



Summary

Real Economy: Cement sales rose in October month-on-month, up by 13 percent, while clinker inventories saw a marginal decline. On a yearly basis, cement sales declined further by 6.6 percent compared with October last year. Latest available data show non-oil exports declining by 17 percent year-on-year in September, and by 20 percent month-on-month.

Consumer Spending: Total consumer spending rose by 4.4 percent year-on-year in October, with a monthly gain of 3.2 percent. While cash withdrawals declined by 3 percent year-on-year, POS transactions increased by 7 percent.

Industrial Sector: The non-oil manufacturing index rose by almost 7 percent year-on-year in September, though the overall growth trend is softening. Monthly value of investments in new factories (total of licensed and new in production) was SR7.2 billion, with 82 new factories starting production during the month.

SAMA Foreign Reserve Assets: SAMA's FX reserves declined in October by \$13.5 billion, to \$426 billion. The monthly decrease came mainly from bank deposits, which were down by \$14.6 billion, while foreign securities rose by \$1.3 billion.

Money Supply, Bank Deposits and Credit: Growth in the broad measure of money supply (M3) rose to 8.8 percent year-on-year in October, with a monthly gain of 1 percent. Total deposits rose by 9 percent year-on-year, with demand deposits registering their weakest decline in 11 months. Meanwhile, new mortgages continued to fall.

Inflation: Consumer prices rose by 1.6 percent year-on-year in October, the lowest rate in twenty months. Within the CPI basket, 'clothing and footwear' and 'miscellaneous goods and services' both continued trending downwards. Meanwhile, 'transport' was flat year-on-year, despite lower prices seen in sub-group item 'motor cars'.

Oil: Oil prices have come under renewed pressure with Brent seeing all its 2023 gains wiped out. With geopolitical anxiety fading, traders have focused on the apparent weakening of demand. US oil stocks have risen sharply in recent months, fueling concerns that the impact of monetary tightening is now finally eating into demand. With these concerns to the fore, OPEC Plus moved to deepen production cuts at the end of last month.

Stock Market: TASI rebounded in November on a month-on-month basis, gaining 4.6 percent, in line with a surge seen in most global and regional markets amid growing belief that major central banks have finished hiking rates for this cycle. Moreover, average daily traded volumes increased during the month.

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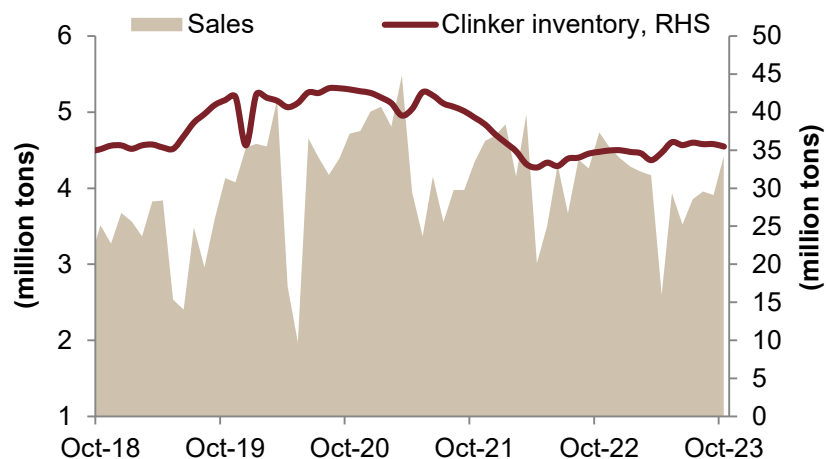


Real Economy

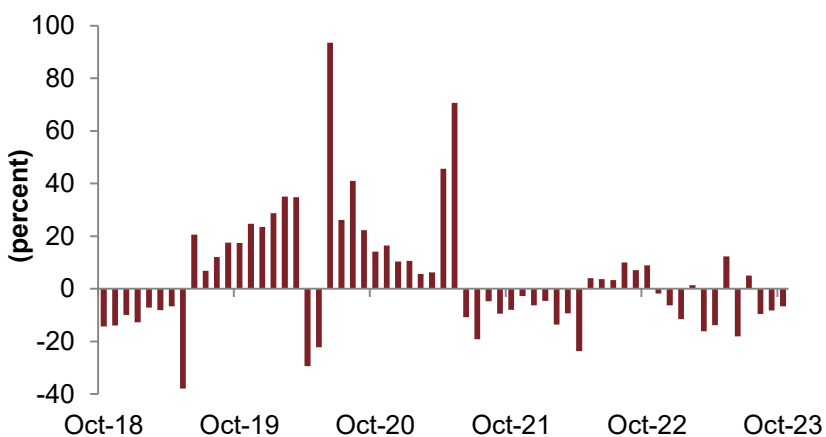
Cement sales rose in October month-on-month, up by 13 percent, while clinker inventories saw a marginal decline. On a yearly basis, cement sales declined further by 6.6 percent. Latest available data show non-oil exports falling by 17 percent year-on-year in September, and by 20 percent month-on-month, mainly affected by lower exports of 'petrochemicals' and 'plastic and rubber'. This reflects over-capacity in Saudi Arabia's key market—China.

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Cement Sales and Clinker Inventory
(monthly total in million tons)

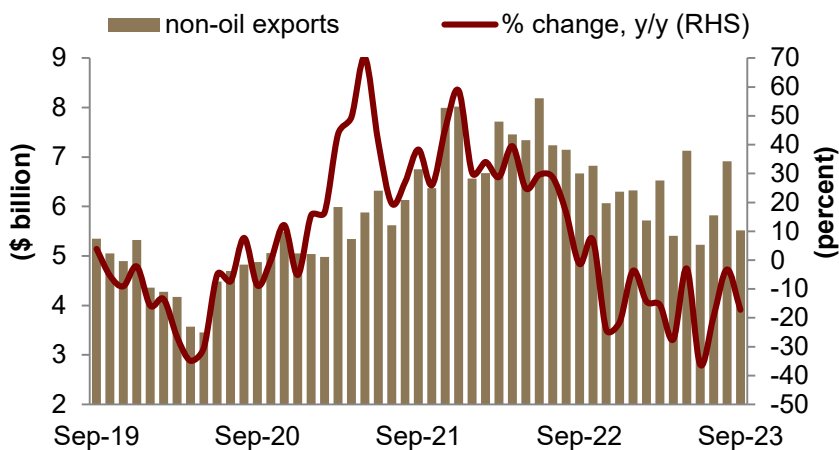


Cement Sales
(year-on-year change)



Meanwhile, cement sales declined further by 6.6 percent compared with October last year.

Non-oil Exports
(USD monthly total and year-on-year change)



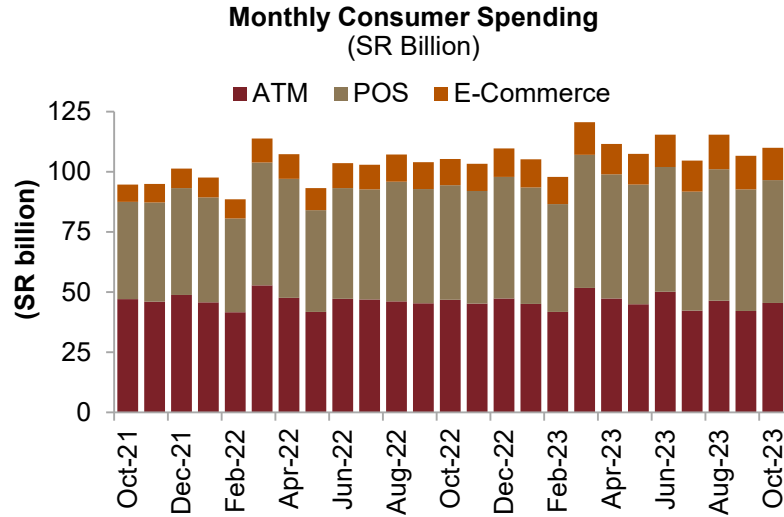
Non-oil exports fell by 17 percent year-on-year in September, and by 20 percent month-on-month, mainly affected by lower exports of 'petrochemicals' and 'plastic and rubber', which were down by 36 and 20 percent year-on-year, respectively.



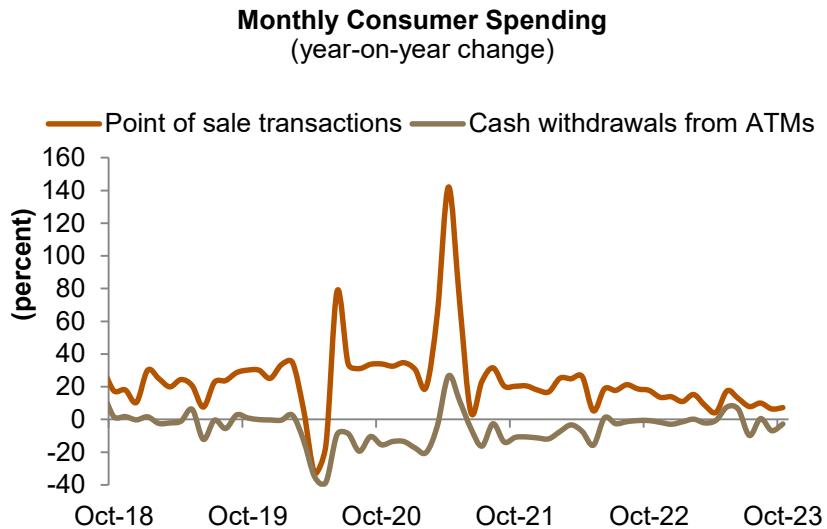
Consumer Spending

Total consumer spending rose by 4.4 percent year-on-year in October, with a monthly gain of 3.2 percent. While cash withdrawals declined by 3 percent year-on-year, POS transactions increased by 7 percent. Looking at POS transactions by sector, 'electronics' and 'building material' recorded the largest declines during the month, by 9.6 and 6.7 percent, respectively.

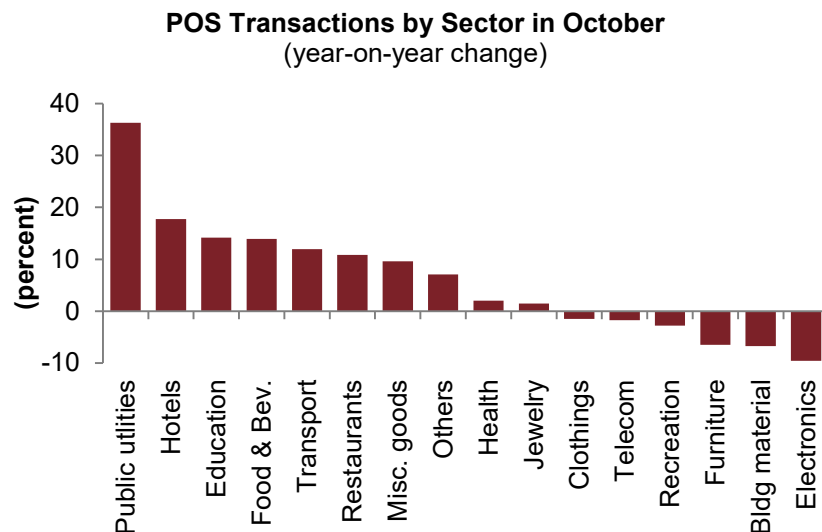
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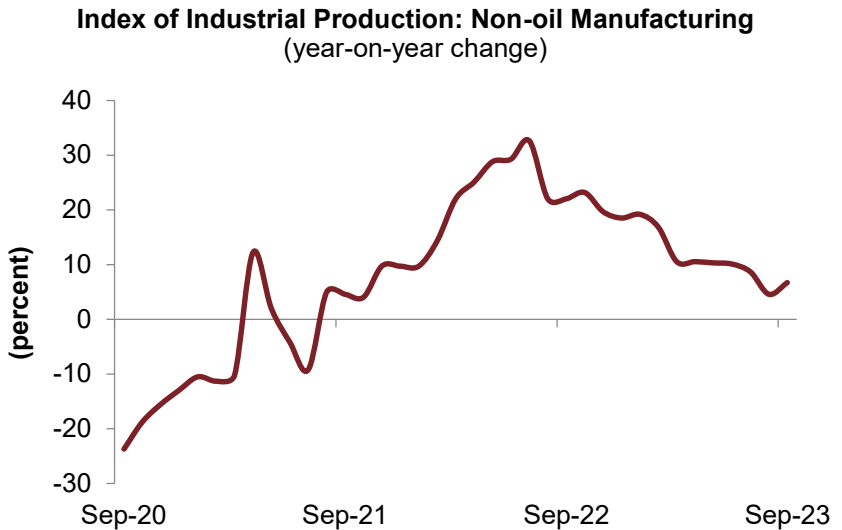




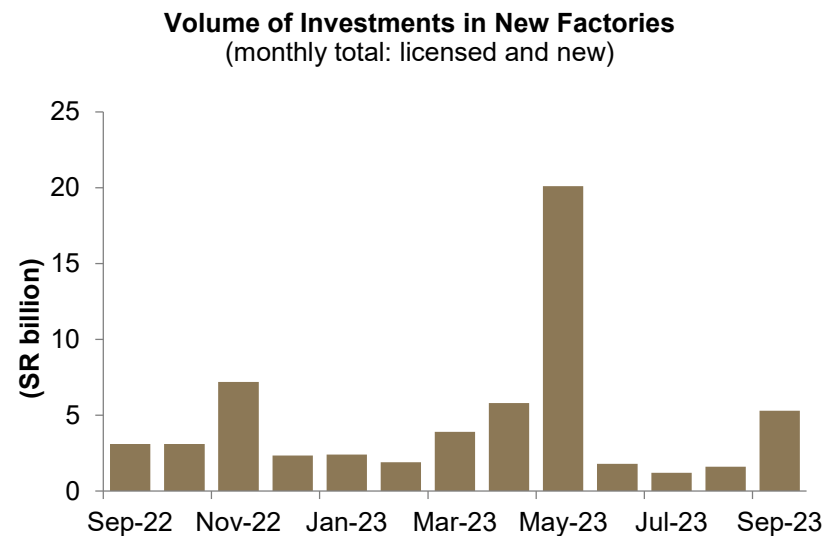
Industrial Sector

The non-oil manufacturing index rose by almost 7 percent year-on-year in September, though the growth trends is still cooling. Meanwhile, the monthly value of investments in new factories (total of licensed and new in production) was SR7.2 billion, with 82 new factories starting production during the month.

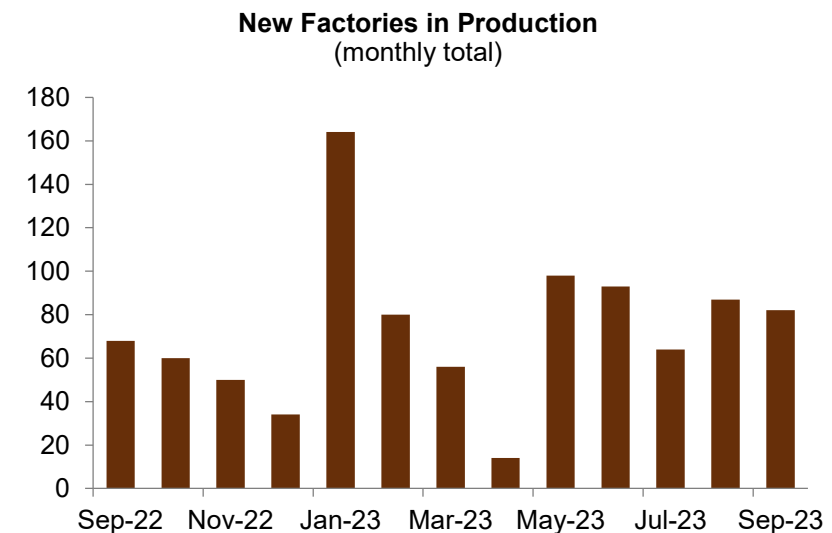
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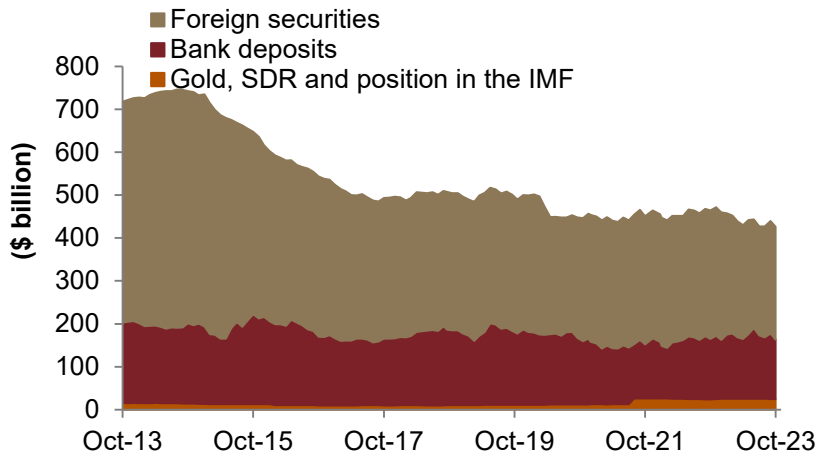


SAMA Foreign Reserve Assets

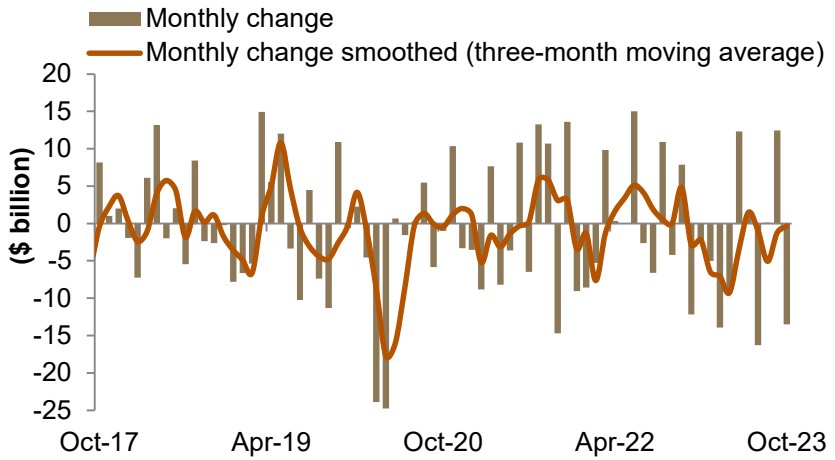
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SAMA Total Foreign Reserve Assets

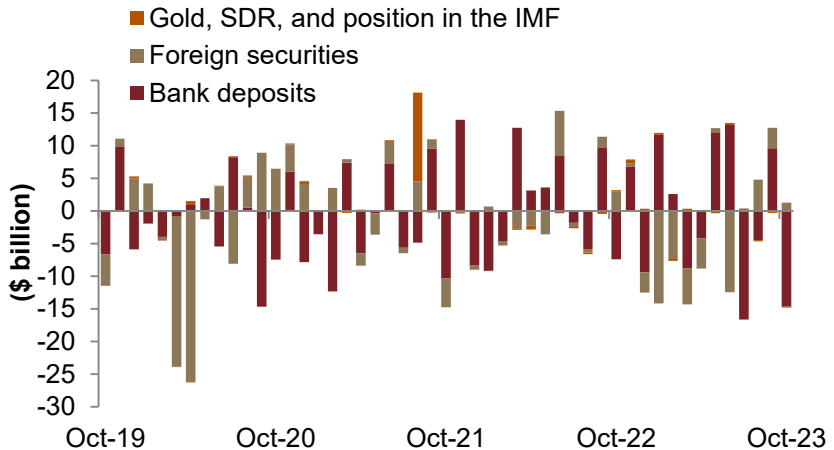


SAMA Foreign Reserve Assets
(monthly and three-month average change)



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



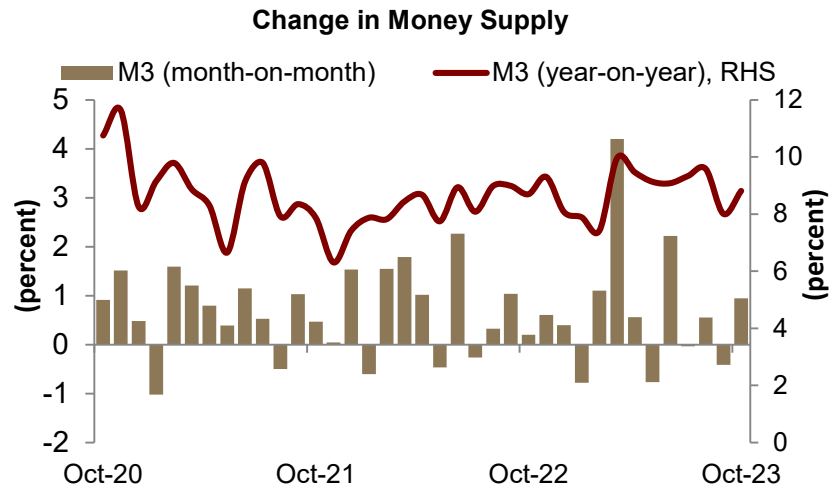
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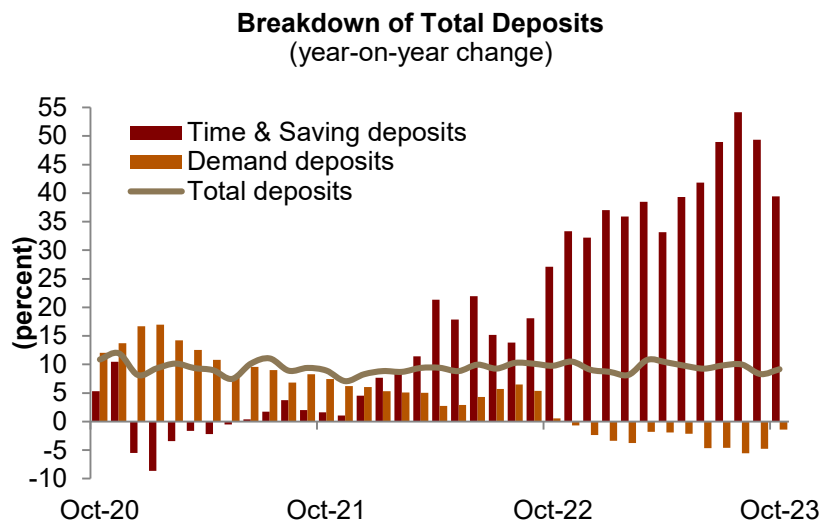
Money Supply, Bank Deposits and Credit

Growth in the broad measure of money supply (M3) rose to 8.8 percent year-on-year in October, with a monthly gain of 1 percent. Total deposits rose by 9 percent year-on-year, with demand deposits registering their lowest decline in 11 months. Meanwhile, new mortgages continued to fall, down by 27 percent year-on-year in October, albeit rebounding by 16 percent, month-on-month.

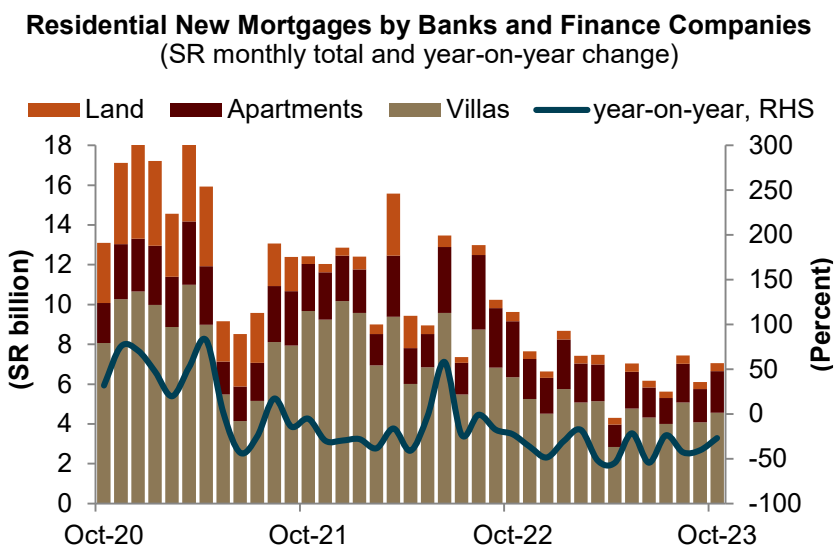
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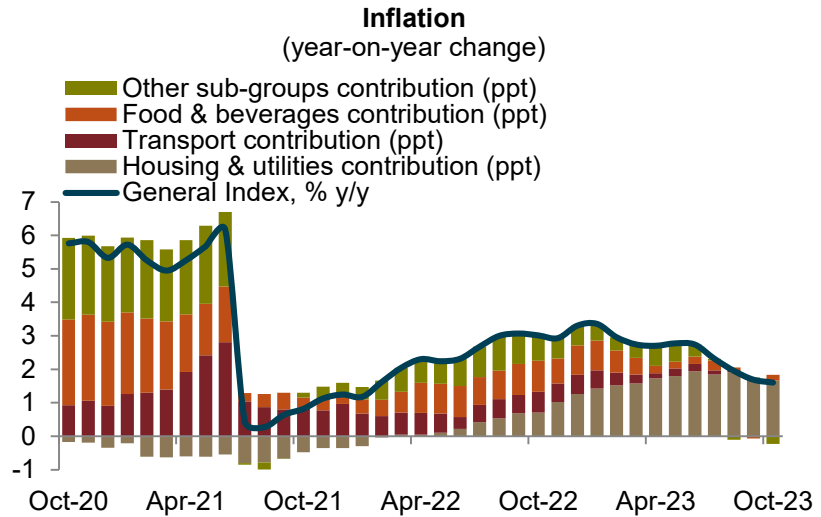




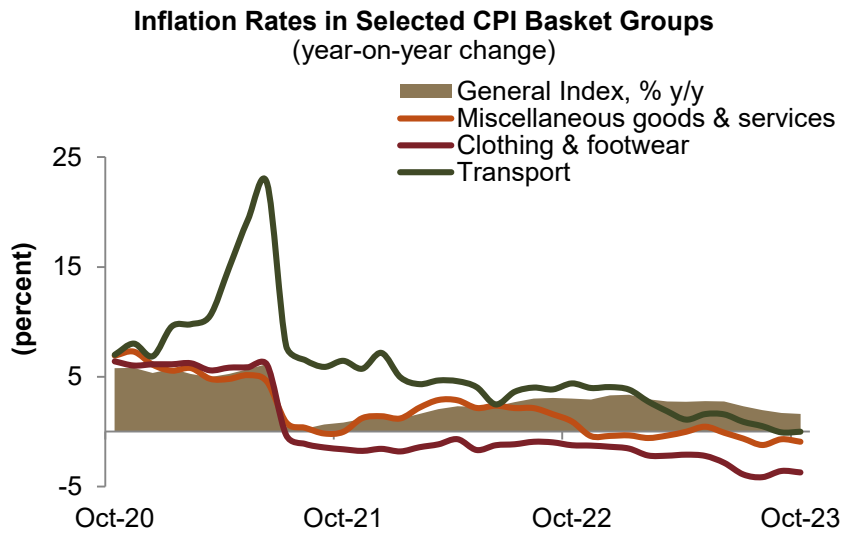
Inflation

Consumer prices rose by 1.6 percent year-on-year in October, the lowest rate in twenty months. Within the CPI basket, 'clothing and footwear' and 'miscellaneous goods and services' both continued trending downwards. Meanwhile, 'transport' was flat year-on-year, despite lower prices seen in sub-group item 'motor cars'.

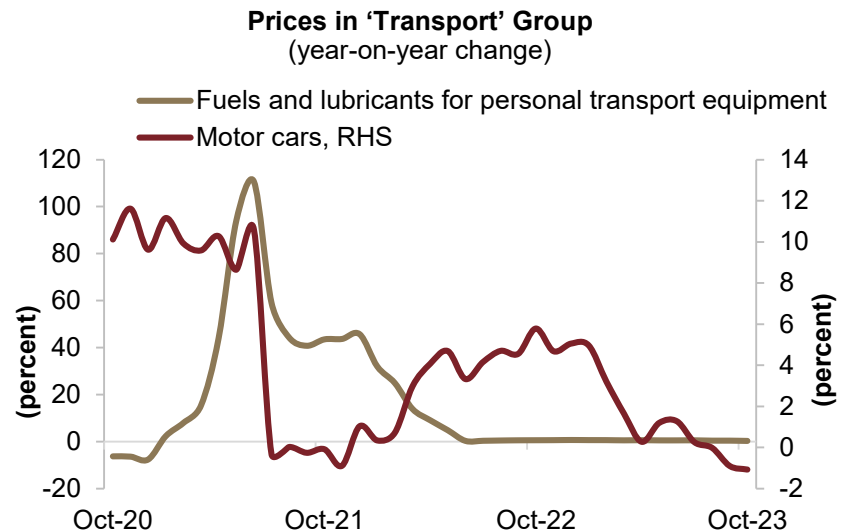
Consumer prices rose by 1.6 percent year-on-year in October, and by 0.1 percent month-on-month.



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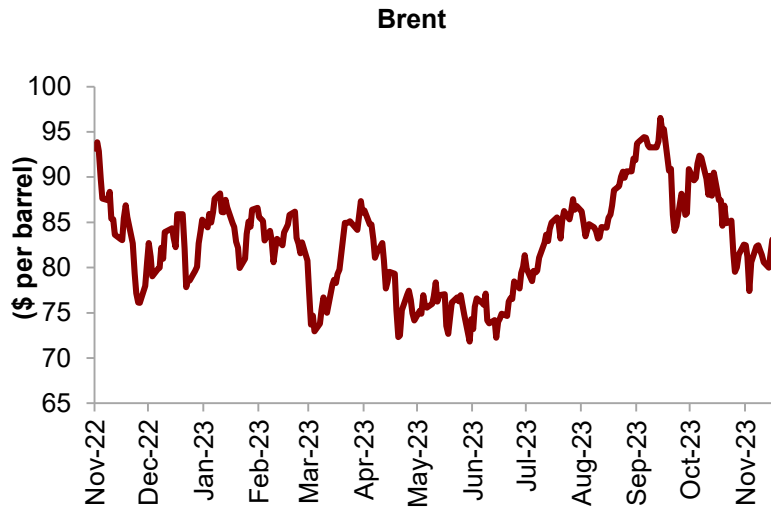




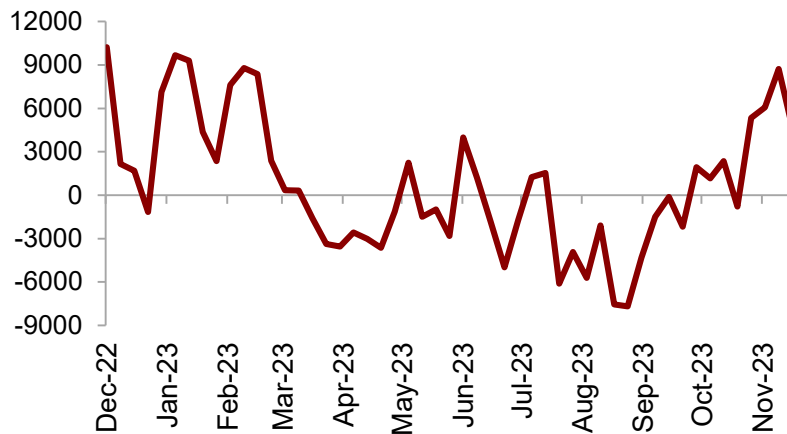
Oil

Oil prices have come under renewed downward pressure with Brent seeing all its 2023 gains wiped out. With geopolitical anxiety fading, traders have focused on the apparent weakening of demand. US oil stocks have risen sharply in recent months, fueling concerns that the impact of monetary tightening is now finally eating into demand. With these concerns to the fore, OPEC Plus moved to deepen production cuts at the end of last month.

The price gains generated by the violence in Gaza are now a distant memory (even as that violence continues). In early December Brent was trading just below \$80 pb, essentially unchanged on the beginning of the year.



Change in US Crude Oil Stocks
(3 month rolling avg.)

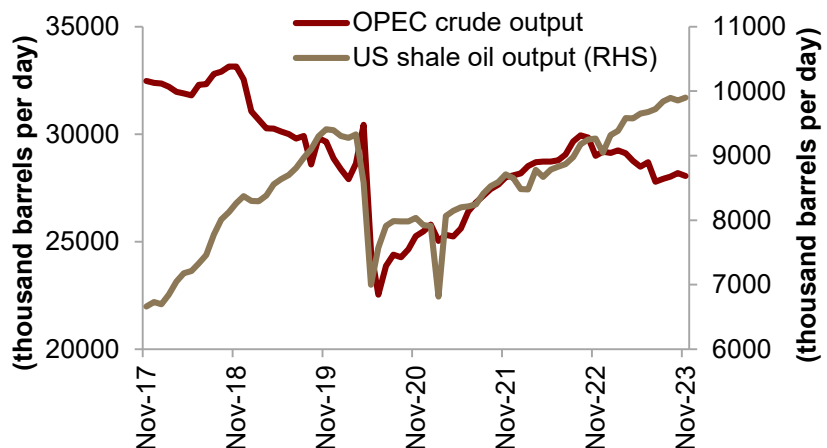


With violence in Gaza apparently unlikely to spread to other parts of the region, traders have been focused on the rise in US stocks, which would appear to reflect faltering demand.

Following intensive wrangling, OPEC Plus agreed that production will be cut in January by a combined 2.2 million bpd from June quotas. This reduction includes KSA's existing 1 mbpd cut, which has now been extended to Q1-24.

Traders appear skeptical and there has been little impact on prices. But if even partially fulfilled, these cuts should see the market shift into deficit in January.

OPEC production vs US production



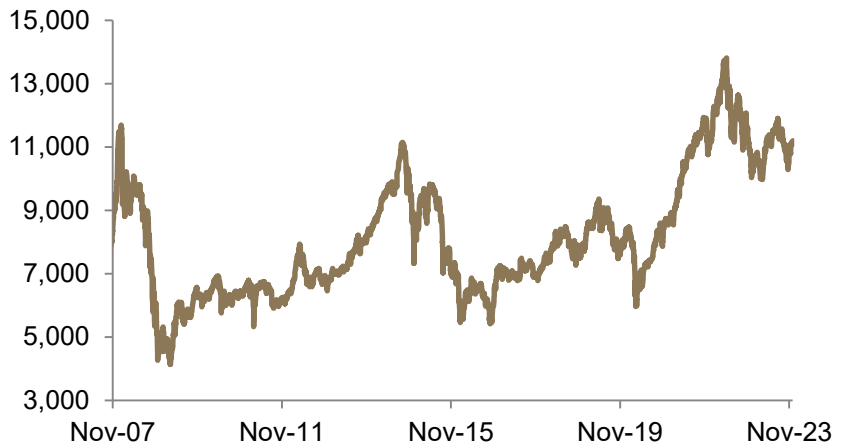


Stock Market

TASI rebounded in November on a month-on-month basis, gaining 4.6 percent, in line with a surge seen in most global and regional markets amid a growing belief that major central banks have finished hiking rates for this cycle. Moreover, average daily traded volumes increased during the month.

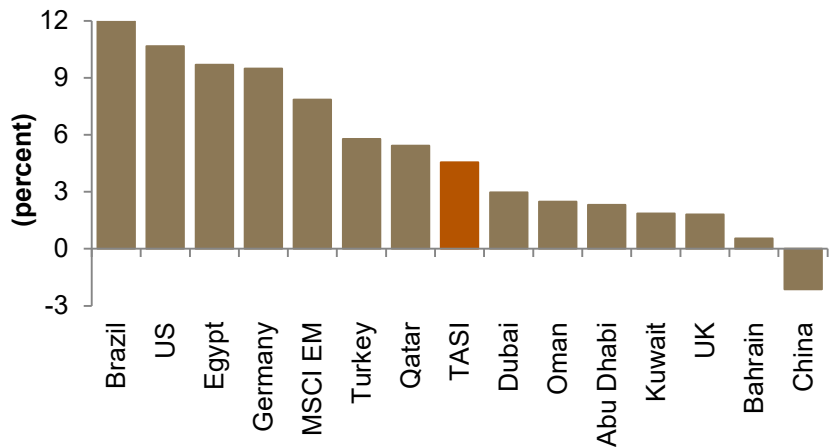
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TASI Performance



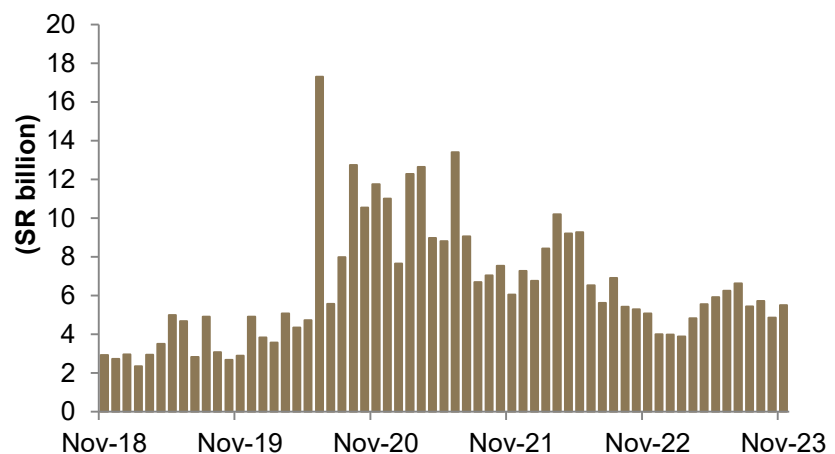
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Comparative Stock Market Performance (November)



Moreover, average daily traded volumes increased during the month.

Average Daily Traded Volumes (November)





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