

# SAUDI ECONOMIC CHARTBOOK

Second Quarter **2026**



الرياض المالية  
Riyad Capital

Hans Peter Huber, PhD  
Chief Investment Officer  
[rcciooffice@riyadcapital.com](mailto:rcciooffice@riyadcapital.com)

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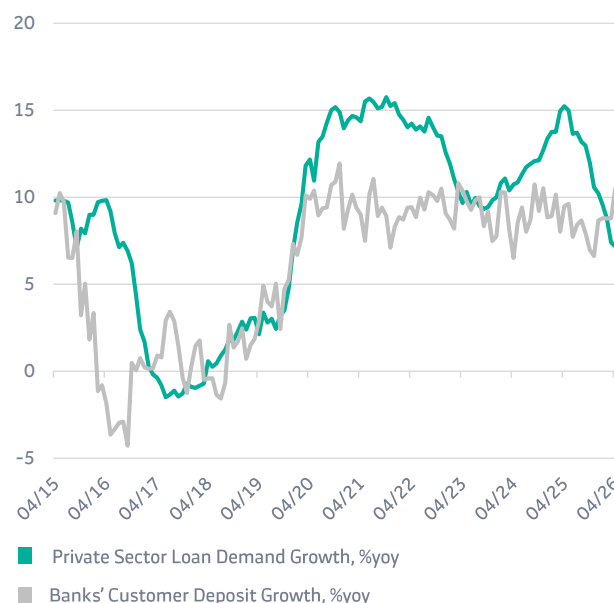
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### Temporary Slowdown with Expected Growth Reacceleration

- Saudi GDP growth slowed from 5.2%yoy in Q4 2025 to 3.0%yoy in Q1 2026, primarily due to a considerable growth reduction of the oil sector from 10.8%yoy to 2.9%yoy, whereas non-oil activities showed only a moderate growth decrease from 4.6%yoy to 2.9%yoy.
- This slowdown was mainly caused by the regional geopolitical conflict which is also expected to affect Q2 2026 figures. However, with a view on H2 2026 and particularly on 2027, we forecast in our baseline scenario a substantial recovery with GDP growth 2027 reaccelerating to 6.8%.
- The fiscal figures for Q1 2026 illustrate that the government is pursuing an expansionary fiscal policy to support the domestic economy. Fiscal spending exceeded last year's figure by 20%, which, together with virtually unchanged revenues, resulted in a record deficit of 126 billion SAR.
- While private sector loan demand growth normalized in the last 12 months to 7.2%yoy in April, customer deposit growth remained robust with 10.5%yoy. This strengthens domestic liquidity conditions and generally reinforces stability in the banking sector (see graphic below).
- Saudi crude production declined from above 10mbd to about 7.0mbd in March as a consequence of the regional geopolitical conflict. Accordingly, crude and refined product exports declined from 8.9mbd to 6.1mbd.
- Despite increased geopolitical uncertainties, Saudi sovereign risk premia remained remarkably subdued. This applies to KSA USD yield spreads to US treasuries as well as to KSA CDS spreads, which are traded at historically low levels, thereby indicating stable conditions on capital markets.

### Strong Customer Deposit Growth Exceeding Normalizing Private Loan Growth

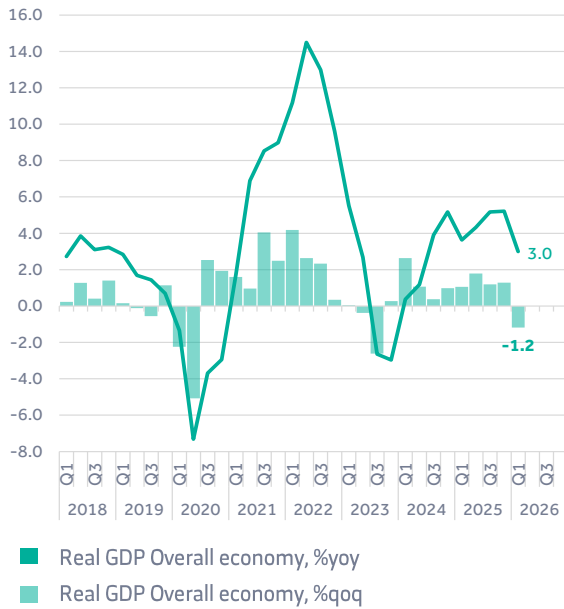


After an extended period of extraordinarily strong growth, private sector loan demand has started to normalize in the last 12 months. In April, private sector loan growth amounted to 7.2%yoy, including public sector loans, overall credit growth stood at 7.9%yoy. Meanwhile, banks' customer deposit growth remained strong, even picking up to 10.5% in April, also supported by government institutions' deposits shifted from SAMA balance sheet to commercial banks. Overall, this strengthens domestic liquidity conditions and generally reinforces stability in the Saudi banking sector.

source: SAMA, RC

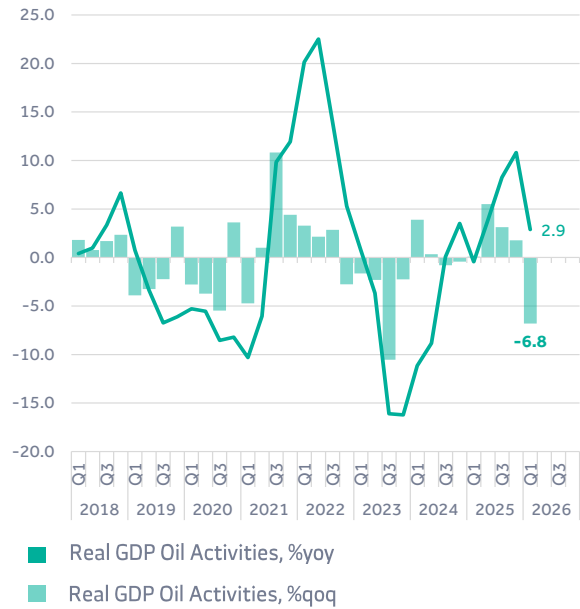
## Gross Domestic Product (GDP) by Main Economic Activities

**Figure 1:**  
GDP Overall Economy



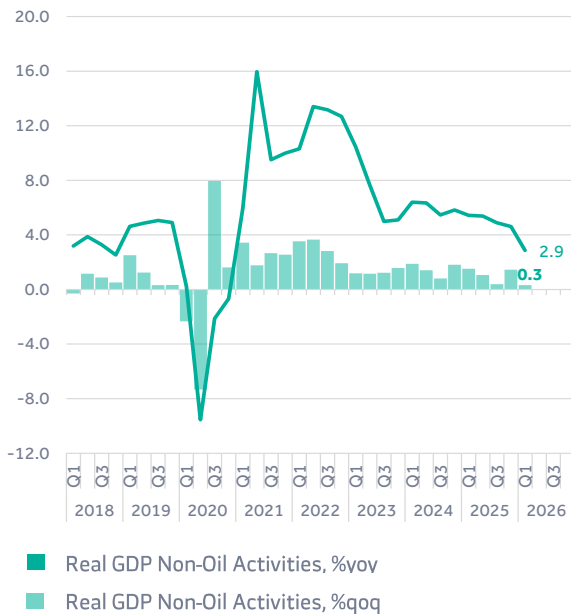
source: GASTAT

**Figure 2:**  
GDP Oil Activities



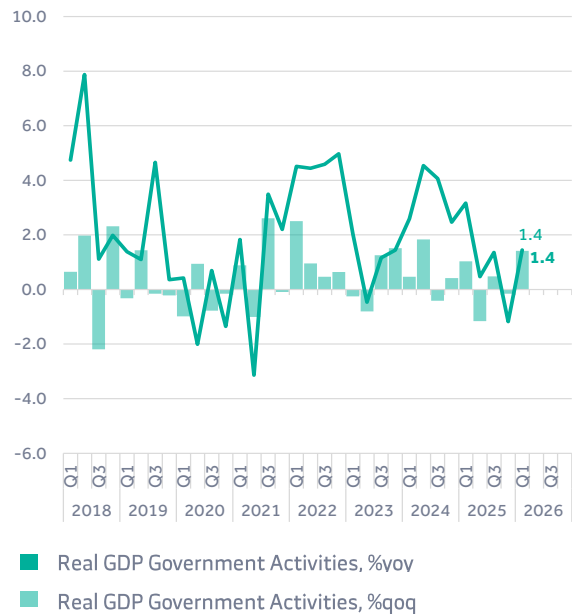
source: GASTAT

**Figure 3:**  
GDP Non-Oil Activities



source: GASTAT

**Figure 4:**  
GDP Government Activities



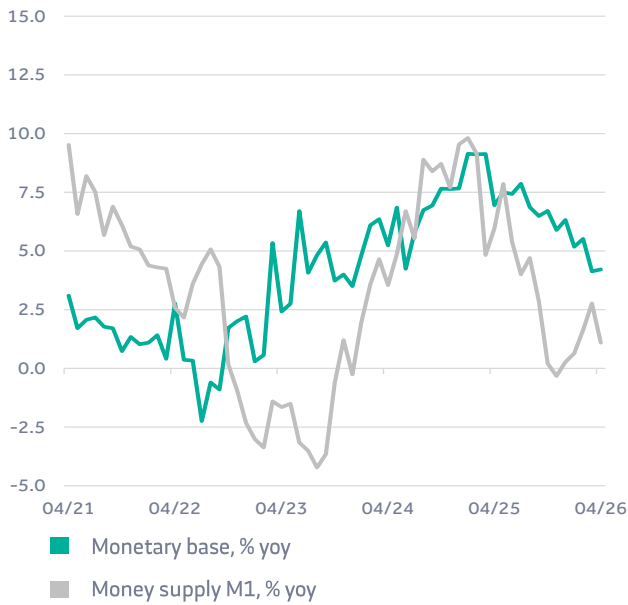
source: GASTAT

Saudi GDP growth slowed to 3.0%yoy in Q1 2026 from 5.2%yoy in the last quarter of 2025. This growth slowdown is primarily attributable to the regional conflict, which led in particular to a notable reduction in oil pro-

duction. As a result, oil sector growth decreased from 10.8%yoy to 2.9%yoy in Q1 2026. In contrast, the non-oil economy proved comparably resilient, with a moderate growth decline from 4.6%yoy to 2.9%yoy in Q1 2026.

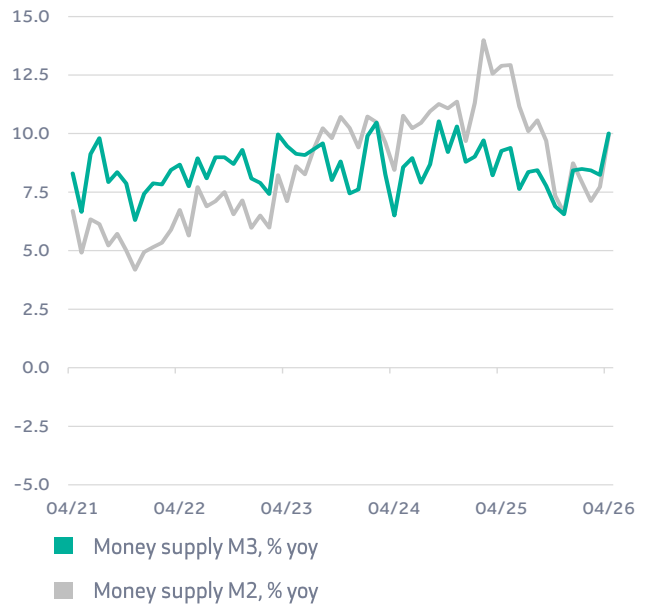
## Monetary Aggregates, Credit and Commercial Banks' Deposits

**Figure 1:**  
Growth Rate Monetary Base and Money Supply M1



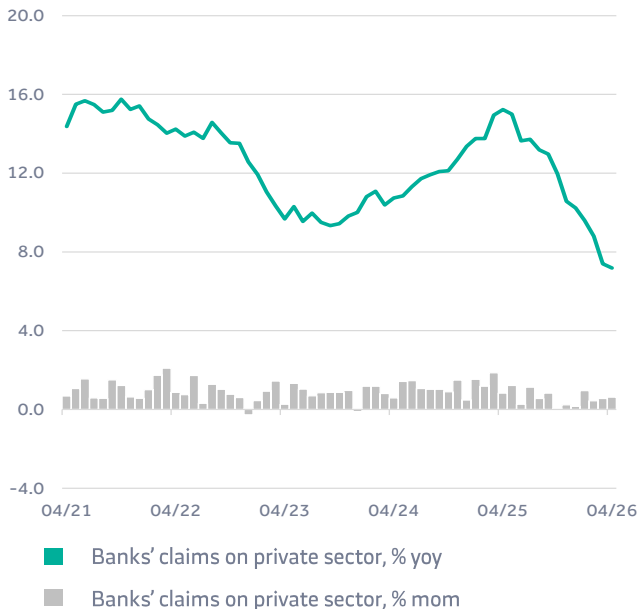
source: SAMA

**Figure 2:**  
Growth Rate Money Supply M2 and M3



source: SAMA

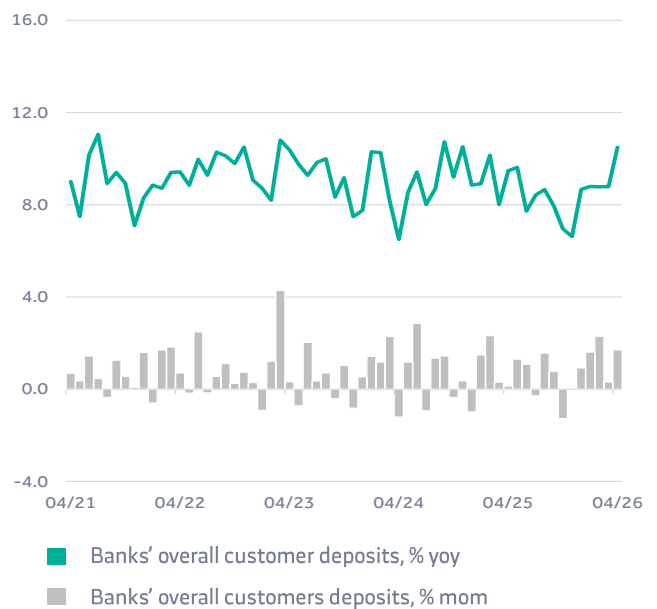
**Figure 3:**  
Growth of Credit to the Private Sector



source: SAMA

Broader money supply aggregates M2 and M3 expanded at solid growth rates of 9.9%yoy resp. 10.0%yoy in April. On the other hand, private sector loan demand sustainably normalized from a peak of 15.2%yoy in April 2025 to

**Figure 4:**  
Growth of Commercial Banks' Deposits

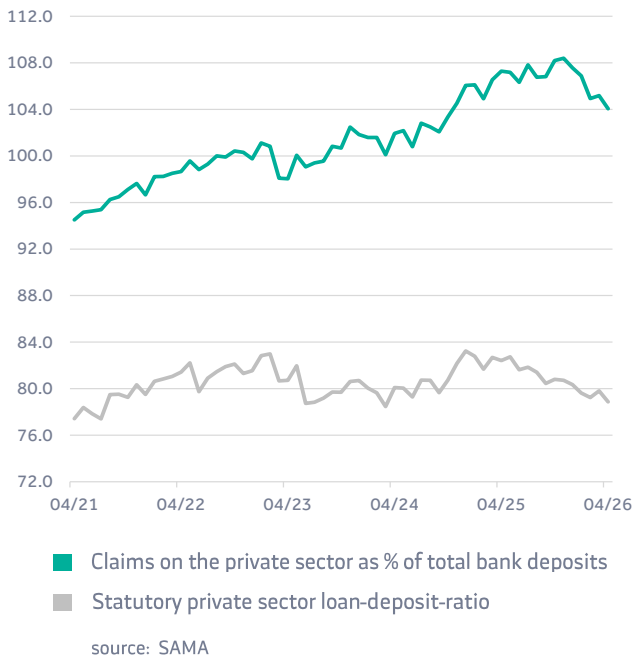


source: SAMA

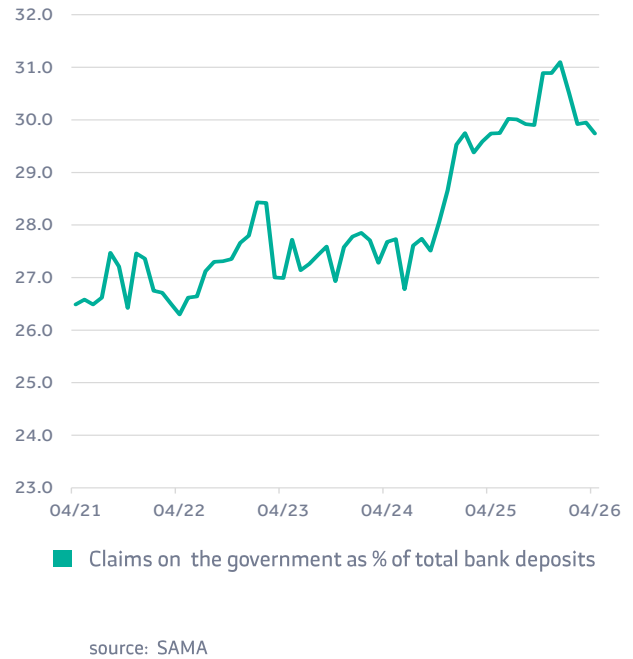
7.2%yoy in April 2026. For the first time since 2019, customer deposit growth (10.5%yoy) notably exceeded private sector loan demand growth. This clearly helps to support liquidity conditions in the local banking system.

## Commercial Banks Key Ratios

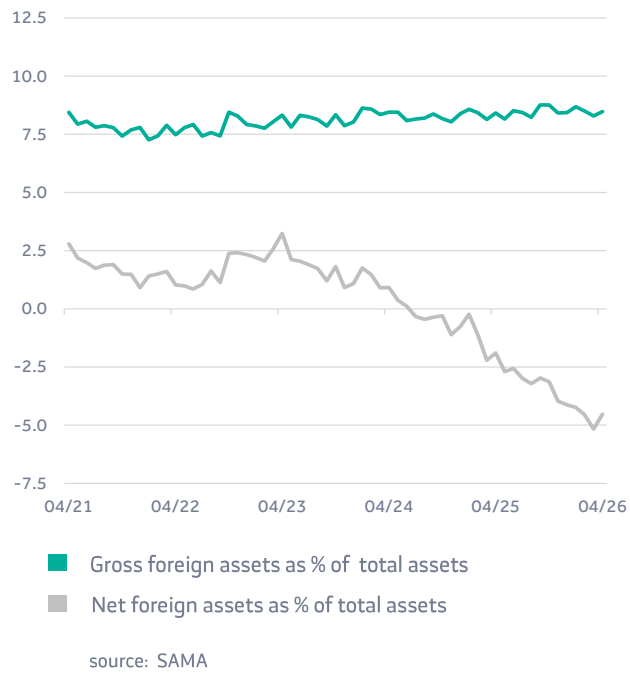
**Figure 1:**  
Private Sector Loan-Deposit-Ratio



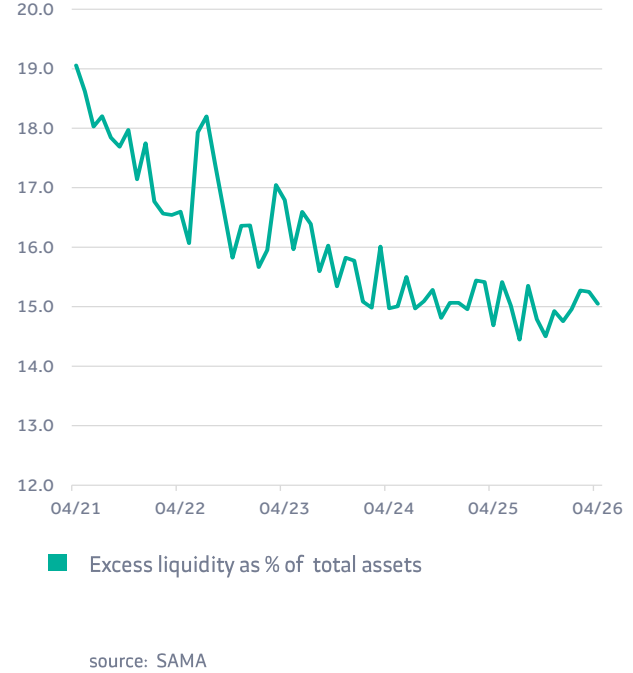
**Figure 2:**  
Government Sector Loan-Deposit-Ratio



**Figure 3:**  
Foreign Assets to Total Assets Ratio



**Figure 4:**  
Excess Liquidity to Total Assets Ratio

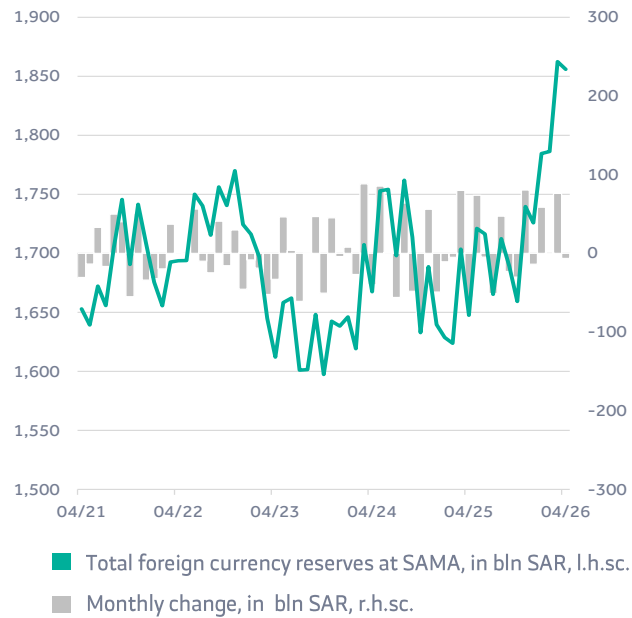


As deposit growth most recently exceeded private sector credit growth, the loan-deposit-ratio (LDR) declined from a peak of 108.4 in November 2025 to 104.1 in April 2026. The public sector shows a similar picture with its

LDR dropping to 29.7 in April after a peak of 31.1 in December 2025. The remaining funding gap in the banking system is still mainly refinanced abroad with net foreign liabilities amounting to 4.5% of total assets in April.

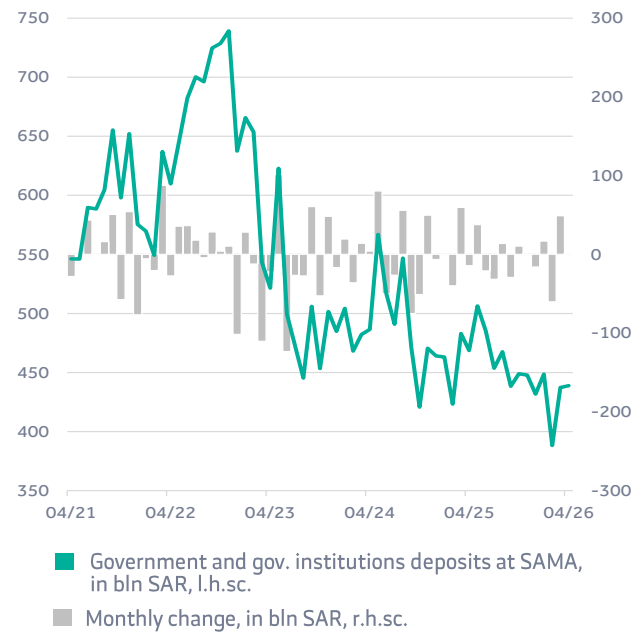
## SAMA Balance Sheet and Government Deposits

**Figure 1:**  
Foreign Currency Reserves at SAMA



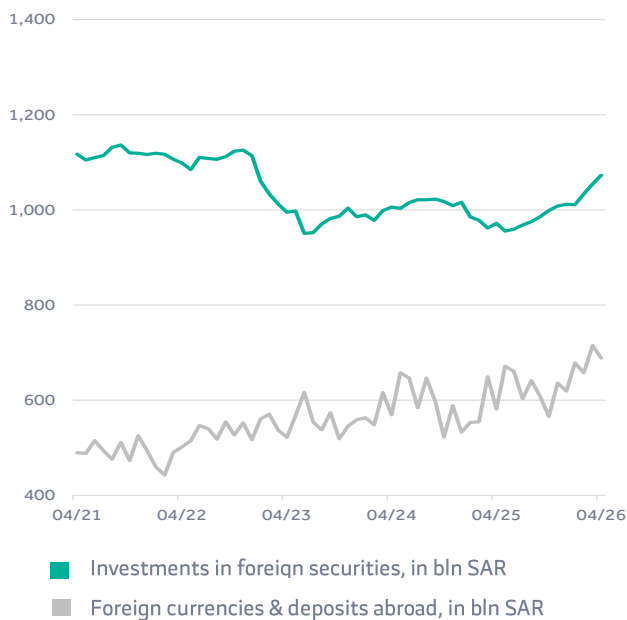
source: SAMA

**Figure 2:**  
Government Deposits at SAMA



source: SAMA

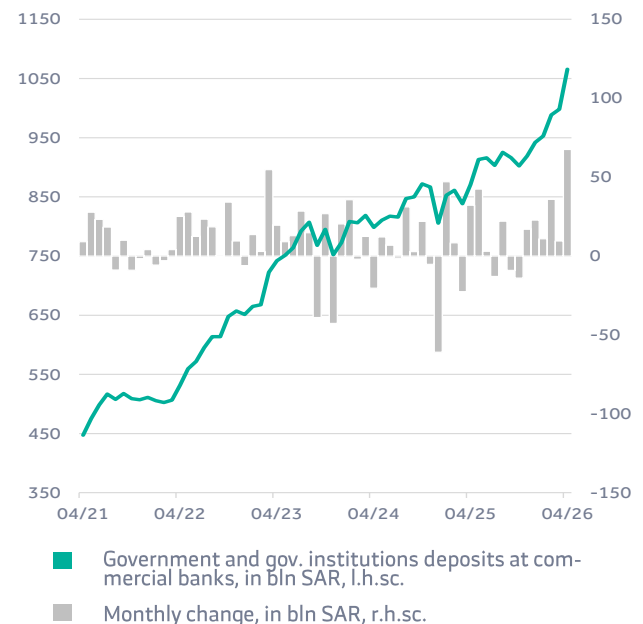
**Figure 3:**  
Breakdown of Foreign Currency Reserves at SAMA



source: SAMA

Foreign currency reserves at SAMA notably increased from December 2025 to April 2026 by 130bln SAR. This can mainly be explained by the most recent surge in oil export revenues due to sharply higher oil prices. Mean-

**Figure 4:**  
Government Deposits at Commercial Banks

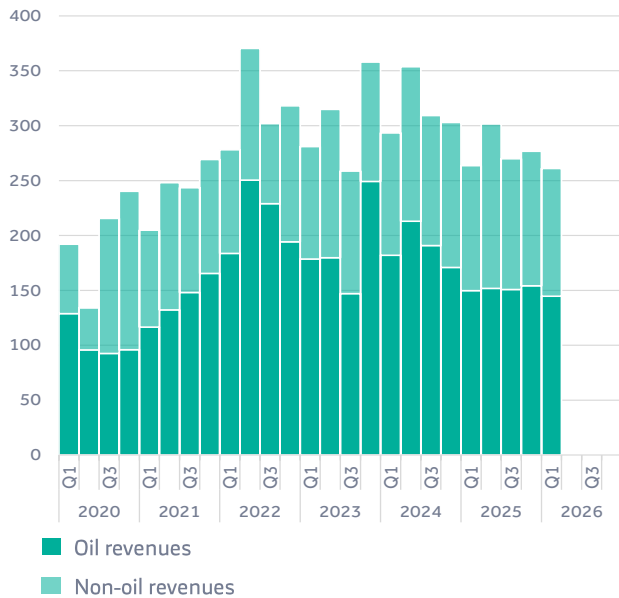


source: SAMA

while, over the same time period, government institutions' deposits of overall 124bln SAR were shifted from SAMA balance sheet to commercial banks in order to further bolster liquidity in the local banking system.

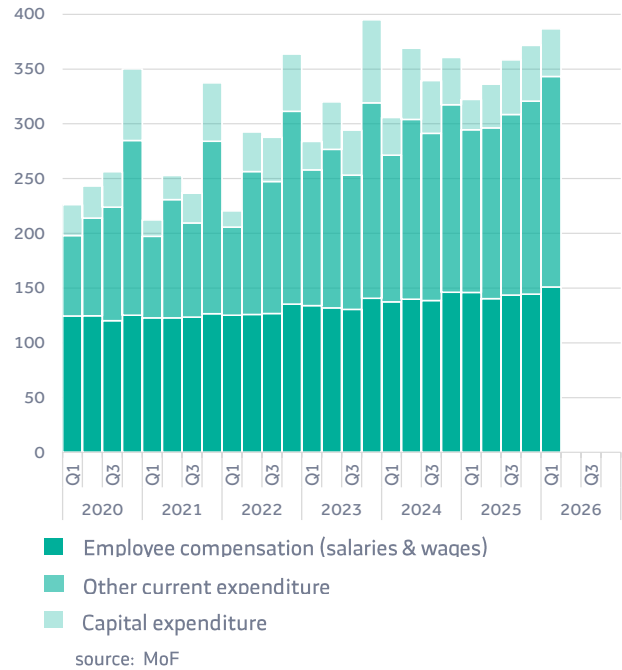
## Quarterly Fiscal Balance and Outstanding Government Debt

**Figure 1:**  
Quarterly Fiscal Revenues (in bln SAR)



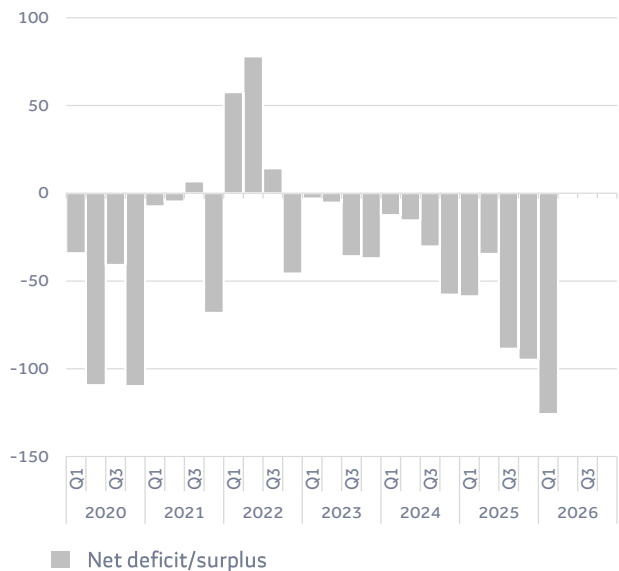
source: MoF

**Figure 2:**  
Quarterly Fiscal Expenditure (in bln SAR)



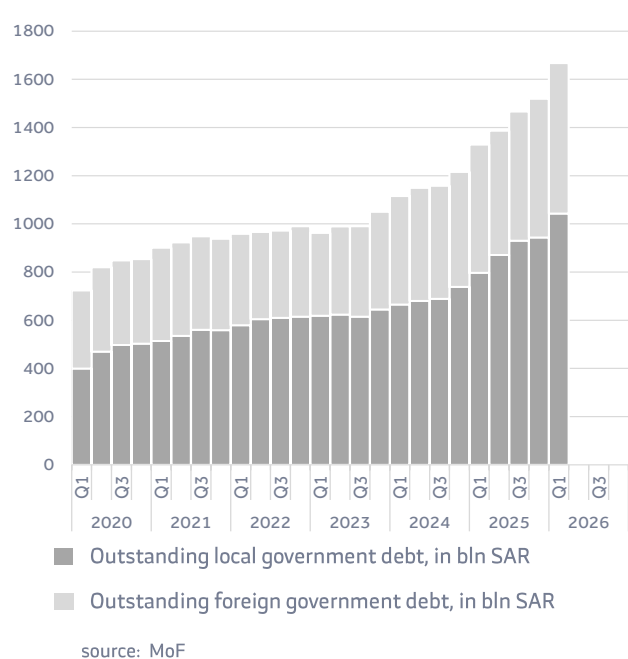
source: MoF

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



source: MoF

**Figure 4:**  
Outstanding Government Debt (End of Quarter)



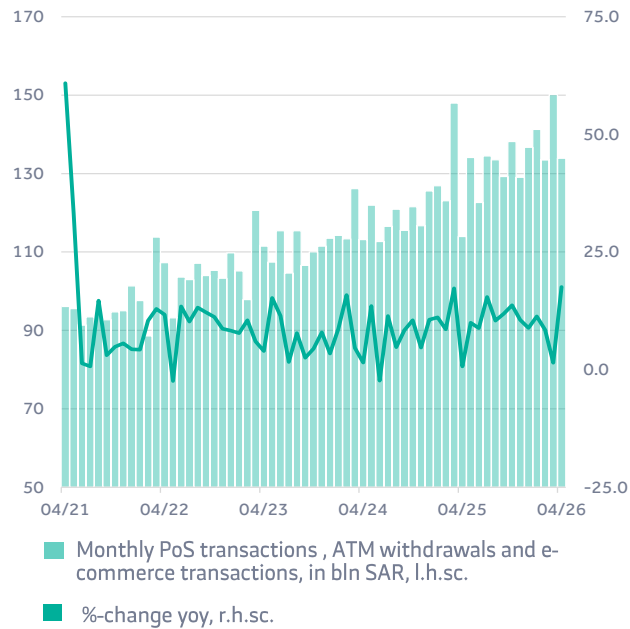
source: MoF

In Q1 2026, the fiscal budget was primarily characterized by strong expenditure growth in order to support the domestic economy. Compared to the previous year, fiscal spending increased by 20%, driven mainly by non-

payroll operating expenses (+30%) and capital expenditure (+56%). In contrast, fiscal revenues remained virtually unchanged compared to Q1 2025 (-1%). This resulted in a record high quarterly deficit of 126 bln SAR.

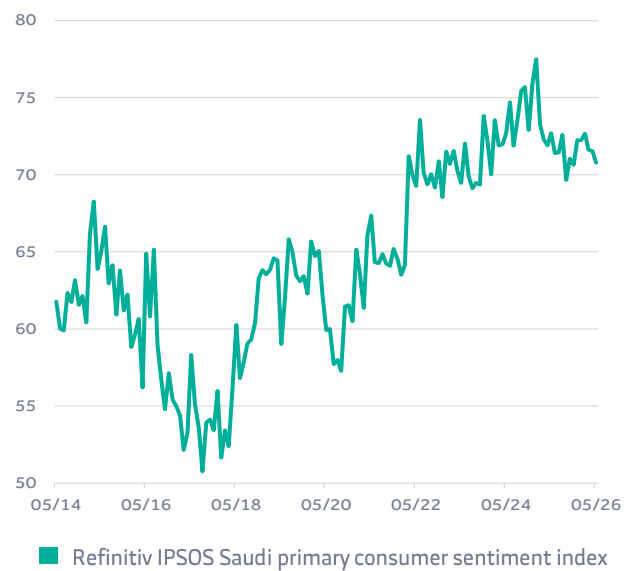
## Indicators for Private Spending and Non-Oil Business Climate

**Figure 1:**  
Private Spending Indicator



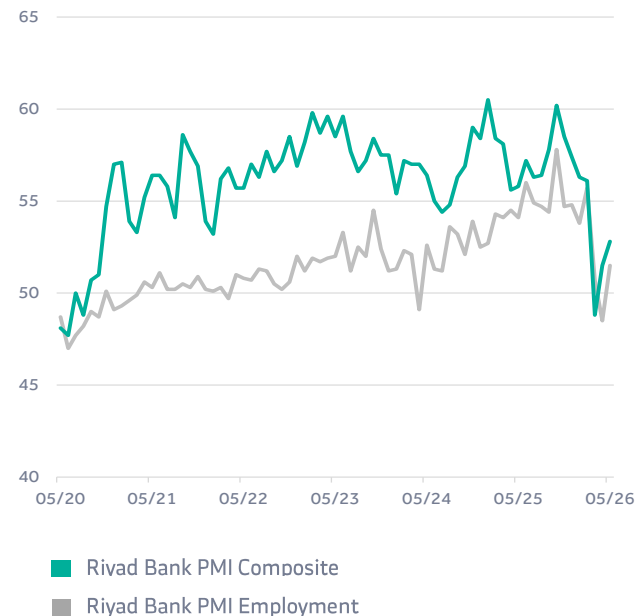
source: SAMA

**Figure 2:**  
Consumer Sentiment Indicator



source: Refinitiv

**Figure 3:**  
PMI Composite and PMI Employment Index



source: S&P Global Market Intelligence

**Figure 4:**  
PMI New Orders and PMI New Export Orders



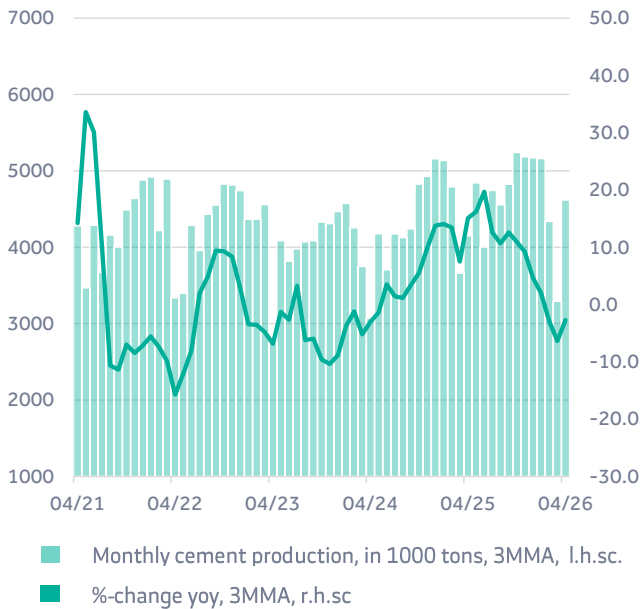
source: S&P Global Market Intelligence

Consumer spending rose by 7.1%yoy in Q1 2026. That compares to a 5-year average of 8.3%. Meanwhile, the PMI business climate indicators weakened as a consequence of the regional conflict in March. The PMI Com-

posite temporarily dropped below the 50 mark, but subsequently recovered with the most recent reading at 52.8 in May. This also applies to PMI New Orders, while PMI New Export Orders remained below the 50 mark.

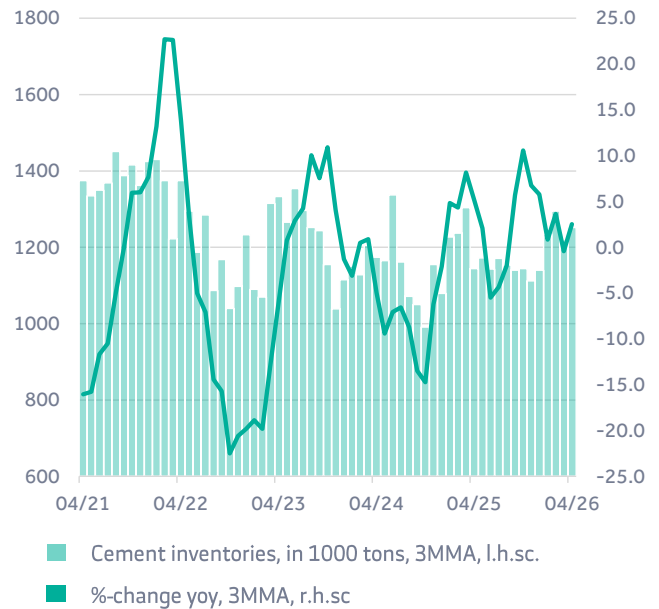
## Cement Sector and Non-oil Exports and Imports

**Figure 1:**  
Cement Production



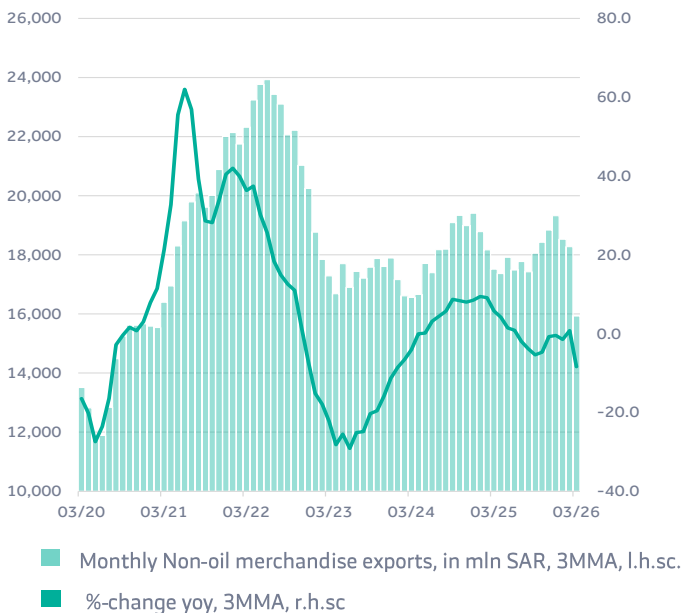
source: Yamama Cement

**Figure 2:**  
Cement Inventories



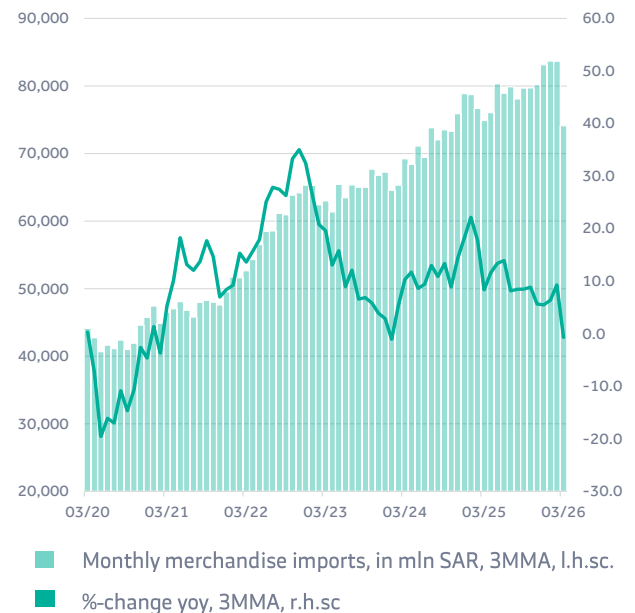
source: Yamama Cement

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



source: GASTAT

**Figure 4:**  
Merchandise Imports



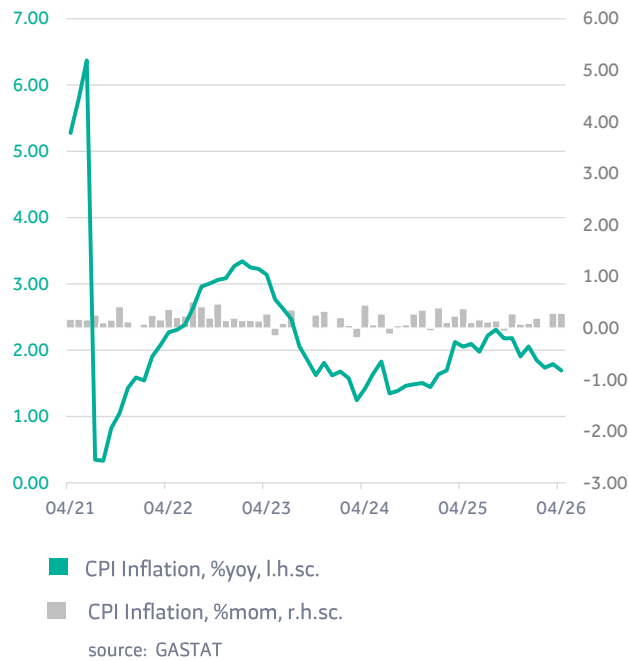
source: GASTAT

Cement production growth continued its protracted slowdown which had started in Q2 2025 into the current year. In April 2026, a mainly seasonal production upswing could be observed following the end of Ramadan.

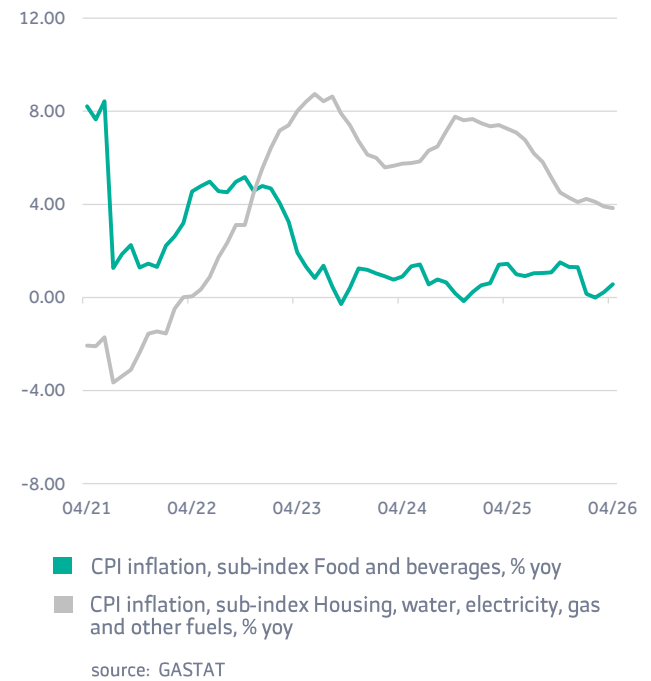
Meanwhile, non-oil exports and imports were notably affected by the regional conflict, dropping in March 2026 by -27%yoy resp. -25%yoy, which translated into a smoothed 3M average figure of -8%yoy resp. -1%yoy.

### Consumer Price Inflation

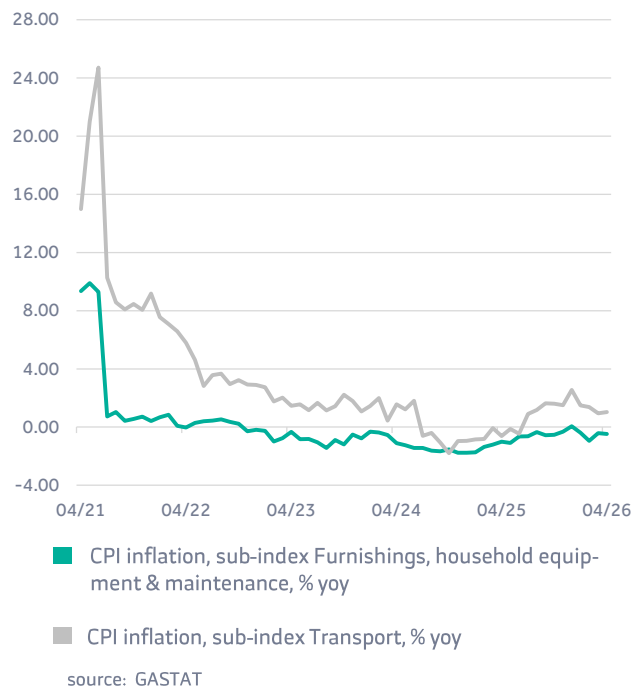
**Figure 1:**  
Consumer Price Inflation All Items



**Figure 2:**  
CPI Inflation Food & Housing

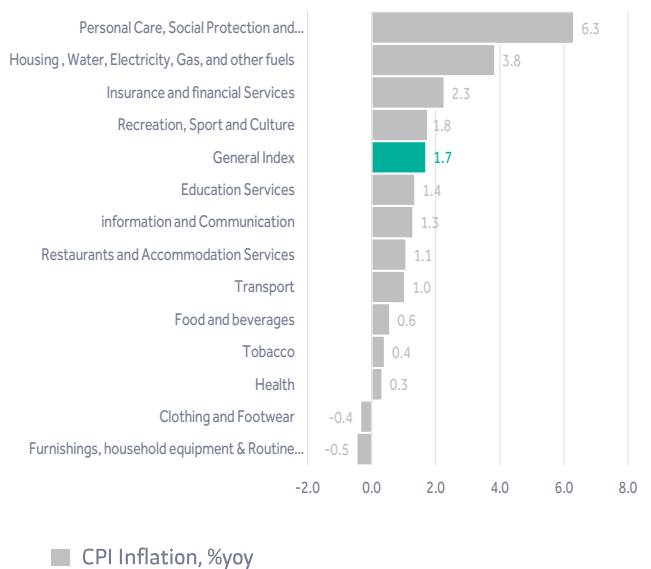


**Figure 3:**  
CPI Inflation Furnishings & Transportation



CPI inflation remained at a comparably subdued level also in April with 1.7%yoy. A large share of this low inflation rate is particularly due to food inflation, which amounted to a modest 0.6%yoy in April. In addition, the

**Figure 4:**  
CPI Inflation by Main Categories April 2026

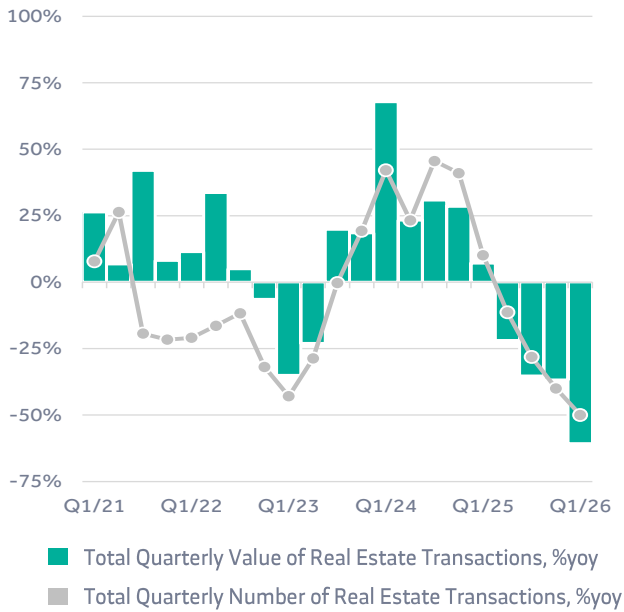


source: GASTAT

previously strongest inflation driver, the category housing, water&electricity, has meanwhile further eased below 4%yoy. We expect a temporary pick-up of inflation above 2% due to the repercussions of the geopolitical conflict.

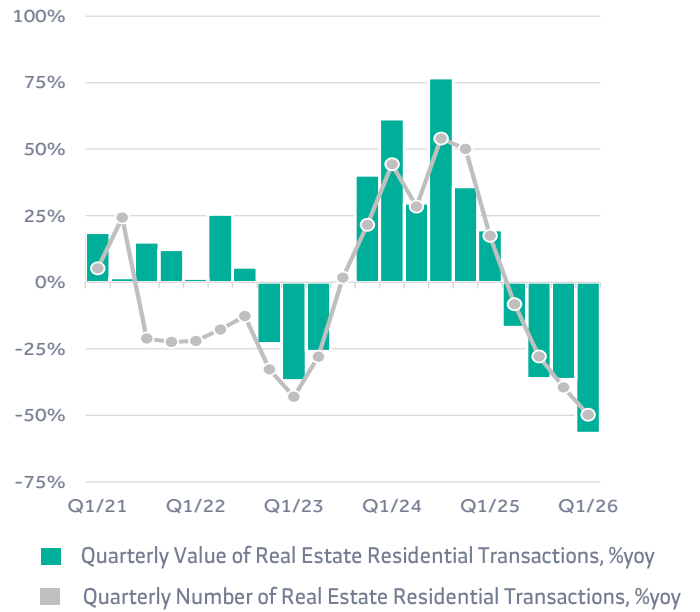
## Real Estate Market: Transaction Activity

**Figure 1:**  
Real Estate Transactions Total %yoy



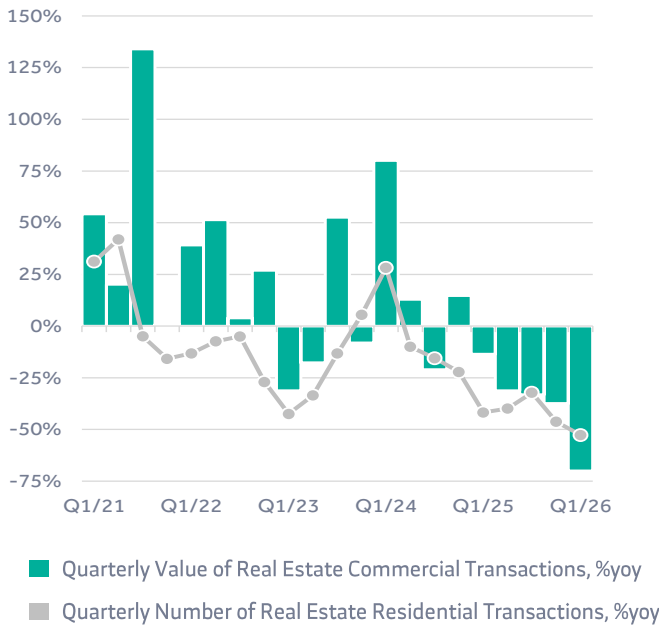
source: MOJ, RC

**Figure 2:**  
Real Estate Transactions Residential %yoy



source: MOJ, RC

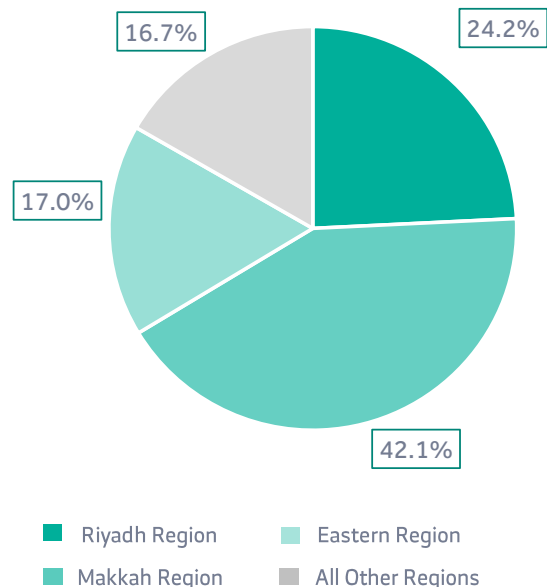
**Figure 3:**  
Real Estate Transactions Commercial %yoy



source: MOJ, RC

The value of real estate transactions declined by 61% in Q1 2026 compared to Q1 2025. This reduction was likely exacerbated by the regional geopolitical conflict in March. Residential transactions decreased by 57%, while

**Figure 4:**  
Breakdown of Transaction Value by Regions (Q1 2026)

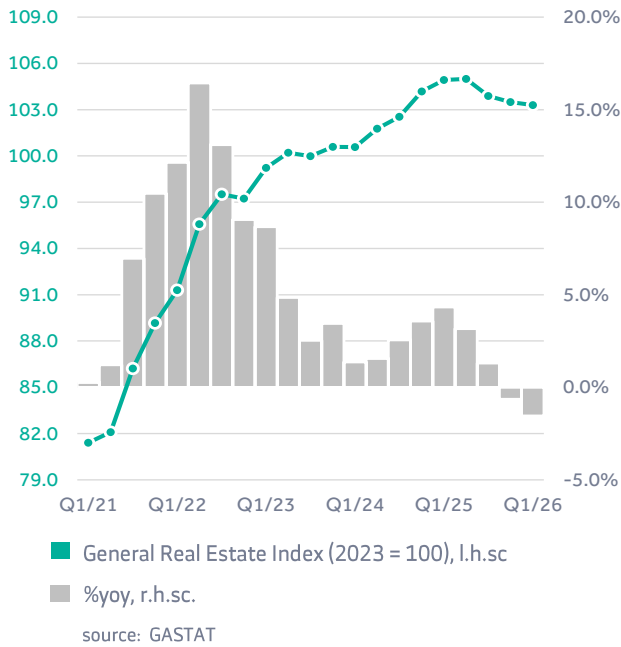


source: MOJ, RC

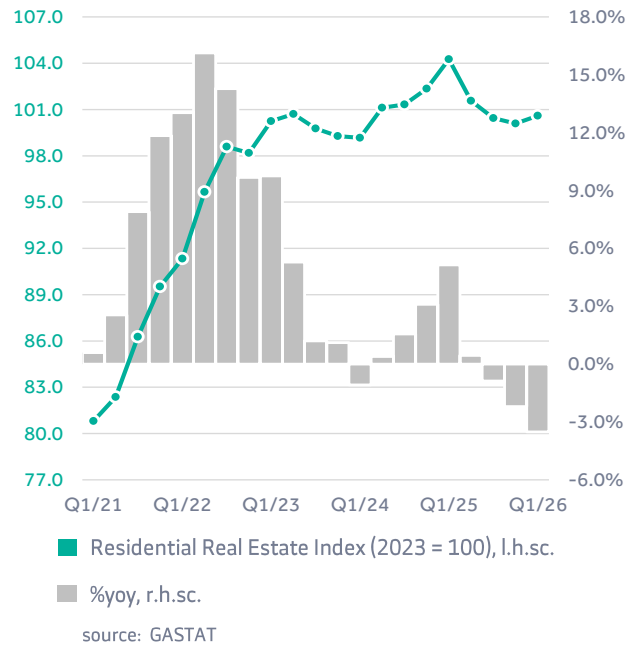
commercial transactions fell by 70%. From a regional perspective, the transaction decline was particularly pronounced in the Riyadh Region (-80%yoy) As a result, its share fell from 52% in Q1 2025 to 24% in Q1 2026.

## Real Estate Market: Price Indices

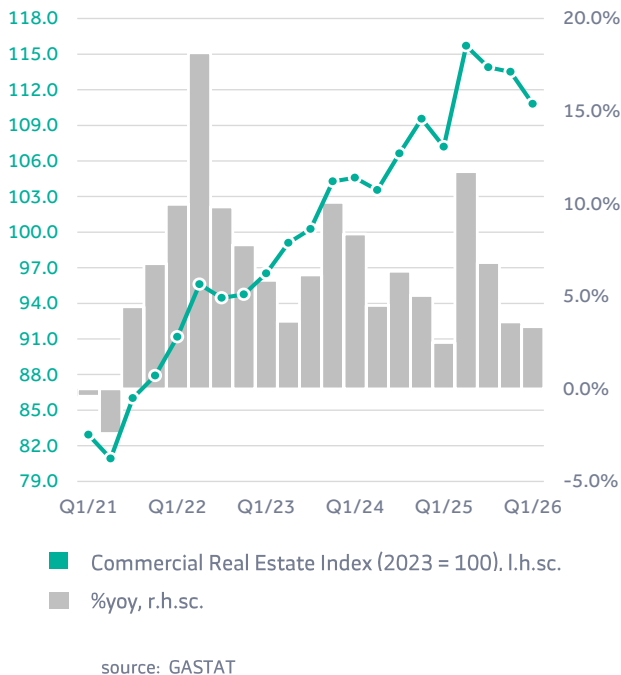
**Figure 1:**  
General Real Estate Index



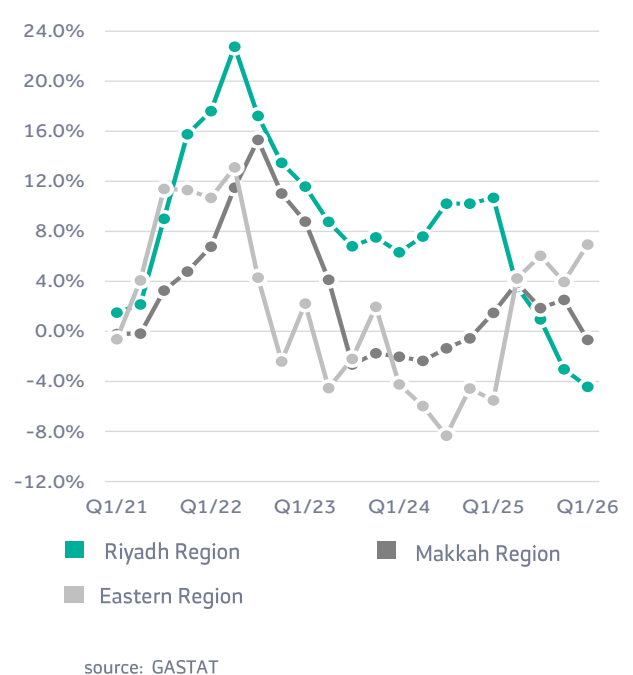
**Figure 2:**  
Residential Real Estate Index



**Figure 3:**  
Commercial Real Estate Index



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

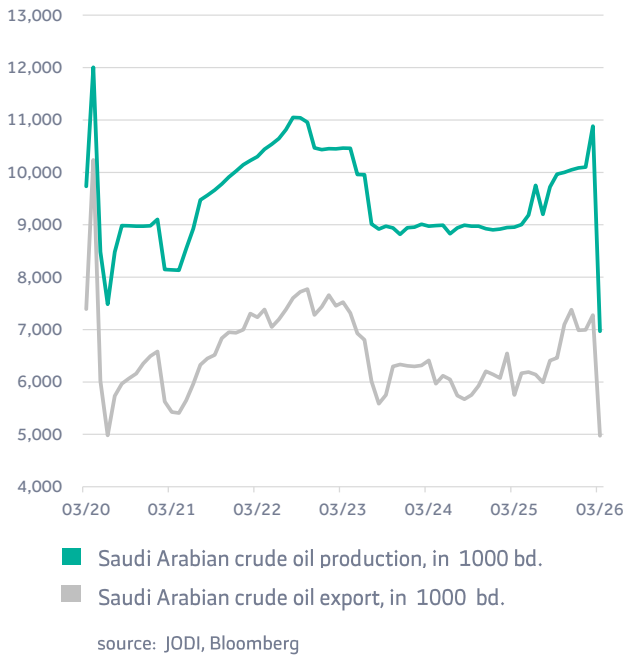


After a massive price increase over the past five years, the Saudi real estate market entered a consolidation phase in mid-2025. In Q1 2026, property prices decreased slightly by 1.6% compared to the previous year.

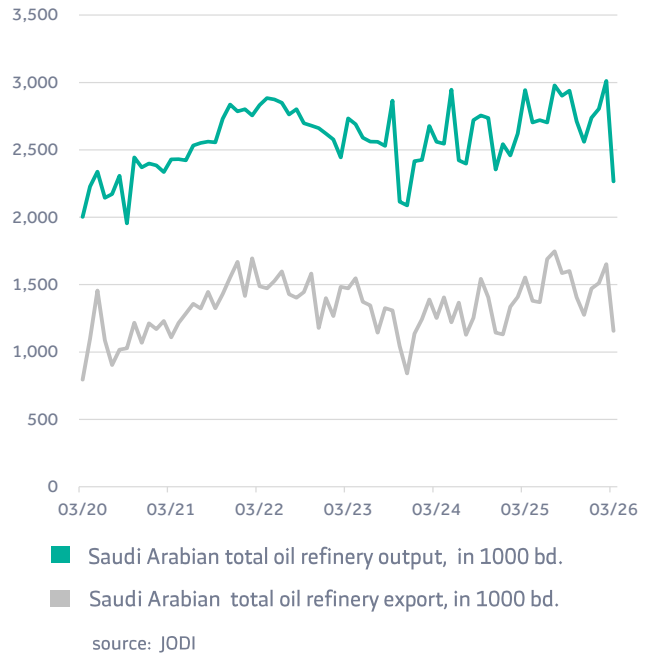
While residential real estate prices saw a decline of 3.5% yoy, commercial property prices rose by 3.4%yoy. Regionally, the price reduction was particularly pronounced in the Riyadh region, which recorded a decrease of 4.0%yoy.

## Oil Market Statistics: Production, Exports, Refinery and Prices

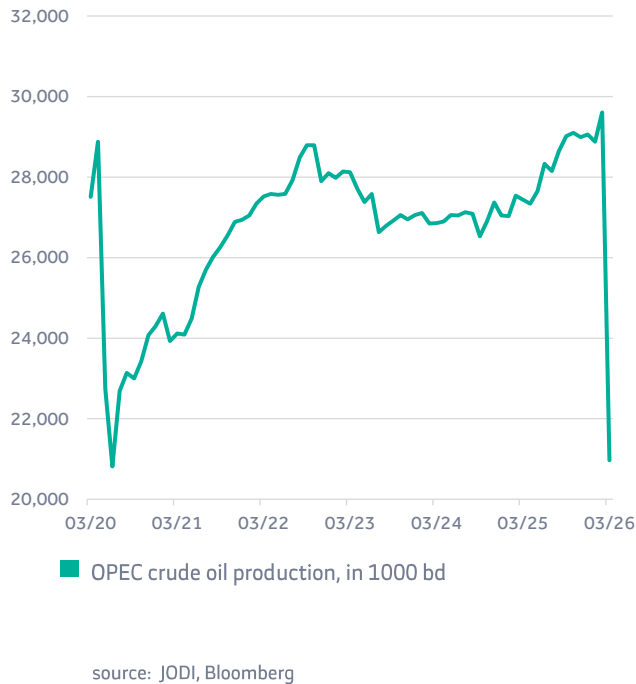
**Figure 1:**  
Saudi Crude Oil Production and Exports



**Figure 2:**  
Saudi Crude Refinery Output and Exports



**Figure 3:**  
OPEC Crude Output



**Figure 4:**  
Oil Prices

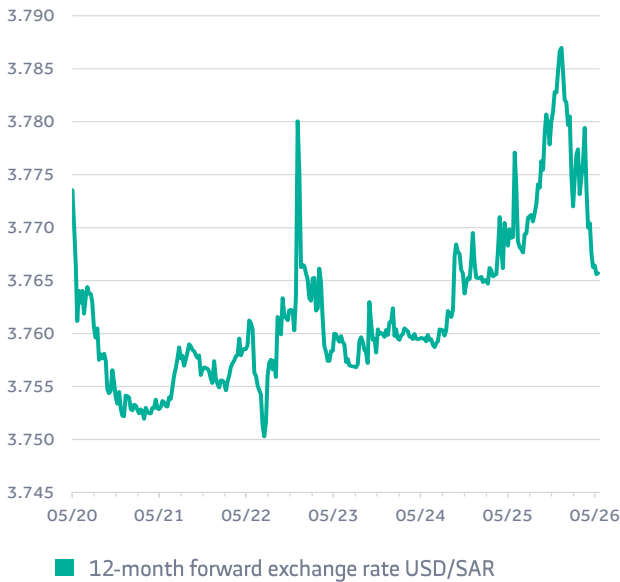


Saudi crude production dropped from above 10mbd to about 7.0mbd in March as a consequence of the regional geopolitical conflict. Accordingly, crude exports declined from 7.3mbd to below 5mbd. Including refined prod-

ucts, Saudi overall petroleum exports dropped from 8.9mbd to 6.1mbd in March. Based on preliminary data, April production was gradually lower than in March. At the same time, oil prices soared clearly above 100USD.

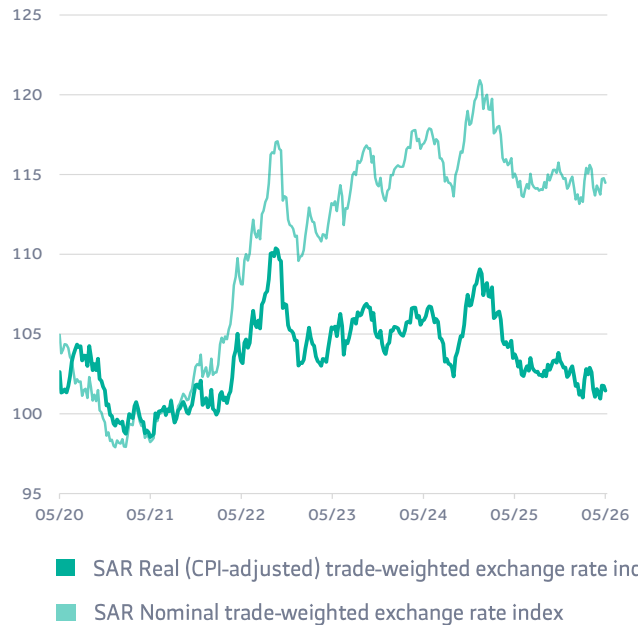
## Foreign Exchange and KSA Credit Spread

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



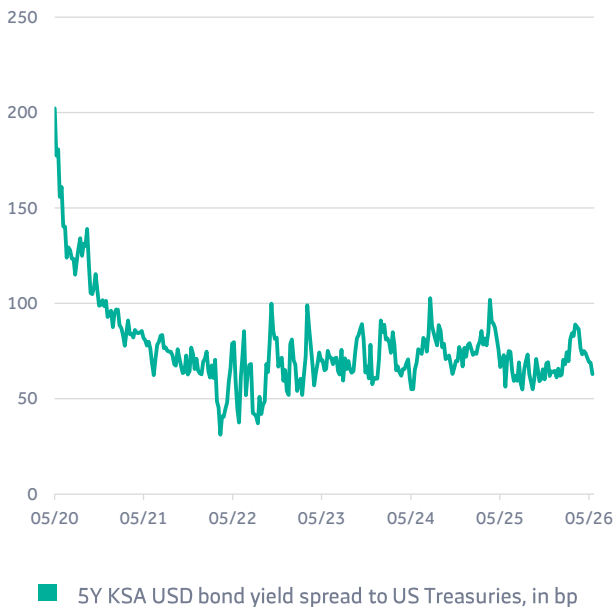
source: Bloomberg

**Figure 2:**  
SAR Nominal and Real Effective Exchange Rate



source: Bloomberg, JP Morgan

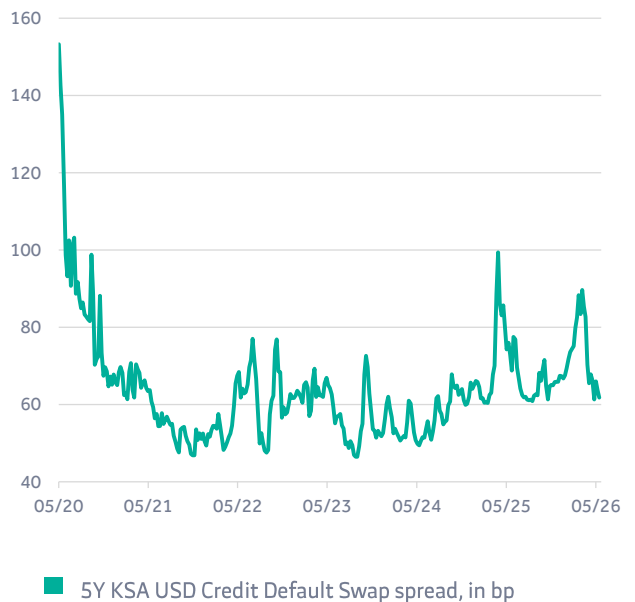
**Figure 3:**  
KSA USD Bond Yield Spread to US Treasuries



source: Bloomberg

Despite the geopolitical conflict since March, KSA sovereign risk premia have remained remarkably subdued. Both, the 5Y KSA USD Sukuk yield spread to US treasury bonds as well as the 5Y KSA CDS spread are trading at a

**Figure 4:**  
KSA CDS Spread

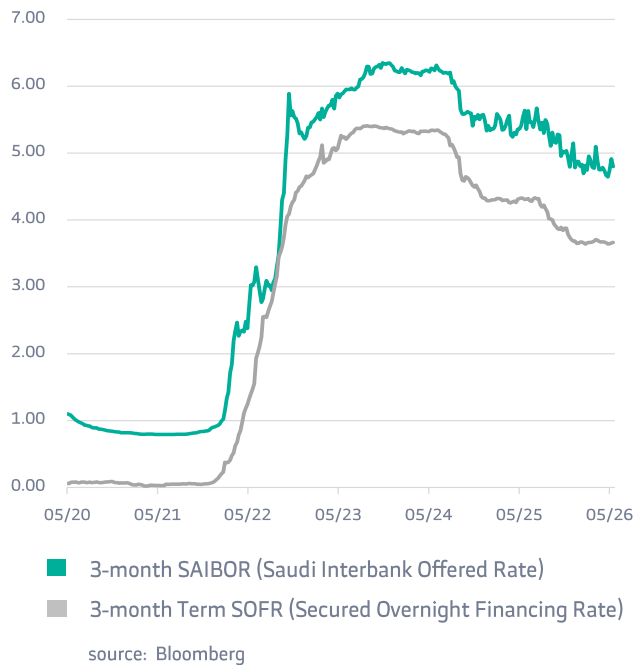


source: Bloomberg

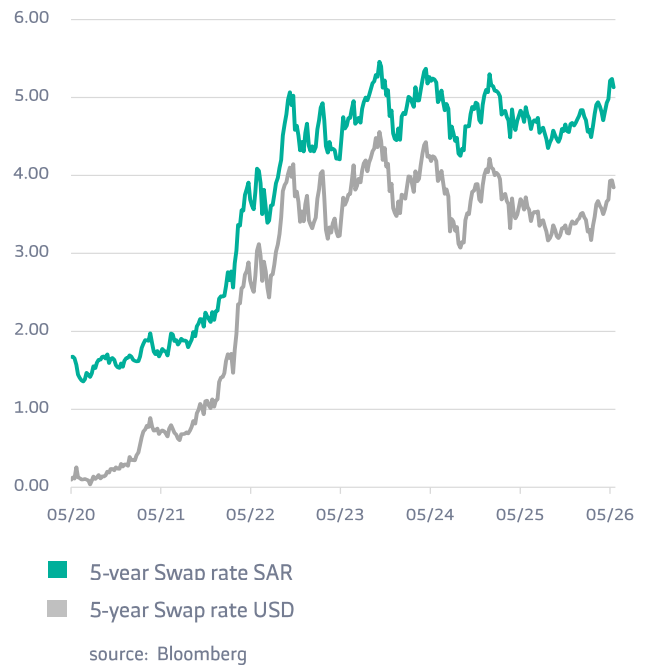
comparably low level around 60bp by end of May 2026. And also at the currency front, the 12M SAR/USD forward rate premium has largely normalized to about 130pips after a peak of 360pips by end of last year.

### Short-term, Long-term and Official Interest Rates

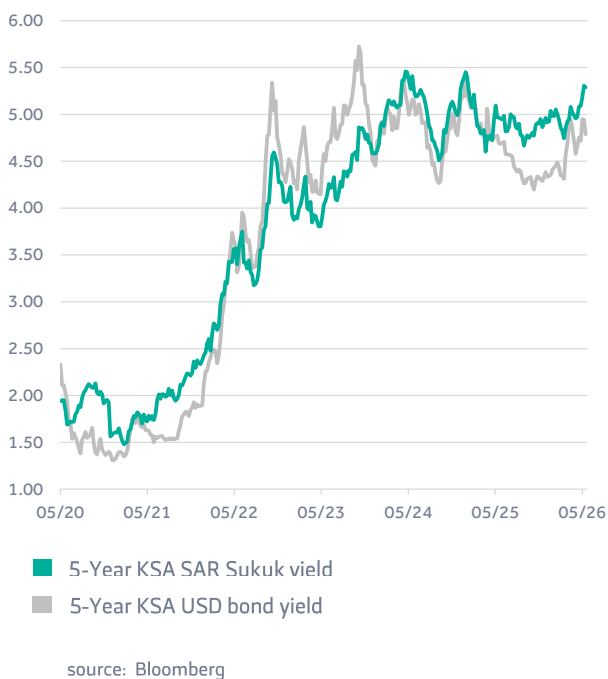
**Figure 1:**  
3-Months SAIBOR vs. USD 3M Term SOFR



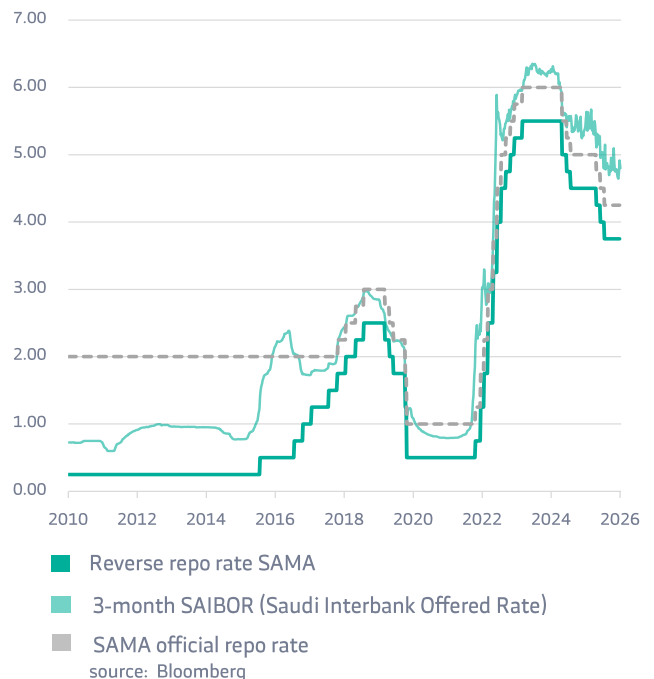
**Figure 2:**  
5-Year Swap Rate SAR vs. USD



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



**Figure 4:**  
Central Bank Rate and 3-Months SAIBOR

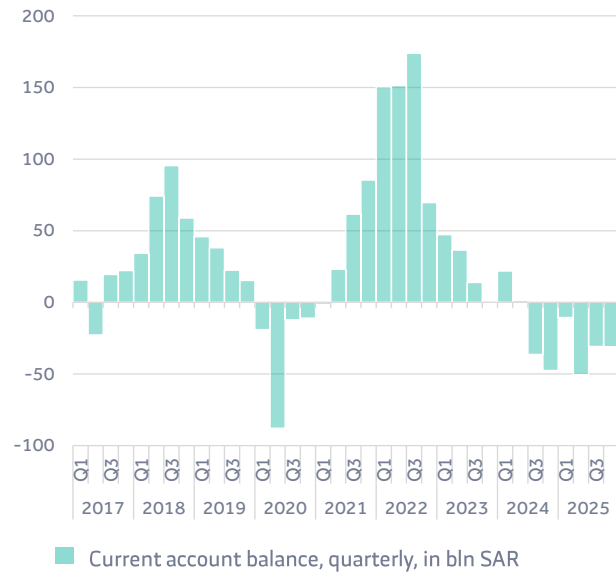


Since end of last year, 3M SAIBOR has established below 5.0%, while the differential to corresponding US interest rates has stabilized around 110bp. At the longer-end of the curve, yields have notably risen in the last few

months due to increased inflation fears and changed FED rate policy expectations. 5Y SAR Swap rate has climbed by about 70bp since September 2025 to above 5.0%, while keeping its difference to US rates at 130bp.

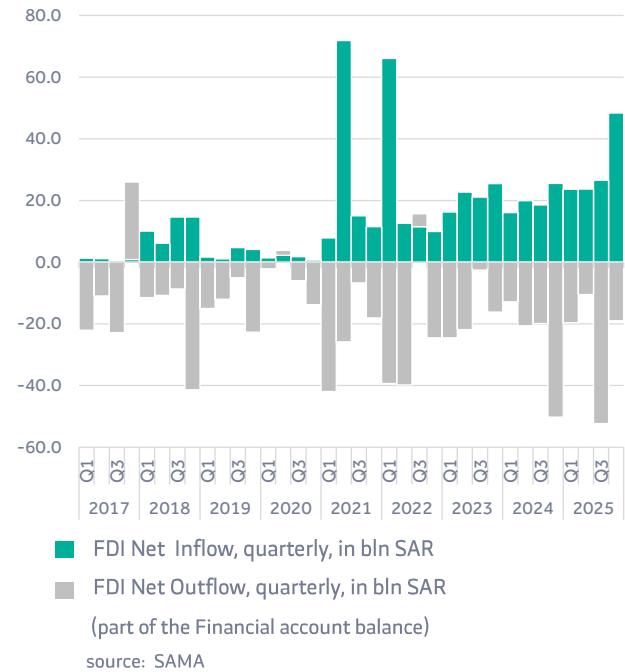
## Saudi Balance of Payments

**Figure 1:**  
Current Account Balance

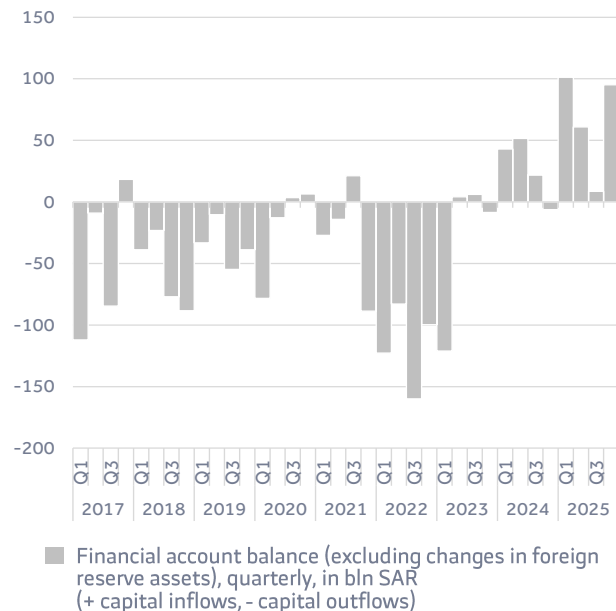


source: SAMA

**Figure 2:**  
Foreign Direct Investments



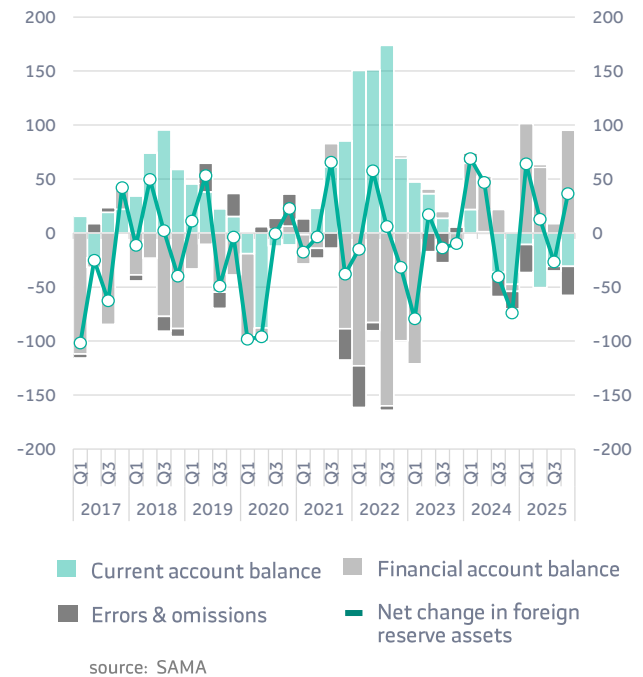
**Figure 3:**  
Financial Account Balance



source: SAMA

The current account deficit in Q4 2025 amounted to 31 bln SAR resulting in a deficit of 123 bln SAR for the full year 2025, equivalent to 2.6% of GDP. In contrast, a significant surplus of 94 bln SAR was achieved in the finan-

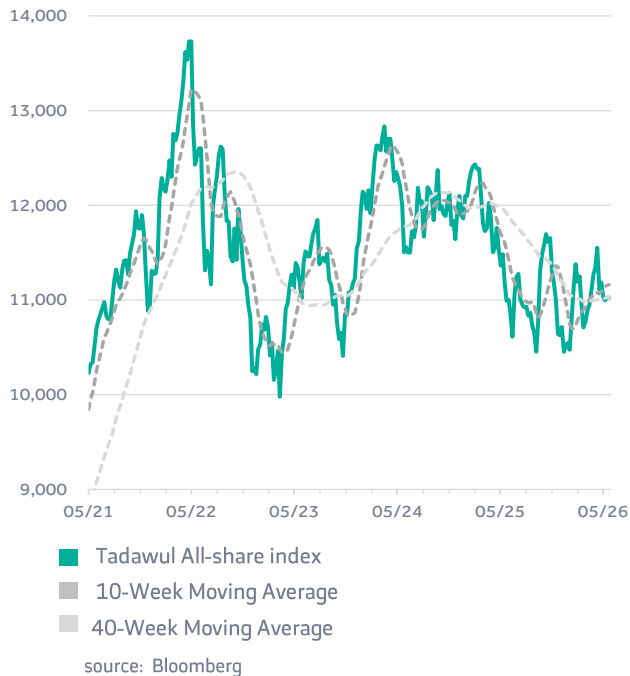
**Figure 4:**  
Contribution to Balance of Payments



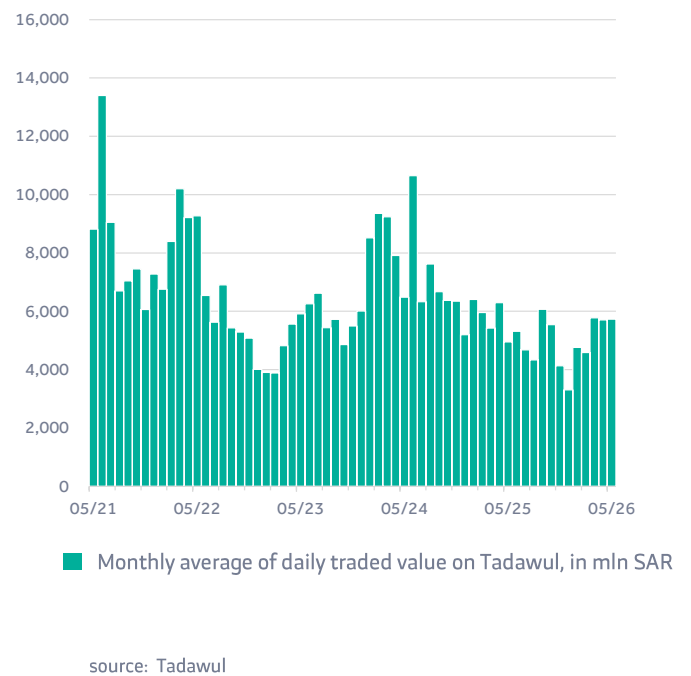
cial account balance for Q4 2025. For the full year 2025, this surplus totalled 266 bln SAR. Of particular note in this context are the foreign direct investments (FDI), which reached a record high of 122 bln SAR in 2025.

### Tadawul: Saudi Equity Market Statistics

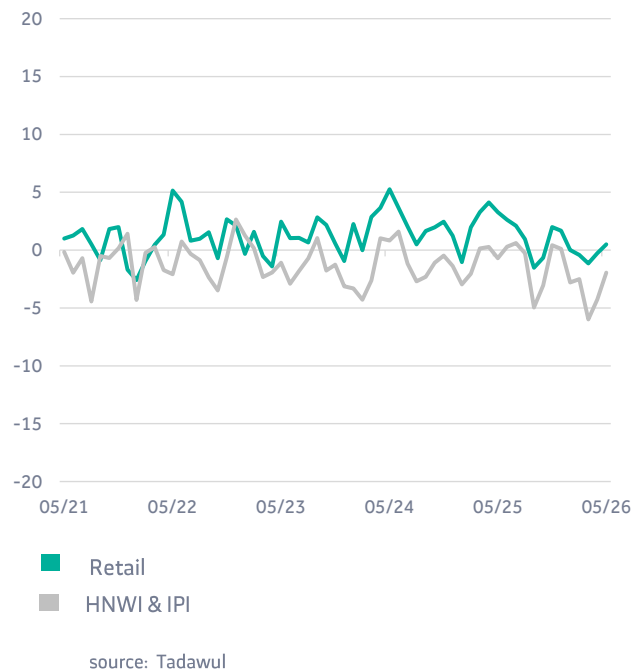
**Figure 1:**  
Tadawul All-Share Index



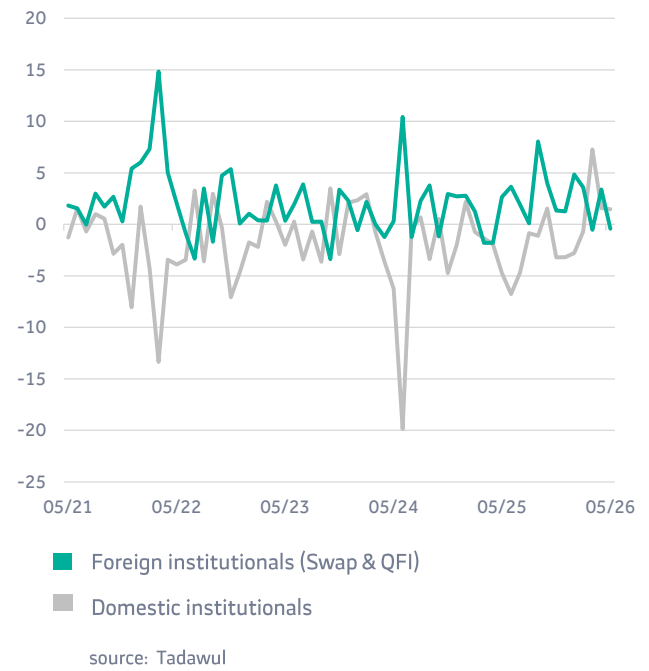
**Figure 2:**  
Tadawul Average Daily Traded Value



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



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

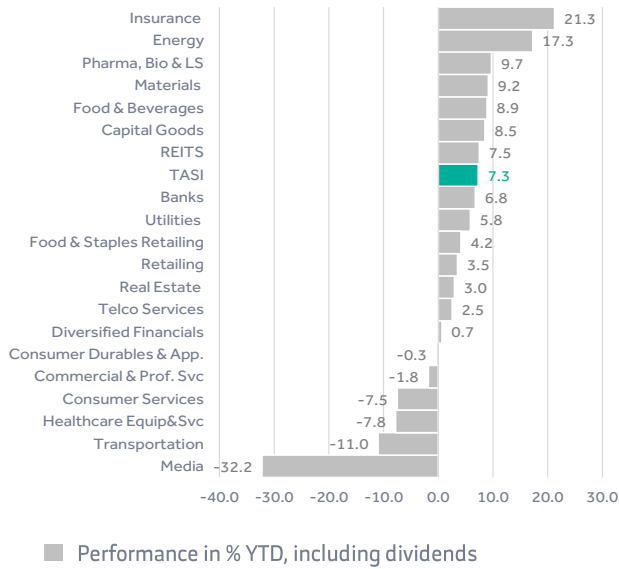


Since its low at 10'300 at the beginning of the year, the Saudi market has considerably recovered, but remains largely range-bound from a medium-term perspective. Particularly since March, trading volumes have notably

picked up with an average daily traded value between 5.5 and 6.0bln SAR. Since the beginning of the year, private Saudi investors turned out to be net sellers, while primarily foreign investors have been net buyers.

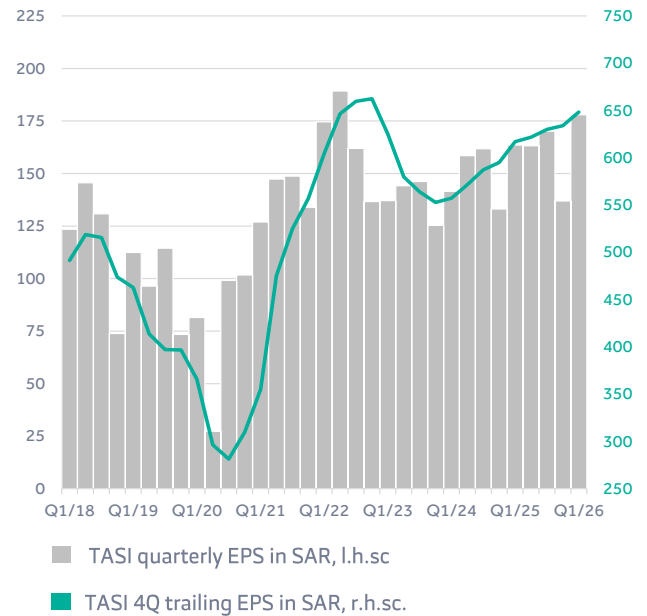
## Tadawul: Saudi Equity Market Statistics

**Figure 1:**  
Performance TASI Sectors May 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 Tadawul all-share index recorded a positive total return of 7.3% until May 2026YTD. The best-performing sector was insurance with a gain of 21.3%, followed by energy with 17.3%. At the bottom-end of the perfor-

mance table are the media and transportation sector with -32.2% resp. -11.0%. Meanwhile, trailing and forward valuation metrics indicate that the market is currently traded notably below its long-term averages.

## Saudi Economic Outlook

In our baseline scenario, we expect Saudi economic growth to slow in 2026 and to reaccelerate in 2027.

Our baseline scenario assumes that the Strait of Hormuz will be gradually re-opened by beginning of Q3 2026 and Saudi crude production reaches levels last seen prior to the outbreak of the regional conflict by September of this year. We, further, expect that crude output will be expanded to 10.45 mbd until end of 2026, thereby unwinding the voluntary output cut of May 2023. We expect oil production to remain at this level throughout 2027. As a consequence, crude output will average at 9.12 mbd in 2026 and 10.45 mbd in 2027. This translates into an oil sector GDP contribution of -3.6% in 2026 and 14.3% in 2027.

The non-oil economy is indirectly impacted by the regional conflict through supply chain disruptions, lower trade flows and reduced tourism activity, but has already demonstrated a high degree of resilience in recent years, suggesting that the current growth slowdown is likely to remain temporary. On top, it is supported by an expansionary fiscal policy in 2026. Overall, we project non-oil activities to grow by 3.0% in 2026 and 4.7% in 2027.

As a consequence, we expect the overall economy to grow by 0.9% in 2026 after 4.6% last year. For 2027, we forecast a substantial growth reacceleration to 6.8%.

Considerably higher oil revenues in 2026 provide the Saudi government some fiscal flexibility. In order to support the domestic economy, we, therefore, expect the Saudi government to pursue an expansionary fiscal policy with overall spending exceeding last year's level by about 8%. For next year, we expect some fiscal consolidation. As a consequence, we forecast a fiscal deficit of -4.4% of GDP this year after -5.9% in 2025. For next year, the fiscal shortfall is expected to narrow to -3.5%.

The current account deficit is projected to shrink to -0.7% of GDP in 2026 after -2.6% last year, primarily as a result of substantially higher oil export revenues. For next year, we project the deficit to gradually widen to -1.5%.

We expect inflation to moderately pick up to 2.1% in 2026 as the repercussions of the regional conflict are expected to be largely contained. For 2027, inflation will slightly soften again to 2.0%.

We expect the FED to leave interest rates unchanged in 2026 given the current elevated inflation rates. However, we anticipate two interest rate cuts of overall 50 basis points in the course of 2027.

Given this baseline scenario, we expect 3M SAIBOR rate to stay at 4.75% by end of 2026, and to decline to 4.25% by end of 2027.

### Facts and Forecasts at a Glance

	2024	2025	2026f	2027f
<b>Real GDP Growth</b>				
Overall economy	2.6	4.6	0.9	6.8
Non-oil Activities	6.0	5.1	3.0	4.7
Government Activities	2.3	0.9	1.5	1.3
Oil Activities	-4.4	5.7	-3.6	14.3
<b>Fiscal Balance and Government Debt</b>				
Fiscal Balance in bln SAR	-116	-277	-228	-189
Fiscal Balance in % GDP	-2.5	-5.9	-4.4	-3.5
Government debt in bln SAR	1216	1519	1747	1936
Government debt as % GDP	26.2	32.1	33.8	35.9
<b>Trade and Current Account Balance</b>				
Trade Balance in bln SAR	345	305	455	410
Trade Balance in % GDP	7.4	6.5	8.8	7.6
Current Account in bln SAR	-61	-123	-35	-80
Current Account in % GDP	-1.3	-2.6	-0.7	-1.5

source: GASTAT, SAMA, RC

	2024	2025	2026f	2027f
<b>Oil Prices and Production (yearly average)</b>				
Brent price (USD pb)	79.9	68.2	86.0	75.0
WTI price (USD pb)	75.8	64.6	79.0	70.0
OPEC Basket price (USD pb)	79.9	69.2	86.0	75.0
KSA oil production (mln bd)	9.0	9.5	9.1	10.4
<b>Inflation and Interest Rates (year end)</b>				
CPI Inflation (yearly average)	1.50	2.04	2.10	2.00
3M SAIBOR SAR	5.54	4.90	4.75	4.25
Reverse Repo Rate	4.50	3.75	3.75	3.25
Official Repo Rate	5.00	4.25	4.25	3.75
<b>Labor Market (yearly average)</b>				
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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