



Summary

Real Economy: Economic indicators were varied in January, whilst POS transactions saw a significant rise by 33 percent year-on-year, non-oil PMI witnessed its lowest reading in a year, affected by a slowdown in new export orders, despite strong local demand.

Government Finance: The net monthly change to government accounts with SAMA rose by SR28 billion month-on-month in January, which came mainly as a result of an increase in government current deposits by SR27 billion.

SAMA Foreign Reserve Assets: SAMA FX reserves rose month-on-month in January, to stand at \$502 billion. A breakdown of FX reserves shows a monthly rise in SAMA's foreign securities by \$4 billion, whilst bank deposits declined by \$2 billion during the month.

Money Supply: The broad measure of money supply (M3) rose significantly in January, by 6.6 percent year-on-year, but declined by 1.8 percent month-on-month. The growth in M3 came mainly as a result of a continued rise in time deposits.

Bank Deposits: Bank deposits rose by 6.7 percent year-on-year in January, affected by the rise in time deposits by 13 percent year-on-year. Meanwhile, demand deposits were up by 5.2 percent year-on-year during the month.

Bank Credit: Total bank claims rose by 10.6 percent in January year-on-year. Claims on the public sector were up by 18 percent, meanwhile, credit to the private sector rose by 8.8 percent, year-on-year.

Inflation: Prices rose in January by 0.4 percent year-on-year, but were down on a monthly basis by 0.1 percent. During January, prices were lifted by various sub groups, mainly by "restaurants and hotels" prices, which were up 3.2 percent year-on-year.

2019 GDP: Provisional data for 2019, released by GaStat, showed Saudi economy expanded by 0.3 percent year-on-year in 2019, with growth coming from the non-oil sector (up 3.3 percent), whilst oil sector GDP was down by 3.6 percent.

Oil-Global: Oil prices declined for the second consecutive month as the number of infections linked to coronavirus continued to rise, especially outside of China. Investors are concerned that a prolonged outbreak of the virus could have a significant negative impact on global oil demand.

Oil-Regional: Saudi crude oil production was up 1.6 percent month-on-month in January, but in line with levels outlined by Saudi Arabia at an OPEC meeting in December 2019.

Stock Market: TASI declined 7.5 percent month-on-month in February as investor confidence continued to be negatively affected by developments related to the coronavirus. Most regional and global markets also saw losses during the month.

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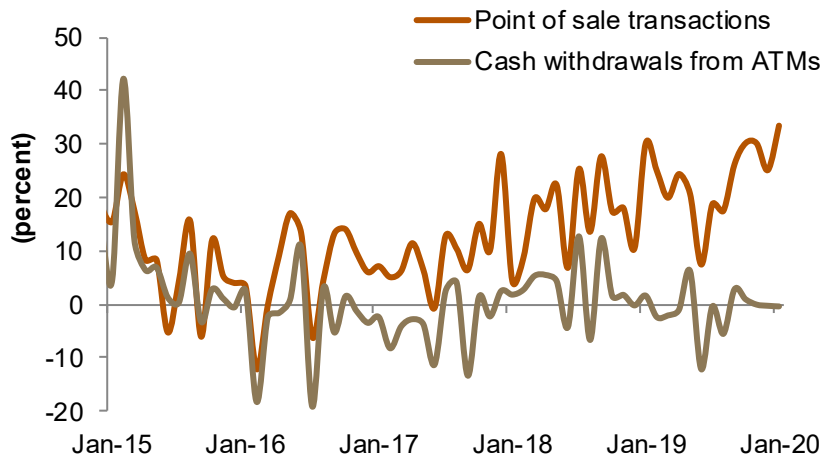


Real Economy

Economic indicators were varied in January, whilst POS transactions saw a significant rise by 33 percent year-on-year, non-oil PMI witnessed its lowest reading in a year, affected by a slowdown in new export orders, despite strong local demand. Non-oil exports declined in December, down by 6.3 percent year-on-year, reflecting the slowdown in global trade in recent months.

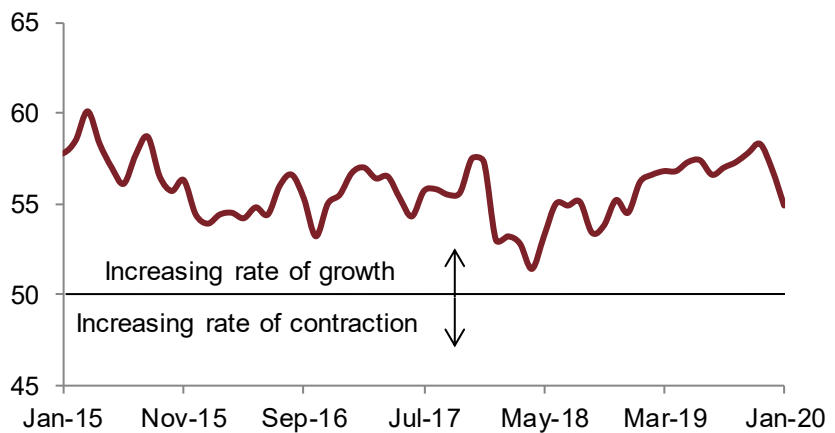
POS transactions saw a significant rise by 33 percent year-on-year, whilst cash withdrawals remained unchanged in January.

Indicators of Consumer Spending
(year-on-year change)



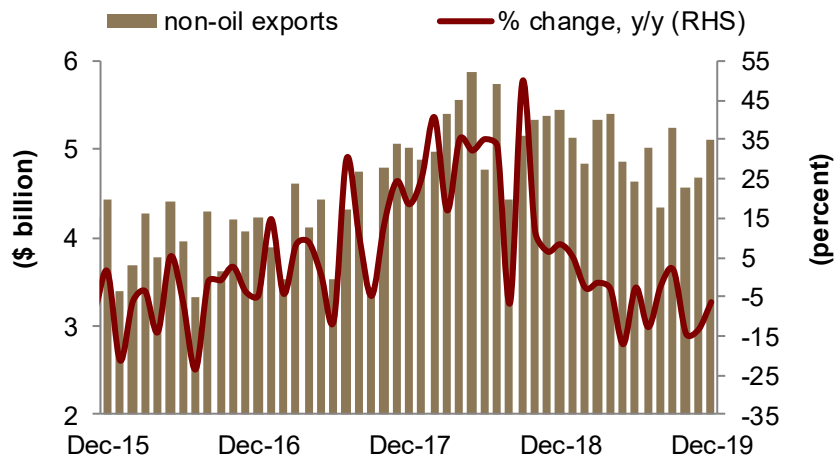
Non-oil PMI witnessed its lowest reading in a year, affected by a slowdown in new export orders, despite strong local demand. Lower demand on exports mainly reflects the slowdown in the Chinese and Emerging Market economies affected by the coronavirus since mid January 2020, and is expected to continue through Q1 2020.

Non-oil Purchasing Managers' Index



Full year data showed that non-oil exports declined during 2019 by 6 percent year-on-year, mainly driven by a decline in exports from petrochemicals by 11 percent, and in plastics and rubber exports by 10 percent year-on-year.

Non-oil Exports
(year-on-year change)



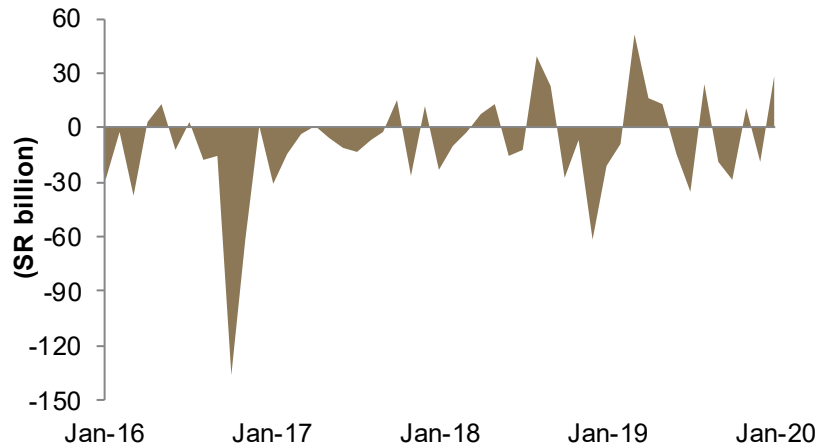


Government Finance

The net monthly change to government accounts with SAMA rose by SR28 billion month-on-month in January, which came mainly as a result of an increase in government current deposits by SR27 billion, whilst government reserves were marginally up by SR1.2 billion month-on-month. At the same time, domestic banks net holdings of government debt rose by SR3 billion in January.

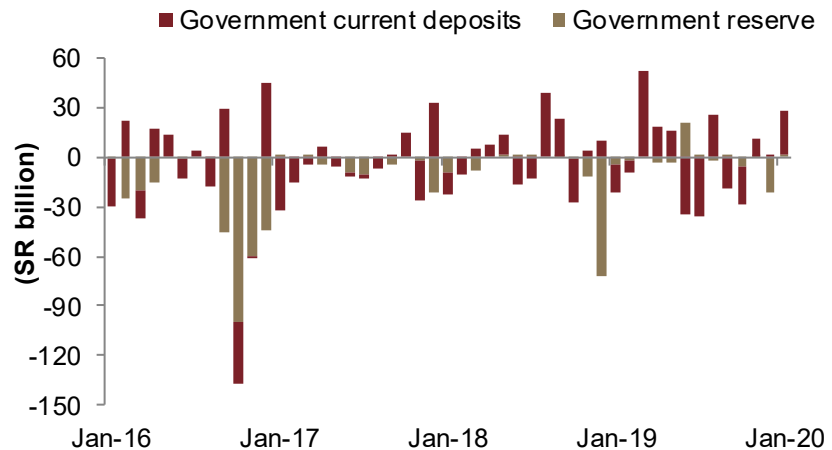
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Net Change to Government Accounts with SAMA
(month-on-month change)



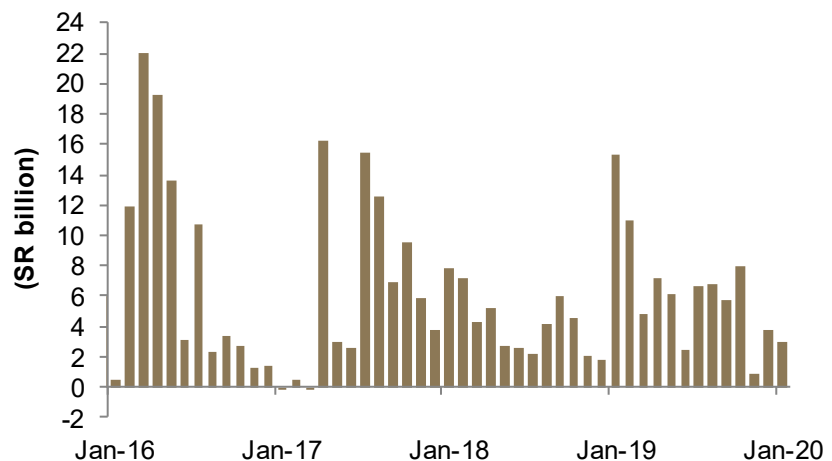
...which came mainly as a result of an increase in government current deposits by SR27 billion, whilst government reserves were marginally up by SR1.2 billion month-on-month.

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



Domestic banks net holdings of government debt rose by SR3 billion in January, as the Ministry of Finance (MoF) announced that it has closed the January 2020 issuance of SR6.7 billion, under the Saudi Arabian Government denominated Sukuk Program. Also in January, the MoF has announced the receipt of subscriptions from investors for its sixth international issuance under the Kingdom's Global Medium-Term Note Program for a total value of \$5 billion (SR18.7 billion).

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

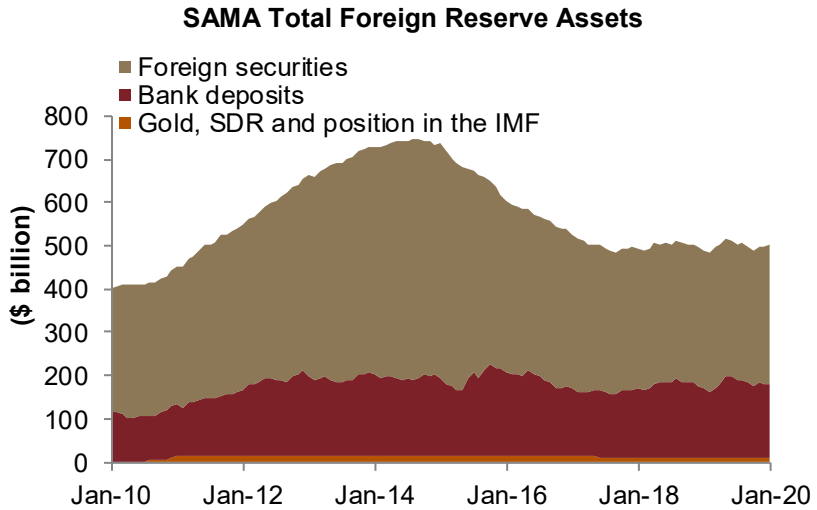




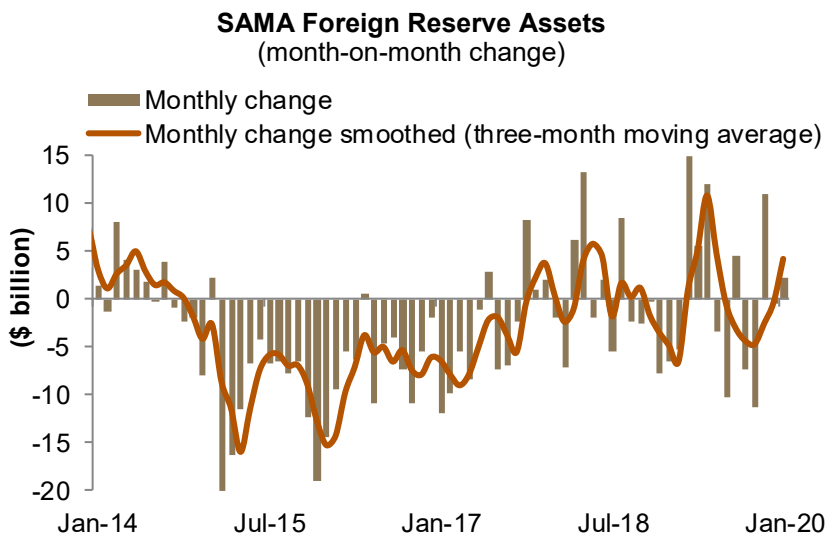
SAMA Foreign Reserve Assets

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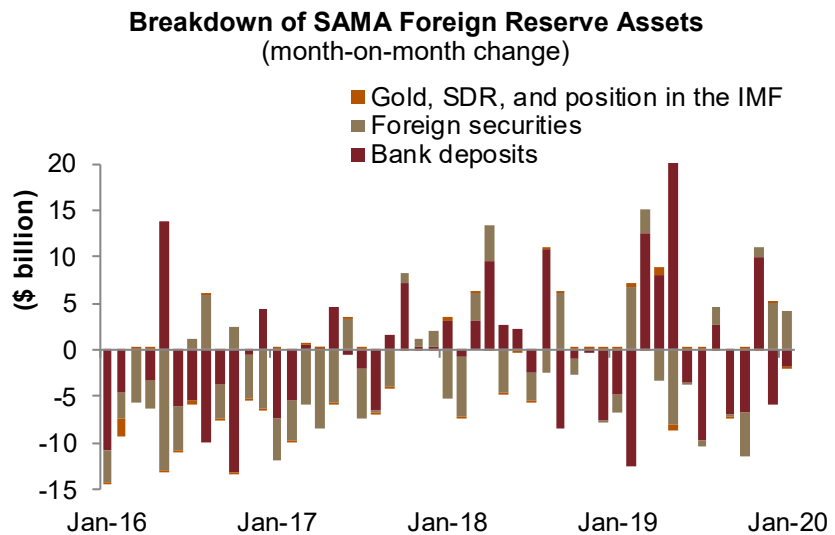
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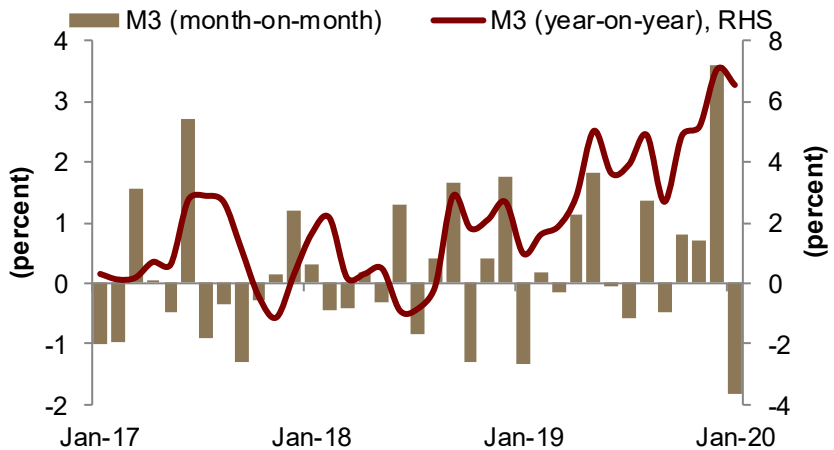


Money Supply

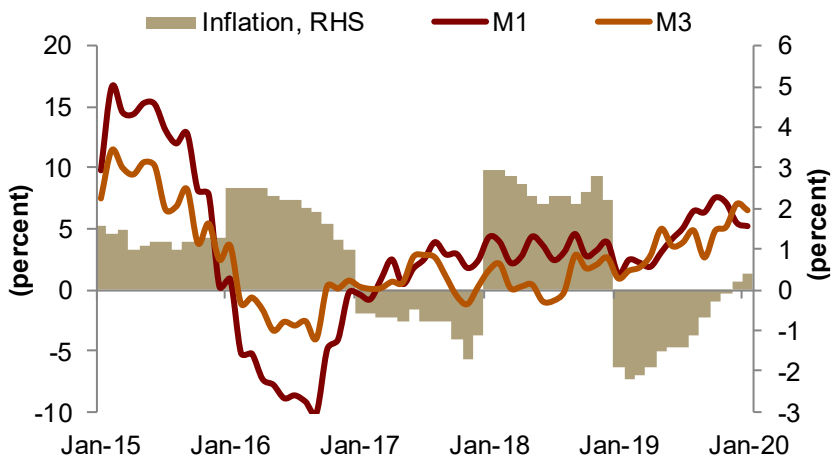
The broad measure of money supply (M3) rose significantly in January, by 6.6 percent year-on-year, but declined by 1.8 percent month-on-month. The growth in M3 came mainly as a result of a continued rise in time deposits, up 13 percent year-on-year in January, with an increase in demand deposits by 5.2 percent year-on-year during the month.

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Growth in Money Supply

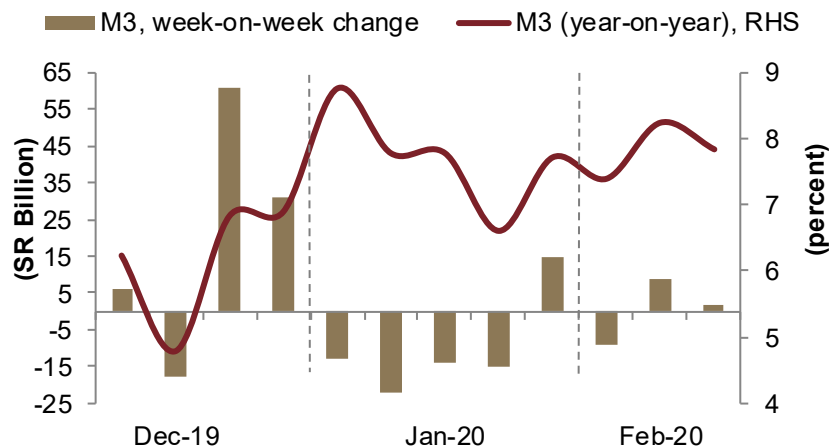


Money Supply Aggregates and Inflation Rate
(year-on-year change)



The growth in M3 came mainly as a result of a continued rise in time deposits, up 13 percent year-on-year in January, with an increase in demand deposits by 5.2 percent year-on-year during the month.

Growth in Money Supply
(week-on-week change)



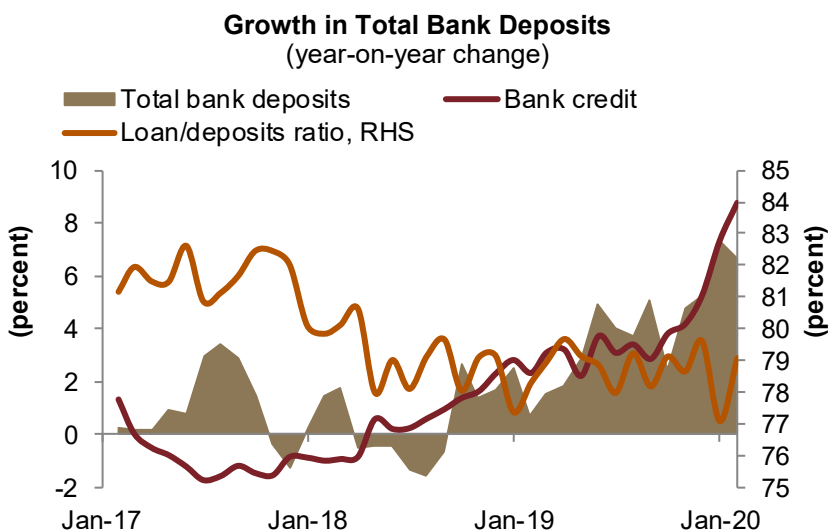
Latest weekly M3 data shows decent level in M3 growth in February 2020.



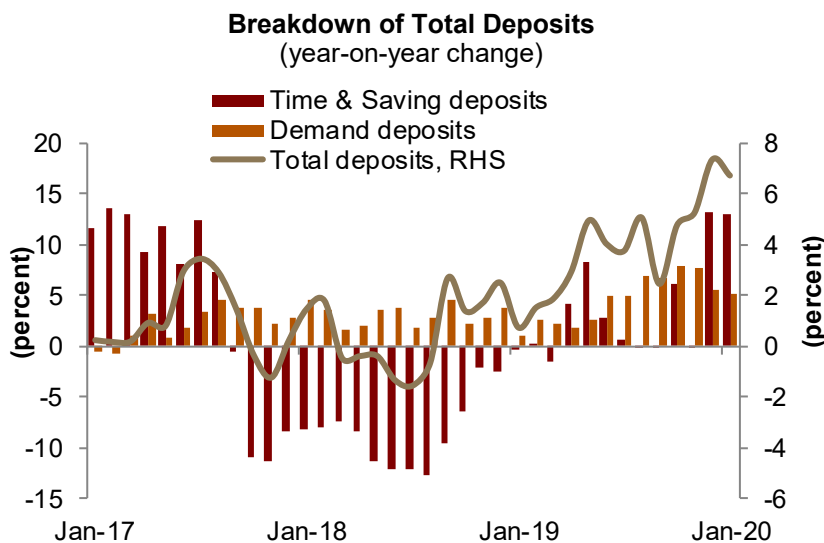
Bank Deposits

Bank deposits rose by 6.7 percent year-on-year in January, affected by the rise in time deposits by 13 percent year-on-year. Meanwhile, demand deposits were up by 5.2 percent year-on-year during the month. A breakdown of demand deposits shows a notable rise in private demand deposits, rising by 5.9 percent year-on-year, whilst government demand deposits were almost unchanged during the month.

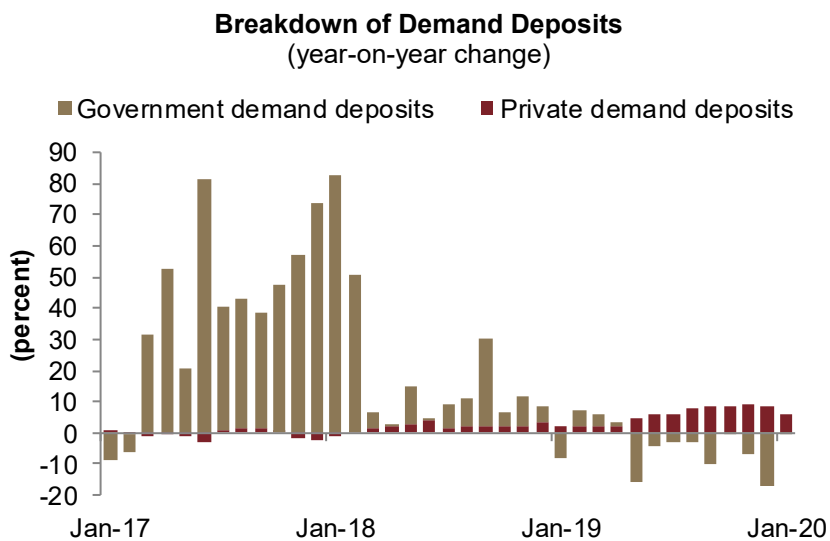
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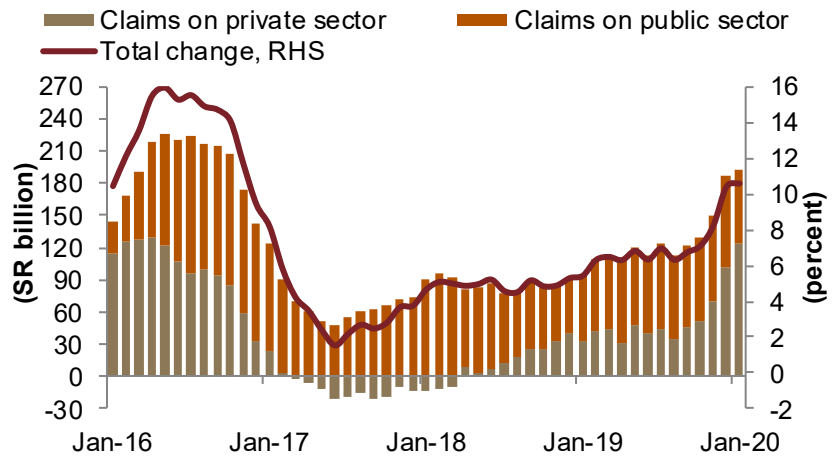


Bank Credit

Total bank claims rose by 10.6 percent in January year-on-year. Claims on the public sector were up by 18 percent, meanwhile, credit to the private sector rose by 8.8 percent, year-on-year. Also, new mortgages from banks rose by 115 percent year-on-year during the month.

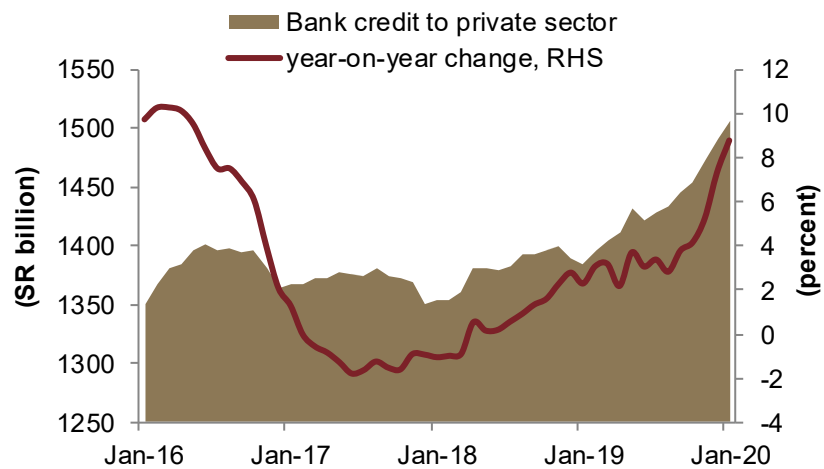
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Breakdown of Bank Claims
(year-on-year change)



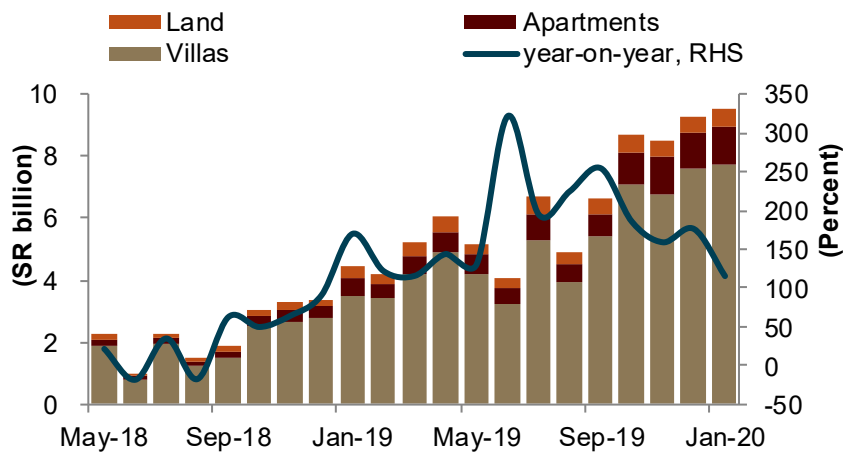
Credit to the private sector rose by 8.8 percent, year-on-year, in January.

Bank Credit to the Private Sector



New mortgages from banks rose by 115 percent year-on-year in January.

New Mortgages Provided by Banks

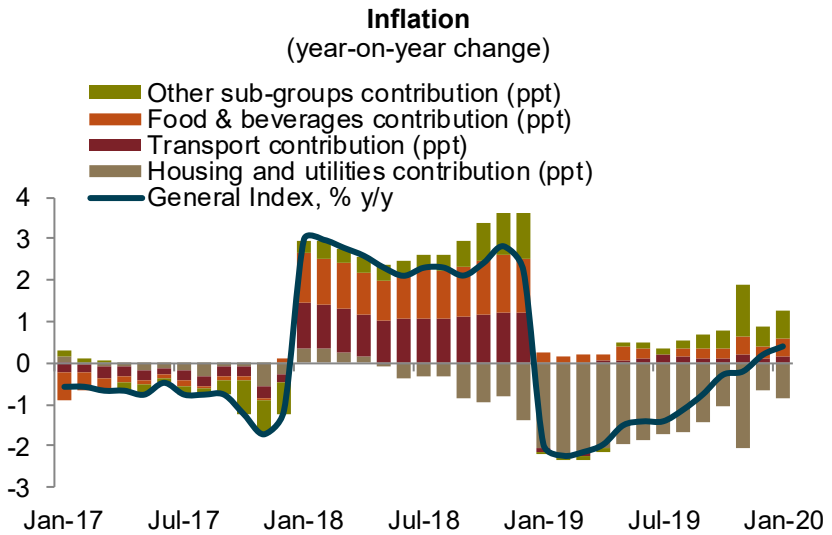




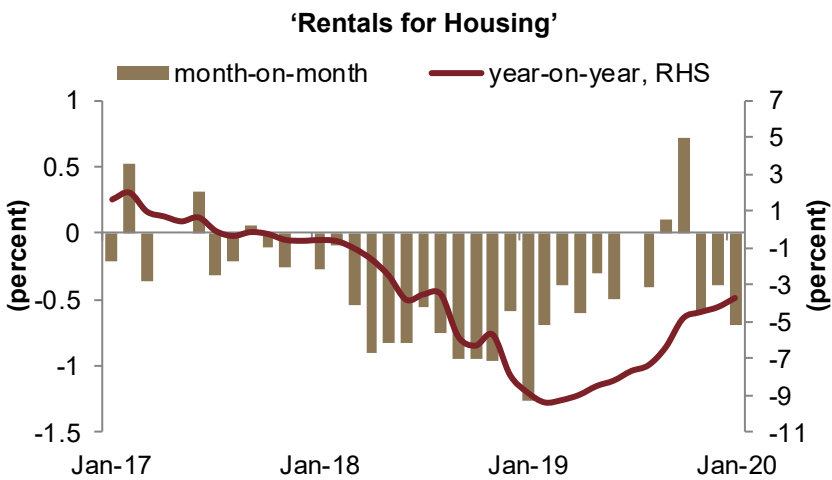
Inflation

Prices rose in January by 0.4 percent year-on-year, but were down on a monthly basis by 0.1 percent. The decline in prices in “housing and utilities” continued in 2020, as ‘rentals for housing’ continued to decrease, falling by 3.7 percent year-on-year during the month. In January, prices were lifted by various sub groups, mainly by prices in “restaurants and hotels”, which were up 3.2 percent year-on-year.

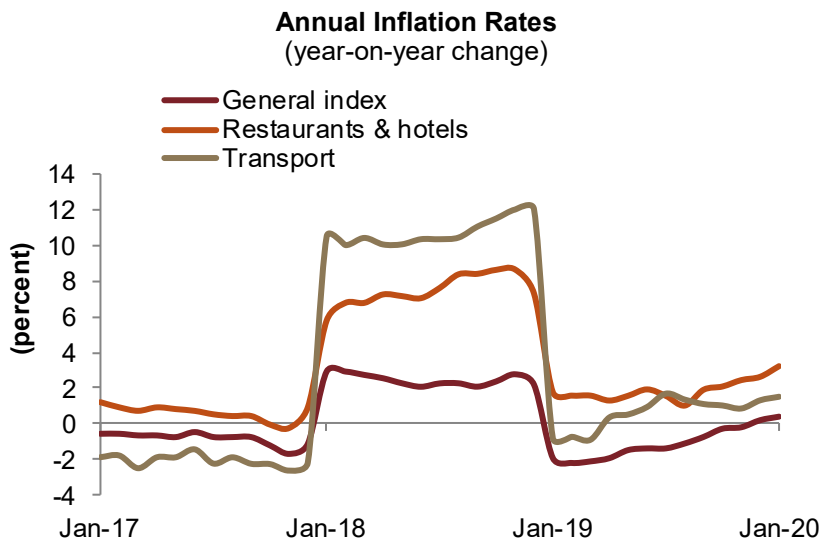
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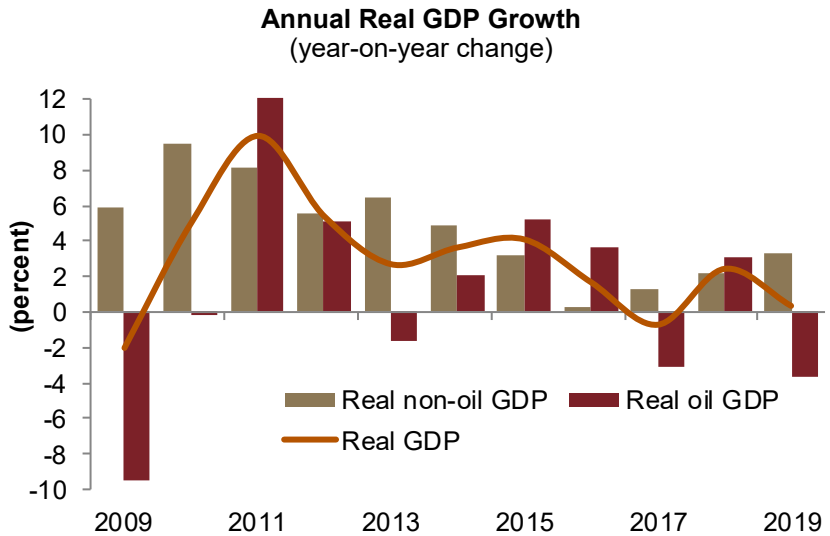




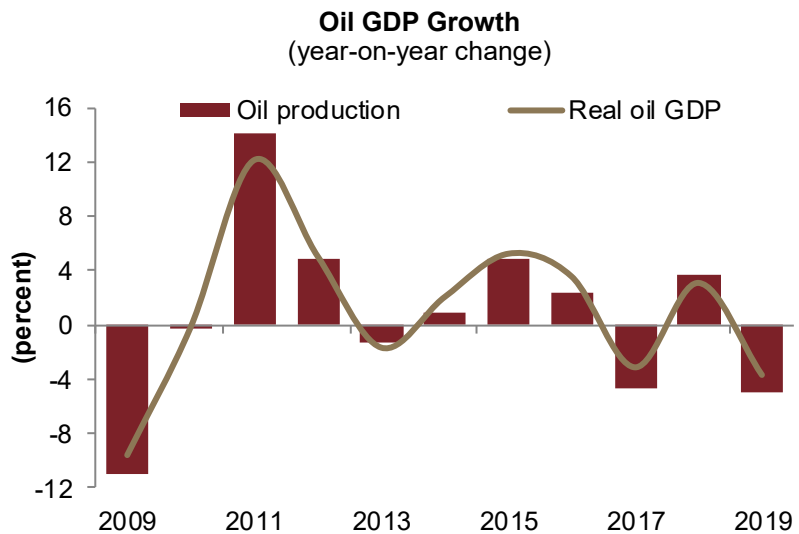
GDP 2019

Provisional data for 2019, released by GaStat, showed Saudi economy expanded by 0.3 percent year-on-year in 2019, with growth coming from the non-oil sector (up 3.3 percent), whilst oil sector GDP was down by 3.6 percent. Within the non-oil GDP, non-oil private sector contributed a larger slice of growth (at 70 percent) when compared to the public sector (30 percent).

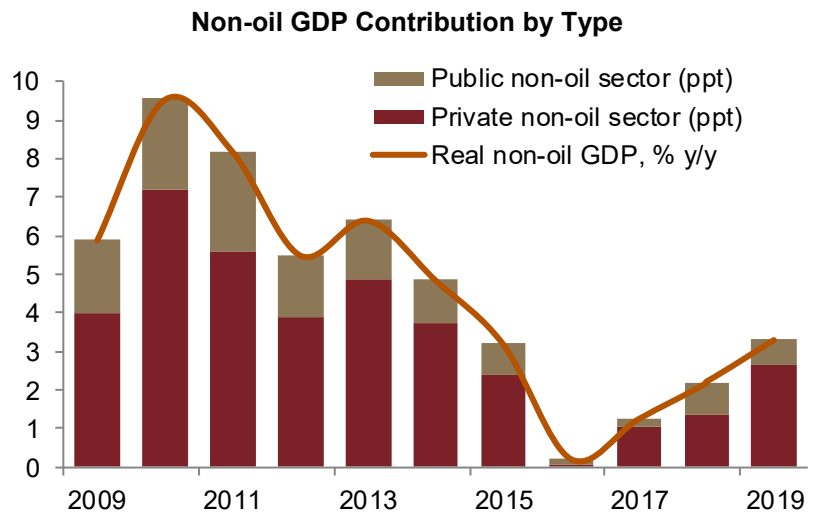
The Saudi economy expanded by 0.3 percent year-on-year in 2019, with growth coming from the non-oil sector.



Oil sector GDP was down by 3.6 percent year-on-year in 2019, primarily as a result of Saudi crude oil production averaging 9.8 mbpd in 2019, down from 10.3 mbpd in 2018.



Meanwhile, non-oil private sector contributed a larger slice of non-oil growth in 2019, at 70 percent compared to the public sector's 30 percent. Within the non-oil private sector, "Finance services", "wholesale & retail" and "community services" saw the highest growth rates in 2019.

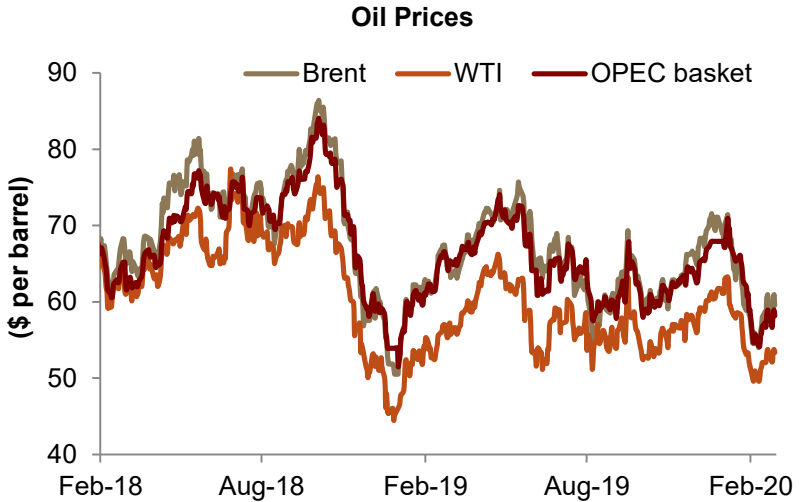




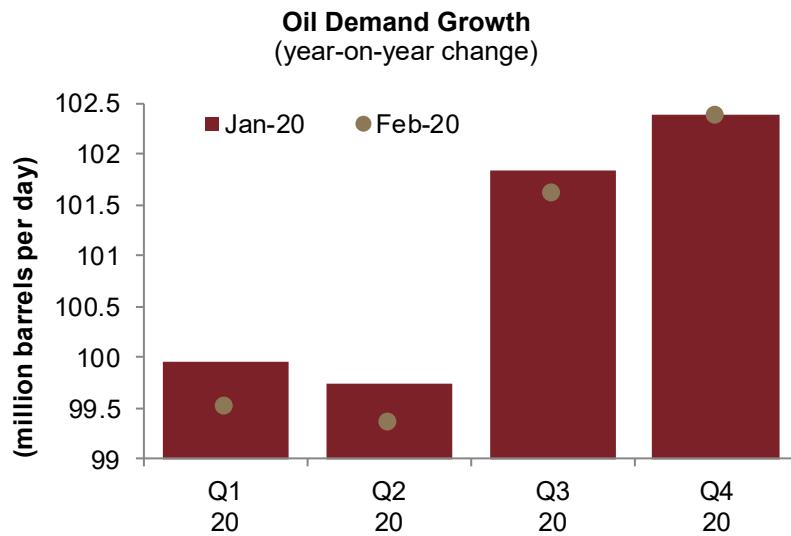
Oil - Global

Oil prices declined for the second consecutive month as the number of infections linked to coronavirus continued to rise, especially so outside of China. Investors are concerned that a prolonged outbreak of the virus could have a significant negative impact on global oil demand. In fact, in the most recent monthly oil market report, OPEC downgraded its oil demand forecast by 20 percent for 2020.

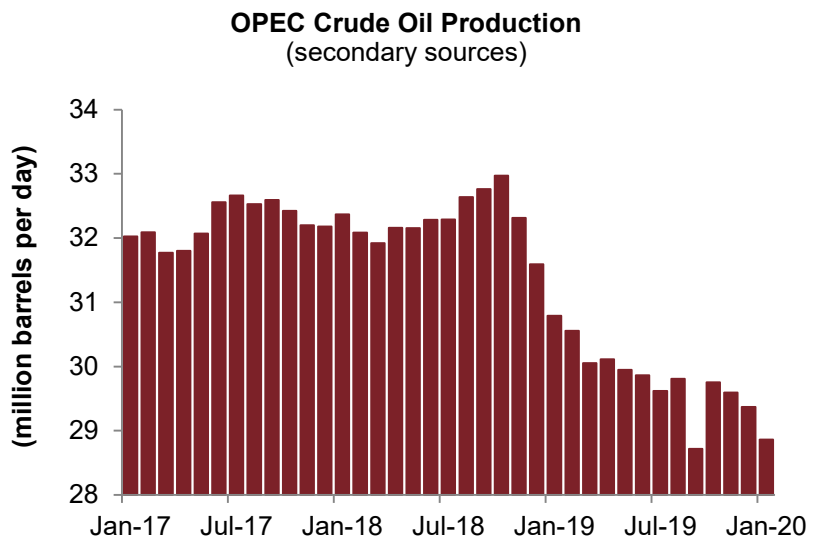
Brent was down 12 percent and WTI down 12 percent month-on-month as concerns continued to mount that a prolonged outbreak of the coronavirus could have a significant negative impact on global oil demand.



In fact, in the most recent monthly oil market report, OPEC downgraded its oil demand forecast by 20 percent (or 250 thousand barrels per day) for 2020.



In light of this, we expect OPEC and partners to agree on a further moderation in output for the duration of Q2 2020, at least, when they next meet in early March.



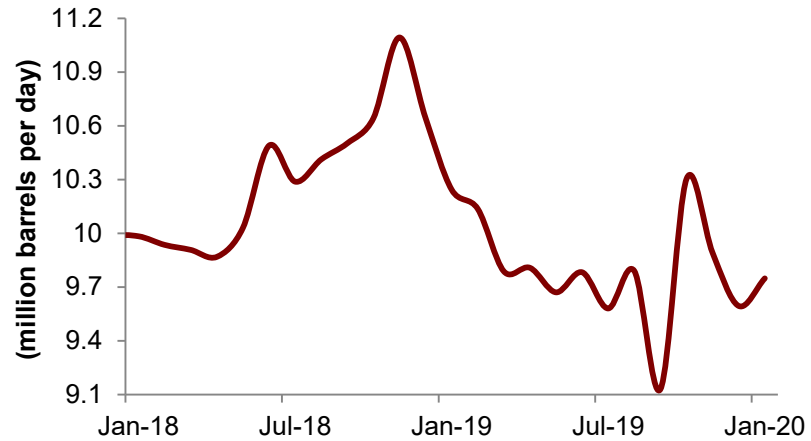


Oil - Regional

Saudi crude oil production was up 1.6 percent month-on-month in January, but in line with levels outlined by Saudi Arabia at an OPEC meeting in December 2019, at 9.7 mbpd. Meanwhile, full year data showed that Saudi crude oil and refined product exports declined by 11 percent year-on-year in 2019. More recent provisional data shows that Saudi oil exports (excluding products) are steady at 7mbpd.

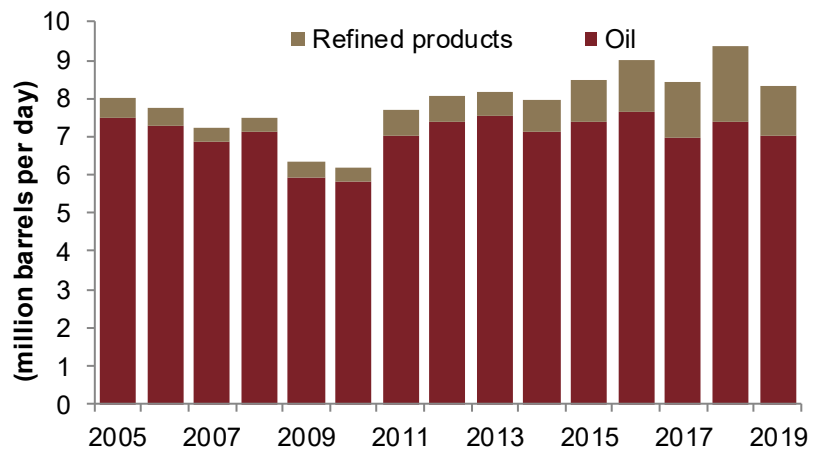
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Average Monthly Saudi Crude Oil Production
(direct communication)



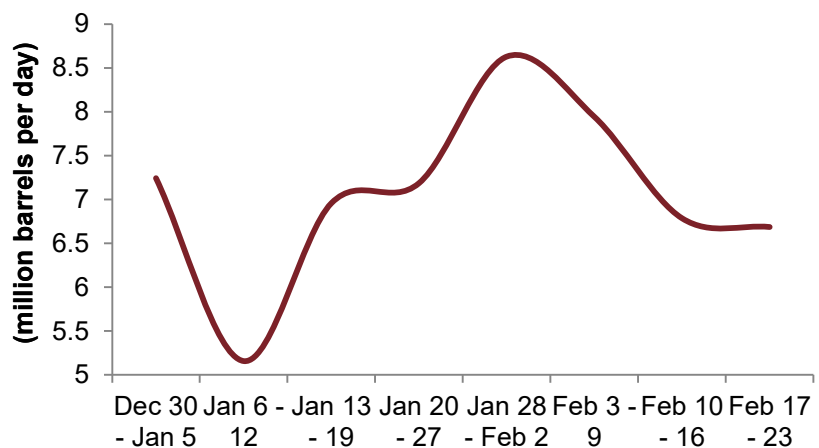
Meanwhile, full year data shows that Saudi crude oil and refined product exports declined by 11 percent year-on-year in 2019.

Saudi Crude Oil and Refined Product Exports
(annual average)



More recent provisional data shows that Saudi oil exports (excluding products) averaged around 7 mbpd in January and most of February.

Expected Saudi Crude Oil Exports
(January & February 2020)

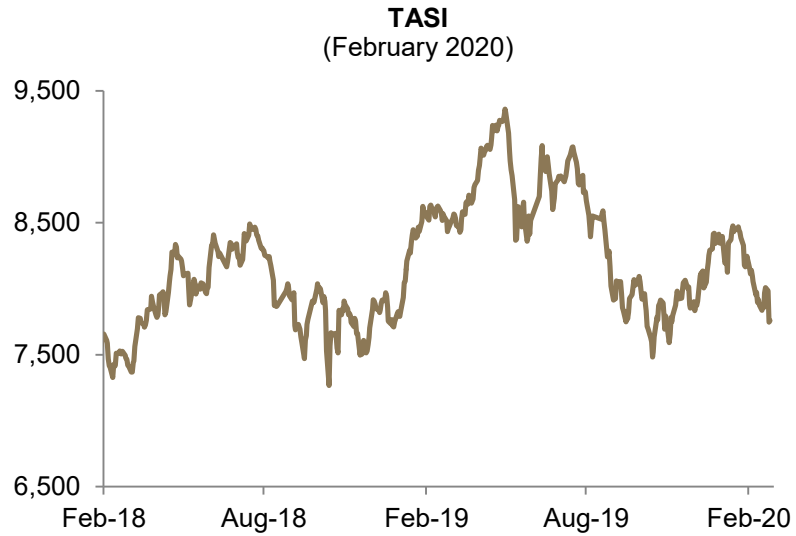




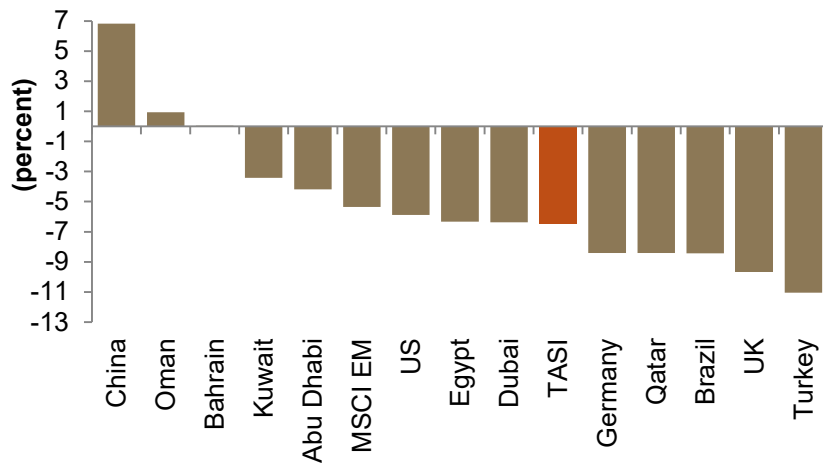
Stock Market

TASI declined 7.5 percent month-on-month in February as investor confidence continued to be negatively affected by developments related to the coronavirus. Most regional and global markets also saw losses during the month, as the number of coronavirus cases reported outside China rose significantly. Meanwhile, net purchases of SWAPs and QFIs hit \$1.2 billion (SR4.3 billion), year-to-date.

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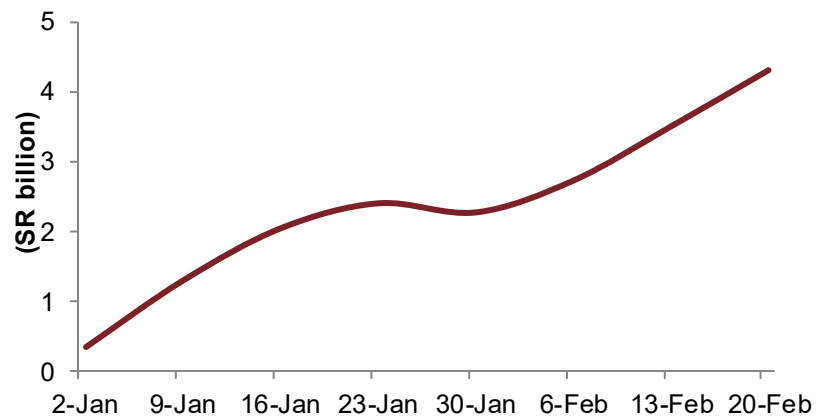


Comparative Stock Market Performance
(February 2020)



Most regional and global markets also saw losses during the month, as the number of coronavirus cases reported outside China rose significantly.

Net purchases of SWAPs and QFIs
(Cumulative 2020)



Meanwhile, net purchases of SWAPs and QFIs hit \$1.2 billion (SR4.3 billion), year-to-date.



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