Saudi Arabia Macro Chartbook

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Table of Contents | Table of Contents

I.	Executive Summary	04
II.	IPI | Improved oil activities drove production growth	05
III.	Non-oil Sector | Growth momentum largely stable	06
IV.	Investment Spending | A robust investment backdrop	07
V.	Consumption | Strong consumer spending amidst record-low unemployment rates	08
VI.	Tourism | Tourism inflow markedly picked up	09
VII.	Population | Saudi Arabia's population crosses 35mn	10
VIII.	Financial Sector | Lending growth momentum largely intact	11
IX.	GDP | 2Q25 GDP growth picked up on improved oil activities	12
X.	Budget | Widening fiscal deficit supportive of growth dynamics	13
XI.	External | Pressures on the external sector are building up	
	Current account turned positive in 1Q25	14
	Custom data indicate pressures building up	15
	Oil receipts fell, while non-oil exports growth slowed down	16

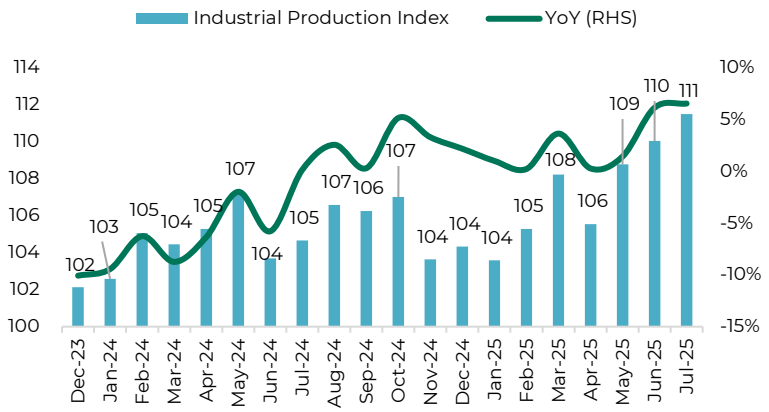
Executive Summary

- Saudi Arabia's economy depicted relatively resilience thanks to a strong consumption and investment backdrop supported by accelerated project implementation of Giga Projects and fiscal support from the government.
- High-frequency data shows largely sustained growth, though not as strong as it was at the start of the year, primarily due to the headwinds of restrictive monetary policy, slowing global demand, uncertain trade policies, and related trade disruption. However, domestic demand remained quite favorable.
- The Purchasing Managers' Index (PMI) marginally increased to 56.4 in Aug'25, from 56.3 in Jul'25, but is significantly higher than 54.8 in the same period last year. Although non-oil activity growth has eased from the highs seen earlier this year, the underlying trend remains firmly positive, thanks to accelerated growth in new orders and export orders. The latter, according to the survey, marked the fastest upturn in the last four months.
- Data on investment spending continue to point to accelerated project implementation in the country, with the LCs for machinery and building materials remaining relatively elevated, and improved cement offtake suggesting progress into the next phase of civil works.
- Saudi Arabia's GDP growth improved to 3.9% YoY in 2Q25 from 3.2% in 1Q25. This marked a positive print for the fifth consecutive quarter, driven by sustained growth in non-oil activities and a reversal of oil output cuts under the OPEC decision to increase production, with oil activities up 3.8% YoY. Data on GDP by expenditure showed that growth in DD has consecutively outpaced growth in GDP, reflecting a strong domestic growth backdrop.
- 1H25 fiscal deficit markedly widened to nearly its full-year budget targets, indicating a sharp slippage in budgetary policies to extend support to growth. The widening of deficits has been primarily driven by a decline in oil receipts amidst a subdued oil price environment, which was matched by only a modest 2% cut in expenditure. The full-year 2025 fiscal deficit is estimated to expand to 5.3% of GDP, up from the initially budgeted 2.3%.
- Meanwhile, the pre-budget statement for 2026 showed continued support for economic growth amidst global headwinds and support for Giga project implementation as the deadline for Vision 2030 nears. The government estimates that deficits will exceed 2% of GDP annually over the next three years.
- Current account turned positive in 1Q25, supported by improved trade balance in goods and services, particularly surplus in travel accounts. However, pressures are building up as custom data for 2Q indicated a sharp narrowing of the merchandise trade surplus to its lowest levels since 2020, as oil receipts fell and non-oil export growth slowed.

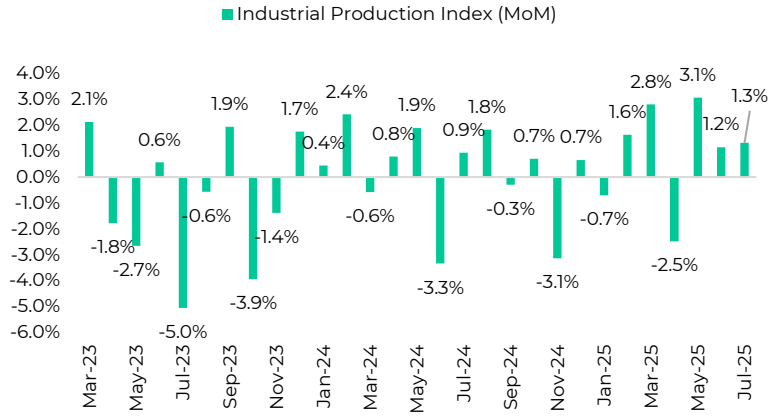
IPI | Improved oil activities drove production growth

- *The latest data showed that Industrial Production Index growth sharply accelerated in July*
- *This recovery comes on the back of a pick-up in oil activities*
- *Meanwhile, Non-oil activity growth sustained on the back of the Manufacturing sector*

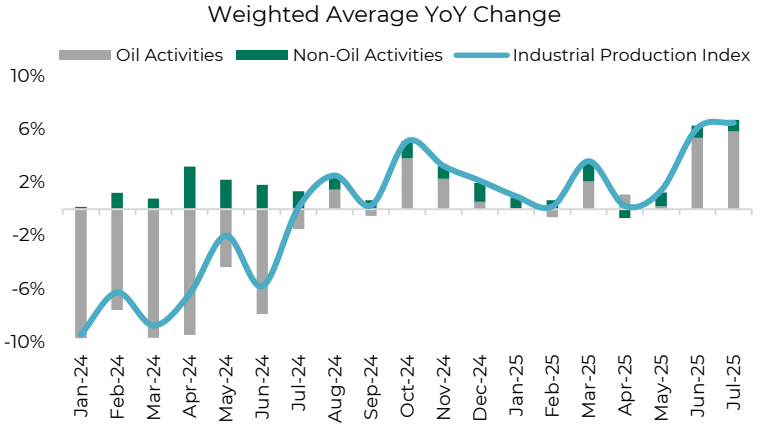
Growth in industrial production jumps to at least two year high



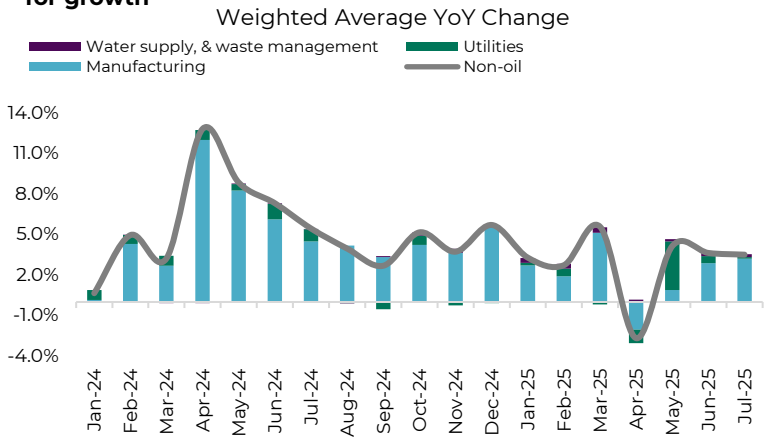
With the index gaining sequentially for the third straight month



Recovery in growth comes on the back of a strong acceleration in oil activities



Within non-oil activities, manufacturing remained a key driver for growth



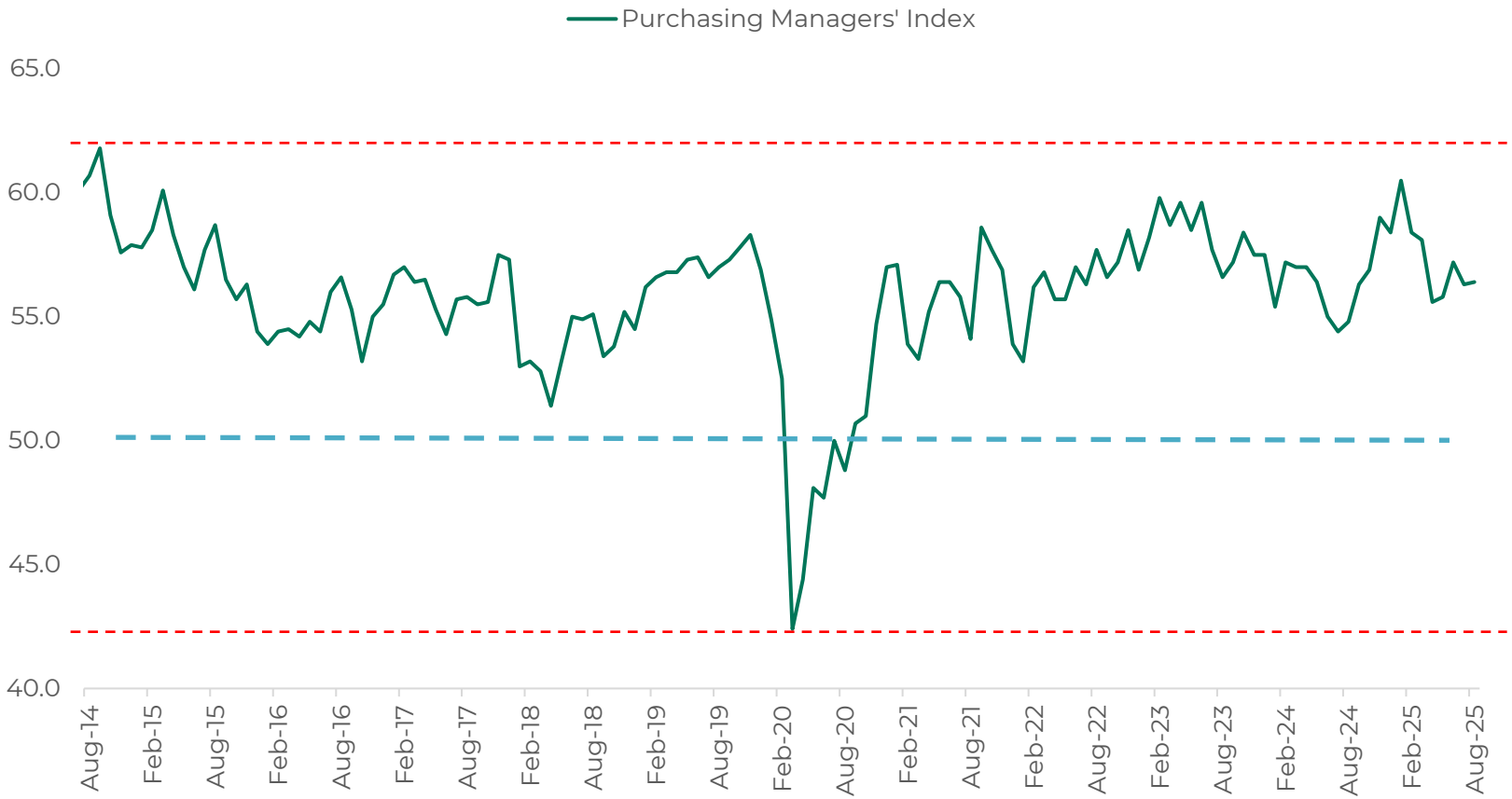
Source: GASTAT and KTrade Research

- Despite subdued performance at the start of the year, growth in industrial production sharply accelerated in July, with YoY growth strongest in at least the last two years.
- This recovery in growth comes on the back of strong growth in oil activities, up 8% YoY, amidst sustained momentum in the non-oil activities.
- Among oil activities, there had been a 7% YoY increase in extraction activities reflecting OPEC's decision to increase oil production. According to the OPEC report, Saudi Arabia's oil production increased nearly 2% YoY in 2Q25. Meanwhile, refined production grew 14% YoY.
- The growth in non-oil activities showed sustained momentum, predominantly driven by the manufacturing sector. Data showed that an uptick in chemicals and non-metallic products among the sub-sectors had supported growth.

Non-oil Sector | Growth momentum largely stable

- *Following a very strong start to the year, non-oil sector growth normalized but has been broadly stable in August*
- *The index sustained above the 50-level mark, indicating a still decent growth momentum in non-oil activities*
- *The survey showed this comes on the back of steady growth in new business orders and gains in employment*
- *Outlook rebounded from 12-month lows, though the global condition remains the biggest uncertainty*

Non-oil Purchasing Managers' Index had been stable in August



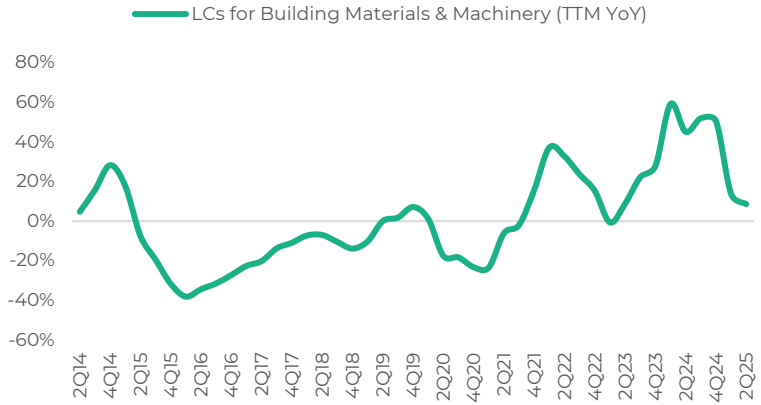
Source: IHS Markit and KTrade Research

- Non-oil business activity growth normalized from very strong levels at the start of the year and was broadly stable in August, though still above 50 levels, indicating sustained expansion.
- The seasonally adjusted Purchasing Managers' Index (PMI) marginally increased to 56.4 in Aug'25, from 56.3 in Jul'25. It is also significantly higher than 54.8 in the same period last year.
- Although non-oil activity growth has eased from the highs seen earlier this year, the underlying trend remains firmly positive thanks to accelerated growth in new orders and export orders.
- According to the survey, new export orders marked the fastest upturn in the last four months, leaving the overall new order index increasing to 60.1 in August, amidst continued gains in employment.

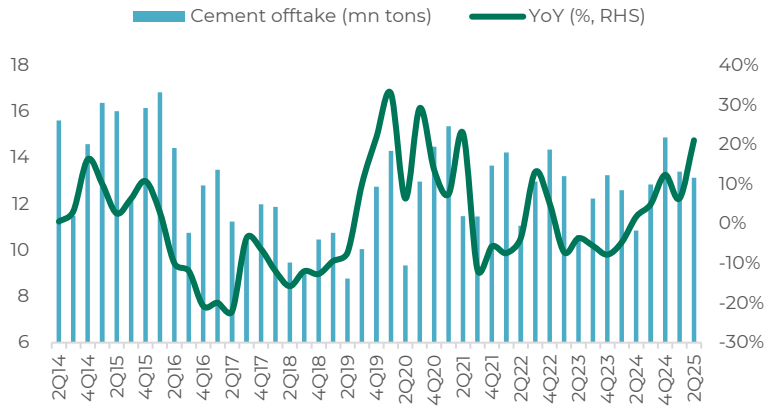
Investment Spending | A robust investment backdrop

- *High-frequency data shows momentum in the investment backdrop largely sustained*
- *While growth in LCs for machinery and building material Imports normalized, quarterly imports are still at very strong levels*
- *Cement offtake growth staged a strong recovery, indicating improved project implementation*
- *Trade volumes show a robust level of economic activity, especially post-COVID*

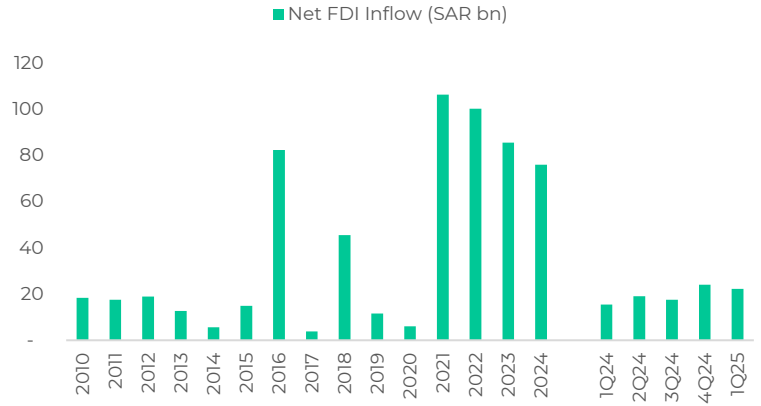
Quarterly LCs for building materials and machinery still at a very strong levels



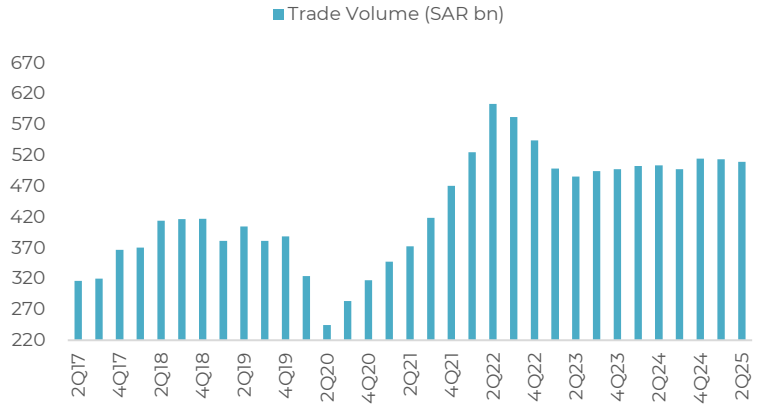
Cement offtake growth sharply accelerated in 2Q



Still no major pickup in FDI inflows



However, trade volume is holding above the pre-COVID levels of 2019



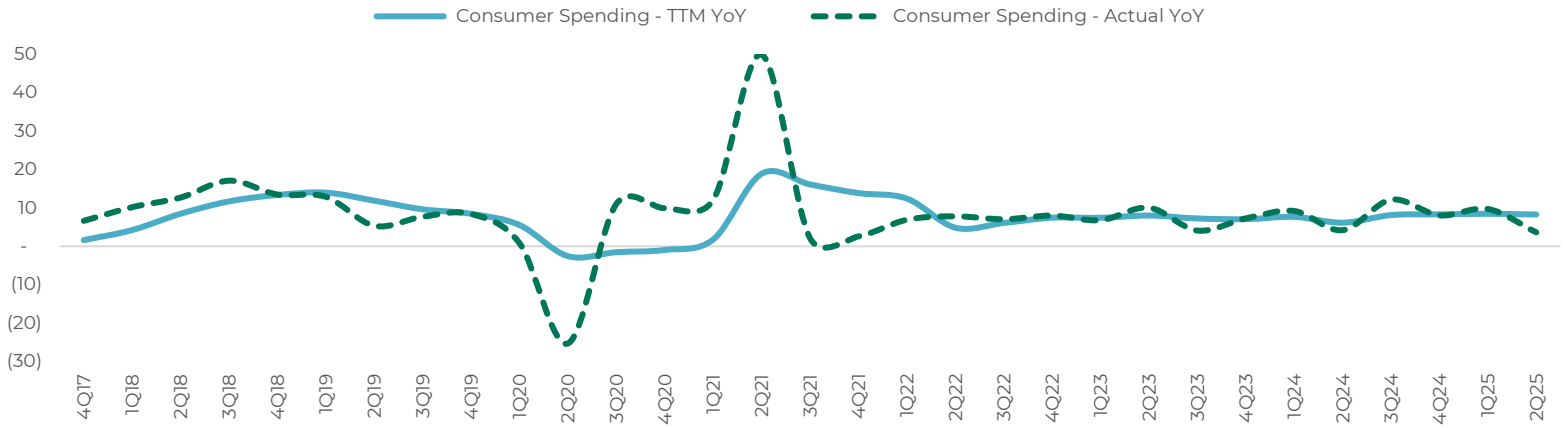
Source: SAMA , GASTAT and KTrade Research

- High-frequency data continue to point to accelerated project implementation in the country.
- While growth in LCs for machinery and building normalized, quarterly imports remained over SR30bn levels, considered to be quite elevated levels from a historical perspective.
- Cement offtake growth sharply accelerated in 2Q25, reaching double-digit levels. This is seen as an early sign of improved project implementation in the country.
- FDI inflows continue to lag, where most of the investment spending continues to be made domestically.
- Trade volumes (including both exports and imports) also indicated robust levels of economic activity in the country, with quarterly volumes consecutively above SR450bn since 2Q21.

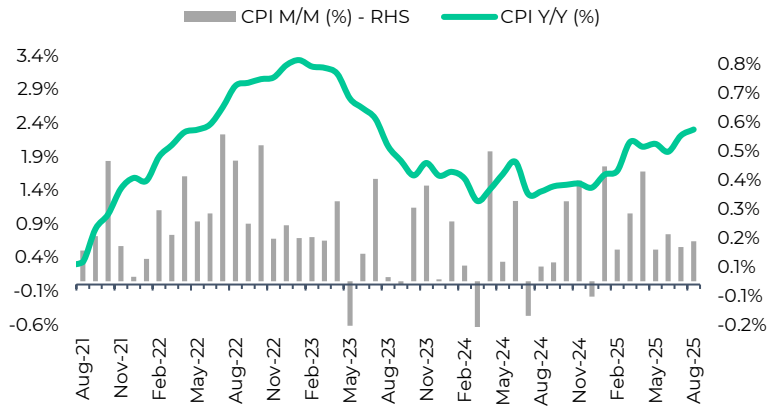
Consumption | Strong consumer spending amidst record-low unemployment rates

- *Consumer spending momentum has broadly remained intact despite tight monetary policies*
- *Unemployment remains at near record-low levels among both Saudi Nationals and Expats*
- *Moreover, inflationary pressures remained largely contained in the country*

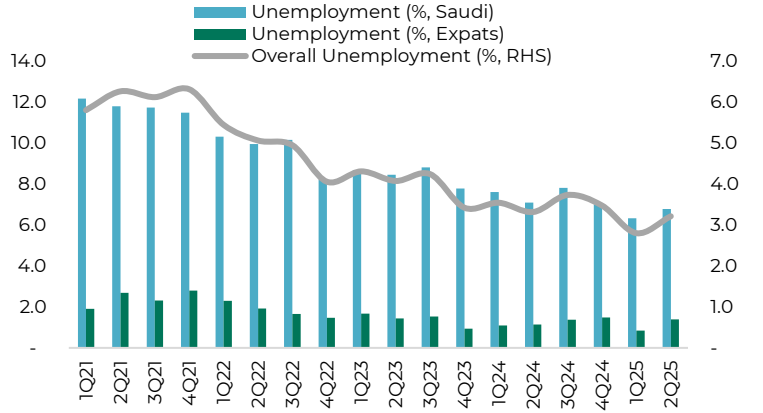
Growth in consumer spending (defined as the sum of SADAD, POS, and ATM withdrawals) at high single digits



Inflationary pressures are largely contained



Unemployment near record low levels



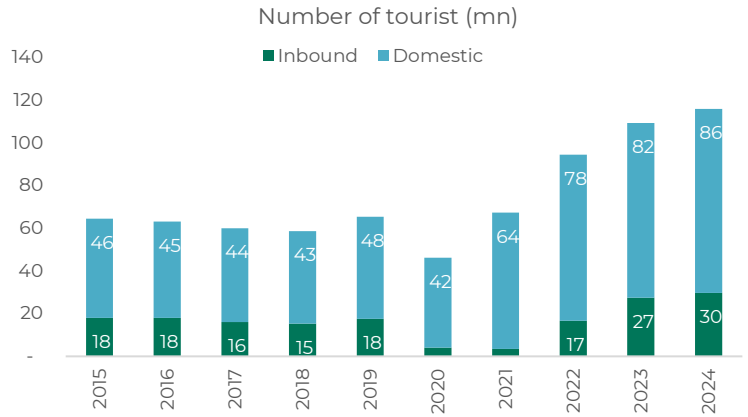
Source: GASTAT and KTrade Research

- Despite the headwinds of very tight monetary policy and uncertain global dynamics, consumer spending patterns continued to remain buoyant, growing at high single digits.
- While ATM withdrawals had been subdued amidst structural shift to digital payments, POS and SADAD payments showed strong consumer spending growth patterns.
- This has also been well supported by record-low levels of unemployment in the country, growing workforces, especially after expat depopulation reversed, and increasingly high labor force participation rates.
- Moreover, inflationary pressures have been largely contained, albeit with a slight pickup in recent months on the back of elevated rental costs. Regarding the latter, the new regulation on freezing rentals has been a welcome development.

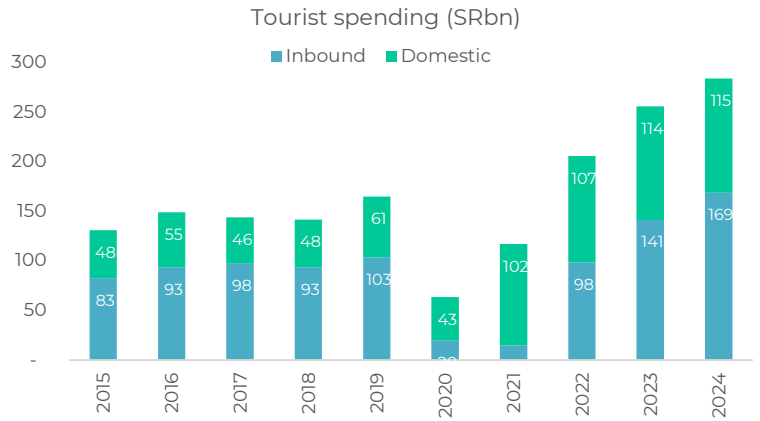
Tourism | Tourism inflow markedly picked up

- *Tourism in general has picked up in the country, a structural shift under Vision 2030*
- *Religious pilgrims reached record high levels in 1Q25*
- *Inbound tourism also surpassed pre-COVID levels in 2024 as business and leisure traveling markedly increased*

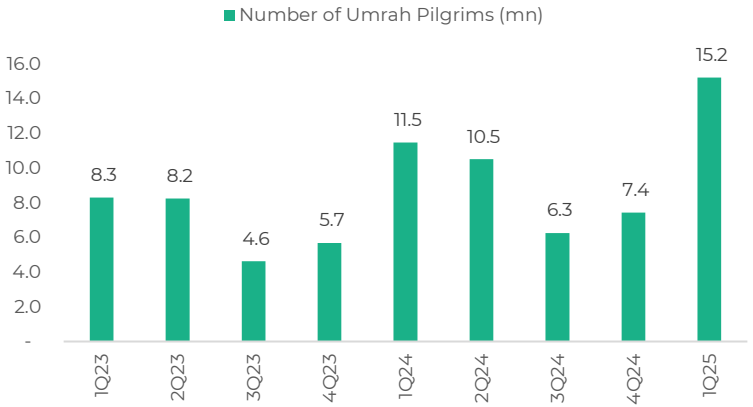
There has been a sharp pickup in tourism inflow especially in the post COVID years



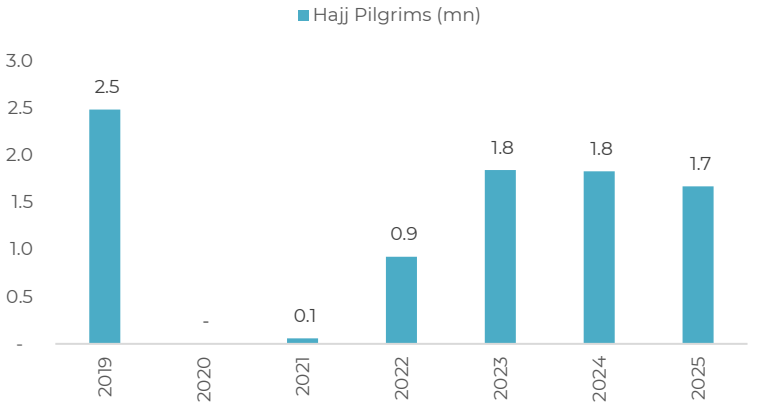
Tourism spending has quickly surpassed pre-COVID levels, driving growth for the local economy



Umrah pilgrims reached historical high levels in 1Q25 with over 15mn pilgrims



Hajj pilgrims remain slightly below pre-COVID-19 peak levels of 2.5mn



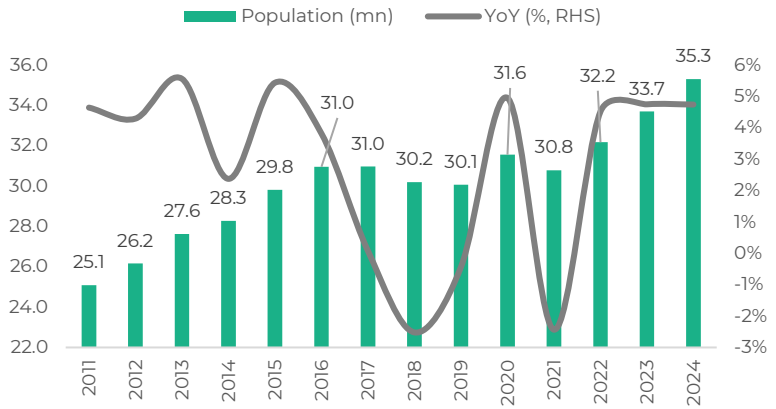
- There has been a significant development within tourism, which has been a core goal of Vision 2030. The targets include hosting over 150mn visitors annually along with over 37mn Hajj and Umrah pilgrims.
- Inbound travelling increased to over 30mn in 2024, up from 27mn in 2023 and 18mn in 2019 before COVID. Similarly, there has been a pickup in tourism spending, reaching SAR169bn in 2024, up from SAR141bn in 2023.
- Religious pilgrims have also accelerated markedly during the post-COVID years. While the number of Hajj pilgrims had been constrained to 1.7mn in 2025, umrah pilgrims increased to over 15mn in 1Q25, a record high level.

Source: Ministry of Tourism , GASTAT and KTrade Research

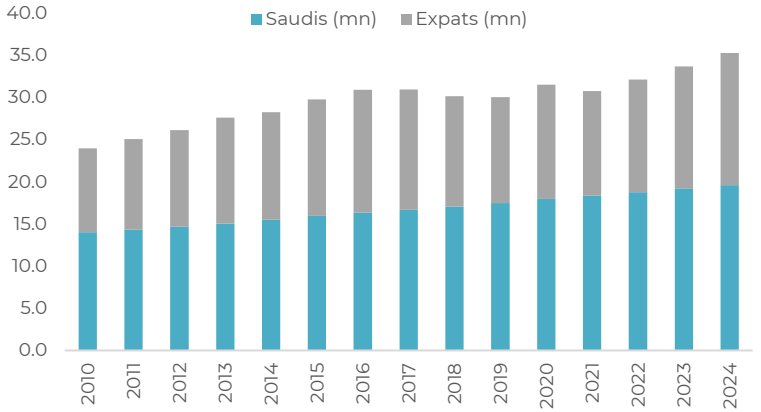
Population | Saudi Arabia's population crosses 35mn

- *Population crosses 35mn mark for the first time in history*
- *Growth was driven by the expat population, estimated to have grown by 8% amidst 2% growth in Saudi National*
- *62% accounted by the male population; meanwhile, the young population (between ages 25-50) makes up 50% of the population*

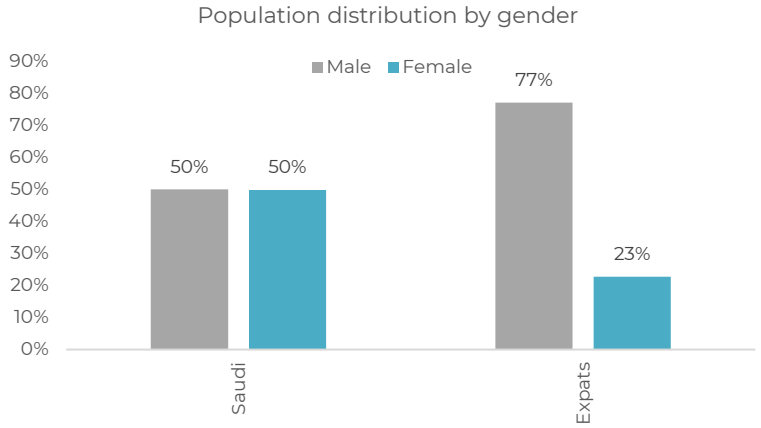
Population estimated to have reached 35.3mn in 2024, up 5% YoY



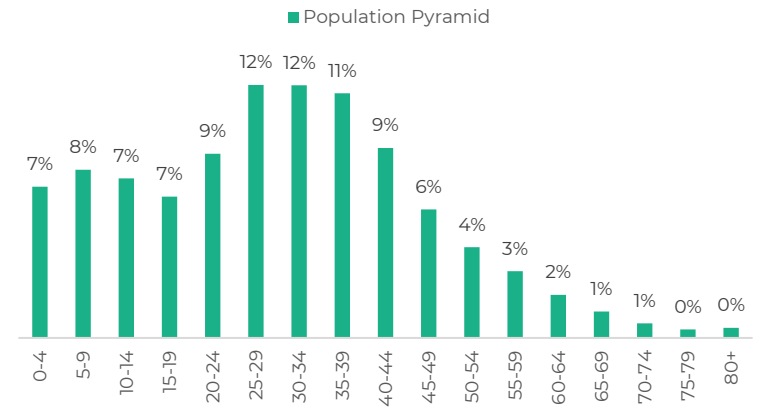
Expat population grew 8% YoY in 2024 while Saudi National population increased by 2% YoY



Male population accounts for 62% of the total primarily on higher expat population employed



Young population between the age of 25-50 years make up 50% of the total population



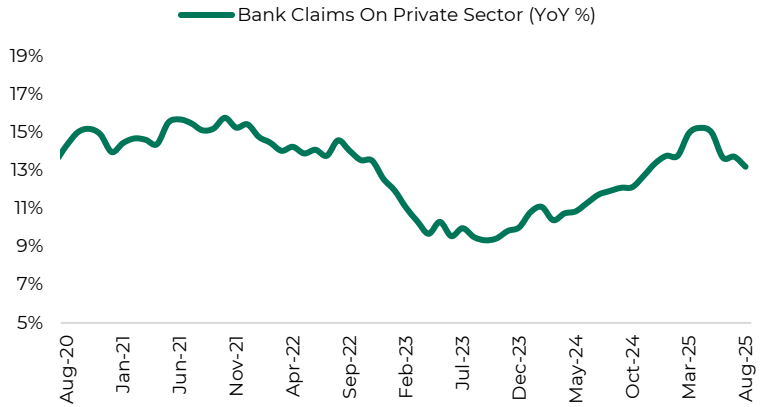
- According to estimates by GASTAT, Saudi Arabia's population reached 35.3mn in 2024, up 5% YoY. The economy added 1.6mn people to its population since last year.
- This growth primarily resulted from 8% YoY growth in the expat population, estimated to have increased by 1.2mn people in 2024. Meanwhile, the Saudi national population grew by 2% YoY, adding nearly 0.4mn lives. The Saudi population accounts for 56% of the total people residing in the country.
- Meanwhile, 62% of the population is male, primarily due to the expats employed in the country. On the other hand, life expectancy at birth for the Saudi population reached 78 years.
- The bulk of the population is accounted for by younger people, whereas half of the population is between the ages of 25 and 50. Whereas 38% of the population is below the age of 25 years.

Source: GASTAT and KTrade Research

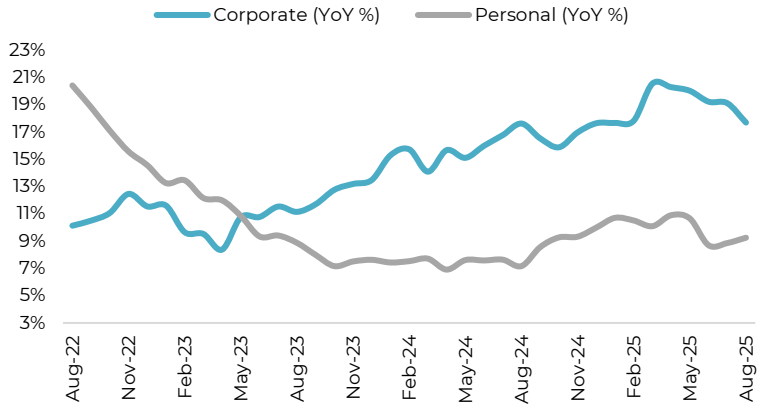
Financial Sector | Lending growth momentum largely intact

- *Private sector lending is growing in double-digit and has sharply picked up since late 2024*
- *This growth is primarily driven by strong momentum in the corporate sector, thanks to project financing*
- *Increasing needs for financing from the public sector are also driving growth*

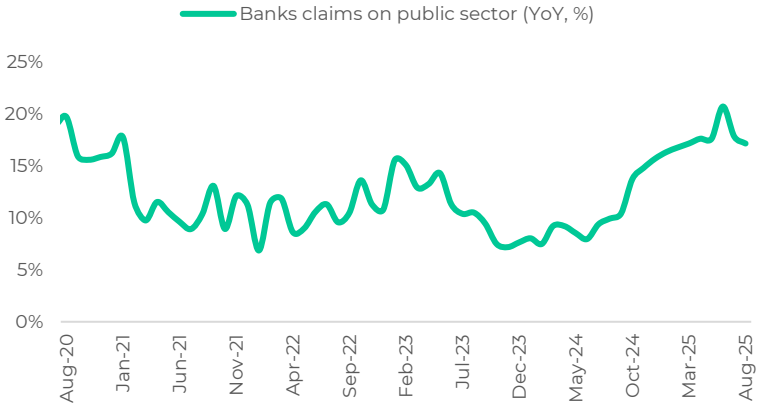
Private sector lending growth momentum intact in double digits



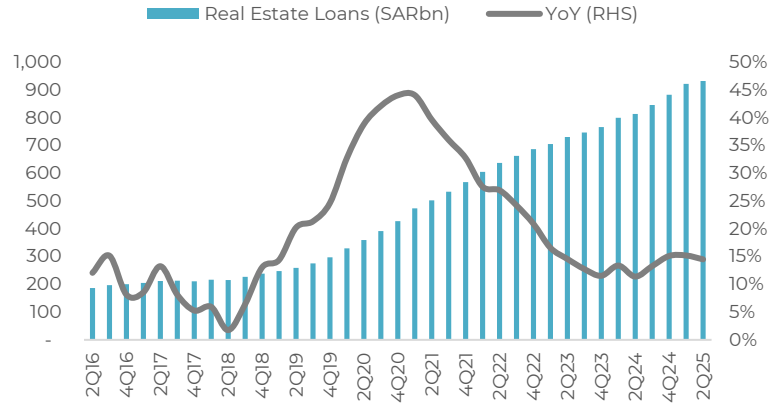
Lending growth has primarily been driven by the corporate sector on the back of project financing



Momentum in investments within the public sector also remains relatively strong



Albeit normalization, real estate loans growth witnessed a recovery up 15% YoY in 2Q25



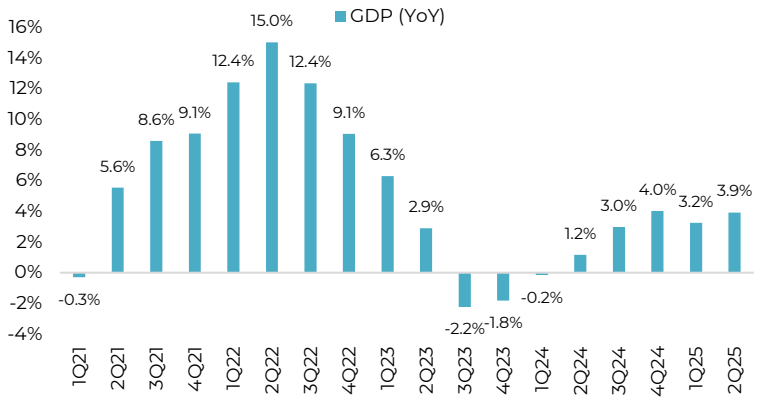
- Despite a tight monetary policy stance with interest rates at nearly two-decade-high levels, the momentum in lending has remained largely intact, with private sector loans growing in double digits. The momentum gained since late 2024, following the implementation of some interest rate cuts.
- While tight credit conditions weighed on consumer appetite, with still muted retail loan growth, overall lending growth had been primarily driven by the corporate sector. More specifically, this growth was driven by accelerated project financing and support for companies involved in the Giga projects.
- However, with rate cuts implemented in 2H24, the pace of growth in the retail sector showed some signs of recovery, particularly within the Mortgage loans, which have been growing at 15% YoY in 2Q25.

Source: Ministry of Tourism , GASTAT and KTrade Research

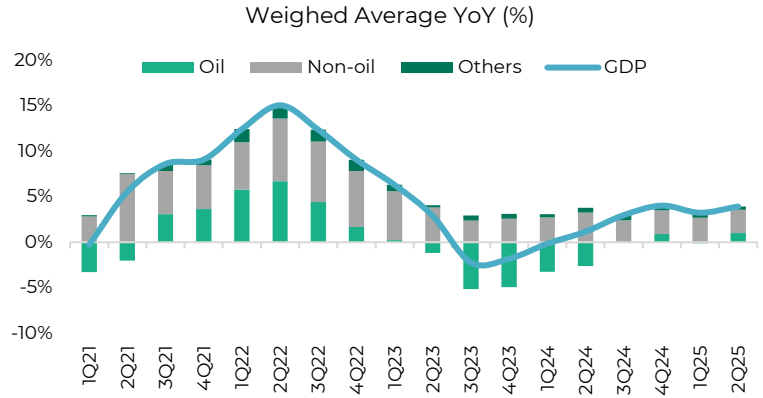
GDP | 2Q25 GDP growth picked up on improved oil activities

- *2Q25 GDP growth improved to 3.9% YoY, the fifth consecutive quarter of positive print*
- *Growth has been supported by sustained momentum in non-oil activities and a pickup in oil activities*
- *Domestic demand continued to remain a key driver with investments at the forefront in 2Q25*

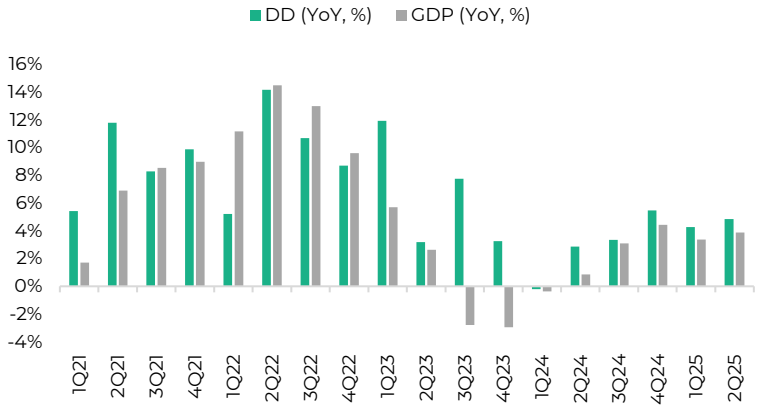
GDP growth in 2Q25 is positive for the fifth consecutive quarter



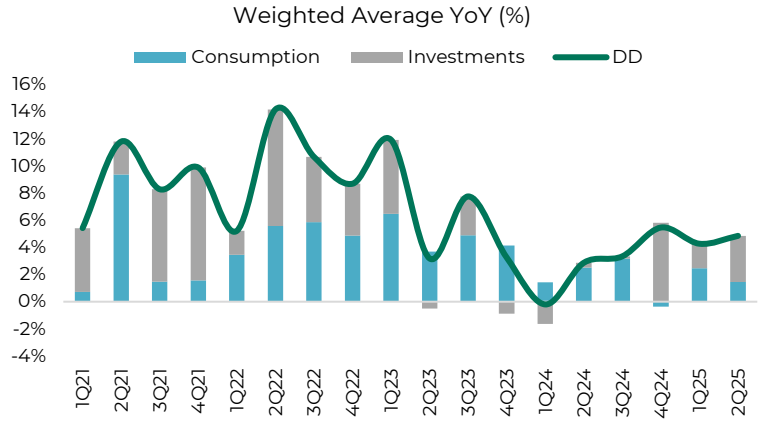
While the momentum of non-oil activities largely sustained, growth in oil activities also improved



Growth in domestic demand continued to outpace growth in GDP…



…thanks to improved investment spending



- According to the latest estimates by GASTAT, Saudi Arabia's GDP growth stood at 3.9% YoY in 2Q25, improving from 3.2% in 1Q25. This marked a positive print for the fifth consecutive quarter.
- Sustained growth in non-oil activities continued to support the overall economy. However, improved growth in 2Q25 comes on the back of a reversal of oil output cuts under the OPEC decision to increase production, with oil activities up 3.8% YoY.
- Data on GDP by expenditure showed that growth in DD has consecutively outpaced growth in GDP, reflecting a strong domestic backdrop. 2Q25 print had been supported by improved investment spending, which has been positive for the third consecutive quarter.

Source: Ministry of Tourism , GASTAT and KTrade Research

Budget | Widening fiscal deficit supportive of growth dynamics

- *Government continued to opt for an expansionary fiscal stance to support growth and Giga projects*
- *1H25 fiscal deficit sharply widened to full-year budget targets*
- *This comes as lower oil receipts are matched by only a modest cut in expenditures in order to support growth*
- *2026 pre-budget statement supports continued expansionary stance*

SARbn	2023 Actual	2024 Actual	1H24 Actual	1H25 Actual	1H25 vs. 1H24 % change	2025 Budget	2025b vs. 2024 % change
Revenue	**1,212**	**1,259**	**647**	**565**	**-13%**	**1,184**	**-6%**
Tax Revenues	357	381	199	209	5%	379	0%
Oil Revenue	755	757	395	302	-24%		
Non-Oil Non-Tax Revenue	101	122	53	54	2%		
Expenditure	**1,293**	**1,375**	**675**	**658**	**-2%**	**1,285**	**-7%**
Current Expenses	**1,107**	**1,184**	**575**	**591**	**3%**	**1,101**	**-7%**
Net Acquisition of Non-Financial Assets (Capex)	186	191	99	68	-32%	184	-3%
Excess / (Deficit)	**(81)**	**(116)**	**(28)**	**(93)**	**236%**	**(101)**	**-13%**
% of GDP	*-2.0%*	*-2.8%*	*-0.7%*	*-2.1%*		*-2.3%*	
Debt	*1050*	*1,216*	*1,149*	*1,386*		*1,300*	
as % of GDP	*26.2%*	*29.9%*	*28.2%*	*31.6%*		*29.9%*	
Government Reserves at SAMA	*390*	*390*	*394*	*397*		*390*	

Medium-term Macroeconomic Projections	2023	2024	2025E	2026P	2027P	2028P
Real GDP Growth	-0.8%	2.0%	4.4%	4.6%	3.7%	4.5%
Nominal GDP (SARbn)	4,003	4,649	4,600	4,965	5,258	5,643
Inflation	2.3%	1.7%	2.3%	2.0%	1.8%	1.9%
Fiscal Revenue (SARbn)	1,212	1,259	1,091	1,147	1,230	1,294
Fiscal Expenditure (SARbn)	1,293	1,375	1,336	1,313	1,350	1,419
Budget Deficit/surplus (SARbn)	(81)	(116)	(245)	(166)	(120)	(125)
As % of GDP	-2.0%	-2.8%	-5.3%	-3.3%	-2.3%	-2.2%

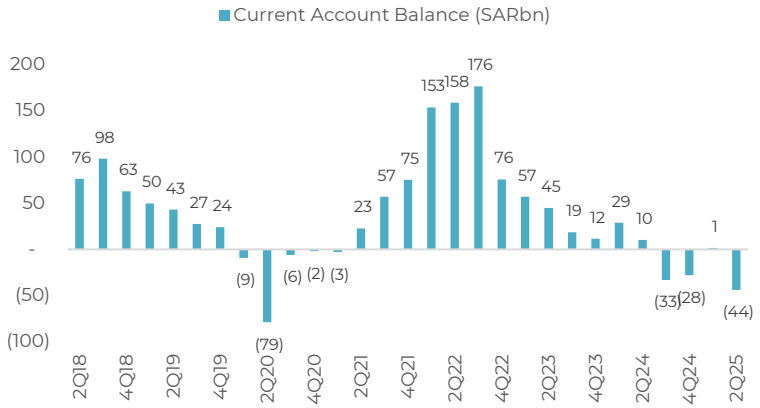
Source: Ministry of Finance, GASTAT and KTrade Research

- In the pre-budget statement for 2026, the government continued to support an expansionary fiscal stance to support economic growth amidst global headwinds and support Giga project implementation as the deadline for Vision 2030 nears.
- However, 1H25 fiscal deficit markedly widened to nearly its full-year initial budget targets. The full-year 2025 fiscal deficit is estimated to expand to 5.3% of GDP, up from the initially budgeted 2.3%.
- The widening of deficits has been primarily driven by a sharp decline in oil receipts amidst a subdued oil price environment. Oil revenues declined by 24% YoY, resulting in a 13% YoY decline in overall revenues despite a 5% increase in tax revenue.
- These lower revenues were matched by only a modest 2% cut in expenditure, primarily in development spending, which was down 32% YoY. Meanwhile, current expenses increased by 3% YoY, resulting in the overall deficit increasing 3.3x YoY..
- Debt levels continued to expand, estimated to reach nearly 32% of GDP, with a stock of debt at SR1.4trn, amidst a slight decline in government reserves at SAMA.

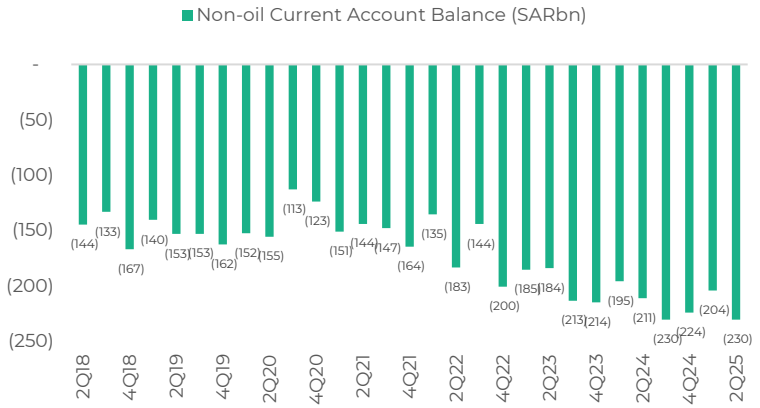
External | Current account in deficit as external pressures continued to mount

- *The current account quickly turned negative following a marginal surplus in the previous quarter*
- *2Q25 deficit is the largest since 2Q20, and excluding that, it's the largest reading since 2016.*
- *This resulted from a sharp narrowing of the trade balance, coupled with remittances reaching record high levels*

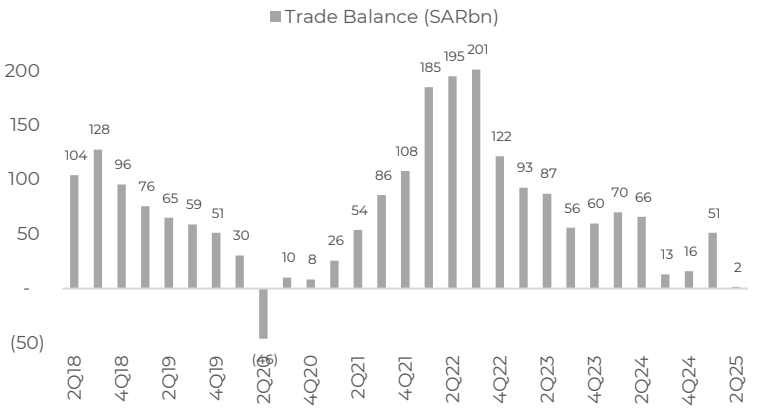
The current account deficit largest since 2Q20



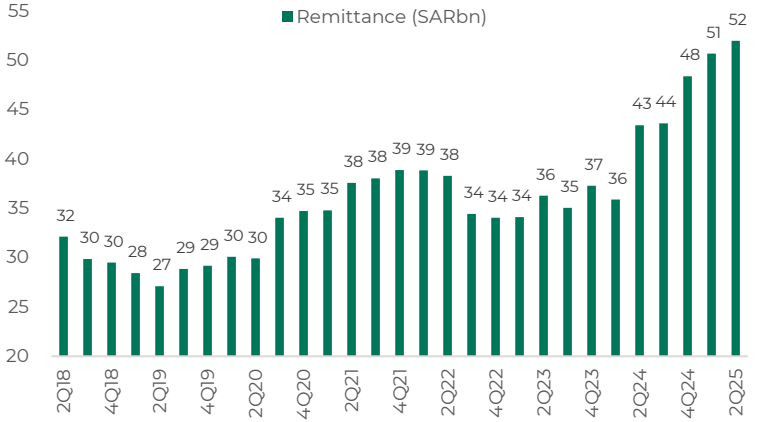
Quarterly non-oil current account deficit widened to record low levels



Trade surplus nearly wiped out as goods surplus narrowed amidst a sharp widening in service deficits



However, remittance outflows at a record high continue to pressure the overall balance



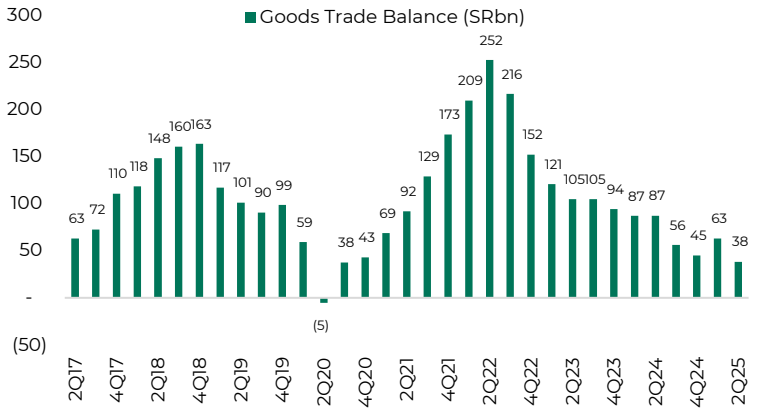
Source: SAMA , GASTAT and KTrade Research

- With global headwinds of slowing demand and low commodity prices, the external sector came under pressure following some brief relief in 1Q.
- With record high levels of remittance outflows, which crossed SR52bn for the first time, coupled with a negligible trade surplus, the current account deficit widened to its highest reading since 2Q20, and barring that, it's the largest since 2016.
- Surplus in the balance of trade in goods declined by 31% QoQ amidst lower oil receipts and continued momentum in imports. Meanwhile, the services deficit sharply widened primarily due to seasonal travel outflows.
- However, pressures continue to build up as imports grow on the back of strong domestic demand, while export receipt faces the headwinds of slowing demand and lower oil prices.

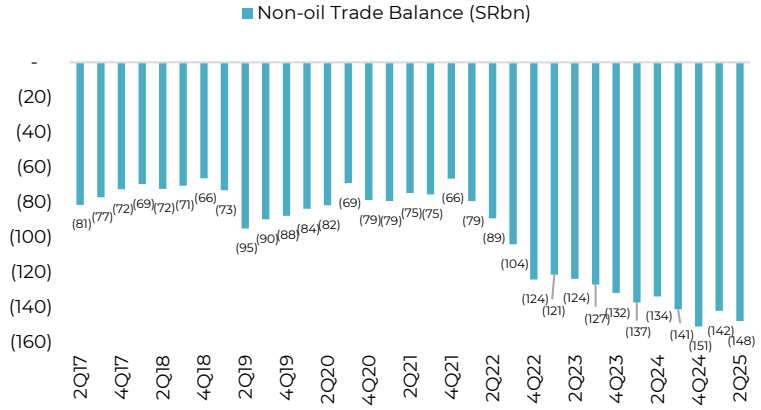
External | Custom data indicate pressures building up

- *Merchandise trade balance fell to its lowest level since 2020*
- *While oil receipts had been under pressure, even the non-oil merchandise trade deficit continued to widen*
- *This comes as export receipts fell while the import bill reached record-high levels*

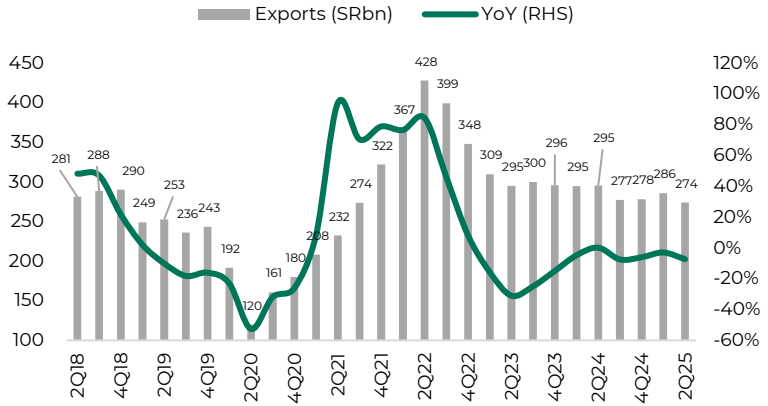
The merchandise trade surplus narrowed to its lowest level since 3Q20



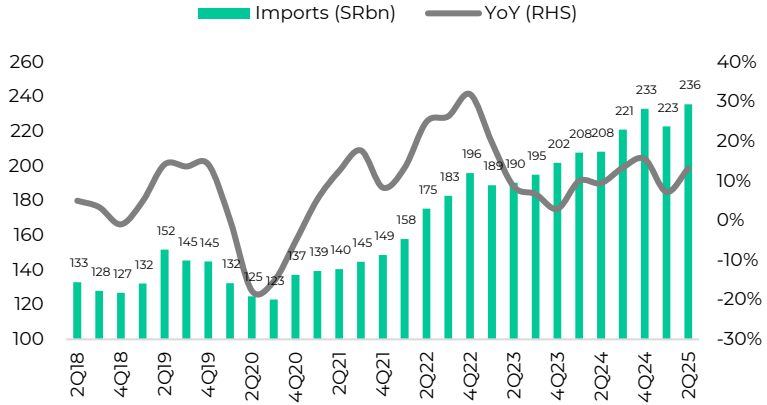
Pressure is also on the non-oil merchandise trade, with the deficit close to its highest level in at least five years



Quarterly export receipts fell 7% YoY in 2Q25 despite the increase in oil output



This comes alongside rising import bills to record high levels amidst robust domestic growth



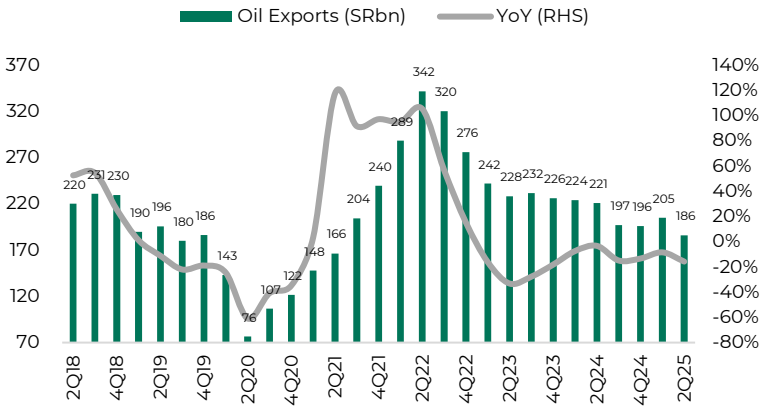
- According to GASTAT data, Saudi Arabia's merchandise trade surplus narrowed to SR38bn in 2Q25 from SR63bn in 1Q25, making it the lowest since 3Q20.
- This narrowing of the trade balance reflects growing pressures on the external account from lower oil prices amidst a very strong domestic growth dynamic.
- Overall, exports fell 7% YoY on the back of a 16% YoY decline in oil receipts amidst a 6% YoY growth in non-oil exports. The Latter, though, only accounted for 20% of the overall export earnings.
- Meanwhile, momentum in imports remained intact thanks to robust domestic demand, with quarterly imports at record levels of SR236bn in 2Q25.

Source:, GASTAT and KTrade Research

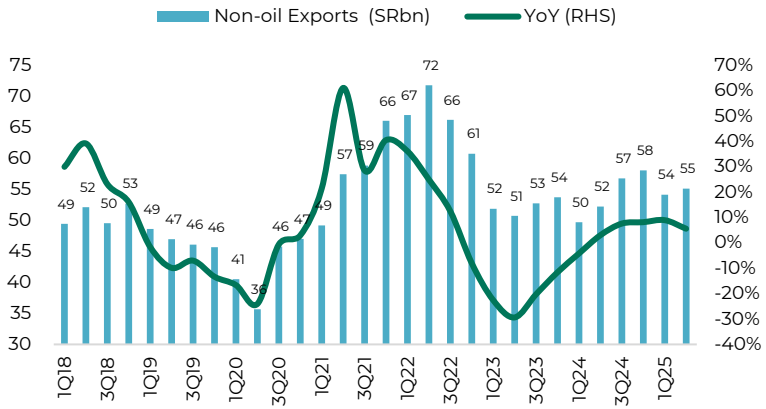
External | Oil receipts fell, while non-oil exports growth slowed down

- *Oil receipts fell on lower prices despite an uptick in oil output*
- *However, the momentum of non-oil receipts has also been weak, with growth slowing down*
- *Barring the UAE and Egypt, all major trading partners showed a YoY decline, while imports were fueled by investments*

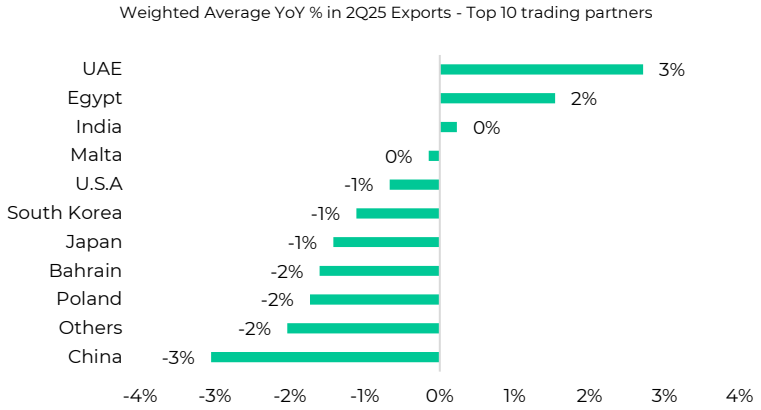
Oil exports fell 16% YoY in 2Q25 and were down 46% from their peak in 2022



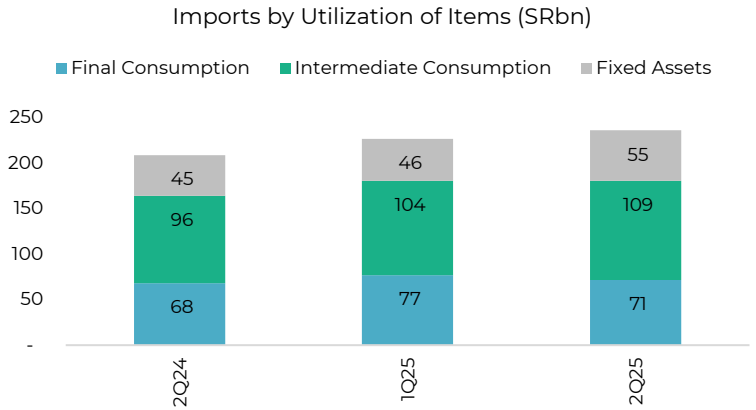
Non-oil exports remained above SR50bn mark though growth slowed down to 6% YoY



Barring the UAE and Egypt, all major trading partners showed a YoY decline



Encouragingly, import growth had been primarily driven by investments and CAPX



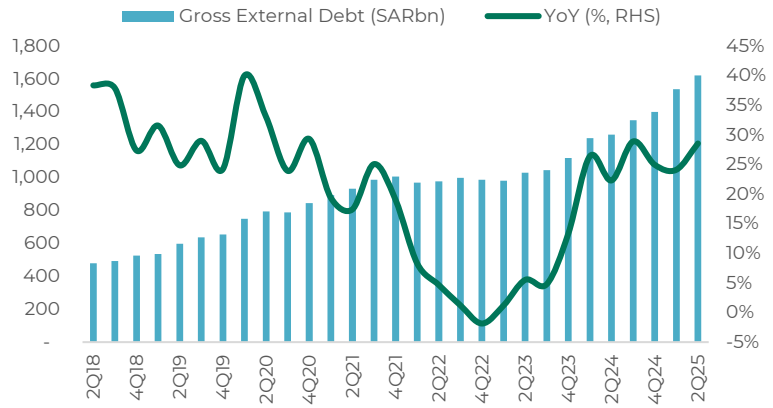
- Data showed that quarterly oil receipts declined nearly 16% YoY in 2Q25 and were now down 46% from their peak levels in 2Q22. While oil output improved 2% YoY, according to OPEC data, lower oil prices weighed on overall receipts.
- Moreover, non-oil exports have also been under slight pressure due to unfavorable global dynamics, including slower growth, tight monetary policy, and trade disruptions. Growth in non-oil exports slowed to 6% YoY in 2Q25 from 9% YoY in 1Q25.
- The latest data showed, barring the UAE and Egypt, nearly all major trading partners recorded a YoY decline, led by a 3% YoY decline in exports to China.
- However, encouragingly, the import growth was primarily driven by investments and CAPX-related activities in the country.

Source:, GASTAT and KTrade Research

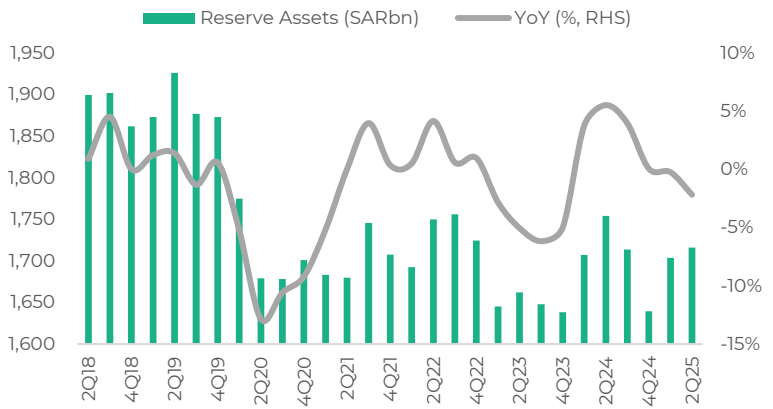
External | Debt levels are increasing and reserves under pressure since 2020

- *Growth in external debt has accelerated markedly since the start of 2023, in order to finance the external accounts*
- *Moreover, reserve assets had been under pressure, especially post-COVID, even in periods of large current account surplus*
- *This could be partially explained through investments abroad and gradually re-routing into the local economy*

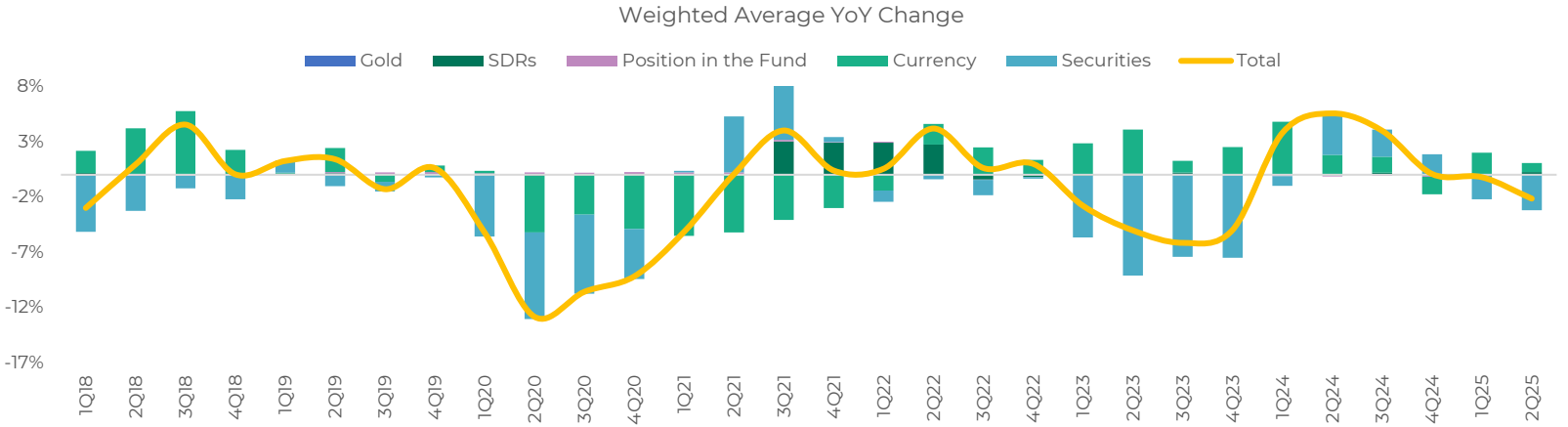
External debt has risen to record high levels, nearly SAR1.6trn (USD432bn)



Which comes alongside lower reserve assets that have been under pressure in post-COVID years



The bulk of lower reserves has been due to the lower value of investments abroad, which have likely been rerouted for other purposes



- The country's gross external debt has markedly increased in recent years as it has utilized external liquidity to finance its external accounts.
- Gross external debt rose 29% YoY in 2Q25 to over USD432bn, though as a percentage of GDP, it stood at 37%, well below the levels of some advanced economies.
- Reserve assets have also been under pressure since 2019. However, it has been a surprise that reverse recovery has been largely absent, even during a sizable current account surplus with elevated oil prices. With the current account under pressure, the drawdown of reserves is expected to accelerate.
- Data showed that the pressures in recent quarters come from investments held abroad, a key trend seen previously in 2023, even though the external sector was favorable back then.

Source:, GASTAT and KTrade Research

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