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Takamol Advisory Unit

Analysis of GASTAT Labour Force Survey Q2 of 2021

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INSIGHT PAPER

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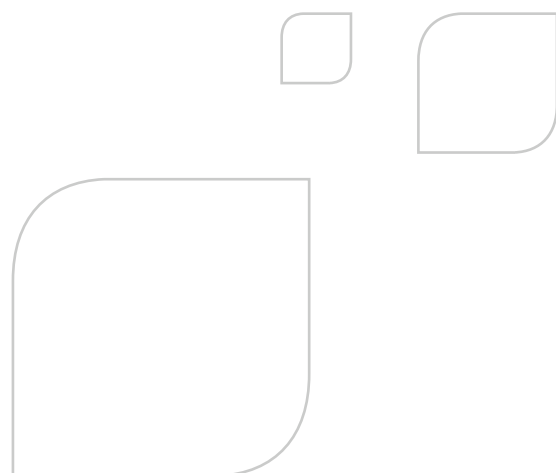
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Fiscal and Economic Factors

- In terms of overall GDP growth, the Saudi Arabian economy in Q2 2021 expanded by 1.8% year-on-year which is higher than the increase of GDP in Q1 which was 1.3%. The non-oil sector however, expanded by 8.4% which is in line with the strategic ambitions of the Kingdom to increase non-oil revenue.
- According to Jadwa Investment, Saudi crude oil production averaged 9.6 million barrels per day (mbpd) Q2 2021 which is the highest since April 2020. It is also predicted that there will be a rise in output in the next months in line with the unwinding of oil output agreed by OPEC+.
- Concerning oil GDP predictions for this year, Jadwa predicts that oil GDP will marginally decrease year-on-year at -0.7%, but with non-oil growth increasing by 3.5%.
- Government revenues totaled SR248 billion in Q2 2021, which represents an increase of 85%, or SR 114 billion, year-on-year, with a rise in both oil and non-oil revenue, while government oil revenue totaled SR132 billion compared to SR96 billion last year as oil prices surged by 150% over the same period.
- In terms of inflation, August saw a rise in prices of 0.3% year-on-year, and by 0.1% month-on-month. The “food and beverages” sector saw an increase of 1.9% year-on-year, and 0.8% month-on-month.

- The main risk to the Saudi economy is linked to the potentially disruptive nature of Covid-19 and \ to its variants specifically. The Ministry of Health (MoH) recently noticed the presence of the Delta variant in the Kingdom. Jadwa remains confident that the business environment will continue improving in the remainder of 2021 with the projected high levels of vaccinations and immunity.



Saudi Arabian Employment Trends

In Q2 2021, the unemployment rate for the total Saudi population aged between 15 to 65+ is 11.3%. This represents a 0.4% decline in Q2 2021, down from 11.7% in Q1 2021.

- Given the impact of COVID 19 and the activation of the lockdown and restrictions, Saudi unemployment rate between Q2 2020 and Q2 2021 registered a steady decline by 4.1%, from 15.4% to 11.3%.
- The unemployment rate for Saudi males dropped by 1.1%, from 7.2% to 6.1%, between Q1 and Q2 2021. In comparison, the unemployment rate for Saudi females increased by 1.1%, from 21.2% to 22.3% during the same period.
- Data also shows a 9.1% decline of Saudi female unemployment between Q2 2020 and Q2 2021, from 31.4% to 22.3%. Conversely, there has only been a decrease of 2% in the Saudi male unemployment rate since Q2 2020.
- In Q2 2021, the youth unemployment rate (20 – 24) decreased by 1.4%, from 23.6% to 22.2%. Comparing data between Q2 2021 with Q2 2020, youth unemployment rate significantly decreased by 13.2%,

from 35.4% to 22.2%.

- Looking more into previous quarters, the youth unemployment figure reveals that after the sudden increase of 4.1% in Q2 2020, from 31.3% to 35.4%, a decline by 6.2% has been reported in Q4 2020, from 34.2% to 28%, and 4.4% in Q1 2021, from 28% to 23.6%. Given the steady decline, youth unemployment rate remains high as Youth and children represent more than two-thirds of the Saudi population.

Between Q2 2021 and Q2 2020, the Saudi labour force participation rate registered an increase by 0.6% from 48.8% to 49.4%.

Between Q1-Q2 2021, there was a noticeable high increase in youth participation rate (20 – 24) by 5.9%, from 36.7% to 42.6%. This increase coincides with an increase of fresh graduates entering the labour market.

On a sectoral basis, the total Saudi employment rate in the Government Sector grew by 1.0%, from 53.8% to 54.8% between Q1 and Q2 2021, demonstrating that, in Q2 2021, most employed Saudis held jobs in the Government Sector. This compares to the 1.2% decrease in the Private Sector with a total of 44.5% of Saudi employment, from 45.7% to 44.5% in the same period.

The total employment rate for Saudi population aged between 15 to 65+ is 88.7%, which shows an increase by 0.4%, from 88.7% to 88.3% between Q1 and Q2 2021.

- In Q2 2021, the Saudi female employment rate decreased by 1.1%, from 78.8% to 77.7%. On a sectoral basis, data shows that Saudi females in the Government Sector rose by 0.9%.
- In the same period, the private sector experienced a decrease of Saudi female workers by 1.3% with a total of 58.6%, compared to 59.9% in Q1 2021.

- The Saudi male employment rate grew by 1.1% between Q2 and Q1 2021, from 92.8% to 93.9%. On a sectoral basis, data shows an increase in male employment by 0.9% in the government sector, from 59.5% to 60.4% in the same period. At the same time there was a 1% decrease in the Saudi male employment in the private sector.



Non-Saudi Employment Trends

According to the labour force survey, the non-Saudi employment rate continues to decline in Q2 2021, down by 0.5% from 98.1% to 97.6%. According to Jadwa Investment's October Labour Market release, the total number of non-Saudi employees reduced by almost 177,000 quarter-on-quarter. Below are some interesting figures on expat trends:

- Since the start of the COVID-19 pandemic, a total of 600,000 expats have left the Kingdom.
- Between Q2 2021 and Q2 2020, there was a 0.7% increase in the total non-Saudi employment.

- The non-Saudi female employment rate increased by 3.2%, from 90.5% to 93.7%, and the non-Saudi male employment rate increased by 0.5%, from 97.7% to 98.2%, between Q2 2020 and Q2 2021.

In Q2 2021, data shows an increase in the total non-Saudi employment rate by 1.5% in the private sector from 61.5% to 63.0%.

- In the same period, the non-Saudi female employment increased by 2.1%, from 11.2% to 13.3%, and a 1.5% increase from 69.1% to 70.6% for non-Saudi male workers in the private sector.

In Q2 2021, the unemployment rate for the total non-Saudi population is 2.4%. Data shows a 0.8% increase in non-Saudi female unemployment rate, from 5.5% to 6.3%. Whilst the male unemployment rate also increased by 0.5%, from 1.3% to 1.8%.

- Compared to Q2 2020, the unemployment rate for non-Saudis declined by 0.7%, from 3.1% to 2.4%. This comes as no surprise considering the gradual removal of COVID 19 restrictions, the reopening of borders and the overall improvement within the labour market.

With the current relaxation of COVID-19 restrictions administrative data shows a decline in the number of work visas issued in Q2 2021 as per the below trends:

- There was a total decrease of 71,371 visas, issued between Q1 and Q2 2021, from 512,322 in Q1 to 440,951 in Q2 2021.
- Data shows approximately a 50% decrease in issued visas for the Government Sector by 581 visas, from 1,131 to 550 visas, whilst in the private sector there was an increase by 3,876 issued visas has been registered, from 298,772 to 302,648 visas.

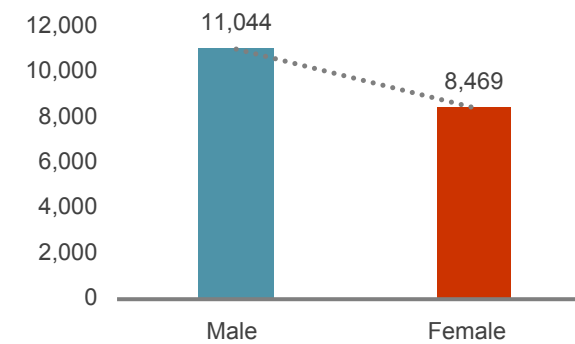
Gender Trends

Between Q1 2021 to Q2 2021, Saudi male labour force participation decreased by 0.5% while the female participation rate increased by 0.1% within the same period. Between Q1 2021-Q2 2021, the unemployment rate of Saudi males decreased by 1.1% from 7.2% to 6.1%. Between Q2 2020 and Q2 2021, the Saudi male unemployment rate has decreased from 8.1% to 6.1%.

Between Q1 2021 and Q2 2021, the unemployment rate of Saudi females has increased by 1.1% from 21.2% to 22.3%. Between Q2 2020 and Q2 2021, the Saudi female unemployment rate has decreased from 31.4% to 22.3%.

Between Q1- Q2 2021, Saudi males monthly wages increased by 654 SAR from SAR 10,390 to SAR 11,044.

Average monthly salaries for males are considerably higher than the average for females. Within the same period, monthly wages for Saudi females decreased slightly from SAR 8,692 to SAR 8,469.



(Graph 1: Saudi male and female's average salary)

Age Group Trends



More than 71% of unemployed Saudis in Q2 2021 are between the age of 20 and 34.

Between Q1 2021 and Q2 2021, the rate of unemployed Saudi females between 25-29 years old decreased by 6.5% from 35.3% to 28.8%.

The highest rate of unemployed Saudi males in Q2 2021 are within the 20-24 age group with a percentage of 34.9%. In Q1 2021, the percentage of unemployed Saudi males in the same age group remains the highest at 29.8%.

In Q2 2021, employees' total number who are between 15 and 34 old decreased compared to Q1 2021 with a total of 24,289.

Educational Attainment Trends

The unemployment of Bachelor holders or equivalent remains a challenge especially for females as they represent the majority of the total unemployed females in Q2 2021. Despite that the percentage of unemployed females in this specific group has declined to 61.1% in Q2 2021 from 63.9% in Q1 2021.

In Q2 2021, Saudi males who hold an upper secondary education represent the largest group of unemployed males at 46.8 % of the total unemployed Saudi males. This is an increase from the rate of 45.4% in Q1 2021.

In Q2 2021, females that hold an Education diploma or higher represent the largest group of unemployed females, at 32.8%, which is an increase from the rate of 31.1% we saw in Q2 2020.

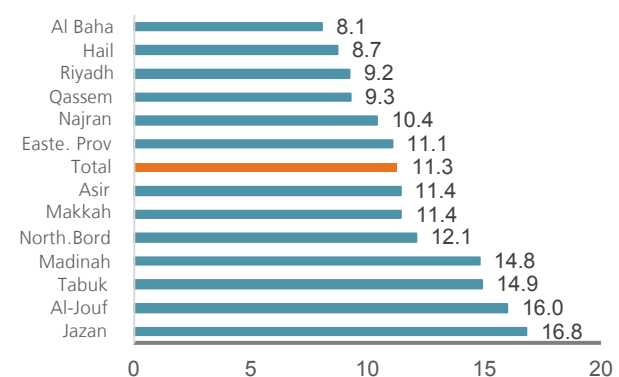
In Q1 2021, males that hold a Business, Management and Law diploma or higher represented the largest group of unemployed males, at 37.8%. This group remains the largest group in Q2 2021, however there was a reduction in the prevalence of this group, at 32.1%.



Regional Trends

Al-Baha, Hail, and Riyadh regions have the highest employment rates in Q2 2021 with total of 91.9%, 91.3%, and 90.8% respectively. In Q1 2021 the highest three regions of employed Saudi rates were **Northern Borders, Najran, and Eastern Province** with total of 91.6%, 90.6%, and 89.9%.

In Q2 2021, **Jazan, Al-Jouf, and Tabuk** have the highest rates of unemployed Saudis with total of 16.8%, 16.0% and 14.9% respectively, while **Al-Baha, Hail and Riyadh** have the lowest Saudi unemployment rate with total of 9.2%, 8.7% and 8.1% respectively.



(Graph 2: unemployment rate per region in Q2 2021)

In Q2 2021, the Riyadh has one of the lowest Saudi unemployment rates, at 9.2%. This is largely impacted by the female Saudi unemployment rate that stands at 18.7%.

According to administrative data, between Q2 2020 and Q2 2021, the total number of Saudi employees in Riyadh increased by 78,451 while, quarter on quarter between Q1-Q2 2021, there was an increase of 2,036 Saudi Arabians in employment.

In Q2 2021, the Saudi unemployment rate in **Makkah** stands at 11.4%. This is largely impacted by the Saudi unemployed females rate of 21.4%.

As stated by administrative data, between Q2 2020 and Q2 2021, the total number of Saudi employees in Makkah rose by 9,294 and, on a quarter on quarter comparison between Q1-Q2 2021, there was an increase of 17,390 Saudi Arabians in employment.

In Q2 2021, the Saudi unemployment rate in **Eastern Province** stands at 11.1%. This figure is impacted by a Saudi unemployed female rate of 24.0%.

According to administrative data, between Q2 2020 and Q2 2021, the total number of Saudi employees in Eastern Province increased by 4,220 while, on a quarter on quarter basis between Q1-Q2 2021, there was a decrease of 14,100 Saudi Arabians in employment.

In Q2 2021, the Saudi unemployment rate in **Madinah** is at 14.8% which is heavily impacted by a Saudi unemployed females rate of 27.5%.

As reported by the administrative data, between Q2 2020 and Q2 2021, the total number of Saudi employees in Madinah fell by 109 while, on a quarter on quarter basis between Q1-Q2 2021, the total number of employed Saudi Arabians decreased by 29,599.

In Q2 2021, the Saudi unemployment rate in **Qassim** is 9.3%, comprising a Saudi unemployed females rate of 18.2%.

According to administrative data, between Q2 2020 and Q2 2021, the total number of Saudi employees in Qassim rose by 3,880 while, on a quarter on quarter basis between Q1-Q2 2021, the total number of employed Saudi Arabians decreased by 6,964.

In Q2 2021, the Saudi unemployment rate in the **Northern Borders** is 12.1%, which is impacted by a Saudi unemployed females rate of 23.8%.

As stated by the administrative data, between Q2 2020 and Q2 2021 the total number of Saudi employees in the Northern Borders increased by 2,085 while, on a quarter on quarter basis between Q1-Q2 2021, there was an increase of 13,256 Saudi Arabians in employment.

In Q2 2021, the lowest rate of Saudi unemployment is in **Al-Baha** with a rate of 8.1 %. The Saudi unemployed females rate is 20.0%.

According to administrative data, between Q2 2020 and Q2 2021, the total number of Saudi employees in Al-Baha increased by 1,010 while, on a quarter on quarter basis between Q1-Q2 2021, the total number of employed Saudi Arabians decreased by 1,034.

Regions	Q2/2020	Q1/2021	Q2/2021
Riyadh	1,276,693	1,353,108	1,355,144
Makkah	613,093	604,997	622,387
Eastern Province	567,877	586,197	572,097
Asir	150,039	156,137	154,392
Madinah	114,690	144,180	114,581
Qassim	109,604	120,448	113,484
Jazan	75,830	80,561	78,046
Tabuk	55,977	59,133	56,009
Hail	49,465	51,696	51,464
Najran	47,093	48,268	48,461
AL - Jouf	38,292	39,413	39,216
North. Bord.	37,935	26,764	40,020
AL - Baha	32,902	34,946	33,912

(Table 1: total of Saudi employment per region in Q2 2020, Q1 2021 and Q2 2021)

Wage Trends



The average monthly wage for Saudi Arabians in Q2 2021 is SAR 10,491. Given the significant challenges faced this year due to the COVID 19 pandemic, no major impact was reported compared to the average monthly wage of Q1 2021 with an average of 10,600 SAR.

- The average monthly wage for Saudi employees decreased by 109 SAR, between Q1 and Q2 of 2021. Compared to Q2 2020 and Q2 2021, data shows a total increase of 527 SAR from 9,970 SAR to 10,491 SAR.
- Saudi male average monthly wage slightly decreased by 132 SAR, from 11,176 SAR in Q1 to 11,044 SAR in Q2 2021. Whilst the Saudi female average monthly wage also slightly decreased by 53 SAR, from 8,522 SAR in Q1 to 8,469 SAR in Q2 2021.
- Comparing Q2 2021 with Q2 2020, data shows an increase by 654 SAR in the average monthly wage of a Saudi male, from 10,390 to 11,044 SAR. Whilst Saudi female average monthly wages decreased by 223 SAR, from 8,692 to 8,469.

The average monthly wage of non-Saudis in Q2 2021 is 4,091 SAR. Compared to Q1 2021 average monthly wage of 4,129 SAR, a total decrease of 38 SAR has been registered.

- Comparing Q2 2020 with Q2 2021, a massive drop of 2,499 SAR has been registered in the non-Saudi average monthly wages, from 6,596 SAR to 4,091 SAR.
- Between Q1 and Q2 of 2021, The Non-Saudi male average monthly wage, slightly decreased by 54 SAR, from 4,463 SAR to 4,409 SAR. In comparison with Q2 2020, data shows a 135 SAR decrease in non-Saudi male average wage, from 4,274 to 4,409.
- The Non-Saudi female average monthly wage increased by 108 SAR, from 1,974 SAR in Q1 to 2,082 SAR in Q2 2021. Comparing Q2 2020 with Q2 2021, we see a massive decrease by 835 SAR in the non-Saudi female monthly average wage, from 2,917 SAR to 2,082 SAR.

Sectoral Trends

Data shows that the Public Administration and Defense, Wholesale and Retail Trade, Mining and quarrying, and Human Health and Social Work Activities are the sectors with the highest increase of workers in Q2 of 2021.

- **Public Administration and Defense; Compulsory Social Security Sector:**
Saudi employment in the Public Administration and Defense; Compulsory Social Security sector increased by 1.6%, from 28.3% to 29.9% in Q2 2021. Whilst a slight decrease has been reported in non-Saudi workers by 0.2% from 0.5% to 0.3% in the same quarter.
- **Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles Sector:**
The Wholesale and Retail Trade sector recorded an increase in Saudi employment by 1.1%,

from 10.1% to 11.2% in Q2 2021. An increase of 0.9% also has been reported with non-Saudi workers from 15.9% to 16.8% in the same period.

- **Mining and Quarrying Sector:**

Saudi employment in the Mining and Quarrying sector increased by 0.4% in Q2 2021, from 1.6% to 2.0%.

- **Human Health and Social Work Activities Sector:**

The Human Health and Social Work recorded an increase of 0.3%, from 6.9% to 7.2% in Saudi employment in Q2 2021.

- **Education Sector:**

In Q2 2021, the Education sector registered a decrease of 1% in total Saudi employment, with a 2.4% drop of female workers, from 30.2% to 27.8%.

Non-Saudi employment decreased by 0.8%, from 2.8% to 2.0% in Q2 2021, which is due, at least in part, to the recently released decree on Nationalizing the Education sector, for both private and government schools.

- **Manufacturing Sector:**

The Manufacturing sector recorded an increase of 0.2%, from 6.3% to 6.5% in Q2 2021. Non-Saudi employment also recorded a high increase by 1.1% from 10.6% to 11.7% in the same quarter.

- **Construction Sector:**

Saudi employment in the Construction sector decreased by 0.3%, from 5.7% to 5.4% in Q2 2021. There was a total increase of 0.2% in non-Saudi employment, from 11.6% to 11.8%, in the same quarter.

- **Transportation and Storage:**

Saudi employment in the Transportation and Storage sector increased by 0.1%, from 3.1% to 3.2% in Q2 2021. An increase of 0.1% has been reported in non-Saudi employment from 2.9% to 3.0% in the same quarter.

- **Administrative and Support Service Activities:**

A decrease has been registered in the employment of the Administrative and Support Services Activities sector by 0.3%, from 3.4% to 3.1% in Q2 2021. Non-Saudi employment has increased by 0.2%, in the same quarter, from 2.7% to 2.9%.

- **Accommodation and Food Service Activities:**

Saudi Employment in the Accommodation and Food Service Activities sector increased by 0.1%, from 2.8% to 2.9% in Q2 2021. Non-Saudi employment has increased by 0.6% from 3.5% to 4.1% in the same period.

- **Other Service Activities:**

The Other Services Activities sector recorded an increase of 0.2%, from 2.5% to 2.7% in Q2 2021.



The Impact of COVID-19

Globally, the number of cases and deaths continues to decline compared to last year, with over 246 million confirmed cases and 5 million deaths. At the time of writing, 548,711 confirmed cases had been reported in the Kingdom.

In Q2 2021, data shows a recovery in the numbers of workers compared to Q2 2020. The Kingdom officially announced this month the lessening of COVID 19 restrictions, reflecting the low number of cases reported.

On the 18th of May, the Ministry of Interior announced that all citizens and residents must be fully vaccinated to be able to enter any economic, commercial, cultural, or sporting activity. This includes entry to any public or private government facility, including workplaces.

The number of vaccinated people in the Kingdom reached 45+ million according to the latest press reports by the representative of the Ministry of Health. In total, 21.1 million people have completed the first and second dose of the COVID 19 vaccine.

In terms of Education, according to the UN, more than 1 billion students were affected by the pandemic in more than 190 countries. The lockdowns of schools and other educational facilities impacted 94% of students and teachers globally. The Saudi Arabian Ministry of Education released the 'Back to Schools Mechanism' for this year educational plan with a total of 57 million SAR allocated for COVID 19 precautionary requirements.

The Ministry of Education, also, announced in-person attendance for middle and high school students who have received the two doses of the vaccine. As for the primary and

kindergarten students, their return to schools is linked to the Kingdom's reaching 70% of full vaccinations.



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