

INFLATION REPORT

Fourth Quarter 2024



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Executive Summary

Global inflation declined to 5.8% in 2024 compared to 6.7% in 2023, with that being attributed to the tightening of monetary policies, the decline in food and energy prices, and the continuous improvement in supply chains.

Domestically, the average Consumer Price Index (CPI) recorded a rise of 1.7% in 2024 compared to 2023. The CPI also recorded a YoY rise of 1.9% in Q4 2024, mainly due to an increase in the segment of housing, water, electricity, gas, and other fuels, which was driven by the rise in housing rents.

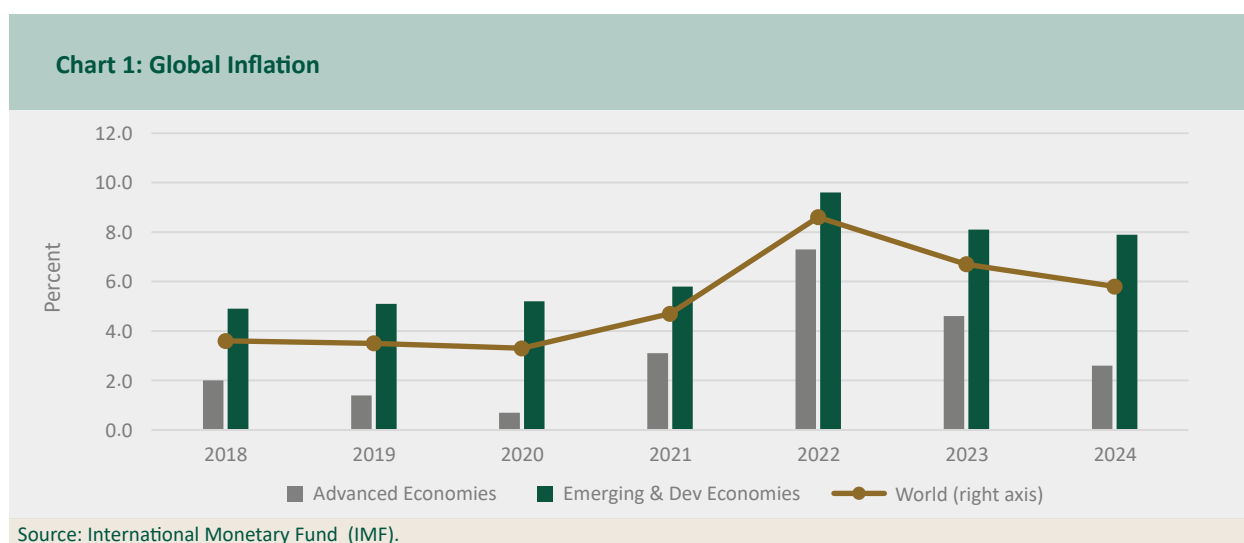
Housing, water, electricity, gas and other fuels recorded the highest YoY inflation rate, rising by 9.2% in Q4 2024. Miscellaneous goods and services came second by 2.4%, followed by restaurants and hotels by 1.4%, education by 1.1%, and food and beverages by 0.4%. In contrast, furnishings, household equipment and maintenance posted the highest YoY decrease, declining by 2.9% in Q4 2024.

The Wholesale Price Index (WPI) recorded a YoY increase of 1.6% in Q4 2024.

Domestic inflation is expected to remain stable in Q1 2025 , driven by a balance of several factors, including slowing global inflation as a result of lower commodity prices (food and energy), in addition to rising housing rents and higher domestic demand in general, reflecting improvements in employment rates among Saudis.

1- Global Inflation

Global inflation is slowing with significant variation across countries, as inflation in emerging and developing economies stood at 7.9% in 2024 compared to 8.1% in the same period of 2023. In contrast, inflation in advanced economies reached 2.6% in 2024 compared to 4.6% in 2023. As a result, global inflation declined to 5.8% in 2024 compared to 6.7% in 2023. The decline in global inflation is attributed to tightening monetary policies, the decline in food and energy prices, and the continuous improvement in supply chains. The International Monetary Fund (IMF) projects global inflation to continue declining to 4.3% in 2025 and to 3.6% in 2026, thus drawing closer to levels targeted by central banks (Chart 1).



2-Inflation in Saudi Arabia

2-1 Consumer Price Index (CPI)

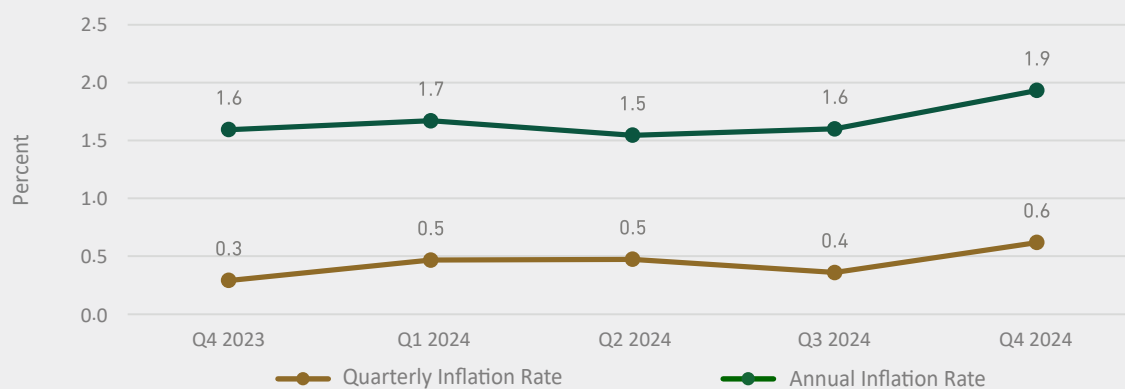
The average Consumer Price Index (CPI) recorded a rise of 1.7% in 2024 compared to 2023. CPI also registered a YoY rise of 1.9% and a QoQ rise of 0.6% in Q4 2024, mainly due to an increase of 9.2% in housing, water, electricity, gas and other fuels (the largest segment of the CPI), which was affected by the rise in housing rents. This rise may be attributed to the growing domestic demand resulting from population growth in major cities, and the expansion in tourism and recreation activities, alongside slower housing supply, which contributed to widening the gap between supply and demand in the rental housing market (Table 1 and Chart 2).

Table 1: Consumer Price Index (2018=100)

	Weights	Change (%)							
		2023	2024				Q4 2024 /	Q4 2024 /	2024/2023
		Q4	Q1	Q2	Q3	Q4	Q3 2024	Q4 2023	
General index	100.0	110.0	110.5	111.1	111.5	112.2	0.6	1.9	1.7
Food & beverages	18.8	124.5	124.0	124.1	124.6	125.0	0.3	0.4	0.8
Tobacco	0.6	115.1	113.9	113.6	113.5	113.4	0.0	-1.4	-1.2
Clothing & footwear	4.2	97.5	96.4	96.5	95.6	95.2	-0.4	-2.4	-3.4
Housing, water, electricity, gas & other fuels	25.5	100.0	103.1	104.8	106.9	109.2	2.1	9.2	8.8
Furnishings, household equipment & maintenance	6.7	105.9	105.0	103.7	103.0	102.7	-0.3	-2.9	-3.4
Health	1.4	103.7	102.9	102.8	102.6	102.4	-0.1	-1.2	-1.1
Transport	13.0	118.2	117.0	116.1	115.2	114.9	-0.2	-2.7	-2.4
Communications	5.6	109.4	109.1	108.6	108.2	107.7	-0.4	-1.5	-1.7
Recreation & culture	3.1	107.2	106.8	106.7	105.7	105.4	-0.3	-1.6	-1.3
Education	2.9	103.4	103.9	103.9	104.1	104.6	0.5	1.1	1.3
Restaurants & hotels	5.6	124.1	125.0	125.4	125.8	125.9	0.0	1.4	2.0
Miscellaneous goods & services	12.6	106.6	106.5	108.3	108.3	109.1	0.8	2.4	0.4

Source: General Authority for Statistics.

Chart 2: Inflation Rate of the General Consumer Price Index (2018=100)



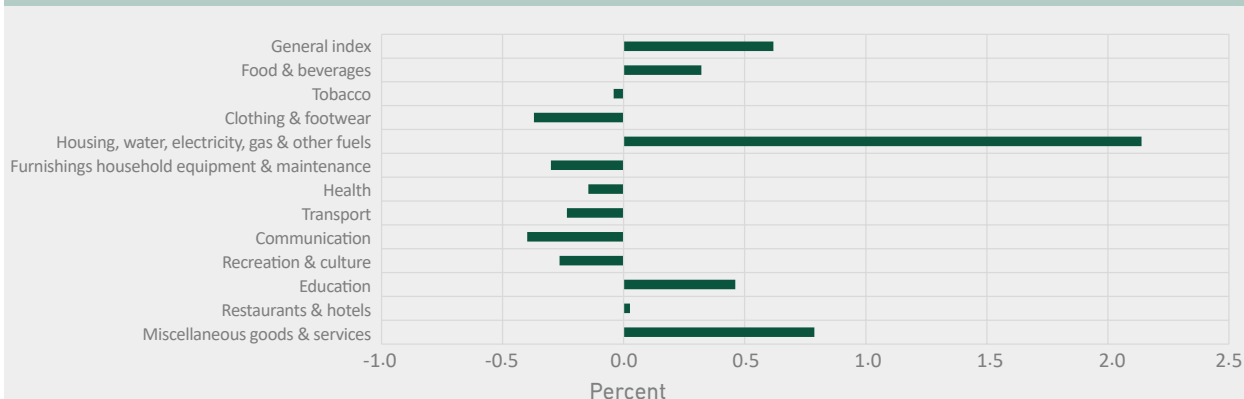
Source: General Authority for Statistics.

2-1-1 Developments in Q4 2024

In Q4 2024, housing, water, electricity, gas and other fuels recorded the highest YoY inflation rate of 9.2%, followed by miscellaneous goods and services with 2.4%. Restaurants and hotels came next with a YoY increase of 1.4%, followed by education with 1.1%, and food and beverages came last with a YoY increase of 0.4%.

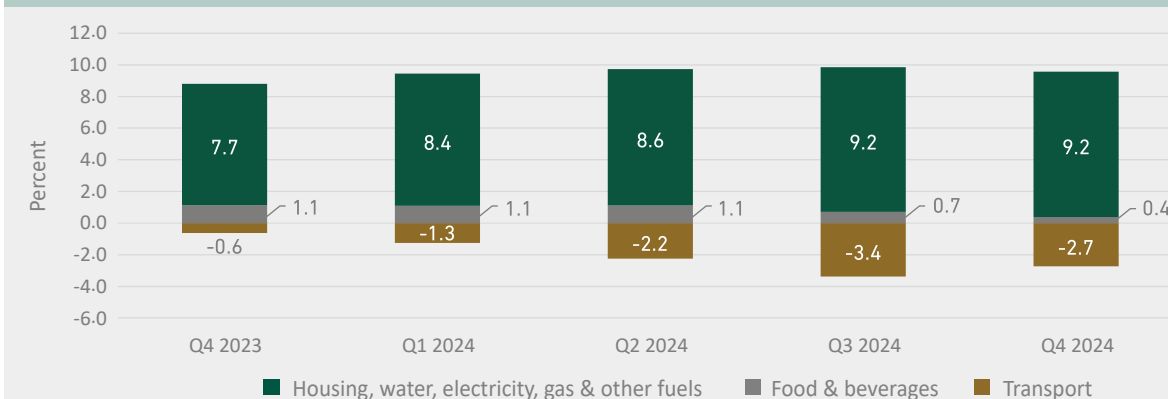
In contrast, furnishings, household equipment and maintenance posted the highest YoY decrease, declining by 2.9% in Q4 2024. Transportation came next at 2.7%, followed by clothing and footwear at 2.4%, recreation and culture at 1.6%, communications at 1.5%, tobacco at 1.4%, and health at 1.2% (Table 1).

Chart 3: Inflation Rate of the Consumer Price Index by Main Segments (Q4 2024/Q3 2024)



Source: General Authority for Statistics.

Chart 4: Quarterly Inflation Rate of the General Consumer Price Index and the Most Major Segments Affecting it (YoY change)



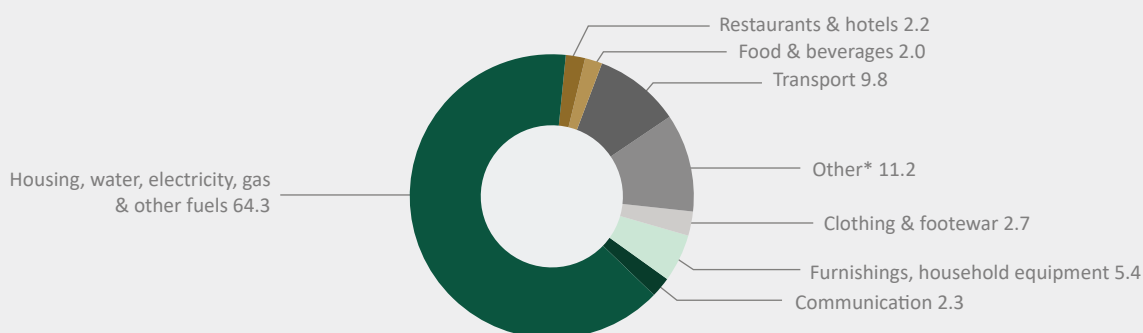
Source: General Authority for Statistics.

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

Inflation rates are affected by the changes in the CPI's various segments. Ranked by their proportional effect on the CPI in Q4 2024, housing, water, electricity, gas and other fuels came first with 64.3%, the same rate recorded in Q4 2023. Transportation came second with 9.8% compared to 2.7% in Q4 2023, followed by miscellaneous goods and services with 8.3% compared to 3.0%; furnishings, household equipment and maintenance with 5.4% compared to 6.8%; clothing and footwear with 2.7% compared to 5.5%; communications with 2.3% compared to 4.8%; restaurants and hotels with 2.2% compared to 4.1%; food and beverages with 2.0% compared to 7.0%; recreation and culture with 1.3% compared to 0.9%; education with 0.9% compared to 0.8%; health with 0.5% compared to 0.1%; and lastly tobacco with 0.2% compared to 0.0% in Q4 2023.

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 around 76.1% in Q4 2024 in comparison to 74.0% in Q4 2023 (Chart 5).

Chart 5: Percentage Impact of Major Segments on the General Inflation Rate (%)
(Q4 2024)



*Other Goods Includes Categories of : Health, Education, Recreation and Culture, and Miscellaneous Goods and Services and TOBACCO.
Source: General Authority For Statistics.

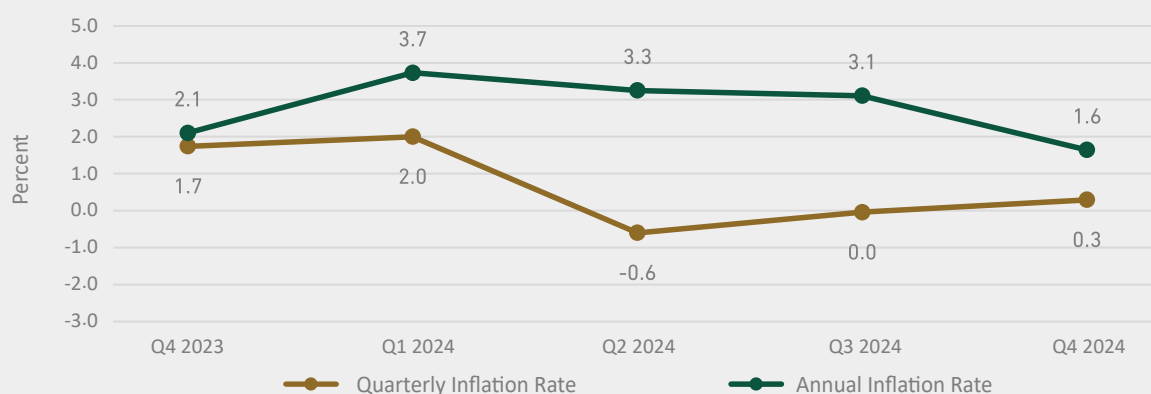
2-2 Wholesale Price Index (WPI)

The WPI in Q4 2024 recorded a YoY increase of 1.6% and a QoQ increase of 0.3% (Chart 6). A breakdown of the WPI by product category shows that transportable goods (except metal products machinery and equipment) recorded the highest YoY increase of about 3.5% in Q4 2024. Agriculture and fishery products came next with 2.4%, followed by metal products, machinery and equipment with 0.3%. On the other hand, ores and minerals posted the highest YoY decrease of 2.8% in Q4 2024, followed by food products, beverages, tobacco and textiles with 0.2% (Table 2 and Chart 6).

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

	Weights	Change (%)						
		2023	2024				Q4 2024 / Q3 2024	Q4 2024 / Q4 2023
		Q4	Q1	Q2	Q3	Q4		
General Index	100.0	152.0	155.1	154.1	154.1	154.5	0.3	1.6
Agriculture and fishery products	8.7	138.2	138.5	139.7	139.4	141.6	1.6	2.4
Ores and Minerals	0.6	115.2	113.8	113.0	112.1	112.0	-0.1	-2.8
Food products, beverages and tobacco and textiles	17.3	136.7	137.0	136.7	136.2	136.3	0.1	-0.2
Other transportable goods (except metal products, machinery and equipment)	33.7	183.9	192.2	188.9	189.4	190.2	0.4	3.5
Metal products, machinery and equipment	39.7	135.3	135.7	136.0	135.7	135.6	-0.1	0.3

Source: General Authority for Statistics.

Chart 6: Inflation of the Wholesale Price Index (2014=100)

Source: General Authority for Statistics.

3- Inflation Rates in Saudi Arabia's Largest Exporters

Looking at the general levels of the CPI for Saudi Arabia's largest exporters, and based on Q4 2024 data, the inflation rate in China, Saudi Arabia's largest exporter, registered a YoY rise of 0.2% but a QoQ decline of 0.3%. In addition, the inflation rate in the United States recorded a YoY rise of 2.7% and a QoQ increase of 0.2% in Q4 2024. The inflation rate in the UAE (Dubai specifically) registered a YoY rise of 2.8% and a QoQ rise of 0.8%. In India, the inflation rate registered a YoY rise of 5.6% and a QoQ rise of 1.5%. In Japan, the inflation rate recorded a YoY rise of 2.9% and a QoQ rise of 1.1%. Moreover, the inflation rate in South Korea recorded a YoY rise of 1.6% and a QoQ rise of 0.2% compared to Q3 2024. Inflation in Germany also recorded a YoY rise of 2.3% and a QoQ rise of 0.4% (Table 3).

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

Countries	Change (%)							
	2023		2024				Q3 2024 / Q4 2024	Q4 2024 / Q4 2023
	Q3	Q4	Q1	Q2	Q3	Q4		
China	99.9	99.7	100.0	100.3	100.5	100.2	-0.3	0.2
USA	306.8	307.2	310.4	313.9	314.9	315.6	0.2	2.7
India	185.5	185.8	185.7	188.2	193.4	196.2	1.5	5.6
Japan	105.9	106.9	107.0	108.0	108.9	110.1	1.1	2.9
Dubai	108.6	109.8	110.4	111.5	112.0	112.9	0.8	2.8
Germany	117.5	117.5	118.1	119.3	119.7	120.2	0.4	2.3
South Korea	112.1	112.9	113.6	114.0	114.4	114.7	0.2	1.6

Source: Exporting countries national statistics offices.

4- Inflation Projections for Q1 2025

Domestic inflation is expected to remain stable in Q1 2025 , driven by a balance of several factors, including slowing global inflation as a result of lower commodity prices (food and energy), in addition to rising housing rents and higher domestic demand in general, reflecting improvements in employment rates among Saudis.

On the other hand, the World Bank’s projections for the Primary Commodity Price Index (October 2024) indicate deflationary pressures on most commodities in 2025. The projections show a decline in the prices of beverages by 9.2%, energy by 6.2%, agriculture by 4.2%, food by 4.0%, and fertilizers by 1.4%. In contrast, prices of metals are projected to rise by 0.8% and raw materials by 0.4% (Table 4).

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

Commodities	Change (%)			
	Actual		Projections*	
	2023	2024	2025	2026
Energy	-29.9	-5.1	-6.2	-2.1
Agriculture	-7.1	3.5	-4.2	-0.5
Food	-9.2	-7.6	-4.0	-0.4
Raw materials	-3.9	5.0	0.4	1.2
Base Metals	-11.0	4.7	0.8	-2.6
Fertilizers	-34.9	-23.4	-1.4	1.6
Beverages	1.4	63.7	-9.2	-2.7

Source: World Bank (February 2025), (October 2024)*.

