الجزيرة كابيتال
aljazira capital

Saudi Monthly Economic Report

July 2026

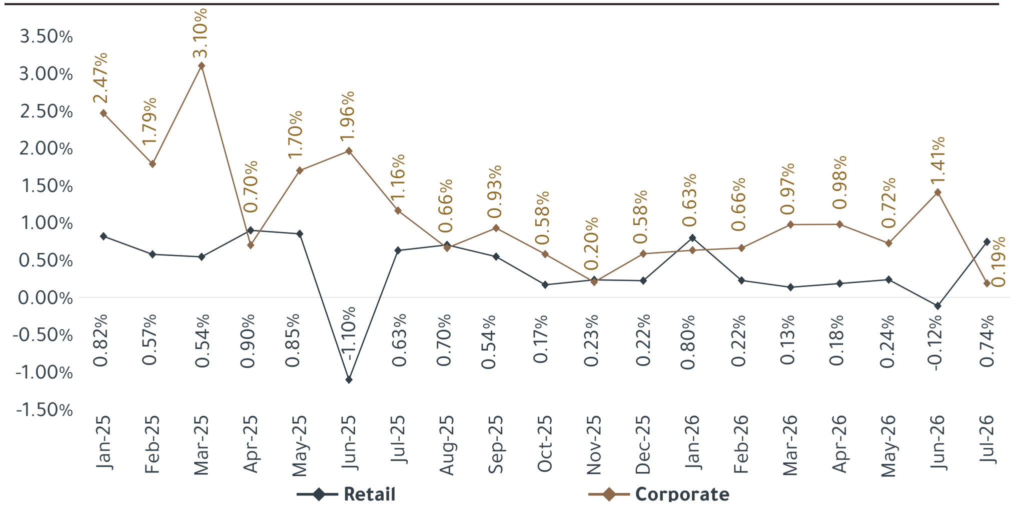
Senior Equity Analyst
Fahad Qureshi, CFA
+966 11 2256315
f.Irfan@Aljaziracapital.com.sa

September 2026

Credit and deposit growth

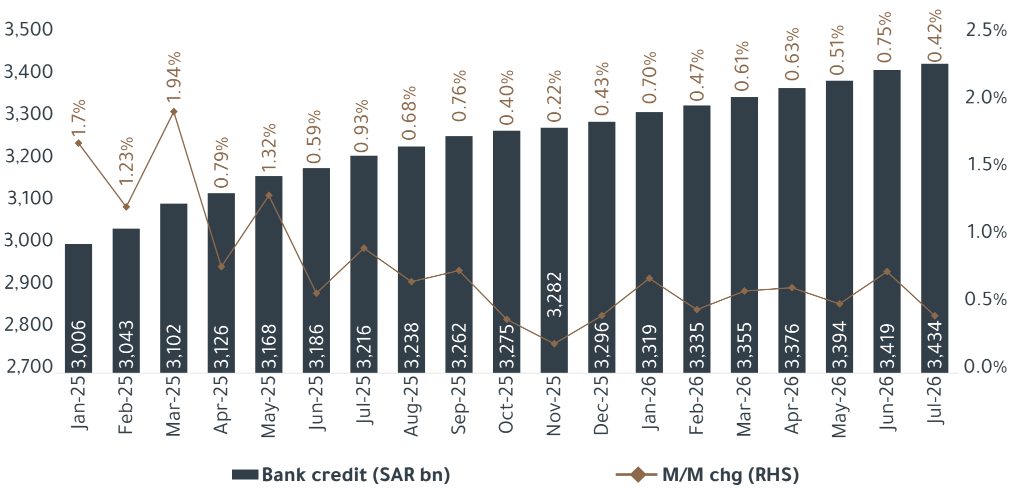
- **Total credit stood at SAR 3,434bn in July-26, up 0.42% M/M (up 6.8% Y/Y); Retail loans grew by 0.74% M/M (+4.1% Y/Y) to reach SAR 1,466bn, while corporate loans grew by 0.19% M/M (8.8% Y/Y) to SAR 1,968bn in Jul-26.**
- **Total deposit base declined to SAR 3,113bn down 0.59% M/M (up 8.6% Y/Y). Time and savings deposits were up 1.7% M/M (up 24.6% Y/Y) to SAR 1,399bn, led by 4.6% M/M increase in non-government deposits.**
- **Demand deposits decreased by 0.5% M/M (-0.5% Y/Y) to SAR 1,439bn (non-govt down 3.3% M/M and govt up 11.9% M/M). Other Quasi Money deposits decreased by 11.3% M/M to SAR 274bn.**

Retail vs corporate loan growth (M/M)



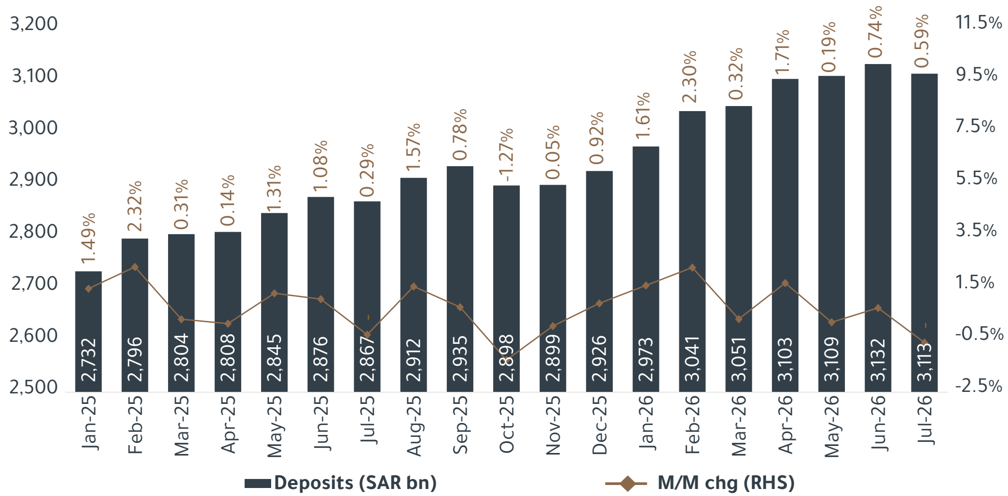
Source: SAMA, Aljazira Capital Research

Banking sector credit (SAR bn)



Source: SAMA, Aljazira Capital Research

Total deposits (SAR bn)

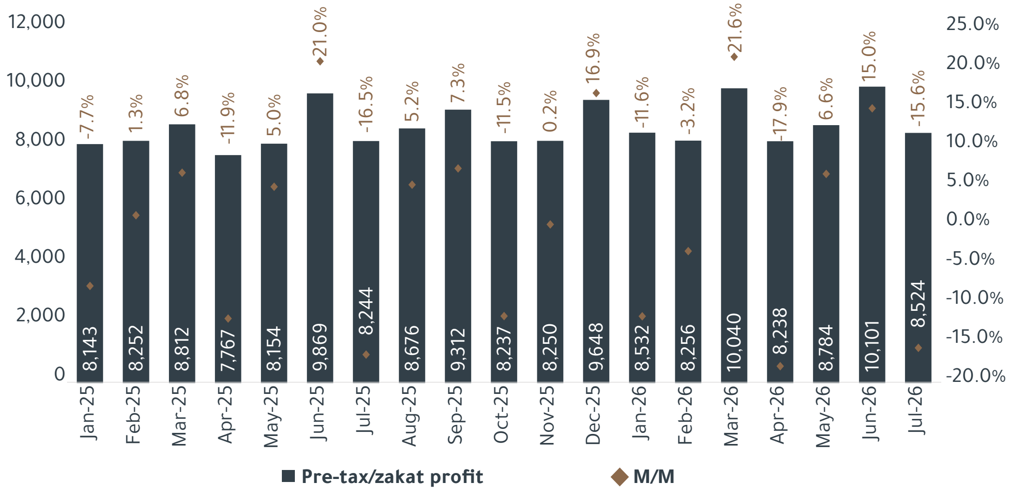


Source: SAMA, Aljazira Capital Research

Banking sector profit and deposit mix

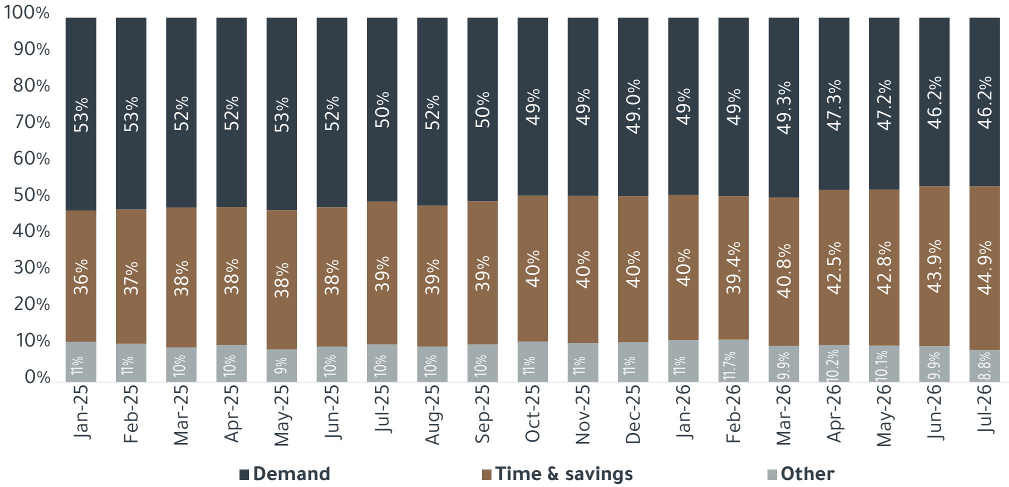
- Profit before Zakat and taxes for Jul-26 was reported at SAR 8.5bn down 15.6% M/M (+3.4% Y/Y).
- On an YTD basis Profit Before Zakat and taxes were up 5.5% Y/Y to SAR 62.5bn.
- Overall, share of Time and saving deposits in total deposits increased by 103bps M/M to 44.9%, while share of demand deposits increased by 3bps M/M to 46.2%.
- Other Quasi money deposits share in total deposits decreased by 106bps M/M.

Banking sector profit before zakat and tax (SAR mn)



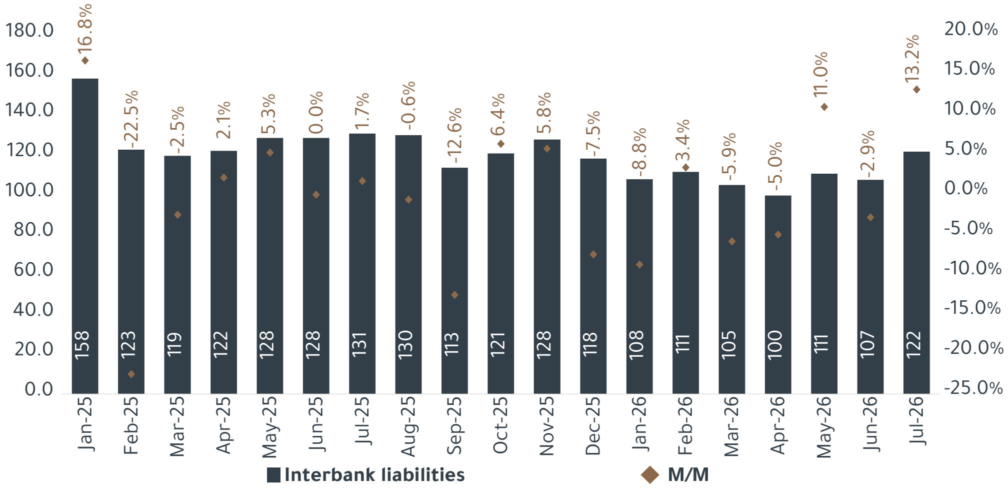
Source: SAMA, Aljazira Capital Research

Deposit mix



Source: SAMA, Aljazira Capital Research

Interbank liabilities (SAR bn)

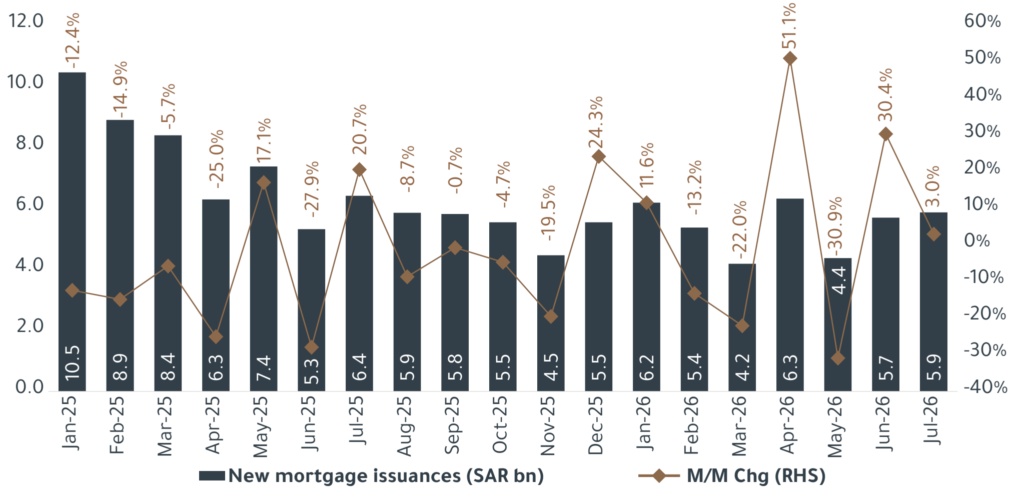


Source: SAMA, Aljazira Capital Research

Mortgages, loans to public sector and E-commerce sales

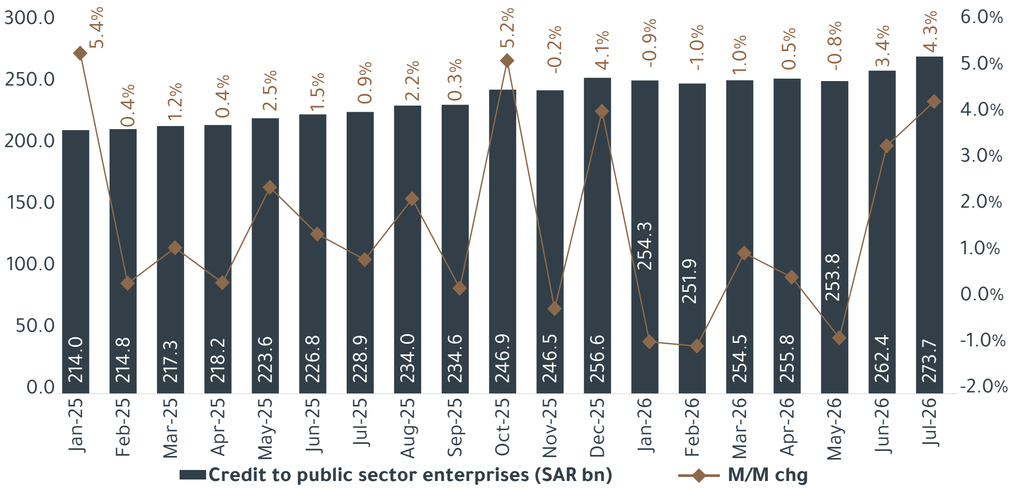
- **Individual residential mortgage lending declined 8.5% Y/Y (up 3.0% M/M) to SAR 5.9bn in July 2026.**
- **Credit to public sector enterprises increased by 4.3% M/M (up 19.6% Y/Y) to SAR 274bn.**
- **E-commerce sales using MADA increased by 11.9% M/M (up 26.0% Y/Y) to SAR 37.6bn.**

Mortgage loan issuances (SAR bn)



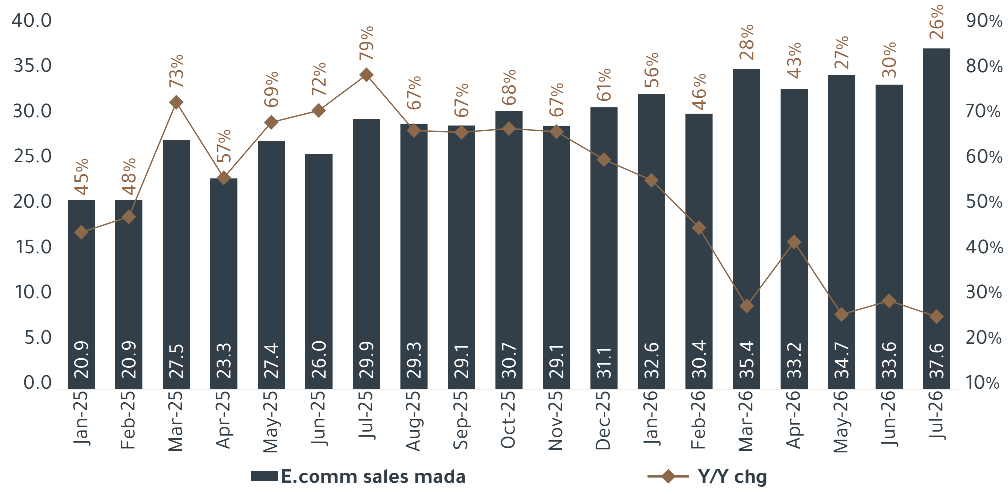
Source: SAMA, Aljazira Capital Research

Loans to public sector enterprises (SAR bn)



Source: SAMA, Aljazira Capital Research

E-commerce sales using MADA (SAR bn)

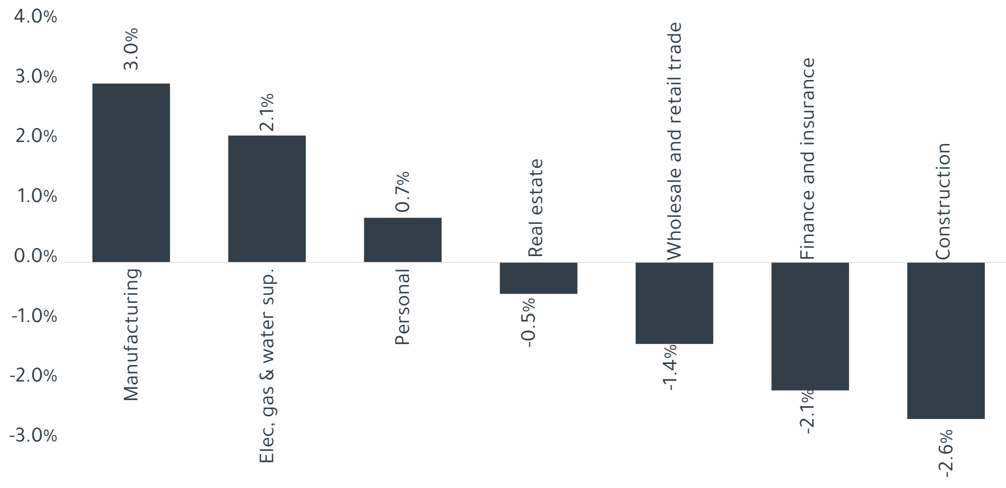


Source: SAMA, Aljazira Capital Research

Activity wise loans, POS sales and LDR

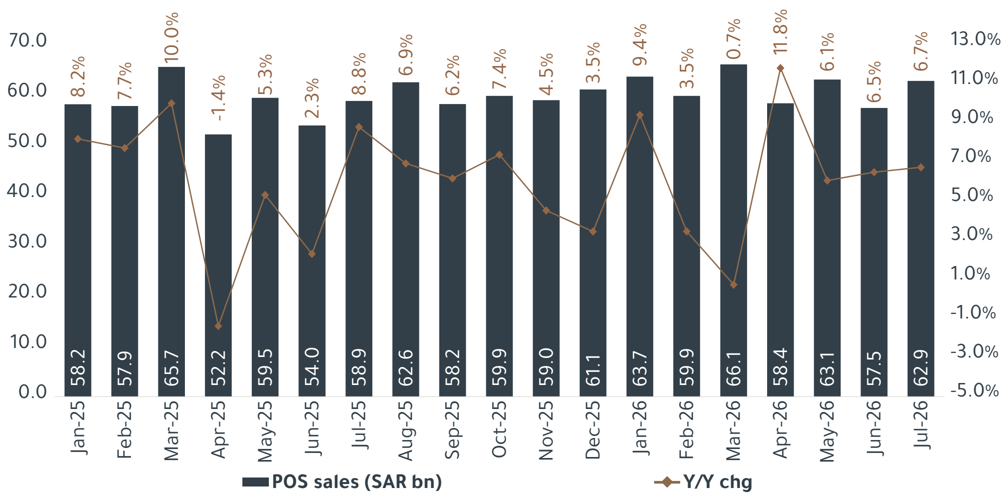
- **Manufacturing, Electricity, gas and water, real estate and Personal loans saw strongest M/M loan growth in Jul-26.**
- **Total POS sales increased by 9.3% M/M (up 6.7% Y/Y) to SAR 62.9bn M/M.**
- **Normal and regulated LDR ratios grew by 111/100bps M/M in Jul-26 to 110.3/80.7%, as deposit declined by 0.59% M/M while loans grew by 0.42% M/M.**

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



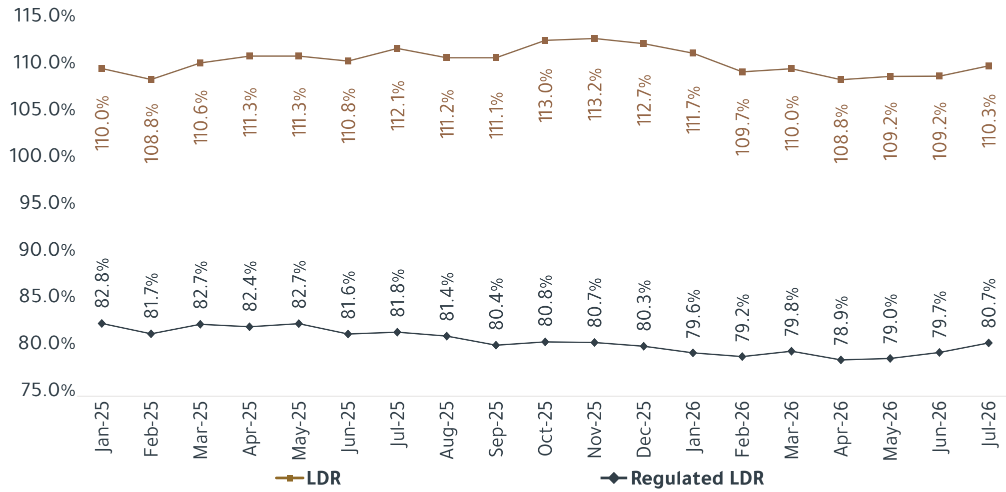
Source: SAMA, Aljazira Capital Research

POS sales (SAR bn)



Source: SAMA, Aljazira Capital Research

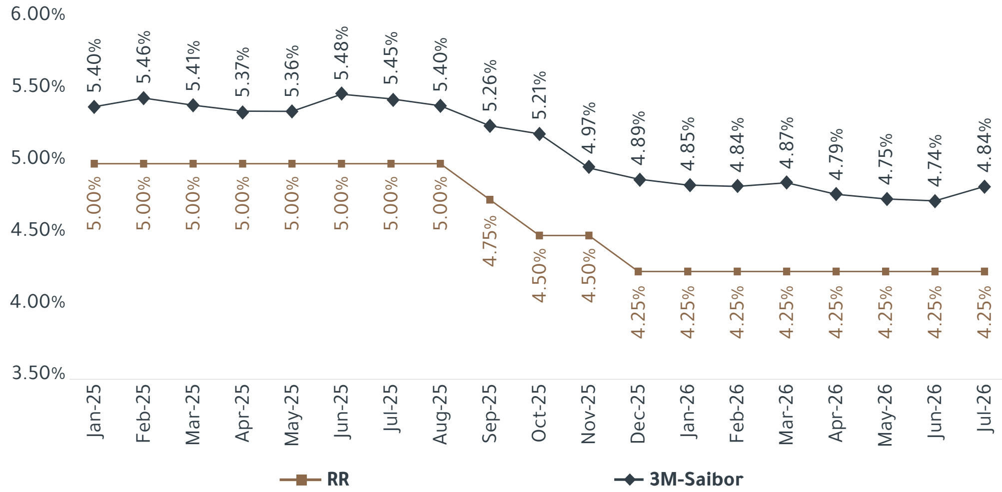
LDR both regulated and unregulated



Source: SAMA, Aljazira Capital Research

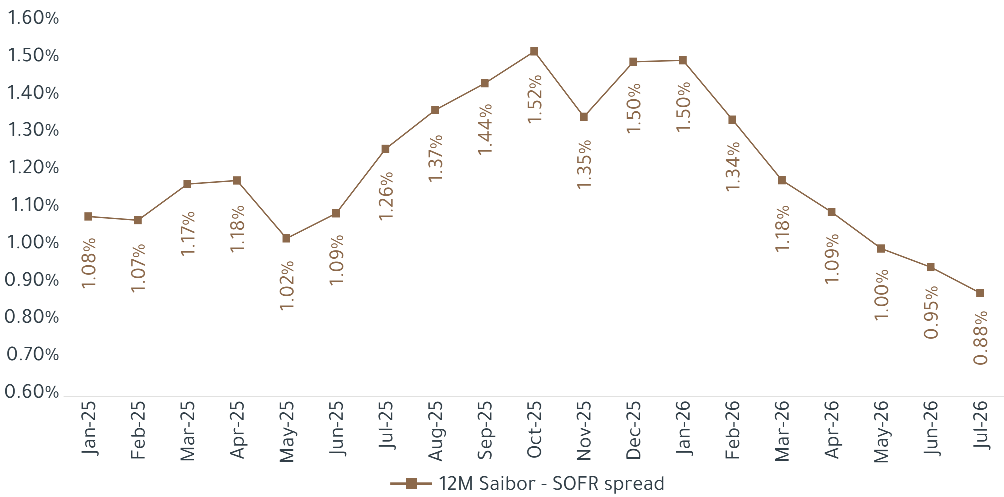
- **3MSaibor increased by 10bps M/M (-61bps Y/Y) to 4.84%. 3MSaibor-SOFR spread increased by 2bps M/M in July-26 to 1.07%, while 12MSaibor-SOFR spread declined by 7bps M/M to 0.88%.**
- **Spread remains sizably above the long-term averages due to tight liquidity conditions.**
- **CPI inflation stood at 1.78% Y/Y (+0.19% M/M) in July-26 as compared to 1.71% in Jun-26.**

Repo Rate and 3M-Saibor



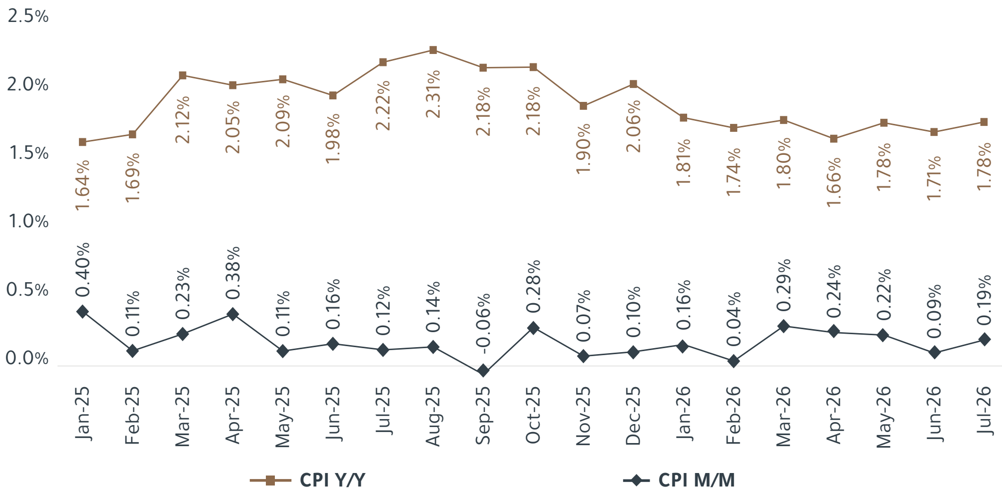
Source: SAMA, Aljazira Capital Research

Saibor-SOFR spread



Source: SAMA, Aljazira Capital Research

CPI Inflation

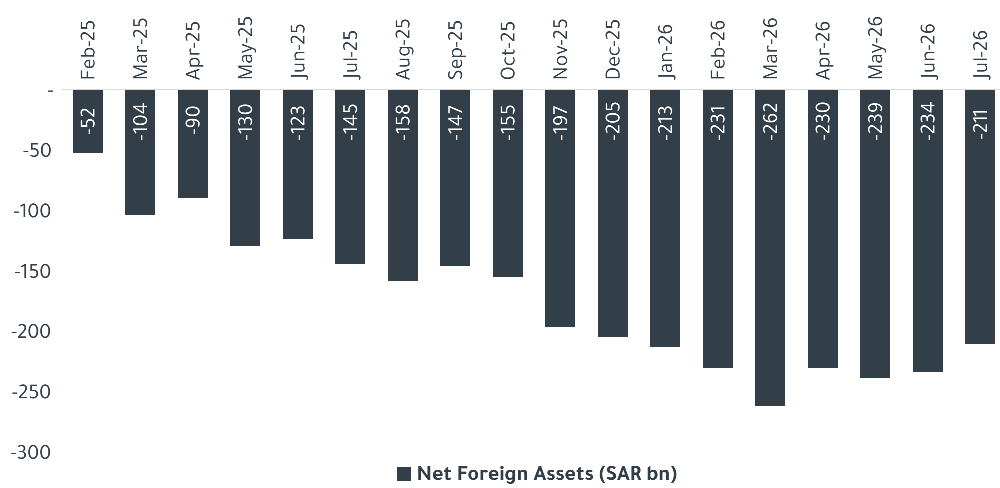


Source: SAMA, Aljazira Capital Research

Net foreign assets, key balance sheet figures of commercial banks

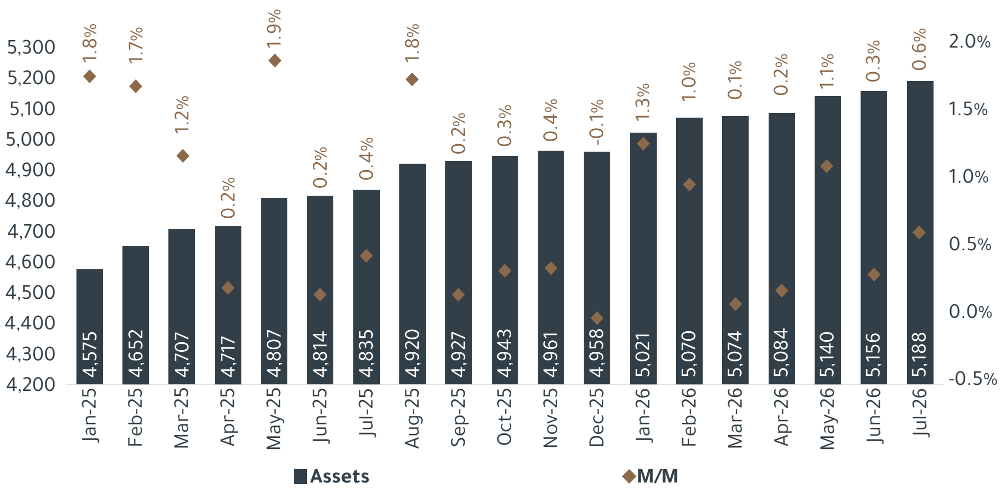
- **Net Foreign assets of Banks stood at SAR -211bn, up SAR 23.0bn M/M (down SAR 66.2bn Y/Y), as total assets increased by SAR 7.4bn to SAR 439bn while total liabilities decreased by SAR 15.6bn to SAR 650bn.**
- **Total assets of banks grew by 0.6% M/M to SAR 5,188bn, while total liabilities increased by 0.8% M/M to SAR 4,521bn.**

Net foreign assets of banks (SAR bn)



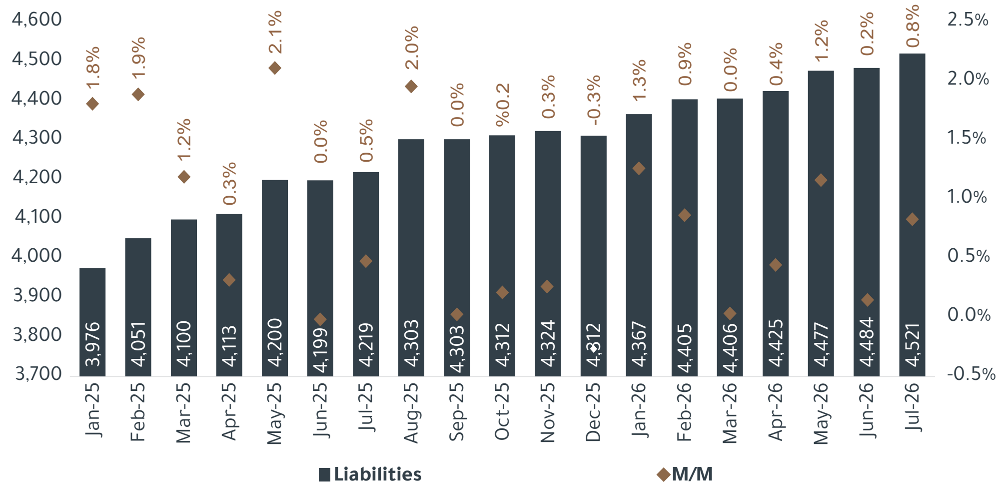
Source: SAMA, Aljazira Capital Research

Total assets of banks (SAR bn)



Source: SAMA, Aljazira Capital Research

Total liabilities of banks (SAR bn)

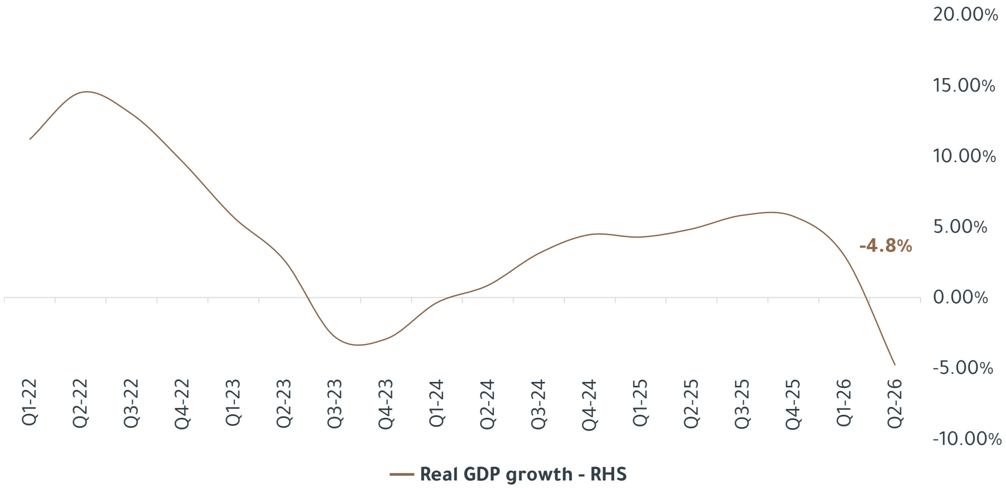


Source: SAMA, Aljazira Capital Research

Economic growth, PMI and spending

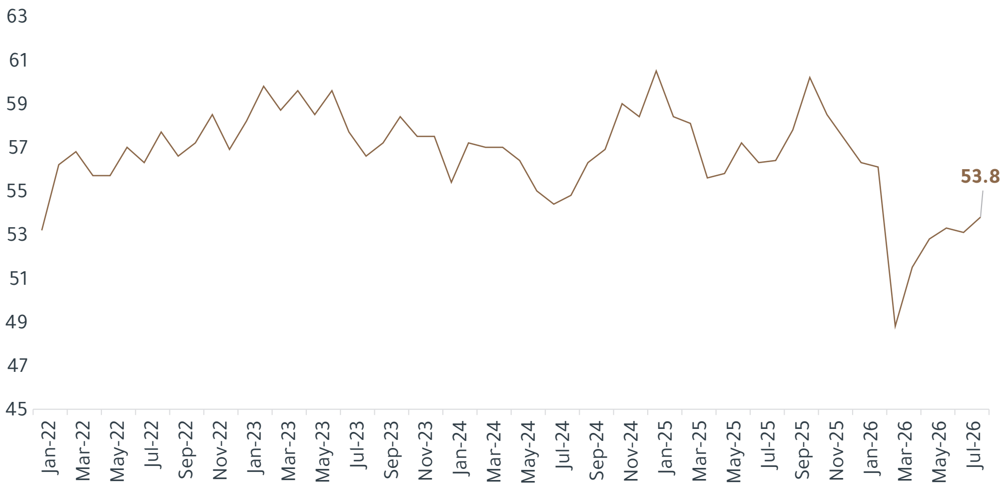
- **Real GDP contracted 4.8% Y/Y in Q2-26 - the weakest reading since the oil production cuts. Oil sector was the sole driver of the contraction. Oil activities declined -24.7% Y/Y in Q2-26 versus +2.9% in Q1-26**
- **August 2026 is a positive reading, but we see it as a moderate recovery rather than a strong expansion. The most important development is that the contraction seen in Q1 2026 has clearly been reversed.**
- **Consumer spending rose strongly to SAR 145bn in Jul-26, up 11.4% M/M and around 7.8% Y/Y. Growth was broad-based, led by e-commerce (+26% Y/Y), while POS also increased 6.7% Y/Y. Overall, the data points to healthy consumer momentum, with continued structural shift toward digital payments.**

Real GDP Y/ Y growth



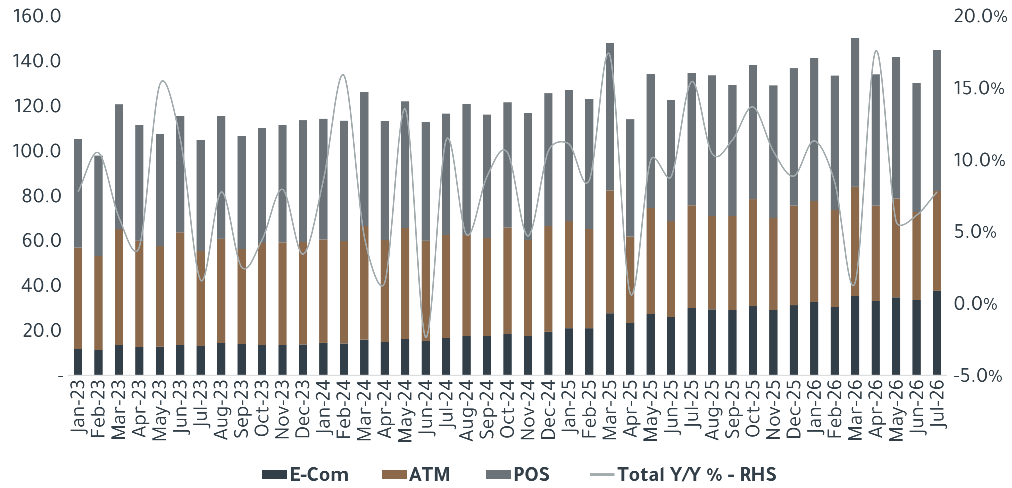
Source: Argaam, Aljazira Capital Research

KSA Purchasing Managers Index



Source: Argaam, Aljazira Capital Research

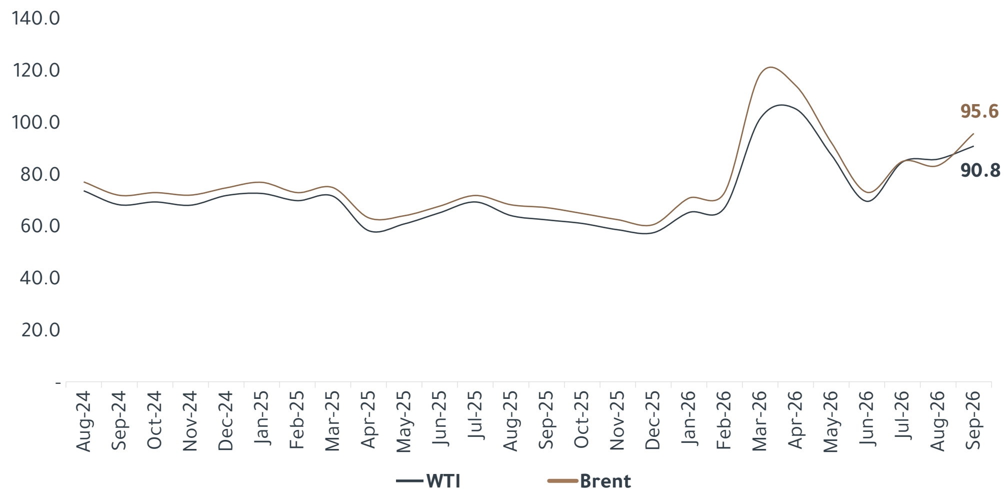
Consumer Spending (SARbn)



Source: Argaam, Aljazira Capital Research

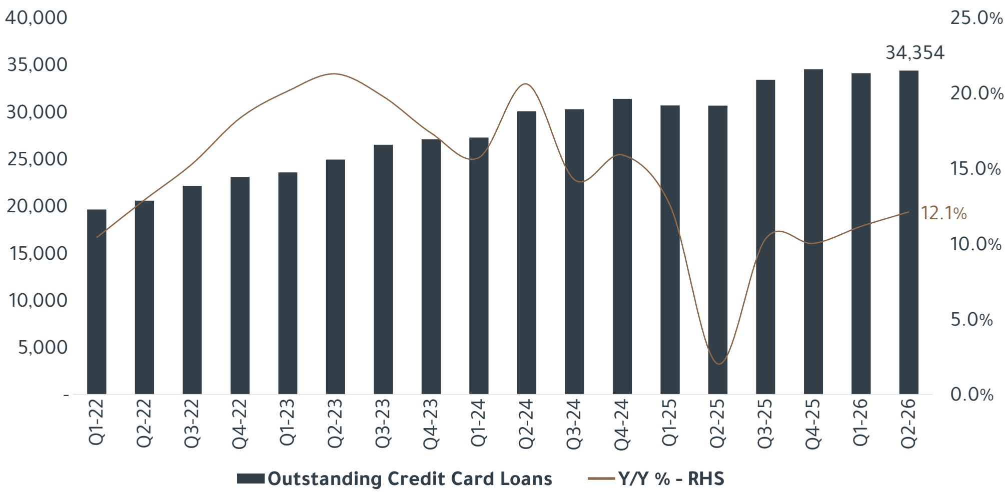
- Oil prices strengthened toward the end of the month. WTI rose from $84.7/bbl in July to $85.8/bbl in August, while Brent eased slightly from $84.8 to $83.3/bbl. Oil prices moved sharply higher at the start of September. Brent climbed to approximately $95/bbl, as renewed U.S.-Iran military tensions increased fears of supply disruptions.
- 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%.
- 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.

Crude oil prices (USD)



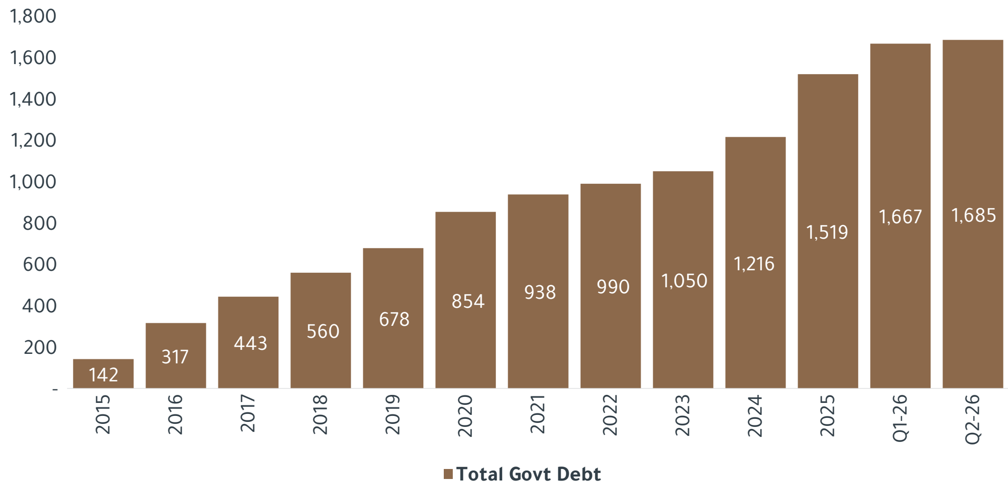
Source: NDMC, Aljazira Capital Research

Outstanding Credit Card Loans (SAR bn)



Source: Argaam, Aljazira Capital Research

Outstanding Government Debt (SAR bn)

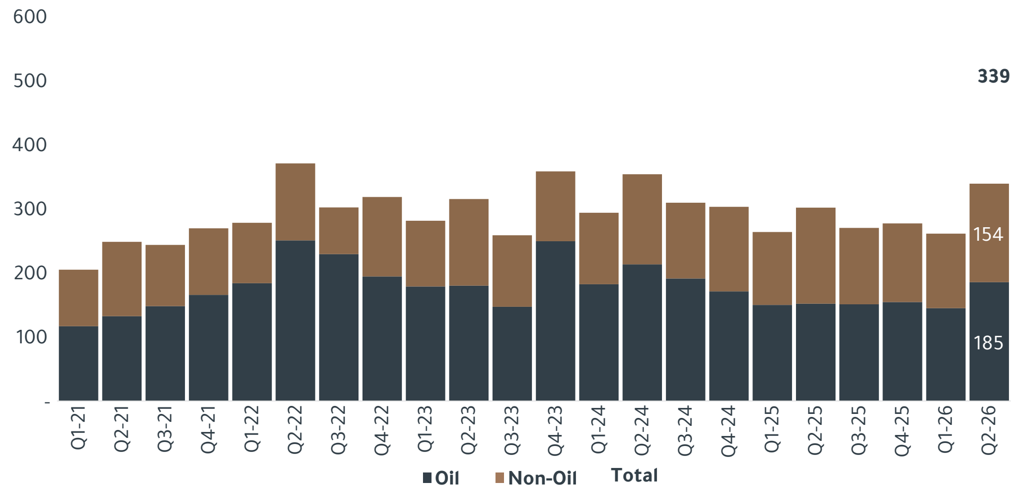


Source: SAMA, Aljazira Capital Research

Fiscal position

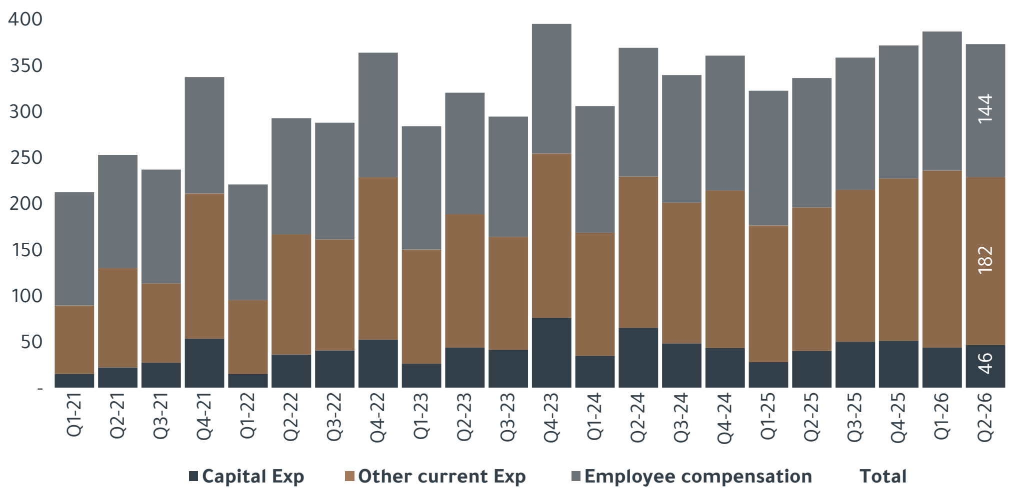
- Total government revenue increased to SAR 339bn in Q2-26 from SAR 261bn in Q1-26, driven by a rebound in oil revenue to SAR 185bn (+27.9% Q/Q) alongside a strong increase in non-oil revenue to SAR 154bn (+32.2% Q/Q).
- Total fiscal expenditure stood at SAR 373bn in Q2-26, down 3.5% Q/Q from SAR 387bn 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, Aljazira Capital Research

Quarterly Fiscal Expenditure (SAR bn)



Source: Argaam, Aljazira Capital Research

Fiscal Surplus / (Deficit) (SAR bn)

Source: Argaam, Aljazira Capital Research

Key price statistics

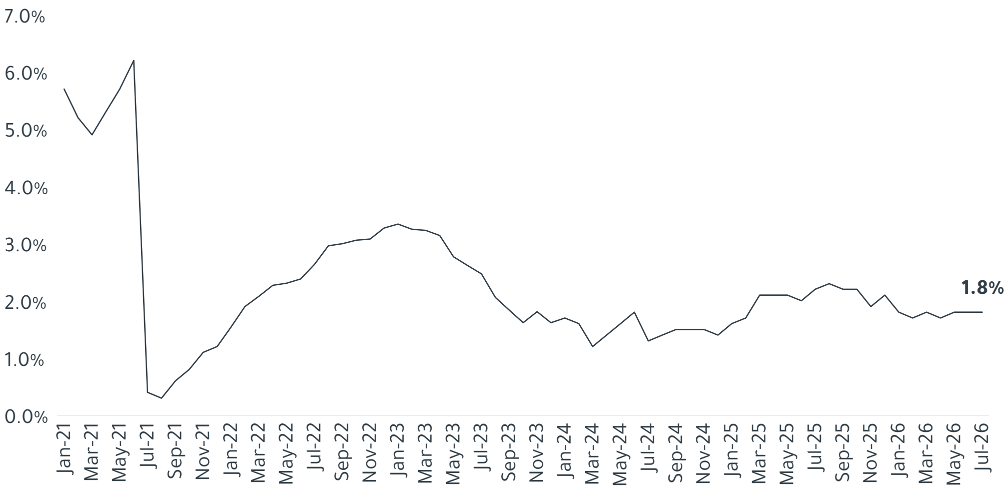
- **Saudi inflation remained subdued at 1.8% y/y in July 2026, unchanged from the previous month. Inflation has remained broadly stable around 2% over the past year, highlighting limited underlying price pressures despite continued economic activity.**
- **Housing & Utilities was the largest contributor, rising 4.2% y/y, while Personal Care & Miscellaneous and Recreation increased by 2.9% and 2.4%, respectively. Meanwhile, prices for clothing and household furnishings declined modestly, helping to contain overall inflation.**
- **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.**

CPI Breakdown

Category	Weight %	July-26	July-25	Y/ Y %
General Index	100.0%	105.4	103.6	1.8%
F&B	21.9%	103.3	101.9	1.4%
Tobacco	0.7%	99.9	99.4	0.5%
Clothing & Footwear	3.7%	96.5	96.9	-0.4%
Housing & Utilities	20.2%	116.7	112.8	3.5%
Furnishing & Household Equip	6.7%	97.5	98.1	-0.6%
Health	4.0%	100.0	99.7	0.3%
Transport	14.5%	102.5	100.8	1.7%
Communication	5.2%	98.3	97.7	0.6%
Recreation	3.2%	106.4	103.8	2.5%
Education	2.2%	102.4	101.3	1.1%
Hospitality	8.4%	108.1	106.5	1.5%
Finance	3.2%	106.9	104.7	2.1%
Personal Care & Misc	6.1%	111.8	107.7	3.8%

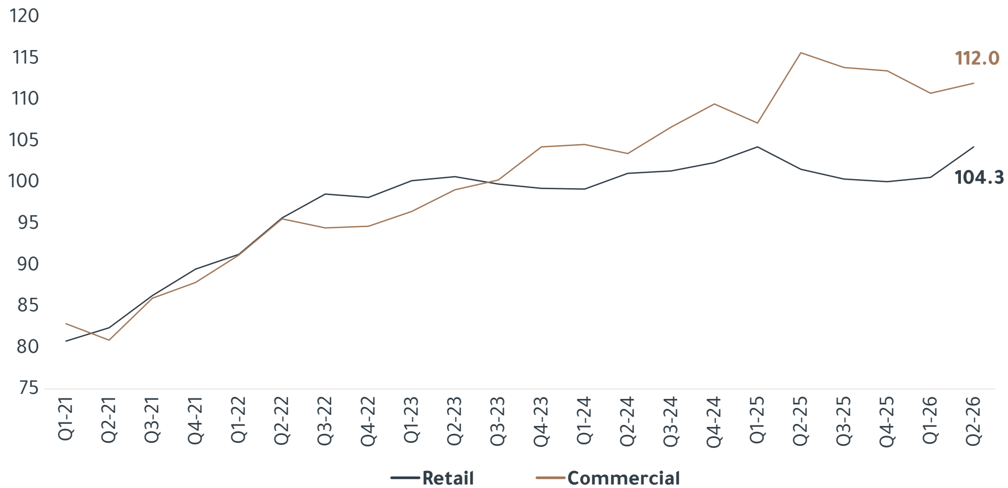
Source: Argaam, Aljazira Capital Research

Inflation Y/ Y change %



Source: SAMA, Aljazira Capital Research

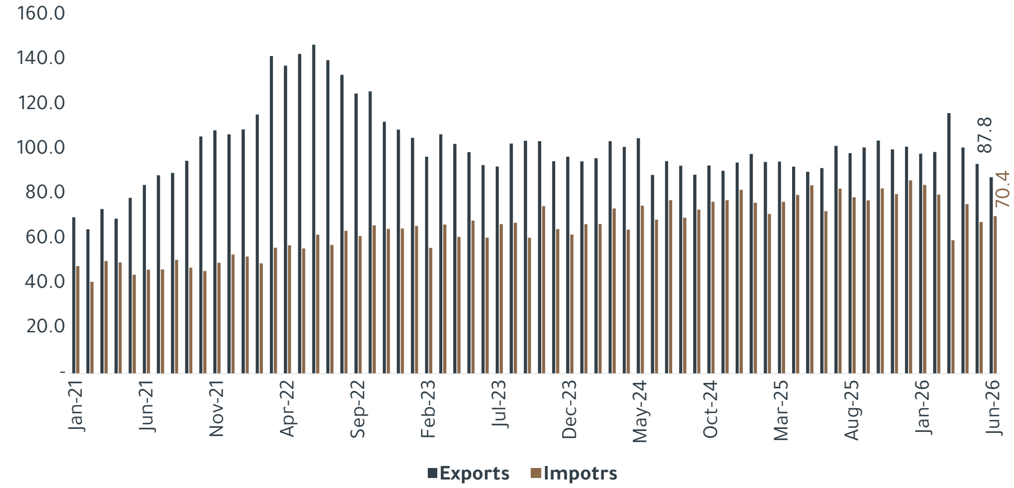
Real Estate Price Index



Source: GASTAT, Aljazira Capital Research

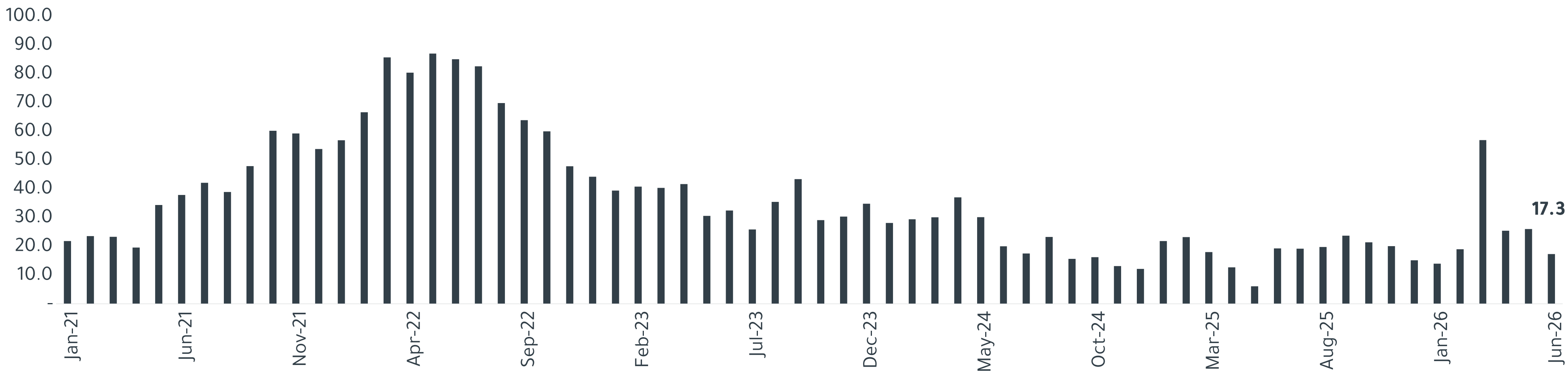
- Exports fell sharply to SAR 87.8bn in Jun-26, down 6.4% M/M from SAR 93.8mn and -4.5% Y/Y from SAR 91.9bn in Jun-25. Imports increased to SAR 70.4bn in Jun-26, up 4.0% M/M, but remained below Jun-25 (SAR 72.7bn)
- Trade surplus narrowed sharply to SAR 17.3bn in Jun-26, down from SAR 26.0bn in May. This was driven mainly by the weakening in exports, which fell faster than imports.
- The surplus remains positive but is well below the 2021-22 highs, indicating a weaker external balance.

Exports & Imports (SAR bn)



Source: Argaam, Aljazira Capital Research

Trade Balance (SAR bn)



Source: Argaam, Aljazira Capital Research

الجزيرة كابيتال
aljazira capital

RESEARCH DIVISION

Director - Head of Sell-Side Research

Jassim Al-Jubran

٢٢٥٦٢٤٨ ١١ ٩٦٦+

j.aljabran@aljaziracapital.com.sa

RESEARCH DIVISION

AlJazira Capital, the investment arm of Bank AlJazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. AlJazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. AlJazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, AlJazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

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.

Disclaimer