

INDUSTRIAL PRODUCTION INCREASES BY 11.2% IN DECEMBER 2021

The annual growth rate of the Industrial Production Index (IPI) reached 11.2% in December of 2021. It is the second highest annual growth rate during the last three years approximately. As an indication of the improvement in the trends of general industrial production in the three sub-sectors (mining & quarrying, manufacturing, and electricity & gas supply), it continued to show positive growth rates for the eighth month in a row during the year 2021.

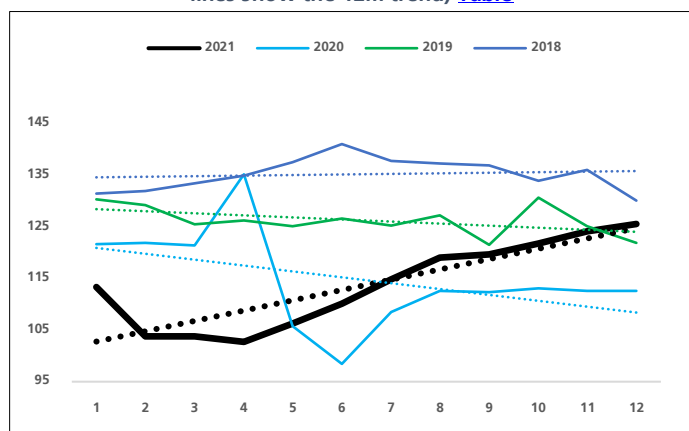
Recovery in the Industrial Production Sector

With a growth rate of 11.2% in December 2021 the Industrial Production Index (IPI) exceeded the dynamics of all but one month (June 2021: 11.9%) during the last three years. Taking a longer-term view, it can be seen that growth of the IPI turned positive in May 2021 and continued an upward trend in the following months. After a series of months with negative growth rates in 2020 – mainly impacted by the effects of the worldwide pandemic – the positive trend in industrial production brought the IPI in December 2021 back to pre-pandemic levels.

The annual growth rate of the IPI (%)

Month	2019	2020	2021
1	-0.9	-6.7	-6.9
2	-2.0	-5.7	-14.8
3	-6.0	-3.3	-14.5
4	-6.4	7.0	-24.0
5	-9.0	-15.5	0.5
6	-10.3	-22.2	11.9
7	-9.1	-13.4	5.9
8	-7.3	-11.6	5.8
9	-11.3	-7.5	6.5
10	-2.5	-13.5	7.7
11	-8.1	-10.0	10.3
12	-6.3	-7.6	11.2

Figure 1. IPI 2021 Compared to the Previous Three Years (dotted lines show the 12m trend) [Table](#)



Sectoral Distribution of the IPI

The relative importance of the mining and quarrying, manufacturing and electricity, and gas supply sectors is 74.5%, 22.6%, and 2.9%, respectively. Thus, the trends of the industrial production index in the mining and quarrying sector dominate the trend in the general IPI.

In December 2021 mining and quarrying grew by 11.6% compared to (December 2020) as Saudi Arabia increased its oil production to its highest level this year by more than 10 million barrels per day in December 2021. Manufacturing grew by 9.7% and electricity and gas supplies by 12.0%.

Compared to November 2021 the overall IPI increased by 0.8%. Mining & quarrying showed a growth rate of 1.1%. The kingdom's oil production increased in December to more than 10 million barrels per day compared to 9.9 million barrels per day in November this year. The manufacturing sector grew by 1.0% as the ministry of Industry and minerals resources announced in December's monthly report of industrial indicators, that 78 factories started production during the month. Electricity & gas supplies decreased by 9.7%. The impact of the large contraction in the electricity & gas supplies index had that very small impact due to its small weight in the index.

Figure 2. Industrial Production Index & the three Sub-indices (2018-2021)

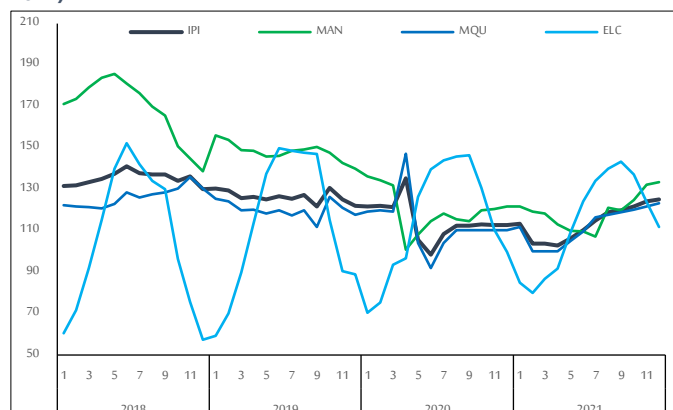


Figure 3. Industrial Production Index & the three Sub-indices (2019-2021) – Annual Growth Rates

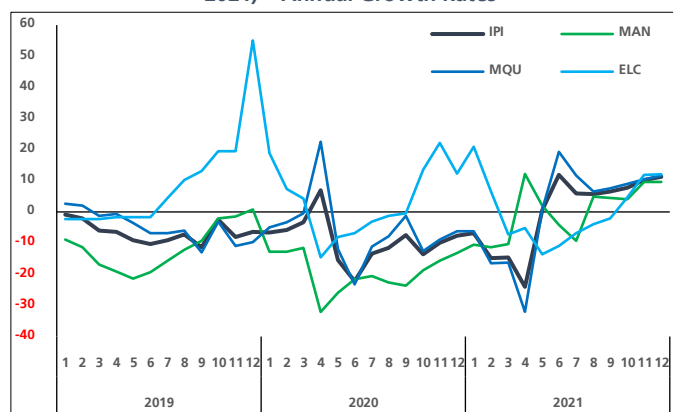
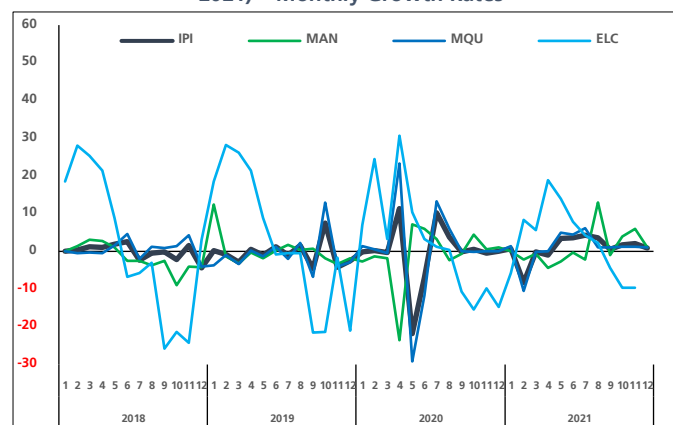


Figure 4. Industrial Production Index & the three Sub-indices (2018-2021) – Monthly Growth Rates



Methodology

The IPI is an economic indicator, reflecting the relative changes of the volume of industrial output. It is calculated based on the industrial production survey. The IPI data is based on the International Standard Industrial Classification of Economic Activities (ISIC 4). This index is published monthly. For detailed information, click [methodology](#).