



Inflation Report

1st Quarter 2014



Monetary Policy and Financial Stability Department
Saudi Arabian Monetary Agency



Cost of Living Index

The cost of living index went up by 2.6 percent in March 2014 compared to the same month in the preceding year. During the first quarter, the index registered the highest inflation rate of 2.9 percent in January 2014, before declining gradually due to diminishing of inflationary pressures on the group of communications. The cost of living index also registered monthly increases of 0.2 percent and 0.1 percent in January and February respectively, then it stood at 0.2 percent in March 2014 (Chart 1).

Developments of the First Quarter, 2014

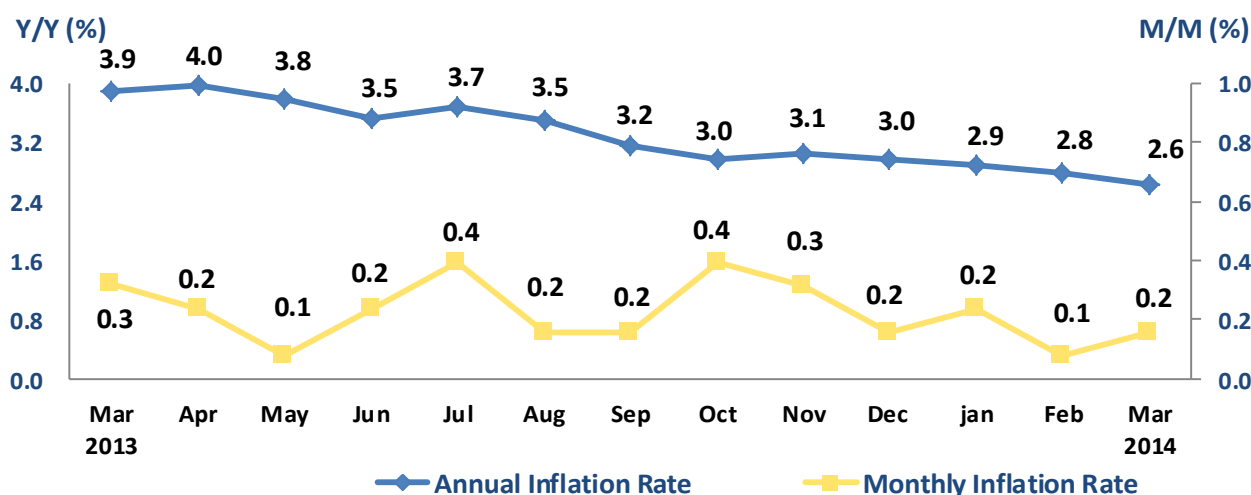
The general cost of living index rose by 0.5 percent in the first quarter of 2014 as compared to the fourth quarter of the previous year, and by 2.8 percent in the first quarter of

2014 compared to the corresponding quarter of the previous year.

Tobacco group recorded the highest inflation rate during the first quarter of 2014 as compared to the preceding quarter, registering a quarterly inflation rate of 2.6 percent. Housing, water, electricity, gas and other fuels came second with 1.4 percent; next was health group 1.1 percent, followed by house furnishing 0.8 percent during the same period (Table 1 and Chart 2). The quarterly inflation rate remained unchanged for transportation and education groups during the first quarter of 2014.

In contrast, the communications group registered a deflation of 0.7 percent in the first quarter of 2014 compared to the fourth quarter of the previous year. Chart 3 shows the

**Chart 1: Inflation Rate of the General Cost of Living Index
(2007=100)**



Source: Central Department of Statistics and Information.

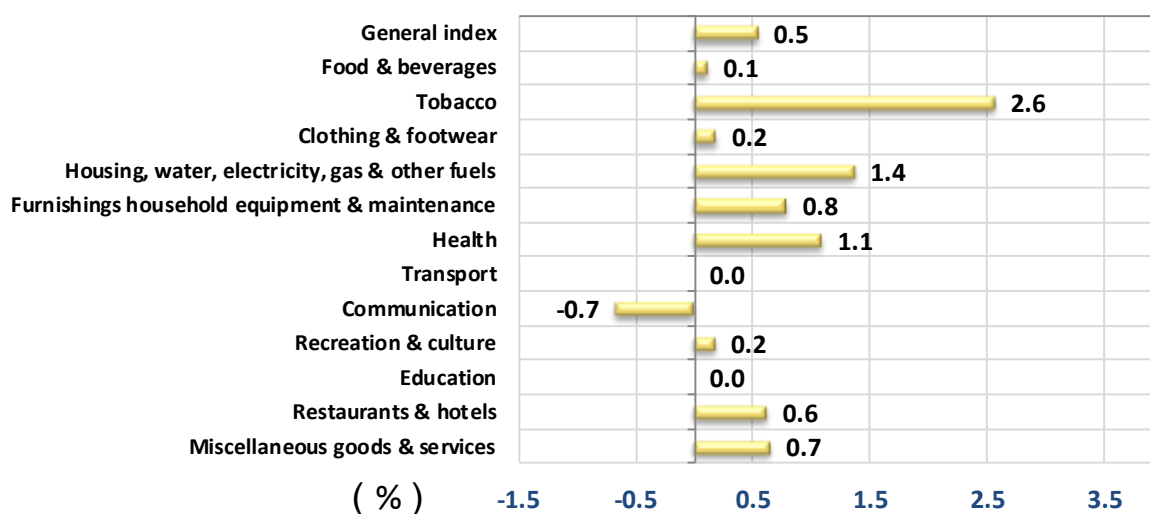


TABLE 1: COST OF LIVING INDEX
(2007=100)

	Weights	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	% change	
							Q1 2014/ Q4 2013	Q1 2014/ Q1 2013
General index	100.0	125.4	126.2	127.1	128.1	128.8	0.5	2.8
Food & beverages	21.7	137.4	139.5	141.6	143.4	143.6	0.1	4.5
Tobacco	0.5	151.7	151.7	151.7	157.2	161.2	2.6	6.3
Clothing & footwear	8.4	105.1	104.5	104.6	104.8	105.0	0.2	-0.1
Housing, water, electricity, gas & other fuels	20.5	151.7	153.2	154.9	155.5	157.7	1.4	3.9
Furnishings, household equipment & maintenance	9.1	119.7	121.5	123.3	126.0	127.0	0.8	6.0
Health	2.6	107.7	109.0	109.5	110.0	111.2	1.1	3.2
Transport	10.4	112.4	111.6	110.4	109.5	109.5	0.0	-2.5
Communication	8.1	93.4	93.8	93.6	94.3	93.6	-0.7	0.3
Recreation & culture	3.5	105.1	104.9	106.4	108.9	109.1	0.2	3.8
Education	2.7	111.6	111.6	111.6	115.7	115.7	0.0	3.7
Restaurants & hotels	5.7	125.3	126.3	127.4	128.2	129.0	0.6	3.0
Miscellaneous goods & services	6.8	118.5	117.3	117.3	117.5	118.2	0.7	-0.2

Source: Central Department of Statistics and Information.

Chart 2: Inflation Rate of the Cost of Living Index by Main Groups
(Q1 2014/ Q4 2013)



Source: Central Department of Statistics and Information.

quarterly change rates in major groups that mostly affected the general inflation rate in the domestic market during the period from first quarter 2013 to first quarter, 2014.

Major Groups' Effects on the General Cost of Living Index

The inflation rates of the general cost of living index were affected by the rises in its various groups. Housing, water, electricity, gas and other fuels group ranked first with 48.8 percent in the first quarter of 2014 in terms of its influence on the cost of living index.

The effect of furnishings, household equipment and maintenance group on the annual change rate of the general index went down from 15.2 percent in the first quarter of 2013 to 12.5 percent in the first quarter of

2014. The effect of the communications group increased slightly from 8.1 percent to 9.4 percent during the same period. The total effect rate of the three major groups most affected by inflation (housing, water, electricity, gas and other fuels, furnishings, household equipment and maintenance, and communications groups) stood at 70.7 percent in the first quarter of 2014 as compared to 49.1 percent in the first quarter of 2013 (Charts 4 and 5).

Wholesale Price Indices

The wholesale price index recorded a slight decline of 0.1 percent during the first quarter of 2014 compared to the previous quarter. However, it recorded an annual increase of 0.5 percent in the first quarter of 2014 compared to the same quarter of the

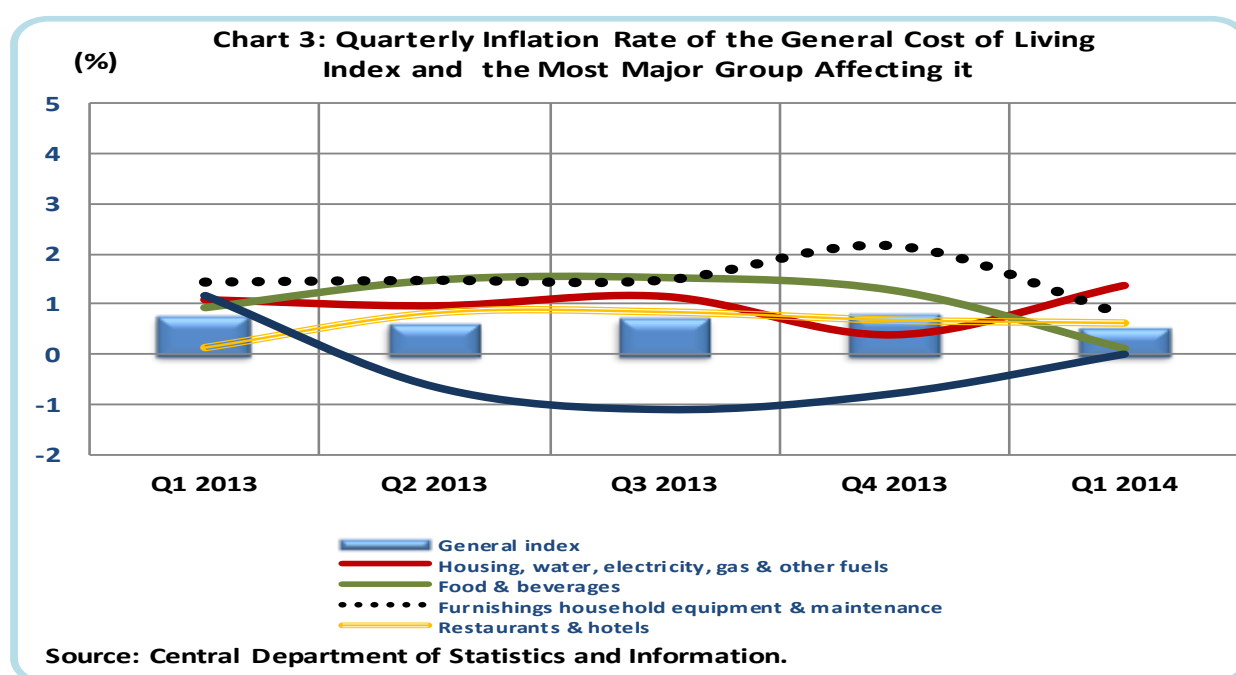




Chart 4: Percentage Impact Of Major Groups On The General Inflation Rate (Q1 2013)

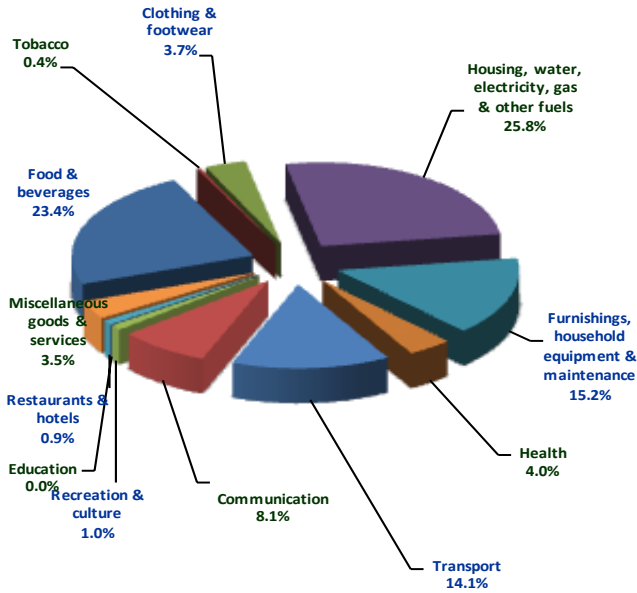
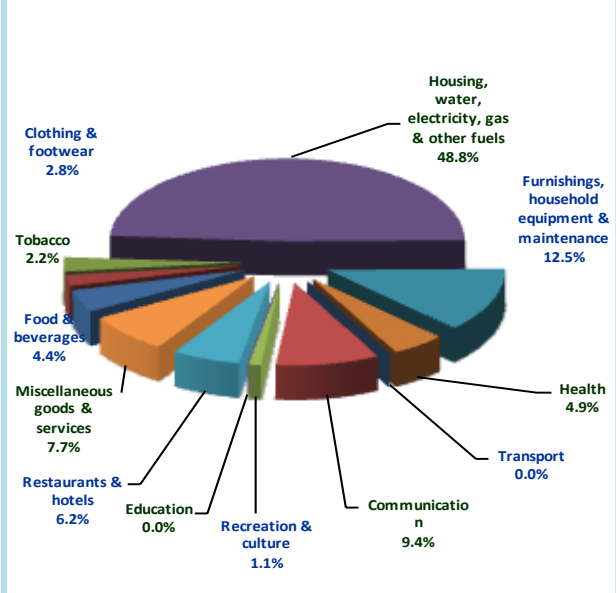


Chart 5: Percentage Impact Of Major Groups On The General Inflation Rate (Q1 2014)



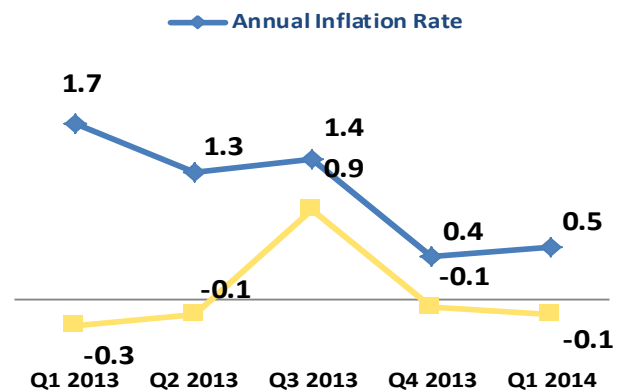
previous year. The index registered a decline during the second and fourth quarters of the previous year by 0.1 percent each, and recorded an increase during the third quarter of 2013 by 0.9 percent. This led to a decline in the annual inflation rate of the wholesale price indices from 1.7 percent in the first quarter of 2013 to 0.5 percent in the first quarter of 2014 (Chart 6).

Wholesale Price Indices by Groups

The group of beverages and tobacco recorded the highest increase rate during the first quarter of 2014 compared to the same quarter of the preceding year. This group recorded an inflation rate of 14.9 percent due to a rise of 19.0 percent in the subgroup (beverages) during the same period. The group of machinery and transport equipment

recorded the second highest inflation rate of 3.1 percent during the first quarter of 2014 compared to the same quarter of the preceding year. The group was affected by the increases in the subgroup of machinery and transport equipment (parts and devices of electric appliances) where prices of insulated wire

Chart 6: Inflation of the Wholesale Price Index (1988=100)



Source: Central Department of Statistics and Information.



(cable) rose by 12.1 percent during the same period. The group of machinery and transport equipment was also affected by the increase recorded by the subgroup (office equipment) where prices of computers rose by 5.1 percent during the same period.

The group of food and live animals came third with an annual inflation rate of 3.0 percent during the first quarter of 2014. Most of the group's items were relatively stable, except for the subgroups (food stuffs) and (live animals) which increased by 47.0 percent and by 12.3 percent, respectively, during the first quarter of 2014 compared to the same quarter of the previous year.

In contrast, the group of other commodities registered the highest deflation

rate during the first quarter of 2014 compared to the same quarter of the previous year. This group's inflation rate decreased by 15.7 percent due to a decline in prices of fine gold (24 carat) by 15.8 percent during the same period. Annual inflation rate of Miscellaneous manufactured articles (furniture, apparel, watches) dropped by 11.4 percent during the first quarter of 2014, as a result of the decrease in prices of jewelry and their related parts by 21.1 percent, and the prices of apparel and its related materials by 14.3 percent. Chemicals and related materials also declined by 6.2 percent during the first quarter of 2014 (Table 2 and Chart 7).

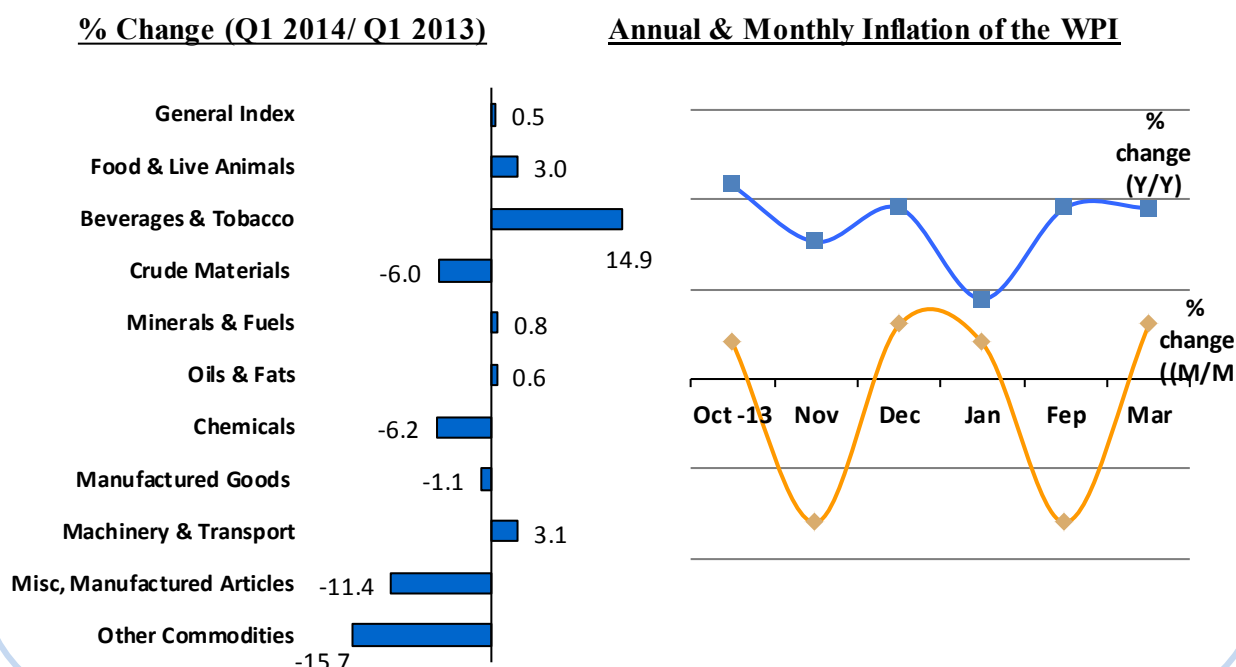
TABLE 2: WHOLESALE PRICE INDEX (WPI)
(1988=100)

	Weights	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	% change	
							Q1 2014/ Q4 2013	Q1 2014/ Q1 2013
General Index	100.0	157.8	157.6	159.0	158.9	158.6	-0.1	0.5
Food & Live Animals	31.9	178.9	183.0	187.7	188.4	184.3	-2.2	3.0
Beverages & Tobacco	1.2	153.1	167.2	174.3	175.4	175.9	0.3	14.9
Crude Materials	0.3	217.9	204.0	204.2	204.3	204.8	0.3	-6.0
Minerals & Fuels	10.1	184.8	186.3	186.3	186.3	186.3	0.0	0.8
Oils & Fats	0.4	149.0	151.0	150.7	150.9	149.9	-0.6	0.6
Chemicals	9.8	227.9	201.2	204.5	204.8	213.7	4.4	-6.2
Manufactured Goods	26.2	145.2	144.3	144.1	143.7	143.6	-0.1	-1.1
Machinery & Transport	13.4	139.8	143.6	143.7	143.5	144.1	0.4	3.1
Misc, Manufactured Articles	6.4	152.5	136.3	135.4	134.0	135.1	0.8	-11.4
Other Commodities	0.3	307.6	276.1	266.8	253.4	259.2	2.3	-15.7

Source: Central Department of Statistics and Information.



**Chart 7: Inflation of the Wholesale Price Index by Main Groups
(1988=100)**



Source: Central Department of Statistics and Information.

Cost of Living Index by Cities during the First Quarter of 2014

The cost of living index (for the whole population) recorded an increase of 0.5 percent during the first quarter of 2014. The rise was in all major cities of the Kingdom with the exception of the city of Makkah which recorded a decline of 0.2 percent. The city of Buraidah recorded the highest rise of 7.3 percent. Najran and Medinah ranked second by 1.1 percent each, then Riyadh by 0.9 percent, followed by Ha'il and Ta'if by 0.8 percent, Al-Baha and Sakaka by 0.6 percent, followed by

Dammam and Hofuf by 0.4 percent, then came Jeddah, Jizan and Ar'ar by 0.3 percent, and Abha by lowest increase of 0.1 percent. (Table 3)

GDP Deflator

The non-oil GDP deflator declined by 1.9 percent during the fourth quarter of 2013 as compared to the third quarter of the same year. The GDP deflator also declined by 0.5 percent during the fourth quarter of 2013 compared to the same quarter of the preceding year.



Table 3 : AVERAGE COST OF LIVING INDEX BY CITY

(2007=100)

General Index	2012	2013	Q3 2013	Q4 2013	Q1 2014	Inflation Rate	
						Annual	Quarterly
All Cities Index	122.4	126.7	127.1	128.1	128.8	3.5	0.5
Riyadh	119.4	122.6	122.3	124.5	125.7	2.7	0.9
Makkah	126.9	129.9	129.6	133.1	132.8	2.3	-0.2
Jeddah	126.9	135.0	140.5	132.2	132.6	6.4	0.3
Al-Dammam	121.7	126.1	126.3	126.7	127.2	3.6	0.4
Al-Madinah	121.0	123.1	122.3	125.3	126.7	1.7	1.1
Ta'if	117.3	120.6	121.6	122.6	123.6	2.9	0.8
Al-Hufuf	115.7	120.3	121.6	120.6	121.2	4.0	0.4
Abha	120.5	122.6	122.3	125.0	125.0	1.7	0.1
Buraydah	115.6	119.5	119.6	127.6	136.9	3.4	7.3
Tabuk	119.8	122.5	123.2	124.8	124.9	2.3	0.1
Ha'il	127.9	134.1	136.3	136.7	137.8	4.9	0.8
Jazan	125.9	125.7	125.6	126.8	127.2	-0.1	0.3
Najran	122.4	126.8	128.0	129.2	130.6	3.6	1.1
Al-Bahah	121.8	125.1	125.1	127.4	128.2	2.7	0.6
Sakaka	111.9	114.5	114.4	116.8	117.5	2.4	0.6
'Ar'ar	120.6	124.6	125.4	126.4	126.8	3.4	0.3

Source: Central Department of Statistics and Information, Ministry of Economy and Planning.

The GDP deflator measures inflation rate at the macroeconomic level and differs from the cost of living index, which only targets final consumption. The GDP deflator, however, targets all consumption, investment and government sectors according to their respective contributions to the GDP. Therefore, the deflator is considered as an indirect measure of the change in the general level of prices. The non-oil GDP deflator is usually used to exclude the impact of change in oil

prices on the domestic economy.

Over the last three years, the non-oil GDP deflator recorded the highest increase rate of 9.0 percent during the third quarter of 2012 compared to the same quarter of 2011. Then, it started to decrease gradually to 0.5 percent during the fourth quarter of 2013 (Table 3 and chart 8).

An analysis of the GDP deflator data (at constant prices for 1999) by economic activity shows that the activity of electricity, gas and water registered the highest increase of 7.1 percent in the

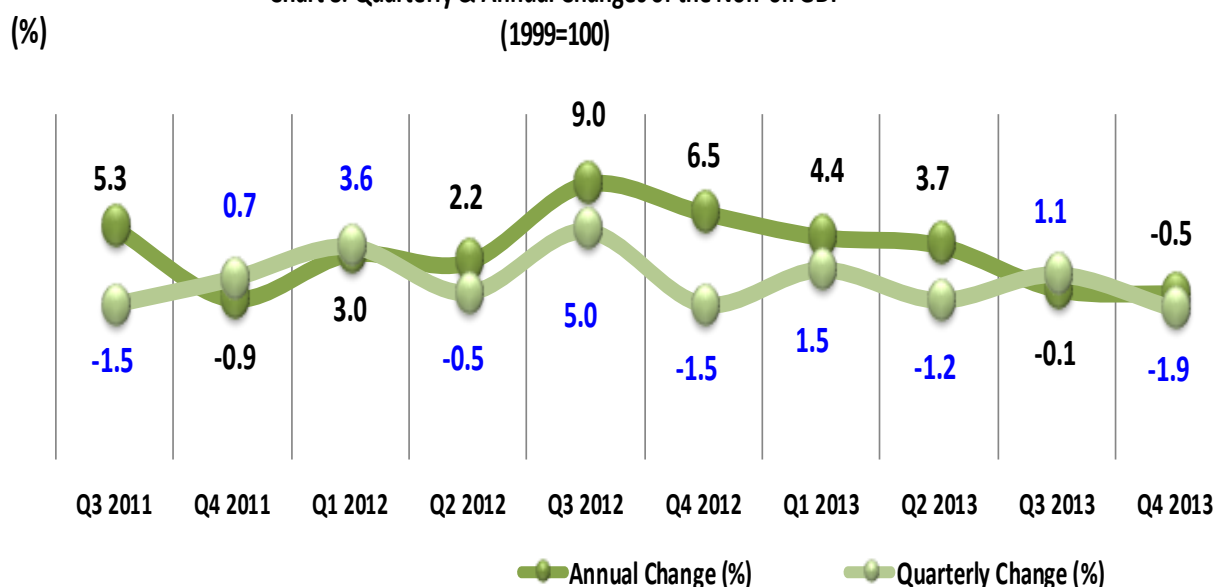


TABLE 4: GDP Deflator
(1999=100)

	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
<u>GDP (Million Rls):</u>										
At Current Prices	629815	655038	708,741	678,164	680,124	685,304	691,909	676,884	711,999	713,980
At Constant Prices	287713	296748	308,438	302,849	305,921	308,685	316,761	314,326	318,194	323,164
GDP Deflator	218.9	220.7	229.8	223.9	222.3	222.0	218.4	215.3	223.8	220.9
Quarterly Change (%)	-0.4	0.8	4.1	-2.5	-0.7	-0.1	-1.6	-1.4	3.9	-1.3
Annual Change (%)	21.1	9.7	10.8	1.9	1.6	0.6	-4.9	-3.8	0.6	-0.5
<u>Non-oil GDP (Million Rls):</u>										
At Current Prices	295494	308955	336,579	325,417	345,288	346,980	369,361	357,367	360,460	361,769
At Constant Prices	220465	228816	240,663	233,830	236,397	241,213	252,901	247,567	246,972	252,722
Non-oil GDP Deflator	134.0	135.0	139.9	139.2	146.1	143.8	146.0	144.4	146.0	143.1
Quarterly Change (%)	-1.5	0.7	3.6	-0.5	5.0	-1.5	1.5	-1.2	1.1	-1.9
Annual Change (%)	5.3	-0.9	3.0	2.2	9.0	6.5	4.4	3.7	-0.1	-0.5

Source: Central Department of Statistics and Information.

Chart 8: Quarterly & Annual Changes of the Non-oil GDP
(1999=100)



Source: Central Department of Statistics and Information.

fourth quarter of 2013 as compared to the fourth quarter of the preceding year. The activity of Finance, insurance, real estate and business services came second with 5.9 percent due to an increase of 8.0 percent in the activity of house ownership, followed by community, social and personal services with 5.1 percent. Agriculture, forestry and fishing ranked fourth with an increase of 4.1 percent in the fourth quarter of 2013 compared to the fourth quarter of 2012.

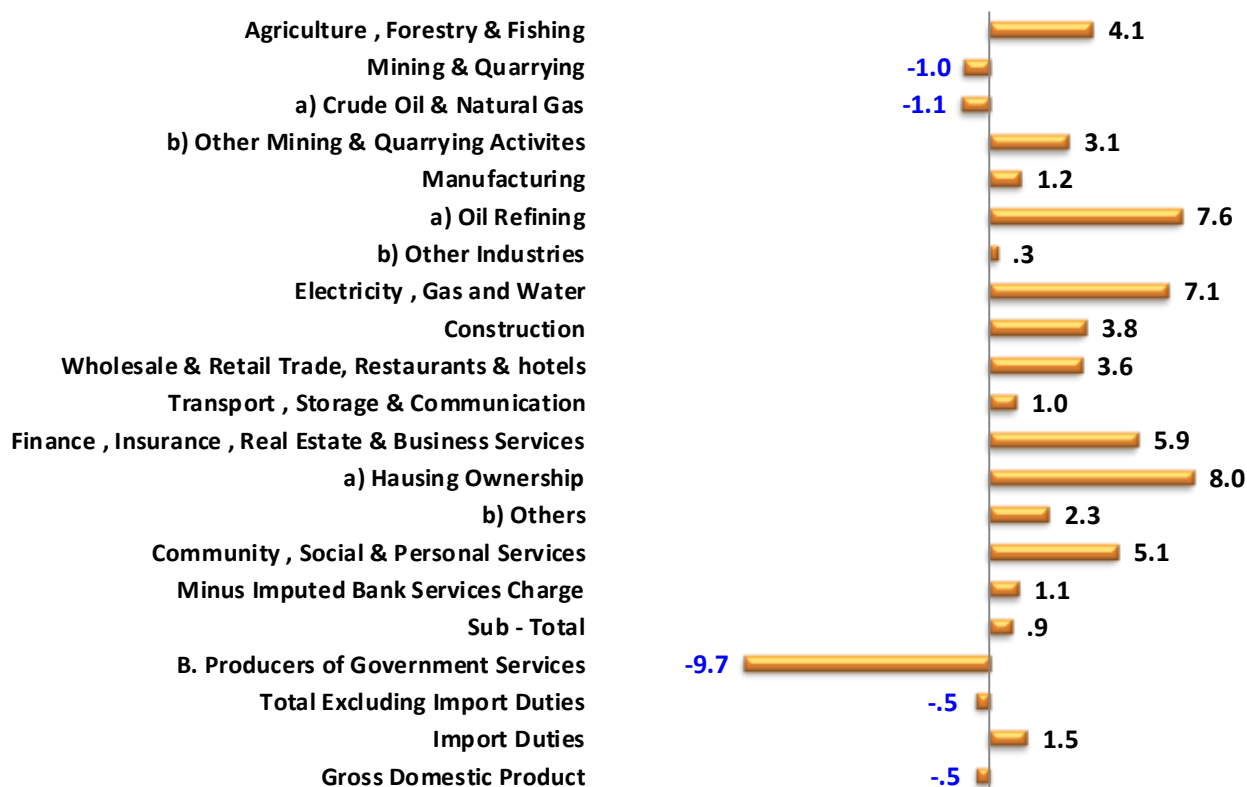
Government services' producers registered the highest contraction of 9.7 percent in the GDP deflator during the fourth quarter of 2013 as compared to the corresponding quarter in the preceding year. Mining and quarrying activity

recorded a contraction of 1.0 percent during the same period (Chart 9).

A comparison of annual inflation measures in the domestic market indicates that the annual inflation rate of the cost of living index registered the highest increase of 3.0 percent in the fourth quarter of 2013. Annual inflation rate of the wholesale price index came second with 0.4 percent during the same period, while the annual change rate of the non-oil GDP deflator decreased by 0.5 percent during the same period (Chart 10).



**Chart 9: GDP Deflator by Type of Economic Activity at 1999 Constant Prices
Q4 2013 (% Change)**



Source: Central Department of Statistics and Information.

Foreign Trade with Major Trading Partners

Total value of the Kingdom's imports stood at SAR 153.8 billion during the third quarter of 2013 (latest available data), declining by 0.8 percent from the second quarter of 2013 and increasing by 4.0 percent over the third quarter of 2012.

China came at the top of the Kingdom's trading partners list during the third quarter of 2013. The Kingdom's

TABLE 5: Top 5 Trading Partners by value of Imports (Rls Million)

Countries	Q3 2012	Q3 2013	Change (%)
CHINA	20172	20974	4.0
U.S.A	20397	20501	0.5
GERMANY	10111	11230	11.1
JAPAN	9646	8264	-14.3
SOUTH KOREA	8903	8014	-10.0
Total	69229	68983	-0.4
Ratio To Total	46.8	44.8	-4.1

Source: Central Department of Statistics and Information.

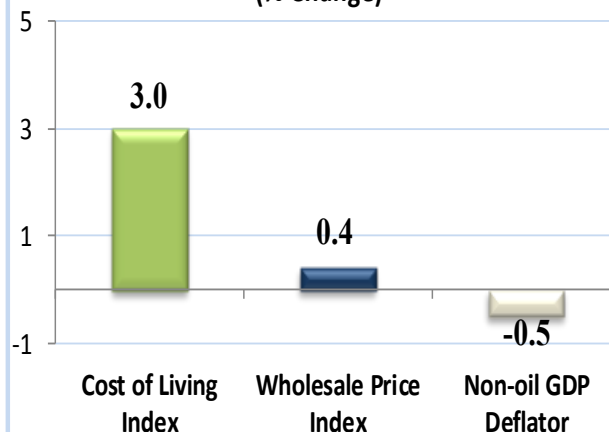


imports from China amounted to SAR 21.0 billion or 13.6 percent of the Kingdom's total imports. The United States came second with SAR 20.5 billion or 13.3 percent of the total value of the Kingdom's imports. Germany came third with SAR 11.2 billion or 7.2 percent of the Kingdom's total imports. Japan ranked fourth with SAR 8.3 billion or 5.3 percent of the total value of imports. South Korea came fifth with SAR 8.0 billion or 5.2 percent of the Kingdom's total imports during the third quarter of 2013 (Table 5).

The total value of the Kingdom's imports stood at SAR 614.5 billion in 2013. The order of the countries from which the Kingdom imported was as follows:

1. The United States with a value of SAR 83.2 billion, or 13.5 percent of the Kingdom's total imports. The annual inflation rate in the U.S. was 1.5 percent in 2013.
2. China with a value of SAR 79.4 billion, or 12.9 percent of the Kingdom's total imports. The annual inflation rate in China was 2.5 percent in 2013.
3. Germany with a value of SAR 42.4 billion, or 6.9 percent of the Kingdom's total imports. The annual inflation rate in Germany was 1.5 percent in 2013.
4. South Korea with a value of SAR 35.3 billion, or 5.8 percent of the Kingdom's total imports. The annual inflation rate in South Korea was 0.9 percent in 2013.
5. Japan with a value of SAR 34.3 billion, or

Chart 10: Inflation Measurements in Q4 2013
(% Change)



Source: Central Department of Statistics and Information.

5.6 percent of the Kingdom's total imports. The annual inflation rate in Japan was 1.2 percent in 2013.

6. United Arab Emirates with a value of SAR 32.0 billion, or 5.2 percent of the Kingdom's total imports. The annual inflation rate in U.A.E. was 1.4 percent in 2013.
7. India with a value of SAR 21.4 billion, or 3.5 percent of the Kingdom's total imports. The annual inflation rate in India was 9.8 percent in 2013.
8. Italy with a value of SAR 20.0 billion, or 3.3 percent of the Kingdom's total imports. The annual inflation rate in Italy was 0.7 percent in 2013.
9. Switzerland with a value of SAR 19.4 billion, or 3.2 percent of the

- Kingdom's total imports. The annual inflation rate in Switzerland was 0.1 percent in 2013.
10. France with a value of SAR 18.8 billion, or 3.1 percent of the Kingdom's total imports. The annual inflation rate in France was 0.7 percent in 2013.
 11. The United Kingdom with a value of SAR 15.8 billion, or 2.6 percent of the Kingdom's total imports. The annual inflation rate in the UK was 2.5 percent in 2013.
 12. Thailand with a value of SAR 13.2 billion, or 2.2 percent of the Kingdom's total imports. The annual inflation rate in Thailand was 2.1 percent in 2013.
 13. Turkey with a value of SAR 12.1 billion, or 2.0 percent of the Kingdom's total imports. The annual inflation rate in Turkey was 7.4 percent in 2013.
 14. Brazil with a value of SAR 10.8 billion, or 1.8 percent of the Kingdom's total imports. The annual inflation rate in Brazil was 5.9 percent in 2013.
 15. Australia with a value of SAR 8.1 billion, or 1.3 percent of the Kingdom's total imports. The annual inflation rate in Australia was 2.1 percent in 2013.

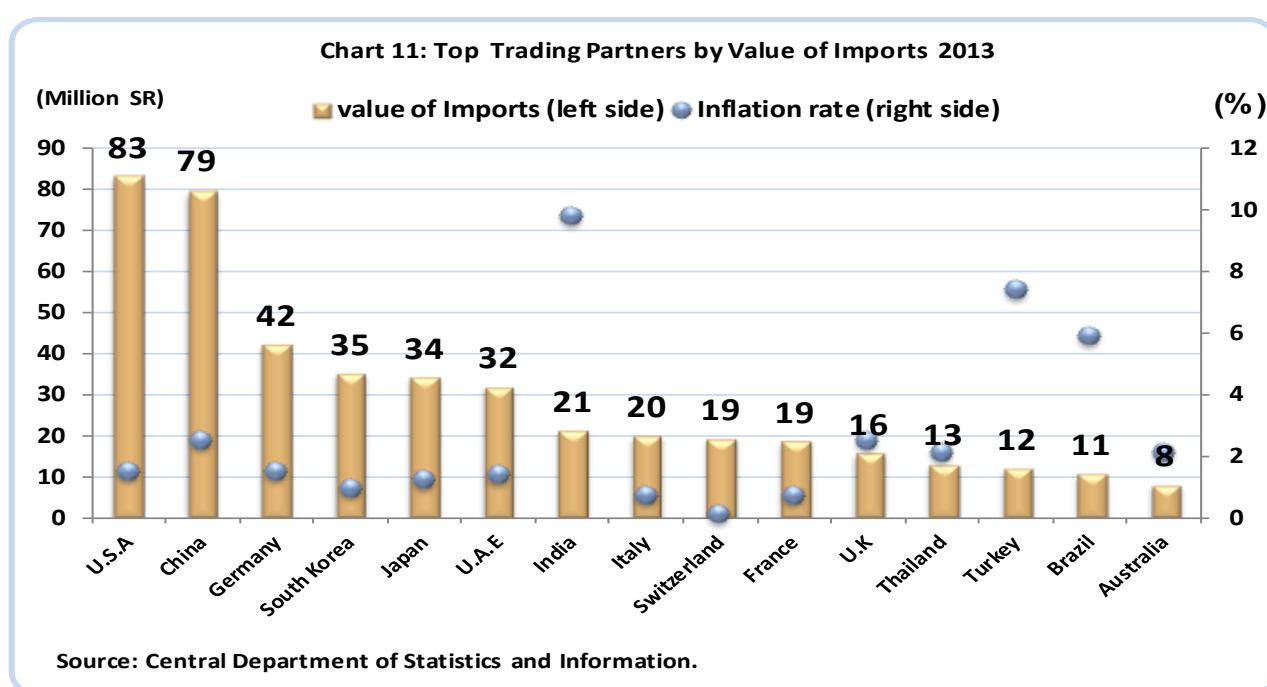




TABLE 6: Top Trading Partners by value of Imports for 2013*

Countries	Value (Million SR)	Ratio To Accum.		Inflation Rate (%)	Most Imported Commodities
		Total (%)	Ratio (%)		
U.S.A	83233	13.54	13.5	1.5	Private Cars, Jeeps, Parts Of Aeroplanes Or Helicopters.
China	79443	12.93	26.5	2.5	Telephones For Cellular Networks And Wireless, Portable Auto Data Processing Machine, Machines For Reception, Conversion And Transmission.
Germany	42401	6.90	33.4	1.5	Cigarettes, Private Cars, Gas Turbines.
South Korea	35368	5.75	39.1	0.9	Private Cars, Telephones For Cellular Networks And Wireless.
Japan	34361	5.59	44.7	1.2	Jeeps, Private Cars, Light Trucks, Chassis-Cabs.
U.A.E	32004	5.21	49.9	1.4	Gold Ingots, Brass, Bars And Rods Of Refined Copper.
India	21495	3.50	53.4	9.8	Rice, Telephones For Cellular Networks Or For Other Wireless Networks, Benzene .
Italy	20066	3.26	56.7	0.7	Cocks, Medicine Containing Penicillins Or Derivatives, Safety.
Switzerland	19447	3.16	62.9	0.1	Gold Ingots, Cigarettes, Wrist Watches.
France	18819	3.06	59.7	0.7	Uncut Frozen Meat, Perfumes, Medicine Containing Penicillins Or Derivatives.
U.K	15805	2.57	62.3	2.5	Parts Of Aeroplanes Or Helicopters, Generating Medicine Containing Antibiotics.
Thailand	13231	2.15	64.5	2.1	Pickups.
Turkey	12058	1.96	66.4	7.4	Semi-Finished Iron And Steel Products, Partially-Worked Iron Or Steel Bars, Non-Alloy Pig Iron.
Brazil	10845	1.76	68.2	5.9	Uncut Frozen Meat, Agglomerated Iron, Frozen (Chickens).
Australia	8146	1.33	69.5	2.1	Solid milk not exceeding, Wheat normal, Private cars.
* Provisional.					
Source: Central Department of Statistics and Information, IMF.					



Inflation Projections for the Second Quarter of 2014

Inflation rates in the first quarter of 2014 were affected by the increases recorded in the group of tobacco, the group of housing, water, electricity, gas and other fuels, and the group of health. The group of housing, water, electricity, gas, and other fuels registered the highest effect ratio on the general inflation rate in March 2014, increasing from 23.6 percent in December 2013 to 26.9 percent in March 2014 (Chart 12).

The inflation rates in the Kingdom, however, are expected to continue their gradual decline during the second quarter of 2014 due to continuous fall in inflation rates in most major groups, in particular the group of food and beverages whose annual inflation rate declined from 5.3 percent in the fourth quarter of 2013 to 4.5 percent in the first quarter of 2014. The IMF projections (according to latest available data) show a decrease in the average inflation rate in the fifteen most important countries exporting to the Kingdom from 2.9 percent in 2013 to 2.8 percent in 2014.

On the other hand, the annual inflation rate in FAO's food price index went down to 2.3 percent in March 2014 compared to 3.4 percent in December 2013. The IMF's projections for major commodity indices in global markets also show a deflation in food prices by (-5.3 percent), metal prices by (-5.4 percent), and energy prices by (-0.3 percent) in 2014 and thus, the general price index for major commodity prices in the global markets recorded a deflation of (-1.4 percent) in 2014 compared to the preceding year (Table 7).

The GDP deflator measures inflation rate at the macroeconomic level and differs from the cost of living index, which only targets final consumption. The GDP deflator, however, targets all consumption, investment and government sectors according to their respective contributions to the GDP. Therefore, the deflator is considered as an indirect measure of the change in the general level of prices. The non-oil GDP deflator is usually used to exclude the impact of change in oil prices on the domestic economy.

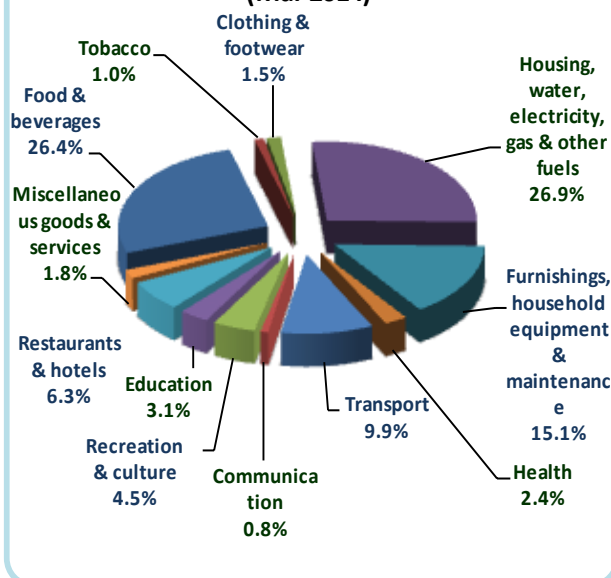
Over the last three years, the non-oil GDP deflator recorded the highest



increase rate of 9.0 percent during the third quarter of 2012 compared to the same quarter of 2011. Then, it started to decrease gradually to 0.5 percent during the fourth quarter of 2013 (Table 4 and chart 8).

An analysis of the GDP deflator data (at constant prices for 1999) by economic activity shows that the activity of electricity, gas and water registered the highest increase of 7.1

Chart 12: Percentage Impact Of Major Groups On The General Inflation Rate (Mar 2014)



Conclusion

The most significant results of the analysis of the inflation rates during the first quarter of 2014 in the

Kingdom can be concluded as follows:

1. During 2014, the cost of living index registered the highest inflation rate of

TABLE 7: IMF Commodity Price Index (2005=100)
(Percentage From Previous Period)

	Weights	Actual		Projections				
		2011	2012	2013	2014	2015	2016	2017
All Primary Commodities	100.0	26.2	-3.2	-1.5	-1.4	-5.0	-3.2	-2.0
Food	16.7	19.9	-2.4	1.1	-5.3	-5.9	0.1	-0.1
Beverages	1.8	16.6	-18.6	-11.9	15.1	0.8	-3.3	-1.5
Agricultural Raw Materials	7.7	22.7	-12.7	1.5	0.5	-0.3	-6.3	-3.4
Metals	10.7	13.5	-16.8	-4.3	-5.4	-3.9	0.9	0.8
Energy	63.1	31.5	0.7	-1.7	-0.3	-5.5	-4.3	-2.8

Source: IMF



- 2.9 percent in last January, then it declined gradually to 2.6 percent in March following a decrease in inflationary pressures on the group of communications.
2. Both the groups of tobacco and furnishings, household equipment and maintenance registered the highest inflation rates of 6.3 percent and 6.0 percent, respectively, during the first quarter of 2014 as compared to the corresponding quarter of the preceding year.
 3. The wholesale price index recorded an increase of 0.5 percent during the first quarter of 2014 compared to the preceding quarter.
 4. The wholesale prices of the group of beverages and tobacco recorded the highest increase rate during the first quarter of 2014 compared to the same quarter of the preceding year. The group denoted an inflation rate of 14.9 percent due to an increase of 19.0 percent in the subgroup (beverages) during the same period.
 5. The non-oil GDP deflator recorded a decline of 1.9 percent during the fourth quarter of 2013 compared to the third quarter of the same year, and the GDP deflator declined by 0.5 percent during the fourth quarter of 2013 compared to the same quarter of the preceding year.
 6. Because of the constant decline in inflation rates in most of the major groups, notably, the group of food and beverages, the kingdom's inflation rates are expected to continue their gradual decline during the second quarter of 2014.