

Expect global trade to weaken amid rising non-oil exports from the GCC

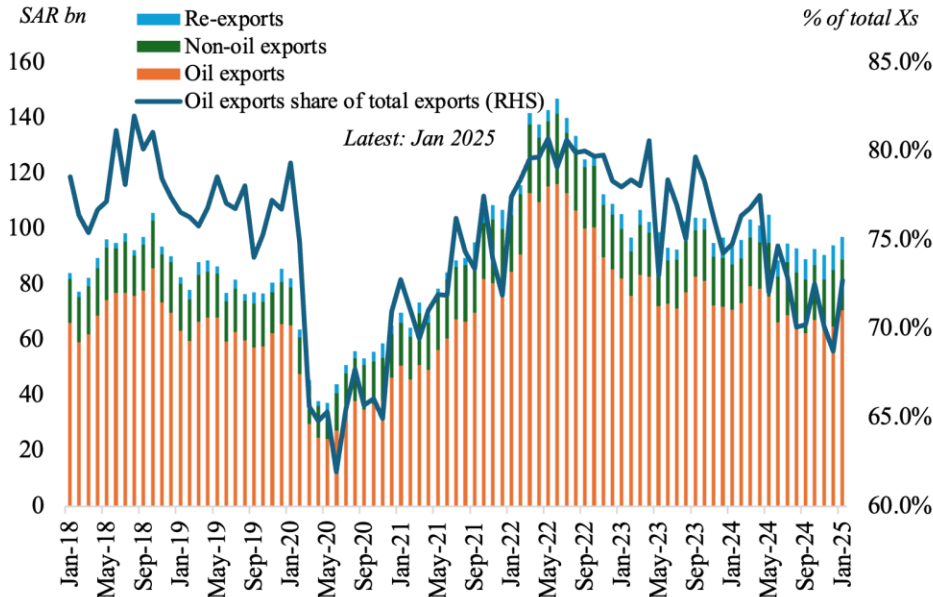
Weekly Insights 28 Mar 2025

- *Saudi Arabia's trade surplus widened to SAR 24.5bn in Jan 2025 (Dec: SAR 15.3bn)*
- *Read WTO's improving trade prospect in Dec-Jan with caution*
- *Global supply chain pressure is rising, as trade policy changes drive uncertainty*
- *Unemployment rate of Saudi citizens fell sharply to a record-low 7.0% in Q4 2024*
- *Qatar's real GDP accelerated by 6.1% yoy in Q4 2024; 2024 growth at 2.4%*
- *Inflation steady in Kuwait while Qatar slipped into deflation*

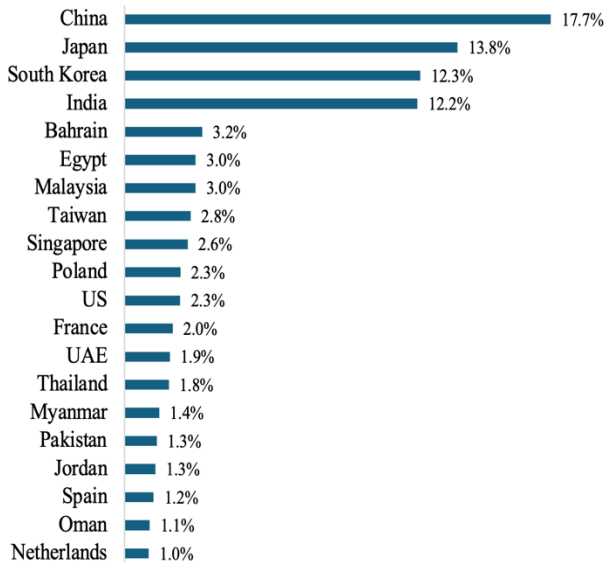
NASSER SAIDI

— & ASSOCIATES —

Saudi exports grew by 3.1% mom and 2.4% yoy to SAR 97.2bn in Jan 2025. Oil exports accounted for 72.7% of total exports. Non-oil exports and re-exports grew by 13.1% yoy and 5.7% respectively



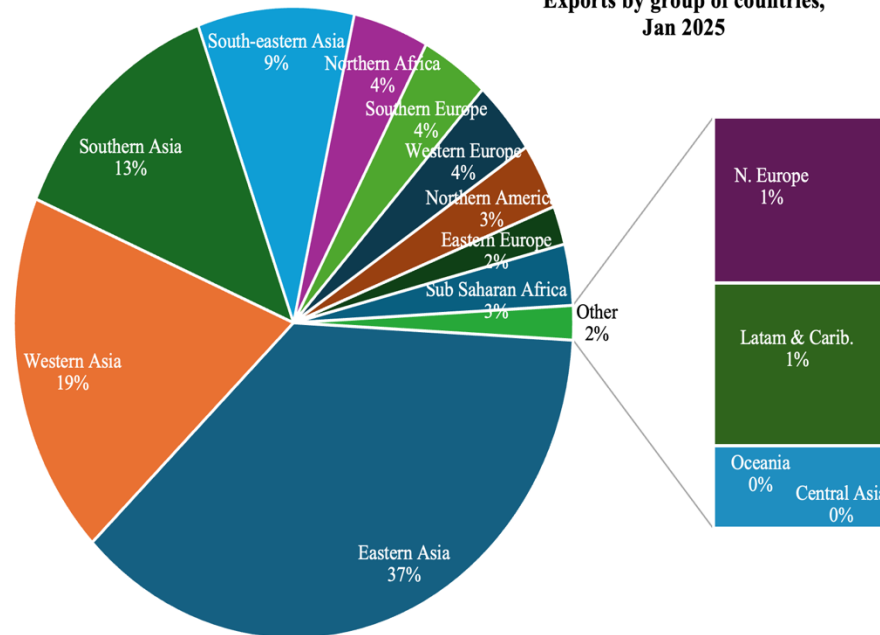
Saudi Arabia's top 5 (& 20) destinations for oil exports account for 59.2% (& 88.2%) of total oil exports (% share, Jan 2025)



Saudi Arabia's trade surplus widened in Jan 2025; concentration of imports & exports to Asia

- **Saudi Arabia's overall exports grew by 3.1% mom and 2.4% yoy to SAR 97.2bn in Jan.** Oil exports increased by 9% mom to an 8-month high of SAR 70.7bn, though down by 0.4% compared to Jan 2024. **Share of oil exports to overall exports increased to 72.7%** (Dec: 68.8%).
- In Jan, **China and Japan were the top destination for oil exports**, ahead of South Korea. The top 5 nations accounted for 59.2% of total oil exports & top 25 for 92.7% of the total in Dec.
- **Overall exports to Eastern, Western and Southern Asia** together accounted for **more than two-thirds of the total** in Jan. China (15.2% of total), India (10.9%) and South Korea topped main export destinations.
- **Non-oil exports and re-exports posted monthly losses** (of 9.9% and 10.6% respectively) though rising by 13.1% and 5.7% in yoy terms. **Total non-oil exports including re-exports grew by a 10.7% yoy.**

Exports by group of countries, Jan 2025



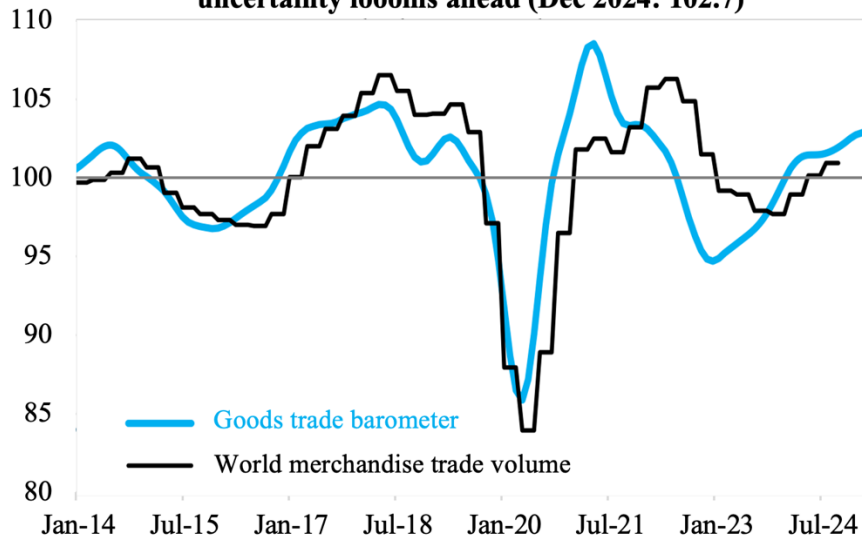
- **Chemical products was the largest component of non-oil exports** (23.7%), and UAE the largest destination of non-oil exports.
- **Imports expanded by 8.3% yoy to SAR 72.6bn in Jan**, resulting in a wider **trade surplus** (SAR 24.5bn from Dec's SAR 15.3bn).
- **About 26.4% of Saudi imports originated in China**, followed by US (8.3%) and the UAE (5.5%).

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WTO's improving trade prospect in Dec-Jan to be read with caution: a reflection of firms/ consumers frontloading imported goods ahead of Trump tariffs

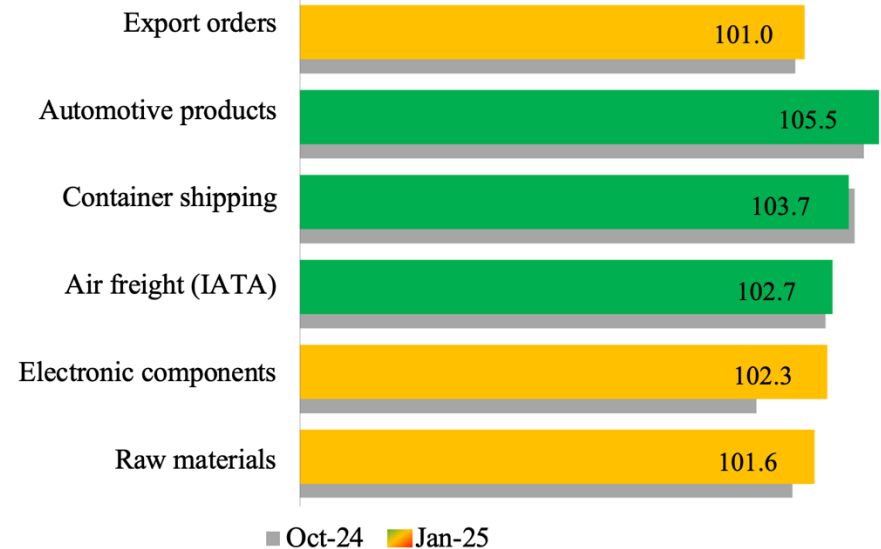
- WTO's latest goods trade barometer, valued at 102.8 in Jan (Dec: 102.7), suggests a **pickup in trade in 2024**, following quarters of decline in volume of merchandise trade in 2023. A regional breakdown shows a better-than-expected increase in North America's imports (and exports from Asia) – a reflection of firms/ consumers frontloading imported goods ahead of Trump tariffs.
- However, **the uptick is likely to be short-lived, with the latest rounds of tariff announcements** (and implementation) by the Trump administration, with more expected in early-Apr.
- Among forward-looking indicators, **automotive products increased most above trend**. With tariffs announced this week on the auto sector, expect a fall in this indicator. Also, **watch the export orders indicator for early indications of a slowdown** (it was already the closest to the baseline value of 100).
- **Flash S&P global manufacturing PMI in March** showed business sentiment sink to the lowest since Nov 2022 in developed nations. Further, US manufacturers reported the steepest rise in input costs (in 31 months), blaming tariffs, and passing this to consumers (resulting in factory selling prices rising to the highest in just over two years).

Goods trade barometer stands at 102.8 in Jan 2025, but uncertainty looms ahead (Dec 2024: 102.7)



Drivers of goods trade

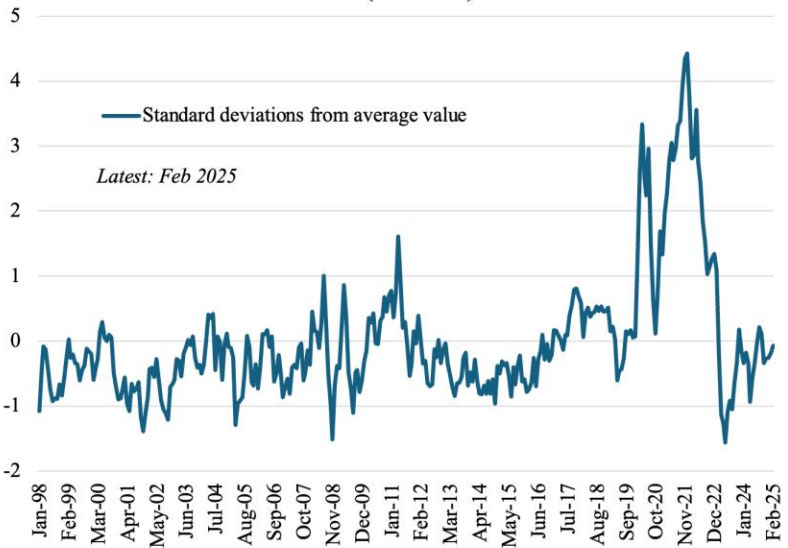
Component index values, trend=100



Source: Goods Trade Barometer, Mar 2025, WTO.

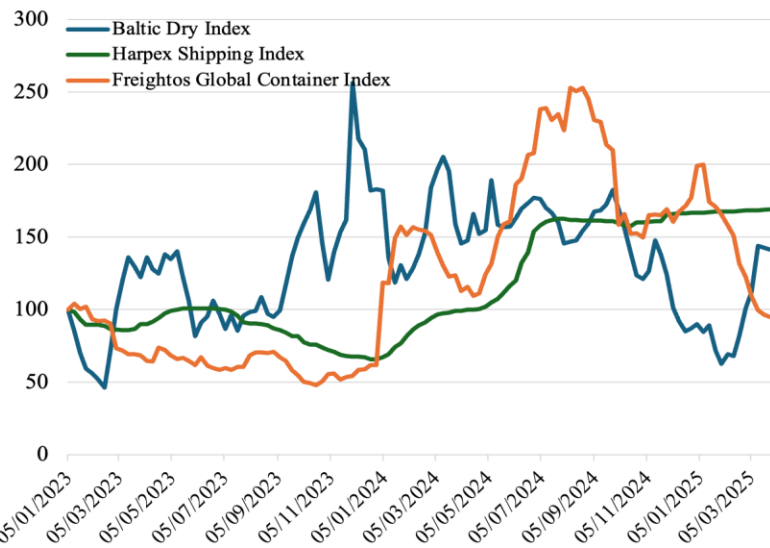
Global supply chain pressure is rising, as trade policy changes drive uncertainty

Global Supply Chain Pressure Index moves higher to -0.07 in Feb 2025 (Jan: -0.19)



Source: Global Supply Chain Pressure Index (GSCPI), FDNY, Feb 2025

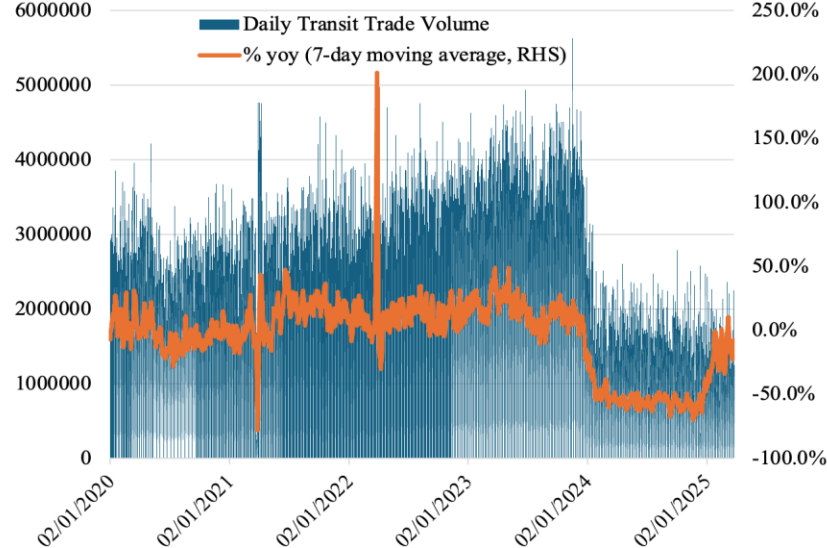
Shipping costs high compared to early-2023, except for Freightos Global Container Index (indices; 1st wk of Jan '23= 100)



Source: LSEG Workspace, IMF Portwatch. Charts by Nasser Saidi & Associates.

- NY Fed's **Global Supply Chain Pressure Index** continued to rise, with the standard deviations from the average value rising to -0.07 in Feb (Jan: -0.19). A reading below zero suggests below normal supply chain pressures.
- **Shipping costs are currently higher than in early-2023**, though not close to crisis levels. Europe and Mediterranean routes have been longer due to diversions in the Red Sea, also pushing up rates.
- Though there was **an improvement in Suez Canal shipping volumes during the ceasefire**, many large container ships are **still re-routing transit trade via the Cape of Good Hope**. Data from the IMF's PortWatch platform showed that shipping volume (7-day moving average) **via Suez Canal was down by almost 50% yoy as of end-Dec 2024 and by 7.5% as of 25th March**; however, it was up by 11.6% year-to-date. The volume is still less than half the readings prior to Oct 2023. Meanwhile, **air freight rates remain competitive**.
- The **immediate threat to trade remains from US policy**, emerging from Trump's tariff announcements. Shipping rates are likely to stay high so long as businesses continue to frontload. But, as tariff costs filters through, demand will drop, leading to lower shipping rates & ease in supply chain pressures.

Suez Canal shipping volumes had declined drastically by more than 67% in 2024, but has relatively recovered in 2025

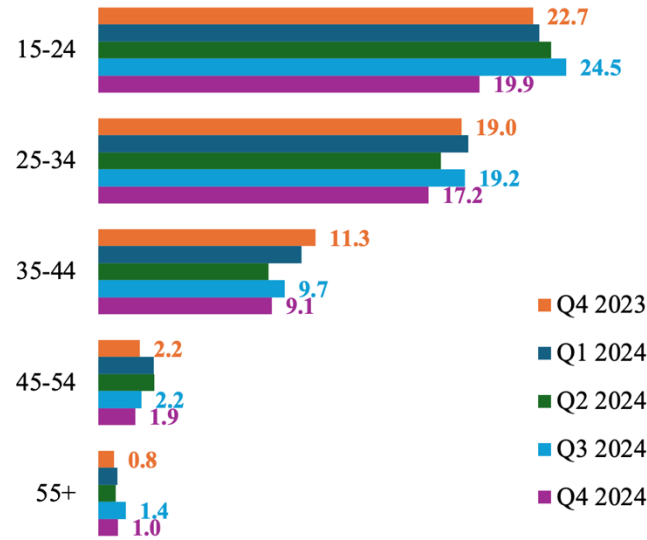


Unemployment rate of Saudi citizens fell sharply to a record-low 7.0% in Q4 2024

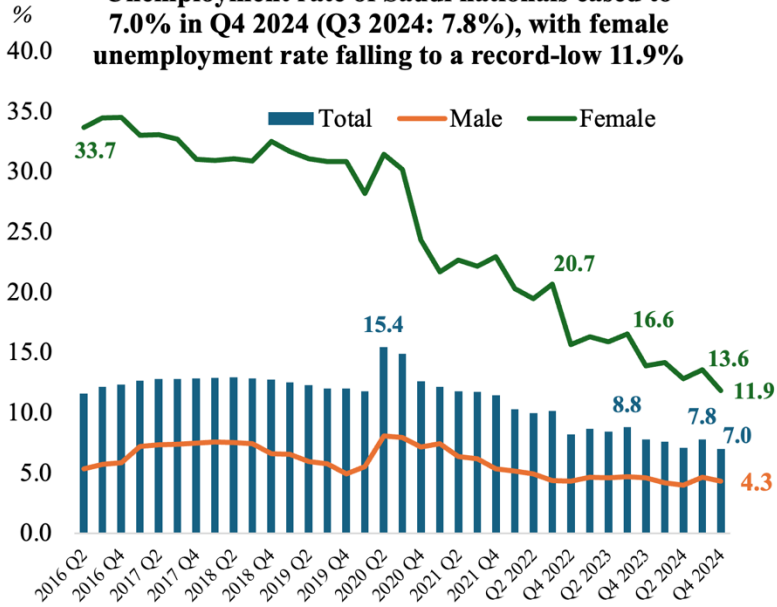
- **Unemployment rate of Saudi citizens** fell to a record-low of 7.0% in Q4 (Q3: 7.8%). The original Vision 2030 target was 7%, but it was later revised to a 5% target by 2025.
- **Overall unemployment rate** including expats also eased to 3.5% (Q3: 3.7%).
- **Saudi female unemployment rate** declined to a new record-low of 11.9% (Q3: 13.6% & earlier low of 12.8% in Q2). All age groups posted a fall in unemployment rate (vs Q3).
- **Saudi female labour force participation** eased to 36.0% (Q3: 36.2%); remained lower vs high of 36.5 in Q3 '22.
- **Female citizens' wages** averaged SAR 7,984 in Q4; wages of 55+ group was the highest (SAR 10,739). **Male-female wage gap is high:** Saudi women earn 38% less on average vs men. **Gap is widest in the 45-54 age group.**

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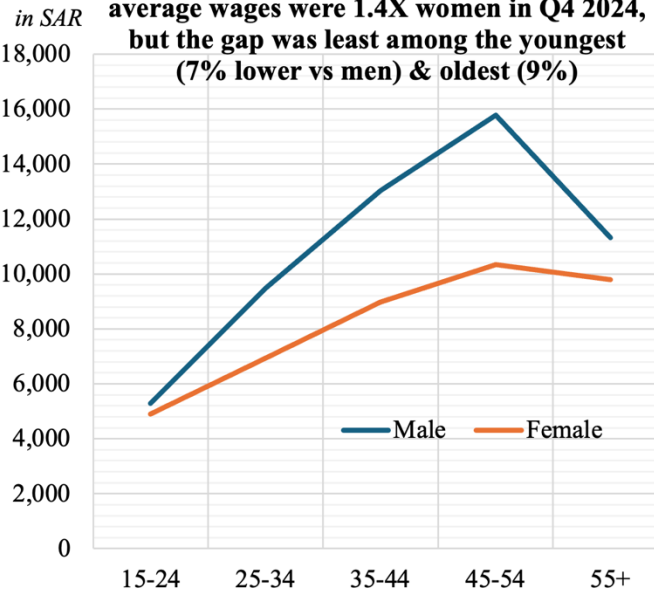
Saudi female unemployment rate fell sharply across all age groups in Q4 2024



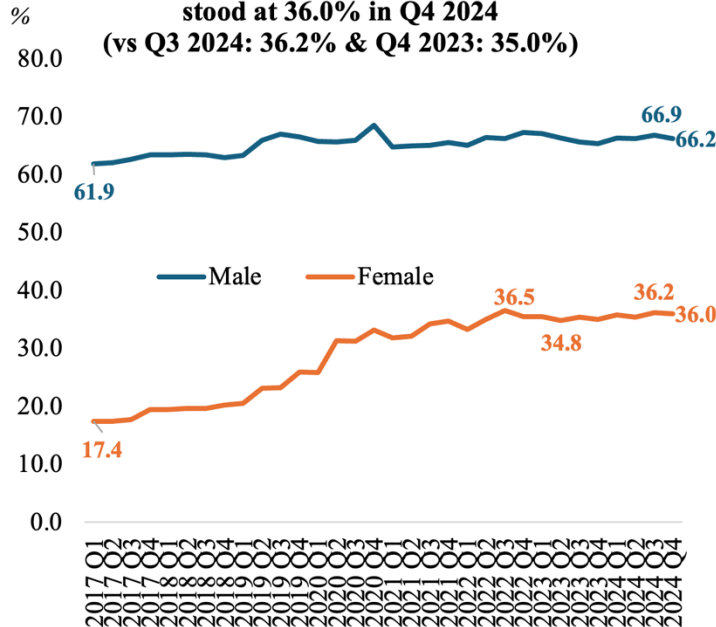
Unemployment rate of Saudi nationals eased to 7.0% in Q4 2024 (Q3 2024: 7.8%), with female unemployment rate falling to a record-low 11.9%



Saudi nationals monthly wage gap was the widest in the 45-54 age group. Saudi men average wages were 1.4X women in Q4 2024, but the gap was least among the youngest (7% lower vs men) & oldest (9%)

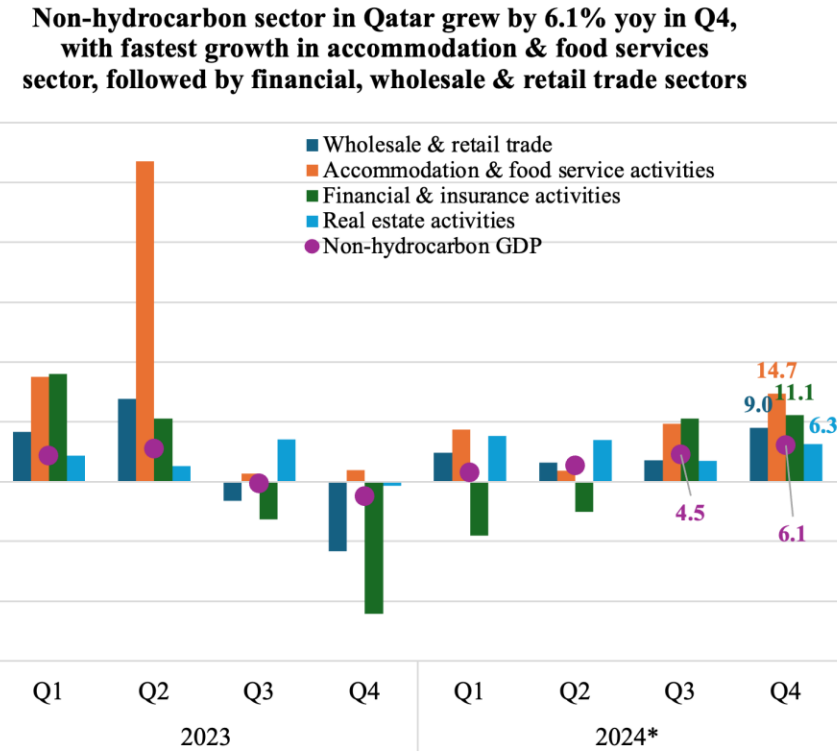
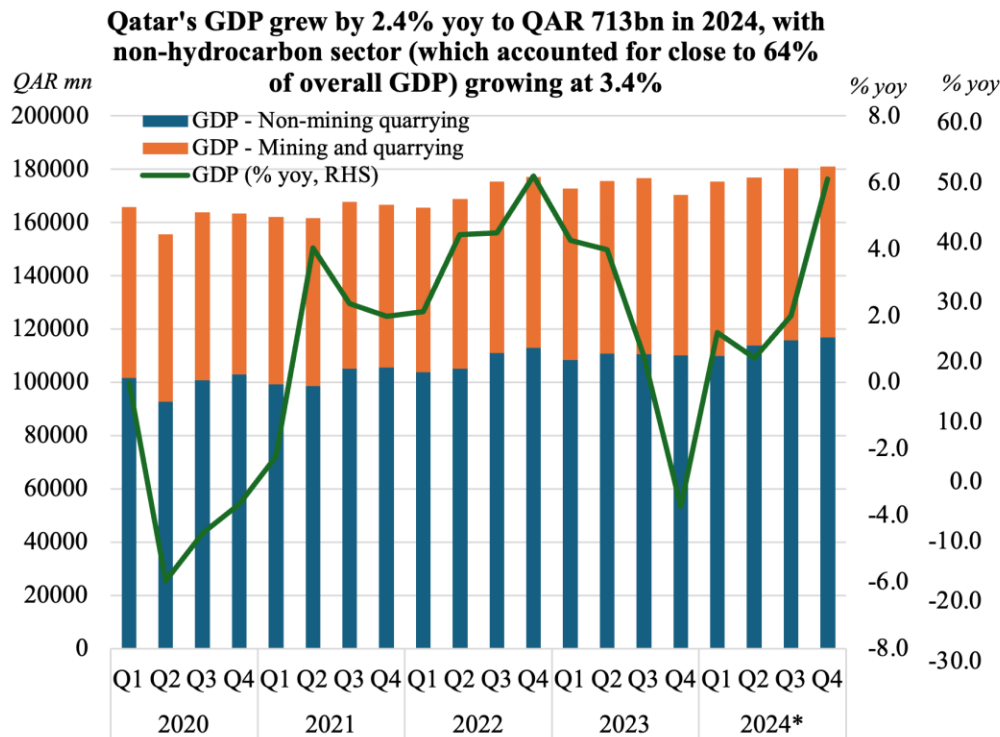


Saudi female labour force participation rate stood at 36.0% in Q4 2024 (vs Q3 2024: 36.2% & Q4 2023: 35.0%)



Qatar's real GDP accelerated by 6.1% yoy in Q4 2024, with the hydrocarbon and non-hydrocarbon sectors growing by 6.2% and 6.1% respectively

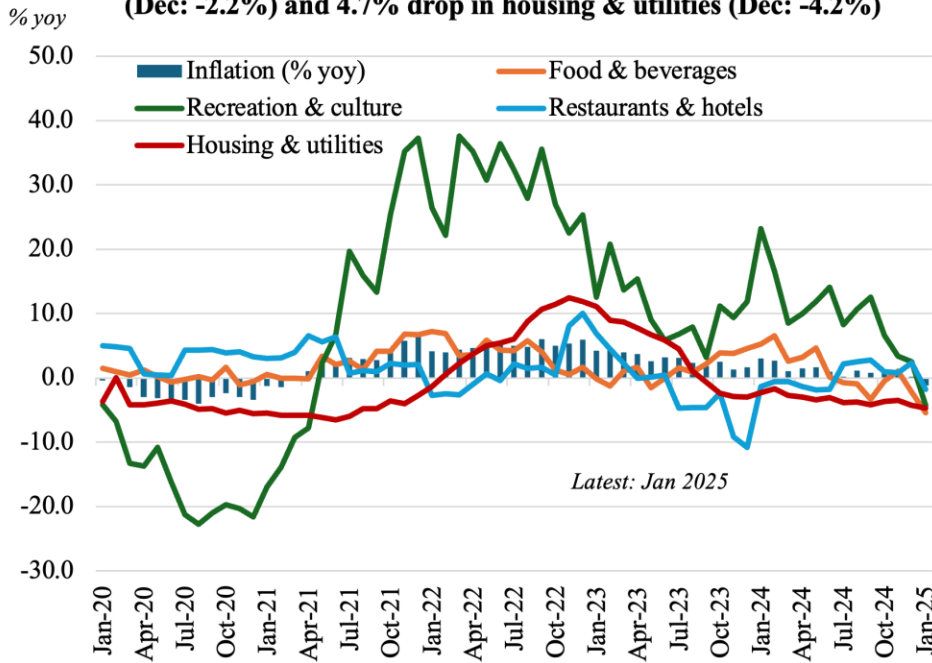
- **Qatar's real GDP grew by 6.1% yoy in Q4 2024**, resulting in a **2.4% growth in the full year GDP**; non- mining and quarrying sector grew by 3.4% yoy in 2024, and accounted for close to 64% of overall GDP.
- **In Q4 2024, growth was supported by both the hydrocarbon and non-hydrocarbon sectors**, rising by 6.2% yoy and 6.1% respectively. A further breakdown by sector showed the fastest upticks in accommodation & food services activities (14.7% yoy in Q4), followed by financial & insurance activities (11.1% yoy) and wholesale & retail trade (9.0%). For the full year 2024, hospitality, real estate and logistics sectors remained robust.
- **The IMF expects Qatar to grow by 2% yoy in 2024-25, and clock in an average 4.75% medium-term growth.** This will be supported by an expansion of Qatar's **LNG capacity** (and related, long-term alliances), **increased public investment** in line with the Third National Development Strategy and **strong tourism sector activity** (supporting non-oil diversification efforts).



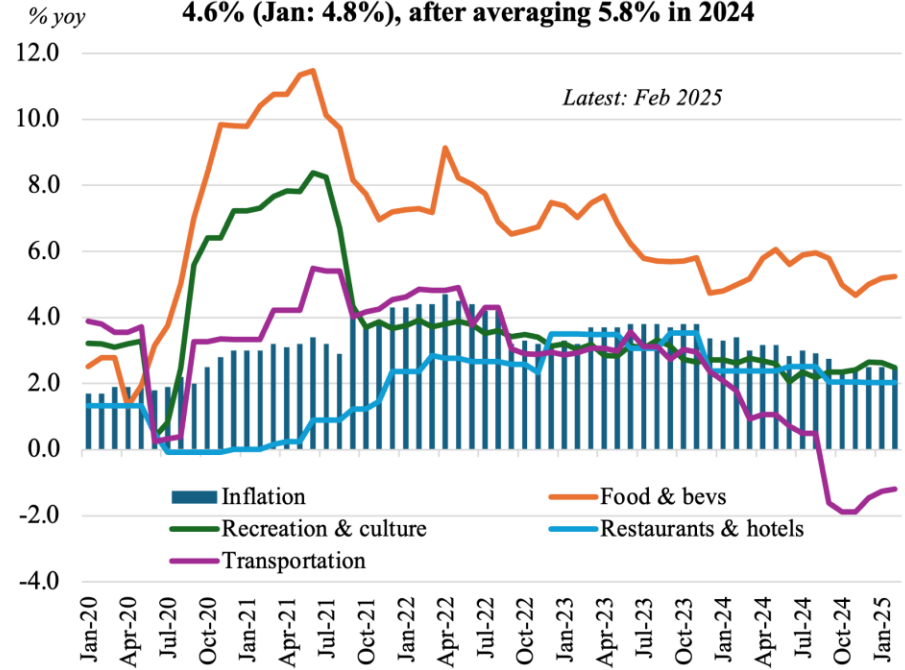
Inflation steady in Kuwait while Qatar slipped into deflation: contrasting food prices movements (5%+ in Kuwait vs a deflationary cycle in Qatar)

- **Inflation in Kuwait held steady at 2.49% in Feb** (Jan: 2.5%) as prices remained the same across many categories including restaurants & hotels (2.03%) while costs of clothing & footwear eased (4.6% from 4.8%) while transportation costs declined at a softer pace (-1.19% vs Jan's -1.26%). Food prices remained relatively high, but stable at 5.23% in Feb (Jan: 5.19%). **Overall inflation clocked in at a lower average of 2.5% in Jan-Feb 2025** vs 3.4% in Jan-Feb 2024: compared to a year ago, all costs were lower in 2025 except food & beverages (5.21% in Jan-Feb 2025 vs 4.9% in Jan-Feb 2024) and health costs (4.03% from 2.69%).
- **Qatar posted a deflationary reading in Jan** (-1.15% vs Dec's +0.24%), with **prices of food and non-alcoholic beverages declining for the second month in a row** (-5.4% vs Dec's -2.2%); food costs have fallen in six out of the seven recent months. In Jan, three categories slipped into negative readings: recreation & culture (-4.3% from 2.5%), restaurant & hotel (-1.8% from 2.3%) as did transport costs (-1.0% from 1.4%). Housing & utilities costs fell for the 17th month in a row.

Inflation in Qatar fell in Jan (-1.15% from Dec's 0.24%), dragged down by a 5.4% decline in food & beverages prices (Dec: -2.2%) and 4.7% drop in housing & utilities (Dec: -4.2%)



Inflation in Kuwait held steady at 2.5% in Feb, on declining transport costs; food inflation remains relatively high at 4.6% (Jan: 4.8%), after averaging 5.8% in 2024



Source: National Planning Council, Qatar & Kuwait Central Statistical Bureau. Charts by Nasser Saidi & Associates.

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