الجزيرة كابيتال
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Saudi Monthly Economic Report

May 2026

Equity analyst
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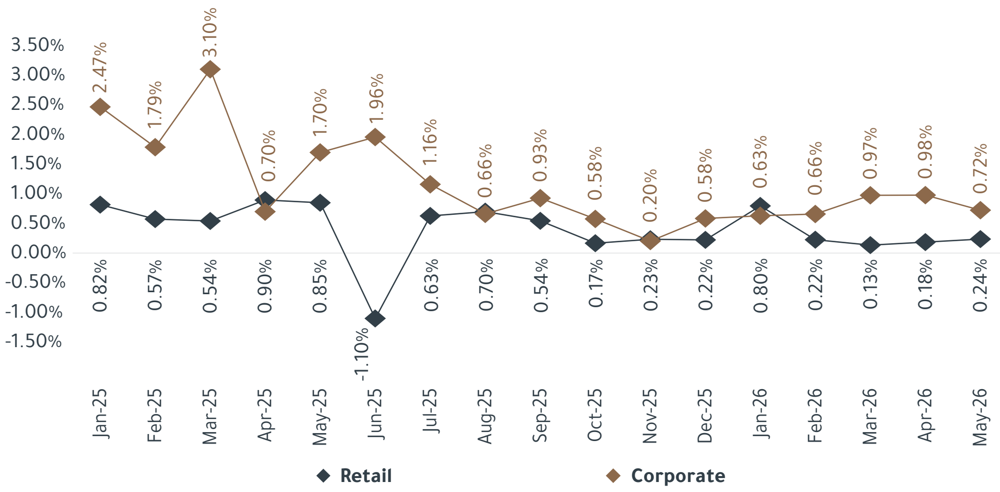
July 2026

Credit and deposit growth

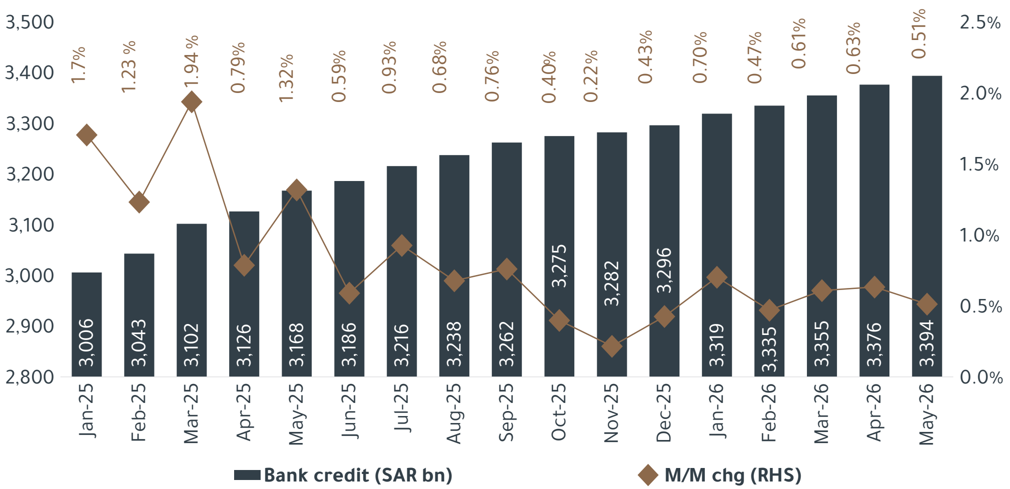
- Total credit stood at SAR 3,394bn in May-26, up 0.51% M/M (up 7.1% Y/Y); on Y/Y basis credit growth remained in single digits for the fourth consecutive month. Retail loans grew by 0.24% M/M (3.0% Y/Y) to reach SAR 1,457bn, while corporate loans grew by 0.72% M/M (10.5% Y/Y) to SAR 1,937bn in May-26.
- Total deposit base expanded to SAR 3,109bn up 0.2% M/M (up 9.3% Y/Y). The growth was led by Time and savings deposits which were up 0.9% M/M (up 22.4% Y/Y) to SAR 1,330bn, led by 29.3% Y/Y increase in government deposits. Demand deposits decreased by 0.1% M/M (-2.4% Y/Y) to SAR 1,466bn (non-govt up 0.4% M/M and govt down 2.0% M/M). Other Quasi government deposits decreased by 1.4% M/M to SAR 312bn.

Retail vs corporate loan growth (M/M)



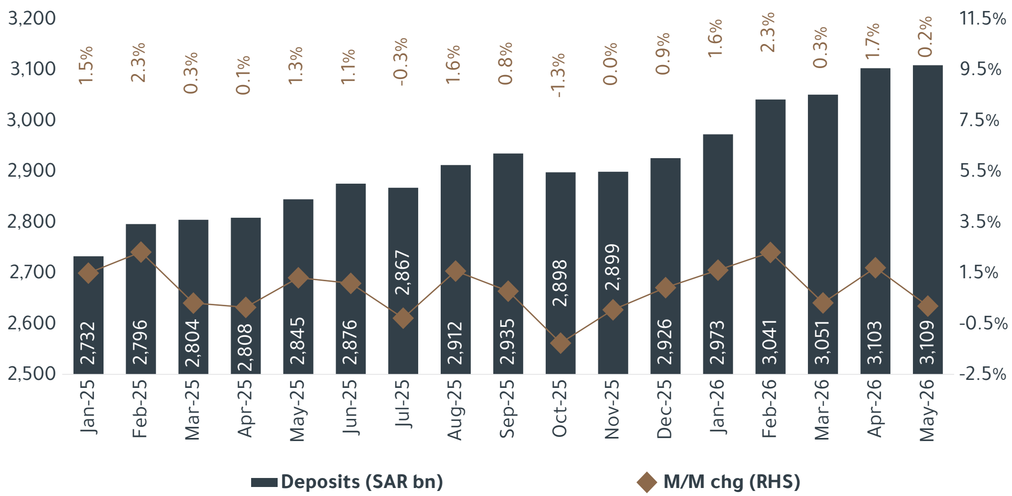
Source: SAMA, Aljazira Capital Research

Banking sector credit (SAR bn)



Source: SAMA, Aljazira Capital Research

Total deposits (SAR bn)

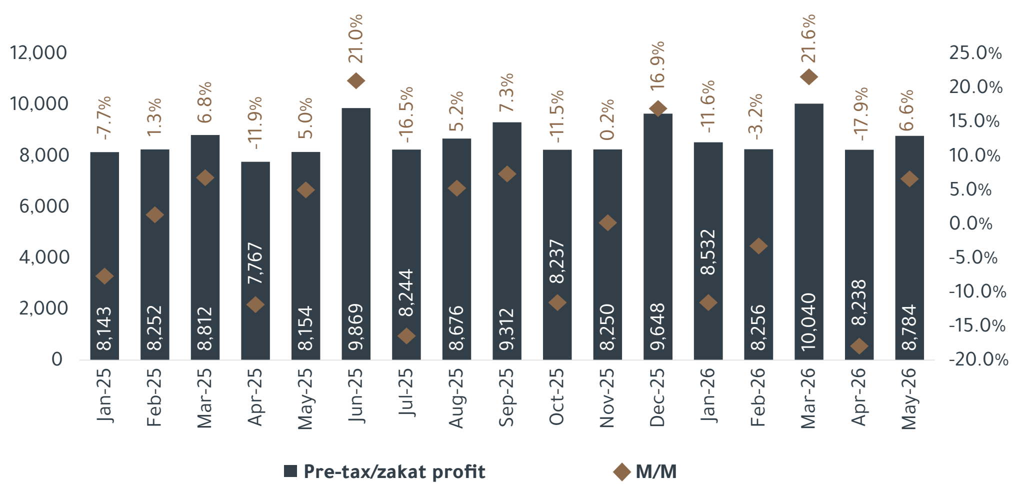


Source: SAMA, Aljazira Capital Research

Banking sector profit and deposit mix

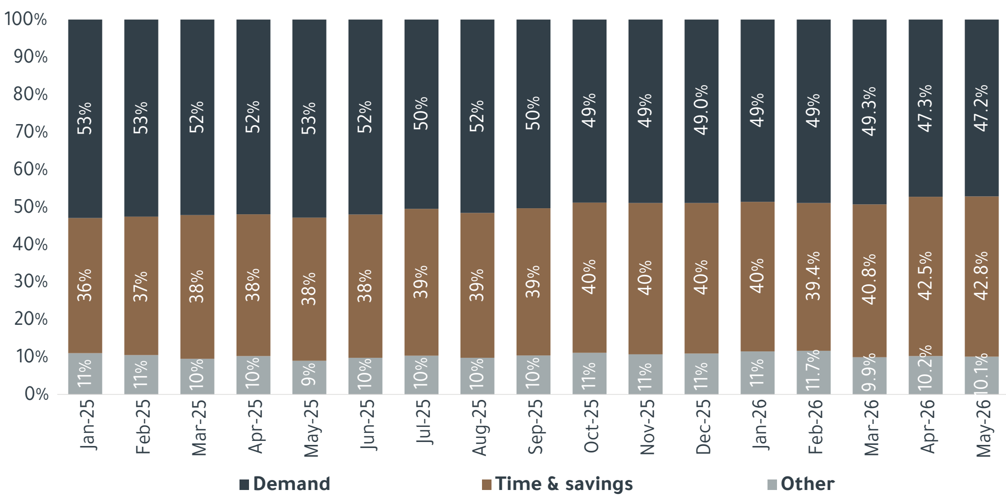
- **Profit before Zakat and taxes for May-26 was reported at SAR 8.8bn up 6.6% M/M (+7.7% Y/Y). On an YTD basis Profit Before Zakat and taxes were up 6.6% Y/Y to SAR 43.9bn. Total assets for banks grew by 1.1% M/M to SAR 5,140bn, liabilities increased by 1.2% M/M to SAR 4,477bn, while equity increased by 0.7% M/M to SAR 663bn.**
- **Overall, share of Time and saving deposits in total deposits increased by 29bps M/M to 42.8% while share of demand deposits contracted by 13bps M/M; Other Quasi government deposits share in total deposits decreased by 17bps M/M.**

Banking sector profit before zakat and tax (SAR mn)



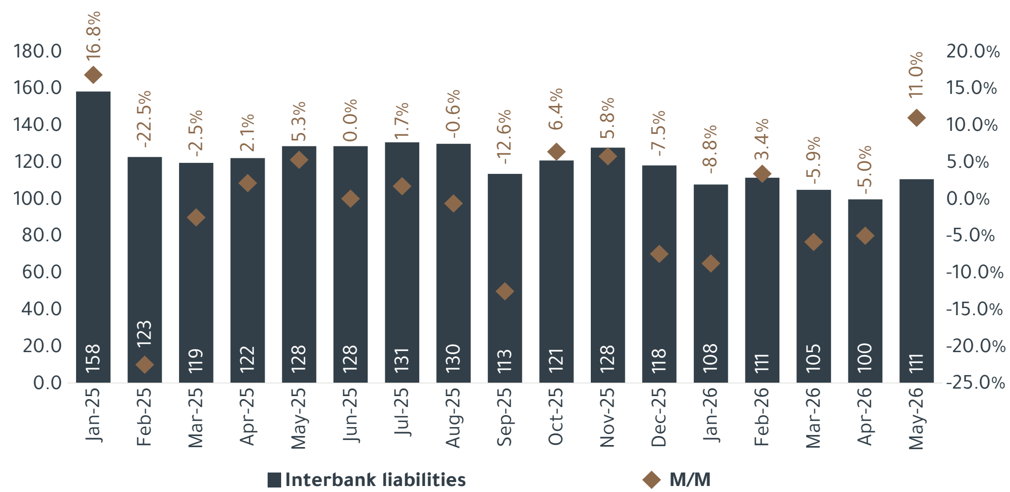
Source: SAMA, Aljazira Capital Research

Deposit mix



Source: SAMA, Aljazira Capital Research

Interbank liabilities (SAR bn)



Source: SAMA, Aljazira Capital Research

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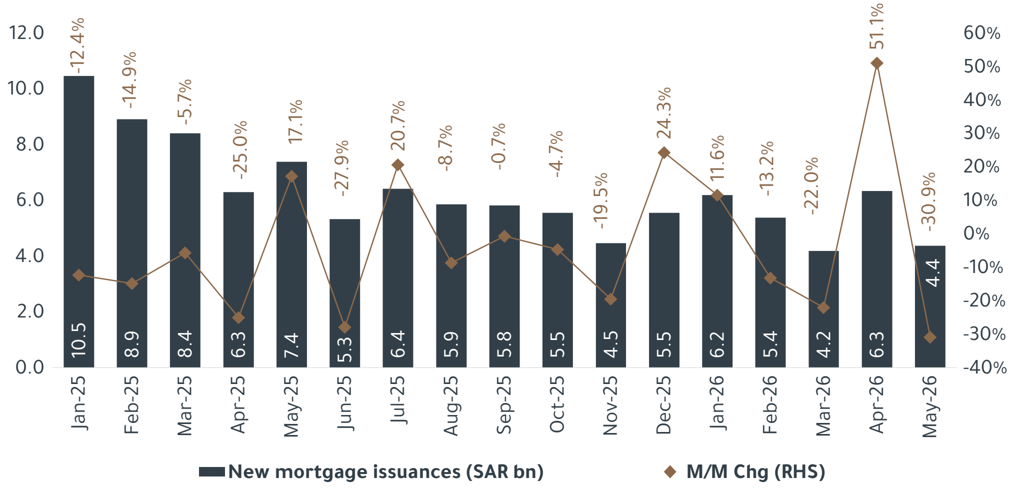
Mortgages, loans to public sector and E-commerce sales

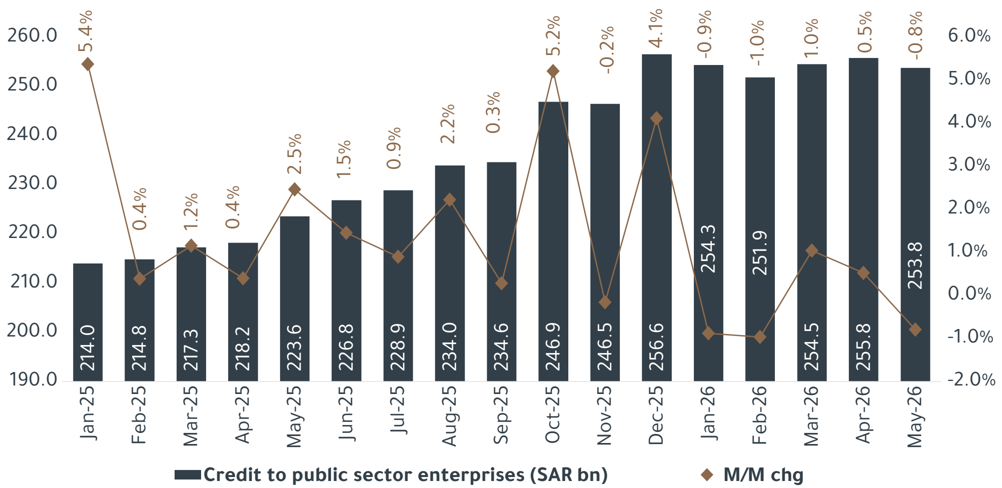
- **Individual residential mortgage lending declined 40.7% Y/Y (down 30.9% M/M) to SAR 4.4bn in May 2026, extending the slowdown in new mortgage origination even as outstanding residential mortgage balances continued to increase.**
- **Credit to public sector enterprises decreased by 0.8% M/M (up 13.5% Y/Y) to SAR 254bn.**
- **E-commerce sales using MADA increased by 4.5% M/M (up 27% Y/Y) to SAR 34.7bn.**

Mortgage loan issuances (SAR bn)



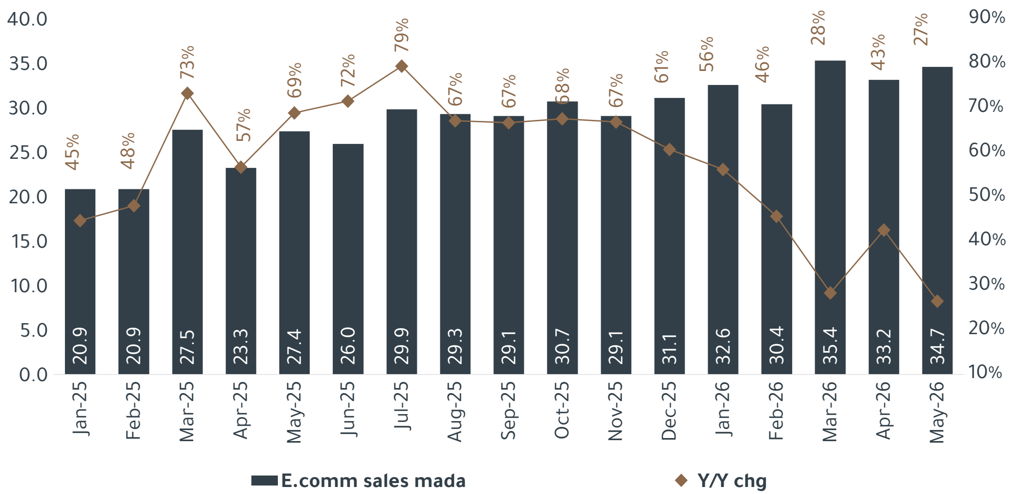
Source: SAMA, Aljazira Capital Research

Loans to public sector enterprises (SAR bn)



Source: SAMA, Aljazira Capital Research

E-commerce sales using MADA (SAR bn)

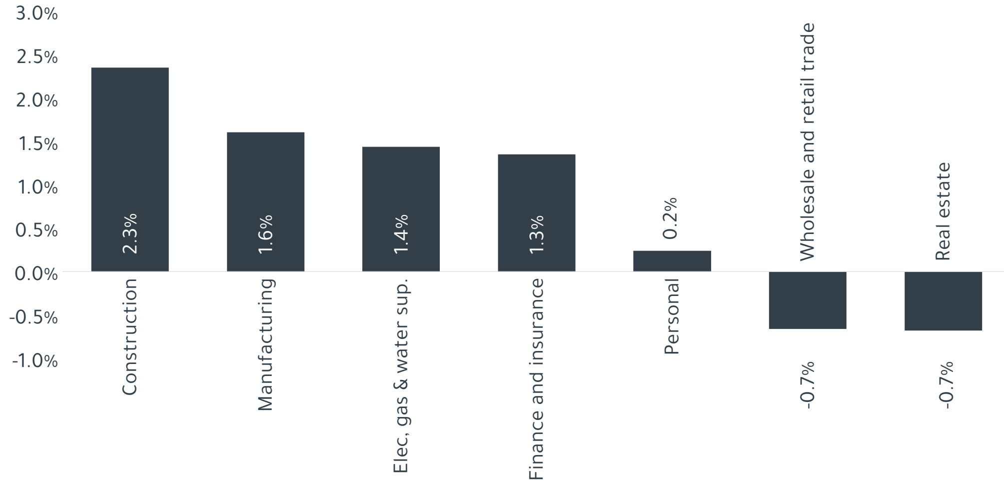


Source: SAMA, Aljazira Capital Research

Activity wise loans, POS sales and LDR

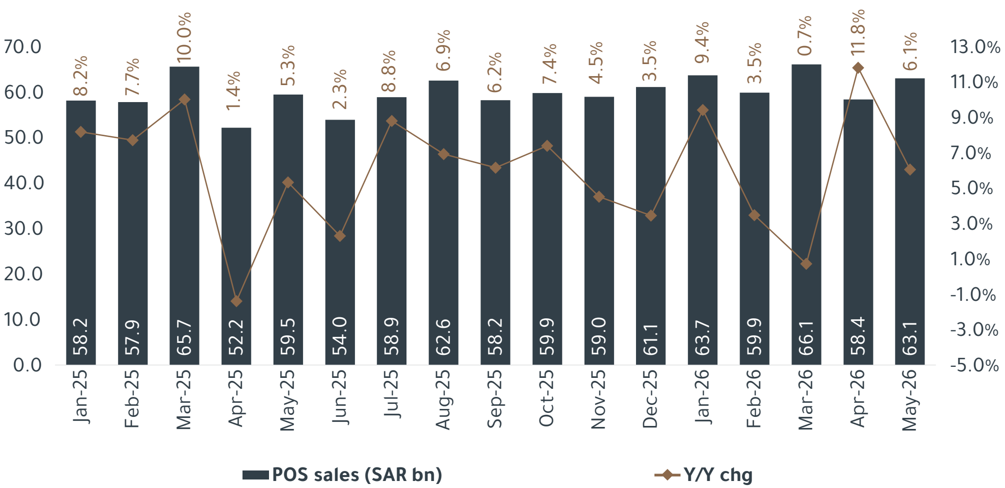
- Construction, Manufacturing and electricity, gas and water supply saw strongest M/M loan growth in May-26.
- Total POS sales grew by 8.1% M/M (up 6.1% Y/Y) to SAR 63.1bn in May 2026.
- Normal and regulated LDR ratios grew by 35/16bps M/M in May-26 to 109.2/79.0%, as deposit growth (up 0.2% M/M) underperformed loan growth (up 0.51% M/M).

Activity wise loan growth - May-2026 (M/M)



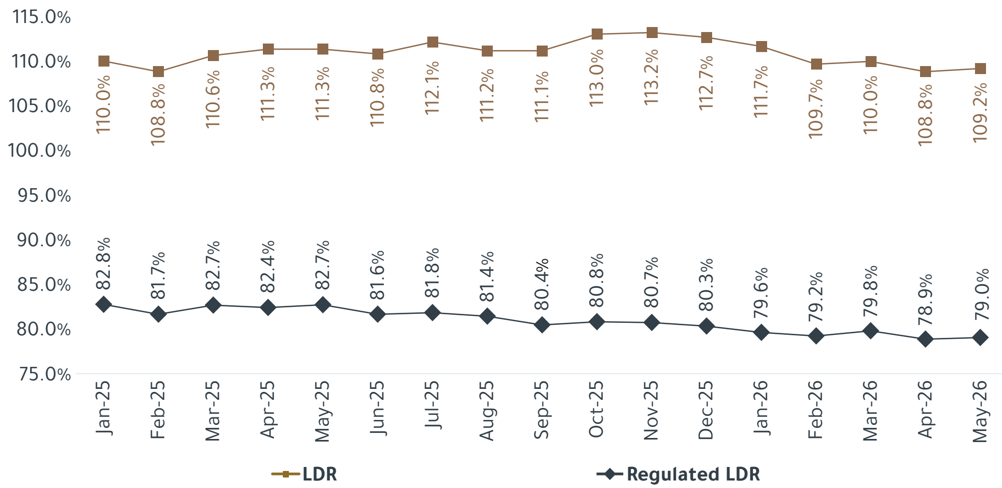
Source: SAMA, Aljazira Capital Research

POS sales (SAR bn)



Source: SAMA, Aljazira Capital Research

LDR both regulated and unregulated

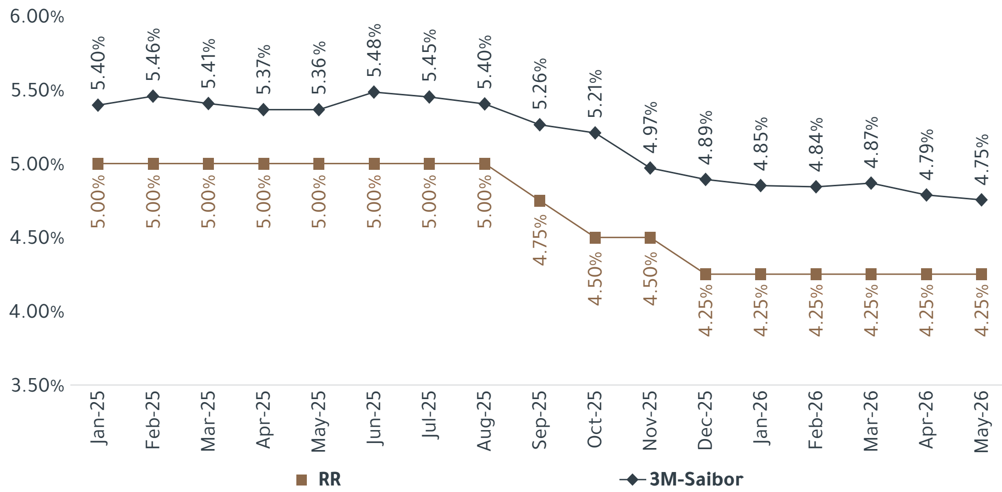


Source: SAMA, Aljazira Capital Research

Spreads and inflation

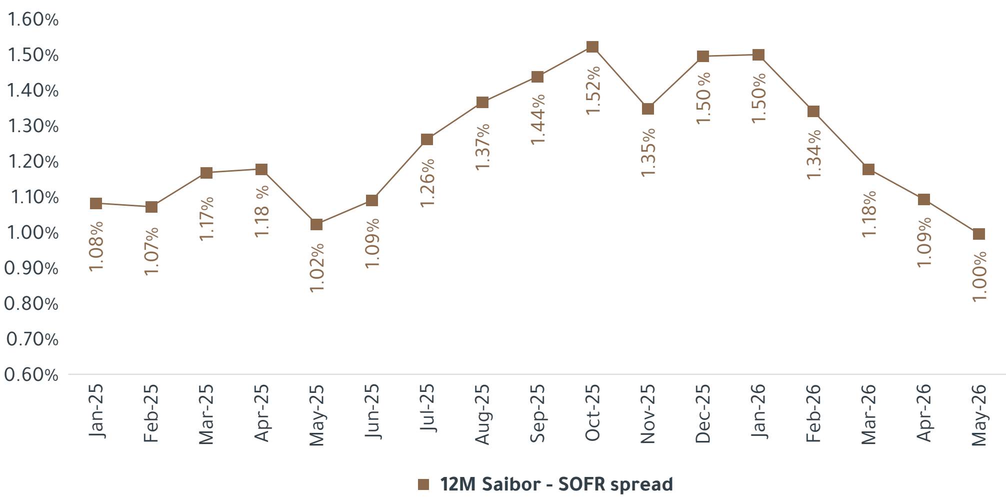
- 3MSaibor decreased by 3bps M/M (-61bps Y/Y) to 4.75%. 6MSaibor-SOFR spread increased by 1bps M/M in May-26 to 1.50%, while 12MSaibor-SOFR spread declined by 10bps M/M to 1.00%.
- Spread remains sizably above the long-term averages due to tight liquidity conditions.
- CPI inflation stood at 1.8% Y/Y (+0.22% M/M) in May-26 as compared to 1.7% in Apr-26.

Repo Rate and 3M-Saibor



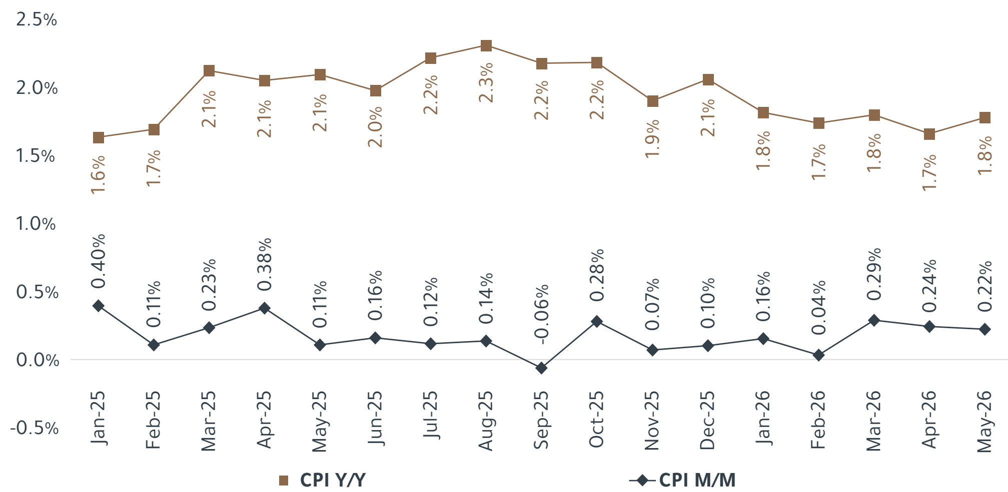
Source: SAMA, Aljazira Capital Research

Saibor-SOFR spread



Source: SAMA, Aljazira Capital Research

CPI Inflation

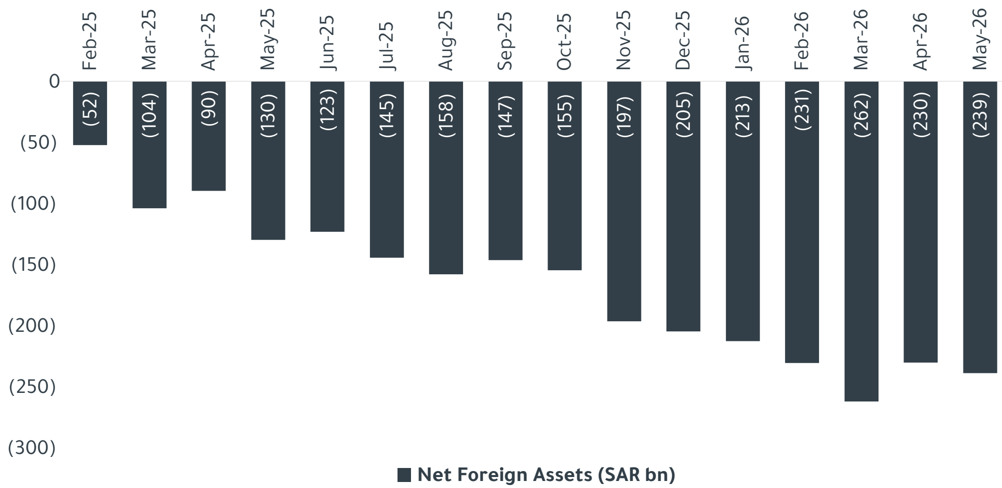


Source: SAMA, Aljazira Capital Research

Net foreign assets, key balance sheet figures of commercial banks

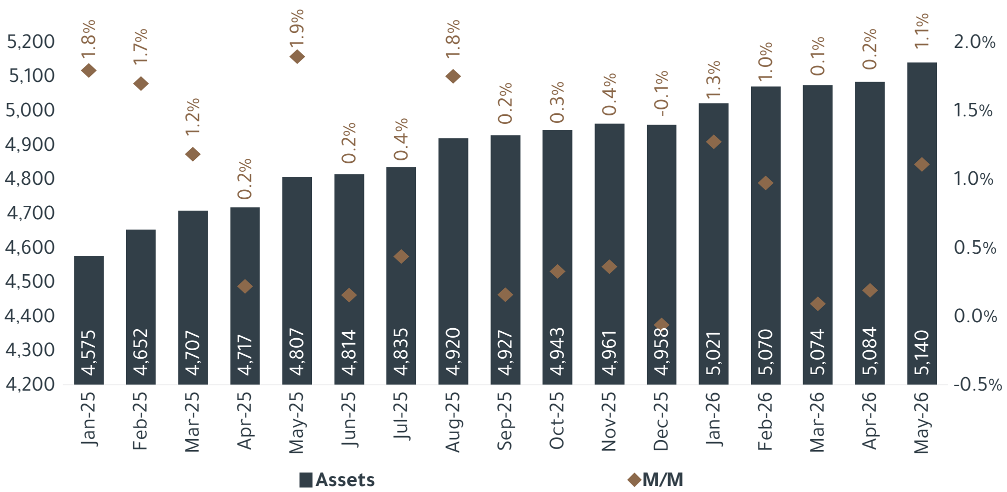
- **Net Foreign assets of Banks declined to SAR -239bn, down SAR 8.7bn M/M (down SAR 109bn Y/Y), as total assets decreased by SAR 1.1bn to SAR 430bn while total liabilities increased by SAR 7.6bn to SAR 669bn.**
- **Total assets of banks grew by 1.1% M/M to SAR 5,140bn, while total liabilities increased by 1.2% M/M to SAR 4,477bn.**

Net foreign assets of banks (SAR bn)



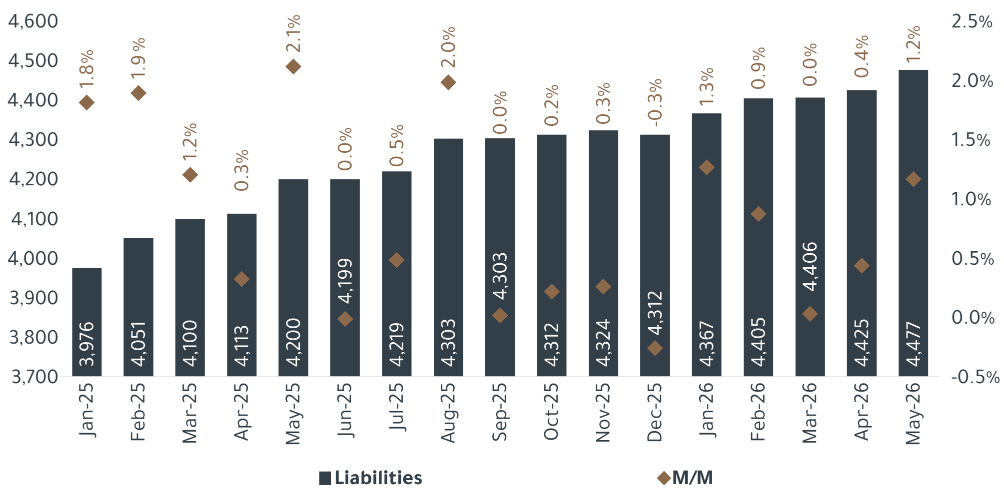
Source: SAMA, Aljazira Capital Research

Total assets of banks (SAR bn)



Source: SAMA, Aljazira Capital Research

Total liabilities of banks (SAR bn)

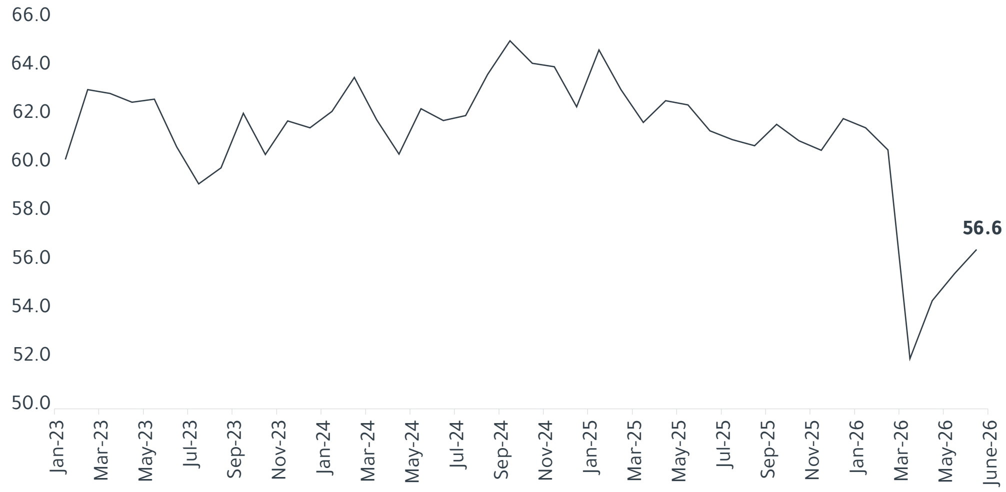


Source: SAMA, Aljazira Capital Research

Business confidence, Saudi oil production and price trends

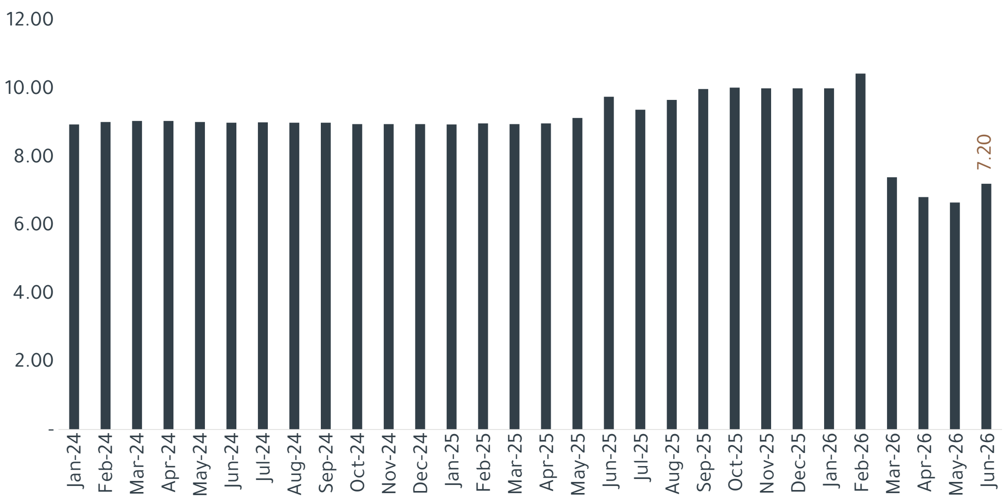
- The Overall Business Confidence Index increased to 56.6 in June 2026, suggesting improving corporate sentiment as uncertainty eased, albeit from a relatively low base.
- Saudi crude oil production declined to 7.20mbpd in June 2026, down 26.2% Y/Y from 9.75mbpd in June 2025.
- WTI moderated in early July 2026, as the geopolitical risk premium continued to fade, bringing crude prices back toward levels seen prior to the March-April spike. However recent re-escalation of conflict resulted in WTI crossing USD 80/bbl.

Overall Business Confidence



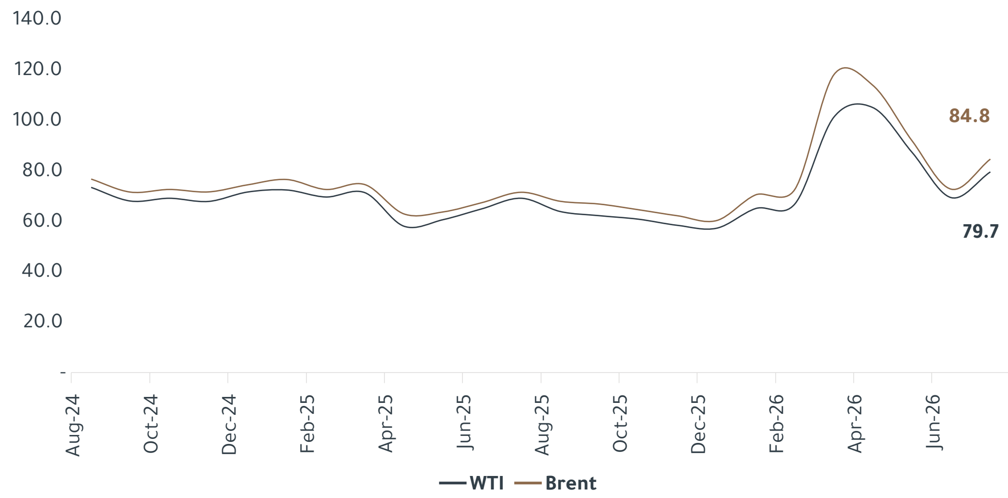
Source: SAMA, Aljazira Capital Research

Oil Production (mbpd)



Source: Bloomberg, Aljazira Capital Research

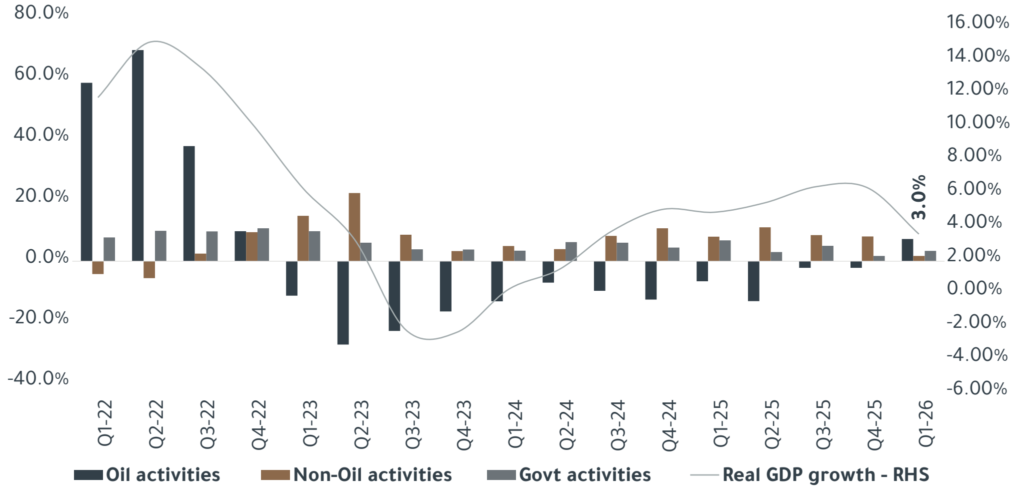
Crude Oil Prices (USD)



Source: Bloomberg, Aljazira Capital Research

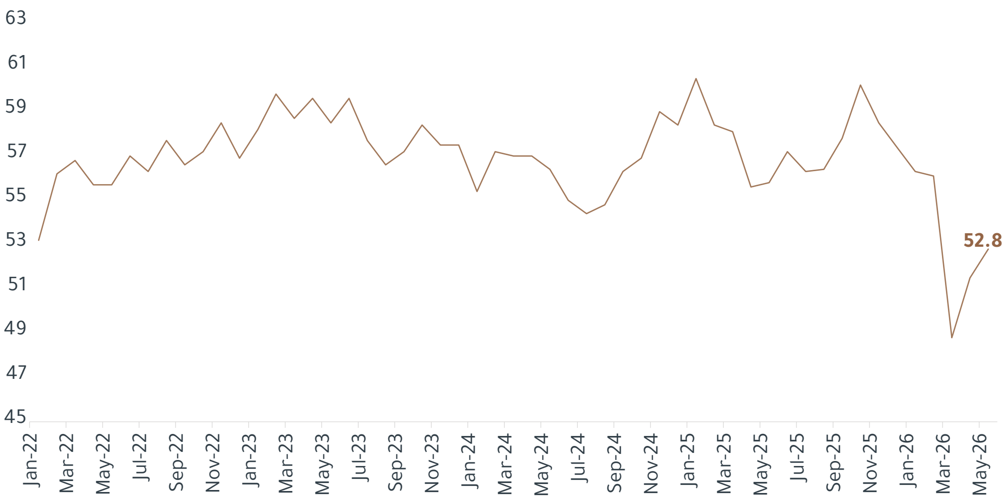
- **Saudi Arabia's real GDP growth moderated to 3.0% Y/Y in Q1 2026 from 5.7% in Q4 2025, reflecting a slower pace of economic expansion following several quarters of robust growth.**
- **Saudi Arabia's PMI improved to 52.8 in May 2026 from 51.5 in April 2026, maintaining above the 50-point expansion threshold and indicating a modest recovery in non-oil private sector activity.**
- **Total consumer spending reached SAR 141.8bn in May 2026, up 5.7% Y/Y, reflecting resilient household consumption despite a high base effect from the previous year.**

Real GDP Y/Y growth



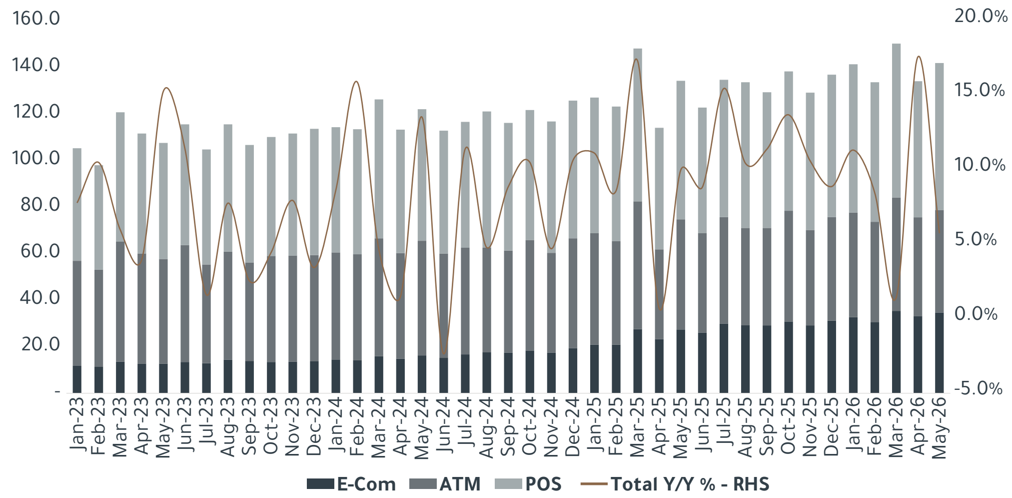
Source: Argaam, Aljazira Capital Research

KSA Purchasing Managers Index



Source: Argaam, Aljazira Capital Research

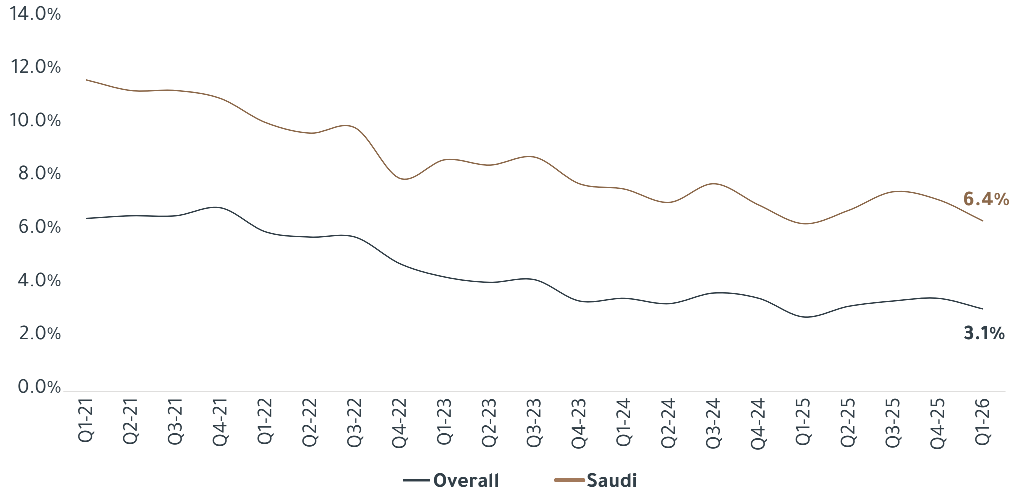
Consumer Spending (SARbn)



Source: Argaam, Aljazira Capital Research

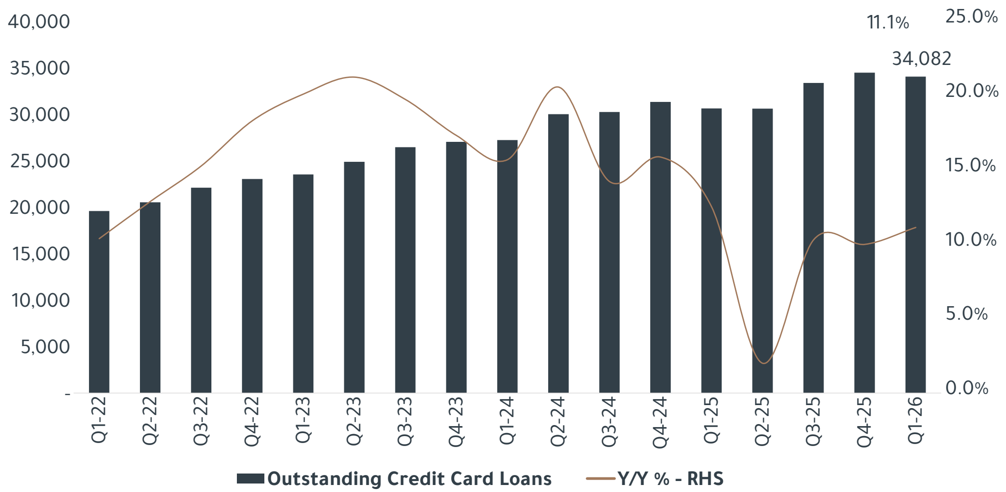
- **The labor market remained resilient in Q1 2026, as the overall unemployment rate fell to 3.1% and Saudi unemployment declined to 6.4%, providing a supportive backdrop for domestic consumption and retail lending growth.**
- **Outstanding credit card loans increased by 11.1% Y/Y to SAR 34.1bn in Q1 2026, reflecting continued strength in consumer borrowing despite a marginal sequential decline.**
- **Government debt rose to SAR 1.67tn in Q1 2026 from SAR 1.52tn at end-2025, with the debt-to-GDP ratio increasing to 33.6%, while remaining moderate by international standards.**

KSA Unemployment Rate



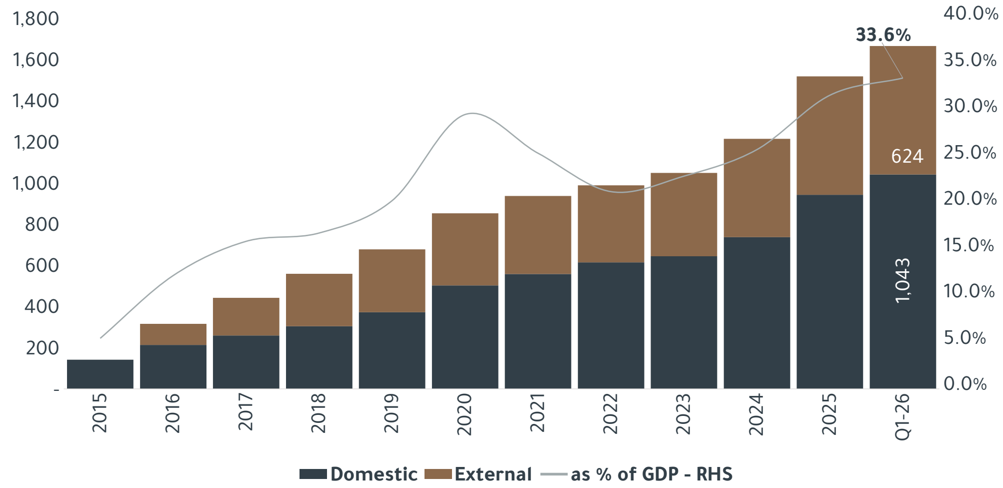
Source: NDMC, Aljazira Capital Research

Outstanding Credit Card Loans (SAR bn)



Source: Argaam, Aljazira Capital Research

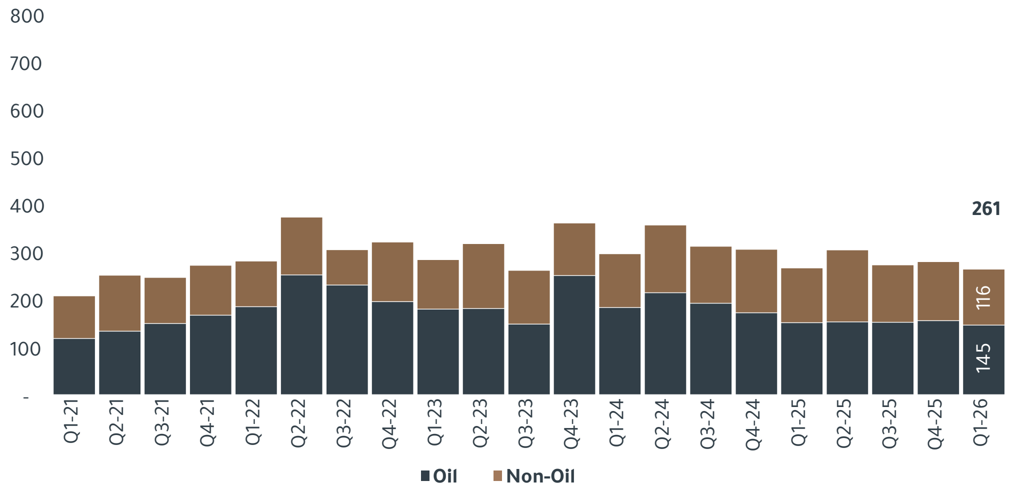
Outstanding Government Debt (SAR bn)



Source: SAMA, Aljazira Capital Research

- **Saudi Arabia's fiscal revenue moderated to SAR 261bn in Q1 2026 (down 1% Y/Y), driven by softer hydrocarbon receipts amid lower oil prices and production, while non-oil revenue continued to provide stability.**
- **Saudi Arabia maintained elevated fiscal spending in Q1 2026, with total expenditure of SAR 387bn (up 20% Y/Y) reflecting continued investment in economic development and public services despite softer fiscal revenues.**
- **Saudi Arabia recorded a fiscal deficit of SAR 126bn in Q1 2026, widening from SAR 95bn in Q4 2025, as elevated government spending more than offset fiscal revenues.**

Quarterly Fiscal Revenues (SAR bn)

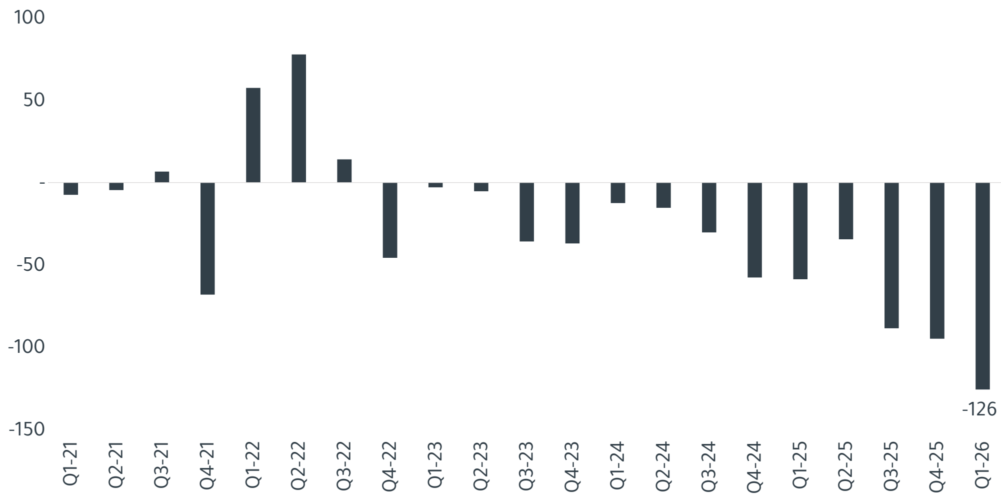


Source: Argaam, Aljazira Capital Research

Quarterly Fiscal Expenditure (SAR bn)

Source: Argaam, Aljazira Capital Research

Fiscal Surplus / (Deficit) (SAR bn)



Source: Argaam, Aljazira Capital Research

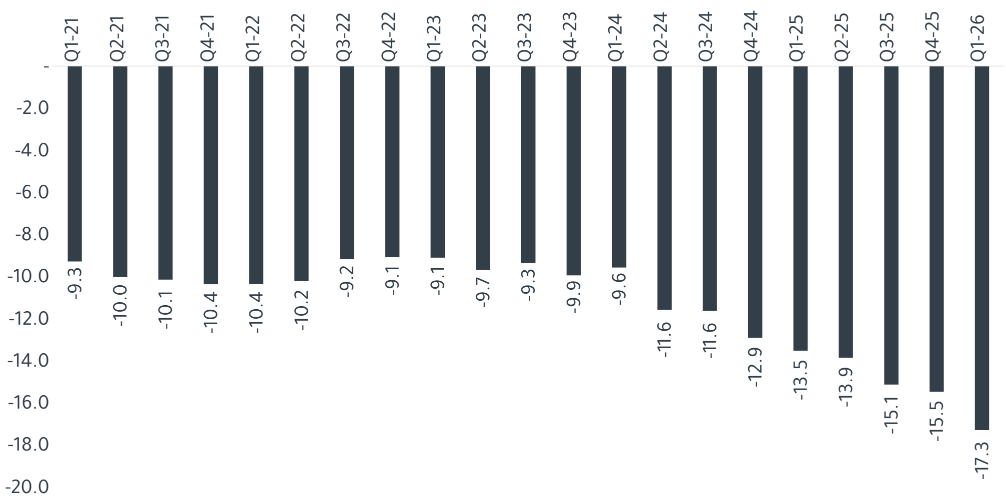
Trade balance

- In April 2026 exports declined to SAR 101.2bn from SAR 116.5bn in March, while imports rebounded to SAR 75.8bn, reflecting stronger domestic demand and softer export receipts.
- Saudi Arabia's trade surplus narrowed to SAR 25.4bn in April 2026 from SAR 56.9bn in March, reflecting lower export receipts and a rebound in imports.
- Outward remittances increased to a record USD 17.3bn in Q1 2026, reflecting continued strength in the labor market and expatriate employment, while contributing to higher net outflows on the current account.

Exports & Imports (SAR bn)

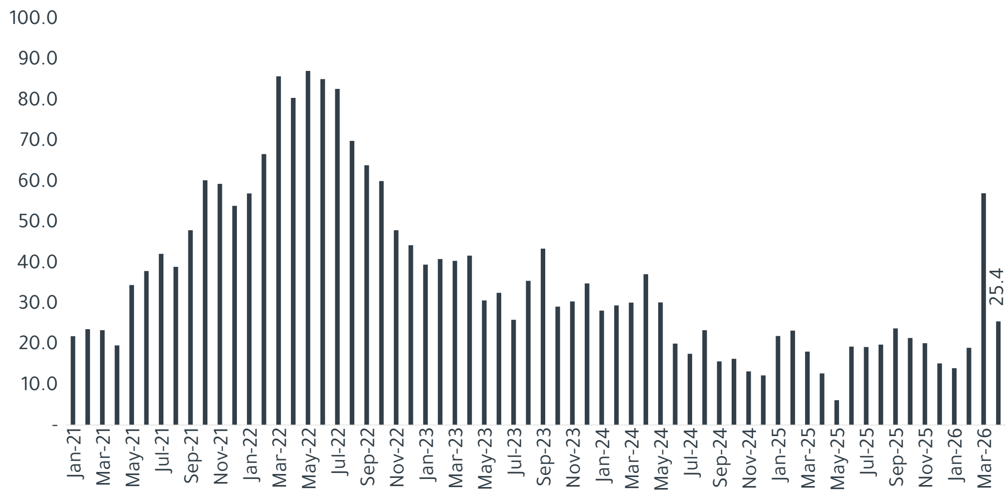
Source: Argaam, Aljazira Capital Research

Quarterly Remittances (USD bn)



Source: SAMA, Aljazira Capital Research

Trade Balance (SAR bn)



Source: Argaam, Aljazira Capital Research

Key price statistics

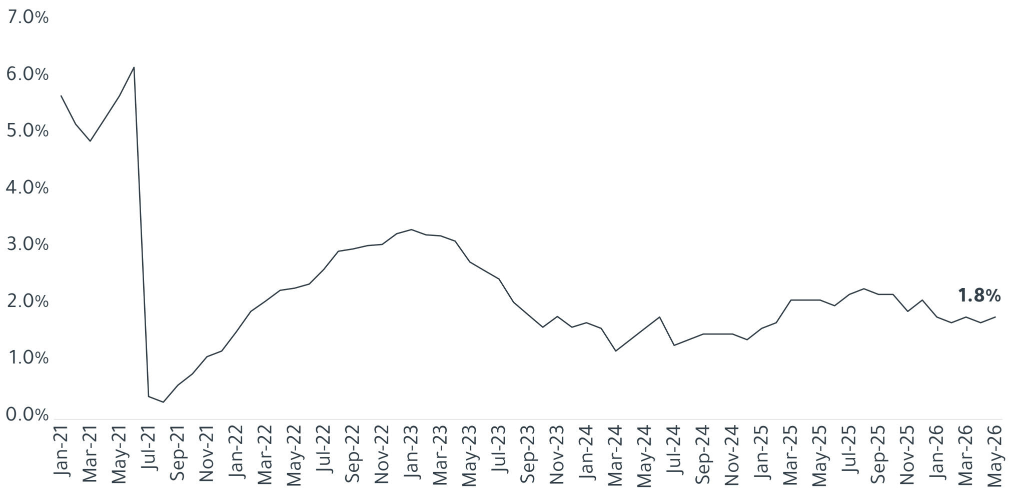
- **Consumer price inflation edged up to 1.8% Y/Y in May 2026 from 1.7% in April, remaining well contained and providing a supportive backdrop for household consumption and monetary policy stability.**
- **Price pressures remained modest across most categories in May 2026, with inflation largely driven by housing and utilities, while food and beverage inflation stayed subdued at 0.7% Y/Y.**
- **Commercial real estate prices moderated to an index level of 110.8 in Q1 2026 following the strong gains recorded in 2025, while retail property prices remained broadly stable at 100.6, indicating resilient but more normalized market conditions.**

CPI Breakdown

Category	Weight %	May-26	May-25	Y/Y %
General Index	100.0%	105.3	103.5	1.8%
F&B	21.9%	102.6	101.9	0.7%
Tobacco	0.7%	99.8	99.4	0.4%
Clothing & Footwear	3.7%	96.6	96.7	0.1%
Housing & Utilities	20.2%	116.7	112.5	3.7%
Furnishing & Household Equip	6.7%	97.4	97.9	0.5%
Health	4.0%	100.1	99.9	0.2%
Transport	14.5%	102.1	100.6	1.5%
Communication	5.2%	98.4	97.7	0.7%
Recreation	3.2%	106.2	103.5	2.6%
Education	2.2%	102.4	101.0	1.4%
Hospitality	8.4%	108.2	106.4	1.7%
Finance	3.2%	106.6	104.3	2.2%
Personal Care & Misc	6.1%	112.9	106.9	5.6%

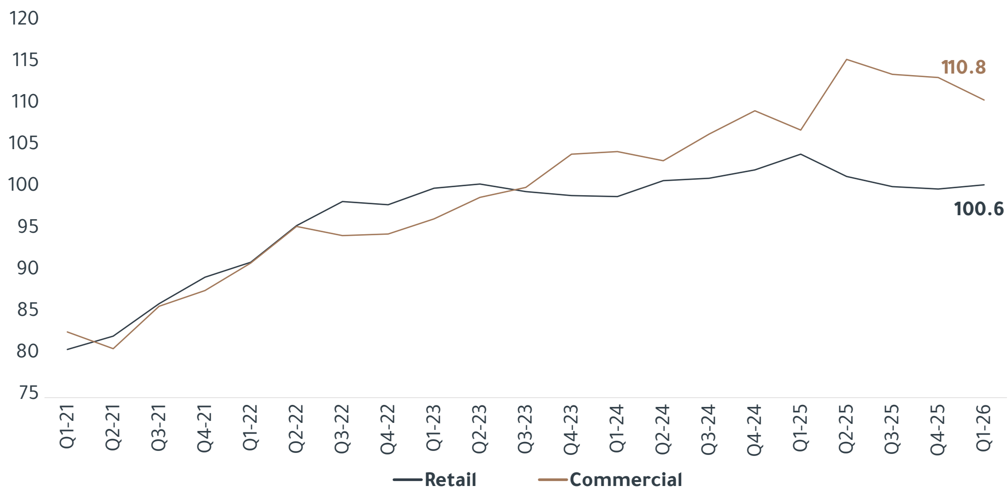
Source: Argaam, Aljazira Capital Research

Inflation Y/Y change %



Source: SAMA, Aljazira Capital Research

Real Estate Price Index



Source: GASTAT, Aljazira Capital Research

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RESEARCH DIVISION

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RATING TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated “Overweight” will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated “Underweight” would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated “Neutral” is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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