



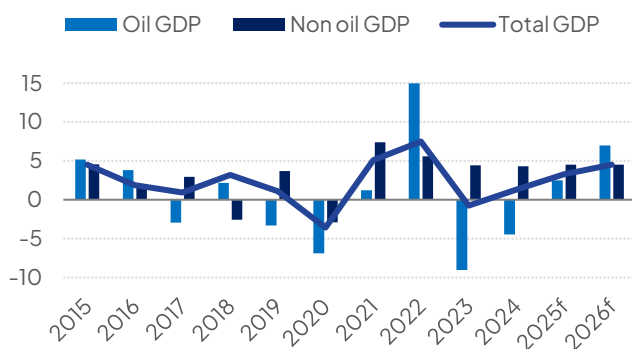
Saudi Arabia: GDP 2024 final print

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Saudi Arabia has released its final Q4 and 2024 growth figures, with a modest upwards revision to the quarterly figure (to 4.5% y/y from 4.4% on the initial reading), while full-year growth was confirmed at 1.3%. The economy ended the year with good momentum with the quarterly growth print the strongest since Q4 2022 and up from 2.8% y/y the previous quarter.

The oil sector saw positive growth for the first time since Q1 2023 as additional oil production curbs passed through the base, while the non-oil sector maintained its robust pace of growth at 4.6% y/y and government activity was up 2.2%. For 2024 as a whole, the oil economy contracted by 4.5%, compared with a 9.0% contraction in 2023. Non-oil GDP grew 4.3%, down marginally from the 4.4% growth seen the previous year, while government services saw growth of 2.6%, up from 2.1%. In nominal terms the economy grew to SAR 4,070bn (USD 1,084bn). The crude petroleum & natural gas sector remained the largest component at 22.3%, followed by government services (16.2%).

GDP, % y/y

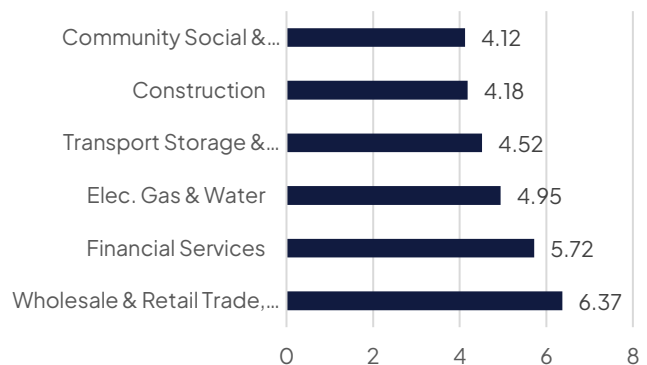


Source: Haver Analytics, Emirates NBD Research.

Of particular interest on the final growth print is the sectoral breakdown provided, giving greater insight as to what is driving the robust expansion in the non-oil economy. The strongest growth in 2024 was in wholesale & retail trade, restaurants & hotels which

expanded by 6.4%, down from 7.0% previously. This robust growth is reflective in part of the social changes ongoing in Saudi Arabian society, with habits changing and the range of food outlets continuing to expand rapidly. The burgeoning tourism trade is also playing a key role. Tourism minister Ahmed al-Khateeb has said that Saudi Arabia welcomed 30mn international visitors last year which would have been y/y growth of 9.4%, while domestic tourism is also expanding rapidly. Developing the tourism sector has been a major focus of the Vision 2030 plan and is likely to maintain a fast pace of growth, especially given the numerous international events scheduled to be held in Saudi Arabia over the next decade. As the largest sectoral component of GDP with a weight of 10.3%, it was the primary growth driver last year.

Fastest growing sectors, % y/y



Source: Haver Analytics, Emirates NBD Research.

The second-fastest growing sector last year was finance, insurance & business services which expanded by 5.7%. There has been strong growth across different facets of the sector, including fintech and digital banking. Utilities expanded by 4.9%, likely buoyed by an expanding population which rose by 4.7% y/y to the middle of 2024, to hit 35.3mn people according to a GStat report. Growth in transport, storage, & communication slowed to 4.5% in 2024, down from 7.3% previously, but we expect that it will maintain a solid pace of growth over the coming years given both the expanding tourism sector and heavy

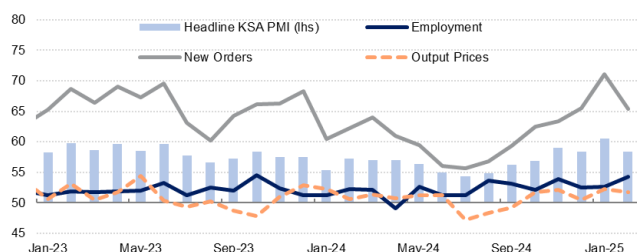


investment into aviation, both in terms of aircraft and airports, as the country seeks to develop its transit hub offering.

In 2025 we forecast that headline GDP growth will accelerate to 3.3%, based on a predicted 2.0% rise in government services, 2.5% oil sector growth, and 4.5% non-oil growth. Those members of OPEC+ that had been implementing additional production curbs, which includes Saudi Arabia, have confirmed that they will start bringing volumes back onto the market from April (see OPEC+ commits to higher output), which is supportive of our forecast that Saudi oil production will rise to 9.2mn b/d this year, up 2.3% y/y (condensates and natural gas production, and ongoing investment in the hydrocarbons sector will mean that the GDP growth figure is higher than the rise in oil output).

A growing population and easing interest rates should also be supportive of private consumption growth, which expanded by 3.2% last year, down from 5.3% in 2023. Consumer spending was up 7.4% y/y in January, far outpacing the 2.0% inflation rate seen that month, suggesting strong real growth.

Saudi Arabia PMI



Source: Riyadh Bank, Emirates NBD Research

For non-oil GDP, the year has already got off to a strong start, with the Riyadh Bank PMI survey for January coming in at 60.5, a more than decade high, and remaining elevated at 58.4 in February. Respondents to the surveys noted ongoing new project work which matches what we are seeing in terms of project data. There is more than USD 421bn worth of projects currently underway in Saudi Arabia with a total USD 146bn awarded in 2024. In GDP by expenditure terms, gross fixed capital formation expanded by 2.6% last year (though this was down from 5.3% in 2023 and there was a marked slowdown in government investment which was 10.5% lower than the previous year).

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