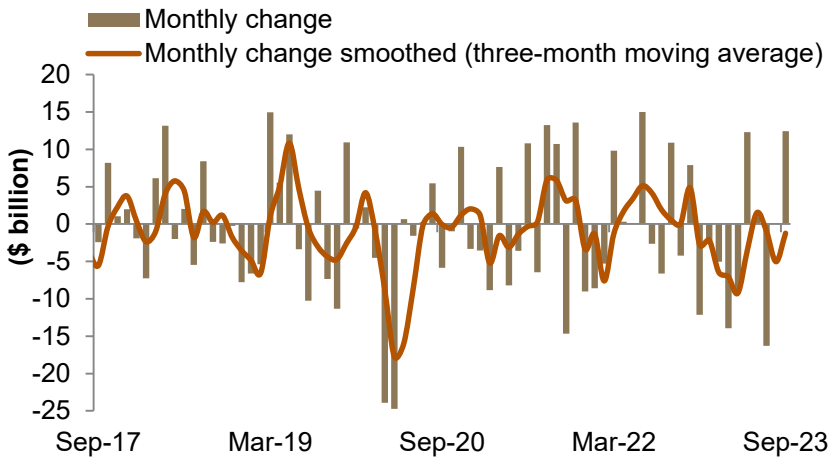
SAMA's FX reserves rose further in September by \$12.4 billion, to reach \$440 billion. The monthly rise was mainly thanks to bank deposits, which were up by \$9.6 billion, while foreign securities contributed a \$3 billion increase.

SAMA's FX reserves rose further in September by \$12.4 billion...

SAMA Total Foreign Reserve Assets

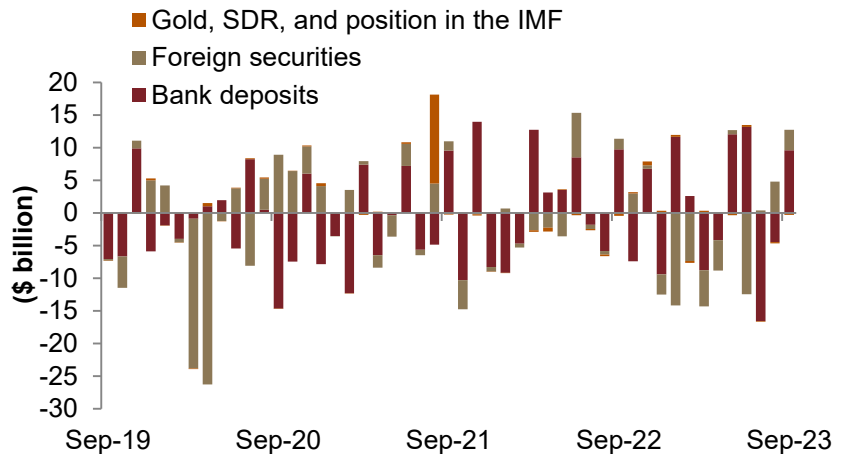


SAMA Foreign Reserve Assets
(monthly and three-month average change)



...to stand at around \$440 billion.

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



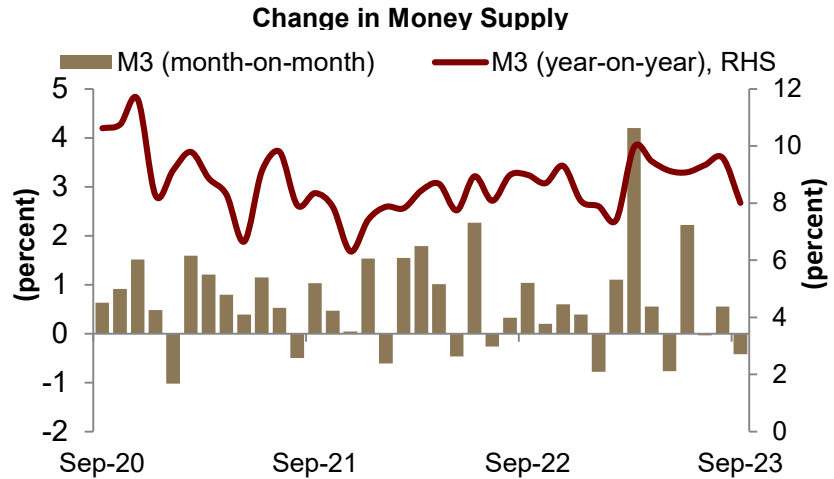
The monthly rise was largely thanks to bank deposits, which were up by \$9.6 billion, while foreign securities contributed a gain of \$3 billion.



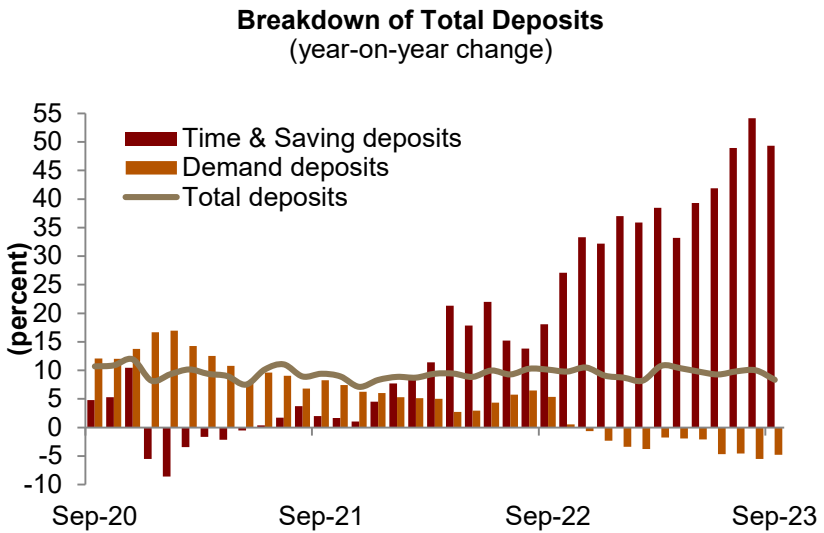
Money Supply, Bank Deposits and Credit

Growth in the broad measure of money supply (M3) eased to 8 percent year-on-year in September, as the monthly change registered a small decline. Total deposits rose by 8 percent year-on-year, with demand deposits continuing their downward trend and time and savings deposits' growth decelerating. Meanwhile, new mortgages continued to fall, down by 40 percent year-on-year in September, with a slump of 18 percent, month-on-month.

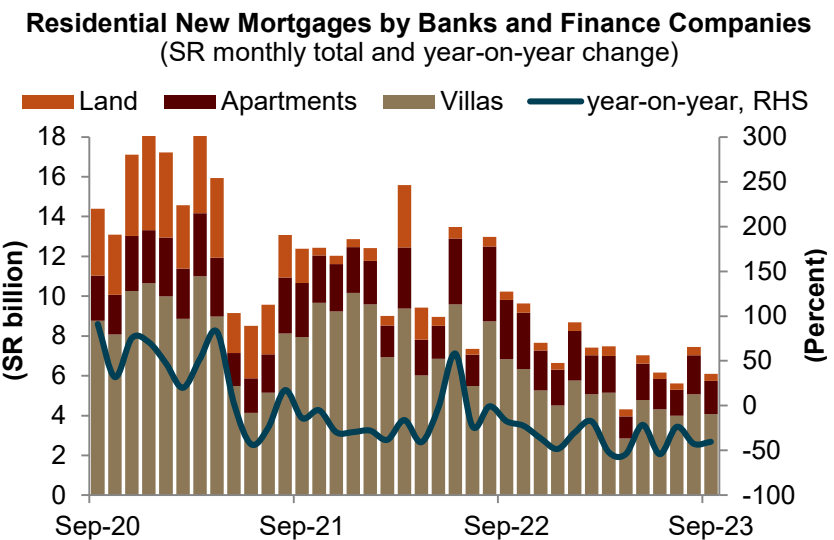
M3 growth eased to 8 percent year-on-year in September, and registered a 0.4 percent fall in month-on-month terms.



Growth in total deposits also eased to 8 percent year-on-year in September, from 10 percent in August. The impact of a further year-on-year decline in demand deposits was exacerbated by a softening in savings deposits' growth.



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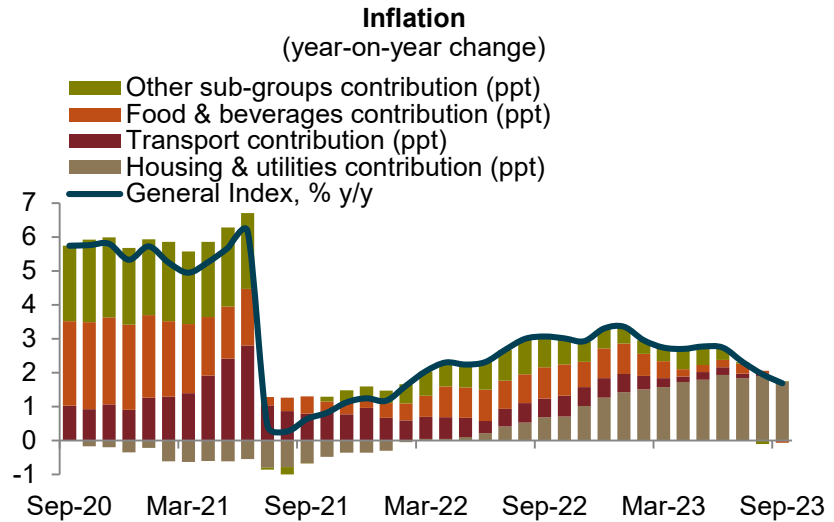




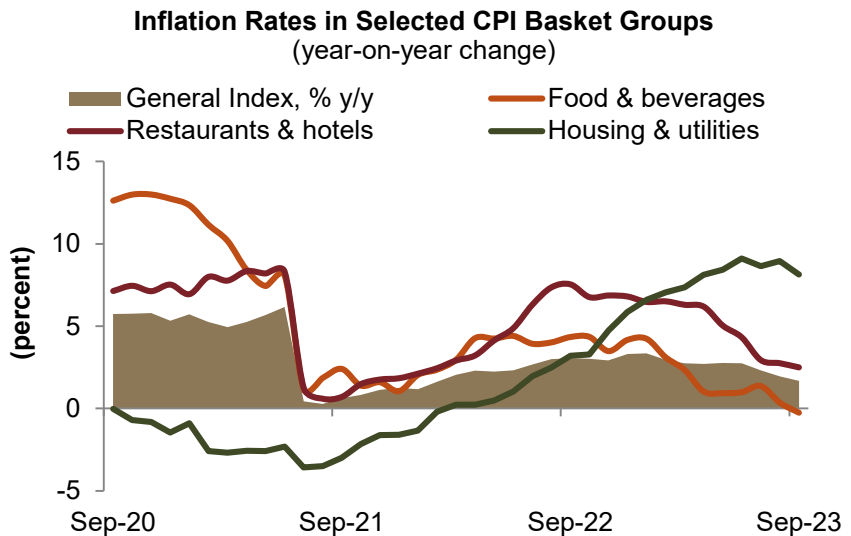
Inflation

Consumer prices rose by 1.7 percent year-on-year in September, continuing the slower growth rates seen since June. The main area of softness was 'food and beverages', which saw its first annual decline in five years, despite a small month-on-month increase (see our latest [inflation update](#) for further details). 'Housing and utilities' was the main source of price growth, up by 8 percent year-on-year and by 0.3 percent month-on-month.

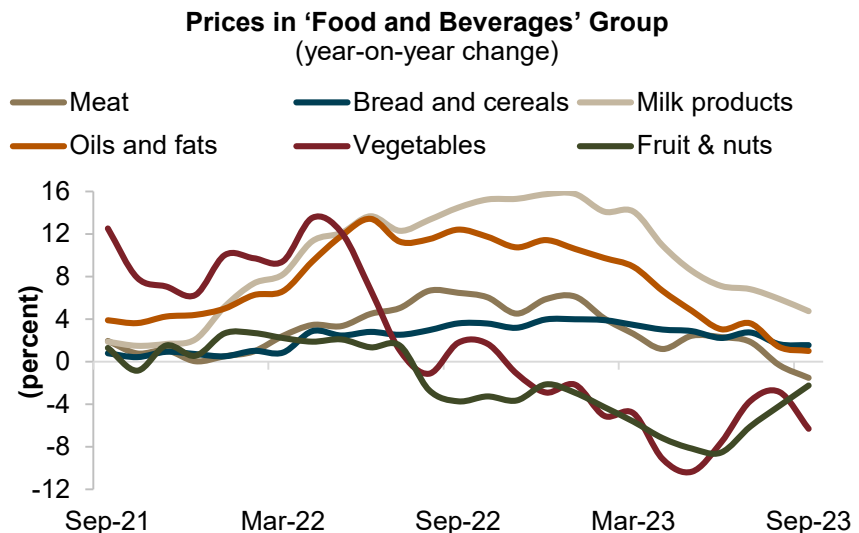
Consumer prices rose by 1.7 percent year-on-year in September, continuing the slower growth rates seen since June.



The main area of softness was 'food and beverages', which saw its first annual decline in five years, albeit by just 0.2 percent. Meanwhile, inflationary pressures continued to come from 'housing and utilities'.



Within the 'food and beverages' group, more sub-group items have witnessed declining prices in recent months.

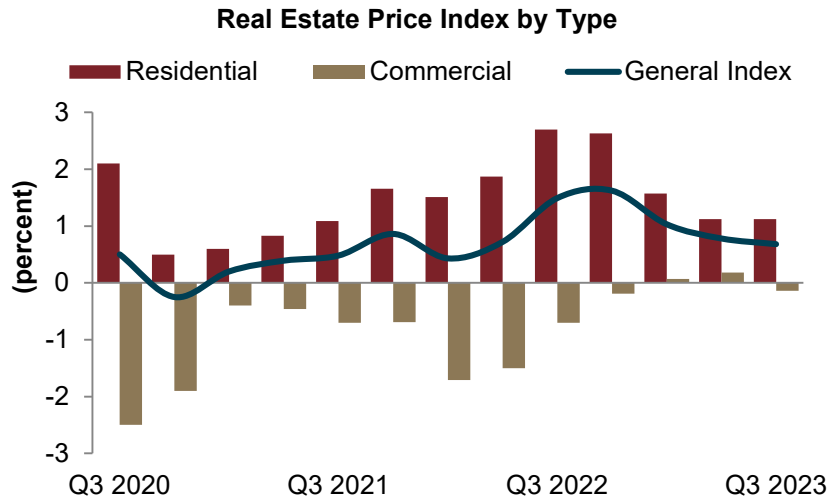




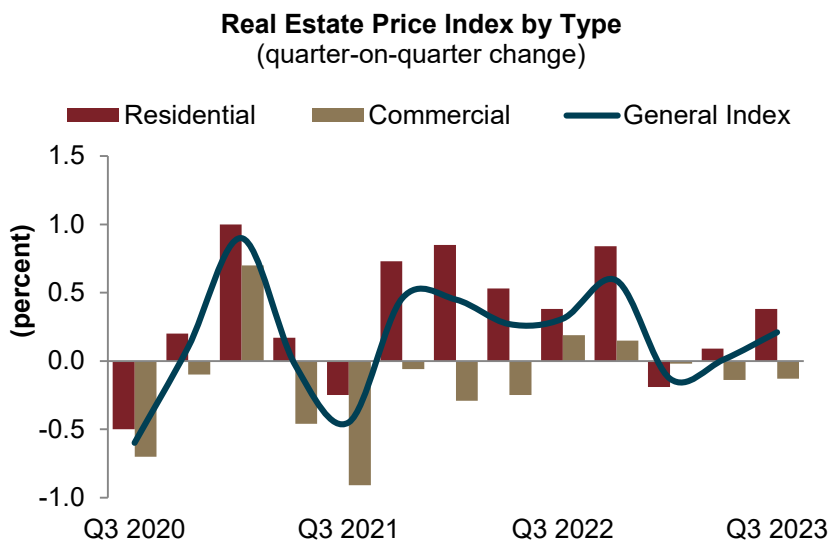
Real Estate Q3 2023

Real estate prices rose by 0.7 percent, year-on-year in Q3 2023, and by a marginal 0.2 percent quarter-on-quarter. While price growth for residential real estate was largely unchanged, commercial real estate price growth fell back into negative territory in Q3. Of the main regions, commercial real estate prices in Makkah saw the highest rise during Q3, year-on-year.

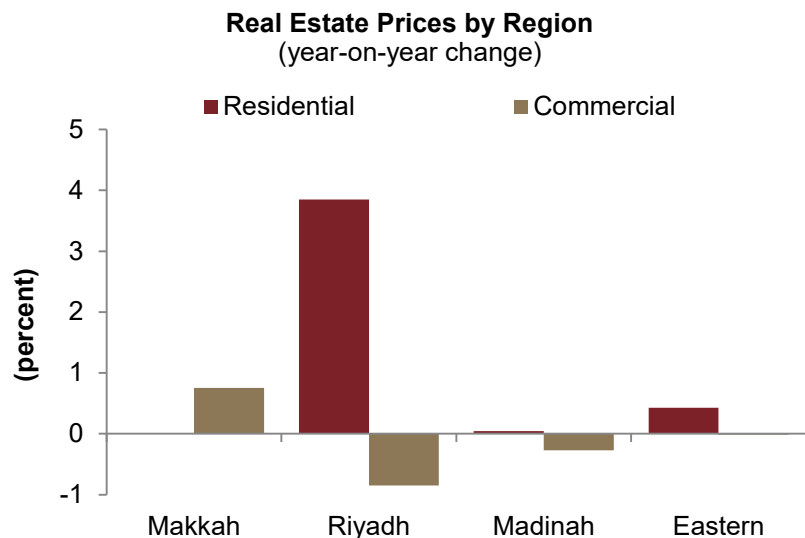
Real estate prices rose by 0.7 percent, year-on-year in Q3 2023...



...and by a marginal 0.2 percent quarter-on-quarter.



Regionally, commercial real estate prices in Makkah saw the highest rise, while residential prices in Riyadh also saw robust growth.



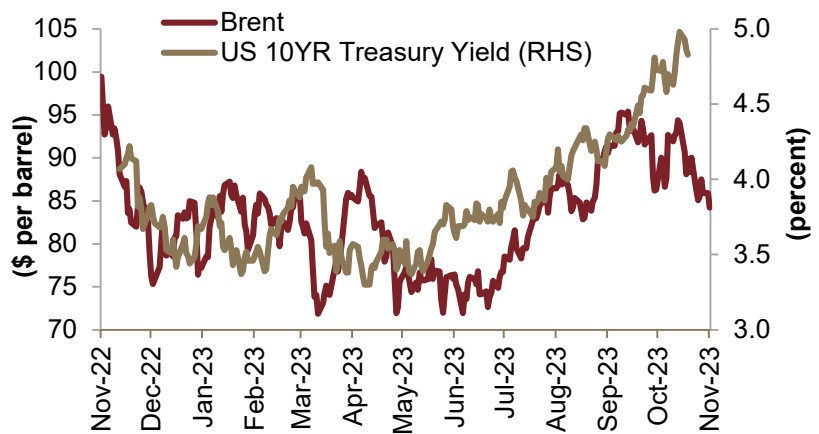


Oil

Oil prices have been volatile, surging and then retreating in response to the war between Israel and Hamas. Initially, traders were concerned that the violence could intensify and spread, possibly pulling in state actors and threatening oil supply. While these fears remain real, by early November they had abated somewhat and Brent was down to \$84 pb, which is roughly where it was prior to the outbreak of violence.

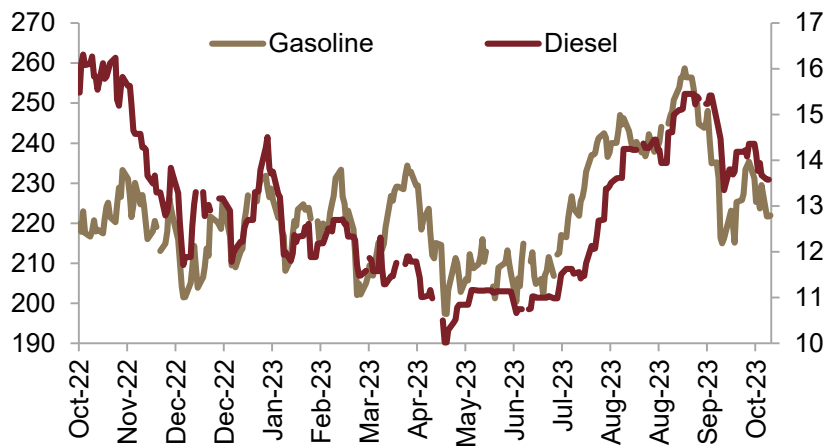
Prior to the war, prices had been under pressure from a surge in longer-term US Treasury yields. This upward shift dulled appetite for risk assets, including oil.

Brent vs US Ten Year Treasury Yield



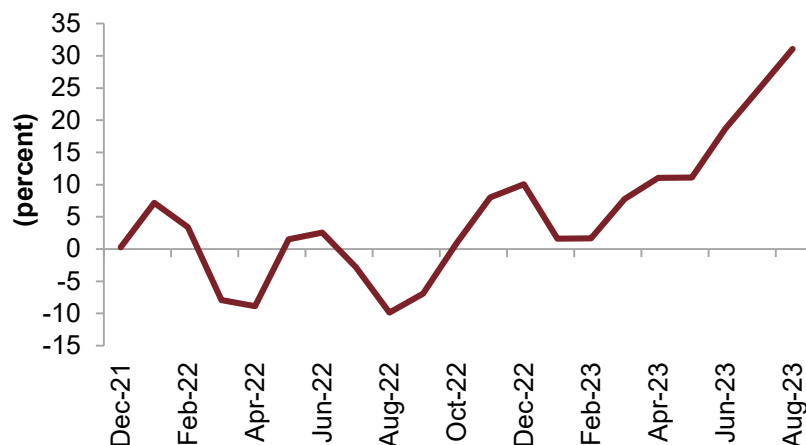
Nevertheless, fundamentals remain tight, with demand for products such as diesel especially high. In part, this reflects a long period of underinvestment in European refineries.

Diesel Price vs Gasoline Price



Despite a slew of negative headlines, China's oil demand is robust: the three-month rolling average of crude oil imports grew by 31 percent, year-on-year, in August. While there is an element of restocking here, the more fundamental reason is the shift in oil demand away from the country's beleaguered property/construction sector towards transport and logistics, which is thriving.

China Oil Import Volumes
(million tonnes, percent change, year-on-year)



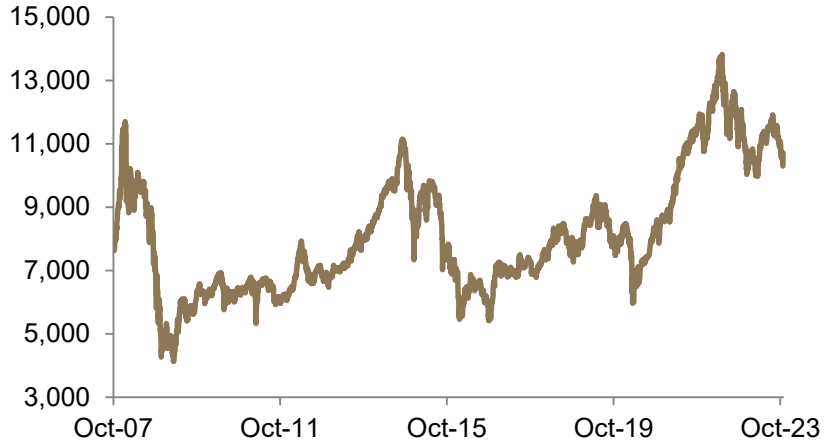


Stock Market

TASI declined in October on a month-on-month basis, down by 3.3 percent, in line with a downward trend seen in most global and regional markets amid concerns over the global economy. Average daily traded volumes also declined during the month.

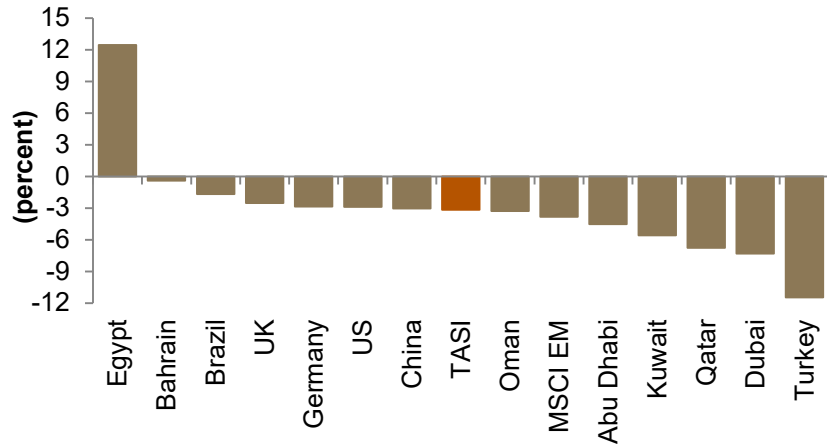
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TASI Performance



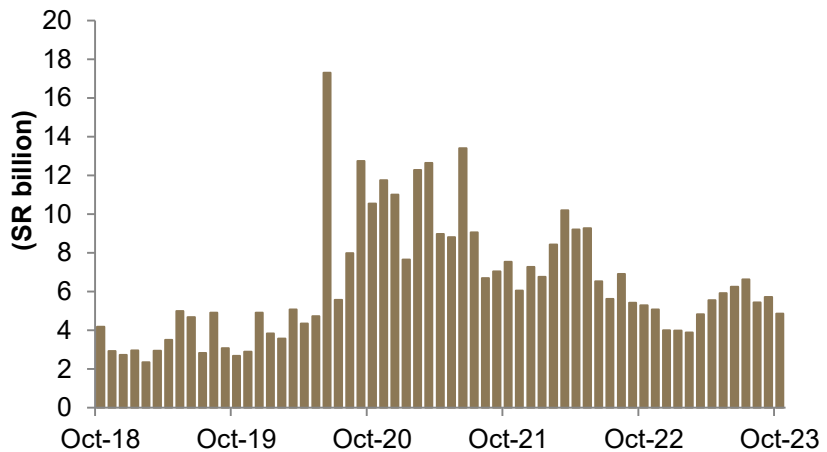
...in line with a downward trend seen in most global and regional markets amid concerns about the global economy.

Comparative Stock Market Performance (October)



Average daily traded volumes also declined during the month.

Average Daily Traded Volumes (October)





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Key Data

	2017	2018	2019	2020	2021	2022	2023E	2024F
Nominal GDP								
(SR billion)	2,681	3,175	3,145	2,754	3,257	4,156	3,871	4,078
(\$ billion)	715	847	839	734	869	1,108	1,032	1,087
(% change)	7.4	18.4	-0.9	-12.4	18.3	27.6	-6.9	5.3
Real GDP (% change)								
Oil	-3.1	2.3	-3.3	-6.7	0.2	15.4	-7.5	2.8
Non-oil activities	3.0	-2.4	4.1	-3.7	7.2	5.4	5.9	5.6
Government activities	0.3	3.9	1.7	-0.6	1.1	2.6	4.6	2.1
Total	-0.1	2.8	0.8	-4.3	3.9	8.7	0.5	4.2
Oil indicators (average)								
Brent (\$/b)	54	71	66	42	71	104	84	87
Production (million b/d)	10.0	10.3	9.8	9.2	9.1	10.6	9.7	10.0
Budgetary indicators (SR billion)								
Government revenue	692	906	926	782	965	1,268	1,164	1,237
Government expenditure	930	1,079	1,059	1,076	1,039	1,164	1,207	1,226
Budget balance	-238	-173	-133	-294	-74	104	-43	11
(% GDP)	-8.9	-5.5	-4.2	-10.7	-2.3	2.5	-1.1	0.3
Gross public debt	443	560	678	854	938	990	951	959
(% GDP)	16.5	17.6	21.6	31.0	28.8	23.8	24.6	23.5
Monetary indicators								
Inflation (% change, average)	-0.8	2.5	-2.1	3.4	3.1	2.5	2.6	2.2
SAMA base lending rate (% , year end)	2.0	3.0	2.25	1.00	1.00	5.0	6.25	5.25
External trade indicators (\$ billion)								
Oil export revenues	170	232	200	119	202	327	264	277
Total export revenues	222	294	262	174	276	411	353	368
Imports	135	137	153	138	153	190	217	224
Trade balance	87	157	108	36	123	221	135	144
Current account balance	10	72	38	-23	44	151	57	62
(% GDP)	1.5	8.5	4.6	-3.1	5.1	13.6	5.5	5.7
Official reserve assets	496	497	500	454	455	460	465	479
Social and demographic indicators								
Population (million)	31.0	30.2	30.1	31.6	30.8	32.2	32.9	33.7
Saudi Unemployment (15+, %)	12.8	12.7	12.0	12.6	11.0	8.0	7.8	7.6
GDP per capita (\$)	23,081	28,036	27,893	23,271	28,215	34,441	31,370	32,313

Sources: Jadwa Investment forecasts for 2023 and 2024. General Authority for Statistics for GDP, external trade and demographic indicators, Saudi Arabian Monetary Agency for monetary indicators, Ministry of Finance for budgetary indicators.