

2021

# Inflation Report

## Fourth Quarter of 2021

Research and International Affairs Deputyship  
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البنك المركزي السعودي  
SAMA  
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## Table of Contents

| Section   | Page No. |
|---|----------|
| Executive Summary   | 3        |
| Consumer Price Index (CPI)  | 4        |
| Developments in Q4 2021   | 4        |
| Effect of Main Expenditure Categories on the Consumer Price Index | 6        |
| Wholesale Price Index (WPI)                                       | 7        |
| Inflation Rates in Saudi Arabia's Largest Exporters               | 8        |
| Inflation Projections for Q1 2022                                 | 9        |

## Executive Summary

- The consumer price index (CPI) registered a YoY increase of 1.1 percent and a QoQ increase of 0.5 percent in Q4 2021.
- Transport registered the highest YoY increase of 6.4 percent, followed by education with 4.8 percent and then recreation and culture with 2.1 percent. In contrast, housing, water, electricity, gas, and other fuels registered the highest YoY decrease of 1.8 percent in Q4 2021.
- The wholesale price index (WPI) recorded a YoY increase of 12.5 percent in Q4 2021.
- The inflation rate for Q1 2022 is projected to record a slight YoY rise as a result of the continuous improvement of domestic demand and increased global inflation rates. However, it is projected to remain stable compared to Q4 2021.

## Consumer Price Index (CPI)

The CPI registered a YoY increase of 1.1 percent and a QoQ increase of 0.5 percent in Q4 2021 (Table 1 and Chart 1).

### Developments in Q4 2021

Transport registered the highest YoY inflation rate of 6.4 percent. Education came second with a YoY increase of 4.8 percent, followed by recreation and culture with 2.1 percent and then restaurants and hotels with 1.7 percent. Food and beverages, and communication came next with 1.3 percent each, followed by miscellaneous goods and services with 0.9 percent; fur-

nishings, household equipment and maintenance with 0.7 percent; and tobacco with 0.2 percent.

In contrast, housing, water, electricity, gas and other fuels registered the highest YoY decrease of 1.8 percent. Clothing and footwear came next with 1.7 percent, followed by health with 0.2 percent (Table 1 and Charts 2 and 3).

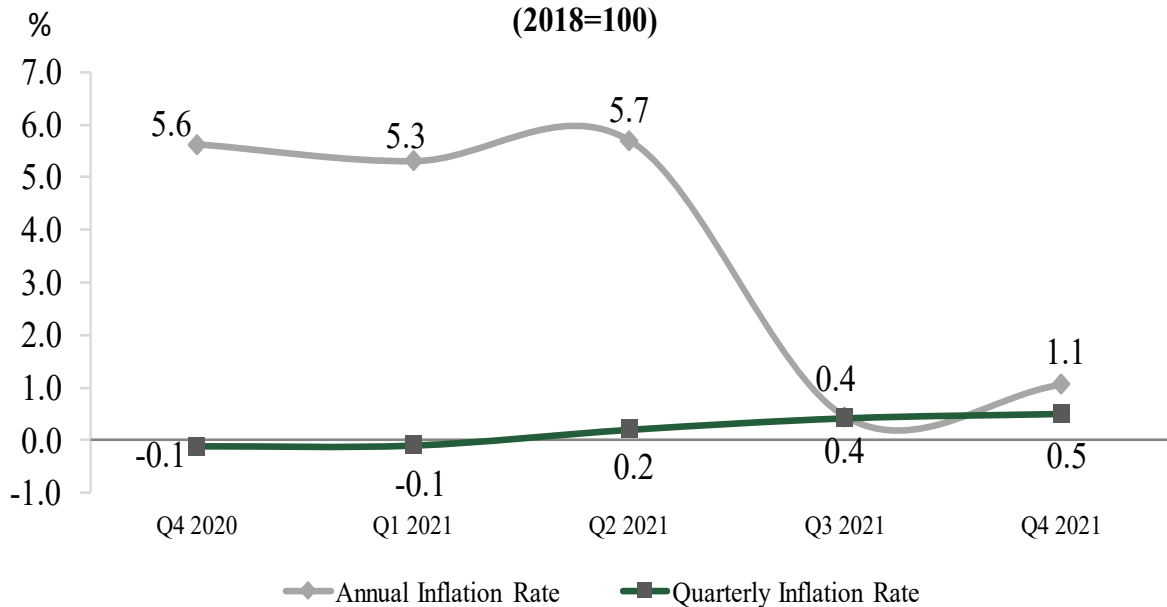
TABLE 1: CONSUMER PRICE INDEX

(2018=100)

|  | Weights | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | (% change)        |                   |
|--|---------|---------|---------|---------|---------|---------|-------------------|-------------------|
|  |         |         |         |         |         |         | Q4 2021 / Q3 2021 | Q4 2021 / Q4 2020 |
| General index                                  | 100.0   | 104.0   | 103.9   | 104.1   | 104.5   | 105.1   | 0.5               | 1.1               |
| Food & beverages                               | 18.8    | 116.8   | 115.9   | 116.5   | 118.3   | 118.4   | 0.1               | 1.3               |
| Tobacco  | 0.6     | 114.5   | 115.0   | 115.3   | 114.6   | 114.8   | 0.1               | 0.2               |
| Clothing & footwear                            | 4.2     | 104.7   | 104.0   | 104.1   | 103.7   | 103.0   | -0.7              | -1.7              |
| Housing, water, electricity, gas & other fuels | 25.5    | 90.4    | 89.3    | 88.4    | 88.0    | 88.8    | 0.9               | -1.8              |
| Furnishings, household equipment & maintenance | 6.7     | 107.7   | 107.7   | 108.2   | 108.4   | 108.4   | 0.0               | 0.7               |
| Health   | 1.4     | 102.9   | 102.8   | 103.1   | 103.1   | 102.7   | -0.4              | -0.2              |
| Transport                                      | 13.0    | 107.3   | 110.1   | 113.0   | 114.3   | 114.2   | -0.1              | 6.4               |
| Communication                                  | 5.6     | 109.5   | 111.4   | 111.3   | 111.0   | 111.0   | 0.0               | 1.3               |
| Recreation & culture                           | 3.1     | 102.1   | 102.8   | 102.4   | 103.3   | 104.2   | 0.9               | 2.1               |
| Education                                      | 2.9     | 94.5    | 93.6    | 93.9    | 95.3    | 99.0    | 3.9               | 4.8               |
| Restaurants & hotels                           | 5.6     | 111.8   | 111.9   | 112.0   | 112.4   | 113.6   | 1.1               | 1.7               |
| Miscellaneous goods & services                 | 12.6    | 106.4   | 106.0   | 106.0   | 106.4   | 107.3   | 0.9               | 0.9               |

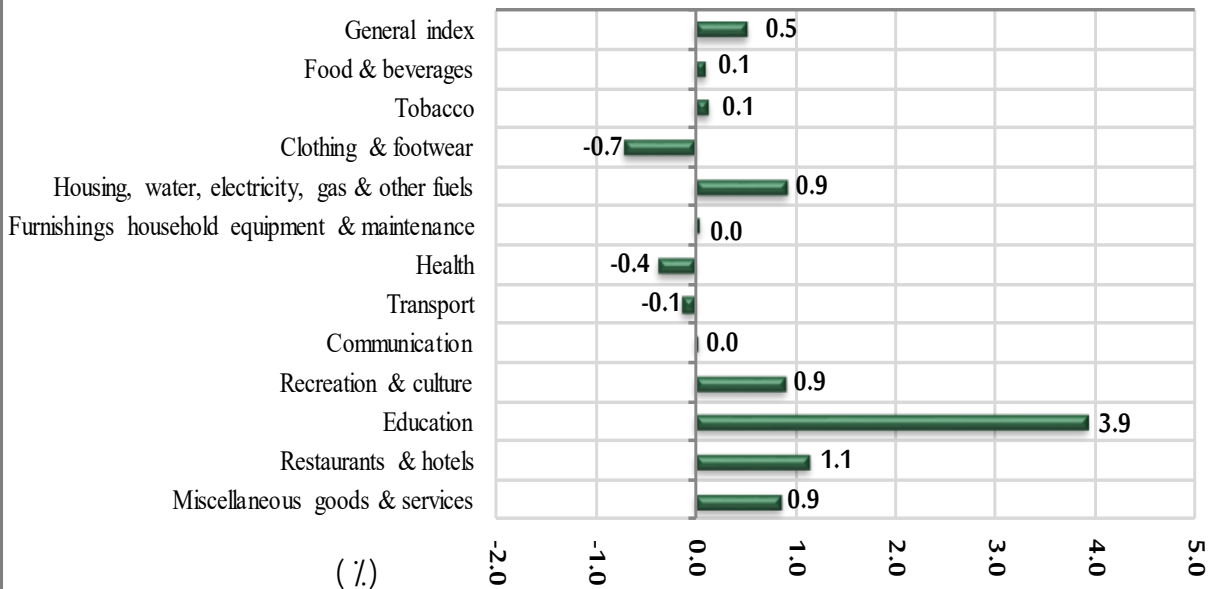
Source: General Authority for Statistics.

**Chart 1: Inflation Rate of the General Consumer Price Index  
(2018=100)**



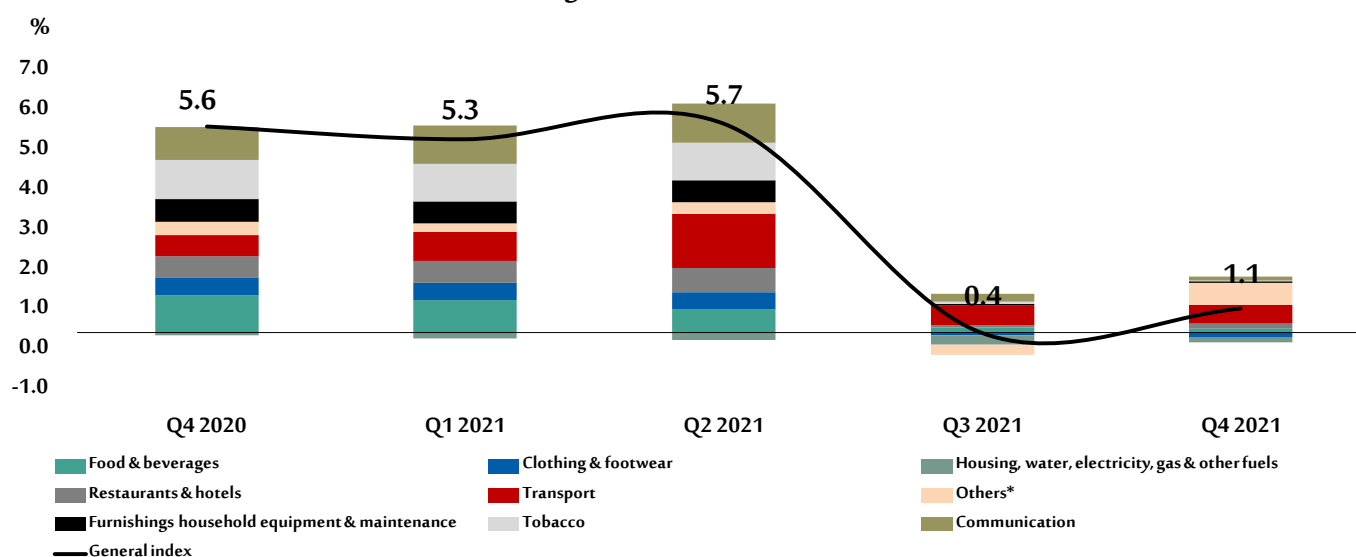
Source: General Authority for Statistics.

**Chart 2: Inflation Rate of the Consumer Price Index by Main Sections  
Q4 2021 / Q3 2021**



Source: General Authority for Statistics.

**Chart 3: The Annual Rate of Change in the Consumer Price Index and Its Main Sections**



\* Other sections include the health section, recreation & culture, miscellaneous goods & services and the education.

Source: General Authority for Statistics.

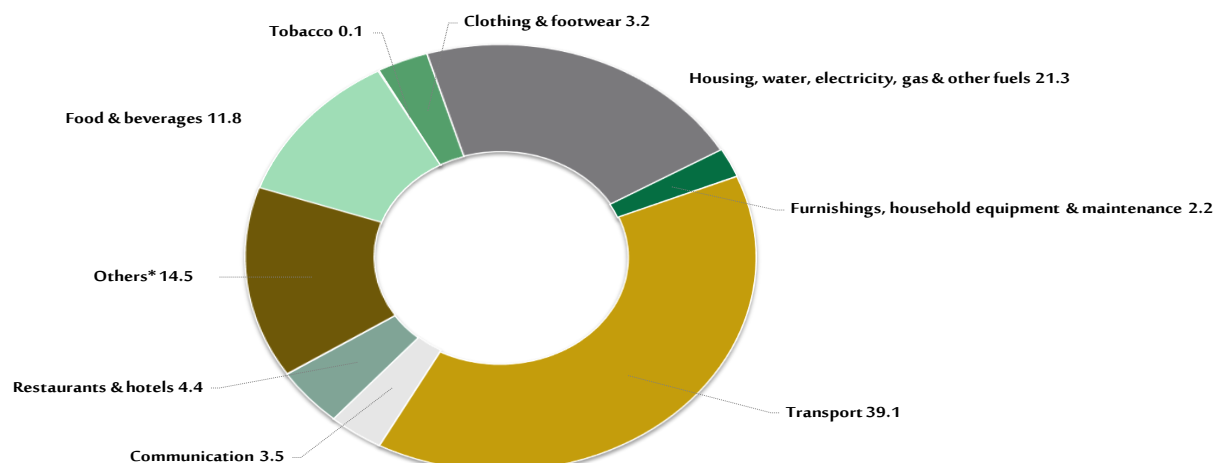
## Effect of Main Expenditure Categories on the Consumer Price Index

Inflation rates are affected by the changes in CPI's various categories. Ranked by their effect on the CPI, transport came first with 39.1 percent in Q4 2021 against 14.0 percent in Q4 2020. Housing, water, electricity, gas and other fuels came second with 21.3 percent as compared to 3.8 percent in Q4 2020, followed by food and beverages with 11.8 percent against 35.7 percent; restaurants and hotels with 4.4 percent as compared to 6.1 percent; communication with 3.5 percent against 9.4 percent; clothing and footwear with 3.2 percent as compared to 3.8 percent; fur-

nishings, household equipment and maintenance with 2.2 percent as compared to 7.7 percent; and tobacco with 0.1 percent against 1.2 percent.

The total effect of the three main expenditure categories (housing, water, electricity, gas and other fuels; food and beverages; and transport) on the general inflation rate stood at 72.2 percent in Q4 2021 against 53.5 percent in Q4 2020 (Chart 4).

**Chart 4: Percentage Impact of Major Section on the General Inflation Rate (Q4 2021)**



\* Other sections include the health, recreation and culture, the miscellaneous goods and services, and education section.  
Source: General Authority for Statistics.

## Wholesale Price Index (WPI)

The WPI recorded a YoY rise of 12.5 percent and a QoQ increase of 1.2 percent in Q4 2021 (Chart 5).

A breakdown of WPI by product category shows that other transportable goods (except metal products, machinery and equipment) recorded the highest YoY increase of 21.9 percent in Q4 2021. Metal

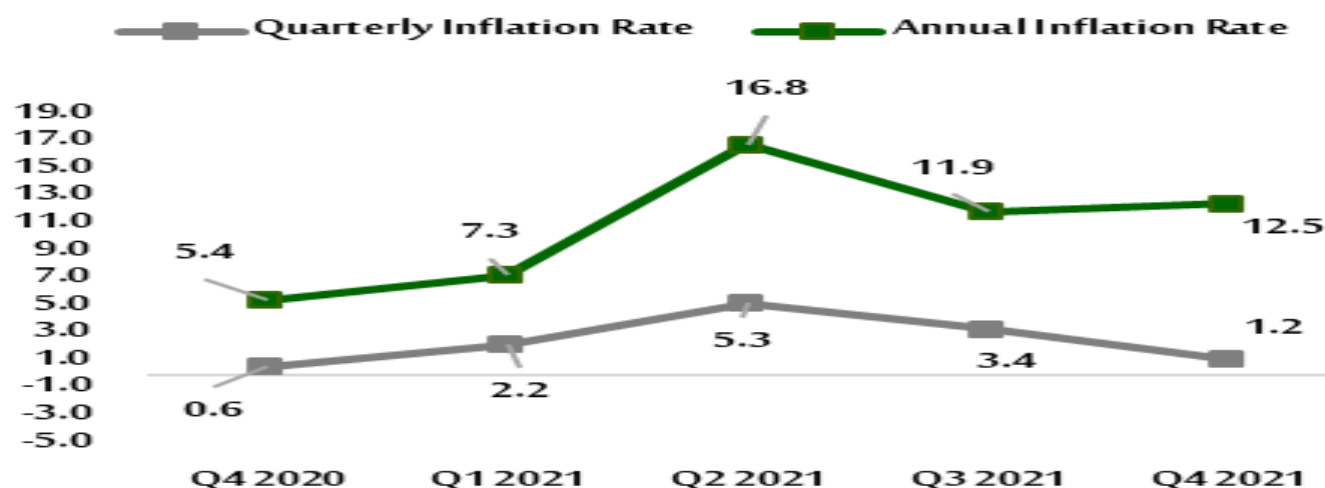
products, machinery and equipment came next with a YoY rise of 9.1 percent, followed by agriculture and fishery products with 8.3 percent; ores and minerals with 3.2 percent; and food products, beverages, tobacco and textiles with 2.1 percent (Table 2 and Chart 5).

**TABLE 2: WHOLESALE PRICE INDEX (WPI)**  
(2014=100)

|   | Weights | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | (% ) change       |                   |
|---|---------|---------|---------|---------|---------|---------|-------------------|-------------------|
|   |         |         |         |         |         |         | Q4 2021 / Q3 2021 | Q4 2021 / Q4 2020 |
| General Index                                     | 100.0   | 127.4   | 130.3   | 137.2   | 141.8   | 143.4   | 1.2               | 12.5              |
| Agriculture and fishery products                  | 8.7     | 118.0   | 116.9   | 120.5   | 124.2   | 127.8   | 2.9               | 8.3               |
| Ores and Minerals                                 | 0.6     | 108.9   | 108.0   | 108.4   | 110.2   | 112.3   | 1.9               | 3.2               |
| Food products, beverages and tobacco and textiles | 17.3    | 120.3   | 120.5   | 120.8   | 121.8   | 122.8   | 0.9               | 2.1               |
| Other goods                                       | 33.7    | 139.1   | 145.0   | 159.5   | 167.4   | 169.5   | 1.3               | 21.9              |
| Metal products, machinery and equipment           | 39.7    | 122.9   | 125.3   | 129.4   | 133.1   | 134.1   | 0.8               | 9.1               |

Source: General Authority for Statistics.

**Chart 5: Inflation of the Wholesale Price Index  
(2014=100)**



Source: General Authority for Statistics

### Inflation Rates in Saudi Arabia's Largest Exporters

According to the general levels of CPI for Saudi Arabia's largest exporters and to Q4 2021 data, the inflation rate in China, Saudi Arabia's largest exporter, registered a YoY rise of 1.8 percent and a QoQ rise of 0.9 percent. Moreover, the United States inflation rate increased in Q4 2021

by 6.7 percent YoY and 1.5 percent QoQ. In India, inflation went up by 5.0 percent YoY and by 2.0 percent QoQ. Inflation in Germany also recorded a YoY rise of 5.0 percent and a QoQ rise of 0.6 percent. In addition, the inflation in the UAE recorded a YoY rise of 2.4 percent and a QoQ rise of 0.9 percent (Table 3).

**Table 3: The Consumer Price Index (CPI) for the Most Important Counties Exporting to the Kingdom of Saudi Arabia**

| Countries | (% ) Change |       |       |       |       |                   |                   |
|-----------|-------------|-------|-------|-------|-------|-------------------|-------------------|
|           | 2020        | 2021  |       |       |       | Q4 2021 / Q3 2020 | Q4 2021 / Q4 2020 |
|           | Q4          | Q1    | Q2    | Q3    | Q4    |                   |                   |
| China     | 99.7        | 101.1 | 100.5 | 100.6 | 101.5 | 0.9               | 1.8               |
| USA       | 260.4       | 263.2 | 269.3 | 273.6 | 277.8 | 1.5               | 6.7               |
| UAE       | 105.9       | 105.9 | 106.5 | 107.4 | 108.4 | 0.9               | 2.4               |
| India     | 158.2       | 156.6 | 159.8 | 162.9 | 166.1 | 2.0               | 5.0               |
| Germany   | 105.5       | 106.9 | 108.7 | 110.1 | 110.8 | 0.6               | 5.0               |

Source: Exporting countries' national statistics offices.



## Inflation Projections for Q1 2022

The inflation rate for Q1 2022 is projected to record a slight YoY rise as a result of the continuous improvement of domestic demand and increased global inflation rates. However, it is projected to remain stable compared to Q4 2021.

by 45.6 percent, food by 26.1 percent, agricultural commodities by 20.1 percent, beverages by 11.5 percent and raw materials by 6.9 percent (Table 4).

On the other hand, the World Bank's projections for primary commodity prices (October 2021) indicate inflationary pressures on most sectors in 2021. The prices of energy are projected to increase by 80.7 percent, fertilizers by 56.2 percent, metals

**Table 4: World Bank Commodity Price Index**  
(2010=100)

|               | (% Change) |       |       |      |             |       |      |
|---------------|------------|-------|-------|------|-------------|-------|------|
|               | Actual     |       |       |      | Projections |       |      |
|               | 2018       | 2019  | 2020  | 2021 | 2022        | 2023  | 2024 |
| Energy        | 22.1       | -10.8 | -31.3 | 80.7 | 0.5         | -14.8 | -1.6 |
| Agriculture   | -4.6       | -1.8  | 5.1   | 20.1 | -3.0        | -2.4  | -0.8 |
| Food          | -4.1       | -1.7  | 6.9   | 26.1 | -3.5        | -2.8  | -0.9 |
| Raw materials | -3.8       | -1.9  | -0.1  | 6.9  | -1.9        | -1.0  | -0.6 |
| Base Metals   | 1.9        | -7.9  | -1.2  | 45.6 | -3.1        | -15.3 | -7.2 |
| Fertilizers   | 6.3        | 0.9   | -9.7  | 56.2 | 4.8         | -20.6 | -9.0 |
| Beverages     | -9.0       | -1.5  | 6.1   | 11.5 | -2.0        | -2.4  | -0.5 |

Source: World Bank (October - 2021).



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