INFLATION REPORT

Third Quarter 2025

البنك المركزي السعودي

SAMA

Saudi Central Bank

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Executive Summary

Global Inflation

- According to its October 2025 projections, the International Monetary Fund (IMF) expects global inflation to continue moderating to 4.2% in 2025, down from 5.8% in 2024 This decline reflects softer inflationary pressures due to lower commodity and energy prices.
- Brent crude oil averaged $69.0 per barrel in Q3 2025, registering a decrease of 14.0% YoY.
- The Food and Agriculture Organization’s Food Price Index (FFPI) rose by 5.8% YoY in Q3 2025.

Inflation Rates of Trading Partners

The inflation rate in China, Saudi Arabia’s largest exporter, registered a YoY decrease of 0.2% in Q3 2025 due to weak domestic demand, a slowdown in the real estate market, and a decline in exports. In contrast, it recorded a QoQ rise of 0.2%. The inflation rate in the United States recorded a YoY increase of 2.9% and a QoQ increase of 0.7% in Q3 2025. Rising prices of housing and food contributed to the uptick. In India, the inflation rate registered a YoY rise of 1.7% and a QoQ rise of 1.8%.

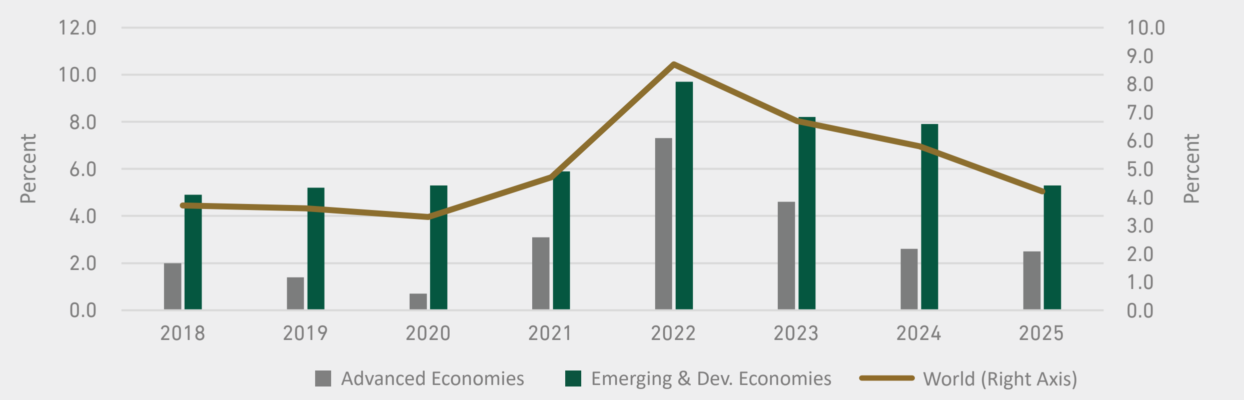
Domestic Inflation

- The inflation rate recorded a YoY rise of 2.2% in Q3 2025.
- Insurance and financial services registered the highest YoY inflation rate, rising by 8.1% in Q3 2025. Housing, water, electricity, gas and other fuels came second with 5.7%. Personal care, social protection, and miscellaneous goods and services came third with 5.1%. Recreation, sport, and culture came next with 3.0%, followed by restaurants and accommodation services with 2.1%, transport with 1.2%, and food and beverages with 1.1%.
- The Wholesale Price Index (WPI) recorded a YoY increase of 2.1% in Q3 2025.
- The Real Estate Price Index (REPI) in Saudi Arabia recorded a slowdown in growth in Q3 2025 at an annual change of 1.3% compared to 3.2% in Q2 2025.
- In mid-September 2025, the Saudi Central Bank reduced the repo and reverse repo rates by 25 basis points.
- Inflation is expected to remain stable in Q4 2025, despite the mild increases recorded since the beginning of the year. This is due to an expected balance between the recent slowdown in actual housing rents, and rising global food prices and domestic demand—reflecting improved employment rates among Saudis.

1- Global Inflation Trends

The global economy has recently been facing challenges amid heightened geopolitical tensions and global trade policy uncertainty that could weigh down growth prospects. Despite these challenges, global growth is projected to slow from 3.3% in 2024 to 3.2% in 2025, according to the IMF's October 2025 World Economic Outlook (WEO) report. This is due to the impact of temporary factors that supported economic activity during the first half of the year, such as the acceleration of trade in anticipation of changes in trade policy, and the limited impact of tariffs on the global economy. However, potential downside risks remain, including continued uncertainty and rising trade restrictions. The IMF lowered its forecast for global inflation to 4.2% in 2025 after reaching 5.8% in 2024, which reflects softer inflationary pressures due to lower commodity and energy prices. Moreover, inflation is expected to reach 2.5% in advanced economies and 5.3% in emerging and developing economies. In addition, a few economies, particularly the United States, are still facing inflationary pressures. According to the IMF, inflation in such economies is expected to remain above the target and subdued elsewhere. These developments signify the ongoing challenges faced by monetary policy in balancing price stability without impacting growth (Chart 1).

Chart 1: Global Inflation



Source: IMF - World Economic Outlook (October 2025).

2- Inflation Rates of Trading Partners

Looking at the general levels of the consumer price index (CPI) for Saudi Arabia's largest exporters, according to Q3 2025 data, the inflation rate in China, Saudi Arabia's largest exporter, registered a YoY decrease of 0.2% in Q3 2025 due to weak domestic demand, a slowdown in the real estate market, and a decline in exports. Conversely, it recorded a QoQ increase of 0.2%. The inflation rate in the United States recorded a YoY increase of 2.9% and a QoQ increase of 0.7% in Q3 2025. Rising prices of housing and food contributed to the uptick. In India, the inflation rate registered a YoY rise of 1.7% and a QoQ rise of 1.8%. In Japan, the increase in food prices contributed to driving inflation higher in Q3 2025, with the inflation rate recording a YoY increase of 2.9% and a QoQ increase of 0.3%. In the United Arab Emirates (Dubai), the CPI saw a YoY increase of 2.7% and a QoQ increase of 0.8%. In Germany, inflation also recorded a YoY increase of 2.2% and a QoQ increase of 0.5%. Inflation in Italy recorded a YoY rise of 1.6% and a QoQ rise of 0.5% (Table 1).

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

						Change (%)	
Countries	2024		2025			Q3 2025/ Q2 2025	Q3 2025/ Q3 2024
	Q3	Q4	Q1	Q2	Q3		
China	100.5	100.2	99.9	100.0	99.8	0.2	-0.2
USA	314.9	315.6	318.9	321.6	323.9	0.7	2.9
India	193.4	196.2	192.6	193.3	196.8	1.8	1.7
Japan	108.9	110.1	111.0	111.7	112.0	0.3	2.9
Dubai	112.0	112.9	113.8	114.2	115.0	0.8	2.7
Germany	119.7	120.2	120.8	121.8	122.4	0.5	2.2
Italy	121.3	121.2	122.2	122.6	123.2	0.5	1.6

Source: National statistics offices.

3- Inflation in Saudi Arabia

3-1 Domestic Inflation Developments

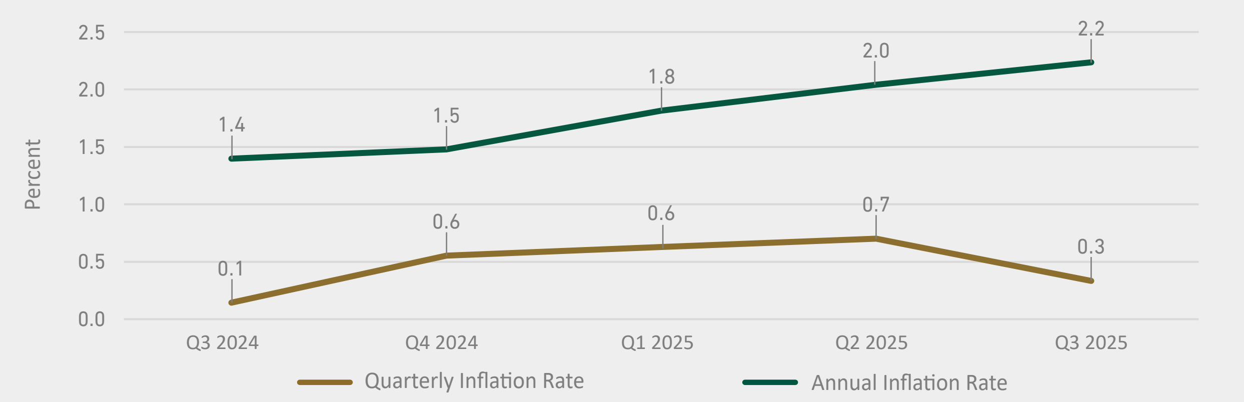
The General Authority for Statistics released the CPI results for August 2025, based on the updated CPI methodology. This methodology includes updating the base year from 2018 to 2023, adjusting the weights of the CPI categories, and re-assessment of the results of the 2023 Household Expenditure and Income Survey. These updates aim to ensure that the CPI more accurately reflects current consumption patterns and provides a better view of price changes in the domestic market. Key updates include a decrease in the weight of the housing, water, electricity, gas and other fuels category from 25.5% to 19.5%; an increase in the weight of the food and beverages category from 18.8% to 22.0%, making it the largest weighted category in the index; and an increase in the weight of the restaurants and accommodation services category from 5.6% to 8.7%, with some other categories being restructured to reflect changes in household consumption.

In Q3 2025, the inflation rate rose by 2.2% YoY and by 0.3% QoQ. This was primarily due to a 5.7% increase in housing, water, electricity, gas, and other fuels, which is the category with the second highest impact. This increase was driven by a rise in actual rentals for housing, as well as an increase in actual rentals paid by tenants for main residence prices due to increased domestic demand linked to accelerated population growth in major cities. The rise in food and beverage prices is also due to rising prices of some global commodities that impact local markets, such as vegetable oils and meats. This contributed to upward pressure on food prices. The increase in the prices of personal care, social protection, and other goods and services, was due to the rise in the prices of various assortments of jewelry and watches. The recreation, sports, and culture category recorded an increase in prices, driven primarily by higher costs of recreational and sports services, which contributed to higher inflation (Table 2 and Chart 2).

3-1-1 Developments in Q3 2025

In Q3 2025, insurance and financial services registered the highest YoY inflation rate, rising by 8.1%. Housing, water, electricity, gas and other fuels came second with 5.7%, followed by personal care, social protection, and miscellaneous goods and services with 5.1%. Recreation, sport and culture came fourth with 3.0%, followed by restaurants and accommodation services with 2.1%. Transportation came next with 1.2%; food and beverages with 1.1%; education services with 0.7%; tobacco with 0.6%; and clothing and footwear with 0.1%. In contrast, furnishings, household equipment and maintenance posted the highest YoY decrease of 0.5% in Q3 2025. Information and communication came next with 0.4%, followed by health with 0.1% (Table 2).

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



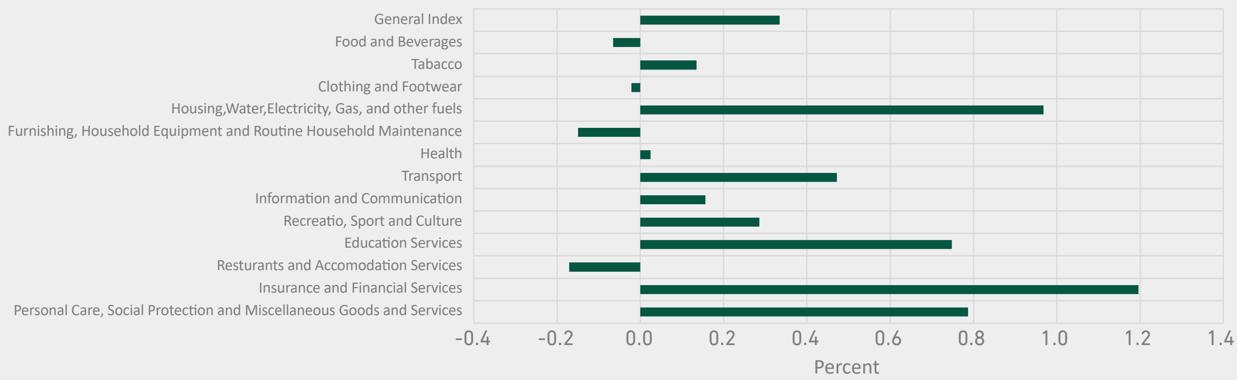
Source: General Authority for Statistics.

Table 2: Consumer Price Index (2023=100)

	Weights	2024		2025			Change (%)		
		Q3	Q4	Q1	Q2	Q3	Q3 2025/ Q2 2025	Q3 2025/ Q3 2024	2023/2024
General Index	100.0	101.6	102.1	102.8	103.5	103.8	0.3	2.2	1.5
Food & Beverages	22.0	100.7	100.9	101.3	101.9	101.8	-0.1	1.1	0.7
Tobacco	0.8	98.9	98.8	99.3	99.4	99.5	0.1	0.6	-1.1
Clothing & Footwear	3.7	96.8	96.4	96.6	96.8	96.8	0.0	0.1	-3.3
Housing, Water, Electricity, Gas & Other Fuels	19.5	107.4	109.9	111.3	112.4	113.5	1.0	5.7	6.5
Furnishings, Household Equipment & Maintenance	6.9	98.4	98.1	98.2	98.1	97.9	-0.1	-0.5	-1.2
Health	4.3	99.9	99.6	99.7	99.7	99.8	0.0	-0.1	0.0
Transport	14.8	99.8	99.4	100.0	100.6	101.1	0.5	1.2	0.2
Communication	5.1	98.1	97.8	97.4	97.5	97.7	0.2	-0.4	-1.7
Recreation & Culture	3.2	100.9	101.4	102.5	103.6	103.9	0.3	3.0	0.8
Education	2.2	101.2	100.9	100.9	101.1	101.9	0.7	0.7	1.3
Restaurants & Hotels	8.7	104.1	105.3	105.6	106.5	106.3	-0.2	2.1	4.2
Miscellaneous Goods & Services	3.0	97.8	99.6	103.4	104.4	105.7	1.2	8.1	-1.5
Personal Care, Social Protection & Miscellaneous Goods & Services	5.8	102.7	103.8	104.8	107.0	107.9	0.8	5.1	2.3

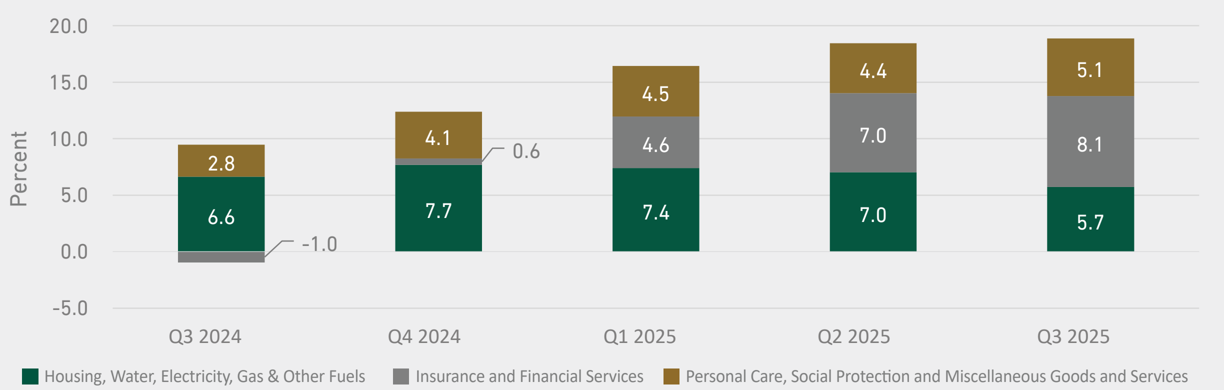
Source: General Authority for Statistics.

Chart 3: Inflation Rate of the Consumer Price Index by Main Segments
(Q3 2025/Q2 2025)



Source: General Authority for Statistics.

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

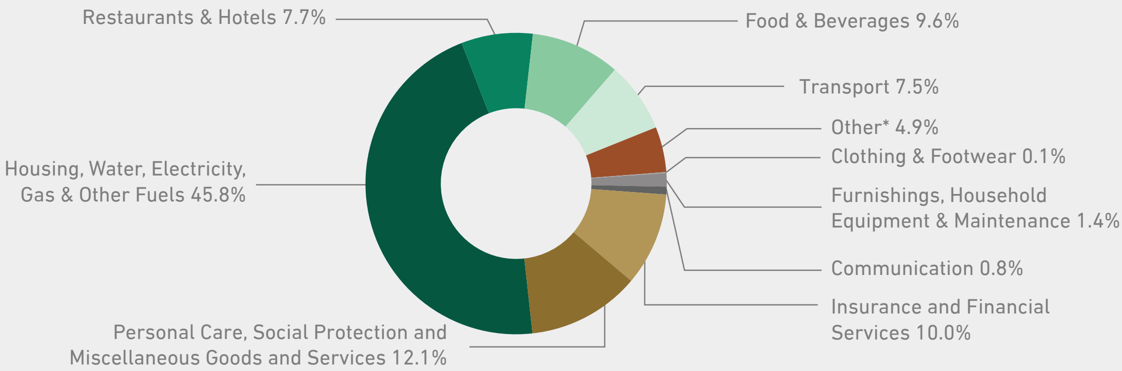


Source: General Authority for Statistics.

3-1-2 Effect of Main Expenditure Categories on the CPI

Inflation rates are affected by the changes in the CPI's various categories. Ranked by their proportional effect on the CPI in Q3 2025, housing, water, electricity, gas and other fuels ranked first with 45.8%, driven primarily by higher rents and electricity and water prices. Personal care, social protection, and miscellaneous goods and services came second with 12.1% compared to 6.7% in Q3 2024, indicating increased consumer spending. Insurance and financial services ranked third with 10.0% compared to 1.2%. It was followed by food and beverages with 9.6% compared to 5.9%. Restaurants and accommodation services came next with 7.7% compared to 13.6%, while transportation followed with 7.5% compared to 4.2%. Recreation, sport and culture came next with 3.9% compared to 1.5%. Furnishings, household equipment and maintenance followed with 1.4% compared to 4.4%; information and communications with 0.8% compared to 3.5%; education services with 0.6% compared to 0.9%; and tobacco with 0.2% in Q3 2025 compared to 0.4% in the same quarter of the previous year. Health and clothing and footwear came last, each with 0.1% (Charts 5).

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

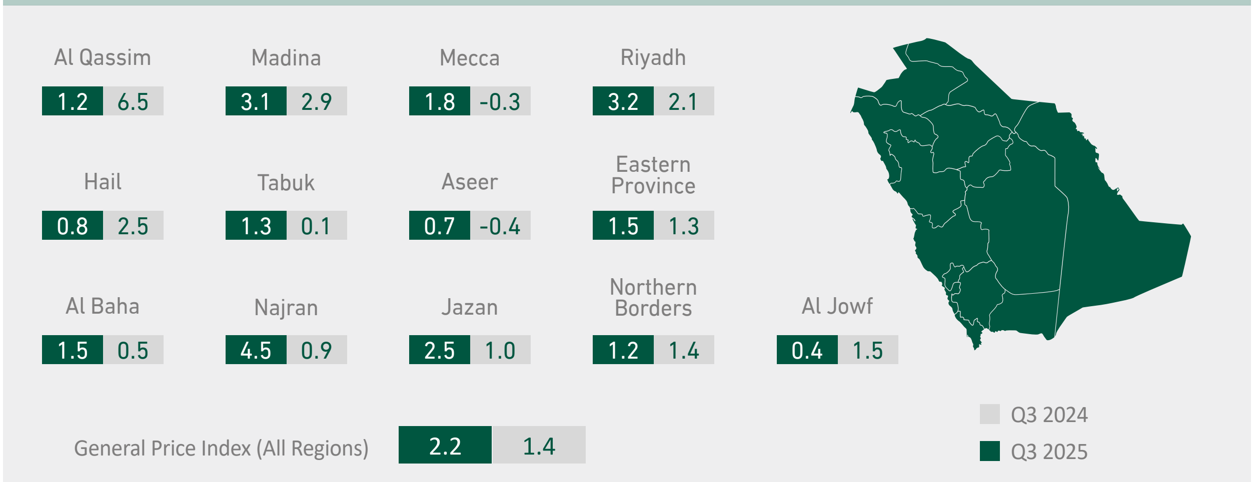


*Other sections include: Health, Recreation, Sport and Culture, Education Services, and Tobacco.
Source: General Authority For Statistics.

3-1-3 Inflation by Region

Inflation rates in Saudi Arabia varied across regions in Q3 2025 due to multiple factors, including the impact of actual housing rents. The Najran and Riyadh regions recorded the highest inflation rates in Q3 2025 at around 4.5% and 3.2%, respectively. The rise in inflation in The Najran was attributed to a number of factors, most notably increased transportation and shipping costs, rising food and beverages prices. In Riyadh, continued population growth led to the increased demand for housing rentals and consumer services. The Madinah and Jazan regions came next with inflation rates of 3.1% and 2.5%, respectively (Chart 6).

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

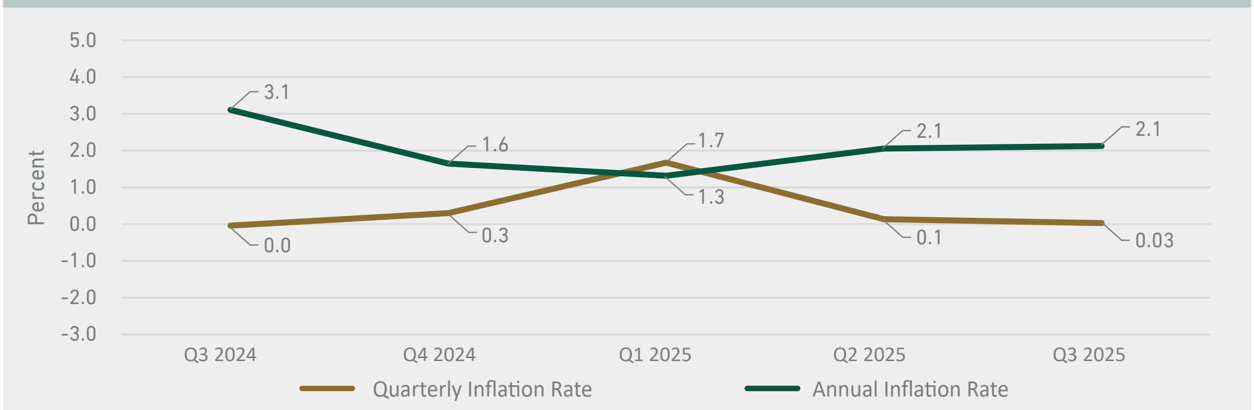


Source: General Authority for Statistics.

3-2 Wholesale Price Index (WPI)

The WPI in Q3 2025 recorded a YoY increase of 2.1% and a QoQ increase of 0.03% (Chart 7). A breakdown of the WPI by product category shows that agriculture and fishery products recorded the highest YoY increase of 4.5%, followed by other transportable goods (excluding metal products, machinery and equipment) with an increase of 4.1%. Food products, beverages, tobacco and textiles came next with a YoY increase of 0.5%, followed by metal products, machinery and equipment with 0.1%. In contrast, ores and minerals recorded a YoY decrease of 0.8% in Q3 2025 (Table 3 and Chart 7).

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



Source: General Authority for Statistics.

Table 3: Wholesale Price Index (WPI) (2014=100)

	Weights	2024		2025			Change (%)	
		Q3	Q4	Q1	Q2	Q3	Q3 2025/ Q2 2025	Q3 2025/ Q3 2024
General Index	100.0	154.1	154.5	157.1	157.3	157.4	0.03	2.1
Agricuture & Fishery Products	8.7	139.4	141.6	144.1	145.9	145.6	-0.2	4.5
Ores & Minerals	0.6	112.1	112.0	111.5	111.4	111.3	-0.1	-0.8
Food Products,Beverages, Tobacco & Textiles	17.3	136.2	136.3	136.9	136.9	136.8	-0.1	0.5
Other Goods	33.7	189.4	190.2	197.3	197.0	197.1	0.1	4.1
Metal Products, Machinery & Equipment	39.7	135.7	135.6	135.3	135.7	135.8	0.1	0.1

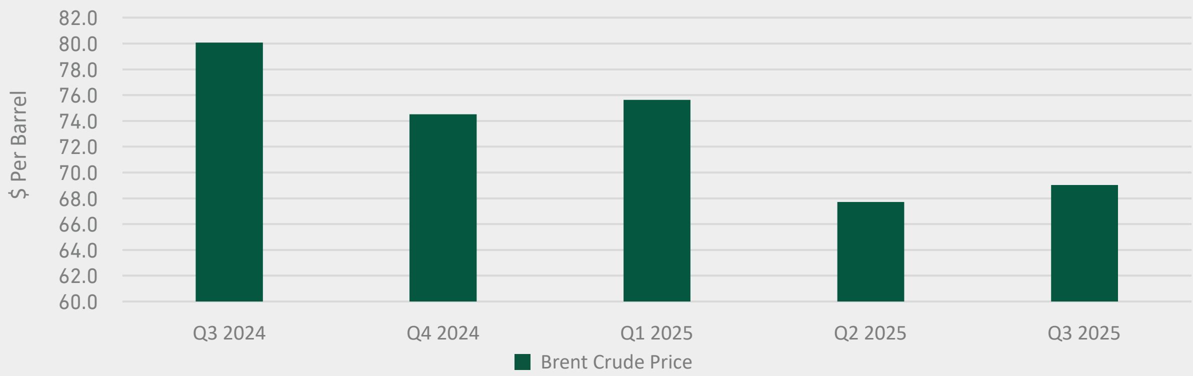
Source: General Authority for Statistics.

4-Factors Affecting the Inflation Rate

4-1 Energy Prices

Energy prices decreased in Q3 2025 due to slowing global demand and the rise in the global inventories, particularly the US commercial crude stock. Brent crude oil averaged $69.0 per barrel in Q3 2025, registering a YoY decrease of 14.0%. The Organization of the Petroleum Exporting Countries (OPEC) maintained its forecast for global oil demand growth in 2025 at 1.3 million barrels per day (bpd), supported by improved economic activities in Non-OECD countries. The OPEC report in October 2025 indicated an increase in global demand in 2026 of around 1.4 million bpd, maintaining previous projections. In contrast, production of the OPEC+ coalition rose to around 43.05 million bpd in September 2025, registering an increase of 630 thousand bpd compared to the previous month. This came as part of OPEC+ plan to phase out voluntary cuts (2.2 million bpd), which will continue until the end of September 2025, aimed at supporting market stability and restoring balance between supply and demand in the global oil market (Chart 8).

Chart 8: Oil Prices

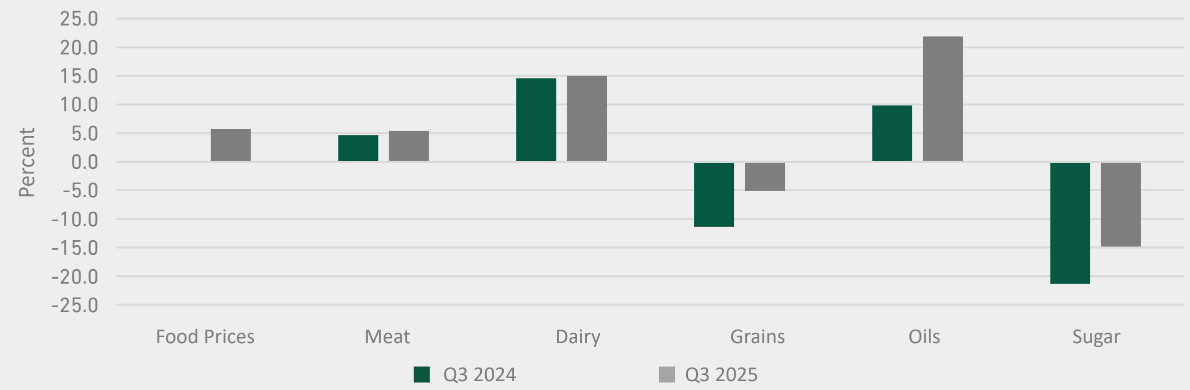


Source: OPEC.

4-2 Food Prices (FAO)

The FAO Food Price Index (FFPI) witnessed noticeable changes in global food prices in Q3 2025, rising by 5.8% YoY. This was driven by YoY increases in vegetable oil, dairy and meat prices by 21.9%, 15.0% and 5.4%, respectively. On the other hand, sugar prices decreased by 14.8% YoY and cereal prices by 5.2% YoY. It is worth noting that price changes stem from several factors that influence global food prices, including agricultural commodity prices, climate variations, geopolitics, and others. All of these factors are reflected in the cost of food products (Chart 9).

Chart 9: FAO Food Price Index

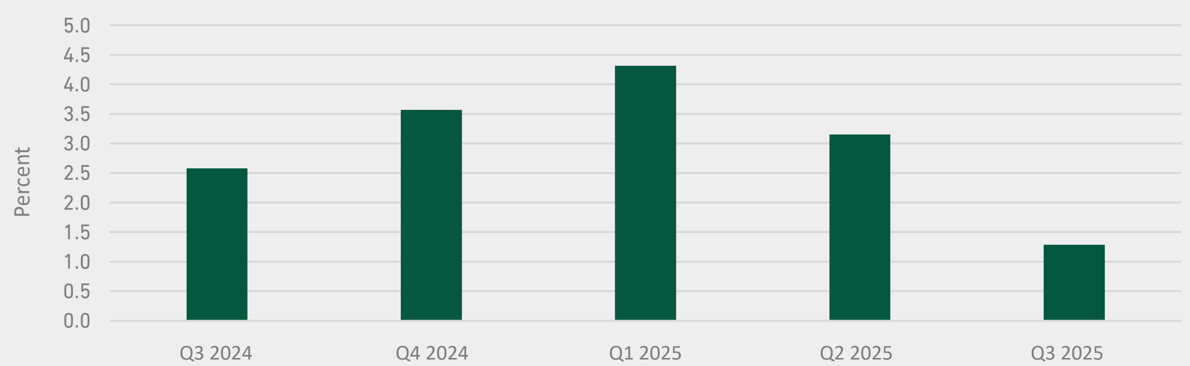


Source: Food and Agriculture Organization of the Unied Nations (FAO).

4-3 Real Estate Price Index (REPI)

The REPI in Saudi Arabia recorded a slowdown in growth in Q3 2025 at an annual change of 1.3% compared to 3.2% in Q2 2025. The annual change in the residential sector's price index fell by 0.9% in Q3 2025. In contrast, other real estate sectors continued to record higher annual changes. The annual change in the commercial sector's price index increased by 6.8% in Q3 2025. Residential real estate price and commercial real estate price indices in major regions of Saudi Arabia recorded varied rates, with the Eastern Province recording an increase of 6.1%, followed by Najran region with 3.7%, Tabuk region with 3.4%, and the Riyadh region with 1.0%. In contrast, the Madinah, Northern Borders, and Ha'il regions registered declines by 8.0%, 7.7% and 7.3%, respectively (Chart 10).

Chart 10: Real Estate Price Index

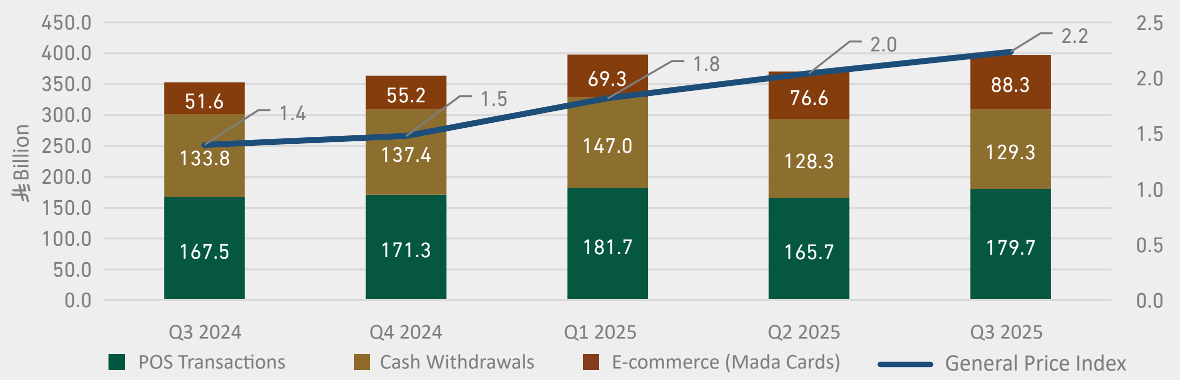


Source: General Authority for Statistics.

4-4 Private Consumption

The data of private consumption, comprising point-of-sale (POS) transactions, cash withdrawals, and e-commerce using mada cards, indicate that e-commerce transactions via mada cards and POS sales increased in Q3 2025 at an annual change of 71.0% and 7.3%, respectively. Meanwhile, cash withdrawals recorded an annual decline of 3.4%, which indicates a growing shift toward electronic payment methods and the efforts of the Saudi Central Bank in creating a suitable environment for this transformation in payment methods (Chart 11).

Chart 11: Private Consumption Index

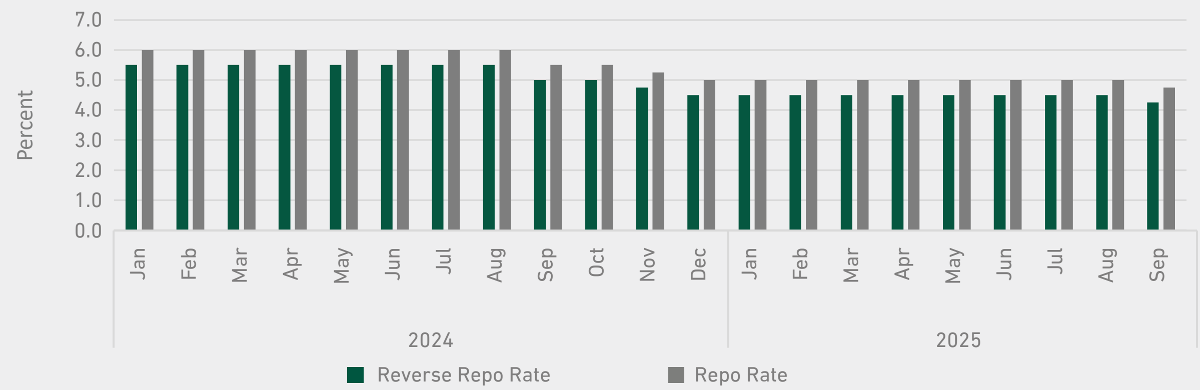


Source: Saudi Central Bank (SAMA).

4-5 Interest Rates

In mid-September 2025, the Saudi Central Bank reduced the repo and reverse repo rates by 25 basis point to 4.75% and 4.25%, respectively (Chart 12).

Chart 12: Policy Rates



Source: Saudi Central Bank (SAMA).

5- Inflation Projections for Q4 2025

Inflation is expected to remain stable in Q4 2025, despite the mild increases recorded since the beginning of the year. This is due to an expected balance between the recent slowdown in actual housing rents, on the one hand, and rising global food prices, and growing domestic demand—reflecting improved employment rates among Saudis—on the other.

Meanwhile, the World Bank's forecast for primary commodity prices (October 2025) indicates a disparity across categories in 2025. The forecast anticipates a rise in the prices of fertilizer prices by 20.9%, beverage prices by 17.8%, metal prices by 4.9%, raw material prices by 2.3%, and agricultural commodity prices by 0.2%. In contrast, the World Bank expects energy prices to decline by 12.4% and food prices by 6.1% (Table 4).

Table 4: WORLD BANK Commodity Price Index (2010=100)

Change (%)

	Actual		Projections		
	2023	2024	2025	2026	2027
Energy	-29.9	-5.1	-12.4	-10.2	6.2
Agriculture	-7.1	3.7	0.2	-2.2	-0.8
Food	-9.2	-7.6	-6.1	-0.3	0.8
Raw materials	-3.9	5.9	2.3	-1.7	-1.0
Base Metals	-11.0	4.7	4.9	0.9	2.5
Fertilizers	-34.9	-23.4	20.9	-5.1	-5.3
Beverages	1.4	63.7	17.8	-7.2	-4.7

Source: World Bank October 2025.

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