

# INFLATION REPORT

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Research and International Deputyship  
Economic Research and Reports Department



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# 1- Executive Summary

The general consumer price index (CPI) registered a YoY increase of 2.3% and a QoQ increase of 0.9% in Q2 2022.

Education registered the highest YoY inflation rate of 6.2% in Q2 2022. Food and beverages came second with a YoY increase of 4.3%, followed by restaurants and hotels with 4.1%. In contrast, clothing and footwear recorded a YoY decrease of 1.2%. Tobacco followed with 0.4%.

The total effect of the three main categories (housing, water, electricity, gas and other fuels; food and beverages; and transport) on the general inflation rate stood at about 59.8% in Q2 2022 against 59.5% in Q2 2021.

The wholesale price index (WPI) recorded a YoY rise of 9.7% in Q2 2022.

The inflation rate in China, Saudi Arabia's largest exporter, registered a YoY rise of 1.1% and a QoQ rise of 1.1%.

The inflation rate for Q3 2022 is projected to record a YoY rise as a result of the continuous improvement in domestic private consumption and the noticeable increases in global inflation rates, particularly in the prices of food and primary commodities. Inflation is also projected to increase slightly in Q3 2022 compared to Q2 2022 due to seasonal factors, such as the Hajj season, summer vacation and back-to-school season.

## 2- Consumer Price Index (CPI)

The general consumer price index (CPI) registered a YoY increase of 2.3% and a QoQ increase of 0.9% in Q2 2022 (Table 1 and Chart 1).

### 2-1 Developments in Q2 2022

Education registered the highest YoY inflation rate of 6.2%. Food and beverages came second with a YoY increase of 4.3%, followed by restaurants and hotels with 4.1%. Transport came fourth with 3.7%, followed by recreation and culture with 2.9%;

miscellaneous goods and services with 2.4%; and furnishings, household equipment and maintenance with 1.6%. Housing, water, electricity, gas and other fuels came next with 0.6%, followed by health with 0.1%. However, communication remained unchanged in Q2 2022 as compared to Q2 2021.

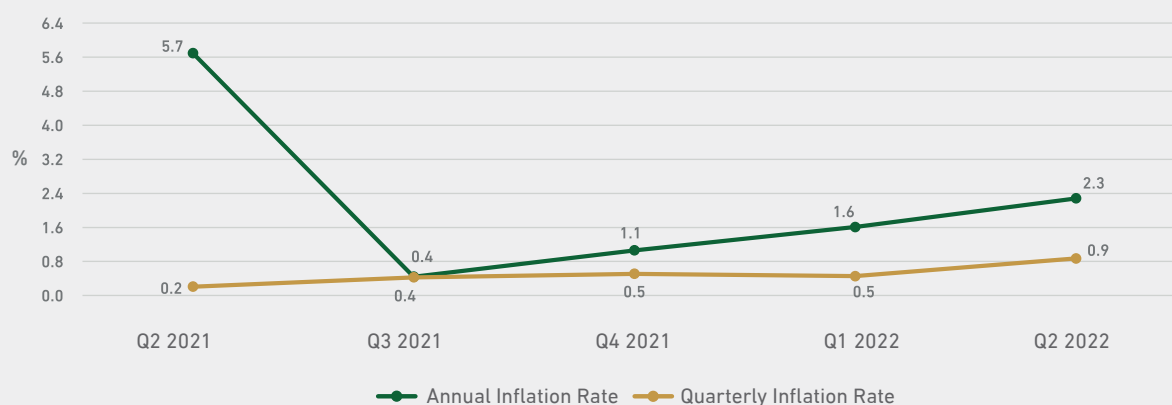
In contrast, clothing and footwear recorded a YoY decrease of 1.2%. Tobacco followed with 0.4% (Table 1 and Charts 2 and 3).

**Table 1: Consumer Price Index (2018=100)**

Change (%)								
	Weights	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q2 2022 / Q1 2022	Q2 2022 / Q2 2021
General index	100.0	104.1	104.5	105.1	105.5	106.5	0.9	2.3
Food & beverages	18.8	116.5	118.3	118.4	118.8	121.6	2.3	4.3
Tobacco	0.6	115.3	114.6	114.8	114.8	114.8	0.0	-0.4
Clothing & footwear	4.2	104.1	103.7	103.0	102.5	102.9	0.4	-1.2
Housing, water, electricity, gas & other fuels	25.5	88.4	88.0	88.8	88.9	88.9	0.0	0.6
Furnishings, household equipment & maintenance	6.7	108.2	108.4	108.4	109.3	109.9	0.6	1.6
Health	1.4	103.1	103.1	102.7	102.6	103.2	0.5	0.1
Transport	13.0	113.0	114.3	114.2	115.2	117.2	1.7	3.7
Communication	5.6	111.3	111.0	111.0	111.6	111.4	-0.2	0.0
Recreation & culture	3.1	102.4	103.3	104.3	104.6	105.3	0.7	2.9
Education	2.9	93.9	95.3	99.0	99.5	99.8	0.3	6.2
Restaurants & hotels	5.6	112.0	112.4	113.6	114.7	116.5	1.6	4.1
Miscellaneous goods & services	12.6	106.0	106.4	107.3	108.2	108.6	0.3	2.4

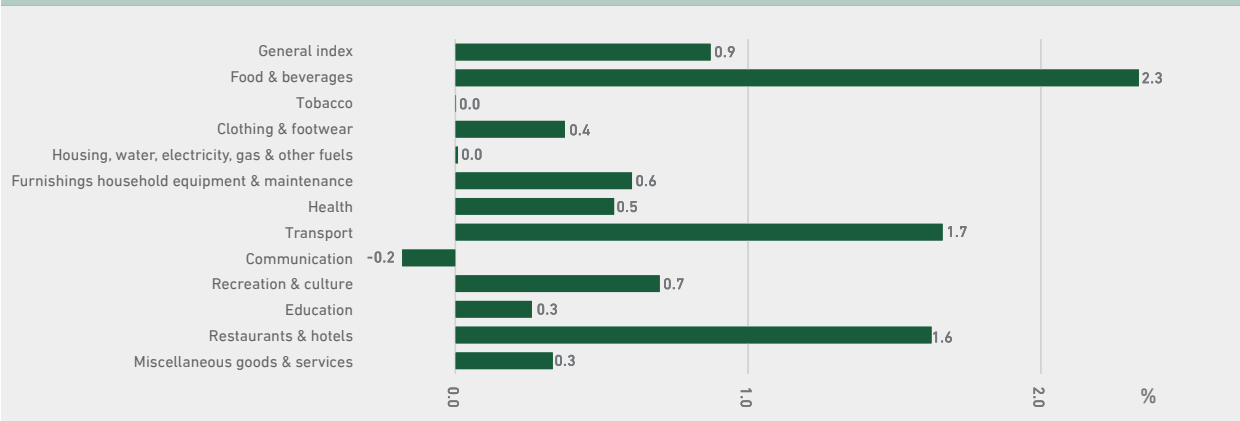
Source: General Authority for Statistics.

**Chart 1: Inflation Rate of the General Cost of Living Index (2018=100)**



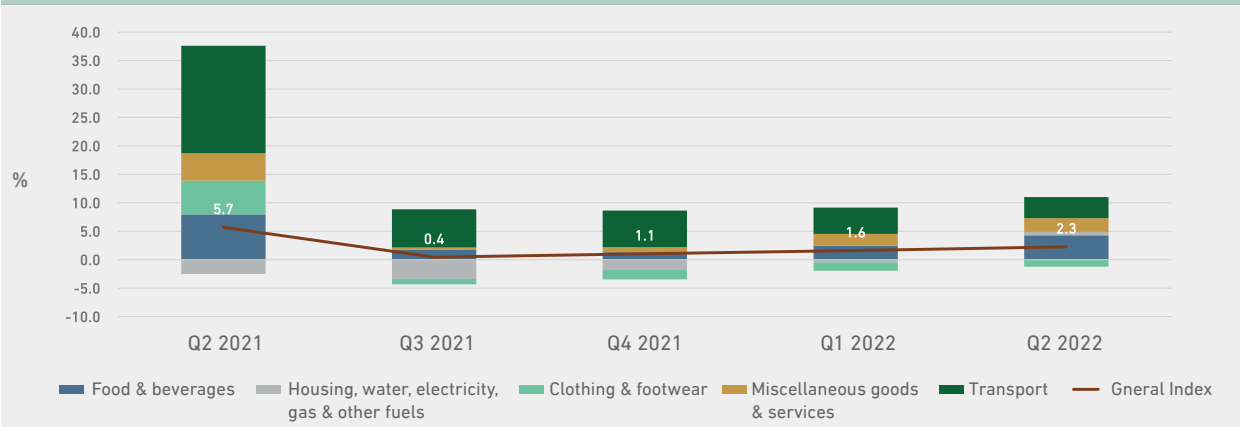
Source: General Authority for Statistics.

**Chart 2: Inflation Rate of the Consumer Price Index by Main Sections (Q2 2022 / Q1 2022)**



Source: General Authority for Statistics.

**Chart 3: Inflation Rate of the General Consumer Price Index and the Most Major Sections Affecting it (annual change)**



Source: General Authority for Statistics.

## 2-2 Effect of Main Categories on CPI

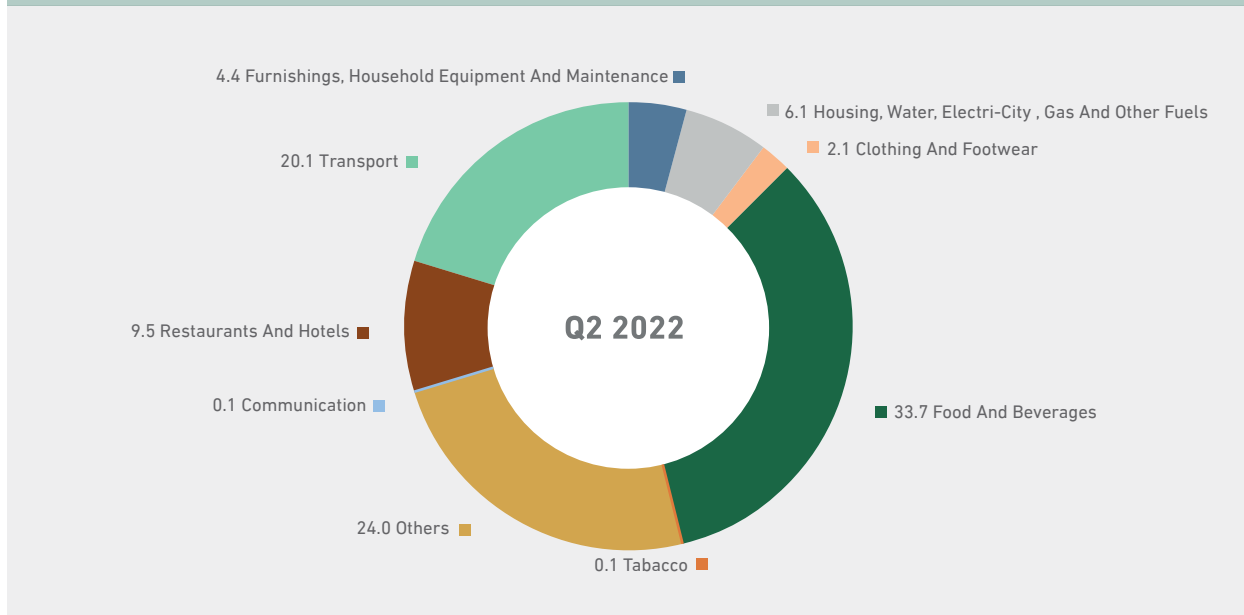
Inflation rates are affected by the changes in CPI's various categories. Ranked by their effect on the CPI, food and beverages came first with about 33.7% in Q2 2022 against 19.4% in Q2 2021.

Transport came second with 20.1% compared to 31.9% in Q2 2021, followed by restaurants and hotels with 9.5% against 6.0%; education with 7.4% against 3.4%; housing, water, electricity, gas and other fuels with 6.1% as compared to 8.2%; furnishings, household equipment and maintenance with 4.4% as compared to 6.8%; recreation and

culture with 3.7% against 1.9%; clothing and footwear with 2.1% against 3.2%; communication with about 0.1% compared to 9.8%; and tobacco with 0.1% against 1.0%.

The total effect of the three main categories (housing, water, electricity, gas and other fuels; food and beverages; and transport) on the general inflation rate stood at about 59.8% in Q2 2022 against 59.5% in Q2 2021 (Chart 4).

Chart 4: Percentage Impact Of Major Sections On The General Inflation Rate (Q2 2022)



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

Source: General Authority for Statistics.

### 3- Wholesale Price Index (WPI)

The Wholesale Price Index (WPI) recorded a YoY rise of 9.7% and a QoQ increase of 3.1% in Q2 2022 (Chart 5). A breakdown of WPI by product category shows that agriculture and fishery products recorded the highest YoY increase of around 17.3% in Q2 2022. Other transportable goods — except metal products, machinery and equipment — came next with a YoY rise of 10.9%, followed by food products, beverages, tobacco and textiles with 8.2%. Ores and minerals ranked fourth with 7.5%, followed by metal products, machinery and equipment with 7.4% (Table 2 and Chart 5).

### 4- Inflation Rates in Saudi

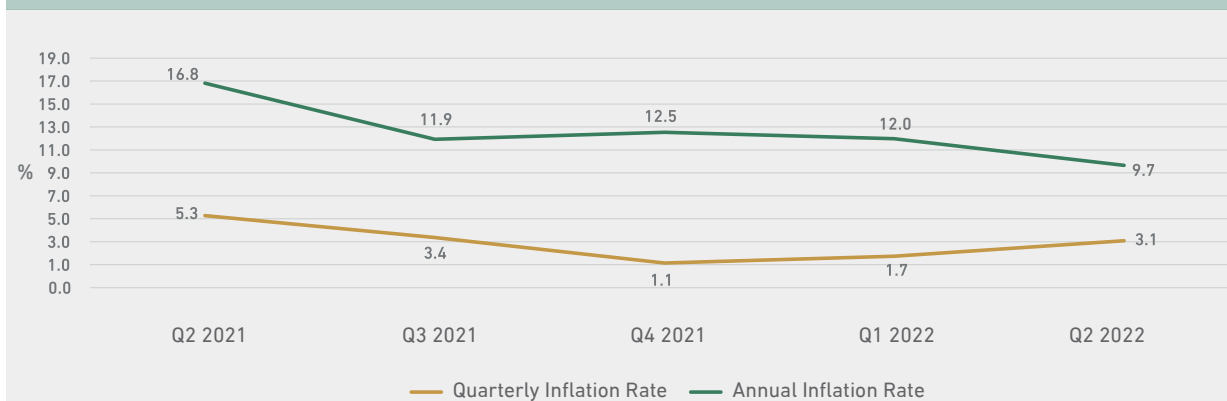
#### Arabia's Largest Exporters

According to the general levels of CPI for Saudi Arabia's largest exporters in Q2 2022, inflation in China, Saudi Arabia's largest exporter, registered a YoY rise of 1.1% and a QoQ rise of 1.1%. Moreover, the United States inflation rate increased in Q2 2022 by 8.6% YoY and 3.0% QoQ. Similarly, inflation in India went up by 7.3% YoY and 3.0% QoQ. In Japan, inflation rose by 2.4% YoY and by 1.0% QoQ. In addition, the inflation rate in South Korea recorded a YoY rise of 5.4% and a QoQ rise of 2.1% (Table 3).

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

(% ) change								
	Weights	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q2 2022 / Q1 2022	Q2 2022 / Q2 2021
<b>General Index</b>	100.0	137.2	141.8	143.4	145.9	150.4	3.1	9.7
Agriculture and fishery products	8.7	120.5	124.2	127.8	133.0	141.3	6.3	17.3
Ores and Minerals	0.6	108.4	110.2	112.3	114.0	116.6	2.2	7.5
Food products, beverages and tobacco and textiles	17.3	120.8	121.8	122.8	126.0	130.7	3.8	8.2
Other goods	33.7	159.5	167.4	169.5	171.2	176.8	3.3	10.9
Metal products, machinery and equipment	39.7	129.4	133.1	134.1	136.3	139.0	1.9	7.4

Source: General Authority for Statistics.

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

Source: General Authority for Statistics

**Table 3: The Consumer Price (CPI) For Most Countries Exporting To The Kingdom Of Saudi Arabia**

Country	2021			2022		Q2 2022 / Q1 2022	Q2 2022 / Q2 2021
	Q1	Q2	Q3	Q1	Q2		
<b>China</b>	101.8	100.8	101.1	102.2	101.1	1.1	1.1
USA	277.8	273.6	269.3	292.6	284.1	3.0	8.6
India	166.1	162.9	159.8	171.5	166.5	3.0	7.3
Japan	100.0	99.8	99.3	101.7	100.7	1.0	2.4
South Korea	103.8	102.7	102.1	107.5	105.4	2.1	5.4

Source: National Statistics Offices.



## 5- Inflation Projections for Q3 2022

The World Bank's projections for primary commodity prices (April 2022) indicate inflationary pressures on most sectors in 2022.

The prices of energy are projected to increase by 50.5%, fertilizers by 69.2%, metals by 22.3%, food by 22.9%, agricultural commodities by 17.7%, beverages by 10.7% and raw materials by 3.2%.

On the other hand, the domestic inflation rate for Q3 2022 is projected to record a YoY rise as a result of the continuous improvement in domestic private consumption and the noticeable increases in global inflation rates, particularly in the prices of food and primary commodities. Inflation is also projected to increase slightly in Q3 2022 compared to Q2 2022 due to seasonal factors, such as the Hajj, summer vacation, and back-to-school seasons (Table 4).

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

(% change)							
Commodities	Actual				Projections		
	2018	2019	2020	2021	2022	2023	2024
Energy	22.1	-10.8	-30.9	81.0	50.5	-12.4	-11.9
Agriculture	-4.6	-1.8	4.5	24.2	17.7	-7.7	-0.2
Food	-4.1	-1.7	6.5	30.8	22.9	-10.4	-0.5
Raw materials	-3.8	-1.9	-1.1	8.9	3.2	0.7	0.7
Metals	1.9	-7.9	-2.2	46.8	22.3	-8.3	-6.1
Fertilizers	6.3	0.9	-10.5	80.6	69.2	-11.4	-15.0
Beverages	-9.0	-1.5	5.1	16.3	10.7	-3.7	0.5

Source: World Bank.

