The economic outlook for 2019 remains positive with the expectation that we will see continued progress towards the objectives of Vision 2030 and of the National Transformation Program. This year sees the highest ever anticipated expenditure, of over 1.1 trillion SAR, including a 20% yearly rise in capital expenditure.

- The Saudi economy is expected to grow by 2% in 2019, due to a downward revision of the oil sector.
- Data from Q1 2019 shows that non-oil GDP grew by 2.1% while the oil sector grew by 1%.
- Within the non-oil private sector, significant sizable contributions to growth are anticipated from both the finance, insurance, and business services and non-oil manufacturing sectors.
- Non-oil revenue is expected to rise above the government’s target of 313 bn SAR by the end of 2019.
- The recently launched National Industrial Development and Logistic Program (NIDLP) will make a major contribution to the facilitation of Non-oil manufacturing growth.
- NIDLP aims to attract SR1.6 trillion ($427 billion) of investments into manufacturing, mining, energy and logistics, will spend 100 SR billion in 2019, and 2020, to kick-start the program.
- An increase in domestic consumption is expected-payments under the Citizen’s Account will be continued, annual allowances for public sector workers will be reinstated and there will be a rolling over of inflation allowances.
- 11.55SR billion will be invested to help eligible private sector companies with expat fees.
- The combination of numerous projects signed by King Salman bin-Abdulaziz, together with notable progress in various Public Investment Fund (PIF) giga-projects, will help bring about positive growth in the construction sector for the first time in four years.
- Prices declined by 1.9% in the 12 months to April 2019, while wages for Saudi workers increased by 0.6% between Q4 of 2018 and Q1 of 2019.


### SUMMARY OF UNEMPLOYMENT TRENDS

The Saudi national unemployment rate has reduced by 0.2% to 12.5%, the lowest level of unemployment since December 2016. The Saudi national employment rate has increased to 87.5%. For Saudi females, the unemployment rate has reduced from 32.5% to 31.7% and for males it has remained at 6.6%.

While this is positive, the Labour Force Survey identifies that there remain a number of challenges for Saudi nationals seeking to enter the labour market. For example, while there are 830 more Saudi nationals in employment in Q1 of 2019 when compared to Q4 of 2018, there are over 38,000 fewer Saudi nationals in employment than in Q1 of 2018. It is also worth noting that the female unemployment rate in Q1 of 2019 is higher than it was in Q1 of 2018, when it was 0.8% lower, at 30.9%.

There has also been an upsurge in the number of non-Saudi workers in the previous 12 months, with an additional 223,793 expats in employment in comparison with Q4 of 2018, although there are around half a million fewer expat workers than in Q1 of 2018.

- The Saudi national unemployment rate has decreased by 0.2% to 12.5% since the previous quarter, the lowest unemployment rate since Q4 of 2016.
- Despite this decreasing unemployment rate, only 830 more Saudi nationals are in employment, compared to Q4 2018.
We have seen progress in Q1 of 2019 against Q4 of 2018, but the actual increase in the number of Saudi nationals entering the labour market has been very modest, a net increase of 830. While female have performed better than males in terms of job entry levels, female unemployment remains the single most significant challenge within the Saudi national labour market, with an unemployment rate of 31.7% in Q1 of 2019. Females remain the highest proportion of Saudi national unemployed, with 60.1% being female compared to 39.9% of unemployed Saudi nationals being male. This compares to 39.7% male and 60.3% in Q4 of 2018. In comparison with Q1 of 2018, female unemployment has increased from 30.9% to 31.7% while male unemployment has dropped by 1%, to 6.6%, within the same period.

The 0.2% decrease between Q4 of 2018 and Q1 of 2019 is due predominantly to more Saudi females entering employment within the quarter, an increase of 5,430, although there are over 6,500 less females in employment in Q1 of 2019 than there were in Q1 of 2018.

The Saudi female unemployment rate reduced to 31.7%, from a rate of 32.5% in Q4 2018, and male unemployment rate remained static at 6.6%.

Saudi Female labour force participation increased by 1% - from 19.5% in Q1 2018 to 20.5% in Q1 2019.

There were 4,600 fewer Saudi males in employment, 2,036,142, compared to Q4 of 2018 when the number of employed Saudi males was 2,040,742, and 31,834 less Saudi males in employment than in Q1 of 2018.

These trends demonstrate a fluctuating labour market in which the comparison between Q1 of 2019 and Q4 of 2018 shows definite progress in terms of a reducing unemployment level, a sharp increase in the number of non-Saudis who are employed within the Kingdom and over 38,000 less Saudi nationals in employment than in Q1 of 2018.

Unemployment amongst the younger age groups continues to be a challenge, although there are some positive indications in Q1 of 2019. Since last quarter, unemployment among 20-24 year old Saudi nationals reduced by 0.3% - down to 26.3% in Q1 of 2019.

If we take a comparison over a 12-month period then the trend is more positive with Saudi male unemployment amongst the 20-24 year reducing by around 6% since Q1 of 2018 and female unemployment by almost 16% for the same age group.

The 20-39 year old age group contains the highest volumes of Saudi national unemployed with 86.5% of unemployed Saudi males being aged 20 - 24 years old and 94.4% of unemployed Saudi females aged 20-39 years old. This trend is consistent with previous quarters.

91.3% of total Saudi national unemployed are aged between 20-39.

While Saudi national unemployment is at its highest amongst 20-39 year olds, as detailed above, this specific age group is also performing well in terms of securing employment, with almost two thirds of all Saudi national employees within this age range in Q1 of 2019.

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While Saudi national unemployment is at its highest amongst 20-39 year olds, as detailed above, this specific age group is also performing well in terms of securing employment, with almost two thirds of all Saudi national employees within this age range in Q1 of 2019. Saudi nationals aged between 40 and 50 years of age are also performing well within the labour market, as detailed below:

65.3% of all Saudi national employees are aged under 40 – a total of 2,034,186, while 87.4% of all Saudi national employees are aged under 50 – a total of 2,720,972.

66.9% of male Saudi national employees are under 40 – a total of 1,363,459, while 86.8% of male Saudi employees are under 50 – a total of 1,769,301.

62.2% of female Saudi national employees are under 40 – a total of 670,084, while 88.3% of female Saudi employees are under 50 – a total of 951,028.
Graduate unemployment remains a residual challenge, particularly for females. By educational attainment, the largest group affected by unemployment continues to be female Saudi graduates, with almost 70% of unemployed females holding a Bachelors degree. However, on a positive note, there are almost 63,000 less females with a Bachelors seeking employment than in Q1 of 2018 and over 22,000 fewer than in Q4 of 2018.

- 69.3% of unemployed Saudi females hold a Bachelors degree (457,012) - the highest educational group amongst Saudi unemployed females.
- 44.8% of unemployed Saudi males has a secondary or equivalent to education (82,182) – the highest educational group amongst Saudi unemployed males while 28.6% of unemployed Saudi males hold a Bachelors degree.
- 92.9% of Saudi unemployed have never worked; with figures of 98.4% for females and 84.8% for males.
- 53.3% of unemployed Saudi nationals have been out of work for over 12 months, with Q1 of 2019 rates of 57% for females and 47.8% for males.

For Saudi males, the %age of unemployed who hold a Bachelors degree is 28.6%, significantly less than the female figure. There are 3,000 fewer Saudi males with Bachelors seeking employment than in Q1 of 2018 and over 22,000 fewer than in Q4 of 2018.

For Saudi males, the most affected group is those with a (Secondary or equivalent) education, with almost 45% of unemployed Saudi males within this category. Although the actual number of males within this category has reduced by almost 20,000 since Q1 of 2018 but by only 838 in comparison with Q4 of 2018.

- Saudi nationals currently make up 24.3% of the total number of employed people in Saudi Arabia, an increase on the Q1 of 2018 figure of 23.6%, but a very slight reduction in comparison to Q4 of 2018, when the figure was 24.8%. There are 5 Regions in which Saudi nationals make up over 40% of the total persons in employment within the region – Northern Borders (41%), Tabuk (40.9%), Jazan (41%), Al Jouf (42.4%) and Al Baha (47.6%). These regions combined account for a total of 211,425 Saudi workers, equating to 6.7% of the total number of employed Saudi nationals.
- In the Regions employing the highest numbers of people, the proportion of Saudis as a % age of the total number of employed persons in that region are as follows: Riyadh 31.6%, Makkah 28.6% and Eastern Province 29.2%. These three regions account for 77% of all employed Saudi nationals in Q1 of 2019. Riyadh has an additional 10,000 Saudi workers in comparison with Q1 of 2018, Makkah has increased by 21,000 while the Eastern Province has seen a reduction of around 4,000 Saudi employed persons within the same 12-month period.
SAUDI EMPLOYMENT TRENDS

The reduction in the unemployment rate to 12.5% is a direct result of positive labour market activity, predominantly by Saudi females, with an increase of over 5,400 Saudi females entering employment in Q1 of 2019. The Saudi female employment rate increased by 0.8% (to 68.3%) in the same period.

While the Saudi male unemployment rate remained static at 6.6% in Q1 of 2019, there were 4,600 less Saudi males in employment than there were in Q4 of 2018. As well as the male unemployment rate remaining the same as the previous quarter, the male employment rate also remained static at 93.4%.

- The overall Saudi employment rate has increased by 0.2% to 87.5% - up from 87.3% in Q4 of 2018. For males, the employment rate is 93.4%, no change since Q4 of 2018, while for Saudi females the employment rate is 68.3%, up from 67.5% in Q4 of 2018.

- The total number of employed Saudi males is 10,494,341, an increase of 96,656 from Q4 of 2018.

- The total number of employed Saudi females is 1,075,887, an increase of 5,430 from Q4 of 2018 while the total number of employed expat females has increased by 122,537 (to 1,195,013) from Q4 of 2018. The total number of employed females is 2,270,900, an increase of 127,965 from Q4 of 2018.

- 76.2% of Saudi national employees are male and 23.8% are female, an increase of 0.2% in female employment since Q4 of 2018.

- Of the 3,112,029 employed Saudi nationals, the highest proportion continue to work in the private sector, at 54.6%, while 45.4% of Saudi workers are employed within the public sector. These figures have changed only marginally since Q4 of 2018 when it was 54.7% private sector and 45.3% public sector.

- 1,699,683 Saudi nationals are employed in the Private sector.

- 1,412,346 Saudi nationals are employed in the Public sector.

- Non-Saudi males employed in Q1 of 2019 was 8,458,199, an increase of 101,256 (1.2%) on Q4 of 2018 figure of 8,356,943.

- For females the number of non-Saudis in work was 1,195,013, an increase of 122,537 on Q4 of 2018. This represents an increase of 11.4%.

Q1 of 2019 saw a 16.6% rise in the number of Expat Domestic Workers within the Kingdom, with an increase of 408,955 between Q4 2018 and Q1 2019. The figure rose to 2,863,697 in Q1 of 2019 from 2,454,742 in Q4 of 2018. In comparison, from Q3 to Q4 of 2018 there was an increase of only 83,352 non-Saudis employed as Domestic Workers – from 2,371,390 to 2,454,742 – a 3.5% increase and in the whole of 2018 there was an increase of only 55,639.

- There are 230,000 more (Drivers) and 145,000 more (Servants) and House Cleaner’s compared to Q4 of 2018.

- In Q1 of 2019, a total of 390,828 Work Visas were issued, of which 229,457 were classed as (Personal) (not ‘Government’ or ‘Private’). Almost 50,000 more Work Visas were issued in Q1 of 2019 compared to the Q1 of 2018 figure of (341,467).

The largest movements within the Saudi labour market in Q1 of 2019 were by non-Saudi workers, with 223,793 more expats in employment than in Q4 of 2018. This represents an increase of 1.29% in the number of employed expats between Q4 of 2018 and Q1 of 2019.

- In total, there are 9,653,212 expats employed in Saudi Arabia, up from 9,429,419 in Q4 of 2018, an increase of 2.3%.

- Non-Saudi males employed in Q1 of 2019 was 8,458,199, an increase of 101,256 (1.2%) on Q4 of 2018 figure of 8,356,943.

Further detailed investigation is required to understand the context and drivers for the overall rise in the number of Non-Saudi workers within the Kingdom between Q4 of 2018 and Q1 of 2019.
Against the economic backdrop of prices declining by 1.9% in the 12 months to April 2019, wages have held up relatively well for Saudi nationals in employment, with an overall wage increase of 2.1% for males and 2.29% for females within the same 12-month period.

• Saudi wages increased by 7 SAR per month (average) from 10,292 to 10,299 – an increase of 0.6% between Q4 of 2018 and Q1 of 2019.
• For Saudi males, the monthly wage increased by 10 SAR per month from 10,493 to 10,503 between Q4 of 2018 and Q1 of 2019 – an increase of 0.09%. However, the annual increase, between Q1 of 2018 and Q1 of 2019 is 214 SAR per month, an increase of 2.1% in the 12-month period.
• For Saudi females, the monthly wage increased by 17 SAR per month from 9,425 to 9,442 between Q4 of 2018 and Q1 of 2019 – an increase of 0.18%. For females, the annual increase, from Q1 of 2018, is 212 SAR per month, an increase of 2.29% in the 12-month period.
• The average wage for an expat male is 3,980 SAR per month, an increase of 97 SAR or 2.49% since Q1 of 2018 while, an expat female earns an average of 2,900 SAR, an increase of 254 SAR, which equates to an increase of 9.5% on the Q1 of 2018 salary.

It is not possible to identify sectoral trends by completing a direct comparison between Q1 of 2019 and previous quarters as the ‘Economic Activities’ headings have changed between Q4 of 2018 and Q1 of 2019. If the Q1 of 2019 format is retained for future Labour Force Survey reports then this comparison will again be possible. However, it has been possible to undertake a comparison between “Main Groups of Occupations” as this has remained consistent between Q4 of 2018 and Q1 of 2019. This comparison is based solely on GOSI data and shows the following:

• Saudi employment in Sales occupations increased from 261,460 in Q4 of 2018 to 269,838 in Q1 of 2019, an increase of 8,369 or 3.2%. The majority of Saudi entrants to sales occupations were males, at 78% of the total (6,534). Within the same period, Non-Saudi employment reduced by 6,866 within sales occupations, a reduction of 2.5%.
• Within ( Occupations Supporting Basic Engineering ) there was a reduction of 111,318 expat workers between Q4 of 2018 and Q1 of 2019, while there was an increase of 4,345 Saudis in this occupational group within the same period. Within ( Industrial, Chemical Operations and Food Industries ) the number of expat workers decreased by 7,110 (4.7%) while Saudi employment in this sector remained largely unchanged, a difference of only 56 workers.
• Expat employment in ( Technicians in Professional, Technical and Humanitarian Fields ) reduced by 6,986 between Q4 of 2018 and Q of 2019, a reduction of 1.4%, while Saudi employment within this occupational area increased by 2,095 (0.98%).
• Within Clerical occupations, the number of Saudi nationals employed decreased by 6,551 (1.2%) while the number of Non-Saudi in employment in this occupational group reduced by 2,031 (3%).

It is important to note that, while the GOSI data shows a reduction of 184,600 expat workers between Q4 of 2018 and Q1 of 2019, the combined GOSI / NIC / MCS data shows an increase in expat workers of 223,793 in Q1 of 2019. This is in contrast to the same period 12 months ago when 270,000 expats had left the labour market.

Sources:
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