



Summary

Real Economy: The non-oil PMI declined slightly further in January, affected by lower new orders and business activity. Also during the month, cement sales and production continued to trend downwards by 4.6 and 6.5 percent year-on-year, respectively. Meanwhile, latest available full year 2021 data showed non-oil exports reached all-time record highs of \$73.3 billion, up 35 percent over last year's total.

Consumer Spending: Consumer spending was up 8.4 percent year-on-year in January, and by 0.2 percent month-on-month. Within this, POS transactions rose by 17 percent, whilst cash withdrawals were down by 4.3 percent year-on-year.

Industrial Sector: In December, the non-oil manufacturing index rose by 9.7 percent year-on-year. Moreover, the monthly value of licensed investments in new factories increased to SR3.2 billion, with 80 new licensed factories during the month. December also saw a notable increase in the number of total workers spurred by a rise in both foreign and Saudi workers.

Government Finance: The net monthly change to government accounts with SAMA declined by SR5.7 billion in January. Meanwhile, domestic bank holdings of government bonds declined in January by SR15.6 billion.

SAMA Foreign Reserve Assets: SAMA FX reserves declined in January by \$8.6 billion month-on-month, to stand at almost \$447 billion. We expect SAMA FX reserves to total \$509 billion by year end.

Money Supply, Bank Deposits and Credit: The broad measure of money supply (M3) rose by 7.9 percent year-on-year, whilst declining marginally by 0.6 percent month-on-month in January.

Inflation: Prices in January rose by 1.2 percent year-on-year, and by 0.2 percent month-on-month. Within the CPI basket, 'food and beverages' rose by 2 percent year-on-year, and by 0.4 percent month-on-month.

Oil-Global: A full scale military assault by Russian armed forces on Ukraine propelled Brent and WTI oil prices to their highest monthly average since August and September 2014, respectively. More specifically, Brent oil averaged \$100 per barrel (pb), whilst WTI oil averaged \$92 pb during February.

Oil-Regional: Recently released Joint Organizations Data Initiative (JODI) for full year 2021 showed that Saudi crude oil and refined product exports declined 2 percent year-on-year, to an average of 7.6 million barrels per day (mbpd).

Stock Market: Local investors seemed unperturbed by developments in Eastern Europe, as TASI continued trending higher in February, rising 2.6 percent month-on-month. The monthly trend was in-line with other regional bourses, most of which saw comparatively higher rises than the Saudi benchmark.

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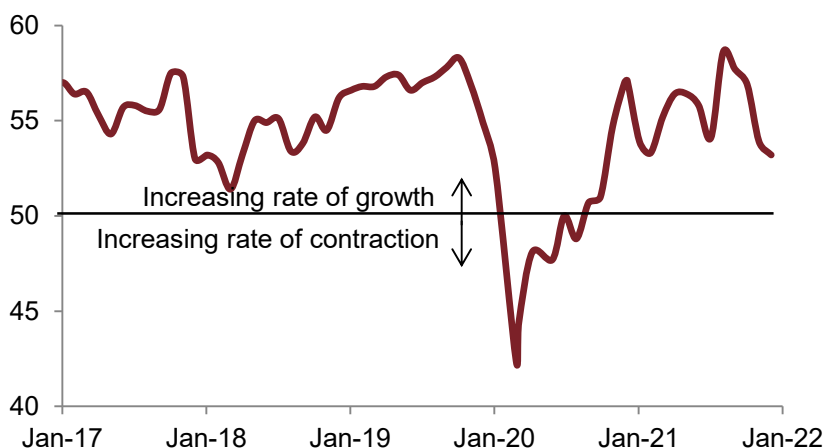


Real Economy

The non-oil PMI declined slightly further in January, affected by lower new orders and business activity. Also during the month, cement sales and production continued to trend downwards by 4.6 and 6.5 percent year-on-year, respectively, despite showing rises on a monthly basis. Meanwhile, latest available data showed non-oil exports rising in December.

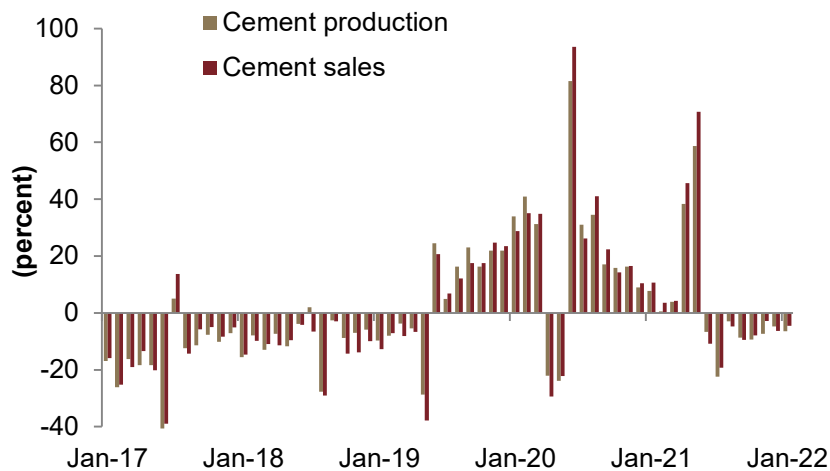
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Non-oil Purchasing Managers' Index



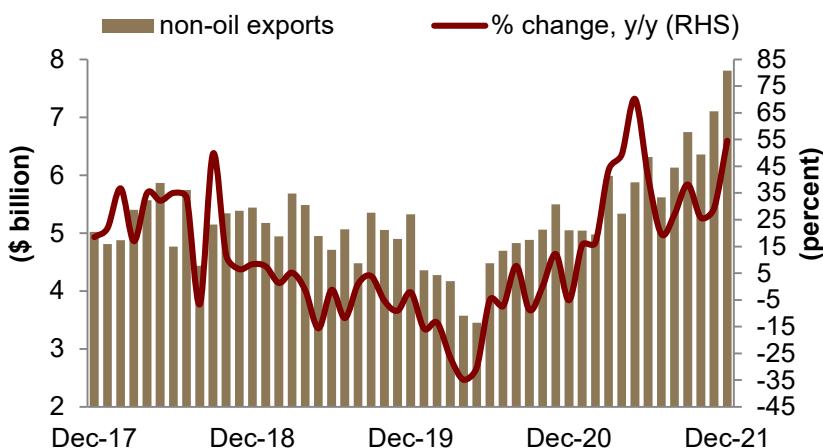
Moreover, cement sales and production continued to trend downwards by 4.6 and 6.5 percent year-on-year, respectively, in January, despite showing rises on a monthly basis.

Cement Sales & Production
(yearly change)



Meanwhile, latest available data showed non-oil exports rising in December to a new monthly record high. For full year 2021, non-oil exports also reached all-time record highs of \$73.3 billion, up 35 percent over 2020 totals.

Non-Oil Exports
(actual monthly total and yearly change)



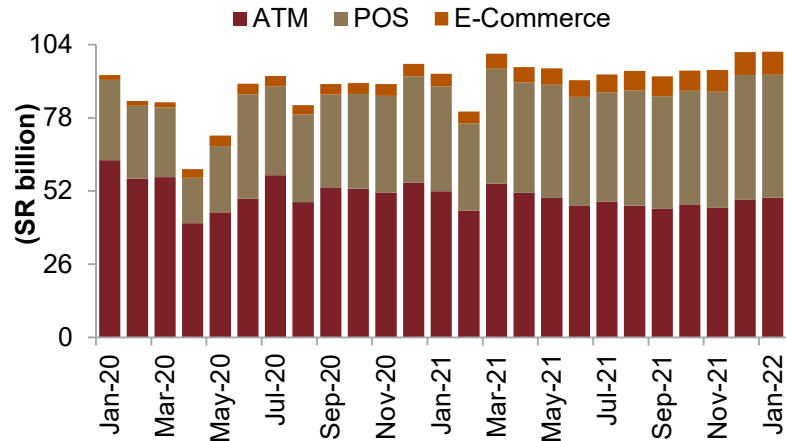


Consumer Spending

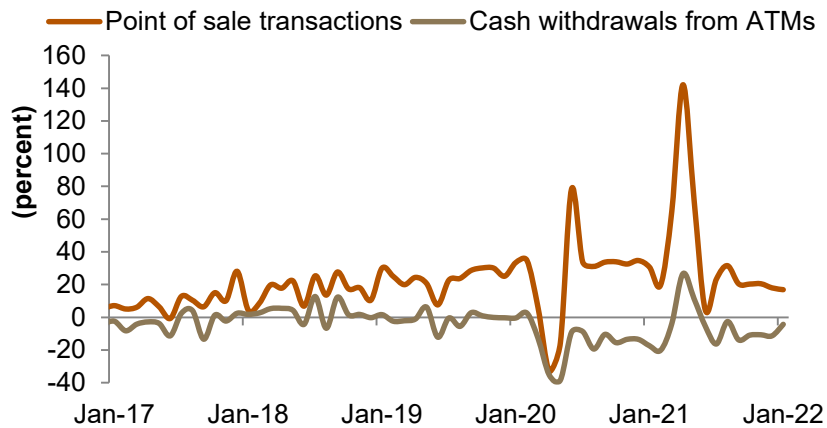
Consumer spending was up 8.4 percent year-on-year in January, and by 0.2 percent month-on-month. Within this, POS transactions rose by 17 percent, whilst cash withdrawals were down by 4.3 percent year-on-year. Looking at POS transactions by sector, 'furniture', 'jewelry' and 'electronics' continued on a downward trend during the month.

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Monthly Consumer Spending
(SR Billion)

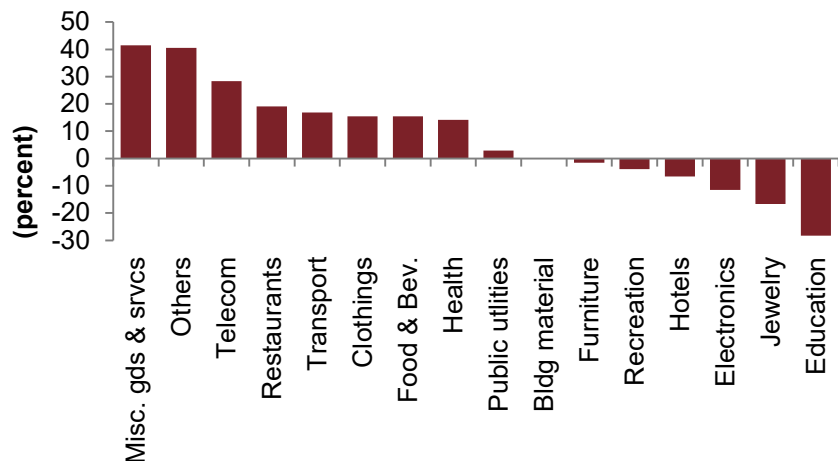


Indicators of Consumer Spending
(year-on-year change)



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POS transactions by sector in January
(year-on-year change)



Looking at POS transactions by sector, 'furniture', 'jewelry' and 'electronics' continued on a downward trend during the month.

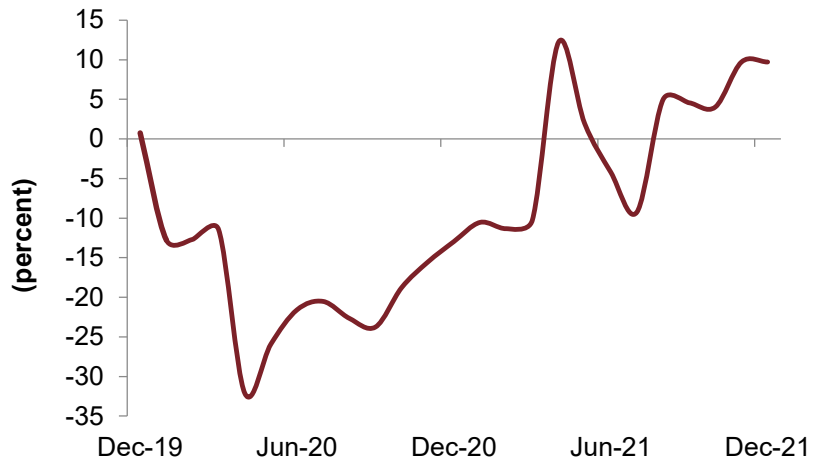


Industrial sector

In December, the non-oil manufacturing index rose by 9.7 percent year-on-year. Moreover, the monthly value of licensed investments in new factories increased to SR3.2 billion, with 80 new licensed factories during the month. December also saw a notable increase in the number of total workers spurred by a rise in both foreign and Saudi workers.

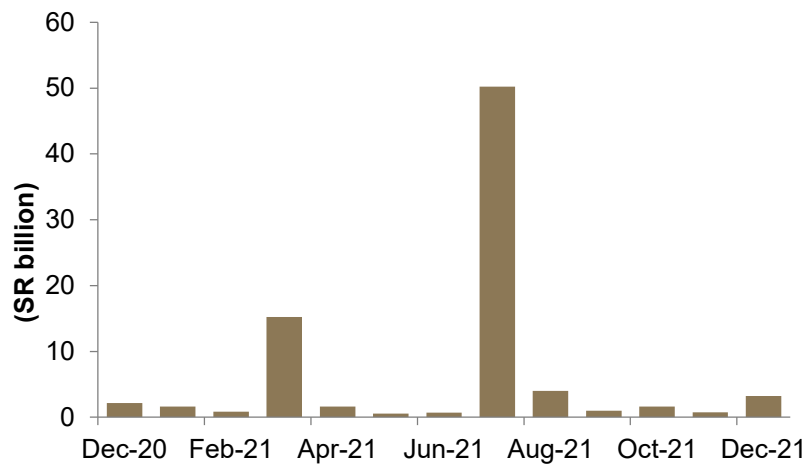
In December, the non-oil manufacturing index rose by 9.7 percent year-on-year.

Index of Industrial production: non-oil Manufacturing
(year-on-year change)



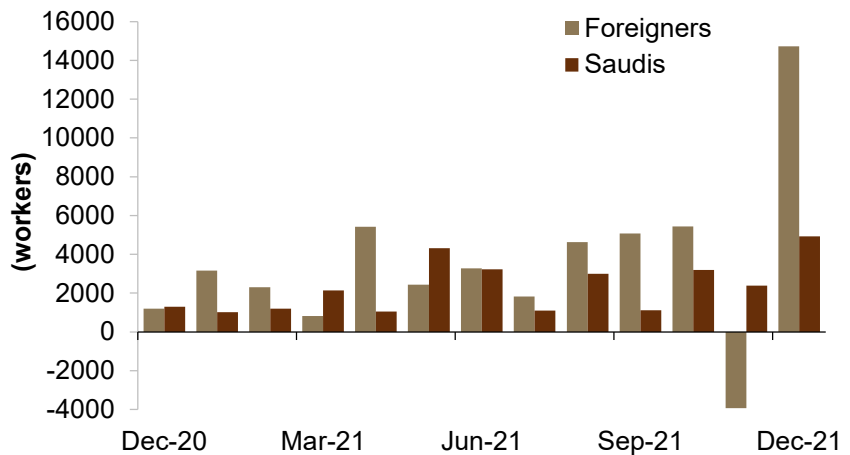
Moreover, the monthly value of licensed investments in new factories increased to SR3.2 billion, with 80 new licensed factories during the month.

Volume of licensed investments in new factories
(monthly total)



December saw a notable increase in the number of total workers spurred by a rise in the number of foreign workers by 14.7 thousand, in addition to a rise in the number of Saudi workers by 4.9 thousand.

Number of workers in the industrial sector
(monthly change)



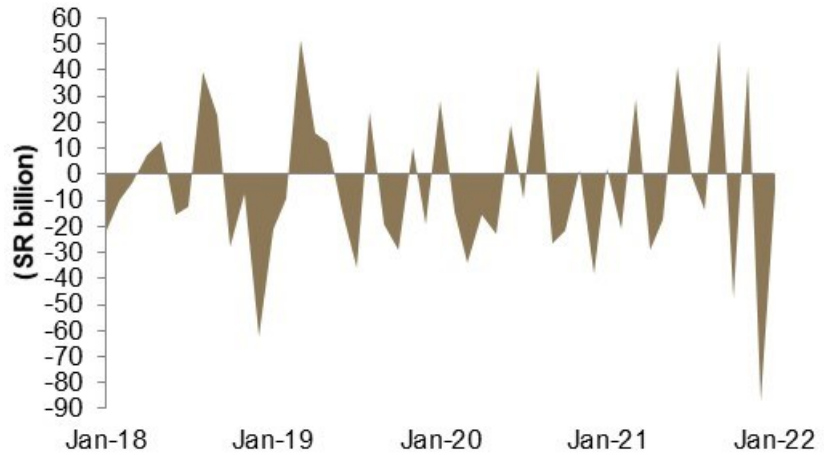


Government Finance

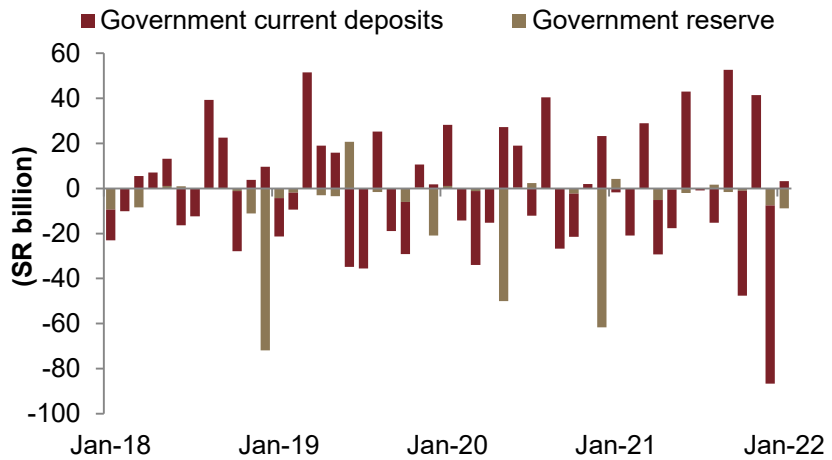
The net monthly change to government accounts with SAMA declined by SR5.7 billion in January. The monthly decrease came mainly from government reserves, which were down by SR8.9 billion, whilst government deposits saw an increase during the month by SR3.2 billion. Meanwhile, domestic bank holdings of government bonds declined in January by SR15.6 billion.

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

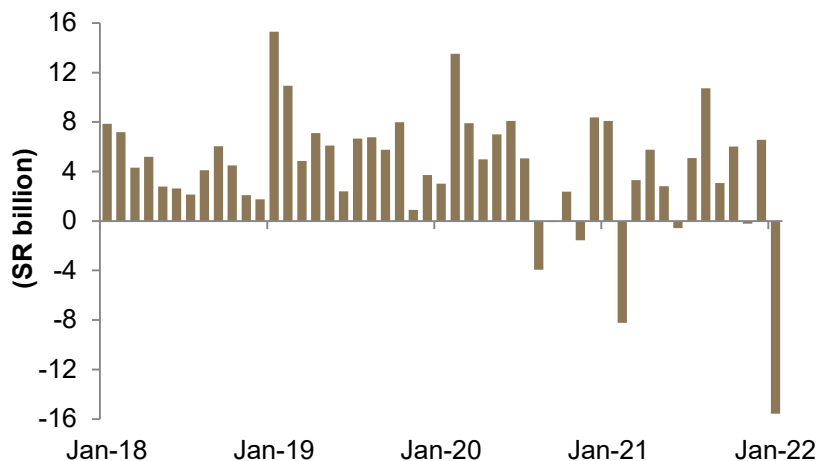


Breakdown of Government Accounts with SAMA
(month-on-month change)



The monthly decrease came mainly from government reserves, which were down by SR8.9 billion, whilst government deposits saw an increase during the month by SR3.2 billion.

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



Meanwhile, domestic bank holdings of government bonds declined in January by SR15.6 billion.

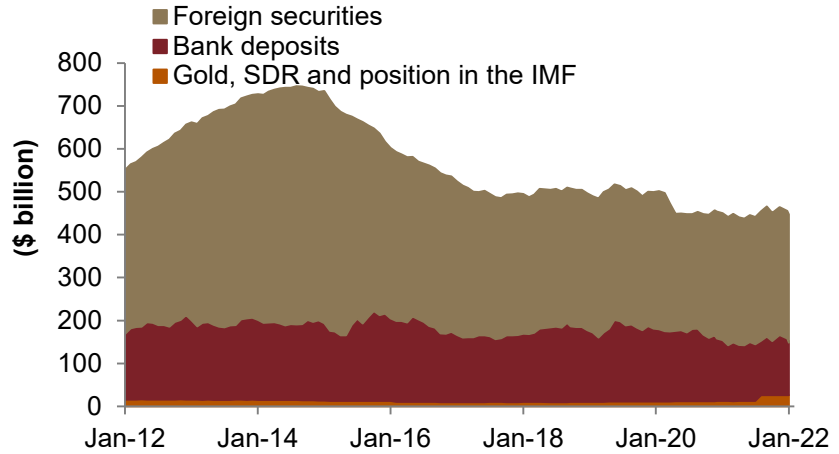


SAMA Foreign Reserve Assets

SAMA FX reserves declined in January by \$8.6 billion month-on-month, to stand at almost \$447 billion. A breakdown of FX reserves shows that the monthly decrease came mainly from a decline in bank deposits, down by \$9 billion during the month, whilst foreign securities inched up by \$0.7 billion. We expect SAMA FX reserves to total \$509 billion by year end.

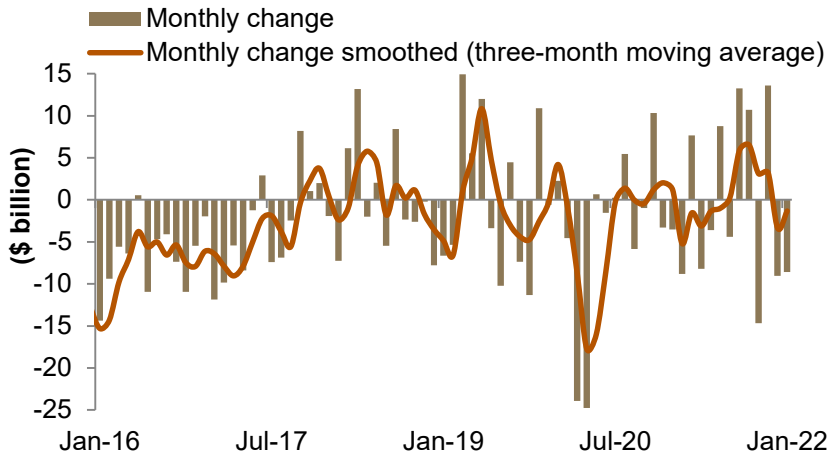
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SAMA Total Foreign Reserve Assets



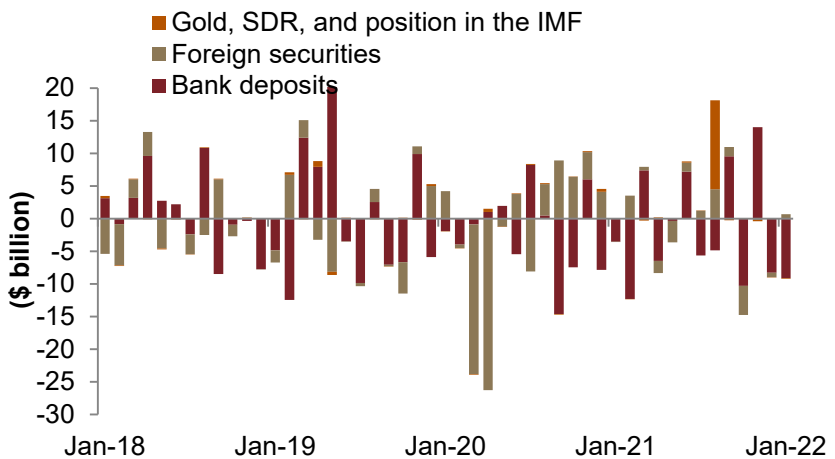
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SAMA Foreign Reserve Assets (January 2022)



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

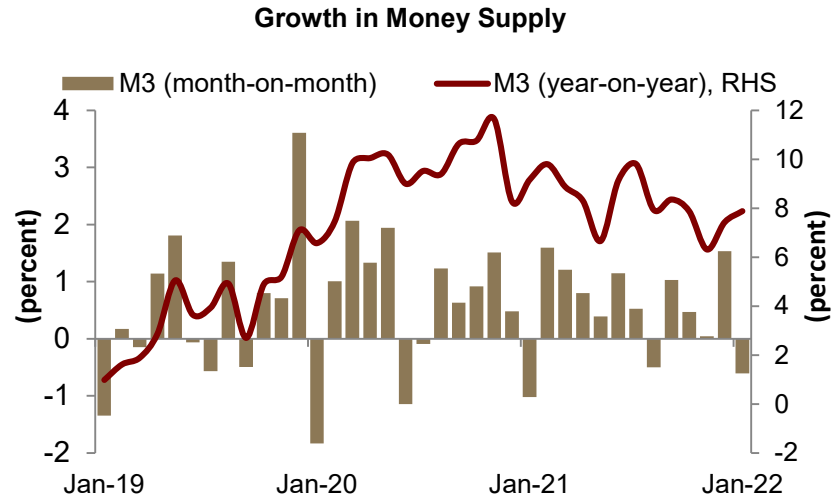




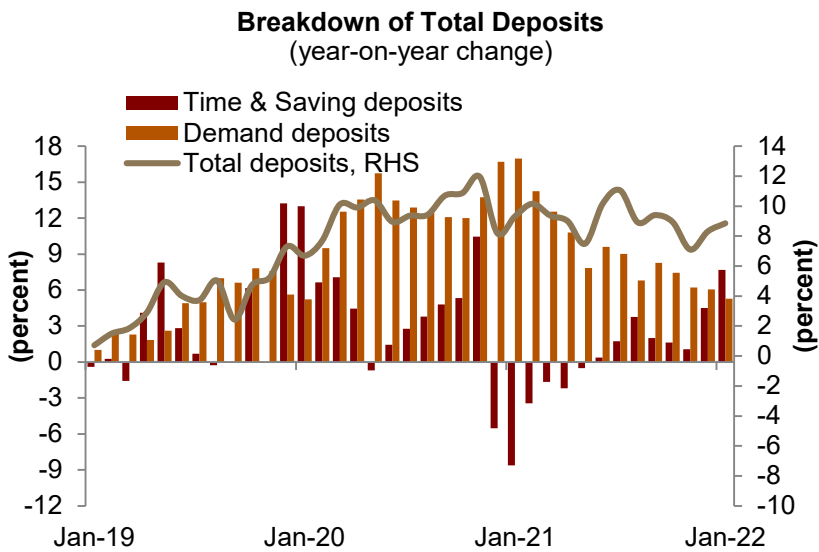
Money Supply, Bank Deposits and Credit

The broad measure of money supply (M3) rose by 7.9 percent year-on-year, whilst declining marginally by 0.6 percent month-on-month in January. Total deposits rose by 9 percent year-on-year, mainly affected by a higher rise in 'time and saving deposits' during the month by 7.7 percent, year-on-year. Meanwhile, total bank claims rose by 13 percent year-on-year during the month.

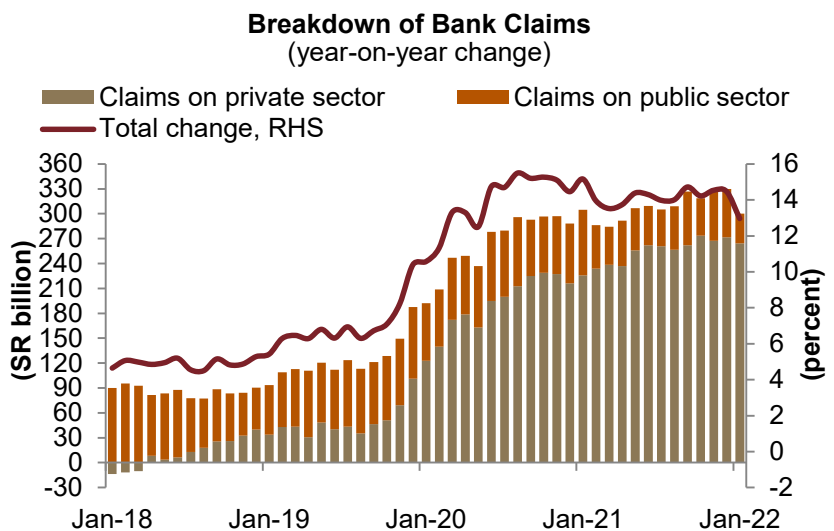
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Meanwhile, total bank claims rose by 13 percent year-on-year, as credit to the private sector continued to rise, at 14.6 percent year-on-year, during the month.

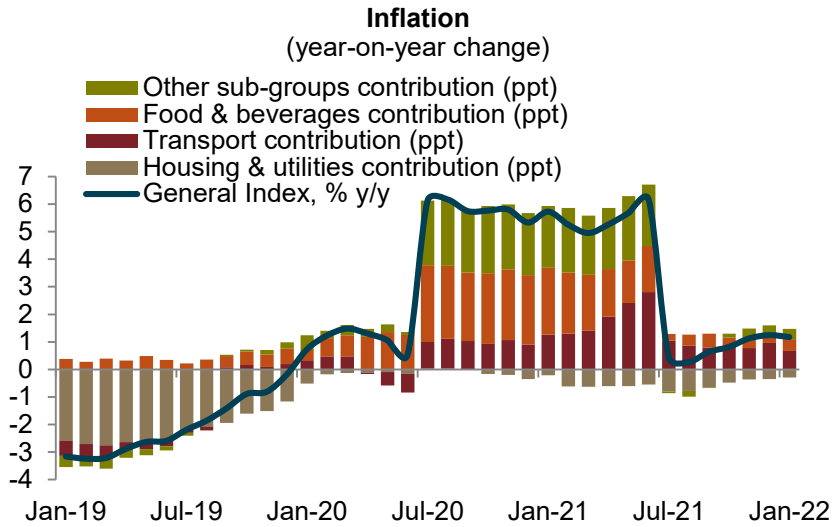




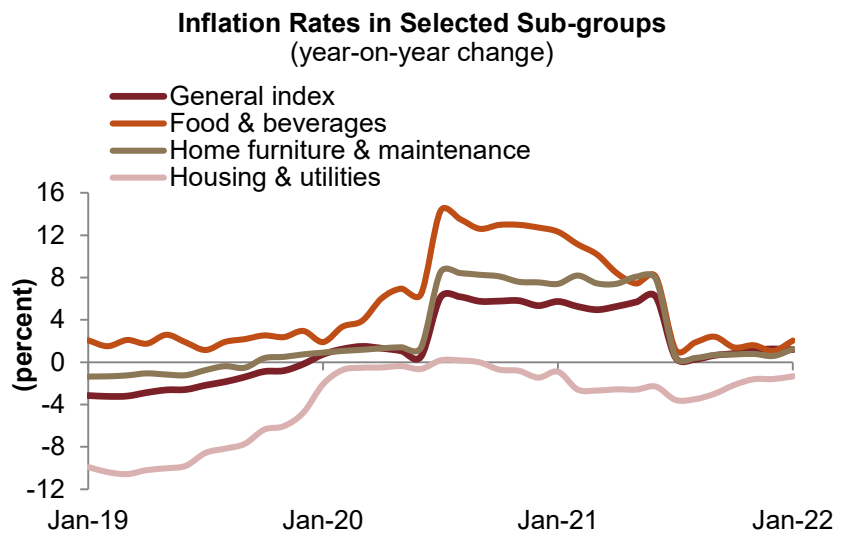
Inflation

Prices in January rose by 1.2 percent year-on-year, and by 0.2 percent month-on-month. Within the CPI basket, 'home furniture and maintenance' rose by 1.6 percent year-on-year and by 0.5 percent month-on-month. Moreover, 'food and beverages' rose by 2 percent year-on-year, and by 0.4 percent month-on-month, with 'vegetables' scoring the highest annual rise amongst the group items.

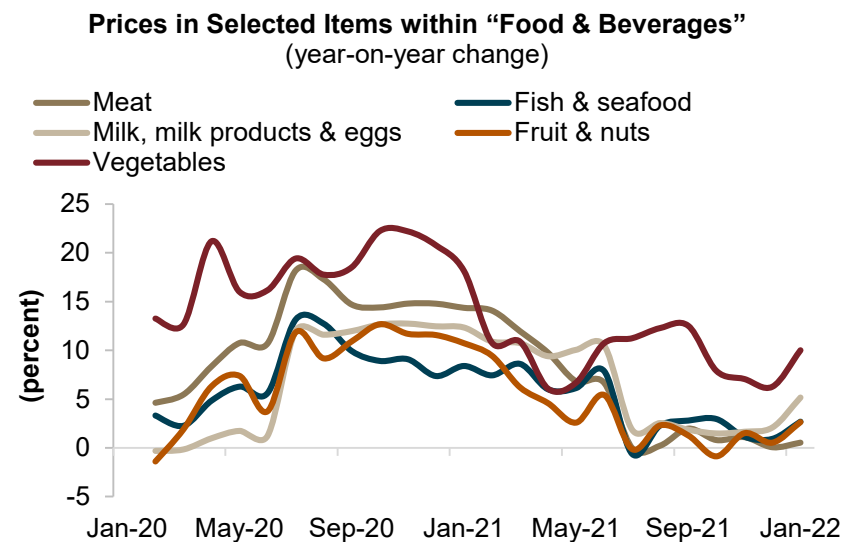
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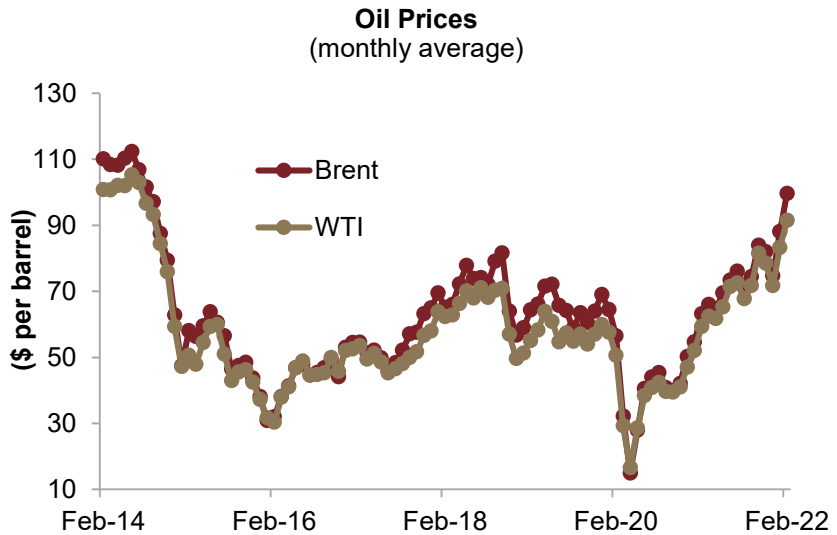




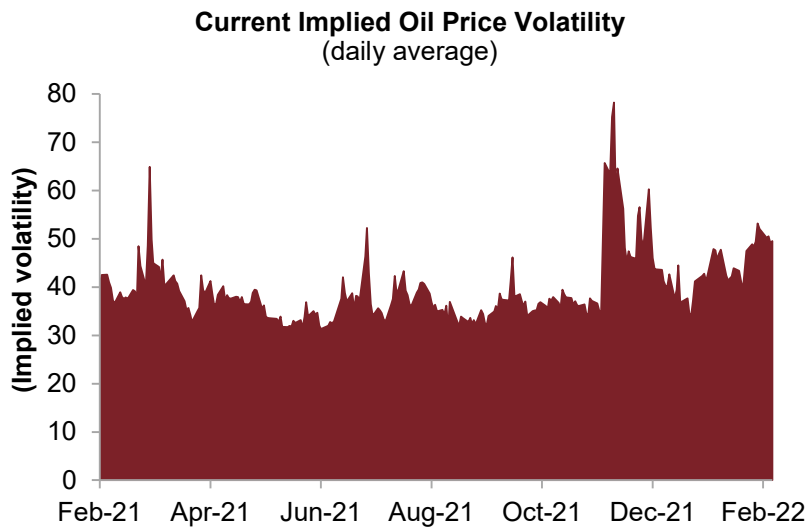
Oil - Global

A full scale military assault by Russian armed forces on Ukraine propelled Brent and WTI oil prices to their highest monthly average since August and September 2014, respectively. More specifically, Brent oil averaged \$100 per barrel (pb), whilst WTI oil averaged \$92 pb during February. Looking ahead, volatility is expected to intensify as day-to-day events related to the Russian-Ukrainian conflict cloud the near-term outlook on oil markets.

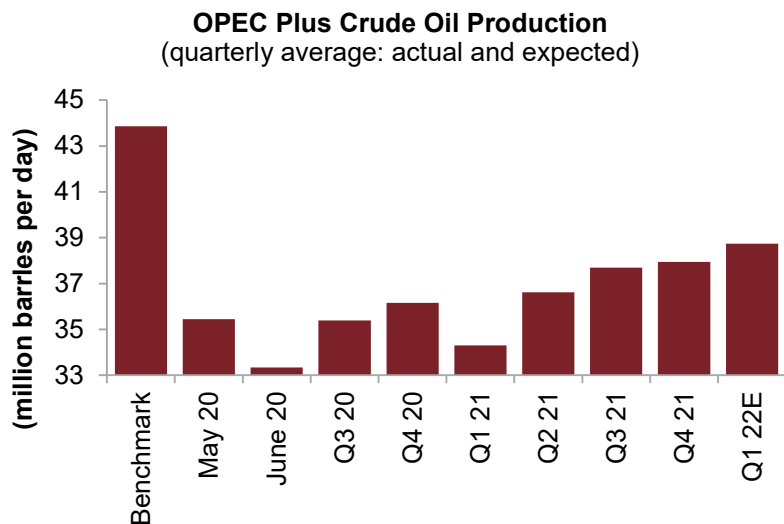
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Looking ahead, volatility is expected to intensify as day-to-day events related to the Russian-Ukrainian conflict cloud the near-term outlook on oil markets. That said, despite some Western nations announcing various sanctions against Russia, such measures have not explicitly targeted energy exports so far.



Meanwhile, OPEC and partners are scheduled to meet on 2nd March, with the alliance expected to continue raising oil output in line with the current Declaration of Cooperation (DoC).



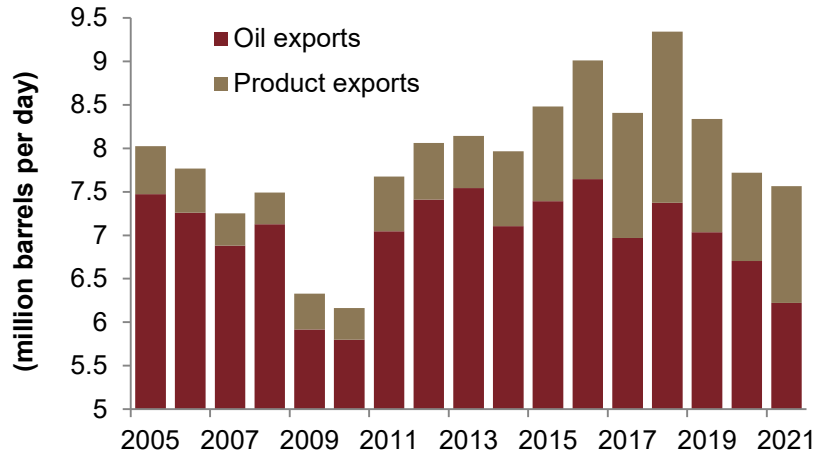


Oil - Regional

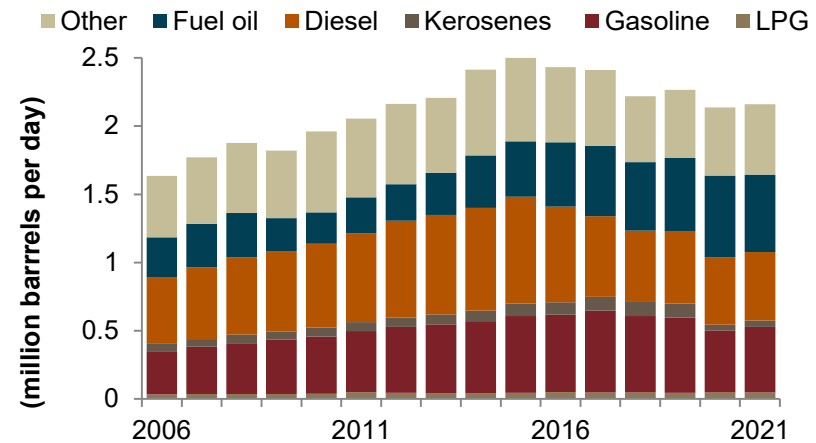
Recently released Joint Organizations Data Initiative (JODI) for full year 2021 showed that Saudi crude oil and refined product exports declined 2 percent year-on-year, to an average of 7.6 million barrels per day (mbpd). JODI data also showed that domestic liquid fuel demand rose by 1 percent year-on-year to an average of 2.2 mbpd, with domestic crude oil burn (for electricity generation) rising by 3 percent over the same period to an average of 447 tbpd.

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Saudi Crude Oil and Refined Product Exports
(annual average)

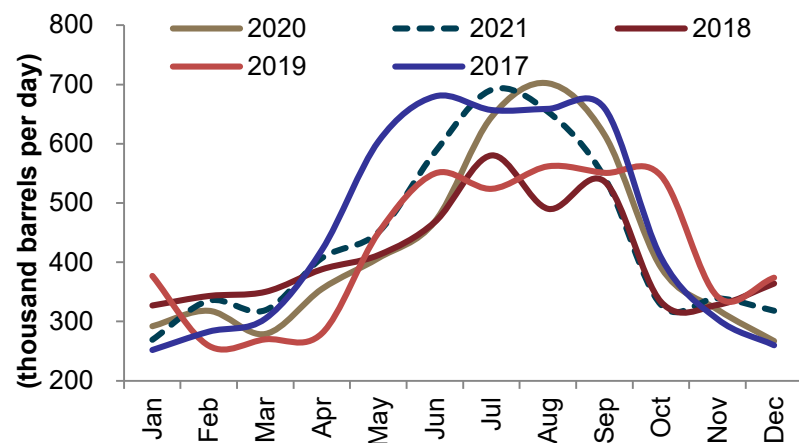


Saudi Crude Oil and Refined Product Exports
(yearly average)



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Saudi Crude Oil Burn
(monthly average)



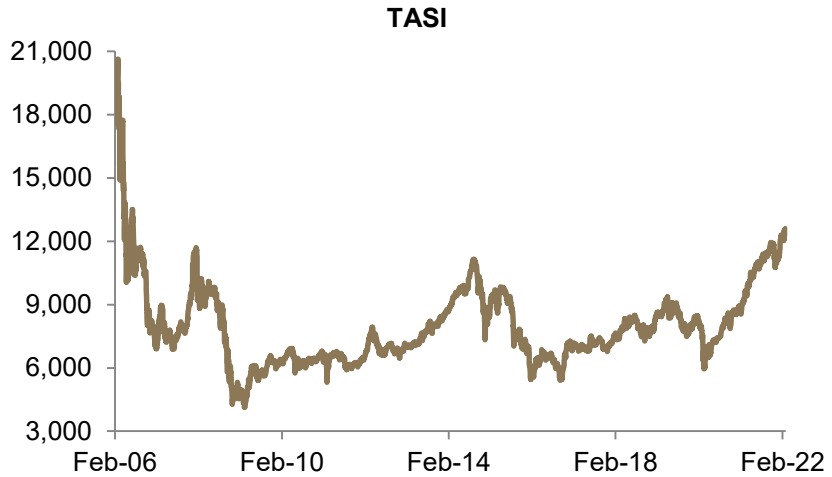
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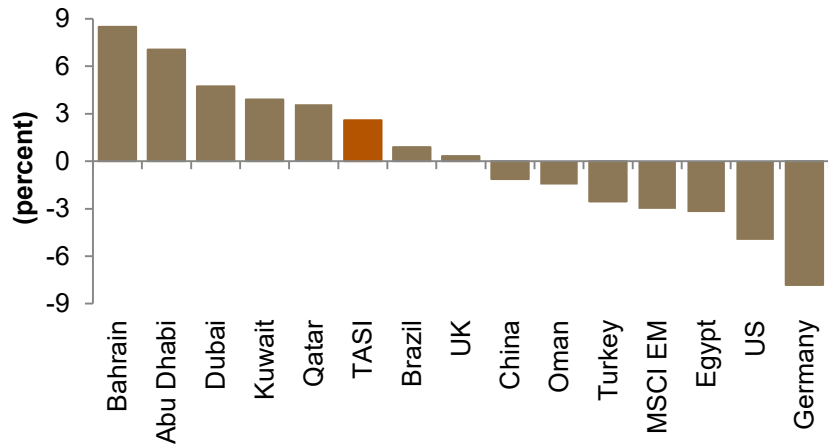
Stock Market

Local investors seemed unperturbed by developments in Eastern Europe, as TASI continued trending higher in February, rising 2.6 percent month-on-month. The monthly trend was in-line with other regional bourses, most of which saw comparatively higher rises than the Saudi benchmark. Meanwhile, net monthly purchases of SWAPs and buying by QFIs during February totaled SR5.2 billion (\$1.4 billion).

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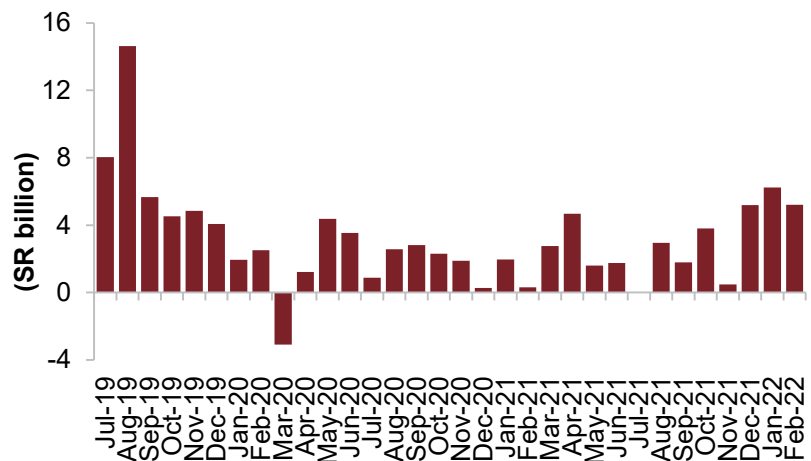


Comparative Stock Market Performance
(February 2022)



The monthly trend was in-line with other Gulf bourses, most of which saw comparatively higher rises than the Saudi benchmark.

Net purchases of SWAPs and buying by QFIs
(monthly total)



Meanwhile, net monthly purchases of SWAPs and buying by QFIs during February totaled SR5.2 billion (\$1.4 billion).



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Key Data

	2015	2016	2017	2018	2019	2020	2021E	2022F	2023F
Nominal GDP									
(SR billion)	2,454	2,419	2,582	3,062	3,014	2,638	3,207	3,555	3,573
(\$ billion)	654	645	689	817	804	703	855	948	953
(% change)	-13.5	-1.4	6.8	18.6	-1.6	-12.5	21.6	10.9	0.5
Real GDP (% change)									
Oil	5.3	3.6	-3.1	2.3	-3.3	-6.7	0.2	15.5	2.0
Non-oil activities	3.5	0.3	1.6	-3.2	3.2	-3.4	6.6	3.4	4.8
Government activities	2.3	0.2	0.3	3.5	1.5	0.2	1.5	1.0	1.0
Total	4.1	1.7	-0.7	2.5	0.3	-4.1	3.3	7.7	3.1
Oil indicators (average)									
Brent (\$/b)	52	43	54	71	66	42	71	76	70
Production (million b/d)	10.2	10.4	10.0	10.3	9.8	9.2	9.1	10.5	10.7
Budgetary indicators (SR billion)									
Government revenue	616	519	692	906	926	782	930	1075	1014
Government expenditure*	1,001	936	930	1,079	1,059	1,076	1,015	955	941
Budget balance	-385	-417	-238	-173	-133	-294	-85	120	73
(% GDP)	-15.7	-17.2	-9.2	-5.7	-4.4	-11.1	-2.7	3.4	2.0
Gross public debt	142	317	443	560	678	854	937	938	938
(% GDP)	5.8	13.1	17.1	18.3	22.5	32.4	29.2	26.4	26.3
Monetary indicators (average)									
Inflation (% change)	1.2	2.1	-0.8	2.5	-2.1	3.4	3.1	1.7	2.0
SAMA base lending rate (% end year)	2.0	2.0	2.0	3.0	2.25	0.75	0.75	1.75	2.25
External trade indicators (\$ billion)									
Oil export revenues	153	137	171	232	201	122	200	255	242
Total export revenues	204	184	222	294	262	174	265	325	317
Imports	159	128	123	126	140	126	143	154	157
Trade balance	44	56	98	169	121	48	122	171	159
Current account balance	-57	-24	10	72	38	-20	42	72	63
(% GDP)	-8.7	-3.7	1.5	8.8	4.8	-2.8	5.0	7.6	6.6
Official reserve assets	616	536	496	497	500	454	455	509	546
Social and demographic indicators									
Population (million)	31.0	31.7	32.6	33.4	34.2	35.0	35.4	35.8	36.3
Saudi Unemployment (15+, %)	11.5	12.5	12.8	12.7	12.0	12.6	10.5	10.3	10.0
GDP per capita (\$)	21,095	20,318	21,114	24,438	23,485	20,089	24,170	26,487	26,267

Sources: Jadwa Investment forecasts for 2022 and 2023. 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.