

Weekly Insights

2 June 2023

Global trade prospects remain uneven: for now, GCC oil trade & revenues provide support

- *Choppy trade prospects up ahead*
- *Saudi Arabia's exports decline for the 4th consecutive quarter in Q1 2023*
- *Saudi Arabia's net foreign assets fell for the 5th straight month*
- *Saudi population crosses 32.2mn with expats at 13.4mn: Census results*
- *Oil revenues & restrained spending enable Oman to post a fiscal surplus in 2022*

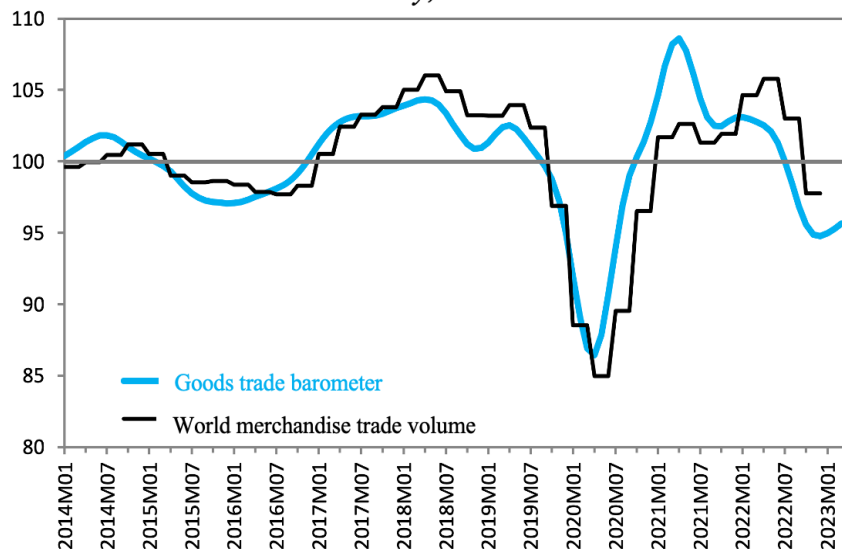
NASSER SAIDI

— & ASSOCIATES —

Choppy trade prospects ahead

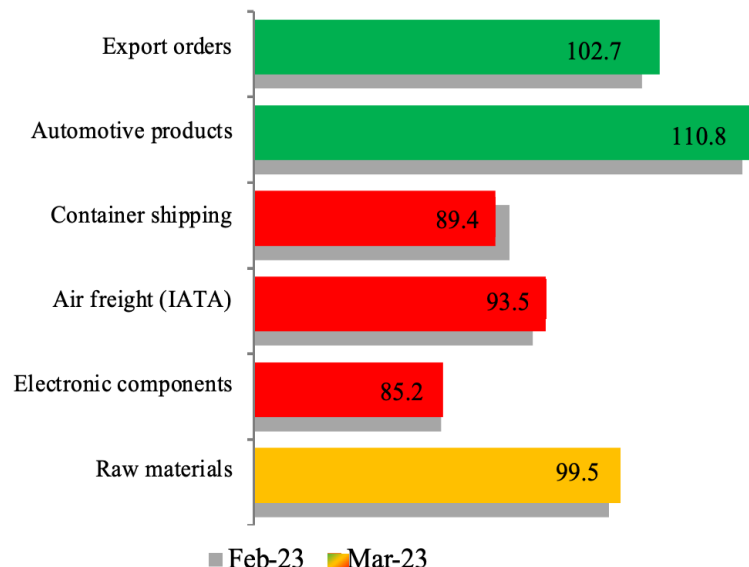
- The **WTO's goods trade barometer** increased to **95.6 in Mar**, but remains below the baseline of 100. The **WTO's forecast for trade growth stands at 1.7% yoy in 2023**.
- **Increased exports orders and recovery in the automotive sector** (largely in the US and Europe) suggest a better Q2 performance than in Q1. However, other indicators such as container shipping, air freight and trade of electronic components indicate ongoing weakness.
- **Global manufacturing PMI indicates uneven trade prospects:** (a) **new export orders dropped for the fifteenth consecutive month**, and at the fastest pace in 2023; (b) however, there is a **divergence** - India & China show growth, in contrast to US, EU, Japan, UK and Brazil reporting sub-50 readings; (c) the **silver linings were costs** (average purchase prices fell for the first time in 3 years & selling prices fell marginally – first time since mid-2020) **and supply chains** (average vendor lead times shortened to the most since Apr 2009).

Goods trade barometer increases to 95.6 in Mar (Dec: 92.2)
Index history, trend = 100

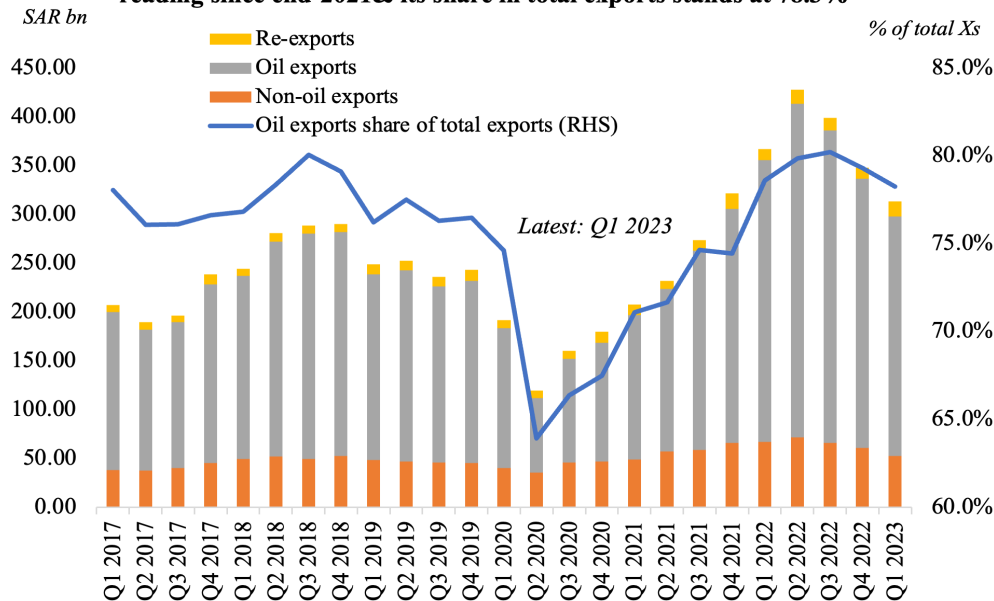


Source: Goods Trade Barometer, May 2023, WTO.

Drivers of goods trade
Component index values, trend=100



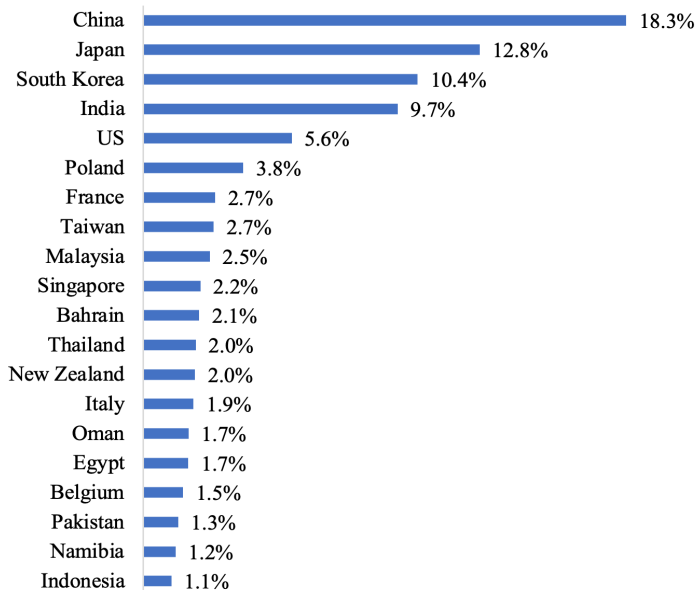
Saudi oil exports slips to SAR 245.4bn in Q1 2023, lowest quarterly reading since end-2021& its share in total exports stands at 78.3%



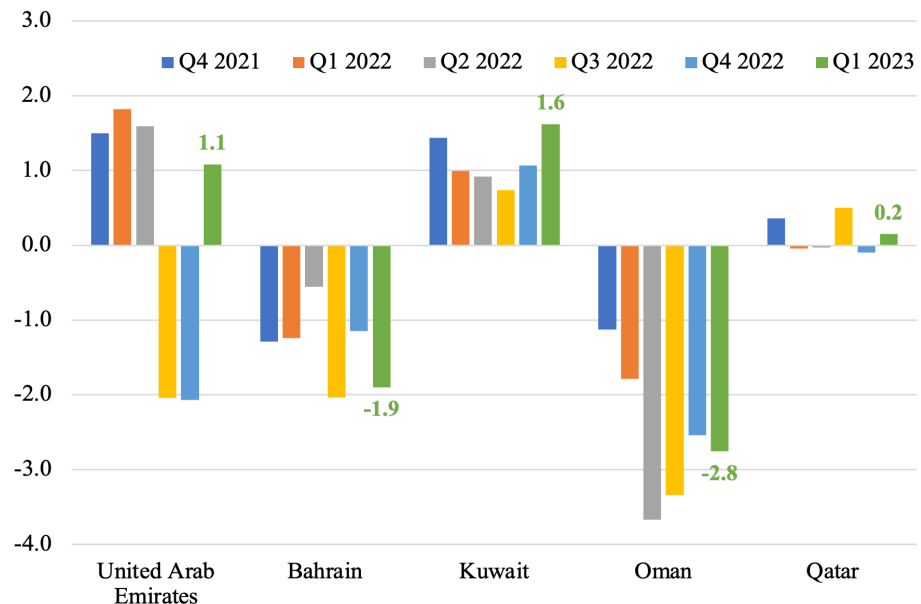
Saudi Arabia's exports decline for the 4th consecutive quarter in Q1 2023

- Saudi Arabia's overall exports fell by 14.6% yoy in Q1, as a result of declines across both oil (-14.9%) and non-oil (-21.5%) exports. Re-exports meanwhile increased by 34.1% in Q1.
- Despite the decline, share of oil in overall exports stands at 78.3%. The **top 5 destinations for Saudi oil exports** – China, Japan, Korea, India and the US - **accounted for about 57% of total in Q1.**
- The **top destination for non-oil exports** (includes re-exports) **was UAE**, with transport equipment and parts the largest export item.
- Saudi's non-oil trade balance with the GCC **showed a return to surplus with the UAE.**

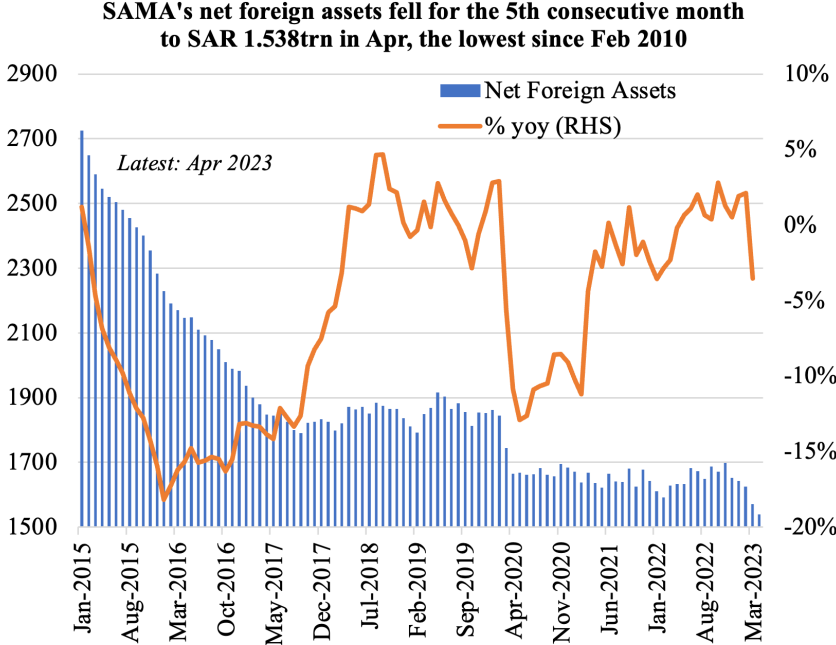
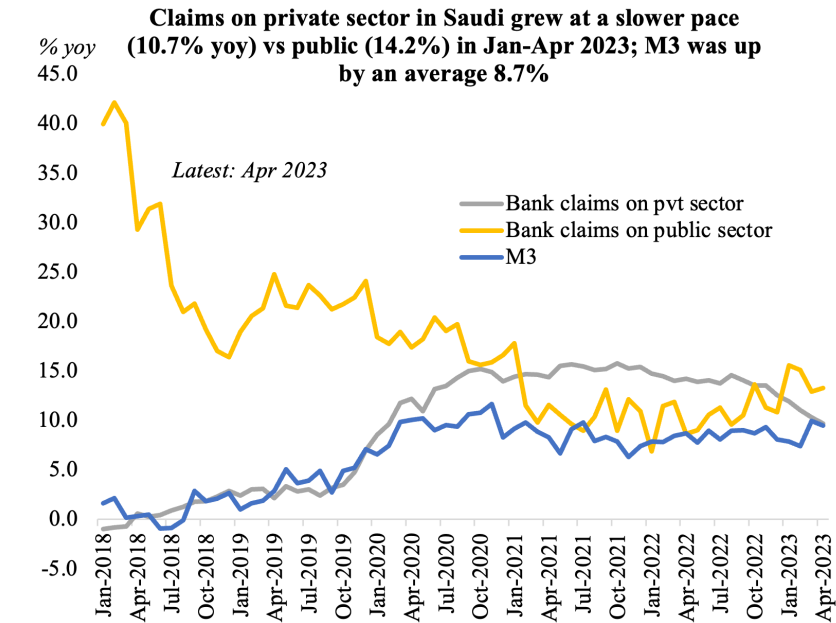
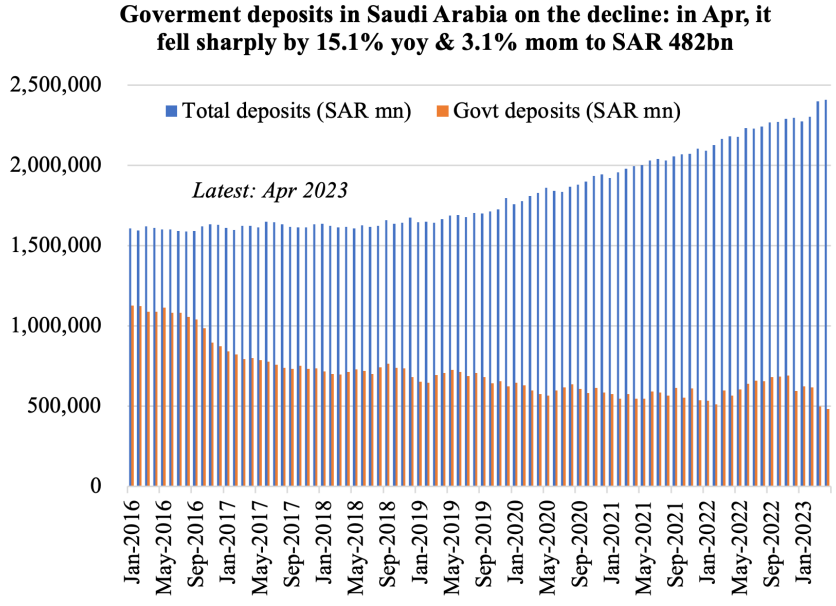
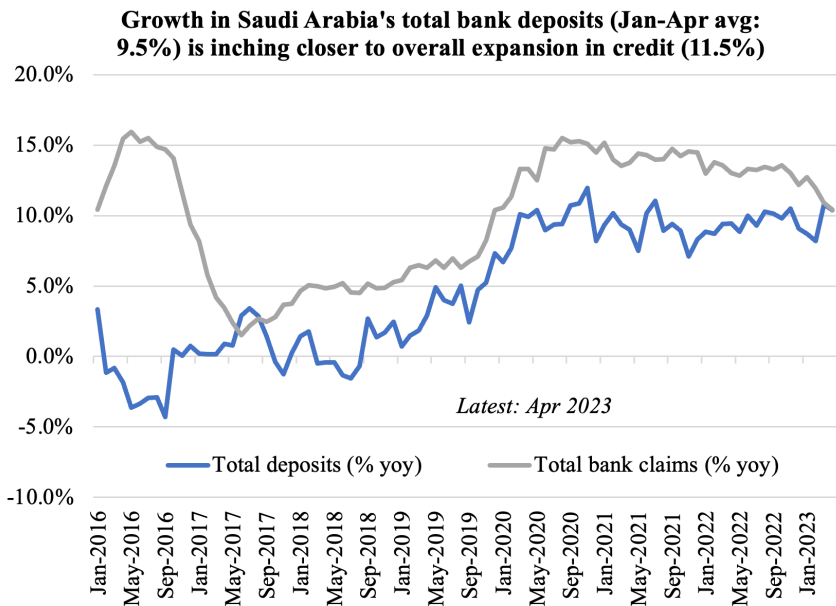
Saudi Arabia's top 20 destinations for oil exports together account for 88% of total oil exports (% share, Q1 2023)



Saudi Arabia's non-oil trade balance with GCC (SAR bn): UAE returns to surplus after 2 quarters; Bahrain & Oman stay in deficit



Saudi Arabia's deposit growth is rising, after months of being outpaced by credit expansion; government deposits are still falling (-3% mom & -15.1% yoy in Apr); claims on the public sector continue to post double-digit increases in Jan-Apr; net foreign assets fell for the 5th straight month – lowest in more than 13 years (in spite of oil gains last year)



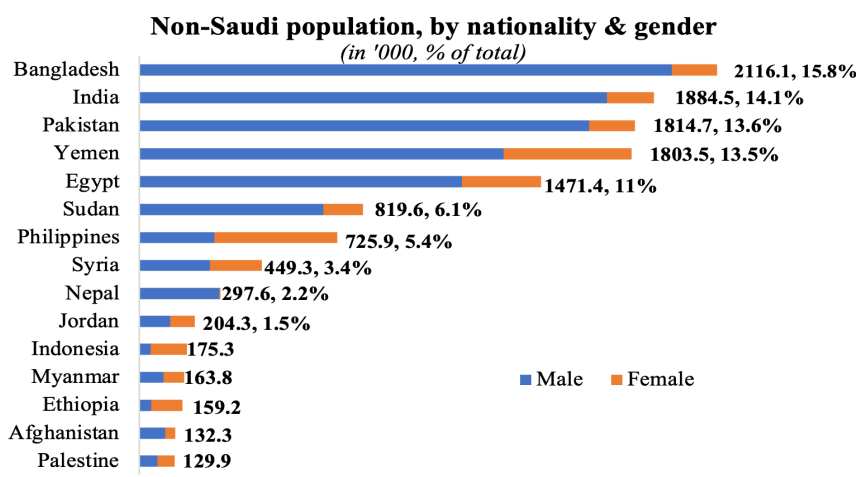
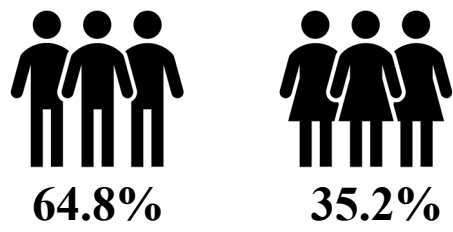
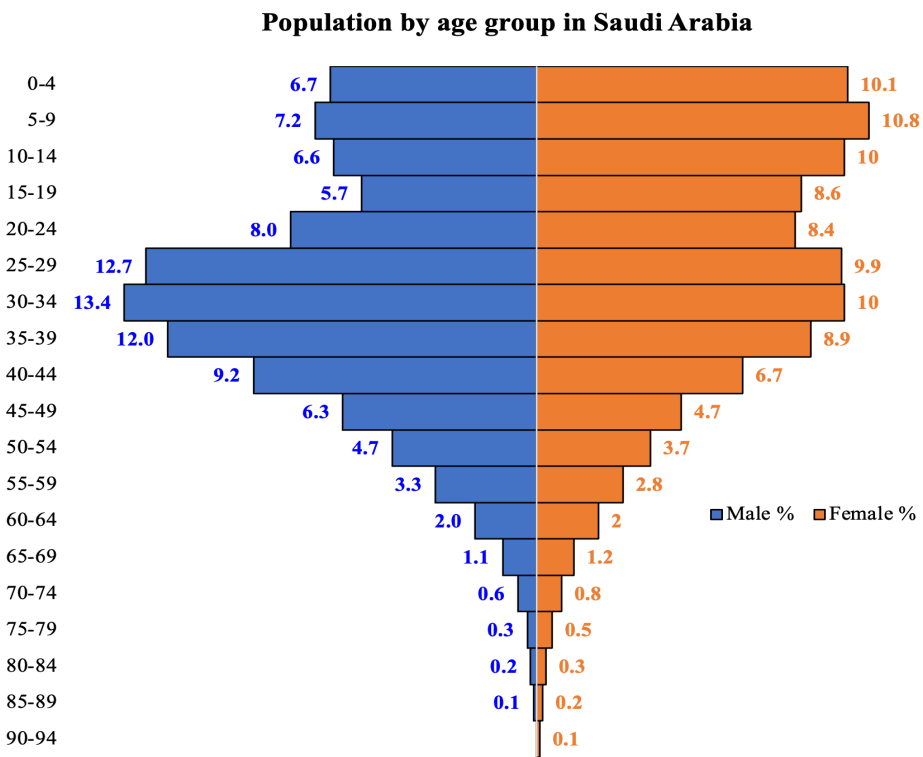
Source: Saudi Central Bank. Charts created by Nasser Saidi & Associates

Saudi population crosses 32.2mn with expats at 13.4mn: Census results; 61% are male; population growth was 34.2% (2022vs 2010) & fastest in Riyadh

- Saudi Arabia’s population jumped to 32.2mn as per the latest census, with foreigners accounting for 41.6% of the total (lower than 2016’s peak of 14.6mn). Of the non-Saudi population, only 23.5% are female.
- Since 2010, total population increased by 8.2mn (34.2%) while that of Saudis and expats grew by 4.8mn (33.8%) and 3.5mn (34.7%) respectively.
- The average age is 29 in the country, with regional variations (lowest is 25.3 in Al Jawf region), while 63% of Saudis are under the age of 30.
- The largest non-Saudi population are from Bangladesh, India and Pakistan (all three with males accounting for more than 90% of the total).

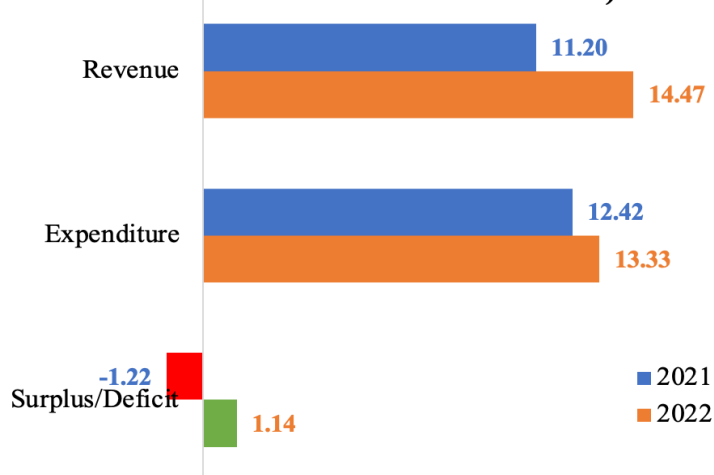
Average age of the population in Saudi Arabia:
29 years

Working age population:
72.8% of total, of which



Source: Saudi Census. Charts by Nasser Saidi & Associates.

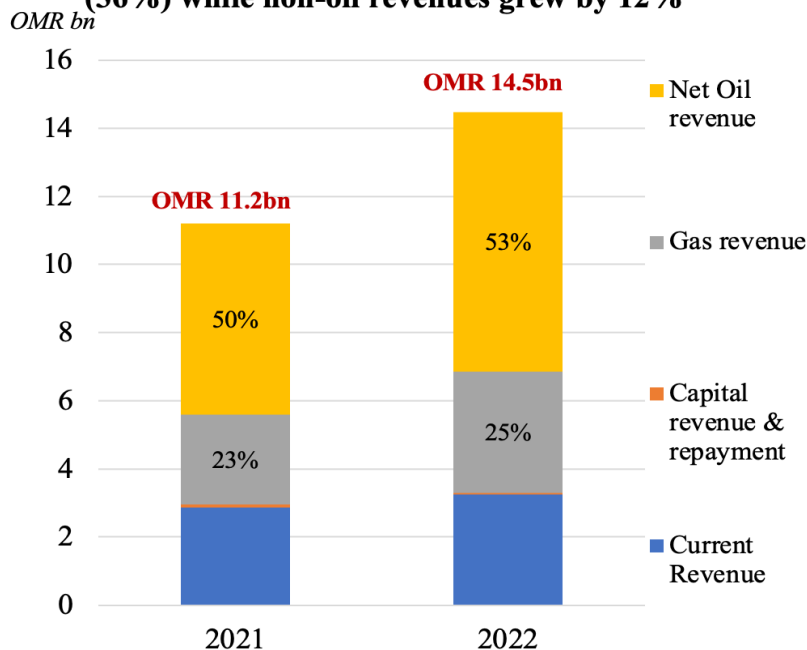
Oman: Revenue grew by 29% yoy in 2022, and spending at a much slower pace of 7%, resulting in a surplus of OMR 1.14bn (vs a deficit of OMR 1.22bn in 2021)



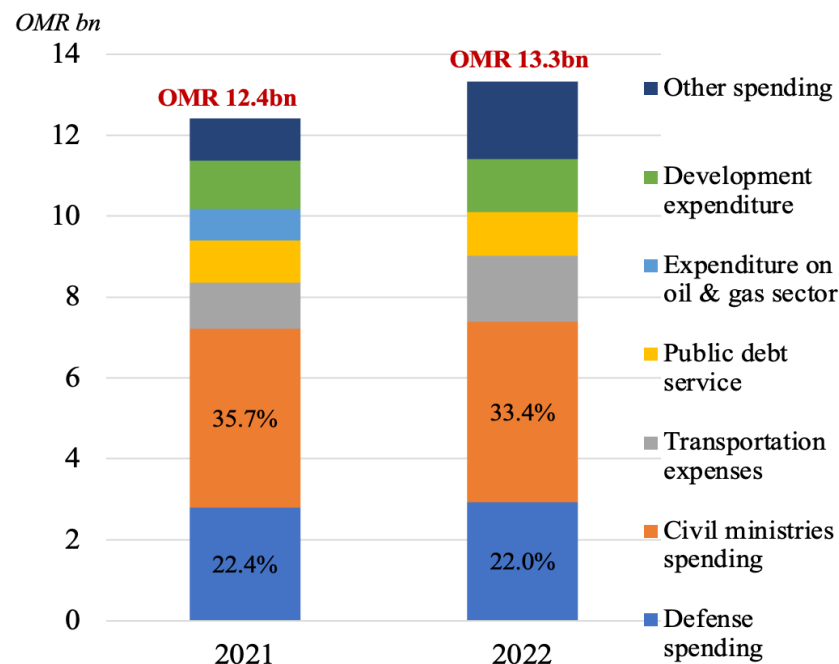
Oil revenues & restrained spending enable Oman to post a fiscal surplus in 2022

- Increased production (+10% yoy) and higher oil prices (+54% yoy to USD 94) alongside spending up by just 7% enabled **Oman post a budget surplus of OMR 1.14bn in 2022** (2021: deficit OMR 1.22bn)
- Net oil and gas revenues**, accounting for **78% of total revenue**, supported the 29% uptick in revenues.
- Total expenditure was up by just 7%** to OMR 13.33bn in 2022, with the largest share (75.7%) attributed to current spending (OMR 10.1bn). **Development spending was up by 10% yoy** to OMR 1.3bn.
- Public debt narrowed** by 15% yoy to OMR 17.74bn (or 43% of GDP) in 2022; external loans at end-2022 stood at OMR 13.2bn.

Oman's revenues grew by 29% yoy in 2022, supported by the surge in net oil revenues (36%) while non-oil revenues grew by 12%



Oman's current spending, which accounted for 3/4-th of the total, rose by 7% yoy in 2022



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