

## Industrial Production increases by 22.3% in February 2022

In February 2022, the Industrial Production Index increased by 22.3% compared to the same month of the previous year (February 2021). The IPI continued to show positive growth rates for the tenth month in a row. The increase of industrial production resulted from higher production in the three sub-sectors mining & quarrying, manufacturing, and electricity & gas supply.

### Recovery in the Industrial Production sector

In February 2022, the year-on-year growth rate of the Industrial Production Index (IPI) was 22.3%, which was the highest rise in the last three years. Taking a longer-term view, growth of the IPI turned positive in May 2021 after a long period of negative growth rates in 2019 and 2020, partly impacted by the effects of the worldwide pandemic. Since mid-2021, the IPI growth showed a positive trend, accelerating at the end of 2021 to now.

### Mining and quarrying are the main drivers of the IPI

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

In February 2022 mining and quarrying grew by 25.5% compared to (February 2021) as Saudi Arabia increased its oil production to its highest level by more than 10 million barrels per day in February 2022. The manufacturing activity also continued to rise in February 2022, recovering from the effects of the Corona pandemic that the world witnessed during the last period. It was also affected by the recovery of international trade and the increasing for Saudi exports during the current period, as production in manufacturing activity increased by 14.3% compared to the same month of the previous year. The electricity and gas supplies increased by 11.4%.

Compared to January 2022 the overall IPI increased by 0.9%. Mining & quarrying showed a month-on-month growth rate of 0.8%. The manufacturing sector grew by 2.0%, electricity & gas supplies decreased by 9.3%. The impact of the large contraction in the electricity & gas supplies index on the IPI was limited due to its small weight in the index.

Table1. The annual growth rate of the IPI (%)

Month	2019	2020	2021	2022
January	-0.9	-6.7	-6.9	11.1
February	-2.0	-5.7	-14.8	22.3
March	-6.0	-3.3	-14.5	
April	-6.4	7.0	-24.0	
May	-9.0	-15.5	0.5	
June	-10.3	-22.2	11.9	
July	-9.1	-13.4	5.9	
August	-7.3	-11.6	5.8	
September	-11.3	-7.5	6.5	
October	-2.5	-13.5	7.7	
November	-8.1	-10.0	10.3	
December	-6.3	-7.6	11.2	

Figure 1. IPI 2022 Compared to the Previous Three Years (dotted lines show the 12m trend)

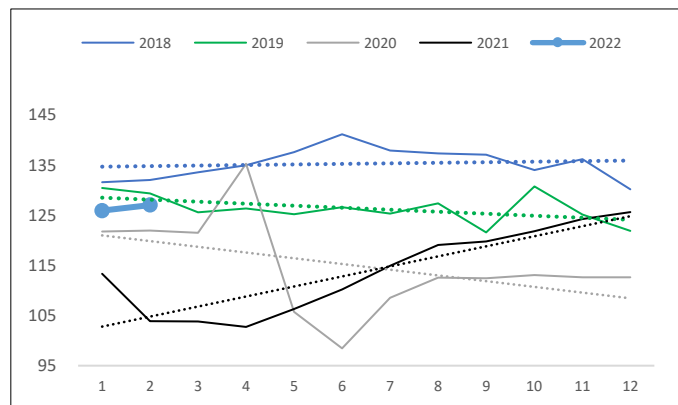


Figure 2. Industrial Production Index & the three Sub-indices (2018-2022)

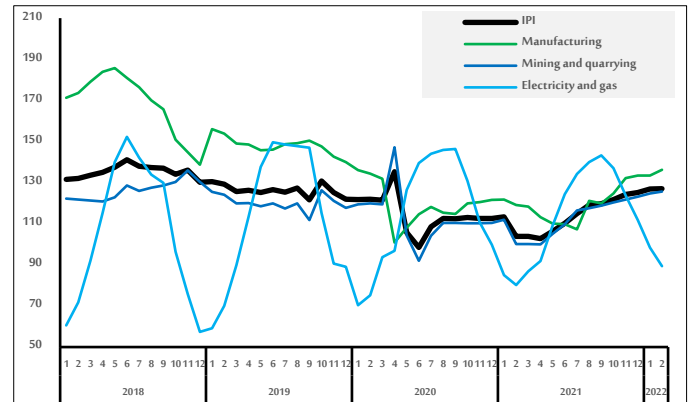


Figure 3. Industrial Production Index & the three Sub-indices (2019-2022) – Annual Growth Rates

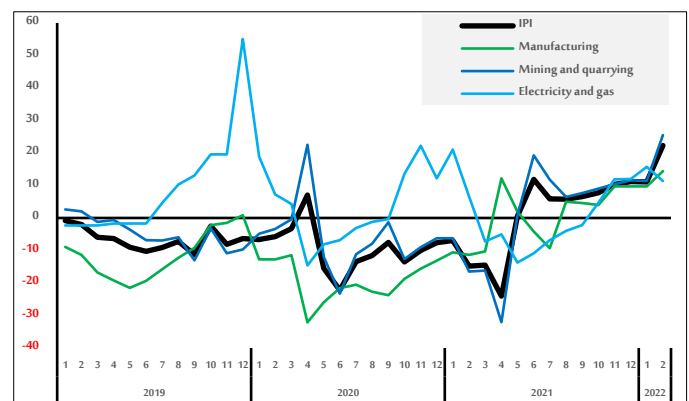
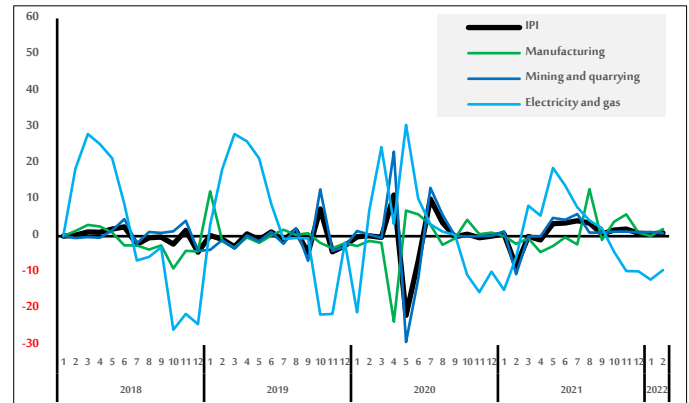


Figure 4. Industrial Production Index & the three Sub-indices (2018-2022) – Monthly Growth Rates



### Methodology

The IPI is an economic indicator, that reflects 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 on a monthly basis. For detailed information, click [methodology](#).