

SAUDI ECONOMIC CHARTBOOK

Second Quarter **2024**

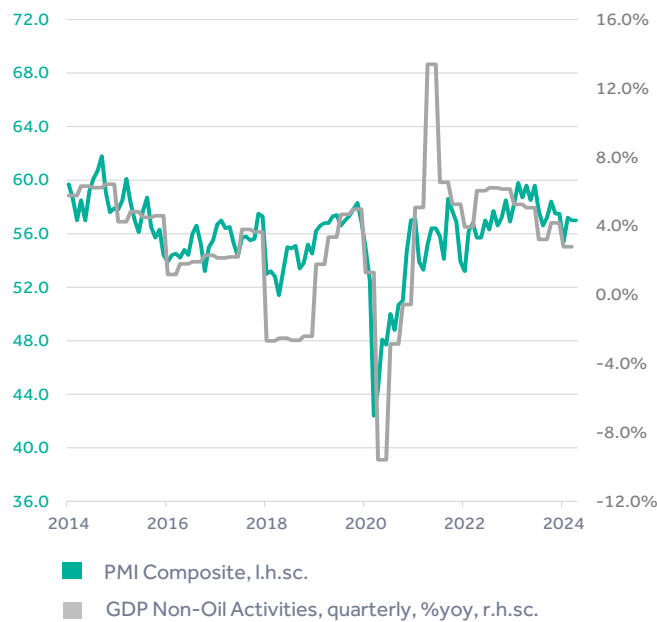
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Expansionary Fiscal Policy Spurring Non-Oil GDP Growth

- Saudi economic growth eased in Q1 2024 to -1.8%yoy after -4.4%yoy in Q4 2023, primarily due to the oil sector where growth contraction lessened from -16.2%yoy to -10.6%yoy. Meanwhile, non-oil activities gradually slowed to 2.8%yoy compared to 4.2%yoy in Q4 2023.
- Official SAMA foreign currency reserves jumped in March 2024 by 88bn SAR, the largest monthly increase since 2008. This can mainly be explained by the Aramco dividend payment in March, which, including a performance-linked special dividend, amounted to a record high 116 bln SAR.
- The Saudi government increased fiscal expenditure in Q1 2024 by 7.7%yoy. For the full year 2024, we expect fiscal policy to be as expansionary as in the last two years with spending growth of approx. 11%. This will foster the economic transformation and spur non-oil growth (see graphic below).
- Crude oil output stood at 9.0 mbd in March, unchanged for the last 9 months. We expect oil production to expand again above 10 mbd in the next 18 months with the better part of this increase taking place in 2025.
- Real estate transactions witnessed a strong recovery in Q1 2024 with a growth rate of 70%yoy. This confirms a trend which already started in H2 2023. Before that, the property market had witnessed a substantial decline in market activity from mid-2022 to mid-2023.
- Since mid of March, the Saudi equity market is in a consolidation mode after a strong rally which had started back in October 2023. This rally was also accompanied by sharply rising trading volumes with the average daily traded value rising from 4.6bn SAR to 9.2bn SAR between October and March.

Business Climate and Non-Oil GDP Growth

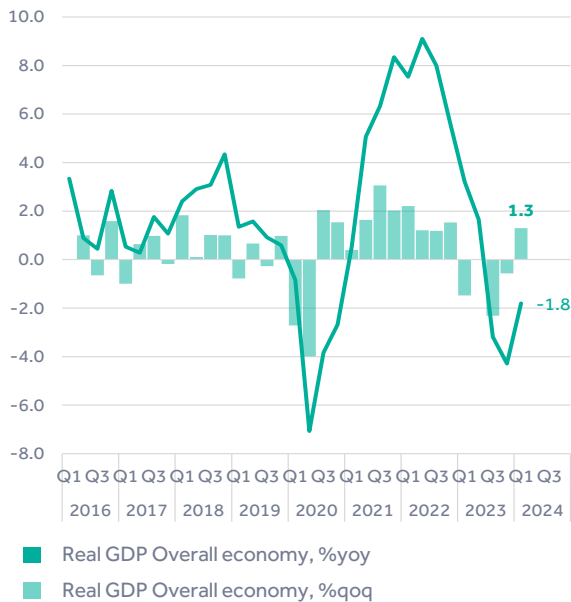


The Purchasing Manager Index (PMI) as a business climate indicator for the non-oil economy is closely related to GDP growth of non-oil activities. Based on historical analysis, a PMI reading above 56 corresponds to a GDP growth of at least 4% of the non-oil economy. With an average of 56.5 in Q1 2024 for the PMI Composite, the Q1 GDP flash estimate for non-oil activities of 2.8%yoy seems to be rather an outlier. The seasonality of Ramadan may also have influenced this figure. For the rest of the year, we expect a pick-up of non-oil growth clearly above 4%.

source: GASTAT, IHS Markit

Gross Domestic Product (GDP) by Main Economic Activities

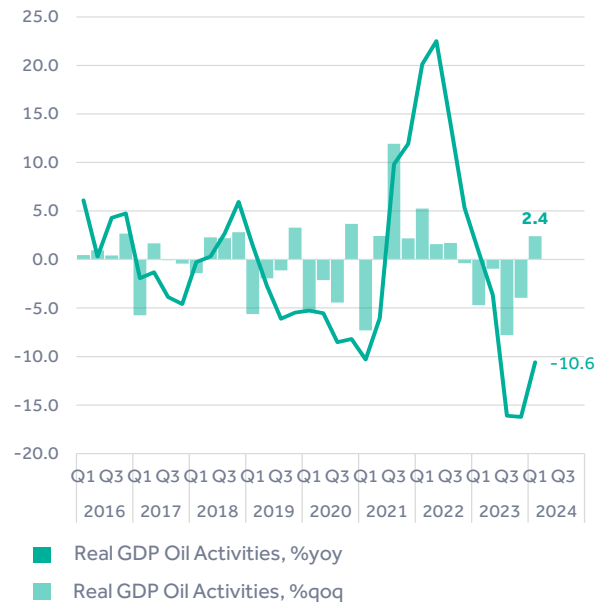
Figure 1:
GDP Overall Economy



(Q1 2024 flash estimate)

source: GASTAT

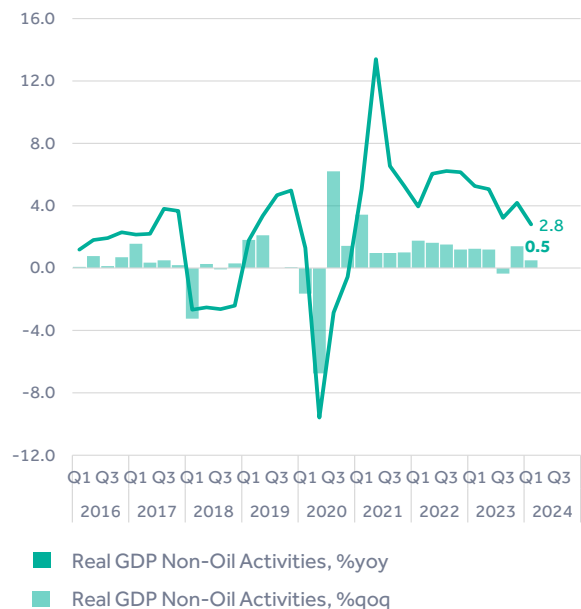
Figure 2:
GDP Oil Activities



(Q1 2024 flash estimate)

source: GASTAT

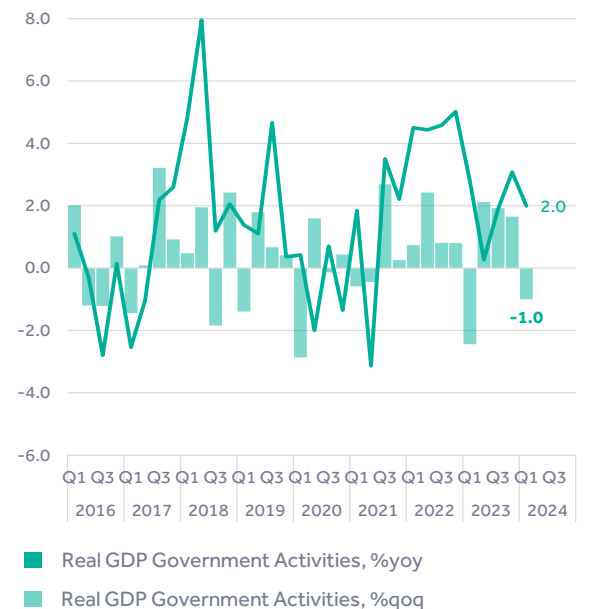
Figure 3:
GDP Non-Oil Activities



(Q1 2024 flash estimate)

source: GASTAT

Figure 4:
GDP Government Activities



(Q1 2024 flash estimate)

source: GASTAT

After a trough in Q4 2023 at -4.4%yoy, Saudi economic growth eased to -1.8%yoy, primarily due to the oil sector where growth contraction lessened from -16.2%yoy to -10.6%yoy over this period. On

a qoq basis, growth turned positive with 1.3%qoq after two consecutive quarters of negative growth rates. Meanwhile, non-oil activities gradually slowed to 2.8%yoy compared to 4.2%yoy in Q4 2023.

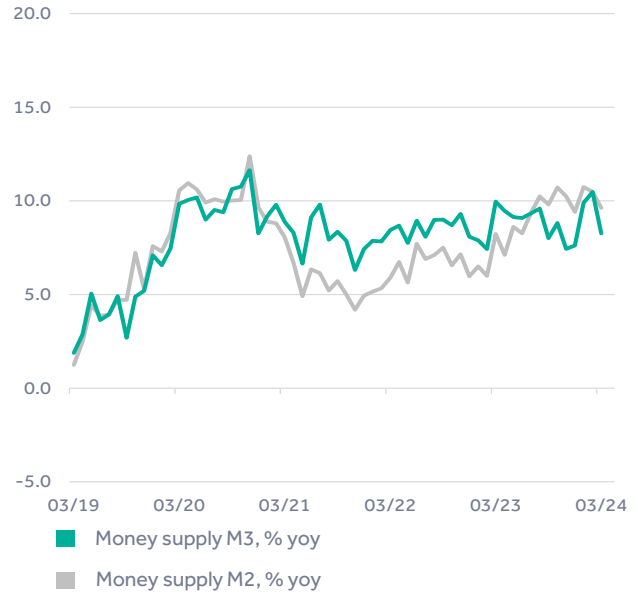
Monetary Aggregates, Credit and Commercial Banks' Deposits

Figure 1:
Growth Rate Monetary Base and Money Supply M1



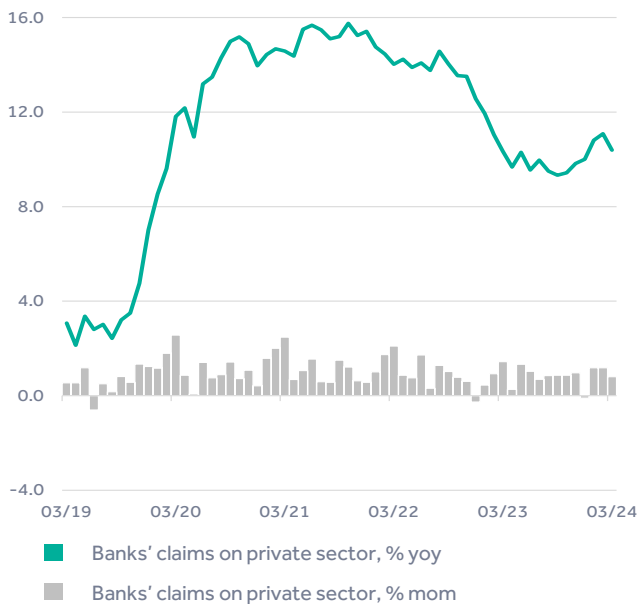
source: SAMA

Figure 2:
Growth Rate Money Supply M2 and M3



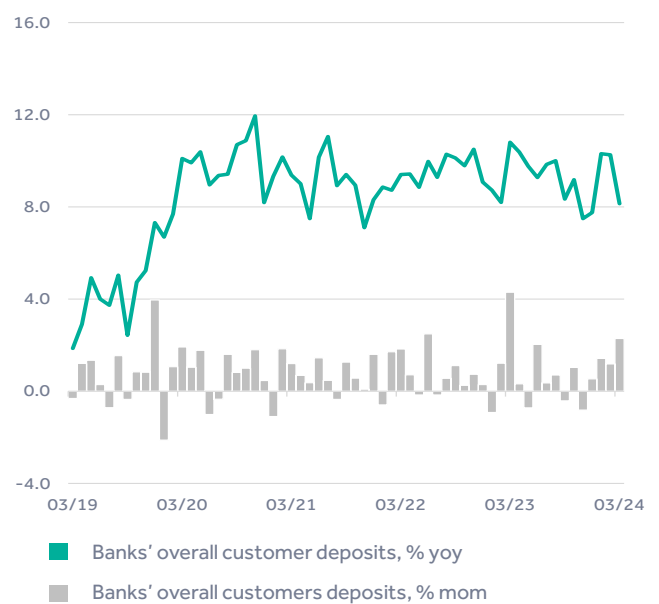
source: SAMA

Figure 3:
Growth of Credit to the Private Sector



source: SAMA

Figure 4:
Growth of Commercial Banks' Deposits



source: SAMA

While growth of narrow money supply M1 accelerated from 2.0%yoy in January to 4.7%yoy in March, broad money supply M3 moderately slowed from 9.9%yoy to 8.3%yoy. This can be explained by rising

growth in demand deposits while slowing expansion in time&savings deposits and foreign currency deposits. Meanwhile, growth of credit to the private sector eased in March from 11.1%yoy to 10.4%yoy.

Commercial Banks Key Ratios

Figure 1:
Private Sector Loan-Deposit-Ratio

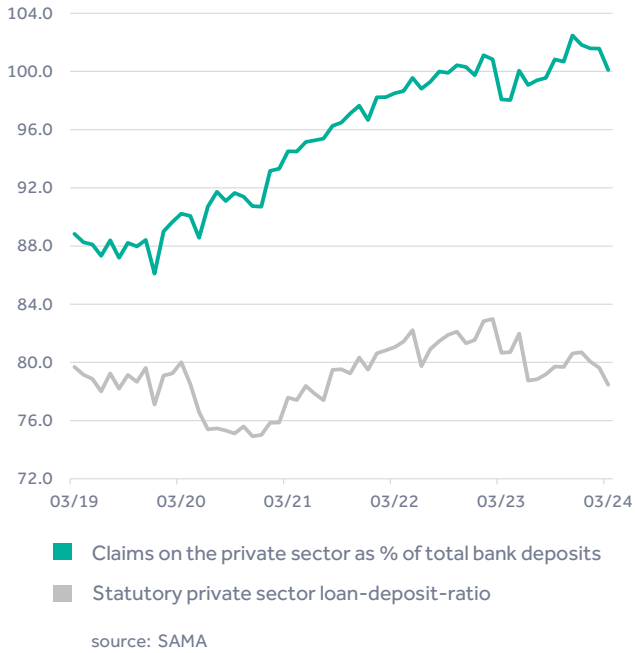


Figure 2:
Government Sector Loan-Deposit-Ratio

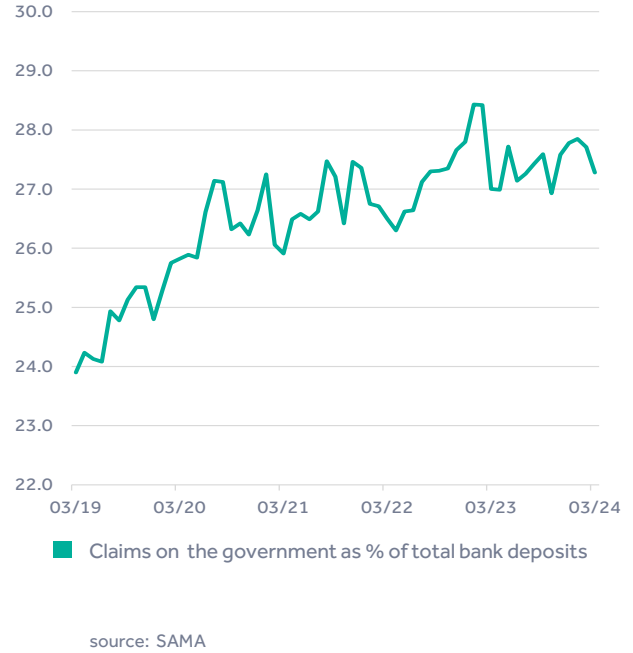


Figure 3:
Foreign Assets to Total Assets Ratio

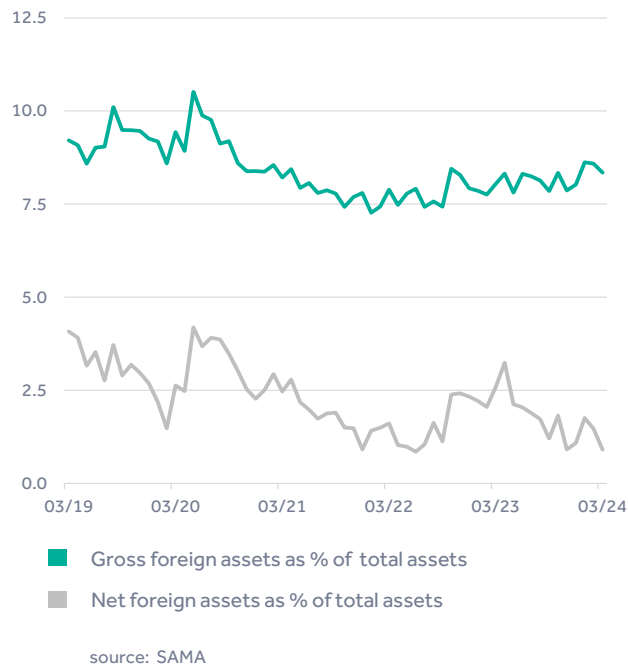
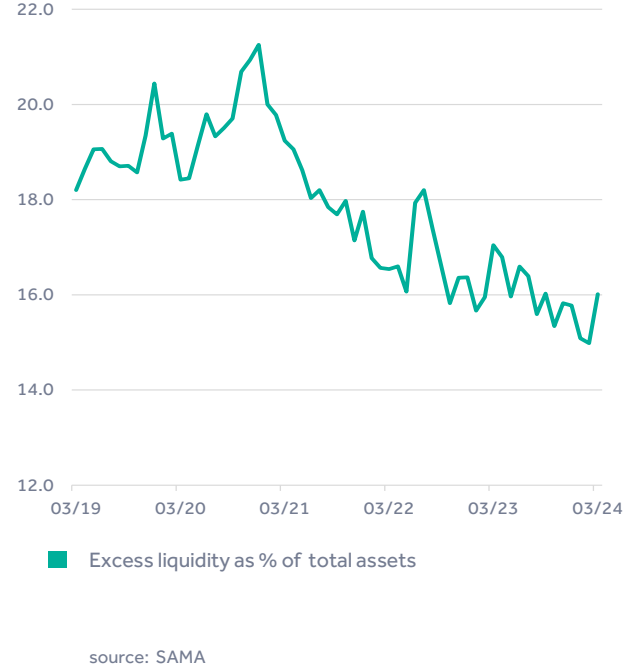


Figure 4:
Excess Liquidity to Total Assets Ratio

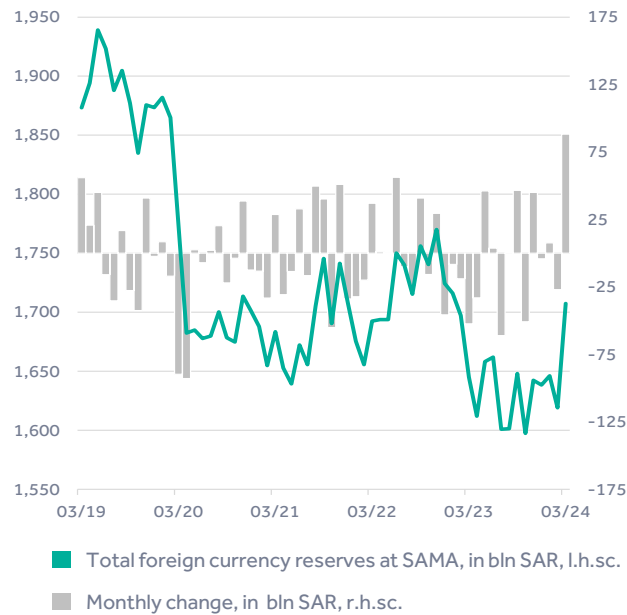


Simple and statutory loan-deposit-ratios for the private sector declined between November 2023 and March 2024 from 102.5 to 100.1 and from 80.6 to 78.5 as, most recently, deposit growth outpaced

credit growth. The same applies to the government sector with the LDR dropping from 27.9 to 27.3. Accordingly, the excess liquidity ratio of the banking sector improved from 15.3 to 16.0 over this period.

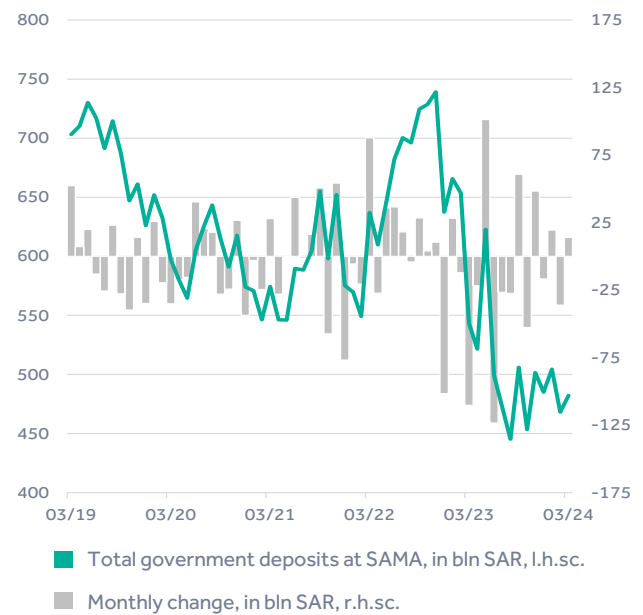
SAMA Balance Sheet and Government Deposits

Figure 1:
Foreign Currency Reserves at SAMA



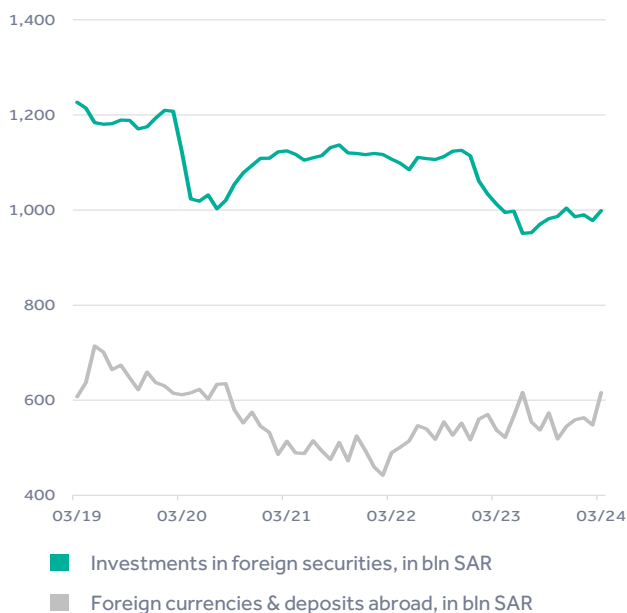
source: SAMA

Figure 2:
Government Deposits at SAMA



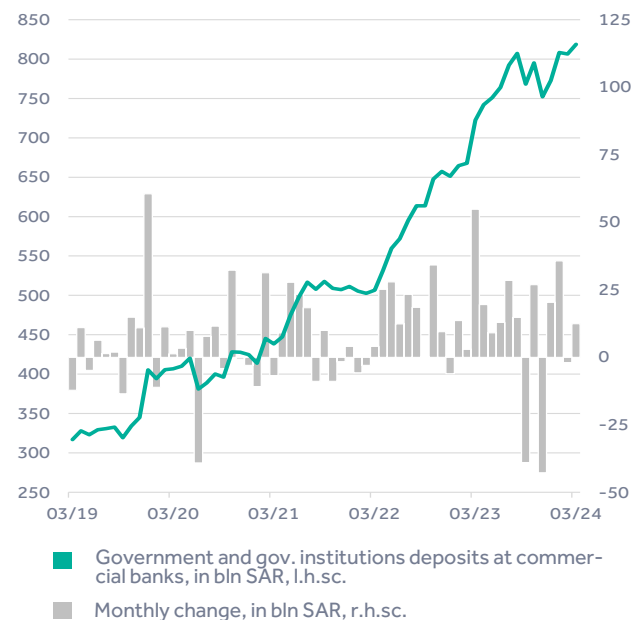
source: SAMA

Figure 3:
Breakdown of Foreign Currency Reserves at SAMA



source: SAMA

Figure 4:
Government Deposits at Commercial Banks



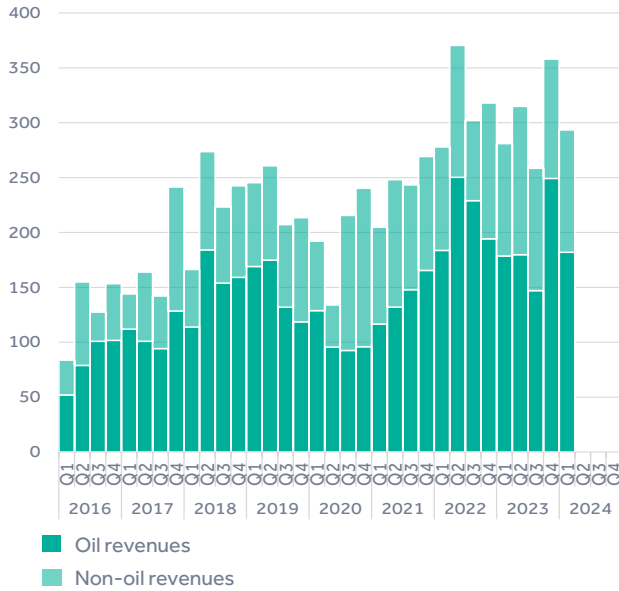
source: SAMA

Official SAMA foreign currency reserves jumped in March 2024 by 88 bln SAR, the largest monthly figure since 2008. This can mainly be explained by the Aramco dividend payment during this month. This

inflow led in the first place to an increase in SAMA's foreign currencies deposits (60 bln SAR). Meanwhile, government and government institutions' deposits at commercial banks reached 819 bln SAR in March.

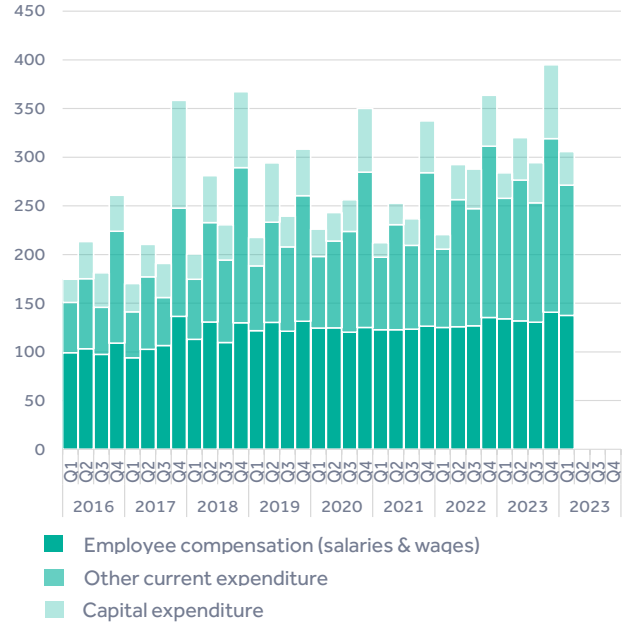
Quarterly Fiscal Balance and Outstanding Government Debt

Figure 1:
Quarterly Fiscal Revenues (in bln SAR)



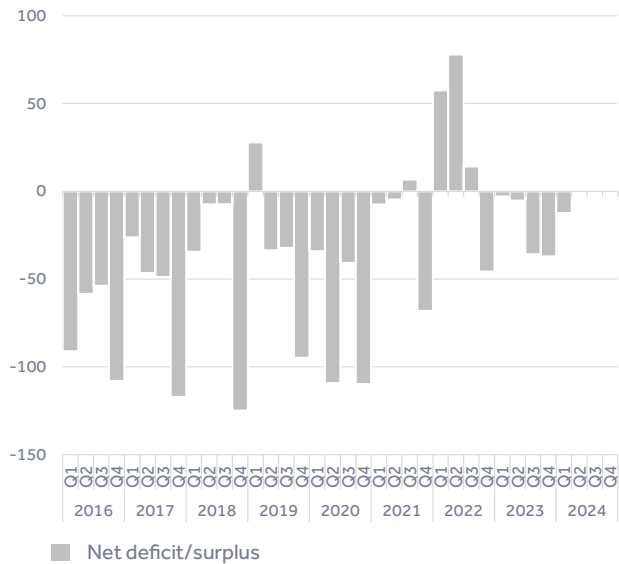
source: MoF

Figure 2:
Quarterly Fiscal Expenditure (in bln SAR)



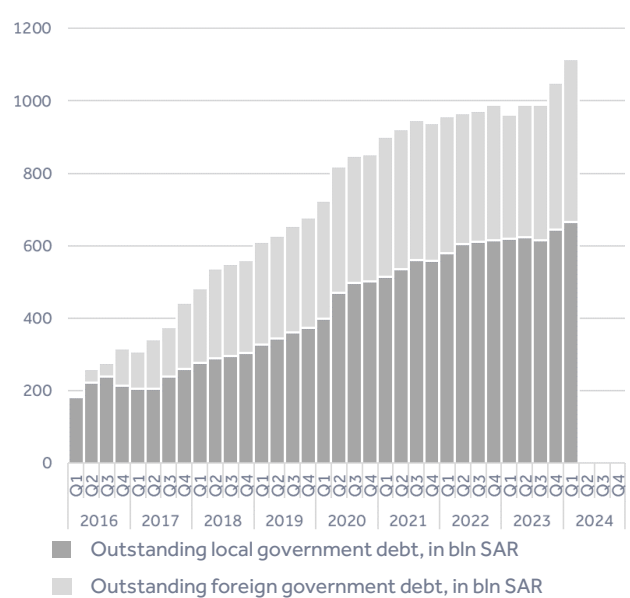
source: MoF

Figure 3:
Quarterly Fiscal Deficit/Surplus (in bln SAR)



source: MoF

Figure 4:
Outstanding Government Debt (End of Quarter)



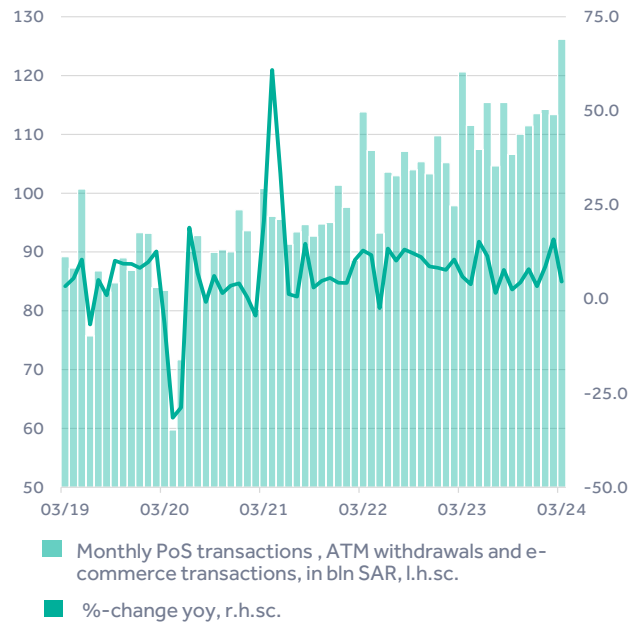
source: MoF

In Q1 2024, fiscal spending increased by +7.7% versus Q1 2023, while fiscal revenues rose by +4.4% yoy. In the case of fiscal revenues, oil revenues in particular expanded by 2%, despite notably lower oil

production. This was the result of Aramco's new performance dividend in 2024. While the quarterly deficit amounted to 12.4 bln SAR, net sovereign debt rose by 66 bln SAR during the quarter.

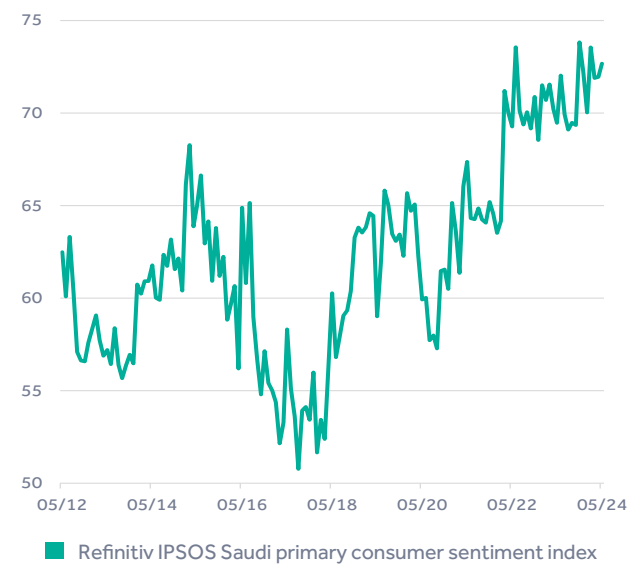
Indicators for Private Spending and Non-Oil Business Climate

Figure 1:
Private Spending Indicator



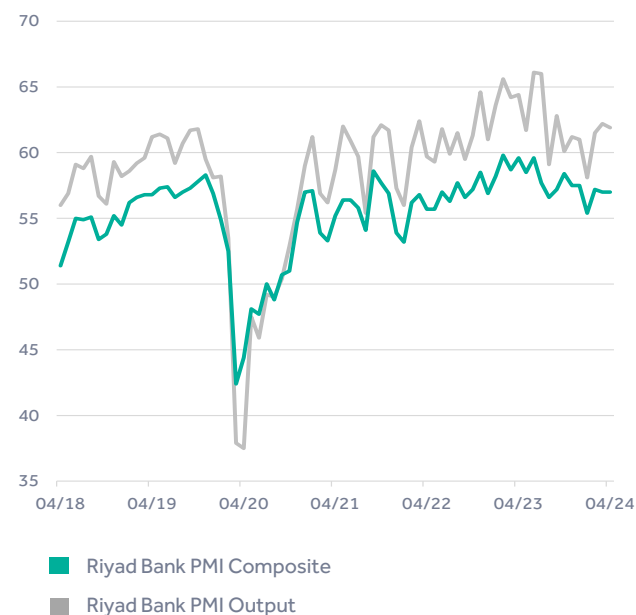
source: SAMA

Figure 2:
Consumer Sentiment Indicator



source: Refinitiv

Figure 3:
PMI Composite and PMI Output



source: IHS Markit

Figure 4:
PMI New Orders and PMI New Export Orders



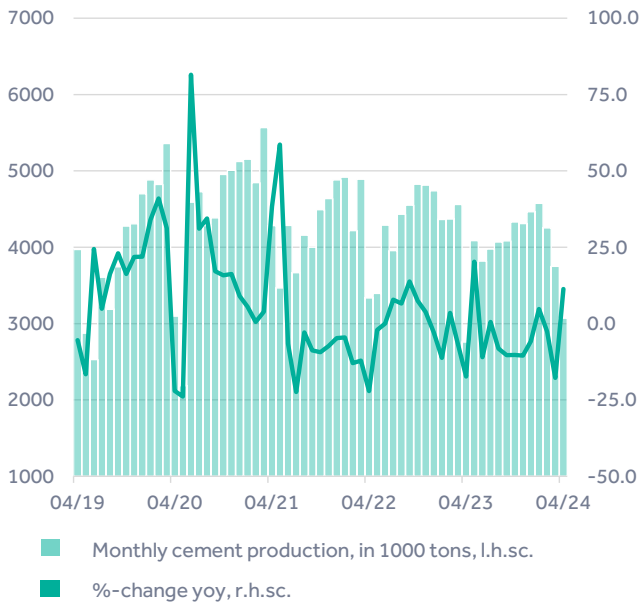
source: IHS Markit

Consumer spending recorded a new high in March 2024, 11.3% above the previous month and 4.6% over the previous year. These figures were partly also influenced by the seasonality of Ramadan.

Meanwhile, the most recent reading of PMI Composite of 57.0 in March signals a robust non-oil economy. This is also confirmed by the PMI New Orders which established above 60 for the last two years.

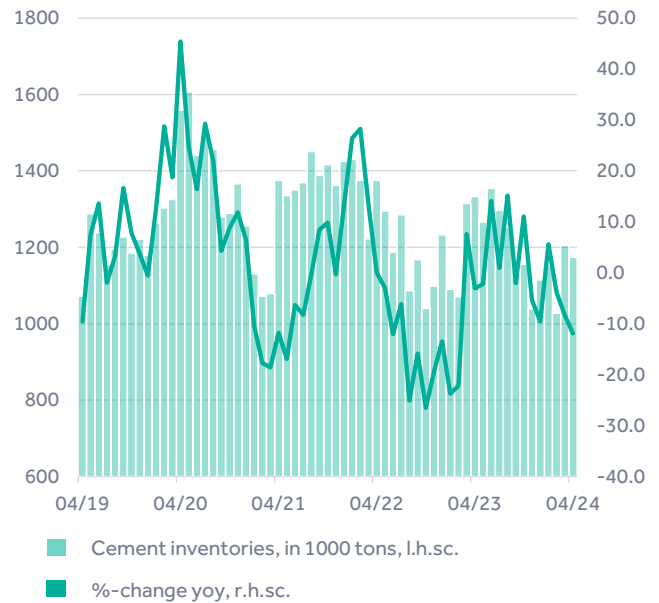
Cement Sector and Non-oil Exports and Imports

Figure 1:
Cement Production



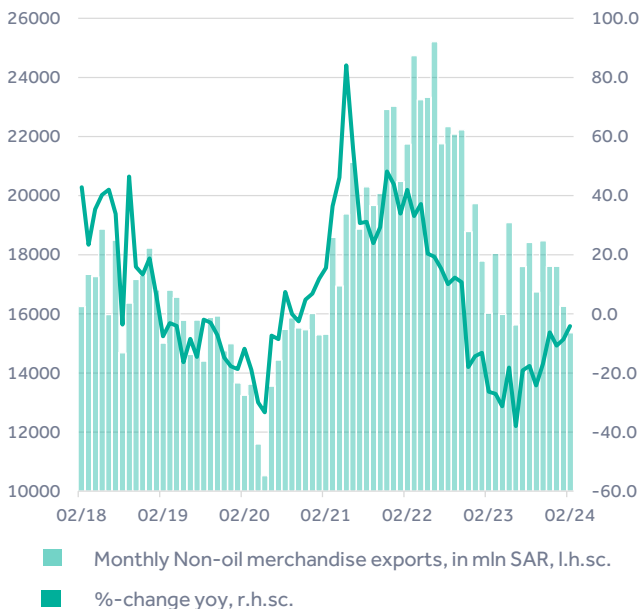
source: Yamama Cement

Figure 2:
Cement Inventories



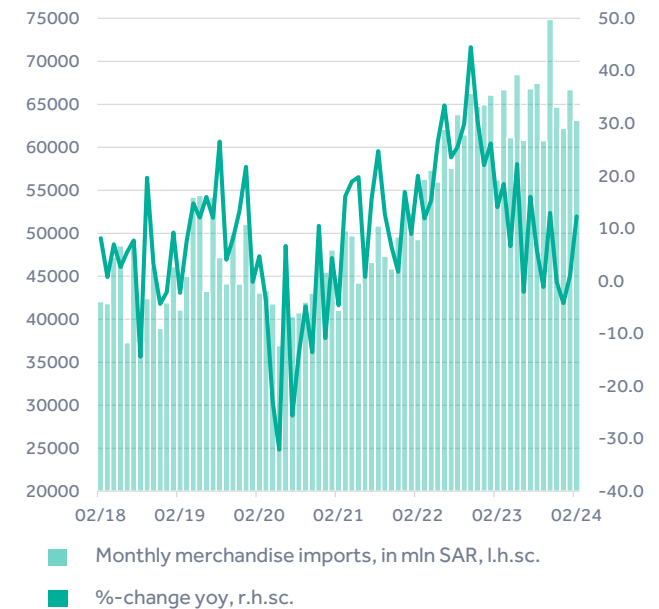
source: Yamama Cement

Figure 3:
Non-Oil Merchandise Exports



source: GASTAT

Figure 4:
Merchandise Imports



source: GASTAT

In April 2024, cement production dropped by -18.1% versus the previous month, but expanded by 11.3% in a yearly comparison. Inventories declined by -2.6%mom and -8.1%yoy. The negative growth of

non-oil exports further eased in February with -4.1% yoy after a contraction of -38.0%yoy back in June 2023. Imports expanded by 12.3% in February after a negative growth rate of -4.2 in December 2023.

Consumer and Wholesale Price Inflation

Figure 1:
Consumer Price Inflation All Items

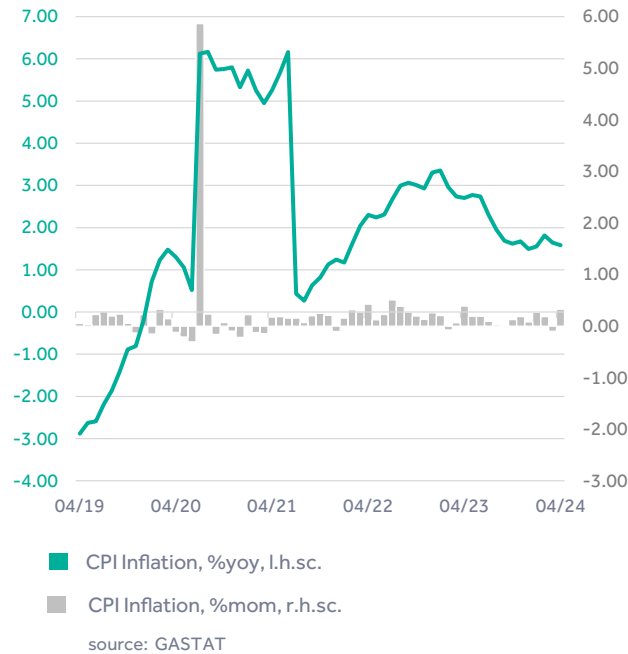


Figure 2:
CPI Inflation Food & Housing

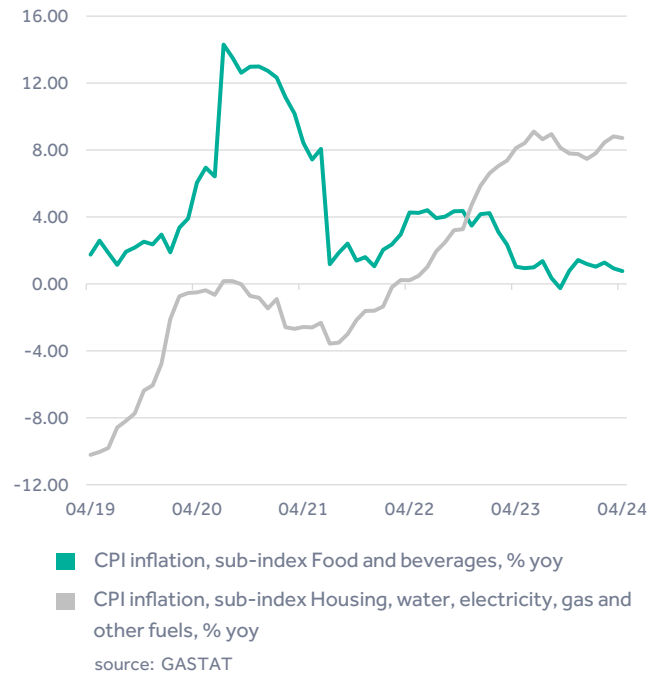


Figure 3:
CPI Inflation Furnishings & Transportation

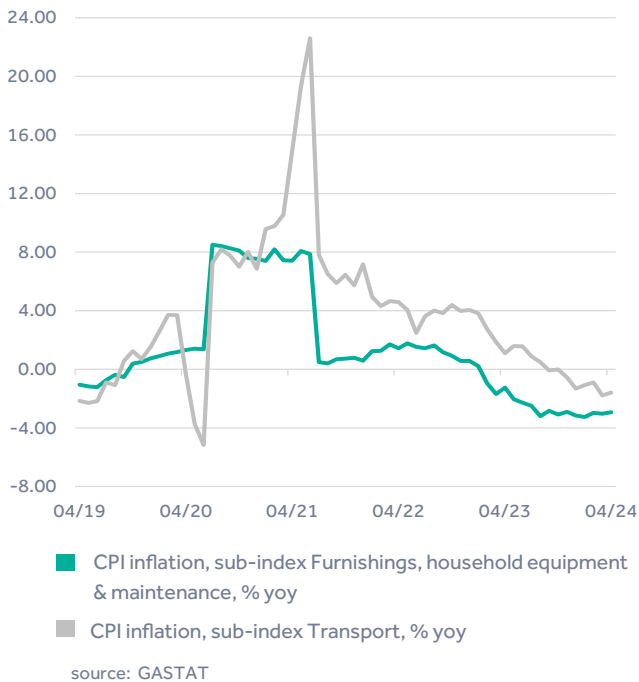
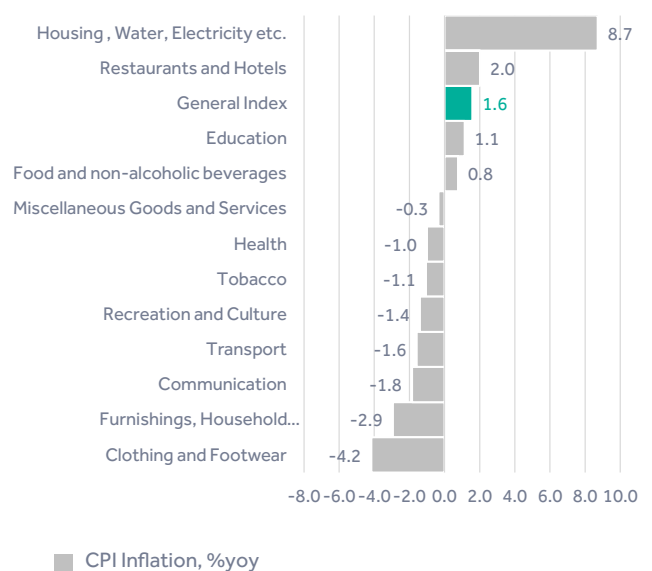


Figure 4:
CPI Inflation by Main Categories April 2024

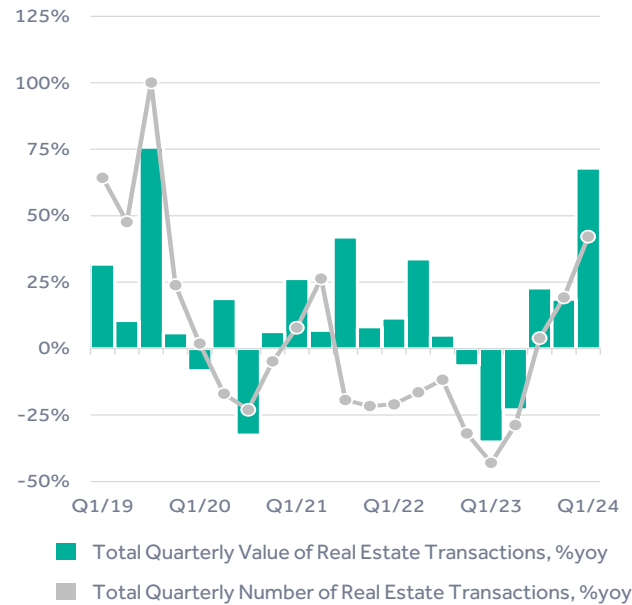


For the last nine months Saudi CPI inflation established below 2% with the latest reading in April settling at 1.6%yoy. The strongest price increases could again be observed in the Housing category

with 8.7%yoy, primarily due to rental prices rising by 8.9%yoy. By contrast, food inflation remained subdued with 0.8%yoy. Overall, 8 out of 12 CPI categories showed a negative inflation rate in April.

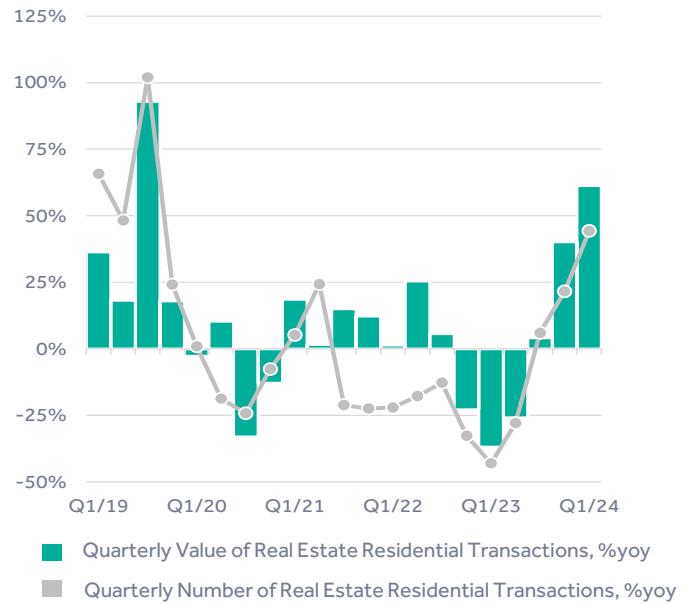
Real Estate Market: Transaction Activity

Figure 1:
Real Estate Transactions Total %yoy



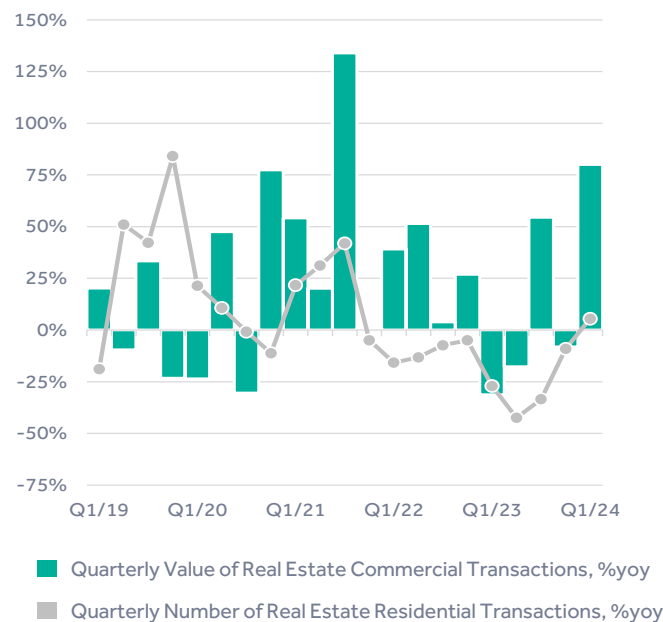
source: MOJ, RC

Figure 2:
Real Estate Transactions Residential %yoy



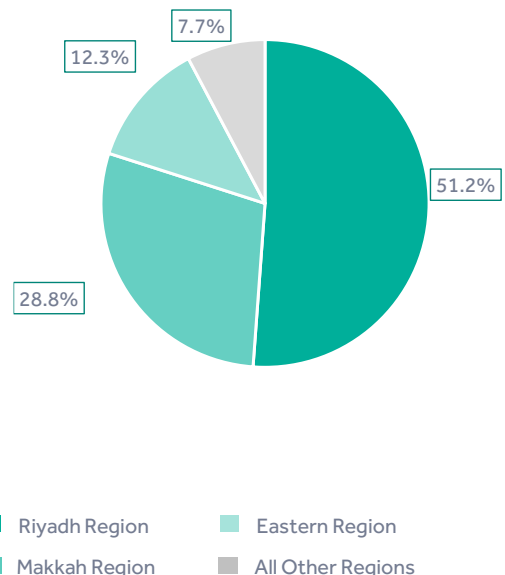
source: MOJ, RC

Figure 3:
Real Estate Transactions Commercial %yoy



source: MOJ, RC

Figure 4:
Breakdown of Transaction Value by Regions (Q1 2024)



source: MOJ, RC

Real estate transactions witnessed a strong recovery in Q1 2024 with a growth rate of 70%yoy. While residential property transactions rose by 60%, commercial transactions jumped by 77%. More

than 50% of all real estate transactions were executed in Riyadh Region. Makkah region contributed 29% and Eastern Region 12% to the overall figure. Besides, 8% came from all other regions in KSA.

Real Estate Market: Price Indices

Figure 1:
General Real Estate Index

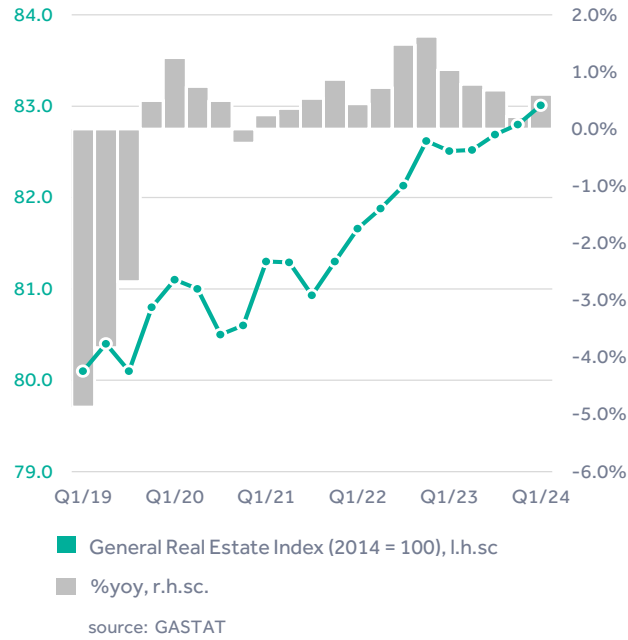


Figure 2:
Residential Real Estate Index

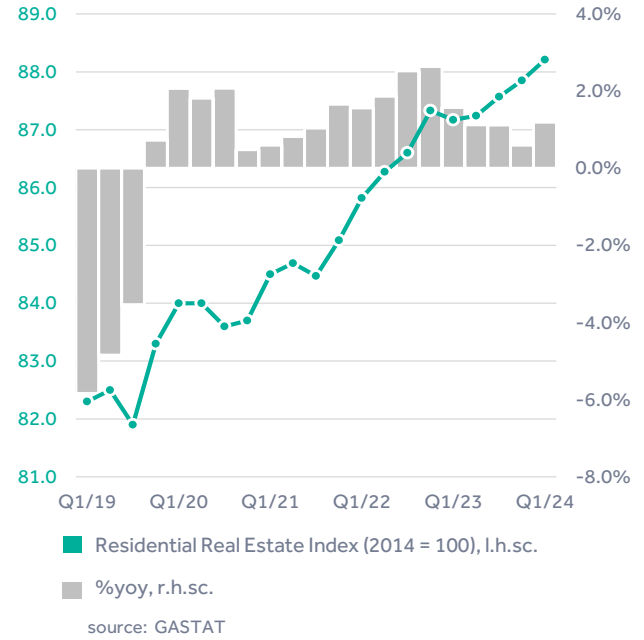


Figure 3:
Commercial Real Estate Index

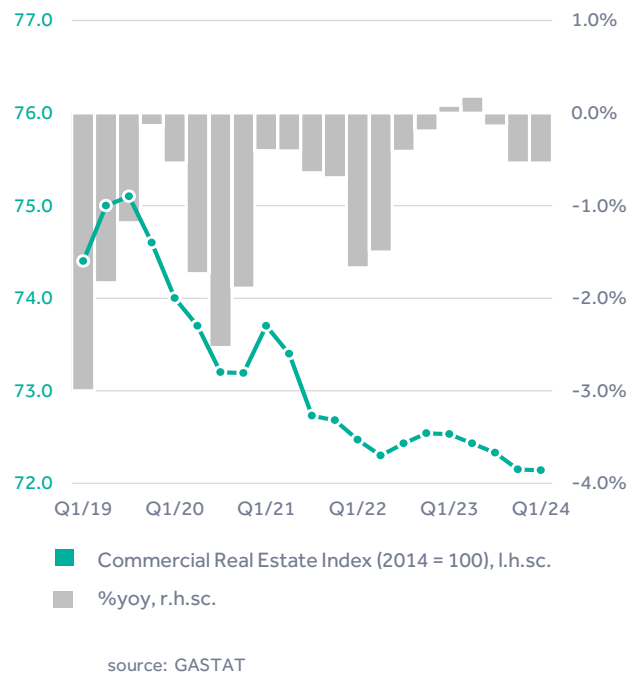
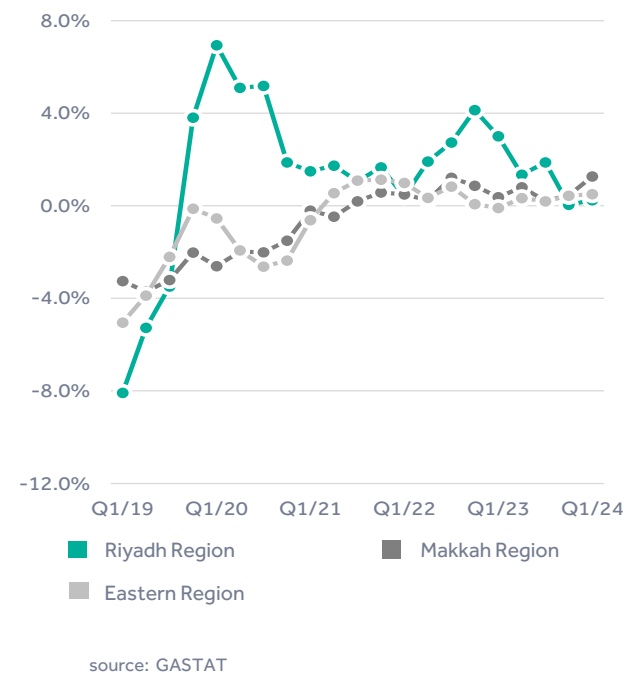


Figure 4:
Real Estate Price Indices Main Regions (%yoy)



Real estate prices slightly accelerated in Q1 2024 with a yearly growth rate of 0.6%yoy after 0.2%yoy in Q4 2023. This uptrend has been nurtured by residential property prices which continued their long-

term uptrend at gradually higher speed growing by 1.2%yoy in the first quarter, while commercial real estate is still in a longer-term correction phase, confirmed by a contraction of -0.5%yoy in Q1 2024.

Oil Market Statistics: Production, Exports, Refinery and Prices

Figure 1:
Saudi Crude Oil Production and Exports

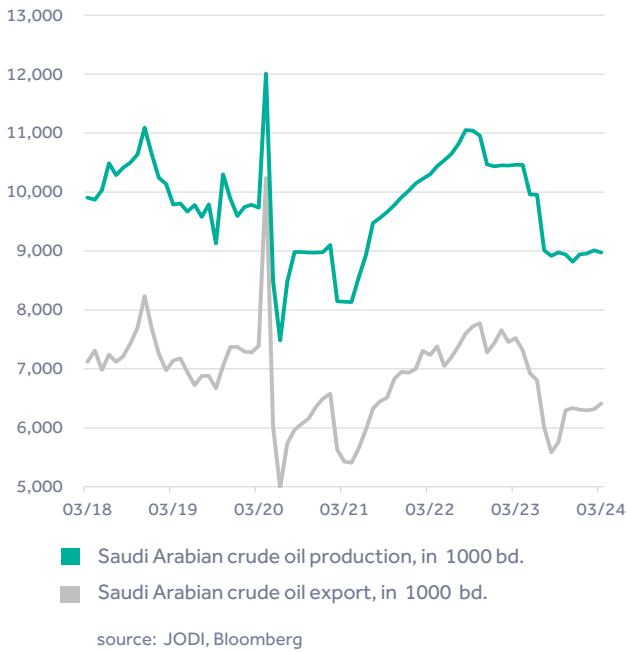


Figure 2:
Saudi Crude Refinery Output and Exports

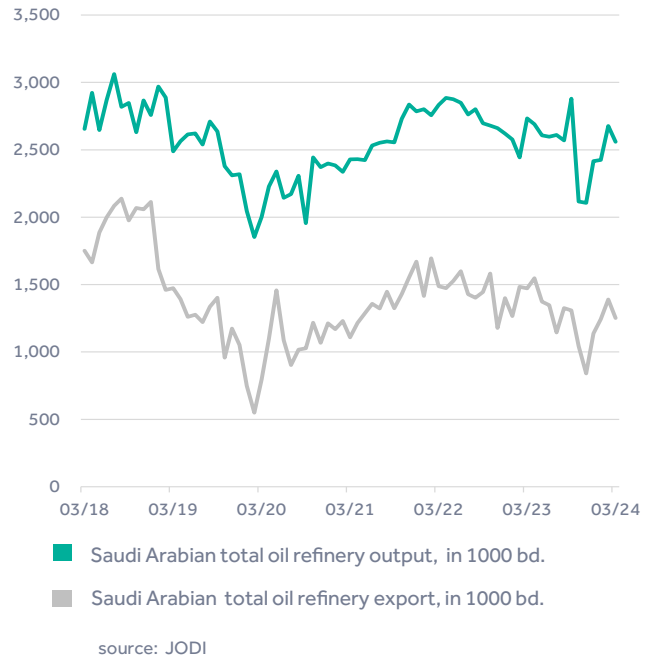


Figure 3:
OPEC Crude Output



Figure 4:
Oil Prices



For the last 9 months, Saudi crude oil production was held at 9 mbd. In March, it amounted to 8.97 mbd. Besides, crude exports constituted 6.41 mbd, while refined product exports added up to 2.56 mbd

during March. Meanwhile, OPEC output stabilized in a range of 26.6-27.0 mbd since July 2023. Oil prices rallied until mid-April 2024 with Brent price peaking above 90 USD, before a correction kicked-in.

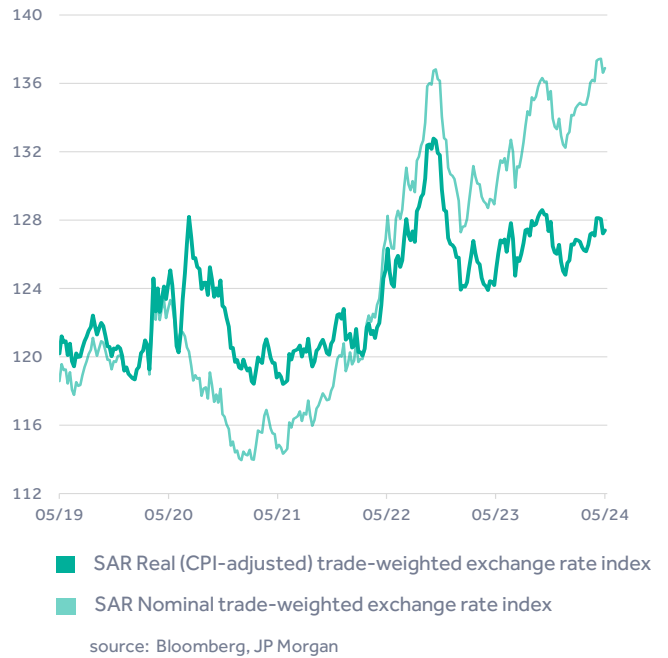
Foreign Exchange and KSA Credit Spread

Figure 1:
12-Months Forward Exchange Rate USD/SAR



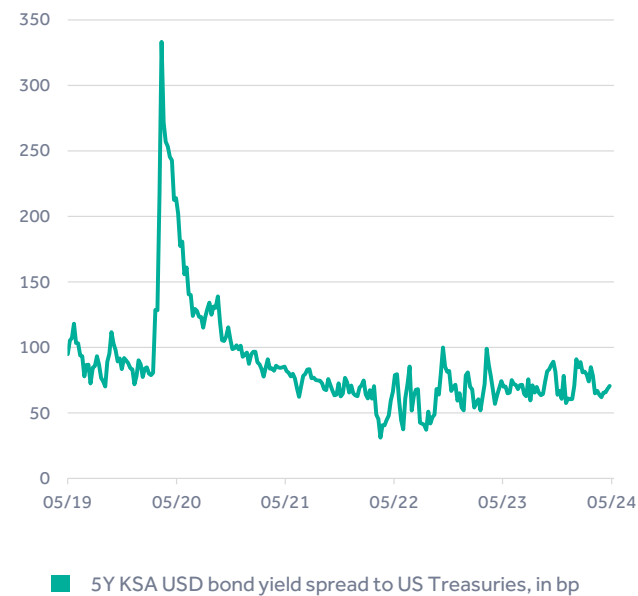
source: Bloomberg

Figure 2:
SAR Nominal and Real Effective Exchange Rate



source: Bloomberg, JP Morgan

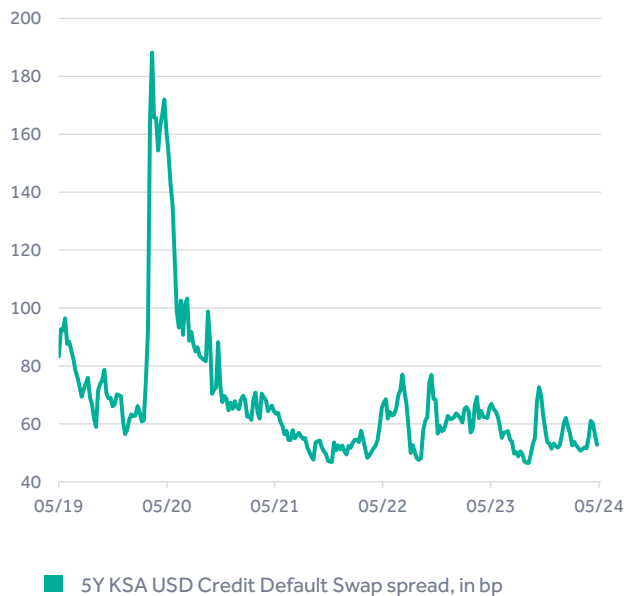
Figure 3:
KSA USD Bond Yield Spread to US Treasuries



source: Bloomberg

Saudi sovereign risk premia remained generally at benign levels in the first months of the year. This applies to SAR FX-forward rates as well as the spread of USD Saudi government bonds vs. US

Figure 4:
KSA CDS Spread



source: Bloomberg,

treasuries and the Saudi sovereign CDS spread. Meanwhile, the SAR nominal exchange rate index continued so far in 2024 its longer-term uptrend which had started in 2021.

Short-term, Long-term and Official Interest Rates

Figure 1:
3-Months SAIBOR vs. USD 3M Term SOFR

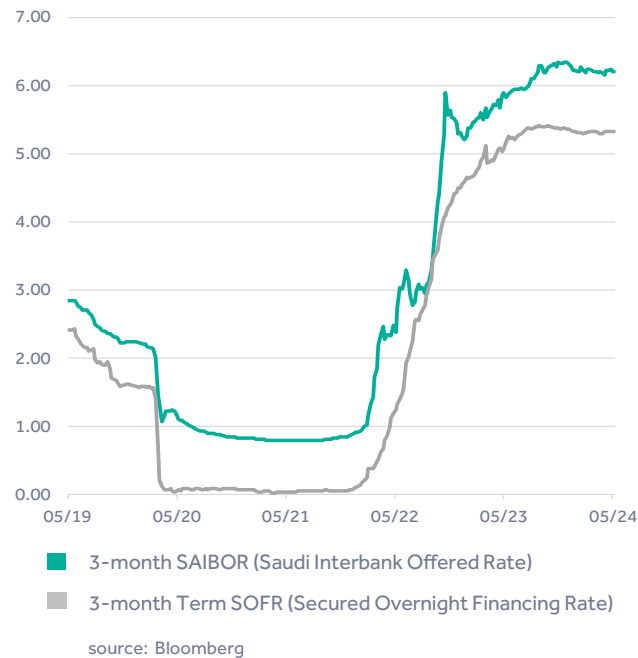
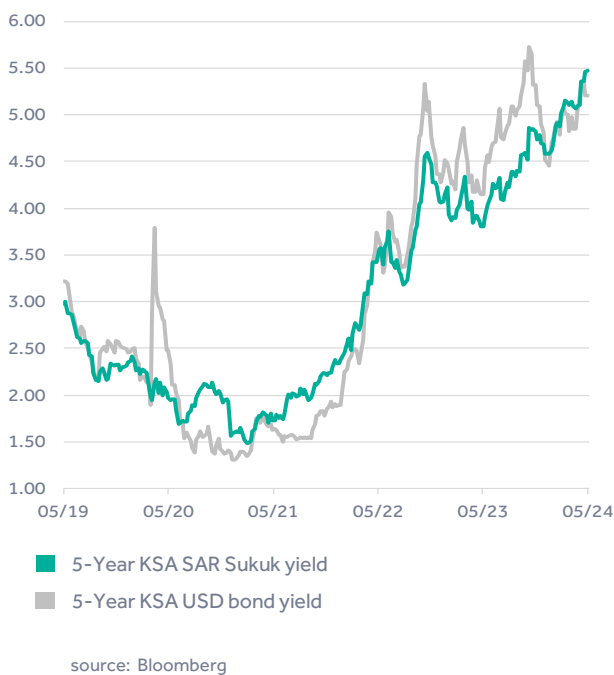


Figure 2:
5-Year Swap Rate SAR vs. USD

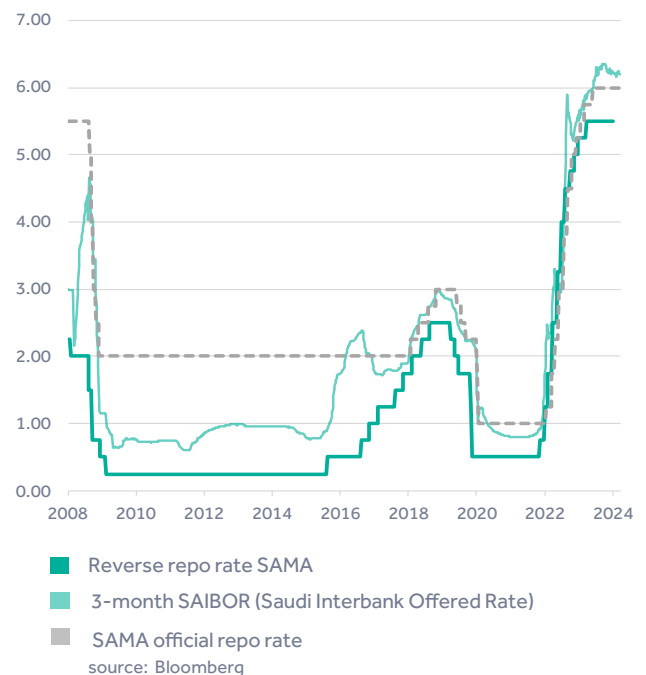


Figure 3:
5-Year KSA SAR Sukuk vs. USD Bond Yield



3M SAIBOR has stabilized in a range of 6.2% - 6.3% since the beginning of the year. As a result, the spread to US 3M term SOFR is floating around 90bp. By contrast, swap rates and longer-term KSA Sukuk

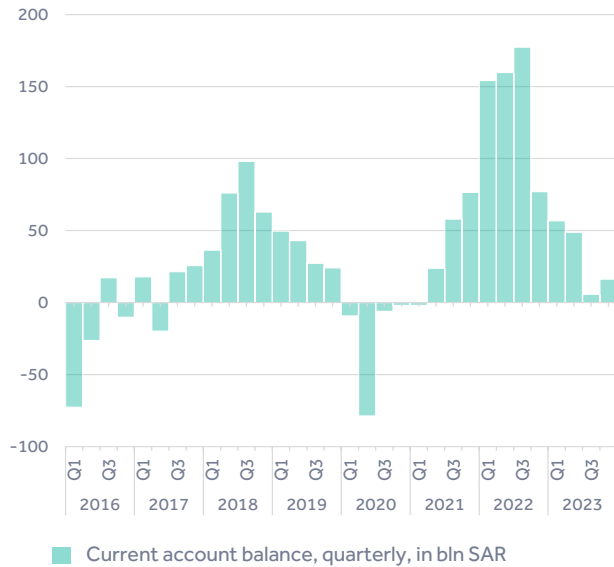
Figure 4:
Central Bank Rate and 3-Months SAIBOR



yields have climbed in-line with their corresponding USD rates by about 80bp since end of last year. The FED has kept interest rates unchanged so far in 2024, but is expected to start cutting in H2 2024.

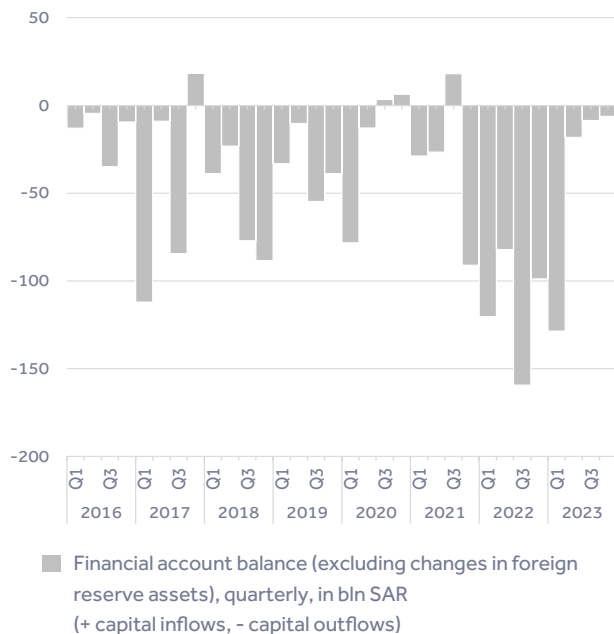
Saudi Balance of Payments

Figure 1:
Current Account Balance



source: SAMA

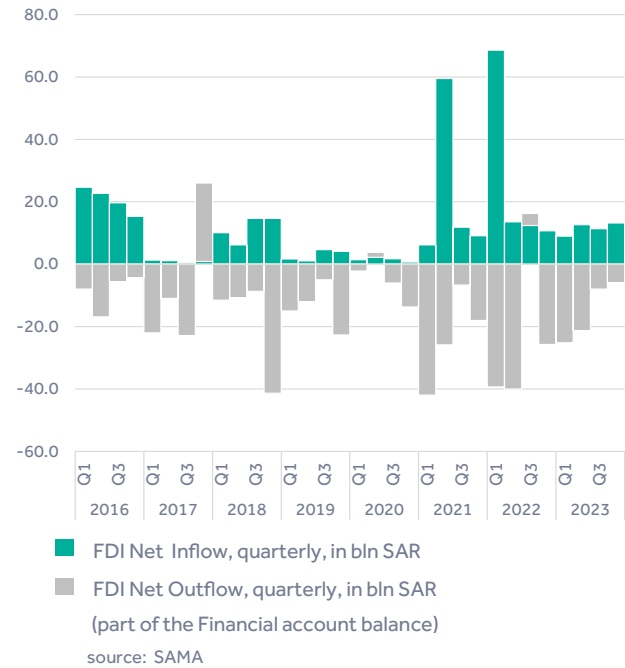
Figure 3:
Financial Account Balance



source: SAMA

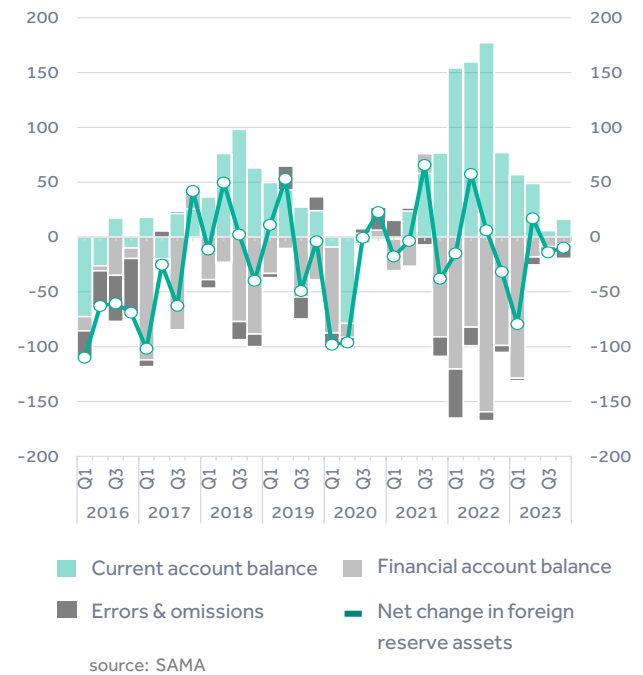
The current account surplus gradually recovered in Q4 2023 to 16 bln SAR after 6 bln SAR in Q3 2023, mainly due to an improvement in the service trade balance. For the full year 2023, the current account

Figure 2:
Foreign Direct Investments



source: SAMA

Figure 4:
Contribution to Balance of Payments



source: SAMA

balance surplus amounted to 128 bln SAR after a record 568 bln SAR in 2022. However, at the same time, the financial account balance deficit also shrank from -478bln SAR in 2022 to -76 bln in 2023.

Tadawul: Saudi Equity Market Statistics

Figure 1:
Tadawul All-Share Index

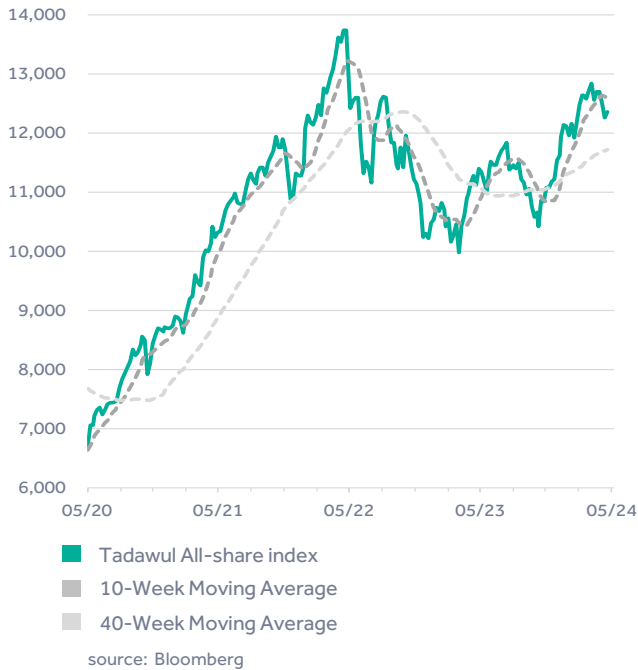


Figure 2:
Tadawul Average Daily Traded Value

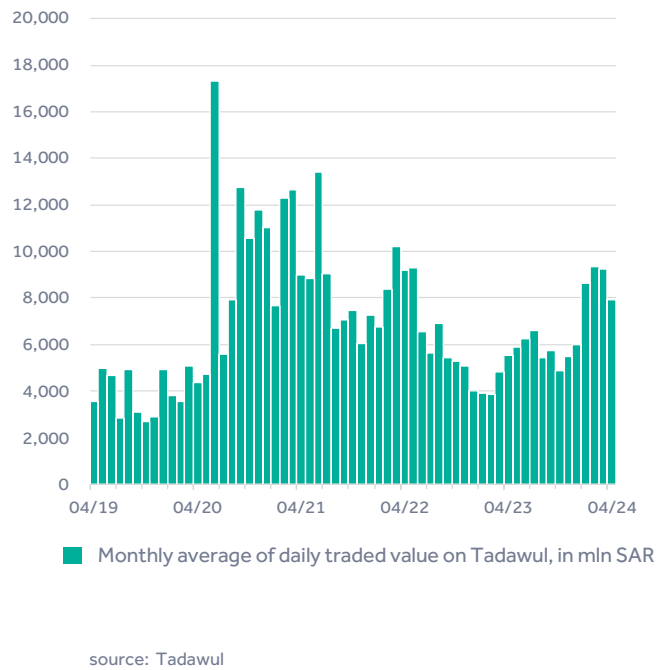


Figure 3:
Monthly Net Purchase by Ownership (in bln SAR)

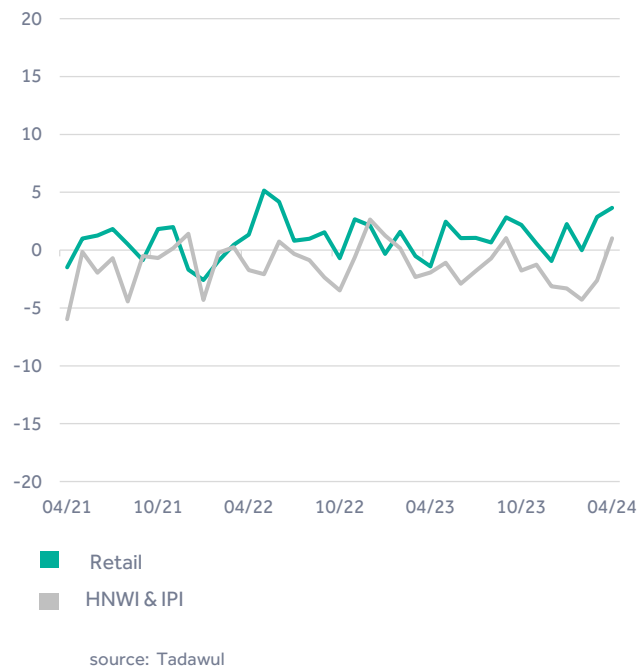
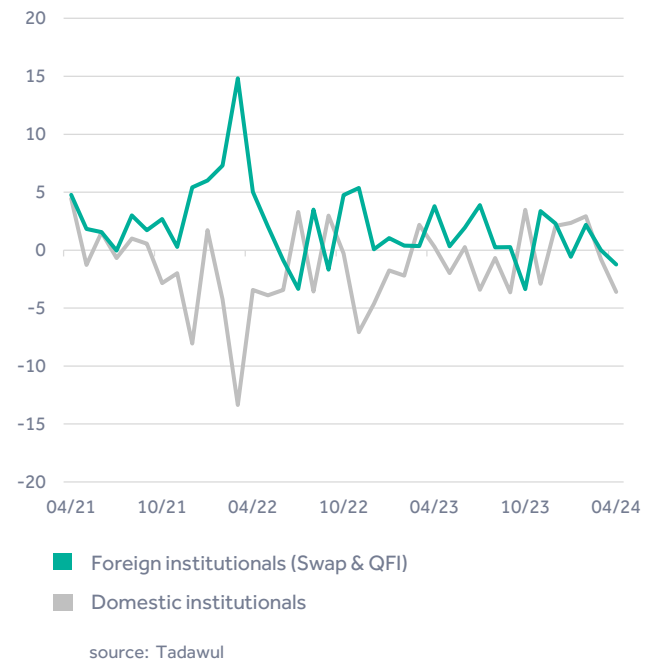


Figure 4:
Monthly Net Purchase by Ownership (in bln SAR)

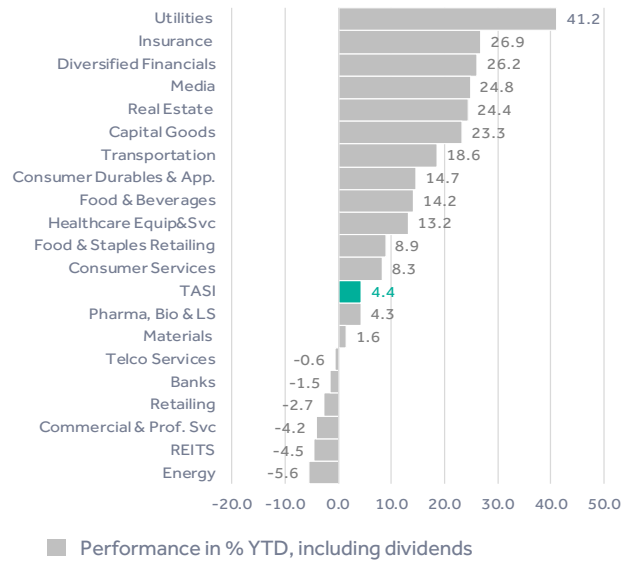


Since mid of March, the Saudi market is in a consolidation mode after a strong rally before. This rally was also accompanied by rising trading volumes. From October to March, the monthly average trad-

ed value climbed from 4.6bln SAR to 9.2bln SAR. In the consolidation period of April, foreign and domestic institutional investors were both net sellers, while private domestic investors were net buyers.

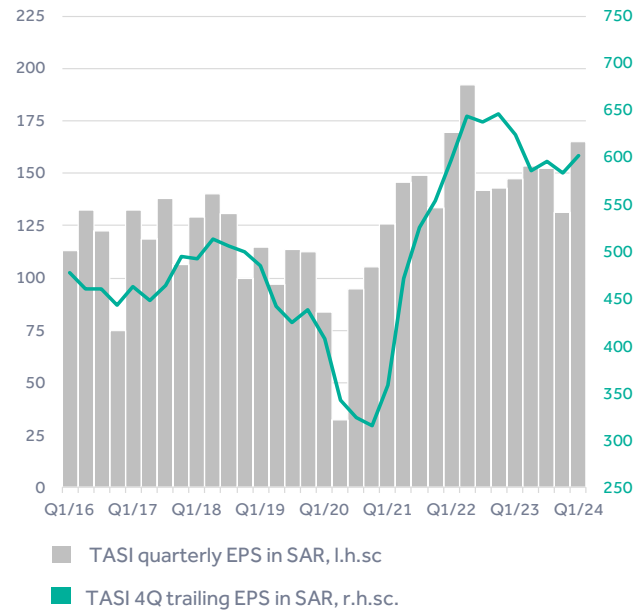
Tadawul: Saudi Equity Market Statistics

Figure 1:
Performance TASI Sectors Apr 2024YTD



source: Bloomberg

Figure 2:
Quarterly Earnings TASI



source: Bloomberg

Figure 3:
Valuation TASI: PE-Ratio Trailing



source: Bloomberg

Figure 4:
Valuation TASI: PE-Ratio Forward



source: Bloomberg

In the first four months of 2024, TASI recorded a total return of 4.4%. Banks and Materials as the two largest sectors again underperformed the index. Utilities were the best performing sector mainly

driven by a significant performance of ACWA Power. Meanwhile, the strong rally from October to March has translated into a rather stretched valuation for TASI on a trailing EPS and forward EPS basis.

Saudi Economic Outlook

After a year of growth consolidation in 2023, the Saudi economy is expected to rebound in 2024 and 2025.

We project continued solid growth for non-oil activities, fostered by a growth-oriented fiscal policy with a focus on increased investment spending which will spur growth in the coming years. After a growth rate of 4.4% in 2023, we forecast non-oil activities to grow by 4.8% in 2024 and by 5.2% in 2025.

We expect oil production to expand again above 10 mbd in the course of the next 18 months with the better part of this increase taking place in 2025. Therefore, the oil sector GDP contribution will still be mildly negative in 2024 with -2.2%, but record substantial growth of 8.7% in 2025.

As a consequence, we forecast the overall economy to expand by 2.3% in 2024 and to accelerate to 5.8% in 2025.

In our baseline scenario, we expect global oil prices to remain volatile but at elevated levels. We forecast the average Brent oil price to fall in a range between 80 and 90 USD in 2024 and 2025.

With a view on the expected expansionary fiscal policy pursued by the government in the next two years, we project the fiscal deficit to end up at 3.0% of GDP in 2024 and to shrink to 1.8% of GDP in 2025.

After a surplus of 3.2% of GDP in 2023, we expect the current account balance to rise again to 3.7% of GDP in 2024. It will further expand to 4.9% of GDP in 2025 on the back of notably higher projected oil export revenues next year.

We expect inflation to generally remain tame. After a modest 2.3% annual average rate in 2023, inflation will further slow to 2.0% in 2024 with a moderate acceleration to 2.4% expected for 2025.

Finally, we expect two rate cuts by the US central bank in H2 2024 and another four rate cuts in the course of 2025. Accordingly, SAMA is projected to cut its official repo rate and reverse repo rate by overall 150bp until end of 2025.

Based on this baseline scenario for monetary policy, 3M SAIBOR is forecasted to end this year at 5.55% and at 4.65% by end of next year.

Facts and Forecasts at a Glance

	2022	2023	2024f	2025f
Real GDP Growth				
Overall economy	7.5	-0.8	2.3	5.8
Non-oil Activities	5.6	4.4	4.8	5.2
Government Activities	4.6	2.1	2.2	2.3
Oil Activities	15.0	-9.0	-2.2	8.7
Fiscal Balance and Government Debt				
Fiscal Balance in bln SAR	104	-81	-124	-83
Fiscal Balance in % GDP	2.5	-2.0	-3.0	-1.8
Government debt in bln SAR	990	1050	1174	1257
Government debt as % GDP	23.8	26.2	28.0	27.6
Trade and Current Account Balance				
Trade Balance in bln SAR	882	476	460	526
Trade Balance in % GDP	21.2	11.9	11.0	11.6
Current Account in bln SAR	568	128	155	221
Current Account in % GDP	13.7	3.2	3.7	4.9

source: GASTAT, SAMA, RC

	2022	2023	2024f	2025f
Oil Prices and Production (yearly average)				
Brent price (USD pb)	99.0	82.2	84.0	86.0
WTI price (USD pb)	94.3	77.6	80.0	82.0
OPEC Basket price (USD pb)	100.0	83.0	84.0	86.0
KSA oil production (mln bd)	10.6	9.6	9.3	10.2
Inflation and Interest Rates (year end)				
CPI Inflation (yearly average)	2.47	2.33	2.00	2.40
3M SAIBOR SAR	5.34	6.23	5.55	4.65
Reverse Repo Rate	4.50	5.50	5.00	4.00
Official Repo Rate	5.00	6.00	5.50	4.50
Labor Market (yearly average)				
Unemployment rate total in %	5.6	4.9	4.7	4.6
Unemployment rate Saudi in %	9.4	8.3	7.9	7.7
Labor force part. total in %	61.1	61.0	61.2	61.3
Labor force part. Saudi in %	51.7	51.8	52.1	52.2

source: GASTAT, SAMA, Bloomberg, RC

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