



### Industrial Production down by 15.5% in May 2020

In May 2020, the Industrial Production Index decreased by 15.5% compared to the same month in the previous year (May 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 11.98%. Saudi Arabia reduced its oil production from 9.6 million barrels per day in May 2019 to 8.5 million barrels per day in May 2020. In May, manufacturing activities also decreased sharply by 25.9% compared to May 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 May by 11.98%, as Saudi oil production operated at low volumes.
- Non-oil manufacturing activity decreased by 25.9% compared to May 2019 and displayed substantial differences between industries. The production of machinery and equipment -51.1%, the production of furniture -48.4% and the production of electrical equipment -46.6% suffered large reductions compared to May 2019. Only the manufacturing of beverages products increased in volumes produced by 5.6%.
- Electricity and gas supply activity recorded a decrease of 8.1%, but it has the lowest weight in the IPI (2.9% of the index).

### Industrial Production decreased by 21.8% compared to April 2020

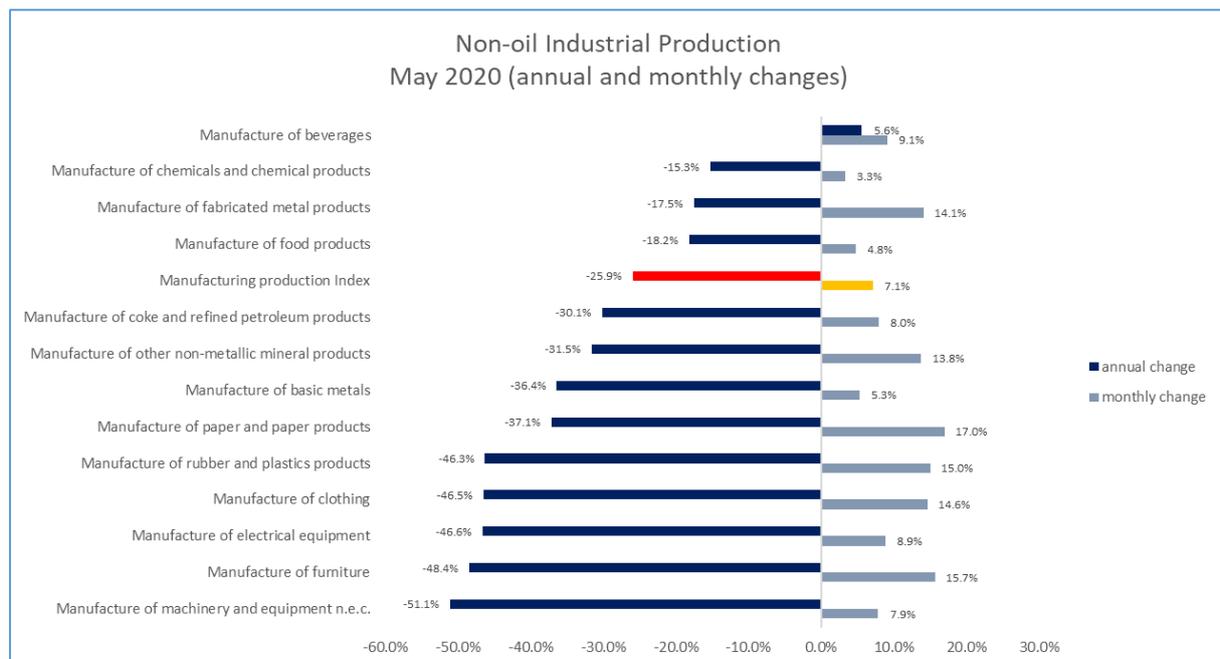
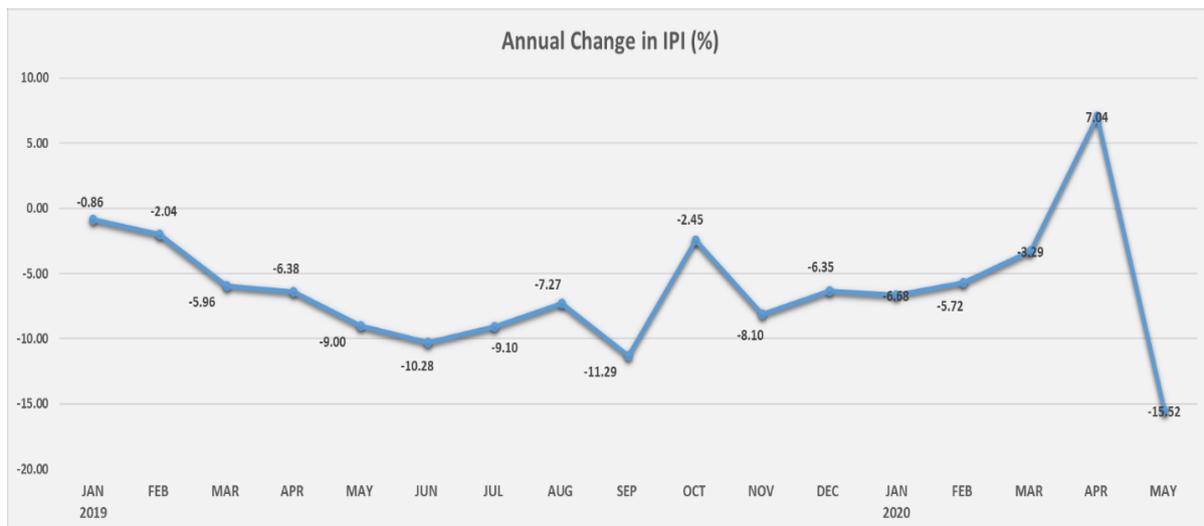
- Compared to the previous month (April 2020) the IPI decreased by 21.8%. This decrease resulted mainly from the mining and quarrying activity -29.2% as oil production fall from 12m barrel/day in April to 8.5m barrel/day in May.
- Non-oil manufacturing activity increased by 7.1%. All industries showed increased volumes produced compared to April 2020, whereas the largest increase was observed in the production of paper 17.0%, furniture 15.7% and rubber and plastics 15.0%.
- The electricity and gas supply increased by 30.7%, 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, May 2020			
Economic activity	Percent change in May 2020 compared to		
	May-19	Apr-20	weight
<b>GENERAL INDEX</b>	<b>-15.52%</b>	<b>-21.82%</b>	<b>100</b>
Mining and quarrying	-11.98%	-29.17%	74.5
Manufacturing	-25.91%	7.09%	22.6
Electricity and gas	-8.08%	30.67%	2.9



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