

## Industrial production increases by 24.8% in March 2022

In March 2022, the Industrial Production Index increased by 24.8% compared to the same month of the previous year (March 2021). The IPI continued to show positive growth rates due to 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 March 2022, the year-on-year growth rate of the Industrial Production Index (IPI) was 24.8%, 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 sector is the major driver 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.

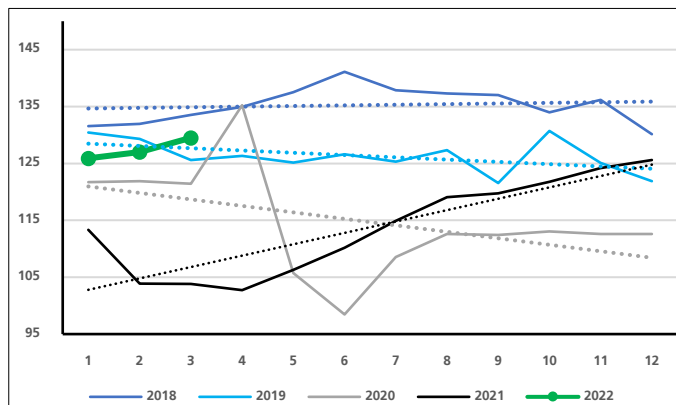
In March 2022 mining and quarrying grew by 26.6% compared to (March 2021) as Saudi Arabia increased its oil production to its highest level by more than 10 million barrels per day in March 2022. The manufacturing activity also continued to rise in March 2022, recovering from the effects of the Corona 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 22.0% compared to the same month of the previous year. The electricity and gas supplies increased by 1.4%.

Compared to February 2022 the overall IPI increased by 2.0%. Mining & quarrying showed a month-on-month growth rate of 0.7%. The manufacturing sector grew by 6.0%, electricity & gas supplies decreased by 1.3%. 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	24.8
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. 2022 IPI Compared to the Previous three Years\*



\* The dotted lines show the 12-month trend.

Figure 2. Industrial Production Index & the Three Sub-Indices (2018-2022)

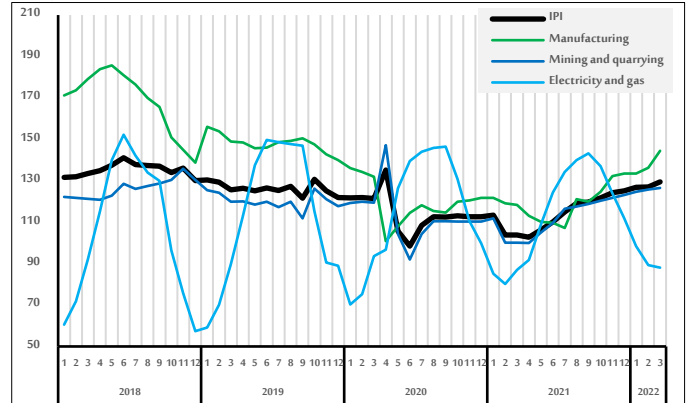


Figure 3. Industrial Production Index & the Three Sub-Indices (2019-2022) – Annual Growth Rates

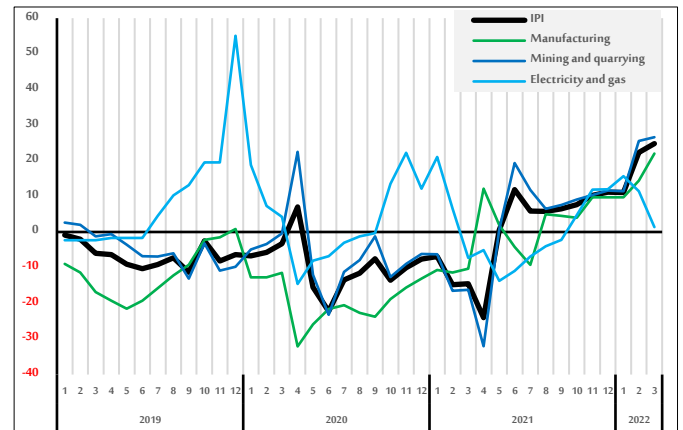
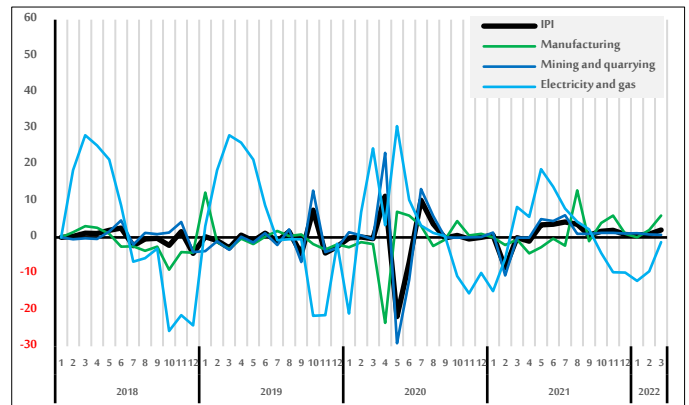


Figure 4. Industrial Production Index & the Three Sub-Indices (2018-2022) – Monthly Growth Rates



## 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](#).