

Kingdom of Saudi Arabia

QUARTERLY ECONOMIC REPORT

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Executive Summary

The global economy is expected to slow to 3.0% in 2025 and 2026, below the historical average. This is due to the disparity in performance across countries. While the United States is achieving remarkable growth due to fiscal stimulus policies, other economies such as Europe and China face significant challenges. Global inflation is expected to decline from 5.9% to 4.2% in 2025 and then to 3.5% in 2026 as the recovery in advanced economies accelerates. Despite efforts to curb inflation, some regions remain under price pressure. Monetary policies vary across countries; some central banks are adopting a cautious approach, while the United States is pursuing stimulus policies that could increase pressure on financial markets in the future. Geopolitical tensions and global conflicts contribute to rising commodity prices, further fueling inflation. According to a World Trade Organization (WTO) report published in April 2025, global goods trade is expected to decline by 0.2% in 2025, which underscores the need for trade policy coordination to ensure market stability, and multilateral cooperation remains essential to maintaining global economic stability.

The Kingdom's real GDP recorded a growth of 4.5% year-on-year in Q4 2024. This performance was a result of a 4.7% year-on-year increase in non-oil activities. Oil activities also achieved a growth of 3.4% year-on-year in Q4 2024, while government activities recorded a growth of 2.2% during the same period.

The Kingdom's non-oil revenues increased by 21.4% year-on-year to reach SAR 132.0 billion in Q4 2024, while the Kingdom's expenditures decreased by 8.7% year-on-year to reach SAR 360.5 billion, revenue reached SAR 302.9 billion and the general budget recorded a financial deficit of SAR 57.7 billion. The Kingdom's total revenues reached SAR 1,259.1 billion in 2024, representing SAR 756.6 billion in oil revenues and SAR 502.5 billion in non-oil revenues. Expenditures amounted to SAR 1,374.7 billion, resulting in a budget deficit of approximately SAR 115.6 billion. In terms of the performance of monetary indicators, the money supply (M3) in the Kingdom witnessed an 8.8% increase to SAR 2,921 billion.

This expansion is mainly attributed to the increase in liabilities in the private sector. Interest rates declined and money supply increased while interbank liabilities increased, with the interbank interest rate (SAIBOR) reaching 5.6%.

The average industrial production index rose by 2.9% year-on-year in Q4 2024, supported by increases in all economic activities. The largest impact on the index was from oil activities, which increased by 2.9%. The Kingdom's average oil production in Q4 2024 increased by 0.4% compared to Q4 2023. Non-oil activities also increased by 2.8%, and manufacturing industries increased by 2.9%.

The Riyadh Bank Non-Oil Private Sector Purchasing Managers' Index (PMI) averaged 58.1 points in Q4 2024, up from the average of 57.8 points in Q4 2023. The PMI remained in the expansion zone, indicating a continued positive performance of the markets. On a monthly basis, private sector activity in the Kingdom performed strongly toward the end of 2024, with the PMI recording 58.4 points in December 2024. This strong performance was driven by improved operating conditions in the non-oil private sector.

The unemployment rate among Saudis decreased to 7.0% in Q4 2024, compared to 7.8% in the same quarter of 2023. This decline is attributed to a 2.1 percentage point drop in the female unemployment rate, resulting from ongoing labor market policy reforms aimed at empowering women and creating new job opportunities in sectors such as security, services, and others. The Kingdom continued to achieve a surplus in its trade balance, but this surplus witnessed a decline in Q4 2024. It decreased by 52.4% to reach SAR 44.9 billion, compared to SAR 94.2 billion in the same period of the previous year. This decline is mainly due to a decrease in oil exports by 13.3% to reach SAR 195.9 billion due to a decline in global oil prices. On the other hand, imports grew by 15.5% to reach SAR 233 billion.

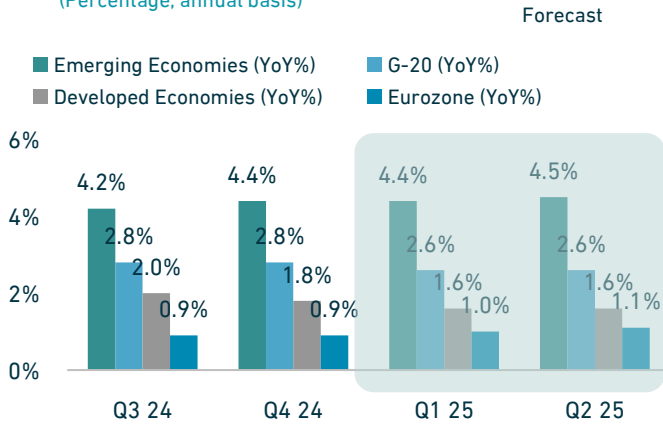


Global Economic Growth

Global economic growth in the face of geopolitical challenges and divergent inflation among major economies

Figure 1: Quarterly growth rate of the global economy

(Percentage, annual basis)



Source: Bloomberg

Global economic growth is projected to slow to 3.0% in 2025 and 2026, the lowest rate since the historical average of 3.7% during the period from 2000 to 2019.

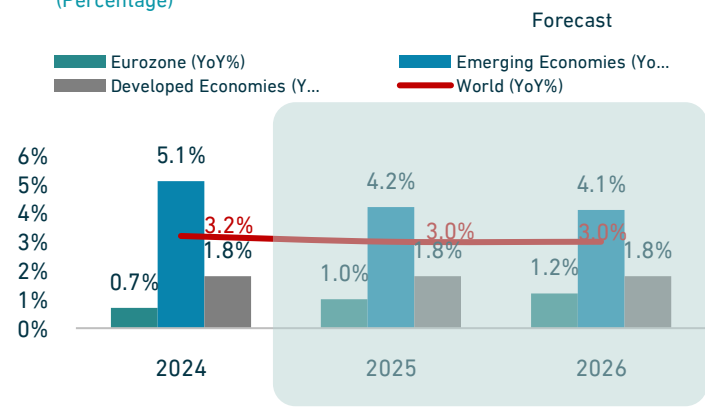
On the other hand, global inflation is expected to decline from 5.9% to 4.2% in 2025 and to 3.5% in 2026, with advanced economies getting closer to their inflation targets at a faster pace than emerging and developing economies, where inflation remains more persistent. In this context, central banks are adopting a cautious policy of lowering interest rates, focusing on monitoring economic activity, labor markets, and exchange rate movements. Some banks are also increasing interest rates, reflecting the divergence of monetary policies across countries.

From a financial perspective, despite the continued accommodative policies globally in general, there is a marked divergence between countries. Equity markets in advanced economies witnessed a rise driven by expectations of continued supportive monetary policies in the United States, while equity markets in emerging and developing economies maintained a level of stability. At the same time, the strengthening of the US dollar and higher interest rates in the United States led to a tightening of global financial policy, increasing capital flows to the US market and raising borrowing costs in other markets.

US monetary policies are a key factor in determining the direction of global financial flows, contributing to a more complex international financial environment.

Figure 2: Annual growth rate of the global economy

(Percentage)



Source: Bloomberg

Economies are experiencing a marked increase in uncertainty, particularly in trade and public finance, with significant variation across countries. Financial markets have been affected by expectations of political transitions in countries holding elections in 2024, increasing concerns. Furthermore, political unrest in some Asian and European countries has exacerbated the anxiety, along with ongoing geopolitical tensions in the Middle East and escalating trade disputes globally.

Regional forecasts vary, with strong demand in the United States expected to continue, driven by high wealth, accommodative monetary policy, and favorable financial conditions, with growth estimated at 1.8% in 2025.

In the Eurozone, growth is expected to slow to 1.0% due to the impact of geopolitical tensions and a manufacturing slowdown. A recovery in real incomes is also supporting consumption in other advanced economies such as Japan, Canada, and Australia, despite continued trade headwinds that are impacting investment.

In emerging economies, China's economy is expected to grow by 4.6% in 2025, due to its stimulus package, while India's growth is projected to stabilize at 6.5%, given its significant economic potential. In Latin America, growth is expected to accelerate to 2.5%, due to relative stability.



Chapter one

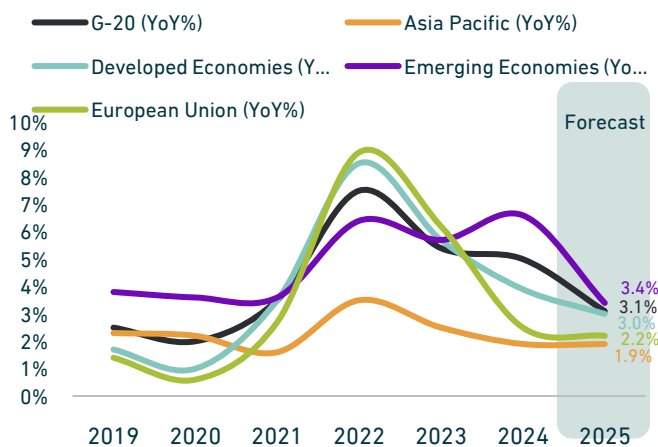
**The Global
Economy**

Global Inflation

Global inflation variability and the impact of fiscal policies on economic growth

Figure 3: Headline inflation rates

(Percentage, annual basis)



Source: Bloomberg

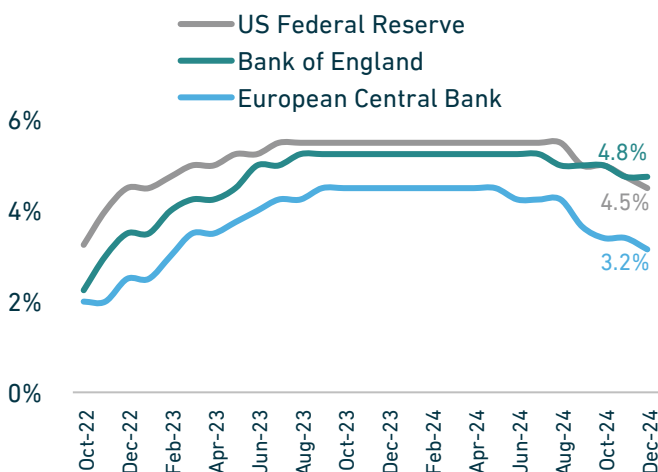
Global efforts to curb inflation continue, but there are signs of slowing progress in some countries, with high inflation persisting in some cases.

In recent months, global core inflation has been just above 2%. At the same time, nominal wage growth data shows signs of slowing, accompanied by indications of gradual adjustments in labor markets. While commodity price inflation has declined to levels close to or below previous trends, service price inflation remains above pre-COVID-19 levels in many economies, particularly in the United States and the Eurozone. Furthermore, some emerging and developing economies, such as those in Europe and Latin America, continue to experience high inflation due to a variety of local factors that vary from one case to another.

In regions where inflation persists more, central banks are adopting a more cautious approach to interest rate cuts, focusing on monitoring economic activity, labor market indicators, and exchange rate movements. Some central banks are raising interest rates, reflecting divergent monetary policies across countries.

Figure 4: Economic policy rates

(Percentage)



Source: Bloomberg

An increased global demand for capital will lead to higher interest rates and a drag on economic activity elsewhere in the world. At the same time, deregulation in the United States could improve public confidence and boost economic optimism, leading to a recovery in the economy through increased activity on both the demand and supply sides. While easing restrictions and reducing administrative procedures in the business environment could boost US economic growth in the short term by increasing investment, a stronger dollar could risk increasing capital outflows from emerging economies, increasing risks.

Furthermore, excessively loose regulation aimed at controlling risks and debt accumulation could create a US economic environment fraught with risks of inflation and recession in the long term. This situation could negatively impact other global economies, with potentially unforeseen effects on financial markets and international trade.



Global Economic Risks

Global economic outlook and challenges arising from economic and geopolitical policies

In the medium term, the GDP growth is likely to be below average during 2025-2026. Average growth rates for this period are estimated at 3.0% per year over the next five years, reflecting significant economic challenges that could impact global economic stability.

In the short term, domestic policies may lead to disparities in growth performance across countries. In the United States, optimism prevails due to fiscal stimulus aimed at boosting economic activity. In contrast, economies such as Europe and China face slower growth due to unstable economic policies and increased uncertainty, complicating efforts to achieve economic stability.

On the other hand, the escalation of global protectionist policies, such as the imposition of new tariffs, may exacerbate trade tensions between countries, leading to a decline in investment volume and weaker global market efficiency, thus slowing economic growth. These policies may also contribute to higher inflation rates, especially in light of the current economic conditions, which could increase pressure on prices compared to previous trade crises.

In the United States, fiscal policy expansion, such as tax cuts, may support economic activity in the short term. However, in the long term, this could turbulently impact global markets and weaken the traditional role of US Treasuries as safe assets. This could also lead to increased government borrowing, which could further strain financial markets.

In addition, geopolitical tensions, such as the ongoing conflicts in the Middle East and Ukraine, exacerbate economic challenges by raising commodity prices, increasing inflationary pressures on importing economies.

However, structural reforms in labor, education, and health are essential for enhancing productivity and growth in the medium term, as they contribute to improving economic efficiency and attracting investment, which enhances economic stability.

As for monetary and fiscal policies, it is essential to strike a balance between containing short-term risks and promoting long-term financial stability by controlling inflation and supporting economic growth, while reducing public debt and enhancing fiscal sustainability. Finally, multilateral cooperation is a fundamental pillar of global economic stability, as trade policies must align with international standards to ensure transparency and reduce volatility in financial markets.



Table 1: Selected indicators for G20 countries

G20	Real GDP Growth (%) Q4'24 ¹	Inflation (%) Dec'24	Monetary Policy rate (%) Dec'24	Industrial Production Index (%) Dec'24	PMI (Point) Dec'24
ARGENTINA	2.1	118	32	8.7	-
AUSTRALIA	1.3	2.5	4.35	-1.3	48
BRAZIL	3.6	4.8	12.25	1.6	50
CANADA	2.6	1.8	3.25	-	52
CHINA	5.4	0.1	3.1	6.2	51
EU	1.2	2.4	3.15	-2.0	45
FRANCE	0.6	1.3	3.15	-1.1	42
GERMANY	-0.4	2.6	3.15	-3.1	43
INDIA	6.2	5.2	6.5	3.2	56
INDONESIA	5.0	1.6	6.0	4.0	51
ITALY	0.6	1.1	3.15	-7.1	46
JAPAN	1.2	3.6	0.25	-1.6	50
KSA	4.5	1.9	5.0	2.1	58
MEXICO	0.5	4.2	10	-2.7	50
RUSSIA	3.1	9.5	21	8.2	51
SOUTH AFRICA	0.9	3.0	7.75	-1.2	50
SOUTH KOREA	1.2	1.9	3.0	4.4	49
TÜRKIYE	3.0	44	47.5	7.0	49
USA	2.5	2.9	4.5	0.3	49
UK	1.4	2.5	4.75	-1.9	47

¹ Q3-24 for Russia.

Source: Bloomberg



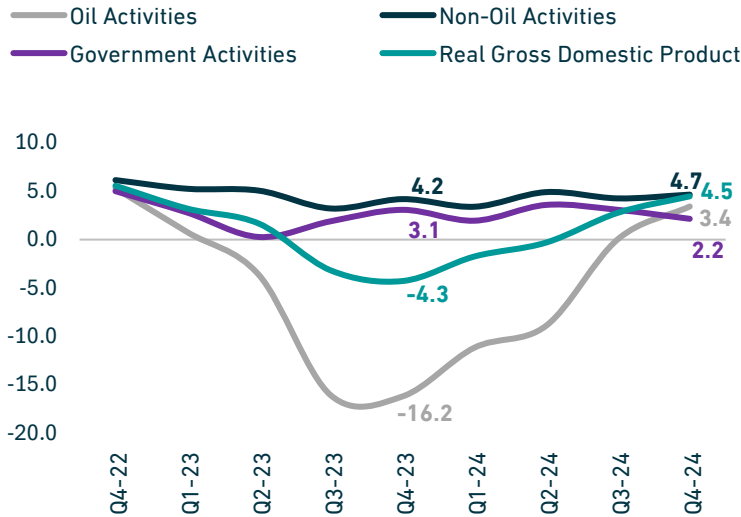
Chapter two

**The Saudi
Economy**

GDP

Real GDP growth accelerates in Q4 2024

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

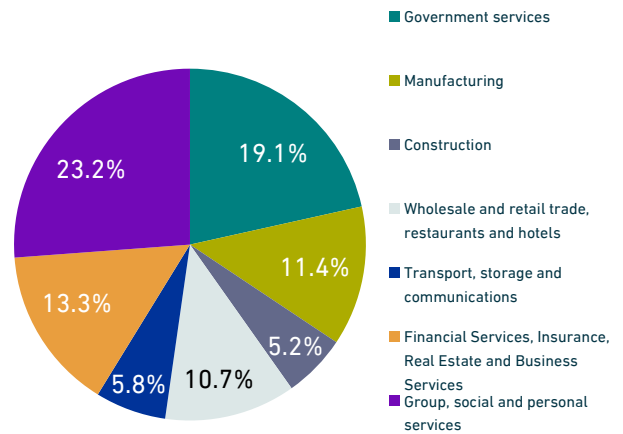


Source: General Authority for Statistics

The Kingdom's real GDP continued its positive performance for the second consecutive quarter, achieving a 4.5% year-on-year growth in Q4 2024, following a full-year contraction. This performance was driven by a 4.7% year-on-year increase in non-oil activities, including government activities, the second-largest contributor at 19.1% of GDP. Other factors also contributed to this growth, including consumption, with private final consumption rising by 3.9%, and investment, with gross non-government capital formation rising by 4.4%. Exports of goods and services grew by 5.2%. (The Kingdom's international trade data indicates a 17.3% year-on-year growth in non-oil exports, including re-exports, in Q4 2024.) The first and second factors indicate the Kingdom's efforts to enhance private sector participation in development.

The private sector Purchasing Managers' Index (PMI) supports the positive performance of non-oil activities, which was reflected in GDP growth. The index averaged 58.1 points during the fourth quarter of 2024, with production accelerating. Domestic demand was a prominent factor driving production, and companies in the non-oil private sector made efforts to increase their workforce to meet demand, especially with the accelerating performance of non-oil activities.

Figure 6: Growth of most prominent economic activities, Q4 2024
(Percentage)



Source: General Authority for Statistics

Oil activities also achieved a 3.4% year-on-year growth in Q4 2024, after contracting since Q2 2023. This growth was a result of the Kingdom's increased oil production in Q4 2024, in line with the Kingdom's policies to control oil markets in light of geopolitical changes resulting from OPEC+ agreements.

In terms of economic activity, mining and quarrying recorded the highest contribution to GDP at 23.2%, growing by 0.7% year-on-year in Q4 2024, reaching SAR 216.2 billion. Government activities recorded the second largest contribution at 19.1%, achieving an annual growth of 2.2% during the same period, reaching SAR 177.7 billion.

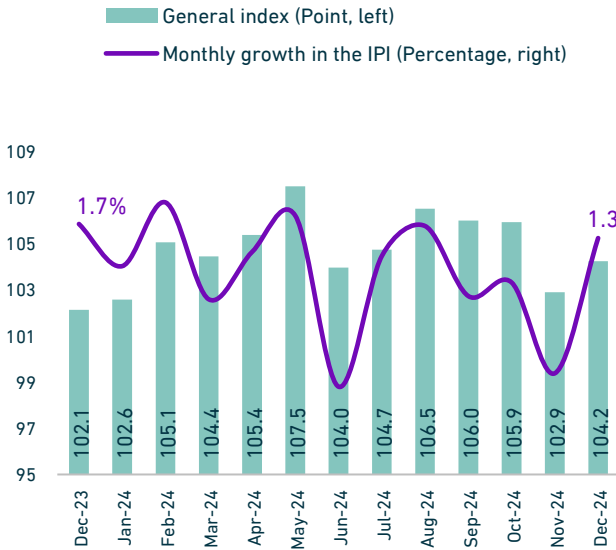
The third largest activity, financial services, insurance, real estate, and business services, recorded a contribution of 13.3% to GDP, with an annual growth rate of 4.5% in Q4 2024, reaching SAR 124.3 billion. The Kingdom's services sector accounted for 52.6% of GDP in Q4 2024, recording SAR 489.9 billion. This is driven by growing domestic demand, tourism activity, and the infrastructure of major projects undertaken by the Kingdom, which supports the Kingdom's efforts to diversify its production base and boost non-oil production.



Industrial Production

Industrial production index grows in Q4 2024

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



Source: General Authority for Statistics

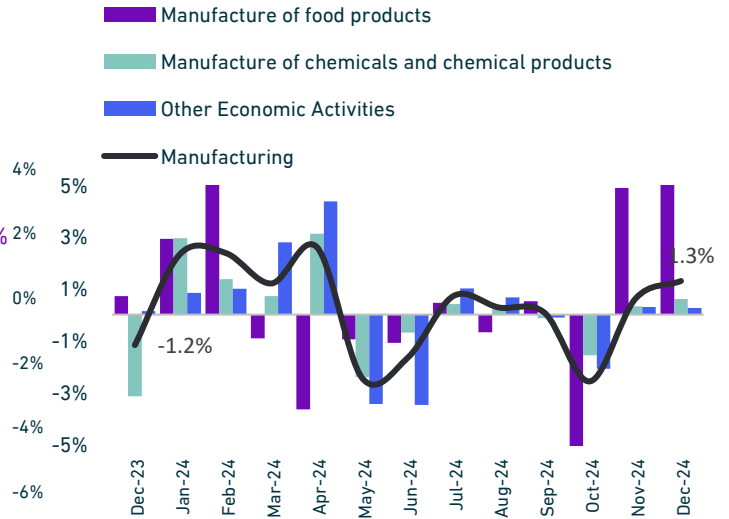
The average Industrial Production Index (IPI) for 2024 reached 104.9 points, declining from its performance in 2023.

The average IPI increased by 2.9% year-on-year in Q4 2024 (according to the classification of major economic activities), supported by increases in all economic activities. The largest impact on the index came from oil activities, which increased by 2.9%, and non-oil activities, which increased by 2.8%.

The increase in average oil activities in Q4 2024 was attributed to a 15.9% increase in the coke and refined petroleum products industry, as well as a 0.4% increase in crude oil and natural gas extraction activity, compared to the same period of the previous year.

The increase in non-oil activities was due to the positive performance of manufacturing industries, which increased by 2.9%. All types of industries increased in Q4 2024 compared to the same period of the previous year.

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



Source: General Authority for Statistics

The food products industry, other economic activities, chemicals and chemical products, and other non-metallic mineral products industry have the greatest impact on the manufacturing industries index. Each of these industries increased in Q4 2024 by 4.1%, 2.3%, 1.7%, and 1.1%, respectively, compared to the same period of the previous year.

Manufacturing activity plays a vital role in influencing economic growth, providing goods to the local market, enhancing the competitiveness of Saudi products in global markets, and developing non-oil exports. It also has a direct impact on employment.

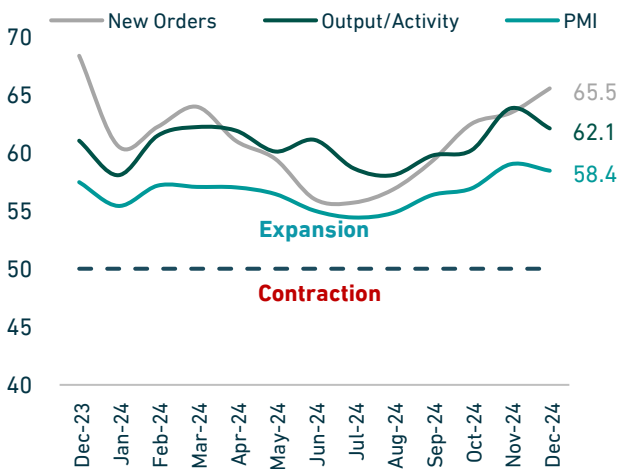
The average index of electricity, gas, steam, and air conditioning supply activity increased by 1.2% year-on-year in Q4 2024, and the average index for water supply activity, sanitation, waste management and treatment activities increased by 6.4% on an annual basis.



Purchasing Managers' Index

Expansion of activity and business continues in Q4 2024

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



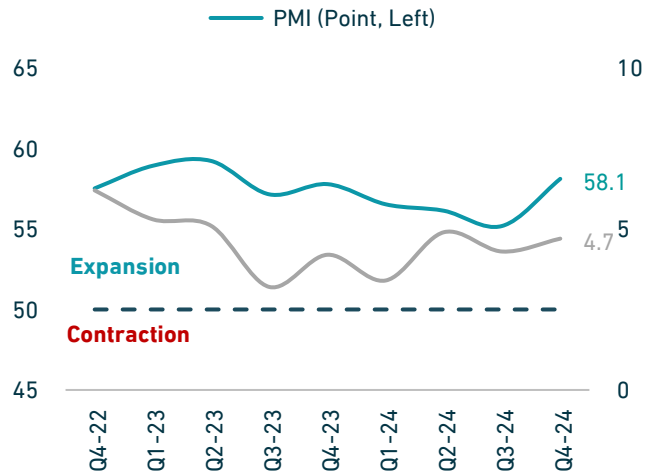
Source: S&P Global

The Riyadh Bank non-oil private sector Purchasing Managers' Index (PMI) averaged 58.1 points in Q4 2024, up from the previous year's average of 57.8 points. The index remained in expansion territory, indicating continued positive market performance.

On a monthly basis, private sector activity in the Kingdom performed strongly in December 2024, recording 58.4 points. Although slightly lower than the 17-month high of 59.0 points the previous month, the reading indicated a remarkable improvement in operating conditions across non-oil private sector activities.

This acceleration in performance is attributed to significantly improved business conditions, driven by a rise in new orders, increased domestic demand, and a boost in exports and production. Total sales volume also rose at the fastest pace in 12 months, leading to a strong increase in business activity and inventories.

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



Source: General Authority for Statistics, S&P Global

Private sector purchasing activity accelerated to a nine-month high in December 2024, as companies maintained a high level of inventory builds. On the other hand, job creation slowed compared to November 2024. Average delivery times for inputs decreased in December 2024, with the pace of improvement accelerating throughout the month. This contributed to the fastest increase in input inventories since May 2024. Some companies indicated that good relations with suppliers allowed them to boost inputs in anticipation of higher sales.

Amid the rapid growth in purchasing activity, non-oil companies faced a sharp increase in raw material costs in December 2024, significantly increasing input prices and wage costs. Despite this, some companies decided to cut prices amid strong competition and high inventory levels.

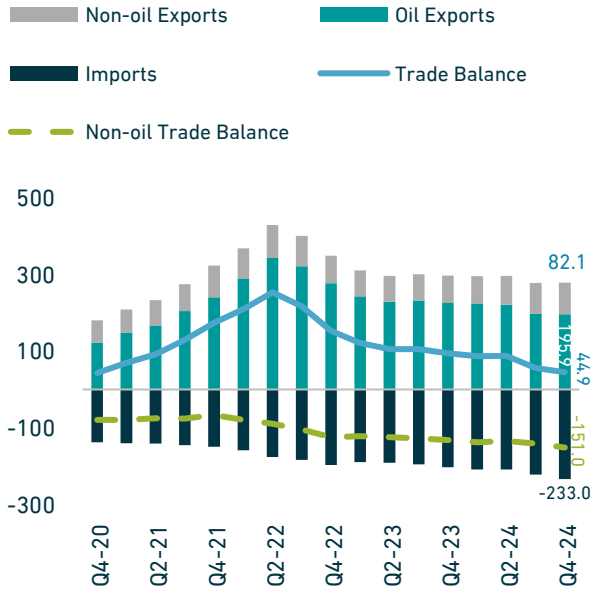
In December 2024, the Kingdom ranked first among G20 countries in the Purchasing Managers' Index (PMI), clearly indicating the continued positive performance of the non-oil private sector, continued economic expansion and activity, and continued strong demand.



Foreign Trade

Trade balance surplus declined in the Q4 2024

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

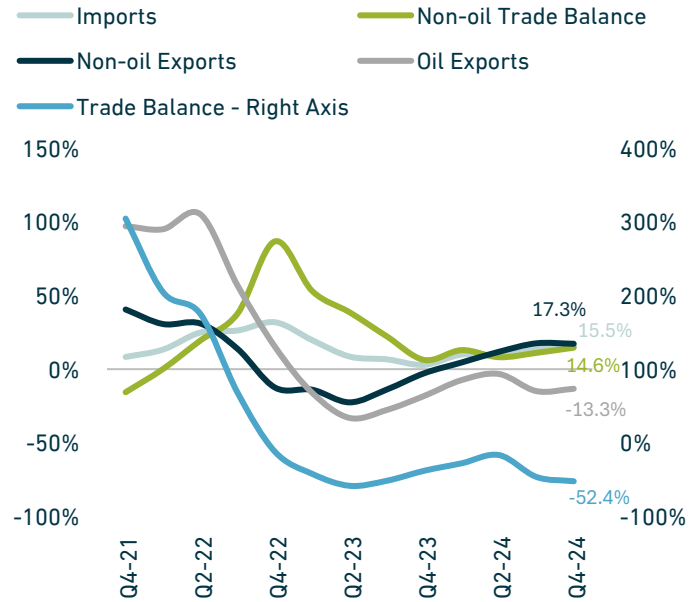


Source: General Authority for Statistics

In Q4 2024, the trade surplus witnessed a significant decline of 52.4% to SAR 44.9 billion, compared to SAR 94.2 billion during the same period of the previous year. This decline reflects the variation in performance of exports and imports, as commodity exports declined by 6.1% to SAR 277.9 billion, while imports increased by 15.5%, reaching a record high of SAR 233 billion.

Oil exports witnessed a significant decline of 13.3% to SAR 195.9 billion, the lowest value recorded since Q2 2021, compared to SAR 226 billion during the same period last year. This decline is due to challenges in the global energy market, most notably the 11.2% year-on-year decline in global oil prices, due to economic pressures and slowing demand from major importers. For example, China's imports of Saudi oil declined by 24.1% year-on-year during Q4 2024, which directly affected the Kingdom's total oil exports. Oil exports accounted for 70.5% of total commodity exports.

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



Source: General Authority for Statistics

The non-oil trade deficit widened by 14.6% year-on-year in Q4 2024, reaching SAR 151 billion, compared to SAR 131.8 billion in the same period last year. This came despite non-oil exports (including re-exports) achieving a significant growth of 17.3% to reach SAR 82.1 billion, recording their highest level since Q2 2022.

Re-exports accounted for 29.2% of total non-oil exports, with a value of SAR 24 billion, equivalent to 8.6% of total commodity exports in Q4 2024.

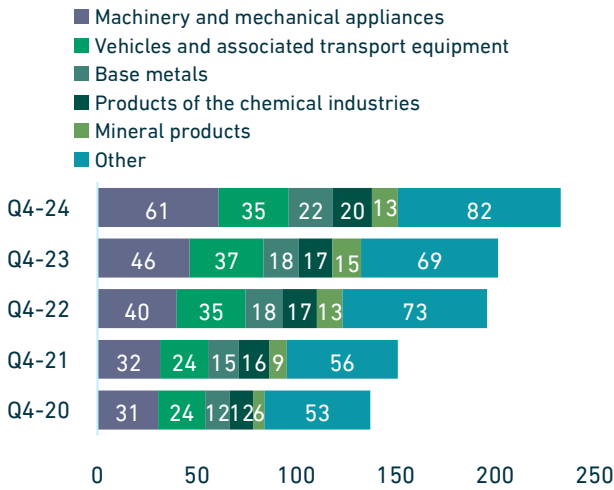
In Q4 2024, chemical industry products topped the list of the Kingdom's non-oil exports, with a value of SAR 21.1 billion, equivalent to 25.8% of total non-oil exports, achieving a 3.9% year-on-year growth. Exports of plastics, rubber, and their products also increased by 8.9% to SAR 18.4 billion, accounting for 22.4% of the total. Exports of machinery and electrical appliances recorded an exceptional increase of 94.3%, reaching SAR 12.7 billion, representing 15.5% of total non-oil exports.



Foreign Trade

UAE is the largest trading partner for the Kingdom's non-oil exports

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



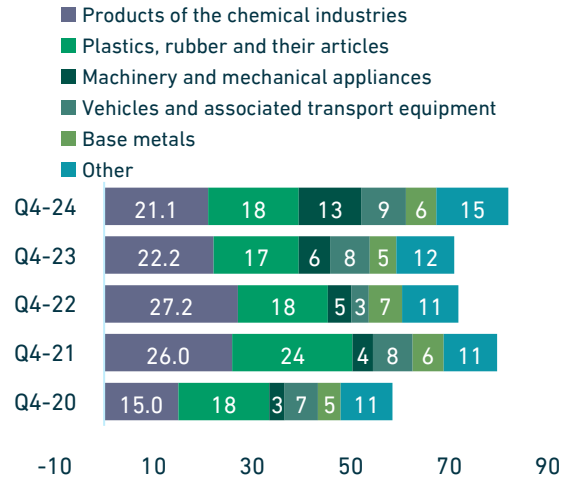
Source: General Authority for Statistics

The UAE topped the list of importers of Saudi non-oil exports during Q4 2024, with a value of SAR 20 billion, a 40% increase compared to the same period the previous year. These exports accounted for 24% of total non-oil exports during this period. The two most exported goods to the UAE were "machinery and electronic devices" and "transportation vehicles and equipment," which together accounted for 69% of total non-oil exports to the UAE.

China ranked second among the largest importers of Saudi non-oil exports, with a value of SAR 8 billion during Q4 2024, a 13% increase compared to the previous year. The highest exported products to China were "Chemical and related industries", with a value of SAR 3 billion during this period. India ranked third with a value of SAR 7 billion, achieving a growth of 26% compared to Q4 2023. Exports to India accounted for 8% of total non-oil exports, and the highest exported products were "chemical and related industries" with a value of SAR 4 billion.

Saudi imports during Q4 2024 witnessed a 16% year-on-year growth, reaching SAR 233 billion. This increase was primarily attributed to a 26% increase in imports of "machinery, mechanical devices, and the like," reaching SAR 61 billion, accounting for 26% of total imports. Vehicles and transportation equipment came second in terms of imports, representing 15% of total imports and

Figure 14: Imports by category
(SAR billion)



Source: General Authority for Statistics

achieving a growth of 6% compared to Q4 2023. "Basic metals and their products" ranked third, recording an 18% growth and representing 10% of total imports. China remained the largest source of imports to Saudi Arabia during Q4 2024, with imports reaching SAR 60 billion, registering a 26% growth.

The United States ranked second, with imports reaching SAR 21 billion, a 9% increase compared to the same period last year.

The UAE ranked third, with exports to the Kingdom reaching SAR 13 billion, achieving a 5% growth. Imports from these countries were diverse, with "machinery and mechanical equipment" being the main category of imports from China and the United States, while "precious stones" was the highest imported product from the UAE.

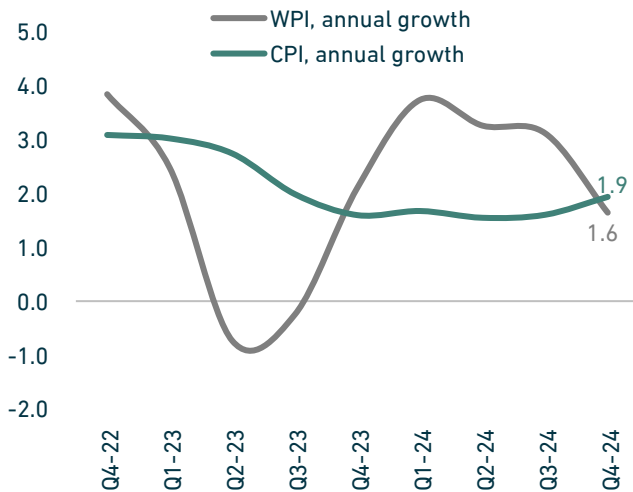
Imports of capital and intermediate goods recorded a 14% growth. These two categories accounted for 66% of total imports during Q4 2024, reflecting increased demand for equipment and materials needed for major projects and infrastructure expansion. Imports of final consumer goods accounted for 34% of total imports, reflecting individuals' needs for various goods and products.



Prices

A limited rise in inflation rates during Q4 2024

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



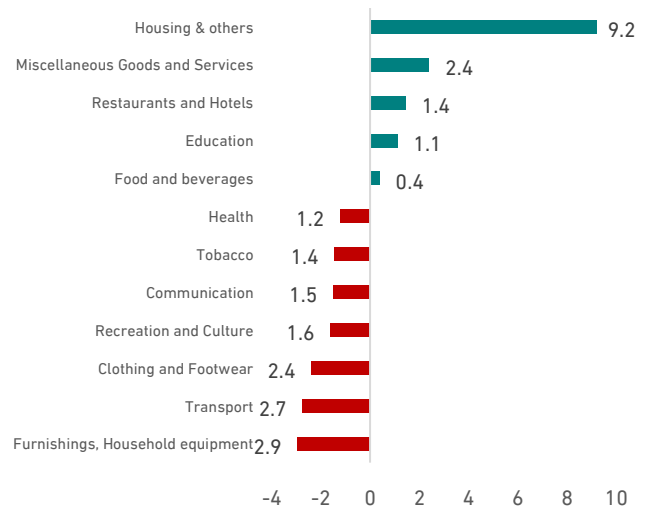
Source: General Authority for Statistics

The average CPI index recorded 112.2 points in Q4 2024, up 1.9% year-on-year. This increase was primarily driven by a 9.2% increase in the housing and others group, as this group represents about 25.5% of the index's weight.

This increase is attributed to rental and villa prices, which increased by approximately 8.9% in December 2024. This is primarily due to the widening gap between supply and demand resulting from rapid population growth and supply failing to keep pace with market demands, especially in major cities such as Riyadh. This is in addition to the delays in the delivery of some residential projects. Rising construction costs and land prices have also contributed to increased housing development costs, which in turn has impacted rental prices. This comes at a time when the Kingdom is witnessing an expansion in government projects, real estate investments, an increase in expatriate labor, and the continued relocation of the regional headquarters of international companies to the capital, which is boosting demand for residential units.

Some other categories also contributed to the year-on-year increase in the CPI. Miscellaneous goods and services, restaurants and hotels, and education recorded increases of 2.4%, 1.4%, and 1.1%, respectively. On the other hand, some categories witnessed declines. Home furnishings and equipment, transportation, clothing and footwear, and

Figure 16: Annual rate of change in consumer basket sections for Q4 2024 (Percentage)



Source: General Authority for Statistics

entertainment and culture recorded declines of 2.9%, 2.7%, 2.4%, and 1.6%, respectively. Regarding wholesale prices, the average CPI reached 154.5 points during Q4 2024, a 1.6% increase year-on-year. This rise was attributed to a 3.5% increase in the section of "other transportable goods other than metal products, machinery, and equipment. The agricultural and fishery products and metal products and machinery and equipment categories also recorded increases of 2.4% and 0.3%, respectively. The annual increase in the CPI in Q4 2024 reflects the continued increase in wholesale prices throughout the year, which impacts the cost of goods and services in local markets and, consequently, the prices of final goods to consumers.

While the rest of the other components of the index decreased, the section of raw materials and metals, food, beverages, tobacco, and textiles recorded a decrease of 2.8% and 0.2%, respectively, on an annual basis.

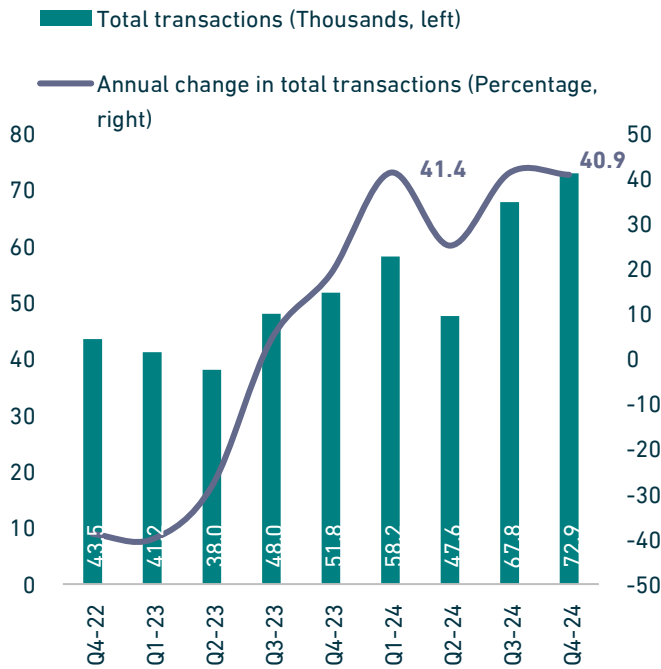
Inflation rates in the Kingdom have stabilized at low levels despite the various pressures affecting the local economy. Markets have faced some challenges related to increased demand, particularly in the housing and building materials sectors. It is worth noting that inflation rates in the Kingdom are relatively low compared to other G20 countries, due to the proactive measures and policies adopted by the government to contain rising prices.



Real Estate

Increase in the number of real estate transactions executed during Q4 2024

Figure 17: Total number of real estate transactions

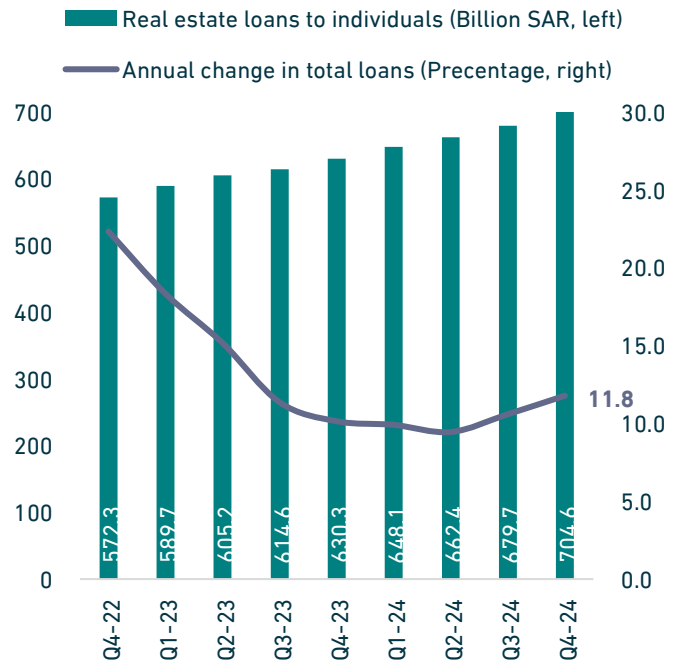


Source: Ministry of Justice

The Kingdom's real estate market continued its recovery during Q4 2024, with the total number of real estate transactions reaching approximately 73,000, compared to approximately 52,000 during the same period last year, achieving an annual growth rate of 40.9%. On a quarterly basis, the real estate market witnessed a growth of 7.5%, compared to the third quarter of the same year.

This growth was primarily attributed to an increase in residential transactions, which rose by 49.3% year-on-year, accounting for 90.2% of total real estate transactions. In contrast, the commercial sector witnessed a decline of 21.3% year-on-year, continuing its decline for the third consecutive quarter after achieving a 28% growth in the first quarter of the year.

Figure 18: Real estate loans to individuals from commercial banks and financial companies



Source: Saudi Central Bank

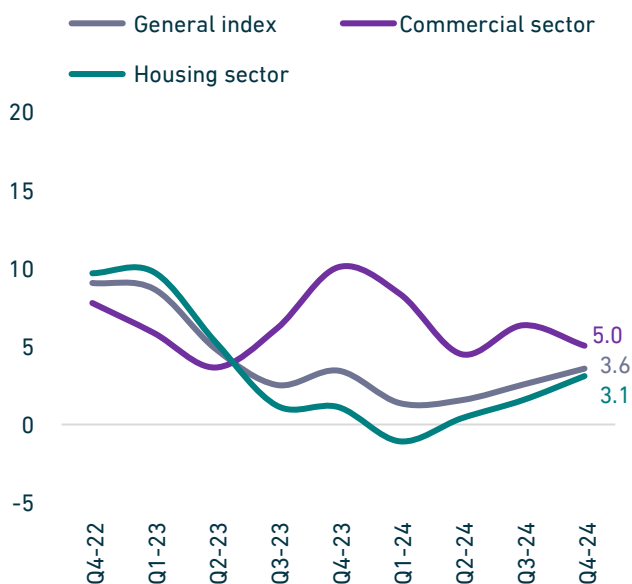
In a related context, mortgage loans provided to individuals by commercial banks and finance companies during Q4 2024 increased by 11.8%, compared to the same period last year, reaching SAR 704.6 billion. This growth reflects the acceleration of mortgage lending market, supported by stable interest rates and increased demand for residential transactions, along with increased corporate lending driven by major projects linked to Saudi Vision 2030 and demographic growth, which is boosting demand for residential properties.



Real Estate

3.6% rise in real estate price index during Q4 2024

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



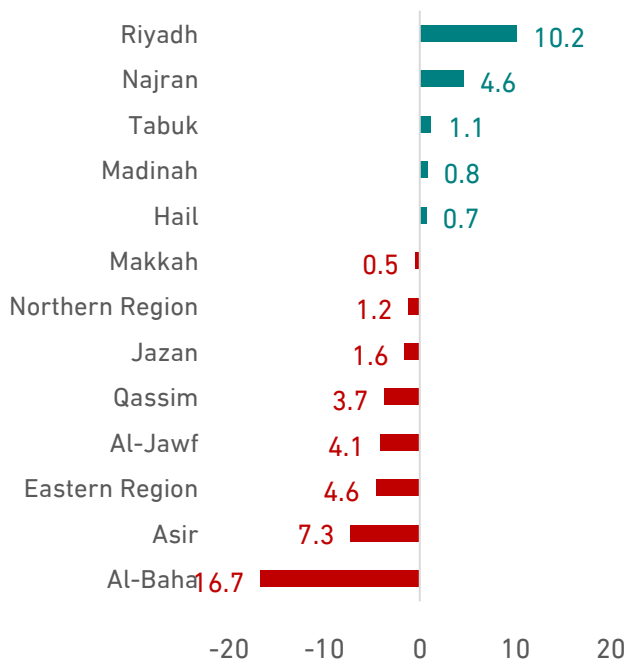
Source: General Authority for Statistics

The general index of real estate prices in the Kingdom witnessed an increase of 3.6% year-on-year during Q4 2024, recording 104.2 points, the highest annual increase rate during the year. This increase was due to an increase in real estate sector prices, with the commercial sector recording a 5.0% increase, while the residential sector saw an increase of 3.1% and the agricultural sector by 2.8%.

The residential sector dominates the general index, with a relative weight of 72.6%, according to the new methodology followed by the General Authority for Statistics, which takes 2023 as the base year to improve data quality and accuracy.

The annual rise in prices in the residential sector was driven by increases in villas, apartments, and residential land prices, which recorded growth rates of 6.5%, 2.9%, and 2.5%, respectively. Residential units declined slightly by 0.7% year-on-year.

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



Source: General Authority for Statistics

In the commercial sector, prices of commercial buildings and land increased by 5.2% and 5.1%, respectively, due to increased demand for commercial space, in addition to the influx of foreign investment and the continued relocation of global companies' regional headquarters to Riyadh. The agricultural sector also witnessed an annual increase, driven by a 2.8% increase in agricultural land prices.

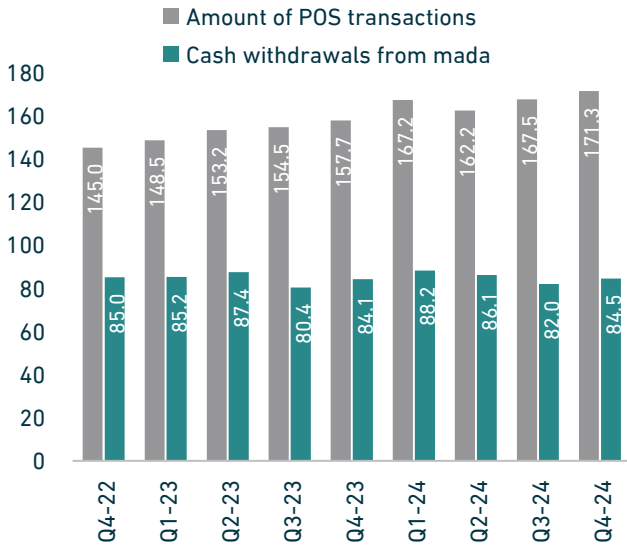
At the level of administrative regions, Riyadh recorded the highest annual increase in real estate prices, at 10.2%. Najran and Tabuk followed, with increases of 4.6% and 1.1%, respectively. On the other hand, eight administrative regions witnessed a decline in real estate prices, where Al-Baha, Asir, and the Eastern Province were the most declining regions, at 16.7%, 7.3%, and 4.6%, respectively. Makkah Al-Mukarramah, the Northern Region, and Jazan recorded slight declines, ranging from 0.5%, 1.2%, and 1.6%, respectively, compared to the previous year.



POS and Cash Withdrawals

Consumer spending increased by 8.6% in Q4 2024

Figure 21: POS and cash withdrawals (SAR billion)



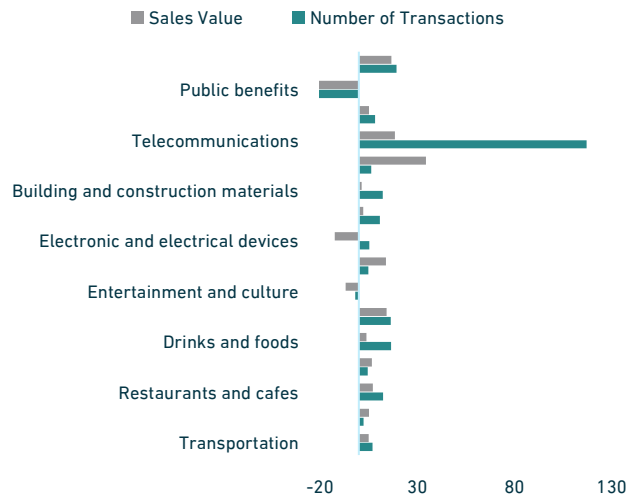
Source: Saudi Central Bank

Consumer spending continued to rise during Q4 2024, with the value of point-of-sale (POS) transactions through ATM and credit cards reaching about SAR 171.28 billion, up 8.6% year-on-year.

In terms of the number of POS transactions, Q4 2024 saw a 13.2% year-on-year increase to 2.76 million transactions. The largest number of transactions was concentrated in the restaurants and cafes sector, with approximately 799,000 transactions. The telecoms sector recorded the highest annual growth of 117% in the number of transactions.

In terms of value, the highest growth in POS sales was in the jewellery sector, at approximately 35%, followed by the telecoms sector, which grew by 18.6% compared to the same period last year. On the other hand, sales in the public utilities, electronics and electrical appliances, and entertainment and culture sectors were the most declining, falling by 55.4%, 12.33%, and 6.8%, respectively, compared to Q4 2023. Cash withdrawals from Mada increased slightly in Q4 2024 by about 0.5% to reach SAR 84.5 billion, compared to withdrawals in Q4 of the previous year. This indicates a growth in electronic payments as consumers prefer to use credit cards and e-wallets for purchases.

Figure 22: Annual change in POS by sector for Q4 2024 (Percentage)



Source: Saudi Central Bank

The value of e-commerce sales increased by 36.1% in Q4 2024, while the number of e-commerce transactions increased by 28.8%. Mobile payments increased by 41.6%, while card payments decreased by 12.5%. The growth in the value of point-of-sale transactions coincides with the growth in consumer loans, which increased by 7% in Q4 2024 compared to the same quarter last year.

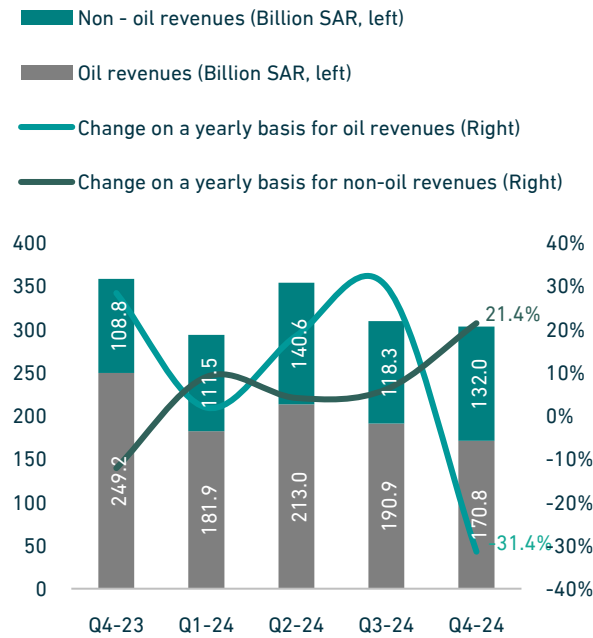
The continued growth in sales value and number of transactions in the Kingdom reflects increased commercial and economic activity, as high consumer spending rates show consumers' continued purchasing power. Technological advancements contribute to improving purchasing processes, enhancing transaction efficiency. These advanced systems also play an important role in the analysis of production and consumer market data, supporting decision-making and enhancing financial transparency and financial inclusion. The growth of POS reflects the development of the business environment in the Kingdom and increased consumer confidence in the local economy.



Public Finance

Continued growth in non-oil revenues

Figure 23: Revenues

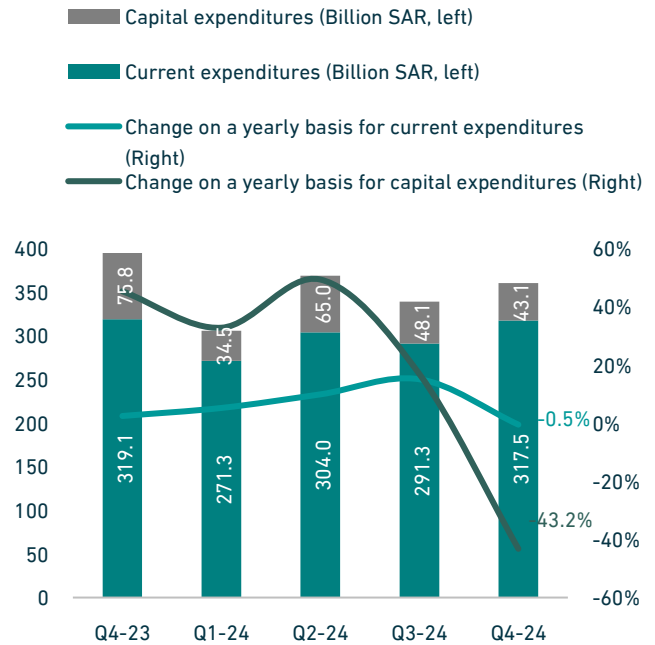


Source: Ministry of Finance

The Kingdom's total revenues decreased by 15.4% year-on-year to SAR 302.9 billion in Q4 2024. Total oil revenues reached SAR 170.8 billion, a decline of 31.4%, while non-oil revenues reached SAR 132.0 billion, recording a 21.4% increase. This was supported by growth in taxes on goods and services, taxes on trade and international transactions, and other revenues by 18.7%, 34.0%, and 37.3%, respectively.

Non-oil revenues accounted for 43.6% of the total Kingdom's revenues, compared to 20.8% in Q3 2016, the year Saudi Vision 2030 was launched. This is a result of economic reform programs aimed at diversifying sources of income. Non-oil revenues also continued to be an important source of financing the Kingdom's expenditures, as they funded 36.6% of government spending during Q4 2024.

Figure 24: Expenditures



Source: Ministry of Finance

On the expenditure side, public expenditures decreased by 8.7% year-on-year in Q4 2024, reaching SAR 360.5 billion. This was due to a 0.5% decrease in current expenditures to SAR 317.6 billion, and a 43.2% decrease in capital expenditures to SAR 43.1 billion.

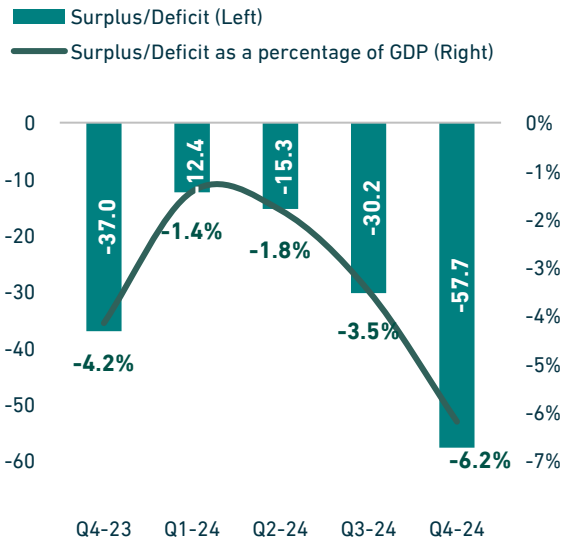
By analyzing the expenditure items, workers' compensations accounted for the largest share of actual government expenditures, at 40.6%, reaching SAR 146.3 billion in Q4 2024, a 3.9% increase year-on-year. Government spending on goods and services ranked second with 26.1% of total expenditures at SAR 94.1 billion, up 18.6% compared to Q4 2023.



Public Finance

Decline in government deposits

Figure 25: General budget (SAR billion)



Source: Ministry of Finance

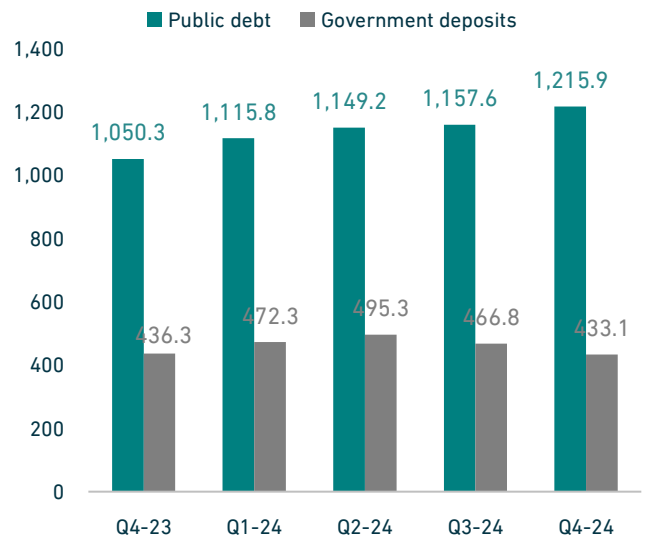
The general budget recorded a fiscal deficit of SAR 57.7 billion in Q4 2024, compared to a deficit of SAR 30.2 billion in the previous quarter.

The Kingdom continues to prioritize spending to achieve ambitious economic goals that enhance services, increase productivity, and encourage private sector investment, which are expected to generate significant financial returns in the future.

Government deposits declined to SAR 433.1 billion in Q4 2024, a decrease of 0.7% compared to Q4 2023.

Public debt saw a total increase of 15.8% year-on-year by the end of Q4 2024 to SAR 1,215.9 billion, compared to SAR 1,050.3 billion at the end of the same quarter of the previous year. This is attributed to the government's efforts to finance the budget deficit through debt issuance and borrowing to retain reserves and investments.

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



Source: Ministry of Finance

Both internal and external debt rose to SAR 738.3 billion and SAR 477.7 billion, respectively, by the end of Q4 2024, an increase of 14.6% for domestic debt and 17.7% for external debt year-on-year.

The public debt-to-GDP ratio reached 29.7% by the end of Q4 2024, compared to 26.2% by the end of Q4 2023.

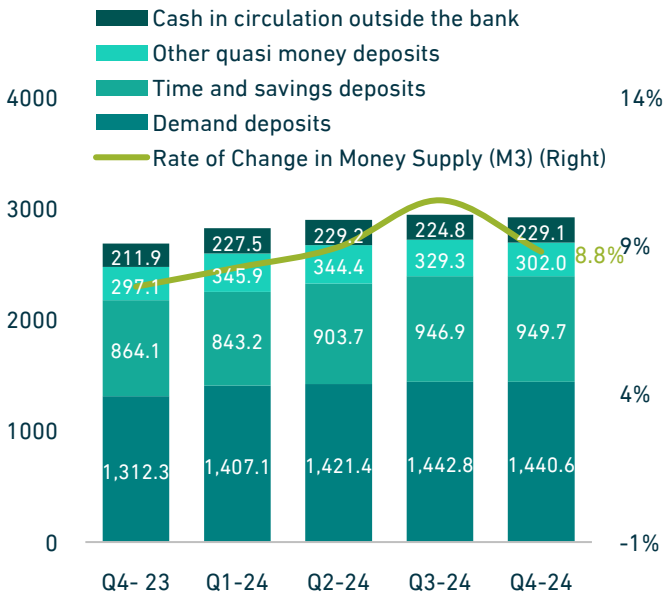
The public debt-to-GDP ratio is low, given the Kingdom's strong credit profile. Standard & Poor's recently raised the Kingdom's credit rating in local and foreign currencies to A+ with a "stable" outlook, reflecting the improvement in economic and financial performance resulting from the efforts made to implement Saudi Vision 2030.



Monetary Performance

Increase in money supply and bank credit granted

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



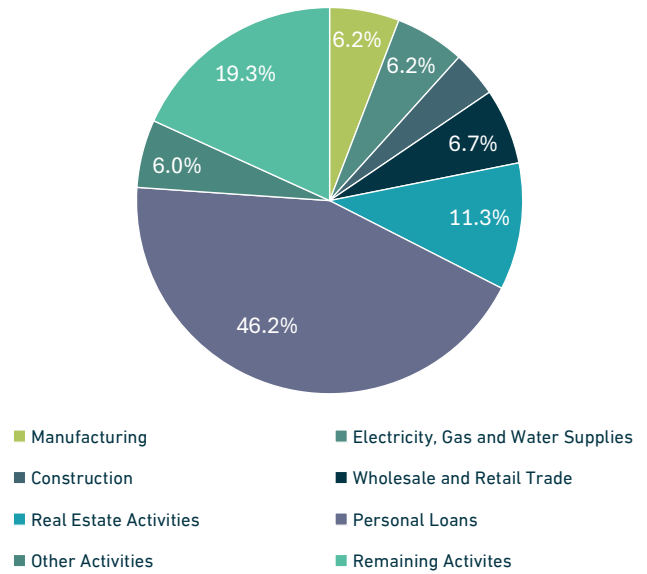
Source: Saudi Central Bank

Total money supply (M3) increased by 8.8% year-on-year in Q4 2024, reaching SAR 2,921 billion. Demand deposits accounted for 49.3% of the total money supply, time and savings deposits accounted for 33.5%, other quasi-cash deposits accounted for 10.3%, and off-bank cash accounted for 7.8%.

The growth in the money supply (M3) was driven by an increase in cash in circulation outside the bank and time and savings deposits year-on-year by 8.1% and 9.9%, respectively. Total demand deposits also increased by 9.8% year-on-year, while total other quasi-monetary deposits increased by 1.7% year-on-year.

Lower interest rates contributed to a rise in total bank credit, which saw significant growth during Q4 2024, reaching SAR 2,955 billion, a 14.4% increase year-on-year. This growth was driven by an increase in loans to individuals and real estate activities, which together accounted for 57.5% of total credit, at SAR 1,366 billion and SAR 333.3 billion, respectively.

Figure 28: Ratio of credit provided to total bank credit by economic activity for Q4 2024 (Percentage)



Source: Saudi Central Bank

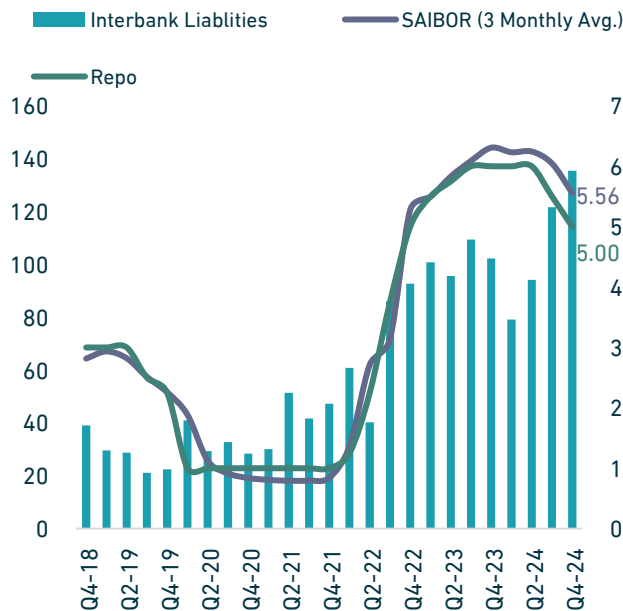
The wholesale and retail trade sector, the manufacturing sector, and the electricity, gas, and water supply sector accounted for 6.7%, 6.2%, and 6.2%, respectively, to total credit, worth SAR 198.9 billion, SAR 182.9 billion, and SAR 183.0 billion, respectively. All sectors achieved growth on an annual basis, except for three sectors that recorded an annual decline: agriculture, forestry, fishing, and construction. These sectors recorded declines of 21.1% and 0.2%, contributing 0.3% and 4.1%, respectively, to the total credit granted.



Monetary performance

Low interest rates and increase in total reserve assets

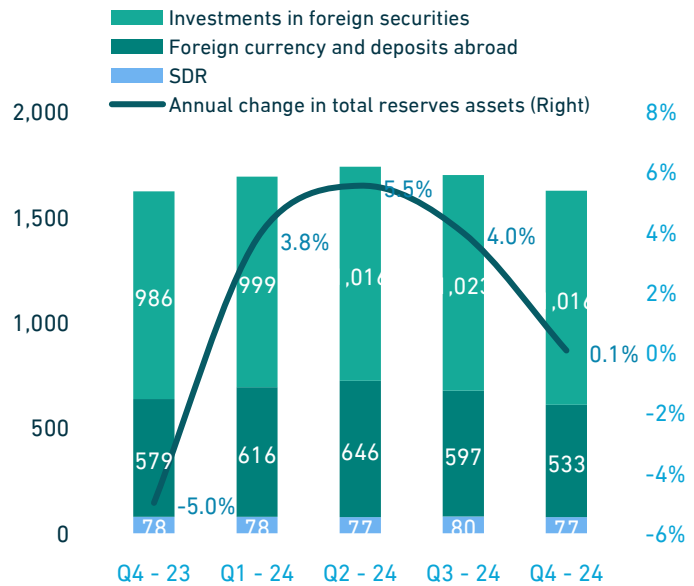
Figure 29: Monetary indicators (Interest rate, Interbank liabilities) (SAR billion, Percentage)



Source: Saudi Central Bank

The Saudi Central Bank cut the repo rate from 5.5% to 5.0% during Q4 2024. This boosted the increase in the money supply (M3) during the quarter, and interbank liabilities increased significantly to reach SAR 135.4 billion, compared to SAR 121.7 billion in the previous quarter, with a year-on-year increase of 32.4%. The interbank interest rate (SAIBOR) recorded a decrease during Q4 2024 to 5.56%, compared to 6.05% in the previous quarter.

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



Source: Saudi Central Bank

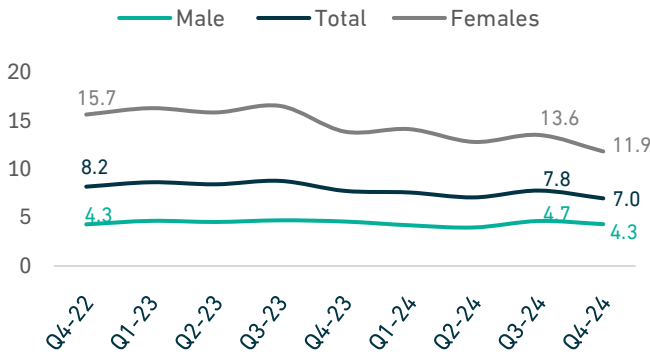
Reserve assets increased slightly by 0.1% year-on-year, reaching SAR 1,639 billion in Q4 2024, compared to SAR 1,638 billion for the same period of the previous year. This was attributed to a 3.1% year-on-year increase in securities investments abroad, representing 62% of total reserve assets. Foreign exchange and deposits abroad also decreased by 4.7% year-on-year to SAR 532.7 million, while special drawing rights decreased by 1.8% year-on-year to SAR 76.9 million.



Labor Market

The lowest unemployment rate among Saudis was achieved, reaching the target of Saudi Vision 2030

Figure 31: Unemployment rate among Saudis (Percentage)



Source: General Authority for Statistics

The unemployment rate among Saudis decreased by 0.8 percentage points during Q4 2024 to reach 7.0% compared to the previous quarter.

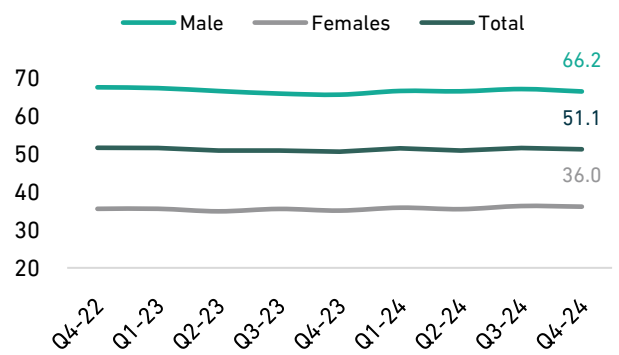
This decrease in the unemployment rate is attributed to a decline in the female unemployment rate by 1.7 percentage point compared to the previous quarter, reaching 11.9%, as well as a 0.3 percentage point decrease in male unemployment, reaching 4.3%.

On an annual basis, the unemployment rate among Saudis decreased by 0.8 percentage points, driven by a 2.1 percentage point drop in the unemployment rate among females. This decline came as a result of ongoing labor market policy reforms aimed at empowering women and creating new job opportunities in sectors such as security, services, and others.

The unemployment rate for the population decreased by 0.2 percentage points in Q4 2024, reaching 3.5% quarter-on-quarter. It increased by 0.1 percentage points compared to the same quarter of 2023.

There is a decline in the overall economic participation rate of Saudis by 0.4 percentage points on a quarterly basis, reaching 51.1% in Q4 2024. This was due to a decline in the Saudi male participation rate by 0.6 percentage points to 66.2%, and a decline

Figure 32: Economic participation rate (Percentage)



Source: General Authority for Statistics

in the Saudi female participation rate by 0.2 percentage points to 36.0%.

The average monthly wage of employed Saudis decreased slightly in Q4 2024 by 0.1% compared to the previous quarter, recording SAR 10,088. This decrease is attributed to a drop in the average wages of both males and females, by 0.3% each.

The Kingdom has witnessed many economic reforms under the umbrella of Saudi Vision 2030. These reforms have had a direct impact on the Saudi labor market, bringing the unemployment rate to its lowest level and achieving the previous target of Saudi Vision 2030.

This is attributed to structural transformations in the labor market, effective Saudization policies, and support for women's empowerment initiatives, which have contributed to increasing women's economic participation and enhancing their role in driving development, as well as efforts to provide job opportunities for citizens and growing employment of Saudis in the private sector.



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