

# Saudi Monthly Economic Report

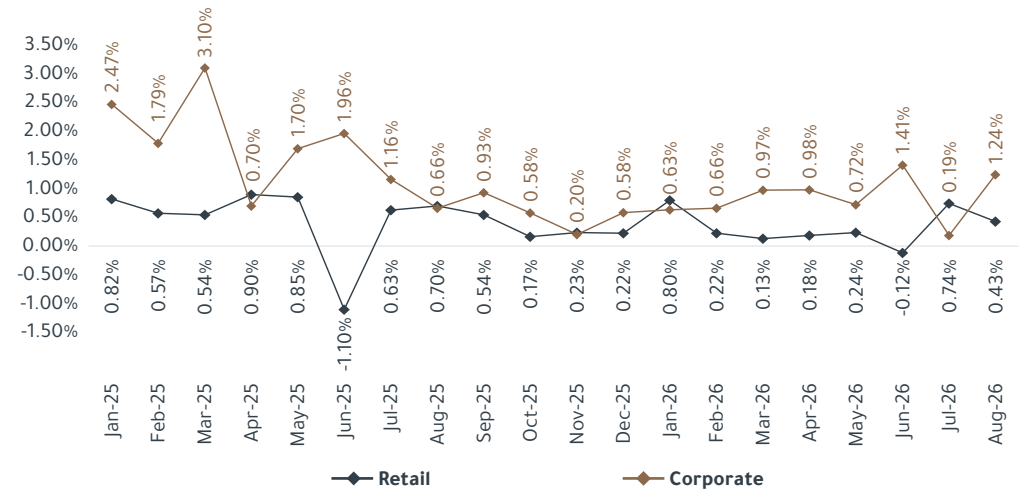
## August 2026



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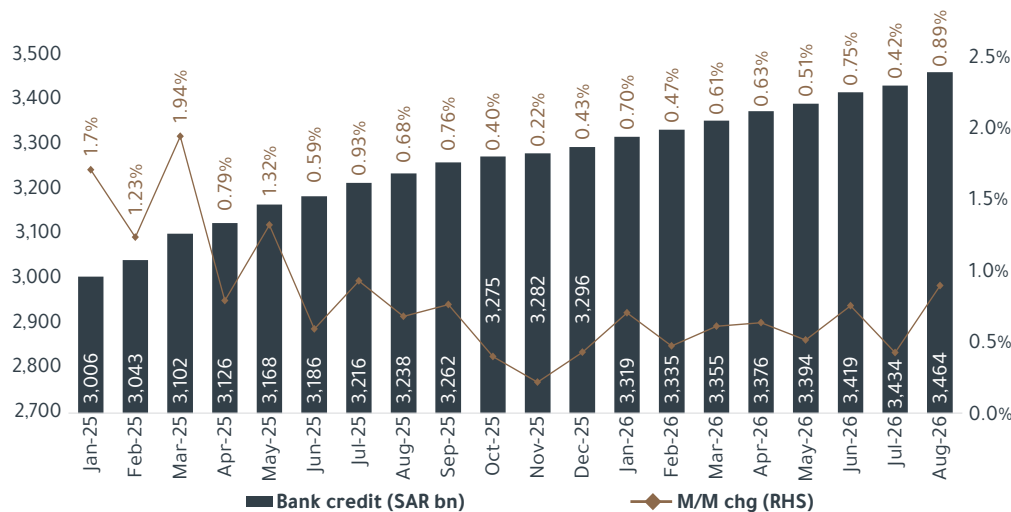
- Total credit stood at SAR 3,464bn in Aug-26, up 0.89% M/M (up 7.0% Y/Y); Retail loans grew by 0.43% M/M (+3.9% Y/Y) to reach SAR 1,472bn, while corporate loans grew by 1.24% M/M (9.5% Y/Y) to SAR 1,992bn in Aug-26.
- Total deposit base declined to SAR 3,080bn down 108bps M/M (up 5.7% Y/Y). Time and savings deposits were unchanged M/M (up 24.4% Y/Y) at SAR 1,399bn, with non-government deposits down 1.9% M/M and government up 2.2% M/M.
- Demand deposits decreased by 1.1% M/M (-5.2% Y/Y) to SAR 1,424bn (non-govt up 1.6% M/M and govt down 11.4% M/M). Other Quasi Money deposits decreased by 6.9% M/M to SAR 255bn.

#### Retail vs corporate loan growth (M/M)



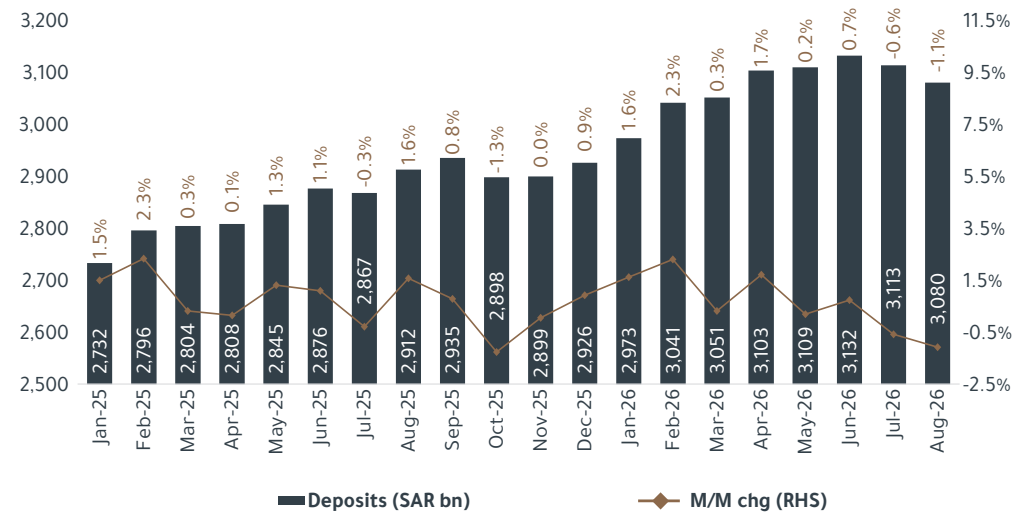
Source: SAMA, Aljazeera Capital Research

#### Banking sector credit (SAR bn)



Source: SAMA, Aljazeera Capital Research

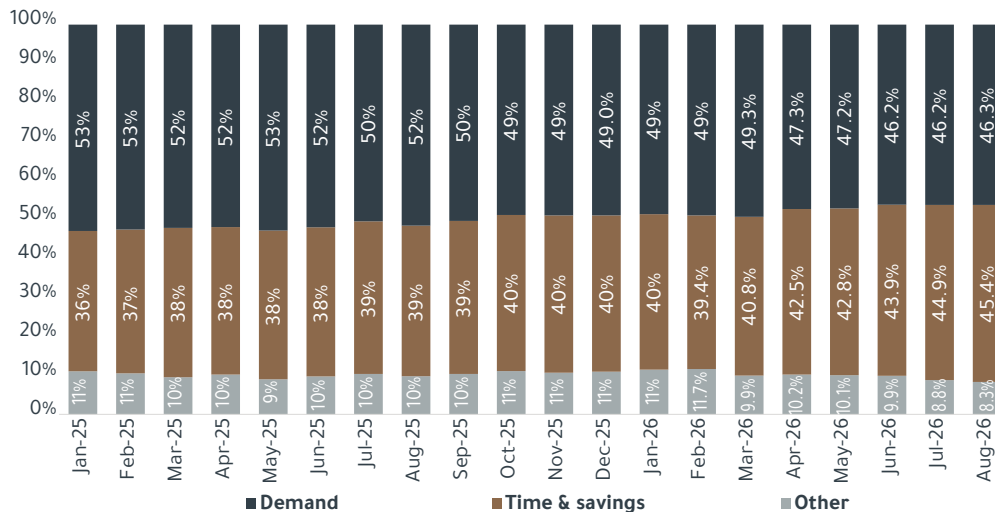
#### Total deposits (SAR bn)



Source: SAMA, Aljazeera Capital Research

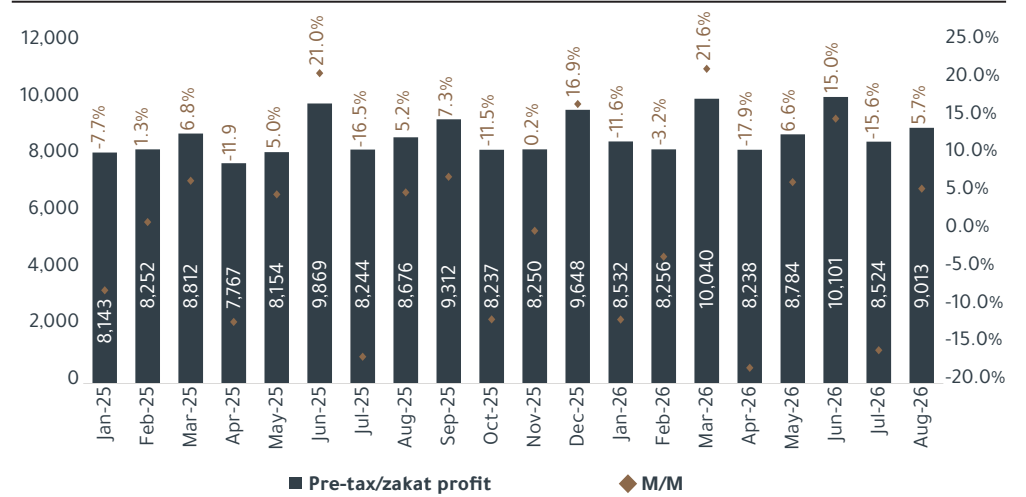
- Profit before Zakat and taxes for Aug-26 was reported at SAR 9.0bn up 5.7% M/M (+3.9% Y/Y).
- On an YTD basis Profit Before Zakat and taxes were up 5.3% Y/Y to SAR 71.5bn.
- Overall, share of Time and saving deposits in total deposits increased by 51bps M/M to 45.4%, while share of demand deposits increased by 1bps M/M to 46.3%.
- Other Quasi money deposits share in total deposits decreased by 52bps M/M.

### Deposit mix



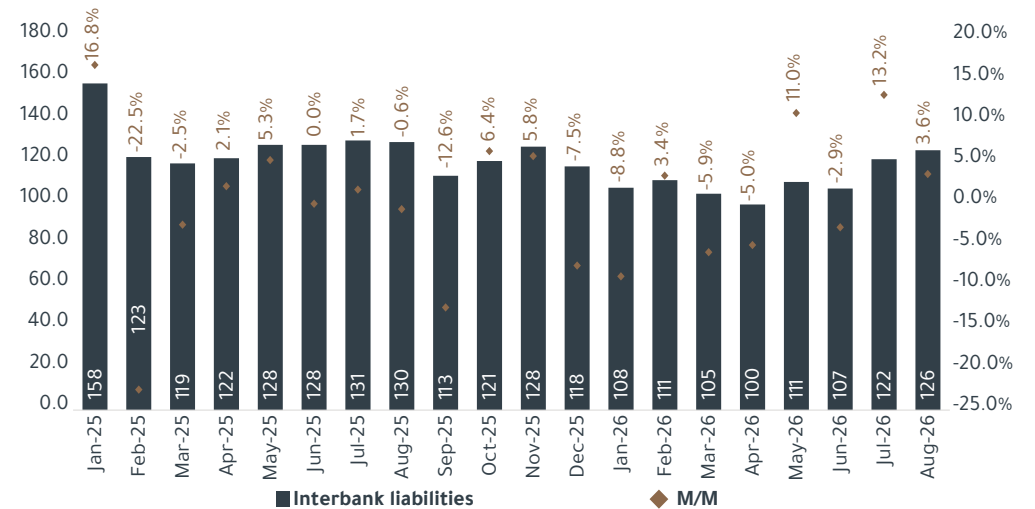
Source: SAMA, Aljazeera Capital Research

### Banking sector profit before zakat and tax (SAR mn)



Source: SAMA, Aljazeera Capital Research

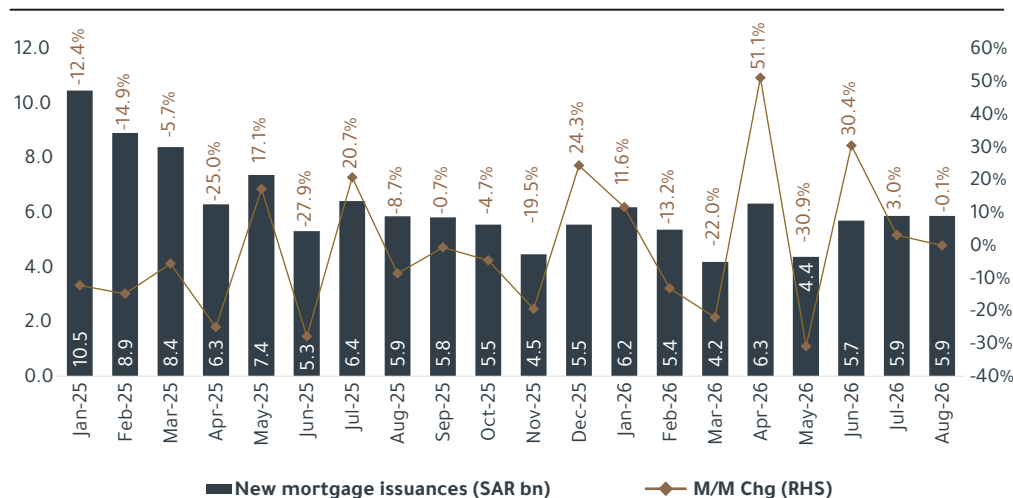
### Interbank liabilities (SAR bn)



Source: SAMA, Aljazeera Capital Research

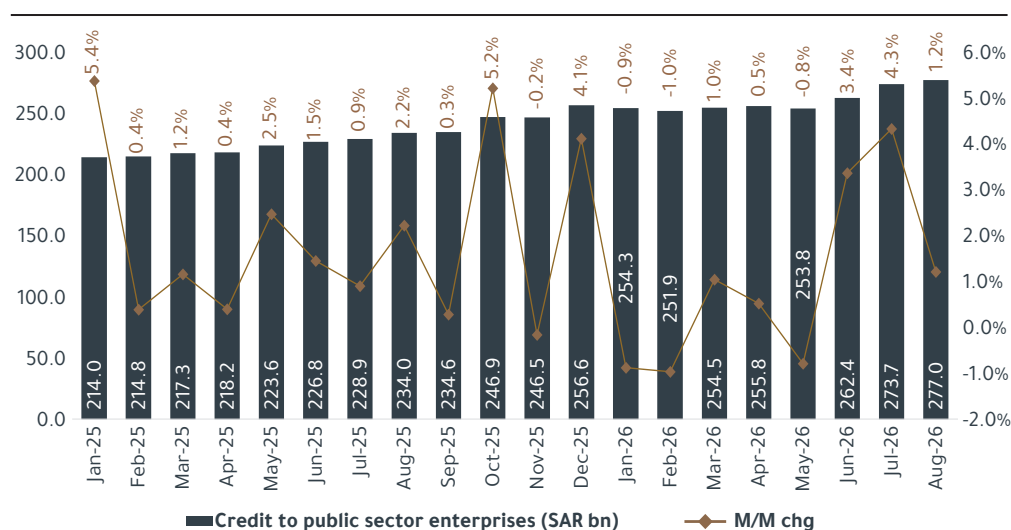
- Individual residential mortgage lending increased 8bps Y/Y (down 14bps M/M) to SAR 5.9bn in August 2026.
- Credit to public sector enterprises increased by 1.2% M/M (up 18.4% Y/Y) to SAR 277bn.
- E-commerce sales using MADA decreased by 1.8% M/M (up 26.0% Y/Y) to SAR 36.9bn.

**Mortgage loan issuances (SAR bn)**



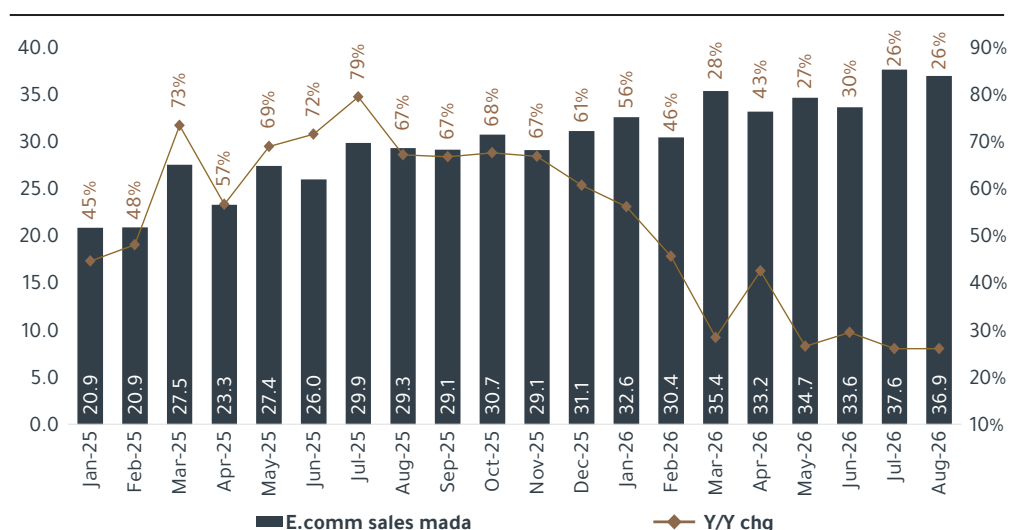
Source: SAMA, Aljazeera Capital Research

**Loans to public sector enterprises (SAR bn)**



Source: SAMA, Aljazeera Capital Research

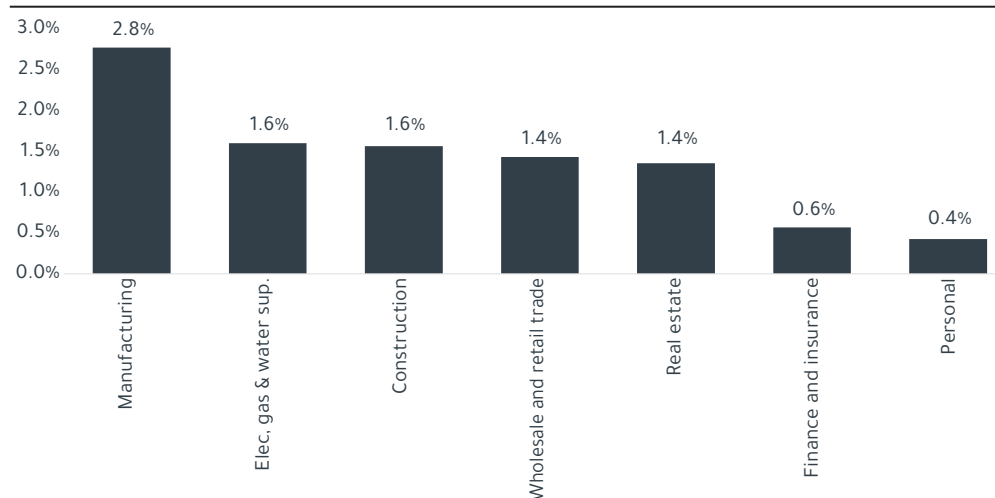
**E-commerce sales using MADA (SAR bn)**



Source: SAMA, Aljazeera Capital Research

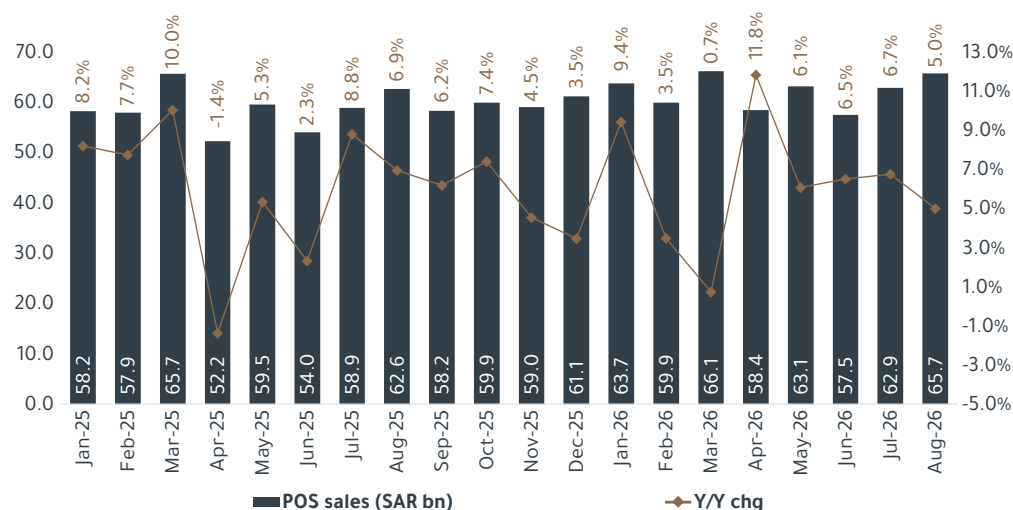
- Manufacturing, Electricity, gas and water, construction and wholesale & retail trade saw strongest M/M loan growth in Aug-26.
- Total POS sales increased by 4.5% M/M (up 5.0% Y/Y) to SAR 65.7bn M/M.
- Normal and regulated LDR ratios grew by 220/104bps M/M in Aug-26 to 112.5/81.7%, as deposit declined by 108bps M/M while loans grew by 89bps M/M.

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



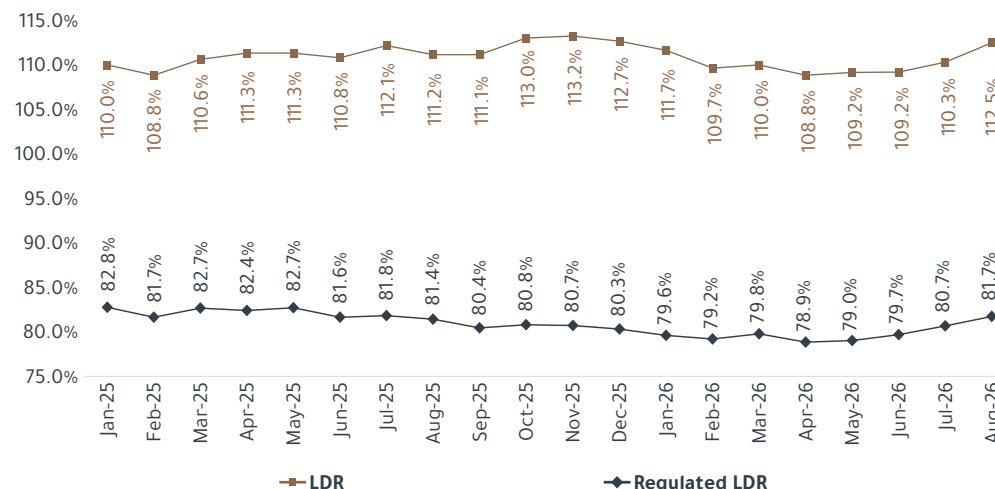
Source: SAMA, Aljazira Capital Research

POS sales (SAR bn)



Source: SAMA, Aljazira Capital Research

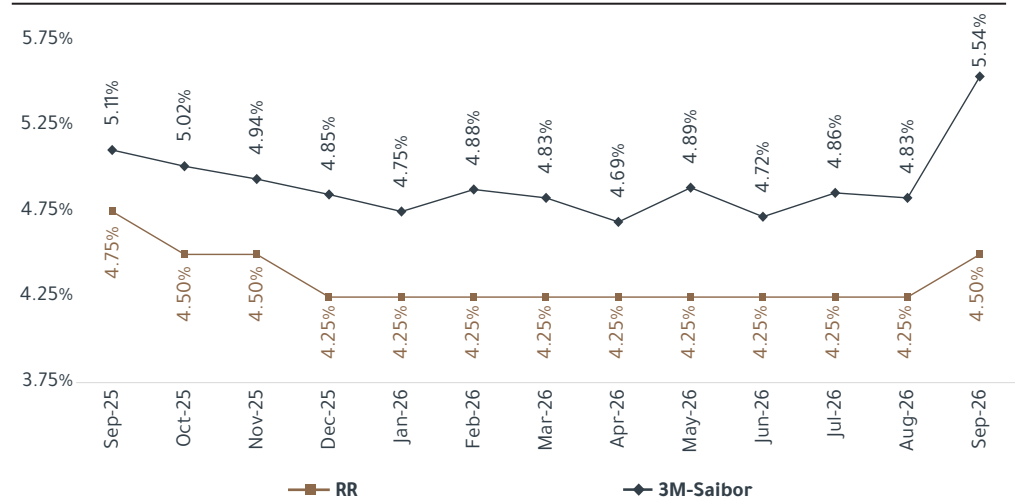
LDR both regulated and unregulated



Source: SAMA, Aljazira Capital Research

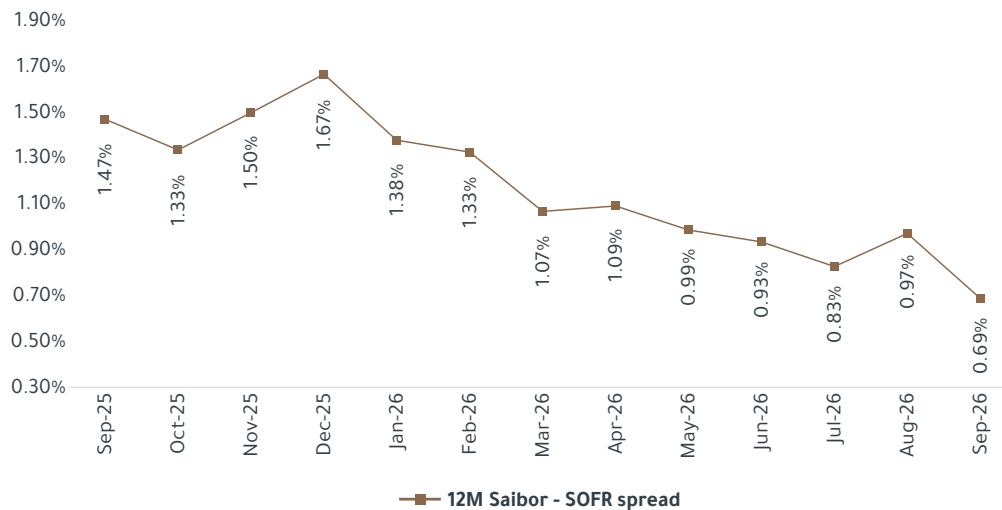
- 3M Saibor ending Sept-26 was up 71bps M/M. While 12M Saibor SOFR spread was down to 69bps M/M.
- Spread remains sizably above the long-term averages due to tight liquidity conditions.
- CPI inflation stood at 1.82% Y/Y (+0.17% M/M) in Aug-26 as compared to 1.78% in July-26.
- The US Fed raised interest rates by 25bps in Sept-26, SAMA followed and made a 25bps increase aswell, market and FOMC members expect another 25bps increase by the end of 2026.

### Repo Rate and 3M-Saibor



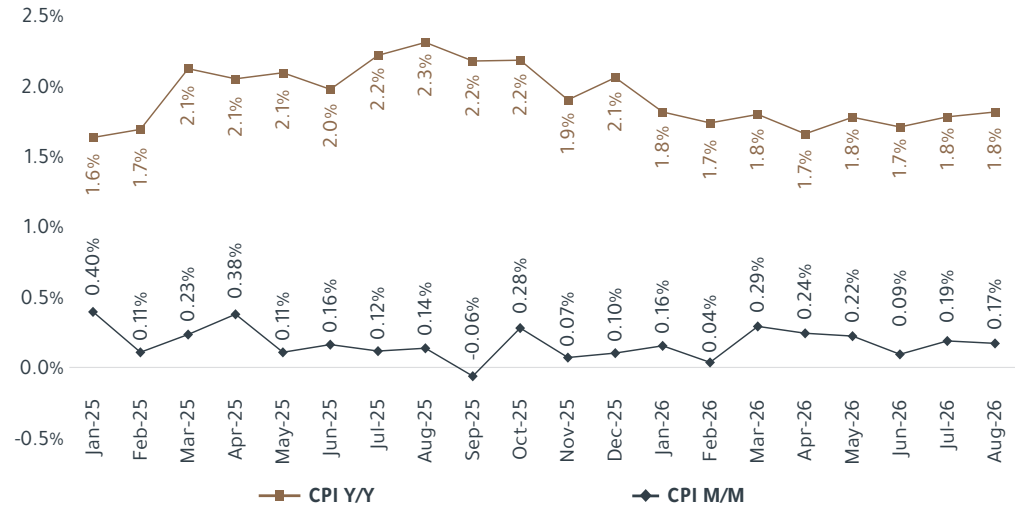
Source: SAMA, Aljazira Capital Research

### Saibor-SOFR spread



Source: SAMA, Aljazira Capital Research

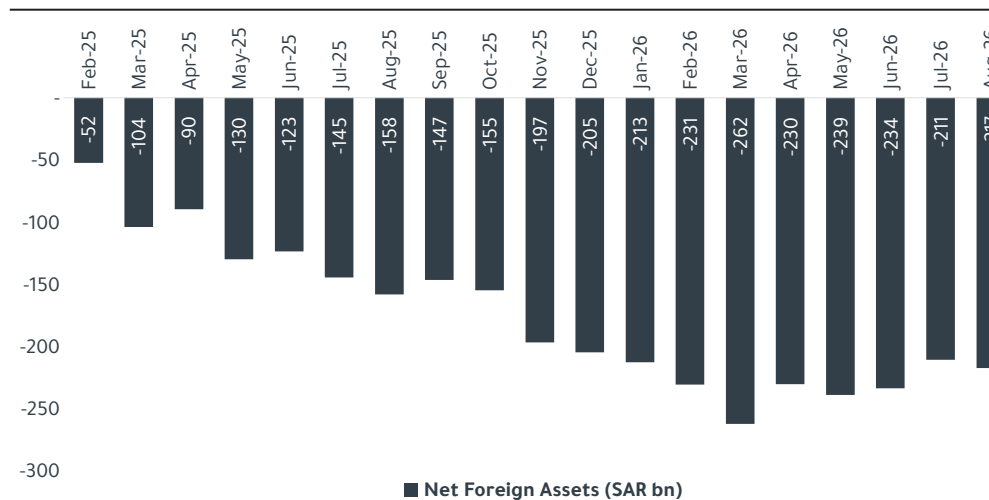
### CPI Inflation



Source: SAMA, Aljazira Capital Research

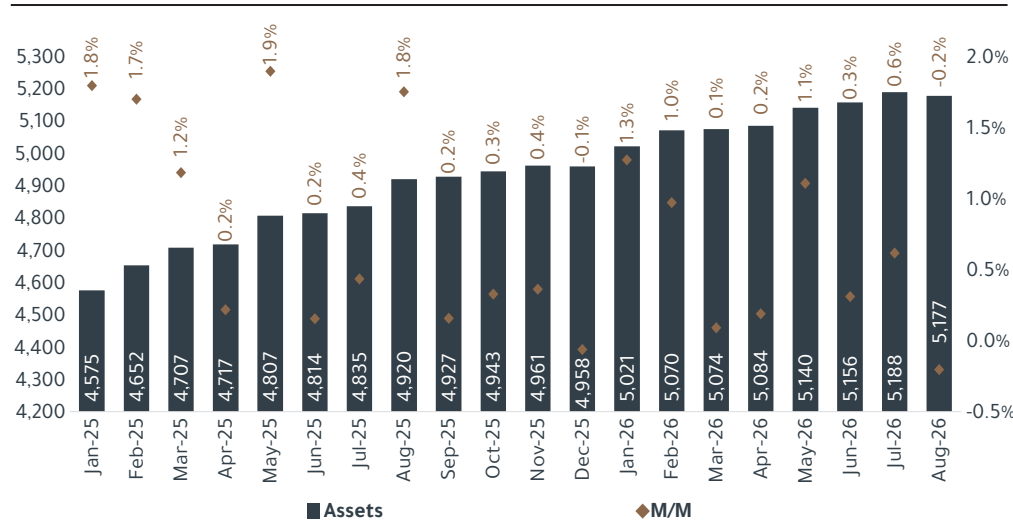
- Net Foreign assets of Banks declined to SAR -217bn, (down SAR 6.6bn M/M), as total assets decreased by SAR 20.3bn to SAR 418bn while total liabilities decreased by SAR 13.7bn to SAR 636bn.
- Total assets of banks decreased by 0.2% M/M to SAR 5,177bn, while total liabilities decreased by 0.4% M/M to SAR 4,501bn.

Net foreign assets of banks (SAR bn)



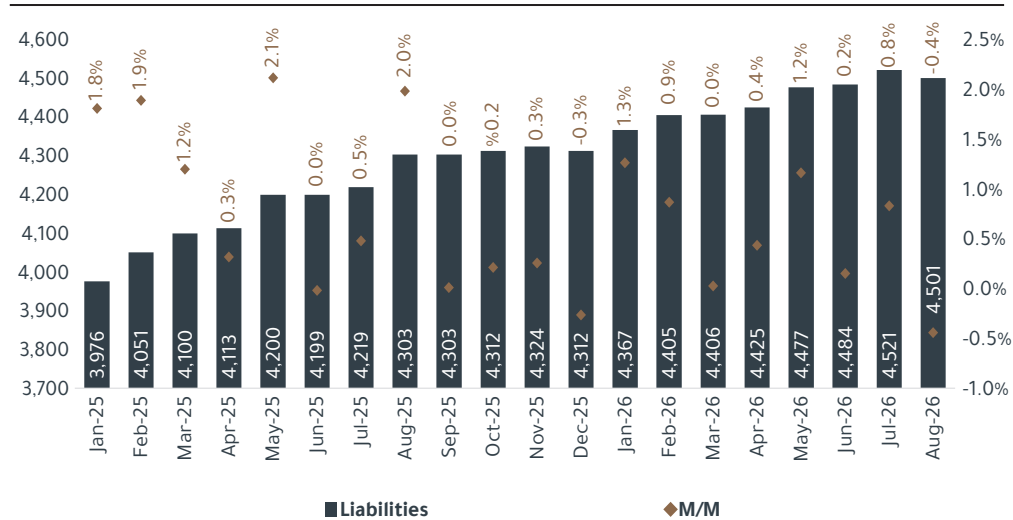
Source: SAMA, Aljazeera Capital Research

Total assets of banks (SAR bn)



Source: SAMA, Aljazeera Capital Research

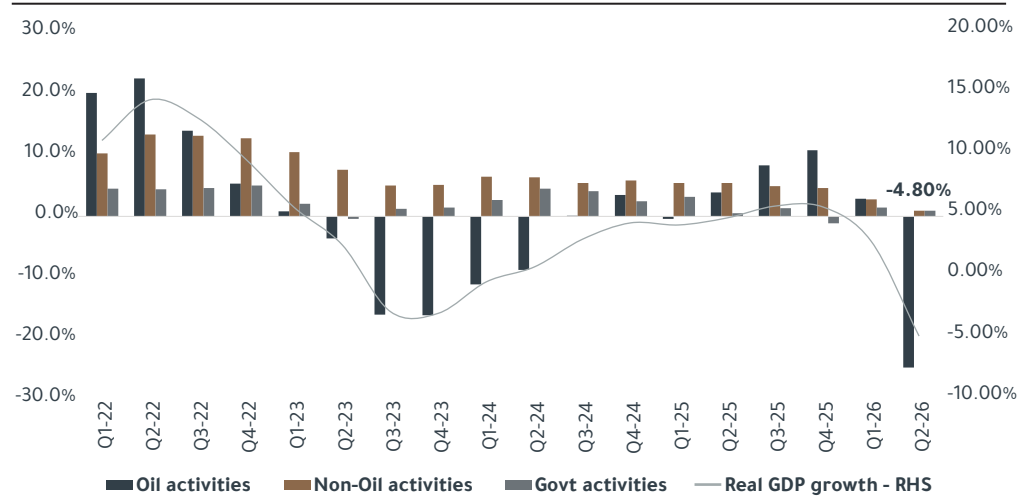
Total liabilities of banks (SAR bn)



Source: SAMA, Aljazeera Capital Research

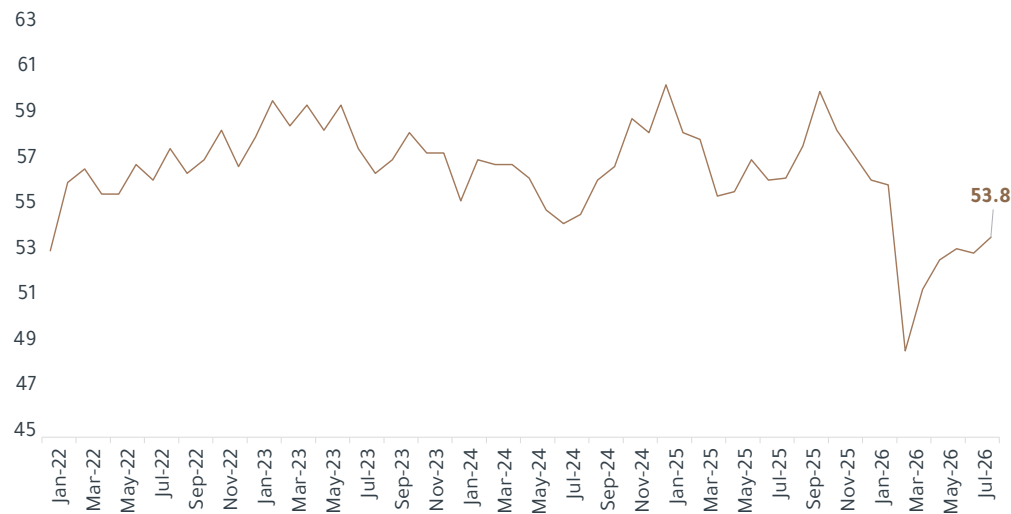
- Real GDP contracted 4.8% Y/Y in Q2-26 - the weakest reading since the oil production cuts.
- August 2026 is a positive reading, but we see it as a moderate recovery rather than a strong expansion. The most important development is that the contraction seen in Q1 2026 has clearly been reversed.
- Consumer spending rose 6.3% Y/Y to SAR 142.0bn in August 2026, though it eased 2.1% M/M from July's SAR 145.0bn. The main driver remained e-commerce, which grew 25.9% Y/Y to SAR 36.9bn, lifting its share of total spending to 26.0% from 21.9% a year earlier. POS sales rose 5.0% Y/Y (+4.5% M/M) to SAR 65.7bn, the highest level since March 2026.

#### Real GDP Y/Y growth



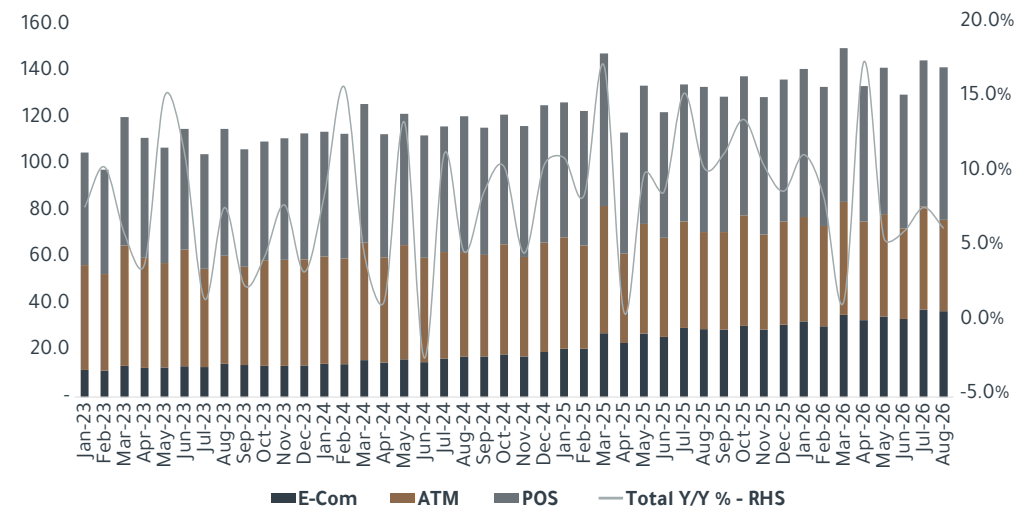
Source: Argaam, Aljazeera Capital Research

#### KSA Purchasing Managers Index



Source: Argaam, Aljazeera Capital Research

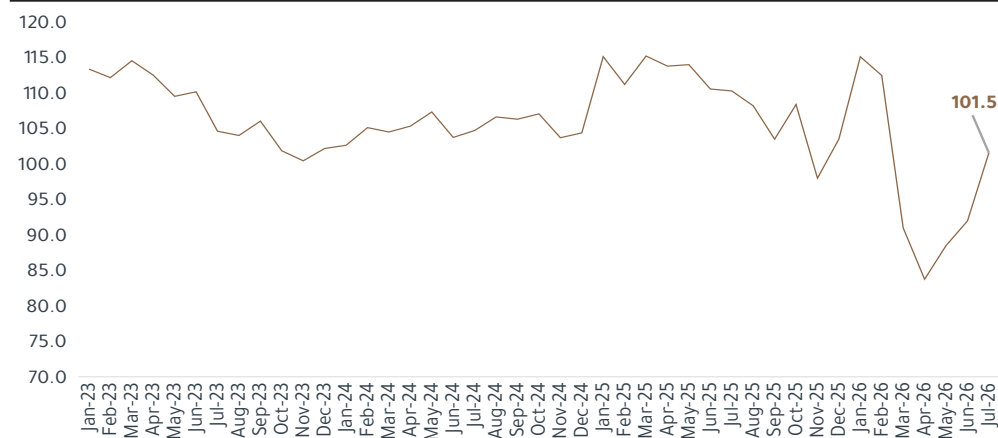
#### Consumer Spending (SARbn)



Source: Argaam, Aljazeera Capital Research

- Saudi Arabia's Industrial Production Index (IPI) rose 10.4% M/M to 101.5 in July 2026, its highest level since February. On an annual basis, the index declined 8.1% Y/Y, a marked improvement from the 16.3% contraction recorded in June. The index has now recovered 21.3% from its April 2026 trough of 83.7, the lowest reading in the series, although it remains 11.7% below January's level of 115.0.
- Oil activities rose 16.3% M/M, led by a 19.0% jump in crude oil and natural gas extraction, while refined products increased 6.5% M/M. On an annual basis, however, oil activities remained 11.4% lower, with extraction down 10.9% Y/Y and refining down 13.6% Y/Y, as output has yet to return to pre-disruption levels. Non-oil activities were broadly stable, down 0.3% Y/Y and 0.2% M/M.

## Industrial Production



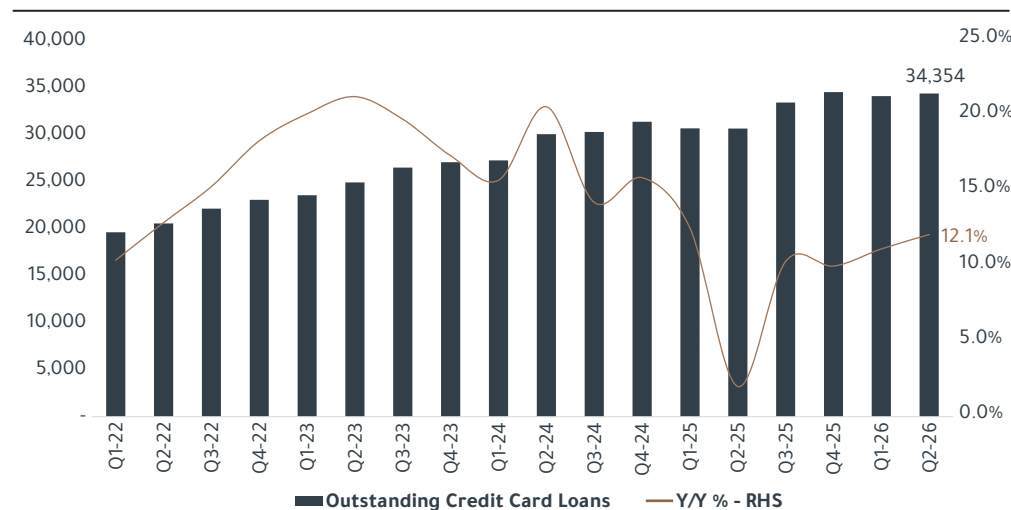
Source: GASTAT, Aljazira Capital Research

| Main Activity                                                       | Rate of change |              |
|---------------------------------------------------------------------|----------------|--------------|
|                                                                     | Annual         | Monthly      |
| <b>Oil Activities</b>                                               | -11.4%         | <b>16.3%</b> |
| Extraction of crude petroleum and natural gas                       | -10.9%         | 19.0%        |
| Manufacture of coke and refined petroleum products                  | -13.6%         | 6.5%         |
| <b>Non-Oil Activities</b>                                           | -0.3%          | <b>-0.2%</b> |
| Manufacturing                                                       | -1.3%          | -1.1%        |
| Manufacture of food products                                        | -2.7%          | -4.0%        |
| Manufacture of beverages                                            | 1.8%           | 0.2%         |
| Manufacture of paper and paper products                             | -4.9%          | 0.1%         |
| Manufacture of chemicals and chemical products                      | -4.0%          | -2.2%        |
| Manufacture of non-metallic products                                | -2.2%          | 0.9%         |
| Manufacture of basic metals                                         | 2.7%           | 1.4%         |
| Manufacture of electrical devices                                   | -2.9%          | 0.4%         |
| Manufacture of furniture                                            | 0.5%           | -0.2%        |
| Other Economic Activities                                           | 3.4%           | 0.2%         |
| Electricity, gas, steam and air conditioning supply                 | 4.5%           | 5.4%         |
| Water supply; sewerage, waste management and remediation activities | 7.8%           | 2.6%         |
| <b>General index</b>                                                | -8.1%          | <b>10.4%</b> |

Source: GASTAT, Aljazira Capital Research

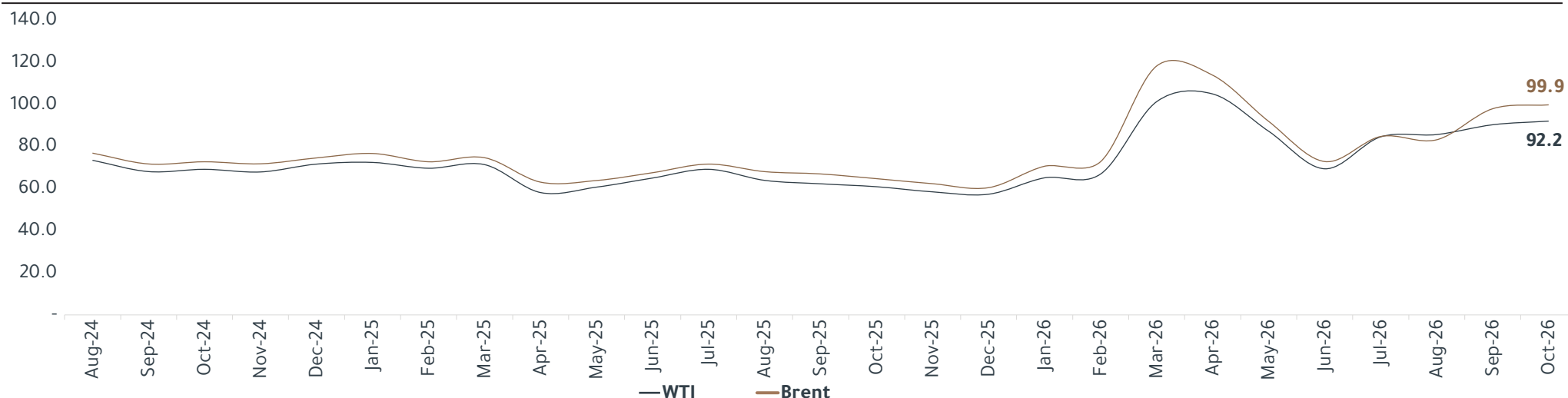
- Brent crude rose 17.6% M/M to USD 98.0/bbl in September 2026, up 46.3% Y/Y, and has edged higher to USD 99.9/bbl in October. WTI rose 5.4% M/M to USD 90.4/bbl in September (+44.9% Y/Y) and stands at USD 92.2/bbl in October. Prices have recovered 37.0% from June's low of USD 72.9/bbl, although Brent remains 15.6% below its March 2026 peak of USD 118.4/bbl, reached at the height of the regional conflict.
- The latest reading shows outstanding credit card loans rising modestly to SAR 34.35bn in Q2-26, up from SAR 34.08bn in Q1-26. This represents a 0.8% Q/Q increase, while the Y/Y growth rate remained strong at 12.1%.

**Outstanding Credit Card Loans (SAR bn)**



Source: Argaam, Aljazeera Capital Research

**Crude oil prices (USD)**



Source: Investing.com, Aljazeera Capital Research

- Saudi Arabia’s outstanding government debt increased to SAR 1.685tn in Q2-26, up from SAR 1.519tn at end-2025 and SAR 1.216tn at end-2024, reflecting continued debt issuance to finance strategic investments and manage fiscal requirements while maintaining ample market liquidity.
- Gross borrowing totaled SAR 189bn, partly offset by principal repayments of SAR 23bn, resulting in net new borrowing of SAR 166bn. Domestic markets remained the primary funding source, accounting for SAR 139bn (73.5%) of gross issuance, which lifted domestic debt 12.4% to SAR 1,060bn.
- External debt rose 8.5% to SAR 625bn on SAR 50bn of new borrowing, with negligible repayments of SAR 1bn. As a result, the share of domestic debt in the total edged up to 62.9% from 62.1%.

Public debt schedule as on H1-26 (SAR bn)

|                     | Domestic Debt | External Debt | Total |
|---------------------|---------------|---------------|-------|
| Opening balance     | 943           | 576           | 1,519 |
| Borrowings          | 139           | 50            | 189   |
| Principal repayment | -22           | -1            | -23   |
| Closing balance     | 1,060         | 625           | 1,685 |

Source: SAMA, Aljazira Capital Research

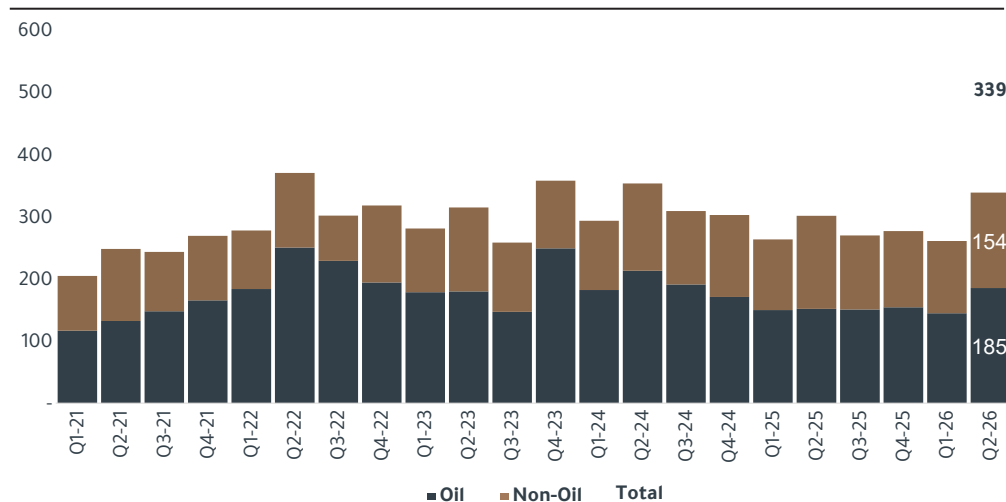
Outstanding Government Debt (SAR bn)



Source: SAMA, Aljazira Capital Research

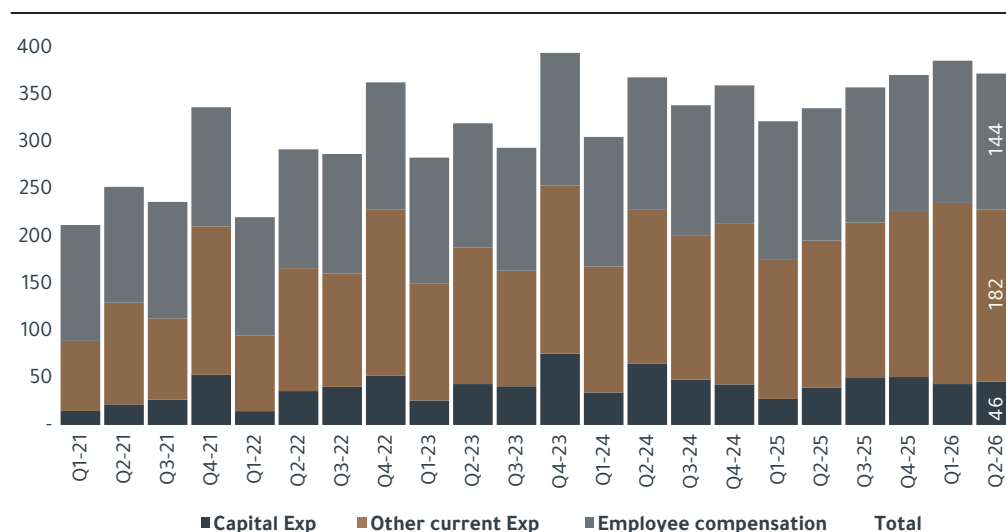
- Total government revenue increased to SAR 339bn in Q2-26 from SAR 261bn in Q1-26, driven by a rebound in oil revenue to SAR 185bn (+27.9% Q/Q) alongside a strong increase in non-oil revenue to SAR 154bn (+32.2% Q/Q).
- Total fiscal expenditure stood at SAR 373bn in Q2-26, down 3.5% Q/Q from SAR 387bn in Q1-26, as lower employee compensation and other current expenditure more than offset a modest increase in capital spending.
- Saudi Arabia recorded a fiscal deficit of SAR 34bn in Q2-26, improving significantly from the SAR 126bn deficit in Q1-26, as the rebound in both oil and non-oil revenues outpaced government expenditure.

Quarterly Fiscal Revenues (SAR bn)



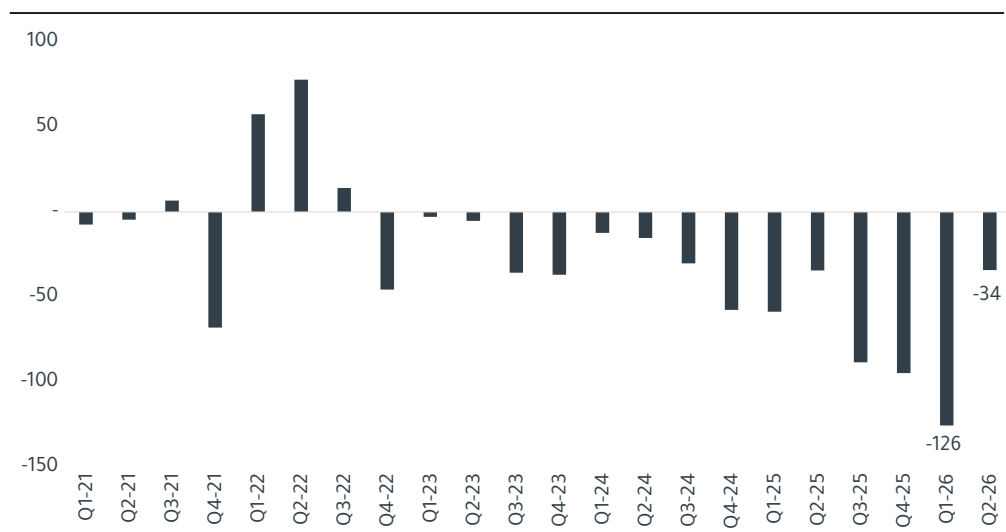
Source: Argaam, Aljazeera Capital Research

Quarterly Fiscal Expenditure (SAR bn)



Source: Argaam, Aljazeera Capital Research

Fiscal Surplus / (Deficit) (SAR bn)



Source: Argaam, Aljazeera Capital Research

- Saudi government revenue rose 12.3% Y/Y to SAR 338.8bn in Q2-26, driven mainly by oil. Oil revenue increased 22.0% Y/Y to SAR 185.1bn, accounting for about 90% of the SAR 37.2bn rise in total revenue and lifting oil's share of the total to 54.6% from 50.3% a year earlier. This growth lagged the roughly 43% rise in average Brent prices over the quarter, as lower crude production offset part of the price gains. Non-oil revenue grew a modest 2.5% Y/Y to SAR 153.7bn. Taxes on goods and services, the largest non-oil component, rose 5.6% to SAR 79.1bn, supported by resilient consumer spending. Taxes on income, profits and capital gains increased 9.2% to SAR 15.0bn. These gains were partly offset by a 24.3% drop in taxes on international trade to SAR 4.8bn, reflecting the sharp decline in imports, and a 7.4% decline in other revenues to SAR 26.7bn.
- Government expenditure rose 11.0% Y/Y to SAR 373bn in Q2-26, broadly matching the 12.3% rise in revenue and leaving the quarterly deficit roughly unchanged at about SAR 34bn. The increase was concentrated in non-wage items. Other expenses rose 49.5% to SAR 34bn, contributing nearly a third of the SAR 37bn increase in spending. Capital expenditure rose 15.8% to SAR 46bn, signalling continued commitment to project spending despite the broader capex reprioritisation. Financing costs jumped 40.8% to SAR 17bn, reflecting the larger debt stock (SAR 1,685bn) and higher interest rates, and will likely remain a growing burden as the Fed's tightening cycle continues. Subsidies also surged 72.6% to SAR 13bn, while social benefits rose 8.4% to SAR 42bn. By contrast, the core operating budget was well contained: employee compensation, the largest item, grew just 2.8% to SAR 144bn, and spending on goods and services was nearly flat (+1.0%) at SAR 74bn. As a result, compensation's share of total spending declined to 38.6% from 41.7%.

## Actual Fiscal Revenues (SAR bn)

|                                             | Q2-25      | Q2-26      | Y/Y %        |
|---------------------------------------------|------------|------------|--------------|
| Oil revenues                                | 152        | 185        | 22.0%        |
| Taxes on income, profit, capital gains      | 14         | 15         | 9.2%         |
| Taxes on goods & services                   | 75         | 79         | 5.6%         |
| Taxes on international trade & transactions | 6          | 5          | -24.3%       |
| Other taxes                                 | 26         | 28         | 7.8%         |
| Other revenues                              | 29         | 27         | -7.4%        |
| <b>Non-oil revenues</b>                     | <b>150</b> | <b>154</b> | <b>2.5%</b>  |
| <b>Total revenues</b>                       | <b>302</b> | <b>339</b> | <b>12.3%</b> |

Source: SAMA, Aljazira Capital Research

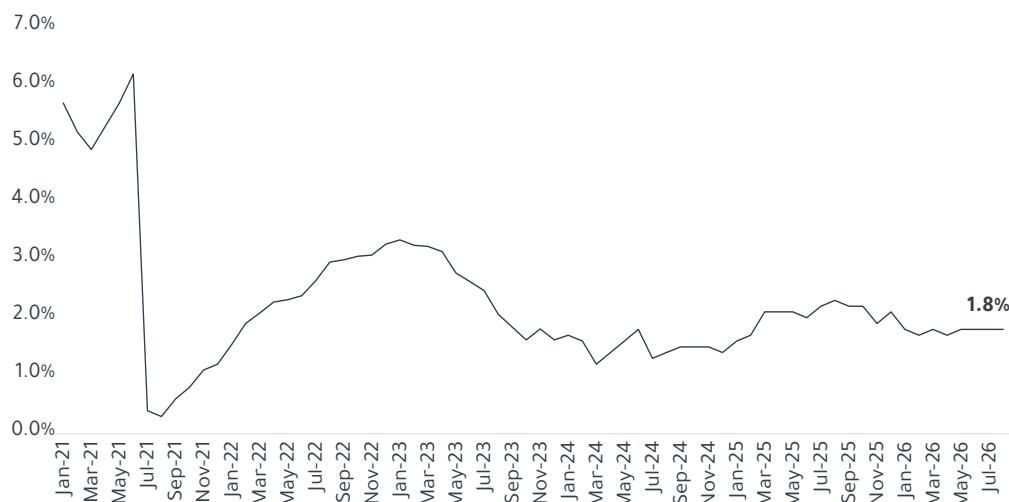
## Actual Fiscal Expenditures (SAR bn)

|                         | Q2-25      | Q2-26      | Y/Y %        |
|-------------------------|------------|------------|--------------|
| Employee compensation   | 140        | 144        | 2.8%         |
| Use of goods & services | 74         | 74         | 1.0%         |
| Financing expense       | 12         | 17         | 40.8%        |
| Subsidies               | 8          | 13         | 72.6%        |
| Grants                  | 0          | 1          | 198.8%       |
| Social benefits         | 39         | 42         | 8.4%         |
| <b>Other expenses</b>   | <b>23</b>  | <b>34</b>  | <b>49.5%</b> |
| Capex                   | 40         | 46         | 15.8%        |
| <b>Total</b>            | <b>336</b> | <b>373</b> | <b>11.0%</b> |

Source: SAMA, Aljazira Capital Research

- Saudi inflation held steady at 1.8% Y/Y in August 2026, unchanged from July and below the 2.3% recorded in August 2025. Price growth has stayed within a narrow 1.7-1.8% range since February 2026, despite the sharp rise in oil prices and renewed regional tensions over the period.
- Housing and utilities rose 3.91% Y/Y. It contributed an estimated 0.8 percentage points. Food and beverages, the largest category (21.9% weight), rose a moderate 1.36% Y/Y, while transport increased 2.02% Y/Y. On the other side, clothing and footwear (-0.46%) and furnishings and household equipment (-0.57%) saw mild deflation, reflecting subdued demand for discretionary durables and competitive retail pricing.
- The Retail Real Estate Price Index increased to 104.3 in Q2-26 from 100.6 in Q1-26, marking a strong 3.7% Q/Q increase. The Commercial Real Estate Price Index edged up to 112.0 in Q2-26 from 110.8 in Q1-26 (+1.1% Q/Q), indicating continued resilience in the commercial property market.

### Inflation Y/Y change %



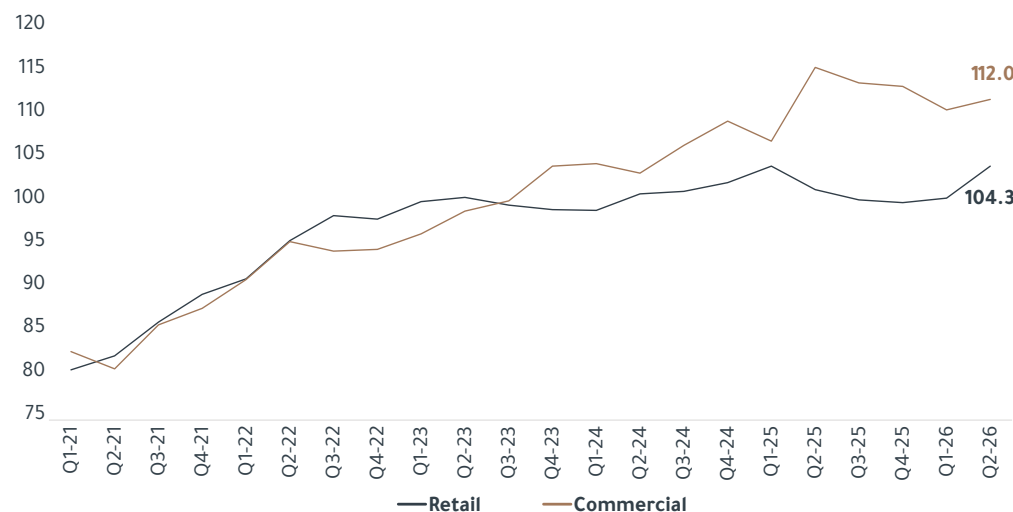
Source: SAMA, Aljazira Capital Research

### CPI Breakdown

| Category                     | Weight % | Aug-26 | Aug-25 | Y/Y % |
|------------------------------|----------|--------|--------|-------|
| General Index                | 100.0%   | 105.8  | 103.9  | 1.8%  |
| F&B                          | 21.9%    | 103.2  | 101.8  | 1.4%  |
| Tobacco                      | 0.7%     | 99.8   | 99.5   | 0.3%  |
| Clothing & Footwear          | 3.7%     | 96.5   | 96.9   | -0.5% |
| Housing & Utilities          | 20.2%    | 118.0  | 113.6  | 3.9%  |
| Furnishing & Household Equip | 6.7%     | 97.5   | 98.0   | -0.6% |
| Health                       | 4.0%     | 100.0  | 99.8   | 0.2%  |
| Transport                    | 14.5%    | 103.3  | 101.2  | 2.0%  |
| Communication                | 5.2%     | 98.2   | 97.7   | 0.4%  |
| Recreation                   | 3.2%     | 106.7  | 103.8  | 2.8%  |
| Education                    | 2.2%     | 102.5  | 102.0  | 0.4%  |
| Hospitality                  | 8.4%     | 108.2  | 106.7  | 1.4%  |
| Finance                      | 3.2%     | 107.6  | 105.9  | 1.7%  |
| Personal Care & Misc         | 6.1%     | 111.6  | 107.8  | 3.5%  |

Source: Argaam, Aljazira Capital Research

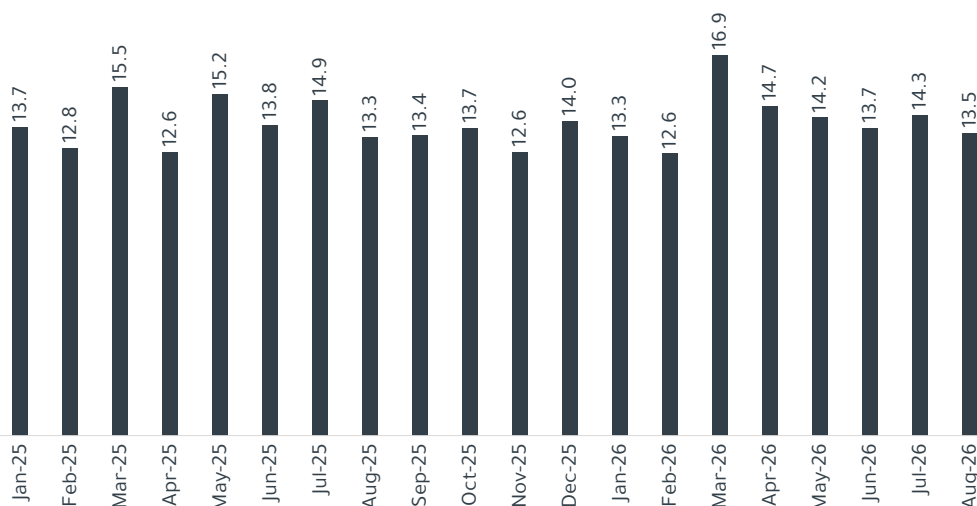
### Real Estate Price Index



Source: GASTAT, Aljazira Capital Research

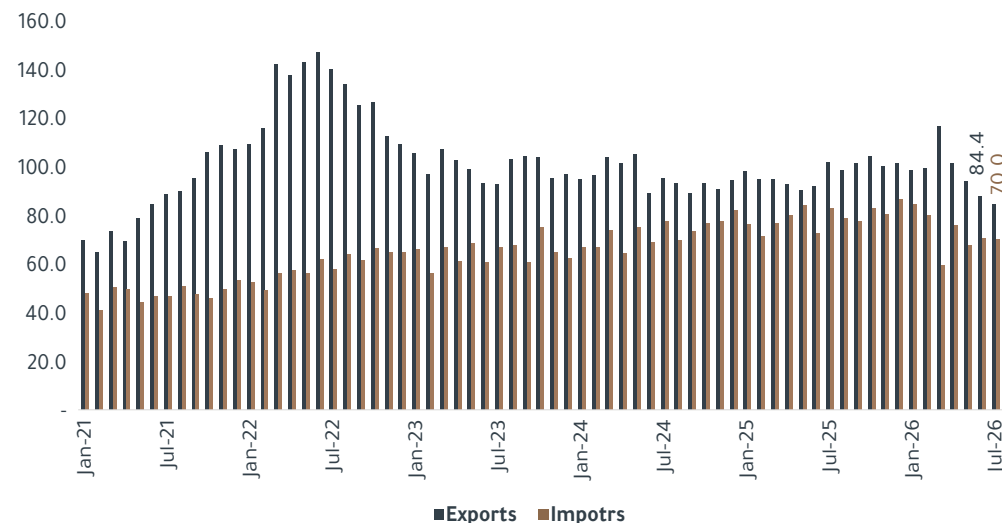
- Saudi merchandise exports fell 3.9% M/M and 17.2% Y/Y to SAR 84.4bn in July 2026, their lowest level since mid-2021. Exports have now declined for four consecutive months from March's peak of SAR 116.5bn, which was lifted by the spike in oil prices. Imports were broadly flat M/M at SAR 70.0bn (−0.6%) but fell 15.4% Y/Y. They remain well below the SAR 80-86bn range seen in late 2025 and early 2026, likely reflecting supply chain and freight disruptions as well as moderating project-related demand.
- Saudi Arabia's merchandise trade surplus narrowed to SAR 14.4bn in July 2026, down 17.1% M/M from SAR 17.3bn in June and 25.0% Y/Y from SAR 19.2bn in July 2025. This is the lowest reading since January 2026.
- Expat remittances rose 1.2% Y/Y to SAR13.5bn in August 2026, recovering from a 4.2% Y/Y decline in July. On a monthly basis, remittances fell 5.8% from SAR 14.3bn in July. This is in line with the usual seasonal pattern: August 2025 also saw a sharp M/M drop as summer travel and back-to-school spending reduced transfer volumes.

### Expat remittances (SAR bn)



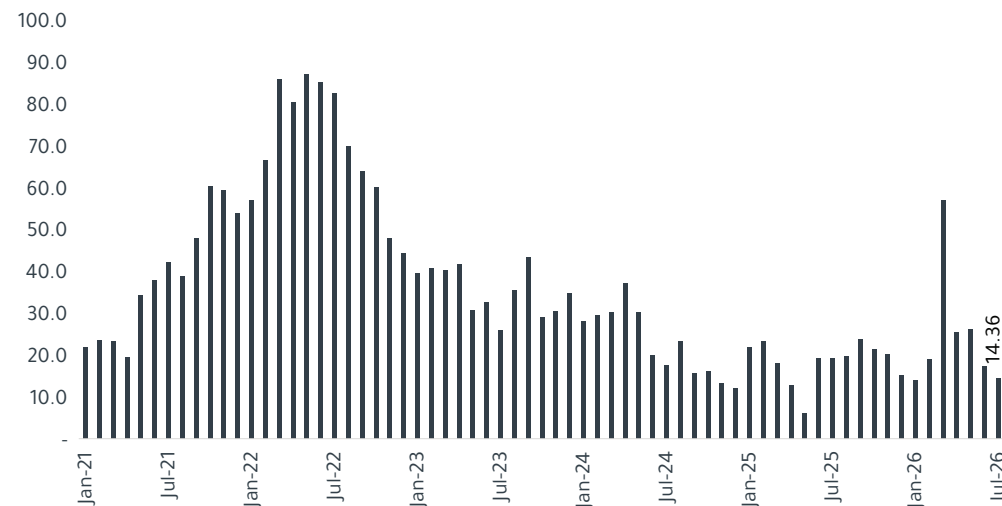
Source: SAMA, Aljazeera Capital Research

### Exports & Imports (SAR bn)



Source: Argaam, Aljazeera Capital Research

### Trade Balance (SAR bn)



Source: Argaam, Aljazeera Capital Research

Director - Head of Sell-Side Research

**Jassim Al-Jubran**

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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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