

Key Economic Developments

Second Quarter 2025



البنك المركزي السعودي
SAMA
Saudi Central Bank



Postal address:

Saudi Central Bank

P.O. Box 2992, Riyadh 11169

Kingdom of Saudi Arabia

Telephone: (+966) 11 - 4633000

Email: info@sama.gov.sa

For the latest reports, instructions issued to financial institutions supervised by SAMA, monetary and banking statistics, and quarterly balance of payments estimates, please visit SAMA's website at:

<http://www.sama.gov.sa>

SAMA Head Office and Branches:

Head Office: Riyadh

Branches: Makkah, Madinah, Riyadh, Jeddah, Dammam, Ta'if, Buraydah, Jazan, Tabuk, Abha.



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Executive Summary

The IMF's projections (July 2025) indicate a slowdown in global economic growth due to uncertainties surrounding trade disruptions from the imposition of trade tariffs, and the impact of geopolitical tensions on global supply chains. The IMF expects global inflation to decline from 4.2% 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 4.6% YoY, according to the preliminary data for Q2 2025. Furthermore, the average consumer price index (CPI) recorded a YoY increase of 2.0% in Q2 2025, driven by an increase in the housing, water, electricity, gas and other fuels segment, and insurance and financial services segment. As for the labor market, the unemployment rate for Saudis reached 6.3% during Q1 2025.

In Q2 2025, total actual budget revenues recorded a YoY decrease of 14.7%. Meanwhile, total actual budget expenditures decreased by 8.9% YoY.

In external trade, exports decreased by 3.2% YoY to SAR 285.8 billion in Q1 2025 due to a decline of 8.4% in oil exports, despite a rise of 9.0% in non-oil exports. On the other hand, imports increased by 7.3% YoY to SAR 222.7 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 Q2 2025, growing by 7.6% YoY to SAR 3,120.0 billion. Moreover, bank credit increased by 15.8% YoY to SAR 3,186.3 billion. The finance sector witnessed positive growth due to a rise of 10.8% in the total credit offered by finance companies in Q1 2025.

As part of SAMA's efforts to develop the financial sector, provide the best financial products and services, and improve the banking experience, Q2 2025 witnessed several developments, including licensing a number of companies and issuing the Updated Rules for Issuance and Operation of Credit Cards.

Key Economic Indicators:

Economic Projections

GDP Growth Projections (World Economic Outlook)	
2025	2026
↑ 3.0%	↑ 3.1%

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

GDP Growth Projections (Saudi Economic Outlook)	
2025	2026
↑ 3.6%	↑ 3.9%

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

Real Sector

Real GDP	
QoQ Growth (seasonal adjustments)	YoY Growth
↑ 1.7%	↑ 3.9%

Source: General Authority for Statistics (GaStat), Q2 2025.

Non-Oil Activities	
QoQ Growth (seasonal adjustments)	YoY Growth
↑ 0.8%	↑ 4.6%

Source: General Authority for Statistics (GaStat), Q2 2025.

Consumer Price Index (CPI)	
Quarterly Change	Annual Change
↑ 0.7%	↑ 2.0%

Source: General Authority for Statistics (GaStat), Q2 2025.

Purchasing Managers' Index (PMI)	
Q2 2024 (Point)	Q2 2025 (Point)
56.1	56.2

Source: Riyadh Bank, Q2 2025.

Industrial Production Index	
QoQ Growth	YoY Growth
↑ 3.6%	↑ 3.9%

Source: General Authority for Statistics (GaStat), Q2 2025.

Saudi Unemployment Rate (6.3%)	
Quarterly Change (Percentage Point)	Annual Change (Percentage Point)
↓ 0.7%	↓ 1.3%

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

Public Sector

Public Finance	
Revenues (YoY Growth)	Expenditure (YoY Growth)
↓ 14.7%	↓ 8.9%

Source: Ministry of Finance, Q2 2025.

Public Debt	
Domestic Debt (YoY Growth)	External Debt (YoY Growth)
↑ 28.1%	↑ 9.9%

Source: Ministry of Finance, Q2 2025.

Monetary and Banking Sector

Money Supply (M3)	
QoQ Growth	YoY Growth
↑ 2.1%	↑ 7.6%

Source: Saudi Central Bank (SAMA), Q2 2025.

Bank Credit	
QoQ Growth	YoY Growth
↑ 2.7%	↑ 15.8%

Source: Saudi Central Bank (SAMA), Q2 2025.

Financial Sector

The Tadawul All Share Index (TASI)	
QoQ Growth	YoY Growth
↓ 7.2%	↓ 4.4%

Source: Tadawul, Q2 2025.

Credit Provided by Finance Companies	
QoQ Growth	YoY Growth
↑ 2.0%	↑ 10.8%

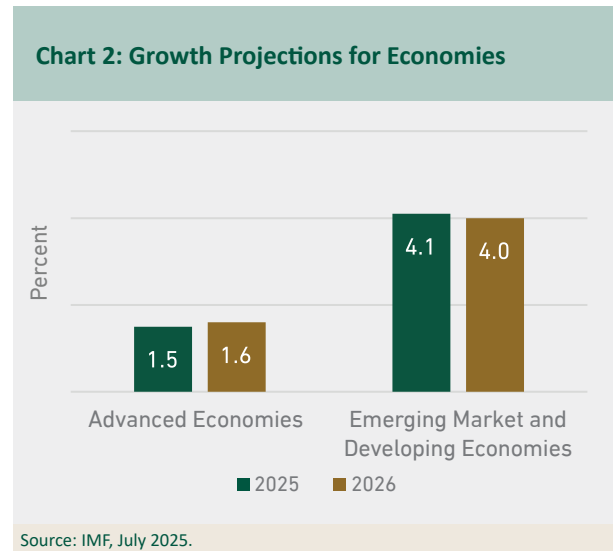
Source: Saudi Central Bank (SAMA), Q1 2025.

Section 1: Key Economic Developments

1-1 Global Economic Developments and Outlook

According to its World Economic Outlook Report (WEO) for July 2025, the IMF expects continued uncertainty surrounding trade disruptions due to the potential continued imposition of tariffs and the impact of geopolitical tensions on global supply chains. Projections reflect a relative improvement in the global economy's performance due to an uptick in the volume of international trade prior to the imposition of tariffs, lower actual tariff rates compared to those previously announced, better financial conditions and fiscal expansion in some major economies. The forecast for 2025 indicates that the global economy will grow by 3.0%, up by 0.2 percentage points compared to the April 2025 report projections. The global economy is also projected to grow by around 3.1% in 2026, slightly up by 0.1 percentage points compared to the previous report projections (Chart 1).

The projections indicate that the growth rate of advanced economies is expected to rise to 1.5% in 2025, higher by 0.1 percentage points compared to the April 2025 report projections. For 2026, the growth rate is expected to reach 1.6%, up by 0.1 percentage points compared to the previous report projections. In 2025, with lower tariff rates compared to previous announcements, the US economy is projected to grow by 1.9%, higher by 0.1 percentage points compared to the previous report projections. Furthermore, emerging market and developing economies (EMDEs) are projected to grow by 4.1% in 2025, higher by 0.4 percentage points compared to the previous report projections. In China, the economy is projected to grow by 4.8% in 2025, up by 0.8 percentage points compared to the previous report projections. In 2026, EMDEs are projected to witness a growth of 4.0%, up by 0.1 percentage points compared to the previous report projections (Chart 2).



1-2 Inflation

The IMF's projections (WEO - July 2025) indicate a decline in global inflation during 2025 and 2026 than in 2024 due to cooling demand and lower energy prices. Global inflation is expected to record 4.2% in 2025, lower by 0.1 percentage points compared to the previous report. For 2026, global inflation is expected to record 3.6%, unchanged compared to the previous report (Table 1).

Table 1: Inflation Rate for Economies

Inflation rate %	2024	2025*	2026*
Global Economy	5.6	4.2	3.6
Advanced Economies	2.6	2.5	2.1
Emerging Market and Developing Economies (EMDEs)	7.7	5.4	4.5

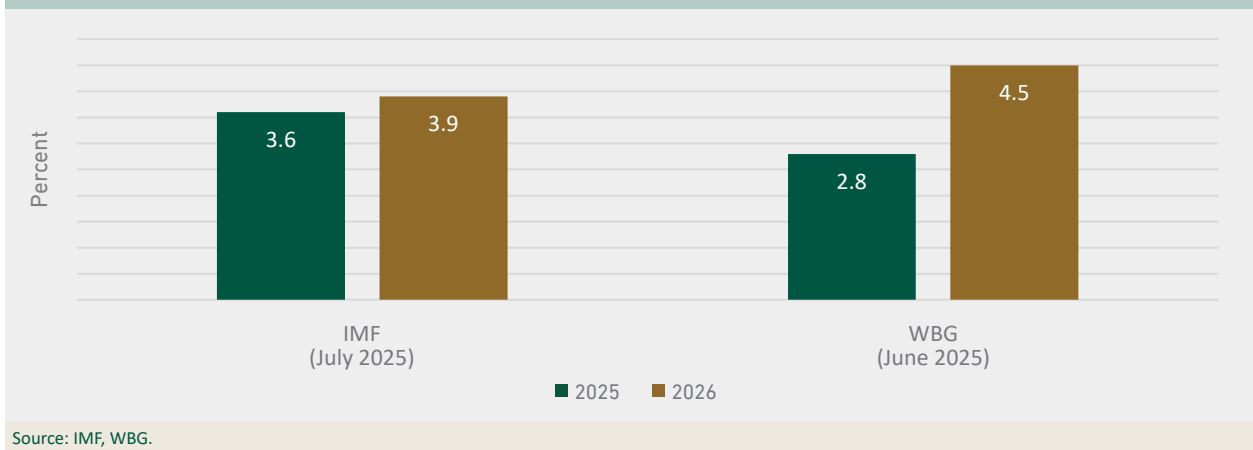
*Projections.

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

1-3 Saudi Economic Outlook

According to the IMF’s projections, the Saudi economy will grow by 3.6% in 2025, up by about 0.6 percentage points compared to that in the April 2025 report. In 2026, the Saudi economy is also projected to grow by 3.9%, up by about 0.2 percentage points compared to the previous report. Moreover, the World Bank expects the Saudi economy to grow by 2.8% in 2025 and by 4.5% 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 Q2 2025 indicate that **real GDP** recorded a YoY increase of 3.9%. This increase was attributed to growth in all main economic activities, as non-oil activities grew by 4.6%, oil activities by 3.8%, and government activities by 0.6% YoY (Chart 4).

Looking at GDP data by main economic activities for Q2 2025, **oil activities** rose by 3.8% YoY and by 5.6% QoQ on a seasonally adjusted basis.

As for **oil developments**, Saudi Arabia's average crude oil production in Q2 2025 recorded a YoY increase of 2.8%, bringing the average production to around 9.2 million bpd, while it recorded a QoQ increase of 2.7%. Arab Light's average price in Q2 2025 fell by 21.1% YoY and by 12.3% QoQ, bringing the average price to USD 68.9 per barrel (Chart 5).

In contrast, **non-oil activities** continued to expand in Q2 2025, increasing by 4.6% YoY and by 0.8% 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 also increased by 0.6% YoY in Q2 2025, and decreased by 0.8% QoQ on a seasonally adjusted basis.

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

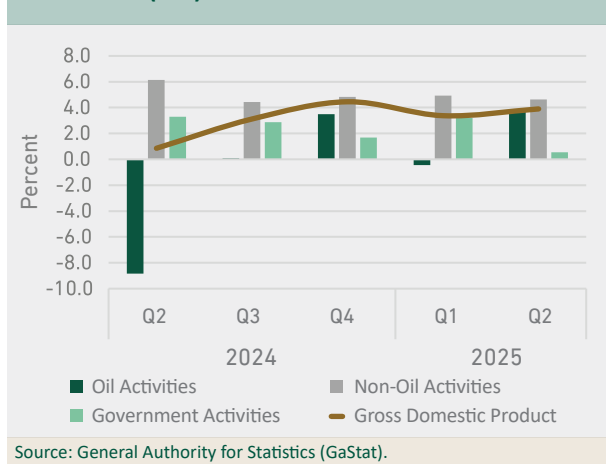
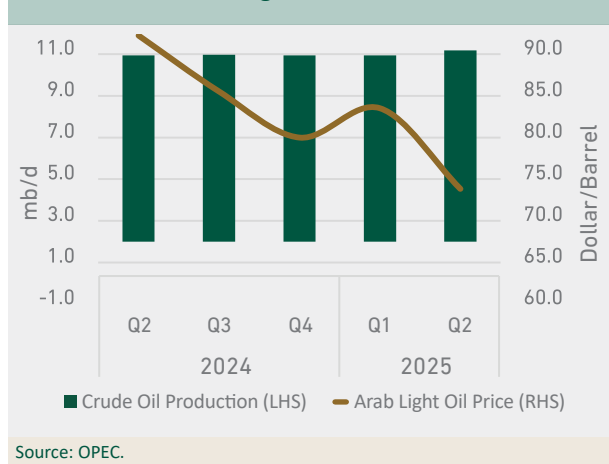
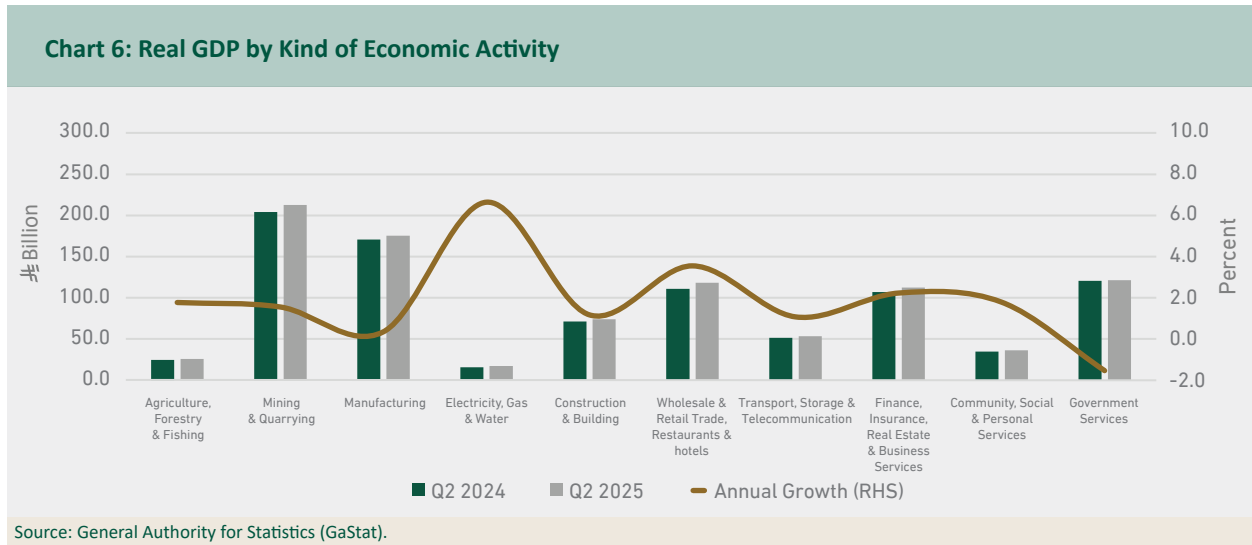


Chart 5: Saudi Arabia's Production of Crude Oil and Price of Arab Light Oil



Gross Domestic Product by Economic Sector

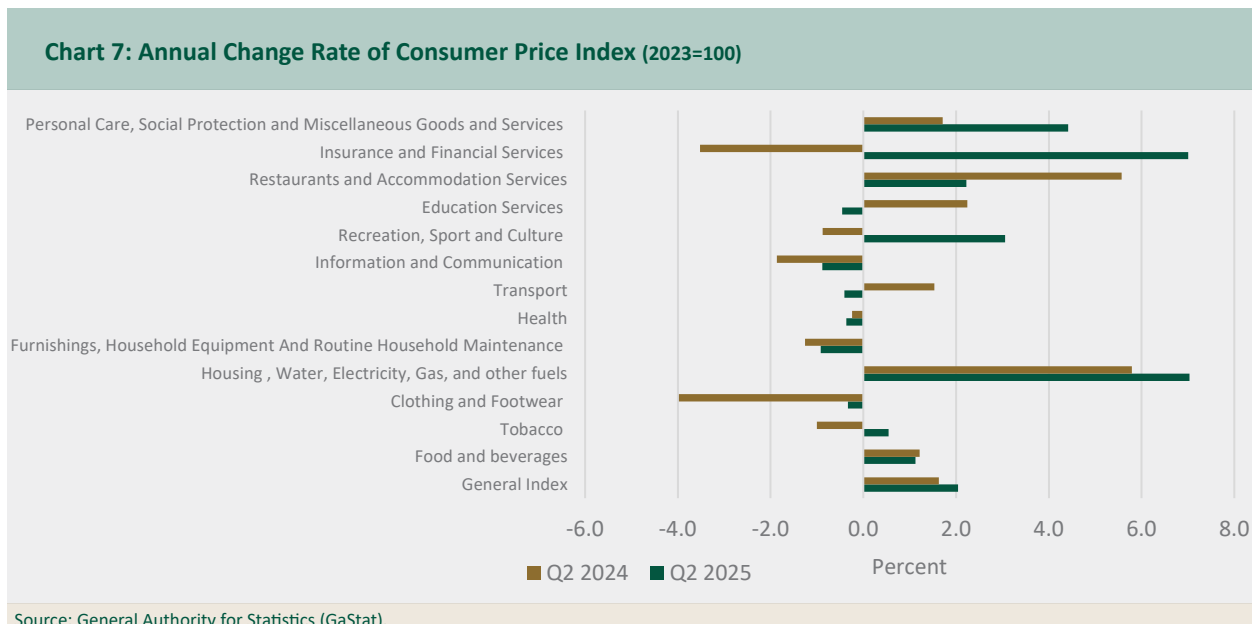
All of the main economic activities recorded YoY growth in Q2 2025, driven by a YoY increase of 10.3% in electricity, gas & water; and wholesale & retail trade, restaurants & hotels with 6.6%; and finance, insurance, real estate & business services with 5.0% (Chart 6).



Consumer Price Index

The Consumer Price Index (2023=100) recorded a YoY increase of 2.0% and a QoQ increase of 0.7% in Q2 2025. Housing, water, electricity, gas and other fuels, and insurance and financial services segments registered the highest YoY growth among the main segments, rising by 7.0%, respectively, followed by personal care, social protection and miscellaneous goods and services with 4.4%; recreation, sport and culture with 3.1%; restaurants and accommodation services with 2.2%; food and beverages with 1.1%; and tobacco with 0.5%.

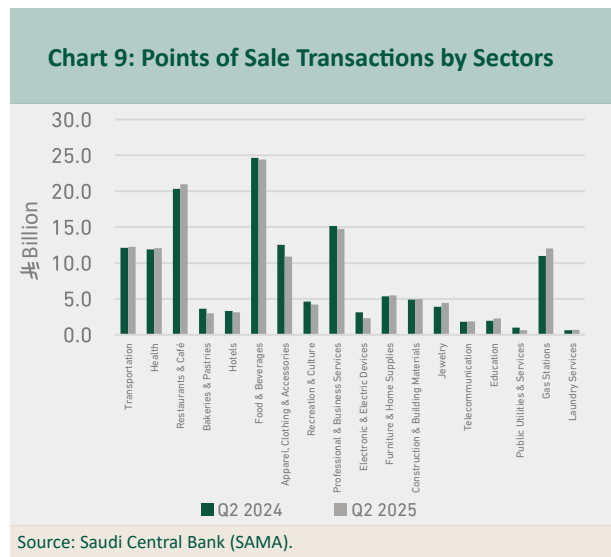
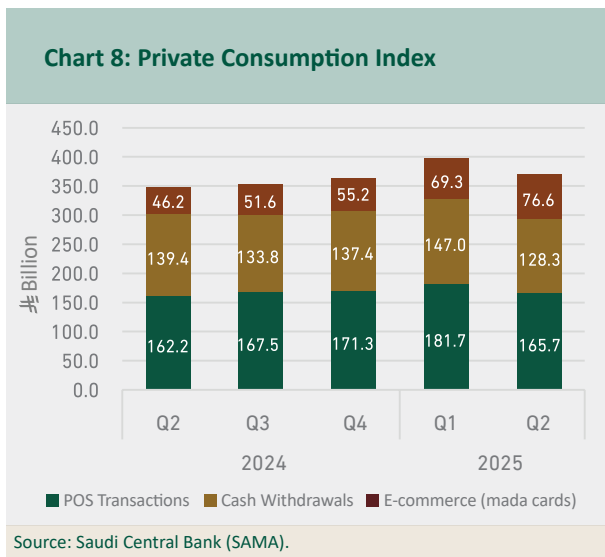
In contrast, furnishings, household equipment, and routine household maintenance, information and communication segments registered the highest YoY decrease in Q2 2025 by 0.9%, respectively, followed by education services with 0.5%; health and transport segments with 0.4%, respectively; and clothing and footwear with 0.3% (Chart 7).



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 6.6% YoY in Q2 2025. E-commerce transactions using mada cards and POS transactions recorded YoY increases of 65.9% and 2.2%, respectively. Cash withdrawals, however, decreased by 7.9% YoY (Chart 8).

Data of POS transactions by activity in Q2 2025 indicate growth in a number of activities. Education, jewelry, and laundry services recorded the highest YoY growth rates of about 15.8%, 13.7% and 11.9%, respectively. In contrast, public utilities and services, electronics and electrical devices, and bakeries and pastries registered YoY decreases of 37.1%, 25.6% and 18.4%, respectively (Chart 9).

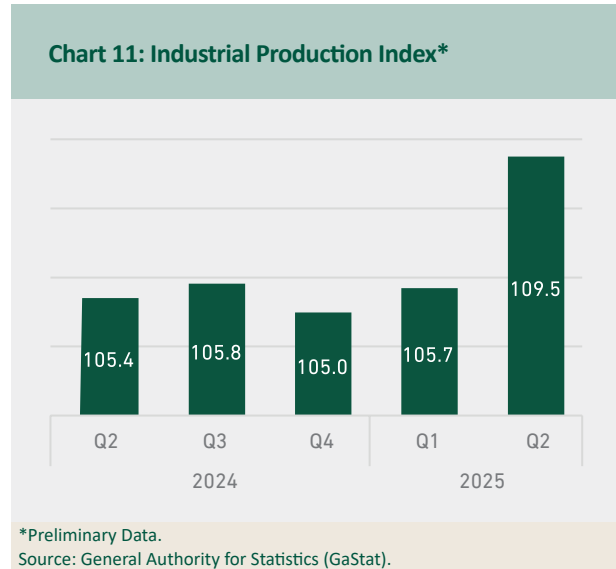
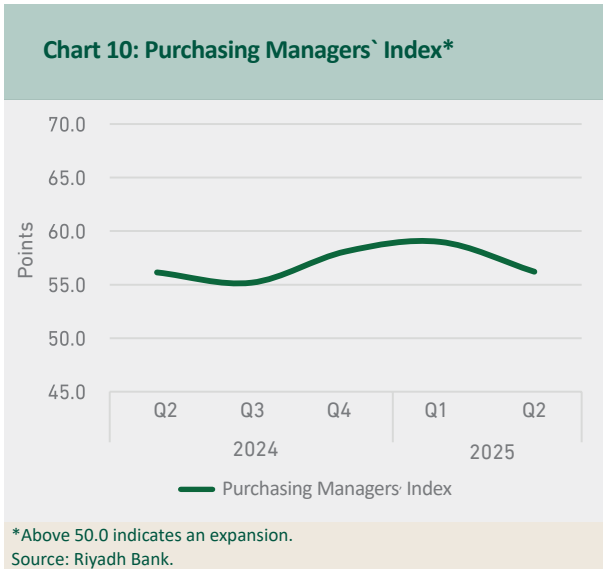


Purchasing Managers' Index

The Purchasing Managers' Index (PMI) recorded approximately 56.2 points in Q2 2025. This PMI reading reflects improved commercial conditions, along with increases in output, new orders, and labor market activity. As a result, there was an upsurge in sales, the initiation of new projects, and enhanced demand conditions (Chart 10).

Industrial Production Index

The Industrial Production Index (IPI) recorded a YoY rise of 3.9% in Q2 2025, driven by an increase of 5.8% YoY in non-oil activities, which account for 25.0% of the IPI. The increase was driven by a rise of 11.0% YoY in electricity, gas, steam and air-conditioning supplies; water, sewerage and waste management and remediation with 6.9% YoY; and manufacturing with 5.2% YoY. On the other hand, oil activities, which constitute 75.0% of the IPI, recorded a YoY increase of 3.1%, driven by an increase of 4.5% YoY in manufacturing of coke and refined oil products and 2.8% YoY in the extraction of crude oil and natural gas (Chart 11).



Labor Market

The total unemployment rate in Q1 2025 stood at 2.8%, declining by 0.8 percentage points compared to Q1 2024, and by 0.7 percentage points compared to Q4 2024. The unemployment rate among Saudis reached 6.3%, marking a YoY decrease of 1.3 percentage points due to a decline of 3.6 percentage points YoY in the female unemployment rate to reach 10.5%. The male unemployment rate also decreased by 0.2 percentage points YoY to reach 4.0% (Chart 12).

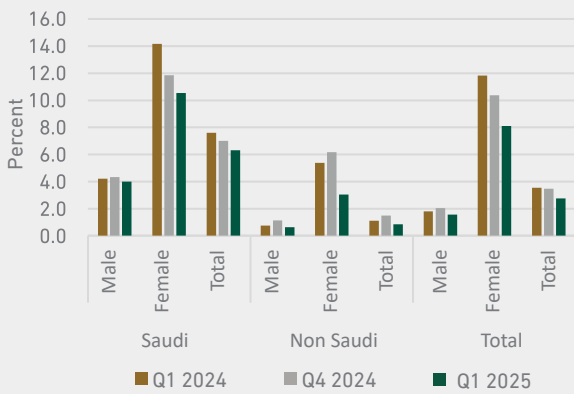
2-2 Public Sector

Public Finance

Total actual budget revenues decreased by 14.7% YoY to SAR 301.6 billion in Q2 2025, with oil revenues accounting for 50.3% (SAR 151.7 billion) of total revenues. On the other hand, non-oil revenues stood at SAR 149.9 billion, accounting for 49.7% of total revenues. Taxes on goods and services constituted the largest share of non-oil revenues, at 50.0%.

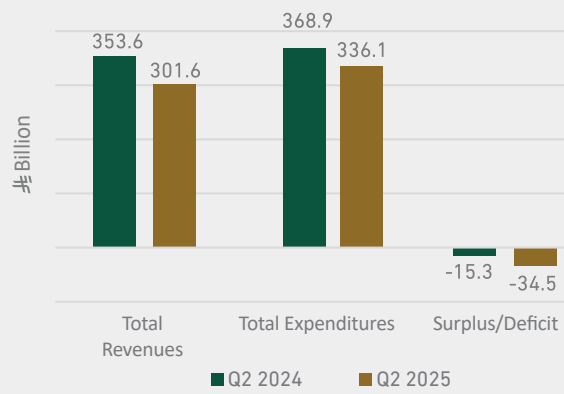
Total actual budget expenditures decreased by 8.9% YoY to SAR 336.1 billion in Q2 2025. Current expenses accounted for 88.1% (SAR 296.2 billion) of total expenditures, with employee compensation constituting the largest share at 47.4% of total current expenses. Moreover, capital expenditure amounted to SAR 39.9 billion, constituting 11.9% of total expenditures. As such, the state budget posted a deficit of SAR 34.5 billion in Q2 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

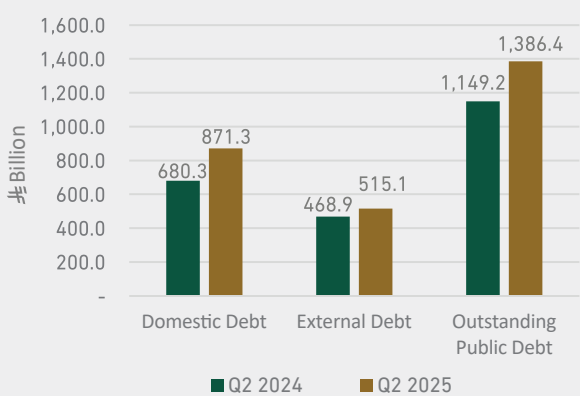
Public debt increased by 20.6% YoY to SAR 1,386.4 billion in Q2 2025, with domestic debt increasing by 28.1% YoY to SAR 871.3 billion (62.8% of total public debt). On the other hand, external debt increased by 9.9% YoY to SAR 515.1 billion (37.2% of total public debt) (Chart 14).

2-3 External Sector

External Trade

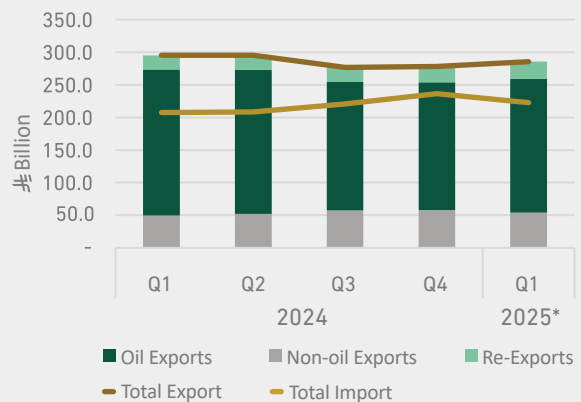
Exports value fell by 3.2% YoY to SAR 285.8 billion in Q1 2025 due to a decline of 8.4% in oil exports value to SAR 205.1 billion. On the other hand, non-oil exports (not including re-exports) increased by about 9.0% to SAR 54.1 billion. Oil exports constituted 71.8% of total exports, while non-oil exports (not including re-exports) constituted 18.9% of total exports. Moreover, the value of imports increased by 7.3% YoY to SAR 222.7 billion in Q1 2025. The value of re-exports increased by 23.7% YoY to SAR 26.6 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 surplus of SAR 5.7 billion in the current account balance in Q1 2025 compared to a surplus of SAR 28.7 billion in Q1 2024. This was attributed to a decline in the balance of goods and services to SAR 52.5 billion compared to a surplus of SAR 70.0 billion in Q1 2024. The surplus in the balance of goods decreased to SAR 78.3 billion compared to SAR 102.7 billion in Q1 2024. This decline was due to a fall in commodity exports by 2.6% to SAR 287.3 billion compared to SAR 294.9 billion in Q1 2024 and a rise in commodity imports (FOB) by 8.7% to SAR 209.0 billion compared to SAR 192.2 billion in Q1 2024.

Moreover, the deficit in the secondary income balance increased by 12.5% to SAR 56.6 billion compared to SAR 50.3 billion in Q1 2024.

In contrast, the services balance deficit decreased from SAR 32.7 billion in Q1 2024 to SAR 25.8 billion in Q1 2025. Furthermore, the surplus of primary income balance increased to SAR 9.8 billion in Q1 2025 compared to SAR 9.1 billion in Q1 2024.

Capital Account

The capital account registered outflows of SAR 2.7 billion in Q1 2025 against outflows of SAR 5.2 billion in Q1 2024.

Financial Account

Net direct investments registered an outflow of SAR 7.3 billion in Q1 2025 due to an increase of SAR 29.6 billion in net acquisition of financial assets compared to a lower increase in net incurrence of liabilities by around SAR 22.2 billion. Net portfolio investments also recorded an inflow of SAR 73.1 billion compared to an inflow of SAR 50.1 billion in Q1 2024. Moreover, other net investments recorded an inflow of SAR 17.8 billion compared to a net inflow of SAR 2.9 billion in Q1 2024. Net reserve assets surged by SAR 64.0 billion in Q1 2025 against a rise of SAR 69.0 billion in Q1 2024, as other reserve assets increased by SAR 62.1 billion (due to the rise of currency and deposits item by SAR 116.4 billion and the decline of investment in securities item by SAR 54.2 billion) against a rise of SAR 70.0 billion in Q1 2024.

2-4 Monetary and Banking Sector

Money Supply

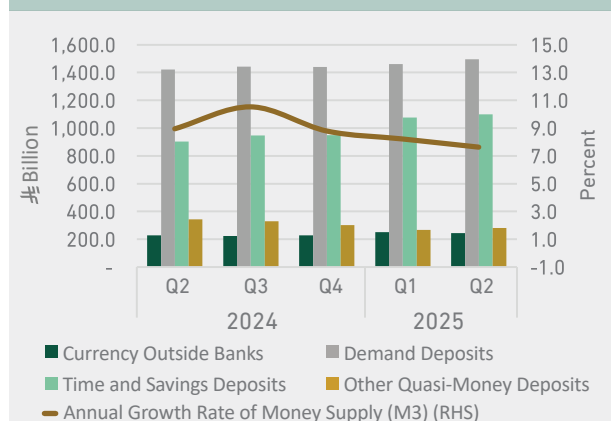
Broad money supply (M3) increased by 7.6% YoY and by 2.1% QoQ in Q2 2025, reaching about SAR 3,120.0 billion.

A breakdown of M3 components in Q2 2025 indicates that narrow money supply (M1) increased by 5.4% YoY and by 1.5% QoQ, reaching SAR 1,739.6 billion and constituting 55.8% of M3. Money supply (M2) also increased by 11.2% YoY and by 1.8% QoQ, reaching SAR 2,839.5 billion and constituting 91.0% of M3 (Chart 16).

Monetary Base

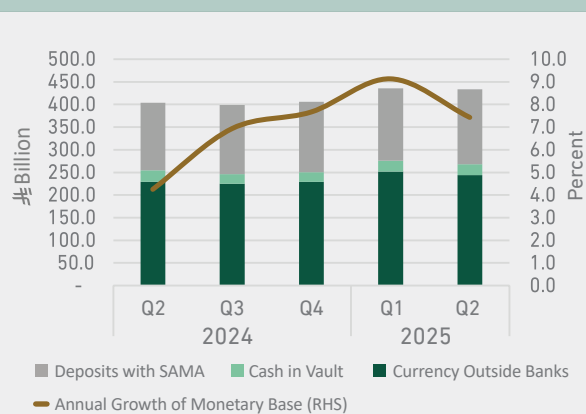
The monetary base recorded a YoY increase of 7.4% and a QoQ decrease of 0.6% in Q2 2025, reaching SAR 433.5 billion. A breakdown of monetary base components indicates that deposits with SAMA increased by about 11.3% YoY and by around 3.3% QoQ in Q2 2025, reaching SAR 165.6 billion. Moreover, currency outside banks increased by 6.6% YoY and decreased by 2.9% QoQ in Q2 2025, reaching SAR 244.3 billion. Cash in vault decreased by about 7.7% YoY and by 2.1% QoQ in Q2 2025, reaching SAR 23.6 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 7.7% YoY and by 2.5% QoQ to reach SAR 2,875.7 billion at end-Q2 2025. A breakdown of bank deposits during Q2 2025 indicates that time and saving deposits increased YoY and QoQ by about 21.7% and 2.3%, respectively, reaching SAR 1,099.9 billion. At the same time, demand deposits increased by about 5.2% YoY and by 2.3% QoQ, reaching SAR 1,495.3 billion. Conversely, other quasi-money deposits decreased by 18.5% YoY but increased by 5.1% QoQ, reaching SAR 280.5 billion (Chart 18).

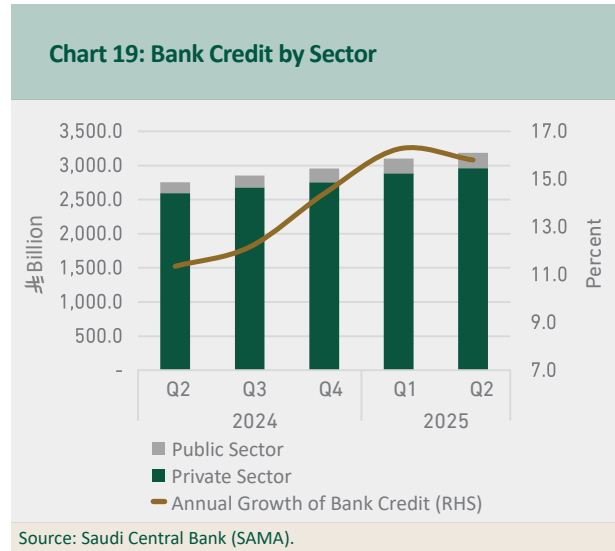
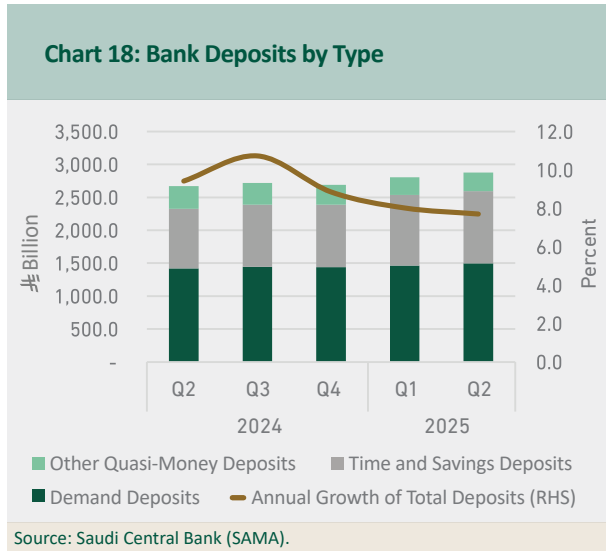
Bank Credit

Bank credit extended to the private and public sectors in Q2 2025 increased by 15.8% YoY and by 2.7% QoQ to SAR 3,186.3 billion.

Bank credit extended to the private sector increased by about 14.1% YoY and by around 2.6% QoQ to SAR 2,959.4 billion. Bank credit extended to the public sector also increased by about 42.6% YoY and by about 4.4% QoQ to SAR 226.8 billion (Chart 19).

Real Estate and Consumer Loans

Real estate loans increased by 14.5% YoY and by 1.5 QoQ to SAR 932.8 billion at end-Q2 2025, constituting 29.3% of total bank credit. Meanwhile, consumer loans rose by 3.9% YoY and fell by 2.1% QoQ to SAR 469.8 billion in Q2 2025, representing 14.7% of total bank credit. Additionally, credit card loans recorded a YoY increase of 2.0% and a QoQ decrease of 0.1% in Q2 2025, reaching SAR 30.6 billion (Chart 20).

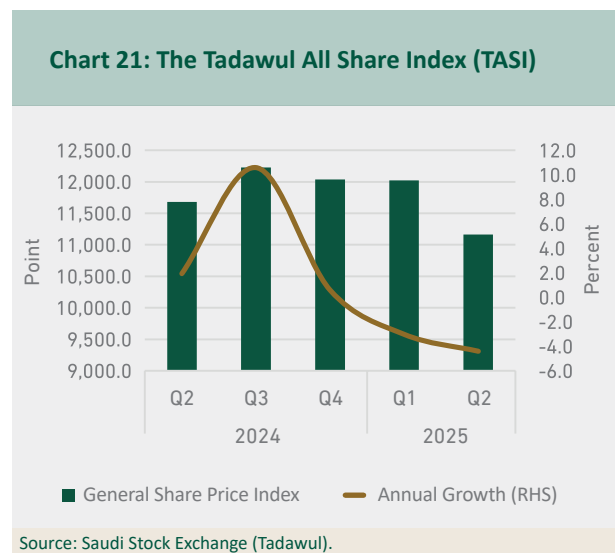


2-5 Financial Sector

Capital Market

The Tadawul All Share Index (TASI) decreased YoY by 4.4% and QoQ by 7.2%, reaching 11,164.0 point at end-Q2 2025. The number of traded shares also recorded a decline of 11.5% YoY and by 9.6% QoQ to about 15.7 billion. Additionally, the total value of traded shares recorded a YoY decrease of 27.3% and a QoQ decrease of 10.2% to SAR 325.5 billion (Chart 21).

In contrast, the Sukuk/Bonds Market Index increased YoY and QoQ by 126.1% and 70.2%, respectively, at end-Q2 2025, the value traded reached SAR 16.0 billion, and the index closed at 911.9 point.



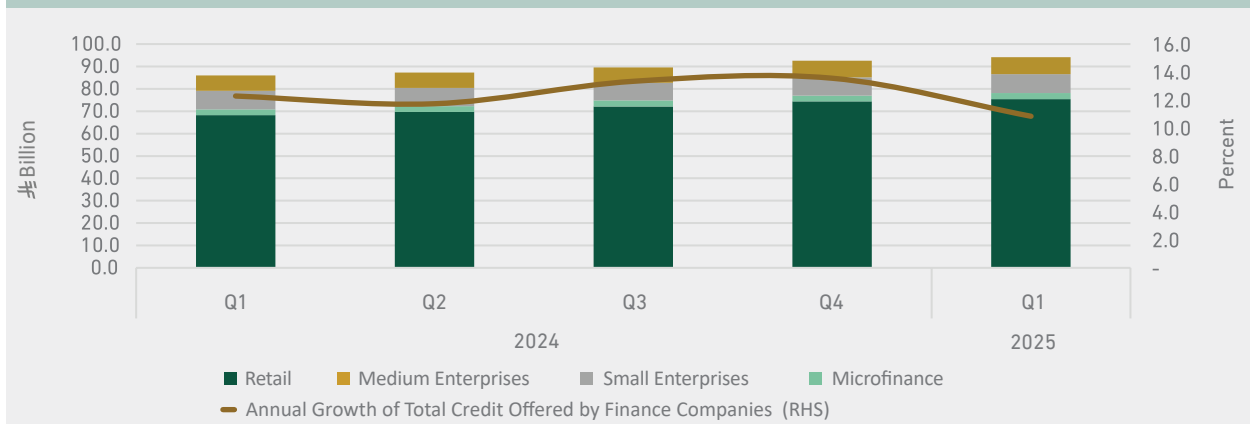
Finance Companies

The total credit offered by finance companies recorded an increase of 10.8% YoY and 2.0% QoQ to SAR 98.2 billion in Q1 2025, with retail finance (representing 76.8% of total credit offered by finance companies) recording a YoY increase of 10.5% and a QoQ increase of 1.4% (Chart 22).

Islamic Finance

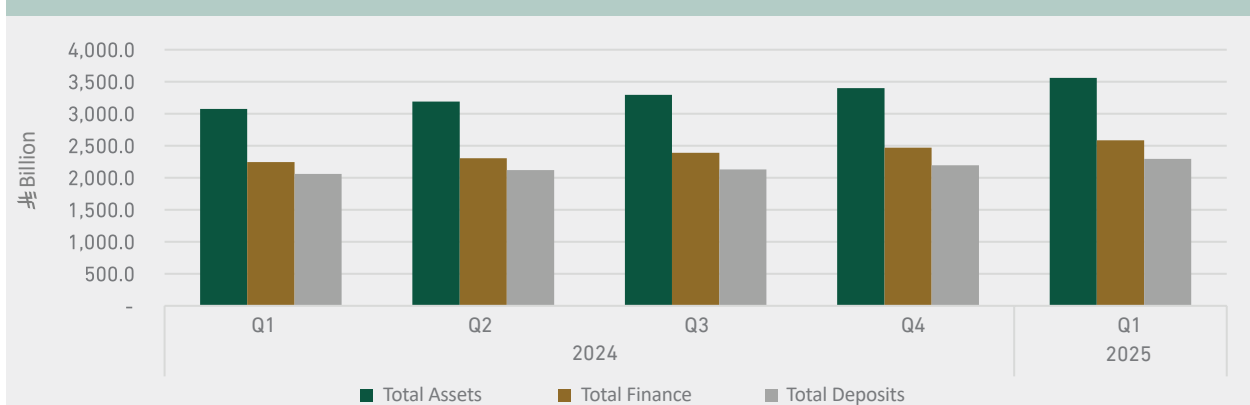
Shariah-compliant banking finance provided by Islamic banks and windows recorded a YoY growth of 15.2% to SAR 2,586.4 billion in Q1 2025. Total assets and total deposits also grew YoY by 15.9% and 11.3%, respectively, in Q1 2025 (Chart 23).

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 19.4% YoY to SAR 16,332.2 billion in Q2 2025. Total customer payments reached about SAR 4,241.6 billion, recording a YoY increase of 19.1%. The value of single payment transactions totaled SAR 2,406.1 billion, and the total value of bulk payment transactions amounted to around SAR 1,835.5 billion. The total value of interbank payments stood at SAR 11,459.0 billion, increasing by 20.7% YoY.

Mada

The total number of ATM transactions in Q2 2025 reached approximately 343.1 million, with cash withdrawals totaling SAR 128.3 billion, including transactions through banks' network and Mada. Total POS terminal transactions reached about 2,799.7 million, with sales totaling SAR 165.7 billion. Moreover, the number of ATMs totaled approximately 14.8 thousand, while the number of ATM cards issued by domestic banks reached about 57.8 million, and the number of POS terminals reached around 2.1 million.

Clearing

Clearing statistics in Q2 2025 show that the number of (outgoing and incoming) bank checks cleared at the clearinghouses totaled around 172.1 thousand, with a total value of SAR 64.4 billion. The number of individual and corporate checks totaled 132.6 thousand, with a total value of SAR 24.9 billion, and the number of inter-bank checks totaled 39.5 thousand, with a total value of SAR 39.5 billion.

2-6 SAMA's Key Updates on Financial Sector Development

In Q2 2025, SAMA granted licenses to three companies that operate in various fields, including microfinance and aggregation services for finance companies. In addition, SAMA issued the Updated Rules for Issuance and Operation of Credit Cards, and announced that electronic payments accounted for 79.0% of total individual payments in 2024.

