

Saudi Arabian Economy

KSA Economy: The Real Estate index grows 0.7% in Q3 2023

According to data released by the General Authority for Statistics (GASTAT), the Real Estate price index in the kingdom increased by 0.68% in the third quarter of 2023, rising from 82.13 points a year earlier to 82.69 points. Additionally, Saudi Arabia's inflation rate dropped to 1.70% in September, down from 2.0% in August. During the same period, Forex Reserve experienced a jump in September compared to the previous month (August 2023).

More details:

Consumer Price Index (CPI): CPI increased by 1.70% y-o-y in September (+2.00% y-o-y in August). The y-o-y rise of the CPI resulted mainly from Housing, Water, Electricity, and Gas (+8.10% y-o-y). (Figures 12 & 13)

Wholesale Price Index (WPI): WPI increased by 0.50% y-o-y in September (-0.33% y-o-y in August), Due to a rise in 'Food & beverages, tobacco & textiles (2.95%)'. (Figures 14 & 15)

Index of Industrial Production (IIP): IIP decreased (-12.24% y-o-y) in August, mainly due to a decline in the Mining and quarrying sectors' activity (-19.30% y-o-y). (Figures 6 & 7)

International trade: Non-oil exports in August decreased -8.60% y-o-y, compared to the decrease of -22.10% y-o-y in July. The shipment decline was driven by 'Products of the chemical or allied industries' (-34.60% y-o-y). (Figures 18 & 19)

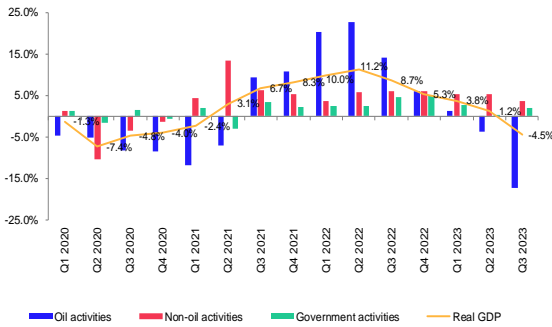
Saudi Central Bank's foreign reserves: On an annual basis, fell 6.20% in September compared to a similar decline in August, to SAR 1,648bn. (Figures 8 & 9)

Figure 1 Economic performance snapshot

Period: August	Latest	July	June
IIP (y-o-y %)	-12.24%	-9.50%	-1.65%
Non-oil export growth (y-o-y %)	-8.60%	-22.10%	-45.00%
Period: September	Latest	August	July
CPI (y-o-y %)	1.70%	2.00%	2.30%
Wholesale Price Index (y-o-y %)	0.50%	-0.33%	-0.91%
Saudi crude oil production (mbpd)	9.00	8.98	9.11
FX Reserves (SAR bn)	1,648	1,601	1,601
Remittances (SAR bn)	4.66	4.91	5.79
Period: October	Latest	Sept	August
Average Brent crude oil price (\$/bbl)	88.83	91.34	84.11
Period: Q3	Latest	Q2 2023	Q1 2023
Real Estate Price Index (y-o-y %)	0.68%	0.78%	1.03%
GDP growth (%)	-4.50%	1.20%	3.80%
Period: Q2	Latest	Q1 2023	Q4 2022
Government budget surplus/(deficit)(SARbn)	-5.26	-2.91	-45.68
Unemployment rate (%)	8.30%	8.50%	8.00%

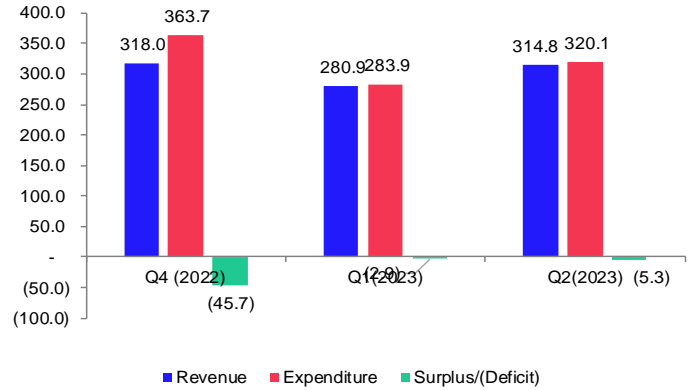
Source: SAMA, GASTAT, Bloomberg, Al Rajhi Capital

Figure 2 Real GDP growth rate (%)



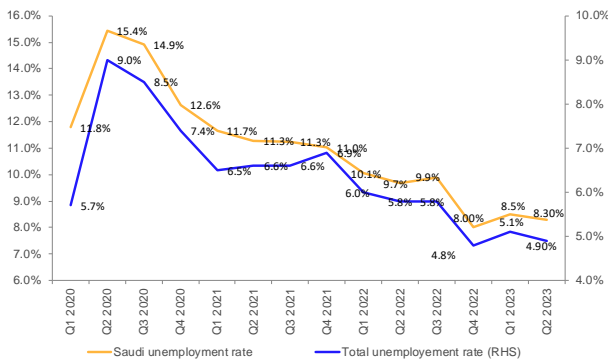
Source: GASTAT, Al Rajhi Capital (Base year 2018)

Figure 3 Government budget performance (SARbn)



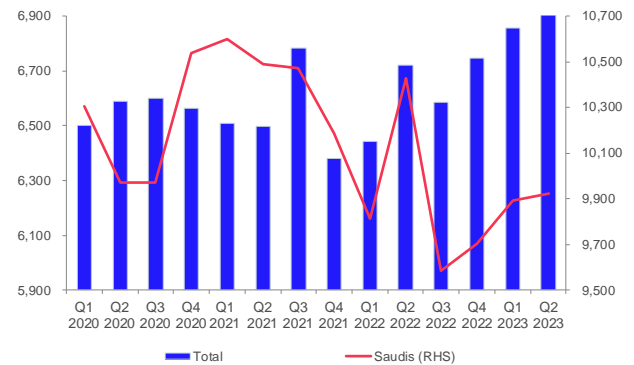
Source: GASTAT, Al Rajhi Capital

Figure 4 Unemployment rate (%)



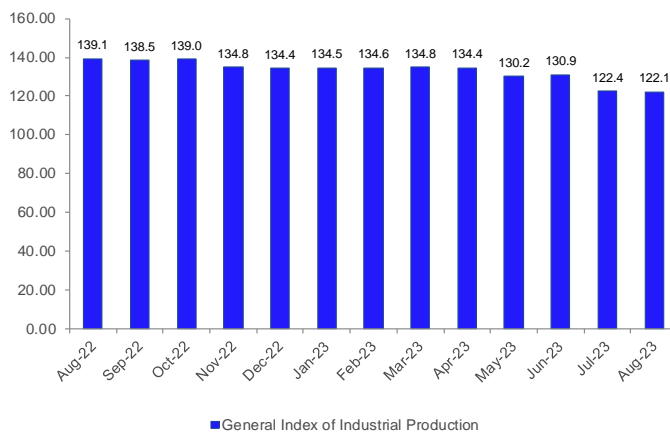
Source: GASTAT, Al Rajhi Capital (Base year 2018)

Figure 5 Average monthly wages in the Kingdom (SAR)



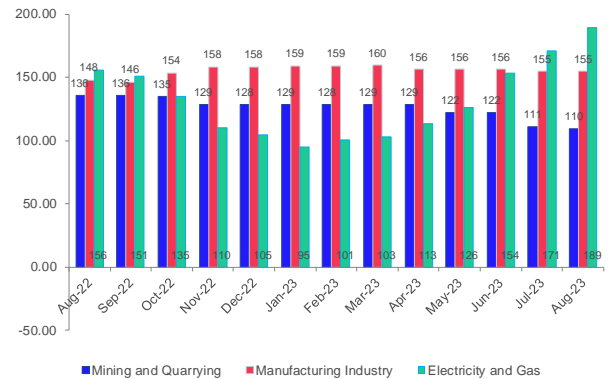
Source: GASTAT, Al Rajhi Capital

Figure 6 General Index of Industrial Production Index



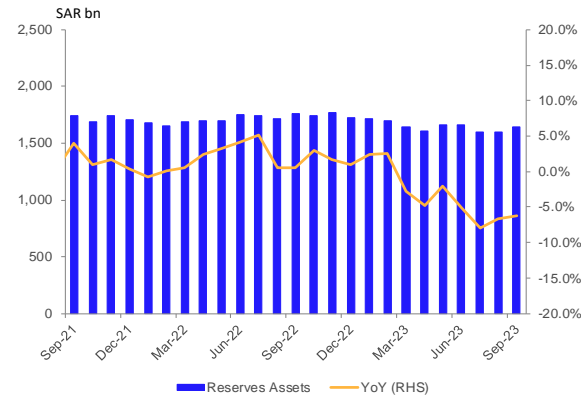
Source: GASTAT, Al Rajhi Capital

Figure 7 IIP sector trend



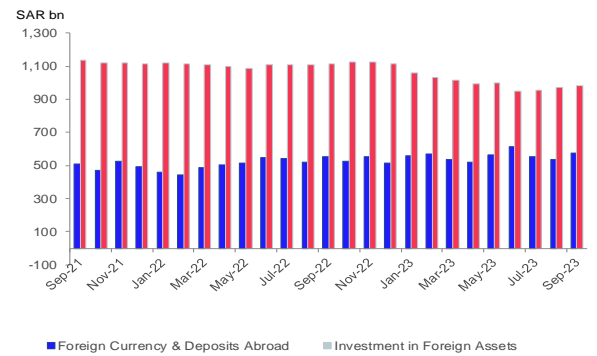
Source: GASTAT, Al Rajhi Capital

Figure 8 Reserve assets



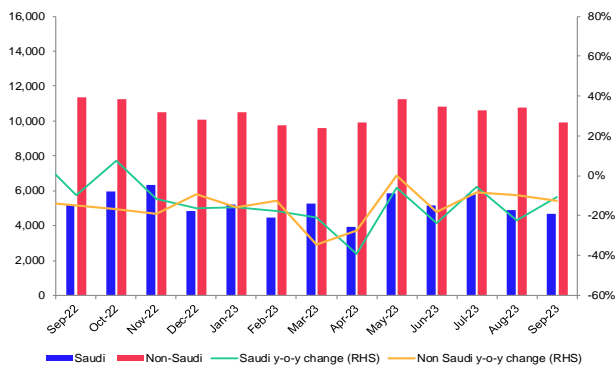
Source: Saudi Central Bank, Al Rajhi Capital

Figure 9 Major components of foreign assets



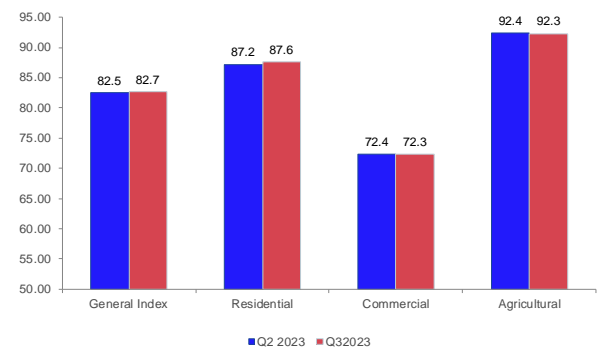
Source: Saudi Central Bank, Al Rajhi Capital

Figure 10 Remittances (SARmn)



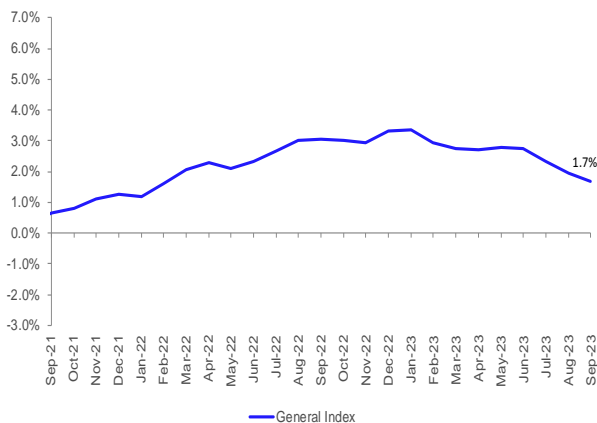
Source: Saudi Central Bank, Al Rajhi Capital

Figure 11 Real Estate Price Index



Source: GASTAT, Al Rajhi Capital

Figure 12 Inflation trend (y-o-y%)



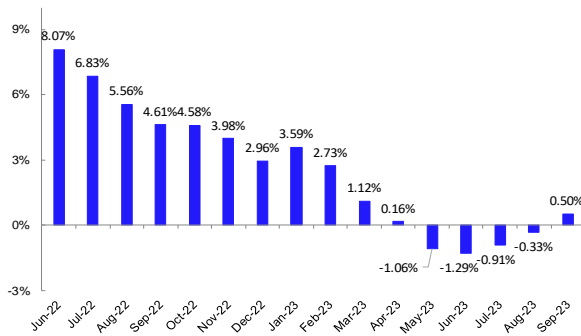
Source: GASTAT, Al Rajhi Capital

Figure 13 Inflation segments

	Weights	Sep-23	Sep-22	Change (y-o-y)
General Index	100.0%	109.72	107.9	1.7%
Food & Beverages	18.8%	123.95	124.26	-0.2%
Tobacco	0.6%	115.1	114.99	0.1%
Clothing & Footwear	4.2%	98.41	102.08	-3.6%
Housing, Water, Electricity and Gas	25.5%	98.38	90.97	8.1%
Furnishings and Household Equipment	6.7%	106.66	109.77	-2.8%
Health	1.4%	103.72	103.7	0.0%
Transport	13.1%	118.68	118.77	-0.1%
Communication	5.6%	109.78	111.13	-1.2%
Recreation & Culture	3.1%	108.51	107.18	1.2%
Education	2.9%	102.47	100.68	1.8%
Restaurants and Hotels	5.6%	123.73	120.72	2.5%
Miscellaneous Goods & Services	12.6%	107.23	108	-0.7%

Source: GASTAT, Al Rajhi Capital

Figure 14 Wholesale price index (WPI)



Source: GASTAT, Al Rajhi Capital

Figure 15 Segment-wise WPI growth trend (y-o-y%)

	Weights (%)	Jul-23	Aug-23	Sep-23
Agriculture and fishery products	8.67	-3.63	-2.31	-0.72
Ores and Minerals	0.59	0.07	-0.59	-0.58
Food & beverages, tobacco & textiles	17.31	2.13	2.71	2.95
Other transportable goods	33.72	-0.86	-0.39	0.66
Metal products, machinery and equipment	39.71	-1.60	-1.09	-0.43
General Index	100	-0.91%	-0.33%	0.50%

Source: GASTAT, Al Rajhi Capital

Figure 16 Oil price movement

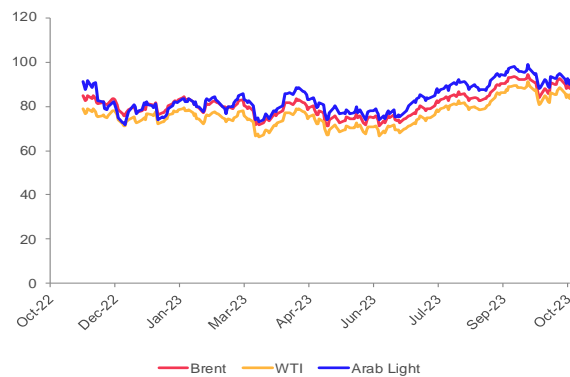


Figure 17 Saudi crude oil production

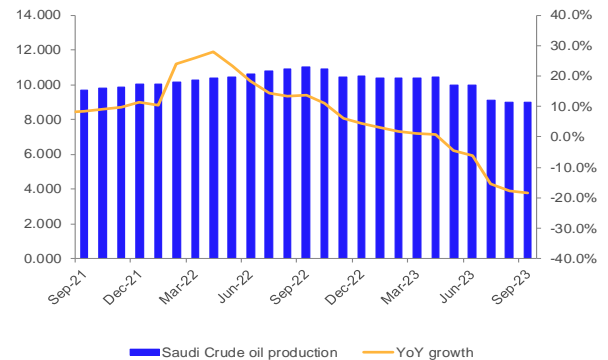
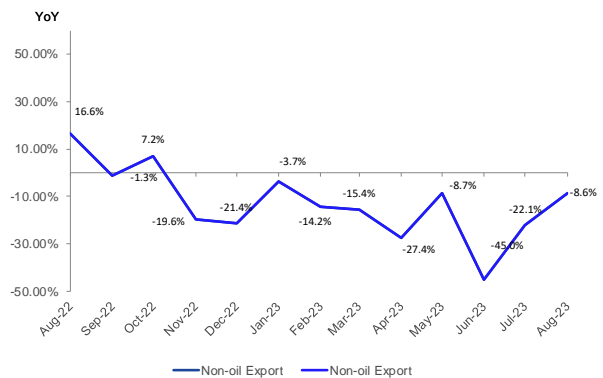


Figure 18 Non-oil Exports

Commodities (SAR mn)	Aug-22	Jul-23	Aug-23	% y-o-y	% m-o-m
Plastics & Rubbers	7,858	6,108	6,366	-19.0%	4.2%
Chemical Products	9,518	6,315	6,225	-34.6%	-1.4%
Base Metals	2,142	1,750	2,046	-4.5%	16.9%
Transport Equipments	1,884	1,477	4,033	114.0%	173.1%
Others	5,396	5,498	5,829	8.0%	6.0%
Total	26,800	21,148	24,499	-8.6%	15.8%

Source: GASTAT, Al Rajhi Capital

Figure 19 Non-oil Export trend (% growth)



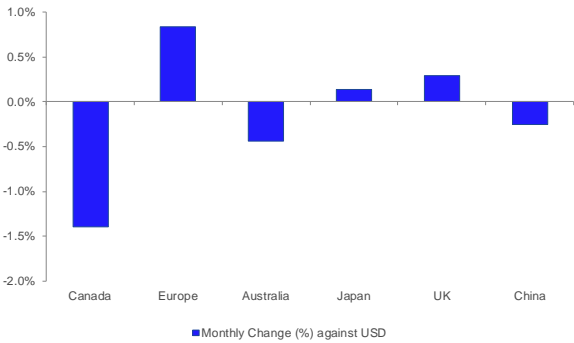
Source: GASTAT, Al Rajhi Capital

Figure 20 Saudi Bond Yields



Source: Bloomberg, Al Rajhi Capital (Note: Tickers are 10 Year International Bond (QZ9368197 corp) and 30 Year International Bond (QZ9368221 corp)).

Figure 21 Monthly change (%) against US Dollar



Source: Bloomberg, Al Rajhi Capital

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