

2021

Inflation Report

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البنك المركزي السعودي
SAMA
Saudi Central Bank



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Executive Summary

- The consumer price index (CPI) registered a YoY increase of 0.4 percent and a QoQ increase of 0.4 percent in Q3 2021.
- Transport registered the highest YoY increase of 6.7 percent, followed by communication with 2.7 percent and food and beverages with 1.8 percent. On the other hand, education recorded the highest YoY decline of 5.2 percent in Q3 2021.
- The wholesale price index (WPI) recorded a YoY increase of 11.9 percent in Q3 2021.
- The inflation rate for Q4 2021 is projected to record a slight YoY rise as a result of increased global inflation rates and improved domestic demand. However, the inflation rate in Q4 2021 is expected to remain stable QoQ.

Consumer Price Index (CPI)

The CPI registered a YoY increase of 0.4 percent and a QoQ increase of 0.4 percent in Q3 2021 (Table 1 and Chart 1).

Developments in Q3 2021

Transport registered the highest YoY inflation rate of 6.7 percent. Communication came second with a YoY increase of 2.7 percent, followed by food and beverages with 1.8 percent and then recreation and culture with 0.9 percent. Restaurants and hotels came next with 0.8 percent, followed by health and tobacco with 0.7 percent each; furnishings, household equipment

and maintenance with 0.5 percent; and miscellaneous goods and services with 0.3 percent.

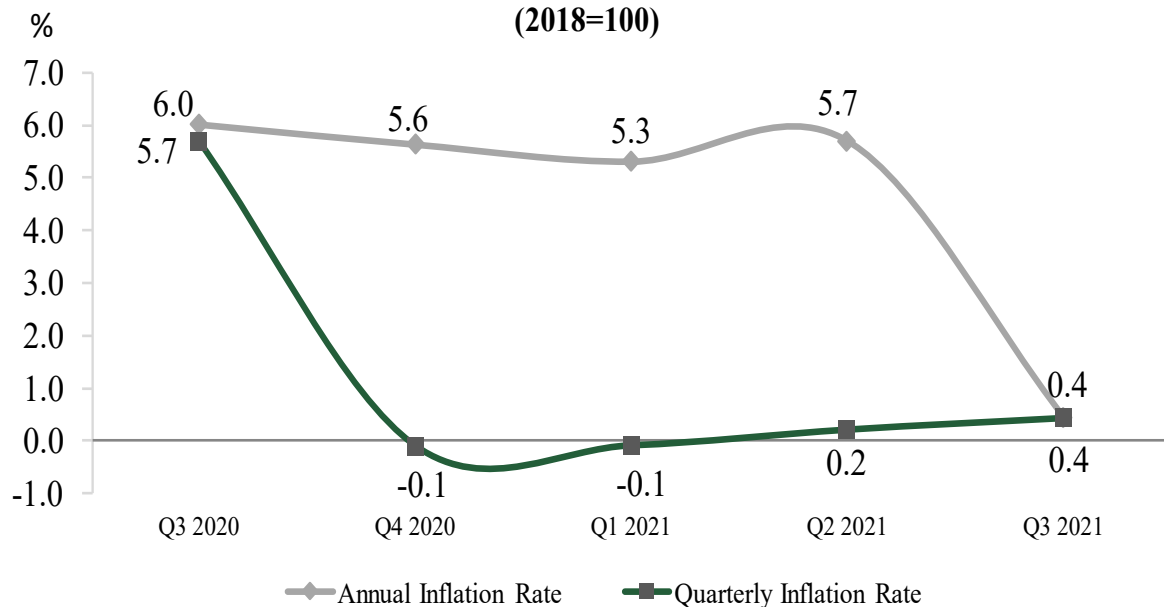
In contrast, education registered the highest YoY decrease of 5.2 percent. Housing, water, electricity, gas and other fuels ranked second with 3.4 percent, followed by clothing and footwear with 1.0 percent (Table 1 and Charts 2 and 3).

Table 1: Consumer Price Index
(2018=100)

	Weights	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	(% change	
							Q3 2021 / Q2 2021	Q3 2021 / Q3 2020
General index	100.0	104.1	104.0	103.9	104.1	104.5	0.4	0.4
Food & beverages	18.8	116.2	116.8	115.9	116.5	118.3	1.5	1.8
Tobacco	0.6	113.8	114.5	115.0	115.3	114.6	-0.6	0.7
Clothing & footwear	4.2	104.7	104.7	104.0	104.1	103.7	-0.4	-1.0
Housing, water, electricity, gas & other fuels	25.5	91.0	90.4	89.3	88.4	88.0	-0.5	-3.4
Furnishings, household equipment & maintenance	6.7	107.8	107.7	107.7	108.2	108.4	0.2	0.5
Health	1.4	102.4	102.9	102.8	103.1	103.1	0.0	0.7
Transport	13.0	107.1	107.3	110.1	113.0	114.3	1.2	6.7
Communication	5.6	108.1	109.5	111.4	111.3	111.0	-0.3	2.7
Recreation & culture	3.1	102.4	102.1	102.8	102.4	103.3	0.9	0.9
Education	2.9	100.5	94.5	93.6	93.9	95.3	1.4	-5.2
Restaurants & hotels	5.6	111.4	111.8	111.9	112.0	112.4	0.4	0.8
Miscellaneous goods & services	12.6	106.1	106.4	106.0	106.0	106.4	0.4	0.3

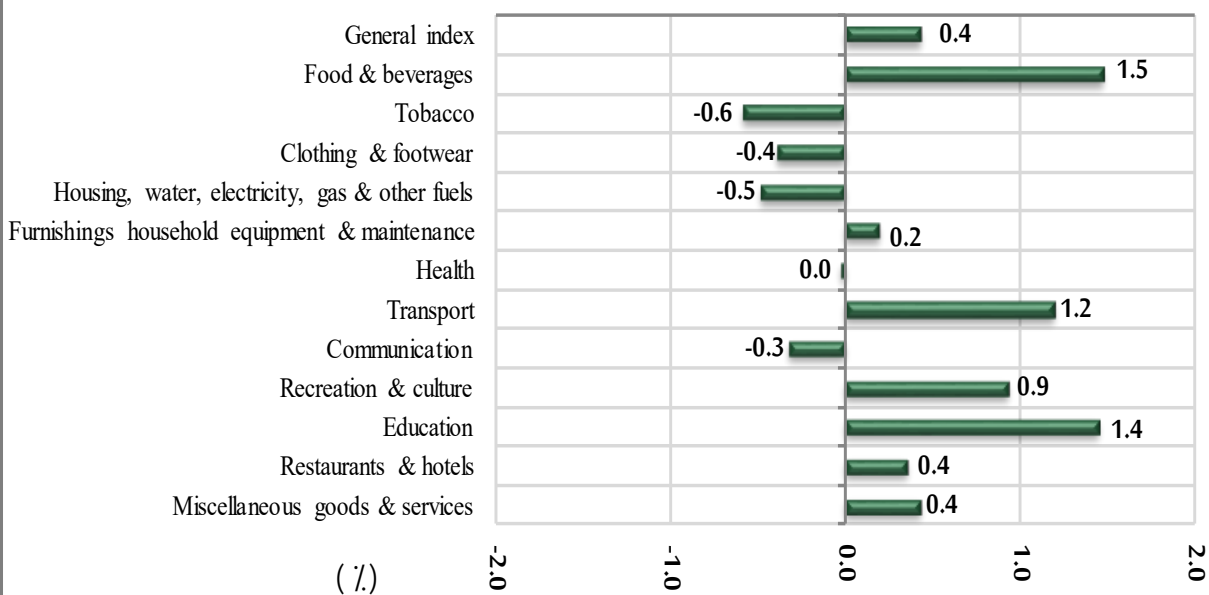
Source: General Authority for Statistics.

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



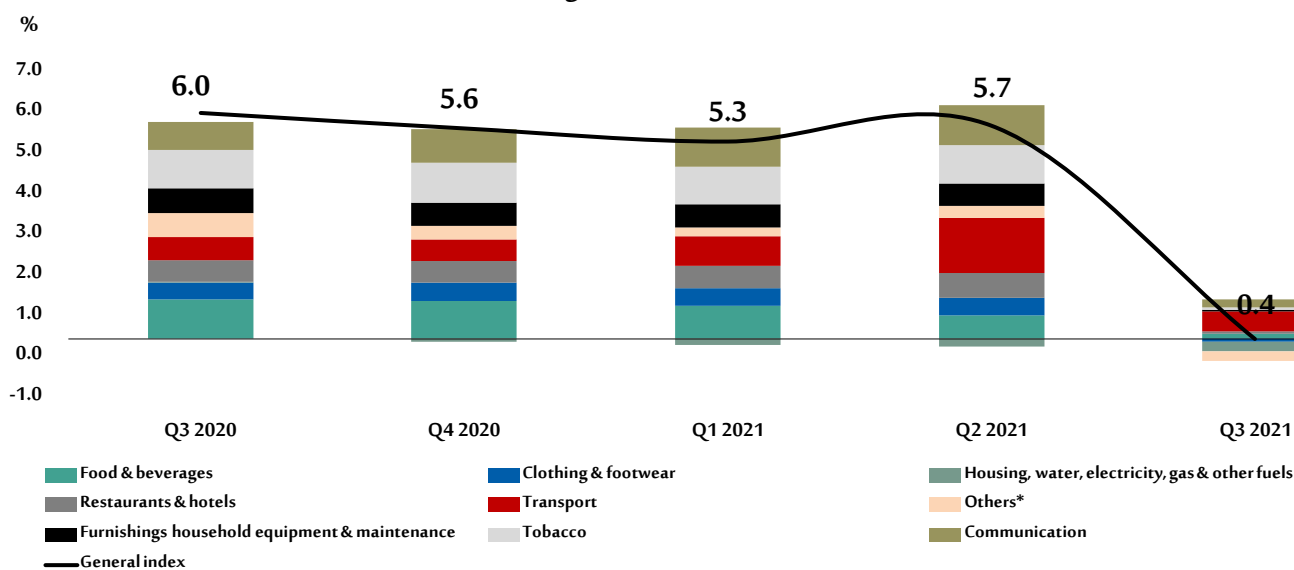
Source: General Authority for Statistics.

**Chart 2: Inflation Rate of the Consumer Price Index by Main Sections
Q3 2021 / Q2 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.

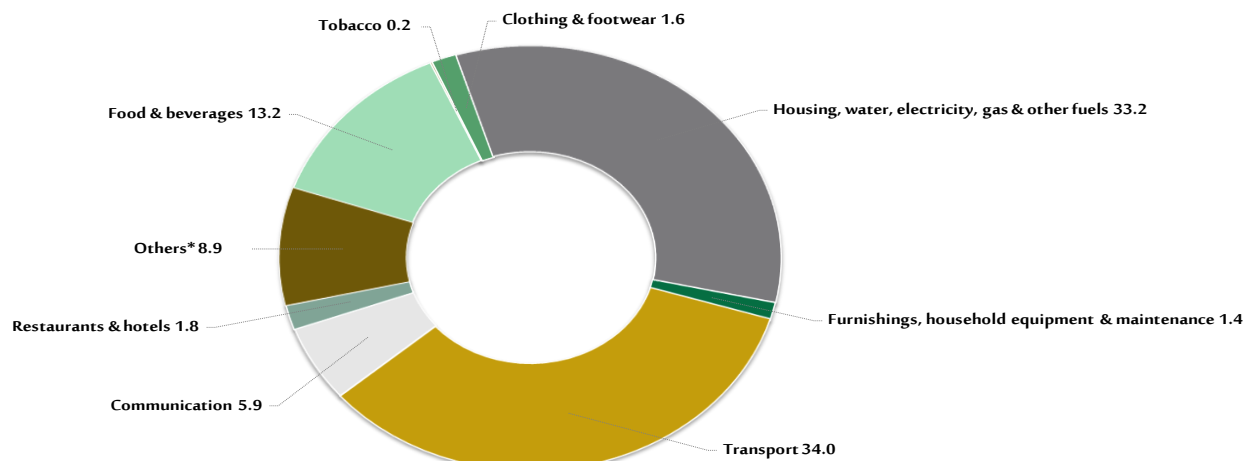
Effect of Main Expenditure Categories on the Consumer Price Index

Inflation rates are affected by the changes in CPI's various categories. Ranked by their effect on the CPI, transport came first with 34.0 percent in Q3 2021 against 16.2 percent in Q3 2020. Housing, water, electricity, gas and other fuels came second with 33.2 percent as compared to 0.4 percent in Q3 2020, followed by food and beverages with 13.2 percent against 40.5 percent; communication with 5.9 percent as compared to 8.6 percent; restaurants and hotels with 1.8 percent against 6.6 percent; clothing and footwear with 1.6 percent as compared to 3.8 percent; fur-

nishings, household equipment and maintenance with 1.4 percent as compared to 9.1 percent; and tobacco with 0.2 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 80.4 percent in Q3 2021 against 57.1 percent in Q3 2020 (Chart 4).

Chart 4: Percentage Impact of Major Section on the General Inflation Rate (Q3 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 11.9 percent and a QoQ increase of 3.4 percent in Q3 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 20.5 percent in Q3 2021. Metal products, machinery and equipment came

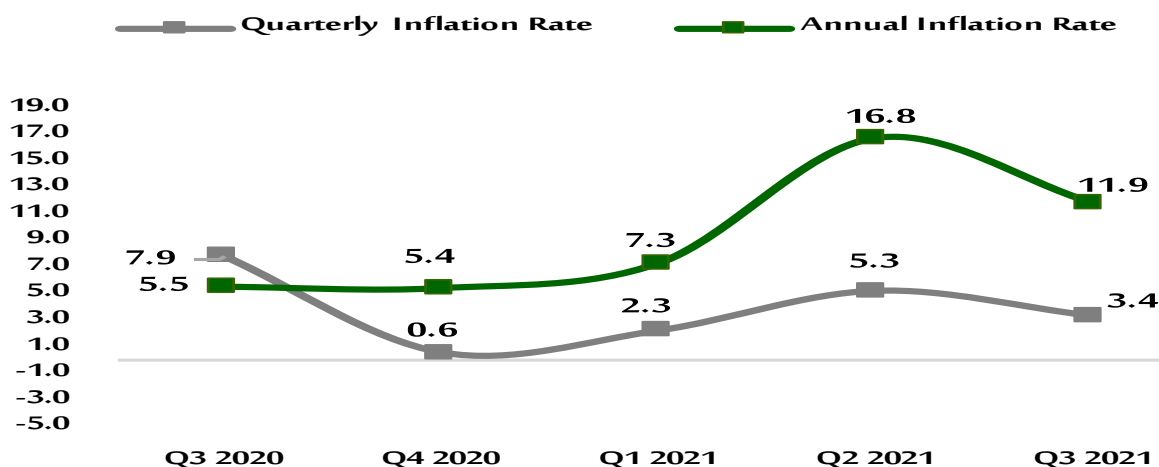
next with a YoY rise of 9.7 percent. Ores and minerals came third with 7.1 percent. Agriculture and fishery products came fourth with 5.4 percent, followed by food products, beverages, tobacco and textiles with 1.1 percent (Table 2 and Chart 5).

Table 2: Wholesale Price Index (WPI)
(2014=100)

	Weights	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	(%) change	
							Q3 2021 / Q2 2021	Q3 2021 / Q3 2020
General Index	100.0	126.7	127.4	130.3	137.2	141.8	3.4	11.9
Agriculture and fishery products	8.7	117.8	118.0	116.9	120.5	124.2	3.1	5.4
Ores and minerals	0.6	102.9	108.9	108.0	108.4	110.2	1.7	7.1
Food products, beverages and tobacco and textiles	17.3	120.4	120.3	120.5	120.8	121.8	0.8	1.1
Other transportable goods, except metal	33.7	138.9	139.1	145.0	159.5	167.4	5.0	20.5
Metal products, machinery and equipment	39.7	121.3	122.9	125.3	129.4	133.1	2.8	9.7

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 Q3 2021 data, the inflation rate in China, Saudi Arabia's largest exporter, registered a YoY rise of 0.7 percent and a QoQ rise of 0.1 percent. Moreover, the United States inflation rate increased in Q3 2021

by 5.3 percent YoY and 1.6 percent QoQ. In India, inflation went up by 5.1 percent YoY and by 1.9 percent QoQ. Inflation in Germany also recorded a YoY rise of 3.9 percent and a QoQ rise of 1.3 percent. In addition, the average inflation rate for July and August in the UAE increased by 0.3 percent YoY and 0.1 percent QoQ (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			Q3 2021 / Q2 2020	Q3 2021 / Q3 2020
	Q3	Q4	Q1	Q2	Q3		
China	99.8	99.6	101.1	100.4	100.5	0.1	0.7
USA	259.8	260.4	263.2	269.3	273.6	1.6	5.3
UAE*	106.3	106.1	105.9	106.4	106.7	0.1	0.3
India	155.0	158.2	156.6	159.8	162.9	1.9	5.1
Germany	106.0	105.5	106.9	108.7	110.1	1.3	3.9

Source: Exporting countries' national statistics offices.

* Q3 2021 data includes July and August data only.

Inflation Projections for Q4 2021

The inflation rate for Q4 2021 is projected to record a slight YoY rise as a result of increased global inflation rates and improved domestic demand. The inflation rate in Q4 2021, however, is expected to remain stable QoQ.

The World Bank's projections for primary commodity prices (October 2021) indicate inflationary pressures on most sectors in 2021. Its projections show that the prices of energy will increase by 80.7 percent, fertilizers by 56.2 percent, metals by 45.6 percent, food by 26.1 percent, agricul-

tural commodities by 20.1 percent, beverages by 11.5 percent and raw materials by 6.9 percent (Table 4).

**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	-1.4
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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