

# Saudi Stock Market: A Visual Journey Through 2025 & 2026 Outlook

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# 2026

## Economic & Market Outlook

### Sectors

### Outlook

Negative Neutral Positive

Banks	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Energy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Materials	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health Care & Pharma	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
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Transportation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Software & Services	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Food & Beverages	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

## ■ 2026 Outlook

- **Economic growth** is expected to be aided by an increase in oil production in 2026. Our economist expects an overall growth of 4.3%, helped by a 4.5% growth in non-oil activities, which would be an important driver for the economy.
- **Inflation** has been under control with CPI likely sub-2.0% for 2026.
- **Interest rates** are declining with 3M SAIBOR likely at 4.2% and Reverse repo rate at 3.25% by 2026-end.
- **Crude oil prices** have weighed heavily on the Tadawul in 2025 with Brent Crude ending the year at USD 61/bbl, down -18%. We believe these concerns are overstated and markets would start to look beyond oil in 2026.
- **Foreign Ownership Limit (FOL)** liberalization is likely to be a key event and trigger for the market in 2026. The quantum of the market movement is likely to be driven by the quantum of change in FOL limits with estimated inflows in a broad range of USD 10-15 bln.
- TASI currently trades at a forward **PE just below its 10-year average of 15.8x**. We think there is a case for re-rating going into 2026.
- **TASI earnings growth** for 2026 is likely to be mid-single digit, which provides a base case for market growth.
- We expect TASI to shrug off 2025 losses and experience **bullish sentiments in 2026** due to the following:
  - Announcement of FOL regime liberalization resulting in passive inflows.
  - Lower interest rates and corporate earnings growth.
  - Reversion from the overstated and oversold concerns about oil prices.
  - Upward PE re-rating on greater foreign interest and new sectors driving economic diversification.
  - IPO momentum with companies re-activating IPO process as market sentiment improves.
- **Market Volumes & Turnover was subdued in 2025 (ADTV at SAR 5.2 bln). We expect a 5-10% improvement in 2026** on the back of better liquidity and sentiment resulting from attractive equity valuations and rise in the number of listed companies in more diverse sectors.

# Global Markets Performance Snapshot

Ranked from best

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Bitcoin 120%	Bitcoin 1,375%	GCC 12%	Bitcoin 95%	Bitcoin 305%	Bitcoin 60%	Brent Crude Oil 10%	Bitcoin 157%	Bitcoin 120%	Gold 65%
Brent Crude Oil 52%	Asia ex-Japan 39%	TASI 8%	US Equities 29%	Gold 25%	Brent Crude Oil 50%	Dollar 8%	US Equities 25%	Gold 27%	EM Equities 30%
US Equities 9%	EM Equities 34%	Dollar 4%	World Equities 25%	Asia ex-Japan 22%	GCC 35%	Cash 1.3%	World Equities 22%	US Equities 23%	Asia ex-Japan 30%
EM Equities 9%	World Equities 20%	Cash 1.9%	Brent Crude Oil 23%	US Equities 19%	TASI 30%	Gold -0%	TASI 14%	World Equities 17%	World Equities 20%
Gold 8%	US Equities 20%	Bonds -1%	Gold 18%	EM Equities 16%	US Equities 25%	GCC -6%	Gold 13%	Asia ex-Japan 10%	US Equities 17%
World Equities 5%	Brent Crude Oil 18%	Gold -2%	EM Equities 15%	World Equities 14%	World Equities 20%	TASI -7%	EM Equities 7%	Dollar 7%	Bonds 8%
GCC 5%	Gold 14%	World Equities -10%	Asia ex-Japan 15%	Bonds 9%	Dollar 6%	Bonds -16%	Bonds 6%	Cash 5.3%	Cash 4.3%
TASI 4%	Bonds 7%	US Equities -6%	TASI 7%	TASI 4%	Cash 0.0%	World Equities -19%	Cash 5.1%	EM Equities 5%	GCC 1%
Dollar 4%	Cash 1%	Asia ex-Japan -16%	Bonds 7%	Cash 0.7%	Gold -4%	US Equities -21%	GCC 4%	GCC 1%	Bitcoin -6%
Asia ex-Japan 3%	GCC 1%	EM Equities -17%	GCC 6%	GCC -4%	EM Equities -5%	Asia ex-Japan -22%	Asia ex-Japan 4%	TASI 1%	Dollar -9%
Bonds 2%	TASI 0.2%	Brent Crude Oil -20%	Cash 2.3%	Dollar -7%	Bonds -5%	EM Equities -22%	Dollar -2%	Bonds -2%	TASI -13%
Cash 0.4%	Dollar -10%	Bitcoin -74%	Dollar 0%	Brent Crude Oil -22%	Asia ex-Japan -6%	Bitcoin -64%	Brent Crude Oil -10%	Brent Crude Oil -3%	Brent Crude Oil -18%

Snapshot of Global Market Investment Factor Strategies Performance

Ranked from best

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Value 12%	Momentum 32%	Min Volatility -2%	Quality 36%	Growth 34%	Quality 26%	High Dividend Yield -5%	Growth 37%	Momentum 30%	Multi-Factor 26%
High Dividend Yield 9%	Growth 28%	Momentum -3%	Growth 34%	Momentum 28%	ESG 25%	Value -7%	Quality 32%	Growth 26%	Momentum 22%
Equal Weighted 9%	Multi-Factor 27%	Quality -6%	ESG 28%	Quality 22%	Value 22%	Min Volatility -10%	ESG 25%	Quality 18%	Equal Weighted 22%
Min Volatility 7%	Quality 26%	Growth -7%	Momentum 28%	ESG 15%	Growth 21%	Multi-Factor -15%	Equal Weighted 17%	ESG 17%	Growth 22%
ESG 7%	Equal Weighted 23%	High Dividend Yield -8%	Equal Weighted 24%	Multi-Factor 11%	Multi-Factor 21%	Equal Weighted -17%	Multi-Factor 15%	Multi-Factor 17%	ESG 22%
Multi-Factor 5%	ESG 21%	ESG -8%	Min Volatility 23%	Equal Weighted 10%	High Dividend Yield 16%	Momentum -18%	Momentum 12%	Value 11%	Value 22%
Quality 5%	High Dividend Yield 18%	Value -11%	High Dividend Yield 23%	Min Volatility 3%	Equal Weighted 15%	ESG -20%	Value 12%	Min Volatility 11%	High Dividend Yield 19%
Momentum 4%	Min Volatility 17%	Multi-Factor -11%	Multi-Factor 22%	High Dividend Yield -0%	Momentum 15%	Quality -22%	High Dividend Yield 9%	High Dividend Yield 8%	Quality 17%
Growth 3%	Value 17%	Equal Weighted -12%	Value 22%	Value -1%	Min Volatility 14%	Growth -29%	Min Volatility 7%	Equal Weighted 8%	Min Volatility 11%

# TASI

By the end of 2025

10,491

Index level

-12.8% Y/Y

-1,546 points Y/Y

8.8 tln

Market Cap. (SAR)

-13.6% Y/Y

5.2 bln

ADTV (SAR)

-30.5% Y/Y

266

No. of  
Companies

+19

Companies

3.83%

QFIs  
Ownership

+51 bps Y/Y

13

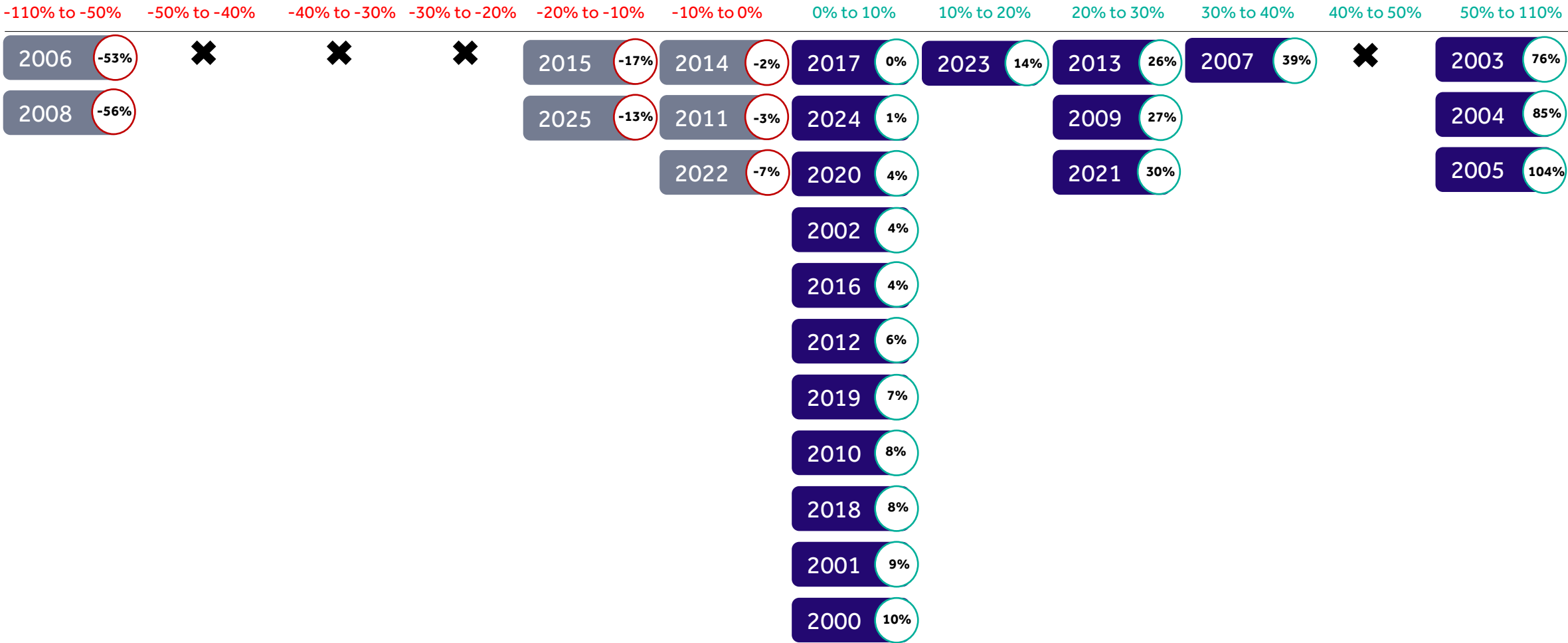
IPOs

SAR 14.5 bln

Total value

26 years

The performance distribution of TASI highlights its volatile history, with significant losses in 2006 (-53%) and 2008 (-56%) contrasting sharply with remarkable gains in 2003-2005, peaking at 104% in 2005. Recent years show more stability, with modest growth in 2023 of +14% and 2024 of +1%, reflecting a shift towards a more balanced market environment. However, the year 2025 declined -13% mainly impacted by weak oil prices sentiment.





## TASI Performance vs Other Markets

TASI underperformed global markets in 2025, with a -12.8% decline compared to the Emerging Markets growth of +30.6% and the world at +19.5%. Declining Brent crude (-18.5%) likely weighed on TASI's performance.



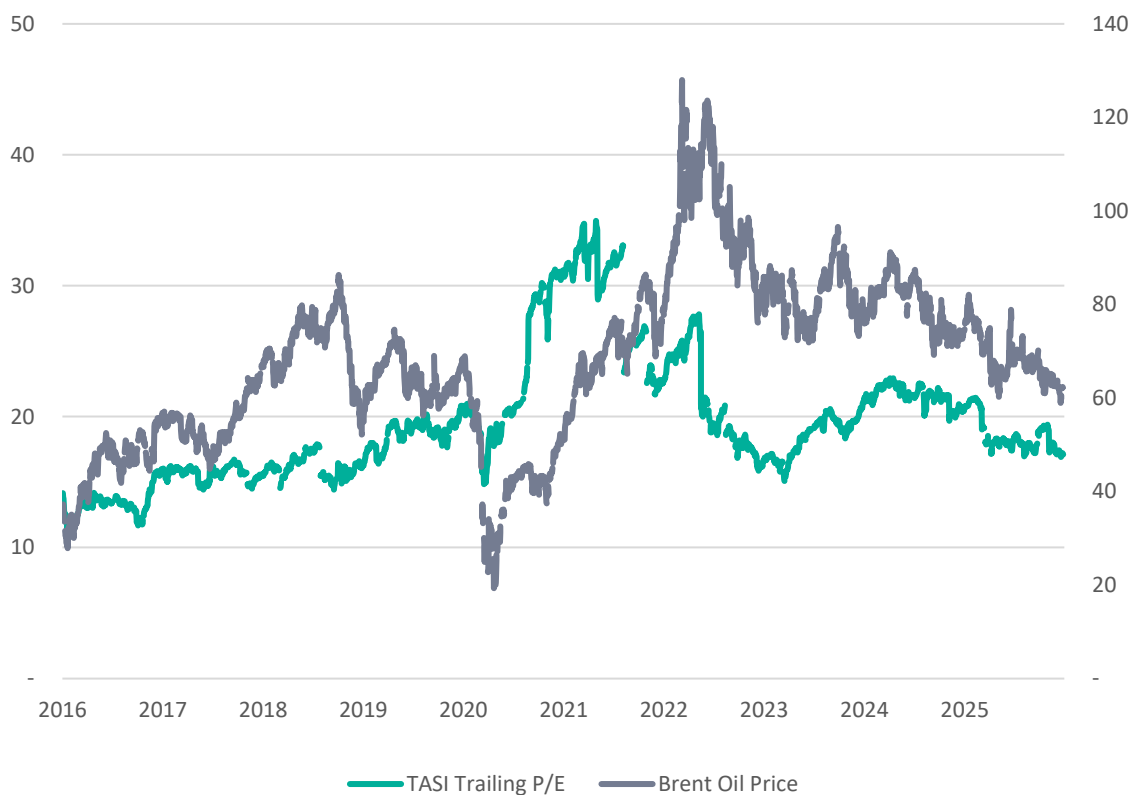
## Large Cap Stocks Outperformed

The 2025 performance shows a broad market downturn, with declines accelerating down the market-cap spectrum. Large caps proved relatively defensive, while the steep -22.2% drop in small caps highlights heightened volatility and investor risk aversion.

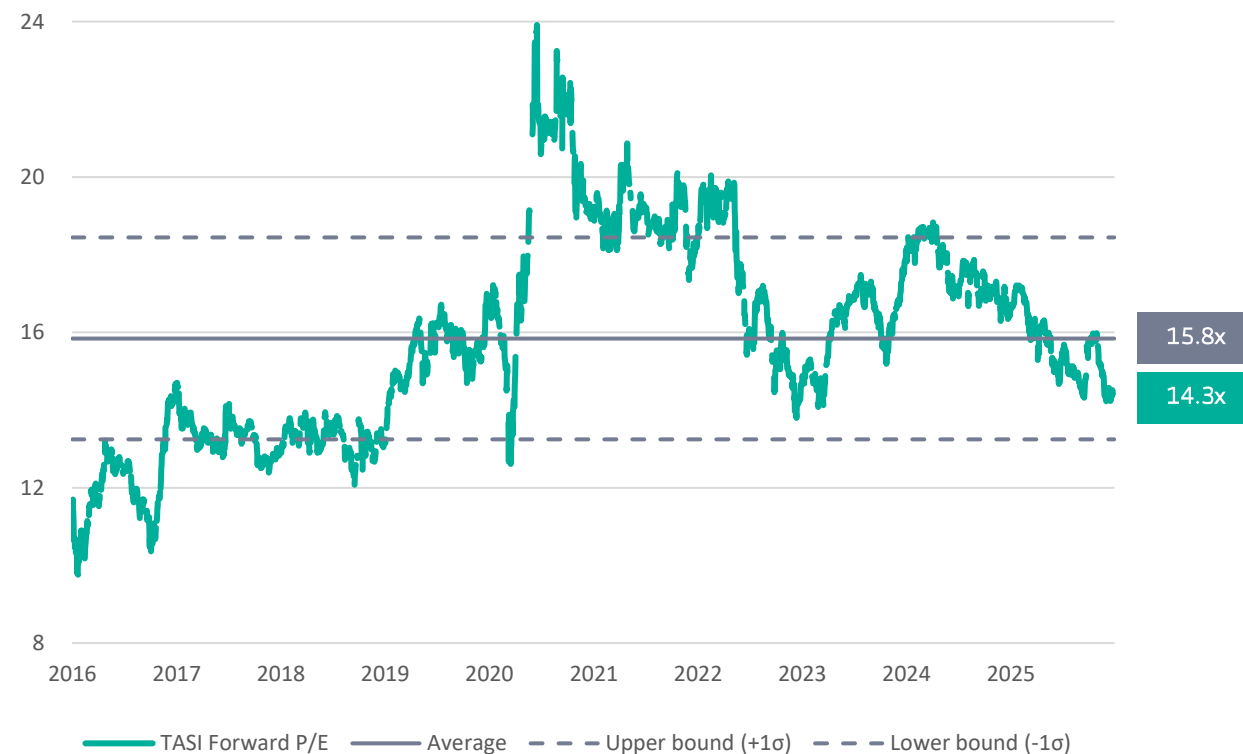


## TASI Valuation vs Oil, and TASI Forward P/E

TASI Valuation and Oil Prices

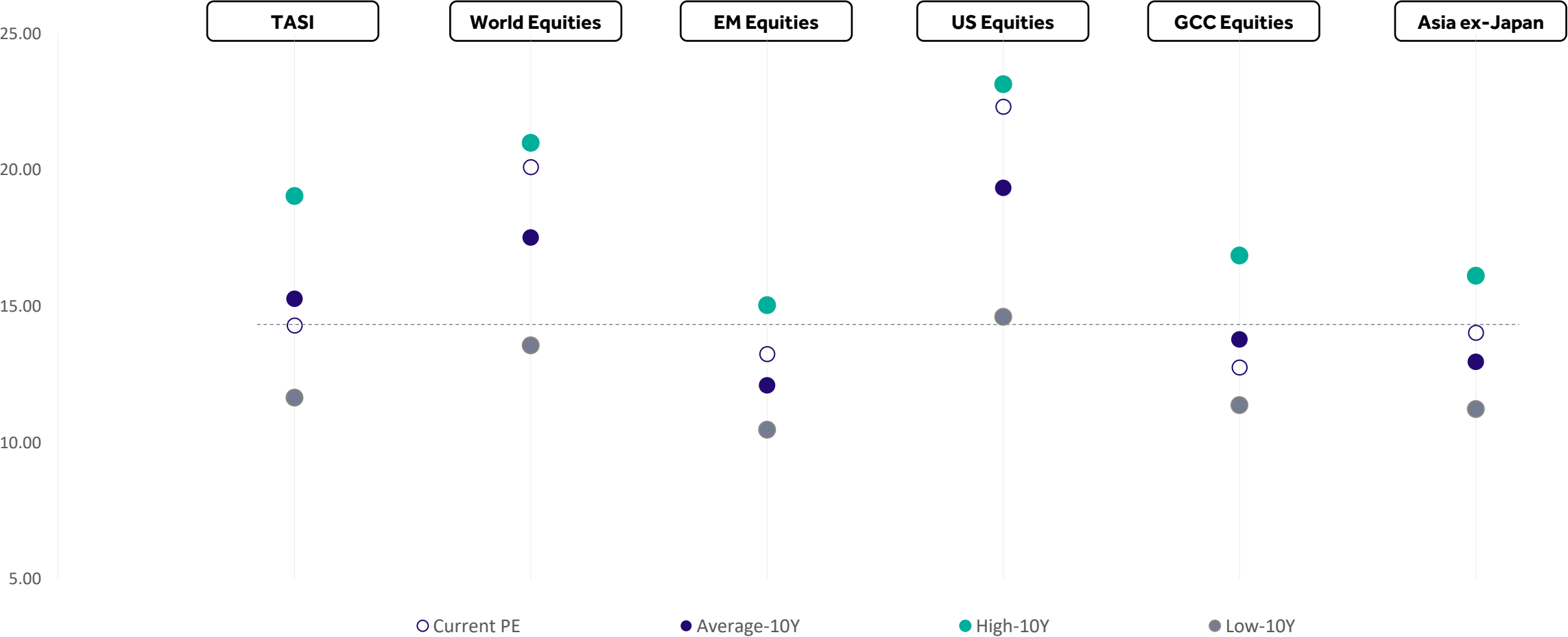


TASI 12M Forward P/E



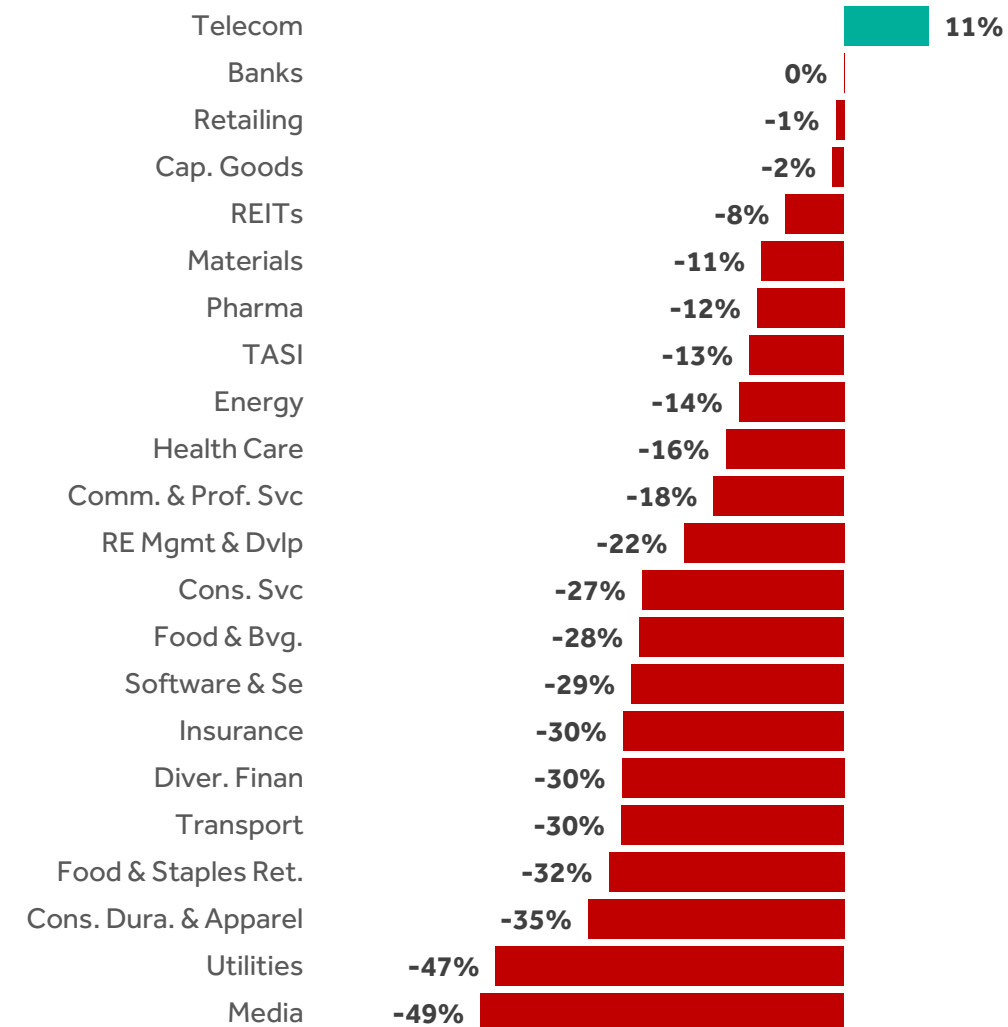
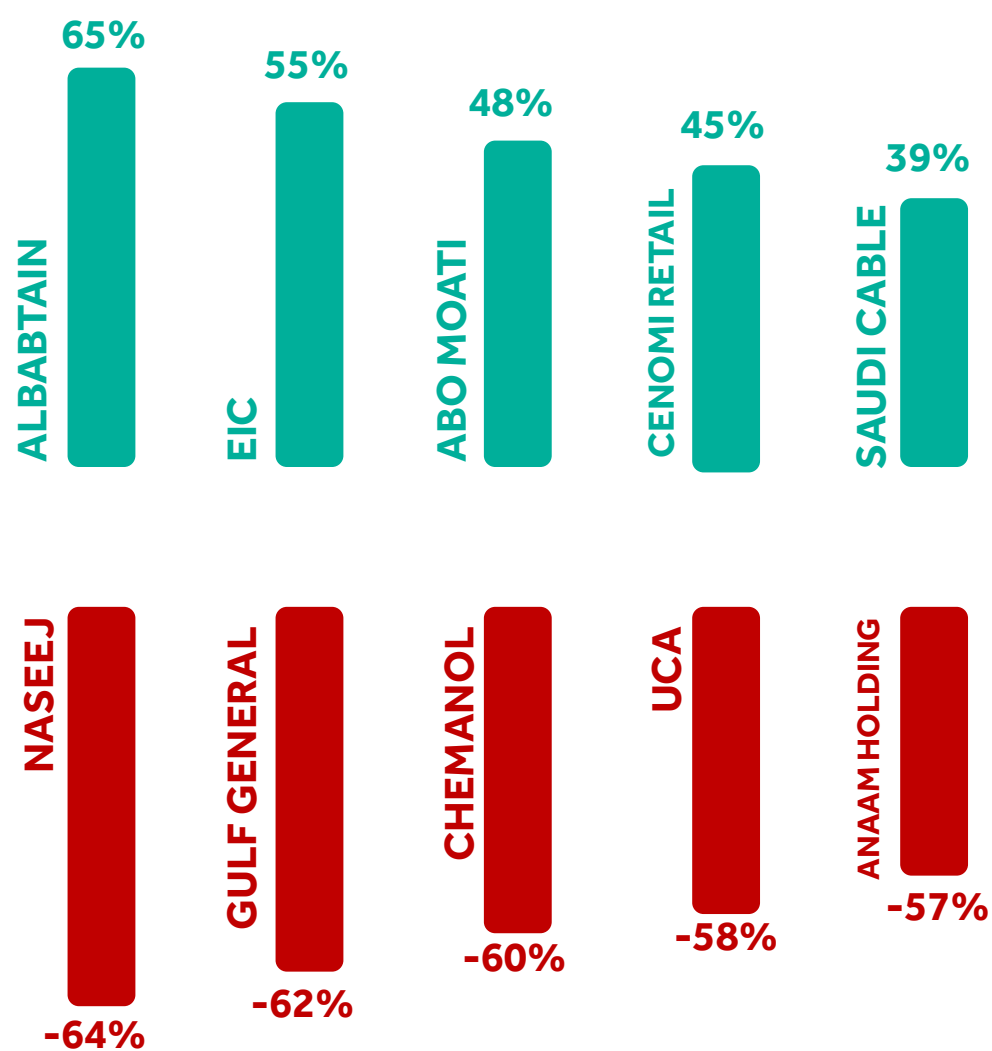
## Markets Valuation

TASI’s and GCC’s forward P/Es are the only two indices with lower current P/E compared to the 10-year historical average. TASI’s current forward 12-month P/E of 14.3x is below its 10-year average and significantly below its 10-year high, reflecting a room for expansion if market sentiment improves. Additionally, the P/E is closer to its 10-year low than 10-year high, suggesting limited downside risk at present levels. Global markets exhibit varied valuations, with the MSCI World and MSCI USA trading at relatively higher forward P/E ratios, reflecting stronger growth expectations and stable earnings outlooks in developed markets.



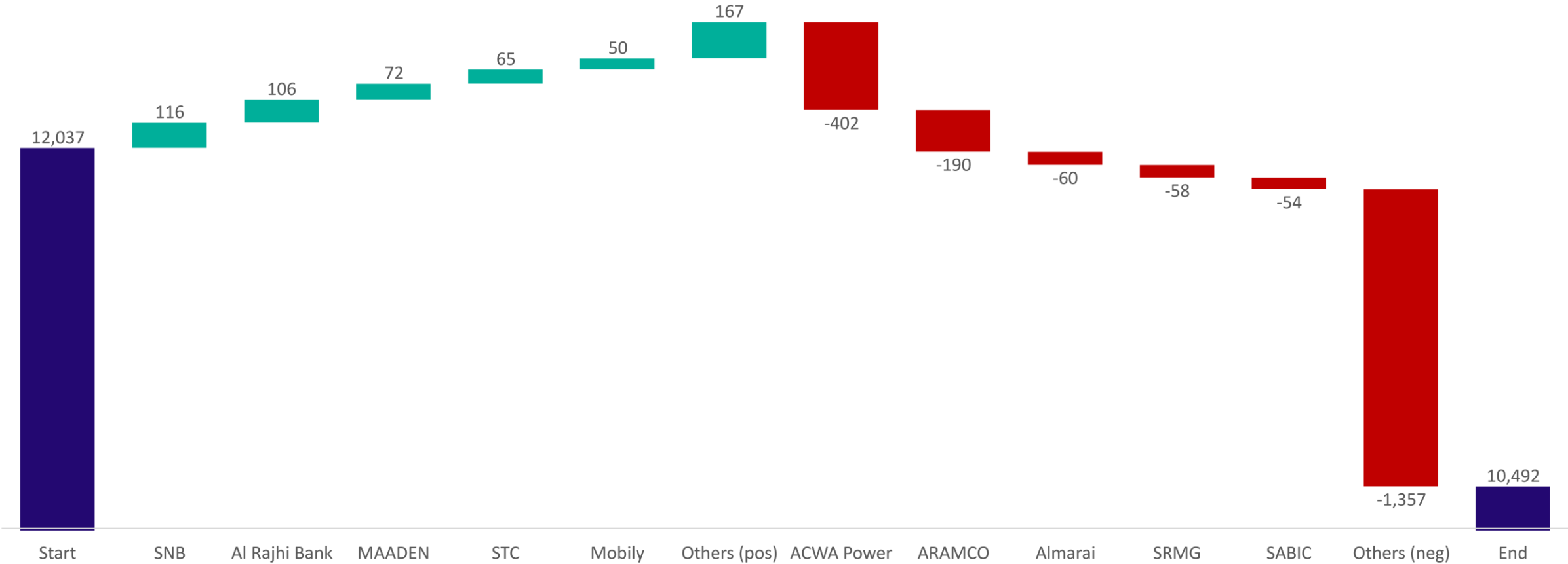
The Top Performers

Stocks & Sectors YTD



### The Contributors

The chart highlights that SNB (+116 points) and Al Rajhi Bank (+106 points) were the largest contributors to TASI’s gains year-to-date, while ACWA Power (-402 points) and Aramco (-190 points) exerted the most pressure on the index. This reflects strong momentum in banking and telecommunication, while challenges in utilities and oil weighed on overall performance.



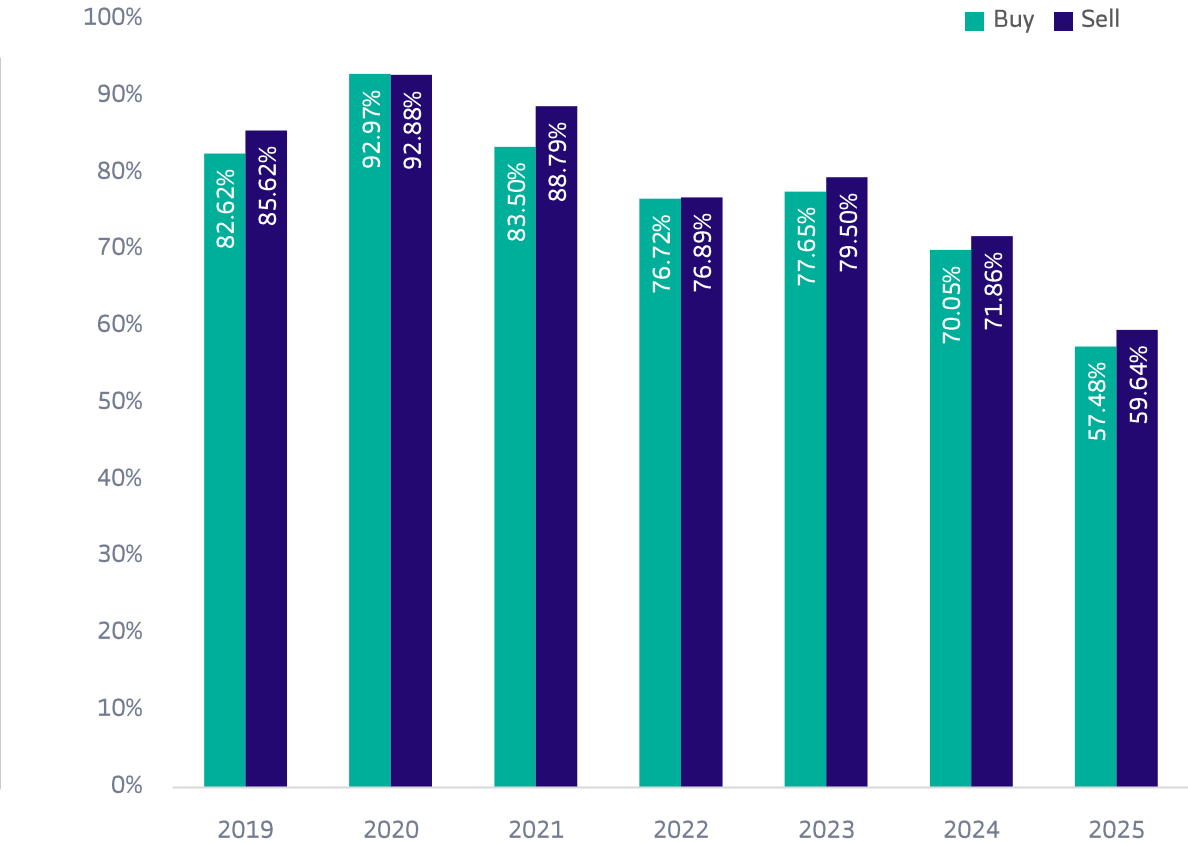
TASI Ownership & Trading Breakdown (Saudi Institutions) - (1/3)

The ownership breakdown of TASI since 2019 highlights the dominance of Saudi Institutions Ownership (85% in 2025) with a declining trend, which was mainly driven by increasing ownership by Saudi Individuals and Foreign Investors. Saudi Individuals Ownership increased from 6.3% in 2019 to 9.5% in 2025, and Foreign Investors from 2.2% to 4.7%. Despite the fact, Saudi Institutions holding value jumped in 2023 by +14% followed by a decrease in 2024 (-12%) and 2025 (-14%). Meanwhile, Corporates hold 16.95%, and Qualified Foreign Investors (QFIs) have gradually increased their stake to 3.83%, signaling growing international interest and participation in the Saudi market.

Saudi Institution Ownership

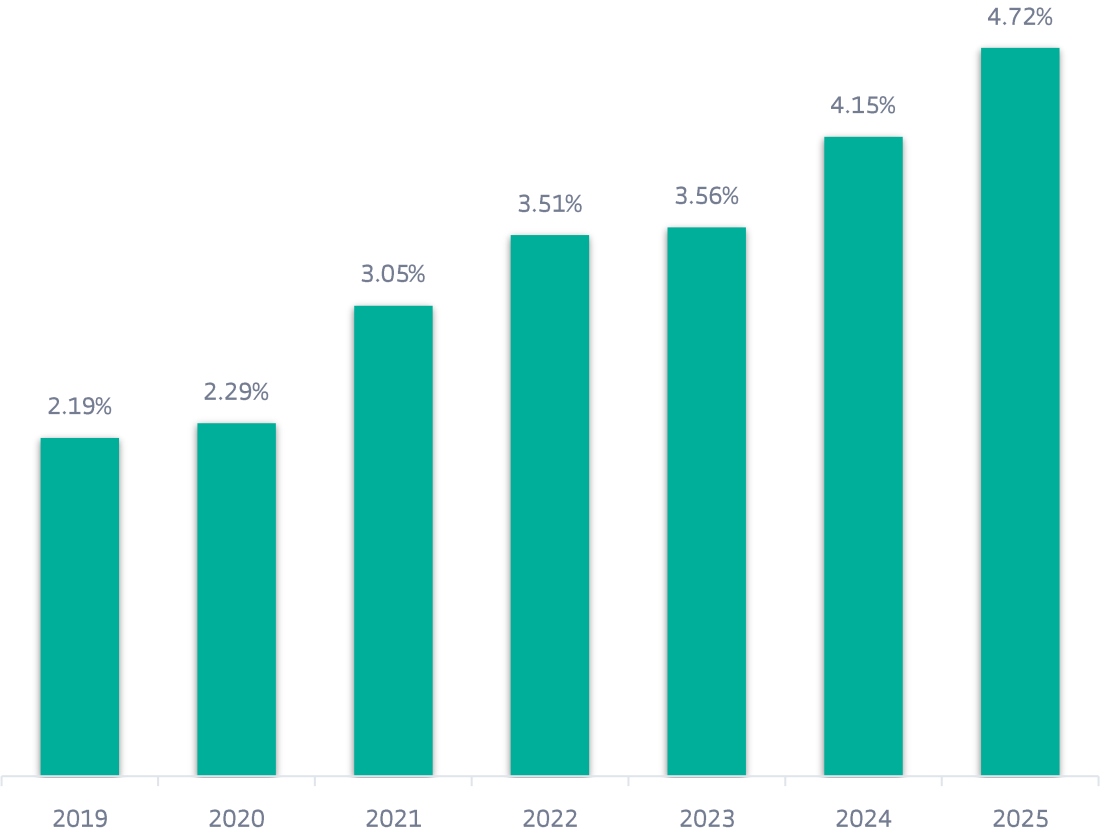


Saudi Institution Trading

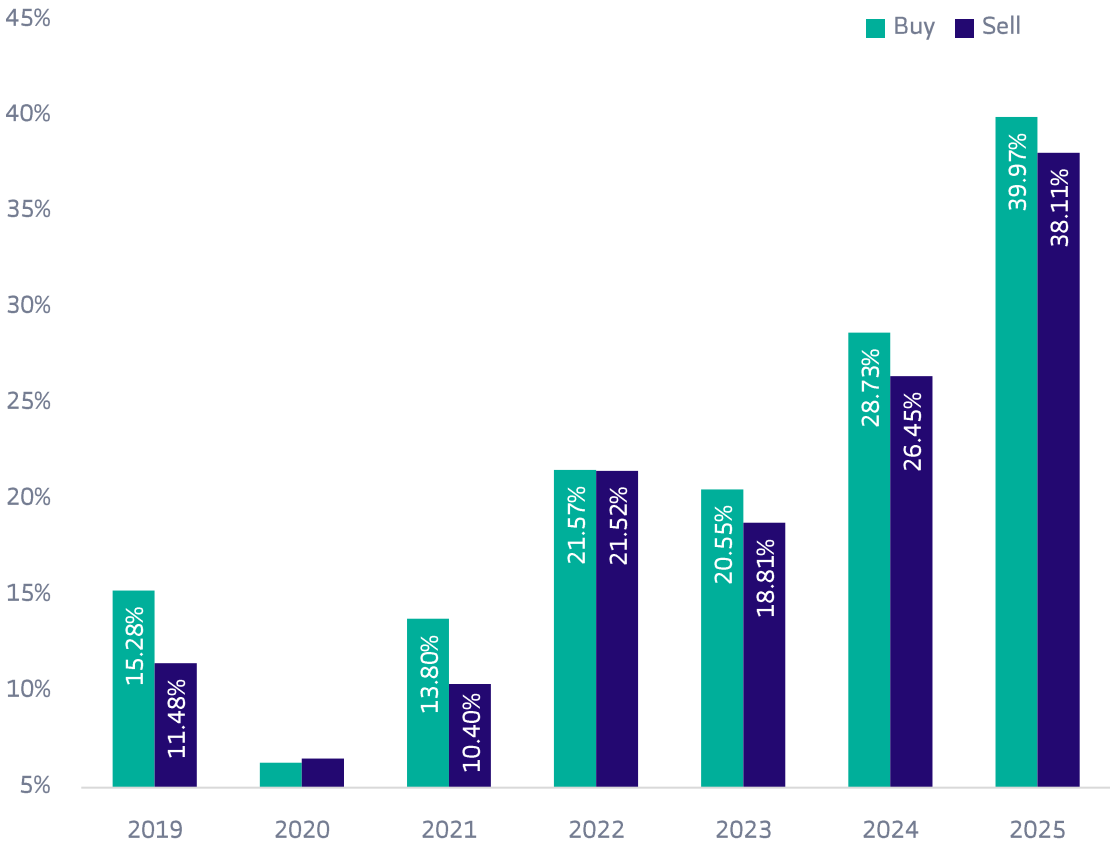


TASI Ownership & Trading Breakdown (Foreign) - (2/3)

Foreign Ownership



Foreign Trading



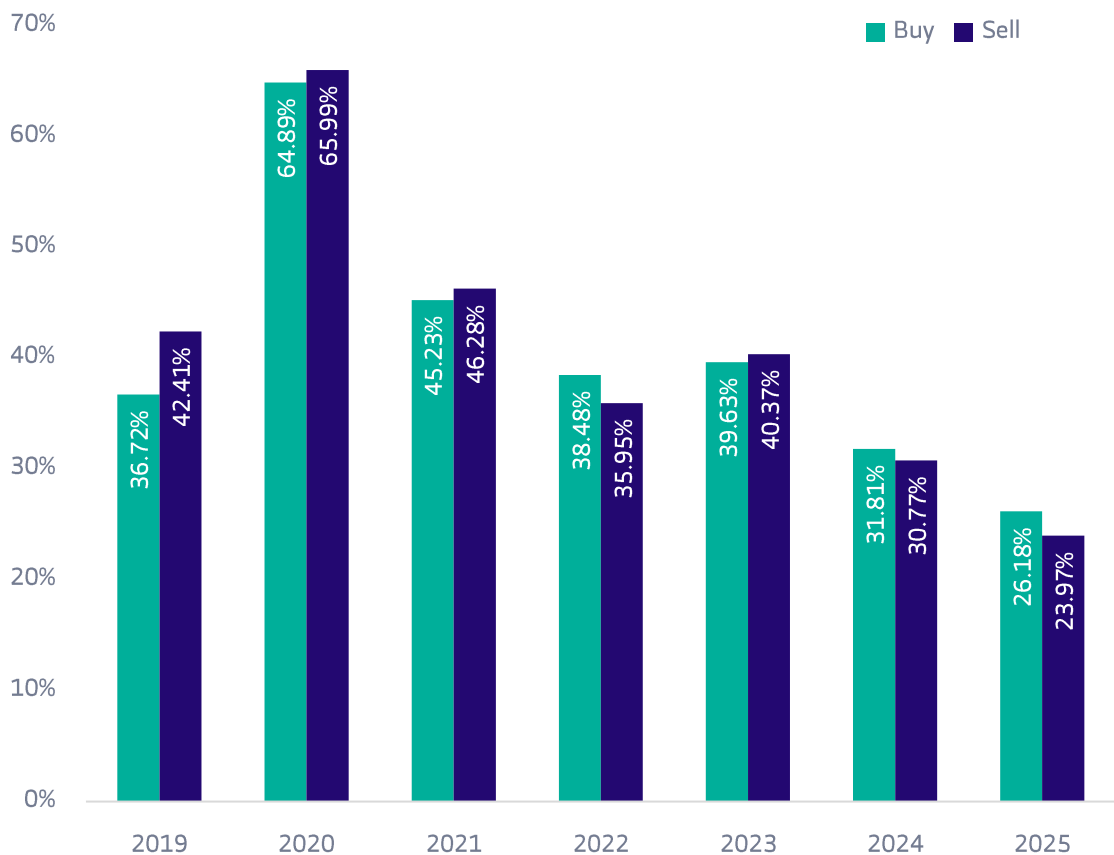


TASI Ownership & Trading Breakdown (Retail) - (3/3)

Retail Ownership



Retail Trading





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