

# INFLATION REPORT

Fourth Quarter 2023

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# Executive Summary

The general consumer price index (CPI) registered a YoY increase of 1.6% and a QoQ increase of 0.3% in Q4 2023.

Housing, water, electricity, gas and other fuels registered the highest YoY inflation rate of 7.7% in Q4 2023. Restaurants and hotels came second with a YoY increase of 2.2%, followed by food and beverages with 1.1%. In contrast, clothing and footwear recorded the highest YoY decrease of 4.0%.

The wholesale price index (WPI) recorded a YoY increase of 2.1% in Q4 2024.

The inflation rate is projected to decline in Q1 2024 due to the implementation of the Royal Directive to fix the maximum prices for gasoline, the decline in global food prices, and the continued increase of interest rates. However, the pace of decline is expected to be slower as a result of growing domestic demand and the change in fuel and feedstock prices starting from January 2024.

## 1- Consumer Price Index (CPI)

The general consumer price index (CPI) registered a YoY increase of 1.6% and a QoQ increase of 0.3% in Q4 2023 (Table 1 and Chart 1).

### 1-1 Developments in Q4 2023

Housing, water, electricity, gas and other fuels registered the highest YoY inflation rate of 7.7%. Restaurants and hotels came second with a YoY increase of 2.2%, followed by food and beverages with 1.1%. Recreation and culture came fourth with

0.9%, followed by education with 0.8%, and tobacco came last with 0.2%.

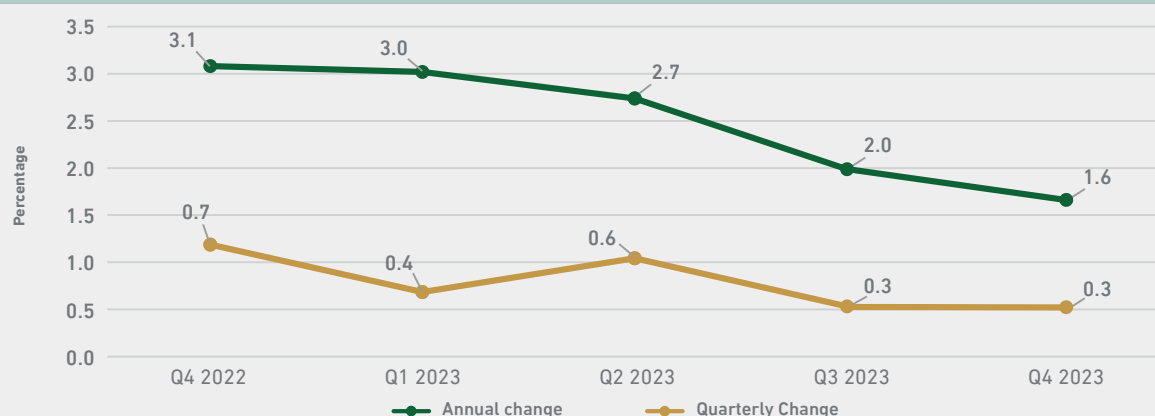
In contrast, clothing and footwear recorded a YoY decrease of 4.0%. Furnishings, household equipment came next with 3.1%, followed with 2.6%; miscellaneous goods and services with 0.7%; transport with 0.6%; and health with 0.2 (Table 1 and Charts 2 and 3).

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

		Change (%)						
	Weights	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q4 2023 / Q3 2023	Q4 2023 / Q4 2022
General index	100.0	108.3	108.7	109.4	109.7	110.0	0.3	1.6
Food & beverages	18.8	123.1	122.6	122.8	123.7	124.5	0.6	1.1
Tobacco	0.6	114.9	114.9	114.9	115.0	115.1	0.1	0.2
Clothing & footwear	4.2	101.6	100.4	100.4	98.7	97.5	-1.1	-4.0
Housing, water, electricity, gas & other fuels	25.5	92.9	95.1	96.5	98.0	100.0	2.1	7.7
Furnishings, household equipment	6.7	109.2	108.4	107.8	106.8	105.9	-0.9	-3.1
Health	1.4	103.9	103.8	103.9	103.8	103.7	-0.1	-0.2
Transport	13.0	118.9	118.5	118.8	119.2	118.2	-0.9	-0.6
Communications	5.6	112.3	111.2	110.7	110.0	109.4	-0.5	-2.6
Recreation & culture	3.1	106.2	105.5	108.7	108.9	107.2	-1.6	0.9
Education	2.9	102.6	102.7	102.7	102.5	103.4	0.9	0.8
Restaurants & hotels	5.6	121.4	122.0	122.6	123.6	124.1	0.4	2.2
Miscellaneous goods & services	12.6	107.4	107.7	108.7	107.5	106.6	-0.9	-0.7

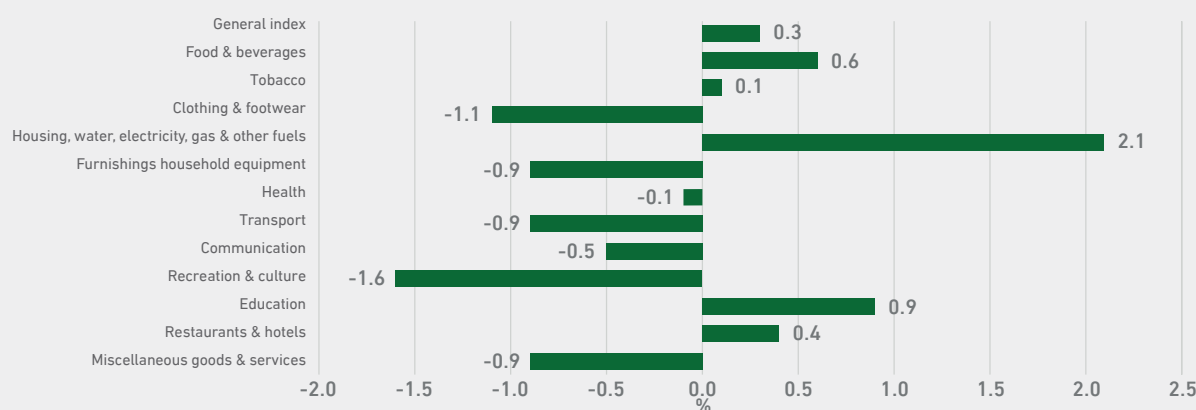
Source: General Authority for Statistics.

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



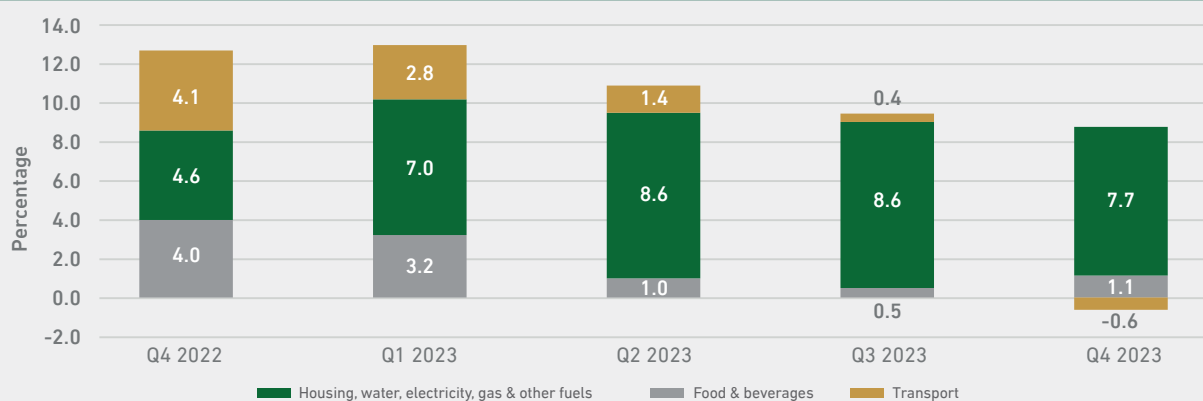
Source: General Authority for Statistics.

Chart 2: Inflation Rate of the Consumer Price Index by Main Sections (Q4 2023 / Q3 2023)



Source: General Authority for Statistics.

Chart 3: Annual Inflation Rate of the General Consumer Price Index and the Most Major Sections Affecting it



Source: General Authority for Statistics.

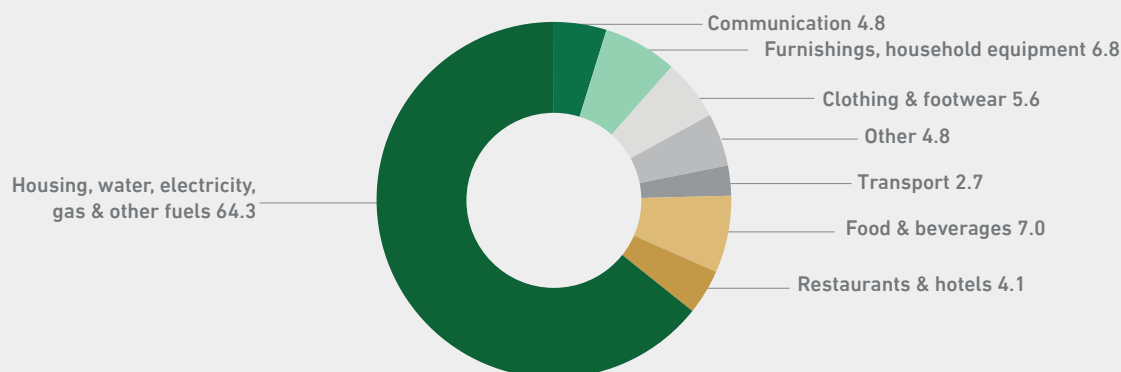
## 1-2 Effect of Main Expenditure Categories on CPI

The distribution of CPI category contributions to inflation shifted in Q4 2023 compared to Q4 2022. Housing, water, electricity, gas, and other fuels topped the list with a 64.3% contribution, up from 36.8% in Q4 2022. Food and beverages followed with a 7.0% contribution, down from 23.5%. Furnishings, household equipment, contribution increased to 6.8% from 1.4% in Q4 2022. Clothing and footwear's contribution increased to 5.6% from 1.7%. Communication's influence rose to 4.8% from 2.1% in Q4 2022. Restaurants and hotels' impact was 4.1%, down from 11.9%. Miscellaneous goods

and services' contribution increased to 3.0% from 0.1% in Q4 2022. Transport's influence fell to 2.7% from 16.9%. Recreation and culture's contribution moderated to 0.9%, down from 1.8%. Education's contribution decreased to 0.8% from 3.3% in Q4 2022. Health's influence fell to 0.1% from 0.5%. Tobacco's contribution to inflation was zero in Q4 2023 as well as in Q4 2022.

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 about 74.0% in Q4 2023 against 77.2% in Q4 2022 (Chart 4).

Chart 4: Percentage Impact of Major Sections of The General Inflation Rate (Q4 2023)



Other Goods Includes Departments Of : Health, Education, Recreation And Culture, And Miscellaneous Goods And Services.  
Source: General Authority For Statistics.

## 2- Wholesale Price Index (WPI)

The WPI in Q4 2023 recorded a YoY rise of 2.1% and a QoQ increase of 1.7% (Chart 5). A breakdown of WPI by product category shows that transportable goods (except metal products machinery and equipment) recorded the highest YoY increase of

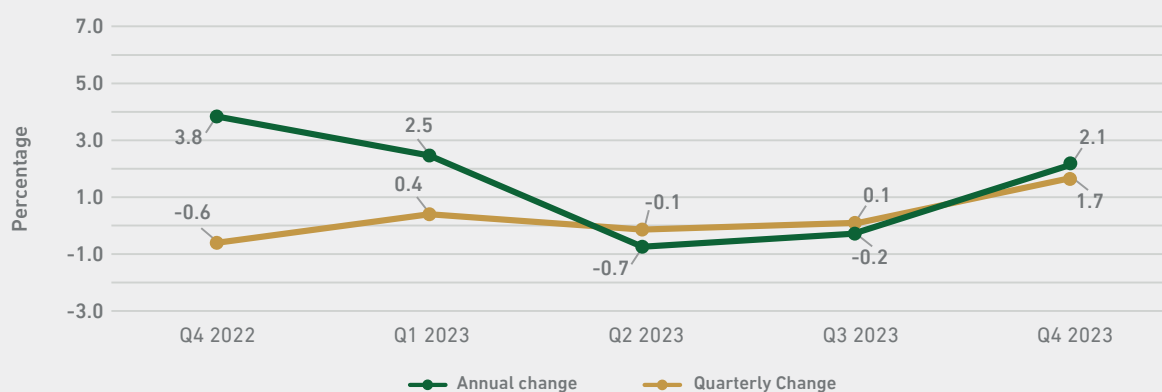
about 4.6% in Q4 2023, followed by food products, beverages, tobacco and textiles with 3.2%. On the other hand, ores and minerals recorded the highest YoY decrease of 1.2% in Q4 2023, followed by agriculture and fishery products with 0.7%, and metal products, machinery, and equipment with a 0.4% decrease. (Table 2 and Chart 5).

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

	Weights	Change (%)						
		Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q4 2023 / Q3 2023	Q4 2023 / Q4 2022
General Index	100.0	148.9	149.5	149.3	149.4	152.0	1.7	2.1
Agriculture and fishery products	8.7	139.2	138.9	139.8	139.5	138.2	-0.9	-0.7
Ores and Minerals	0.6	116.6	116.0	116.3	116.6	115.2	-1.3	-1.2
Food products, beverages and tobacco and textiles	17.3	132.5	133.9	134.2	135.9	136.7	0.5	3.2
Other goods	33.7	175.8	176.2	174.9	175.2	183.9	4.9	4.6
Metal products, machinery and equipment	39.7	135.8	136.4	136.7	136.1	135.3	-0.6	-0.4

Source: General Authority for Statistics.

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



Source: General Authority for Statistics

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

According to the general levels of CPI for Saudi Arabia's largest exporters, based on Q4 2023 data, the inflation rate in China, Saudi Arabia's largest exporter, registered a zero YoY rate but a QoQ rise of 0.4%. In addition, the United States inflation rate

recorded a YoY increase in Q4 2023 by 3.2% and a QoQ increase by 0.1%. In India, inflation went up by 5.4% YoY and by 0.1% QoQ. In Japan, the inflation rate rose by 2.9% YoY and by 0.9% QoQ. Moreover, the inflation rate in South Korea recorded a YoY rise of 3.4% and a QoQ rise of 0.7% (Table 3).

Table 3: The Consumer Price (CPI) for the Most Countries Exporting to the Kingdom of Saudi Arabia

Country	Change (%)						
	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q4 2023 / Q3 2023	Q4 2023 / Q4 2022
China	101.1	101.8	100.8	101.1	100.0	0.4	0.0
USA	297.5	300.6	304.2	306.8	307.2	0.1	3.2
India	176.3	176.8	179.4	185.5	185.8	0.1	5.4
Japan	103.9	104.4	105.1	105.9	106.9	0.9	2.9
South Korea	109.2	110.3	111.0	112.1	112.9	0.7	3.4

Source: Exporting countries national statistics offices.



## 4-Inflation Projections for Q1 2024

The inflation rate is projected to decline in Q1 2024 due to the implementation of the Royal Directive to fix the maximum prices for gasoline, the decline in global food prices, and the continued increase of interest rates. However, the pace of decline is expected to be slower as a result of growing domestic demand and the change in fuel and feedstock prices starting from January 2024.

On the other hand, the World Bank's projections for the primary commodity price index (October 2023) show deflationary pressures on most sections in 2024. Its projections show a decrease in the prices of fertilizers by 15.4%, metals and beverages by 5.1% each, energy by 4.5%, and food and agricultural commodities by 1.5% each. In contrast, prices of raw materials are projected to rise by 1.1% (Table 4).

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

Commodities	Change (%)						
	Actual				Projections		
	2019	2020	2021	2022	2023	2024	2025
Energy	-10.3	-33.0	81.0	60.0	-28.8	-4.5	-0.7
Agriculture	-1.6	4.3	24.3	13.3	-7.2	-1.5	-2.2
Food	-1.5	6.5	30.8	18.0	-8.8	-1.5	-3.4
Raw materials	-2.1	-2.5	9.4	-3.1	-5.3	1.1	1.5
Base Metals	-2.7	1.8	46.8	4.0	-12.0	-5.1	8.0
Fertilizers	1.0	-8.8	104.2	54.8	-33.6	-15.4	-9.7
Beverages	-1.4	5.1	16.3	13.7	0.0	-5.1	-0.5

Source: World Bank.

