

Weekly Insights

23 Aug 2024

High dependency on oil exports in the GCC notwithstanding, investment & non-oil revenues offer support

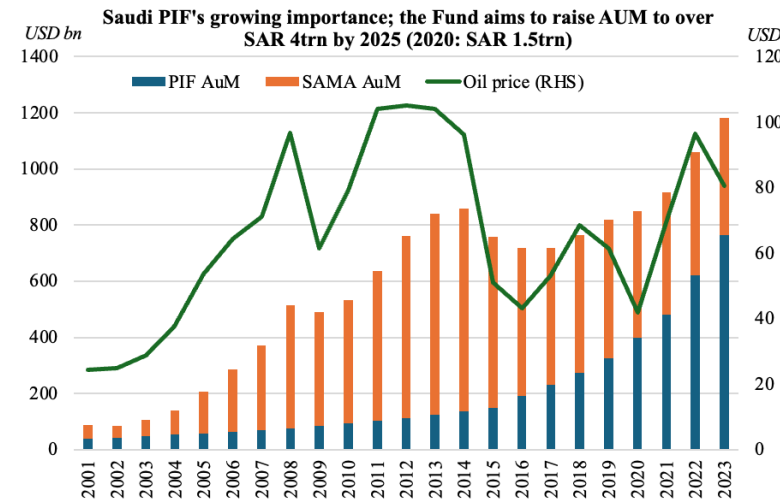
- *Saudi PIF gross AUM surged 28.5% yoy to SAR 2.9trn in 2023*
- *Saudi exports & imports fell by 5.8% & 5.1% yoy in Jun; surplus stands at SAR 30.2bn*
- *Saudi Gender Statistics report 2023: rising trend in Saudi population & higher life expectancy for Saudi females*
- *Oman budget surplus narrowed to OMR 391mn as of H1 2024*
- *Saudi Arabia's US Treasuries holdings, at USD 140.3bn in Jun 2024, is the highest since Mar 2020*

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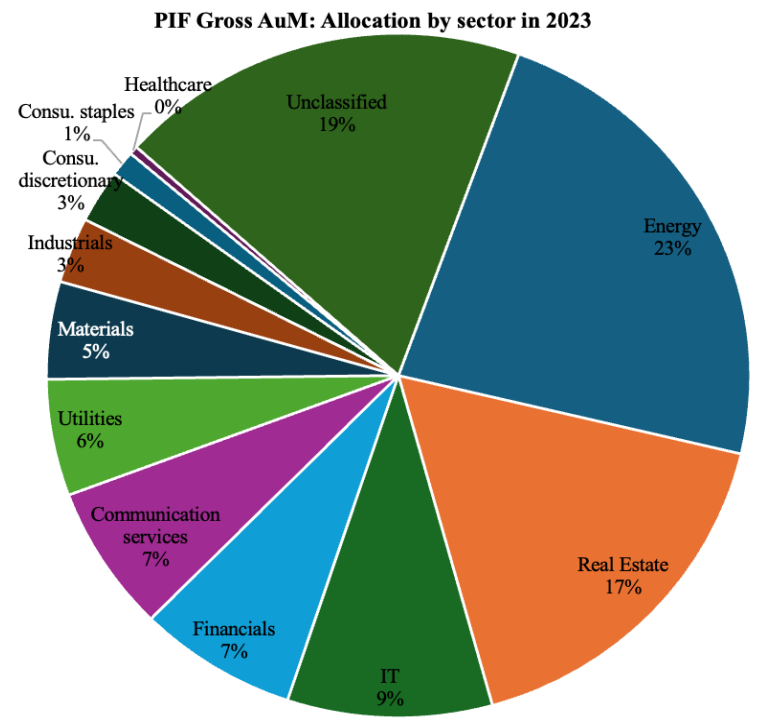
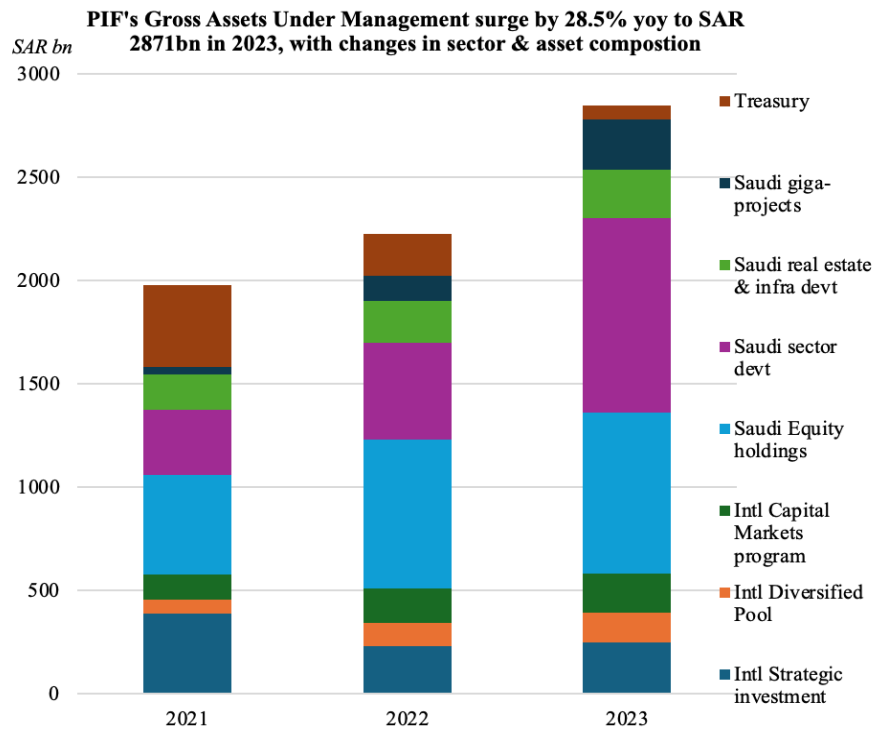
— & ASSOCIATES —

Saudi PIF gross AUM surged 28.5% yoy to SAR 2.9trn in 2023

- **PIF assets under management has grown overtime** (SAR 2.9trn in 2023 vs less than SAR 2trn in 2021 and SAR 563bn in 2015), **with international investments reduced to 20% in 2023** (2021: 29%). An 8.7% shareholders' return was generated by end-'23. **PIF aims to increase AUM to approximately SAR 4trn by 2025**, raising the non-oil GDP contribution of PIF & subsidiaries to a cumulative SAR 1.2trn.
- **Domestic investments are on the rise, accounting for 76% of total AUM in 2023.** Saudi sector development & equity holdings share was more than 3/4-th of local investments (and 32.8% & 27.1% of overall AUM). Saudi giga projects stood at 8.4% of overall AUM.
- **By sector, energy and real estate together accounted for about 40%+ of total investments in 2023;** financials and industrials shares were 7.3% and 3.1% respectively.



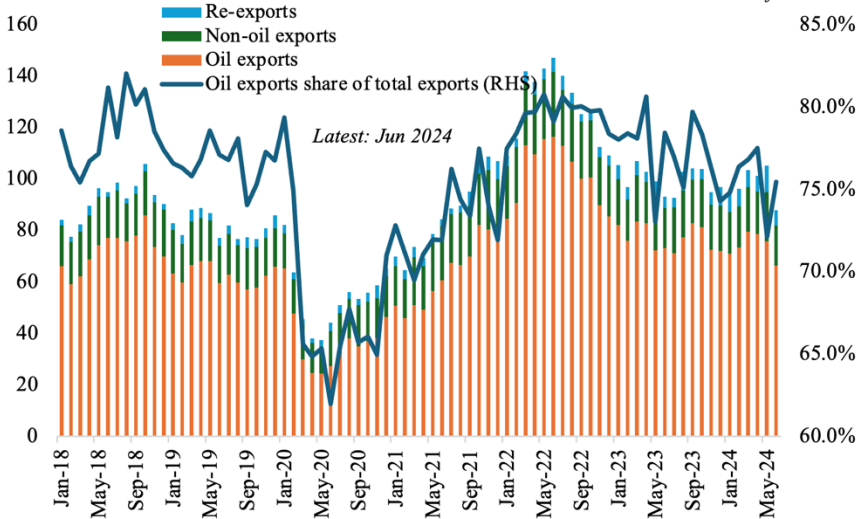
Source: Global SWF, Saudi Central Bank, IMF
 Note: Oil price is the simple average of three spot prices: dated Brent, WTI & Dubai Fateh



Source: PIF Annual report 2023. Charts by Nasser Saidi & Associates
 Note: Unclassified represents multisector funds/mandates, and cash & money markets.

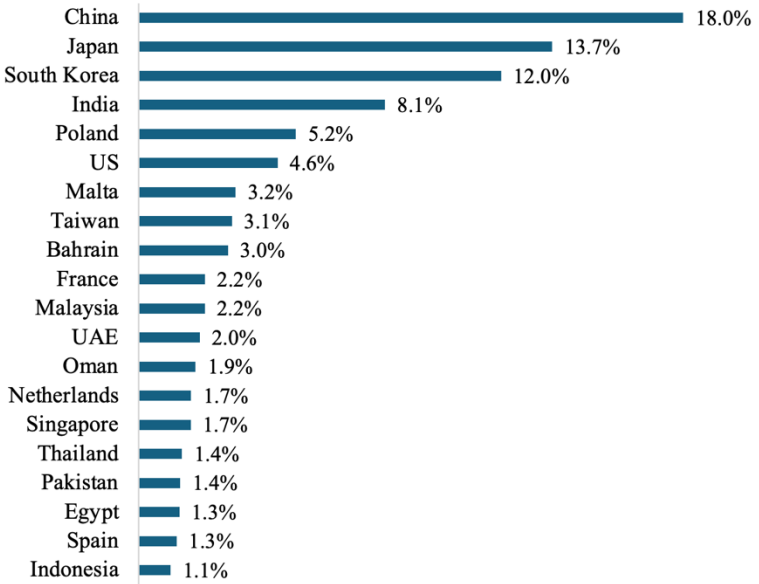
Saudi exports & imports fell by 5.8% & 5.1% yoy in Jun; surplus stands at SAR 30.2bn

Double-digit monthly declines in Saudi exports in Jun; non-oil exports almost halve. Oil exports account for 3/4th of total exports

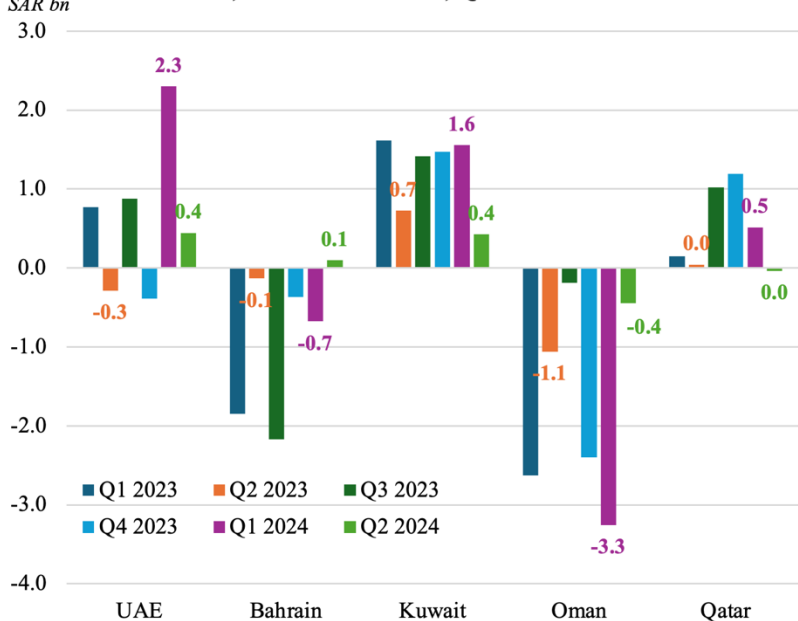


- Saudi Arabia's exports declined by 16.4% month-on-month and 5.8% yoy to SAR 87.9bn in Jun, the lowest since Jun 2021. Oil exports fell by 12.6% mom and 9.3% yoy to SAR 66.3bn - lowest since Aug 2021. **Oil exports accounted for 75.4% of total exports in Jun.**
- Both non-oil exports and re-exports fell in mom terms by 17.9% and 42.4% respectively; re-exports almost halved to SAR 5.9bn. **In yoy terms, non-oil exports inched up (+0.5% to SAR 15.7bn) and re-exports surged by 30.9% to SAR 5.9bn in Jun (driven by China, UAE).**
- **Imports fell by 22.5% mom and 5.1% yoy to SAR 57.7bn in Jun, thereby narrowing trade surplus to SAR 30.2bn (vs May: SAR 30.8bn; Jun 2023: SAR 32.5bn).**
- **Oil exports to top 5 destinations (China, Japan, South Korea, India & Poland) stood at 57% of total oil exports in Jun. Share of top 25 nations was 93.4%.**

Saudi Arabia's top 5 (& 20) destinations for oil exports account for about 57% (& 89%) of total oil exports (% share, Jun 2024)



Saudi Arabia's non-oil trade balance with GCC: surplus with the UAE, Kuwait & Bahrain; Qatar turns to deficit

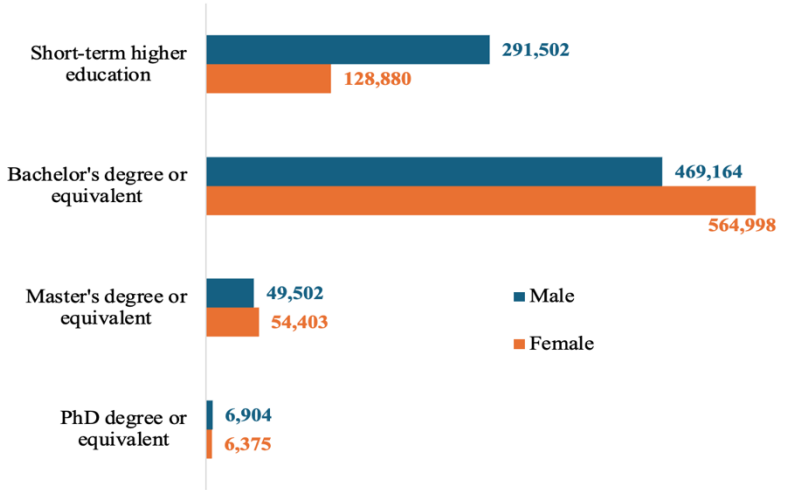


- **China was the top trade partner in Jun:** accounting for 16.6% of overall exports and 20.9% of total imports.
- **Most GCC nations ran non-oil trade surpluses with KSA; Qatar turned to a deficit**

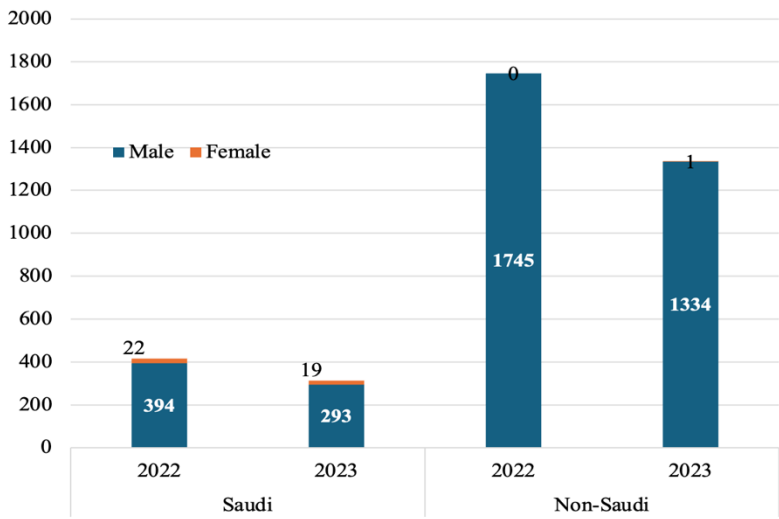
Source: GaStat. Charts by Nasser Saidi & Associates

Saudi Gender Statistics report 2023 highlighted a rising trend in Saudi population & higher life expectancy for Saudi females (80.9) vs males (75.3). While number of male students were much higher in short-term education, this was reversed in both Bachelors & Masters levels. While Saudi women have increasingly become company owners, proportion of patents & securities ownership is still leaning towards men

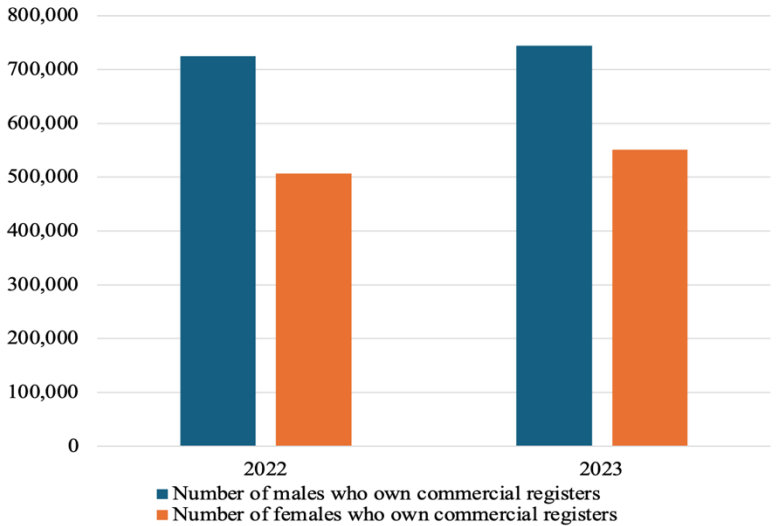
Number of students in higher education, by gender, 2022. More number of women students pursue Bachelors & Masters degrees than men



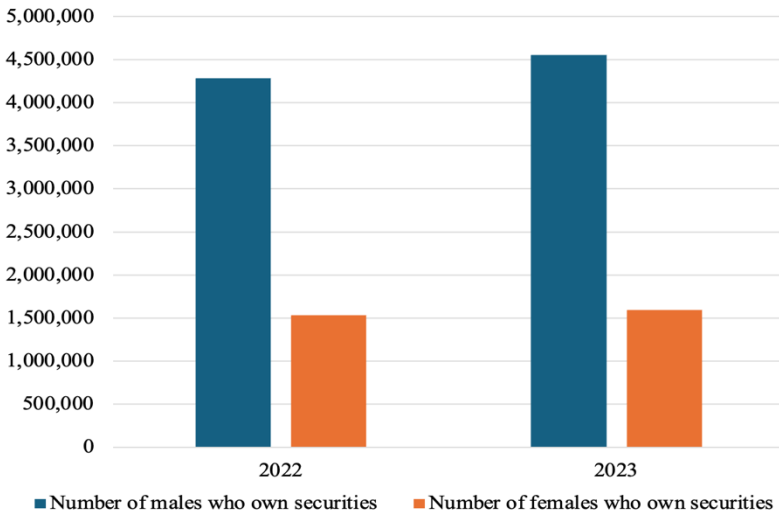
This is not reflected adequately in the number of patent holders: by gender and nationality (2022-2023)



Number of Saudi females who own commercial registers in Saudi Arabia grew by 8.8% yoy to 551k+ in 2023. Saudi women ownership is 42.5% of total



Securities ownership in Saudi Arabia grew by 5.7% yoy to a total 6.2mn in 2023; Saudi males account for 74% share



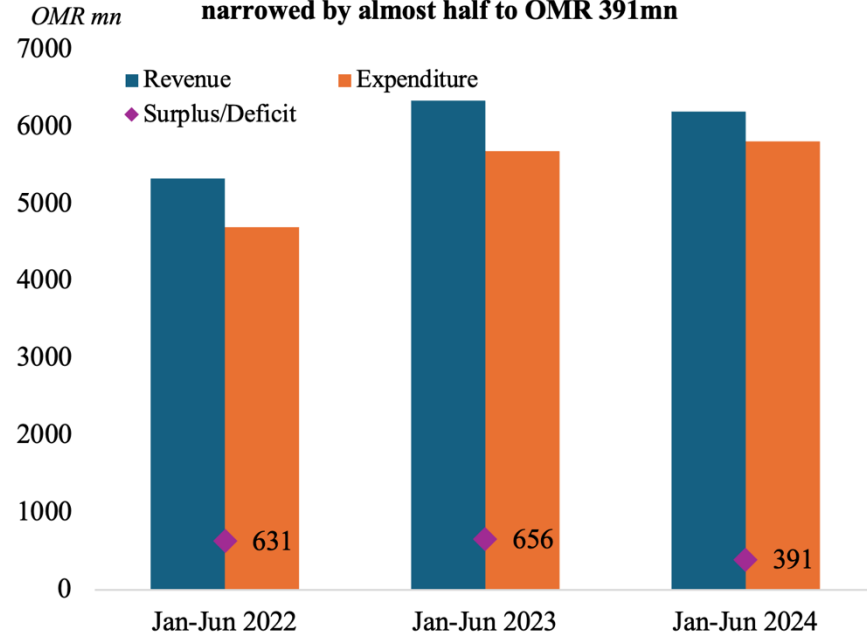
Source: Gender Statistics 2023, GaStat. Charts by Nasser Saidi & Associates.



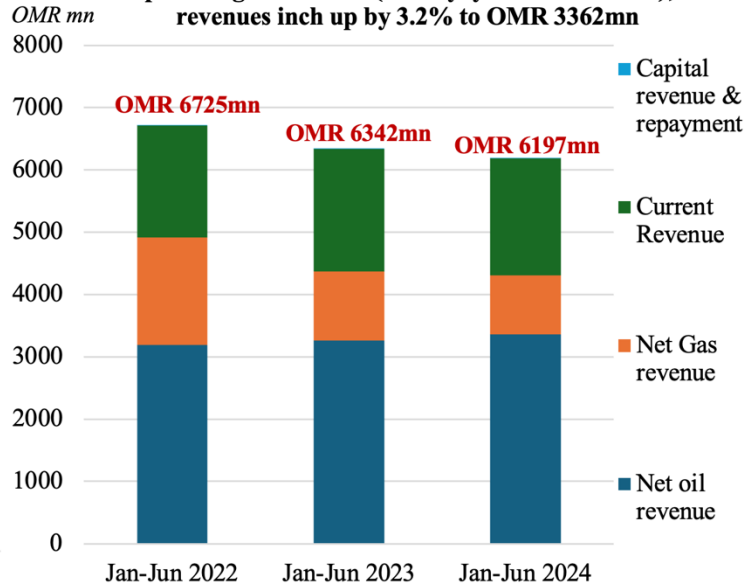
Oman budget surplus narrowed to OMR 391mn as of H1 2024

- **Oman's budget surplus narrowed to OMR 391mn as of end-Jun, almost half the surplus in H1 2023**, as revenues fell by 2.3% yoy alongside a 2.1% uptick in spending. **Average oil price stood at USD 82 (-1.2% yoy)** as of Jun and average daily oil production down by 5.5% to 1003k barrels per day.
- **Public revenues fell by 2.3% yoy** to OMR 6.197bn as of Jun 2024: net oil revenues inched up by 3.2% to OMR 3.4bn while **net gas revenues plunged** by 15.4% to OMR 943mn. **Net O&G accounted for 69.5% of revenues.**
- **Expenditure grew by a moderate 2.1% yoy** to OMR 5.806bn at end-Jun: current expenditure edged slightly lower (-0.3% yoy to OMR 4.07bn) while development expenditure grew by 31% (to OMR 502mn). Development spending accounted for 56% of total development spending allocated for 2024. Social protection system, electricity and oil product subsidy together accounted for 64% of contributions and other expenses.
- **Payments to Oman's private sector was more than OMR 558mn as of end-Q2**, according to the Ministry of Finance.
- Furthermore, repayment of **public debt** led to its **decline to OMR 14.4bn as of end-Q2** (vs OMR 15.3bn in 2023 and OMR 20.8 in 2021).

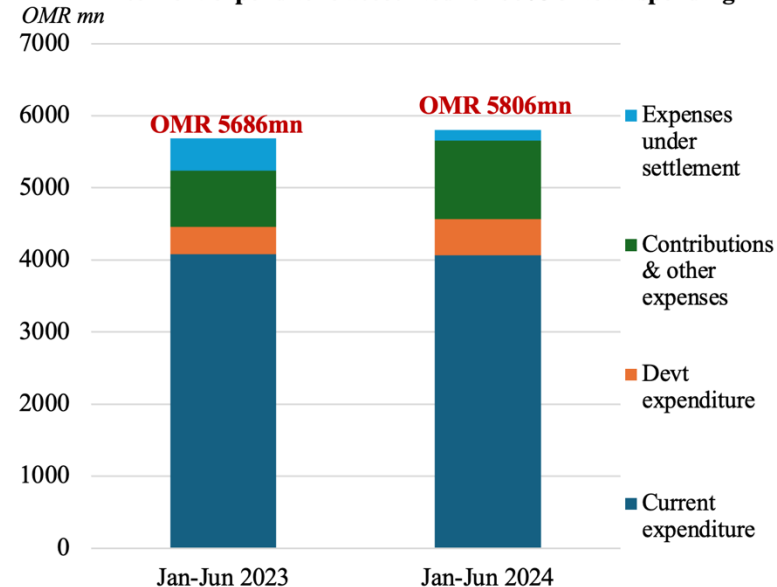
Oman: Revenue fell by 2.3% yoy to OMR 6197mn in H1 2024 alongside a 2.1% uptick in spending; surplus narrowed by almost half to OMR 391mn



Oman's decline in revenue in H1 2024 stems from a sharp drop in net gas revenues (-15% yoy to OMR 943mn); oil revenues inch up by 3.2% to OMR 3362mn

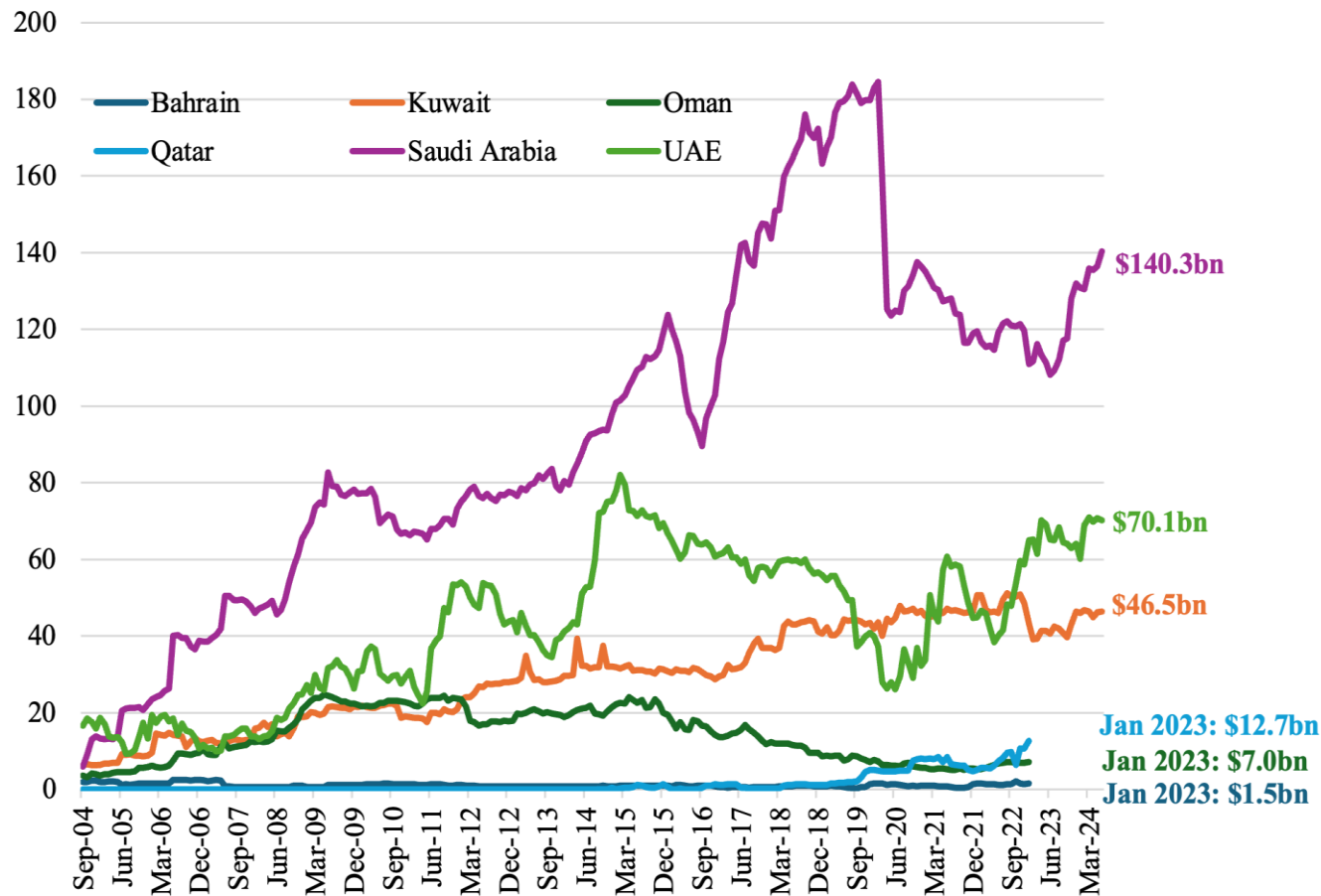


Oman's spending increased by 2.1% yoy in H1 2024; current expenditure accounted for 70% of total spending



Saudi Arabia's US Treasuries holdings, at USD 140.3bn in Jun 2024, is the highest since Mar 2020

Saudi Arabia's US Treasuries holdings grew by 2.9% mom and 29.7% yoy to USD 140.3bn in Jun; holdings of UAE and Kuwait were up by 9.6% and 0.3% year-to-date



Source: US Treasury, LSEG Workspace. Chart by Nasser Saidi & Associates.

- **Foreign holdings of Treasuries hit a record high of USD 8.21trn in Jun** (May: USD 8.132trn).
- **Japan**, largest foreign holder of US Treasuries, saw holdings shrink to USD 1.128trn (-0.94% mom).
- **China** increased its holdings to USD 780.2bn (May: USD 768.3bn; end-2023: USD 816.3bn).
- **Saudi Arabia is the 17th largest investor in US Treasuries** as of H1 2024 (USD 140.3bn) - **highest since Mar 2020** (USD 159.1bn).
- In May 2024, the 3 GCC nations - Kuwait, UAE and Saudi Arabia - increased their holdings in yoy terms. In mom terms, only UAE posted a 1% drop in holdings.
- **Compared to end-2023, Kuwait increased their holdings** (by 0.3%) **alongside Saudi Arabia and UAE** whose holdings surged by 6.2% and 9.6% respectively.
- **KSA's holdings grew by 2.87% mom and 29.7% yoy to USD 140.3bn in Jun. UAE's holdings clocked in at USD 70.1bn in Jun**, up by 7.5% yoy (but down by 1% mom).

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