



JUST SAYING...

Saudi Arabia's ministry of finance released the country's national budget last week which we detail below in a very simplified form. While the public comments about it suggest the country built in an average oil price of about \$55/barrel, our own assessment points to a required average crude price of a wee more than \$88/barrel. Part of the reason our figures will look at odds with other accounts relates to our inclusion of \$65 billion in legacy welfare programs –

Saudi Arabia's 2017 National Budget

Disclosed Planned Expenditures (Bln \$)	\$240
Legacy welfare programs carried over	\$65
Assumed total budget (Bln \$)	\$305
Projected Oil Exports, Bln bbls	2.81
Projected non-oil income (Bln \$)	57.2
Oil income revenue (Bln \$)	248.1
Implied per barrel revenue for 2017	\$88.26

most assessments don't include this. Additionally, while we used the exact non-oil income figure offered in the annual budget, we did make an adjustment down of 200,000 b/d in the figure for net oil exports. Our oil export adjustment is conservative. Saudi Arabia's daily production of crude oil this year averaged about 10.43 million b/d. The target per the OPEC agreement last month will reduce

the Kingdom's average production rate by between 400,000 and 500,000 b/d, and its domestic demand is expected to rise by about 220,000 b/d. All that considered, our export reduction of just 200,000 b/d and consequent oil price figure of \$88.26 looks almost cautious.

Saudi Arabia's Crude Oil Production

Includes share of Neutral Zone, Million b/d

