

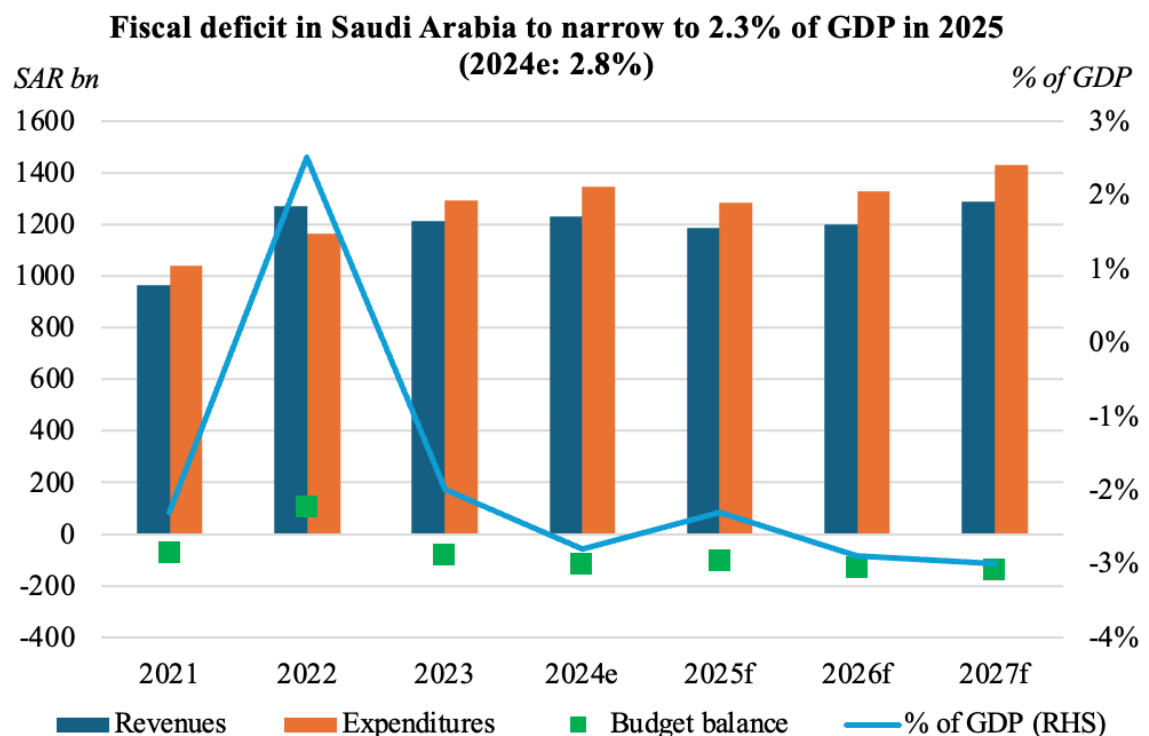
Weekly Insights 29 Nov 2024: OPEC+ voluntary oil cuts drag down Saudi Arabia's export & government revenues

Saudi 2025 budget projections, non-oil trade, monetary stats. Oman FDI.

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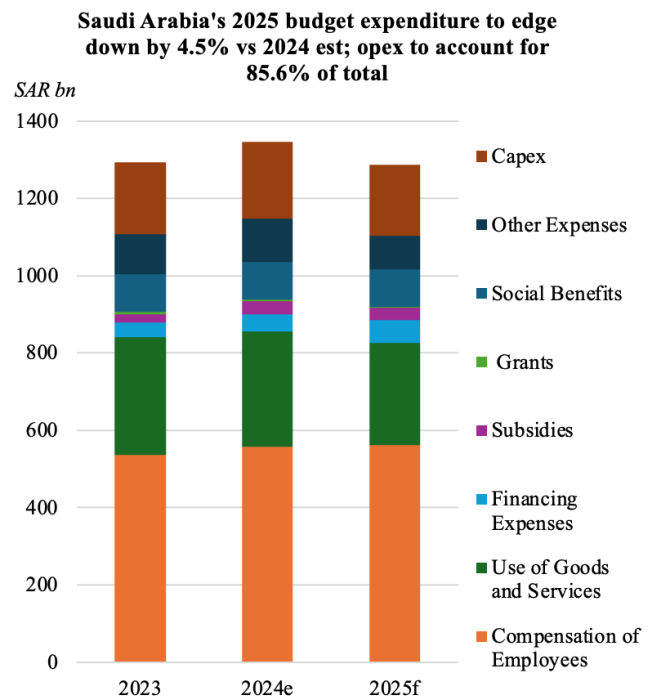
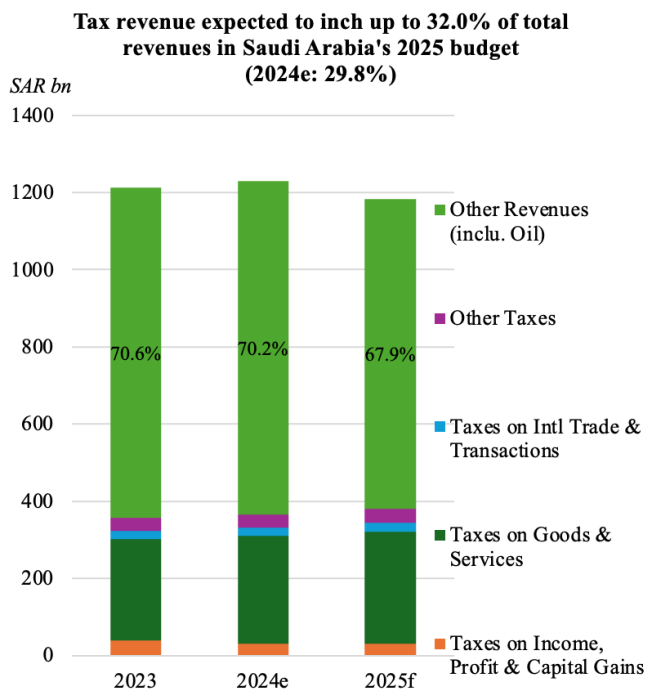
1. Saudi Arabia's 2025 budget forecasts a narrower deficit of SAR 101bn (or 2.3% of GDP) from an estimated SAR 115bn deficit (2.8% of GDP) in 2024



- Saudi Arabia's fiscal balance is forecast to narrow to a deficit of SAR 101bn in 2025 (or 2.3% of GDP), following an estimate of a SAR 115bn deficit in 2024 (2.8% of

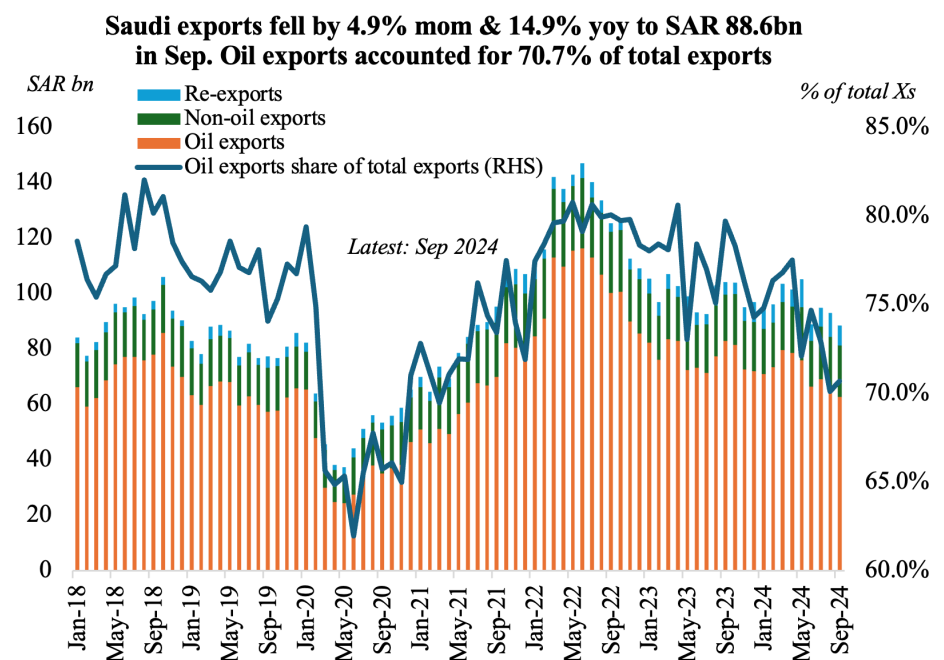
GDP). This stems from a 3.7% yoy drop in revenues but with a faster 4.5% decline in expenditures (vs 2024 estimates).

- **The share of tax revenues is expected to increase to 32% of the total next year**, from just under 30% in 2023 and 2024. Among taxes, goods and taxes will account for the lion's share (81.2% in 2025 from 78.4% in 2024).
- **Opex is projected to account for 85.7% of overall spending** in the 2025 budget; within opex, compensation of employees will account for the largest share (49%). **Capex is budgeted to drop** by 7.1% yoy to SAR 184bn.
- **Public debt will rise gradually**, up 8.4% yoy to SAR 1.3trn in 2025 (or 29.9% of GDP) from an estimated SAR 1.199trn in 2024 (or 29.3% of GDP).
- There has been **anecdotal evidence of spending reviews**, with the Kingdom prioritizing more strategic projects over others.
- The Finance Minister confirmed that **projects such as NEOM will take decades to be completed**; however, venues for hosting large sporting events and the Expo 2030 have shorter time frames for completion and will require accelerated spending to meet set deadlines.
- The Minister also stated that **local and international financing will be tapped to cover deficits** and meet debt obligations.



Source: Ministry of Finance, Saudi Arabia. Charts by Nasser Saidi & Associates.

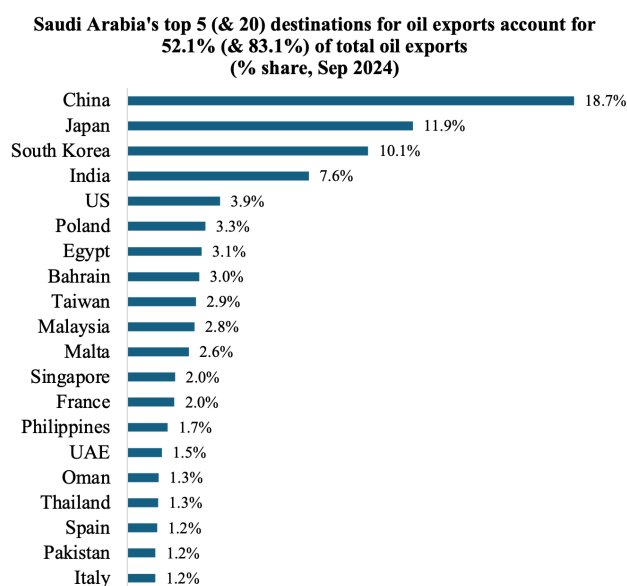
2. Saudi Arabia's trade surplus narrowed to SAR 59.2bn in Q3 2024, the lowest since end-2020



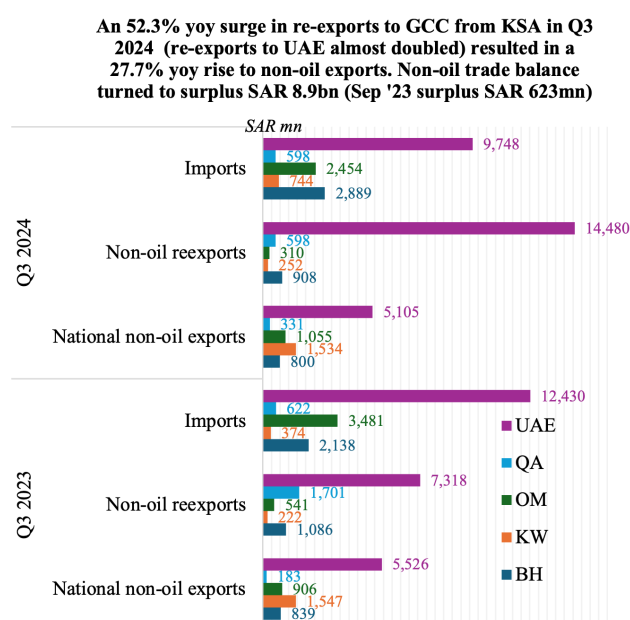
- **Saudi Arabia's overall exports fell by 7.7% yoy to SAR 276.5bn in Q3** – due to the drop in oil exports (-14.9% yoy) while non-oil exports grew (by 7.6% yoy to SAR 56.8bn) and re-exports surged by 48.4%. Similar trends were seen when compared to Q2: exports and oil exports

fell by 6.4% qoq and 10.8% respectively in Q3.

- **Share of oil exports to overall exports** stood at 71.3% in Q3, the **lowest since Q1-2021**.
- **Imports expanded in Q3**, up by 4.3% qoq and 11.4% yoy to SAR 217.3bn. This resulted in **trade surplus narrowing** to SAR 59.2bn (Q2: SAR 87.1bn & SAR 104.6bn from a year ago).
- **Unsurprisingly, China continues to be the top destination for oil exports**; top 5 nations accounted for 52% of total oil exports & top 25 for 88% of the total in Sep.
- **Saudi Arabia's non-oil trade with the GCC is led by a surge in re-exports.**
- There was a **52.3% yoy surge in re-exports to GCC** in Q3 (re-exports to UAE almost doubled) leading to non-oil exports up 27.7%.
- **UAE was the largest trade partner within the GCC**, running a surplus of SAR 9.8bn in Q3. Deficits were recorded with Oman and Bahrain in Q3, and it widened for the latter. Surpluses with Kuwait and Qatar narrowed.

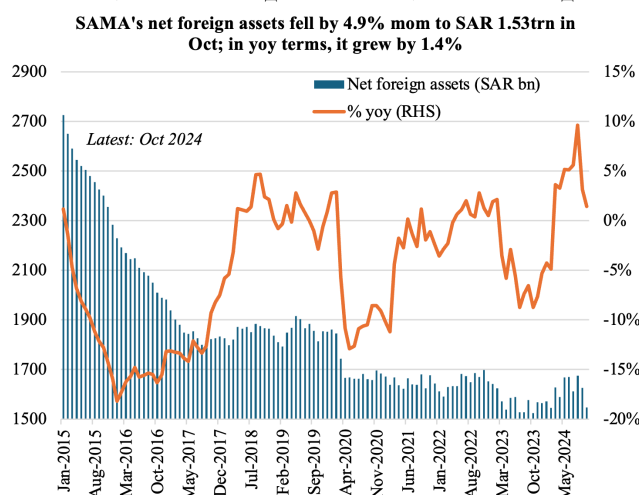
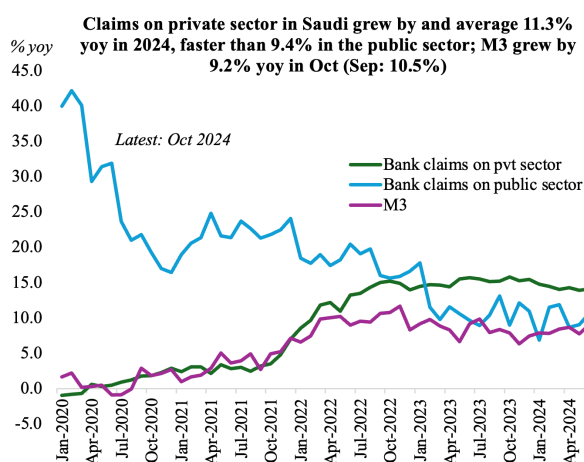
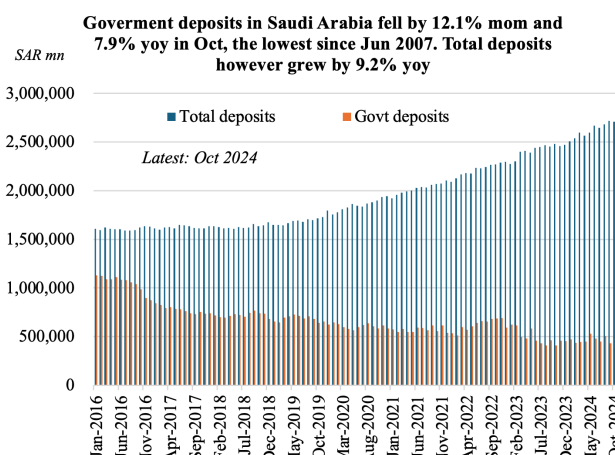
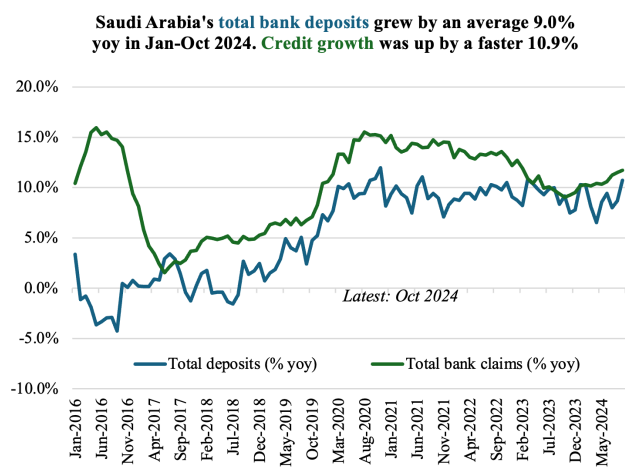


Source: GaStat. Charts by Nasser Saidi & Associates



3. Govt deposits in Saudi Arabia plunged to the lowest since Jun 2007 – down by 12.1% mom in Oct. Credit & deposits grew by an average 10.9% and 9.0% respectively till Oct this year,

with claims on public sector outpacing private after 12 months of the reverse. Net foreign assets fell to SAR 1.53trn (lowest since Feb 2024)



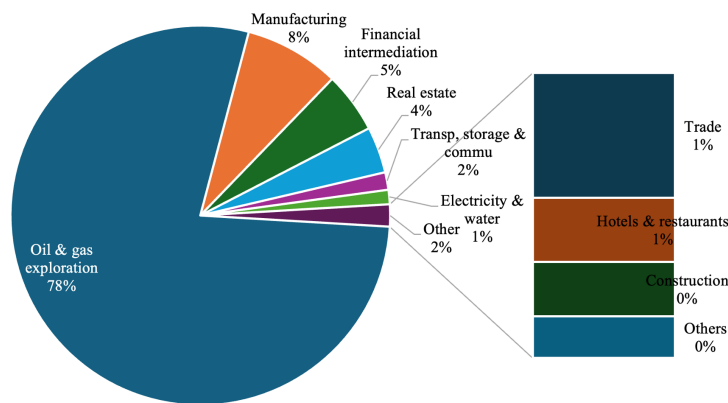
Source: Saudi Central Bank. Charts created by Nasser Saidi & Associates

4. FDI into Oman grew by 17.4% yoy to OMR 25.98bn at end-Q2 2024: oil & gas sector attracted the most investment, while UK was the largest investor

- The volume of FDI in Oman clocked in at OMR 25.98bn at end-Q2 2024, was up 17.4% yoy.
- The most popular sectors that attracted FDI were oil and gas exploration, manufacturing, financial intermediation and real estate which together accounted for 95.4% of the total. Among the sectors, the fastest growth in Q2 was recorded in manufacturing (+45% yoy) while the utilities sector posted a decline compared to a year ago.
- The UK topped the list countries with FDI in Oman (OMR

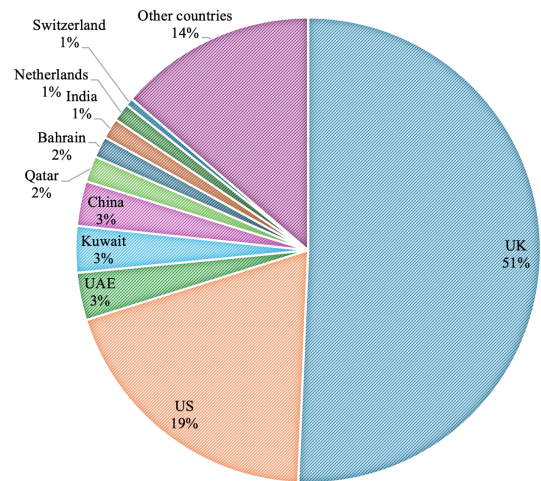
13.2bn) followed by the US (OMR 5.1bn) and UAE (OMR 856.6mn). **Regional investment seems to be strong**, with UAE, Kuwait, Qatar and Bahrain accounting for 10% of the FDI in Oman. The fastest growth was seen in FDI from US (+36.2% yoy) and India (32.4%) while that from China plunged (-35.4%).

FDI into Oman increased by 17.4% yoy to OMR 25.98bn as of end-Q2 2024



Source: National Centre for Statistics & Information, Oman. Charts by Nasser Saidi & Associates

GCC nations accounted for about 10% of FDI into Oman this year, while UK & US dominated (with a cumulative share of 70%)



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