وزارة الاقتصاد والتخطيط
MINISTRY OF ECONOMY & PLANNING

Kingdom of Saudi Arabia

QUARTERLY ECONOMIC REPORT



FIRST
QUARTER
2026

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Executive Summary

In Q1 2026, **global economic** uncertainty persisted, driven by geopolitical developments and trade tensions. Nevertheless, economic activity demonstrated a degree of resilience. Several central banks adopted a more cautious monetary stance, maintaining interest rates or postponing rate cuts amid ongoing inflationary pressures stemming from geopolitical tensions and elevated energy prices. Estimates indicate that global growth is expected to remain stable in 2026 at around 3%, supported by resilient consumption, improved financing conditions, and continued investment in modern technologies and artificial intelligence. While these growth rates remain below 2020 levels, they reflect the global economy's capacity to adapt to prevailing challenges.

Saudi Arabia's **Real Gross Domestic Product** (GDP) recorded a year-on-year growth of 3.0% in Q1 2026, supported by the positive performance of oil activities, non-oil activities, and government activities. The contribution of non-oil activities also increased to 55.5% of GDP, compared with 53.9% in the previous quarter.

The average **Industrial Production Index** (IPI) recorded a year-on-year increase of 3.8% in Q1 2026, supported by growth in both oil and non-oil activities, which rose by 4.3% and 2.7%, respectively. Manufacturing activity also posted positive growth during Q1 2026, increasing by 2.5% compared with the same period of the previous year.

The **Riyad Bank Purchasing Managers' Index** (PMI) for the non-oil private sector moderated in Q1 2026, averaging 53.7 points, compared with 58.7 points in the previous quarter, while remaining in expansionary territory. This moderation largely reflected the decline recorded in March 2026, when the index fell into contractionary territory to 48.8 points, due to weaker demand and geopolitical tensions in the region.

In terms of **foreign trade**, Saudi Arabia's trade surplus improved in Q1 2026, reaching approximately SAR 90.5 billion, compared with SAR 63.0 billion in Q1 2025, representing a year-on-year increase of 43.6%. This improvement was driven by higher merchandise exports and lower imports. Exports totaled SAR 312.8 billion, recording a year-on-year growth of 8.7%, while imports amounted to SAR 222.3 billion, reflecting an annual decrease of 1.0%.

Regarding **prices**, Q1 2026 witnessed limited inflationary pressures, leading to a modest increase in consumer prices during the quarter. The housing and related services sector was the primary driver of this rise, reflecting higher rental costs, given its significant weight in the index. Wholesale prices also increased, supported by higher prices of transportable goods, as well as agricultural and fishing products.

The **real estate sector** experienced a slowdown in real estate transactions in Q1 2026. Approximately 30.6 thousand real estate transactions were executed during the quarter, reflecting a year-on-year decline of 52.9%, with a total value of SAR 30.6 billion. At the same time, real estate financing continued to expand, with bank credit extended to real estate activities recording a year-on-year growth of 9.2% during Q1 2026, reaching SAR 408.9 billion.

Point of Sale (POS) consumer spending recorded a year-on-year growth of 4.4% in Q1 2026, with the total value of POS transactions reaching SAR 189.7 billion during the quarter. This growth was driven by sustained consumer purchasing despite ongoing inflationary pressures. The food and beverages sector accounted for the highest number of transactions, with approximately 683.0 million transactions. Meanwhile, driven by increased demand for digital services, the telecommunications sector recorded the highest annual growth in transaction volumes, rising by 60.8%.

Non-oil revenues recorded a year-on-year growth of 2.1%, reaching SAR 116.3 billion in Q1 2026. In contrast, **oil revenues** declined by 3.4% to SAR 144.7 billion during the same period. On the expenditure side, **government expenditures** increased by 20.0% compared with the same period of the previous year, totaling SAR 386.7 billion. As a result, the Kingdom's budget recorded a fiscal deficit of SAR 125.7 billion.

Concerning **monetary indicators**, Saudi Arabia's broad money supply (M3) recorded a year-on-year increase of approximately 8.2% in Q1 2026, reaching SAR 3,307 billion. This expansion was driven by a 15.6% rise in time and savings deposits, which represent the second-largest component of total money supply, accounting for 37.6%, and totaling SAR 1,243 billion. Meanwhile, the Saudi Interbank Offered Rate (SAIBOR) stood at 4.85%.

The **unemployment rate** among Saudis declined to 6.4% in Q1 2026, compared with 7.2% in the previous quarter. This improvement was primarily driven by a 1.3 percentage point quarter-on-quarter decrease in the female unemployment rate, which fell to 9.0%. Meanwhile, the Saudi labor force participation rate declined by 0.5 percentage points on a quarterly basis, reaching 49.0% in Q1 2026.

Chapter one

The Global Economy

Global Economic Growth: Relative resilience in global economic performance despite geopolitical pressures in Q1 2026

Inflationary challenges are intensifying, particularly for emerging economies, amid rising food and energy prices

In Q1 2026, global economic uncertainty persisted, driven by geopolitical developments and trade tensions. Nevertheless, economic activity demonstrated a degree of resilience. Numerous central banks also adopted a more cautious monetary stance, keeping interest rates at their current levels or delaying rate cuts amid continued inflationary pressures stemming from geopolitical tensions and elevated energy prices.

Estimates indicate that global growth is expected to remain stable in 2026 at around 3%, supported by resilient consumption, improved financing conditions, and continued investment in modern technologies and artificial intelligence. The growth rates, being higher than the average of the last three years, reflect the global economy's ability to adapt to prevailing challenges.

Global trade also faced increasing pressures during Q1 2026, driven by the persistence of trade restrictions and tariffs. Toward the end of the period, additional risks emerged, reflected in escalating geopolitical tensions in the Middle East, accompanied by disruptions in certain shipping routes and higher transportation and energy costs.

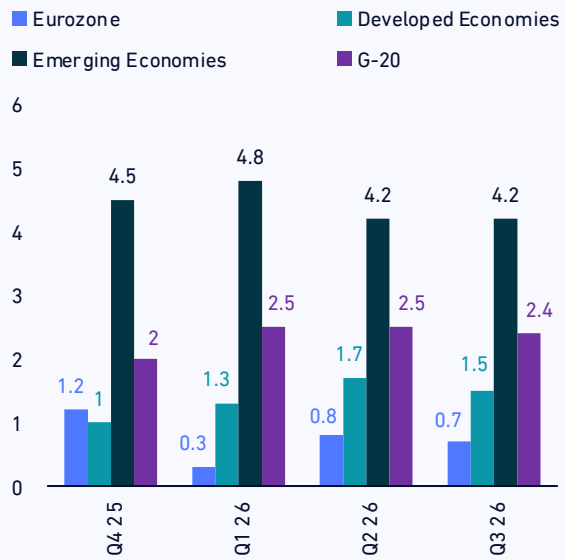
On global financial markets, performance was mixed during Q1 2026. Expectations of monetary easing supported investor sentiment; however, the escalation of geopolitical risks toward the end of the period led to increased volatility in global markets.

Risks remain elevated amid ongoing geopolitical tensions and uncertainty surrounding the trajectory of global trade policies. In addition, several major economies continue to face challenges related to weak industrial activity, slowing investment, and sustained pressures in certain real estate sectors, which may weigh on growth momentum in the periods ahead.

Estimates indicate that developed economies are expected to record growth of around 1.6% in 2026, supported by continued consumer spending and relatively improved financial conditions. In the eurozone, growth is projected at approximately 0.8%, amid continued weak economic momentum despite improvements in the services sector. Meanwhile, emerging market and developing economies are expected to remain the primary driver of global growth, expanding by around 4.1% in 2026.

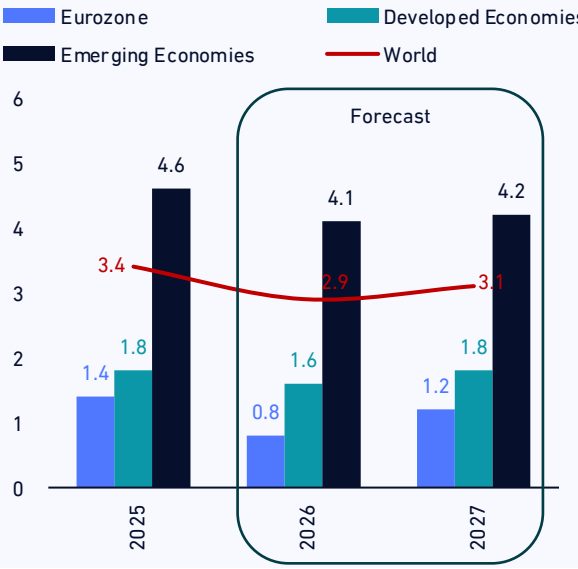
Overall, Q1 2026 reflects the continued resilience of the global economy. However, escalating geopolitical tensions, alongside mounting pressures on global trade and energy markets, have heightened uncertainty, underscoring the need for continued cautious monitoring of risks that may affect growth prospects in the periods ahead.

Figure 1: Quarterly growth rate of the global economy (Percentage, annual basis)



Source: Bloomberg

Figure 2: Annual growth rate of the global economy (Percentage)



Source: Bloomberg

Global Inflation

Rising inflation following a modest decline at the beginning of the year, accompanied by a cautious monetary policy stance

Global inflation continued its downward trajectory throughout most of Q1 2026; however, inflation dynamics varied across advanced and emerging economies. Inflationary pressures began to intensify again toward the end of the quarter, driven by escalating geopolitical tensions in the Middle East, as well as rising energy prices and higher transportation and shipping costs. Despite this, average global inflation remained at approximately 3.7%, supported by improvements in global supply chains and the fading impact of previous monetary tightening cycles. Nevertheless, inflation rates continue to exceed target levels in several economies, prompting central banks to adopt a more cautious approach to monetary policy, particularly amid persistently elevated levels of public and private debt across several economies.

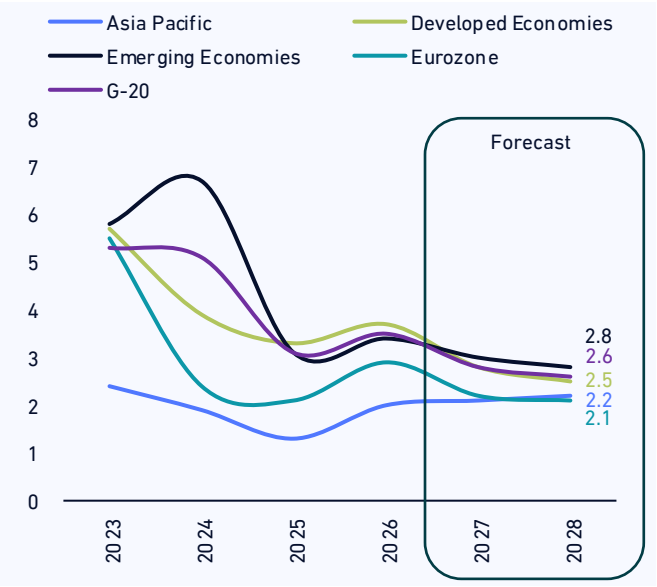
Despite increasing inflationary pressures, major economies are expected to continue implementing fiscal policies that support growth and investment, particularly in advanced technology sectors. In contrast, emerging economies continue to face challenges related to financial market volatility and capital flows.

In the United States, inflation continued to decline during the first two months of 2026. The moderation in inflation in January and February was driven by more balanced consumer demand and improving labor market conditions. Easing pressures on goods prices also supported this trend, despite continued increases in the cost of certain services and the impact of trade restrictions on some sectors. However, inflation, driven by higher energy prices, recorded a notable increase in March, influenced by escalating geopolitical tensions in the Middle East. As a result, the United States has adopted a cautious approach to monetary policy, maintaining interest rates or potentially implementing limited increases.

In the eurozone, inflation continued to move closer to target levels during January and February 2026, supported by stable energy prices and relatively improved financial conditions at that time. The tight monetary policies implemented in previous periods also contributed to containing price pressures and enhancing price stability, despite ongoing weak economic activity in some member states. However, escalating geopolitical tensions, coupled with rising energy prices at the beginning of March, reintroduced inflationary pressures across the region, reinforcing the European Central Bank's cautious approach to interest rate policy.

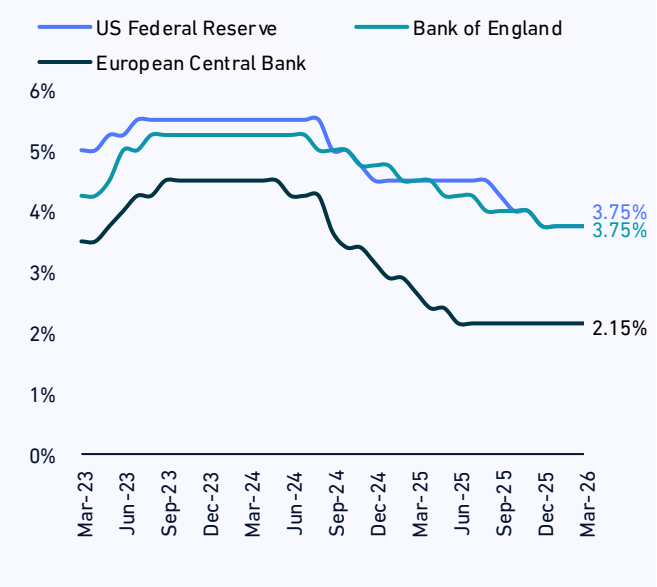
In China, economic activity in Q1 2026 was affected by the continued weakness in the real estate sector and declining external demand owing to trade restrictions. While government stimulus measures helped mitigate the slowdown in growth, the Chinese economy continued to face challenges related to falling exports and declining investor confidence. Average inflation increased to 0.9% in Q1 2026 compared to 0.6% in Q4 2025.

Figure 3: Headline inflation rates
(Percentage, annual basis)



Source: Bloomberg

Figure 4: Economic policy rates
(Percentage)



Source: Bloomberg

Global Economic Outlook

Weak industrial activity and persistent uncertainty are exerting pressures on global economic performance

First: Heightened Risks

Uncertainty surrounding global trade policies persisted throughout Q1 2026, as ongoing trade restrictions and tariffs imposed among major economies continued to represent a key source of risk to the global economy. While companies have demonstrated an improved ability to adapt to this environment—through restructuring supply chains and diversifying markets and production sources—the continuation of trade constraints continues to limit the efficiency of international trade and increase production and investment costs across several sectors, particularly in technology and manufacturing industries.

Geopolitical uncertainty—particularly in the Middle East, Eastern Europe, and parts of Asia—continues to exert pressure on global inflation expectations, driven by heightened risks associated with energy prices and global shipping costs.

On the other hand, some developed economies have begun to face challenges related to weak industrial activity and continued moderation in external demand. At the same time, certain real estate sectors—particularly in China—continue to experience pressures that are weighing on investment levels and economic confidence.

Moreover, elevated levels of public and private debt globally remain among the most significant long-term structural risks. Persistently high debt levels increase the vulnerability of many economies to financial volatility and sudden shifts in global market conditions.

Second: Trends Supporting Global Economic Resilience

Investments associated with digital transformation and advanced technologies continued to play an increasingly important role in supporting global growth, particularly in areas such as artificial intelligence, cloud computing, semiconductors, and digital infrastructure. These investments contribute to higher productivity, improved business efficiency, and enhanced economic competitiveness over the long term.

In the area of trade and investment, many countries continued to strengthen regional economic cooperation and develop regulatory frameworks related to digital trade and investment flows. These efforts contribute to enhancing the resilience of supply chains and reducing reliance on limited production sources. They also support the global economy's ability to withstand external shocks and adapt to rapidly evolving economic conditions.

At the same time, investment in renewable energy and sustainable infrastructure continued to expand during Q1 2026, driven by climate objectives and the transition toward low-emission energy sources. These investments are expected to support economic growth, create new employment opportunities, and enhance energy security over the long term.

Overall, developments in Q1 2026 reflect a continued balance between risks and challenges on the one hand, and growth-supporting factors on the other. While the global economic environment remains subject to a degree of uncertainty, improving financial conditions and sustained investment in future-oriented sectors are enhancing the global economy's capacity to adapt and sustain growth in the periods ahead.

Moreover, the de-escalation agreements announced later between the United States and Iran contributed to easing geopolitical risks and stabilizing volatility in energy and financial markets through Q2 2026. While the coming period will reveal the durability of these agreements and whether they will exert upward or downward pressure on prices and energy markets.

Table 1: Selected indicators for G20 countries (Q1 2026)

G20		Real GDP Growth (%)*	Inflation (%)**	Monetary Policy rate (%)[1]**	IPI (%)**	PMI (Point)**
	ARGENTINA	2.30	32.60	29.00	5.07	-
	AUSTRALIA	2.50	4.60	4.10	2.54	49.80
	BRAZIL	1.84	4.14	14.75	4.40	4900.
	CANADA	-0.14	2.40	2.25	-	5000.
	CHINA	5.00	1.00	300.	5.70	50.80
	EU	0.30	2.60	2.15	-2.80	51.60
	FRANCE	0.90	1.70	2.15	1.20	5000.
	GERMANY	0.50	2.70	2.15	-3.40	52.20
	INDIA	7.80	3.40	5.25	300.	53.90
	INDONESIA	5.61	3.48	4.75	-	50.10
	ITALY	0.83	1.50	2.15	1.40	51.30
	JAPAN	0.40	1.50	0.75	2.40	51.60
	KSA	3.00	1.80	4.25	-14.10	48.80
	MEXICO	0.20	4.59	6.75	-1.30	48.90
	RUSSIA	-0.20	5.86	1500.	2.30	48.30
	SOUTH AFRICA	2.06	3.10	6.75	1.50	50.80
	SOUTH KOREA	3.80	2.20	2.50	3.80	52.60
	TÜRKIYE	2.48	30.87	3700.	-1.13	47.90
	USA	2.70	3.30	3.75	1.67	52.30
	UK	0.90	3.30	3.75	000.	5100.

Source: Bloomberg, 2026

[1] July 2025 for Argentina.
*GDP data for Q1 2026.
**Inflation, Monetary policy rate, IPI, and PMI data for March 2026.

Chapter two

The Saudi Economy

Gross Domestic Product (GDP): Growth of 3.0% in Q1 2026, supported by the positive performance of oil and non-oil economic activities

Rising contribution of non-oil activities reflects the strength of the Saudi economy and the diversity of its growth sources

Saudi Arabia's real Gross Domestic Product (GDP) recorded a year-on-year growth of 3.0% in Q1 2026, supported by the positive performance of oil, non-oil, and government activities. This reflects the economy's resilience in the face of fluctuations in energy and food markets driven by geopolitical developments in the region.

Non-oil activities reinforced growth momentum in Q1 2026, recording a year-on-year increase of 2.9%. Leading this performance was the wholesale and retail trade, restaurants, and hotels sector, which accounts for 11.8% of GDP and recorded annual growth of 2.2%.

The contribution of non-oil activities to GDP increased in Q1 2026, reaching 55.5% compared with 53.9% in the previous quarter, with a total value of SAR 689.5 billion. This growth reflects the continued progress of economic diversification efforts, supported by investments in mega projects, infrastructure development, and tourism. It also underscores the advancement toward achieving the objectives of Saudi Vision 2030 and strengthening the role of the non-oil economy in driving overall economic growth.

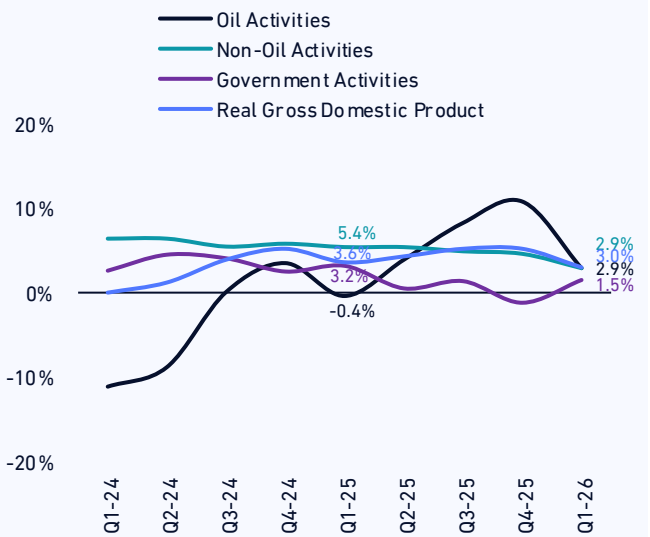
Oil activities recorded year-on-year growth of 2.9% in Q1 of 2026. However, they declined by 10.8% on a quarterly basis. All economic activities posted positive growth rates during this period. Mining and quarrying activity, which contributes around 20.0% of total GDP, grew by 3.7% to reach SAR 248.3 billion. Meanwhile, manufacturing, accounting for 17.0% of total GDP, recorded a year-on-year increase of 3.3%, reaching SAR 210.8 billion.

Oil activities accounted for 24.6% of GDP in Q1 2026, compared with 26.9% in the previous quarter. Despite the decline in their relative share, the oil sector continues to represent a key driver of the Saudi economy, given its vital role in supporting growth and enhancing national revenues.

Government activities also recorded a year-on-year growth of 1.5%, while declining by 0.9% on a quarterly basis. Despite this decline, the annual performance supported domestic demand, alongside the ongoing implementation of major projects.

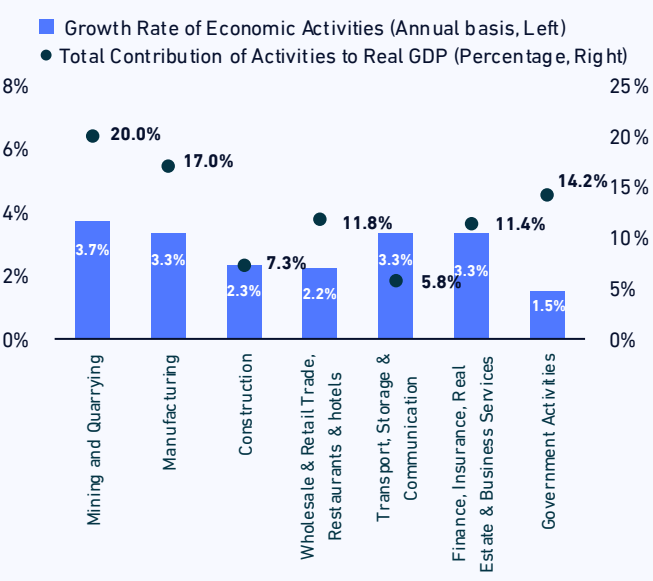
Q1 2026 data indicate a diversification of economic growth drivers, supported by the positive performance of both the industrial and services sectors. This diversification contributes to strengthening the resilience of the Saudi economy and supporting the sustainability of its growth, while enhancing its capacity to withstand risks, particularly fluctuations in oil prices. In addition, the Kingdom's ability to secure alternative sources of commodity supplies helped sustain economic momentum and ensure the continuity of growth.

Figure 5: Real GDP growth (Percentage, annual basis)



Source: General Authority for Statistics

Figure 6: Growth Rate of most prominent economic activities in Real GDP, Q1 2026 (Percentage)



Source: General Authority for Statistics

Industrial Production: Continued expansionary performance in Q1 2026

Sustained momentum is expected to continue throughout the remainder of the year, driven by the diversification strategy and the expansion of the non-oil industrial base

The Industrial Production Index (IPI) recorded a year-on-year increase of 3.8% in Q1 2026, driven by growth in manufacturing activities, reflecting notable resilience in the Kingdom's industrial sector amid a challenging external environment. Despite a slowdown in March, influenced by escalating geopolitical tensions in the Middle East, the average performance for the quarter remained positive, underscoring the strength of the sector's underlying fundamentals.

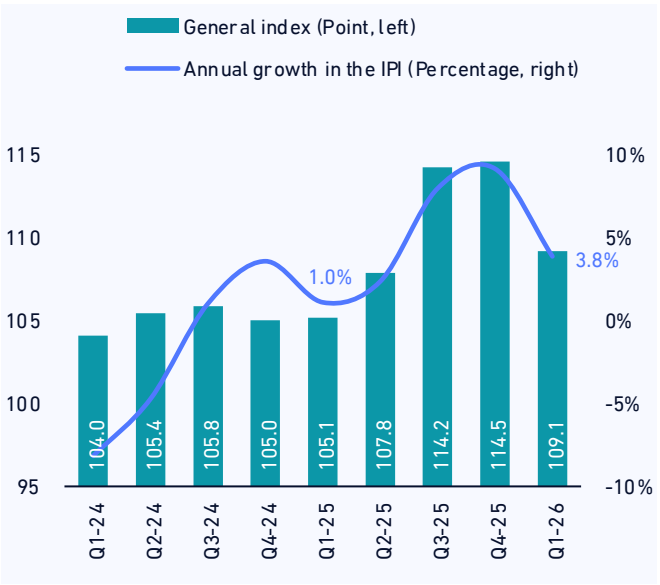
Under the main classification of economic activities, oil activities recorded a year-on-year increase of 4.3%, supported by OPEC+ adjustments that enabled the Kingdom to expand oil production during the quarter. As a result, average production reached 9.3 million barrels per day in Q1 2026, compared with 8.9 million barrels per day during the same period of the previous year. This performance was reflected in the growth of the manufacture of coke and refined petroleum products, which increased by 4.6%, as well as crude oil and natural gas extraction, which rose by 4.2%.

In the same context, non-oil activities increased by 2.7% year-on-year, showing significant resilience and driven by growth in manufacturing, which expanded by 2.5% on an annual basis. The manufacture of chemicals and chemical products, food products, and other non-metallic mineral products were the most influential contributors to the index, rising by 3.6%, 2.0%, and 1.2%, respectively, compared with the same period of the previous year.

Manufacturing remains a cornerstone of economic diversification in the Kingdom, having recorded notable growth in recent years, driven by Saudi Vision 2030 and its national initiatives, which have prioritized broadening the economic base and reducing dependence on oil. Among the most prominent of these initiatives is the "Made in Saudi" program, launched in 2021, which aims to leverage national talent and transform local innovations into globally competitive products. These efforts contribute to the localization of supply chains, reduce reliance on imports, and strengthen the Kingdom's position as a leading industrial hub at both the regional and international levels.

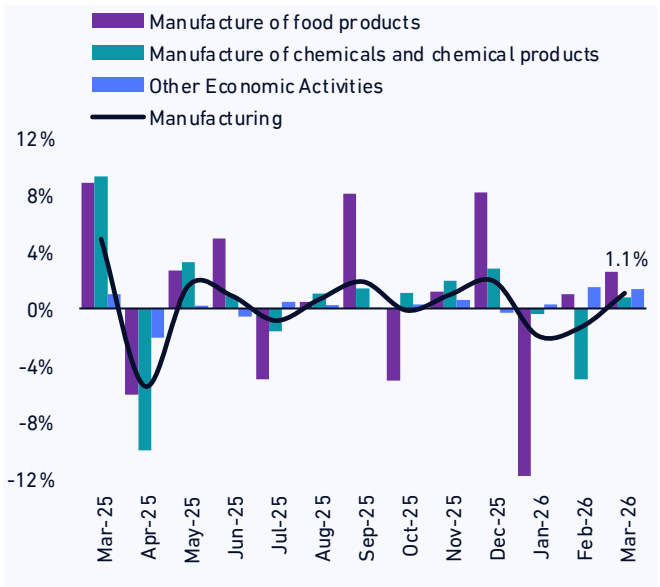
The index for electricity, gas, steam, and air conditioning supply increased by 5.2% year-on-year in Q1 2026. This growth reflects the continued expansion in production capacity and rising demand associated with growing industrial and population activity, particularly in light of renewable energy projects and the expansion of the national electricity grid. Similarly, the index for water supply, sewerage, waste management, and remediation activities rose by 2.1% year-on-year, highlighting the ongoing development of infrastructure and improvements in the management of utility services.

Figure (7): Annual Growth of the Industrial Production Index (IPI) (Percentage)



Source: General Authority for Statistics

Figure 8: Monthly growth of key manufacturing activities (Percentage)



Source: General Authority for Statistics

Purchasing Managers' Index (PMI): Quarterly average performance declined due to geopolitical tensions

Optimism regarding improved non-oil economic activity, supported by government projects and stronger demand

The Riyad Bank Purchasing Managers' Index (PMI) for the non-oil private sector moderated in Q1 2026, averaging 53.7 points, compared with 58.7 points in the previous quarter, while remaining in expansionary territory.

This moderation was driven by the decline recorded in the final month of the quarter, as the index fell into contractionary territory in March 2026, registering 48.8 points, compared with 56.1 points in February and 56.3 points in January. This marks only the second contraction since the index's inception in 2009 and reflects weaker demand amid escalating geopolitical tensions in the region.

It was observed that new orders in March did not maintain the strong pace recorded in January 2026. Export orders also registered their largest decline in years, falling by around 11 points, reflecting weakened external demand amid geopolitical tensions. This, in turn, was reflected in production levels, which experienced a notable decline, as companies scaled back their operations in response to reduced inflows of new business.

The employment component of the index also recorded a decline, driven by reduced business volumes and weaker demand. Some firms indicated that they adopted more cautious hiring policies toward the end of the first quarter, with a focus on cost containment and improving operational efficiency amid a more challenging economic environment.

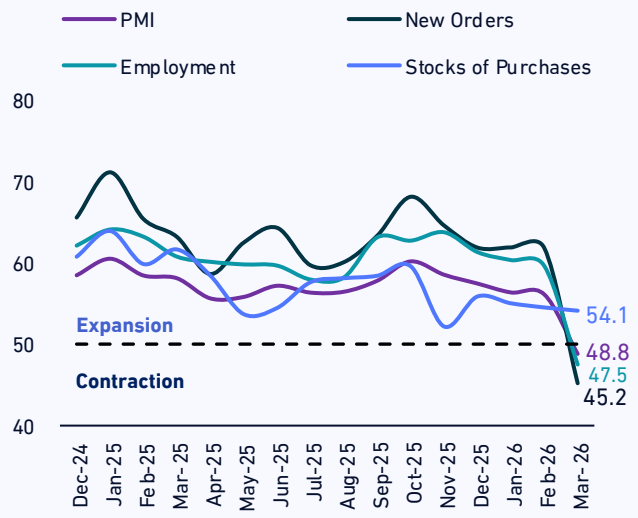
Meanwhile, the supplier delivery times index recorded the longest delays since August 2021, reflecting supply chain disruptions and elevated shipping costs. In addition, the scaling back of purchases amid weaker demand led to a decline in inventory levels.

In contrast, the input cost component remained in expansionary territory in March 2026, despite moderating slightly compared with its level in February, driven by higher raw material prices and increased transportation costs. Selling prices also recorded a slight decline compared with the previous month, as companies attempted to pass on part of the cost increases to customers; however, competitive pressures limited their ability to raise prices.

Business expectations indicated a cautiously optimistic outlook for economic activity in the coming months, supported by improving demand. However, the expectations index in the final month of Q1 2026 remained below the levels recorded in January and February.

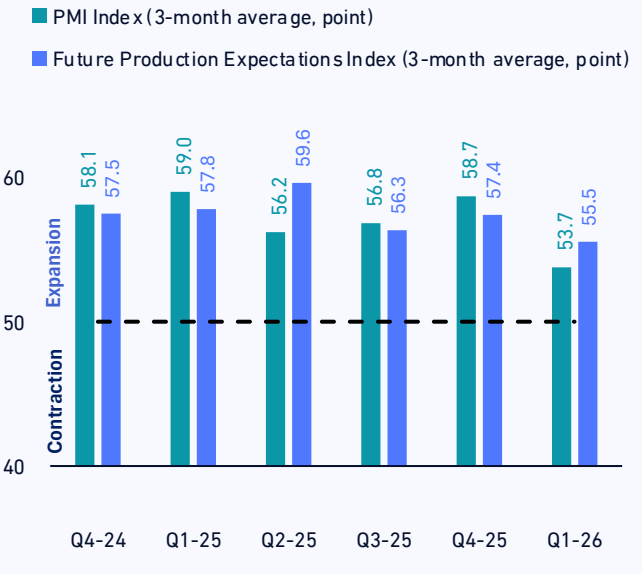
Private sector participation in economic growth is expected to expand, particularly with the rising contribution of the sector to GDP. This outlook is further supported by increased government spending in non-oil sectors, the creation of an enabling and attractive business environment, the continued implementation of national strategies, and the accelerated delivery of major projects to create a more attractive environment for sustainable growth.

Figure 9: Monthly performance of the Purchasing Managers' Index (PMI) (Point)



Source: Riyad Bank & S&P Global

Figure (10): PMI quarterly average and the Future Production Expectations Index



Source: Riyad Bank & S&P Global

Foreign Trade: Trade balance surplus increased by 43.6% in Q1 2026

Merchandise exports continue to grow, with a notable increase in re-export activity

Saudi Arabia's trade balance recorded a strong improvement in Q1 2026, with the surplus rising by 43.6% year-on-year to approximately SAR 90.5 billion, compared with SAR 63.0 billion in Q1 2025. This performance was driven by growth in merchandise exports alongside a decline in imports. Exports increased by 8.7% year-on-year to reach SAR 312.8 billion, while imports declined by 1.0% to SAR 222.3 billion over the same period.

The non-oil trade deficit also improved by 4.9% year-on-year, narrowing to SAR 136.2 billion in Q1 2026 from SAR 143.2 billion in Q1 2025, supported by a 5.8% increase in non-oil exports, alongside a 1.0% decline in imports during the same period.

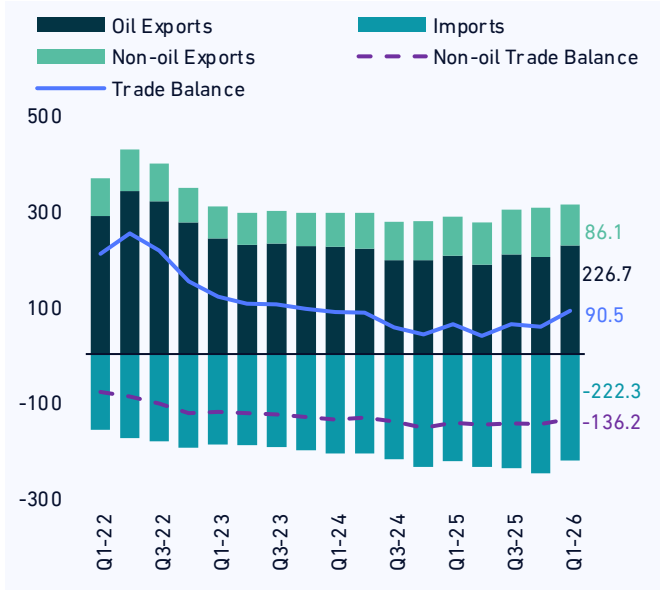
Oil exports recorded a year-on-year growth of 9.9% in Q1 2026, reaching SAR 226.7 billion, compared with SAR 206.3 billion in the corresponding quarter of the previous year. As a result, the share of oil exports in total merchandise exports increased to 72.5%, up from 71.7% in Q1 2025. This growth was partly driven by an improvement in average global oil prices, which rose by around 6.0% year-on-year, from USD 75.8 per barrel to USD 80.2 per barrel over the same period.

Non-oil exports increased by 5.8% year-on-year in Q1 2026, reaching approximately SAR 86.1 billion. Re-exports amounted to around SAR 38.3 billion, recording a strong year-on-year growth of 32.9% compared with the same period of the previous year. Re-exports accounted for approximately 44.5% of total non-oil exports and represented 12.3% of total merchandise exports, continuing to contribute to the expansion of non-oil exports and the strengthening of the Kingdom's foreign trade activity.

In terms of the composition of non-oil exports, machinery and electrical equipment ranked first, with exports valued at approximately SAR 22.1 billion in Q1 2026. This category accounted for 25.7% of total non-oil exports and recorded strong year-on-year growth of 57.5%. Chemical industry products ranked second, with exports amounting to around SAR 17.9 billion, representing 20.8% of the total, despite a year-on-year decline of 10.1%. Plastics and related products came in third, with exports valued at approximately SAR 14.7 billion, accounting for 17.1% of total non-oil exports, and recording a year-on-year decrease of 16.5%.

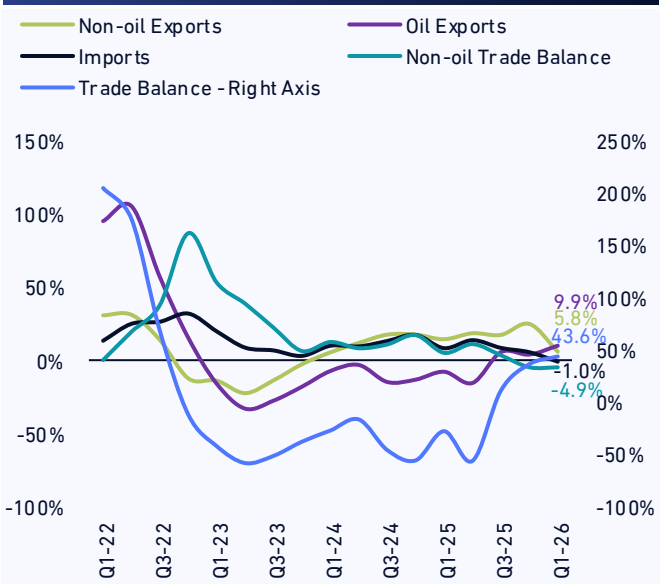
Saudi Arabia's export performance reflects ongoing shifts in the structure of non-oil exports, with the contribution of certain activities related to re-exports and value-added industrial products increasing, while the contribution of other sectors has declined.

Figure 11: Volume of exports, imports, and trade exchange (SAR billion)



Source: General Authority for Statistics

Figure 12: Growth rate of exports, imports and trade exchange (Percentage, on an annual basis)



Source: General Authority for Statistics

Foreign Trade

Declining imports of final consumer goods result in a slight contraction in total imports

The Kingdom's imports in Q1 2026 declined by 1.0% year-on-year to approximately SAR 222.3 billion, driven by a 12.5% year-on-year decline in imports of final consumer goods, which accounted for 29.5% of total imports. In contrast, imports of capital and intermediate goods accounted for 70.5% of total imports, recording a 4.7% annual increase.

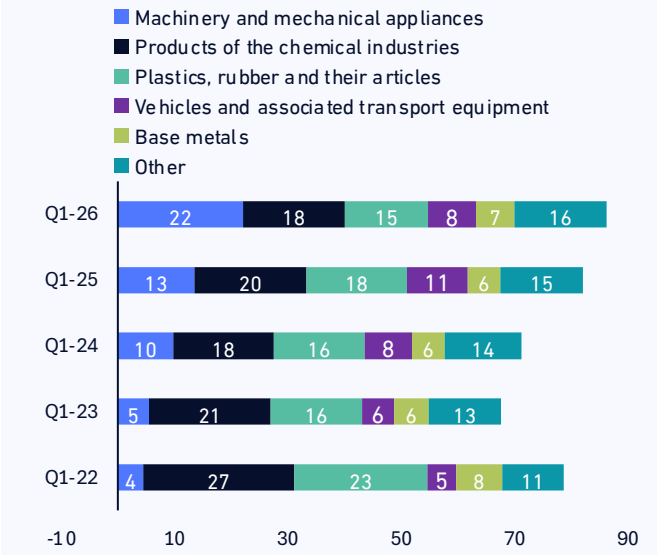
Imports of machinery and electrical equipment led import categories in Q1 2026, totaling approximately SAR 67.8 billion, accounting for 30.5% of total imports and recording year-on-year growth of 17.1%. Transport equipment ranked second, representing 10.9% of total imports, despite a decline of 22.2%. Base metals ranked third, declining by 9.2% and accounting for approximately 9.1% of total imports.

Among the Kingdom's key trading partners, the United Arab Emirates topped the list of importers of non-oil exports in Q1 2026, with a value of SAR 28.8 billion, representing 33.4% of total non-oil exports. Exports to the UAE were concentrated in the categories of machinery and electrical equipment and transport equipment, which together accounted for approximately 75.2% of the total, including re-exports. India ranked second, with exports valued at approximately SAR 6.6 billion (7.6% of the total), while chemical products constituted the largest share of exports to India, accounting for approximately 36.8% of the total. China ranked third, with exports amounting to approximately SAR 5.6 billion (6.5% of the total), concentrated in plastics, rubber and their articles, as well as chemical products, which together accounted for approximately 60.2% of the total. The growth in non-oil exports in Q1 2026 supports the objectives of Vision 2030 by promoting economic diversification and increasing the contribution of the non-oil sector to the Kingdom's overall trade.

China maintained its position as the Kingdom's largest supplier in Q1 2026, with imports valued at approximately SAR 63.4 billion, equivalent to 28.5% of total imports. Machinery and electrical equipment accounted for the largest share of these imports. The United Arab Emirates ranked second, with imports amounting to approximately SAR 16.5 billion (7.4% of the total), driven by precious stones, which constituted the largest share of imports from the UAE. The United States ranked third, with imports valued at SAR 16.1 billion (7.3% of the total), primarily concentrated in machinery and electrical equipment, as well as vehicles and transport equipment.

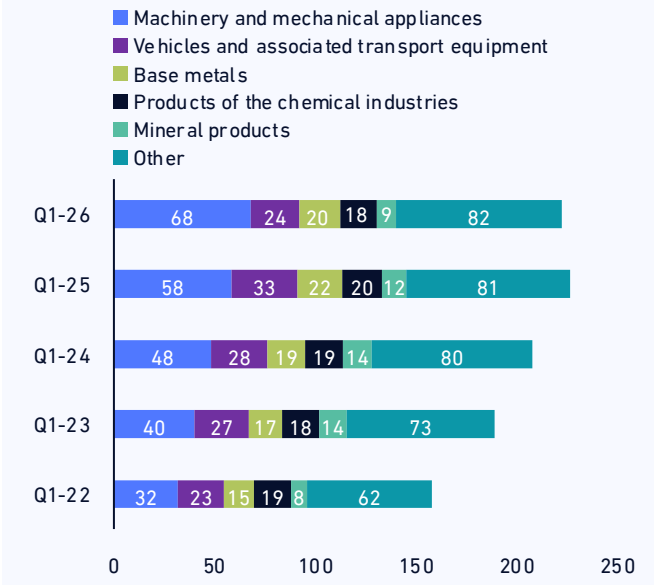
The Kingdom's positive foreign trade performance in Q1 2026 was consistent with GDP growth of 3.0% during the quarter, reflecting the resilience of the Saudi economy in the face of global market volatility and supply chain disruptions.

Figure 13: Non-oil exports by major categories (SAR billion)



Source: General Authority for Statistics

Figure 14: Imports by major categories (SAR billion)



Source: General Authority for Statistics

Prices: Limited inflationary pressures drive a slight increase in consumer prices in Q1 2026

Housing sector drives consumer price growth in Q1 2026

The average Consumer Price Index (CPI) stood at 104.6 points in Q1 2026, increasing by 1.8% annually, driven primarily by a 4.1% increase in the housing and related services group, which accounts for 20.2% of the index weight.

The increase in the housing and related services group was driven by a 5.1% year-on-year rise in actual rents paid by tenants for their primary residences. Other categories also contributed to the annual increase in the CPI, with the miscellaneous personal goods and services category rising by 8.1%, while insurance and financial services, recreation and culture, and transport increased by 2.1%, 2.0%, and 1.3%, respectively. In contrast, the furnishings and household equipment category recorded a decline of 0.6%.

The limited increase in food and beverage prices, despite their relatively high weight of 21.9%, helped contain inflationary pressures, as prices rose by only 0.2% year-on-year. The relative stability in food prices is a positive factor, particularly in light of recent developments, given its importance in mitigating pressures on the cost of living and supporting overall price stability.

Regarding wholesale prices, the average Wholesale Price Index (WPI) stood at approximately 162.1 points in Q1 2026, rising by 3.2% year-on-year. This increase was driven primarily by a 5.9% rise in the other transportable goods excluding metal products, machinery and equipment category, followed by agricultural and fishery products, which increased by 2.8%. The metal products, machinery and equipment category and the food products, beverages, tobacco and textiles category also recorded increases of 1.3% and 0.2%, respectively. In contrast, the raw materials and minerals category registered a year-on-year decline of 0.5% in Q1 2026.

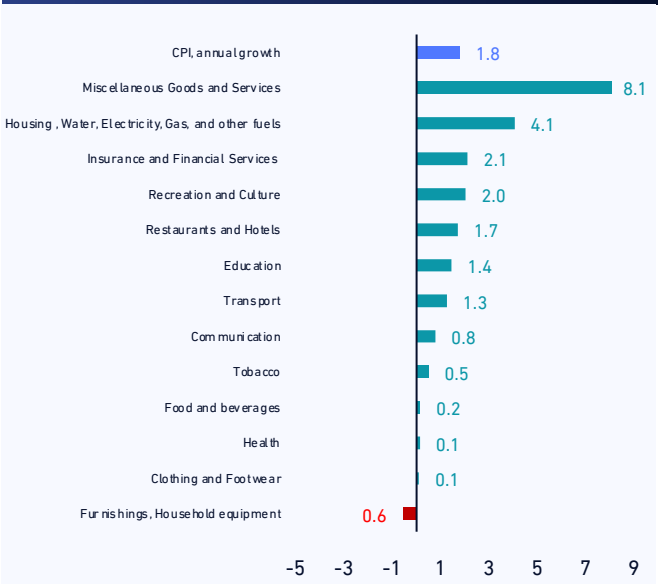
The performance of the CPI in Q1 2026 indicates limited inflationary pressures, driven by rising housing prices and certain service activities, while prices of some goods remained stable or declined. The limited increase in food and beverage prices also indicates a relative containment of cost-of-living pressures, while the limited pass-through of some input cost pressures to consumer prices may reflect the continued containment of inflationary pressures. In contrast, WPI recorded a moderate increase during the same period, driven by higher prices for several transportable goods and agricultural products, alongside a decline in raw materials and minerals prices. Overall, consumer and wholesale prices remained relatively stable compared with their counterparts across G20 countries, supported by improved economic activity.

Figure 15: Consumer price index (CPI) and wholesale price index (WPI) (Percentage)



Source: General Authority for Statistics

Figure 16: Annual rate of change in consumer basket categories for Q1 2026 (Percentage)



Source: General Authority for Statistics

Real Estate Sector: Market shifts and declining transaction volume in Q1 2026

Bank credit extended to real estate activities grew by 9.2%

The real estate sector witnessed a slowdown in real estate transactions in Q1 2026, influenced by several economic and market factors. These include higher ownership costs, financing costs remaining elevated, and buyers' wait-and-see approach, alongside increased supply and regulatory changes that have contributed to rebalancing the market. Approximately 30.6 thousand transactions were executed in the Kingdom's real estate market during the quarter, representing a decline of 52.9% on an annual basis, and a quarter-on-quarter decline of 31.1%, with a total value of SAR 28.3 billion.

In the residential sector, which accounted for 90.6% of total executed real estate transactions, the number of transactions reached approximately 27.7 thousand, declining by 53% year-on-year, with a total value of around SAR 21.1 billion. Transactions also recorded a quarter-on-quarter decline of approximately 31.3%.

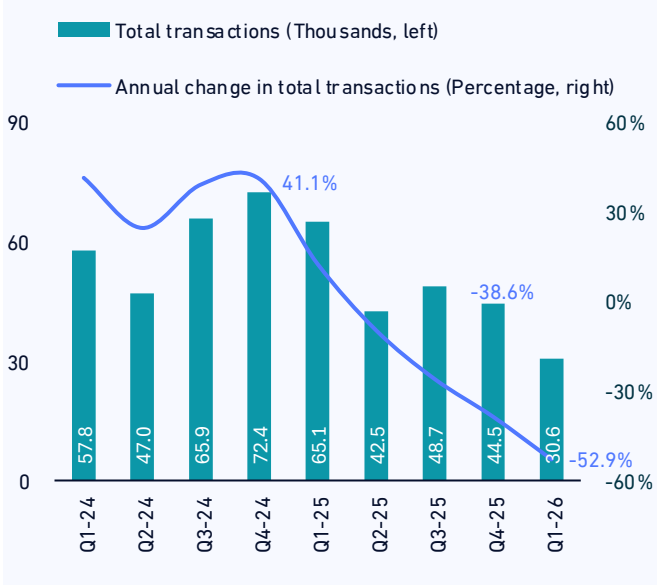
As for the commercial sector, which accounted for 5.5% of total executed real estate transactions, the number of transactions reached 1.67 thousand, recording a year-on-year decline of 59.3%. On a quarterly basis, the number of commercial transactions fell by 37.3%, while the total value of commercial transactions amounted to approximately SAR 5.9 billion. This decline in the commercial real estate sector may be attributed to a market correction phase, efforts to regulate the real estate market, and financing costs remaining at elevated levels.

In the agricultural sector, which accounted for 3.9% of total executed real estate transactions, the number of transactions reached approximately 1.21 thousand, with a value of SAR 1.34 billion, recording a year-on-year decline of 38.0% and a quarter-on-quarter decline of 17.0%.

As for real estate financing, bank credit extended to real estate activities grew by 9.2% year-on-year and 3.9% quarter-on-quarter in Q1 2026, reaching SAR 408.9 billion. The increase in real estate financing despite the decline in transactions may be attributed to the fact that part of this financing may have been directed toward ongoing projects.

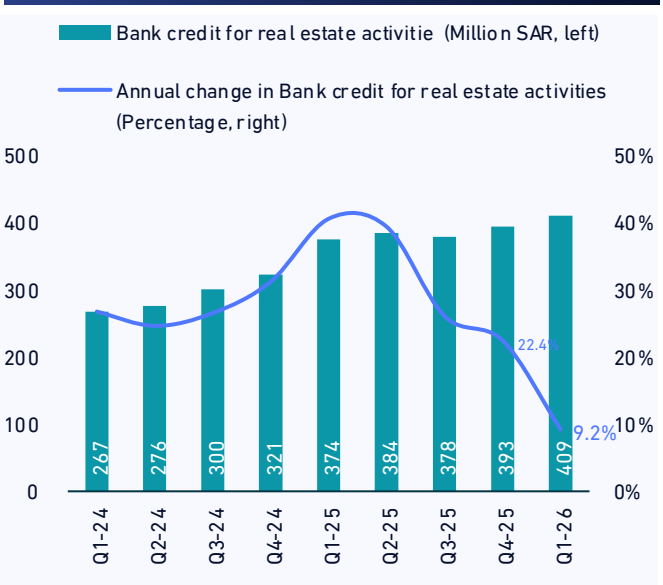
Meanwhile, new residential financing to individuals provided by commercial banks and finance companies declined by 42.5% in Q1 2026, reaching SAR 16.3 billion, while the number of residential contracts signed fell by 34.5% compared with the same period of the previous year.

Figure 17: Total number of real estate transactions



Source: Ministry of Justice

Figure 18: Bank credit for real estate activities



Source: Saudi Central Bank

Real Estate

The real estate price index fell by 1.6% in Q1 2026

The Kingdom's General Real Estate Price Index stood at 103.3 points in Q1 2026, declining by 1.6% on an annual basis.

Residential sector prices fell by 3.6% year-on-year in Q1 2026, driven by declines in the prices of villas, residential land, and apartments of 6.1%, 3.9%, and 1.1%, respectively.

In the commercial sector, land and building prices increased by 3.6% and 2.6% annually, respectively, in Q1 2026, driven by stronger demand for commercial spaces. The agricultural sector also recorded annual growth, supported by an 11.8% increase in agricultural land prices.

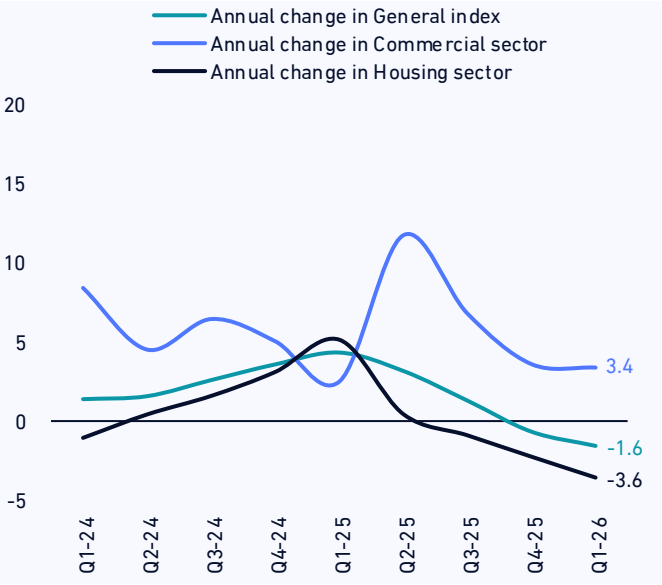
The higher relative weight of the residential sector offset the rising commercial sector prices on the overall index, as the residential sector accounts for 72.7% of the total weight, compared with 25.4% for the commercial sector and 1.9% for the agricultural sector. Despite the increase in commercial sector prices, growth remained below the peak recorded in Q2 2025.

By administrative region, the Eastern Province recorded the highest year-on-year increase in real estate prices in Q1 2026, at 6.9%, followed by Najran at 3.5%, and Tabuk and Aseer at 1.5% and 1.1%, respectively.

In contrast, Al-Baha recorded the sharpest decline at 9.2% annually, followed by Hail at 8.0%, the Northern Borders at 6.6%, and Al-Qassim, Al-Madinah Al-Munawwarah, and Riyadh at 5.1%, 5.0%, and 4.4%, respectively.

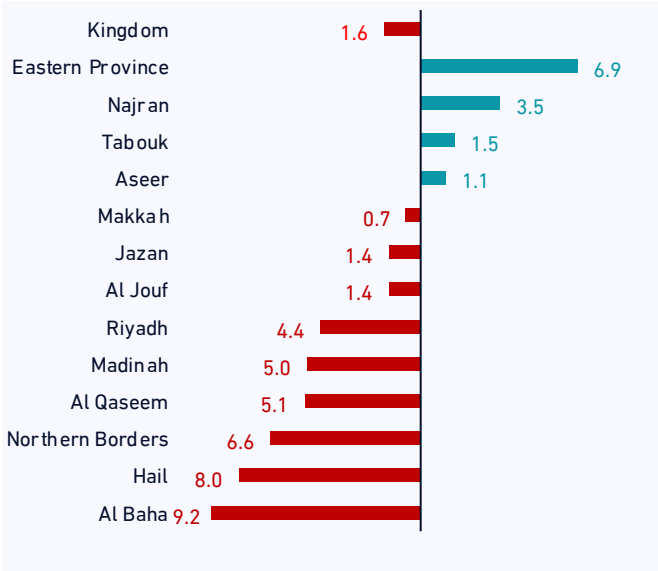
Riyadh experienced a slowdown over the past two quarters compared with the strong growth previously recorded, that had placed it ahead of all other regions. This followed the issuance of Royal directives introducing a set of measures aimed at expanding real estate supply and helping curb the sharp rise in property prices and rental rates in Riyadh. Overall, the Kingdom's real estate market has entered a phase focused on enhancing market efficiency and improving the quality of real estate investments.

Figure 19: The annual change in real estate index (Percentage, annual basis)



Source: General Authority for Statistics

Figure 20: The annual growth of the real estate price index by region (Percentage)



Source: General Authority for Statistics

POS and Cash Withdrawals: Increase in POS transaction value in Q1 2026

Consumers continue to shift toward electronic payments

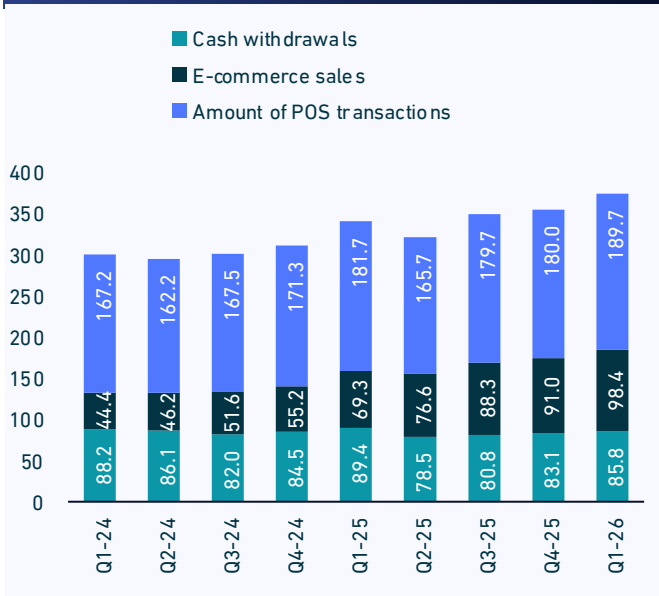
Point of Sale (POS) consumer spending grew in Q1 2026 despite inflationary pressures and supply chain disruptions. POS increased by 4.4% year-on-year, bringing the value of POS transactions to SAR 189.7 billion. The number of POS transactions also rose by 9.9% on an annual basis to 2.9 billion transactions, supported by growth in the food and beverages sector, which recorded the largest number of transactions at approximately 683 million. The telecommunications sector recorded the highest year-on-year growth in transaction volumes at 60.8%, driven by digital acceleration and increased demand for digital services. The faster growth in transaction volumes relative to transaction.

In value terms, the strongest growth in POS sales was recorded in the jewelry, apparel and accessories, and telecommunications sectors, which expanded by 47.0%, 25.9%, and 23.0%, respectively. In contrast, the professional and business services sector recorded the steepest year-on-year decline, at 36.2%, as companies focused on enhancing spending efficiency and digitizing operations. Sales in the health sector and the building materials and construction sector declined by 12.9% and 8.1%, respectively.

As consumers continued to favor electronic payment methods, the value of e-commerce sales increased by 41.9%, while the number of e-commerce transactions rose by 47.7%, supported by a shift toward digital purchasing, particularly during the Ramadan and Eid Al-Fitr promotional seasons. This coincided with a 4.0% decline in Mada cash withdrawals, and with weaker consumer appetite for card payment, the value of card-based sales fell by 2.2%. This trend aligns with the objectives of Saudi Vision 2030 to advance digital transformation and reduce reliance on cash.

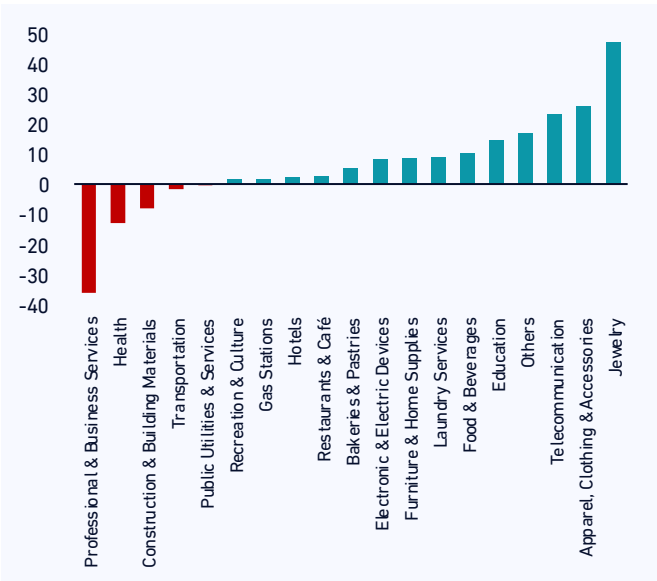
The Kingdom has witnessed significant growth in the licensing of payment platforms and digital banks, reaching 31 licensed companies by the end of March 2026. This expansion contributed to the development of electronic payment solutions and the wider adoption of POS terminals across commercial and service activities. It also facilitated financial transactions and improved payment efficiency. On the back of these developments, the share of digital payments increased from 18% in 2016 to 85% in 2025 of total retail payments made by individuals. The digital economy contributed 15.8% to GDP in 2025, underscoring Saudi Arabia's ambition to strengthen its position as a global financial technology hub.

Figure 21: POS and cash withdrawals and E-commerce sales (SAR billion)



Source: Saudi Central Bank

Figure 22: Annual change in sales by activities for Q1 2026 (Percentage)



Source: Saudi Central Bank

Public Finance: Stronger growth in non-oil revenues in Q1 2026

Higher revenues from taxes on goods and services and other revenues drive growth in non-oil revenues

General government revenues recorded a slight year-on-year decline of 1.0% in Q1 2026, primarily due to a 3.4% decrease in oil revenues.

Non-oil revenues increased to SAR 116.3 billion, rising by 2.1% annually, supported by a 4.7% increase in revenues from taxes on goods and services and a 3.0% increase in other revenues. In contrast, revenues from taxes on income, profits and capital gains, taxes on international trade and transactions, and other tax revenues declined by 11.6%, 0.2%, and 19.5%, respectively.

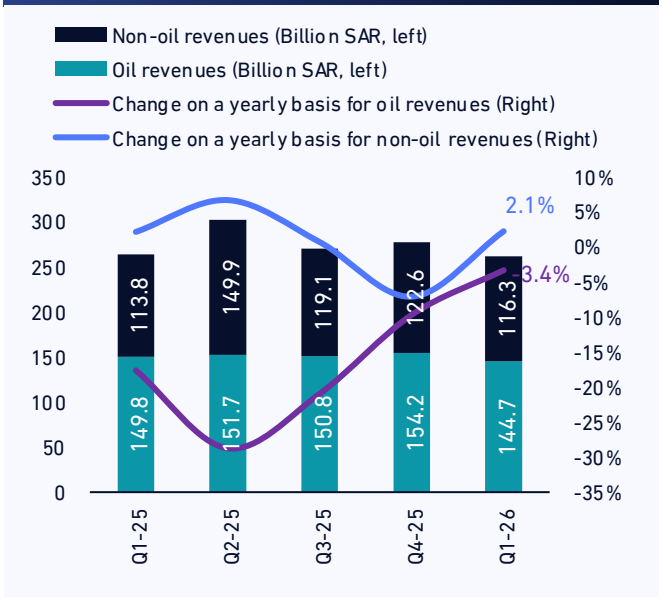
Supported by economic reform programs aimed at diversifying income sources, non-oil revenues accounted for 44.5% of total government revenues, of which 28.7% came from taxes on goods and services.

In terms of expenditure, total government spending increased by 20.0% year-on-year in Q1 2026, reaching SAR 386.7 billion. This was driven by a 16.5% increase in current expenditures to SAR 343.3 billion and a 56.3% rise in capital expenditures to SAR 43.4 billion, supported by accelerated implementation of strategic objectives and increased spending on major projects.

A breakdown of expenditures shows that compensation of employees reached SAR 151.1 billion in Q1 2026, increasing by 3.4% year-on-year and accounting for the largest share of actual government spending at 39.1%. Spending on the use of goods and services ranked second, accounting for 25.4% of total expenditures and amounting to SAR 98.1 billion, recording growth of 51.7% compared with Q1 2025.

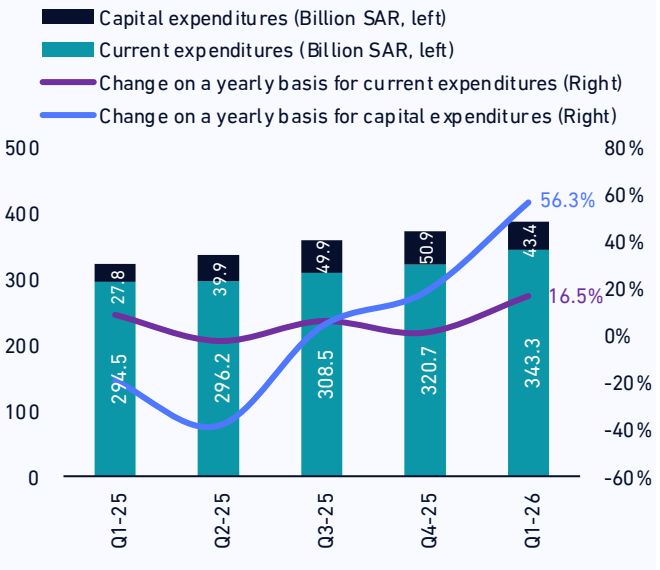
Social benefits spending reached SAR 31.1 billion, reflecting a year-on-year increase of 2.0%. Subsidies and Grants rose by 170.1% and 249.3%, respectively. In contrast, other expenses and financing costs accounted for 8.3% and 3.2% of total expenditures, respectively, amounting to SAR 32.3 billion and SAR 12.3 billion, while declining by 5.5% and 0.8%, respectively.

Figure 23: Revenues



Source: Ministry of Finance

Figure 24: Expenditures



Source: Ministry of Finance

Public Finance

The deficit widened in Q1 2026, driven by accelerated growth in spending on the use of goods and services, alongside increased capital expenditures

The Kingdom's general budget recorded a fiscal deficit of SAR 125.7 billion in Q1 2026, compared with a deficit of SAR 58.7 billion in the corresponding quarter of the previous year. This reflects continued fiscal pressures amid a notable 20% increase in total expenditures. The deficit was financed through record debt issuances during the first quarter, representing a significant increase compared with the first quarters of previous years.

Government deposits declined to SAR 468.6 billion in Q1 2026, compared with SAR 484.3 billion in the corresponding quarter of the previous year, representing a decrease of 3.2%. On a quarter-on-quarter basis, however, government deposits increased compared with Q4 2025.

The Kingdom continues to pursue ambitious economic objectives aimed at improving service quality, enhancing productivity, and encouraging private-sector investment, which is expected to generate substantial financial returns in the future and contribute to reducing the fiscal deficit.

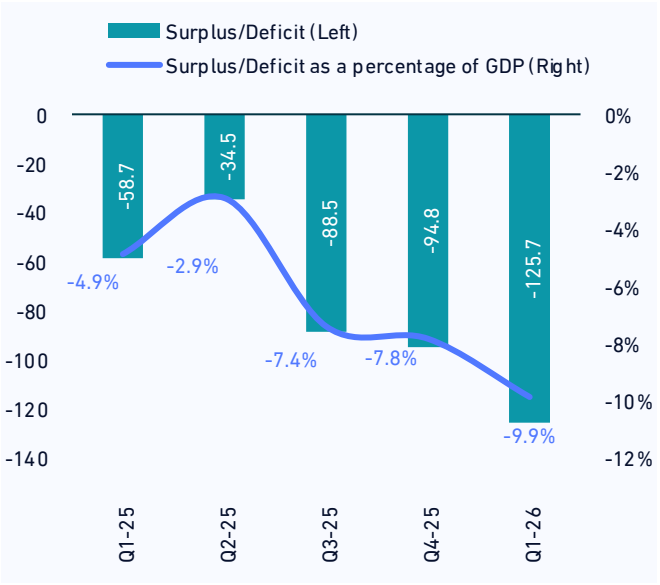
According to data released by the National Debt Management Center, outstanding direct government debt stood at SAR 1,667.2 billion at the end of March 2026, of which SAR 1,042.8 billion was domestic debt and SAR 624.4 billion was external debt. Domestic debt increased by 30.8% on an annual basis, while external debt rose by 17.4%.

The public debt-to-GDP ratio remained low at 33.6% at the end of Q1 2026, supported by the Kingdom's strong fiscal position and contained debt levels, which underpin its strong credit standing.

The increase in total public debt reflects the Kingdom's strategy of diversifying financing sources to ensure the sustainability of spending on major projects and infrastructure without weighing on domestic liquidity. A debt structure tilted toward long-term financing helps reduce refinancing risks and supports government efforts to expand investment in promising sectors such as renewable energy, strengthen fiscal sustainability over the long term, and build reserves to withstand potential market volatility.

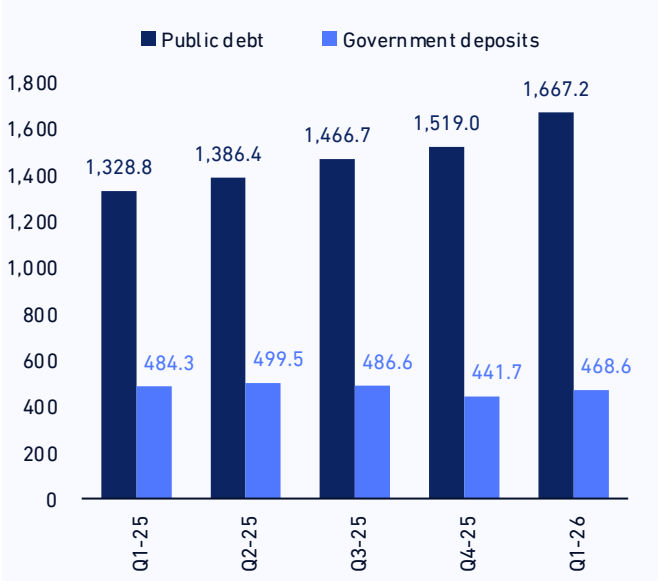
Fitch and S&P Global Ratings affirmed the Kingdom's credit rating at A+, while Moody's maintained its rating at Aa3, all with a stable outlook in 2026, reflecting improvements in economic and fiscal performance resulting from the ongoing implementation of Saudi Vision 2030.

Figure 25: Surplus/Deficit
(SAR billion)



Source: Ministry of Finance

Figure 26: Public debt and government deposits
(SAR billion)



Source: Ministry of Finance

Monetary Performance: Rising money supply and increased bank credit in Q1 2026

Money supply maintains its growth momentum, supported by stable interest rates and rising domestic demand

Total money supply (M3) increased by 8.2% year-on-year by the end of Q1 2026, reaching SAR 3,307 billion.

Demand deposits accounted for 45.5% of total money supply, followed by time and savings deposits at 37.6%, other quasi-monetary deposits at 9.2%, and currency in circulation outside banks at 7.8%.

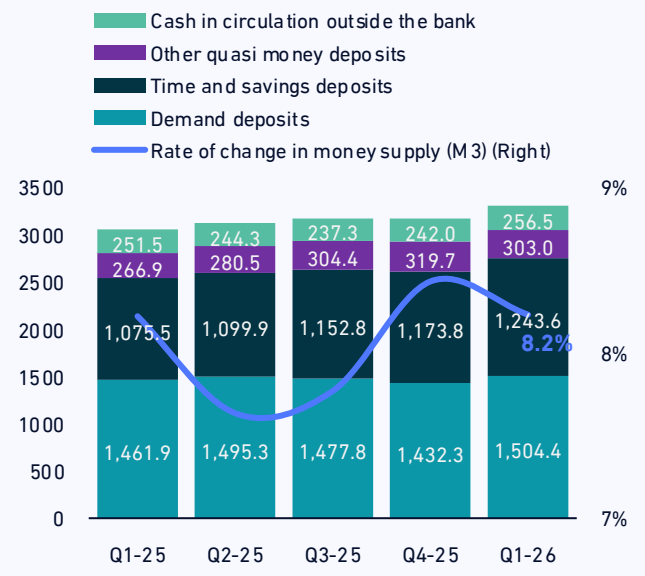
The growth in money supply (M3) was driven by a 15.6% year-on-year increase in time and savings deposits. Other quasi-monetary deposits and currency in circulation outside banks also recorded annual growth of 13.5% and 2.0%, respectively. Total demand deposits increased by 2.9% on an annual basis.

Total bank credit extended recorded year-on-year growth of 8.2% in Q1 2026, reaching SAR 3,355 billion. This was driven by increased credit extended to individuals and real estate activities, which together accounted for 55.4% of total credit, amounting to SAR 1,450 billion and SAR 408 billion, respectively.

Despite relatively high interest rates, demand for financing continued to demonstrate strong momentum, supported by consumer confidence and government support programs.

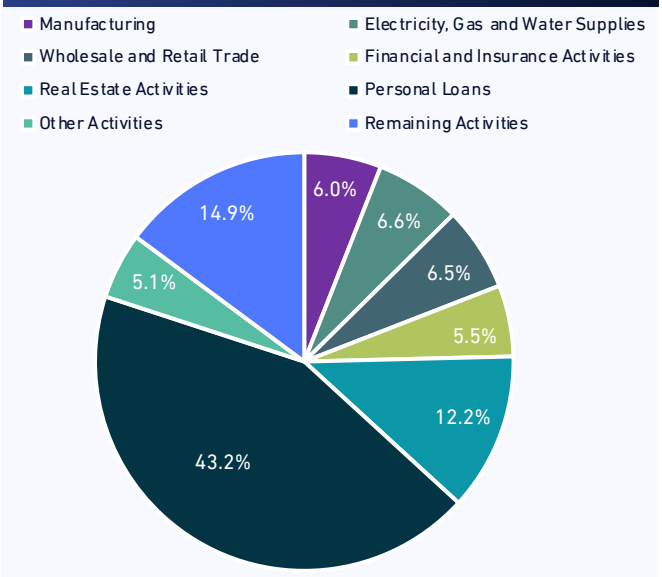
In addition, the electricity, gas and water supply sector, the wholesale and retail trade sector, and the manufacturing sector accounted for approximately 6.6%, 6.5%, and 6.0% of total bank credit, respectively, with values estimated at SAR 222 billion, SAR 218 billion, and SAR 199 billion. This reflects a diversified sectoral distribution that supports the Kingdom's economic diversification objectives.

Figure 27: Components of the money supply (M3) (SAR billion, Percentage)



Source: Saudi Central Bank

Figure 28: Ratio of credit provided to total bank credit by economic activity for Q1 2026 (Percentage)



Source: Saudi Central Bank

Monetary Performance

Stability in interest rates and growth in the Central Bank's reserve assets

The Saudi Central Bank maintained the repo rate at 4.25% during Q1 2026. Meanwhile, the Saudi Interbank Offered Rate (SAIBOR) declined to an average of 4.85%, compared with 5.02% in the previous quarter.

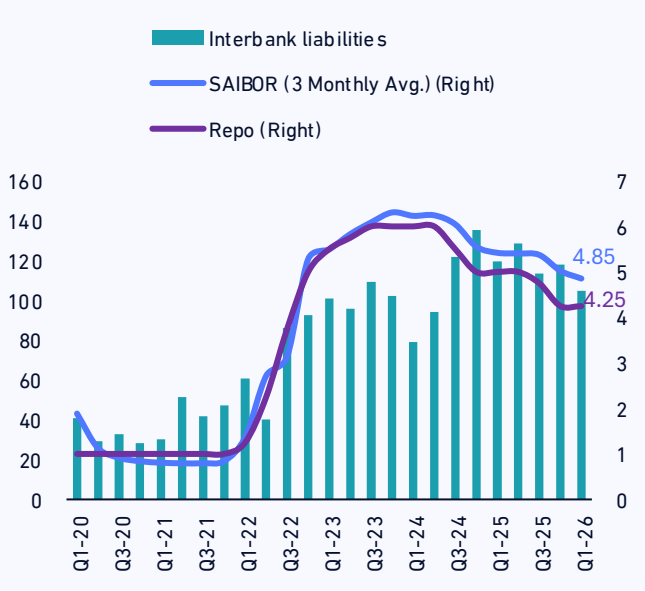
Despite an unchanged policy rate, SAIBOR declined which eased interbank borrowing costs and supporting growth in money supply (M3) during the same period. Interbank liabilities declined to SAR 104.8 billion, compared with SAR 118.1 billion in the previous quarter.

The Kingdom's reserve assets recorded an annual growth of 9.3% in Q1 2026, reaching SAR 1,862 billion, compared with SAR 1,703 billion in the corresponding period of the previous year.

This growth was driven by a 9.6% increase in investments in foreign securities, which accounted for 56.6% of total reserves, reaching approximately SAR 1,054 billion. Foreign currency and deposits abroad increased by 10.1%, while Special Drawing Rights (SDRs) rose by 0.3%, reaching approximately SAR 714.6 billion and SAR 78.7 billion, respectively.

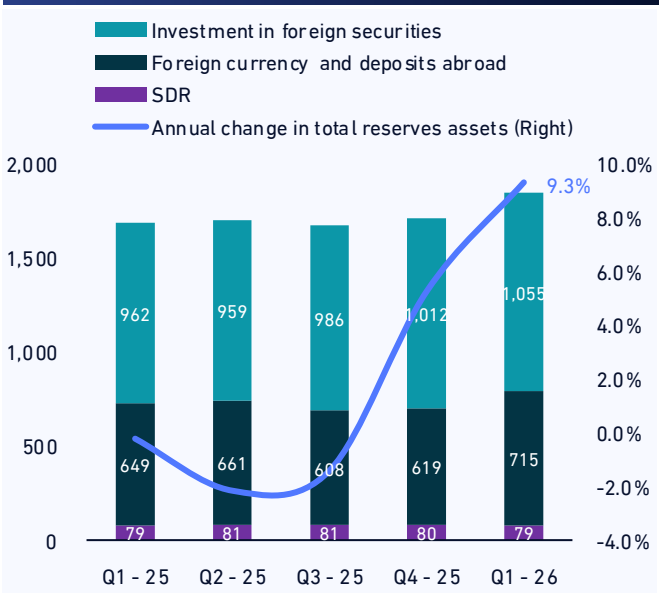
The reserve position with the International Monetary Fund increased by 2.6% to approximately SAR 12.8 billion, while monetary gold reserves remained stable at SAR 1.6 billion.

Figure 29: Monetary indicators (Interest rate, Interbank liabilities) (SAR billion, Percentage)



Source: Saudi Central Bank

Figure 30: SAMA reserve assets (SAR billion, Percentage)



Source: Saudi Central Bank

Labor Market: Unemployment rate among Saudis falls to 6.4% as Saudization and job creation efforts continue

Lowest-ever female unemployment rates in Q1 2026

The Saudi labor market has recently undergone rapid structural transformations that have reshaped the landscape of opportunities and employment in line with the objectives of Saudi Vision 2030. The unemployment rate among Saudis in Q1 2026 stood at 6.4%, down 0.8 percentage points from the previous quarter. On an annual basis, the unemployment rate among Saudis rose slightly by 0.1 percentage points.

The decline in the unemployment rate among Saudis is attributed to the historic drop in the unemployment rate among women, which fell by 1.3 percentage points compared to the previous quarter to reach 9.0%—the lowest on record—as well as a 0.7 percentage point decline in unemployment among men, bringing the rate to 4.9%.

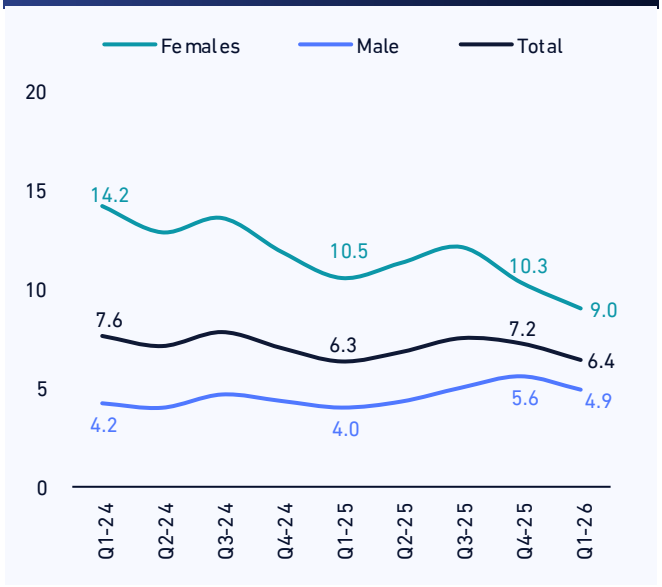
As for the unemployment rate for the total population, it fell by 0.4 percentage points in Q1 2026 compared to the previous quarter, reaching 3.1%. However, it rose by 0.3 percentage points compared to the same quarter of 2025.

The labor force participation rate for Saudis declined by 0.5 percentage points on a quarterly basis, reaching 49.0% in Q1 2026. This was due to a decline in the male labor force participation rate by 0.5 percentage points to 64.2% and a decline in the female labor force participation rate by 0.6 percentage points to 33.9%; on an annual basis, the rate declined by 2.3 percentage points.

Regarding the average monthly wage for Saudi workers, it recorded a positive growth of 1.6% in Q1 2026 compared to the same quarter of the previous year, reaching SAR 11,214. This increase is mainly attributable to an improvement in wages for men, which grew by 3.5%; this increase offset the relative decline of 5.1% in the average wages for women.

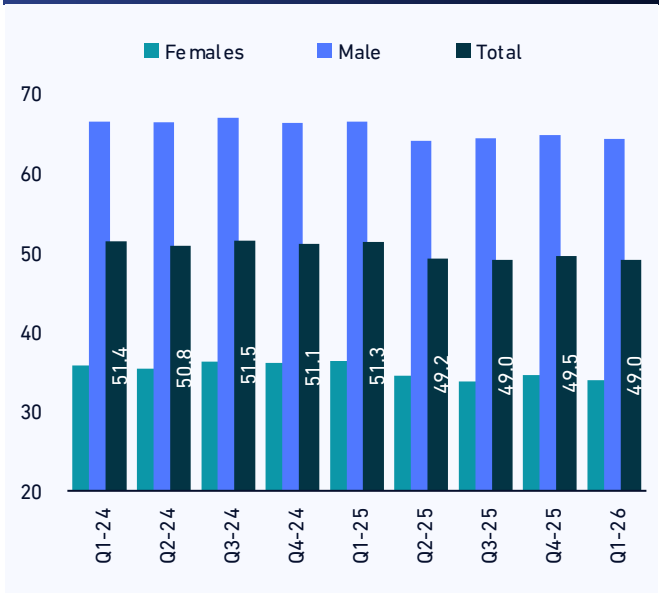
The decline in the unemployment rate is attributed to the focus of integrated strategic policies and initiatives on enhancing the efficiency of the nation's human capital, as well as on strengthening the national economy's resilience and its ability to generate sustainable, value-added jobs, along with the efforts with direct impact of targeted nationalization programs and the alignment of education and training outcomes with labor market requirements.

Figure 31: Unemployment rate among Saudis (Percentage)



Source: General Authority for Statistics

Figure 32: Economic participation rate (Percentage)



Source: General Authority for Statistics

Disclaimer

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