

Weekly Insights 31 Jan 2025: Saudi Arabia's economic & financial indicators end 2024 on a bright note

Saudi GDP, monetary stats, trade stats. GCC US Treasury holdings. Middle East air passenger & cargo growth. FDI into Middle East.

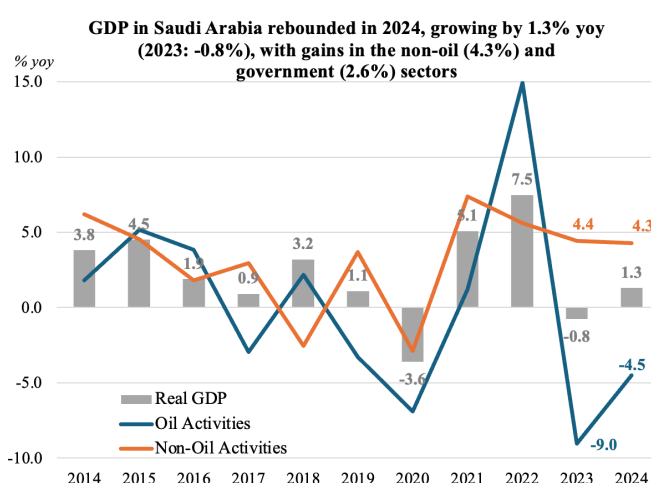
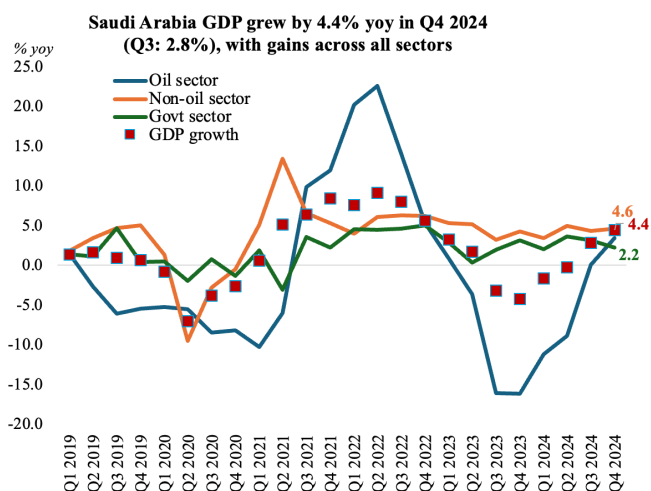
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Weekly Insights 31 Jan 2025: Saudi Arabia's economic & financial indicators end 2024 on a bright note

1. Saudi Arabia real GDP grew by 4.4% yoy in Q4 2024, the highest quarterly growth in 2 years. Overall GDP rebounded in the full year 2024, up by 1.3% vs 2023's 0.8% drop

- Saudi Arabia's real GDP grew for the second consecutive quarter, up by 4.4% yoy in Q4 2024 (Q3: 2.8% Q2: -0.3%). This was the highest quarterly gain in 2 years (previous high was 5.6% in Q4 2022). In qoq terms, GDP grew by 0.3% (Q3: 0.9%).
- Non-oil sector grew by 4.6% in Q4 (Q3: 4.3%) alongside a 2.2% uptick in government sector activity (slower than the 3.1% gain in Q3). Oil sector growth has returned to positive, up by 3.4% yoy in Q4 after a flat reading in Q3.
- GDP grew by 1.3% yoy in the full year 2024, rebounding from 2023's 0.8% decline. This was supported by non-oil sector (4.3% in 2024 from 4.4% in 2023) and government sector (2.6% from 2.1% in 2023); meanwhile oil sector posted a decline of 4.5% in 2024 (2023: -9.0%).
- IMF, in its latest World Economic Outlook update, lowered Saudi GDP growth from previous estimates (2024:

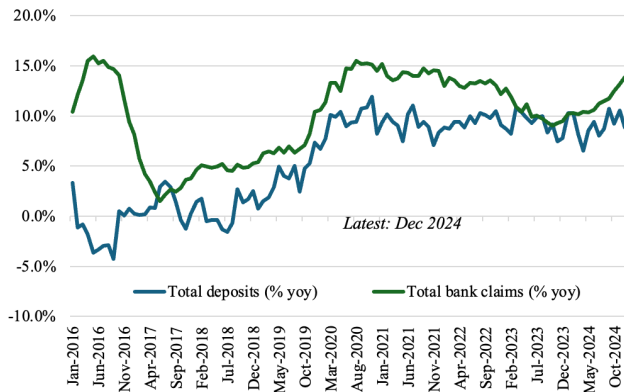
1.4%; 2025: 3.3%; 2026: 4.1%), largely stemming from the continuation of the OPEC+ production cuts.



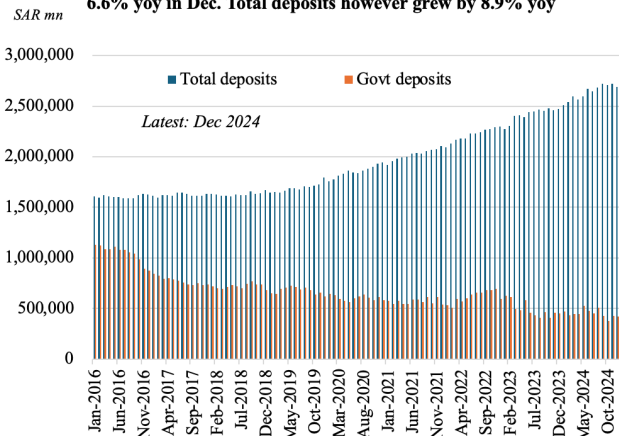
Source: General Authority for Statistics. Charts by Nasser Saidi & Associates.

2. Credit & deposits in Saudi grew by an average 10.3% and 9.1% respectively in 2024, with claims on public sector outpacing private for the 3rd month in a row in Dec. Govt deposits plunged by 1.1% mom & 6.6% yoy in Nov. Residential new mortgages finance rose to the highest since Aug 2022 & net foreign assets fell to lowest since Oct 2009

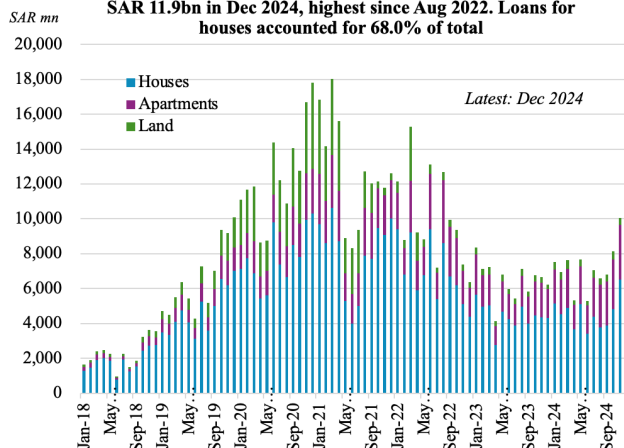
Saudi Arabia's total bank deposits grew by an average 9.1% yoy in 2024. Credit growth increased by a faster 10.3%



Government deposits in Saudi Arabia fell by 1.1% mom and 6.6% yoy in Dec. Total deposits however grew by 8.9% yoy

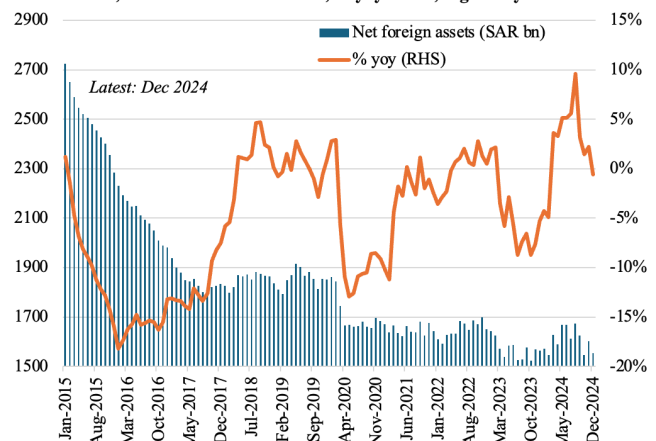


Banks' residential new mortgages finance for individuals rose to SAR 11.9bn in Dec 2024, highest since Aug 2022. Loans for houses accounted for 68.0% of total



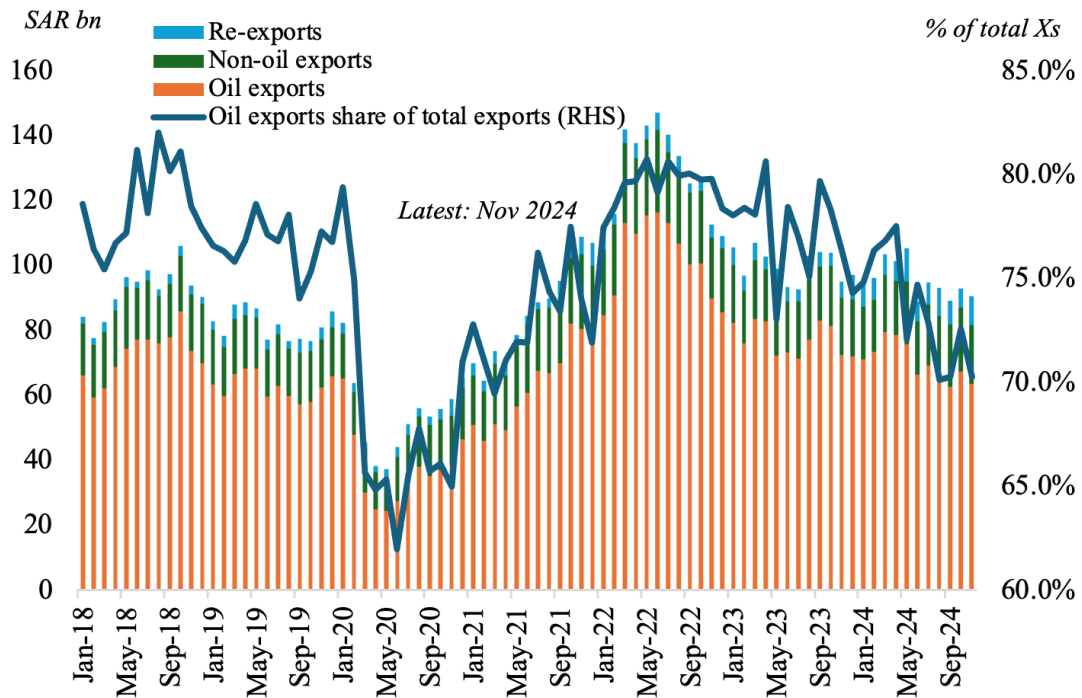
Source: Saudi Central Bank. Charts created by Nasser Saidi & Associates

SAMA's net foreign assets fell by 4.9% mom in Oct, the lowest since Oct 2009; in yoy terms, it grew by 1.4%



3. Saudi Arabia's trade surplus widened to SAR 16.9bn in Nov 2024 (Oct: SAR 16.2bn)

**Saudi exports fell by 2.5% mom & 4.7% yoy to SAR 90.6bn in Nov.
Oil exports accounted for 70.3% of total exports**

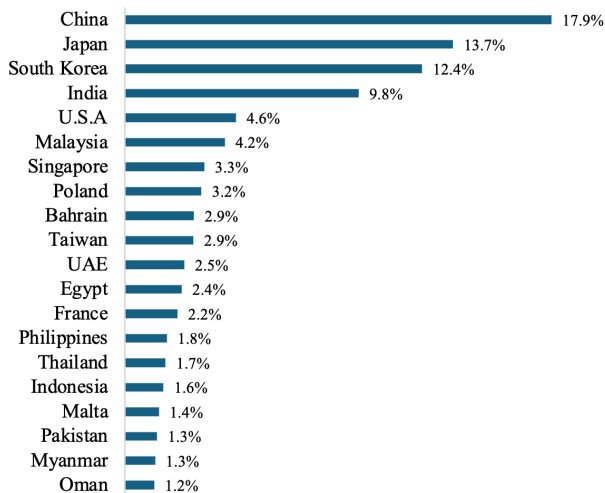


- **Saudi Arabia's overall exports fell by 4.7% yoy to SAR 90.6bn in Nov**, due to the 12.3% drop in oil exports while non-oil exports inched up by 2.1% to SAR 17.97bn and re-exports surged by 82.9% to SAR 8.96bn. **Share of oil exports to overall exports slipped to 70.3%** (Oct: 72.6%).
- In monthly terms, exports fell in Nov: only re-exports bucked the trend, accelerating by 49.9% mom.
- **Imports expanded in Nov**, up by 5.1% mom and 20.7% yoy to SAR 73.7bn. This resulted in **trade surplus widening** to SAR 16.89bn from Oct's SAR 16.2bn. From a year ago, surplus narrowed by more than half.
- **Unsurprisingly, China continues to be the top destination for oil exports**; top 5 nations accounted for 58.4% of total oil exports & top 25 for 96.4% of the total in Nov.
- **Saudi Arabia's non-oil trade with the GCC in Nov was led by a surge in re-exports**. UAE was the top destination for non-oil exports in Nov.
- There was a **90% yoy surge in re-exports to GCC** (re-exports to UAE more than doubled); non-oil exports rose

42.9%.

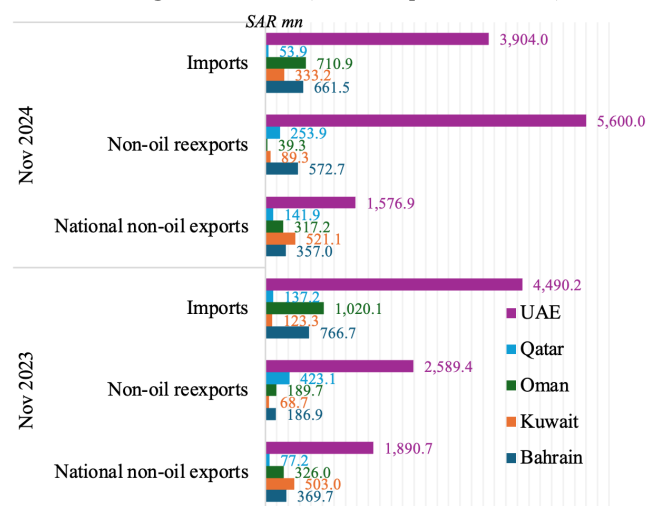
- **UAE was the largest trade partner within the GCC**, with a surplus of SAR 3.3bn in Nov (vs a deficit of SAR 10mn a year ago). Though deficits were recorded with Oman & Bahrain, it turned to a surplus for the latter; surpluses with Kuwait & Qatar narrowed.

Saudi Arabia's top 5 (& 20) destinations for oil exports account for 58.4% (& 92.3%) of total oil exports (% share, Nov 2024)



Source: GaStat. Charts by Nasser Saidi & Associates

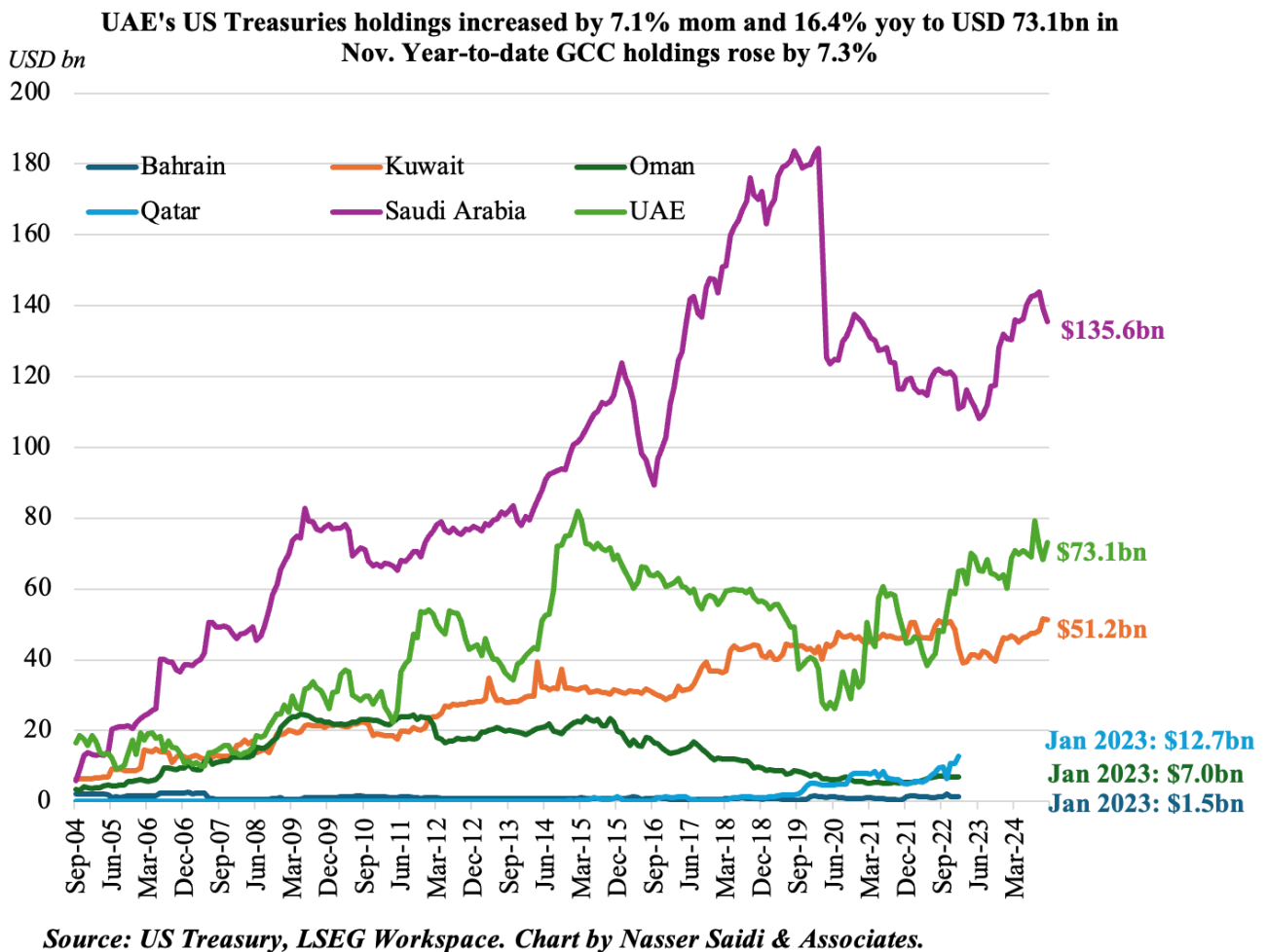
An 90% yoy surge in re-exports to GCC from KSA in Nov 2024 (re-exports to UAE more than doubled) resulted in a 42.9% yoy rise to non-oil exports. Non-oil trade surplus surged to SAR 3.8bn (Nov '23 surplus SAR 86.9mn)



4. Saudi holdings of US Treasuries remained 17th largest globally in Nov; Kuwait's holdings stay above \$50bn for the 2nd consecutive month, after 22 months below

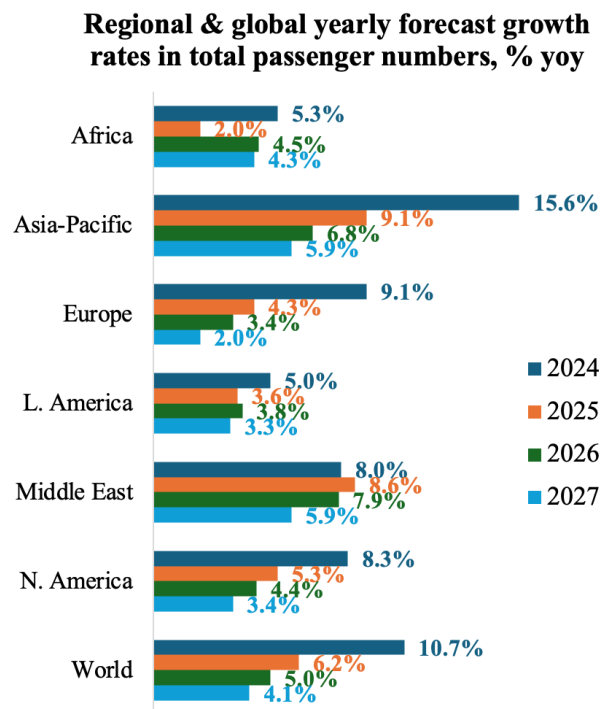
- **Foreign holdings of Treasuries increased to USD 8.635trn in Nov** (lower than Sep's record-high USD 8.672trn).
- **Japan offloaded US Treasuries in Nov**, taking overall holdings to USD 1.1098trn. China's holdings inched up to USD 768.6bn (Oct: 760.1bn).
- From the region, **Saudi Arabia was the 17th largest investor in US Treasuries**, clocking in USD 135.6bn in Nov.
- **Kuwait's holdings rose to USD 51.2bn** (Oct: USD 51.4bn); prior to that holdings were under USD 50bn for 22 straight months.
- **UAE holdings grew by 7.14% mom and 16.4% yoy to USD 73.14bn in Nov.**
- GCC nations have been increasing US Treasuries holdings

this year. **Compared to end-2023**, Kuwait increased their holdings (by 10.5%) alongside Saudi Arabia and UAE whose holdings grew by 2.7% and 14.3% respectively.



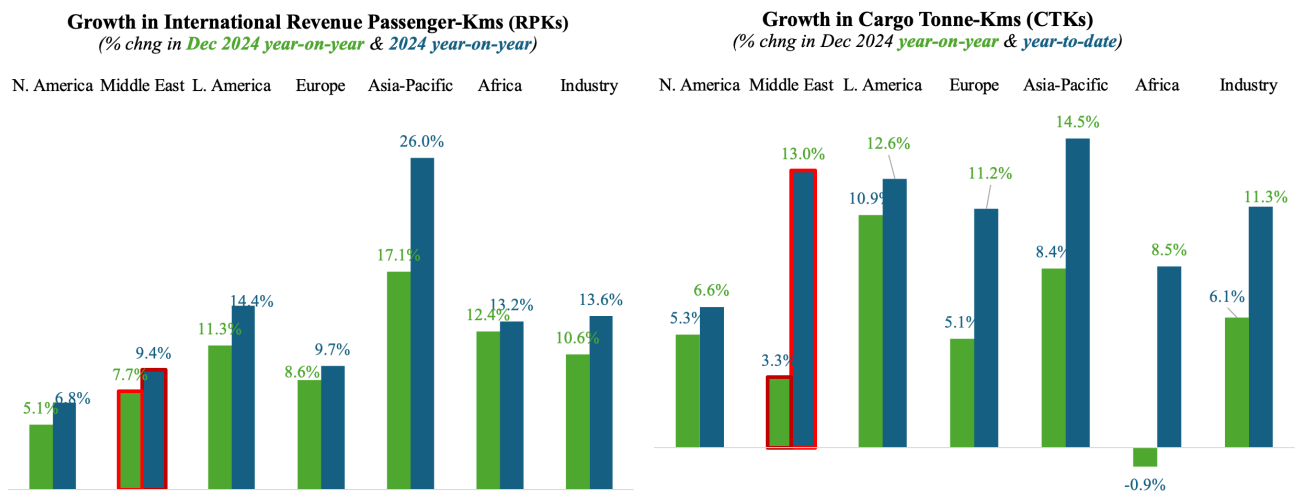
5. Gains in Middle East air passenger & cargo in 2024, despite

conflicts & diversions



- **Passenger traffic growth** was strong in 2024, with Asia posting the strongest gains. Industry total Revenue Passenger-Kilometer (RPK), including international & domestic routes, grew 10.4% yoy in 2024, crossing the 2019 threshold by 3.8%.
- **Middle Eastern airlines' international RPKs grew by just 7.7% yoy in Dec** – the second-lowest compared to North America's 5.1% gain – mainly due to the multiple conflicts in the region. **Asia Pacific was the fastest growing region** globally for international RPKs (17.1% yoy).
- **Asia Pacific and the Middle East regions are projected to report the largest gains in passenger numbers** over the next few years. All regions are expected to surpass pre-pandemic levels.
- **Cargo tonne-kms (CTKs)** grew by 6.1% yoy in Dec, **up for the 17th straight month**, with expansions across all regions but Africa. Demand exceeded 2021 volumes (the previous high) by 0.5%, driven by cross-border e-commerce and partly due to shipping constraints (due to ongoing conflicts).
- Among international routes, **Middle East-Europe trade**

route expanded the most globally (26% yoy) while Europe-North America was the only route with single-digit growth (5.5%).

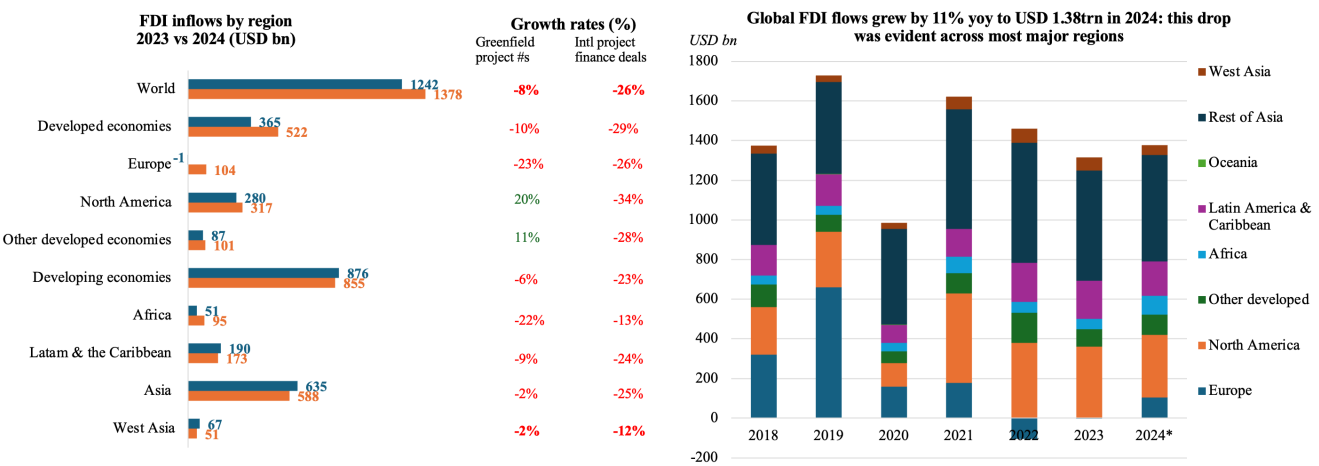


Source: IATA, Air Passenger & Cargo Market Analysis (issued Jan 2025)

6. MENA/ GCC as a growing investment destination. In 2024, FDI into the West Asia region stood at USD 51bn (down by 24% from 2023's USD 67bn)

- UNCTAD data showed global FDI grew by 11% yoy to USD 1.378trn in 2024, with FDI to developing nations declining by 2% (the second consecutive annual decline). Greenfield projects fell 8% in number and 7% in value while international project finance deals declined by 26% in number, and values were down nearly a third.
- FDI to Asia, the largest recipient region, fell by 7% to USD 588bn in 2024: China's inflows plunged by 29% for a second year (40% below their 2022 peak) while in India, FDI grew by 13%.
- FDI into West Asia (Middle East region) fell by 24% yoy to USD 51bn. The number of announced greenfield projects were down by 2% to 2201 in 2024 while international project finance deals fell by 12% to 92.
- Interestingly, among the top 10 largest greenfield projects announced last year was Mubadala's investment in semiconductors in the US (with an estimated capex of USD 11bn and 1.3k jobs created). Separately, surge in

investments in data centres and data processing led to the near doubling of project values in ICT (USD 200bn). Among the largest projects in the sector was **Amazon’s investment of USD 5.3bn to build data centers in Saudi Arabia.**



Source: Global Investment Trends Monitor, Jan 2025, UNCTAD. Charts by Nasser Saidi & Associates
Note: 2024 data are UNCTAD estimates based on fDi Markets

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