



Industrial Production down by 22.4% in June 2020

In June 2020, the Industrial Production Index decreased by 22.4% compared to the same month in the previous year (June 2019). The decline in industrial production resulted almost exclusively from lower production in mining and quarrying activity (index weight shares 74.5%), which fell by 23.2%. Saudi Arabia reduced its oil production from 9.8 million barrels per day in June 2019 to 7.5 million barrels per day in June 2020. In June, manufacturing activities also decreased by 22.3% compared to June 2019 as the COVID-19 pandemic led many factories to reduce production operations.

Mining and quarrying dominate Industrial Production

- Saudi Arabia's industrial production is driven by mining and quarrying activity (including oil production), which significantly decreased in June by 23.2%, as Saudi oil production operated at low volumes.
- Non-oil manufacturing activity decreased by 22.3% compared to June 2019 and displayed substantial differences between industries. The production of machinery and equipment -45.5%, the production of clothing -43.7% and the production of electrical equipment -43.3% suffered large reductions compared to June 2019. Only the manufacturing of beverages products increased in volumes produced by 0.2%.
- Electricity and gas supply activity recorded a decrease of 6.8%, but it has the lowest weight in the IPI (2.9% of the index).

Industrial Production decreased by 7.1% compared to May 2020

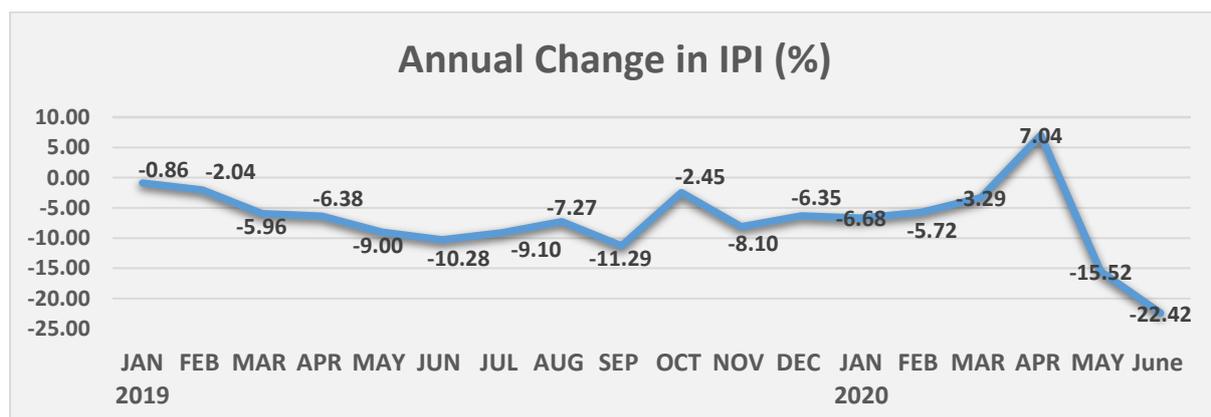
- Compared to the previous month (May 2020) the IPI decreased by 7.1%. This decrease resulted mainly from the mining and quarrying activity 11.8% as oil production fall from 8.5m barrel/day in May to 7.5m barrel/day in June.
- Non-oil manufacturing activity increased by 5.1%. Most of industries showed increased in volumes produced compared to May 2020, whereas the largest increase was observed in the production of clothing 15.3%, electrical equipment 15.0% and machinery and equipment 13.9%. Only the manufacturing of food products decreased in volumes produced by 1.2%.
- The electricity and gas supply increased by 10.3%, however, with little impact on the IPI because of its low weight.



Methodology

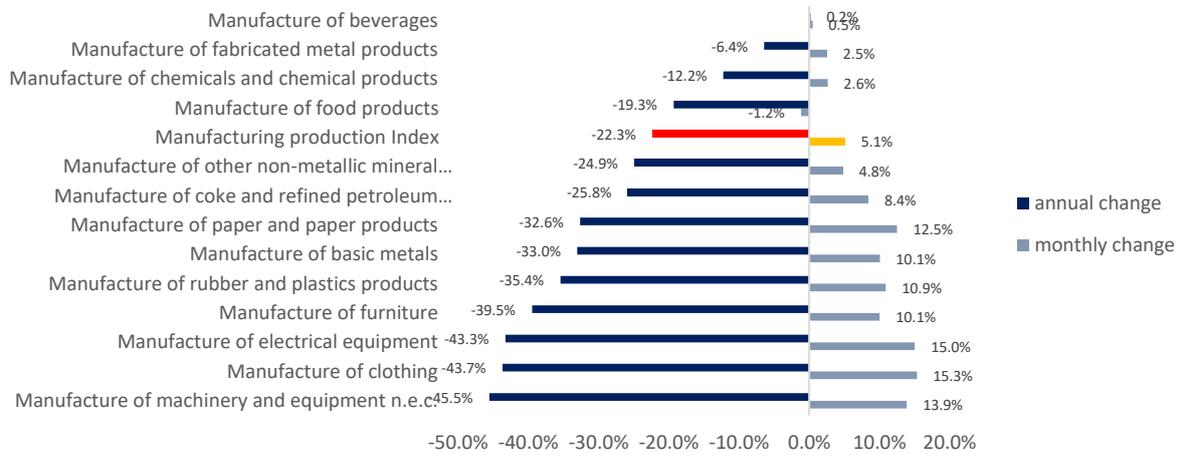
The Industrial Production Index (IPI) is an economic indicator, reflecting the relative changes of the volume of industrial output. It is calculated on the basis of the Industrial Production survey of 3000 industrial establishments. The IPI data is based on the International Standard Industrial Classification of Economic Activities (ISIC_4). The IPI is published on a monthly basis.

Annual and Monthly Change in IPI by activity, June 2020			
Economic activity	Percent change in June 2020 compared to		
	Jun-19	May-20	weight
GENERAL INDEX	-22.4%	-7.1%	100
Mining and quarrying	-23.2%	-11.8%	74.5
Manufacturing	-22.3%	5.1%	22.6
Electricity and gas	-6.0%	10.3%	2.9





Non-oil Industrial Production June 2020 (annual and monthly changes)



Links: [All Tables](#), [Methodological Note](#)