SAUDI ECONOMIC CHARTBOOK

Third Quarter 2026

الرياض المالية
Riyad Capital

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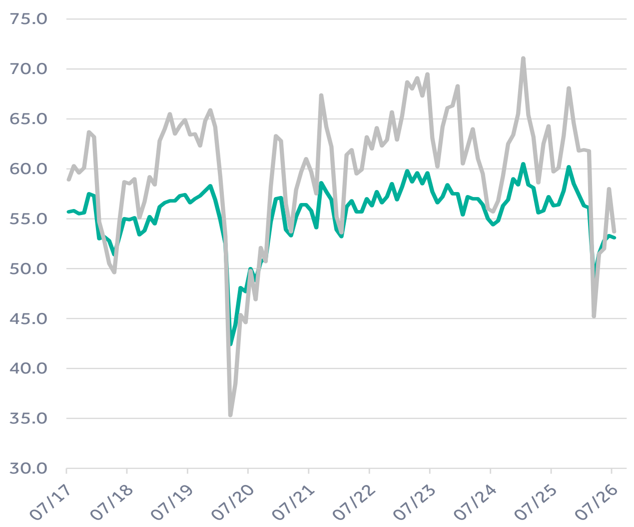
Table of Contents:

Growth Rebound to be Expected in H2 2026

- In Q2 2026, flash estimates show a contraction of Saudi GDP by 4.8%yoy, primarily reflecting major oil output cuts, which translated into negative oil sector growth of –24.7%yoy. Meanwhile, growth in non-oil activities also slowed, but remained in expansion territory at 0.6%yoy.
- This slowdown was mainly caused by the regional geopolitical conflict. However, recent readings of non-oil business climate indicators already point towards a recovery in H2 2026. We, therefore, expect non-oil activities to expand by 2.8% in 2026 and 4.8% in 2027 (see graphic below).
- The Saudi budget deficit narrowed to 34bln SAR in Q2 2026, the smallest deficit since Q3 2024. This was primarily due to substantially higher fiscal revenues (+12%), in particular oil revenues, which jumped by 22%yoy. Fiscal expenditures, meanwhile, rose at a gradually slower pace of 11%yoy.
- Following a record increase of around 200bln SAR in less than six months to March 2026, SAMA's official reserves have remained elevated. The strong rise was supported by a current account surplus and increased foreign borrowing, with reserves stabilizing at approx. 1,850bln SAR in Q2.
- Saudi crude output and exports showed clear signs of recovery in June. Crude production expanded from a low of 6.3mbd to 7.1mbd, while crude exports rose from 3.4mbd to 4.0mbd.
- Since February of this year, a notable steepening of the SAR yield curve could be observed. While short-term rates remained largely unchanged, the 5Y SAR sovereign sukuk yield and 5Y SAR swap rates increased by about 60bp and 80bp, respectively.

Business Climate Starting to Recover in Q2 2026

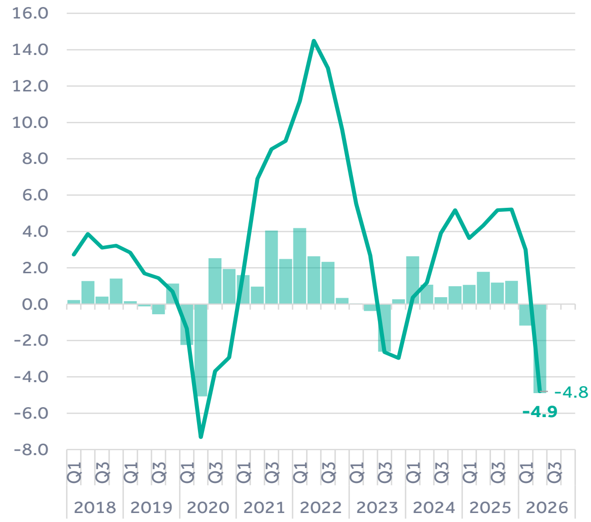


Purchasing Manager Indices provide timely indications of business conditions based on monthly company surveys. In Saudi Arabia, the survey covers around 400 firms within the non-oil economy. Index readings above 50 indicate expansion and below 50 contraction. Following the outbreak of the geopolitical conflict, the PMI Composite fell to 48.8 in March before recovering to 53.1 most recently in July. PMI New Orders showed an even stronger rebound, rising from 45.2 to 54.6. This recovery, which started in Q2 and continued into Q3, suggests that the Saudi non-oil economy should regain growth momentum in the coming months.

source: S&P Global, RC

Gross Domestic Product (GDP) by Main Economic Activities

Figure 1:
GDP Overall Economy

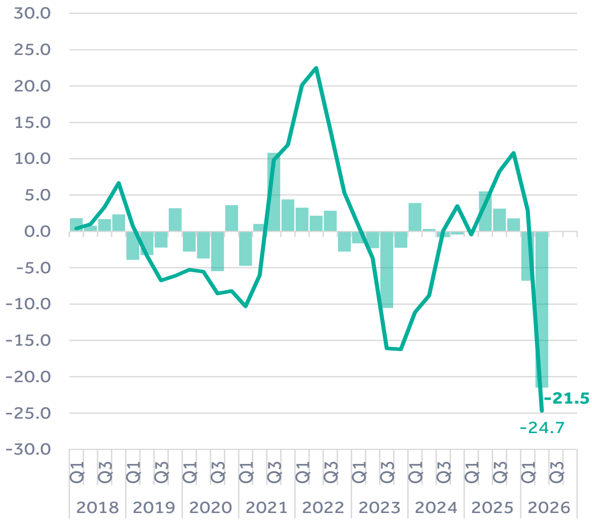


Real GDP Overall economy, %yoy
Real GDP Overall economy, %qoq

(Q2 2026 Flash estimates)

source: GASTAT

Figure 2:
GDP Oil Activities

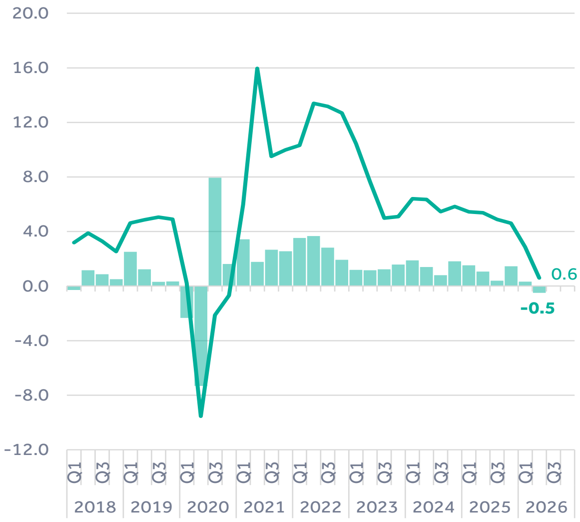


Real GDP Oil Activities, %yoy
Real GDP Oil Activities, %qoq

(Q2 2026 Flash estimates)

source: GASTAT

Figure 3:
GDP Non-Oil Activities

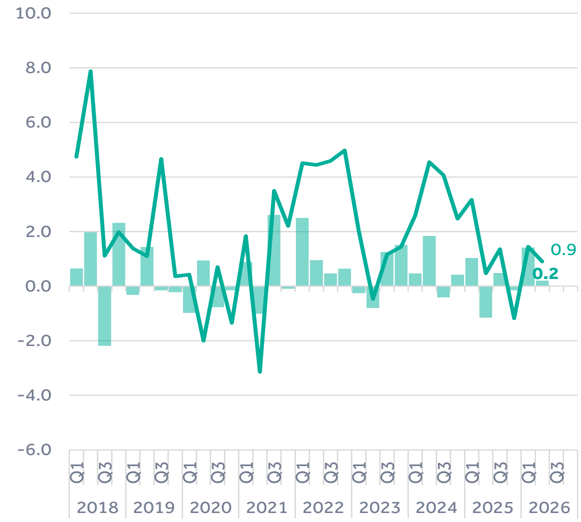


Real GDP Non-Oil Activities, %yoy
Real GDP Non-Oil Activities, %qoq

(Q2 2026 Flash estimates)

source: GASTAT

Figure 4:
GDP Government Activities



Real GDP Government Activities, %yoy
Real GDP Government Activities, %qoq

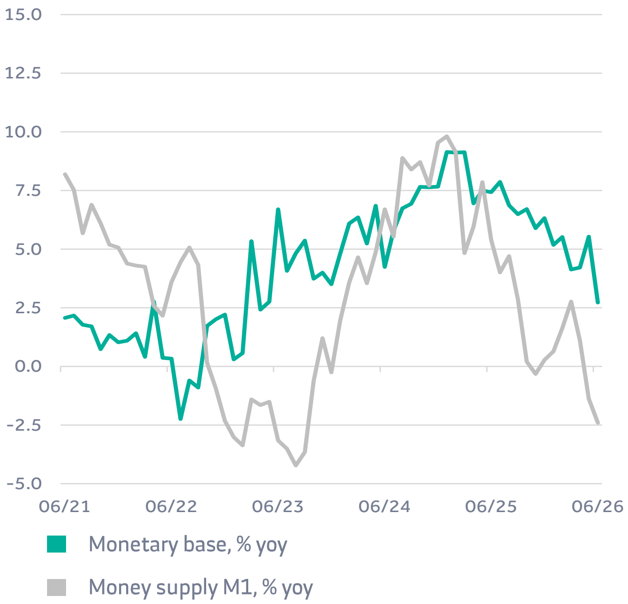
(Q2 2026 Flash estimates)

source: GASTAT

Flash estimates show that Saudi GDP contracted by 4.8%yoy in Q2 2026. This was primarily the result of substantial oil output cuts since spring due to the regional conflict, which translated into a 24.7%yoy contraction in the oil sector. Meanwhile, growth in non-oil activities also slowed in Q2 2026, but remained in expansion territory at 0.6%yoy. Finally, government activities, which represent about 13% of total GDP, expanded by 0.9%yoy

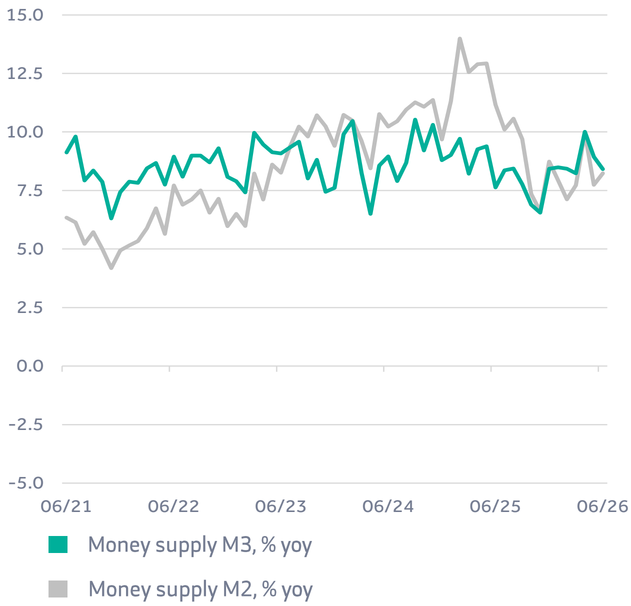
Monetary Aggregates, Credit and Commercial Banks' Deposits

Figure 1:
Growth Rate Monetary Base and Money Supply M1



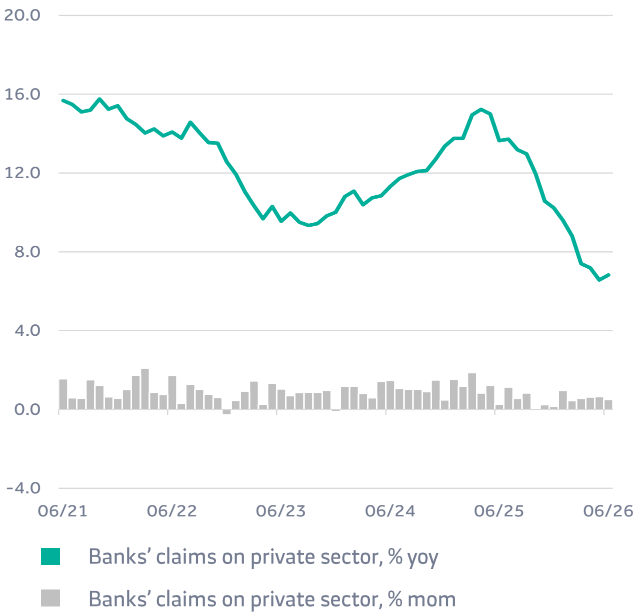
source: SAMA

Figure 2:
Growth Rate Money Supply M2 and M3



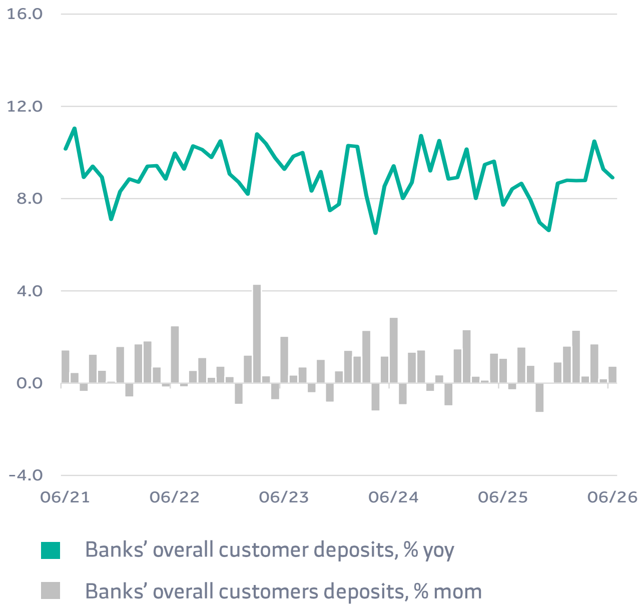
source: SAMA

Figure 3:
Growth of Credit to the Private Sector



source: SAMA

Figure 4:
Growth of Commercial Banks' Deposits

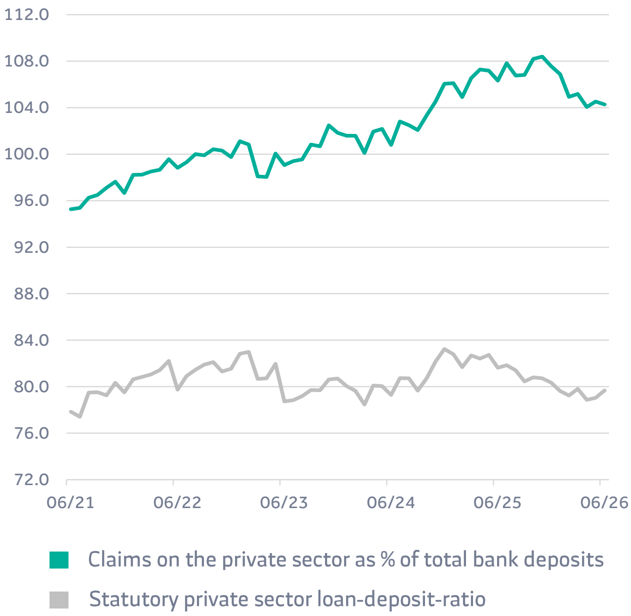


source: SAMA

The shift from demand deposits to time&savings deposits, which was already observed previously, has most recently become even more pronounced. As a result, the narrowly defined money supply M1 contracted in June by 2.5%yoy, while the broader money supply aggregates M2 and M3 grew by a solid 8.2%yoy and 8.4%yoy, respectively. Meanwhile, overall deposit growth (8.9%yoy) continued to outpace credit growth (6.8%yoy) in June.

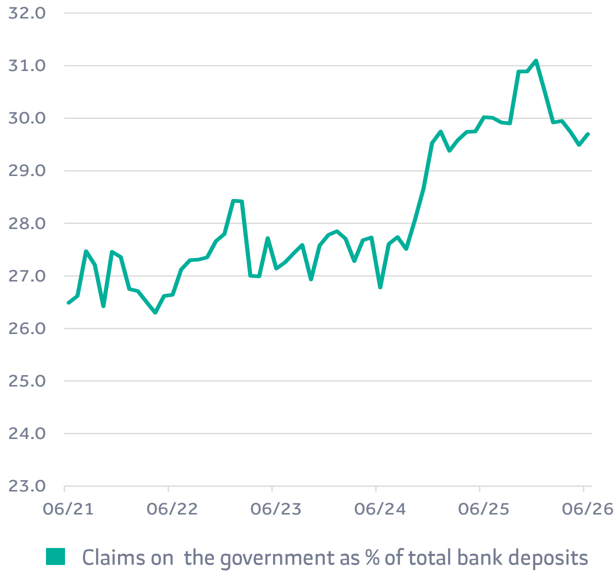
Commercial Banks Key Ratios

Figure 1:
Private Sector Loan-Deposit-Ratio



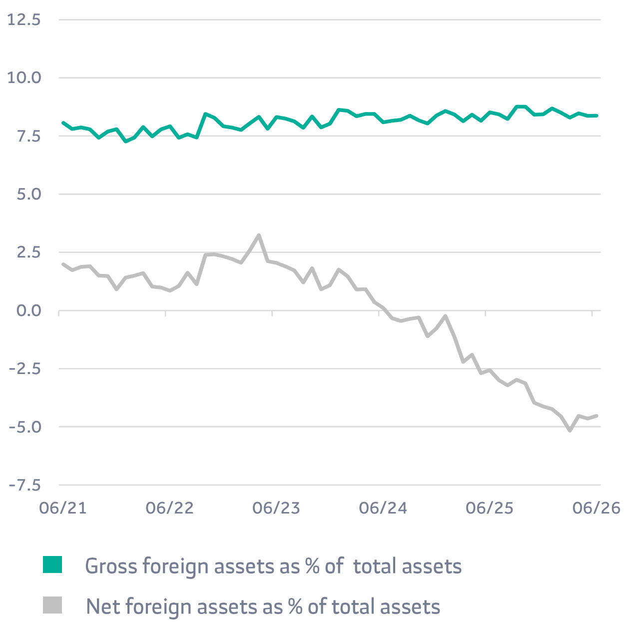
source: SAMA

Figure 2:
Government Sector Loan-Deposit-Ratio



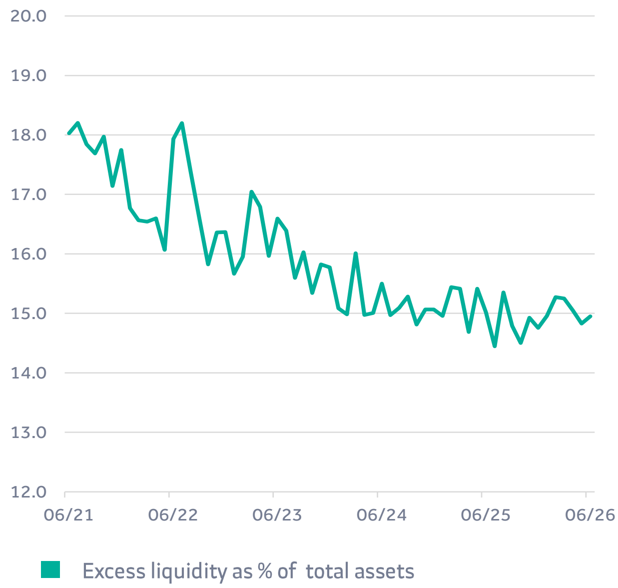
source: SAMA

Figure 3:
Foreign Assets to Total Assets Ratio



source: SAMA

Figure 4:
Excess Liquidity to Total Assets Ratio

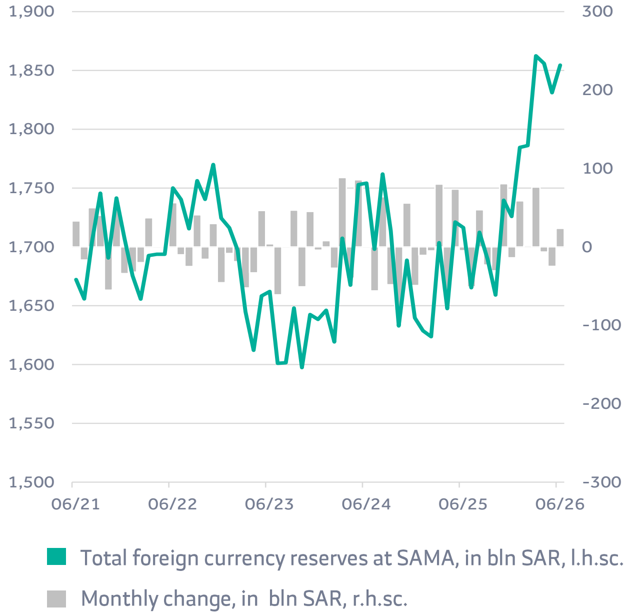


source: SAMA

During Q2 2026, the private sector loan-to-deposit ratio (LDR) stabilized at around 104%, down from a peak of 108% at the end of last year. Similarly, the public sector LDR remained broadly stable at 29.5–30%. With credit growth moderating below deposit growth, commercial banks' need for foreign funding has also diminished, resulting in net foreign liabilities stabilizing at approximately 4.5% of total banks' assets during Q2 2026.

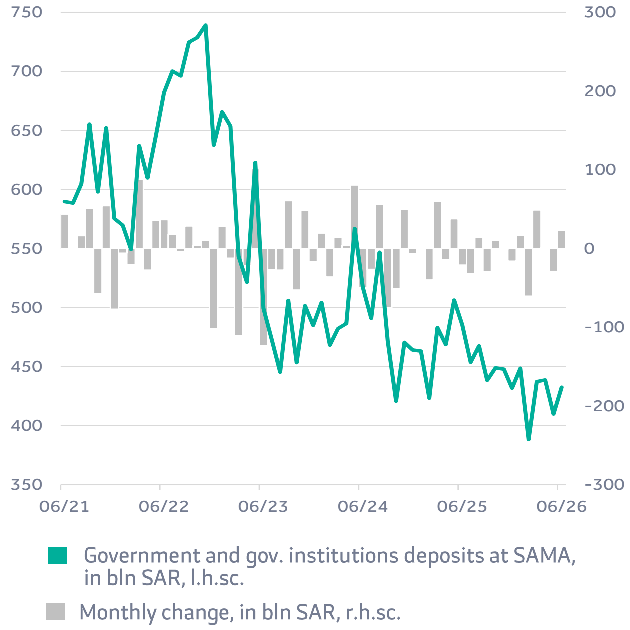
SAMA Balance Sheet and Government Deposits

Figure 1:
Foreign Currency Reserves at SAMA



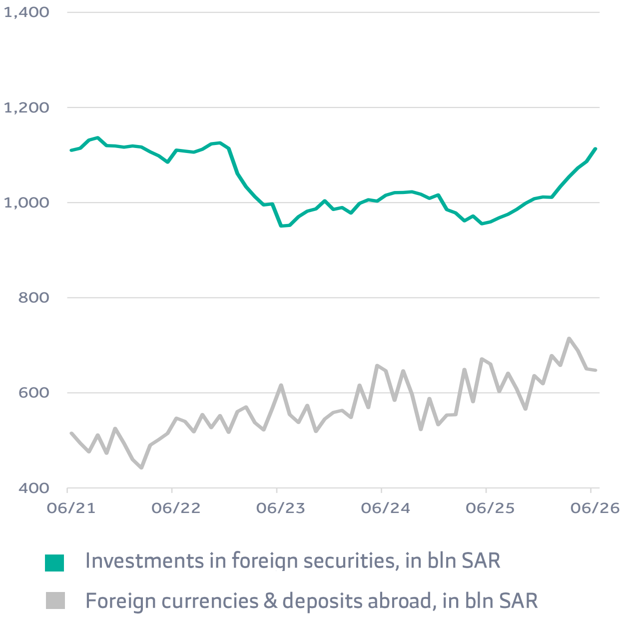
source: SAMA

Figure 2:
Government Deposits at SAMA



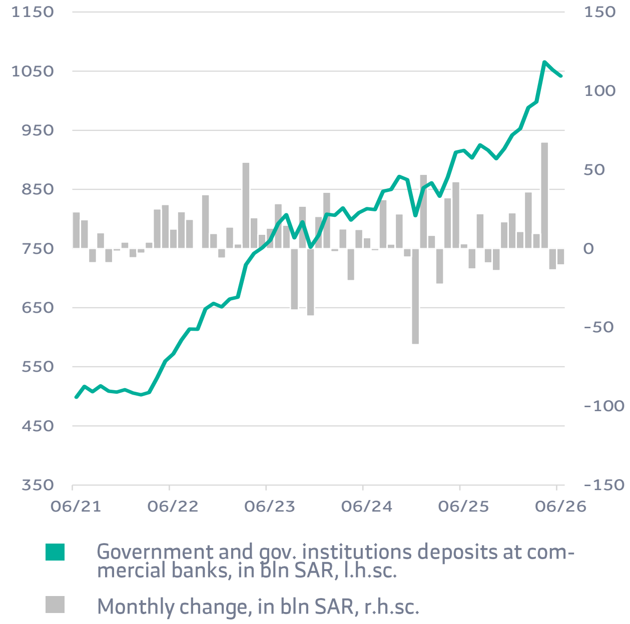
source: SAMA

Figure 3:
Breakdown of Foreign Currency Reserves at SAMA



source: SAMA

Figure 4:
Government Deposits at Commercial Banks

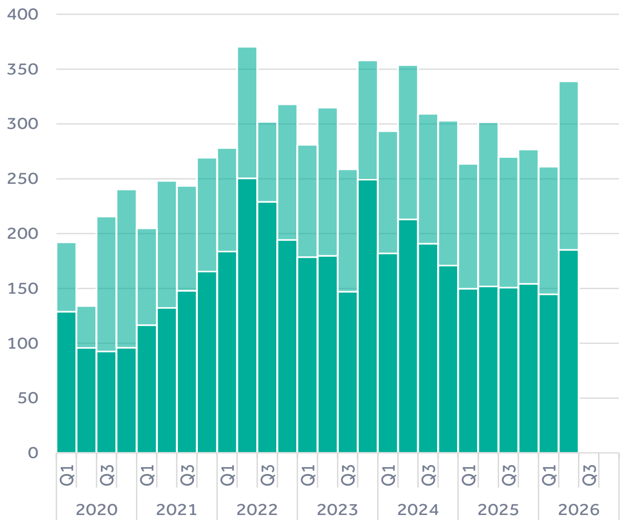


source: SAMA

A combination of a current account surplus and increased foreign borrowing in Q1 2026 contributed to a record rise in SAMA's official reserves. Between October 2025 and March 2026, reserves increased by around 200 bln SAR, before stabilizing at approx. 1,850 bln SAR in Q2. As the H1 2026 budget deficit was financed entirely through borrowing, government deposits remained broadly stable at around 430 bln SAR during this period.

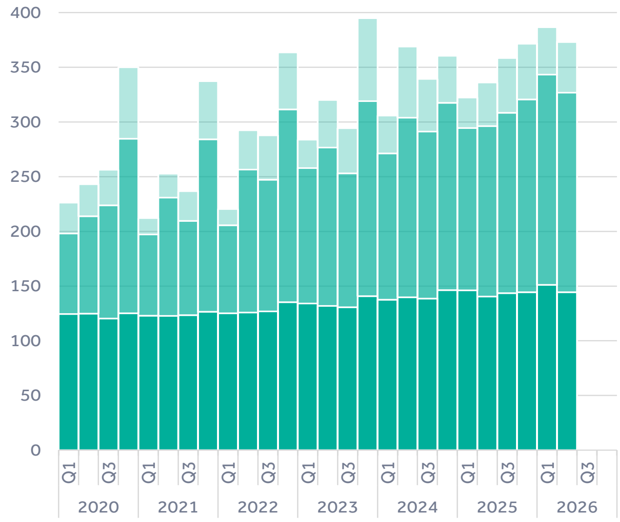
Quarterly Fiscal Balance and Outstanding Government Debt

Figure 1:
Quarterly Fiscal Revenues (in bln SAR)



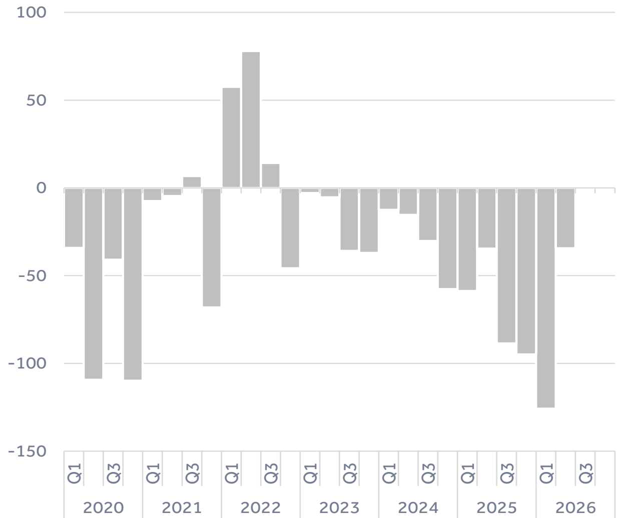
source: MoF

Figure 2:
Quarterly Fiscal Expenditure (in bln SAR)



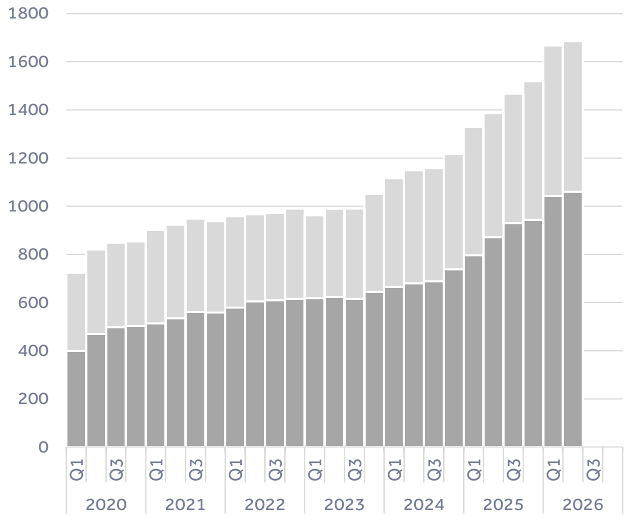
source: MoF

Figure 3:
Quarterly Fiscal Deficit/Surplus (in bln SAR)



source: MoF

Figure 4:
Outstanding Government Debt (End of Quarter)



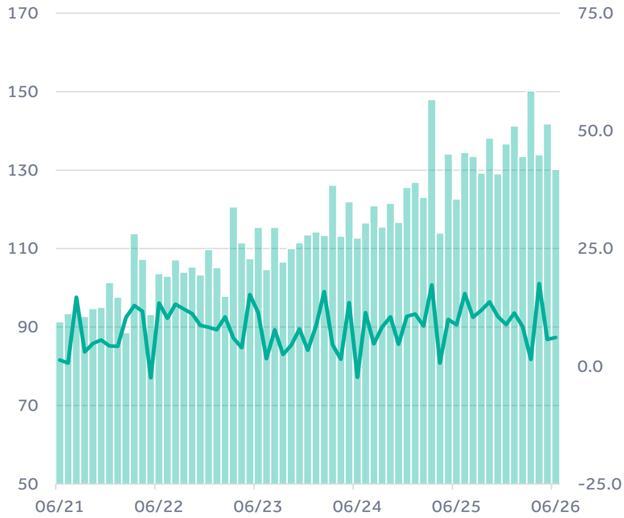
source: MoF

Fiscal revenues increased significantly in Q2 2026, both compared to Q1 (+30%) and Q2 2025 (+12%). This was primarily driven by a sharp increase in oil revenues (+22% yoy), while non-oil revenues also edged higher (+3% yoy).

Fiscal expenditures, meanwhile, rose at a somewhat slower pace of 11% yoy and were even slightly lower than in Q1 2026. As a result, the budget deficit narrowed to 34 bln SAR in Q2 2026, its lowest level since Q3 2024.

Indicators for Private Spending and Non-Oil Business Climate

Figure 1:
Private Spending Indicator

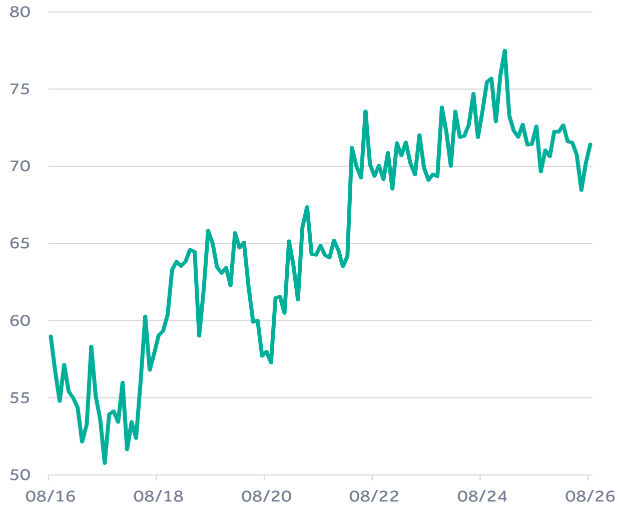


Monthly PoS transactions , ATM withdrawals and e-commerce transactions, in bln SAR, l.h.sc.

%-change yoy, r.h.sc.

source: SAMA

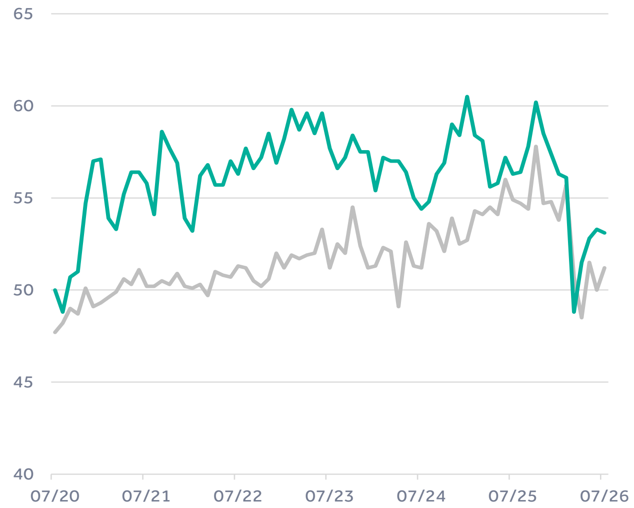
Figure 2:
Consumer Sentiment Indicator



Refinitiv IPSOS Saudi primary consumer sentiment index

source: Refinitiv

Figure 3:
PMI Composite and PMI Employment Index

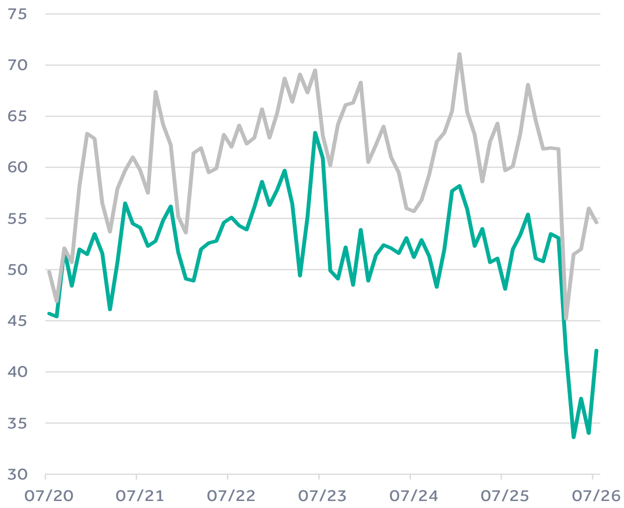


Riyad Bank PMI Composite

Riyad Bank PMI Employment

source: S&P Global Market Intelligence

Figure 4:
PMI New Orders and PMI New Export Orders



Riyad Bank PMI New Export Orders

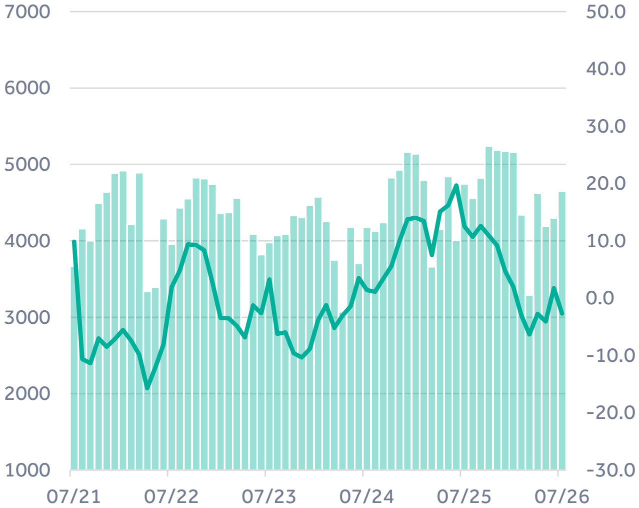
Riyad Bank PMI New Orders

source: S&P Global Market Intelligence

Consumer spending rose by 6.1% yoy in June 2026, below its five-year average of 7.3%. Meanwhile, PMI indicators rebounded markedly from their March lows following the outbreak of the regional conflict. The Composite index recovered from 48.8 in March to 53.1 in July, while New Orders rose from 45.2 to 54.6. New Export Orders also recovered from 33.6 to 42.1, but remain below the 50 threshold separating expansion from contraction.

Cement Sector and Non-oil Exports and Imports

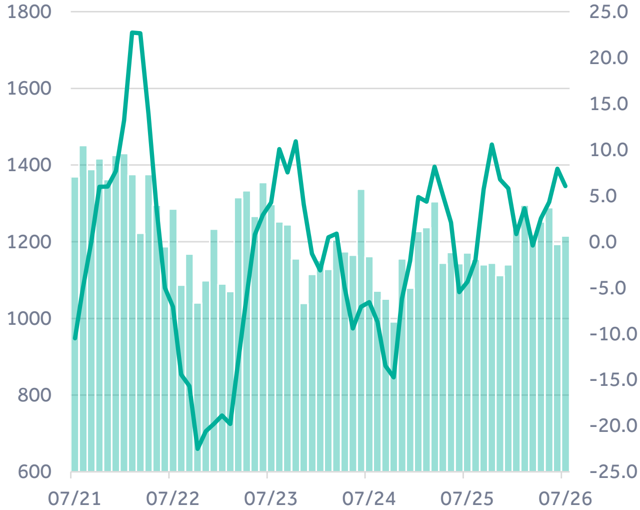
Figure 1:
Cement Production



Monthly cement production, in 1000 tons, 3MMA, l.h.sc.
%-change yoy, 3MMA, r.h.sc

source: Yamama Cement

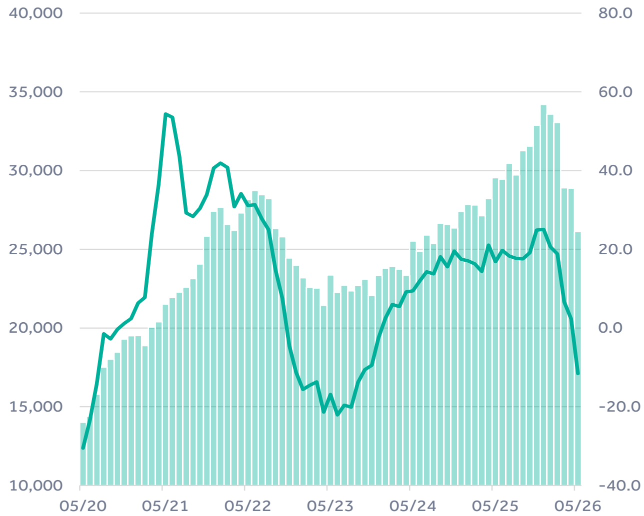
Figure 2:
Cement Inventories



Cement inventories, in 1000 tons, 3MMA, l.h.sc.
%-change yoy, 3MMA, r.h.sc

source: Yamama Cement

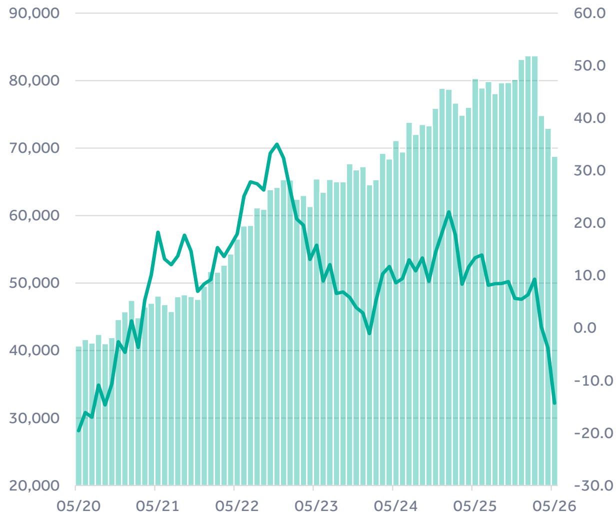
Figure 3:
Non-Oil Merchandise Exports



Monthly Non-oil merchandise exports, in mln SAR, 3MMA, l.h.sc.
%-change yoy, 3MMA, r.h.sc

source: GASTAT

Figure 4:
Merchandise Imports



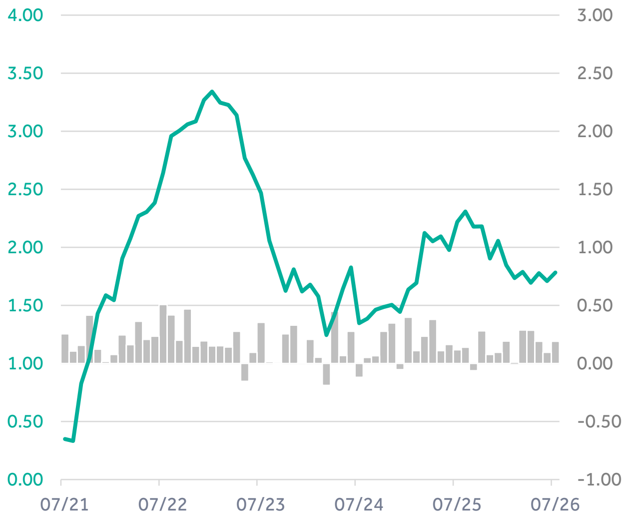
Monthly merchandise imports, in mln SAR, 3MMA, l.h.sc.
%-change yoy, 3MMA, r.h.sc

source: GASTAT

Following a decline in cement production in Q1 2026, activity stabilized in the second quarter, recording marginal growth of 0.9%yoy. Meanwhile, the geopolitical conflict has left its mark on foreign trade, with exports declining notably since February. In May, exports fell by 26% yoy, while the 3-month average decline reached 12%yoy. Imports also weakened significantly, falling by 20%yoy in May and by 14%yoy on a 3-month average basis.

Consumer Price Inflation

Figure 1:
Consumer Price Inflation All Items

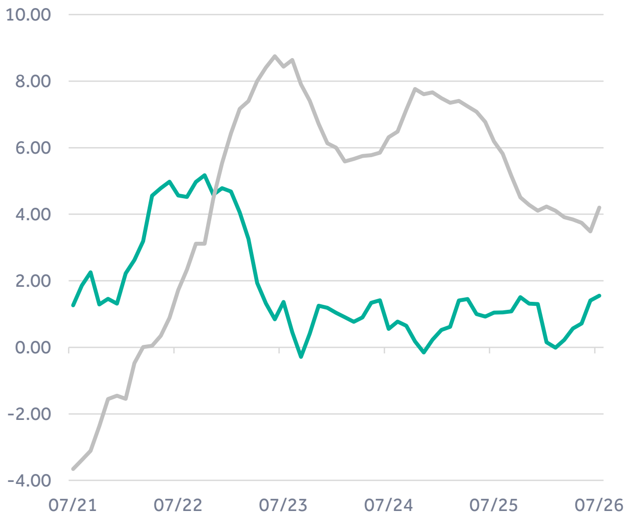


CPI Inflation, %yoy, l.h.sc.

CPI Inflation, %mom, r.h.sc.

source: GASTAT

Figure 2:
CPI Inflation Food & Housing

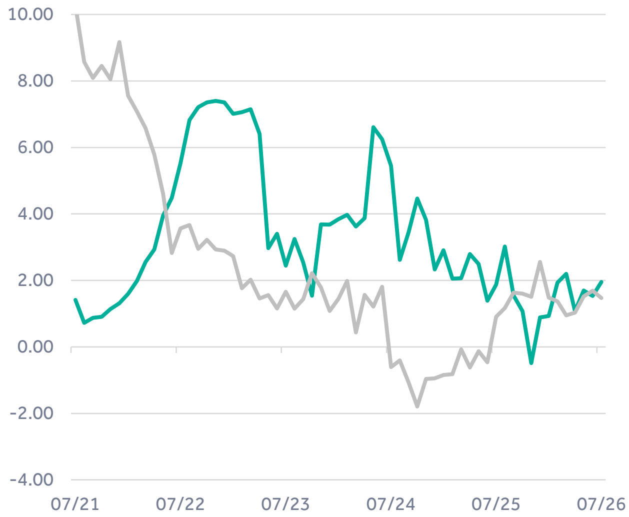


CPI inflation, sub-index Food and beverages, % yoy

CPI inflation, sub-index Housing, water, electricity, gas and other fuels, % yoy

source: GASTAT

Figure 3:
CPI Inflation Restaurants & Transportation

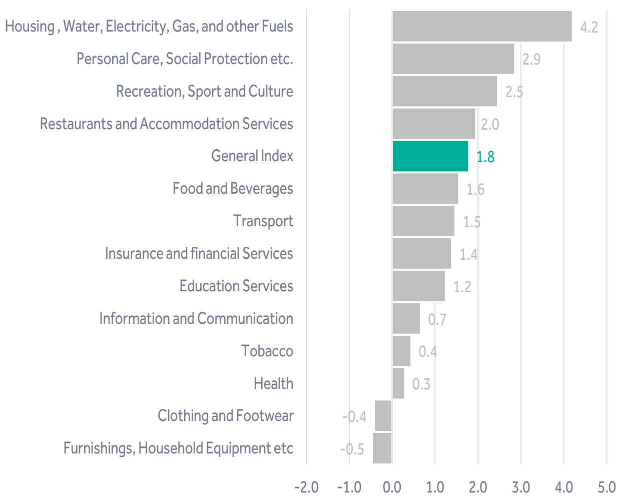


CPI inflation, Restaurants and Accommodation Services, % yoy

CPI inflation, sub-index Transport, % yoy

source: GASTAT

Figure 4:
CPI Inflation by Main Categories July 2026



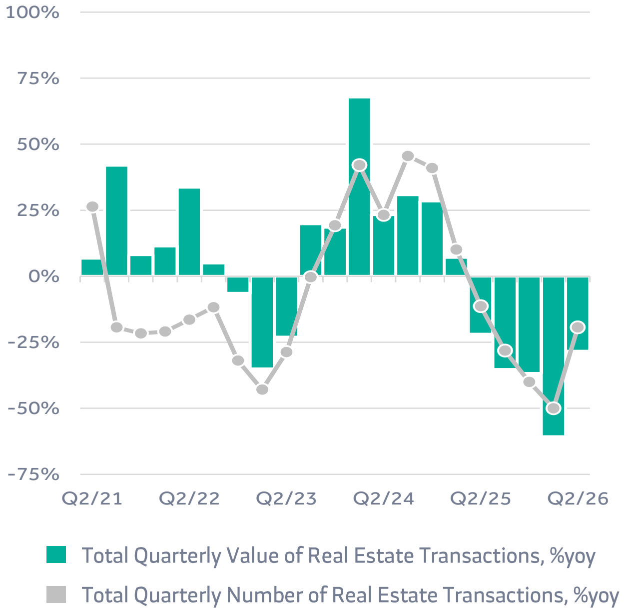
CPI Inflation, %yoy

source: GASTAT

CPI inflation remained subdued since the beginning of the year around 1.8%yoy, which also corresponds to the most recent reading in July, a marginal increase by 0.1% yoy against the previous month. After having sustainably declined from above 7% to below 4% in the last two years, Housing inflation picked up again from 3.5%yoy in June to 4.2%yoy in July. Meanwhile, Food&Beverages remained largely unchanged at 1.6%yoy since end of 2025.

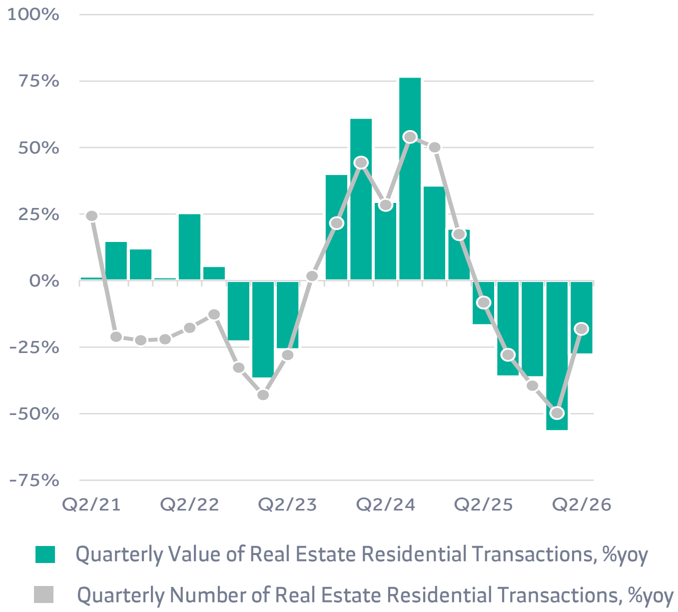
Real Estate Market: Transaction Activity

Figure 1:
Real Estate Transactions Total %yoy



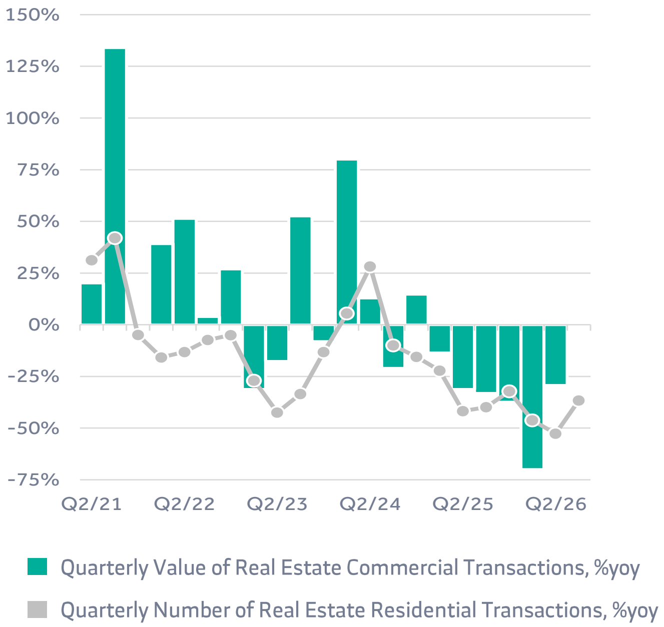
source: MOJ, RC

Figure 2:
Real Estate Transactions Residential %yoy



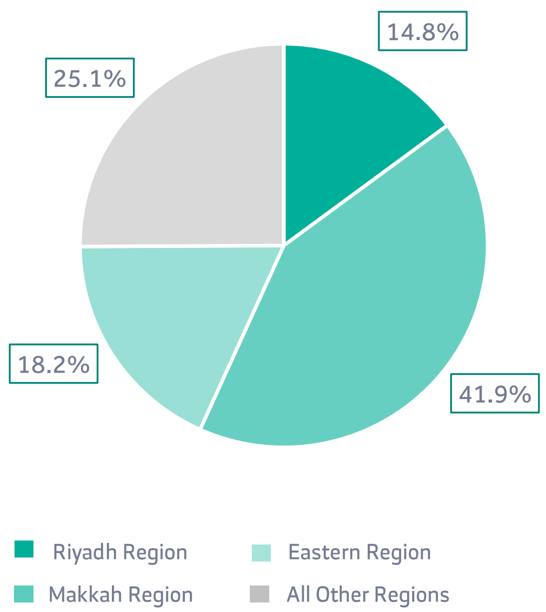
source: MOJ, RC

Figure 3:
Real Estate Transactions Commercial %yoy



source: MOJ, RC

Figure 4:
Breakdown of Transaction Value by Regions (Q2 2026)

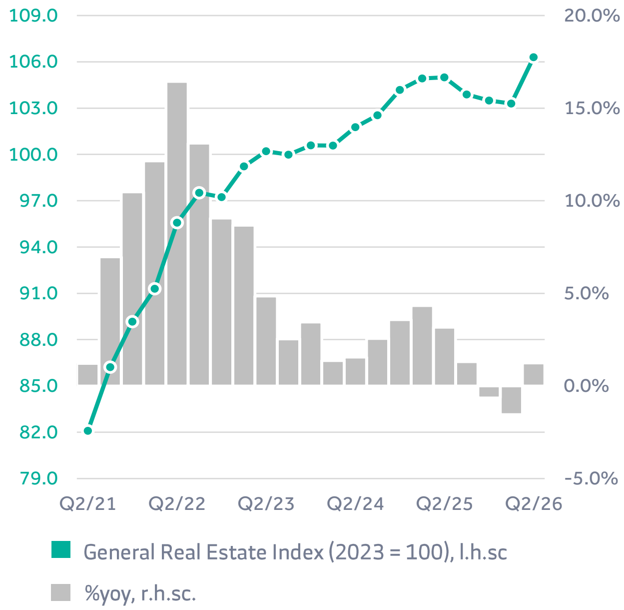


source: MOJ, RC

In Q2 2026, real estate transactions continued to decline, although at -28%yoy the decrease was less pronounced than the -61%yoy recorded in Q1. This decline was mainly driven by a significant reduction in transactions in the Central Region, whose share of nationwide transactions has fallen from 53% to 15% over the past two years. In contrast, the Western Region's share increased notably from 23% to 42% over the same period

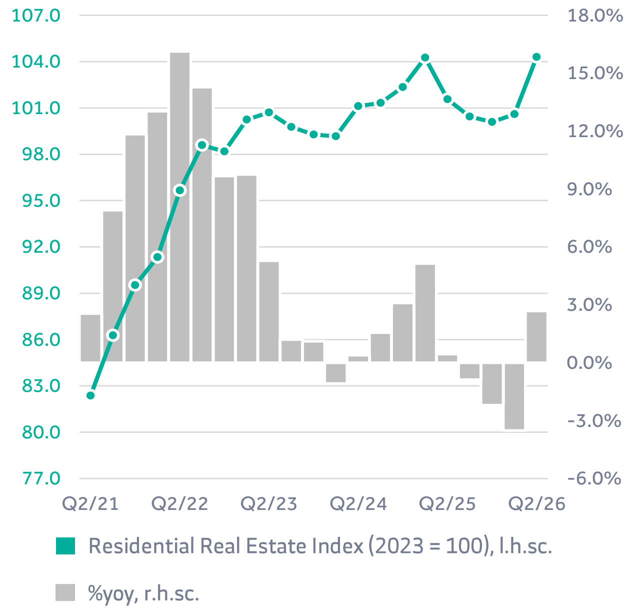
Real Estate Market: Price Indices

Figure 1:
General Real Estate Index



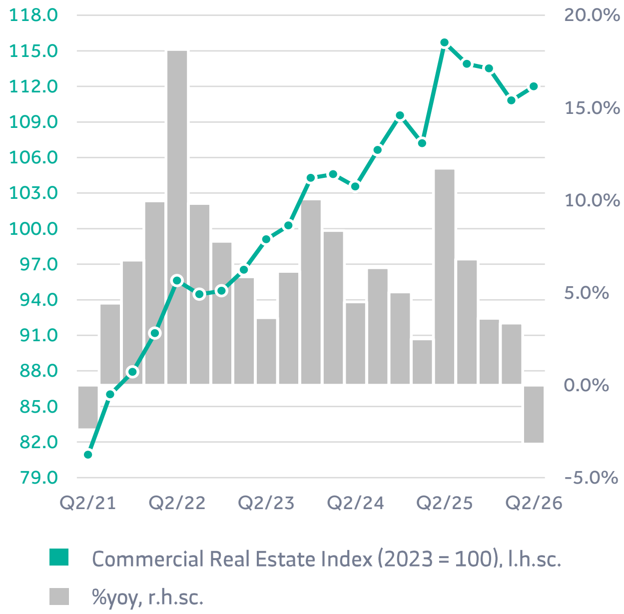
source: GASTAT

Figure 2:
Residential Real Estate Index



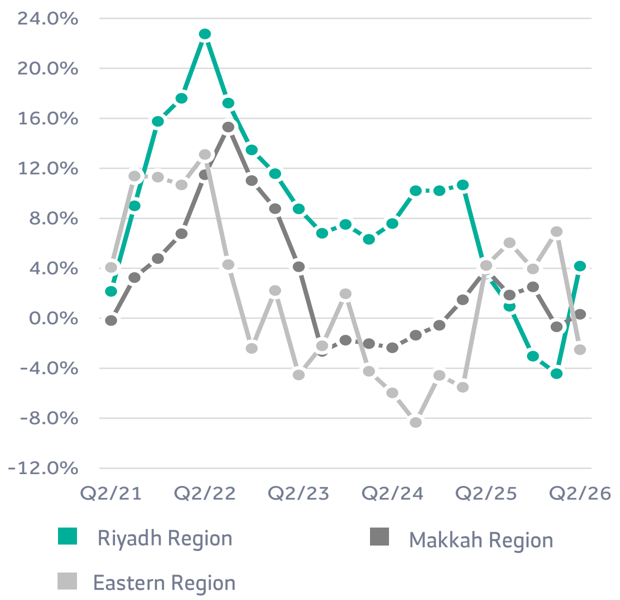
source: GASTAT

Figure 3:
Commercial Real Estate Index



source: GASTAT

Figure 4:
Real Estate Price Indices Main Regions (%yoy)

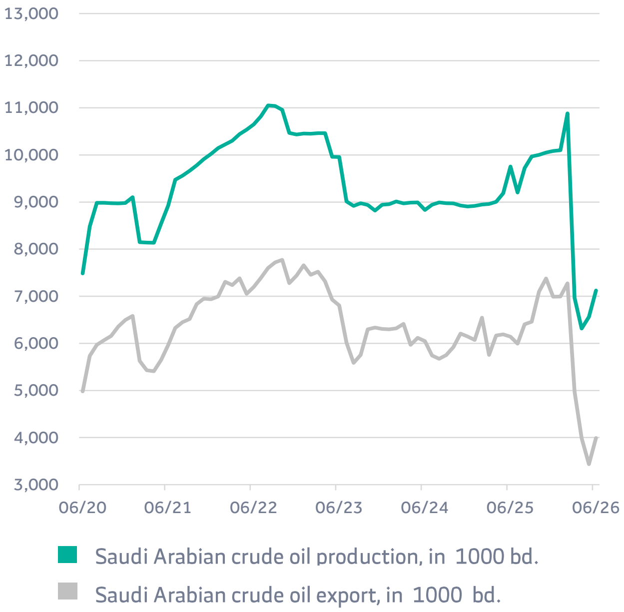


source: GASTAT

Following a pronounced consolidation phase since mid-2025, real estate prices rebounded notably in Q2 2026, rising by 2.9%qoq and 1.2%yoy. The price recovery was primarily driven by a corresponding improvement in the residential segment. Geographically, the increase was largely attributable to the Riyadh Region, where property prices rose by 4%yoy in Q2 2026 despite a continued decline in real estate transaction volumes in this region.

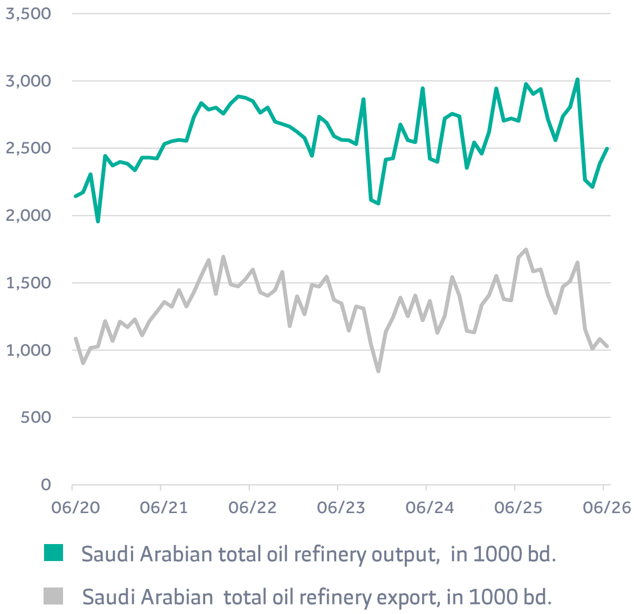
Oil Market Statistics: Production, Exports, Refinery and Prices

Figure 1:
Saudi Crude Oil Production and Exports



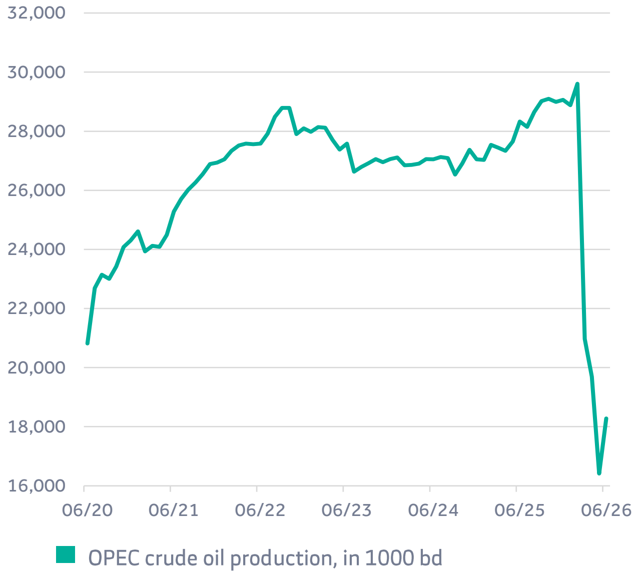
source: JODI, Bloomberg

Figure 2:
Saudi Crude Refinery Output and Exports



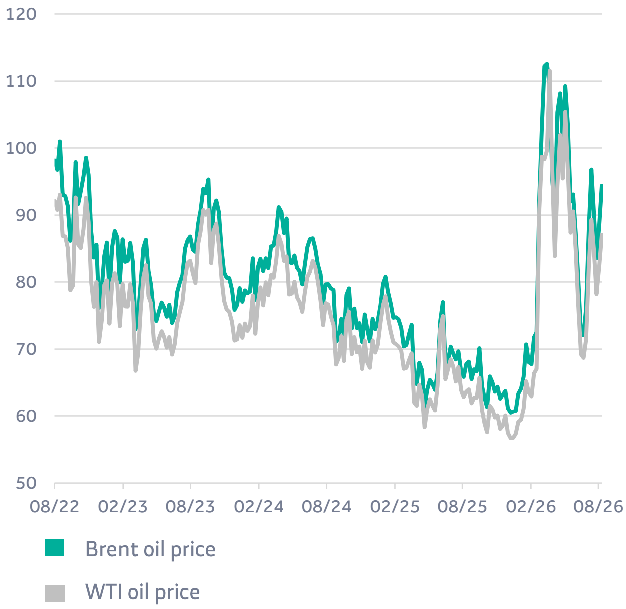
source: JODI

Figure 3:
OPEC Crude Output



source: JODI, Bloomberg

Figure 4:
Oil Prices

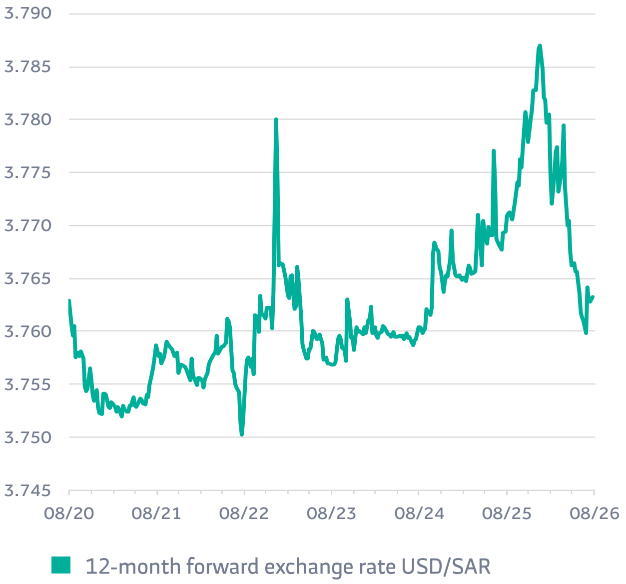


source: Bloomberg

By June, there were clear signs of a recovery in Saudi oil output and exports. Following the sharp cuts triggered by the geopolitical conflict earlier in the year, crude production increased from a low of 6.3mbd to 7.1mbd in June, while crude exports recovered from 3.4mbd to 4.0mbd. Meanwhile, oil prices have experienced substantial volatility over the past six months and have most recently been trading in a range of USD 80–95.

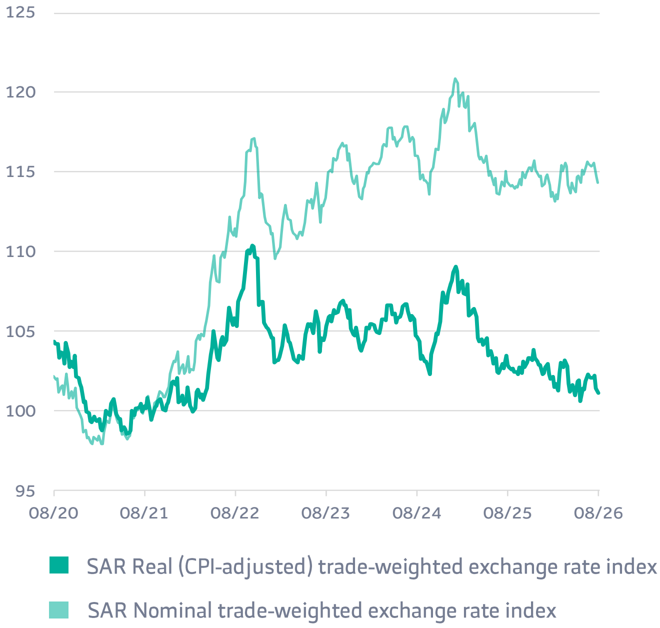
Foreign Exchange and KSA Credit Spread

Figure 1:
12-Months Forward Exchange Rate USD/SAR



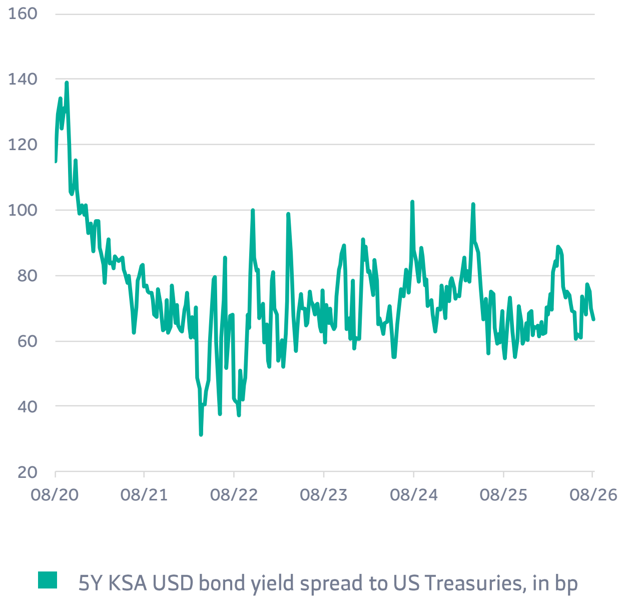
source: Bloomberg

Figure 2:
SAR Nominal and Real Effective Exchange Rate



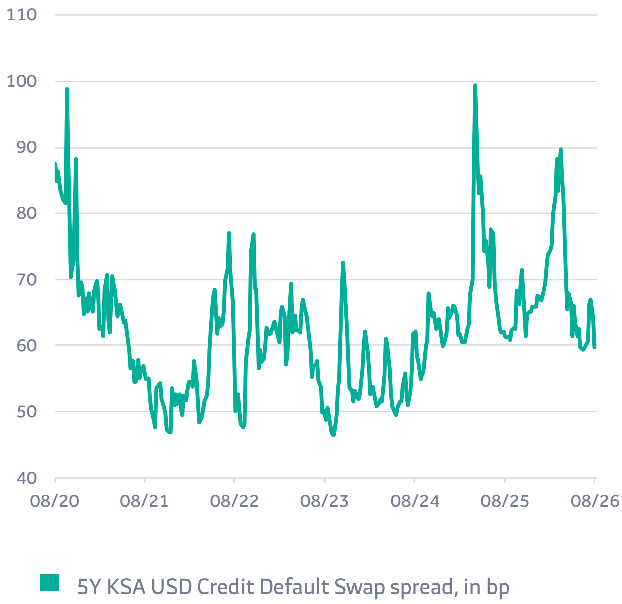
source: Bloomberg, JP Morgan

Figure 3:
KSA USD Bond Yield Spread to US Treasuries



source: Bloomberg

Figure 4:
KSA CDS Spread

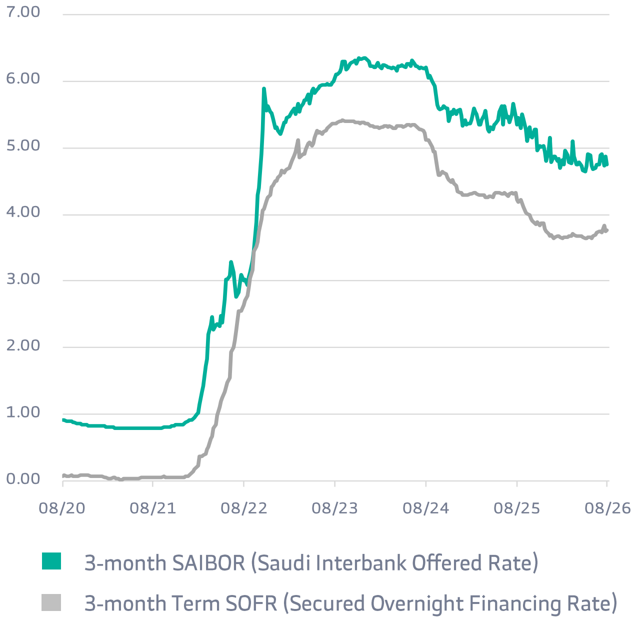


source: Bloomberg

With the narrowing of the corresponding interest rate differential since the beginning of the year, the USD/SAR 12M forward premium has also notably decreased by about 0.6%. Since its peak at the beginning of 2025, the SAR nominal effective exchange rate has depreciated by 5% and the SAR real effective exchange rate by 7%. Finally, Saudi sovereign risk premia have largely normalized despite current geopolitical tensions.

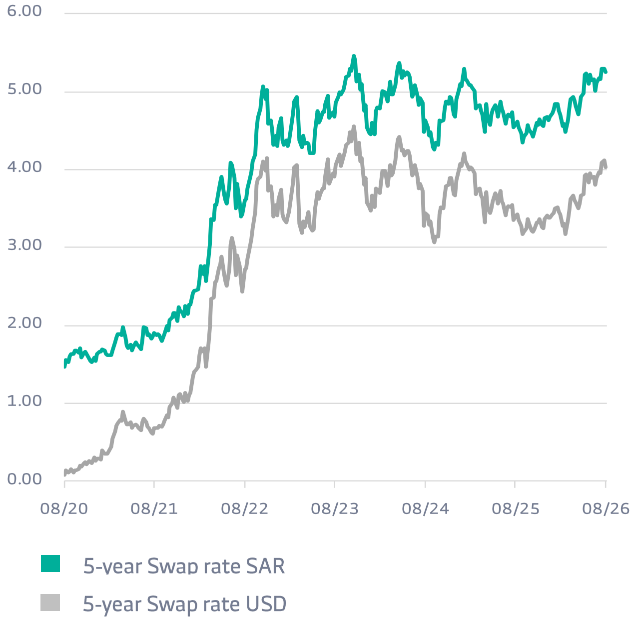
Short-term, Long-term and Official Interest Rates

Figure 1:
3-Months SAIBOR vs. USD 3M Term SOFR



source: Bloomberg

Figure 2:
5-Year Swap Rate SAR vs. USD

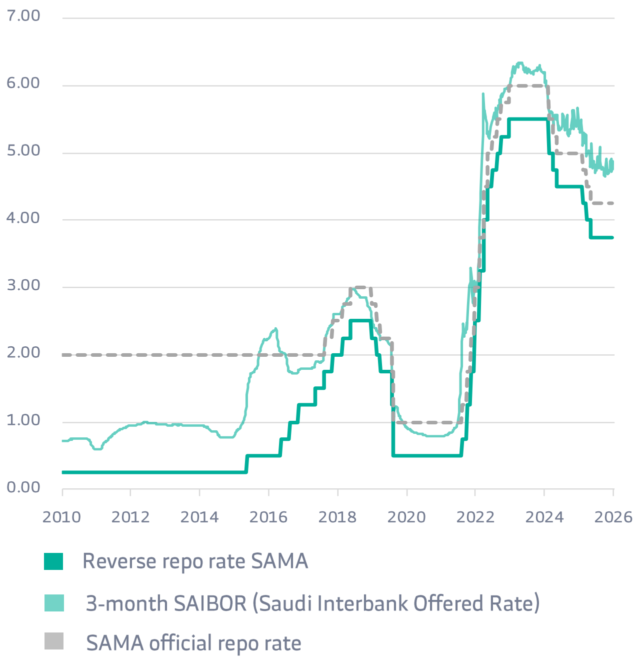


source: Bloomberg

Figure 3:
5-Year KSA SAR Sukuk vs. USD Bond Yield

source: Bloomberg

Figure 4:
Central Bank Rate and 3-Months SAIBOR

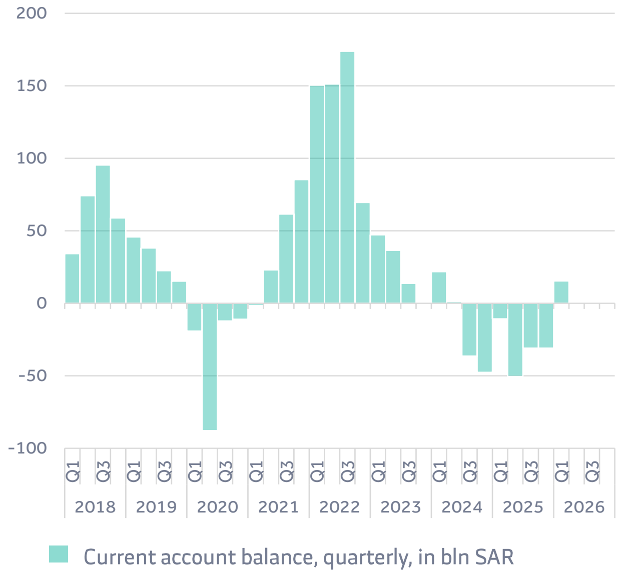


source: Bloomberg

While short-term interest rates have remained largely stable since February of this year, long-term rates have increased notably. This is mainly attributable to higher inflation expectations amid rising energy prices and the prospect of potential interest rate hikes by the Federal Reserve. Yields on 5-year KSA SAR- and USD-denominated Sukuk, as well as 5-year SAR and USD swap rates, rose by around 60–80 bp over this period.

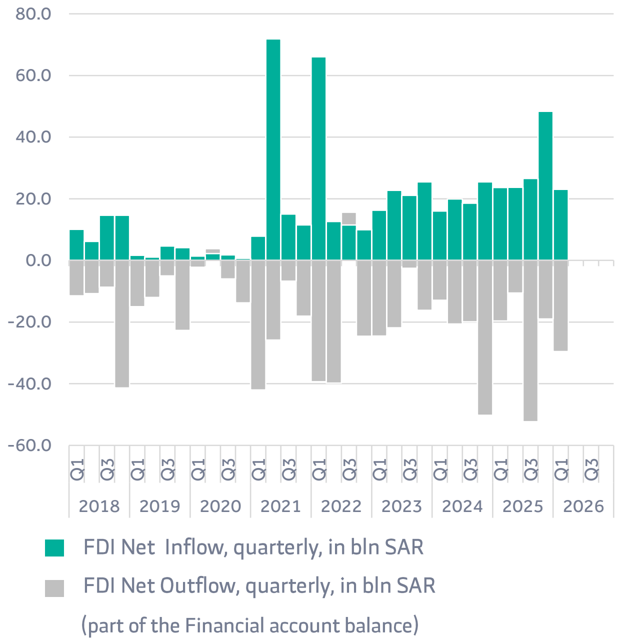
Saudi Balance of Payments

Figure 1:
Current Account Balance



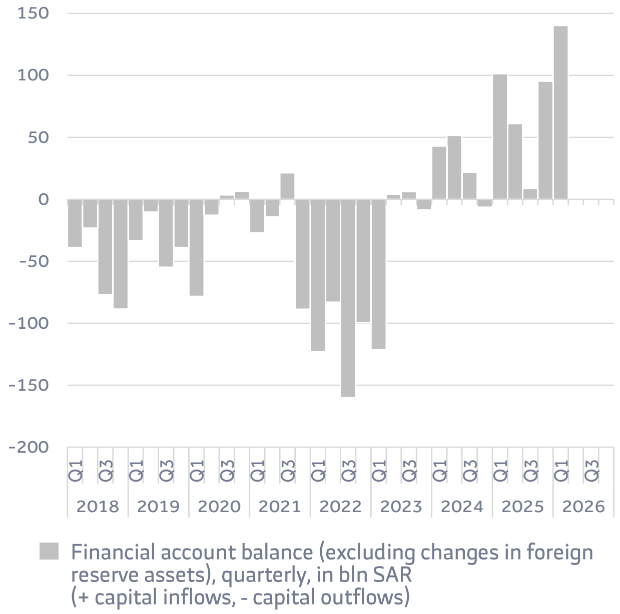
source: SAMA

Figure 2:
Foreign Direct Investments



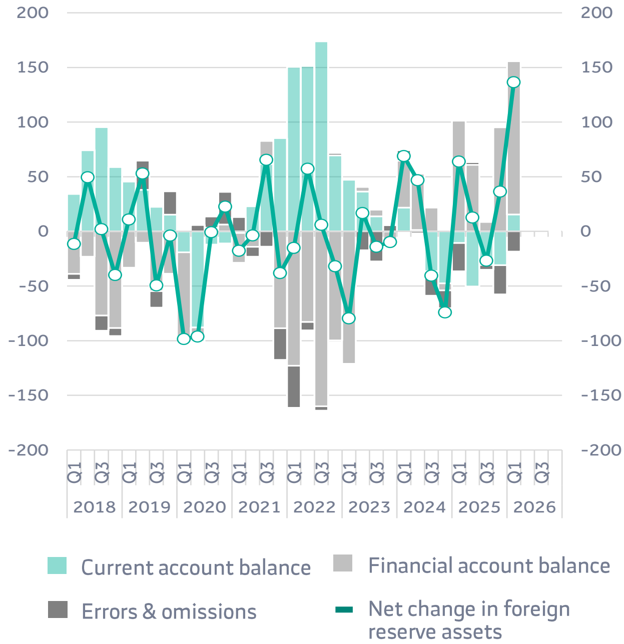
source: SAMA

Figure 3:
Financial Account Balance



source: SAMA

Figure 4:
Contribution to Balance of Payments

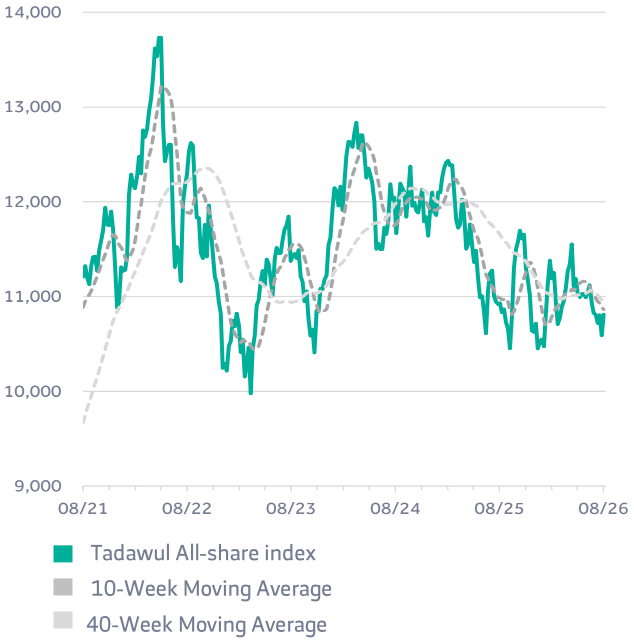


source: SAMA

For the first time after almost two years, the current account recorded again a surplus of 15 bln SAR in Q1 2026. This was mainly due to a substantial trade surplus and a notably reduced deficit of the services balance.. At the same time, the financial account also showed a significant surplus, primarily attributable to increased foreign borrowing. Overall, this led to a record quarterly increase in SAMA's foreign reserves of 137 bln SAR.

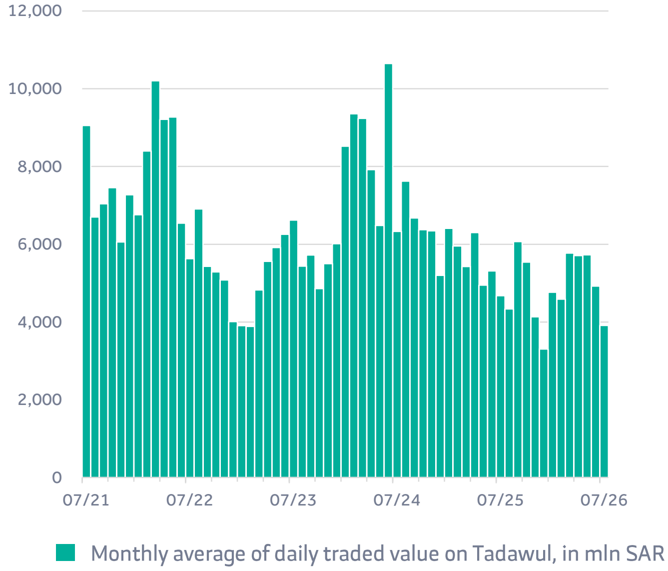
Tadawul: Saudi Equity Market Statistics

Figure 1:
Tadawul All-Share Index



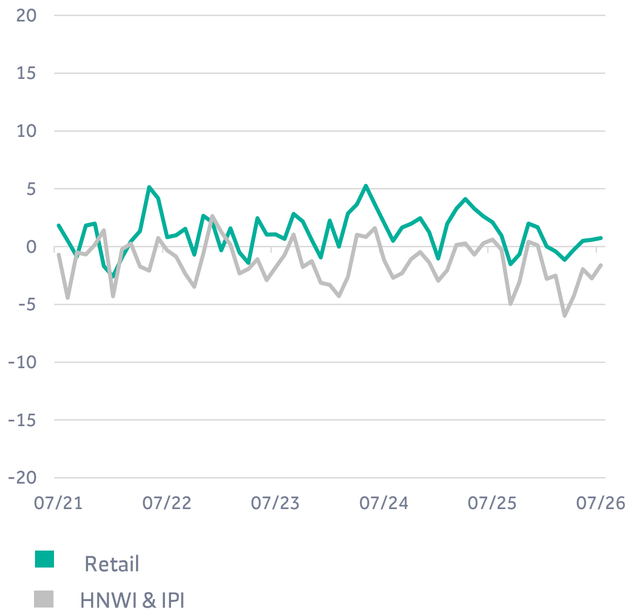
source: Bloomberg

Figure 2:
Tadawul Average Daily Traded Value



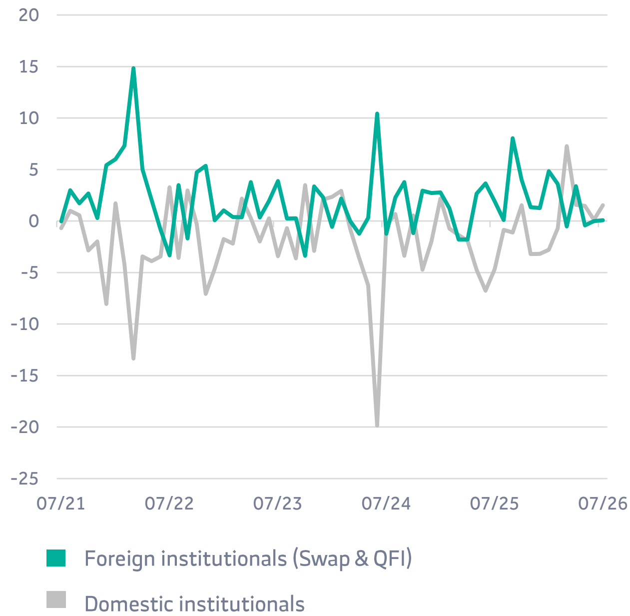
source: Tadawul

Figure 3:
Monthly Net Purchase by Ownership (in bln SAR)



source: Tadawul

Figure 4:
Monthly Net Purchase by Ownership (in bln SAR)

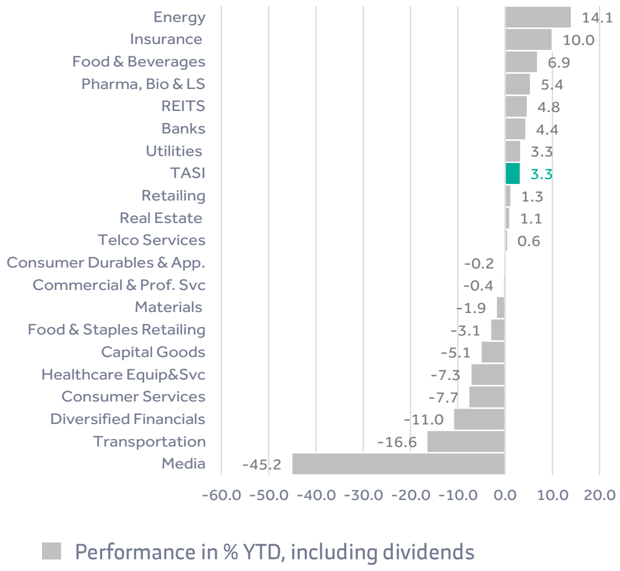


source: Tadawul

Since reaching a peak of nearly 11,600 in mid-April, market index TASI lost about 7% by mid-August. Domestic private investors were the primary sellers, while foreign investors were net buyers during this period. Trading volumes also decreased from an average daily traded value of 5.7 bln SAR in April to less than 4.0 bln SAR in July. The lower trading volume in the summer months may also be due to seasonal reasons related to holidays.

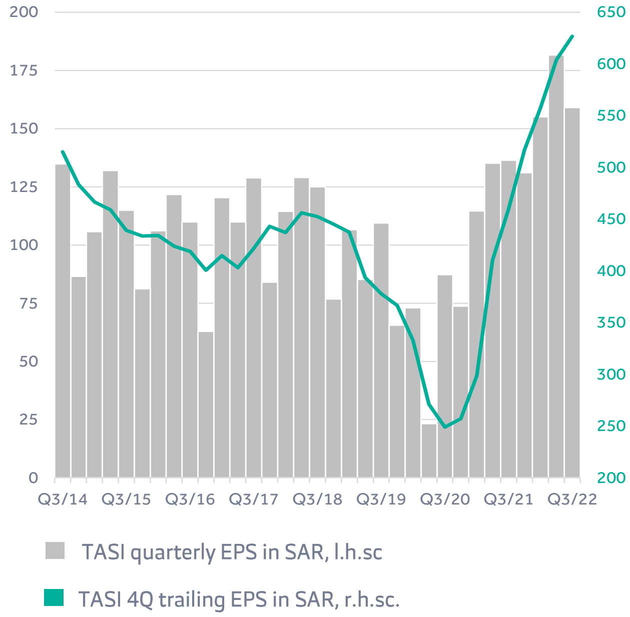
Tadawul: Saudi Equity Market Statistics

Figure 1:
Performance TASI Sectors July 2026YTD



source: Bloomberg

Figure 2:
Quarterly Earnings TASI



source: Bloomberg

Figure 3:
Valuation TASI: PE-Ratio Trailing

source: Bloomberg

Figure 4:
Valuation TASI: PE-Ratio Forward

source: Bloomberg

The market index TASI recorded a positive total return of 3.3% until July 2026YTD. The best-performing sector was energy (which essentially means Aramco) with 14.1% on the back of rising oil prices. At the bottom-end of the performance table is still the media sector with a return of –45.2% Meanwhile, trailing and forward valuation metrics indicate that the market is currently traded 20% respectively 16% below its 10-year averages.

Saudi Economic Outlook

We expect 2026 to represent a year of consolidation for the Saudi economy, followed by a strong acceleration in economic growth in 2027.

In our baseline scenario, Saudi crude production is expected to gradually recover and reach 10.4 mbd by the end of the year, a level that should be maintained throughout 2027. This would imply a complete reversal of the voluntary output cuts introduced in 2023. Based on this assumption, crude production is projected to average around 8.9 mbd in 2026 and 10.4 mbd in 2027. Accordingly, we expect oil sector GDP growth of –5.9% in 2026 and 17.5% in 2027.

The non-oil economy is indirectly affected by the regional conflict through supply chain disruptions and weaker trade flows. However, its considerable resilience in recent years suggests that the current slowdown in growth should remain temporary. Economic activity is additionally supported by an expansionary fiscal policy in 2026. Most recent business climate indicators actually point towards a growth recovery in H2 2026. Overall, we forecast non-oil activities to expand by 2.8% in 2026 and 4.8% in 2027.

As a consequence, we expect overall economic growth to slow to 0.2% in 2026 from 4.6% last year, before accelerating substantially to 7.8% in 2027.

Significantly higher oil revenues in 2026 provide the Saudi government with greater fiscal flexibility. To support domestic economic activity, we therefore expect the government to maintain an expansionary fiscal policy, with overall spending rising by about 8% compared with last year. Some fiscal consolidation is expected in 2027. Accordingly, we forecast the fiscal deficit to narrow to –5.4% of GDP this year from –5.9% in 2025, followed by a further reduction to –4.4% in 2027.

The current account deficit is projected to narrow to –0.6% of GDP in 2026 from –2.6% last year, primarily reflecting substantially higher oil export revenues. For 2027, we expect the deficit to gradually widen again to –1.5% of GDP.

We forecast inflation to decrease moderately to 1.9% in 2026, as the repercussions of the regional conflict are expected to remain largely contained. In 2027, inflation is projected to pick up slightly again to 2.0%.

Despite the Fed's more hawkish tone recently, we expect the US central bank to keep interest rates unchanged throughout 2026. For 2027, we anticipate one 25-basis-point rate cut during the year. Based on this scenario, we expect the 3M SAIBOR rate to remain at 4.75% at the end of 2026, before declining to 4.50% by the end of 2027.

Facts and Forecasts at a Glance

	2024	2025	2026f	2027f
Real GDP Growth				
Overall economy	2.6	4.6	0.2	7.8
Non-oil Activities	6.0	5.1	2.8	4.8
Government Activities	2.3	0.9	1.4	1.5
Oil Activities	-4.4	5.7	-5.9	17.5
Fiscal Balance and Government Debt				
Fiscal Balance in bln SAR	-116	-277	-273	-233
Fiscal Balance in % GDP	-2.5	-5.9	-5.4	-4.4
Government debt in bln SAR	1216	1519	1792	2025
Government debt as % GDP	26.2	32.1	35.4	38.0
Trade and Current Account Balance				
Trade Balance in bln SAR	345	305	449	410
Trade Balance in % GDP	7.4	6.5	8.9	7.7
Current Account in bln SAR	-61	-123	-31	-80
Current Account in % GDP	-1.3	-2.6	-0.6	-1.5

source: GASTAT, SAMA, RC

	2024	2025	2026f	2027f
Oil Prices and Production (yearly average)				
Brent price (USD pb)	79.9	68.2	80.0	72.0
WTI price (USD pb)	75.8	64.6	77.0	69.0
OPEC Basket price (USD pb)	79.9	69.2	83.0	72.0
KSA oil production (mln bd)	9.0	9.5	8.9	10.4
Inflation and Interest Rates (year end)				
CPI Inflation (yearly average)	1.50	2.04	1.90	2.00
3M SAIBOR SAR	5.54	4.90	4.75	4.50
Reverse Repo Rate	4.50	3.75	3.75	3.50
Official Repo Rate	5.00	4.25	4.25	4.00
Labor Market (yearly average)				
Unemployment rate total in %	3.5	3.2	3.2	3.0
Unemployment rate Saudi in %	7.4	7.0	7.1	6.9
Labor force part. total in %	66.3	67.4	67.4	67.5
Labor force part. Saudi in %	51.2	49.8	49.9	50.0

source: GASTAT, SAMA, Bloomberg, RC

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