

# Key Economic Developments

## First Quarter 2026



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## Executive Summary

The International Monetary Fund (IMF) forecasts (World Economic Outlook - April 2026) indicate rising uncertainty about global economic developments as a result of ongoing geopolitical tensions in the Middle East. Accordingly, the IMF lowered its forecast for global economic growth in 2026 to 3.1%.

Domestically, non-oil activities grew by 2.9% YoY in Q1 2026. Furthermore, the average Consumer Price Index (CPI) recorded a YoY increase of 1.8% in Q1 2026, driven by an increase in personal care, social protection and miscellaneous goods and other services, as well as housing, water, electricity, gas and other fuels.

In Q1 2026, total actual budget expenditures increased by 20.0% YoY, whereas total actual budget revenues decreased YoY by 1.0%.

As for international trade, commodity exports rose by 8.7% YoY to SAR 312.8 billion in Q1 2026, due to a rise of 9.9% in oil exports and a decline in non-oil exports (not including re-exports) by 9.1%. On the other hand, imports decreased by 1.0% YoY to SAR 222.3 billion.

As for monetary and banking developments, broad money supply (M3)—consisting of cash in circulation outside banks and total bank deposits—continued its positive growth in Q1 2026, growing by 8.2% YoY to nearly SAR 3,307.4 billion. Bank credit registered a YoY increase of 8.2% to nearly SAR 3,355.2 billion in Q1 2026.

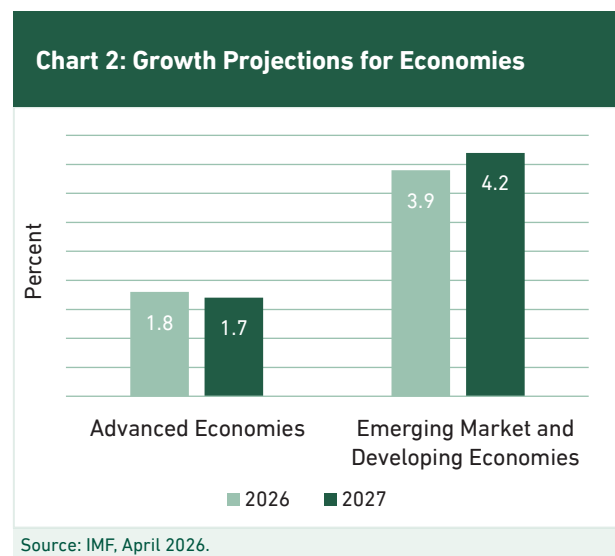
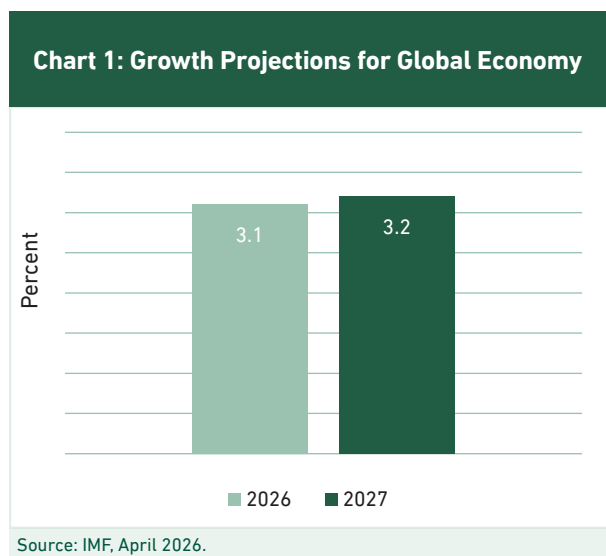
As part of SAMA's efforts to develop the financial sector, provide the best financial products and services, and improve the banking experience, Q1 2026 witnessed several notable developments. These included the licensing of multiple new firms in the field of payment services, digital intermediation, and financing. In addition to launching the licensing to provide open banking services. Moreover, the updated oversight framework for payment systems and their operators.

# Section 1: Key Economic Developments

## 1-1 Global Economic Developments and Outlook

The IMF's World Economic Outlook (WEO) report of April 2026 indicates a rise in uncertainty about global economic developments, due to ongoing geopolitical tensions in the Middle East and their ripple effect on commodity markets, and financial markets. Accordingly, the IMF lowered its forecast for global economic growth in 2026 to 3.1%, a decrease of 0.2 percentage points from the previous report's forecast in January 2026 (Chart 1).

In this regard, the IMF's April 2026 WEO forecasts that the growth rate of advanced economies will rise to 1.8% in 2026, unchanged from the previous report in January, and is expected to reach 1.7% by 2027. The US economy is projected to grow by 2.3% in 2026, a decrease of 0.1 percentage points from the previous forecast. Additionally, emerging market and developing economies (EMDEs) are projected to grow by 3.9% in 2026, down 0.3 percentage points from the previous report. China's economic growth is expected to reach 4.4% in 2026, a decrease of 0.1 percentage points from the previous forecast. In 2027, EMDEs are projected to grow by 4.2% (Chart 2).



## 1-2 Inflation

The IMF's April 2026 WEO projects that the global inflation rate will reach 4.4% in 2026, an increase of 0.6 percentage points over the previous report. For 2027, global inflation is expected to record 3.7%, an increase of 0.3 percentage points over the previous forecast in January 2026 (Table 1).

**Table 1: Inflation Rate for Economies**

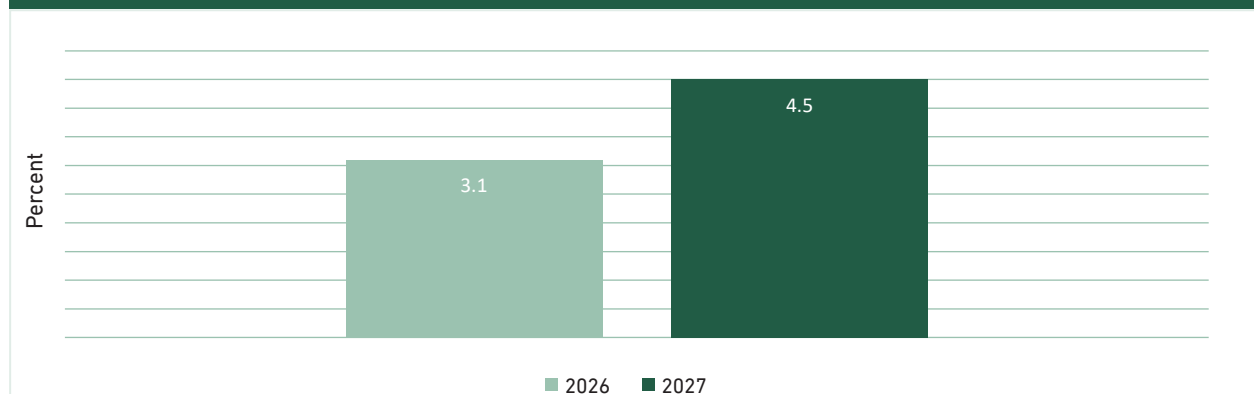
Inflation rate %	2025	2026*	2027*
Global Economy	4.1	4.4	3.7
Advanced Economies	2.5	2.8	2.2
Emerging Market And Developing Economies (EMDEs)	5.2	5.5	4.6

\*Projections.

Source: International Monetary Fund (IMF), April 2026.

### 1-3 Saudi Economic Outlook

According to the IMF's projections, the Saudi economy will grow by 3.1% in 2026, down by 1.4 percentage points from the previous report in January due to the ongoing geopolitical tensions in the region. Also, in 2027, the Saudi economy is projected to grow by 4.5%, higher by 0.9 percentage points over the previous report. Moreover, the World Bank projects the Saudi economy to grow by 4.3% in 2026 and by 4.4% in 2027 (Chart 3).

**Chart 3: Growth Projections for Saudi Economy**

Source: IMF, April 2026.

## Section 2: Saudi Economy Performance

### 2-1 Real Sector and Indices

#### Real GDP

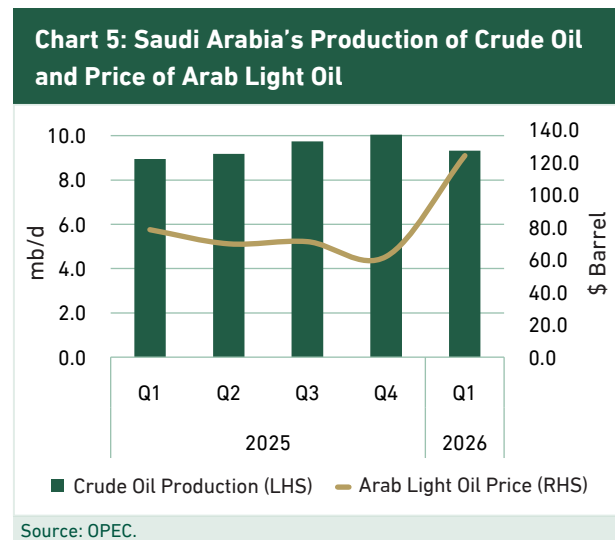
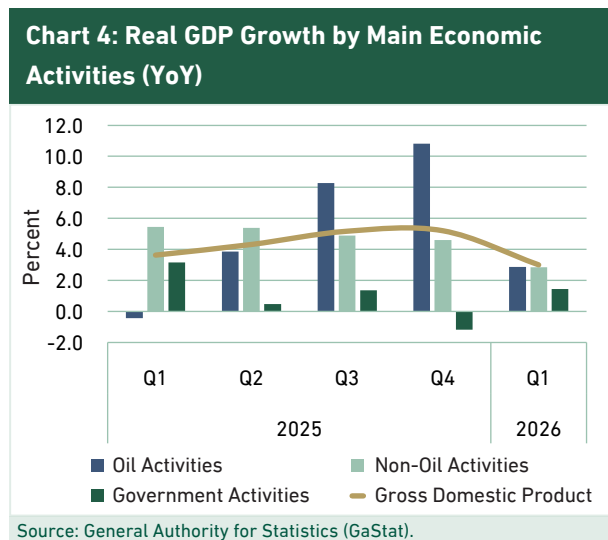
According to GASTAT **real GDP** recorded a YoY increase of 3.0%. This increase was attributed to a growth in oil activities by 2.9%, non-oil activities by 2.9%, and government activities by 1.5% (Chart 4).

Looking at GDP data by main economic activities for Q1 2026, **oil activities** recorded a YoY increase of 2.9%.

With respect to **oil sector**, Saudi Arabia's average crude oil production increased by 4.2% YoY, reaching around 9.3 million bpd, and decreased by 7.3% QoQ in Q1 2026. Arab Light's average price increased by 7.3% YoY and by 28.9% QoQ in Q1 2026, bringing the average price to USD 84.2 per barrel (Chart 5).

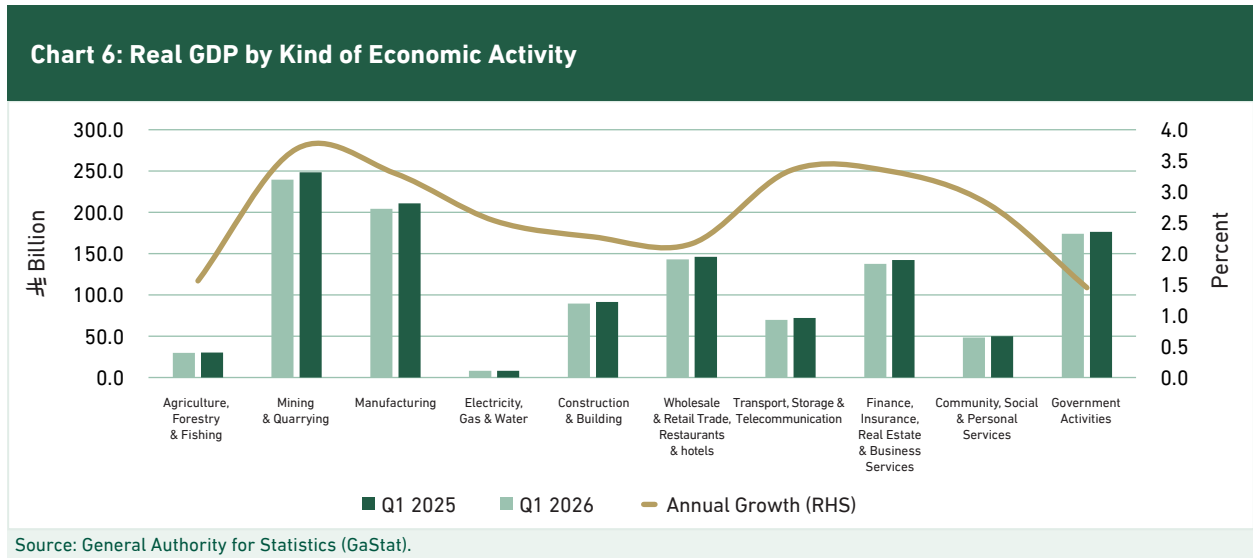
In addition, **non-oil activities** increased by 2.9% YoY and by 0.3% QoQ in Q1 2026 on a seasonally-adjusted basis. This growth is attributed to the ongoing implementation of Vision 2030 Realization Programs, regional and sectoral strategies, and mega projects.

**Government activities** increased by 1.5% YoY and by 1.4% QoQ in Q1 2026 on a seasonally-adjusted basis.



#### Gross Domestic Product by Economic Sector

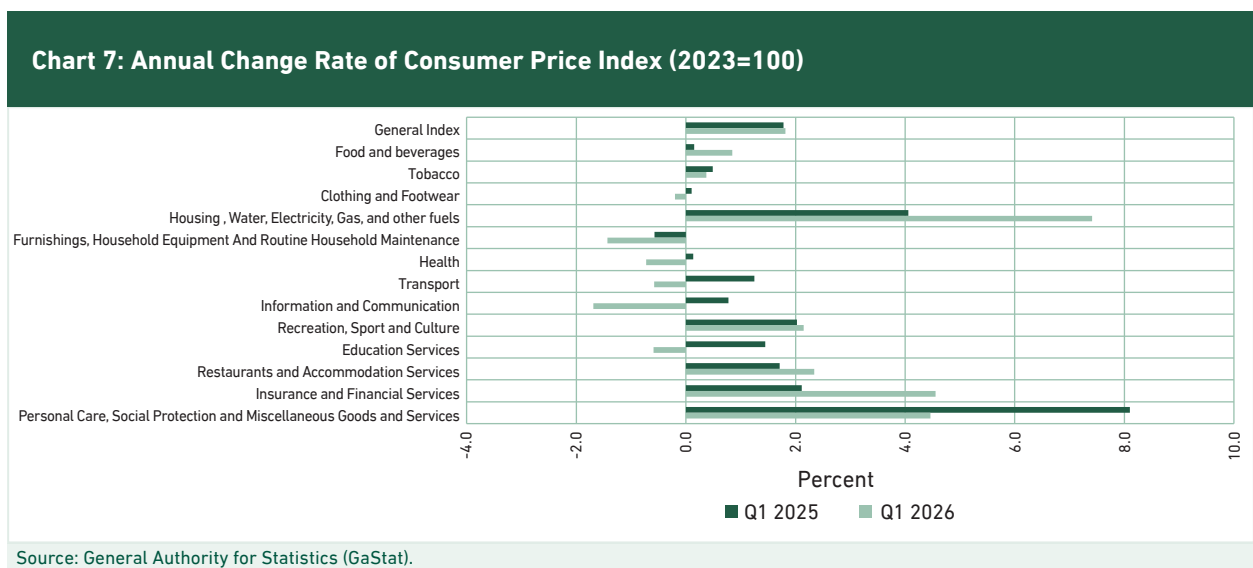
The majority of main economic activities recorded a YoY growth in Q1 2026, driven by a YoY increase of 3.7% in mining and quarrying. Manufacturing and Transport, Storage & Telecommunication as well as Finance, Insurance, Real Estate & Business Services also recorded growth rates of 3.3% (chart 6).



### Consumer Price Index

The Consumer Price Index (CPI) (base year: 2023=100) recorded a YoY increase of 1.8% and a QoQ increase of 0.4% in Q1 2026. Among the main categories, personal care, social protection and miscellaneous goods and services registered the highest YoY growth of 8.1%, followed by housing, water, electricity, gas and other fuels with 4.1%; insurance and financial services with 2.1%; and recreation, sports and culture with 2.0%. In addition, restaurants and accommodation services increased by 1.7%, education services with 1.4%, transport with 1.3%, information and communications with 0.8%, tobacco with 0.5%, food and beverages with 0.2%, clothing and footwear, health with 0.1% each.

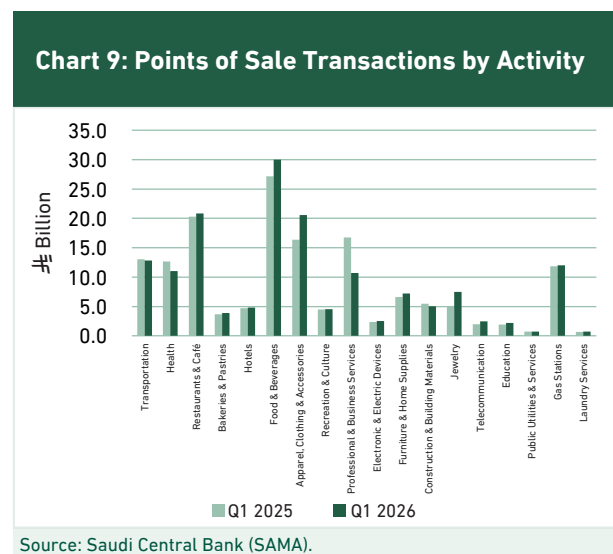
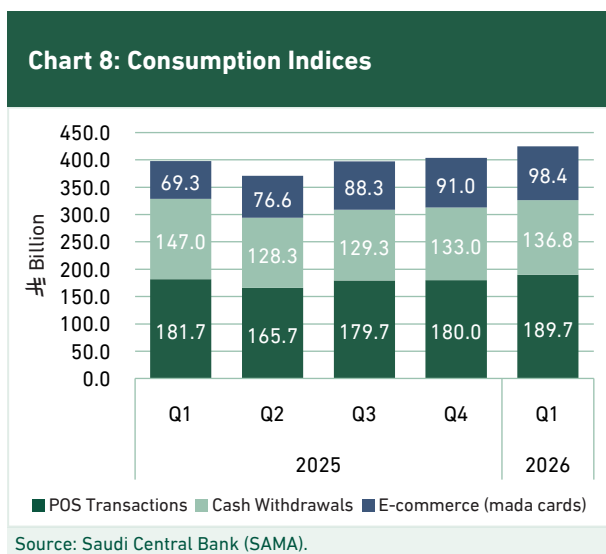
In contrast, furnishing, household equipment and routine maintenance category recorded a YoY decrease of 0.6% (Chart 7).



### Consumption Indices

Data of the consumption indices through official electronic payment channels consisting of (point-of-sale (POS) transactions, cash withdrawals and e-commerce transactions using mada cards), indicate that consumption increased by around 6.8% YoY in Q1 2026. This is attributable to increases in e-commerce transactions using mada cards by 41.9% and POS transactions by 4.4%. Conversely, cash withdrawals decreased by 6.9% (Chart 8).

Data of POS transactions by sector in Q1 2026 indicate growth in a number of sectors. Jewelry, clothing and accessories, and communication recorded the highest YoY growth rates of about 47.0%, 25.9% and 23.0%, respectively. In contrast, commercial and professional services, health, and construction and building materials registered YoY decreases of 36.2%, 12.9% and 8.1%, respectively (Chart 9).

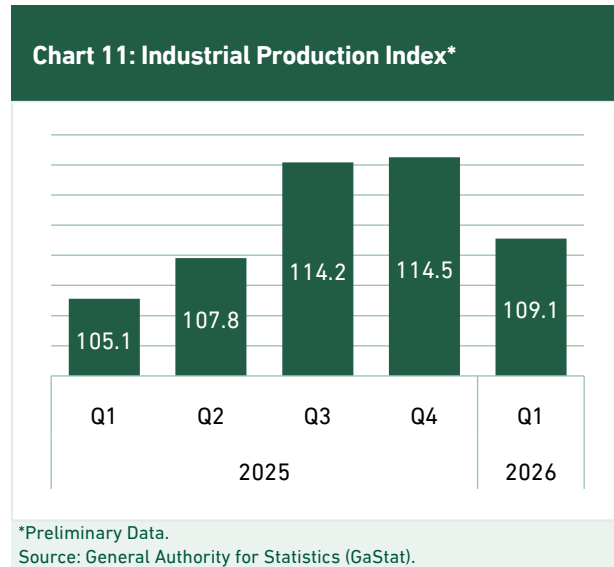
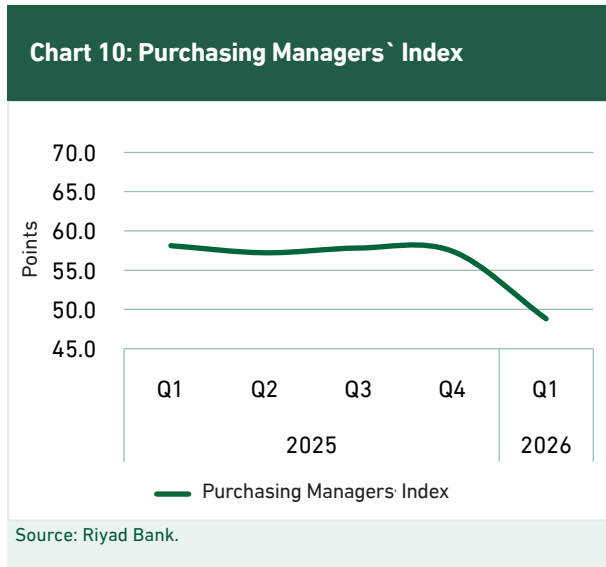


### Purchasing Managers' Index

The Purchasing Managers' Index (PMI) recorded 48.8 points at the end of Q1 2026. This PMI reading reflects a decline in the overall business conditions, in addition to short-term uncertainty due to geopolitical tensions in the region (Chart 10).

### Industrial Production Index

The Industrial Production Index (IPI) recorded a YoY rise of 3.8% in Q1 2026, driven by an increase of 4.3% YoY in oil activities. This increase resulted from a rise of 4.6% in the manufacturing of coke and refined petroleum products, and crude oil and natural gas extraction with 4.2%. On the other hand, non-oil activities, recorded a YoY increase of 2.7%, driven by an increase of 5.2% in electricity, gas, steam and air-conditioning supplies; manufacturing with 2.5%; and water supplies, sewerage and waste management and remediation with 2.1% YoY (Chart 11).



**Labor Market**

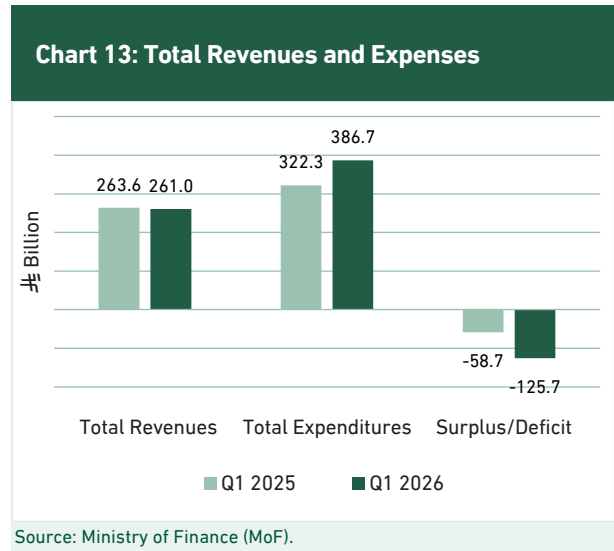
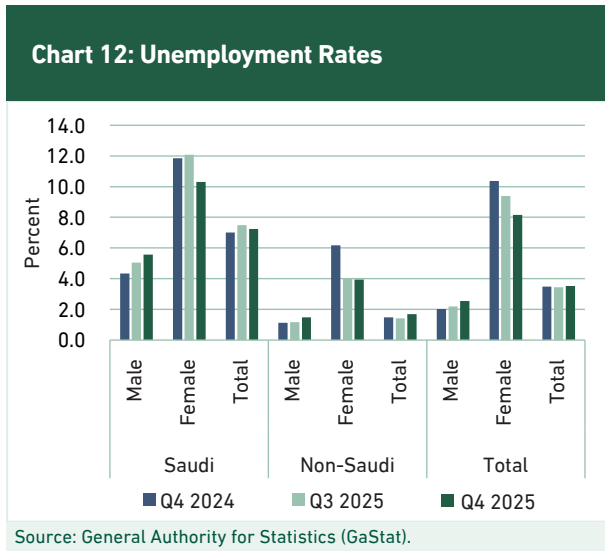
The Total unemployment rate stood at 3.5% in Q4 2025. The unemployment rate among Saudis reached 7.2%, with male and female unemployment rates standing at 5.6% and 10.3%, respectively (Chart 12).

**2-2 Public Sector**

**Public Finance**

Total actual budget revenues decreased by 1.0% YoY to nearly SAR 261.0 billion in Q1 2026, with oil revenues accounting for 55.5% (SAR 144.7 billion) of total revenues. On the other hand, non-oil revenues stood at nearly SAR 116.3 billion, accounting for 44.5% of total revenues, with taxes on goods and services constituting the largest share of non-oil revenues at 64.5%.

Total actual budget expenditures increased by 20.0% YoY to nearly SAR 386.7 billion in Q1 2026. Current expenditure accounted for 88.8% (SAR 343.3 billion) of total expenditures, with employee compensation constituting the largest share at 44.0% of total current expenditure. In contrast, capital expenditure amounted to nearly SAR 43.4 billion, constituting 11.2% of total expenditures. Accordingly, the state budget posted a deficit of SAR 125.7 billion in Q1 2026 (Chart 13).



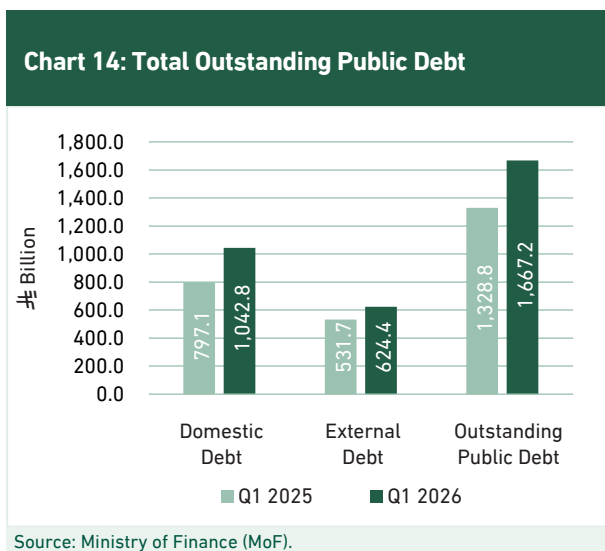
### Public Debt

The quarterly budget performance report for Q1 2026 indicates that public debt increased by 25.5% YoY to nearly SAR 1,667.2 billion, with domestic debt increasing by 30.8% YoY to nearly SAR 1,042.8 billion (62.5% of total public debt). On the other hand, external debt increased by 17.4% YoY to nearly SAR 624.4 billion (37.5% of total public debt) (Chart 14).

## 2-3 External Sector

### External Trade

Commodity exports value grew by 8.7% YoY to around SAR 312.8 billion in Q1 2026 due to an increase of nearly 9.9% in oil exports value to SAR 226.7 billion. In contrast, non-oil exports (not including re-exports) decreased by about 9.1% to SAR 57.8 billion. In addition, re-export value increased by 32.9% YoY to SAR 38.3 billion. Oil exports constituted 72.5% of total exports, while non-oil exports (not including re-exports) constituted 15.3% of total exports. On the other hand, imports decreased by 1.0% YoY to SAR 222.3 billion in Q1 2026 (Chart 15).



## Balance of Payments

### Current Account

Preliminary estimates indicate a deficit of around SAR 30.9 billion in the current account balance in Q4 2025 compared to a deficit of around SAR 47.6 billion in Q4 2024. This improvement is attributed to a surplus increase in the balance of goods and services to SAR 24.0 billion against a deficit of SAR 4.1 billion in Q4 2024. The surplus in the balance of goods increased to SAR 77.5 billion compared to SAR 62.1 billion in Q4 2024. This is due to an increase in commodity exports by 7.9% to around SAR 300.4 billion compared to around SAR 278.4 billion in Q4 2024, despite the increase in commodity imports (FOB)<sup>1</sup> by 3.1% to around SAR 222.9 billion compared to around SAR 216.3 billion in Q4 2024. The deficit in the services balance improved to around SAR 53.5 billion in Q4 2025 compared to around SAR 66.2 billion in Q4 2024. On the other hand, the primary income balance surplus decreased to around SAR 10.8 billion in Q4 2025 compared to a surplus of around SAR 11.3 billion in Q4 2024. The deficit in the secondary income balance increased by 19.9% to around SAR 65.6 billion compared to around SAR 54.7 billion in Q4 2024.

### Capital Account

The capital account registered outflows of around SAR 1.1 billion in Q4 2025 against SAR 3.8 billion in Q4 2024.

### Financial Account

Net direct investments recorded inflows of around SAR 29.4 billion in Q4 2025. Net portfolio investments also recorded inflows of around SAR 12.4 billion compared to net inflows of SAR 7.2 billion in Q4 2024. Moreover, other net investments recorded inflows of SAR 53.4 billion compared to net inflows of SAR 11.2 billion in Q4 2024. Reserve assets grew by SAR 36.4 billion in Q4 2025 against a decline of SAR 74.1 billion in Q4 2024.

## 2-4 Monetary and Banking Sector

### Money Supply

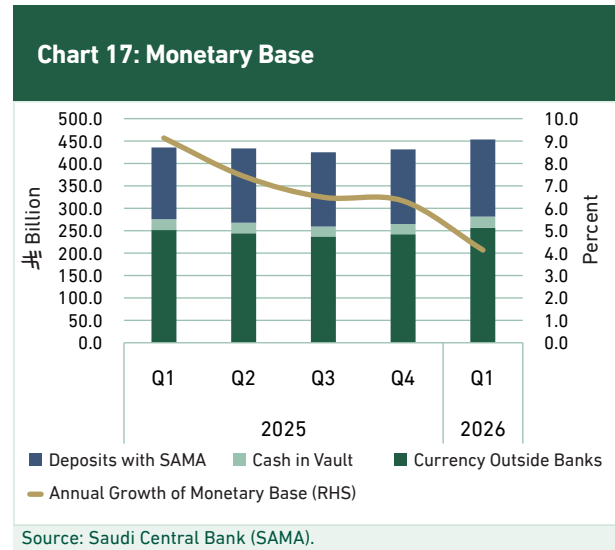
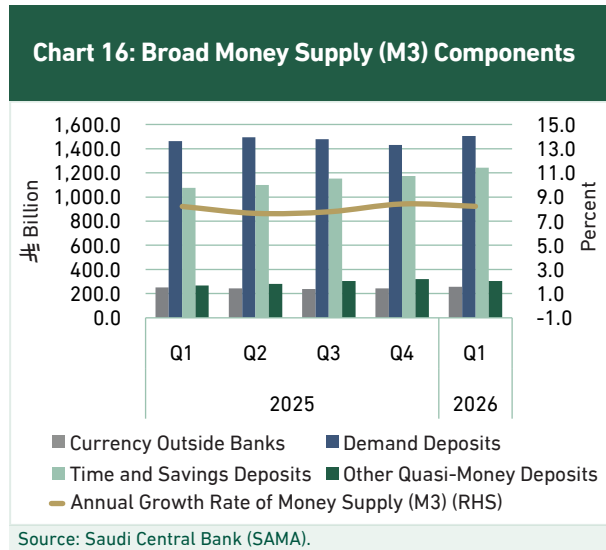
Broad money supply (M3) increased by 8.2% YoY and by 4.4% QoQ in Q1 2026, reaching SAR 3,307.4 billion.

A breakdown of M3 components in Q1 2026 shows that narrow money supply (M1) increased by 2.8% YoY and by 5.2% QoQ to SAR 1,760.8 billion, constituting around 53.2 % of M3. Money supply (M2) rose by 7.7% YoY and by 5.5% QoQ, reaching SAR 3,004.4 billion and constituting 90.8% of M3 (Chart 16).

<sup>1</sup> According to the Balance of Payments Manual issued by IMF, the value of imports in the goods account is calculated excluding shipping and insurance costs. The value of shipping and insurance is classified under the services account.

## Monetary Base

The monetary base increased by 4.1% YoY and by 5.2% QoQ in Q1 2026, reaching SAR 454.0 billion. A breakdown of monetary base components in Q1 2026 shows that cash in vault increased by 4.3% YoY and by 9.2% QoQ, reaching SAR 25.1 billion. Deposits with SAMA increased by 7.5% YoY and by 3.5% QoQ, reaching SAR 172.4 billion. Moreover, currency outside banks increased by 2.0% YoY and by 6.0% QoQ, reaching SAR 256.5 billion (Chart 17).



## Bank Deposits

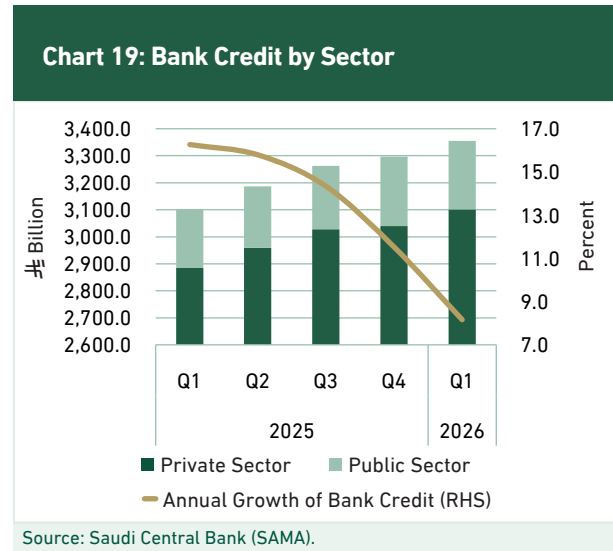
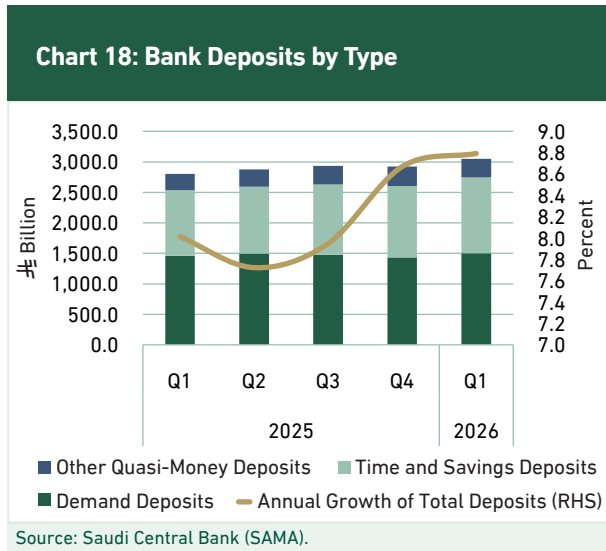
Total bank deposits increased by 8.8% YoY and by 4.3% QoQ to reach SAR 3,050.9 billion at the end of Q1 2026.

A breakdown of bank deposits in Q1 2026 shows that time and saving deposits increased by about 15.6% YoY and by 5.9% QoQ, reaching SAR 1,243.6 billion. At the same time, other quasi-monetary deposits increased by around 13.5% YoY and decreased by 5.2% QoQ, reaching SAR 303.0 billion. Moreover, demand deposits increased by 2.9% YoY and by 5.0% QoQ, reaching SAR 1,504.4 billion (Chart 18).

## Bank Credit

Bank credit extended to the private and public sectors in Q1 2026 increased by 8.2% YoY and by 1.8% QoQ, reaching SAR 3,355.2 billion.

Bank credit extended to the private sector increased by about 7.5% YoY and by 2.0% QoQ to SAR 3,100.7 billion. Bank credit extended to the public sector also increased by nearly 17.1% YoY and decreased by 0.8% QoQ to SAR 254.5 billion (Chart 19).



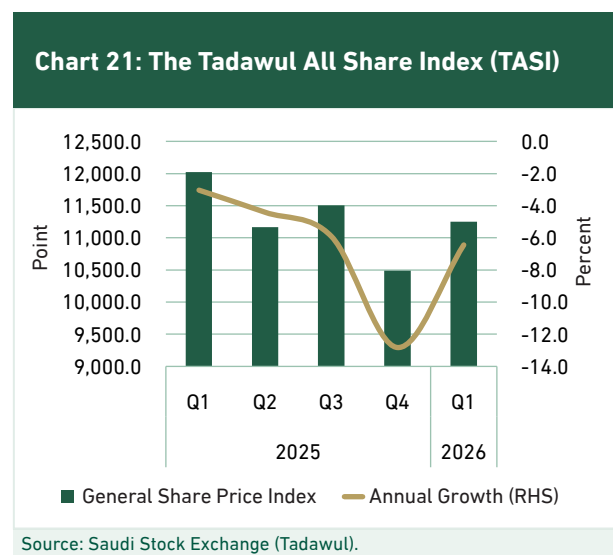
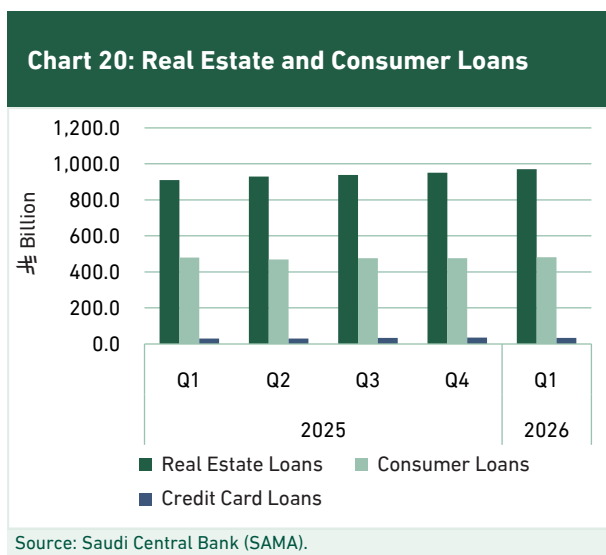
## Real Estate and Consumer Loans

Real estate loans increased by 6.7% YoY and by 2.1% QoQ to SAR 970.9 billion at the end of Q1 2026, constituting 28.9% of total bank credit. Moreover, consumer loans increased by 0.3% YoY and by 0.9% QoQ in Q1 2026 to SAR 481.1 billion, representing 14.3% of total bank credit. Meanwhile, credit card loans increased by 11.1% YoY but decreased by 1.2% QoQ to SAR 34.1 billion in Q1 2026 (Chart 20).

## 2-5 Financial Sector

### Capital Market

At the end of Q1 2026, Tadawul All Share Index (TASI) declined by 6.4% YoY and increased by 7.2 QoQ to 11,249.5 points. The number of traded shares also recorded a decrease of 17.4% YoY and recorded an increase of 4.6% QoQ to 14.3 billion. Additionally, the total value of traded shares fell by 19.7% YoY to SAR 291.1 billion, while recording a QoQ increase of 2.1% (Chart 21).



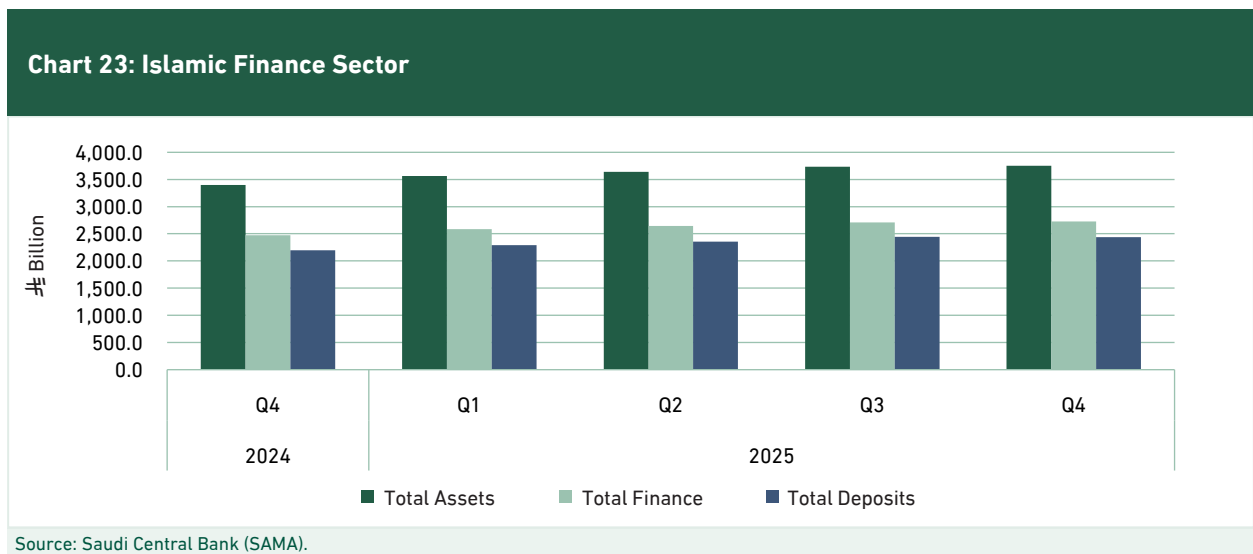
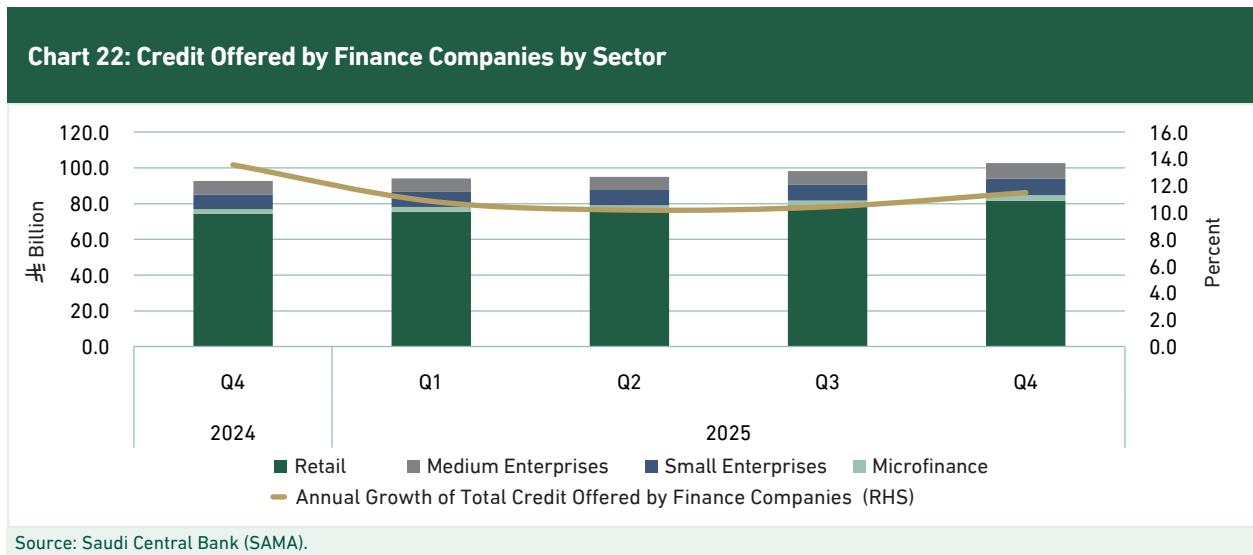
In contrast, the value traded in Sukuk/Bonds Market Index recorded a decrease of 34.4% YoY, but increased by 47.7% QoQ, with a total traded volume of SAR 6.2 billion to close at 914.0 points at the end of Q1 2026.

### Finance Companies

The total credit offered by finance companies increased by 11.5% YoY and by 4.5% QoQ to SAR 107.3 billion in Q4 2025, with retail finance (representing 76.0% of total credit offered by finance companies) recording an increase of 9.7% YoY and 3.2% QoQ (Chart 22).

### Islamic Finance

Shariah-compliant banking finance provided by Islamic banks and windows recorded a growth of 10.3% YoY to SAR 2,726.3 billion in Q4 2025. Total assets also grew by 10.3% YoY and total deposits by 11.0% YoY in Q4 2025 (Chart 23).



## Banking Technology

### SARIE System

The total value of the Saudi Arabian Riyal Interbank Express (SARIE) system transactions grew by 16.1% YoY to SAR 17,777.1 billion in Q1 2026. Total customer payments reached about SAR 4,496.6 billion, recording a YoY increase of 8.2%. The total value of single payment transactions totaled SAR 2,634.9 billion, and the total value of bulk payment transactions amounted to around SAR 1,861.6 billion. The total value of interbank payments reached SAR 12,735.8 billion, increasing by 20.5% YoY. The value of other transactions which include direct debits, and SAMA claims on banks amounted SAR 544.8 billion, decreasing by 7.9% YoY.

### Mada

The total number of ATM transactions in Q1 2026 reached approximately 359.0 million, with a total value of cash withdrawals of SAR 136.8 billion. Total POS terminal transactions reached about 2,982.6 million, with sales totaling SAR 189.7 billion. Moreover, the number of ATMs totaled around 14.5 thousand, while the number of ATM cards issued by domestic banks reached about 66.9 million, and the number of POS terminals reached around 2.4 million.

### Clearing

In Q1 2026, the number of bank checks (outgoing and incoming) cleared at the clearing houses totaled around 132.6 thousand, with a total value of SAR 52.5 billion. The number of individual and corporate checks totaled 96.7 thousand, with a total value of SAR 13.6 billion. The number of interbank checks totaled 35.9 thousand, with a total value of SAR 38.8 billion.

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

In Q1 2026, SAMA granted licenses to six companies operating in various fields, including payment services, aggregator services and various financing activities. In addition, SAMA announced the commencement of licensing fintech companies to provide open banking services, following the completion of all requirements and procedures in SAMA's Regulatory Sandbox. This decision reflects SAMA's endeavor to support the financial sector and encourage innovation in safe and reliable financial services.

SAMA also issued the updated "Oversight Framework of the Payment Systems and Their Operators", which replaces the "Oversight Framework for Payments and Financial Settlement Systems". This is part of SAMA's supervisory and regulatory role over the payments sector, and its ongoing efforts to support the sector's stability and growth.

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