



Summary

Real Economy: The non-oil PMI was unchanged in June, month-on-month, at 56.4, as activity, employment and new orders grew. In addition, cement sales and production declined in June, by 11 and 7 percent year-on-year, respectively, although both segments registered monthly rises of 4 percent. Lastly, large yearly rises were seen in non-oil exports in May.

Consumer Spending: Consumer spending slowed down in June, as POS transactions rose by 4.6 percent year-on-year, the lowest rise in a year, and cash withdrawals declined by 5.3 percent year-on-year.

SAMA Foreign Reserve Assets: SAMA FX reserves rose in June by \$8.8 billion month-on-month, to stand at almost \$446 billion. A breakdown of FX reserves shows that the monthly increase came mostly from bank deposits.

Money Supply, Bank Deposits and Credit: The broad measure of money supply (M3) rose by 9.1 percent year-on-year, and by 1.2 percent month-on-month in June. Total deposits rose by 10.2 percent year-on-year. Within this segment, 'demand deposits' were up, meanwhile, 'time and saving deposits' saw its first annual rise since November 2020.

Inflation: Prices in June rose by 6.2 percent year-on-year, and by 0.2 percent month-on-month. High gasoline prices pushed 'transport' prices up for the second month in a row.

Real Estate: Real estate prices rose by 0.4 percent in Q2 2021, year-on-year. Within this, residential real estate prices were up 0.8 percent, but commercial real estate prices were down 0.5 percent, year-on-year.

Oil-Global: Oil prices rose for the third consecutive month in July. Brent oil prices showed volatile swings during the month as OPEC+ were unable to initially reach an agreement on output, but the benchmark ended up finishing 4 percent higher month-on-month as the alliance finally decided to raise oil output by 400 tbpd per month from August to December. Meanwhile, US WTI rose 2 percent month-on-month as US commercial oil stocks continued declining.

Oil-Regional: Saudi crude oil production rose by 4.5 percent month-on-month in June, to 8.9 million barrels per day (mbpd). Looking ahead, Saudi oil output is expected to continue its upward trend, in-line with the recent OPEC+ agreement. Meanwhile, provisional unofficial data for the first three weeks of July showed Saudi oil exports averaging 6.3 mbpd, a rise of 8.7 percent over June's export of 5.8 mbpd.

Stock Market: TASI broke through the 11,000 points mark during July and finished the month marginally (0.3 percent) higher than June. The monthly rise came about despite some profit-taking by investors in the run-up to Eid holidays in mid-July. The small monthly rise in TASI was still better than most regional markets, which saw negative returns during the month. Meanwhile, average daily traded values remained elevated, at around SR9 billion during July.

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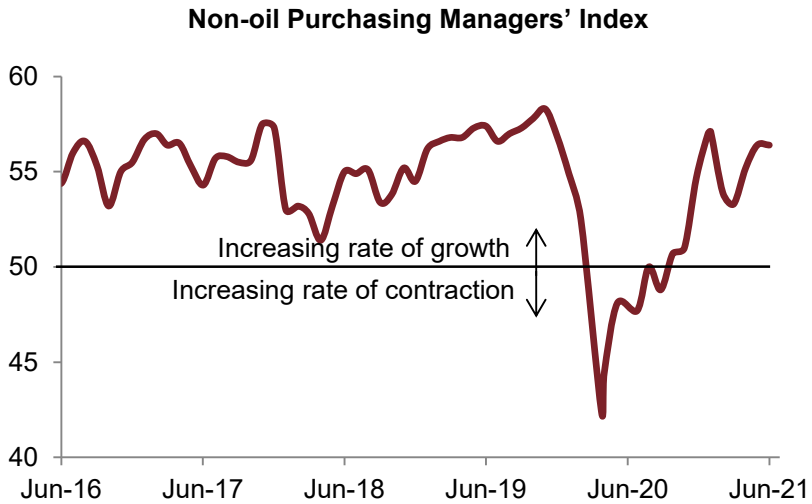
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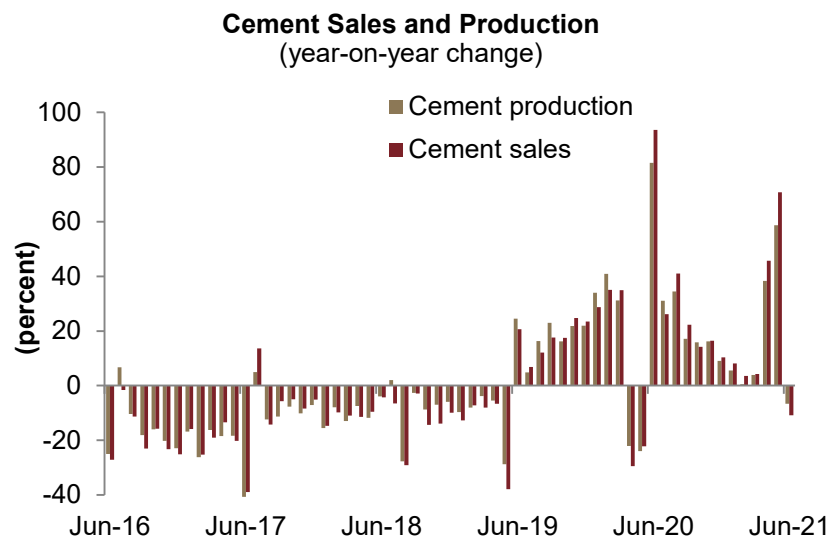
Real Economy

The non-oil PMI was unchanged in June, month-on-month, at 56.4, as activity, employment and new orders grew. In addition, cement sales and production declined in June, by 11 and 7 percent year-on-year, respectively, although both segments registered monthly rises of 4 percent. Lastly, large yearly rises were seen in non-oil exports in May.

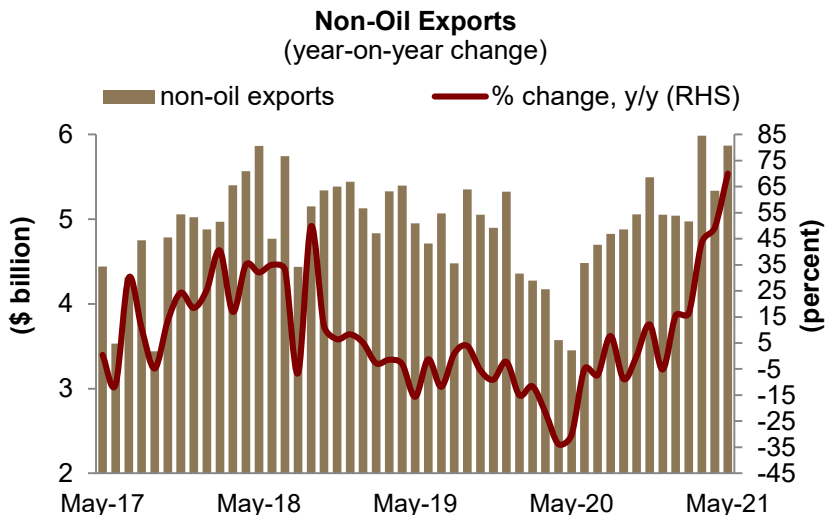
The non-oil PMI was unchanged in June, month-on-month, at 56.4.



Despite the annual decrease in cement sales and production, monthly performance showed a rise by 4 percent in both segments, indicating a continued growth in local demand.



Non-oil exports grew by 70 percent year-on-year, driven by large rises in exports from 'petrochemicals' and 'plastics & rubber', up by 86 and 83 percent year-on-year, respectively. The two categories also rose remarkably on a monthly basis, helping lift non-oil exports by 10 percent month-on-month.



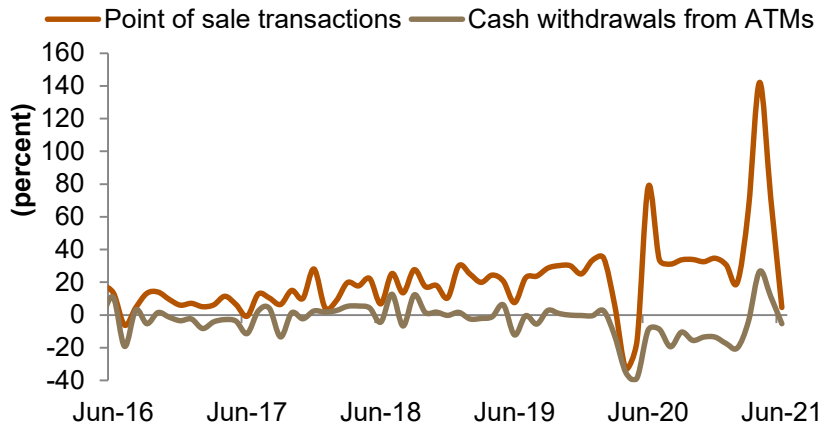


Consumer Spending

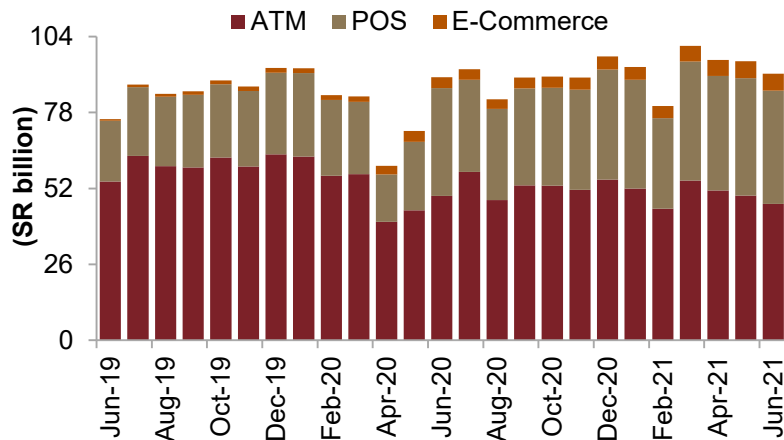
Consumer spending slowed down in June, as POS transactions rose by 4.6 percent year-on-year, the lowest rise in a year, and cash withdrawals declined by 5.3 percent year-on-year, affected by a high base in June of last year, when lockdowns were eased and consumption surged prior to the VAT rise in July 2020. Moreover, on a monthly basis, consumer spending was also down.

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

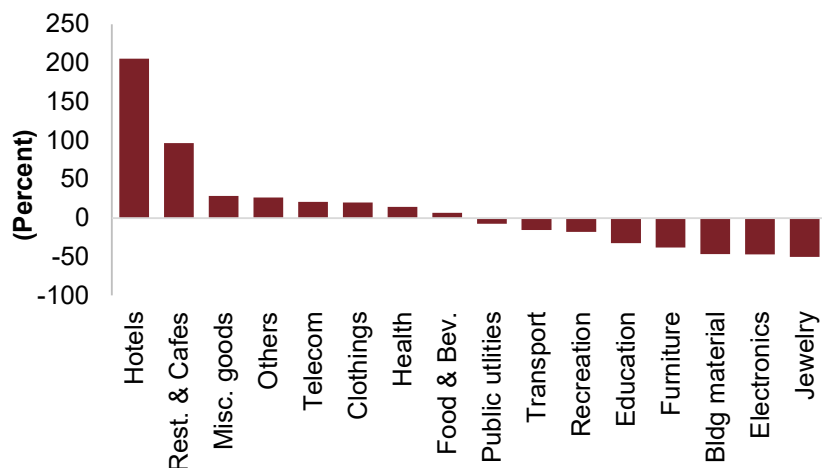


Monthly Consumer Spending
(SR Billion)



On a monthly basis, overall consumer spending was also down by 4.4 percent, affected by lower levels of POS transactions and ATM withdrawals in June, compared to May.

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



On a sectorial basis, highest annual rises in POS transactions in June were seen in 'hotels' and 'restaurants & cafes'. Meanwhile, 'jewelry' saw the largest decline, by 50 percent year-on-year, due to a higher base effect in June 2020.

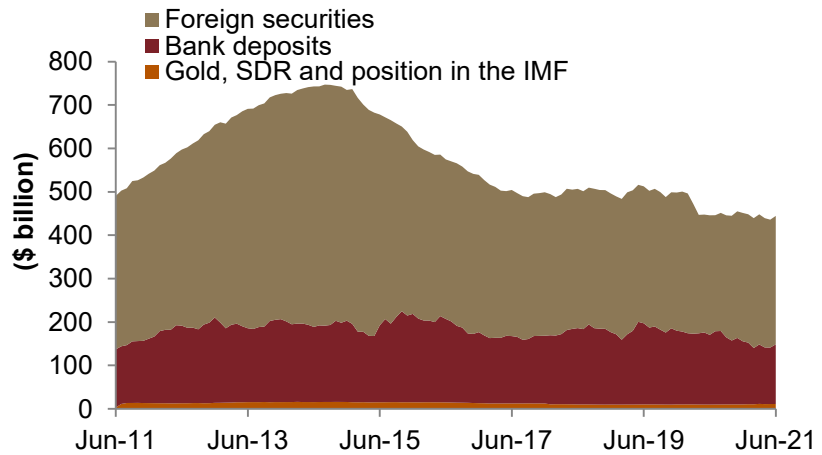


SAMA Foreign Reserve Assets

SAMA FX reserves rose in June by \$8.8 billion month-on-month, to stand at almost \$446 billion. A breakdown of FX reserves shows that the monthly increase came mostly from bank deposits, which rose by \$7.2 billion, and partially from foreign securities, which were up by \$1.4 billion during the month.

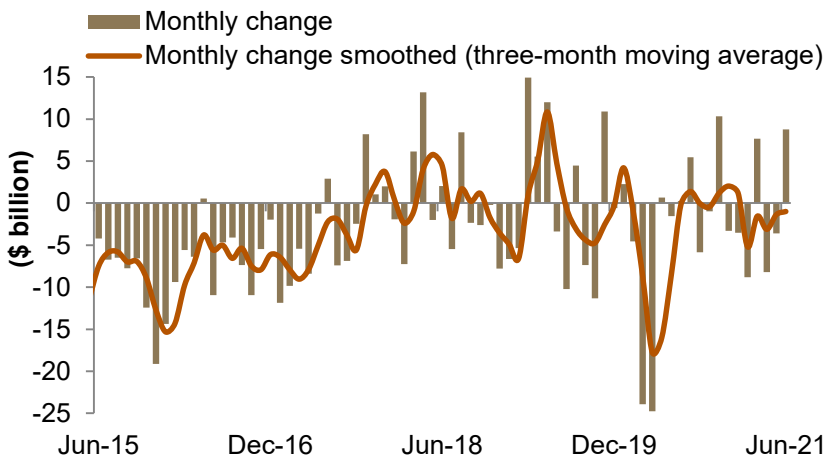
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SAMA Total Foreign Reserve Assets



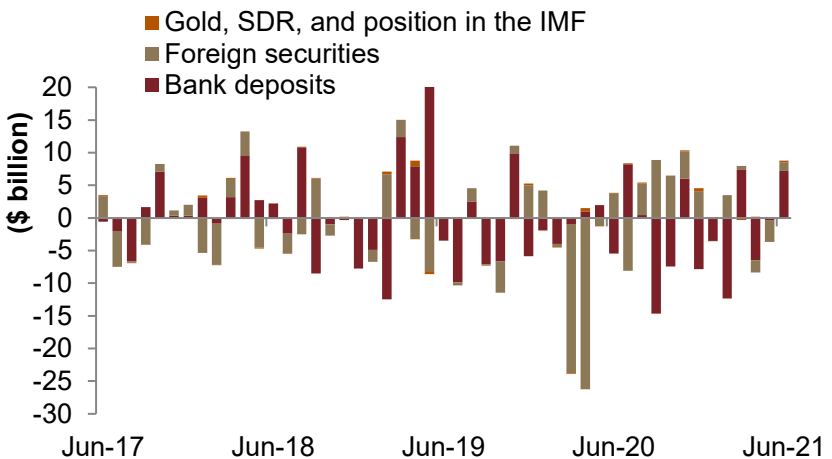
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SAMA Foreign Reserve Assets
(monthly and three-month moving average change)



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SAMA Foreign Reserve Assets
(June 2021)



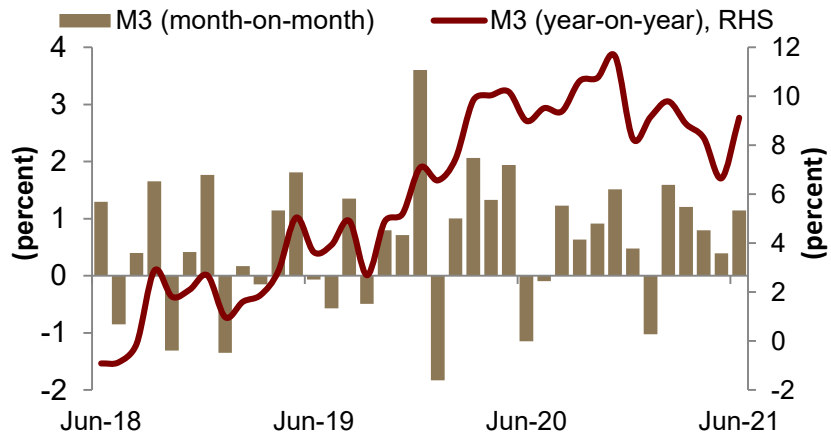


Money Supply, Bank Deposits and Credit

The broad measure of money supply (M3) rose by 9.1 percent year-on-year, and by 1.2 percent month-on-month in June. Total deposits rose by 10.2 percent year-on-year. Within this segment, 'demand deposits' were up by 9.6 percent, year-on-year, and 0.7 percent month-on-month. Meanwhile, 'time and saving deposits' saw its first annual rise since November 2020, although marginally at 0.4 percent, year-on-year, during the month.

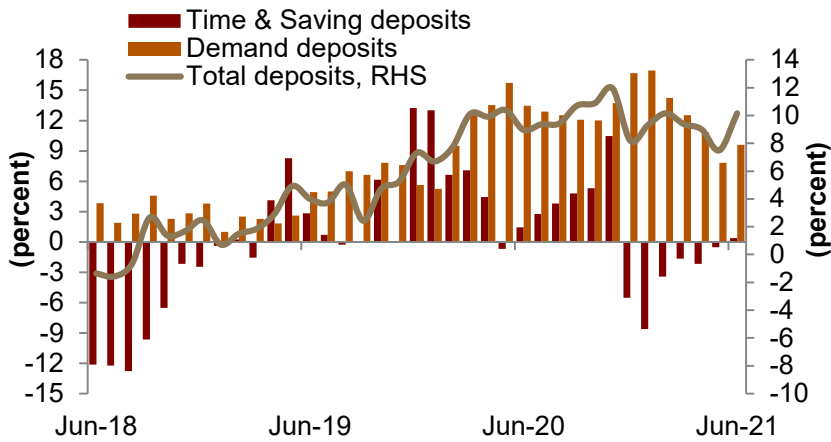
M3 rose by 9.1 percent year-on-year, and by 1.2 percent month-on-month in June.

Growth in Money Supply



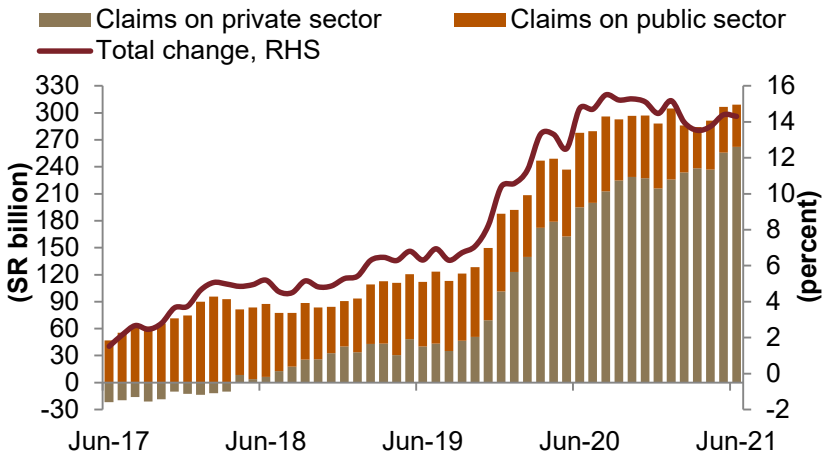
Total deposits rose by 10.2 percent year-on-year.

Breakdown of Total Deposits
(year-on-year change)



Meanwhile, total bank claims continued to rise with claims on the private sector rising by 15.7 percent, year-on-year, in June.

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

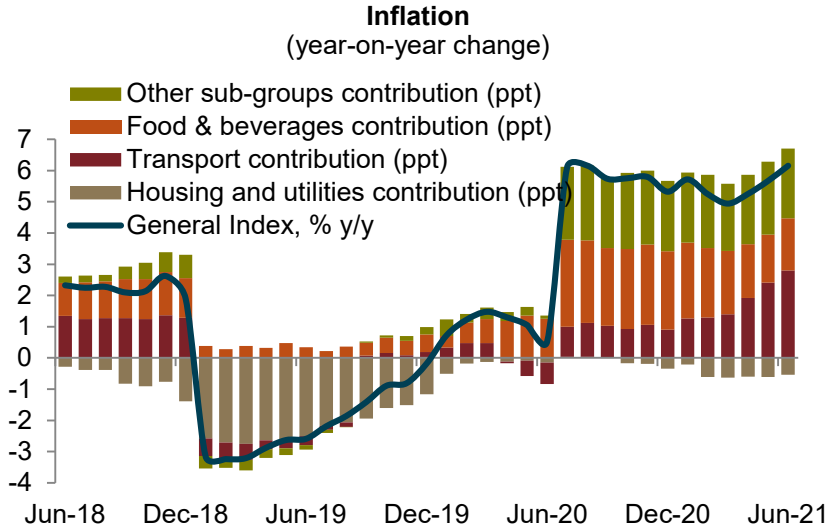




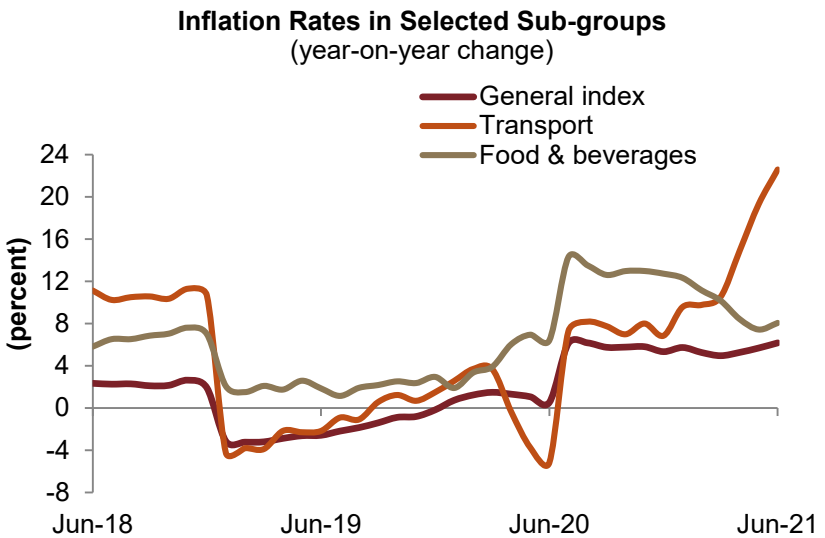
Inflation

Prices in June rose by 6.2 percent year-on-year, and by 0.2 percent month-on-month. High gasoline prices pushed 'transport' prices up for the second month in a row, by 22.6 percent year-on-year and 1.8 percent month-on-month. 'Food and beverages' prices increased by 8.1 percent year-on-year. At the same time, 'rentals for housing' continued registering annual declines during the month.

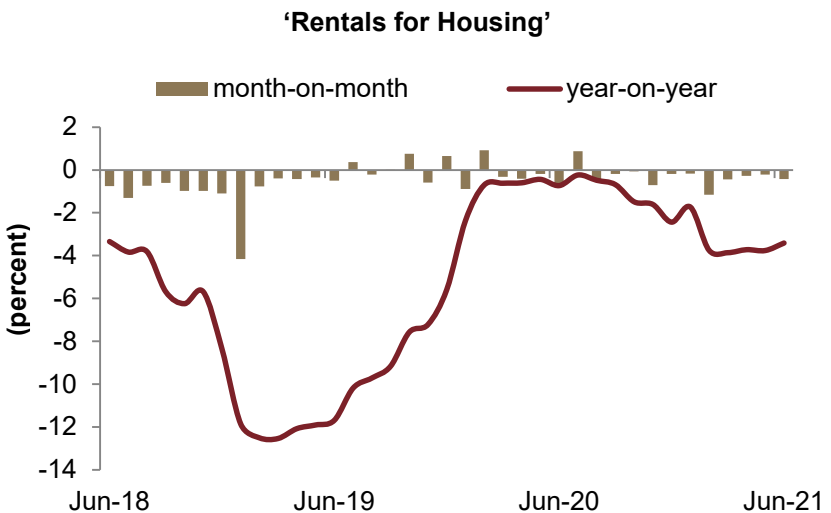
Prices in June rose by 6.2 percent year-on-year, and by 0.2 percent month-on-month.



'Transport' showed the highest annual rise amongst the CPI basket groups at 22.6 percent, pushed by a 111 percent rise, year-on-year, in 'fuels for personal transport equipment' prices.



'Rentals for Housing' continued to see a deflationary trend, declining by 3.4 percent year-on-year and by 0.4 percent month-on-month.

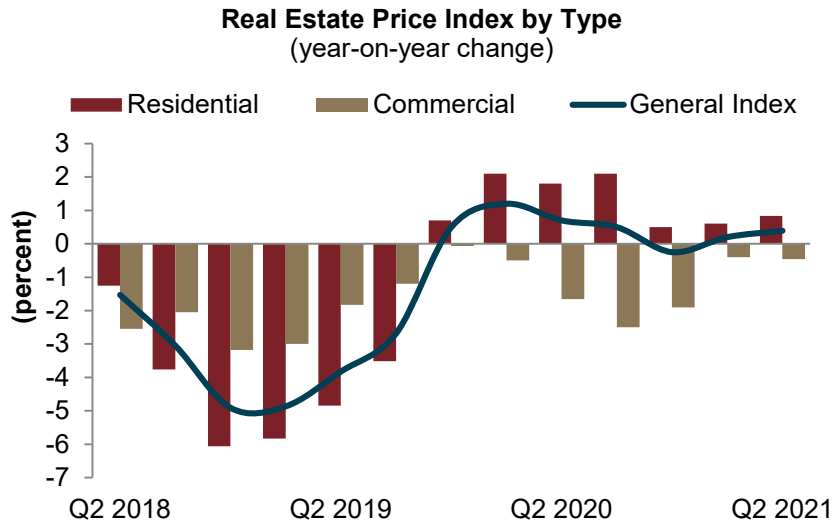




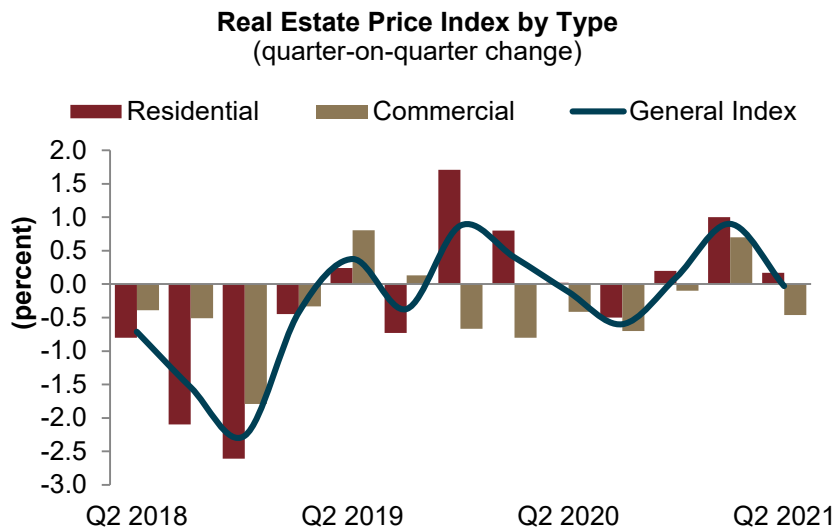
Real Estate

Real estate prices rose by 0.4 percent in Q2 2021, year-on-year. Within this, residential real estate prices were up 0.8 percent, but commercial real estate prices were down 0.5 percent, year-on-year. On a quarterly basis, residential real estate prices were also up, rising by 0.2 percent quarter-on-quarter.

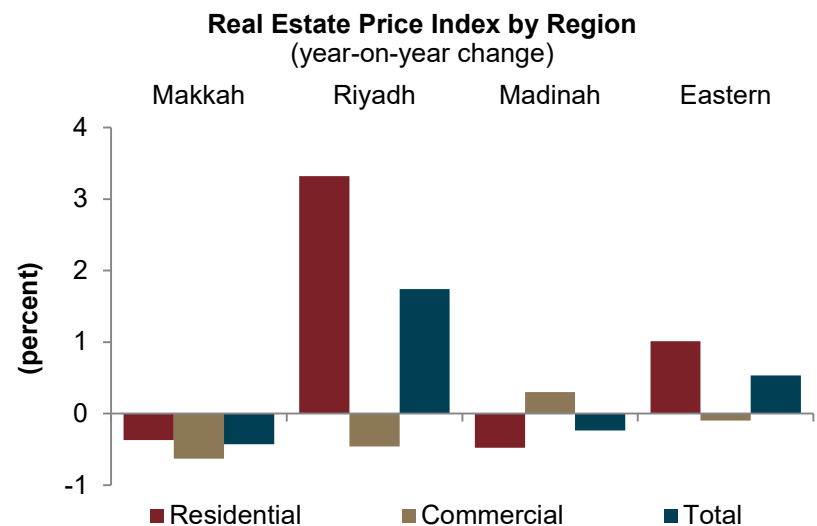
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On a quarterly basis, residential real estate prices were also up, rising by 0.2 percent quarter-on-quarter in Q2.



Looking at regional prices, residential prices in Riyadh saw a sizable rise in Q2 year-on-year, whilst commercial real estate prices in Makkah witnessed the largest drop by 0.6 percent year-on-year.

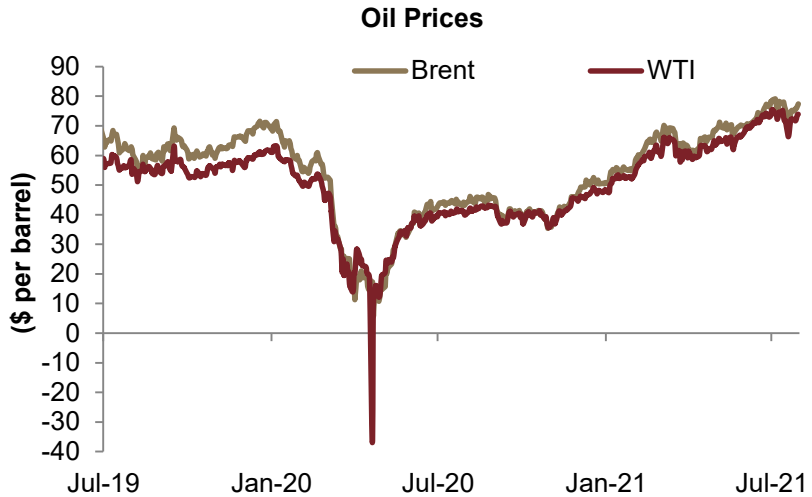




Oil - Global

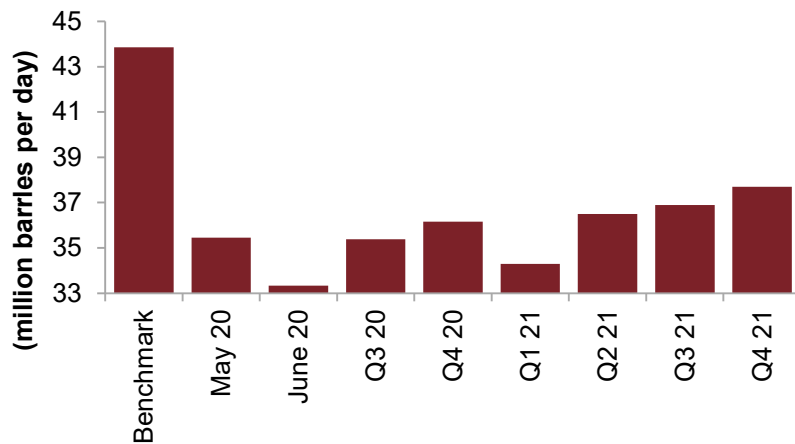
Oil prices rose for the third consecutive month in July. Brent oil prices showed volatile swings during the month as OPEC+ were unable to initially reach an agreement on output, but the benchmark ended up finishing 4 percent higher month-on-month as the alliance finally decided to raise oil output by 400 tbpd per month from August to December. Meanwhile, US WTI rose 2 percent month-on-month as US commercial oil stocks continued declining.

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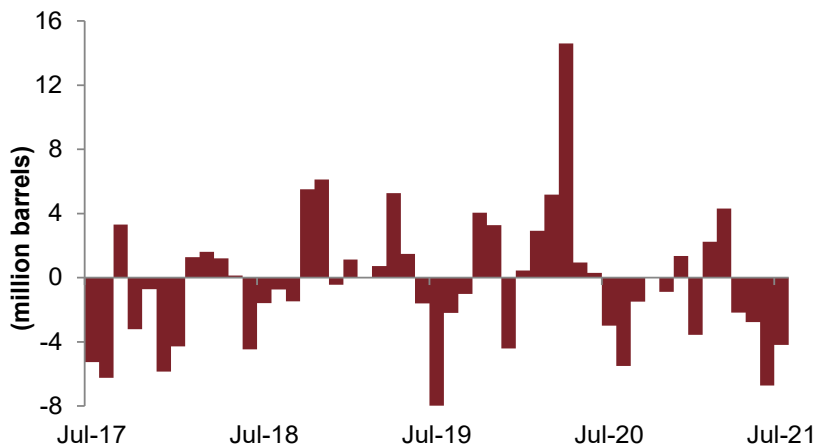
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OPEC Plus Crude Oil Production
(actual and expected)



Meanwhile, US WTI rose 2 percent month-on-month as US commercial oil stocks continued declining.

US Commercial Oil Stocks
(average monthly change)



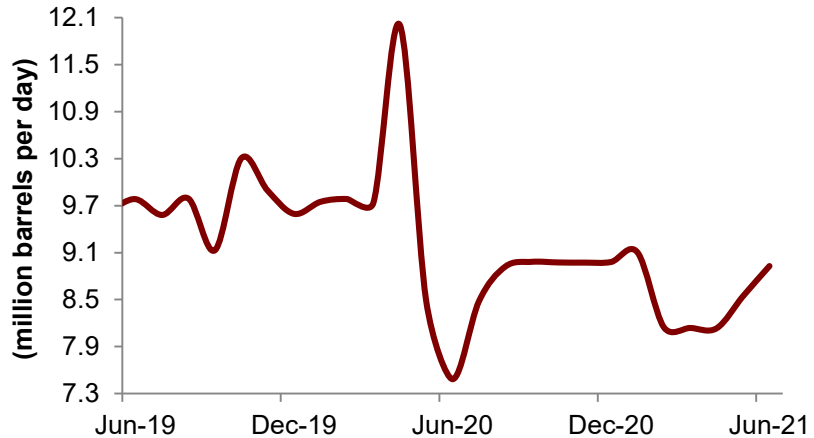


Oil - Regional

Saudi crude oil production rose by 4.5 percent month-on-month in June, to 8.9 million barrels per day (mbpd). Looking ahead, Saudi oil output is expected to continue its upward trend, in-line with the recent OPEC+ agreement that will result in ramping up production. Meanwhile, provisional unofficial data for the first three weeks of July showed Saudi oil exports averaging 6.3 mbpd, a rise of 8.7 percent over June's export of 5.8 mbpd.

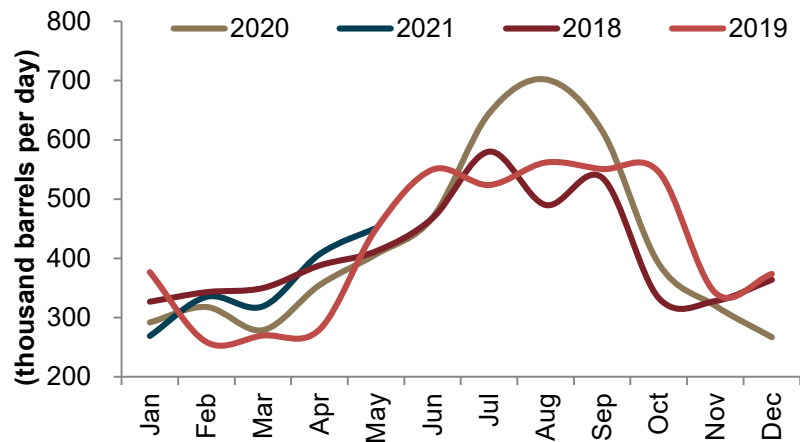
Saudi crude oil production rose by 4.5 percent month-on-month in June, to 8.9 million barrels per day (mbpd).

Average Monthly Saudi Crude Oil Production
(direct communication)



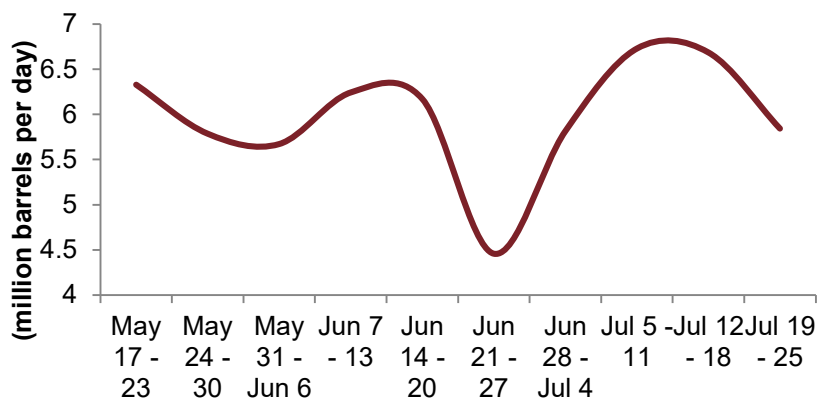
Latest available data for May showed a 10.8 percent yearly jump in direct crude oil burn (for electricity generation).

Saudi Direct Crude Oil Burn
(monthly average)



Meanwhile, provisional unofficial data for the first three weeks of July showed Saudi oil exports averaging 6.3 mbpd, a rise of 8.7 percent over June's exports of 5.8 mbpd.

Saudi Crude Oil Exports
(weekly average)





Stock Market

TASI broke through the 11,000 points mark during July and finished the month marginally (0.3 percent) higher than June. The monthly rise came about despite some profit-taking by investors in the run-up to Eid holidays in mid-July. The small monthly rise in TASI was still better than most regional markets, which saw negative returns during the month. Meanwhile, average daily traded values remained elevated, at around SR9 billion during July.

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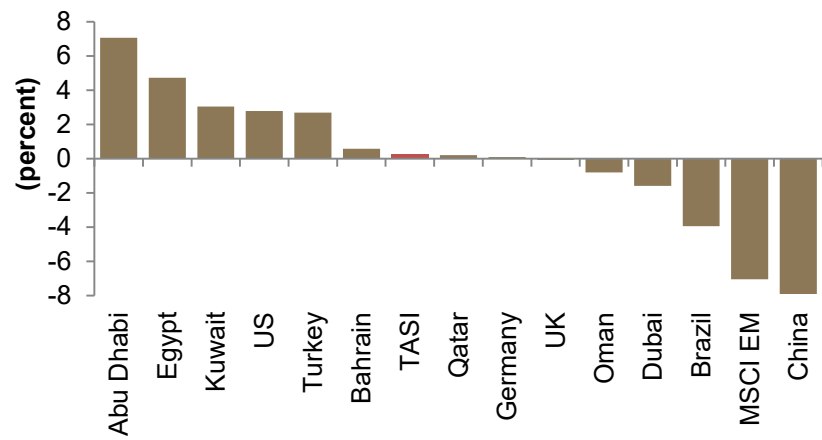
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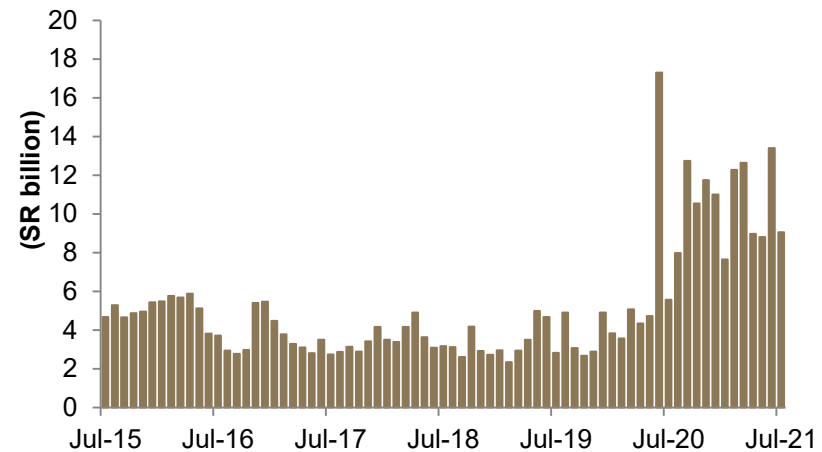
TASI



Comparative Stock Market
(July 2021)



Average Daily Traded Values
(July 2021)





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Key Data

	2014	2015	2016	2017	2018	2019	2020E	2021F	2022F
Nominal GDP									
(SR billion)	2,836	2,454	2,419	2,582	2,949	2,974	2,625	3,045	3,292
(\$ billion)	756	654	645	689	787	793	700	812	878
(% change)	1.3	-13.5	-1.4	6.8	14.2	0.8	-11.7	16.0	8.1
Real GDP (% change)									
Oil**	2.1	5.3	3.6	-3.1	3.1	-3.6	-6.7	-0.7	9.4
Non-oil private sector**	5.4	3.4	0.1	1.5	1.9	3.8	-3.1	3.1	2.9
Non-oil government**	3.7	2.7	0.6	0.7	2.9	2.2	-0.5	1.5	1.0
Total	3.7	4.1	1.7	-0.7	2.4	0.3	-4.1	1.3	5.1
Oil indicators (average)									
Brent (\$/b)	99	52	43	54	71	66	42	62	65
Production (million b/d)	9.7	10.2	10.4	10.0	10.3	9.8	9.2	9.0	9.7
Budgetary indicators (SR billion)									
Government revenue	1,044	616	519	692	906	926	770	888	938
Government expenditure*	1,140	1,001	936	930	1,079	1,059	1,068	990	955
Budget balance	-96	-385	-417	-238	-173	-133	-298	-102	-17
(% GDP)	-3.4	-15.7	-17.2	-9.2	-5.9	-4.5	-11.3	-3.3	-0.5
Gross public debt	44	142	317	443	560	678	854	937	1013
(% GDP)	1.6	5.8	13.1	17.1	19.0	22.8	32.5	30.8	30.8
Monetary indicators (average)									
Inflation (% change)	2.2	1.2	2.1	-0.8	2.5	-2.1	3.0	3.7	1.5
SAMA base lending rate (% end year)	2.0	2.0	2.0	2.0	3.0	2.3	0.75	0.75	1.25
External trade indicators (\$ billion)									
Oil export revenues	285	153	137	171	232	201	122	177	211
Total export revenues	342	204	184	222	294	262	175	235	274
Imports	158	159	128	123	126	140	120	126	126
Trade balance	184	44	56	98	169	121	55	109	147
Current account balance	74	-57	-24	10	72	38	-11	41	61
(% GDP)	9.8	-8.7	-3.7	1.5	9.2	4.8	-1.6	5.0	7.0
Official reserve assets	732	616	536	496	497	500	454	462	480
Social and demographic indicators									
Population (million)	30.3	31.0	31.7	32.7	32.5	32.6	31.8	32.0	32.3
Saudi Unemployment (15+, %)	11.7	11.5	12.5	12.8	12.7	12.0	14.0	10.5	10.2
GDP per capita (\$)	24,962	21,095	20,318	21,048	24,189	24,318	21,984	25,337	27,176

Sources: Jadwa Investment forecasts for 2021 and 2022. General Authority for Statistics for GDP and demographic indicators, Saudi Central 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.