



Inflation Report

First Quarter 2026



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Executive Summary

Global Inflation

- Projections of the International Monetary Fund (IMF) indicate that global inflation will increase to 4.4% in 2026 from 4.1% in 2025.
- Brent crude oil price averaged \$80.6 per barrel in Q1 2026, registering an increase of 6.5% YoY.
- The FAO Food Price Index (FFPI) declined by 0.1% YoY in Q1 2026.

Inflation Rates of Trading Partners

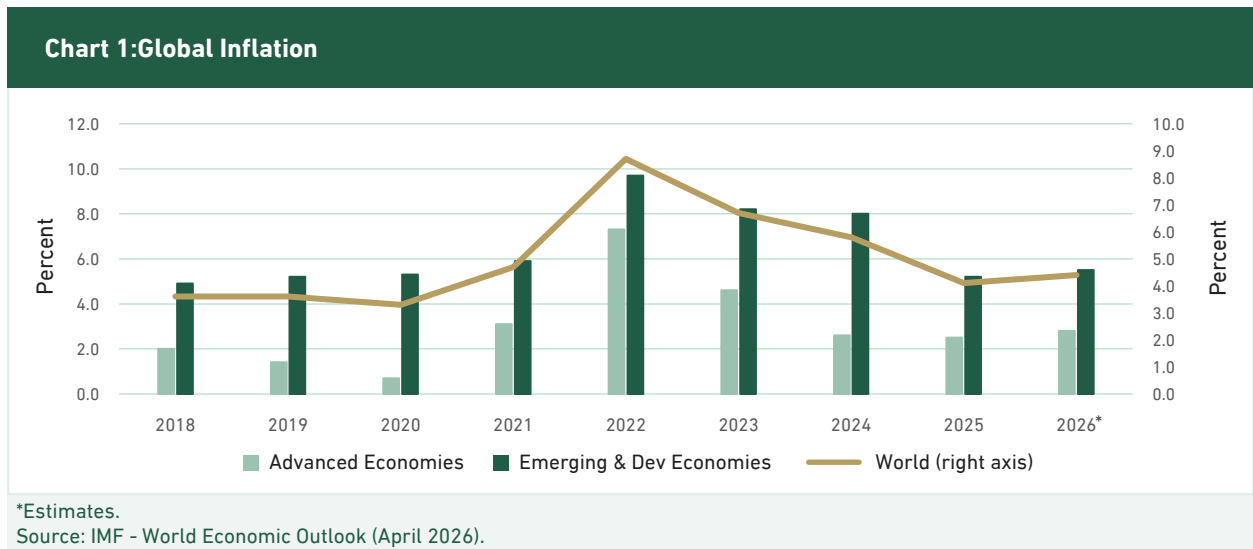
The inflation rate in China, Saudi Arabia's largest exporter, registered a YoY increase of 0.8%, due to a rise in food prices, and a QoQ increase of 0.2% in Q1 2026. The inflation rate in the United States recorded a YoY increase of 2.7% and a QoQ increase of 1.0% in Q1 2026. Increased housing and food prices contributed to the uptick. In India, the inflation rate registered a YoY rise of 3.1% and a QoQ rise of 0.6%.

Domestic Inflation

- The inflation rate registered a YoY increase of 1.8% and a QoQ increase of 0.4% in Q1 2026.
- Personal care, social protection, and miscellaneous goods and services registered the highest YoY inflation rate, rising by 8.1% in Q1 2026. Housing, water, electricity, gas and other fuels came second with 4.1%. Insurance and financial services came third with 2.1%. Recreation, sport, and culture came fourth with 2.0%, followed by restaurants and accommodation services with 1.7%. Education services came next with 1.4%, followed by transport with 1.3%, information and communications with 0.8%, tobacco with 0.5%, and food and beverages with 0.2%. Health and clothing and footwear came last, registering 0.1% each.
- The Wholesale Price Index (WPI) recorded a YoY increase of 3.2% in Q1 2026.
- The Real Estate Price Index (REPI) in Saudi Arabia recorded a decline in Q1 2026 at an annual change of 1.6%.
- In December 2025, the Saudi Central Bank (SAMA) reduced the repo and reverse repo rates by 25 basis points.

1-Global Inflation Trends

According to the International Monetary Fund’s April 2026 World Economic Outlook report, the global economy is projected to grow by around 3.1% in 2026, in light of the repercussions of the conflict in the Middle East, rising geopolitical uncertainty, and increasing inflationary pressures. Global inflation is projected to rise to about 4.4% in 2026 compared to about 4.1% in 2025, reflecting the persistent impact of a set of economic factors, energy and food price expectations of rising, and differences in demand pressures across economies. In addition, advanced economies are still facing inflationary pressures, particularly the persistence of services inflation (Chart 1).



2-Inflation Rates of Trading Partners

The inflation rate in China, Saudi Arabia's largest exporter, registered a YoY increase of 0.8%, due to a rise in food prices, and a QoQ increase of 0.2% in Q1 2026. The inflation rate in the United States recorded a YoY increase of 2.7% and a QoQ increase of 1.0% in Q1 2026. Increased housing and food prices contributed to the uptick. In India, the inflation rate rose YoY by 3.1% and QoQ by 0.6%, driven by higher prices of essential food commodities. In Japan, the increase in food prices contributed to driving inflation higher in Q1 2026, with the inflation rate recording a YoY increase of 1.4% and a QoQ decrease of 0.4%. In addition, the inflation rate in Germany recorded a YoY increase of 2.2% and a QoQ increase of 0.5%, reflecting higher prices of food and services. Inflation in Italy also recorded a YoY rise of 1.4% and a QoQ increase of 1.1%, driven by higher energy prices, food prices, and services (Table 1).

Table 1: The Consumer Price (CPI) for the Most Countries Exporting to the Kingdom of Saudi Arabia

Countries	Change (%)						
	2025				2026	Q1 2026 / Q4 2025	Q1 2026 / Q1 2025
	Q1	Q2	Q3	Q4	Q1		
China	99.9	100.0	99.8	100.6	100.8	0.2	0.8
USA	318.9	321.6	323.9	324.1*	327.4	1.0	2.7
India	101.5	102.0	103.6	104.0	104.6	0.6	3.1
Japan	111.0	111.7	112.0	113.0	112.6	-0.4	1.4
Germany	120.8	121.8	122.4	122.8	123.5	0.5	2.2
Italy	99.6	100.0	100.5	100.0	101.0	1.1	1.4

* Data for November and December 2025.

Source: Exporting countries national statistics offices.

3-Inflation in Saudi Arabia

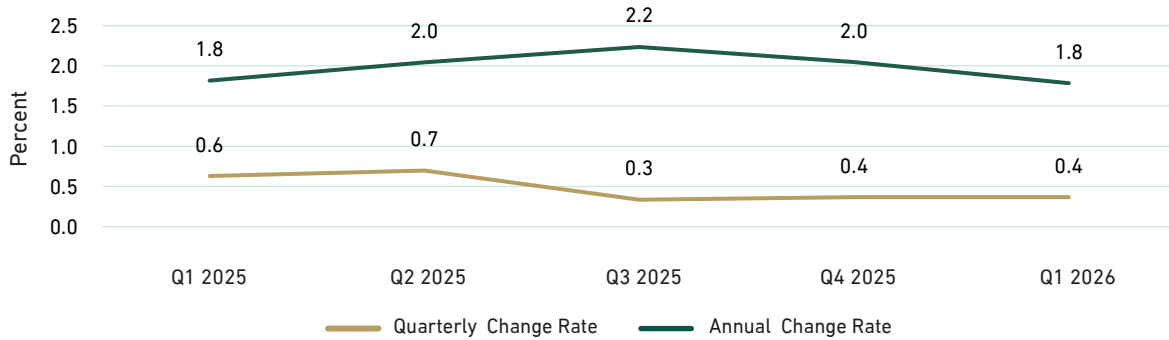
3-1 Domestic Inflation Developments

The inflation rate registered a YoY increase of 1.8% and a QoQ increase of 0.4% in Q1 2026. This was primarily due to a 4.1% increase in housing, water, electricity, gas and other fuels, which is the second largest weighted category in the consumer price basket, driven by a rise in housing rents. Personal care, social protection, miscellaneous goods and services also recorded an increase, affected by a rise in the prices of jewelry and watches. In addition, transport recorded an increase due to higher prices of passenger transportation services (Table 2 and Chart 2).

3-1-1 Developments in Q1 2026

In Q1 2026, personal care, social protection, and miscellaneous goods and services registered the highest YoY inflation rate, rising by 8.1%. Housing, water, electricity, gas and other fuels came second with 4.1%. Insurance and financial services came third with 2.1%. Recreation, sport, and culture came fourth with 2.0%, followed by restaurants and accommodation services with 1.7%. Education services came next with 1.4%, followed by transport with 1.3%, information and communications with 0.8%, tobacco with 0.5%, and food and beverages with 0.2%. Health and clothing and footwear came last, registering 0.1% each. In contrast, furnishings, household equipment and routine household maintenance registered a YoY decrease of 0.6% (Table 2).

Chart 2: Change Rate of the General Consumer Price Index (2023=100)



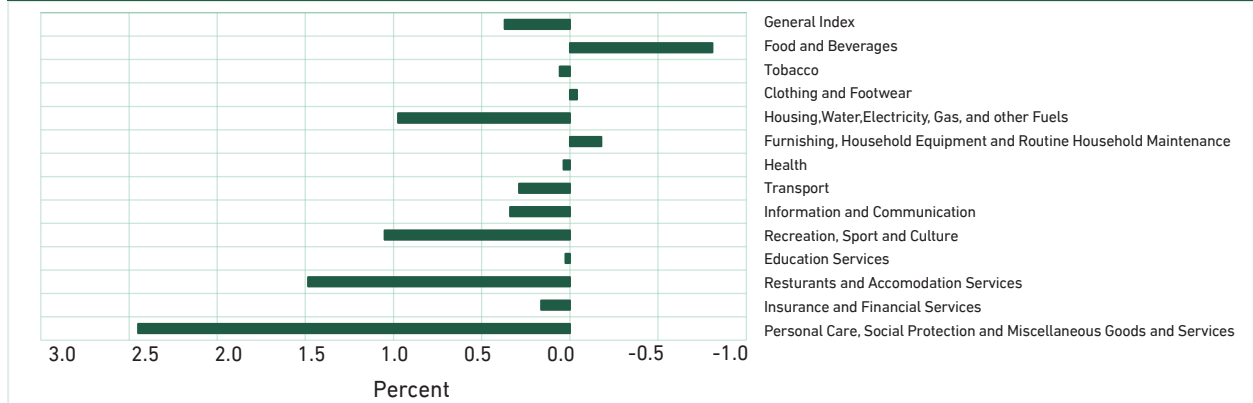
Source: General Authority for Statistics.

Table 2: Consumer Price Index (2023=100)

	Weights	Change (%)					
		2025		2026	Q1 2026 / Q4 2025	Q1 2026 / Q1 2025	2025/2024
		Q1	Q4	Q1			
General Index	100.0	102.8	104.2	104.6	0.4	1.8	2.0
Food & Beverages	21.9	101.3	102.3	101.5	-0.8	0.2	1.1
Tobacco	0.7	99.3	99.7	99.8	0.1	0.5	0.6
Clothing & Footwear	3.7	96.6	96.7	96.7	0.0	0.1	0.0
Housing, Water, Electricity, Gas & Other Fuels	20.2	111.3	114.7	115.8	1.0	4.1	6.1
Furnishings, Household Equipment & Routine Household Maintenance	6.7	98.2	97.8	97.6	-0.2	-0.6	-0.8
Health	4.0	99.7	99.8	99.9	0.0	0.1	-0.2
Transport	14.5	100.0	101.0	101.3	0.3	1.3	0.4
Information and Communication	5.2	97.4	97.8	98.1	0.3	0.8	-0.7
Recreation, Sport & Culture	3.2	102.5	103.5	104.6	1.1	2.0	2.5
Education Services	2.2	100.9	102.4	102.4	0.0	1.4	0.3
Restaurants & Accommodation Services	8.4	105.6	105.9	107.4	1.5	1.7	1.8
Insurance & Financial Services	3.2	103.4	105.4	105.6	0.2	2.1	6.3
Personal Care, Social Protection & Miscellaneous Goods & Services	6.1	104.8	110.5	113.2	2.4	8.1	5.1

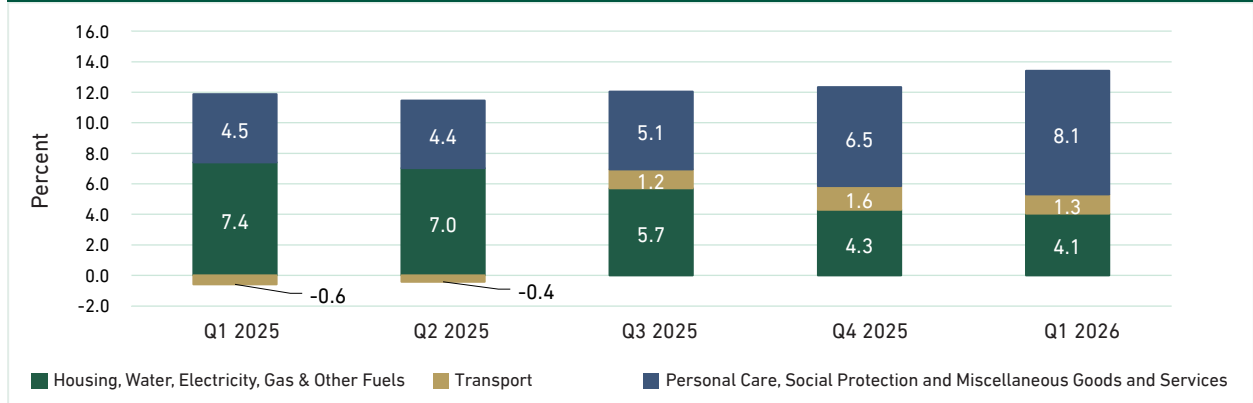
Source: General Authority for Statistics.

Chart 3: Change Rate of the Consumer Price Index by Main Sections (Q1 2026 / Q4 2025)



Source: General Authority for Statistics.

Chart 4: Annual Change Rate of the Consumer Price Index for the Most Major Sections Affecting it

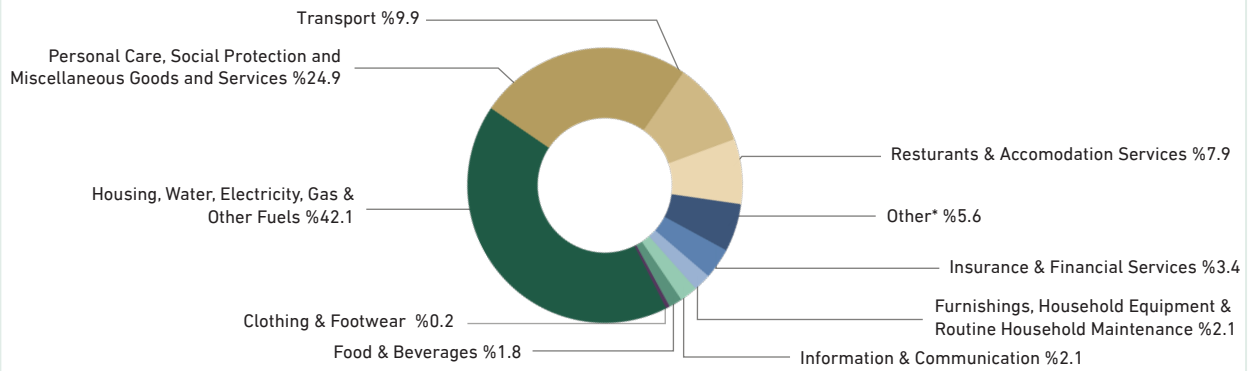


Source: General Authority for Statistics.

3-1-2 Impact of Main Expenditure Categories on CPI

Inflation rates are affected by the changes in the CPI's various categories. Ranked by their proportional impact on the CPI in Q1 2026, housing, water, electricity, gas and other fuels ranked first at about 42.1%, compared to 55.1% in Q1 2025. Personal care, social protection and miscellaneous goods and services came second with 24.9% compared to 9.8%. Transport ranked third with 9.9% compared to 3.3%. Restaurants and accommodation services came next with 7.9% compared to 7.8% (Chart 5).

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

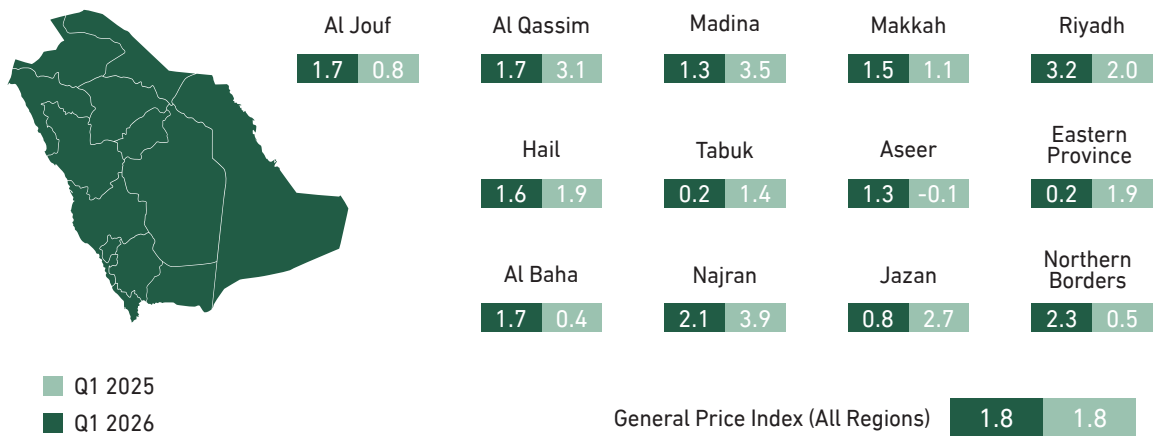


*Other sections include: Health, Recreation, Sport and Culture, Education Services, and Tobacco.
Source: General Authority for Statistics.

3-1-3 Inflation by Administrative Regions

Inflation rates in Saudi Arabia varied across the administrative regions in Q1 2026. Riyadh and the Northern Borders regions registered the highest inflation rates in Q1 2026 at 3.2% and 2.3%, respectively. Najran region came next with an inflation rate of 2.1% (Chart 6).

Chart 6: Annual change in the Consumer Price Index (CPI) by Administrative Regions



Source: General Authority for Statistics.

3-2 Wholesale Price Index (WPI)

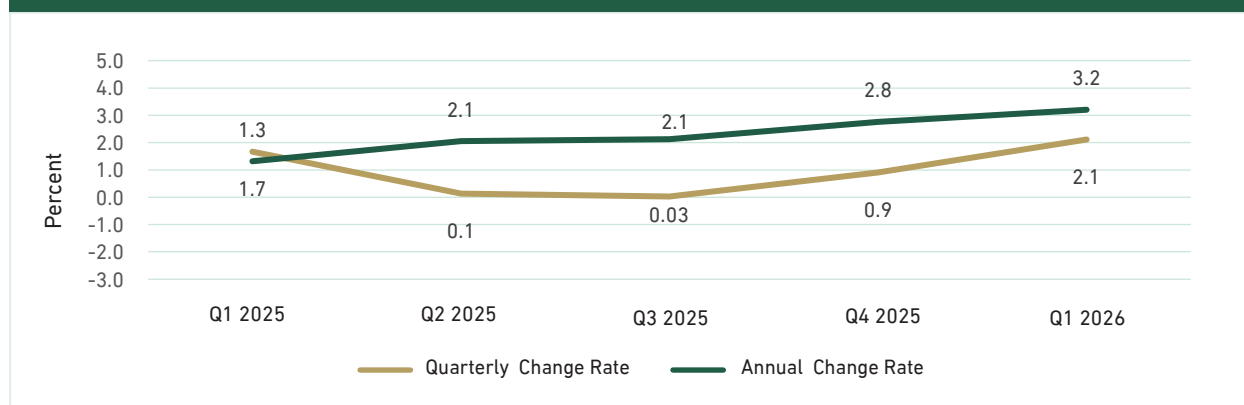
The WPI in Q1 2026 recorded a YoY increase of 3.2% and a QoQ increase of 2.1% (Chart 7). A breakdown of the WPI by product category shows that transportable goods (except metal products, machinery and equipment) recorded the highest YoY increase of 5.9% in Q1 2026. Agriculture and fishery products came next with 2.8%, followed by metal products, machinery and equipment with 1.3%. Food products, beverages, tobacco and textiles came last with 0.2% compared to Q1 2025. On the other hand, ores and minerals registered a YoY decrease of 0.5% (Table 3 and Chart 7).

Table 3: WHOLESALE PRICE INDEX (WPI) (2014=100)

	Weights	2025						2026		Change (%)	
		2025				2026		Q1 2026 / Q4 2025	Q1 2026 / Q1 2025		
		Q1	Q2	Q3	Q4	Q1					
General Index	100.0	157.1	157.3	157.4	158.8	162.1	2.1	3.2			
Agriculture & Fishery Products	8.7	144.1	145.9	145.6	146.5	148.1	1.1	2.8			
Ores & Minerals	0.6	111.5	111.4	111.3	111.1	111.0	-0.1	-0.5			
Food Products, Beverages, Tobacco & Textiles	17.3	136.9	136.9	136.8	136.9	137.2	0.2	0.2			
Other Goods	33.7	197.3	197.0	197.1	200.0	209.1	4.5	5.9			
Metal Products, Machinery & Equipment	39.7	135.3	135.7	135.8	136.7	137.0	0.2	1.3			

Source: General Authority for Statistics.

Chart 7: Change Rate of the Wholesale Price Index (2014=100)

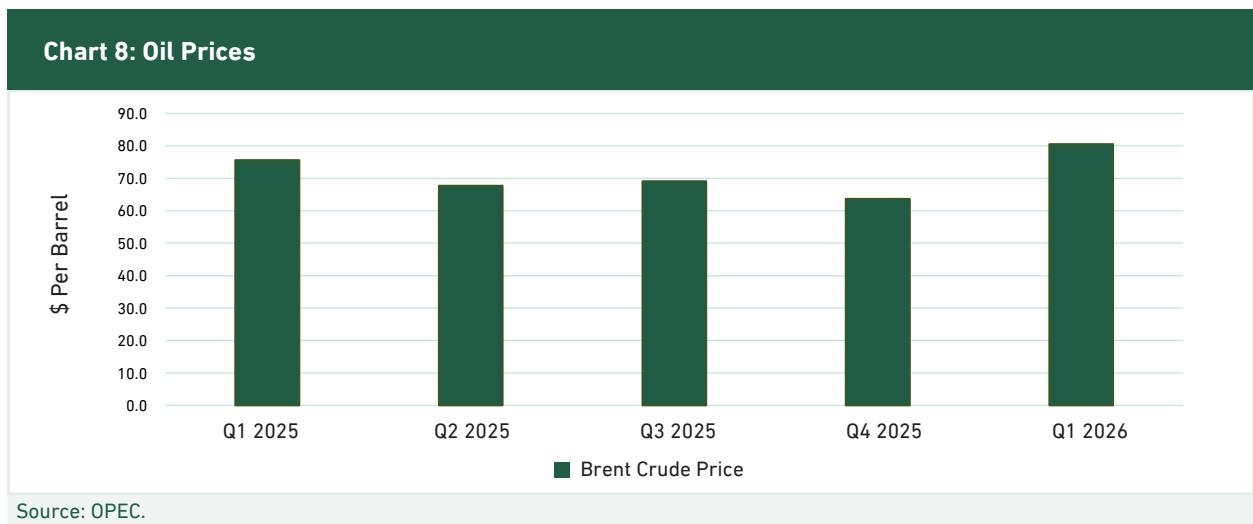


Source: General Authority for Statistics.

4-Factors Affecting the Inflation Rate

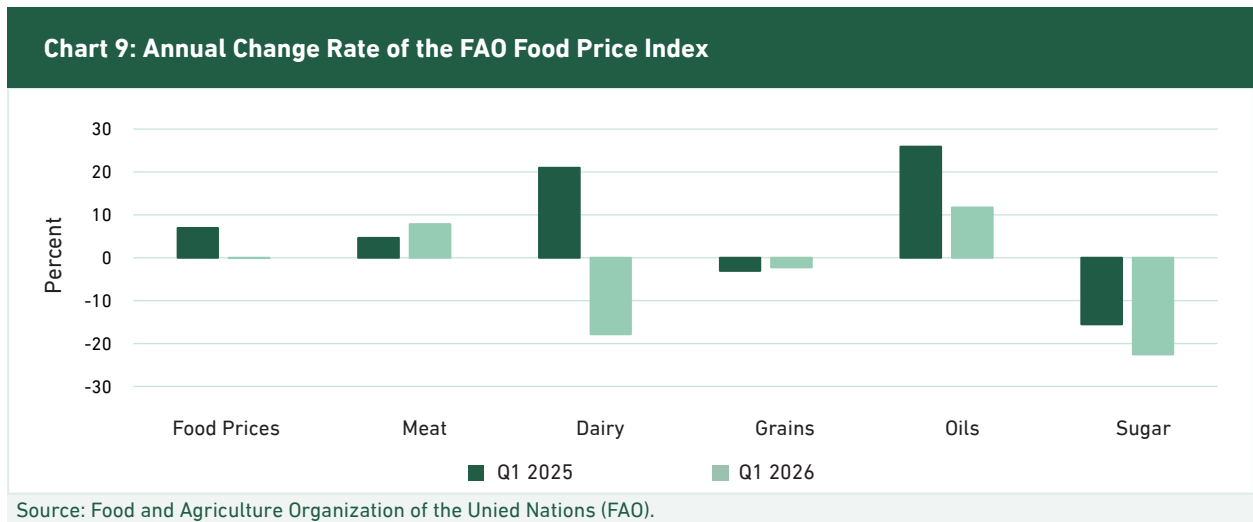
4-1 Energy Prices

Brent crude oil price averaged \$80.6 per barrel in Q1 2026, registering an increase of 6.5% YoY. In its monthly report issued in April 2026, the Organization of the Petroleum Exporting Countries (OPEC) maintained its forecast for global oil demand growth in 2026 and 2027 unchanged at around 1.4, and 1.3 million barrels per day (bpd), respectively, which reflects stable projections for oil demand under current market conditions. In contrast, the report indicated that OPEC+ production of crude oil during March 2026 sharply declined to about 35.1 million bpd, driven by lower supply in some member countries resulting from energy market disruptions amid continued challenges related to supply chains and geopolitical tensions (Chart 8).



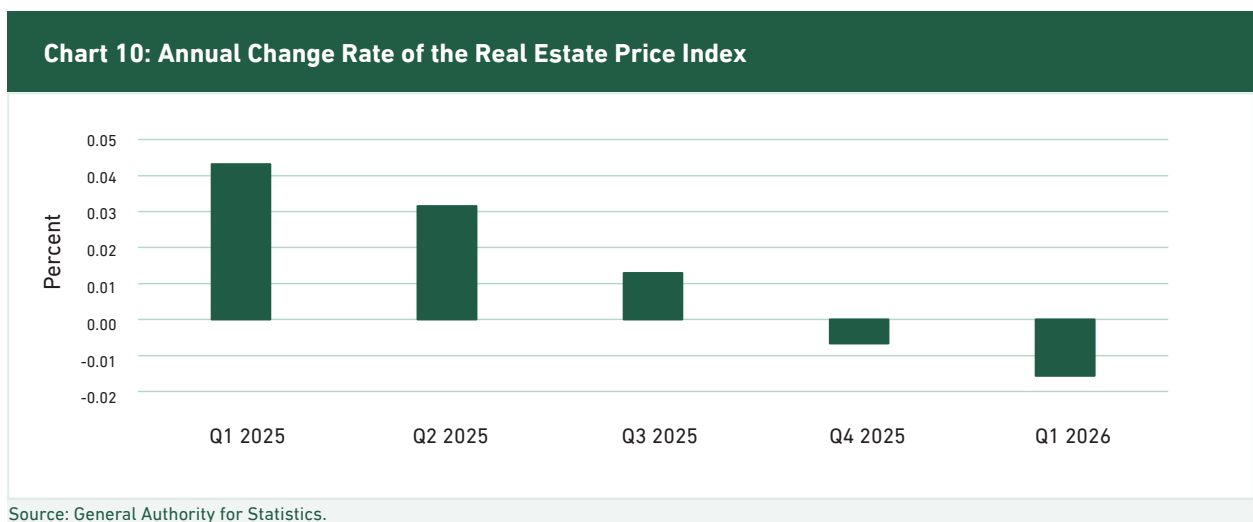
4-2 Food Prices (FAO)

The FAO Food Price Index (FFPI) in Q1 2026 declined by 0.1% YoY. This was driven by YoY decreases in sugar, dairy and grain prices by 22.6%, 17.8% and 2.3%, respectively. On the other hand, vegetable oil and meat prices rose YoY by 11.7% and 7.8%, respectively. It is worth noting that changes in global food prices are driven by several factors, such as agricultural commodity prices, and geopolitics (Chart 9).



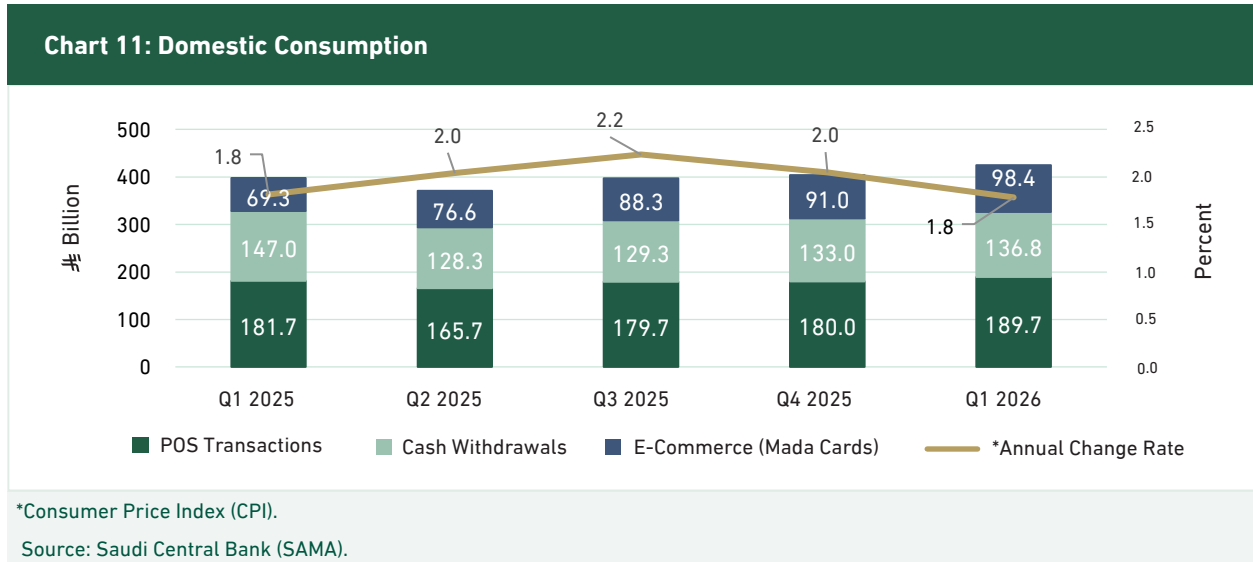
4-3 Real Estate Price Index (REPI)

The REPI in Saudi Arabia recorded a decline in Q1 2026, with an annual change rate of 1.6%. This is mainly due to the performance of the residential sector, which recorded a decline of 3.6% in the annual change in Q1 2026. In contrast, the commercial sector’s annual change rose by 3.4% in the same quarter. Looking at the impact of administrative regions on the annual change in the REPI, the Eastern region recorded the highest increase of 6.9% in real estate prices, followed by Najran region with 3.5%. In contrast, Riyadh and Makkah regions recorded a decline of 4.4% and 0.7%, respectively (Chart 10).



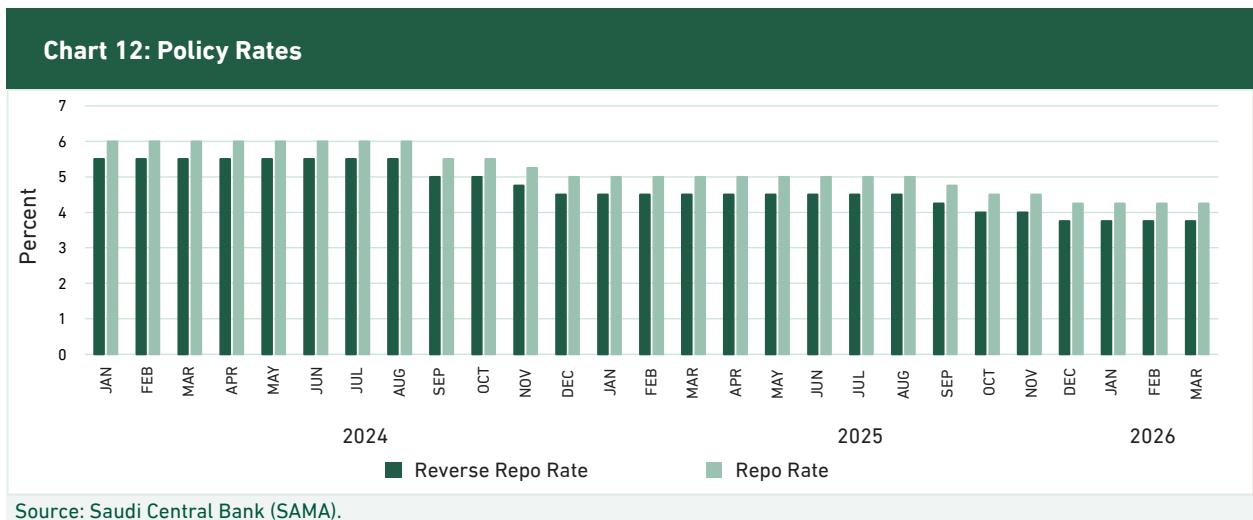
4-4 Domestic Consumption

The data on consumption via official electronic channels indicate that e-commerce transactions via mada cards and POS operations, using devices, increased by 41.9% and 4.4%, respectively, in Q1 2026. In contrast, cash withdrawals from automated teller machines (ATMs) decreased by 6.9% YoY in Q1 2026, indicating a preference for electronic payment methods and reflecting SAMA's efforts to provide an appropriate environment for this shift in electronic payment methods (Chart 11).



4-5 Interest Rates

In December 2025, the Saudi Central Bank (SAMA) reduced the repo and reverse repo rates by 25 basis points to 4.25% and 3.75%, respectively (Chart 12).



5-Inflation Projections for Q2 2026

Inflation is expected to slightly rise in Q2 2026, driven by a balance among several factors. On the one hand, some inflationary pressures are expected to arise from higher global shipping costs driven by higher energy and insurance prices following the geopolitical tensions in the region. This could contribute to a limited increase in domestic inflation, due to a potentially continued slowdown in global growth. On the other hand, the impact of the rent stabilization policy in Riyadh is expected to continue to materialize and effectively contribute to a further slowdown in inflation, given the sizable share of real estate prices in the consumer basket.

Moreover, the World Bank's projections for the global commodity price index (April 2026) indicate variation across 2026. The projections indicate an increase in energy prices by 23.6%, fertilizer prices by 30.7%, metal prices by 19.2%, and food prices by 2.4%. In contrast, beverage prices are expected to decline by 30.1%, agriculture prices by 5.6%, and raw materials prices by 0.1% (Table 4).

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

(Percentage changes)					
	Actual			Projections*	
	2023	2024	2025	2026	2027
Energy	-29.9	-5.1	-11.3	23.6	-17.2
Agriculture	-7.1	3.7	0.7	-5.6	0.6
Food	-9.2	-7.6	-5.7	2.4	1.3
Raw materials	-3.9	5.9	4.0	-0.1	-2.7
Base metals	-11.0	4.7	7.1	19.2	-7.0
Fertilizers	-34.9	-23.4	17.9	30.7	-16.1
Beverages	1.4	63.7	17.5	-30.1	2.1

Source: World Bank (April 2026).

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