



Summary

Real Economy: The non-oil PMI was unchanged in December at 57.5, raising the 2023 full-year average to 58.3, up from 56.5 in 2022, as business activity, output and sales continue to expand significantly. Meanwhile, cement sales eased further in November, down by 5.4 percent year-on-year. Latest available data show non-oil exports declining by 14 percent year-on-year in October.

Consumer Spending: Total consumer spending rose by almost 8 percent year-on-year in November, the highest gain in five months, with a monthly increase of 1.3 percent. Cash withdrawals rose by 1 percent year-on-year, and POS transactions increased by 12 percent.

SAMA Foreign Reserve Assets: SAMA's FX reserves rose in November by \$12 billion, to stand at \$438 billion. The monthly increase came from both bank deposits, which were up by \$7 billion, and foreign securities, which rose by \$4.6 billion.

Money Supply, Bank Deposits and Credit: The broad measure of money supply (M3) rose by 7.4 percent year-on-year in November, with a minor monthly decline of 0.6 percent. Total deposits rose by 7.5 percent year-on-year, with demand deposits registering their first rise in a year. Meanwhile, new mortgages saw their smallest yearly decline in 15 months, down by 9 percent year-on-year.

Inflation: Consumer prices rose by 1.7 percent year-on-year in November, and by 0.2 percent month-on-month. Within the CPI basket, 'Recreation and culture' and 'Restaurants and hotels' both continued trending upwards. Meanwhile, 'Home Furniture' continued its downward trend.

Labor Market Q3: The latest labor market release from GaStat showed that the unemployment rate for citizens rose to 8.6 percent in Q3 2023, from 8.3 percent in Q2. Female unemployment rose to 16.3 percent in Q3 (versus 15.7 percent in Q2), while the rate for males was unchanged at 4.6 percent. Meanwhile, the participation rate inched down to 51.6 percent, reflecting a minor decline in male participation.

Oil: Both Brent and US WTI oil benchmarks declined by 6 percent on a monthly basis in December. As a result, Brent averaged \$84 per barrel (pb) in full year 2023 (in line with our forecasts), whilst WTI oil averaged \$78 pb. Looking ahead, while further volatility is expected in the near-term, higher oil demand is forecasted in 2024 as a whole, which should lend support to oil prices.

Stock Market: TASI gained further in December on a month-on-month basis, up by 7.1 percent, in line with most regional and global markets, and ending the year with a decent full-year rise of 14 percent. Moreover, average daily traded volumes also increased in December, reaching their highest level in five months.

For comments and queries please contact:

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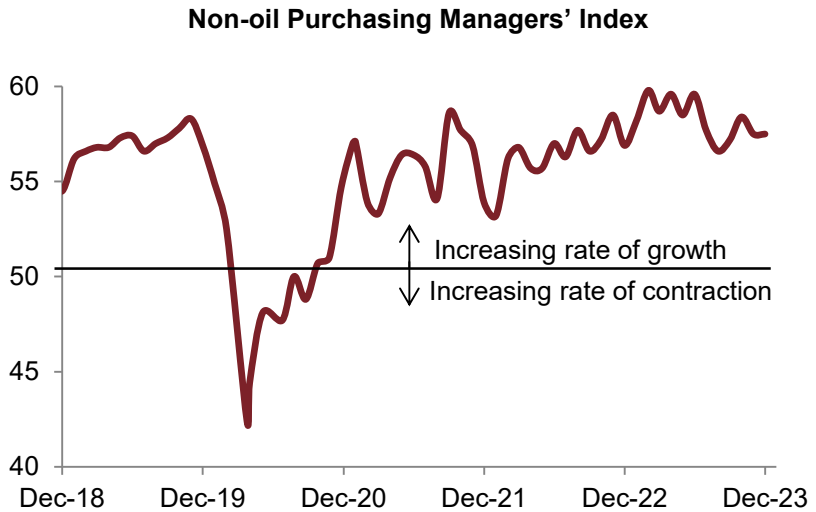
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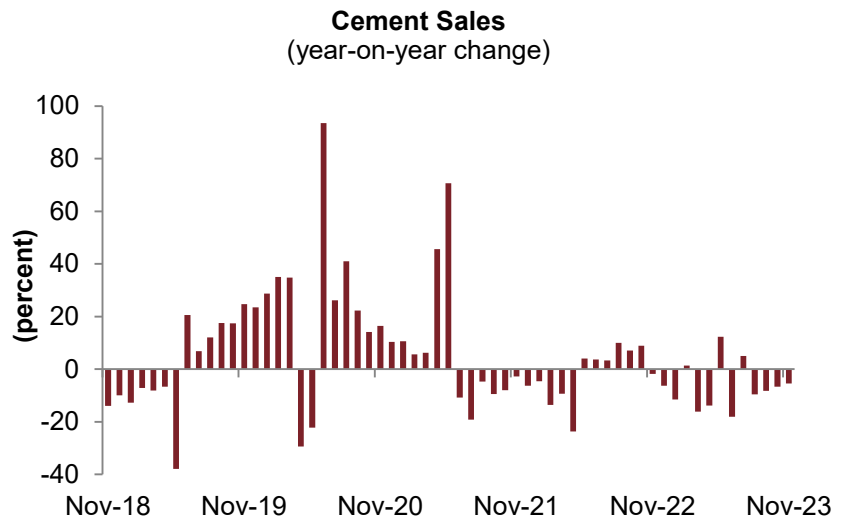
Real Economy

The non-oil PMI was unchanged in December at 57.5, raising the 2023 full-year average to 58.3, up from 56.5 in 2022, as business activity, output and sales continue to expand significantly. Meanwhile, cement sales eased further in November, down by 5.4 percent year-on-year, with a monthly decline of 3 percent. Latest available data show non-oil exports declining by 14 percent year-on-year in October.

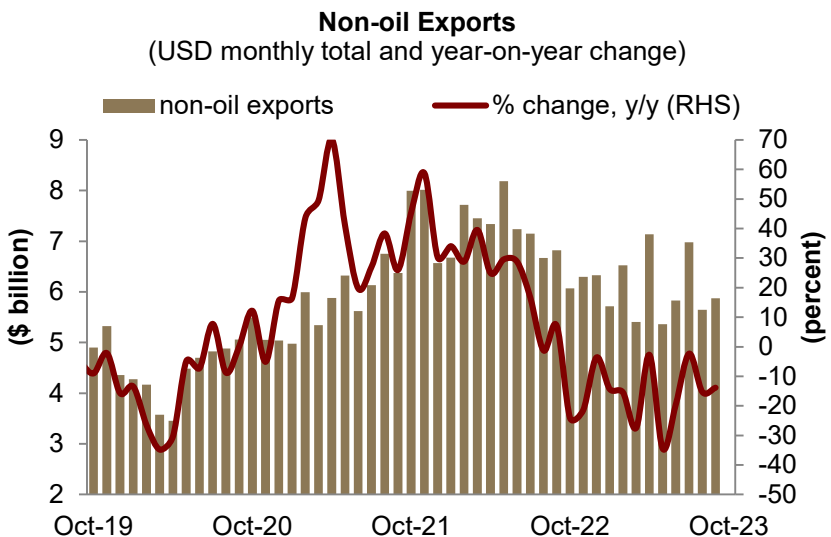
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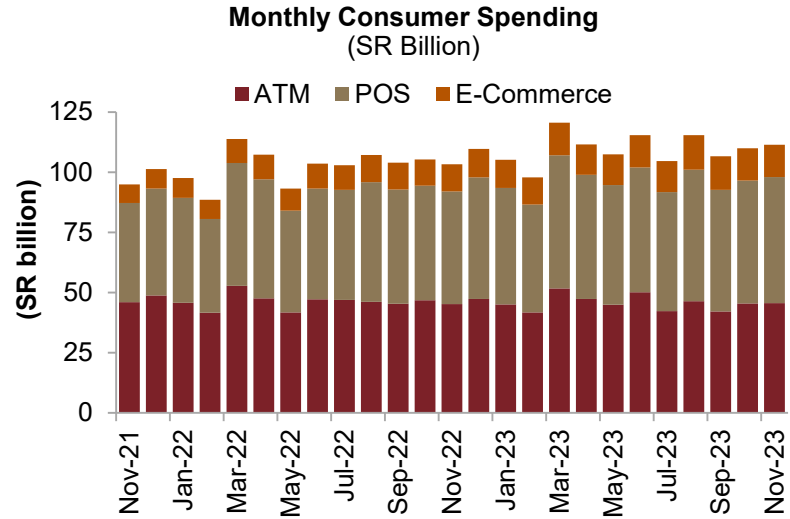




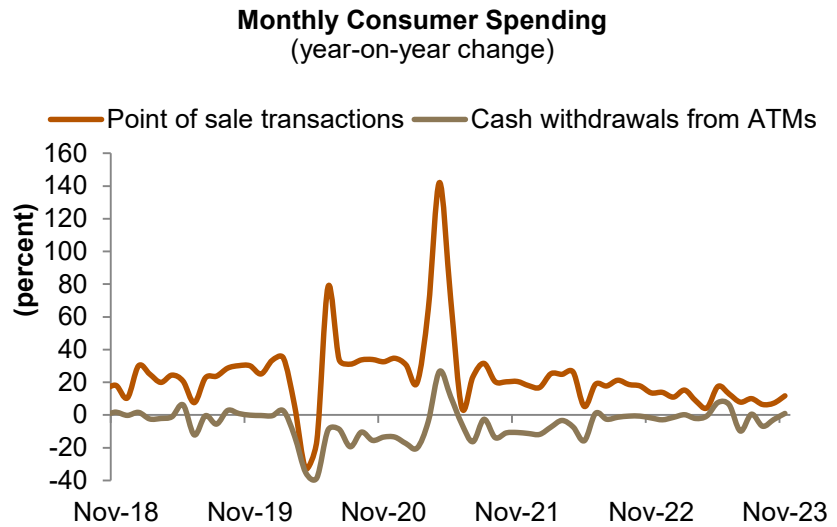
Consumer Spending

Total consumer spending rose by almost 8 percent year-on-year in November, the highest gain in five months, with a monthly increase of 1.3 percent. Cash withdrawals rose by 1 percent year-on-year, and POS transactions increased by 12 percent. Looking at POS transactions by sector, 'education', 'recreation and culture' and 'hotels' were among the sectors with the highest gains.

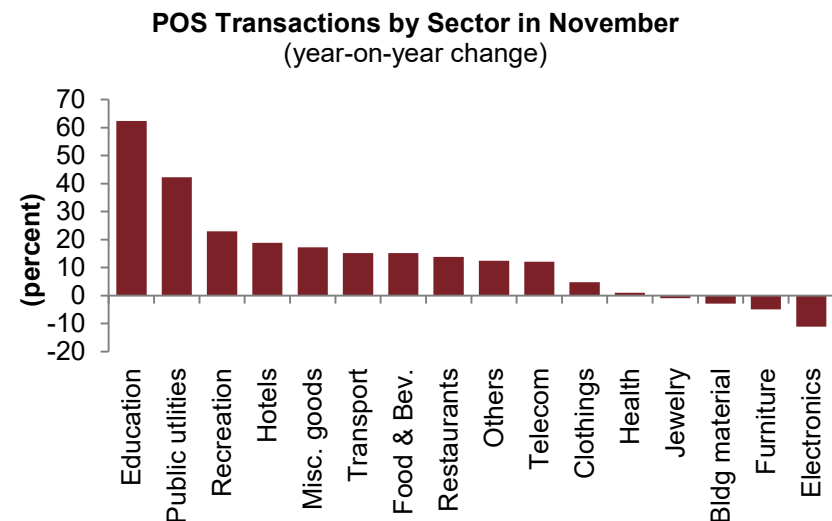
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'Education' saw the highest rise in November, as school started the second academic semester at the end of the month.



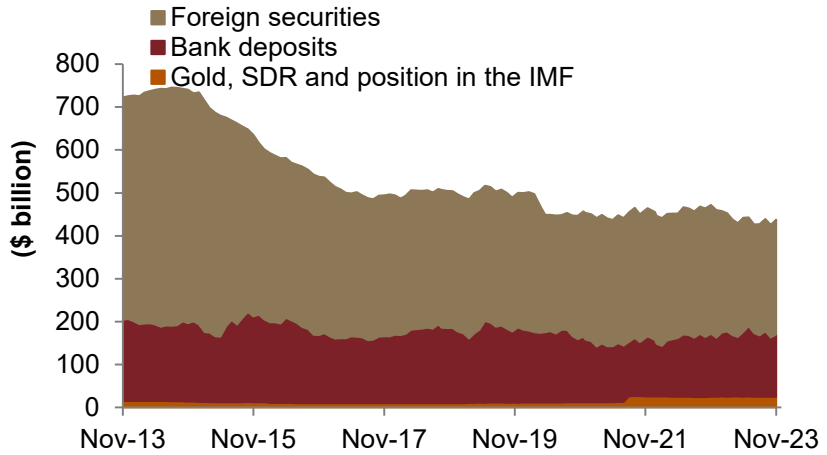


SAMA Foreign Reserve Assets

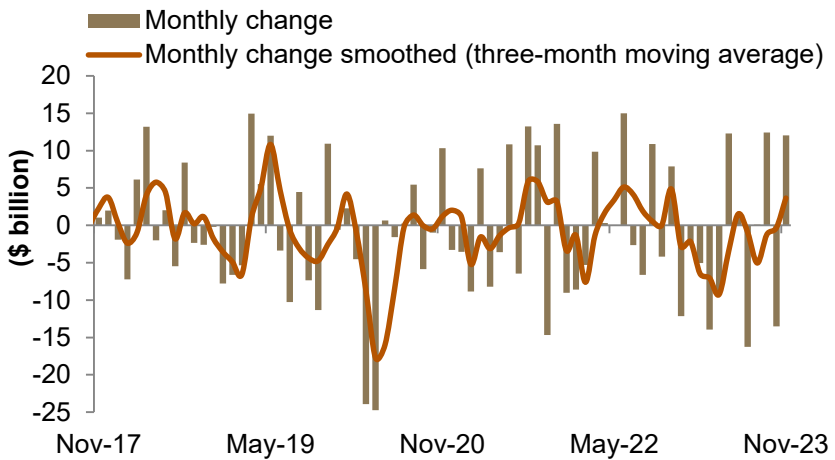
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SAMA Total Foreign Reserve Assets

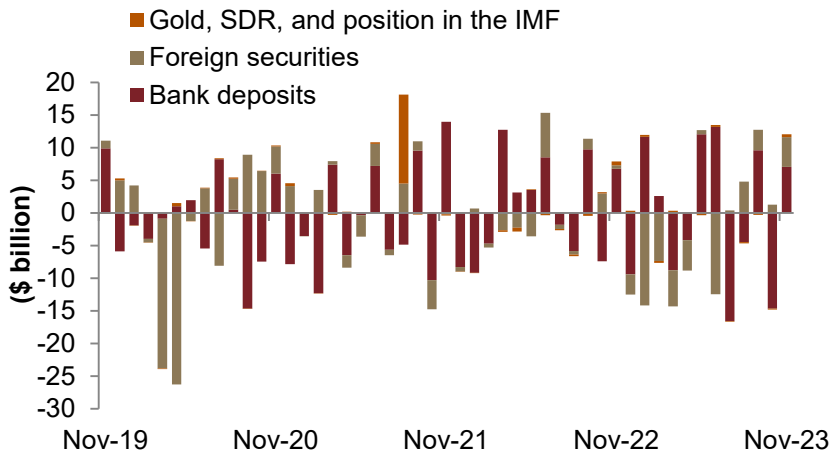


SAMA Foreign Reserve Assets
(monthly and three-month average change)



...to stand at \$438 billion.

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



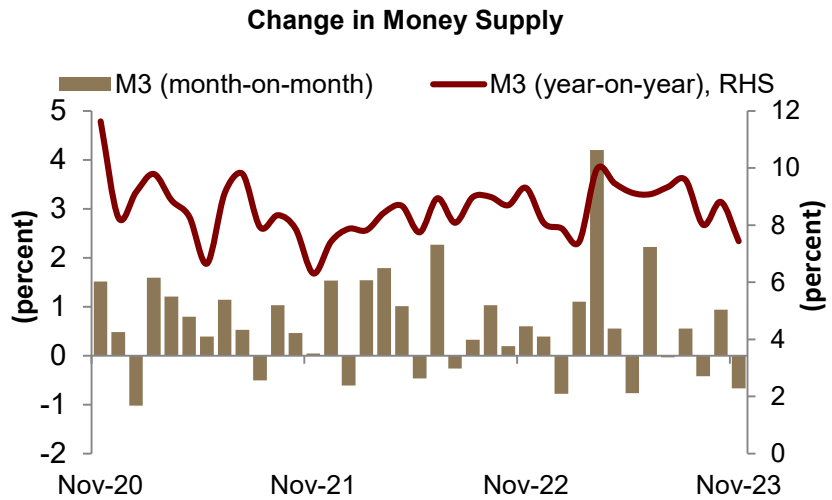
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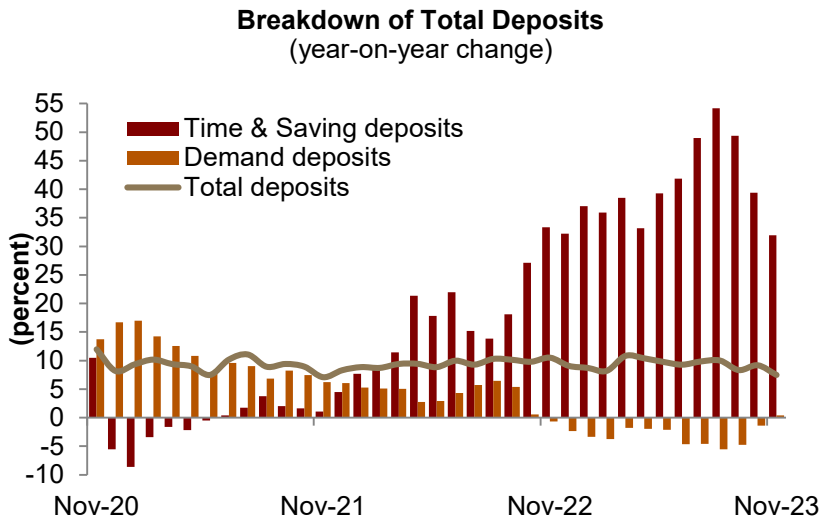
Money Supply, Bank Deposits and Credit

The broad measure of money supply (M3) rose by 7.4 percent year-on-year in November, with a minor monthly decline of 0.6 percent. Total deposits rose by 7.5 percent year-on-year, with demand deposits registering their first rise in a year. Meanwhile, new mortgages saw their smallest yearly decline in 15 months, down by 9 percent year-on-year.

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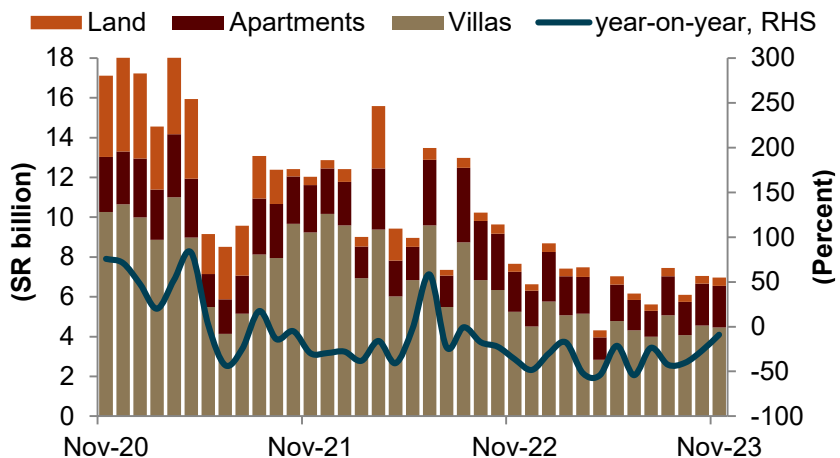


Demand deposits saw their first yearly rise in a year, although by only 0.4 percent. The gain was thanks to a 27 percent rise in government demand deposits, while private demand deposits continued to decline.



New mortgages saw their smallest yearly decline in 15 months, down by 9 percent year-on-year in November, compared with a year-to-date average decline of 34 percent.

Residential New Mortgages by Banks and Finance Companies (SR monthly total and year-on-year change)

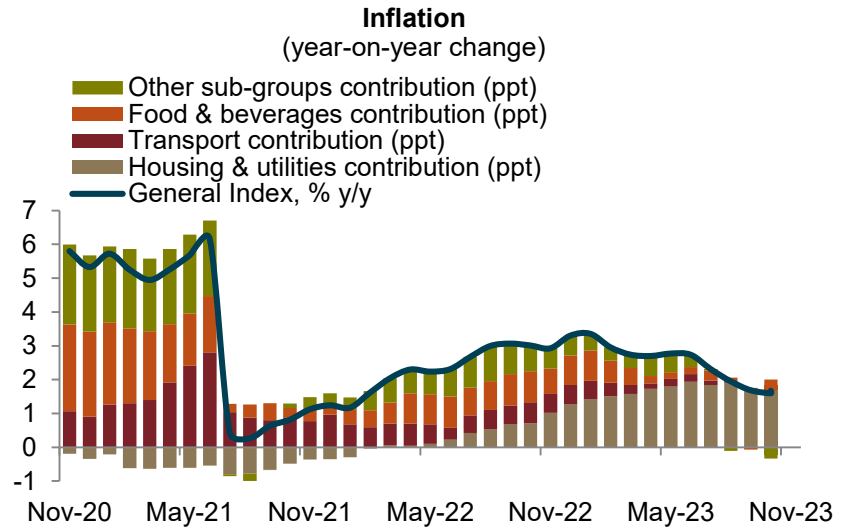




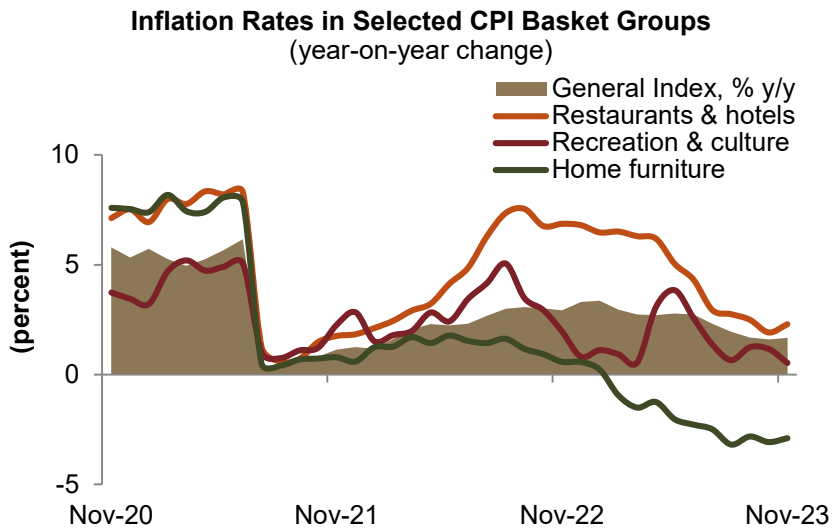
Inflation

Consumer prices rose by 1.7 percent year-on-year in November, and by 0.2 percent month-on-month. Within the CPI basket, 'Recreation and culture' and 'Restaurants and hotels' both continued trending upwards. Meanwhile, 'Home Furniture' continued its downward trend.

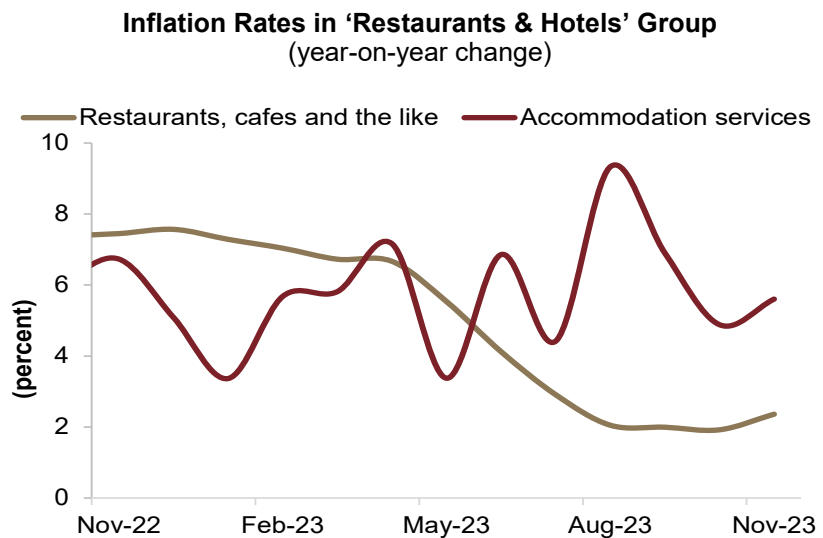
Consumer prices rose by 1.7 percent year-on-year in November, and by 0.2 percent month-on-month.



Within the CPI basket, 'Recreation & culture' and 'Restaurants & hotels' both continued trending upwards.



Within the 'Restaurants & hotels' group, 'Restaurants & cafes' prices are witnessing lower inflation rates, likely affected by lower food input prices in recent months.

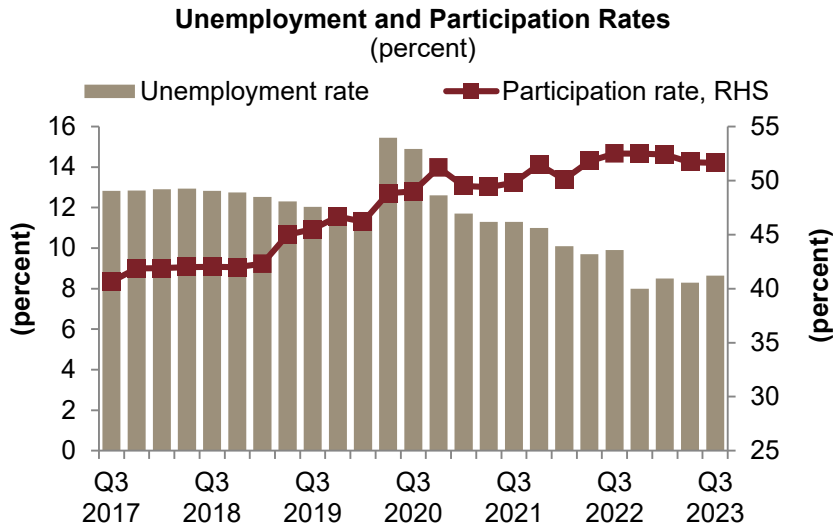




Labor Market Q3 2023

The latest labor market release from GaStat showed that the unemployment rate for citizens rose to 8.6 percent in Q3 2023, from 8.3 percent in Q2. Female unemployment rose to 16.3 percent in Q3 (versus 15.7 percent in Q2), while the rate for males was unchanged at 4.6 percent. Meanwhile, the participation rate inched down to 51.6 percent, reflecting a minor decline in male participation.

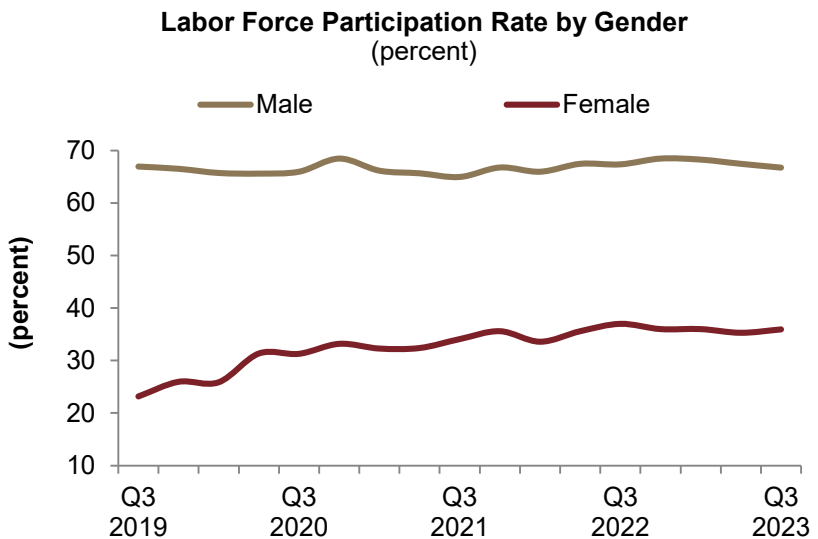
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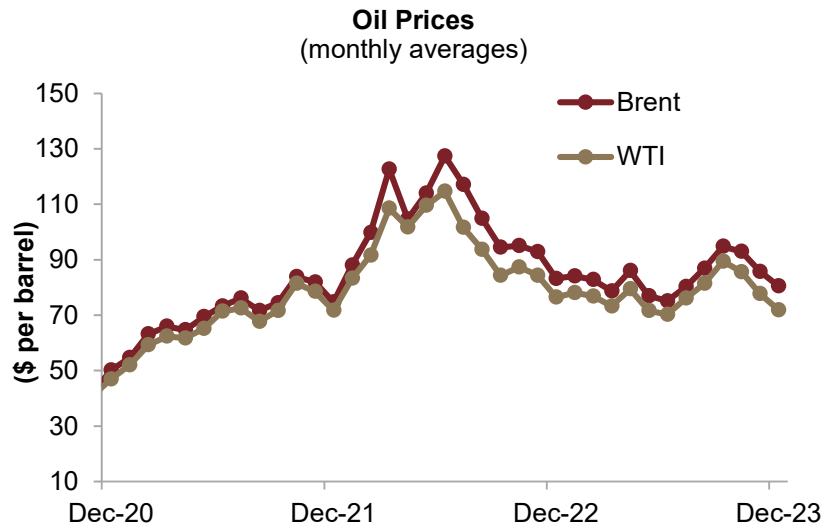




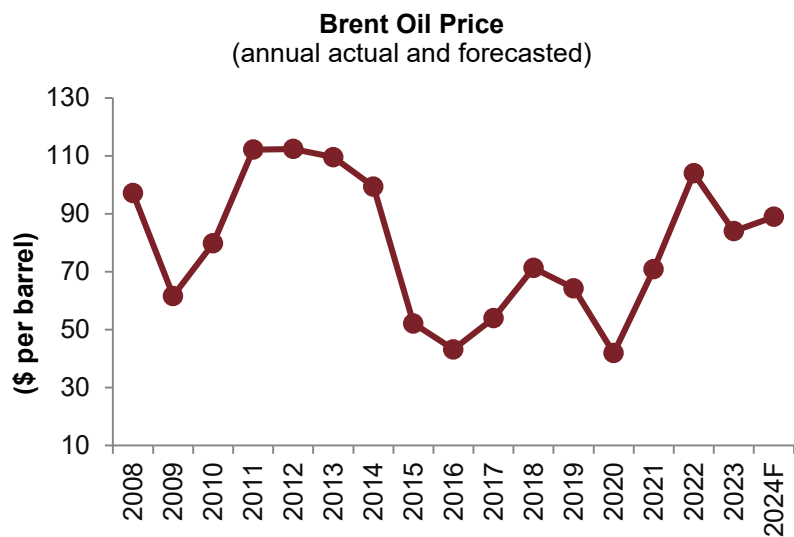
Oil

Both Brent and US WTI oil benchmarks declined by 6 percent on a monthly basis in December. As a result, Brent averaged \$84 per barrel (pb) in full year 2023 (in line with our forecasts), whilst WTI oil averaged \$78 pb. Looking ahead, while further volatility is expected in the near-term, higher oil demand is forecasted in 2024 as a whole, which should lend support to oil prices.

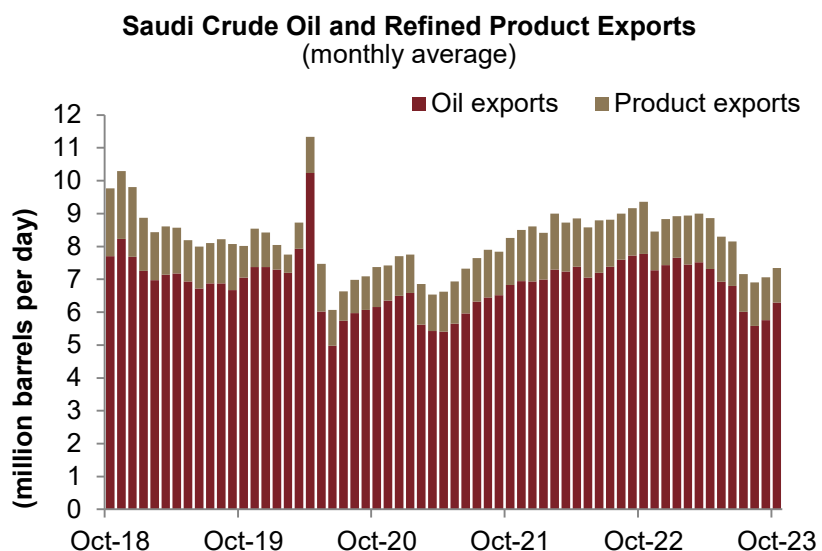
Both Brent and US WTI oil benchmarks declined by 6 percent on a monthly basis in December.



Brent oil averaged \$84 pb in full year 2023 (in line with our forecasts), and we expect an average price of \$89 in 2024.



Meanwhile, latest available official data for October showed that Saudi crude oil and refined products exports were slightly up in October.



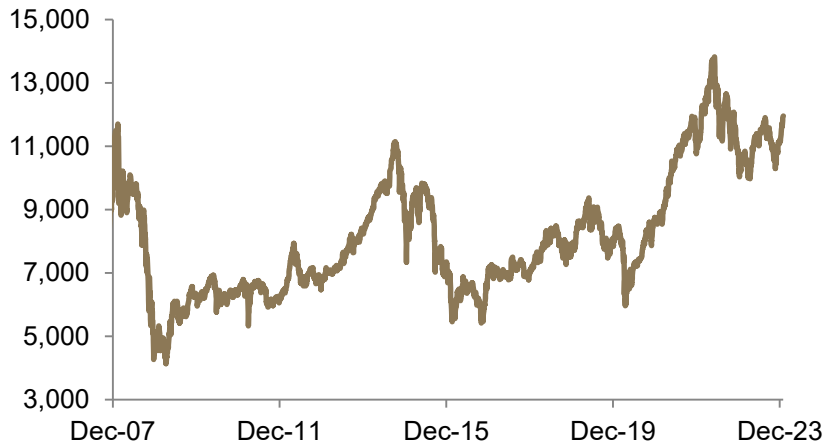


Stock Market

TASI gained further in December on a month-on-month basis, up by 7.1 percent, in line with most regional and global markets, and ending the year with a decent full-year rise of 14 percent. Moreover, average daily traded volumes also increased in December, reaching their highest level in five months.

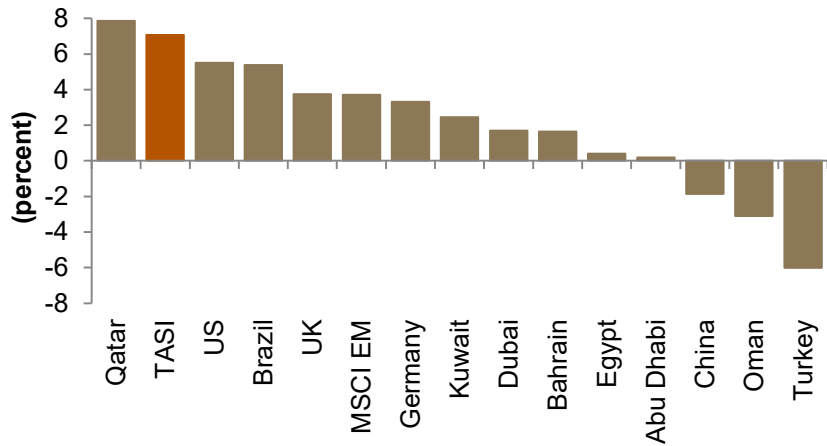
TASI ended the year with a decent full-year rise of 14 percent in 2023.

TASI Performance



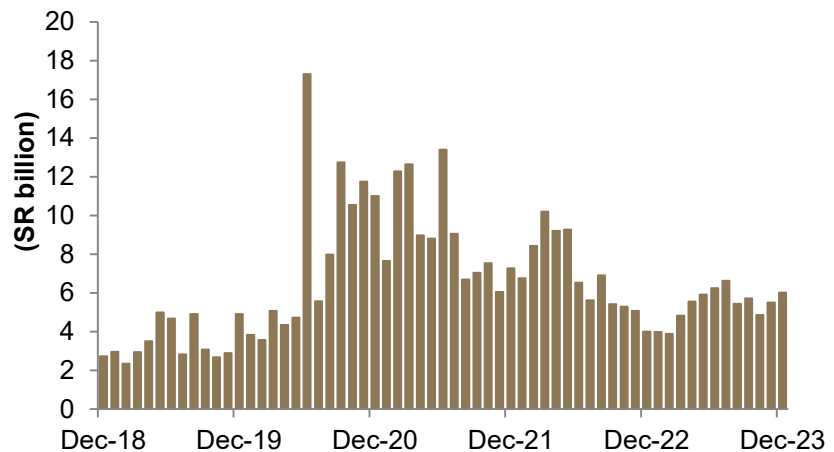
On a monthly basis, TASI gained further in December, up by 7.1 percent, in line with most regional and global markets.

Comparative Stock Market Performance (December)



Moreover, average daily traded volumes also increased in December, reaching their highest level in five months.

Average Daily Traded Volumes (December)





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