



# ECONOMIC PULSE

OF SAUDI

**Q4**

**2024**



## Message from IPA's Experts

**DEAR READERS OF THE SAUDI BUSINESS COMMUNITY,**

WE ARE DELIGHTED TO INTRODUCE THE SECOND EDITION OF OUR QUARTERLY REPORT, **ECONOMIC PULSE OF SAUDI ARABIA®**, FOLLOWING THE GREAT SUCCESS OF **ECONOMIC PULSE OF EGYPT®** IN THE EGYPTIAN BUSINESS SPHERE. THIS INAUGURAL EDITION COVERS THE FIRST HALF OF 2024, PROVIDING A COMPREHENSIVE OVERVIEW OF SAUDI ARABIA'S MACROECONOMIC DEVELOPMENTS AND POLICY SHIFTS.

IN THIS REPORT, WE EXAMINE KEY ECONOMIC INDICATORS SUCH AS GDP GROWTH, INFLATION TRENDS, AND THE BALANCE OF PAYMENTS. WE ALSO HIGHLIGHT SAUDI ARABIA'S STRATEGIC POLICY RESPONSES TO EMERGING OPPORTUNITIES AND CHALLENGES, OFFERING INSIGHTS BASED ON CREDIBLE DATA AND EXPERT ANALYSIS. OUR GOAL IS TO PROVIDE BUSINESS LEADERS WITH THE KNOWLEDGE AND FORECASTS NECESSARY FOR STRATEGIC PLANNING AND DECISION-MAKING IN THIS DYNAMIC MARKET.

FOUNDED IN 2015 AS A KEY SUBSIDIARY OF INFLUENCE GROUP—AN ESTEEMED MARKETING COMMUNICATIONS CONSULTANCY IN THE MEA REGION SINCE 2007—**IPA** HAS EMERGED AS A STRATEGIC LEADER IN SHAPING GOVERNMENT POLICIES AND DRIVING IMPACTFUL STAKEHOLDER ENGAGEMENT. OUR TEAM EXCELS IN ANALYZING THE POLITICAL, REGULATORY, AND SOCIOECONOMIC DYNAMICS OF THE MEA REGION, FOSTERING INFORMED DECISION-MAKING AND POSITIVE SOCIETAL CHANGE.

WE HOPE YOU FIND OUR INSIGHTS VALUABLE AND INFORMATIVE.

*Best Regards*

*IPA's Team*

# SYNTHESIS

## Economic Diversification Efforts

In Q3 2024, Saudi Arabia continued to advance its economic diversification agenda under Vision 2030, driving growth in non-oil sectors and fostering a robust business climate. Non-oil activities expanded by 4.3% year-on-year, contributing to an overall GDP growth of 2.8%, with key contributions from the chemical, plastics, and rubber industries, which collectively accounted for over 50% of non-oil exports.

The Kingdom also intensified its focus on foreign investment, **issuing 3,810 licenses across sectors such as construction, manufacturing, information and communications, and professional services**. Significant legislative updates, including a new investment law and enhanced regulatory frameworks, complemented these efforts.

Moreover, the entertainment sector emerged as a cornerstone of diversification, with the General Entertainment Authority issuing **over 1,800 event permits** and attracting global tourism. These initiatives underscore Saudi Arabia's commitment to reducing reliance on oil revenues and establishing a sustainable, innovation-driven economy.

## Labor Market and Business Climate

In Q3 2024, Saudi Arabia's labor market exhibited notable trends. The unemployment rate among Saudi nationals stood **at 7.8%**, reflecting a decrease from 8.8% in the same period the previous year, though it represented an increase from 7.1% in the second quarter of 2024.

The overall unemployment rate, encompassing Saudi and non-Saudi workers, was 3.7%, down 0.5 percentage points from the previous year. The labor force participation rate among Saudi females reached 36.2%, up from 35.4% a year earlier, indicating ongoing efforts to enhance female employment in the Kingdom.

Additionally, the total workforce in Saudi Arabia reached 17.2 million by the end of Q3 2024, with foreign workers comprising approximately 77% of this figure.





# SYNTHESIS

## Trade Dynamics and Non-Oil Export Growth

In Q3 2024, Saudi Arabia's non-oil exports reached **SAR 79.48 billion** (\$21.17 billion), marking a 16.8% increase compared to the same period in 2023. This growth was primarily driven by chemical products, which accounted for 25.5% of total non-oil exports, and plastics and rubber products, comprising 24.9%.

The Kingdom's non-oil activities expanded by 4.3% year-on-year in Q3 2024, contributing to an overall GDP growth of 2.8%.

This expansion reflects Saudi Arabia's ongoing efforts to diversify its economy under Vision 2030, reducing reliance on oil revenues and fostering growth in various sectors.

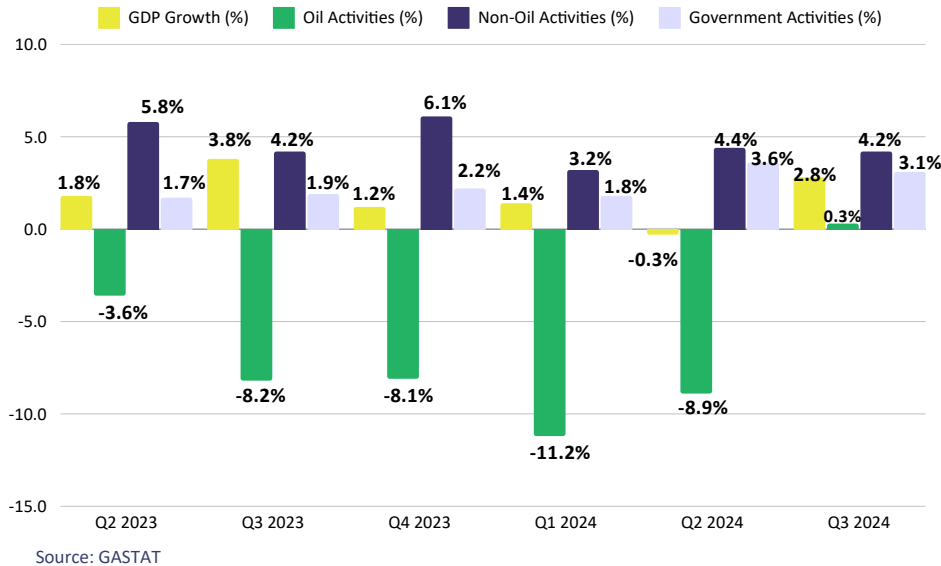
## Investment Climate

In Q3 2024, Saudi Arabia witnessed a remarkable surge in investment activity, with the number of investment licenses issued rising by 73.7% to 3,810, compared to 2,193 licenses in the same period last year, after excluding licenses granted under the anti-concealment campaign. The construction, manufacturing, professional and educational activities, wholesale and retail trade, and information and communications sectors accounted for 72% of the total licenses issued.

Single-member limited liability companies dominated the distribution, receiving 2,853 licenses, followed by 713 licenses issued to multi-member limited liability companies. The Ministry of Investment further reported issuing 65 regional headquarters licenses, resolving 65 investor challenges, and delivering over 36,000 integrated services—a 40% increase compared to the previous quarter—reflecting Saudi Arabia's ongoing efforts to enhance its investment landscape and support its Vision 2030 goals.

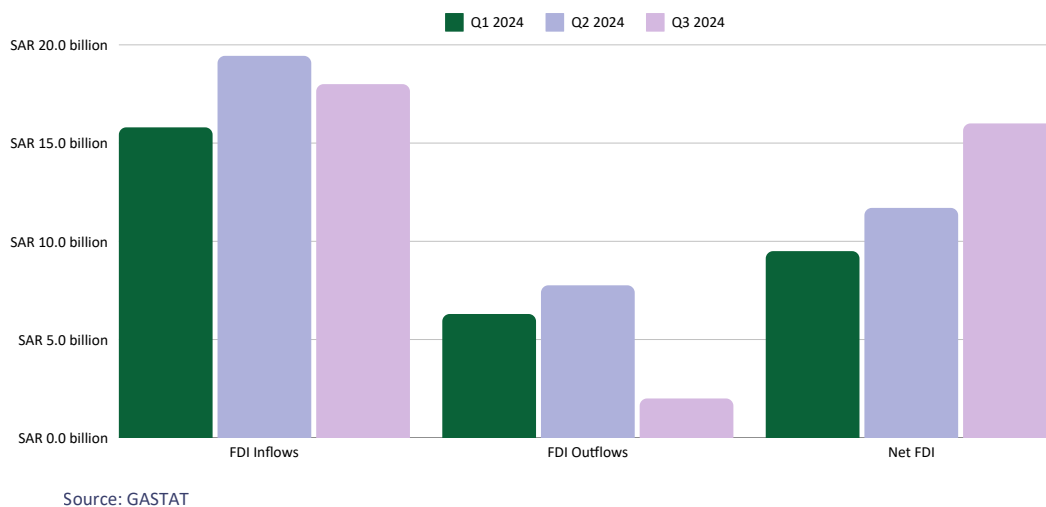
# UPDATES IN FIGURES

## ➤ Economic performance



The chart illustrates Saudi Arabia's economic performance in **Q3 2024**, showing a **0.3%** growth in oil activities and a **4.2%** increase in non-oil activities, emphasizing the country's economic diversification. Overall GDP grew by **2.8%**, with government activities rising by **3.1%**, reflecting steady public sector contributions.

## ➤ Foreign Direct Investment (FDI)

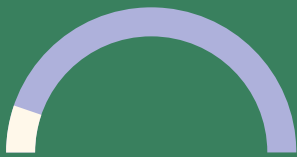


In Q3 2024, FDI inflows reached SAR 18 billion, a slight decline from SAR 19.44 billion in Q2. However, FDI outflows significantly dropped from SAR 7.76 billion in Q2 to SAR 2 billion, resulting in a sharp increase in net FDI, which surged to SAR 16 billion.

# Trade

The trade surplus of merchandise trade decreased by 6% in Q3 2024, reflecting the impact of reduced oil exports on the overall trade balance."

## Non-Oil Exports



Increased reaching SAR 79.5 billion in Q3 2024.

## Oil Exports



Oil exports decreased Q3 2024 from Q2, reaching SAR 197 B

## Imports



Imports dropped at a softer 3.8% y-o-y to SAR 72 billion in October 2024

# Balance

**SAR 59.2 billion**  
**Total Trade Volume**

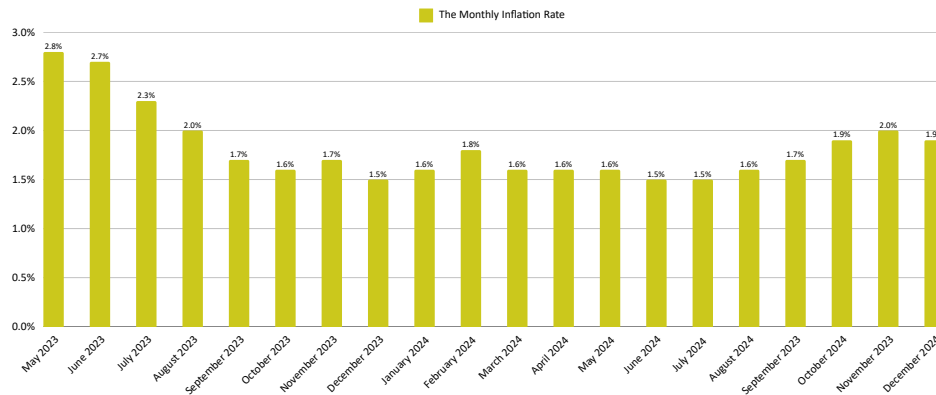
**SAR 276.5 billion**  
**Total Exports**

Saudi Arabia's key exports include metal products at SAR 69.6 billion, chemical products and rubber/plastics each at SAR 6.5 billion, electrical equipment at SAR 3.3 billion, and transport equipment at SAR 2.2 billion, reflecting the country's diverse non-oil export portfolio.



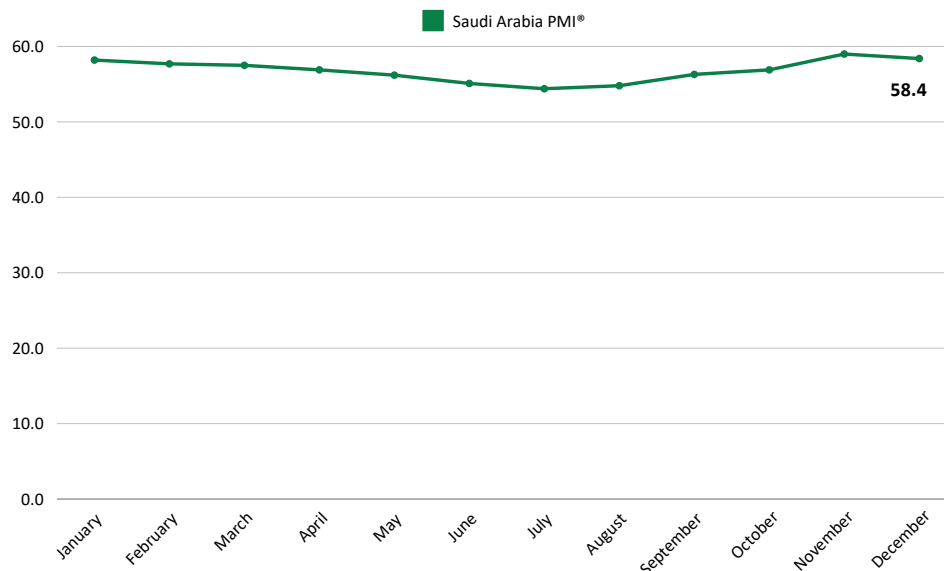
# UPDATES IN FIGURES

## ➤ Inflation Rates



In 2024, Saudi Arabia's inflation rate remained relatively stable, with minor fluctuations. During Q3, the inflation rate held steady at 1.5% in July and August, rising slightly to 1.6% in September. This reflects continued price stability, with a marginal uptick toward the end of the quarter.

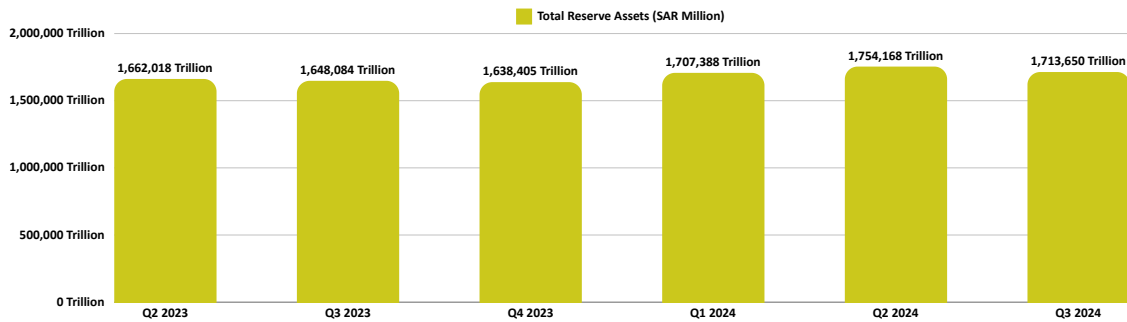
## ➤ Private Sector Performance



The graph shows Saudi Arabia's PMI trends in 2024. After starting at 58.2 in January and declining to 57.2 by July, the PMI rebounded in Q3, reaching 56.3 in September, and peaked at 59.0 in November, reflecting renewed economic momentum in the year's latter half.

# MONTAREY SCENE

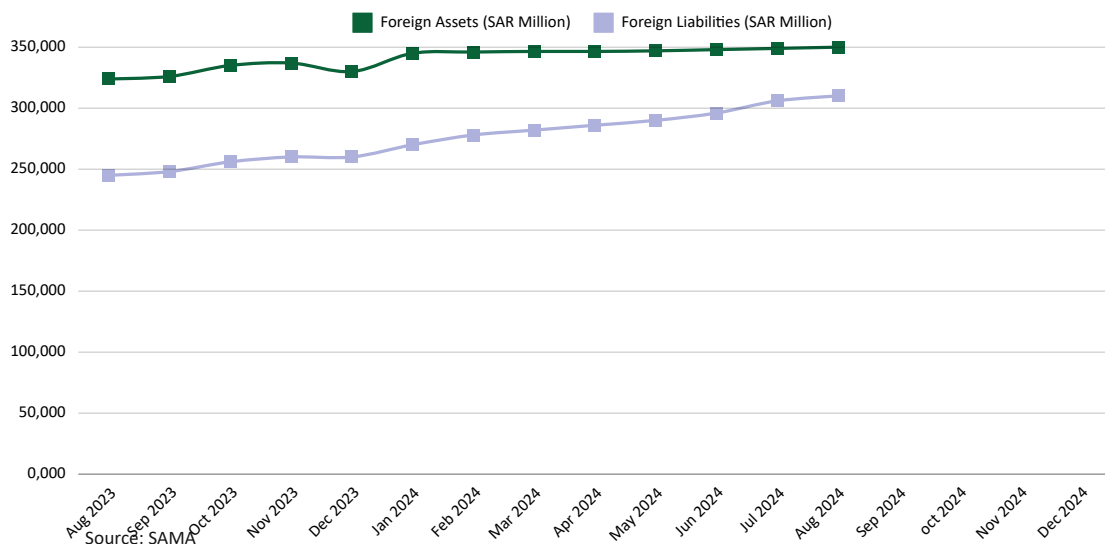
## ➤ Total Reserve Assets



Source: SAMA

The graph shows Saudi Arabia's total reserve assets in SAR million from Q2 2023 to Q3 2024. Reserve assets slightly declined from 1.66 trillion in Q2 2023 to 1.64 trillion in Q3 2023 and 1.64 trillion in Q4 2023. However, there was a significant increase in Q1 2024 to 1.71 trillion, followed by further growth in Q2 2024 to 1.75 trillion, before a slight drop to 1.71 trillion in Q3 2024.

## ➤ Foreign Assets and Liabilities



Source: SAMA

Between August 2023 and August 2024, Saudi banks expanded their foreign assets by 8% and liabilities by 26.5%, reflecting a balanced approach to increasing international exposure, aligning with Vision 2030's goals of diversification and global financial integration.





# ROAD AHEAD

Saudi Arabia's economy is poised for robust growth, with real GDP projected to expand by 4.6% in FY2025. Non-oil activities are expected to grow by 3.7% in FY2024, driven by strategic investments in tourism, entertainment, and manufacturing—key pillars of Vision 2030. Since 2016, non-oil exports have surged by 65%, highlighting the Kingdom's shift towards a diversified and resilient economy.

The government forecasts revenues of SAR 1,184 billion (\$316 billion) for FY2025, rising to SAR 1,289 billion (\$344 billion) by FY2027, with planned spending of SAR 1,285 billion (\$343 billion) prioritizing infrastructure, healthcare, and education.

Mega projects like Neom, The Red Sea Global, and Qiddiya continue to attract global attention, with Neom alone projected to create over 100,000 jobs by 2030. The Kingdom's sustainable tourism initiatives, such as Six Senses Southern Dunes and Ritz-Carlton Reserve, further emphasize its commitment to preserving natural heritage.

Under the National Investment Strategy, over 30,000 investment licenses have been issued, and 517 international companies established regional headquarters in Riyadh by Q1 2024, reinforcing Saudi Arabia's position as a global investment hub.

Balanced risks remain, with opportunities for accelerated growth through reforms and investments, while potential challenges include geopolitical tensions, financial market volatility, and shifts away from fossil fuels globally.

In 2015, IPA was established as the vital arm of Influence Group, a renowned marketing communications consultancy in MEA since 2007. With a robust portfolio boasting over 90 local and regional clients, IPA is regarded as a premier public policy and public affairs firm.

Expertise is leveraged by our seasoned professionals to shape government policies and foster meaningful stakeholder communication. Beyond conventional roles, IPA serves a distinguished think think, delving deep into MEA's political landscape, regulatory frameworks, and socioeconomic dynamics to enact positive societal change.

Dedicated to the economic and public policy landscape of the MEA region, invaluable insights and strategic guidance are provided by IPA. Our expertise is seen as a beacon of knowledge, guiding through the evolving business environment, ensuring endeavors are rooted in wisdom and poised for success



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