

Kingdom of Saudi Arabia

QUARTERLY ECONOMIC REPORT

**SECOND
QUARTER
2025**

Table of contents

01	<u>Executive Summary</u>	3
02	Chapter One: The Global Economy	
	<u>Global Economic Growth</u>	5
	<u>Global Inflation</u>	6
	<u>Economic Risks</u>	7
03	Chapter Two: The Saudi Economy	
	<u>Gross Domestic Product</u>	10
	<u>Industrial Production Index</u>	11
	<u>Purchasing Managers' Index</u>	12
	<u>Foreign Trade</u>	13
	<u>Prices</u>	15
	<u>Real estate</u>	16
	<u>Points-of-sale (POS) and Cash Withdrawals</u>	18
	<u>Public Finance</u>	19
	<u>The Monetary Performance</u>	21
	<u>Labor Market</u>	23



Executive Summary

Global economic growth is expected to slow to 2.8% in both 2025 and 2026 from 3.3% in 2024, with **inflation** declining to 4.2% in 2025 and 3.6% in 2026, supported by improved financial conditions, stabilizing tariffs, and a weaker dollar. However, the risks of tariff escalation and heightened geopolitical tensions in the Middle East and Ukraine remain significant, threatening global supply chains and raising commodity prices. Conversely, comprehensive trade agreements, particularly in digital services and foreign investment, could enhance productivity and the resilience of the global economy and pave the way for structural reforms necessary to address future economic challenges.

Saudi Arabia's **real GDP** witnessed positive growth for the fifth consecutive quarter, recording a 3.9% year-on-year increase in Q2 2025. This growth was primarily attributed to a 4.6% year-on-year increase in non-oil activities, as part of the Kingdom's efforts to diversify the economy. Among the most important of these activities, the wholesale and retail trade, restaurants, and hotels sector stood out, contributing 11.8% to real GDP, achieving an annual growth rate of 6.6%.

With the continuation of fiscal policies aimed at achieving the ambitious Saudi Vision 2030, the Kingdom's **non-oil revenues** increased by 6.6% year-on-year to reach SAR 149.9 billion in Q2 2025. Meanwhile, **general expenditures** decreased by 8.9% compared to the same period of the previous year, reaching SAR 336.1 billion. **General revenues** reached SAR 301.6 billion, and the Kingdom's general budget recorded a fiscal deficit of SAR 34.5 billion.

Regarding **monetary indicators**, the total money supply (M3) in the Kingdom increased by approximately 7.6% year-on-year in Q2 2025 to SAR 3,120 billion. This increase is primarily due to increased liabilities on the private sector. Lower interest rates contributed to an expansion in the money supply (M3) and an annual increase in interbank liabilities. The Saudi Interbank Offered Rate (SAIBOR) reached 5.42%.

The average **industrial production index (IPI)** increased by 3.9% year-on-year in Q2 2025 supported by a 3.1% increase in oil activities and a 5.8% increase in non-oil activities. Manufacturing activity performed exceptionally well in Q2 2025, rising by 5.2% compared to the same period last year.

The Riyadh Bank Purchasing Managers' Index (PMI) for the non-oil private sector in Q2 2025 performed positively, reaching 56.2 points, less than the average for Q1 2025, which reached 59.0 points. The index remained in the expansion zone, supported by improved domestic demand, especially in Q2, which coincided with the Hajj season of 1446 AH. On a monthly basis, the index accelerated in June 2025 after slowing over the previous three months, recording an expansion of 57.2 points. Confidence in future output rose to its highest level in two years. The Kingdom ranked second among the G20 countries in terms of PMI performance for June 2025.

Unemployment rates among Saudis declined from 7.1% in Q2 2024 to 6.8% Q2 2025. This decline is attributed to a 1.5 percentage point drop in the female unemployment rate, despite a 1.5 percentage point decline in the Saudi economic participation, reaching 49.2% year-on-year in Q2 2025.

In **foreign trade**, the Kingdom continued to record a trade surplus during Q2 2025. However, the surplus declined by 56% to approximately SAR 38 billion, compared to SAR 87 billion in the same period in 2024. This decline was primarily due to a 7% decline in commodity exports to SAR 274 billion, coupled with a 13% increase in imports to SAR 236 billion, which reduced the surplus despite remaining in positive territory.



Chapter one

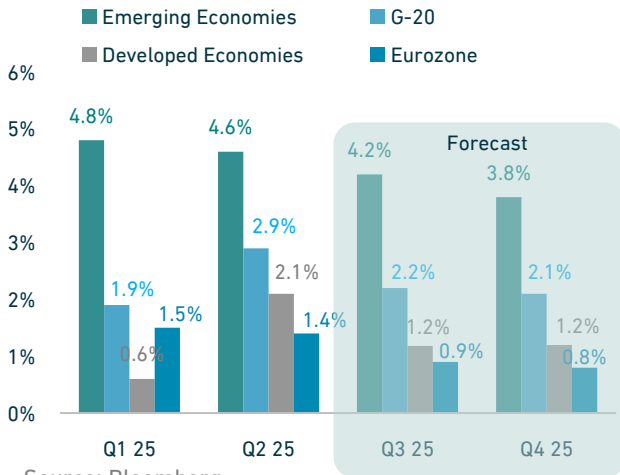
The Global Economy

Global Economic Growth

The global economy: Monetary tightening pressures and slowing investment

Figure 1: Quarterly growth rate of the global economy

(Percentage, annual basis)



Source: Bloomberg

Economic uncertainty, trade tensions, and geopolitical challenges continue to loom over the global economy in 2025, with varying growth prospects and potential for many countries. These risks were at their peak at the beginning of the year, particularly with the escalation of tariffs between the US and other countries. Over time, growth forecasts have become relatively optimistic, especially with the achievement of some trade agreements between major economies, and amid discussions regarding the possibility of a peaceful resolution to political issues in the near future.

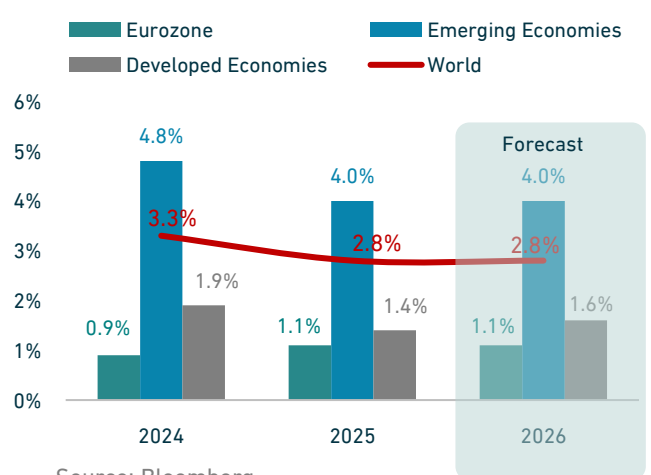
Some economic sources, such as Bloomberg, reflected this cautious optimism in their forecasts for global growth in 2025. Their consensus estimates indicate a global economic growth rate of 2.8% for the year, an increase of 0.2 percentage points compared to the April 2025 forecast, with the rate remaining stable in 2026. These forecasts reflect the possibility of a gradual recovery of the global economy over the next two years—despite the challenges—, supported by improved demand and declining inflationary pressures, along with the resilience of some major economies in the face of these challenges.

This cautious optimism extends to indicators other than economic growth. Global trade is expected to increase by 0.9 percentage points in 2025, albeit due to a temporary effect caused by the trade war itself. Trade flows are expected to gain momentum temporarily in anticipation of the potential restoration of high tariffs on some imports, particularly from China, amid escalating trade tensions and statements about the possibility of raising tariffs in the future. This momentum in trade will wane in 2026, according to Bloomberg, which lowered its forecast for next year by 0.6 percentage points, with trade activity contracting in late 2025 and extending into next year.

The optimism was also reflected in global financial performance. Despite the ongoing uncertainty, trade escalation risks, and ambiguity at times, global financial performance began to improve in Q2 2025. Equity prices rose during the quarter, and credit spreads and market volatility declined compared to their apex in 2024. Meanwhile, fiscal packages in surplus economies are expected to contribute to alleviating global imbalances in the medium term.

Figure 2: Annual growth rate of the global economy

(Percentage)



Source: Bloomberg

Despite the relatively brighter forecast for global economic performance, it should not be overstated. The effects of tariffs have not yet fully materialized, and some economies, such as Japan, the European Union, and Canada, are beginning to show signs of a slowdown. Any significant tariff increases could undermine investor confidence and increase market volatility, given the depreciation of the US dollar, which will exacerbate the impact of tariffs.

Bloomberg forecasts indicate that **advanced economies** will grow by 1.4% in 2025 and 1.6% in 2026. In the US, the IMF expects the economy to grow by 1.9% in 2025, supported by lower tariffs than in the April 2025 report and improved financial conditions.

According to Bloomberg, the **eurozone** economy will grow by 1.1% in 2025 and by the same rate in 2026, driven by a number of positive factors, including Ireland's strong performance in Q1, particularly in pharmaceutical exports to the United States and the launch of new factories. This improvement also stems from broader factors such as increased investment, an improving labor market, a recovery in tourism in countries such as France and Spain, reduced financial market volatility, and continued stimulus policies, particularly in Germany, along with Europe's trade agreements with the US.

As for **emerging and developing economies**, growth is expected to hold steady at 4.0% in both 2025 and 2026, according to Bloomberg. In China, growth forecasts for 2025 have been raised by 0.8 percentage points to 4.8%, reflecting improved economic activity during the first half of the year. However, tariff levels between the United States and China remain elevated compared to the past, even though they have been reduced from the initial US intentions. Growth forecasts for 2026 have also been raised by 0.2 percentage points to 4.2%, supported by actual reductions in tariff rates, according to IMF estimates.

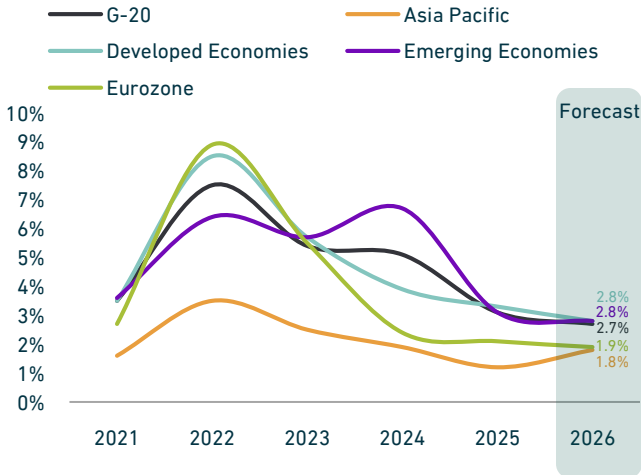
In **India**, growth is projected to be 6.4% in both 2025 and 2026, below earlier expectations, due to the imposition of new tariffs. In the **Middle East** and **Central Asia**, growth is expected to accelerate slightly from 3.4% to 3.5%. In **Sub-Saharan Africa**, growth is expected to remain stable at 4.0% in 2025 before rising to 4.3% in 2026. In contrast, growth in **Latin America and the Caribbean** is projected to slow to 2.2% in 2025, followed by a recovery to 2.4% in 2026. As for **emerging and developing Europe**, growth is expected to decline to 1.8% in 2025, with a slight improvement to 2.2% in 2026, according to IMF forecasts.



Global Inflation

The widening gap in monetary policies and the impact of inflation and interest rates on major economies

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



Source: Bloomberg

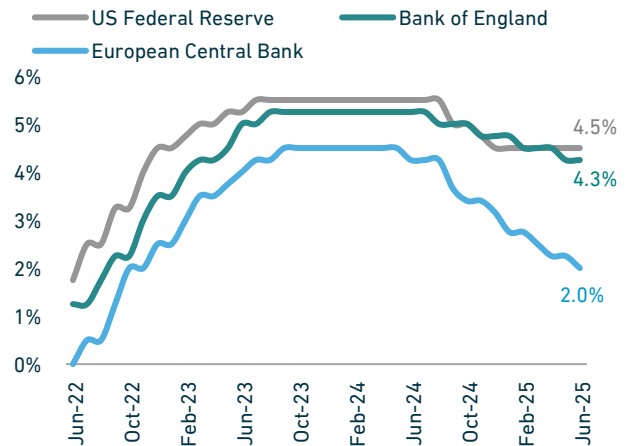
Despite cautious optimism that the global economy will gradually navigate these challenges, global inflation appears to be clinging to its downward trajectory. Expectations indicate a gradual decline, reaching 4.2% in 2025 and then 3.6% in 2026, according to the International Monetary Fund's July 2025 forecast. This decline is attributed to weak global demand and the decline in energy prices since the beginning of the year, with clear divergences in inflation trends across countries.

Despite the decline, global inflation rates remain above target levels in several economies, a situation that governments are cautiously addressing in managing their economic and monetary policies.

In the US, the impact of tariffs is expected to gradually be transmitted in prices, as the final consumer bears the brunt of the burden, leading to inflation remaining above the target level of 2%. In the Eurozone, inflation appears to be less severe, supported by the strength of the European currency and temporary fiscal policies. In China, core inflation forecasts were revised upward to 0.5% and 0.8% in 2025 and 2026, respectively, according to the IMF.

Moderating inflation will impact the trajectory of global energy prices in 2025. According to the IMF, the outlook indicates a balance between geopolitical challenges and market fundamentals. The IMF expects energy commodity prices to decline by about 7% in 2025. Oil prices briefly rose as tensions in the Middle East flared in June, driven by market fears of escalating geopolitical risks, rather than actual supply disruptions. However, this rise faded as fundamental factors returned, such as abundant OPEC+ and non-OPEC supply and slowing demand.

Figure 4: Economic policy rates
(Percentage)



Source: Bloomberg

Natural gas prices remained relatively stable amid expectations of lower demand, the relaxation of gas storage rules in the EU, and an expected increase in LNG supplies in the medium term.

In light of the expected decline in inflation and energy prices during 2025, some forecasts from international financial institutions indicate the possibility of interest rate cuts in the US, especially after the negative revisions to labor market figures in May and June. In contrast, interest rates in the Eurozone are expected to remain steady, while Japan continues to gradually tighten. Major economies such as China, Germany, and the US are also expected to adopt fiscal stimulus policies in the coming period to boost economic growth, particularly in the US, which seeks to support its economic recovery amid global market challenges.



Global Economic Outlook

Increased risks and opportunities for economic growth in 2025

First: Increased Risks

Issues related to US tariffs, including the enforcement of tariffs of up to 50% on some goods, will dampen global growth by approximately 0.2 percentage points in 2025.

Persistent uncertainty and trade policy tensions could undermine economic activity and investment, especially in export-dependent economies.

Raising tariffs on strategic sectors such as electronics and pharmaceuticals could raise average applied tariffs, placing greater burdens on these sectors and creating bottlenecks in supply chains, amplifying the direct and indirect economic impact of these measures.

Escalating geopolitical tensions, particularly in the Middle East or Ukraine, could lead to new negative shocks to the global supply side, potentially disrupting shipping routes and supply chains and driving up commodity prices, especially if infrastructure is damaged.

Strong economic activity in H1 2025, driven by prior stimulus, could make economies more vulnerable to negative shocks in the second half. Excessive inventories could lead to unexpected declines in import orders, and businesses could incur losses due to storage costs or obsolescence of stored goods.

High global public debt poses a growing risk, exacerbating financing pressures and limiting governments' ability to deploy future stimulus policies, increasing the likelihood of financial crises that would negatively impact global economic growth.

Second: Strengthening Global Economic Resilience

Despite the current risks in the global economy, positive opportunities emerge from comprehensive trade agreements, particularly those focused on digital services and foreign investment, which can boost productivity and support long-term economic resilience. The launch of a new wave of these agreements has enabled deeper structural reforms, including those related to the labor market, facilitating mobility, upgrading skills, streamlining regulations, and enhancing competition and innovation, enhancing the global economy's ability to effectively address challenges. Prominent among these agreements are the Regional Comprehensive Economic Partnership (RCEP), the largest free trade agreement in the Asia-Pacific region, and the Digital Economy Partnership (DEEP), which aims to regulate digital trade between several countries. These agreements constitute important pillars for supporting recovery and sustainable growth, particularly with a focus on developing human and productive capacities.



Table 1: Selected indicators for G20 countries

G20	Real GDP Growth (%) Q2'25	Inflation (%) Jun'25	Monetary Policy rate (%) Jun'25	Industrial Production Index (%) Jun'25 ¹	PMI (Point) Jun'25
ARGENTINA	6.3	39.4	29.0	9.4	-
AUSTRALIA	1.8	1.9	3.85	-1.7	50.6
BRAZIL	2.2	5.4	15.0	-1.3	48.3
CANADA	-1.6	1.9	2.75	-	45.6
CHINA	5.2	0.1	3.0	6.8	50.4
EU	1.5	2.0	2.15	0.7	49.5
FRANCE	0.8	1.0	2.15	1.7	48.1
GERMANY	-0.2	2.0	2.15	-1.8	49.0
INDIA	7.8	2.1	5.5	1.5	58.4
INDONESIA	5.1	1.9	5.5	-2.84	46.9
ITALY	0.4	1.5	2.15	-0.7	48.4
JAPAN	1.7	3.3	0.5	4.4	50.1
KSA	3.9	2.3	5.0	7.9	57.2
MEXICO	0.0	4.3	8.0	-0.4	46.3
RUSSIA	1.1	9.4	20.0	1.9	47.5
SOUTH AFRICA	1.1	3.0	7.25	1.9	50.1
SOUTH KOREA	0.6	2.2	2.5	1.6	48.7
TÜRKIYE	4.8	35.1	46.0	8.5	46.7
USA	2.1	2.7	4.5	0.9	52.9
UK	1.4	3.6	4.25	0.2	47.7

Source: Bloomberg

¹ March 2025 for indonesia.



Chapter two

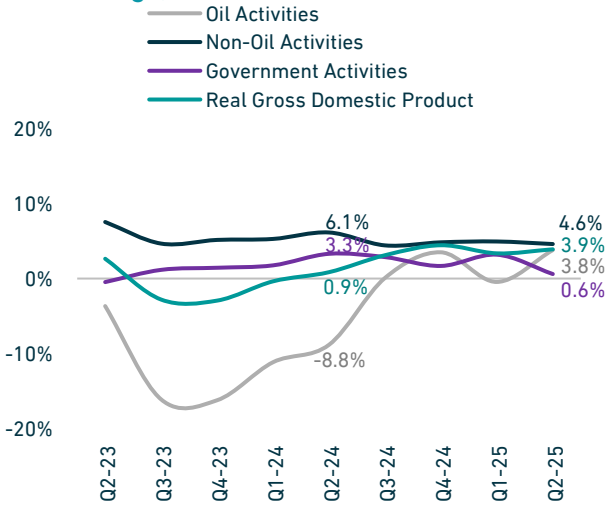
**The Saudi
Economy**

GDP

Continued growth in real GDP during Q2 2025, as non-oil activities flourish

Figure 5: Real GDP growth

(Percentage, annual basis)



Source: General Authority for Statistics

Saudi Arabia's real GDP witnessed positive growth for the fifth consecutive quarter, recording a 3.9% year-on-year increase during Q2 2025. This growth was primarily attributed to a 4.6% year-on-year increase in non-oil activities, as part of the Kingdom's efforts to diversify the economy. Among the most prominent of these activities, the wholesale and retail trade, restaurants, and hotels sector contributed 11.8% to real GDP, achieving an annual growth rate of 6.6%.

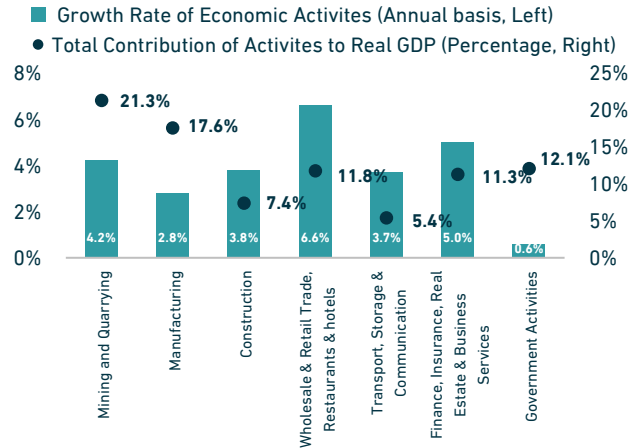
Additional factors significantly supported economic growth during Q2 2025, most notably improved consumption and investment. Private final consumption increased by 4.1% year-on-year during Q2 2025, while investment in non-government gross capital formation grew by 0.3%. The Kingdom's exports of goods and services also contributed to this growth, rising by 3.6% year-on-year.

The continued expansion of the non-oil private sector Purchasing Managers' Index (PMI) reflects the positive performance of non-oil activities, which in turn supported GDP growth. The index averaged 56.2 points during Q2 2025, driven by higher production. Domestic demand was a key driver of this growth, prompting companies in the non-oil private sector to increase hiring.

Oil activities grew by 3.8% year-on-year during the Q2 2025, recording a strong jump of 6.6% compared to the Q1 of the same year. This was due to the gradual easing of OPEC+ cuts, which allowed for increased production, in addition to improved global demand and market stability, along with a recovery in domestic economic activity that strengthened the oil sector's performance.

Figure 6: Growth Rate of most prominent Economic Activities in Real GDP, Q2 2025

(Percentage)



Source: General Authority for Statistics

Mining and quarrying activity rose by 4.2% during the Q2 2025, driven by increased production, higher investment licenses, and improved performance of major companies. The sector remained the largest contributor to GDP, accounting for 21.3% of the total, or SAR 252.8 billion. Manufacturing industries recorded the second largest contribution, accounting for 17.6%, achieving an annual growth rate of 2.8% during the same period, amounting to SAR 208.7 billion.

Government activities recorded the third largest contribution, accounting for 12.1% of GDP, with an annual growth rate of 0.6% during Q2 2025, amounting to SAR 144.2 billion.

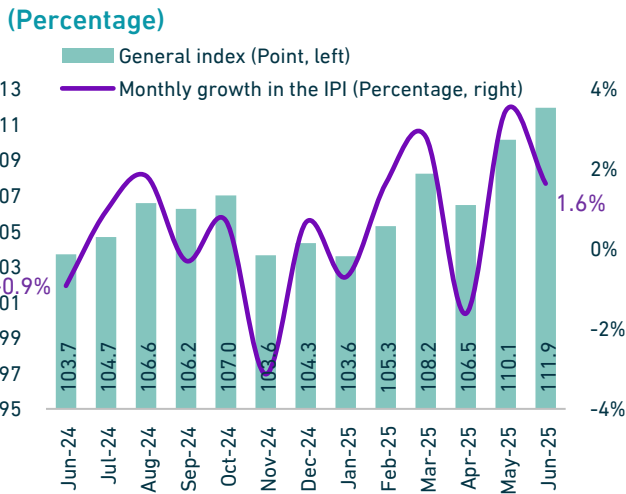
It is noteworthy that the share of non-oil activities in the Kingdom's GDP increased during Q2 2025 to 55.9%, compared to 55.5% in the same quarter of last year, recording SAR 664.6 billion. This outcome reflects the efficacy of recent reforms in driving the structural shift of the Saudi economy toward non-oil activities. This growth also underscores the success of development policies in promoting domestic consumption, tourism, and infrastructure, particularly for major projects, in line with the objectives of Saudi Vision 2030.



Industrial Production

A Downturn in the Industrial Production Index in Q2 2025

Figure 7: Monthly growth of Industrial Production Index (IPI)



Source: General Authority for Statistics

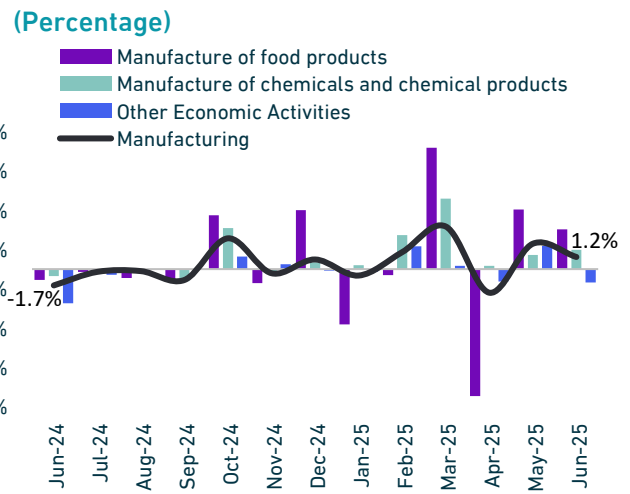
The average industrial production index (IPI) increased by 3.9% year-on-year in Q2 2025, supported by increases in both oil and non-oil activities.

Oil activities expanded by 3.1% during Q2 2025, driven by a 2.8% increase in crude oil and natural gas extraction, and a 4.5% increase in coke and refined petroleum products, compared to the same period last year.

The average non-oil activity grew by 5.8% year-on-year, driven by the positive performance of manufacturing activities, which grew by 5.2% year-on-year in Q2 2025. The chemicals and chemical products industry, non-metallic mineral products, and the food products industry had the greatest impact on the IPI, with each sector increasing by 15.1%, 9.7%, and 3.0%, respectively, during Q2 2025 compared to the same period last year.

The Kingdom's manufacturing industries have witnessed notable positive performance in recent years, driven by the Saudi Vision 2030, which targets diversifying the economic base and reducing dependence on oil as a strategic goal. The manufacturing industries have experienced increased production rates and an expansion in manufacturing capacity, reflected in several strategic gains, most notably: enhancing economic diversification, increasing the competitiveness of exports, and localizing supply chains, thus enhancing industrial and economic security and reducing dependence on imports. This growth also contributes to the creation of quality job opportunities, as the manufacturing sector is labor-intensive, which supports the retention of national talent and the development of their skills.

Figure 8: Monthly growth of key manufacturing activities



Source: General Authority for Statistics

The manufacturing industries represent the industrial engine of the Saudi Vision 2030. Their positive performance is not just an economic indicator; but also serves as a cornerstone for building a diversified, strong economy that is more capable of facing challenges and shocks.

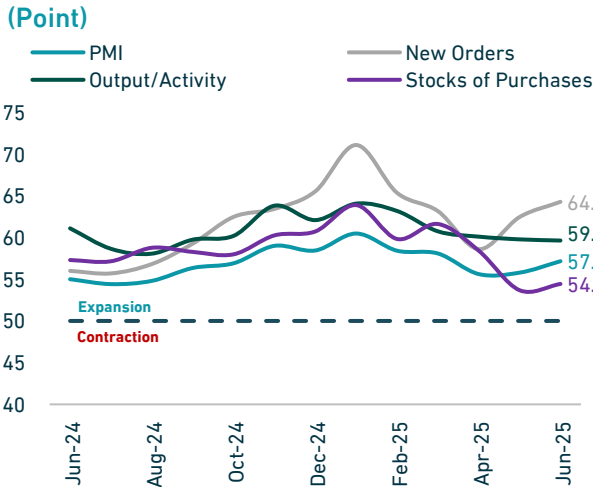
The average electricity, gas, steam, and air conditioning supply activity index also climbed by 11.0% year-on-year Q2 2025. The water supply activity index, as well as sanitation, waste management, and treatment activities, also increased by 6.9% year-on-year, indicating the continued development of infrastructure and service facility management.



Purchasing Managers' Index

Private non-oil sector expands in Q2 2025

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



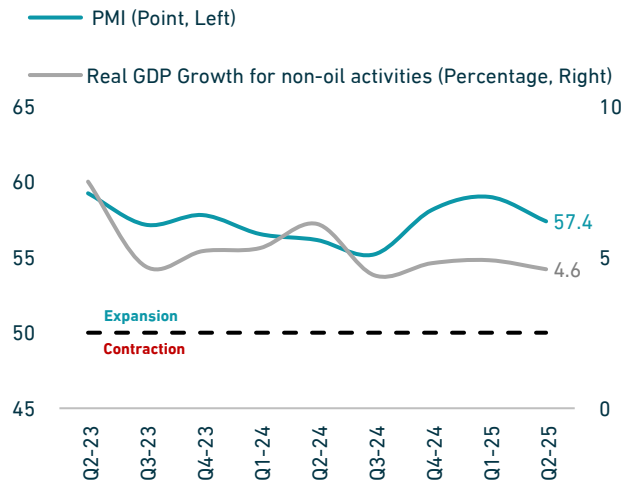
Source: S&P Global

The Riyadh Bank Purchasing Managers' Index (PMI) for the non-oil private sector performed positively in Q2 2025, reaching 56.2 points. However, the performance was below Q1 average of 59.0 points. Despite the slight decline at the quarterly level, the index remained in expansion territory (above 50 points), supported by positive activity related to improved domestic demand. This was bolstered by customer attraction efforts and positive economic conditions, especially during Q2, which coincided with the Hajj season of 1446 AH.

The index accelerated in June 2025 to 57.2 points, compared to 55.8 points in May, following three months of deceleration. This growth was primarily attributed to higher new orders and strong domestic demand, despite slower growth in external orders due to declining demand in the Gulf countries and global geopolitical changes. Although domestic demand contributed to activity boost, the production index experienced some slowdown in growth but remained at high levels.

On the purchasing front, companies recorded a significant increase in purchasing volume by 3.5 points in June 2025, the fastest pace of growth in nearly two years, as firms sought to increase production requirements. Employment also accelerated to its highest level since mid-2011, driven by increased demand for labor. The increased demand from companies for skilled workers led to an increase in staffing costs at the fastest pace since the survey began in 2009. At the same time, companies faced additional pressure from rising input prices, except for construction sector inputs, which saw a decline. These pressures were reflected in selling prices, which returned to growth in June 2025, after entering contraction territory the previous month.

Figure 10: PMI quarterly average and non-oil activity growth rate



Source: General Authority for Statistics, S&P Global

The PMI growth in the boosted confidence in future production, reaching its highest level in two years. Companies attributed this positive outlook to the resilience of the local economy, strong demand, and improved supply chains.

Among the G20 countries, the Kingdom ranked second in the index registering 57.2 points in June 2025. This advanced ranking reflects the strong momentum in the growth of the Saudi non-oil economy and the continued success of economic policies in boosting domestic demand, creating employment opportunities, and attracting investment. The advanced ranking also reflects growing confidence among companies and investors in the strength of the Saudi economy and the sustainability of its growth beyond oil.

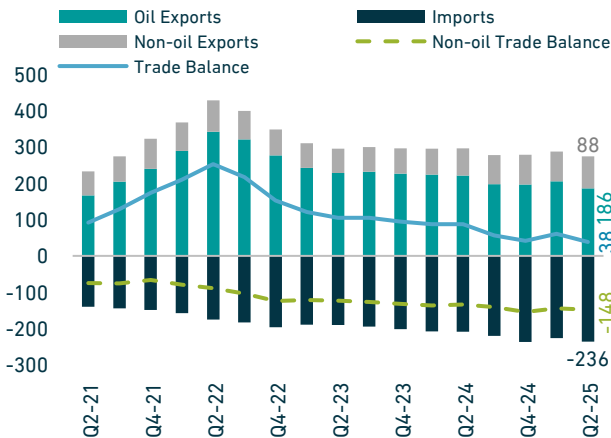


Foreign Trade

Trade balance surplus declined in the Q2 2025

Figure 11: Volume of exports, imports, and trade exchange

(SAR billion)



Source: General Authority for Statistics

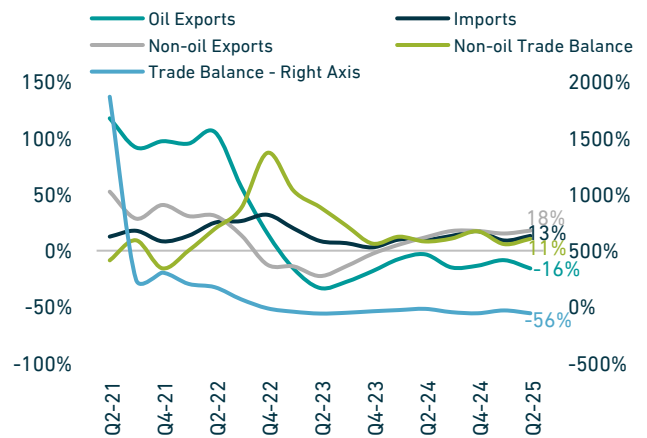
Saudi Arabia's trade balance witnessed a sharp decline during Q2 2025, falling by 56% year-on-year to reach approximately SAR 38 billion, compared to SAR 87 billion in the same period of 2024. This decline is mainly due to a 7% drop in commodity exports to SAR 274 billion, compared to the same period of the previous year, while imports rose by 13% year-on-year to SAR 236 billion.

Oil exports recorded a significant decline during Q2 2025, falling by 16% year-on-year to reach approximately SAR 186 billion, compared to SAR 221 billion in the same period of 2024. This decline is mainly attributed to the drop in international oil prices by about 20% on an annual basis (from USD 84.9 to USD 67.8 per barrel). Oil exports accounted for 68% of total merchandise exports in Q2 2025, compared to 75% during the same quarter of the previous year. This illustrates the continued sensitivity of the trade balance to global oil price fluctuations despite diversification efforts.

In terms of the non-oil trade balance, the deficit widened by 11% year-on-year during Q2 2025 to reach approximately SAR 148 billion, compared to SAR 134 billion in the same period of 2024. This widening comes despite the strong performance of non-oil exports (including re-exports), which grew by 18% year-on-year to reach around SAR 88 billion, the highest level ever, exceeding the five-year average of SAR 73 billion. This reflects, on the one hand, progress in boosting non-oil exports and, on the other hand, continued high dependence on imports to meet domestic demand.

Figure 12: Growth rate of exports, imports and trade exchange

(Percentage, on an annual basis)



Source: General Authority for Statistics

Re-exports reached approximately SAR 33 billion during Q2 2025, recording a remarkable annual growth of 46% compared to the same period last year. Re-exports accounted for 37% of total non-oil exports and 12% of total commodity exports.

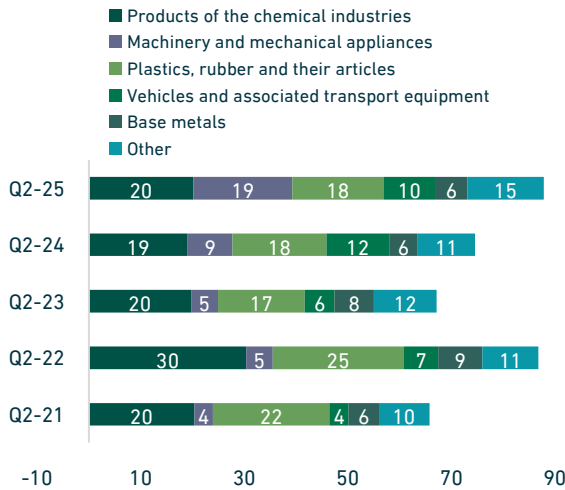
In terms of non-oil export components, chemical industry products ranked first during Q2 2025 with a value of approximately SAR 20 billion, representing 23% of the total, achieving an annual growth of 6% compared to the same period last year. Machinery and electrical appliances ranked second with SAR 19 billion (about 22% of the total), recording exceptional growth of 120% on an annual basis. This growth was partly driven by higher re-export activities in the category. Plastics and plastic products came in third, with a value of SAR 18 billion—accounting for 20% of the total—and registered a slight 3% decline from the previous year.



Foreign Trade

The United Arab Emirates maintained the largest share of Saudi Arabia's non-oil exports

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



Source: General Authority for Statistics

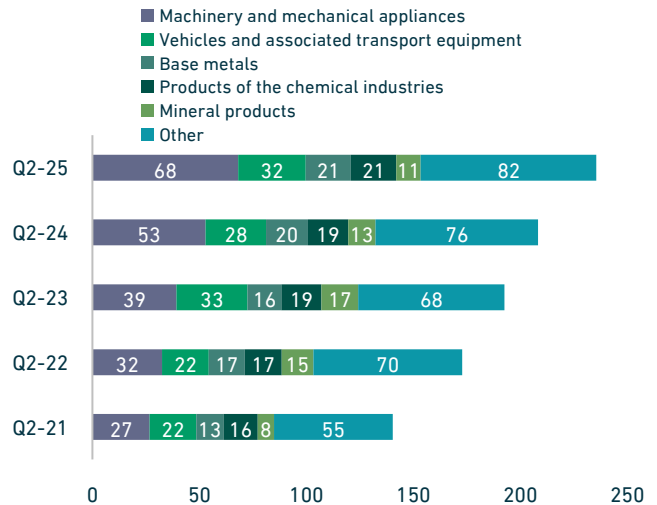
The United Arab Emirates (UAE) topped the list of importers of Saudi non-oil exports during Q2 2025, with a value of approximately SAR 26 billion, representing 29% of total non-oil exports during this period. Saudi exports to the UAE were mainly concentrated in the categories of machinery and electrical appliances, and vehicles and transport equipment, which together accounted for about 75% of total non-oil exports to the UAE, including re-exports.

India ranked second among the largest importers of Saudi non-oil exports during Q2 2025, with a value of approximately SAR 8 billion, equivalent to 9% of total non-oil exports. Exports to India included plastics and rubber and their products, and chemical industries, which together accounted for about 52% of total Saudi non-oil exports to India.

China ranked third among the largest importers of Saudi non-oil exports during Q2 2025, with a value of approximately SAR 6 billion, equivalent to 7% of total non-oil exports. Plastics, rubber, and their products and chemical industry products topped the list of goods exported to China, which together accounted for about 77% of total exports to that country.

On the other hand, the Kingdom's imports during Q2 2025 grew by 13% year-on-year, reaching SAR 236 billion. The growth is primarily attributable to a 29% year-on-year increase in imports of machinery, automatic devices, and similar items, reaching a value of approximately SAR 68 billion, making them the top category and accounting for 29% of total imports. In second place were vehicles and transport equipment, which accounted for 13% of total imports, recording an annual growth of 12% during Q2 2025. Base metals and their products ranked third, achieving 8% growth to account for 9% of total imports.

Figure 14: Imports by major categories (SAR billion)



Source: General Authority for Statistics

China maintained its position as the Kingdom's largest supplier during Q2 2025, with imports valued at around SAR 65 billion, equivalent to 27% of total imports. Imports from China were mainly concentrated in the category of machinery, automatic devices, and similar items, which amounted to SAR 32 billion, representing 50% of total imports from China during this period.

The US ranked second among the Kingdom's largest suppliers during Q2 2025, with a value of SAR 20 billion (9% of the total). Machinery and automatic devices topped imports from the US, with a value of SAR 6 billion (31% of total US imports), while the UAE ranked third among the Kingdom's suppliers during Q2 2025, with a value of SAR 15 billion (6% of the total), as precious stones topped imports from the UAE, with a value of SAR 6 billion (40% of total UAE imports).

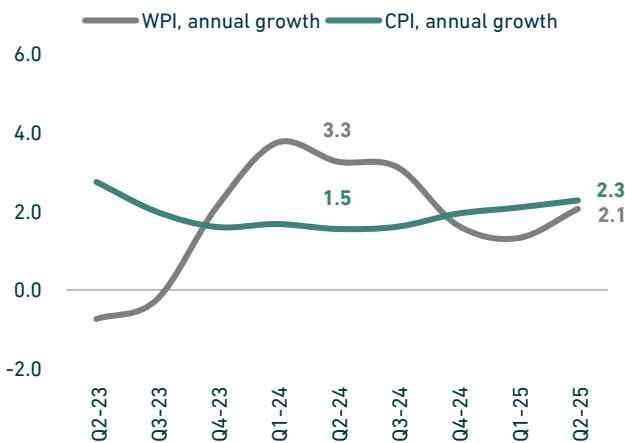
Imports of capital and intermediate goods recorded a remarkable year-on-year growth of 17% during Q2 2025, accounting for 70% of total imports, reflecting a trend towards enhancing production capacity and stimulating future industrial activity. In contrast, imports of final consumer goods accounted for 30% of total imports, recording a slight growth of 5% year-on-year.



Prices

Inflation rates stabilize during Q2 2025

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



Source: General Authority for Statistics

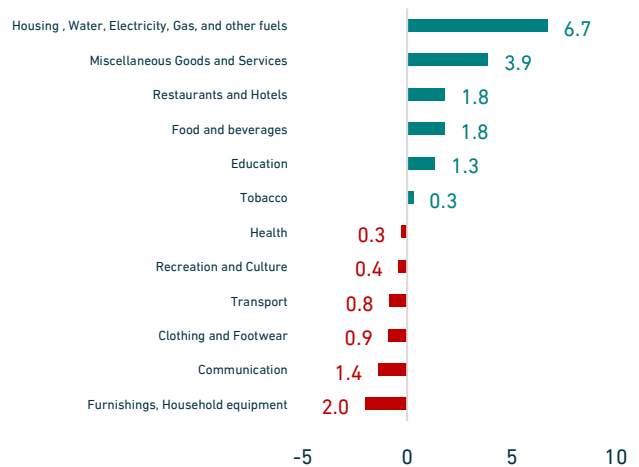
The Consumer Price Index (CPI) averaged 113.6 points in Q2 2025, rising 2.3% year-on-year. The increase was primarily driven by housing and related services, which rose 6.7% and account for 25.5% of the total weight of the index.

The rise in housing prices is largely due to a 7.6% increase in residential rents in June 2025. In addition to rapid development projects, particularly in Riyadh.

Other sections have also contributed to the increase in the CPI on an annual basis, with miscellaneous personal goods and services recording a 3.9% increase, followed by food and beverages and restaurants and hotels sections with both increasing by 1.8%. Education also recorded a 1.3% increase. In contrast, furniture and home furnishings, communications, and transportation recorded declines of 2.0%, 1.4%, and 0.8%, respectively.

The Wholesale Price Index (WPI) averaged 157.3 points in Q2 2025, rising 2.1% year-on-year. This was driven by transportable goods excluding mineral products, machinery, and equipment, which rose by 4.3% and represent 33.7% of the total weight of the index. Agriculture and fishing products rose 4.4%, while food, beverages, tobacco, and textiles increased slightly by 0.2%. The annual increase in the index in Q2 2025 reflects the continued rise in wholesale prices during the period, which affects the cost of goods and services in local markets and, consequently, the final prices of goods for consumers.

Figure 16: Annual rate of change in consumer basket sections for Q2 2025 (Percentage)



Source: General Authority for Statistics

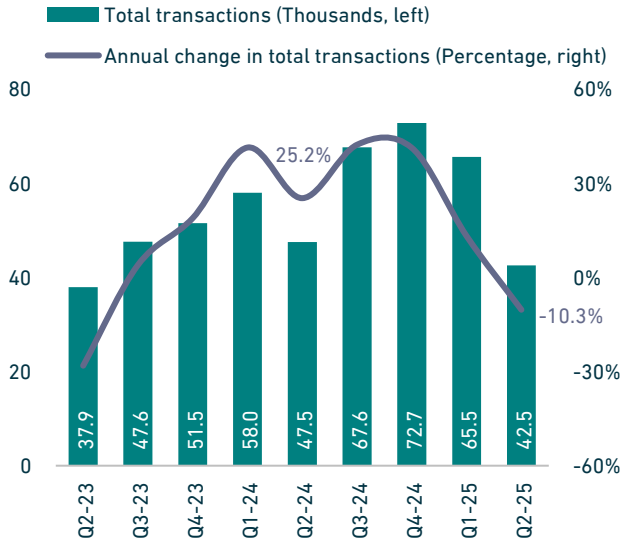
In contrast, some components of the index declined on an annual basis, with raw materials and minerals, and metal products, machinery, and equipment recording declines of approximately 1.4% and 0.2%, respectively.

Overall, inflation rates in Saudi Arabia remains relatively low compared with G20 peers, where the Kingdom ranked ninth. This reflects effective preemptive policies and government measures to contain price pressures, despite rising demand, particularly in housing and construction sectors.



Decrease in the number of real estate transactions executed during Q2 2025

Figure 17: Total number of real estate transactions



Source: Ministry of Justice

Saudi Arabia's real estate market recorded 42,500 transactions during Q2 2025, a decrease of 10.3% compared to the same quarter in 2024. The total value of transactions amounted to SAR 45.3 billion.

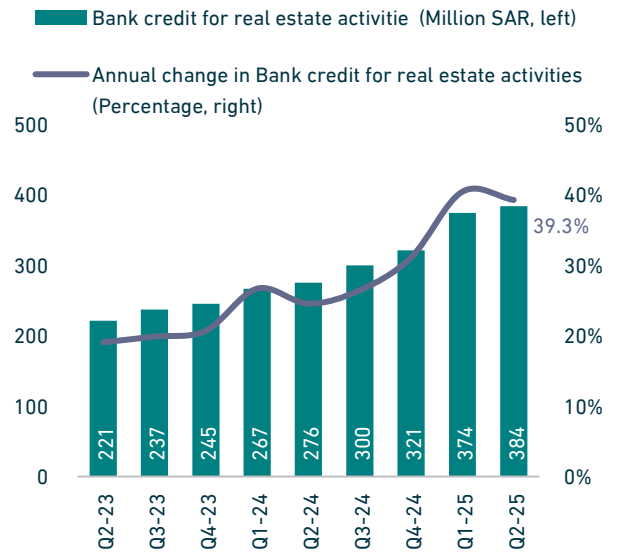
In the residential sector, the number of transactions executed reached approximately 38,500, declining by 6.7% year-on-year, with a total value of SAR 29.7 billion.

In the commercial sector, the number of real estate transactions executed reached 2,700, down by 39.2% year-on-year, with a total value of SAR 13.2 billion.

The agricultural sector, which accounts for only 3.0% of total real estate transactions, recorded a decline of 21.4% year-on-year, with approximately 1,300 transactions executed, worth more than SAR 2.3 billion.

As for real estate financing, bank credit provided to real estate activities grew by 39.3% year-on-year, rising from SAR 275 billion in Q2 2024 to SAR 383.9 billion in Q2 2025, reflecting an expansion in bank financing.

Figure 18: Bank credit for real estate activities



Source: Saudi Central Bank

New residential financing for individuals provided by commercial banks and finance companies, as well as total real estate loans to individuals, grew by 3.6% and 10.9%, respectively in Q2 2025.

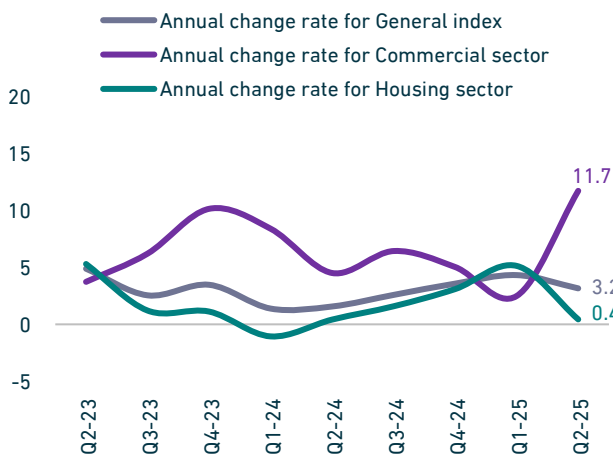
This performance comes amid a 10% decline in real estate transactions in Q2 2025, which may indicate that part of the financing is being directed toward long-term projects or refinancing of existing real estate activities.

Real Estate

3.2% rise in real estate price index during Q2 2025

Figure 19: The annual change in real estate index

(Percentage, annual basis)



Source: General Authority for Statistics

The real estate price index rose by 3.2% year-on-year during Q2 2025, registering 105.0 points, though growth slowed from 4.3% in Q1. Residential sector prices increased slightly by 0.4% year-on-year, with residential land, villas, and residential floors recording annual increases of 0.2%, 3.2%, and 1.5%, respectively, in Q2 2025, while apartment prices fell by 0.7% year-on-year.

Commercial sector prices witnessed an increase of 11.7% year-on-year, with land, exhibition spaces, and commercial buildings recording annual increases of 12.7%, 4.1%, and 2.7%, respectively, as a result of growing demand for commercial space and an influx of foreign investment.

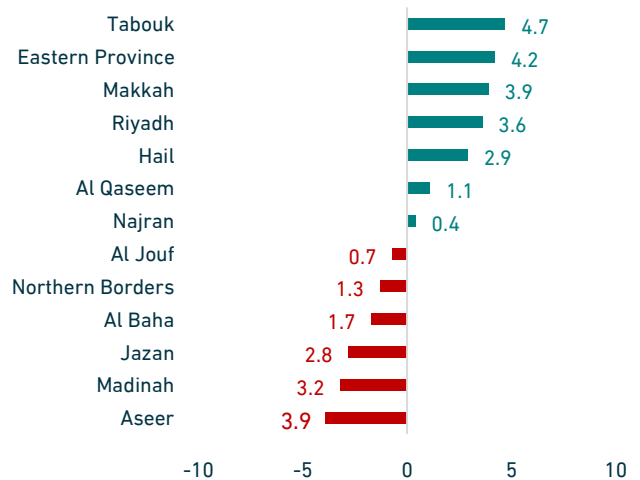
On the other hand, the agricultural sector witnessed an annual decline driven by a 0.9% drop in agricultural land prices.

Despite the rise in commercial real estate price index, its impact on the general index was limited due to the relative distribution of the index, with the residential sector accounting for 72.7% of the total weight, while the commercial and agricultural sectors accounting for 25.4% and 1.9%, respectively.

By region, Tabuk recorded the highest growth in real estate prices during Q2 2025, at 4.7%, followed by the Eastern Province at 4.2%, and then Makkah at 3.9%.

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

(Percentage)



Source: General Authority for Statistics

Six regions witnessed a decline in real estate prices, with Asir, Madinah, and Jazan experiencing the most significant declines of 3.9%, 3.2%, and 2.8%, respectively. The regions of Al-Baha, Northern Border, and Al-Jouf recorded slight declines of 1.7%, 1.3%, and 0.7%, respectively, compared to the previous year.

Riyadh recorded 3.6% growth in real estate price on an annual basis but also experienced a quarterly slowdown of 3.1%. However, the index remains at high levels compared to other regions. To stabilize the market and mitigate pressures on prices and rents, royal directives were issued in Q1 2025 to expand housing supply and ease affordability constraints in Riyadh.

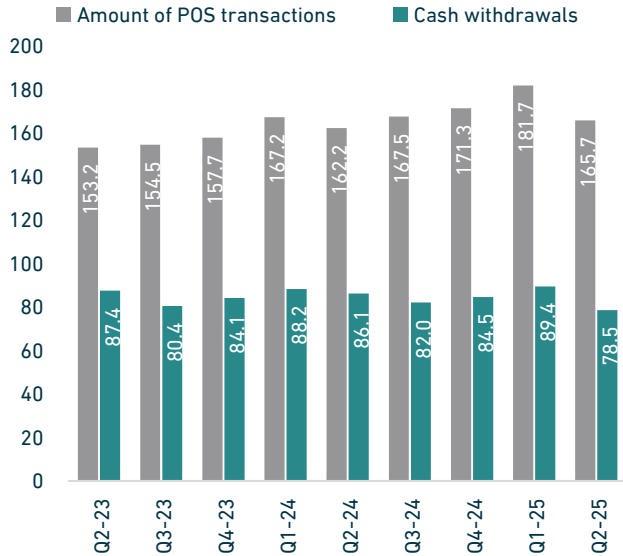


POS and Cash Withdrawals

Consumer spending increased by 2.16% in Q2 2025

Figure 21: POS and cash withdrawals

(SAR billion)



Source: Saudi Central Bank

Consumer spending continued to rise during Q2 2025, albeit at a moderate pace, with point-of-sale (POS) transactions reaching SAR 165.70 billion, up 2.16% year-on-year. The number of POS transactions increased by 11% year-on-year to 2.8 billion, with restaurants and cafes accounting for the largest share at 699 million transactions. Telecommunications recorded the fastest annual growth in volumes, rising 46%.

In terms of value, the highest growth in POS sales was in the “other” category, at approximately 24.8%, followed by the education sector, which grew by 15.8% compared to the same period last year. Public utilities, electronic and electrical appliances, and baked goods and desserts sectors recorded the steepest declines at 37.1%, 25.6%, and 18.4%, respectively, compared to Q2 2024.

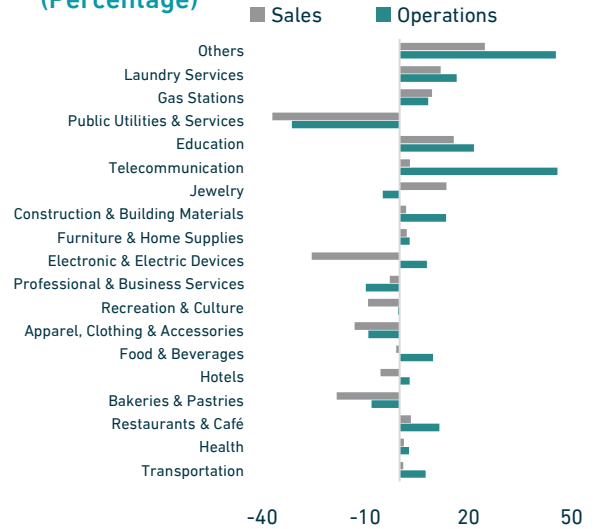
Cash withdrawals from Mada, fell 8.8% year-on-year in Q2 2025 to SAR 78.52 billion, reflecting a continued shift away from cash in favor of digital payments.

Electronic payments grew as consumers preferred to use credit cards and e-wallets for purchases, with e-commerce sales rising by 65.9% in Q2 2025. Meanwhile, the number of e-commerce transactions rose by approximately 53.3%, while mobile payments increased by 9.7%. By contrast, Mada card payments decreased by 3.3%.

The rise in the value of POS transactions coincided with a 4% growth in consumer loans in Q2 2025 compared to the same quarter last year, indicating that some consumers resorts to borrowing to support spending.

Figure 22: Annual change in POS by sector for Q2 2025

(Percentage)



Source: Saudi Central Bank

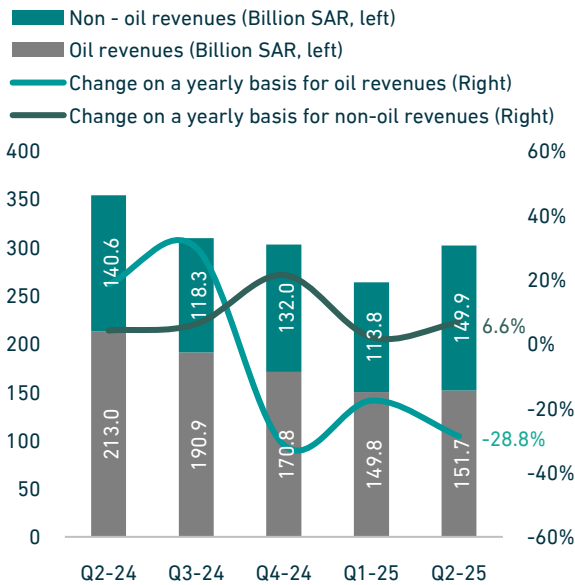
Despite relatively moderate growth in POS sales value, growth in the number of transactions is relatively high, reflecting a trend toward smaller, but more frequent purchases. This suggest a shift toward digital and convenience-based transactions. While this benefits the digital economy and part of the Kingdom’s journey toward becoming a cashless society, continued reliance on consumer credit may indicate potential future financial risks.



Public Finance

Continued growth in non-oil revenues, driven by rising domestic demand

Figure 23: Revenues

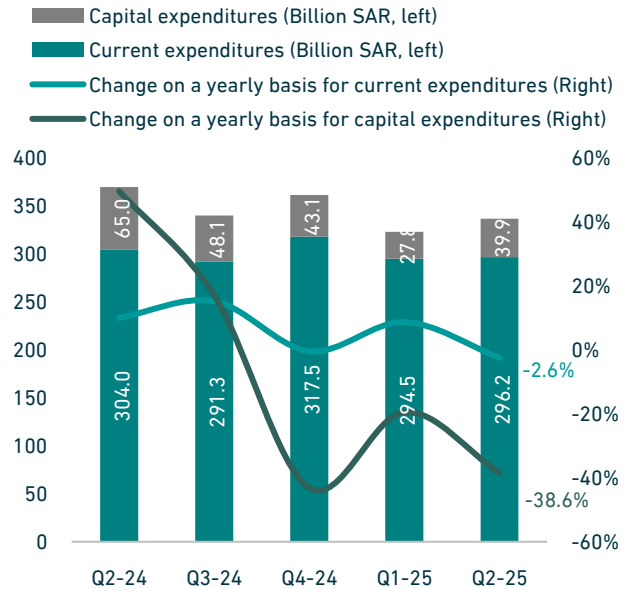


Source: Ministry of Finance

The Kingdom's general revenues fell by 14.7% year-on-year in Q2 2025 to SAR 301.6 billion. Oil revenues declined sharply by 28.8%, reaching SAR 151.7 billion. This was due to a decline in the average price of Brent crude by about 20% during Q2 2025, compared to Q2 2024, due to volatility in global markets caused by uncertainty. Non-oil revenues, however, rose 6.6% reaching SAR 149.9 billion, supported by growth in taxes on income, profits, and capital gains; taxes on goods and services; taxes on international trade and transactions; other taxes; and other revenues, at rates of 6.8%, 6.9%, 15.9%, 6.1%, and 4.4%, respectively.

Non-oil revenues accounted for 49.7% of total revenues due to economic reform programs aimed at diversifying sources of income. Non-oil revenues continued to be an important source of financing for state expenditures, where they funded 44.6% of government spending during Q2 2025.

Figure 24: Expenditures



Source: Ministry of Finance

On the expenditure side, general government expenditure declined by 8.9% year-on-year in Q2 2025 to SAR 336.1 billion, owing to a 2.6% decline in current expenditure to SAR 296.2 billion, and a 38.6% decline in capital expenditures to SAR 39.9 billion, reflecting an improvement in spending efficiency.

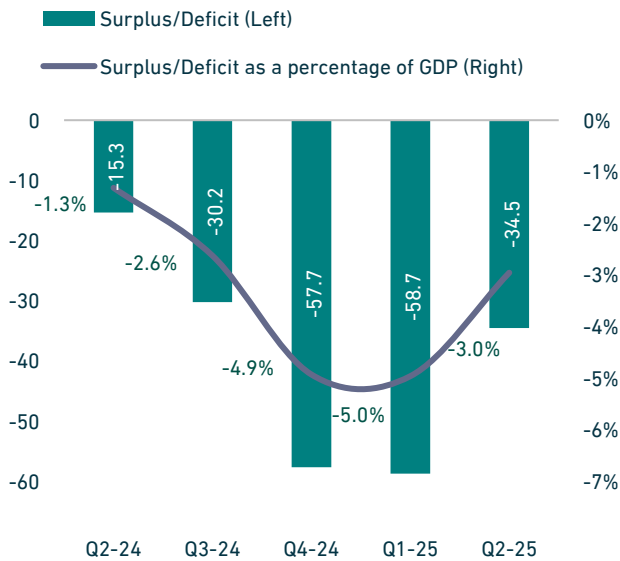
Analyzing expenditure items, employee compensation accounted for the largest share of actual government expenditure at 41.8%, reaching SAR 140.4 billion in Q2 2025, growing by 0.4% year-on-year. Government spending on goods and services came in second, accounting for 21.9% of total expenditures, or SAR 73.6 billion, declining by 2.6% compared to Q2 2024.



Public Finance

Decrease in deficit during Q2 2025, driven by improvement in non-oil revenues

Figure 25: General budget: Surplus/(Deficit) period (SAR billion)



Source: Ministry of Finance

Saudi Arabia's general budget recorded a fiscal deficit of SAR 34.5 billion in Q2 2025, narrowing from SAR 58.7 billion in the previous quarter. This decline is attributed to an improvement in non-oil revenues despite a decline in oil revenues. The Kingdom continues to pursue ambitious economic goals that raise the level of services, increase productivity, and encourage private sector investment, which is expected to generate huge financial returns in the future.

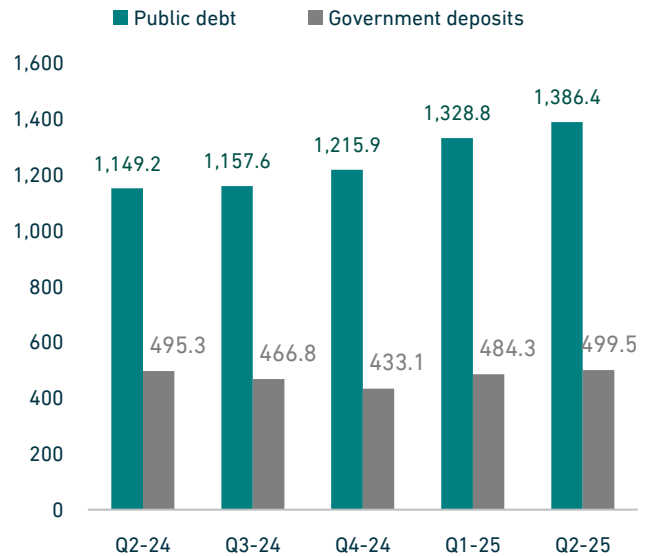
Government deposits rose to SAR 499.5 billion in Q2 2025, an increase of 0.8% compared to Q2 2024.

In terms of total public debt, we note an increase of approximately 20.6% on an annual basis at the end of Q2 2025, reaching SAR 1,386.4 billion compared to SAR 1,149.2 billion at the end of the same quarter of the previous year. The increase in total public debt reflects the trend towards diversifying sources of financing to ensure sustainable spending on major projects and infrastructure without negatively affecting domestic liquidity.

The debt structure, which leans towards long-term financing, helps reduce refinancing risks. It supports the Kingdom's efforts to boost its investments in promising sectors such as renewable energy, support the budget in the long term, and build reserves to cope with potential market fluctuations.

Both domestic and external debt rose to SAR 871.3 billion and SAR 515.1 billion, respectively, by the end of Q2 2025, representing an increase of 28.1% for domestic debt and 9.9% for external debt on an annual basis.

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



Source: Ministry of Finance

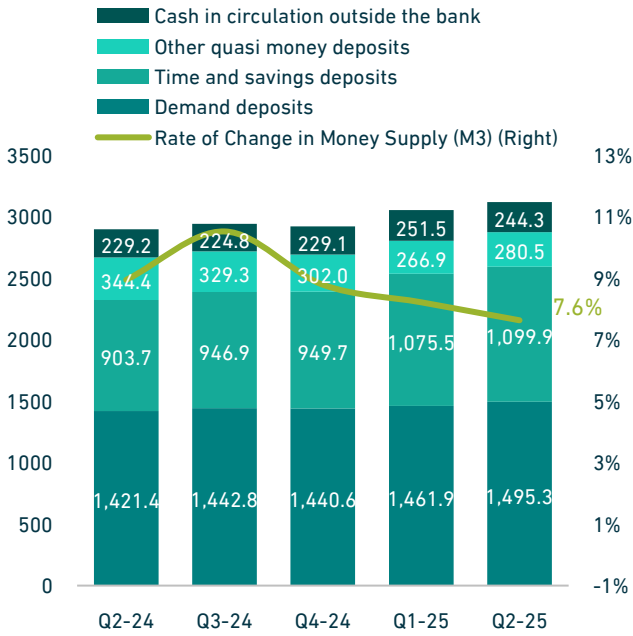
According to data released by the National Debt Management Center, the ratio of public debt to GDP reached 31.9% at the end of Q2 2025, a relatively low level reflecting strong creditworthiness. In July 2025, Fitch affirmed the Kingdom's credit rating at A+ with a "stable" outlook, citing improved economic and fiscal performance under Saudi Vision 2030 reforms.



Monetary Performance

Increase in money supply and bank credit granted

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



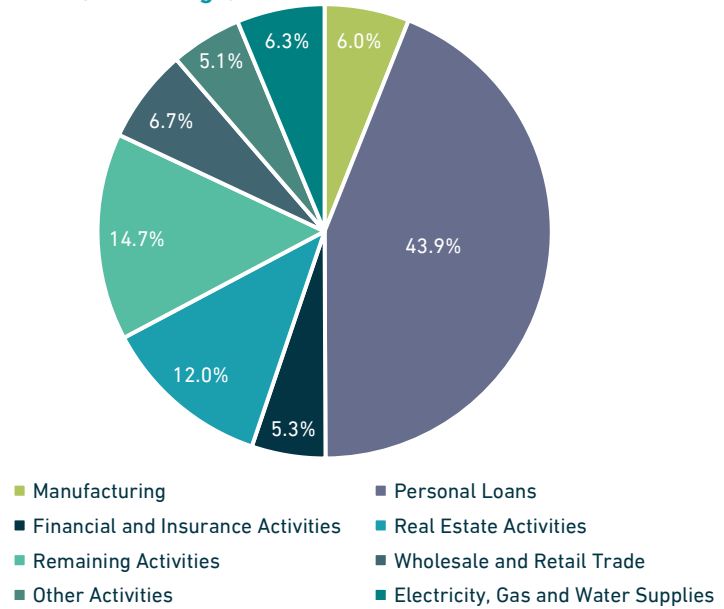
Source: Saudi Central Bank

Broad money supply (M3) rose by 7.6% year-on-year in Q2 2025, reaching SAR 3,120 billion. Demand deposits accounted for 47.9% of total money supply, time and savings deposits accounted for 35.3%, other quasi-money deposits accounted for 9.0%, and cash in circulation outside banks accounted for 7.8%.

This growth in money supply (M3) is attributed to the increase in non-bank cash in circulation, time deposits, and savings deposits on an annual basis by 6.6% and 21.7%, respectively. Total demand deposits also recorded a year-on-year increase of 5.2%. Meanwhile, total other quasi-money deposits recorded a decline of 18.5% on an annual basis.

Total bank credit granted during Q2 2025 recorded an annual growth of 15.8%, reaching SAR 3,186 billion. This growth was driven by an increase in credit granted to individuals and real estate activities, which together accounted for 55.9% of total credit, with a value of SAR 1,398 billion and SAR 383.8 billion, respectively. This growth was reinforced by consumer confidence, robust consumer spending, and government support programs, which outweighed the dampening effect of high interest rates.

Figure 28: Ratio of credit provided to total bank credit by economic activity for Q2 2025 (Percentage)



Source: Saudi Central Bank

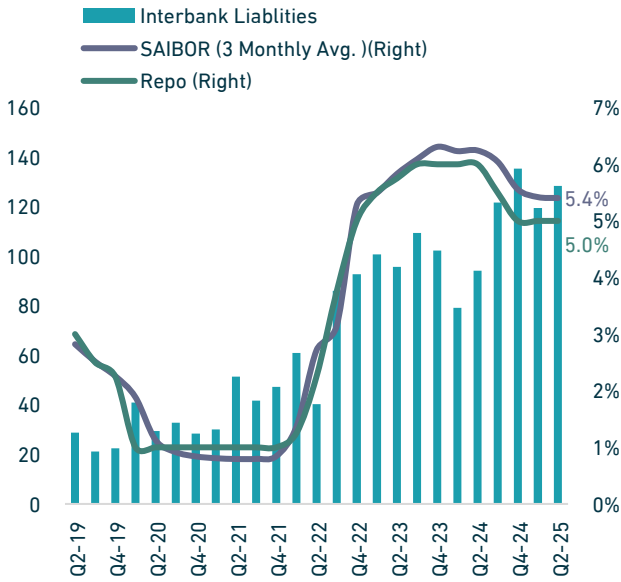
Similarly, the wholesale and retail trade sector, the electricity, gas, and water supply sector, and the manufacturing sector contributed approximately 6.7%, 6.3%, and 6.0%, respectively, of total credit, with an estimated value of approximately SAR 213.1 billion, SAR 199.3 billion, and SAR 192.2 billion, respectively.



Monetary Performance

Stable interest rates and decrease in total reserve assets

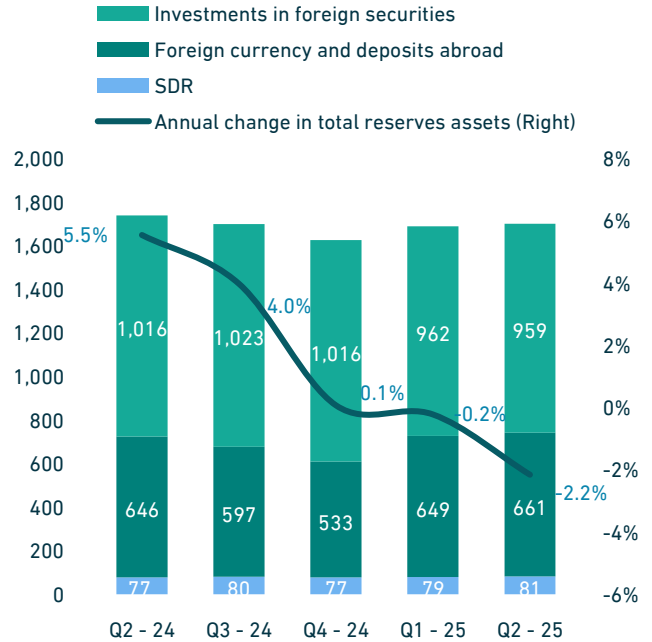
Figure 29: Monetary indicators (Interest rate, Interbank liabilities)
(SAR billion, Percentage)



Source: Saudi Central Bank

The Saudi Central Bank kept the repo rate at 5.0% during Q2 2025. This was reinforced by the increase in money supply (M3) during the same period, with interbank liabilities rising to SAR 128.4 billion compared to SAR 119.5 billion in the previous quarter, representing an annual increase of 36.5%. The interbank interest rate (SAIBOR) eased slightly during Q2 2025 to 5.40% from 5.42% in the previous quarter.

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



Source: Saudi Central Bank

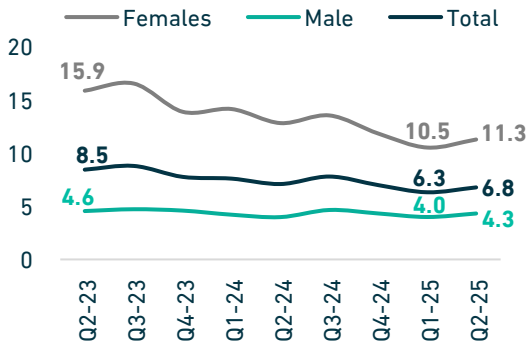
Saudi Arabia's reserve assets recorded an annual decline of 2.2% in Q2 2025, reaching SAR 1,716 billion compared to SAR 1,754 billion in the same period last year. This decline is mainly attributable to a 5.5% decrease in investments in foreign securities, which account for more than half of total reserves (SAR 959 billion). In contrast, foreign currency and deposits abroad increased by 2.2%, reaching SAR 660.6 billion, while special drawing rights increased by 5.2% to SAR 81.3 billion. Meanwhile, the Kingdom's reserves with the International Monetary Fund declined slightly by 0.4% to SAR 13.2 billion, while gold reserves remained unchanged at SAR 1.6 billion.



Labor Market

Rising Unemployment Rate Among Saudis in Q2 2025

Figure 31: Unemployment rate among Saudis (Percentage)



Source: General Authority for Statistics

The unemployment rate among Saudi citizens rose to 6.8% in Q2 2025, up 0.5 percentage points compared to the previous quarter. This rise is attributed to a 0.8 percentage point increase in the female unemployment rate compared to the previous quarter, reaching 11.3%, as well as a 0.3 percentage point increase in the male unemployment rate, reaching 4.3%.

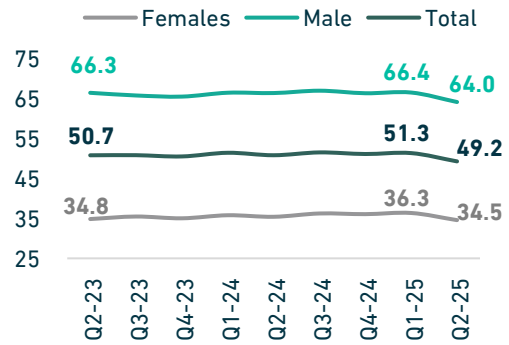
On an annual basis, unemployment among Saudis fell by 0.3 percentage points. Although male unemployment increased by 0.3 percentage points, the 1.5 percentage point decline in female unemployment had the greater impact on the indicator.

Unemployment for the total population increased by 0.5 percentage points quarter-on-quarter in Q2 2025, reaching 3.2%. Compared to the same quarter of 2024, it dropped by 0.1 percentage points.

The labor force participation rate among Saudis decreased by 2.1 percentage points quarter-on-quarter, reaching 49.2% in Q2 2025. This was driven by a 2.4 percentage point decline in the male participation rate, reaching 64.0%, as well as a 1.8 percentage point decline in the female participation rate, reaching 34.5%.

The average monthly wage for employed Saudis held steady in Q2 2025, recording 11,034 SAR. Despite a 2.0% increase in average wages for males, the 6.0% decline in average wages for females led to the stability of the overall monthly wage for employed Saudis.

Figure 32: Economic participation rate (Percentage)



Source: General Authority for Statistics

The Saudi labor market showed marked developments during Q2 2025, reflecting a disparity in the dynamics of supply and demand for jobs. Despite continued government efforts to promote Saudization and diversify employment opportunities across various sectors, unemployment rates among Saudis recorded a slight increase compared to the previous quarter.

These indicators underscore the importance of continuing structural reforms in the labor market, strengthening training and qualification programs, and expanding access to quality job opportunities, in line with the objectives of Saudi Vision 2030 to build a more efficient and sustainable labor market.



Disclaimer

This report has been prepared by the Ministry of Economy and Planning to provide general information to researchers, stakeholders, and the general public for the purpose of awareness and knowledge, based on the principles of transparency and information accessibility. This report should not be considered as a recommendation from the Ministry to make any decisions, and it is advisable to seek financial, legal, and other advice from professionals and experts in this regard. The Ministry aims to ensure that the information provided in the report is complete, up-to-date, and accurate. However, it does not make any explicit or implicit statements, commitments, or warranties regarding completeness, perfection, accuracy, reliability, suitability, or timeliness of the information. Therefore, any reliance on the information contained in the report is entirely at your own risk, and the Ministry shall not be held responsible under any circumstances for any actions or decisions taken based on the report, or for any direct or indirect loss, damage, missed opportunity, or loss of profits that may arise from using this report. The Ministry reserves the right to modify or remove this report without prior notice.