

Key Economic Developments

First Quarter 2025



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Executive Summary

The IMF's World Economic Outlook (April 2025) forecast indicates a slowdown in global economic growth due to uncertainties surrounding trade disruptions from the imposition of trade tariffs. The IMF expects global inflation to continue declining from 4.3% in 2025 to 3.6% in 2026.

Domestically, Saudi Arabia's efforts towards economic development have contributed to the expansion of non-oil activities in real GDP by 4.9% YoY, according to the preliminary data for Q1 2025. Furthermore, the average consumer price index (CPI) recorded a YoY increase of 2.1% in Q1 2025 due to the increase in housing, water, electricity, gas and other fuels. As for the labor market, the unemployment rate for Saudis reached 7.0% during Q4 2024, thereby surpassing the Saudi Vision 2030 target.

In Q1 2025, total actual budget revenues recorded a YoY decrease of 10.2%, whereas total actual budget expenditures increased by 5.4% YoY.

In external trade, exports decreased by 6.0% YoY to around SAR 278.1 billion in Q4 2024 due to a decline of nearly 13.3% in oil exports and a rise of nearly 8.4% in non-oil exports. On the other hand, imports increased by 17.3% YoY to around SAR 236.6 billion.

As for monetary and banking developments, the money supply, in its broad definition (M3), consisting of cash in circulation outside banks and total deposits in banks, continued its positive growth in Q1 2025, growing by 8.2% YoY to SAR 3,055.9 billion. Moreover, bank credit increased by 16.3% YoY to SAR 3,102.0 billion. The finance sector witnessed positive growth due to a rise of 13.6% in the total credit offered by finance companies in Q4 2024.

As part of SAMA's efforts to develop the financial sector, provide the best financial products and services, and improve the banking experience, Q1 2025 witnessed several developments, including licensing a number of companies and launching services related to electronic payments and digital banking in Saudi Arabia.

Key Economic Indicators:

Economic Projections

GDP Growth Projections (World Economic Outlook)	
2025	2026
↑ 2.8%	↑ 3.0%

Source: International Monetary Fund (IMF), April 2025.

GDP Growth Projections (Saudi Economic Outlook)	
2025	2026
↑ 3.0%	↑ 3.7%

Source: International Monetary Fund (IMF), April 2025.

Real Sector

Real GDP	
QoQ Growth (seasonal adjustments)	YoY Growth
↑ 1.1%	↑ 3.4%

Source: General Authority for Statistics (GaStat), Q1 2025.

Non-Oil Activities	
QoQ Growth (seasonal adjustments)	YoY Growth
↑ 1.0%	↑ 4.9%

Source: General Authority for Statistics (GaStat), Q1 2025.

Consumer Price Index (CPI)	
Quarterly Change	Annual Change
↑ 0.6%	↑ 2.1%

Source: General Authority for Statistics (GaStat), Q1 2025.

Purchasing Managers' Index (PMI)	
Q1 2024 (Percentage point)	Q1 2025 (Percentage point)
56.5	59.0

Source: Riyadh Bank, Q1 2025.

Industrial Production Index	
QoQ Growth	YoY Growth
↑ 0.4%	↑ 1.1%

Source: General Authority for Statistics (GaStat), Q1 2025.

Saudi Unemployment Rate (%7.0)	
Quarterly Change (Percentage point)	Annual Change (Percentage point)
↓ 0.8%	↓ 0.8%

Source: General Authority for Statistics (GaStat), Q4 2024.

Public Sector

Public Finance	
Revenues (YoY Growth)	Expenditure (YoY Growth)
↓ 10.2%	↑ 5.4%

Source: Ministry of Finance, Q1 2025.

Public Debt	
Internal Debt (YoY Growth)	External Debt (YoY Growth)
↑ 19.9%	↑ 17.9%

Source: Ministry of Finance, Q1 2025.

Monetary and Banking Sector

Money Supply (M3)	
QoQ Growth	YoY Growth
↑ 4.6%	↑ 8.2%

Source: Saudi Central Bank (SAMA), Q1 2025.

Bank Credit	
QoQ Growth	YoY Growth
↑ 5.0%	↑ 16.3%

Source: Saudi Central Bank (SAMA), Q1 2025.

Financial Sector

The Tadawul All Share Index (TASI)	
QoQ Growth	YoY Growth
↓ 0.1%	↓ 3.0%

Source: Tadawul, Q1 2025.

Credit Provided by Finance Companies	
QoQ Growth	YoY Growth
↑ 3.5%	↑ 13.6%

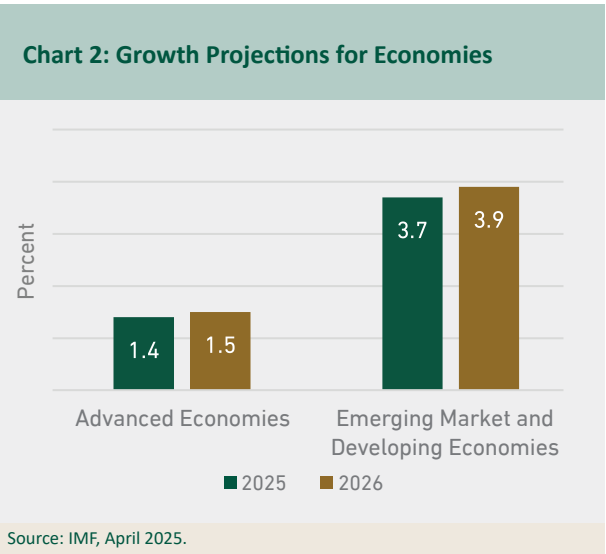
Source: Saudi Central Bank (SAMA), Q4 2024.

Section 1: Key Economic Developments

1-1 Global Economic Developments and Outlook

According to its World Economic Outlook Report (WEO) for April 2025, the IMF projects that the global economy is witnessing an increase in uncertainties surrounding trade disruptions from tariff imposition. The forecast for 2025 indicates a slowdown in global economic growth due to trade disruptions, predicting that the global economy will grow by 2.8% in 2025, lower by 0.5 percentage points compared to the January 2025 report projections. The global economy is also projected to grow by around 3.0% in 2026, slightly lower by 0.3 percentage points compared to the previous report projections (Chart 1).

The projections indicate that the growth rate of advanced economies is expected to decline to reach 1.4% in 2025, lower by 0.5 percentage points compared to the January 2025 report projections. For 2026, the growth rate is expected to reach 1.5%, lower by 0.3 percentage points compared to the previous report. In the US, the growth rate is projected to slow down to reach 1.8% in 2025, lower by 0.9 percentage points compared to the previous report. Furthermore, emerging market and developing economies (EMDEs) are projected to witness a slowdown in growth to reach 3.7% in 2025, lower by 0.5 percentage points compared to the previous report. For 2026, the growth in EMDEs is expected to reach 3.9%, lower by 0.4 percentage points than that in the previous report (Chart 2).



1-2 Inflation

The IMF's projections (WEO - April 2025) indicate a slower decline in global inflation during 2025 and 2026 than in 2024. Global inflation is expected to record about 4.3% in 2025 and about 3.6% in 2026. Compared to the IMF's previous WEO report, these expectations reflect a notable upward revision for inflation in advanced economies, and a slight downward revision for inflation in emerging market and developing economies (Table 1).

Table 1: Inflation Rate for Economies

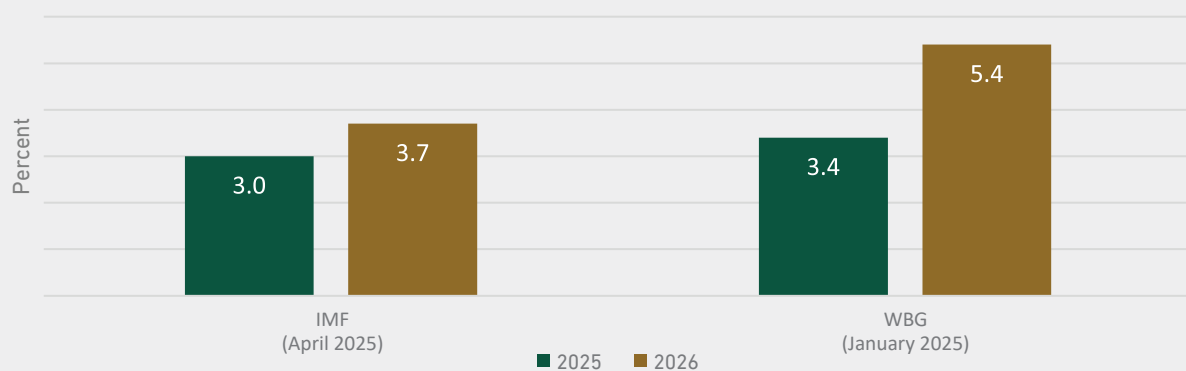
Inflation rate %	2024	2025*	2026*
Global Economy	5.7	4.3	3.6
Advanced economies	2.6	2.5	2.2
Emerging market and developing economies (EMDEs)	7.7	5.5	4.6

*Projections.

Source: International Monetary Fund (IMF), April 2025.

1-3 Saudi Economic Outlook

According to the IMF's projections, the Saudi economy will grow by nearly 3.0% in 2025, down by about 0.3 percentage points compared to that in the January 2025 report. In 2026, the Saudi economy is projected to grow by 3.7%, down by about 0.4 percentage points compared to the previous report. Moreover, the World Bank projects the Saudi economy to grow by 3.4% in 2025 and by around 5.4% in 2026 (Chart 3).

Chart 3: Growth Projections for Saudi Economy

Source: IMF, WBG.

Section 2: Saudi Economy Performance

2-1 Real Sector and Indices

Real GDP

Preliminary data issued by GASTAT for Q1 2025 indicate that **real GDP** recorded a YoY increase of 3.4%. This growth was attributed to the increase of non-oil activities by 4.9% and government activities by 3.2%. Meanwhile, oil activities recorded a YoY decrease of 0.5% (Chart 4).

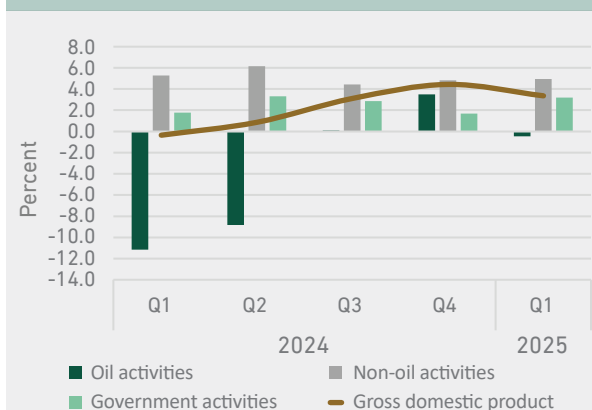
Looking at GDP data by main economic activities for Q1 2025, **oil activities** showed a YoY decrease of 0.5% and a QoQ decline of 1.2% on a seasonally adjusted basis.

Regarding **oil developments**, Saudi Arabia's average crude oil production in Q1 2025 recorded a QoQ increase of 0.1%, bringing the average production to around 8.9 million bpd, while it recorded a YoY decrease of 0.4%. Arab Light's average price in Q1 2025 fell by 5.7% YoY, while recording an increase of 4.7% QoQ, bringing the average price to USD 78.5 per barrel (Chart 5).

In contrast, **non-oil activities** continued to expand in Q1 2025, increasing by 4.9% YoY and by 1.0% QoQ on a seasonally adjusted basis. This growth is attributed to the ongoing implementation of Vision 2030 Realization Programs, regional and sectoral strategies and mega projects.

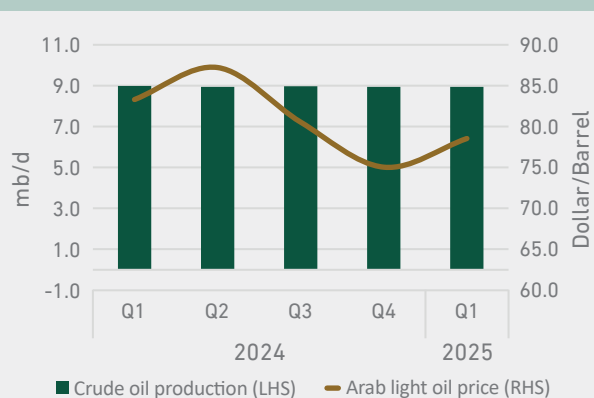
Government activities increased by 3.2% YoY in Q1 2025, and by 5.5% on a seasonally adjusted basis.

Chart 4: Real GDP Growth by Main Economic Activities (YoY)



Source: General Authority for Statistics (GaStat).

Chart 5: Saudi Arabia's Production of Crude Oil and Price of Arab Light Oil

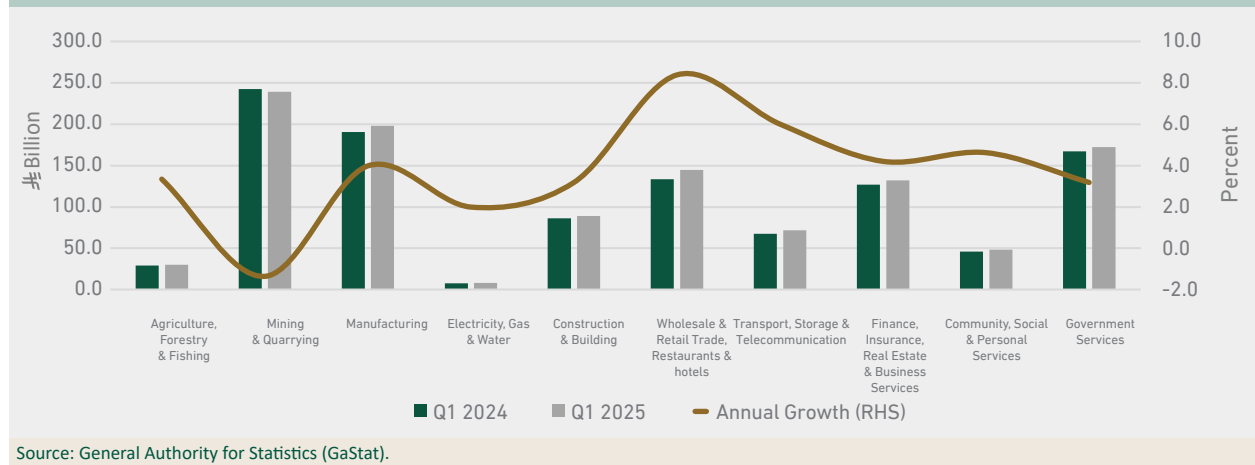


Source: OPEC.

Gross Domestic Product by Economic Sector

Most of the main economic activities recorded YoY growth in Q1 2025, driven by a YoY increase of 8.4% in wholesale and retail trade, restaurants and hotels; and transport, Storage and telecommunication with 6.0%. In contrast, mining and quarrying recorded a YoY decline of 1.4% (Chart 6).

Chart 6: Real GDP by Kind of Economic Activity

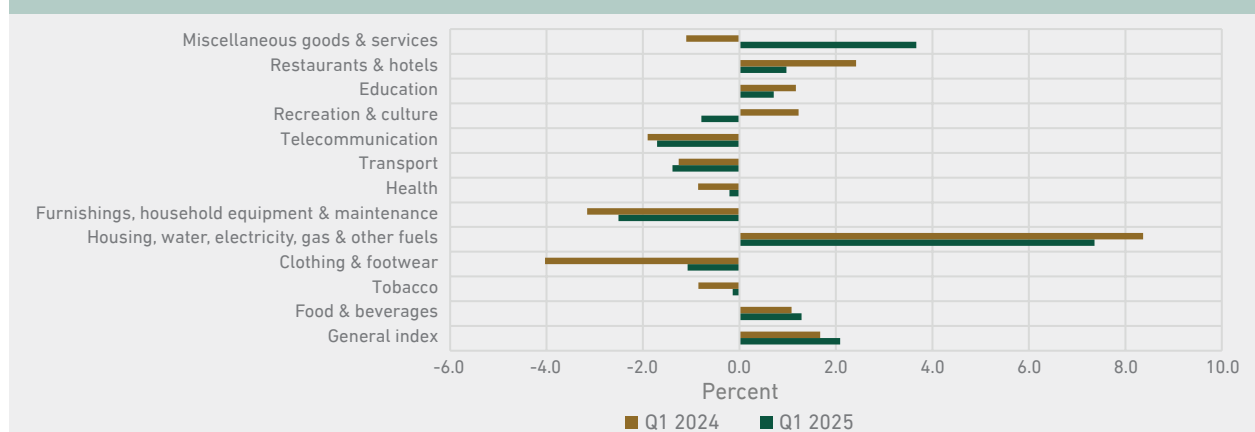


Consumer Price Index

The Consumer Price Index (CPI) recorded a YoY increase of 2.1% and a QoQ increase of 0.6% in Q1 2025. Housing, water, electricity, gas and other fuels registered the highest YoY growth among the main segments, rising by 7.4%; followed by miscellaneous goods and services with 3.7%; food and beverages with 1.3%; restaurants and hotels with 1.0%; education with 0.7%.

In contrast, furnishings, household equipment and maintenance registered the highest YoY decrease of 2.5% in Q1 2025; followed by communications with 1.7%; transport with 1.4%; clothing and footwear with 1.1%; recreation and culture with 0.8%; health with 0.2%; and tobacco with 0.1% (Chart 7).

Chart 7: Annual Change Rate of Consumer Price Index

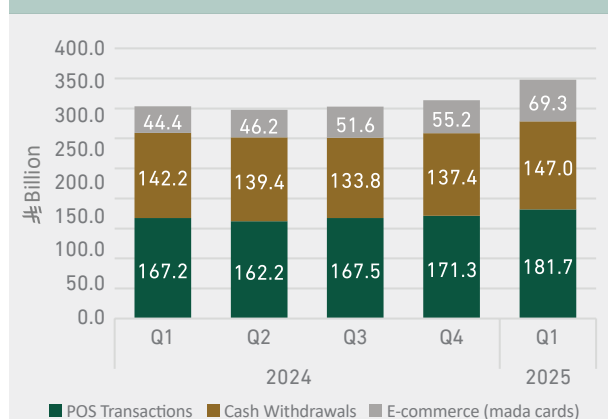


Private Consumption Index

Data of the private consumption index consisting of point-of-sale (POS) transactions, cash withdrawals, and e-commerce transactions using mada cards indicate that consumption increased by around 9.4% QoQ and 12.5% YoY in Q1 2025. E-commerce transactions using mada cards and POS transactions recorded YoY increases of 56.0% and 8.7%, respectively. Cash withdrawals also increased by 3.4% YoY (Chart 8).

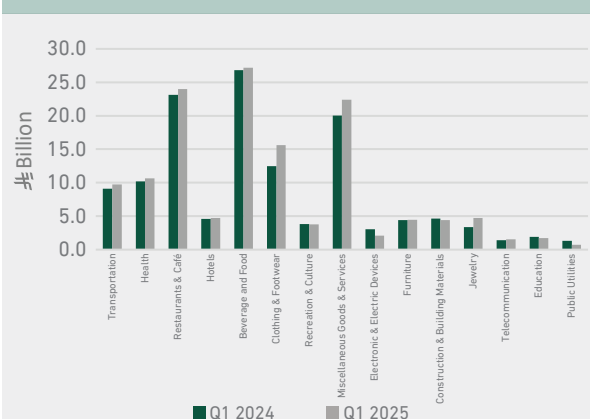
Data of POS transactions by sector in Q1 2025 indicate growth in a number of sectors. Jewelry; clothing and footwear; and miscellaneous goods and services recorded the highest growth rates of about 40.9%, 25.0% and 12.0% YoY, respectively. In contrast, public utilities; electronics and electrical appliances; and education registered YoY decreases of 43.9%, 31.4% and 11.1%, respectively (Chart 9).

Chart 8: Private Consumption Index



Source: Saudi Central Bank (SAMA).

Chart 9: Points of Sale Transactions by Sectors



Source: Saudi Central Bank (SAMA).

Purchasing Managers' Index

The Purchasing Managers' Index (PMI) registered 59.0 points in Q1 2025. The economic activity of the non-oil private sector continued in the expansion zone at the end of Q1 2025. The rise in new orders also contributed to increased employment activity, leading to improved production growth and higher inventory levels within the non-oil private sector (Chart 10).

Industrial Production Index

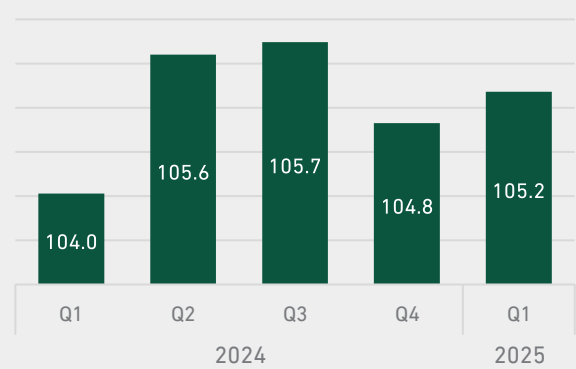
The Industrial Production Index (IPI) recorded a YoY rise of 1.1% in Q1 2025, driven by an increase of about 4.1 % YoY in non-oil activities, which account for 25% of the IPI. The increase was notably driven by a 13.6% YoY rise in water, sewerage and waste management and remediation; manufacturing with 4.0% YoY; and electricity, gas, steam and air-conditioning supplies with 1.8% YoY. On the other hand, oil activities, which constitute 75.0% of the IPI, recorded a YoY decrease of 0.1%, driven by a decrease of 0.4% YoY in the extraction of crude oil and natural gas, while manufacturing of coke and refined oil products increased by 1.4% YoY (Chart 11).

Chart 10: Purchasing Managers' Index*



*Above 50.0 indicates an expansion.
Source: Riyadh Bank.

Chart 11: Industrial Production Index*



*Preliminary Data.
Source: General Authority for Statistics (GaStat).

Labor Market

The total unemployment rate in Q4 2024 stood at 3.5%, a slight rise of 0.1% compared to Q4 2023. The unemployment rate among Saudis reached 7.0%, marking a YoY decrease of 0.8% due to a decline of 2.1 percentage points YoY in the female unemployment rate to reach 11.9%. The male unemployment rate also decreased by 0.3 percentage points YoY to reach 4.3% (Chart 12).

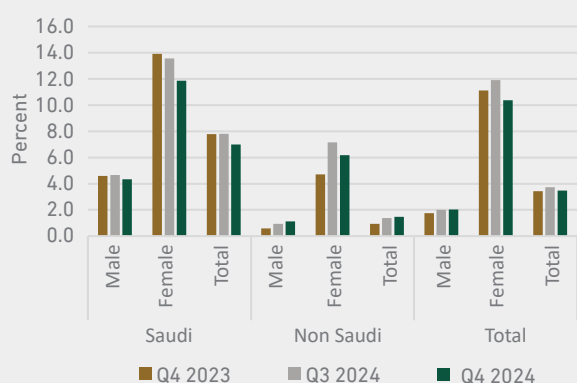
2-2 Public Sector

Public Finance

Total actual budget revenues decreased by 10.2% YoY to SAR 263.6 billion in Q1 2025, with oil revenues accounting for 56.8% (SAR 149.8 billion) of total revenues. On the other hand, non-oil revenues stood at SAR 113.8 billion, accounting for 43.2% of total revenues. Taxes on goods and services constituted the largest share of non-oil revenues, at 62.9%.

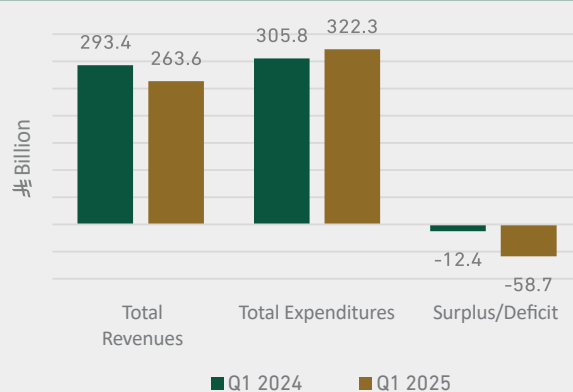
Total actual budget expenditures increased by 5.4% YoY to SAR 322.3 billion in Q1 2025. Current expenses accounted for 91.4% (SAR 294.5 billion) of total expenditures, and employee compensation constituted the largest share of 49.6% of total current expenses. In contrast, capital expenditure amounted to SAR 27.8 billion, constituting 8.6% of total expenditures. As such, the state budget posted a deficit of SAR 58.7 billion in Q1 2025 (Chart 13).

Chart 12: Unemployment Rates



Source: General Authority for Statistics (GaStat).

Chart 13: Total Revenues and Expenses



Source: Ministry of Finance (MoF).

Public Debt

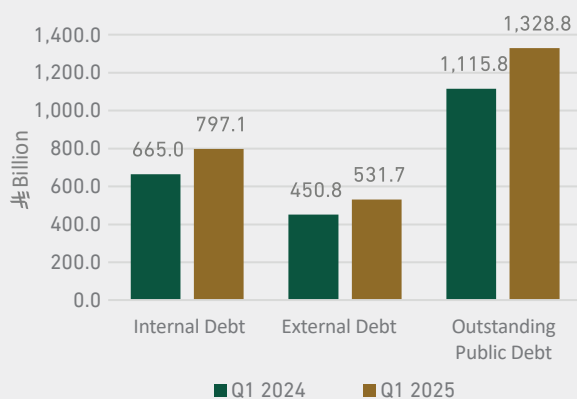
Public debt increased by 19.1% YoY to SAR 1,328.8 billion in Q1 2025, with domestic debt rising by 19.9% YoY to SAR 797.1 billion (accounting for 60.0% of total public debt). On the other hand, external debt increased by 17.9% YoY to SAR 531.7 billion (40.0% of total public debt) (Chart 14).

2-3 External Sector

External Trade

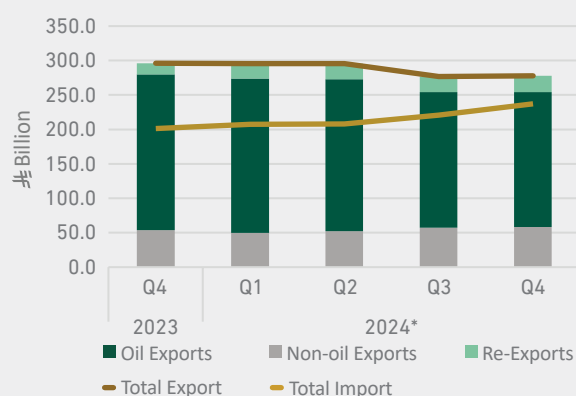
Exports fell by 6.0% YoY to around SAR 278.1 billion in Q4 2024 due to a decline of nearly 13.3% in oil exports to SAR 195.9 billion. In contrast, non-oil exports (not including re-exports) increased by about 8.4% to SAR 58.2 billion. Oil exports constituted 70.4% of total exports, while non-oil exports (not including re-exports) constituted 20.9% of total exports. Moreover, imports increased by 17.3% YoY to around SAR 236.6 billion in Q4 2024. In addition, re-exports increased by 47.3% YoY to SAR 24.0 billion (Chart 15).

Chart 14: Total Outstanding Public Debt



Source: Ministry of Finance (MoF).

Chart 15: External Trade



*Preliminary Data.

Source: General Authority for Statistics (GaStat).

Balance of Payments

Current Account

Preliminary estimates indicate a deficit of SAR 27.8 billion in the current account balance in Q4 2024 compared to a surplus of SAR 11.5 billion in Q4 2023. This was attributed to a decline in the balance of goods and services to SAR 15.9 billion compared to a surplus of SAR 59.7 billion in Q4 2023. The surplus in the balance of goods decreased to SAR 62.8 billion compared to SAR 109.2 billion in Q4 2023. This decline was due to a decrease in commodity exports by 6.1% to SAR 278.2 billion compared to about SAR 296.2 billion in Q4 2023 and a rise in commodity imports (FOB) by 15.2% to SAR 215.4 billion compared to about SAR 187.0 billion in Q4 2023.

Moreover, the deficit in the secondary income balance increased by 8.1% to SAR 54.1 billion compared to SAR 50.0 billion in Q4 2023.

In contrast, the services balance deficit decreased from SAR 49.5 billion in Q4 2023 to SAR 46.9 billion in Q4 2024. Furthermore, the surplus of primary income balance increased to SAR 10.4 billion in Q4 2024 compared to a surplus of SAR 1.9 billion in Q4 2023.

Capital Account

The capital account registered outflows of SAR 3.8 billion in Q4 2024 compared to outflows of around SAR 6.6 billion in Q4 2023.

Financial Account

Net direct investments registered an outflow of SAR 11.9 billion in Q4 2024 due to an increase of SAR 33.8 billion in net acquisition of financial assets compared to a lower increase in net incurrence of liabilities by around SAR 21.9 billion. Net portfolio investments also recorded an outflow of SAR 13.7 billion compared to an outflow of SAR 72.4 billion in Q4 2023. Moreover, other net investments recorded an inflow of SAR 11.9 billion compared to a net inflow of about SAR 54.6 billion in Q4 2023. Net reserve assets dropped by SAR 74.1 billion in Q4 2024 compared to a decline of SAR 9.7 billion in Q4 2023, as other reserve assets fell by SAR 70.7 billion (due to a decrease in currency and deposits by SAR 64.1 billion and a decline in investment in securities by SAR 6.6 billion) compared to a decline of SAR 11.0 billion in Q4 2023.

2-4 Monetary and Banking Sector

Money Supply

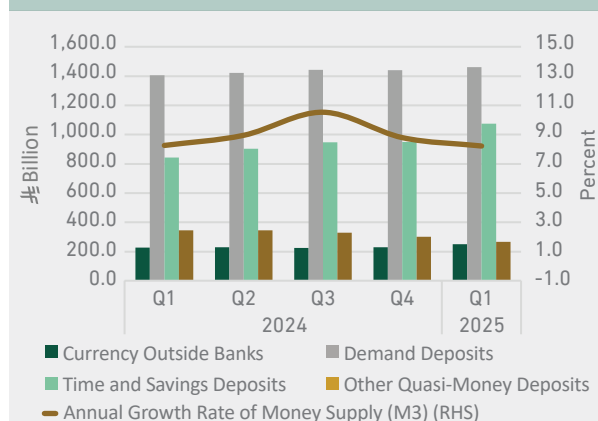
Broad money supply (M3) increased by around 8.2% YoY and by 4.6% QoQ to SAR 3,055.9 billion.

A breakdown of M3 components in Q1 2025 indicates that narrow money supply (M1) increased by 4.8% YoY and by 2.6% QoQ to about SAR 1,713.5 billion, constituting 56.1% of M3. Money supply (M2) also increased by 12.6% YoY and by 6.5% QoQ, reaching SAR 2,789.0 billion and comprising 91.3% of M3 (Chart 16).

Monetary Base

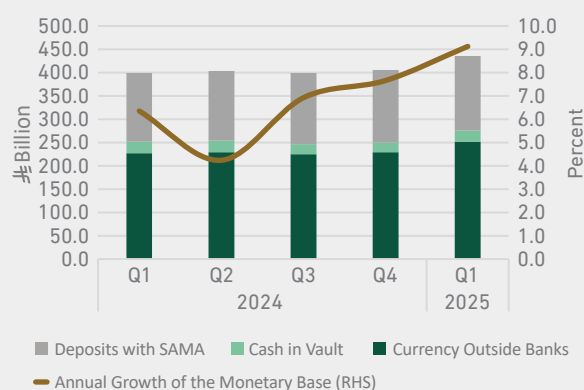
The monetary base increased by 9.1% YoY and by 7.4% QoQ, reaching SAR 436.0 billion in Q1 2025. A breakdown of monetary base components indicates that deposits with SAMA increased by 8.9% YoY and by 3.2% QoQ, reaching SAR 160.3 billion in Q1 2025. Moreover, currency in circulation increased by 10.6% YoY and by 9.8% QoQ, reaching around SAR 251.5 billion. However, cash in vault decreased by about 2.4% YoY, while recording a QoQ increase of 12.9%, reaching SAR 24.1 billion (Chart 17).

Chart 16: Broad Money Supply (M3) Components



Source: Saudi Central Bank (SAMA).

Chart 17: Monetary Base



Source: Saudi Central Bank (SAMA).

Bank Deposits

Total bank deposits increased by 8.0% YoY and by 4.2% QoQ to reach about SAR 2,804.3 billion at the end of Q1 2025.

A breakdown of bank deposits during Q1 2025 shows that time and saving deposits increased by about 27.5% YoY and by 13.2% QoQ, reaching SAR 1,075.5 billion. At the same time, demand deposits increased by about 3.9% YoY and by 1.5% QoQ, reaching SAR 1,461.9 billion. In contrast, other quasi-monetary deposits decreased by about 22.8% YoY and by about 11.6% QoQ, reaching SAR 266.9 billion (Chart 18).

Bank Credit

Bank credit extended to the private and public sectors in Q1 2025 increased by 16.3% YoY and by 5.0% QoQ to SAR 3,102.0 billion.

Bank credit extended to the private sector increased by about 14.9% YoY and by 4.8% QoQ to SAR 2,884.6 billion. Bank credit extended to the public sector also increased by about 38.0% YoY and by about 7.0% QoQ to SAR 217.3 billion (Chart 19).

Chart 18: Bank Deposits by Type

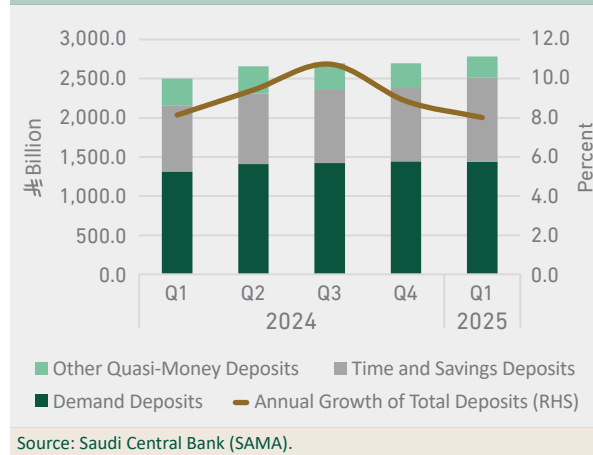
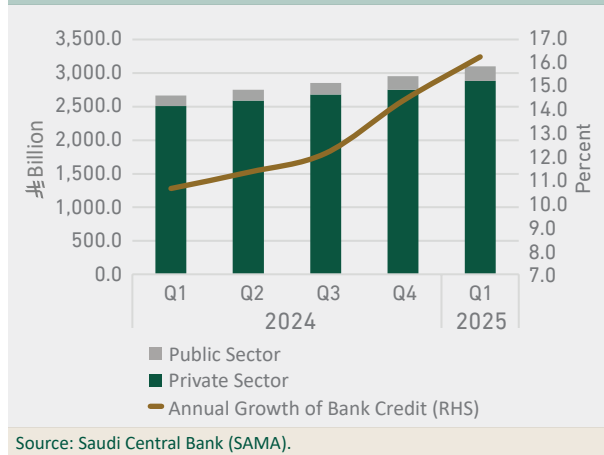


Chart 19: Bank Credit by Sector



Real Estate and Consumer Loans

Real estate loans increased by 15.2% YoY and by 4.4% QoQ to SAR 922.2 billion at the end of Q1 2025, constituting 29.7% of total bank credit. Similarly, total consumer loans grew by 6.4% YoY and by 1.9% QoQ in Q1 2025 to about SAR 479.8 billion, constituting 15.5% of total bank credit. Meanwhile, credit card loans increased by 12.5% YoY and decreased by 2.2% QoQ to SAR 30.7 billion at the end of Q1 2025 (Chart 20).

2-5 Financial Sector

Capital Market

At the end of Q1 2025, Tadawul All Share Index (TASI) decreased by 3.0% YoY and by 0.1% QoQ to 12,025.1 points. The number of traded shares also recorded a decrease of 27.7% YoY and by 56.7% QoQ to about 17.3 billion share. Additionally, the total value of traded shares decreased by 37.0% YoY and by 7.8% QoQ, reaching about SAR 362.6 billion (Chart 21).

Chart 20: Real Estate and Consumer Loans

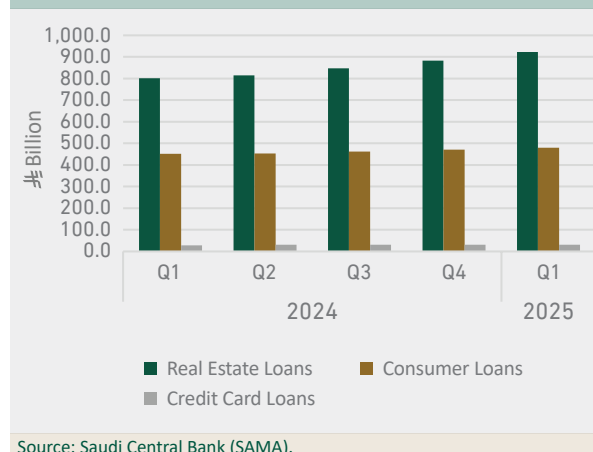


Chart 21: The Tadawul All Share Index (TASI)



In contrast, the Sukuk/Bonds Market Index recorded increases of 408.6% YoY and 184.5% QoQ, with a total traded volume of SAR 9.4 billion to close at 913.4 points at the end of Q1 2025.

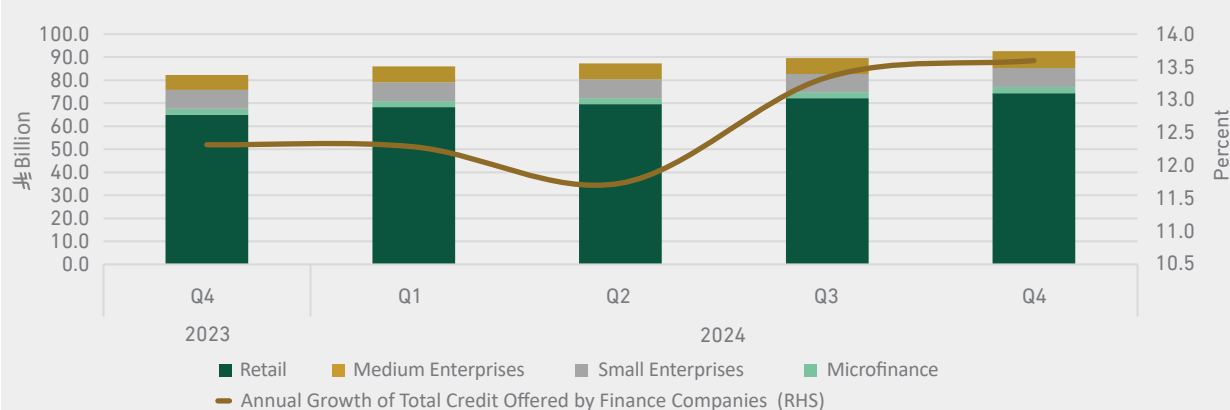
Finance Companies

The total credit offered by finance companies recorded an increase of 13.6% YoY and 3.5% QoQ to SAR 96.3 billion in Q4 2024, with retail finance (representing 77.3% of total credit offered by finance companies) recording a YoY increase of 14.4% and a QoQ increase of 3.1% (Chart 22).

Islamic Finance

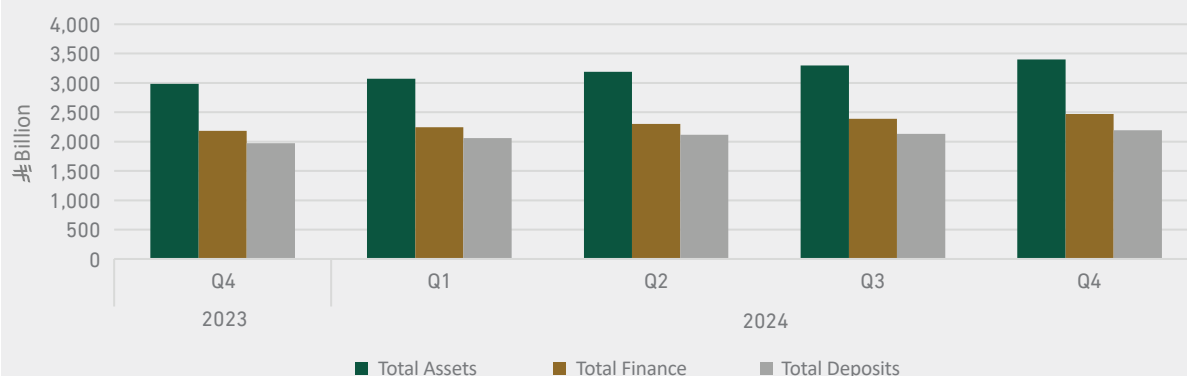
Shariah-compliant banking finance provided by Islamic banks and windows recorded a growth of 13.3% YoY to about SAR 2,471.6 billion in Q4 2024. Total assets also grew by 14.0% YoY, and total deposits by 11.2% in Q4 2024 (Chart 23).

Chart 22: Credit Offered by Finance Companies by Sector



Source: Saudi Central Bank (SAMA).

Chart 23: Islamic Finance Sector



Source: Saudi Central Bank (SAMA).

Banking Technology

SARIE System

The total value of the Saudi Arabian Riyal Interbank Express (SARIE) system transactions went up by 29.6% YoY to SAR 15,316.6 billion in Q1 2025. Total customer payments reached about SAR 4,155.8 billion, recording a YoY increase of 29.7%. The value of single payment transactions totaled SAR 2,253.4 billion, and the total value of bulk payment transactions amounted to around SAR 1,902.4 billion. The total value of interbank payments stood at SAR 10,569.0 billion, increasing by 29.3% YoY.

Mada

The total number of ATM transactions in Q1 2025 reached approximately 376.9 million, with cash withdrawals totaling SAR 147.0 billion, including transactions through banks' network and mada. Total POS terminal transactions reached about 2,713.0 million, with sales totaling SAR 181.7 billion. Moreover, the number of ATMs totaled approximately 14.9 thousand, while the number of ATM cards issued by domestic banks reached about 52.7 million, and the number of POS terminals reached around 2.1 million.

Clearing

In Q1 2025, the number of (outgoing and incoming) bank checks cleared at the clearinghouses totaled around 237.5 thousand, with a total value of SAR 100.3 billion. The number of individual and corporate checks totaled nearly 175.8 thousand, with a total value of SAR 31.6 billion, and the number of interbank checks totaled about 61.7 thousand, with a total value of SAR 68.7 billion.

2-6 Key Fintech Developments in Q1 2025

In Q1 2025, SAMA granted licenses to five companies that operate in various fields, including consumer microfinance, real estate finance and aggregation services for finance companies. As part of SAMA's digital transformation strategy, SAMA launched the e-services portal, "eSAMA", which enables individuals, government entities, and businesses to electronically access SAMA's services. SAMA also launched two new services relating to electronic payment and announced the commencement of digital bank operations in Saudi Arabia.

