

SAUDI ECONOMIC CHARTBOOK

Third Quarter **2025**



الرياض المالية
Riyad Capital

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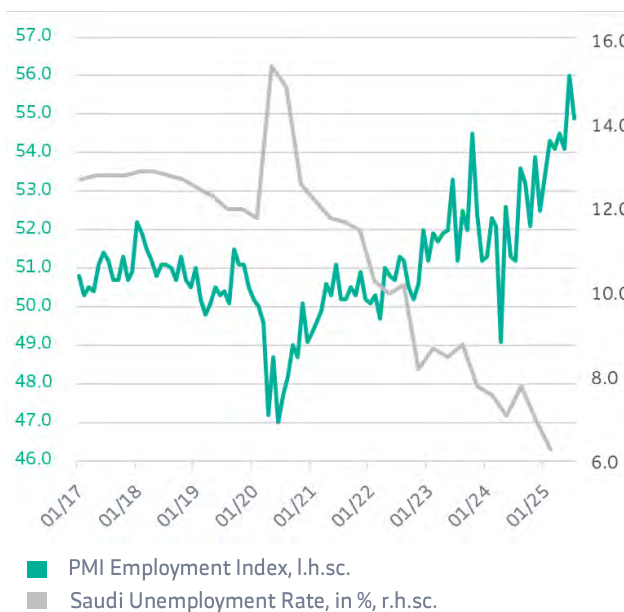
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Strong Non-Oil Economy Leading to Persistent Job Creation

- Flash estimates for Q2 2025 show that the Saudi economy expanded by 3.9%yoy after 3.4%yoy in Q1. Oil activities rebounded to 3.8%yoy, while non-oil activities continued to stay on a strong growth trajectory with 4.7%yoy.
- In June 2025, the PMI Employment index reached a 14-year high, while Saudi unemployment rate dropped to an all-time low in Q1 2025. These favorable labor market conditions are a reflection of the continued strong growth of the non-oil economy during the last 4 years (see graphic below).
- By mid of 2025, private sector loan demand showed some first signs of easing after a period of protracted growth acceleration in the years before. Yearly growth declined in June to a still notable rate of 13.6%yoy after a peak of 15.2%yoy in April.
- In Q2 2025, fiscal spending turned out to be 9% lower versus Q2 2024, while fiscal revenues were 15% below last year. After 3 years of strong fiscal expansion, we expect the government to pursue some fiscal consolidation in 2025.
- Saudi crude oil production is expected to continue expanding in order to reach the target of 10mbd already by September based on OPEC's decisions to accelerate the unwinding of voluntary output cuts. By June, the Saudi output expansion has been well on track.
- Since the beginning of the year, 3M SAIBOR has stabilized around a level of 5.4%. We expect the US FED to cut its FED fund rate by overall 100bp until end of 2026. Accordingly, we forecast 3M SAIBOR to decline to 4.35% by end of next year.

Favorable Labor Market Conditions Indicating Sustained Employment Growth

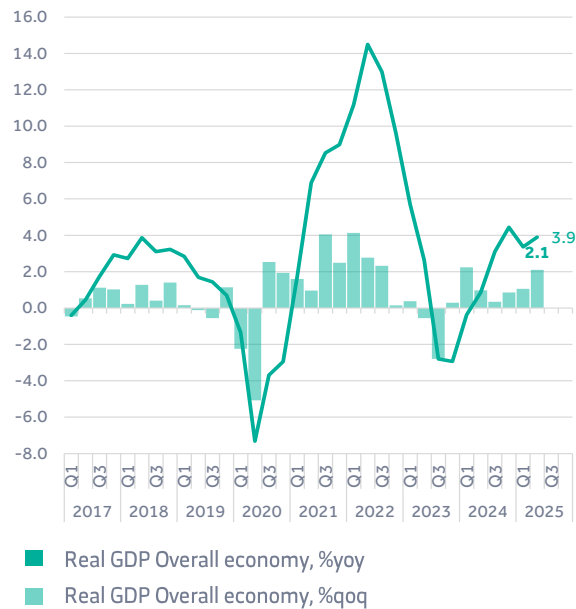


Over the last 4 years, the PMI Employment index, which measures the employment situation of companies in the non-oil economy, has continuously improved and finally reached a 14-years high in June 2025. This trend is mirrored by the sustained drop in the Saudi unemployment rate to an all-time low of 6.3% in Q1 2025. According to our estimates, 1.2mln new jobs for Saudi citizens and 3.8mln additional jobs for expat workers have been created over the last 4 years. This corresponds to an impressive 33% increase in overall employment since Q1 2021.

source: GASTAT, S&P Global, RC

Gross Domestic Product (GDP) by Main Economic Activities

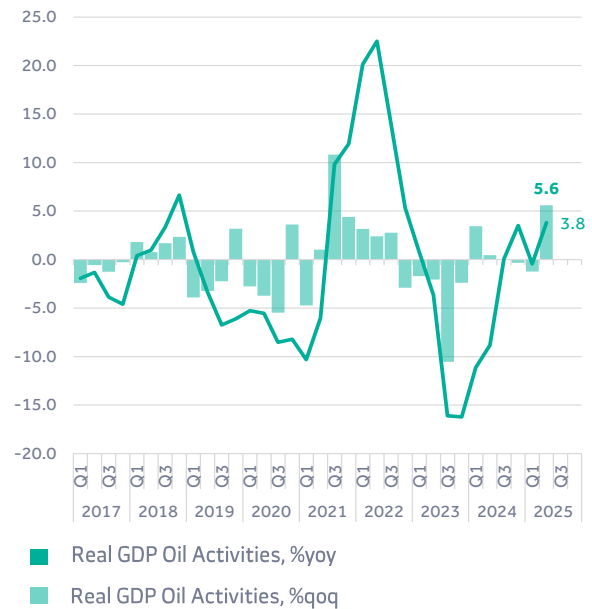
Figure 1:
GDP Overall Economy



(Q2 2025 flash estimate)

source: GASTAT

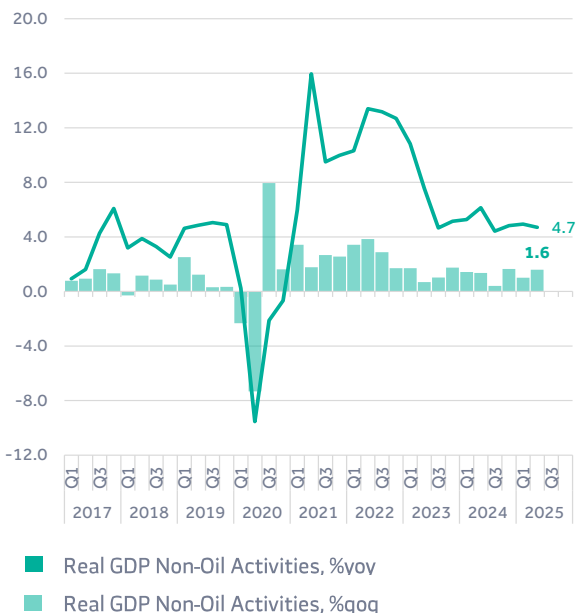
Figure 2:
GDP Oil Activities



(Q2 2025 flash estimate)

source: GASTAT

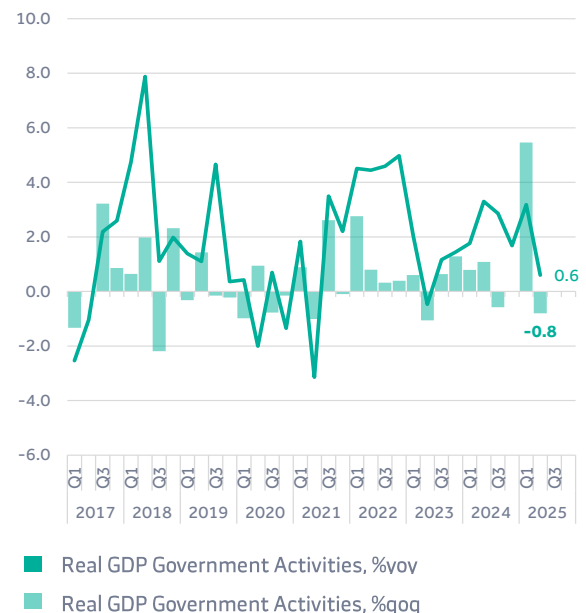
Figure 3:
GDP Non-Oil Activities



(Q2 2025 flash estimate)

source: GASTAT

Figure 4:
GDP Government Activities



(Q2 2025 flash estimate)

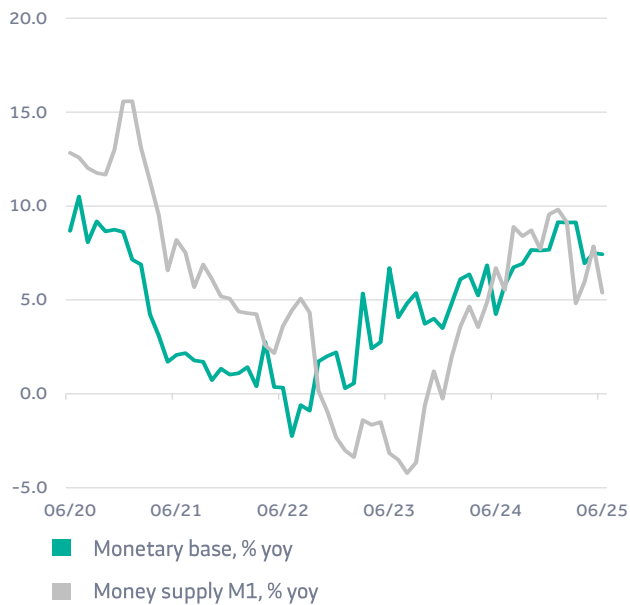
source: GASTAT

Based on flash estimates, the Saudi economy grew by 3.9%yoy in Q2 2025 after 3.4%yoy in the first quarter. Oil activities expanded by 3.8%yoy on the back of the unwinding of previous oil output cuts which has started in

Q2 2025. On a quarter-over-quarter basis, oil activities even soared by 5.6%, a quarterly growth rate last seen in Q3 2021. Non-oil activities continued to show strong growth with 4.7%yoy in Q2 after 4.9%yoy in Q1 2025.

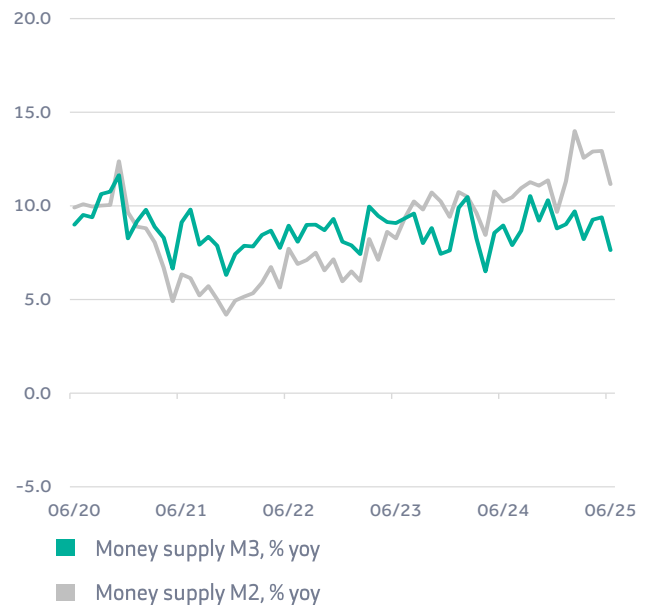
Monetary Aggregates, Credit and Commercial Banks' Deposits

Figure 1:
Growth Rate Monetary Base and Money Supply M1



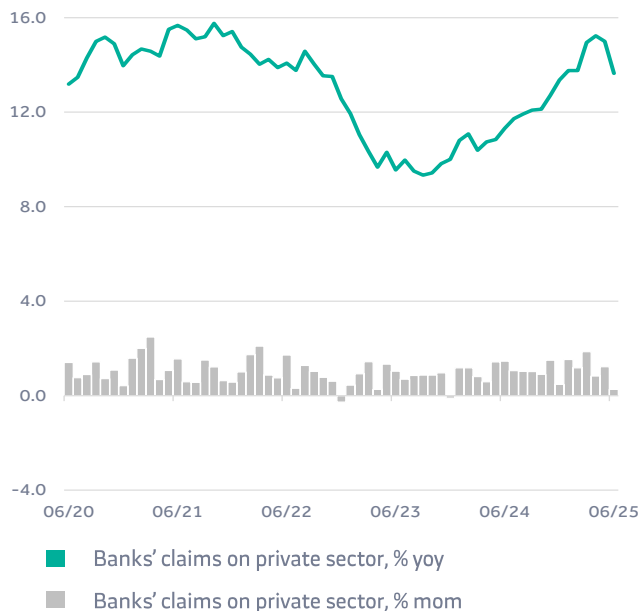
source: SAMA

Figure 2:
Growth Rate Money Supply M2 and M3



source: SAMA

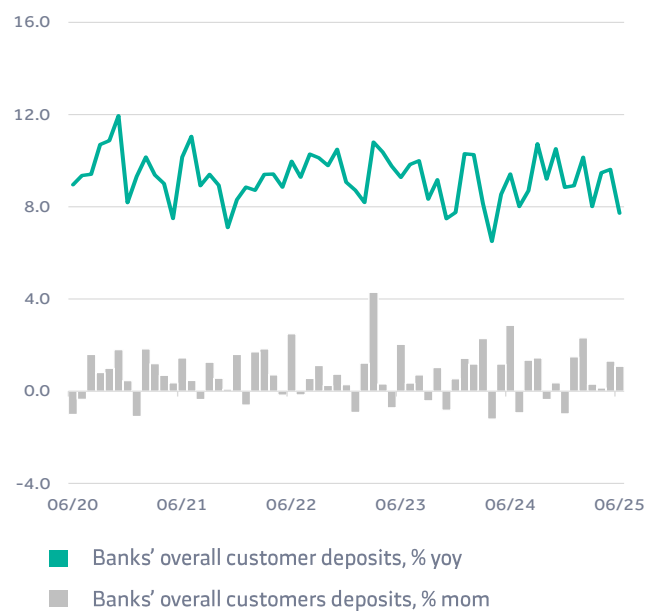
Figure 3:
Growth of Credit to the Private Sector



source: SAMA

Growth in private sector loans slowed in June 2025 to 13.6%yoy after a peak of 15.2%yoy in April. On a monthly basis, private sector credit expanded in June with 0.3% mom at a lowest rate since Dec 2023. Meanwhile, money

Figure 4:
Growth of Commercial Banks' Deposits



source: SAMA

supply figures also showed gradually lower growth in June. Money supply M3 rose by 7.6%yoy after 9.4%yoy in May. This was due to customer deposit growth slowing to 7.7%yoy in June after 9.6%yoy in the previous month.

Commercial Banks Key Ratios

Figure 1:
Private Sector Loan-Deposit-Ratio

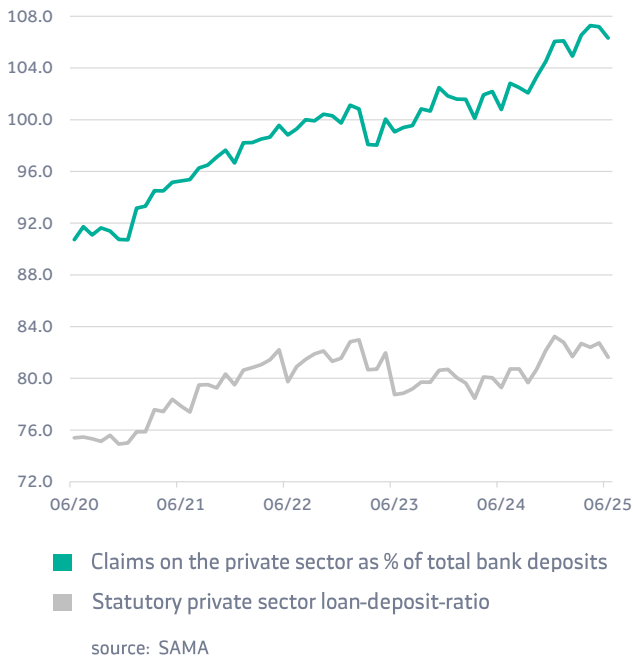


Figure 2:
Government Sector Loan-Deposit-Ratio

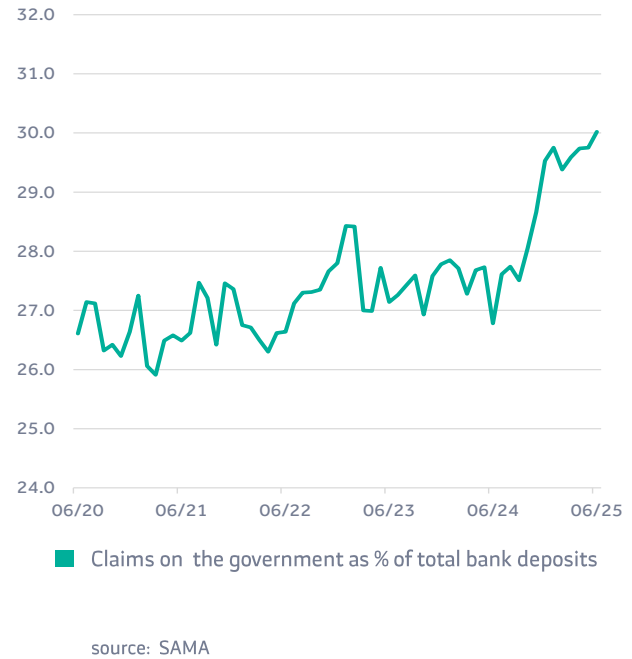


Figure 3:
Foreign Assets to Total Assets Ratio

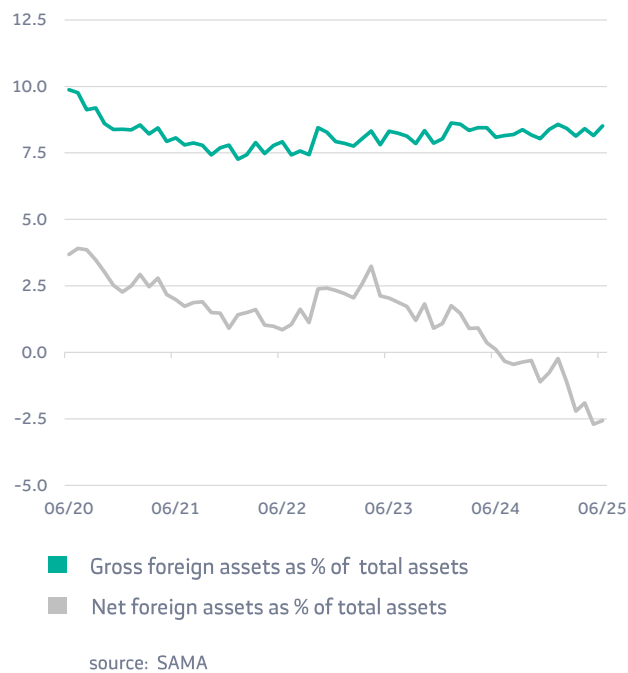


Figure 4:
Excess Liquidity to Total Assets Ratio

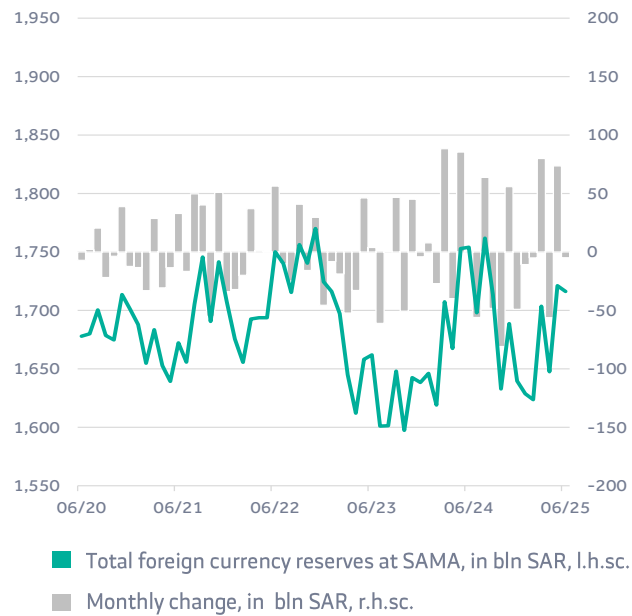


Due to private sector loans growing less than customer deposits on a monthly basis, a gradual slowdown could be witnessed for the simple and the statutory Loan-Deposit Ratios (LDR), declining between April and June

from 107.3 to 106.3 resp. from 82.4 to 81.6. Public sector LDR, on the other side, expanded to 30.0 in June. Due to increased funding abroad, Saudi banks showed net foreign liabilities of 2.6% of total assets in June.

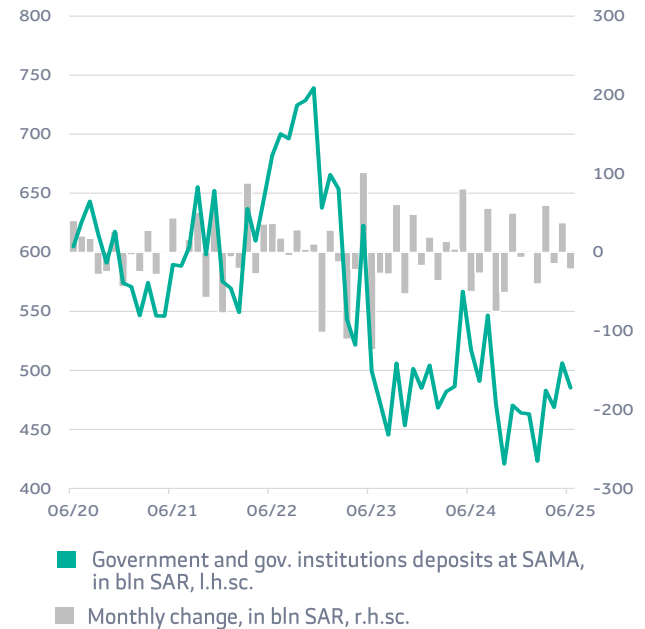
SAMA Balance Sheet and Government Deposits

Figure 1:
Foreign Currency Reserves at SAMA



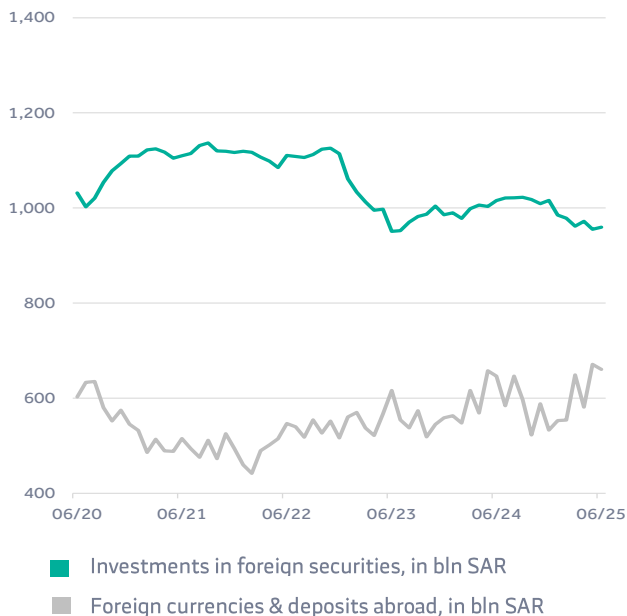
source: SAMA

Figure 2:
Government Deposits at SAMA



source: SAMA

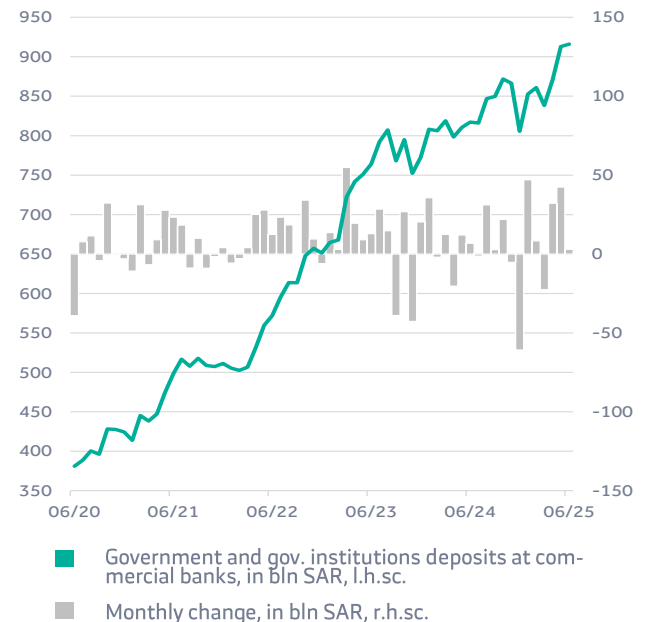
Figure 3:
Breakdown of Foreign Currency Reserves at SAMA



source: SAMA

In the first six months of 2025, official SAMA reserves rose by 77 bln SAR to 1716 bln SAR after having been essentially unchanged throughout 2024. Meanwhile, government deposits at SAMA increased by 21bln SAR

Figure 4:
Government Deposits at Commercial Banks

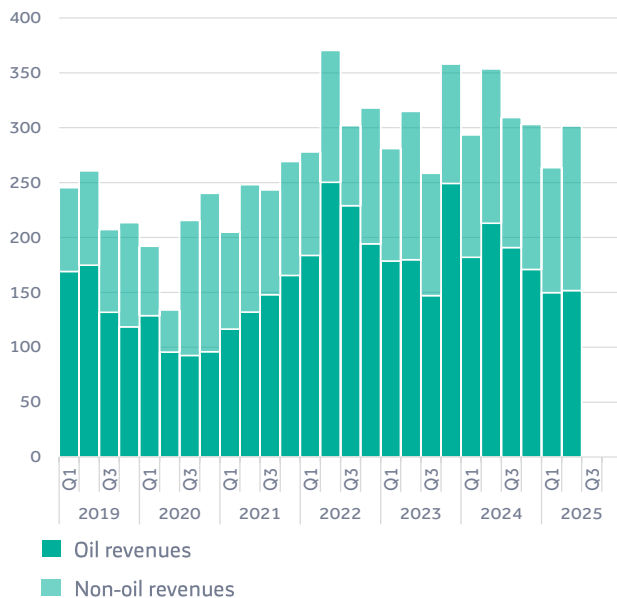


source: SAMA

from December to June 2025. Public sector deposits at commercial banks expanded by 110bln SAR in the first six months, thereby contributing to the commercial banks' overall customer deposit growth over this period

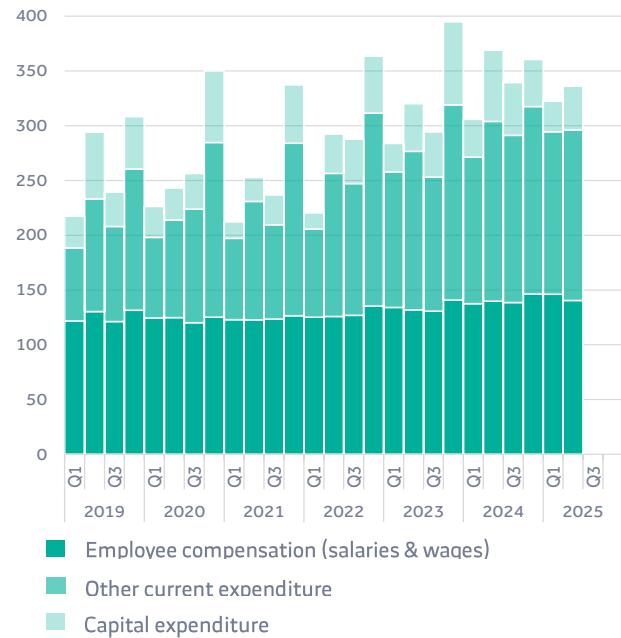
Quarterly Fiscal Balance and Outstanding Government Debt

Figure 1:
Quarterly Fiscal Revenues (in bln SAR)



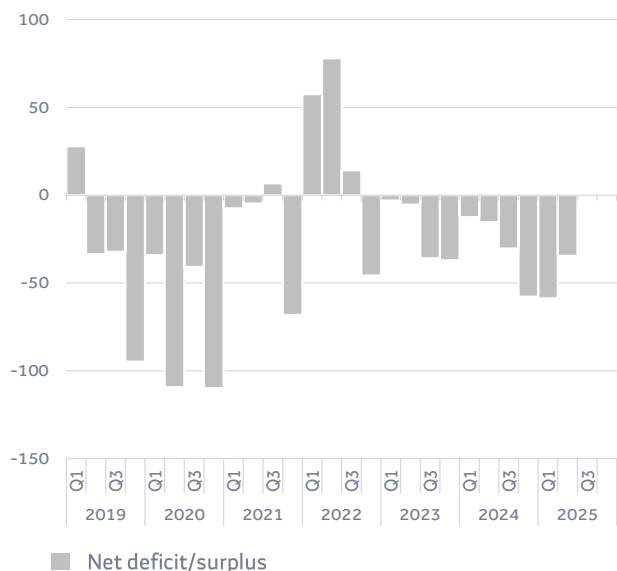
source: MoF

Figure 2:
Quarterly Fiscal Expenditure (in bln SAR)



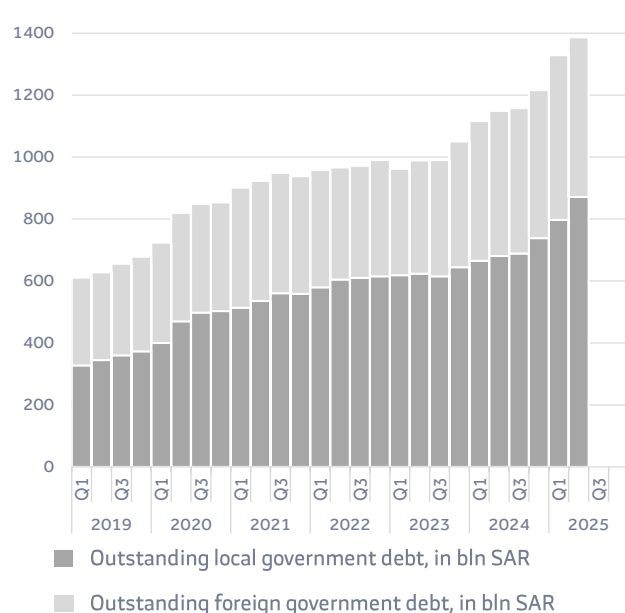
source: MoF

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



source: MoF

Figure 4:
Outstanding Government Debt (End of Quarter)



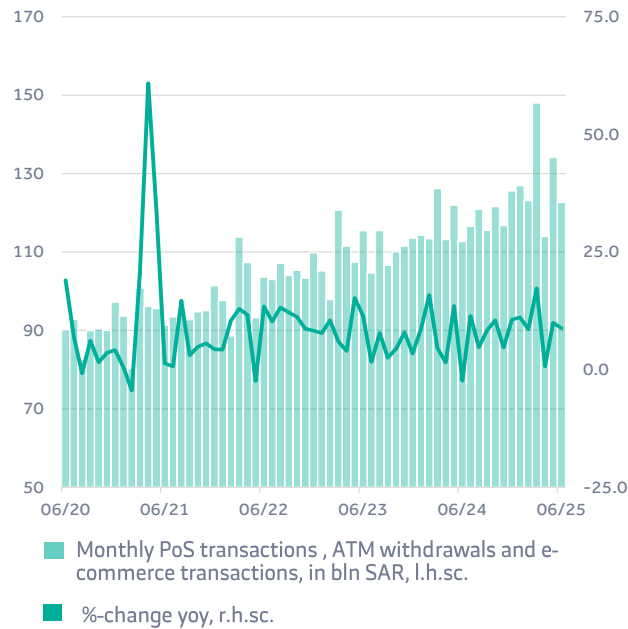
source: MoF

In Q2 2025, fiscal revenues turned out to be 15% lower versus Q2 2024 with, in particular, oil revenues declining by 29% compared to last year. On the other side, fiscal spending ended up 9% lower than Q2 2024. In particular,

capital expenditure was cut by 39% compared to last year. This indicates some fiscal consolidation pursued by the government in 2025. Accordingly, the fiscal deficit for Q2 amounted to 35bln SAR versus 59bln SAR in Q1.

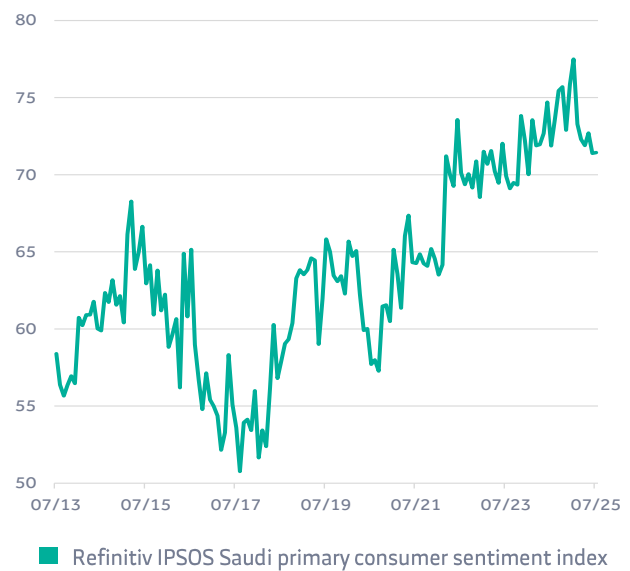
Indicators for Private Spending and Non-Oil Business Climate

Figure 1:
Private Spending Indicator



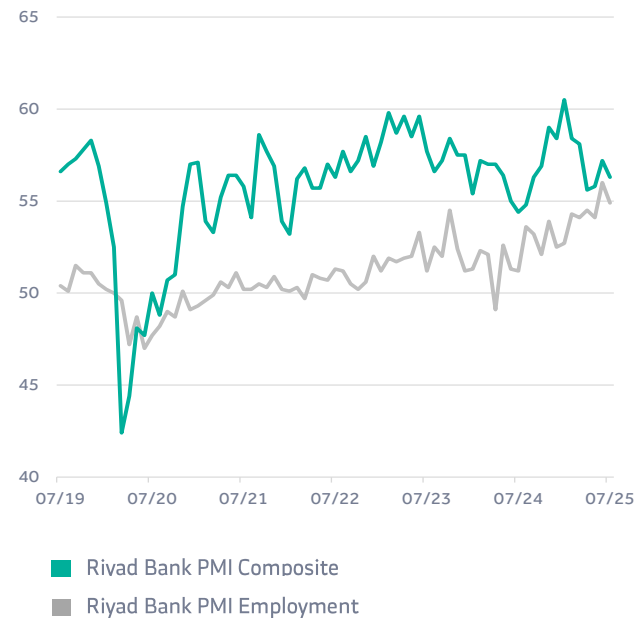
source: SAMA

Figure 2:
Consumer Sentiment Indicator



source: Refinitiv

Figure 3:
PMI Composite and PMI Employment Index



source: S&P Global Market Intelligence

Consumer spending rose by 8.8%yoy in June. On a quarterly basis, consumption growth amounted to 6.6%yoy. PMI indicators overall still point towards solid non-oil growth, reflected in the PMI Composite's latest reading

Figure 4:
PMI New Orders and PMI New Export Orders

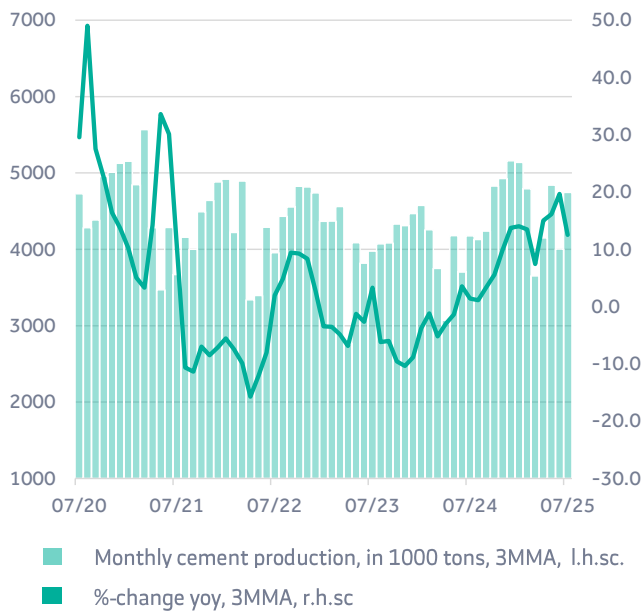


source: S&P Global Market Intelligence

of 56.3. Only the PMI New export orders dropped below 50 in July. The PMI Employment index shows a particularly positive trend, reaching a 14-years high in June, a testament for a sustainably favourable labour market.

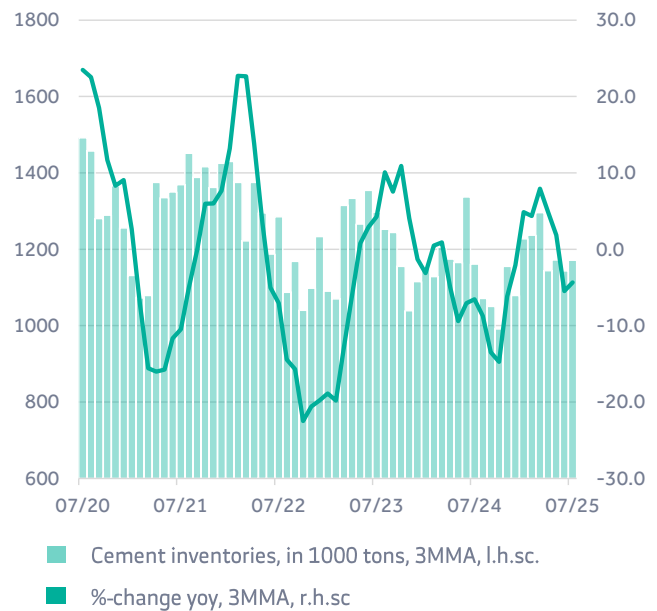
Cement Sector and Non-oil Exports and Imports

**Figure 1:
Cement Production**



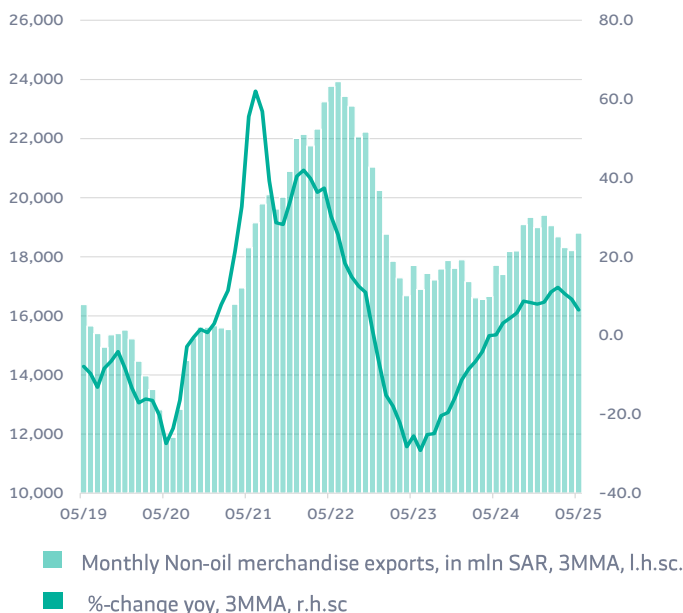
source: Yamama Cement

**Figure 2:
Cement Inventories**



source: Yamama Cement

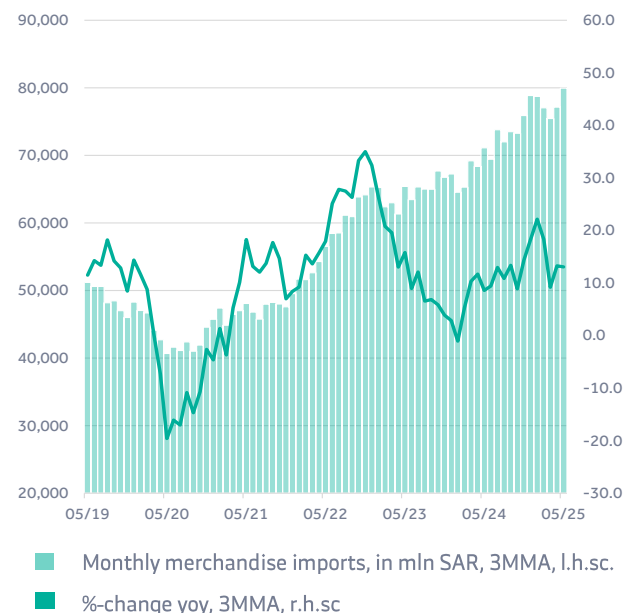
**Figure 3:
Non-Oil Merchandise Exports**



source: GASTAT

Cement production growth has been accelerating since mid of last year, although a gradual slowdown could be witnessed most recently with the July figure at 12.5%yoy (3MMA) after 19.7%yoy in June. Non-oil export growth

**Figure 4:
Merchandise Imports**



source: GASTAT

momentum has moderately faltered in Spring of this year, while still remaining positive with 6.5%yoy (3MMA) in May. On the back of a strong non-oil economy, imports continued to grow double-digit with 13%yoy in May.

Consumer Price Inflation

Figure 1:
Consumer Price Inflation All Items

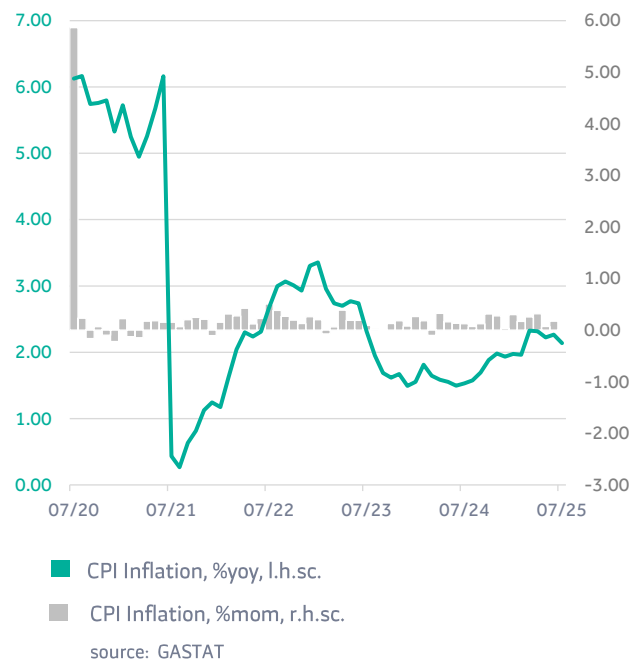


Figure 2:
CPI Inflation Food & Housing

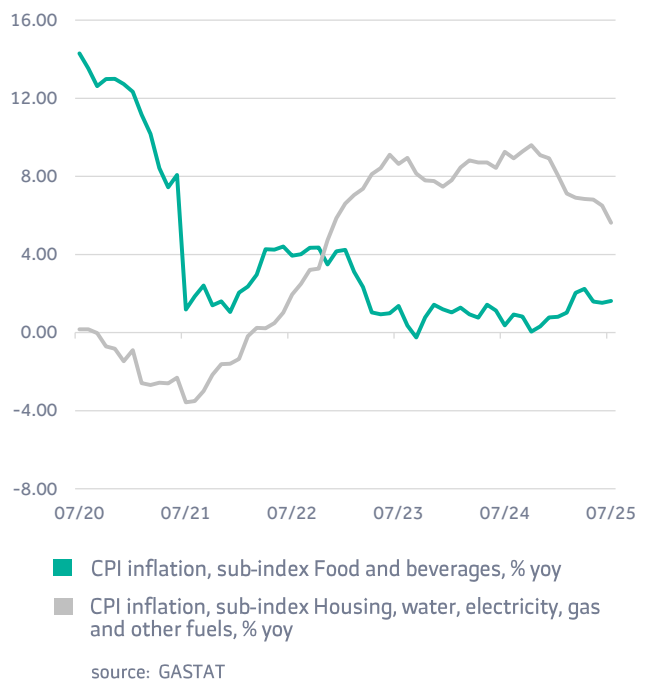
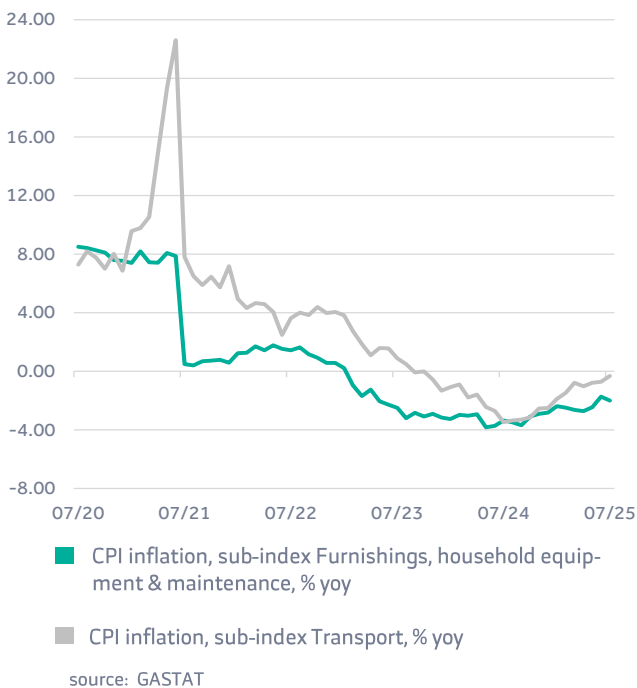
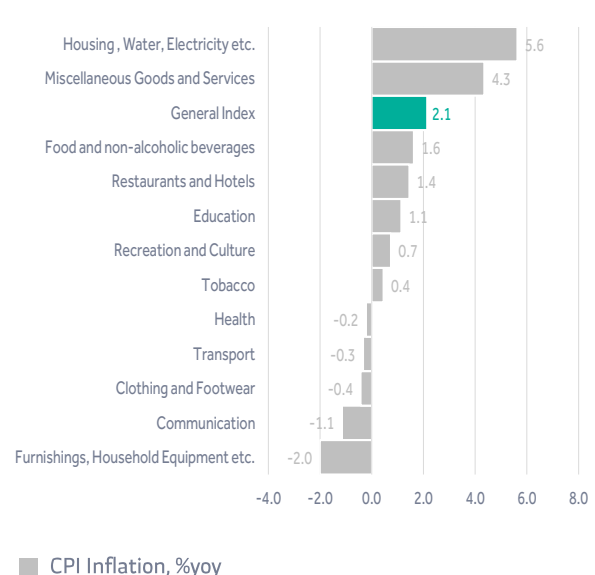


Figure 3:
CPI Inflation Furnishings & Transportation



After having gradually picked up between December and April 2025 from 1.9%yoy to 2.3%yoy, CPI inflation slowed again with the most recent reading at 2.1%yoy in July. While food&beverages inflation remained generally sub-

Figure 4:
CPI Inflation by Main Categories July 2025

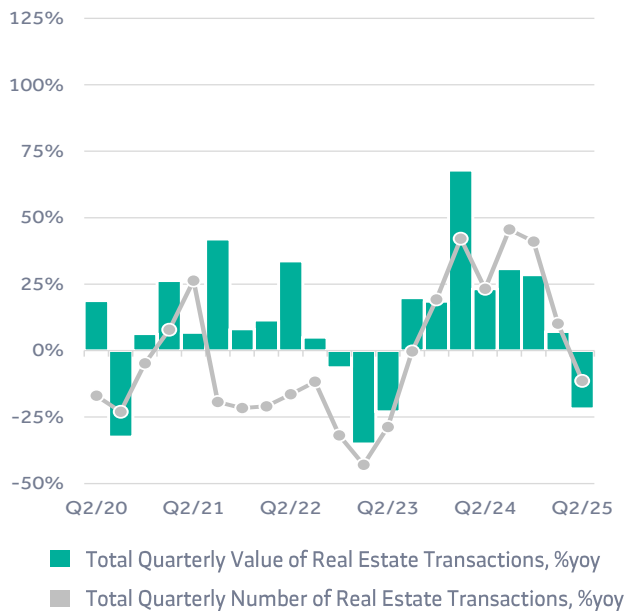


source: GASTAT

dued with 1.6%yoy in July, Housing inflation notably eased since end of last year from 8.9% to 5.6%yoy in July. This was primarily due to a substantial slowdown of rental prices from 10.6%yoy to 6.6%yoy over the same period.

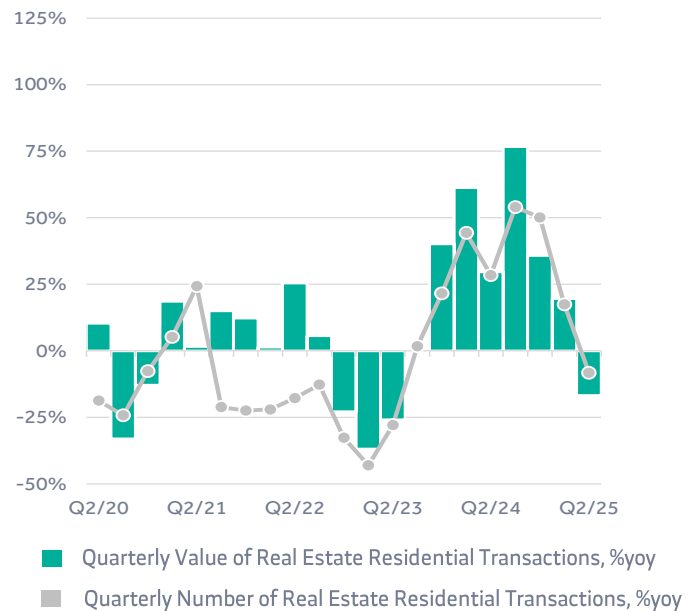
Real Estate Market: Transaction Activity

Figure 1:
Real Estate Transactions Total %yoy



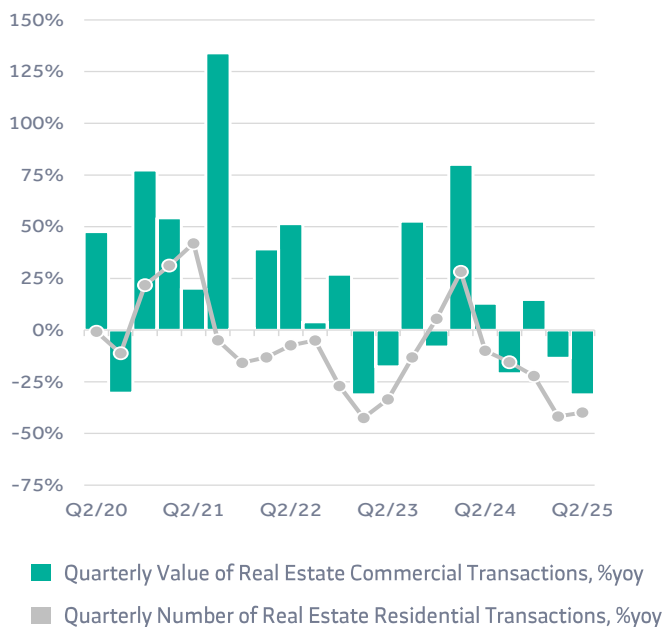
source: MOJ, RC

Figure 2:
Real Estate Transactions Residential %yoy



source: MOJ, RC

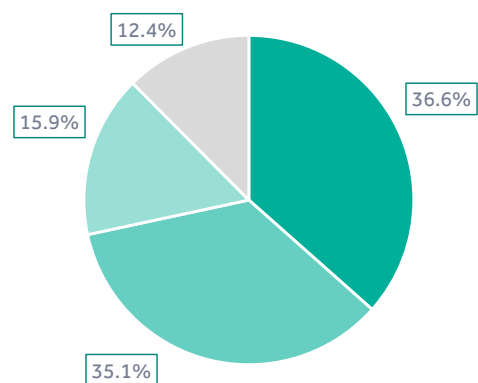
Figure 3:
Real Estate Transactions Commercial %yoy



source: MOJ, RC

Real estate activities have notably slowed down so far in 2025. In Q2, the overall transaction value dropped versus last year by -22%yoy, with residential transactions contracting by 17%yoy, while commercial trade value

Figure 4:
Breakdown of Transaction Value by Regions (Q2 2025)



source: MOJ, RC

declined even by 31%yoy. This deceleration of real estate activity could particularly be observed in the Riyadh region which recorded a drop in its share of countrywide transactions from 53% in 2024 to 36% in Q2 2025.

Real Estate Market: Price Indices

Figure 1:
General Real Estate Index

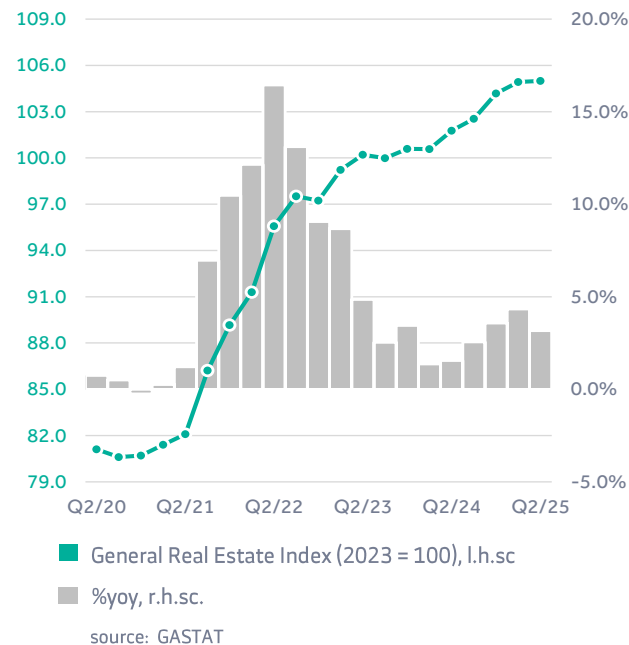


Figure 2:
Residential Real Estate Index

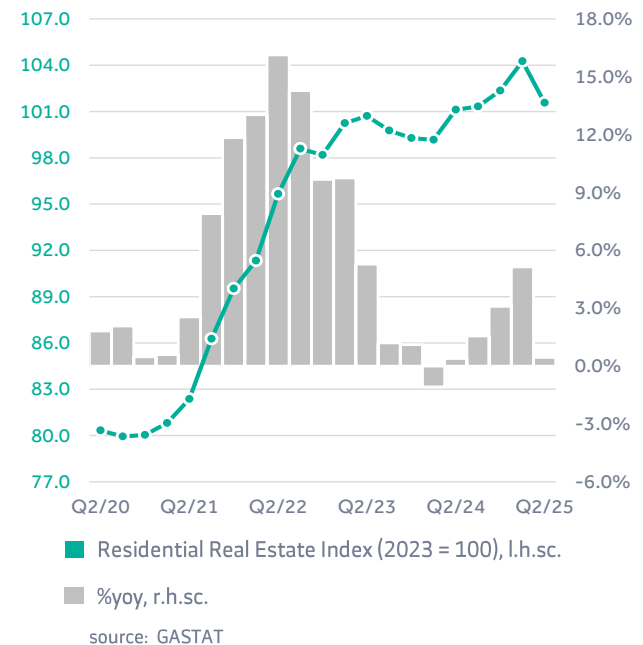


Figure 3:
Commercial Real Estate Index

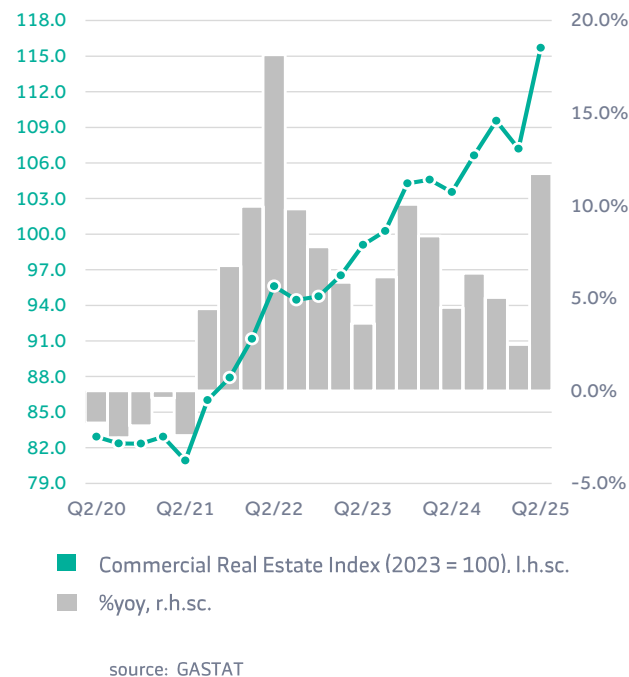
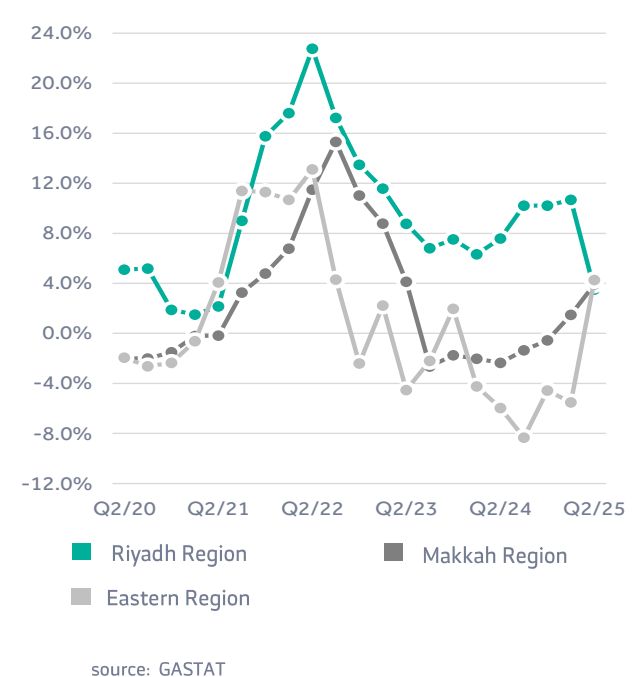


Figure 4:
Real Estate Price Indices Main Regions (%yoy)

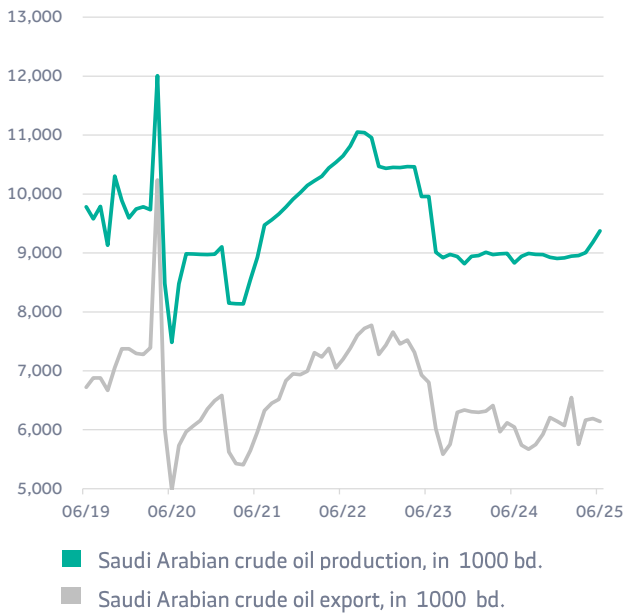


Real estate prices flattened in Q2 2025 with a marginal growth of 0.1%qoq vs. Q1 2025 and a moderate 3.2%yoy to last year. This was the result of two opposing trends. While residential prices dropped in Q2 by -2.9%qoq,

commercial property prices soared by 7.9%qoq. Regionally, price momentum sharply declined in the Riyadh region from 10.7%yoy in Q1 to 3.5%yoy in Q2, while Eastern region prices jumped from -5.5%yoy to 4.3%yoy.

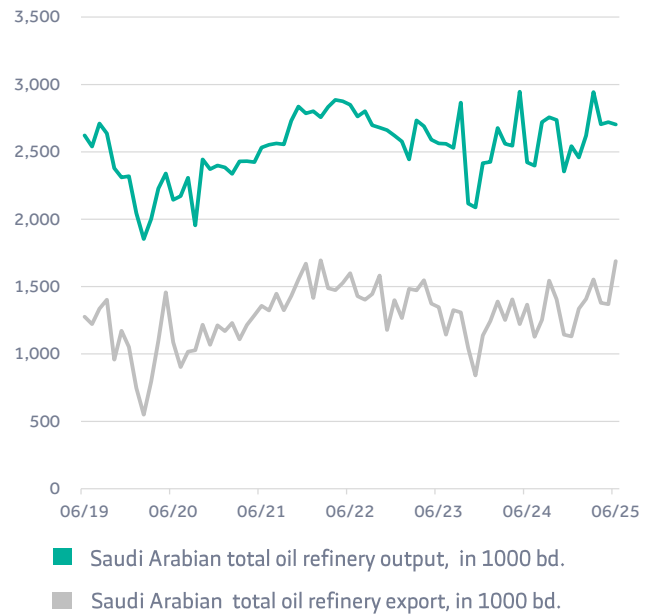
Oil Market Statistics: Production, Exports, Refinery and Prices

Figure 1:
Saudi Crude Oil Production and Exports



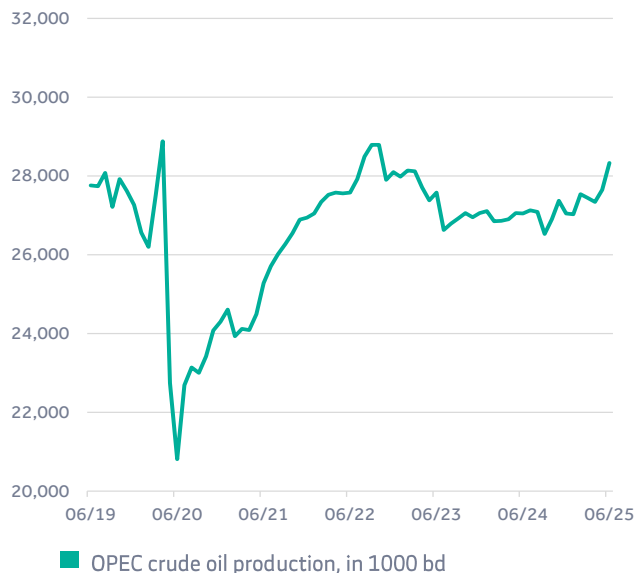
source: JODI, Bloomberg

Figure 2:
Saudi Crude Refinery Output and Exports



source: JODI

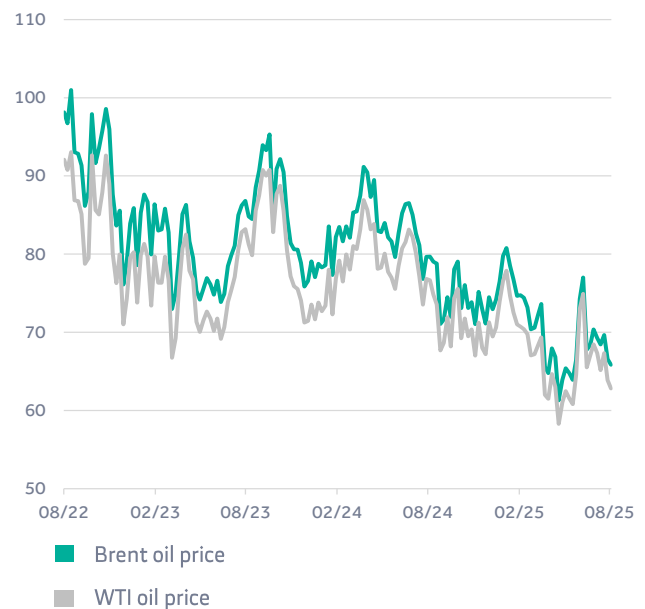
Figure 3:
OPEC Crude Output



source: JODI, Bloomberg

Since April 2025, Saudi Arabia is about to unwind its previous output cut of 1mbd implemented back in July 2023. OPEC+ most recently decided to accelerate this output expansion aiming to reach the final target pro-

Figure 4:
Oil Prices

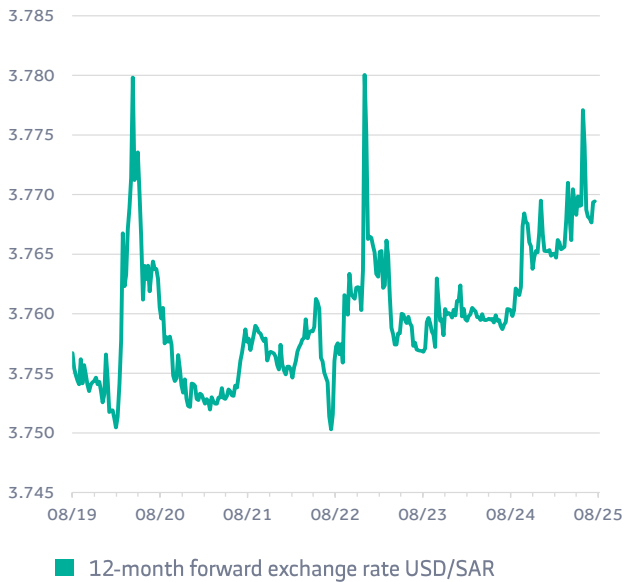


source: Bloomberg

duction already by September of this year. By June, KSA is on track in this plan. Oil prices have finally stabilized in the range of 60-70 USD for Brent after a correction phase which started in January at a level above 80USD.

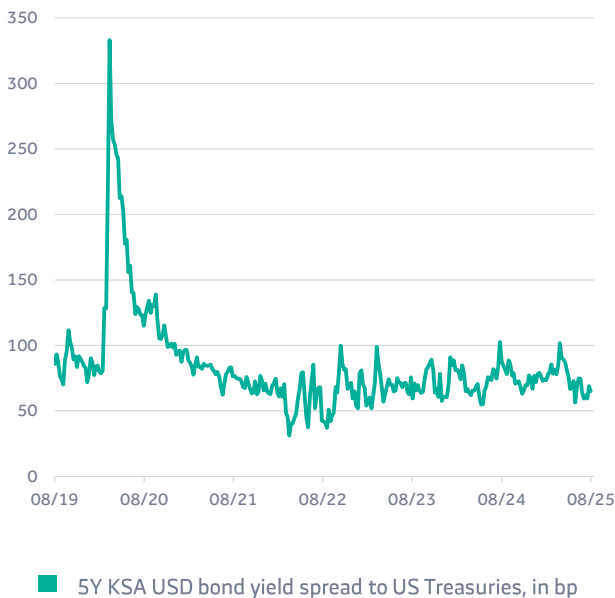
Foreign Exchange and KSA Credit Spread

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



source: Bloomberg

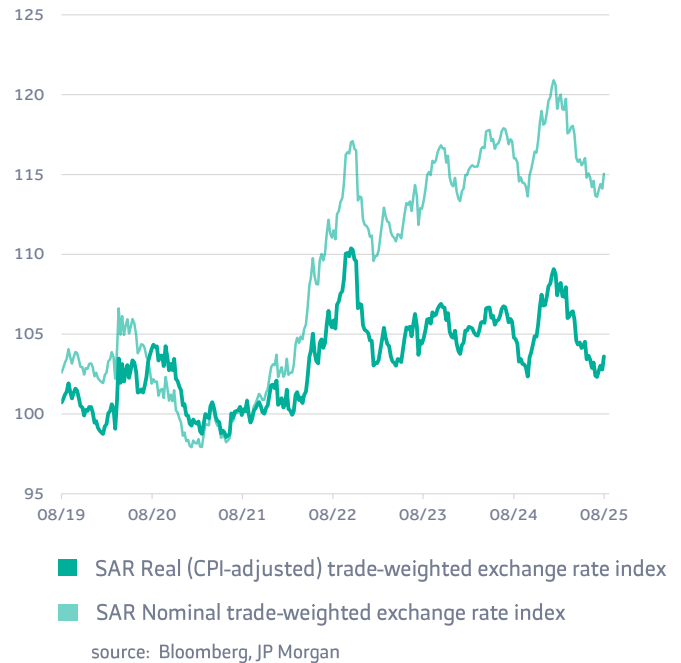
Figure 3:
KSA USD Bond Yield Spread to US Treasuries



source: Bloomberg

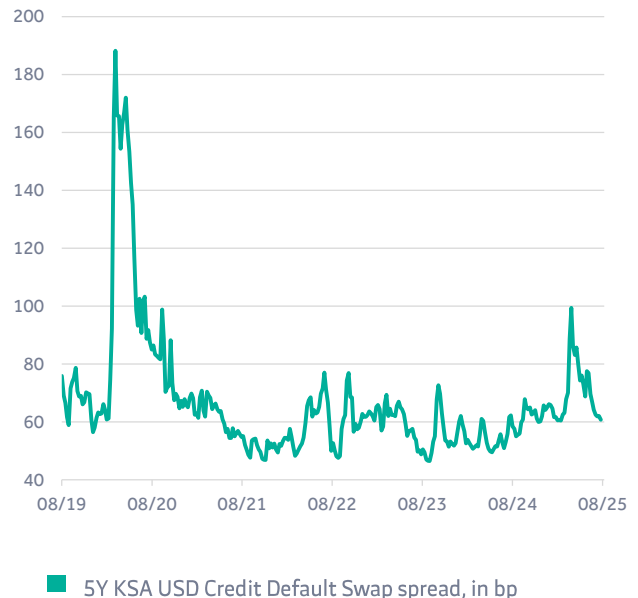
The 12-months FX-forward premium gradually widened by 100 pips over the last year, primarily reflecting a moderate SAR-USD short-term interest rate spread widening. On the other hand, the 5-year yield spread of KSA

Figure 2:
SAR Nominal and Real Effective Exchange Rate



source: Bloomberg, JP Morgan

Figure 4:
KSA CDS Spread



source: Bloomberg

sukuk over US treasuries remained mostly stable over the last 12 months. Also the KSA CDS spread largely normalized after a short pick-up in Spring due to market uncertainty induced by the new US trade tariff policy.

Short-term, Long-term and Official Interest Rates

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

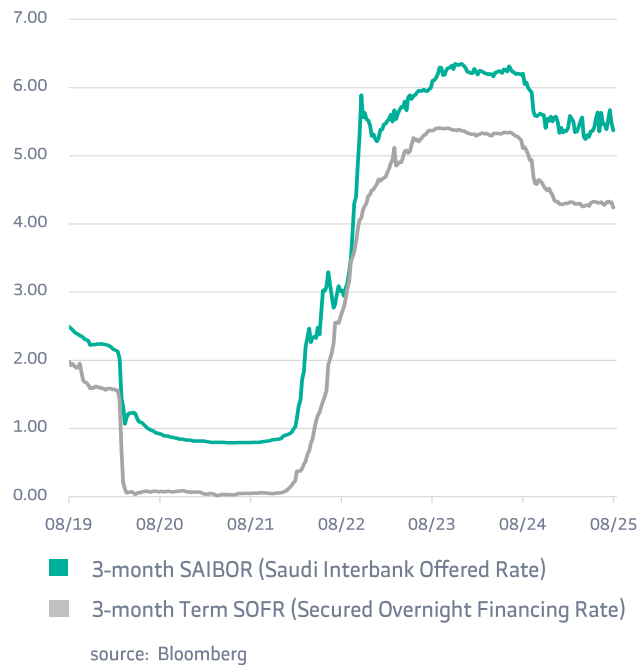


Figure 2:
5-Year Swap Rate SAR vs. USD

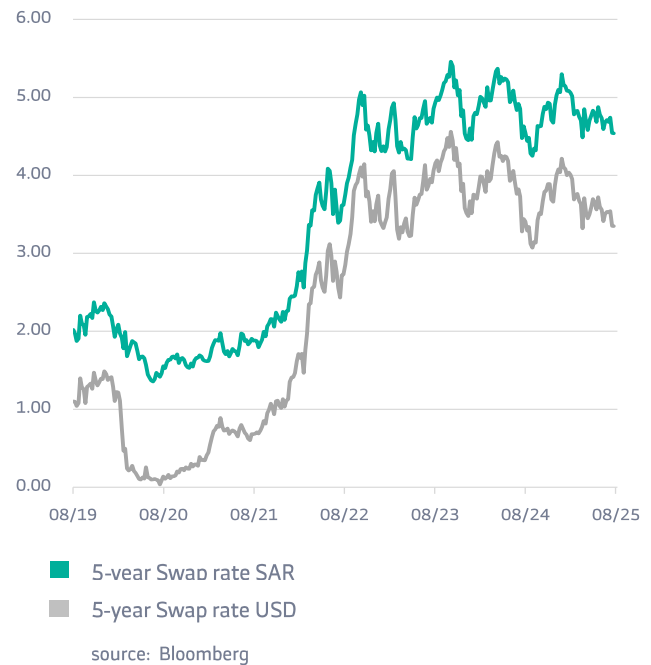
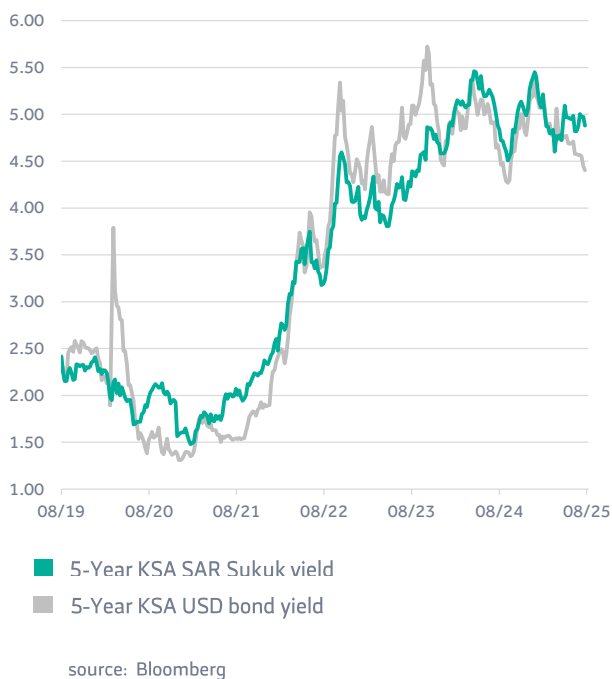
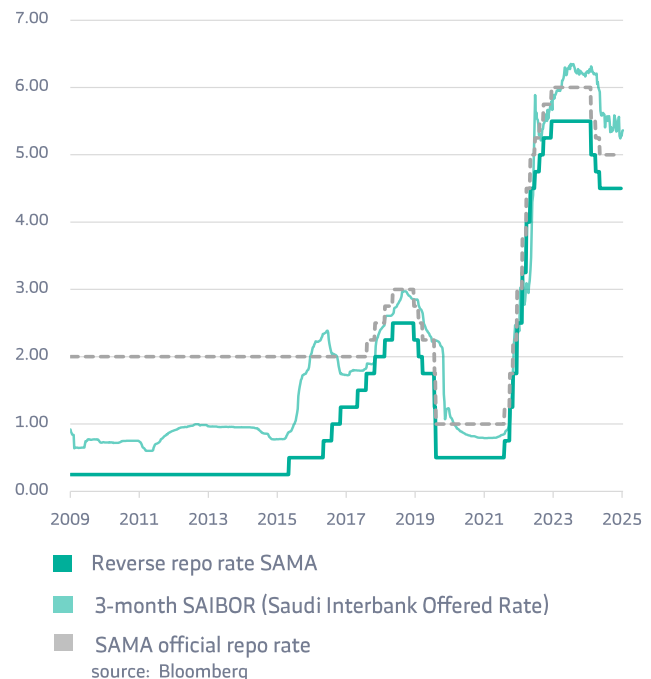


Figure 3:
5-Year KSA SAR Sukuk vs. USD Bond Yield



Since the beginning of the year, 3M SAIBOR rates have broadly stabilized around a level of 5.30%-5.40%, while the spread to corresponding US rates slightly widened. Over the same period, 5-year SAR Swap rates declined by

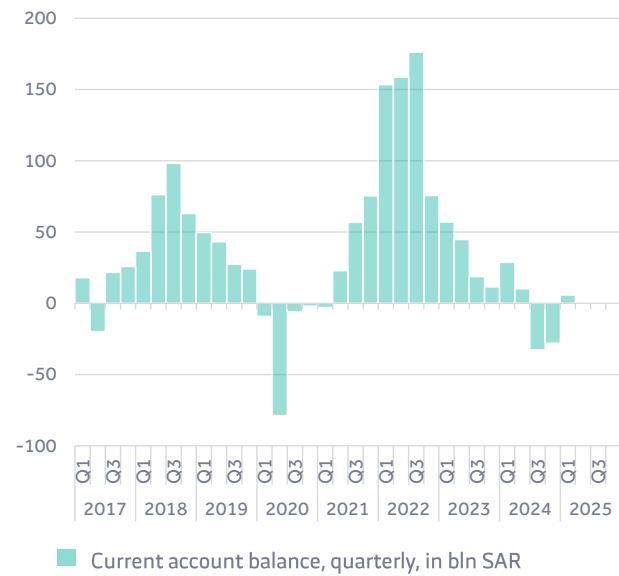
Figure 4:
Central Bank Rate and 3-Months SAIBOR



about 50bp to 4.55% with the spread to US Swap rates largely stable. On the other hand, the yield differential between SAR and USD government Sukuk widened since March 2025 to about 50bp in favour of SAR issuances.

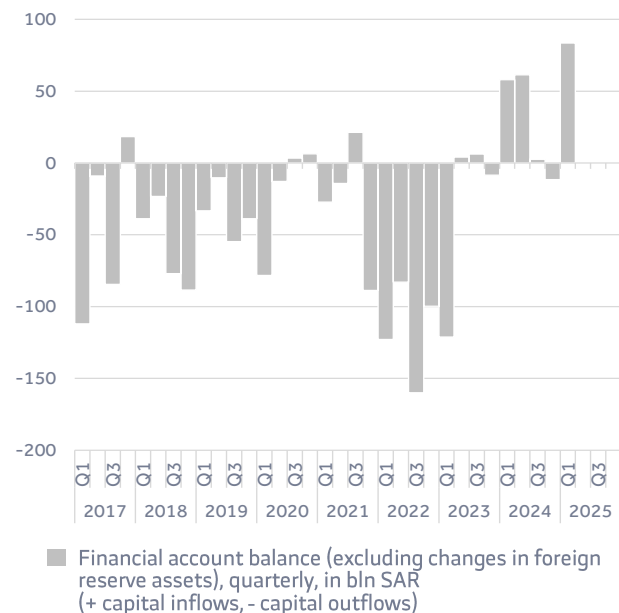
Saudi Balance of Payments

Figure 1:
Current Account Balance



source: SAMA

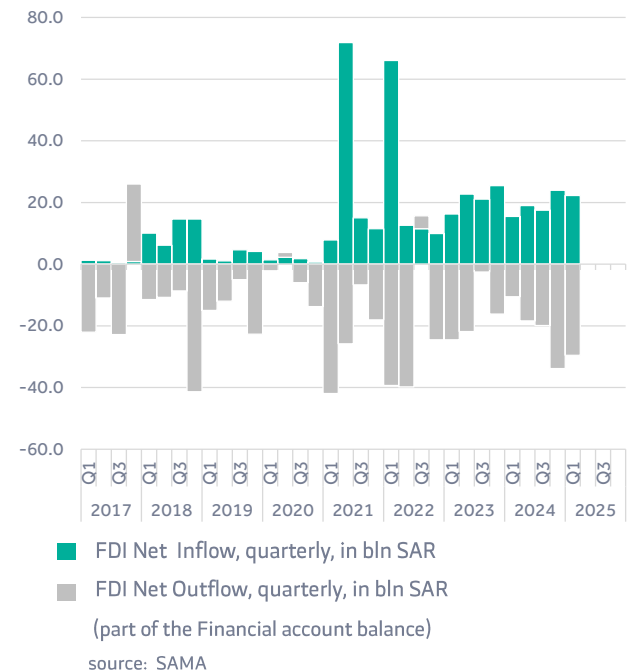
Figure 3:
Financial Account Balance



source: SAMA

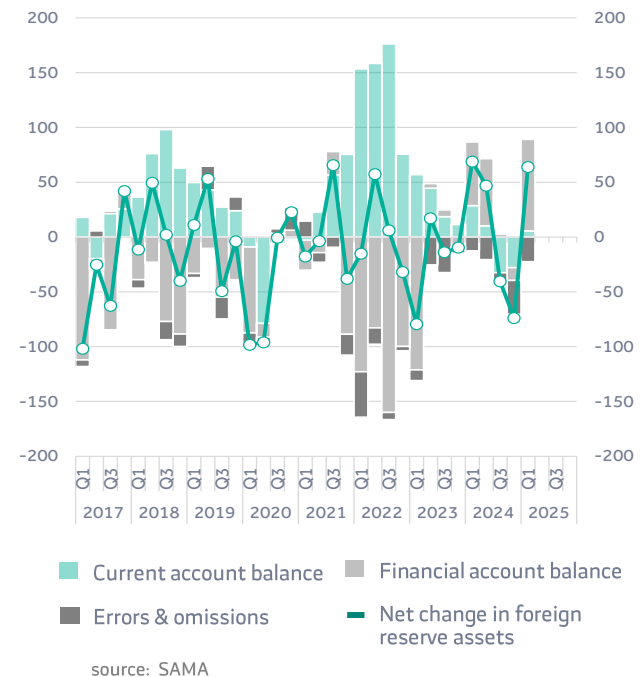
In the first quarter 2025, the Saudi current account balance recorded a small surplus of 6bln SAR after two consecutive quarters showing deficits of around 30bln SAR. At the same time, the financial account balance

Figure 2:
Foreign Direct Investments



source: SAMA

Figure 4:
Contribution to Balance of Payments



source: SAMA

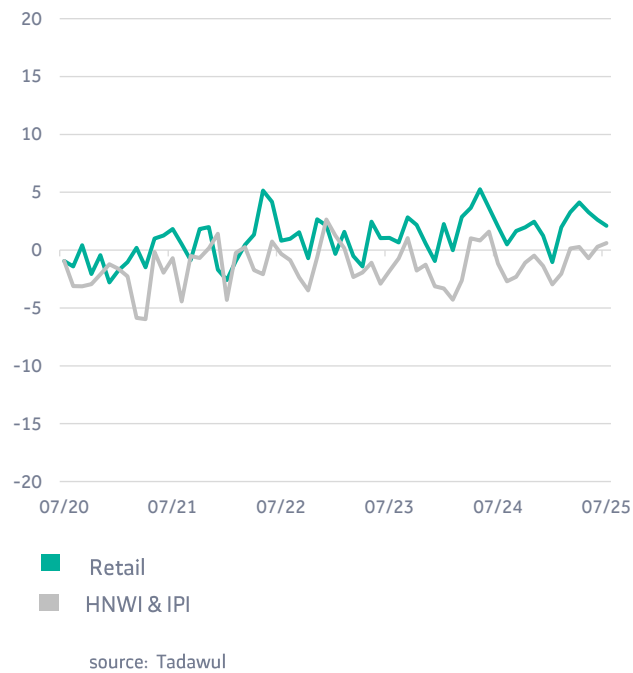
generated a substantial surplus of 84bln SAR, mainly due to increased borrowing activity abroad by the public and private sector. As a result, SAMA official currency reserves notably climbed in Q1 2025 by 64 bln SAR.

Tadawul: Saudi Equity Market Statistics

Figure 1:
Tadawul All-Share Index



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



After having reached a peak level around 12'500 in February 2025, TASI started a protracted correction to a zone below 11'000 by mid of August. This movement was also accompanied by lower trading values reaching a

Figure 2:
Tadawul Average Daily Traded Value

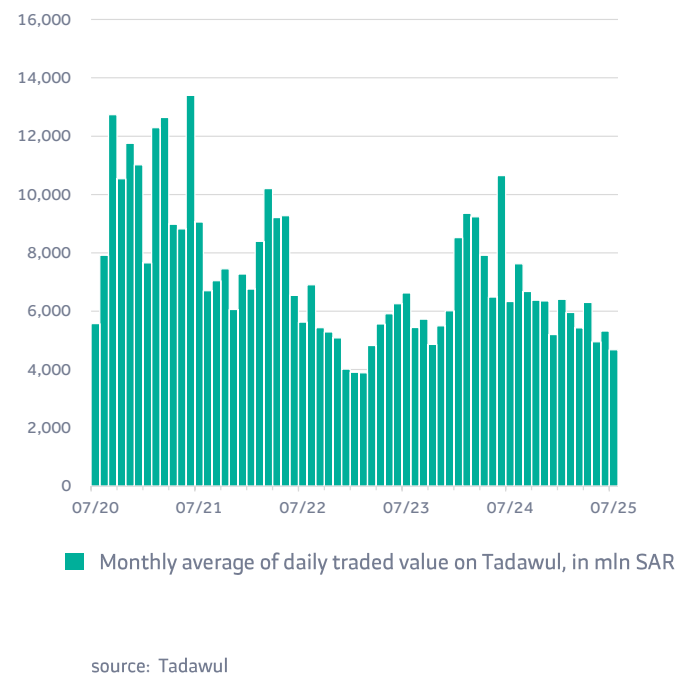
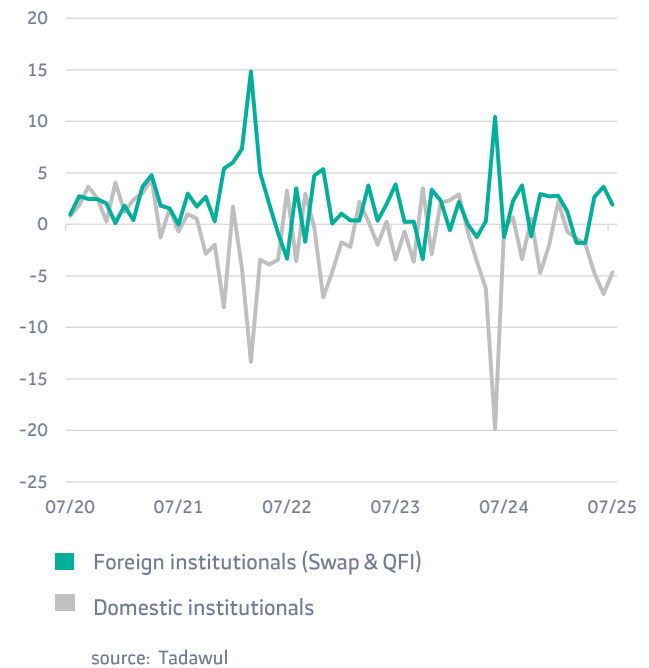


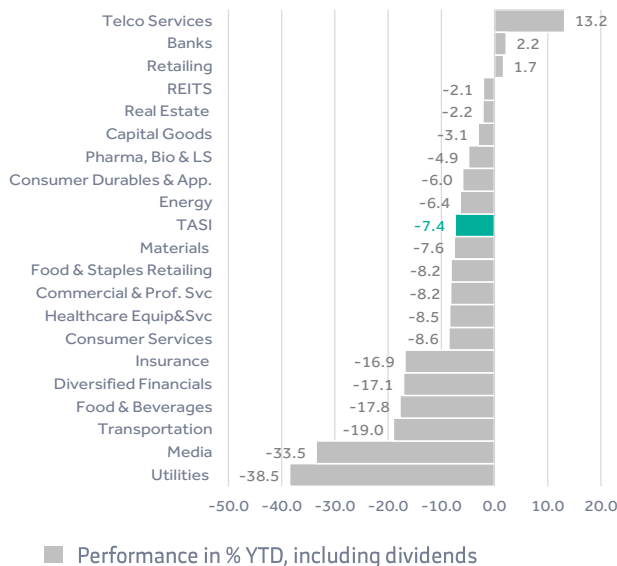
Figure 4:
Monthly Net Purchase by Ownership (in bln SAR)



daily average of 4.7bln SAR in July. Domestic institutional investors were net sellers since February, while retail investors and since May also foreign institutional investors turned out to be net buyers in the market.

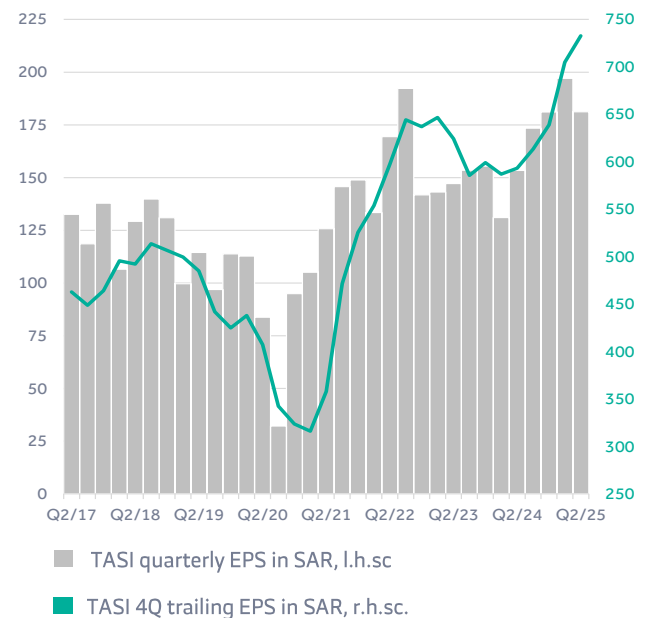
Tadawul: Saudi Equity Market Statistics

Figure 1:
Performance TASI Sectors July 2025YTD



source: Bloomberg

Figure 2:
Quarterly Earnings TASI



source: Bloomberg

Figure 3:
Valuation TASI: PE-Ratio Trailing



source: Bloomberg

Until July 2025, TASI recorded a negative total return of -7.4%ytd. Over this period, the telecom services sector showed the best performance with 13.2%ytd, while the media sector, which was the best performing sector last

Figure 4:
Valuation TASI: PE-Ratio Forward



source: Bloomberg

year, showed the worst performance with -38.5%ytd. As a consequence of the correction since February, the market exhibits a very moderate valuation, clearly below the long-term average on a trailing and forward basis.

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. After 5.2% in 2024, we forecast non-oil activities to expand by 4.6% in 2025 and 4.3% in 2026. This would ultimately constitute a period of 6 consecutive years of growth above 4%.

The recent plan of OPEC+ to accelerate the unwinding of previous voluntary output cuts and to reach its target already by end of Q3 2025, requires an upward revision of our oil sector growth projections for this and next year. Under this assumption, KSA crude production will reach again 10 mbd already by September. This translates into a forecasted growth rate for oil activities of 5.3% in 2025 and 5.4% in 2026.

As a consequence, we forecast overall economic growth to climb to 4.3% in 2025 after 2.0% last year. For 2026, we expect the Saudi economy to stay on this elevated growth path with a projected rate of 4.2%.

After three years of strong fiscal expansion with expenditure increased by an accumulated 32% between 2021 and

2024, we expect the government to pursue some fiscal consolidation. Fiscal spending is projected to end up about 4% below last year's level in 2025. For next year, we forecast a moderate spending increase by 3%. As a consequence, we forecast a fiscal deficit of -4.3% of GDP this year and -3.4% in 2026.

The current account balance is projected to show a deficit of -3.7% 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 -3.3% of GDP, this mainly as a result of higher oil exports and further improving travel and tourism revenues.

We expect inflation to generally remain subdued with an annual average of 2.3% in 2025 and 2.2% in 2026.

Finally, we expect the US Federal Reserve to stay on a measured rate cut trajectory and forecast overall 4 rate cuts corresponding to 100bp in total until end of 2026. Accordingly, SAMA is projected to cut its official repo rate and reverse repo rate by the same amount.

Based on this baseline scenario, we expect 3M SAIBOR rate to decline to 4.35% by end of 2026, which implies a reduction of about 100bp to current levels.

Facts and Forecasts at a Glance

	2023	2024	2025f	2026f
Real GDP Growth				
Overall economy	0.5	2.0	4.3	4.2
Non-oil Activities	7.0	5.2	4.6	4.3
Government Activities	1.1	2.3	1.5	1.7
Oil Activities	-9.0	-4.4	5.3	5.4
Fiscal Balance and Government Debt				
Fiscal Balance in bln SAR	-81	-115	-197	-164
Fiscal Balance in % GDP	-1.8	-2.5	-4.3	-3.4
Government debt in bln SAR	1050	1199	1450	1560
Government debt as % GDP	23.0	25.8	31.6	32.0
Trade and Current Account Balance				
Trade Balance in bln SAR	476	339	198	183
Trade Balance in % GDP	10.4	7.3	4.3	3.8
Current Account in bln SAR	128	-21	-172	-160
Current Account in % GDP	2.8	-0.5	-3.7	-3.3

source: GASTAT, SAMA, RC

	2023	2024	2025f	2026f
Oil Prices and Production (yearly average)				
Brent price (USD pb)	82.2	79.9	69.0	68.0
WTI price (USD pb)	77.6	75.8	66.0	65.0
OPEC Basket price (USD pb)	83.0	79.9	69.0	68.0
KSA oil production (mln bd)	9.6	9.0	9.5	10.0
Inflation and Interest Rates (year end)				
CPI Inflation (yearly average)	2.33	1.70	2.30	2.20
3M SAIBOR SAR	6.23	5.54	4.85	4.35
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	2.8	2.7
Unemployment rate Saudi in %	8.5	7.4	6.3	6.1
Labor force part. total in %	66.6	66.3	68.2	68.3
Labor force part. Saudi in %	50.8	51.2	51.4	51.6

source: GASTAT, SAMA, Bloomberg, RC

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