

SAUDI ECONOMIC CHARTBOOK

Second Quarter **2025**



الرياض المالية
Riyad Capital

Hans Peter Huber, PhD
Chief Investment Officer
rcciooffice@riyadcapital.com

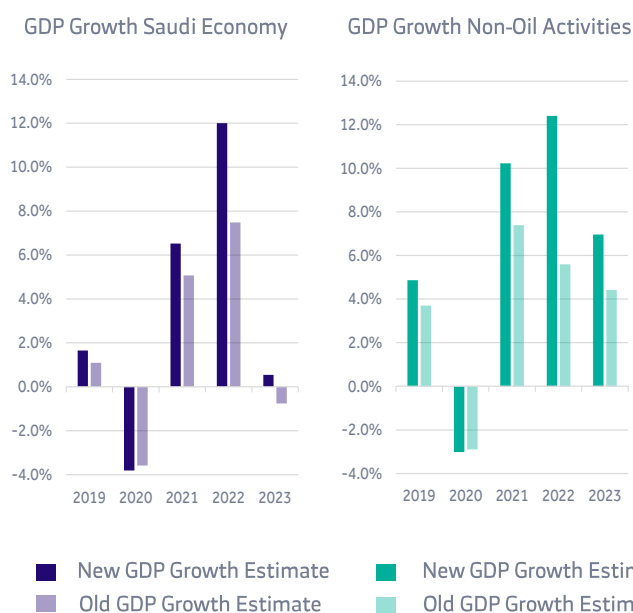
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Accelerated Oil Output Expansion Leading to Higher GDP Growth

- In Q1 2025, the Saudi economy showed a growth rate of 2.7%yoy. While the oil sector recorded a slightly negative growth rate of -1.4%yoy, non-oil activities continued to stay on a strong growth path with 4.2%yoy.
- GASTAT has revised all GDP data. New calculations show that Saudi GDP has been about 570bln SAR higher than previously estimated in 2023. The upward revision is mainly due to non-oil activities which newly have a share of 53% of the total economy compared to 48% previously (see below).
- Credit growth to the private sector has further accelerated in Q1 2025 to 15.0%yoy in March. This is primarily due to strong corporate loan demand. As customer deposits expand at a lower rate, banks increasingly also use international capital markets as an additional source of funding.
- In Q1 2025, government spending increased by 5.4%yoy, while fiscal revenues turned out to be 10.2% lower versus Q1 2024. This resulted in a fiscal deficit of 59bln SAR in the first quarter. These fiscal data reflect the government's priority to spur growth and foster economic transformation.
- OPEC's plan to unwind voluntary output cuts until Q3 2026 and, particularly, its most recent decision to expedite this production increase will lead to a growth acceleration of the Saudi oil sector and, hence, Saudi GDP in 2025 and most likely 2026 as well.
- Since the beginning of the year, 3M SAIBOR has stabilized around a level of 5.35%. We expect two rate cuts by the US FED in the second half of 2025 and forecast 3M SAIBOR to drop to 4.75% by end of this year.

Revised GDP Growth Estimates for Saudi Economy and Non-Oil Activities

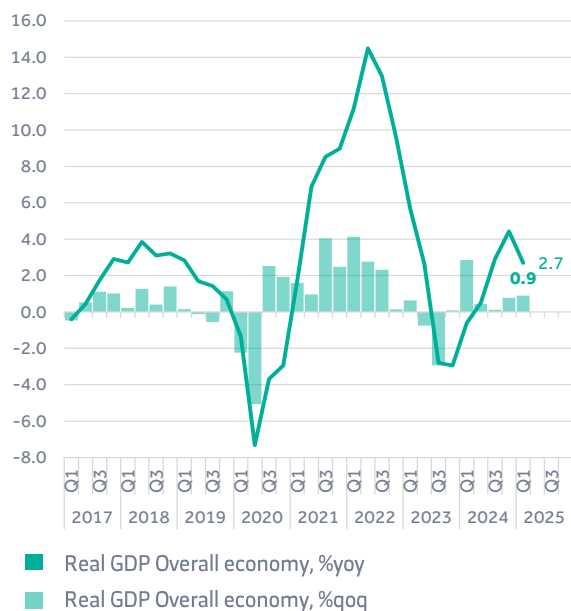


GASTAT has made a comprehensive update of Saudi GDP data. 2023 has been defined as the new base year after 2018 in the old estimates. Most importantly, it has been revealed that the Saudi economy has been 566 bln SAR larger in 2023 than previously estimated, which is mainly due to an upward revision of non-oil activities. As a consequence, non-oil activities represented in 2023 53% of the total economy as opposed to 48% previously. Growth rates have also been revised upwards, primarily for the period 2021-2023.

source: GASTAT, RC

Gross Domestic Product (GDP) by Main Economic Activities

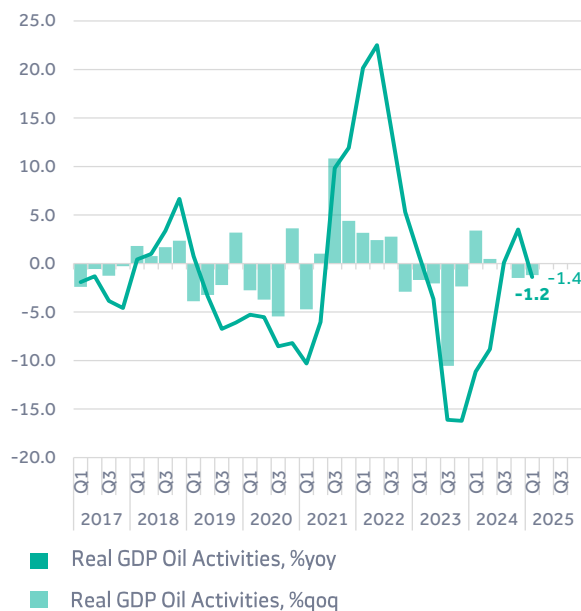
Figure 1:
GDP Overall Economy



(Q1 2025 flash estimate)

source: GASTAT

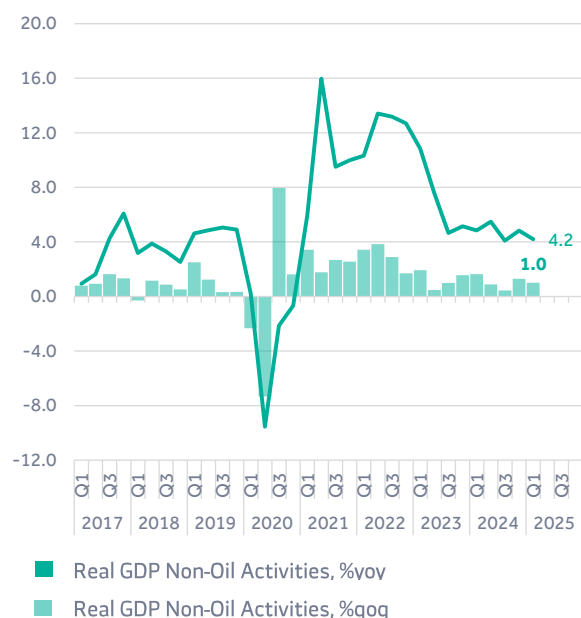
Figure 2:
GDP Oil Activities



(Q1 2025 flash estimate)

source: GASTAT

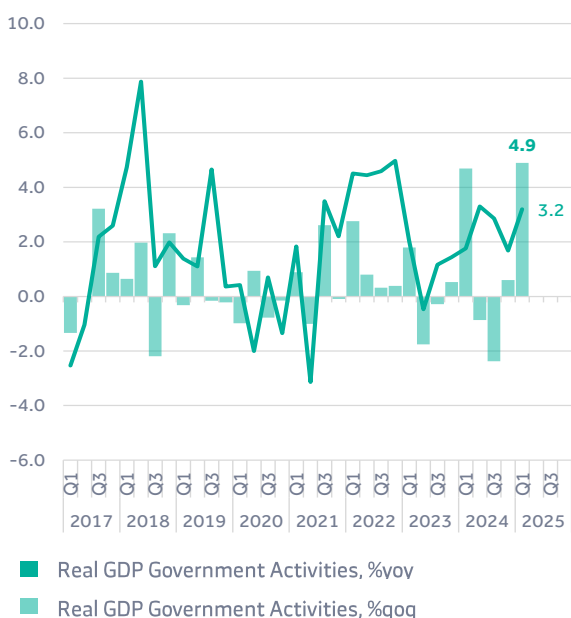
Figure 3:
GDP Non-Oil Activities



(Q1 2025 flash estimate)

source: GASTAT

Figure 4:
GDP Government Activities



(Q1 2025 flash estimate)

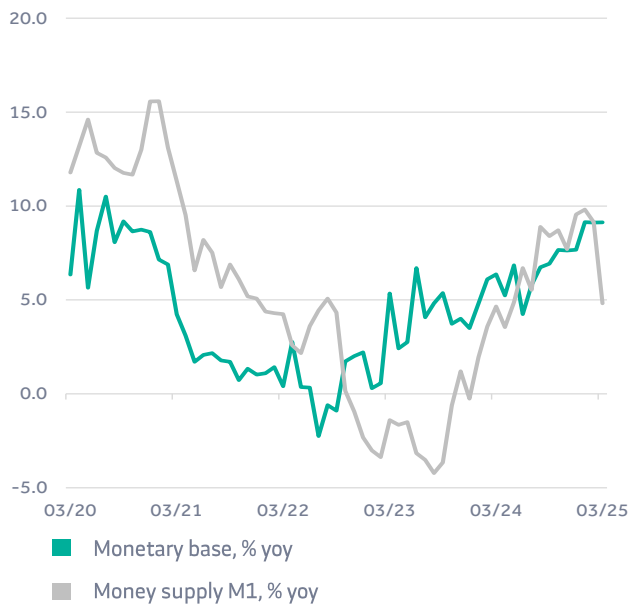
source: GASTAT

GASTAT has revised the Saudi GDP data. Based on these new data, overall GDP is substantially higher than previously estimated. For 2023, the increment amounts to 14%. This is mainly due to a larger contribution from non

-oil activities. For Q1 2025, GDP growth gradually slowed to 2.7%yoy due to a marginal contraction of the oil sector, while non-oil activities showed again a robust growth of 4.2%yoy.

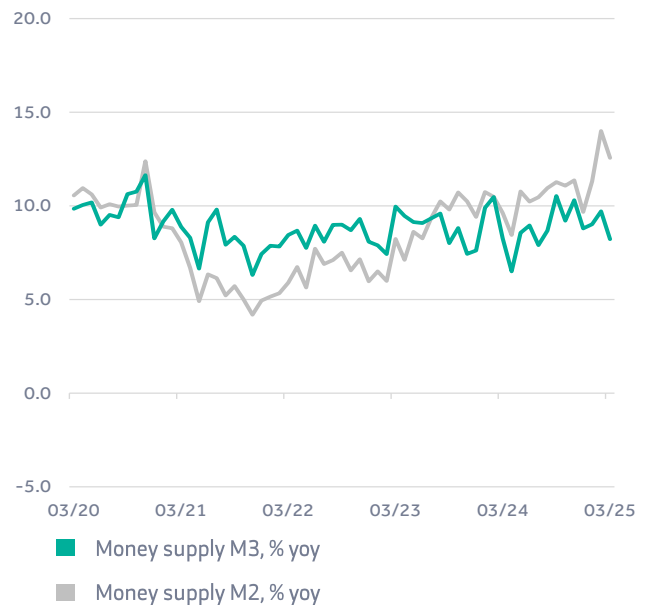
Monetary Aggregates, Credit and Commercial Banks' Deposits

Figure 1:
Growth Rate Monetary Base and Money Supply M1



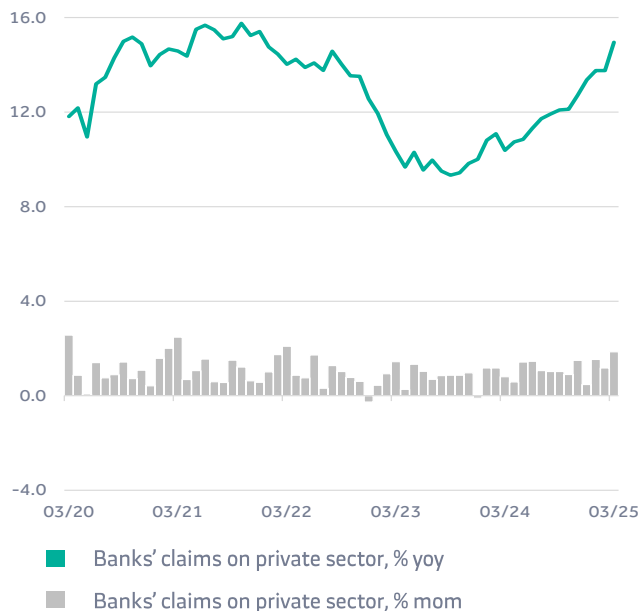
source: SAMA

Figure 2:
Growth Rate Money Supply M2 and M3



source: SAMA

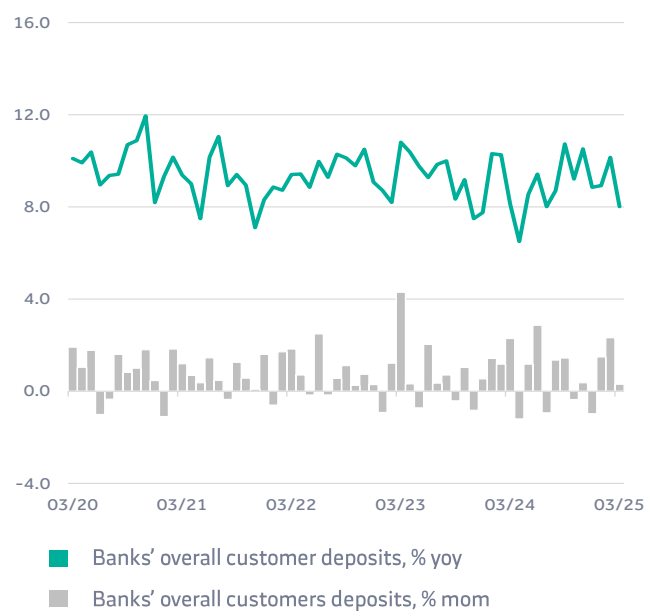
Figure 3:
Growth of Credit to the Private Sector



source: SAMA

Credit to the private sector gained further momentum in Q1 2025, growing by 15.0%yoy in March, mainly driven by corporate loan demand. Meanwhile, money supply growth M1 slumped due to a substantial increase of

Figure 4:
Growth of Commercial Banks' Deposits



source: SAMA

demand deposits in March 2024. A shift from foreign currency deposits to SAR time&savings deposits explains the most recent diverging growth rates of aggregates M2 and M3.

Commercial Banks Key Ratios

Figure 1:
Private Sector Loan-Deposit-Ratio

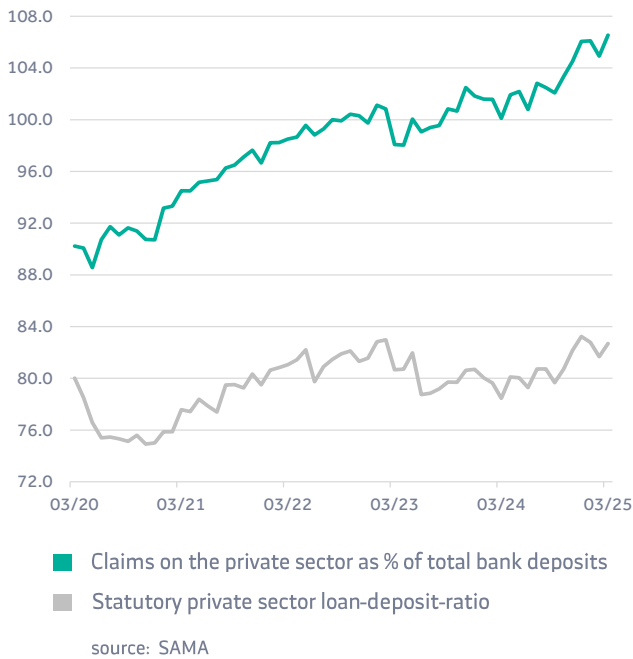


Figure 2:
Government Sector Loan-Deposit-Ratio

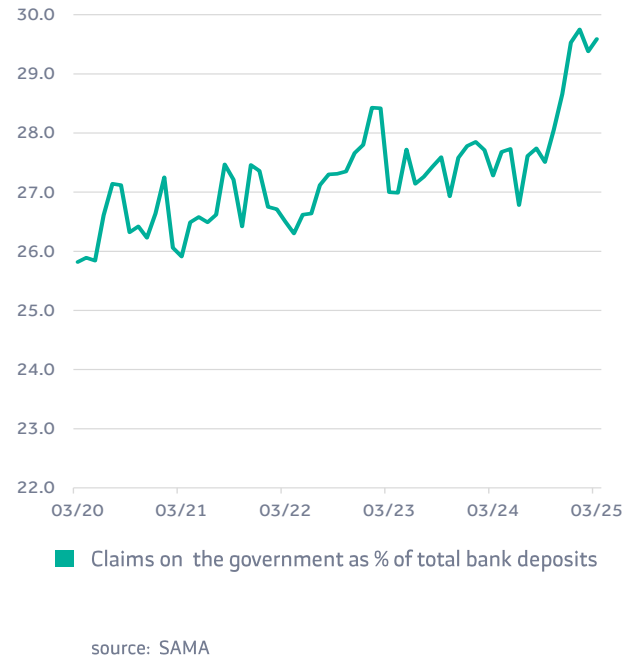
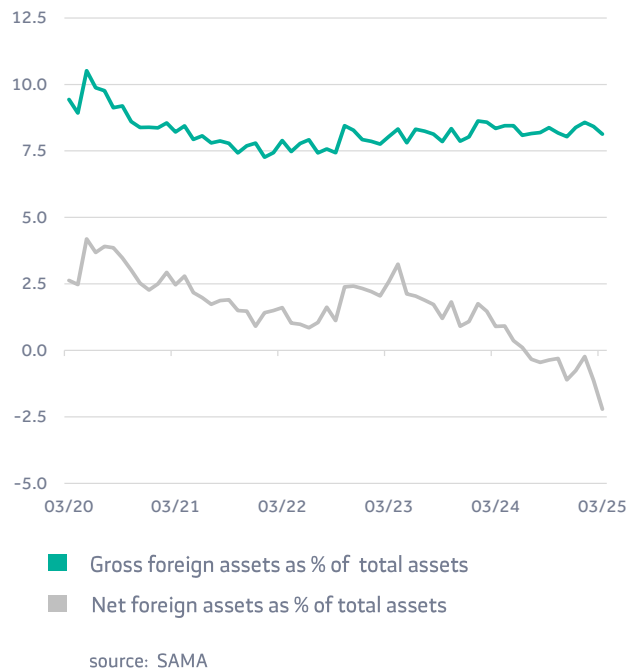


Figure 3:
Foreign Assets to Total Assets Ratio



As private sector credit growth continued to outpace customer deposit growth, the private sector loan-deposit-ratio (LDR) climbed to 106.5 in March 2025 versus 100.1 12 months ago. Saudi commercial banks in-

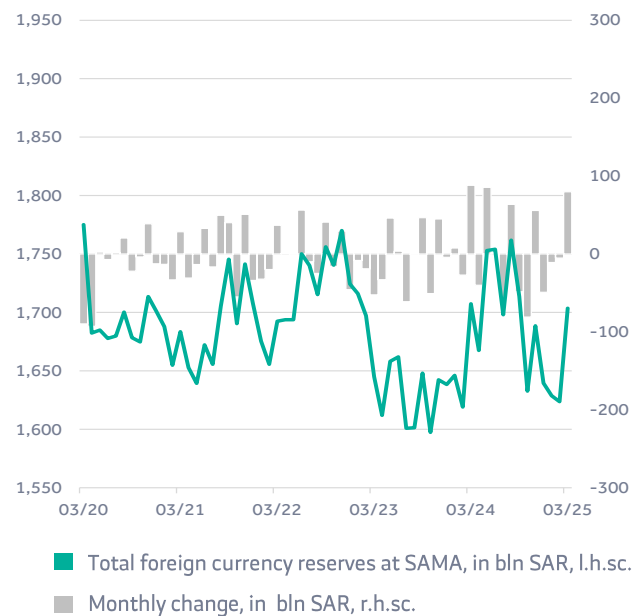
Figure 4:
Excess Liquidity to Total Assets Ratio



creasingly fill this funding gap through international borrowing. Hence, foreign liabilities rose by 76bln SAR in Q1, resulting in a net debtor position of 2.2% of total assets by end of Q1 2025.

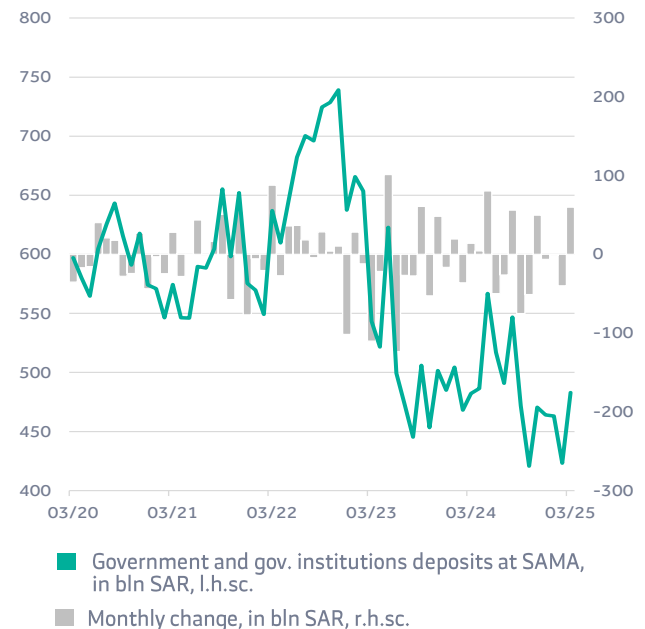
SAMA Balance Sheet and Government Deposits

Figure 1:
Foreign Currency Reserves at SAMA



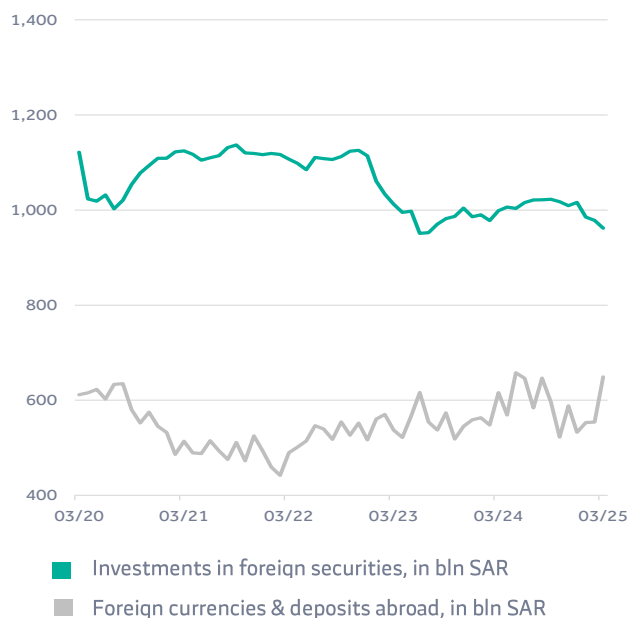
source: SAMA

Figure 2:
Government Deposits at SAMA



source: SAMA

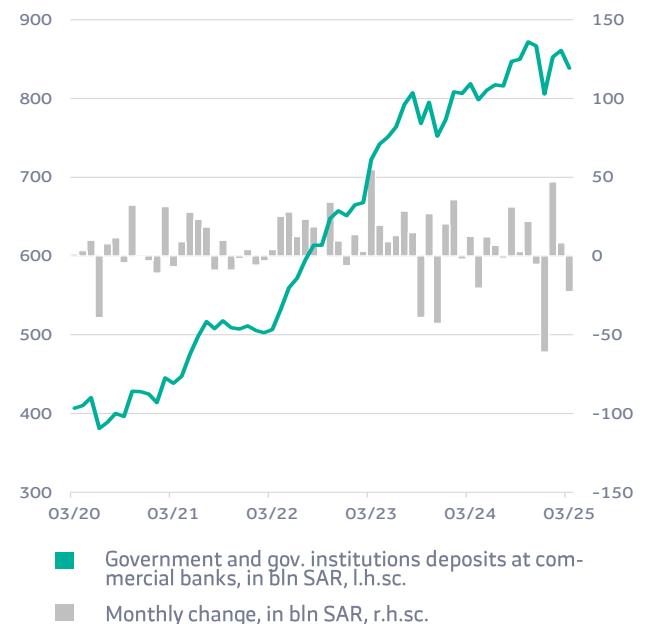
Figure 3:
Breakdown of Foreign Currency Reserves at SAMA



source: SAMA

In March 2025, official SAMA reserves amounted to 1704 bln SAR, the same level as 12 months ago with some fluctuations in-between. Similarly, government and government institutions' deposits at SAMA only

Figure 4:
Government Deposits at Commercial Banks

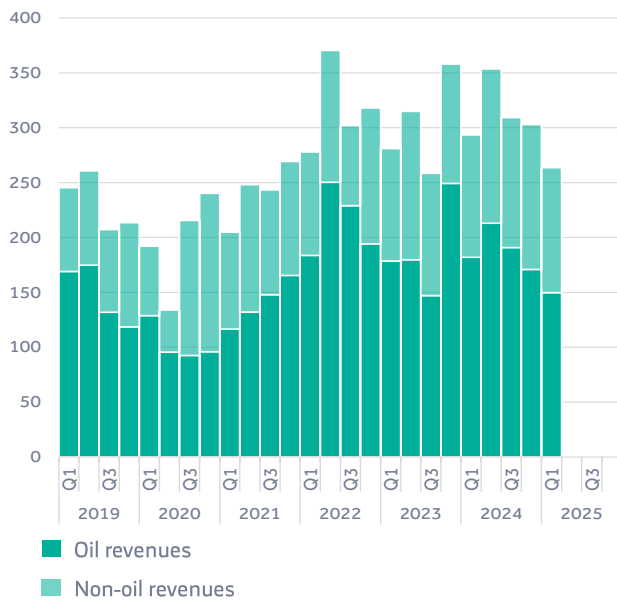


source: SAMA

marginally declined by 8bln SAR in the last 12 months to 474 bln SAR. Public sector deposits at commercial banks gradually increased over the last 12 months by 19 bln SAR to 838 bln SAR in March.

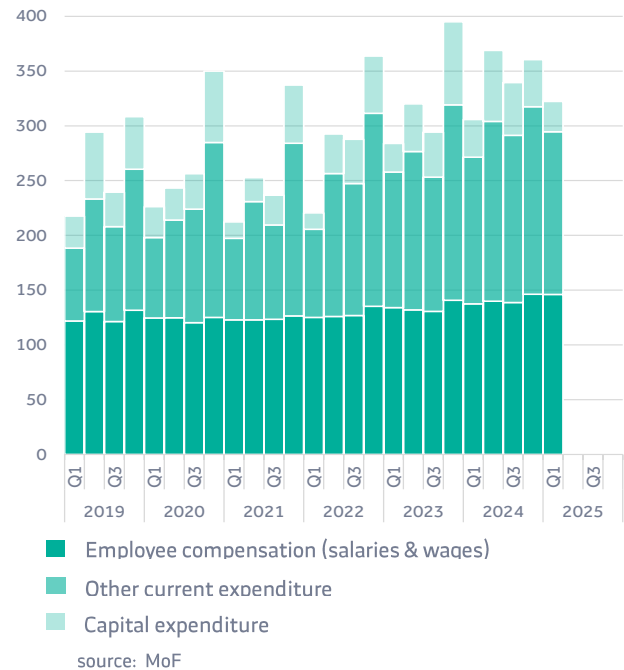
Quarterly Fiscal Balance and Outstanding Government Debt

Figure 1:
Quarterly Fiscal Revenues (in bln SAR)



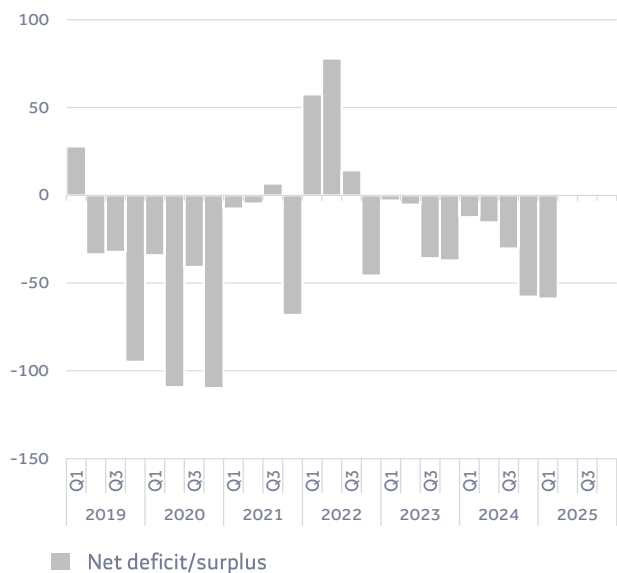
source: MoF

Figure 2:
Quarterly Fiscal Expenditure (in bln SAR)



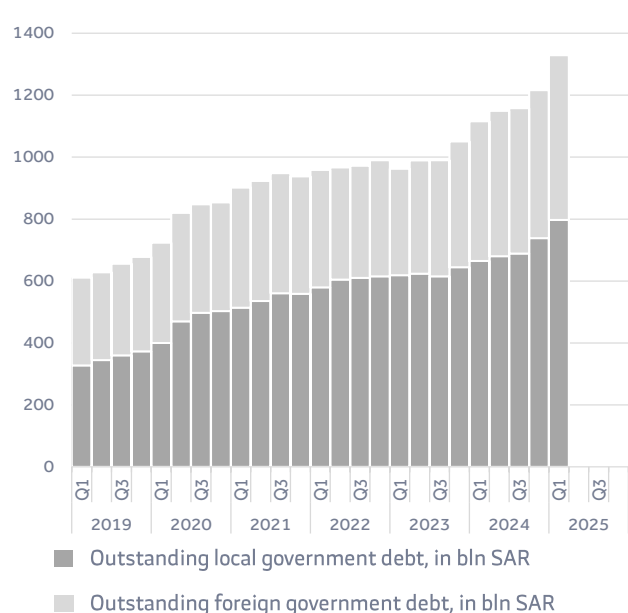
source: MoF

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



source: MoF

Figure 4:
Outstanding Government Debt (End of Quarter)



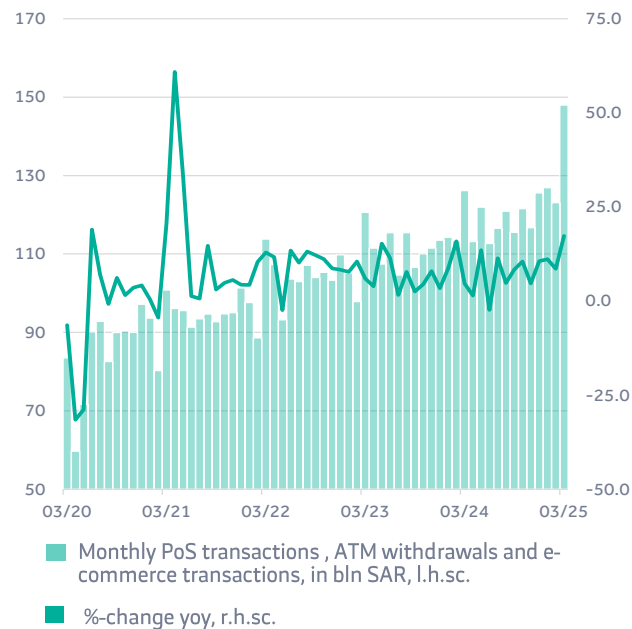
source: MoF

In Q1 2025, fiscal revenues turned out to be 10.2% lower versus Q1 2024 with, in particular, oil revenues declining by 30% compared to last year. On the other side, fiscal spending ended up 5.4% above last year. In particular,

current expenditure increased by 8.2%, while capital spending dropped by -19.5% versus previous year. Overall, this translated into a fiscal deficit of -58.7bln SAR in Q1 2025.

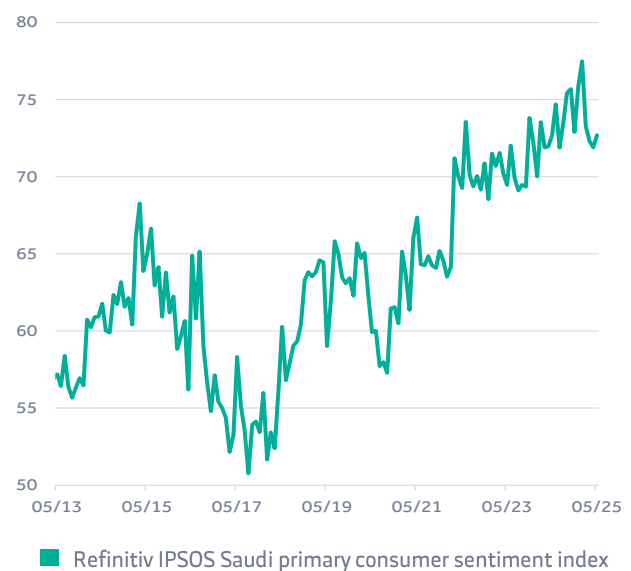
Indicators for Private Spending and Non-Oil Business Climate

Figure 1:
Private Spending Indicator



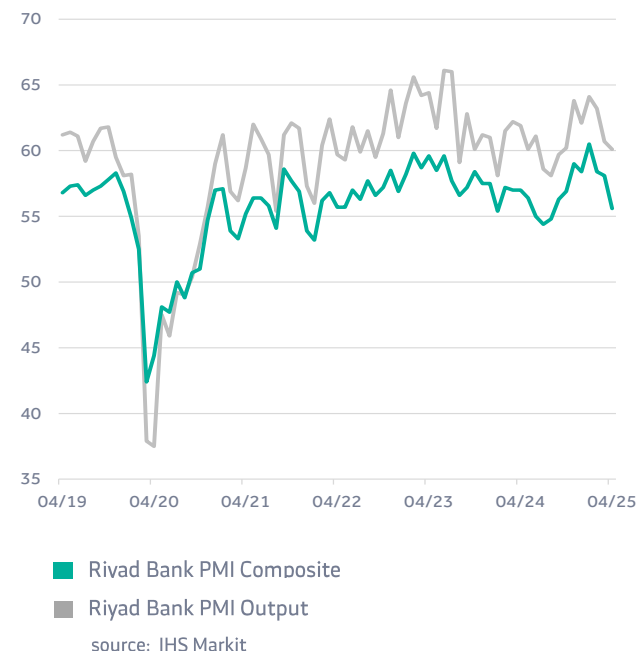
source: SAMA

Figure 2:
Consumer Sentiment Indicator



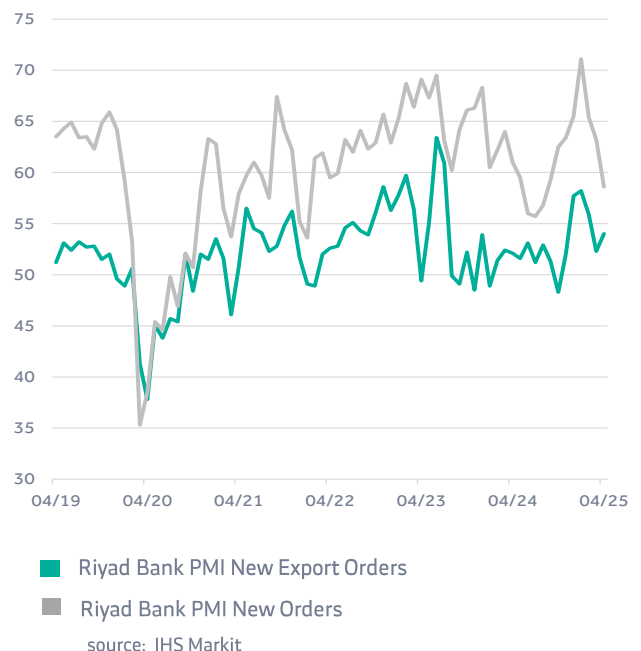
source: Refinitiv

Figure 3:
PMI Composite and PMI Output



source: IHS Markit

Figure 4:
PMI New Orders and PMI New Export Orders



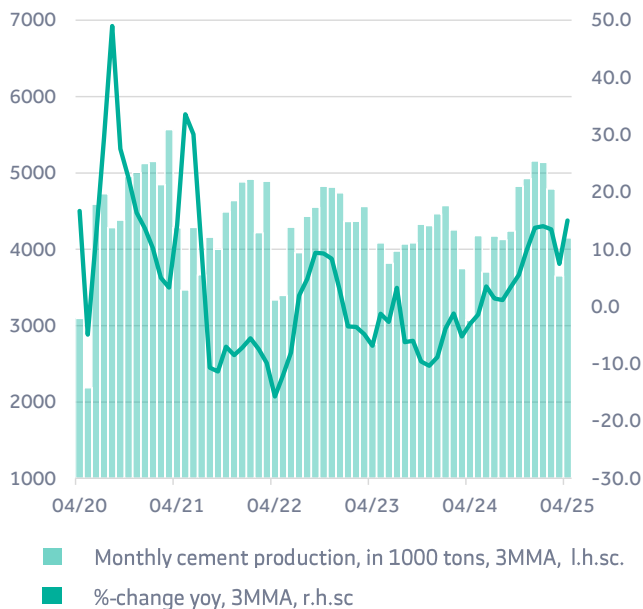
source: IHS Markit

Consumer spending strongly picked up in March 2025 with a growth rate of 17.5%yoy and 31.9%mom. This can partly be explained by increased consumption during the month of Ramadan. Meanwhile, PMI business climate

indicators softened during Spring with the PMI Composite easing to 55.6 after a peak at 60.5 in January. In particular, the PMI New Orders decreased to 58.6 after 71.1 in January.

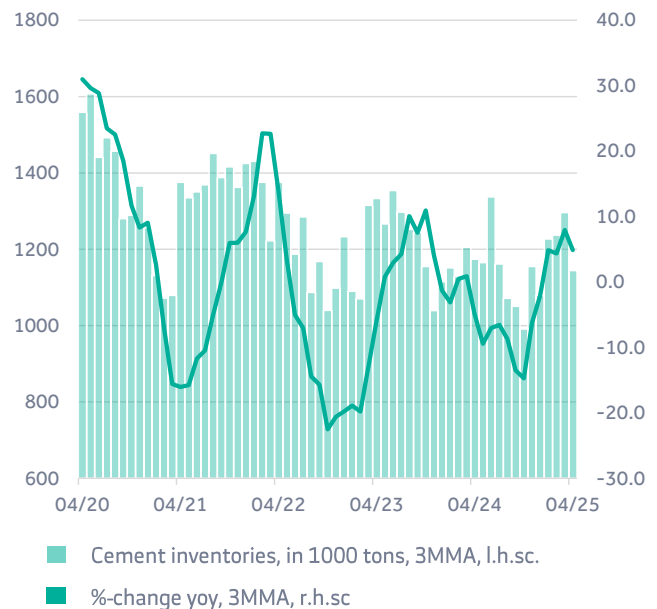
Cement Sector and Non-oil Exports and Imports

Figure 1:
Cement Production



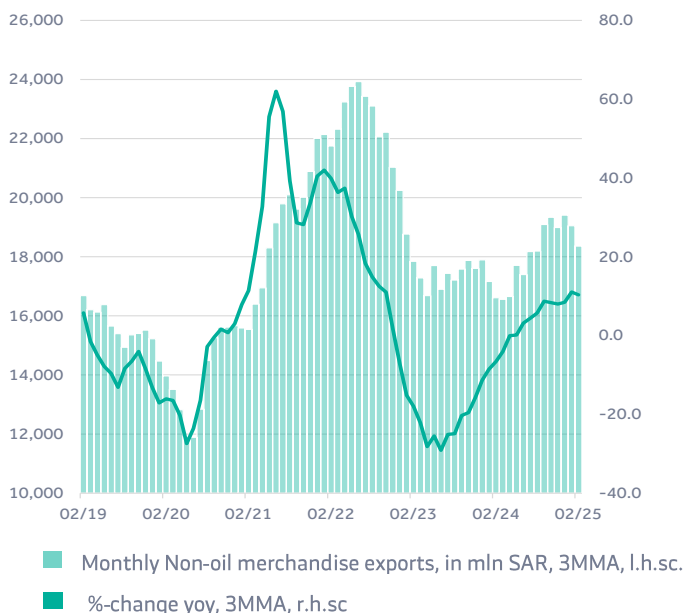
source: Yamama Cement

Figure 2:
Cement Inventories



source: Yamama Cement

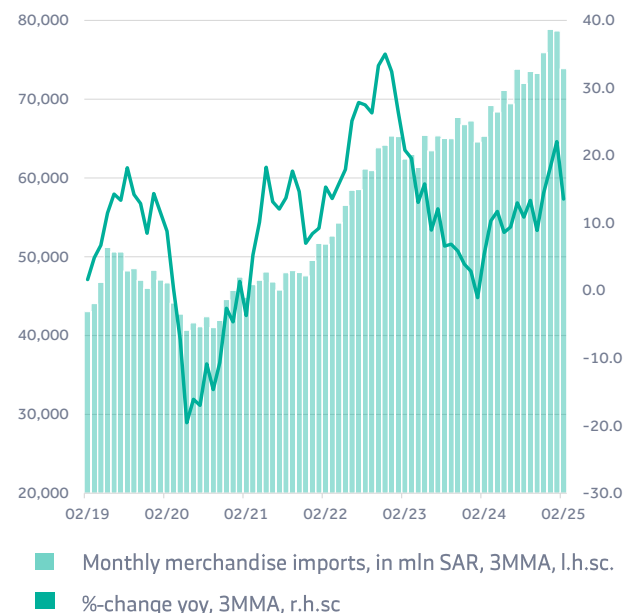
Figure 3:
Non-Oil Merchandise Exports



source: GASTAT

Cement production growth has been accelerating in the last 12 months. After a short slide in March due to Ramadan, growth has further picked up in April by 35.1%yoy (15.0%yoy on 3MMA basis). Besides, non-oil exports ex-

Figure 4:
Merchandise Imports



source: GASTAT

panded by 10.3%yoy (3MMA) in February, while goods imports gradually softened to 13.5%yoy (3MMA) during February after having shown strong growth in the previous 12 months.

Consumer and Wholesale Price Inflation

Figure 1:
Consumer Price Inflation All Items



Figure 2:
CPI Inflation Food & Housing

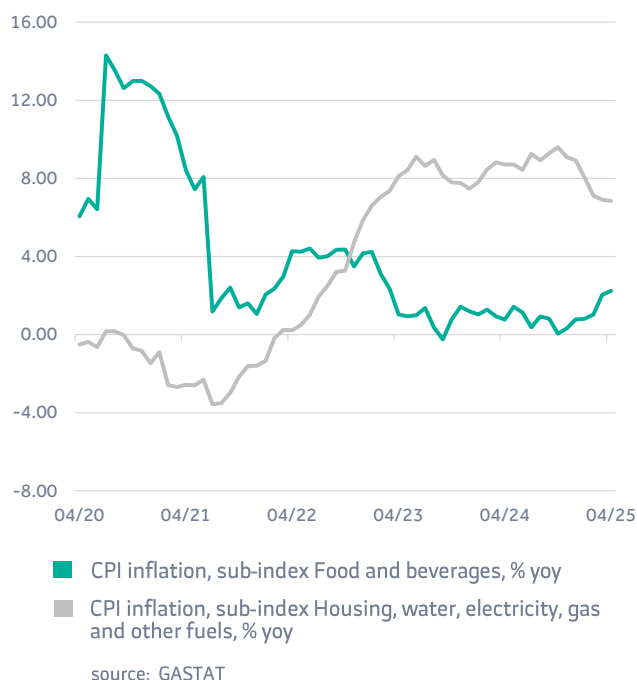
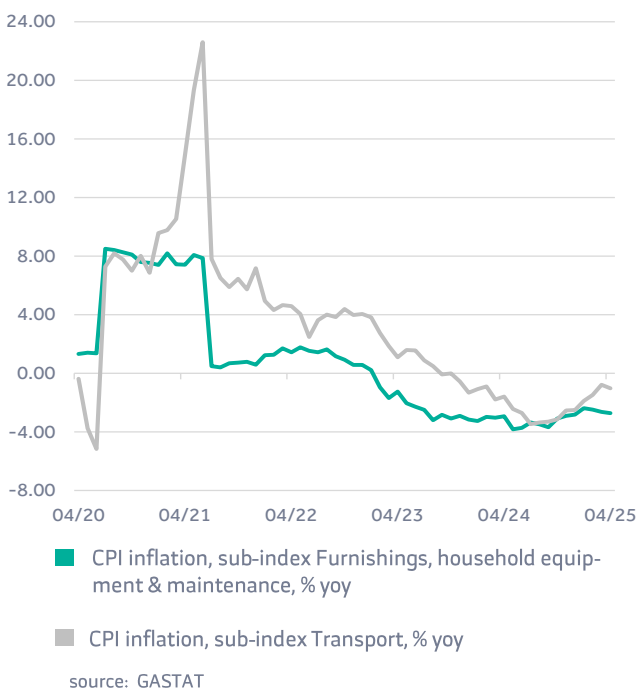
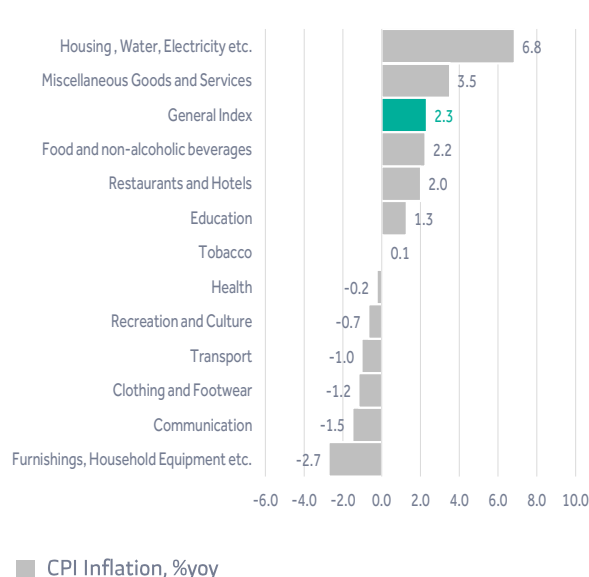


Figure 3:
CPI Inflation Furnishings & Transportation



CPI inflation gradually picked up from 1.9%yoy in December to 2.3%yoy in April. A main contributor to this trend was the category Food&Beverages where price changes accelerated from 0.8 to 2.2%. On the other hand, infla-

Figure 4:
CPI Inflation by Main Categories April 2025

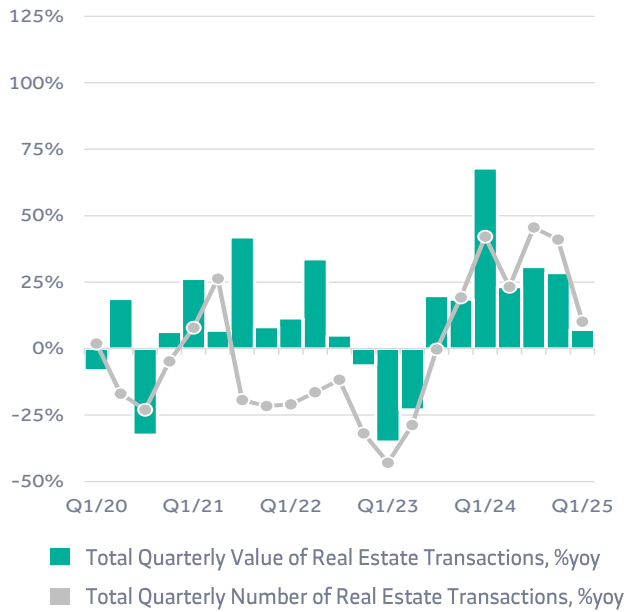


source: GASTAT

tion was dampened by an easing of Housing inflation from 8.9% to 6.9%, primarily due to rental prices advancing at a lower rate (8.4%) compared to the end of last year (10.6%).

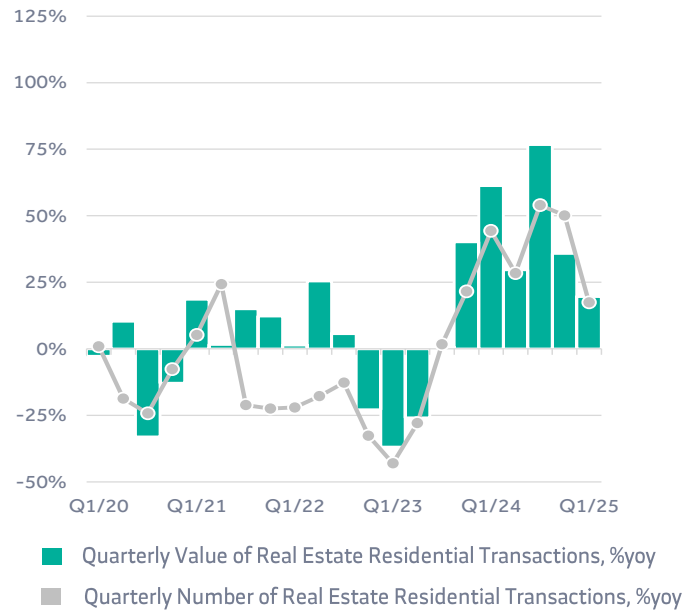
Real Estate Market: Transaction Activity

Figure 1:
Real Estate Transactions Total %yoy



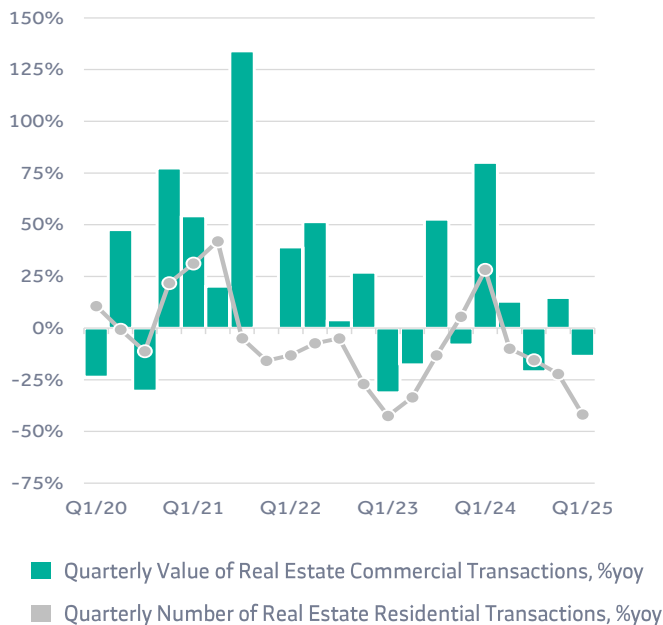
source: MOJ, RC

Figure 2:
Real Estate Transactions Residential %yoy



source: MOJ, RC

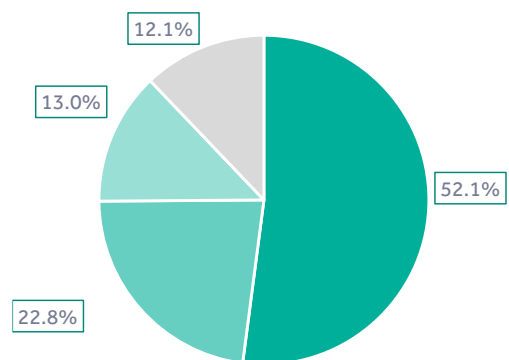
Figure 3:
Real Estate Transactions Commercial %yoy



source: MOJ, RC

After six consecutive quarters of strong growth, total real estate transaction turnover slowed to 7.1%yoy in Q1 2025. Residential property transactions rose by 19.6%yoy, while commercial transaction volume contracted by

Figure 4:
Breakdown of Transaction Value by Regions (Q1 2025)



source: MOJ, RC

-13.6%yoy over the same period. Geographically, Riyadh region remains the dominant area for real estate activity in Q1 2025 with a share of 52.1% of total transaction volume.

Real Estate Market: Price Indices

Figure 1:
General Real Estate Index

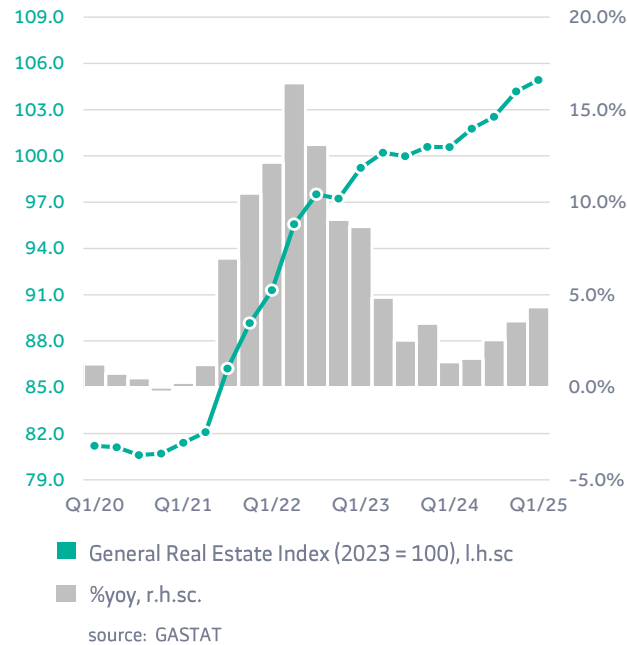


Figure 2:
Residential Real Estate Index

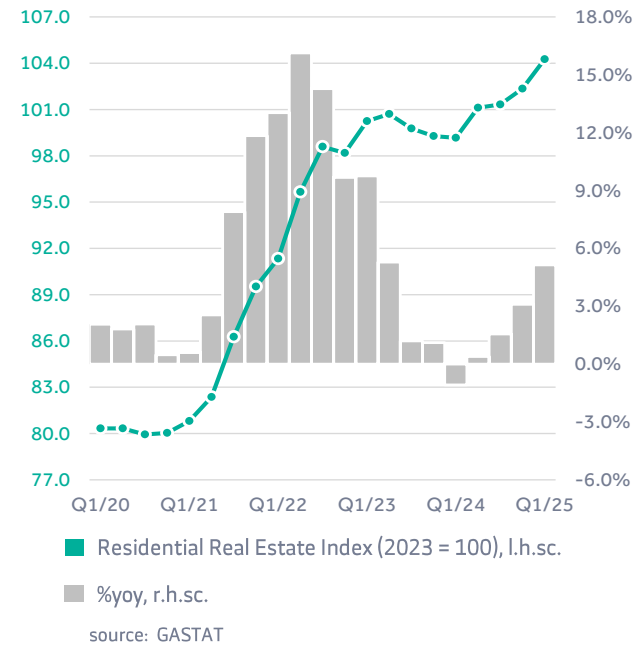
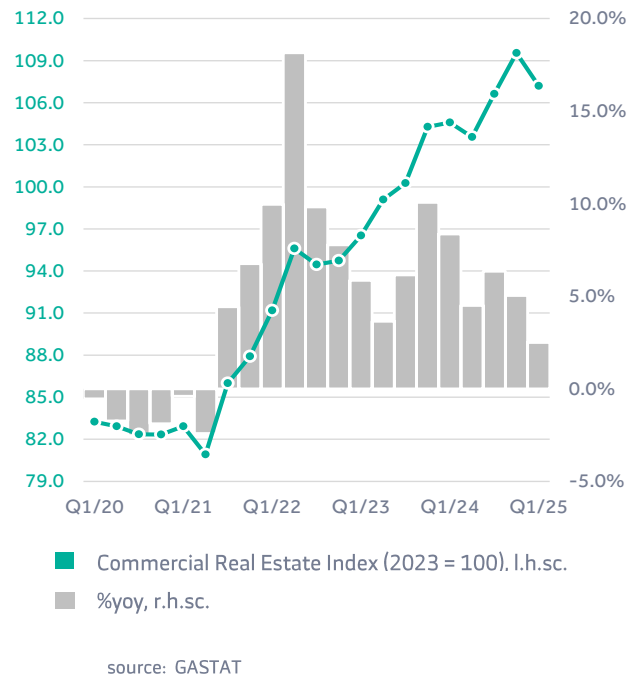
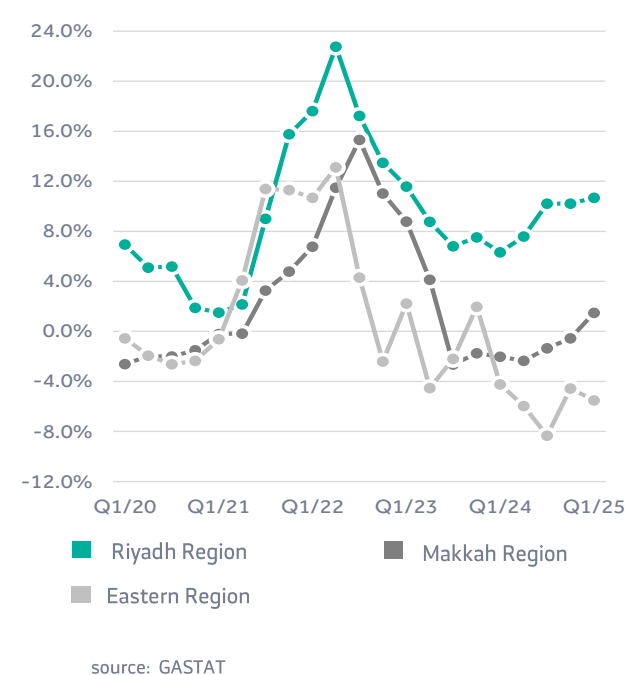


Figure 3:
Commercial Real Estate Index



Real estate prices continued to accelerate in Q1 2025 with a rate of 4.5%yoy. This is primarily driven by a strong residential property market rising by 5.1%yoy in the first quarter, while commercial real estate prices

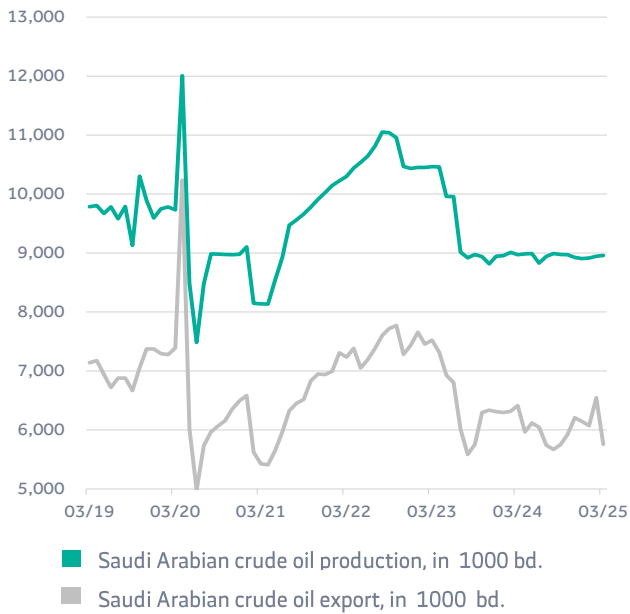
Figure 4:
Real Estate Price Indices Main Regions (%yoy)



eased to 2.5%yoy. The geographical breakdown reveals that Riyadh region is the primary driver behind the property price momentum in Saudi Arabia with a growth rate of 11%yoy in Q1 2025.

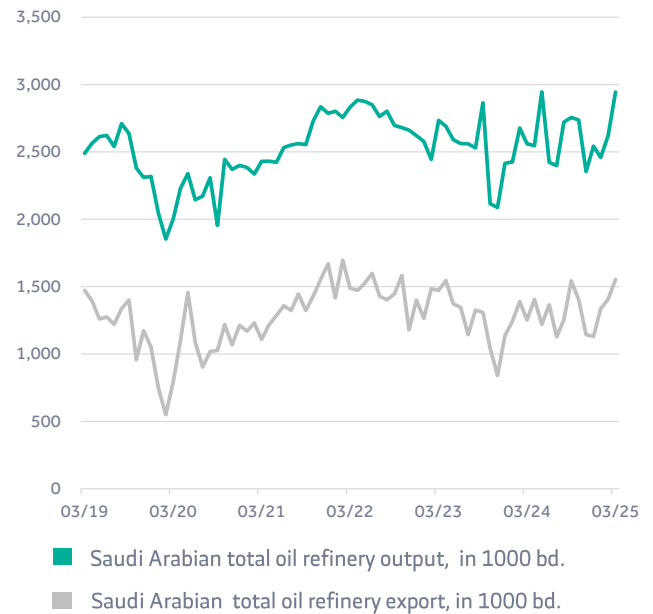
Oil Market Statistics: Production, Exports, Refinery and Prices

Figure 1:
Saudi Crude Oil Production and Exports



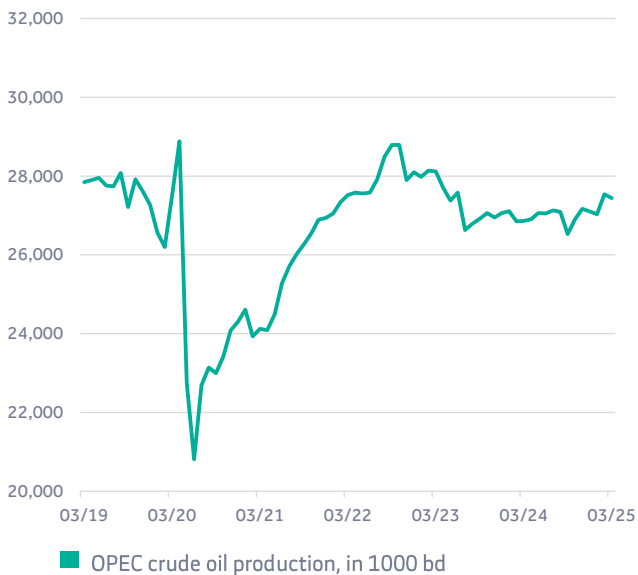
source: JODI, Bloomberg

Figure 2:
Saudi Crude Refinery Output and Exports



source: JODI

Figure 3:
OPEC Crude Output



source: JODI, Bloomberg

Since the voluntary output cut in July 2023, Saudi Arabia has consistently produced crude oil at 9.0 mbd. With the planned unwinding over the next 18 months and particularly considering the accelerated output increase

Figure 4:
Oil Prices

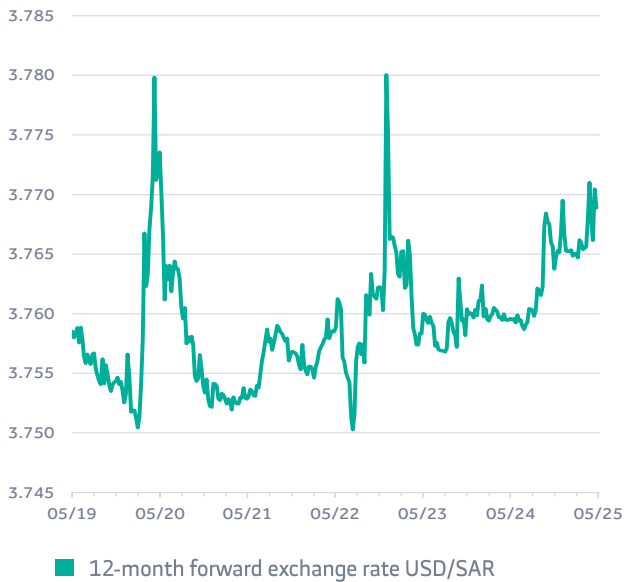


source: Bloomberg

in May and June, Saudi crude production is expected to reach 9.4mbd by June. Since a peak above 80USD in January, Brent oil prices have declined to slightly above 60USD by mid-May.

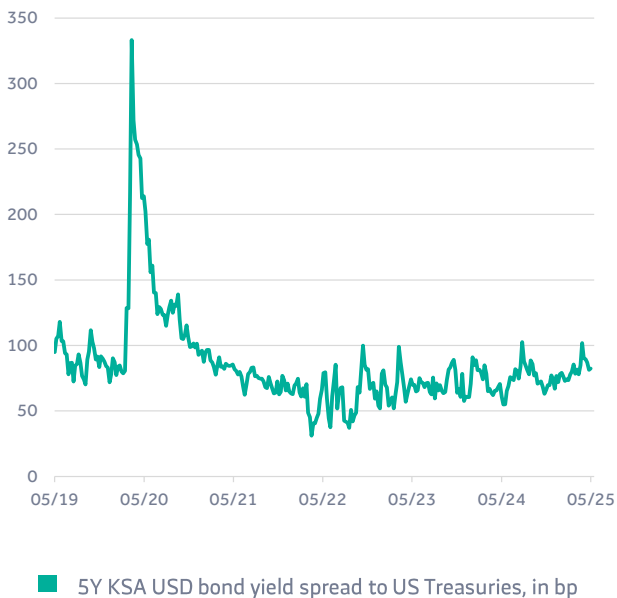
Foreign Exchange and KSA Credit Spread

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



source: Bloomberg

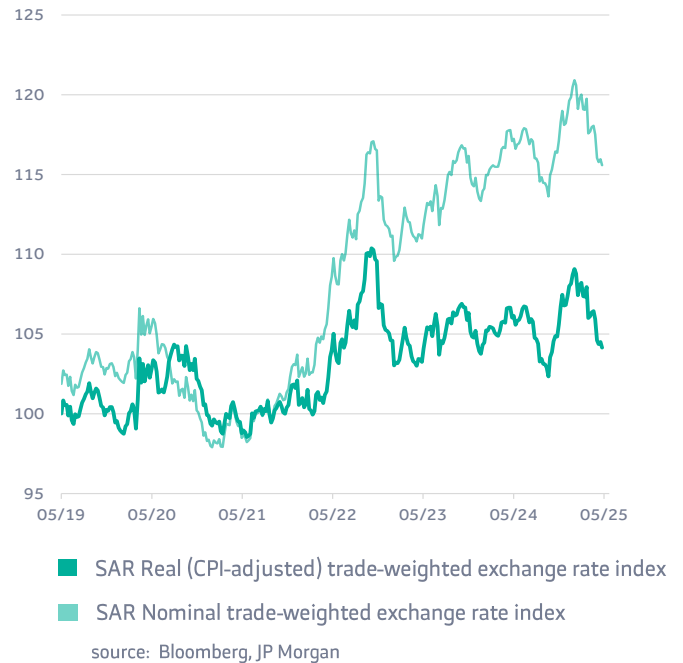
Figure 3:
KSA USD Bond Yield Spread to US Treasuries



source: Bloomberg

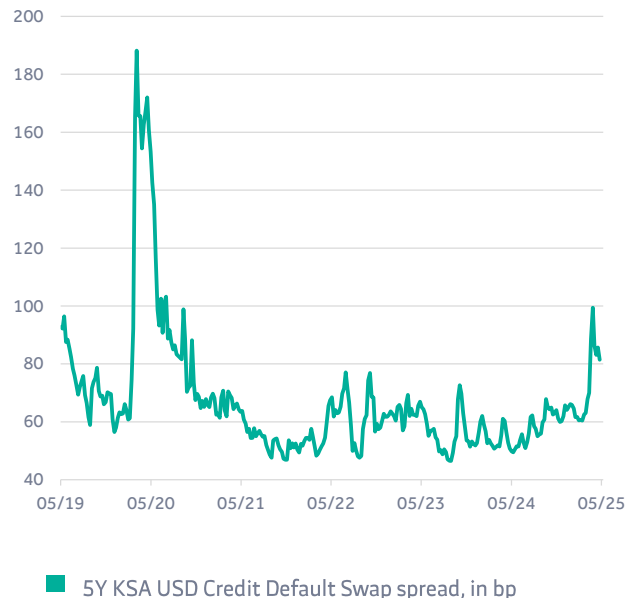
Increased global market volatility caused by US trade policy announcements partly also affected KSA sovereign risk premia. The 12M-FX-forward premium expanded to 185pip, while 5Y sovereign CDS spreads temporarily

Figure 2:
SAR Nominal and Real Effective Exchange Rate



source: Bloomberg, JP Morgan

Figure 4:
KSA CDS Spread



source: Bloomberg

ly widened to 100bp before gradually easing to 81bp. The impact on the spread of 5Y USD KSA vs. US treasury bond yield was more contained and finally amounted to 80bp by mid May.

Short-term, Long-term and Official Interest Rates

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

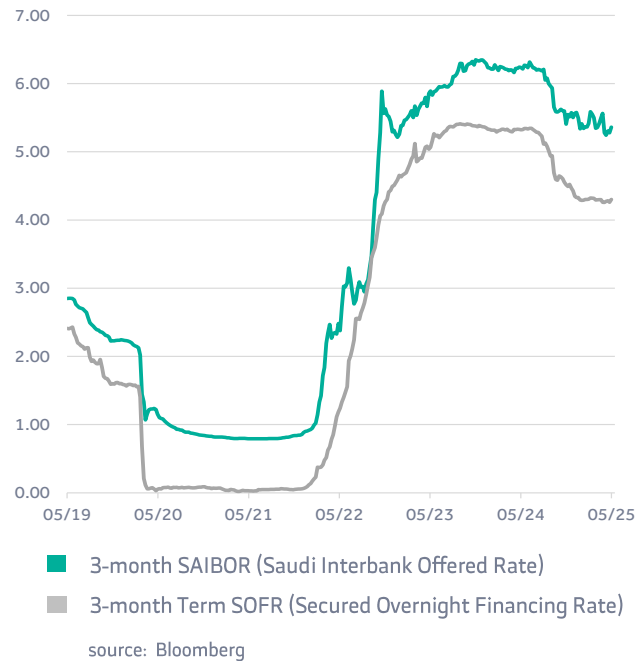
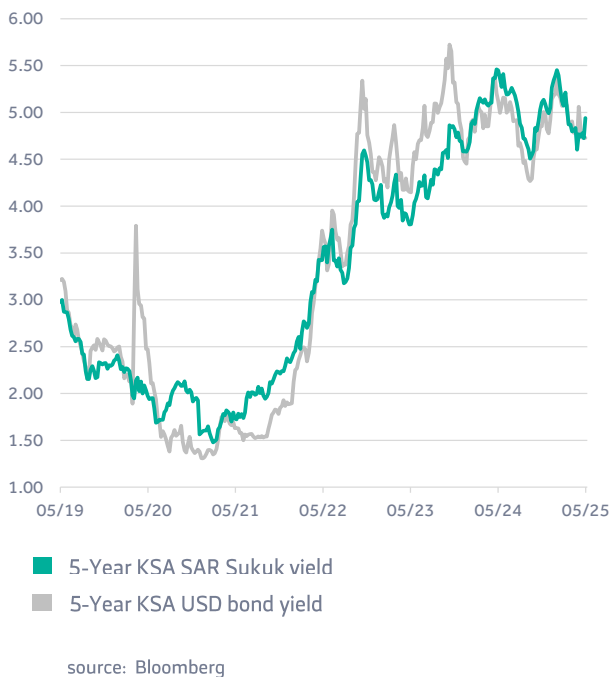


Figure 2:
5-Year Swap Rate SAR vs. USD

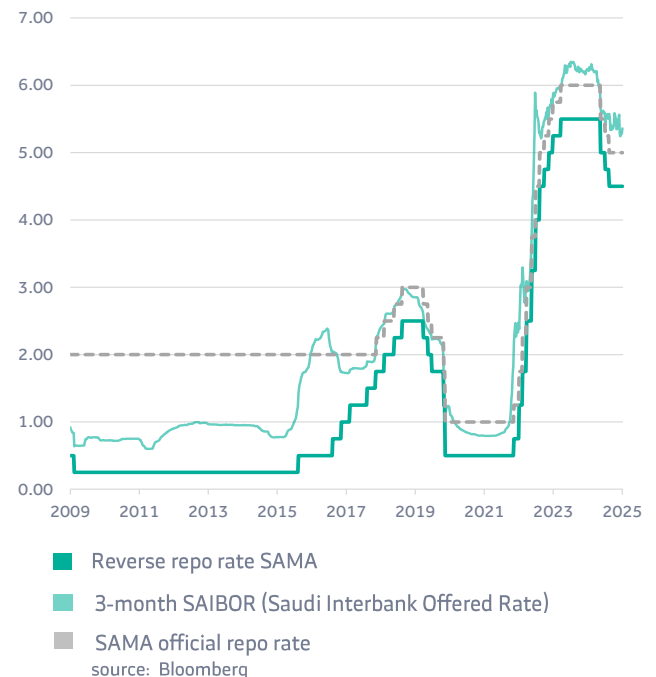


Figure 3:
5-Year KSA SAR Sukuk vs. USD Bond Yield



Since the beginning of the year, 3M SAIBOR rates have stabilized around 5.35%, after having reached a peak at 6.30% in 2024. The spread to USD money market rates amounted to 106bp by mid-May, gradually above the 5Y

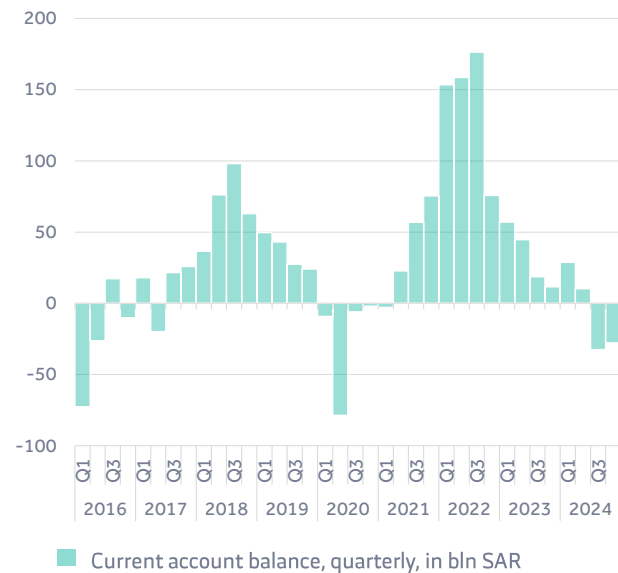
Figure 4:
Central Bank Rate and 3-Months SAIBOR



average of 88bp. 5Y KSA Sukuk yield in SAR and in USD have moved in parallel since the beginning of last year with most recently a small spread of 15bp in favor of local SAR issuances.

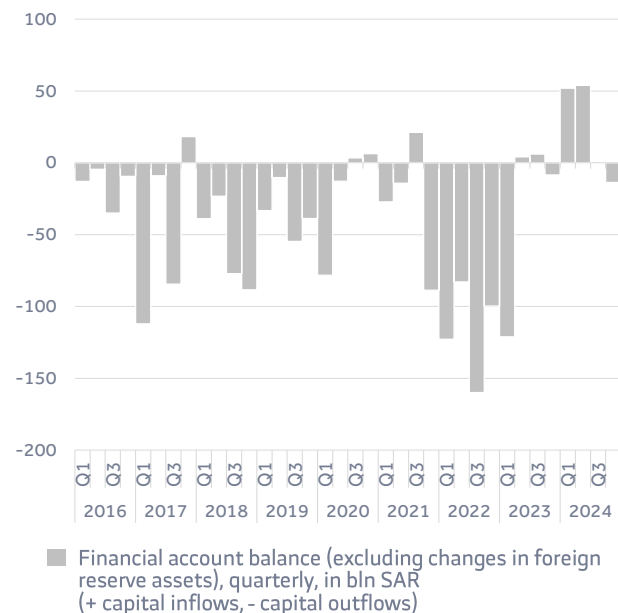
Saudi Balance of Payments

Figure 1:
Current Account Balance



source: SAMA

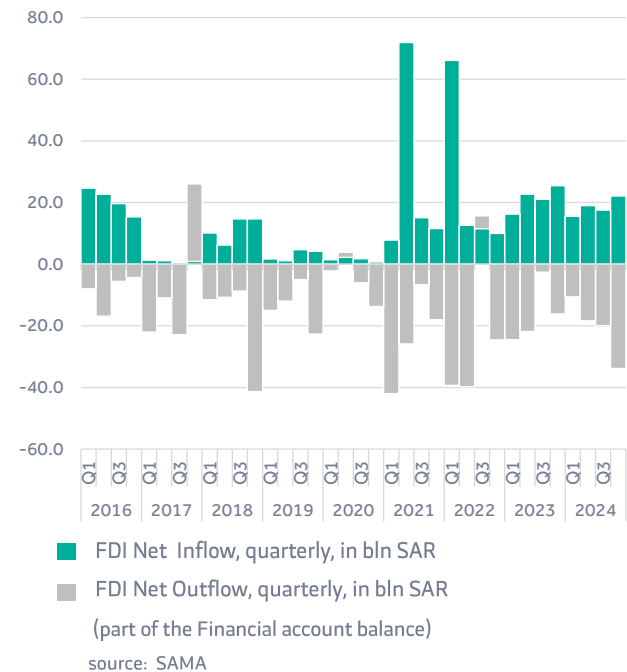
Figure 3:
Financial Account Balance



source: SAMA

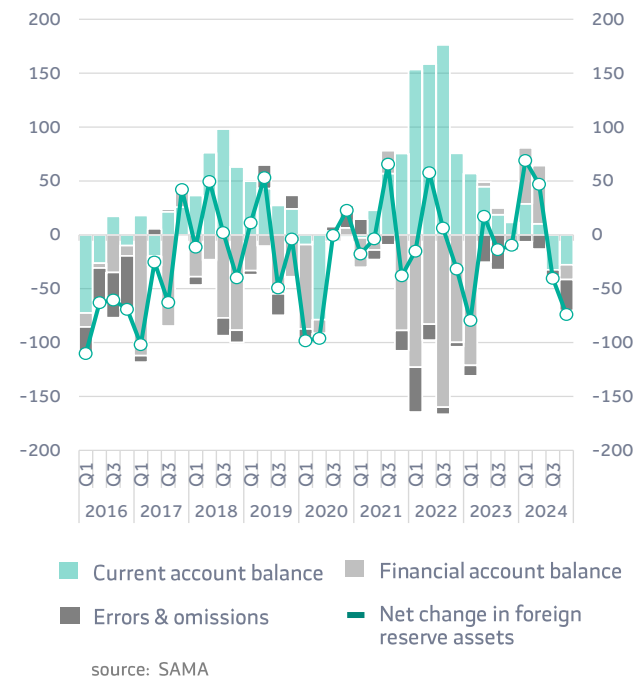
The current account balance amounted to -28 bln SAR in Q4 2024. This translated into a full year deficit of -21 bln SAR in 2024. Foreign direct investments in KSA gradually picked up in Q4 2024 to 22 bln SAR. For the

Figure 2:
Foreign Direct Investments



source: SAMA

Figure 4:
Contribution to Balance of Payments



source: SAMA

year 2024, this resulted in an FDI net inflow of 74 bln SAR. Despite a small deficit of -14 bln SAR in Q4, the financial account balance overall recorded a surplus of 93 bln SAR in 2024.

Tadawul: Saudi Equity Market Statistics

Figure 1:
Tadawul All-Share Index



Figure 2:
Tadawul Average Daily Traded Value

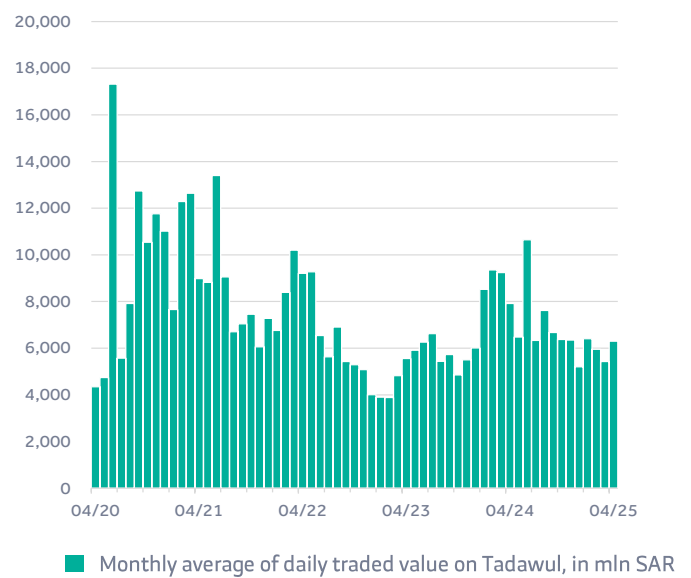
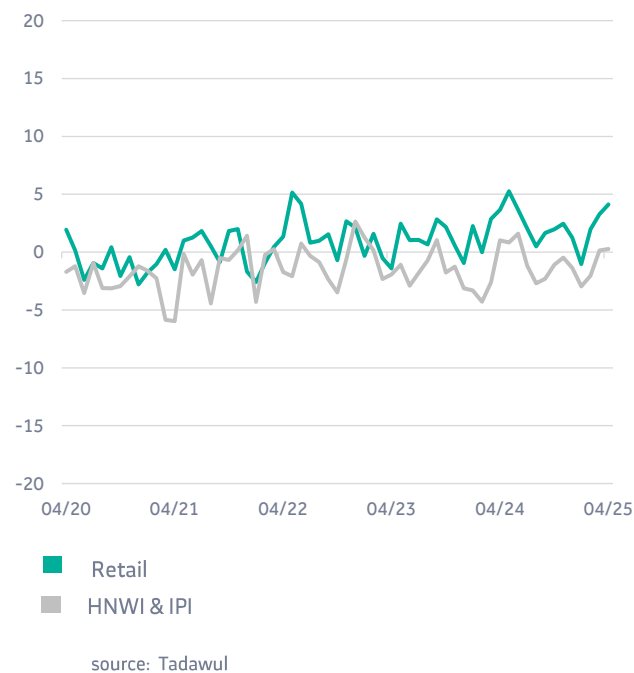
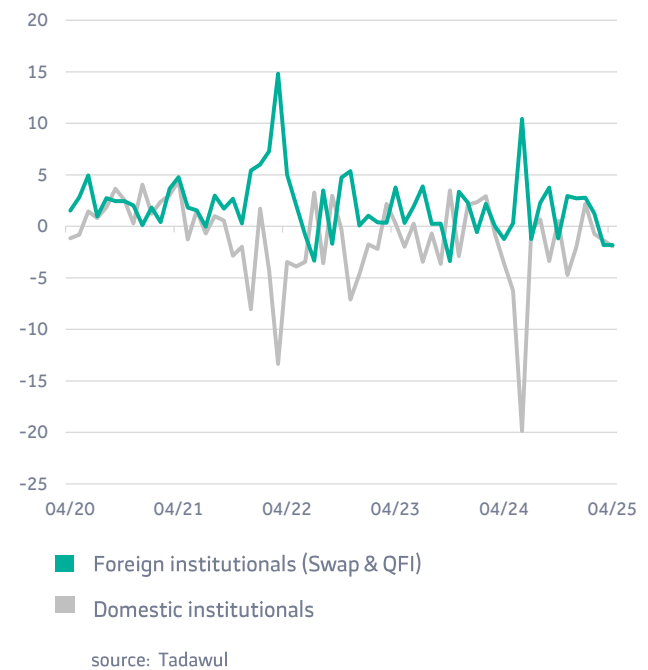


Figure 3:
Monthly Net Purchase by Ownership (in bln SAR)



After having reached a peak level at 12'471 by mid of February, TASI started a correction until mid of May which was primarily triggered by uncertainties related to US trade policy causing increased volatility in global

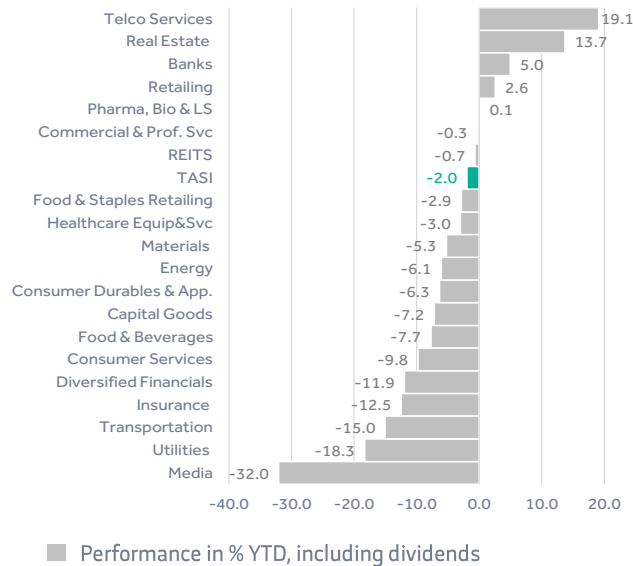
Figure 4:
Monthly Net Purchase by Ownership (in bln SAR)



capital markets as well as global oil markets. In the course of this correction, foreign qualified investors were net sellers in the months of March and April to an amount of 3.6 bln SAR.

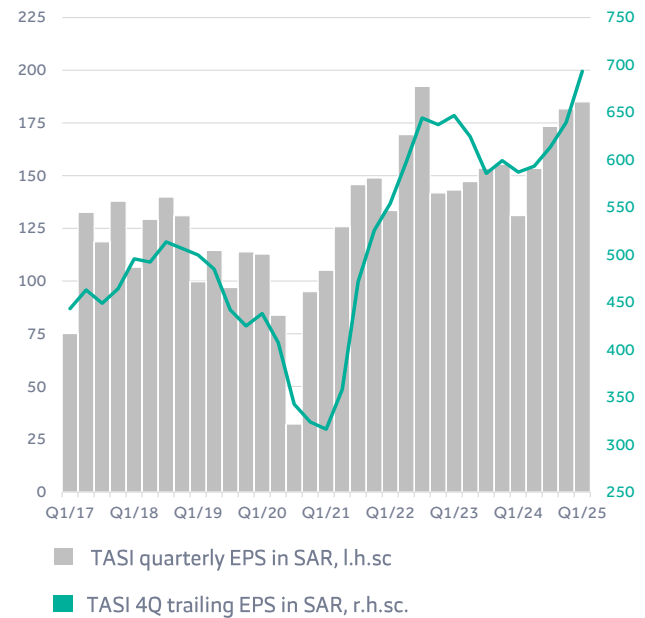
Tadawul: Saudi Equity Market Statistics

Figure 1:
Performance TASI Sectors Apr 2025YTD



source: Bloomberg

Figure 2:
Quarterly Earnings TASI



source: Bloomberg

Figure 3:
Valuation TASI: PE-Ratio Trailing



source: Bloomberg

Until April 2025, TASI recorded a slightly negative total return of -2.0%YTD. Banks as the largest sector managed to outperform the index with a performance of 5.0%, while Materials and Energy underperformed by -

Figure 4:
Valuation TASI: PE-Ratio Forward



source: Bloomberg

5.3% respectively -6.1%. Media as the high flying sector in 2024 showed the worst performance so far in 2025 with -32.0%. Overall, the market looks moderately valued at this juncture.

Saudi Economic Outlook

Saudi economic growth is expected to accelerate in 2025 and 2026. While non-oil activities will continue to stay on a robust growth trajectory, oil activities are expected to rebound.

We project continued solid growth for non-oil activities, fostered by a growth-oriented fiscal policy, supported by PIF, with a focus on increased investment spending which will support the non-oil economy in the coming years. After a strong growth rate of 4.8% in 2024, we forecast non-oil activities to expand by 4.1% in 2025 and 4.3% in 2026.

We expect Saudi crude oil production to expand in the next 15-18 months in order to entirely unwind its voluntary output cut from 2023. We feel particularly vindicated in our view by OPEC's recent decision to accelerate this unwinding process in the months of May and June of this year. As a consequence, we project oil activities to grow by 3.5% in 2025, followed by a growth rate of 5.4% in 2026.

As a consequence, we forecast overall economic growth to accelerate to 3.5% in 2025 and to 4.2% in 2026 after a growth rate of 1.8% for last year.

Despite the recent decline in oil prices, we expect the gov-

ernment to stick to its original spending plan in order to spur growth and foster the economic transformation. As a consequence, we project a fiscal deficit of -4.5% of GDP this year and -3.6% next year. Assuming that these fiscal deficits will be financed entirely through borrowing, the debt/ GDP ratio is expected to rise to a still moderate 32.5% in 2026.

The current account balance is projected to show a deficit of -3.6% of GDP in 2025 after -0.5% last year, primarily due lower oil exports and continued strong import growth. For next year, we project a gradually lower deficit amounting to -2.9% of GDP, this mainly as a result of higher oil exports and further improving travel and tourism revenues.

We expect a moderate pick-up of inflation to 2.5% in 2025 after 1.7% last year. For next year, inflation is projected to gradually ease to 2.3%.

Finally, we expect the US Federal Reserve to stay on a measured rate cut trajectory and forecast rate reductions of 50bp in 2025 and in 2026. Accordingly, SAMA is projected to cut its official repo rate and reverse repo rate by the same amount.

Facts and Forecasts at a Glance

| | 2023 | 2024 | 2025f | 2026f |
|---|------|------|-------|-------|
| Real GDP Growth | | | | |
| Overall economy | 0.5 | 1.8 | 3.5 | 4.2 |
| Non-oil Activities | 7.0 | 4.8 | 4.1 | 4.3 |
| Government Activities | 1.1 | 2.3 | 1.5 | 1.7 |
| Oil Activities | -9.0 | -4.4 | 3.5 | 5.4 |
| Fiscal Balance and Government Debt | | | | |
| Fiscal Balance in bln SAR | -81 | -115 | -207 | -176 |
| Fiscal Balance in % GDP | -1.8 | -2.5 | -4.5 | -3.6 |
| Government debt in bln SAR | 1050 | 1199 | 1406 | 1582 |
| Government debt as % GDP | 23.0 | 25.8 | 30.6 | 32.5 |
| Trade and Current Account Balance | | | | |
| Trade Balance in bln SAR | 476 | 339 | 190 | 194 |
| Trade Balance in % GDP | 10.4 | 7.3 | 4.1 | 4.0 |
| Current Account in bln SAR | 128 | -21 | -167 | -141 |
| Current Account in % GDP | 2.8 | -0.5 | -3.6 | -2.9 |

source: GASTAT, SAMA, RC

| | 2023 | 2024 | 2025f | 2026f |
|---|------|------|-------|-------|
| Oil Prices and Production (yearly average) | | | | |
| Brent price (USD pb) | 82.2 | 79.9 | 67.0 | 69.0 |
| WTI price (USD pb) | 77.6 | 75.8 | 64.0 | 66.0 |
| OPEC Basket price (USD pb) | 83.0 | 79.9 | 67.0 | 69.0 |
| KSA oil production (mln bd) | 9.6 | 9.0 | 9.3 | 9.8 |
| Inflation and Interest Rates (year end) | | | | |
| CPI Inflation (yearly average) | 2.33 | 1.70 | 2.50 | 2.30 |
| 3M SAIBOR SAR | 6.23 | 5.54 | 4.75 | 4.25 |
| Reverse Repo Rate | 5.50 | 4.50 | 4.00 | 3.50 |
| Official Repo Rate | 6.00 | 5.00 | 4.50 | 4.00 |
| Labor Market (yearly average) | | | | |
| Unemployment rate total in % | 4.0 | 3.5 | 3.5 | 3.4 |
| Unemployment rate Saudi in % | 8.5 | 7.4 | 7.1 | 7.0 |
| Labor force part. total in % | 66.6 | 66.3 | 66.4 | 66.5 |
| Labor force part. Saudi in % | 50.8 | 51.2 | 51.4 | 51.6 |

source: GASTAT, SAMA, Bloomberg, RC

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