



Summary

Global Economy: Markets are now pricing in a 90 percent chance of a September Fed cut, up from below 50 percent before the latest US payrolls data release. At the same time unemployment remains in check at the moment and the Fed remains watchful of inflation which remains above target.

Saudi Real Economy: The Saudi economy has performed well in H1-25, despite the decline in oil prices. The GDP flash estimate for Q2 2025 put real GDP growth at 3.9 percent year-on-year, mainly boosted by growth in non-oil GDP by 4.7 percent, in addition to a rise in oil GDP by 3.8 percent.

Consumer Spending: Total consumer spending was 8.8 percent higher year-on-year in June, although compared to May consumer spending declined by 8.6 percent.

SAMA Foreign Reserve Assets: SAMA's FX reserves were broadly stable in June at \$457.7 billion, higher than the end-2024 level.

Money Supply, Bank Deposits and Credit: The broad measure of money supply (M3) increased by 7.6 percent year-on-year and by 0.9 percent month-on-month in June. Total deposits grew by 7.7 percent year-on-year. Credit growth slowed marginally to 15.8 percent year on year.

Inflation: Consumer prices in June rose by 2.3 percent year-on-year and 0.2 percent month-on-month. 'Food and beverages' prices rose by 1.5 percent. Inflation in 'Housing and utilities' slowed to 6.5 percent, influenced by slower inflation rates in 'rentals for housing', at 7.6 percent year-on-year.

Oil-Global: Brent crude averaged \$70pb in July, the same as in June. Threats of increased sanctions from the US against Russia if Russia does not agree a ceasefire with Ukraine sparked higher oil prices towards the end of July. Brent dipped below \$70pb at the start of August, dampened by the latest round of decisions on US tariffs.

Oil-Saudi Arabia: Saudi Arabia's oil production grew to 9.36mbpd in June. Output is set to rise to almost 10mbpd in September, according to the latest OPEC production plan. Oil export revenue, which fell to \$59 billion in May will likely have been higher in June and July.

Stock Market: TASI ended the month below 11,000 points, falling by 2 percent during July, with investors cautious amid uncertain global conditions and with oil trading sideways.

For comments and queries please contact:

Toby Iles
Chief Economist
tiles@jadwa.com

Nouf N. Alsharif
Managing Director, Research
nalsharif@jadwa.com

Head office:

Phone +966 11 279-1111
Fax +966 11 293-7988
P.O. Box 60677, Riyadh 11555
Kingdom of Saudi Arabia
www.jadwa.com

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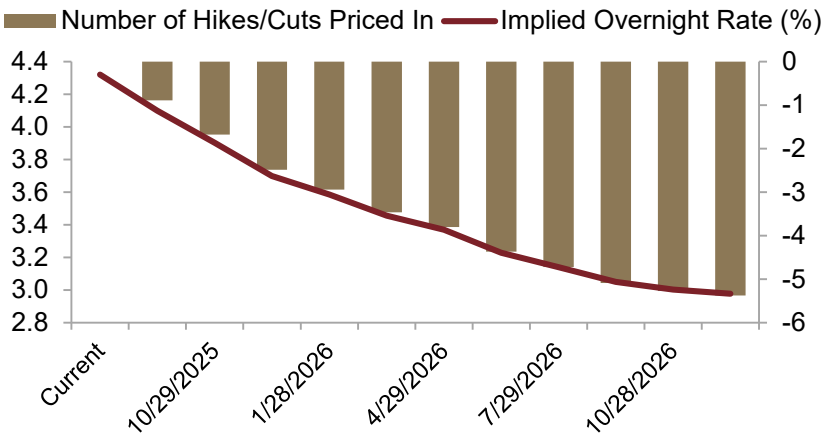


Global Economy

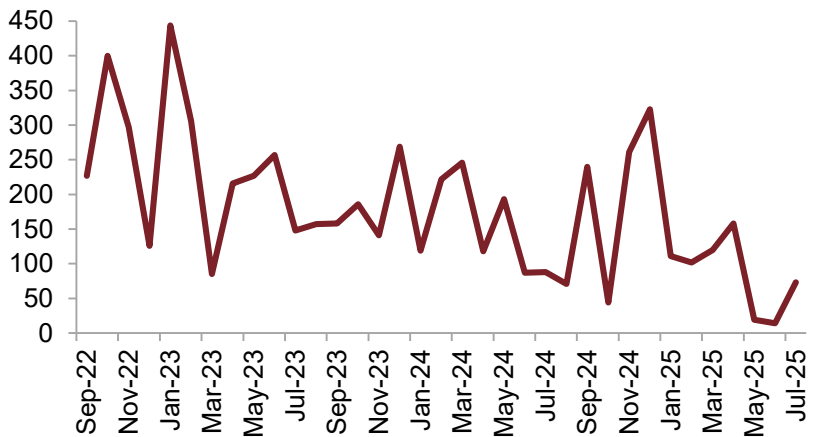
Markets are now pricing in a 90 percent chance of a September Fed cut, up from below 50 percent before the latest US payrolls data release. At the same time unemployment remains in check at the moment and the Fed remains watchful of inflation which remains above target.

The latest data on the US economy, especially weaker numbers for job creation, has increased the probability of a Fed rate cut in September. Markets are now pricing in a 90 percent chance of a September cut, up from below 50 percent before the payrolls data release.

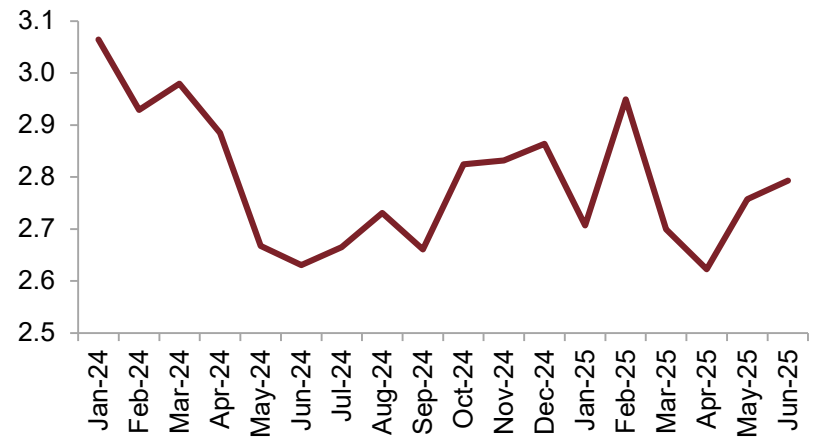
Number of cuts priced in to futures market



US payrolls change (thousand)



US core PCE inflation (percent, yoy)



Nonetheless, the unemployment rate remains quite low at 4.2 percent and the Fed remains watchful of inflation which remains above target and could move higher.



Saudi Real Economy

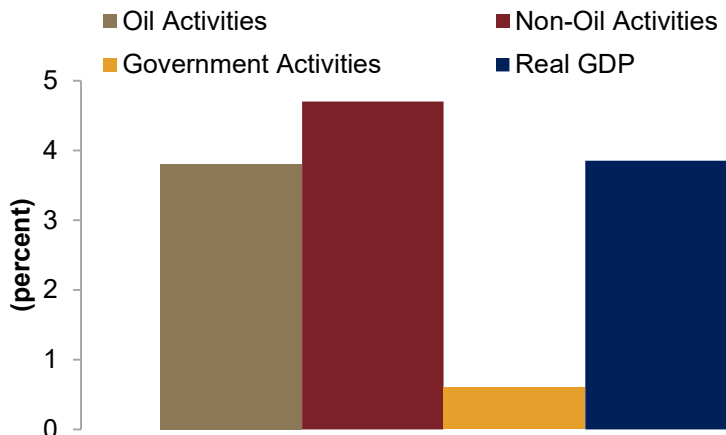
The GDP flash estimate for Q2 2025 put real GDP growth at 3.9 percent year-on-year, mainly boosted by growth in non-oil GDP by 4.7 percent, in addition to a rise in oil GDP by 3.8 percent. Meanwhile, Domestic cement sales rose by 13 percent year-on-year in June. Latest available data show non-oil exports rising by 6 percent year-on-year in May.

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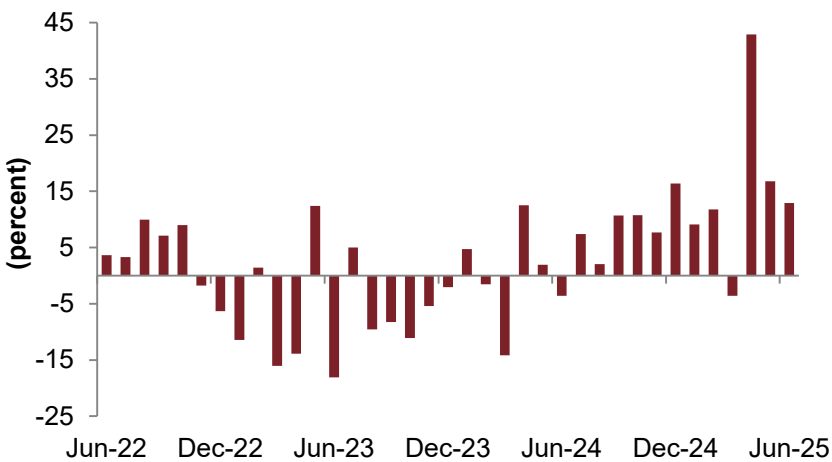
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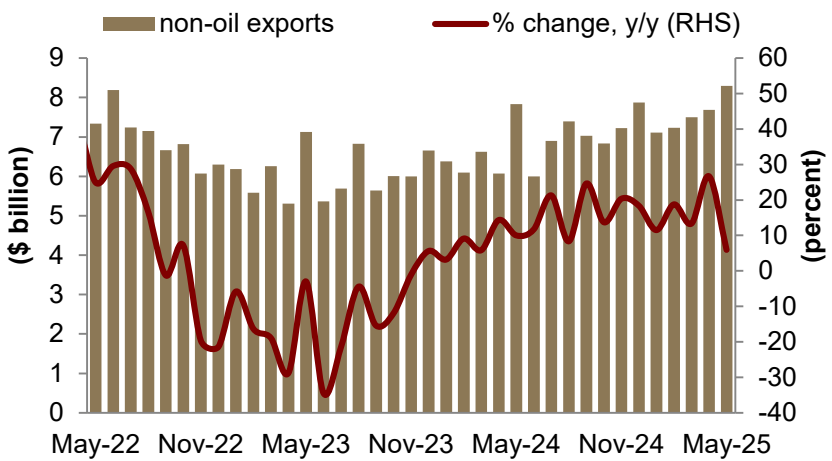
Q2 GDP Flash Estimates
(year-on-year change)



Domestic Cement Sales



Non-oil Exports

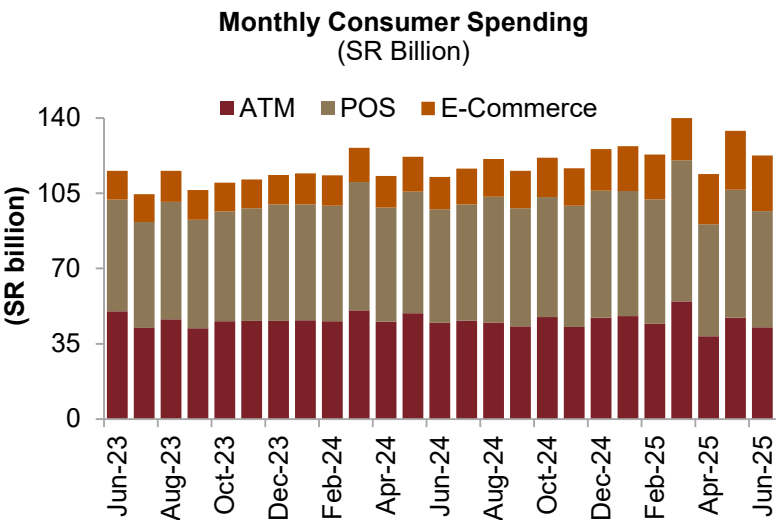




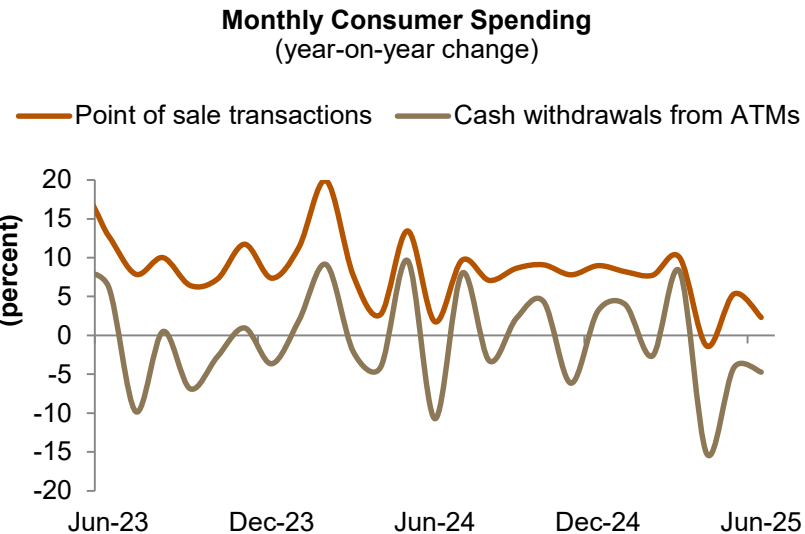
Consumer Spending

Total consumer spending increased in June, rising by 8.8 percent year-on-year, despite a decline by 8.6 percent month-on-month. The annual growth was supported by a 2.3 percent increase in POS transactions. Meanwhile, cash withdrawals declined by 4.7 percent year-on-year. E-commerce transactions continued to trend upwards, rising by 72 percent year-on-year in June.

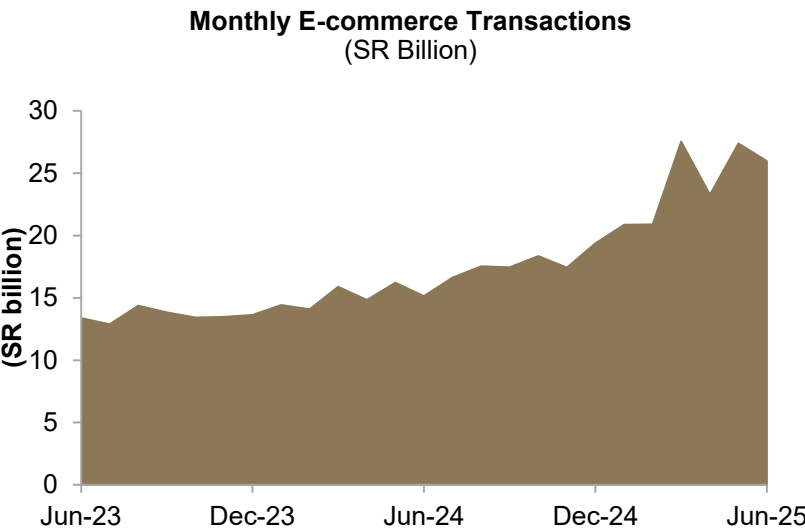
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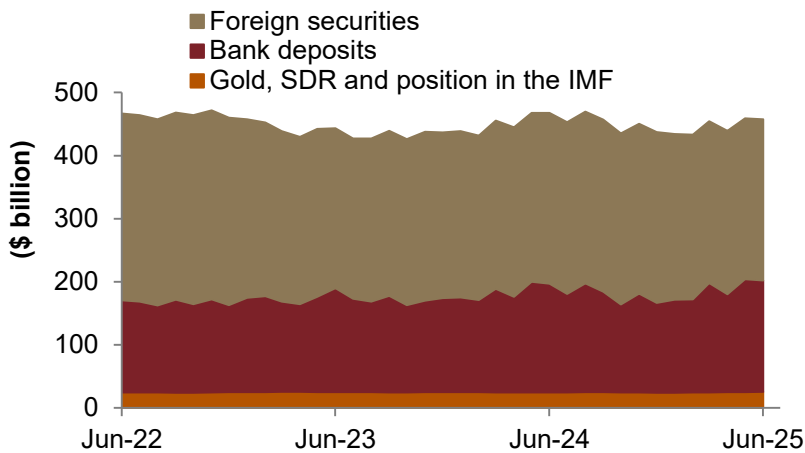


SAMA Foreign Reserve Assets

SAMA's FX reserves declined marginally in June by \$1.3 billion, to stand at \$457.7 billion. The monthly decrease primarily resulted from a decline in bank deposits, down by \$2.8 billion, while foreign securities increased by \$1.1 billion.

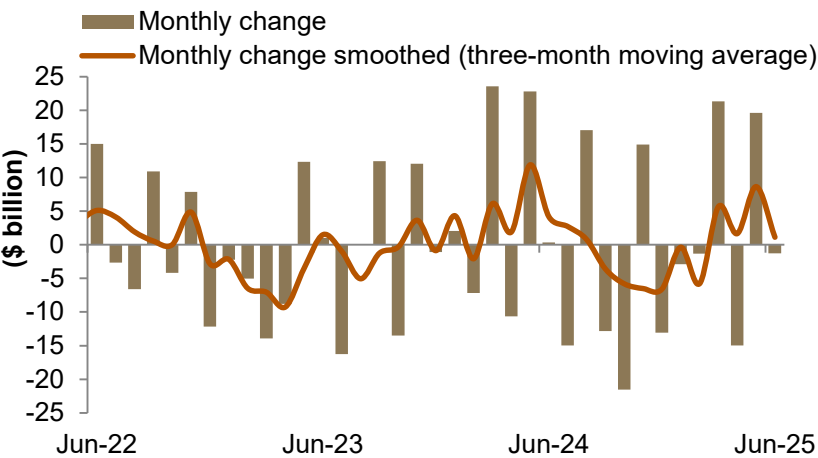
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SAMA Total Foreign Reserve Assets



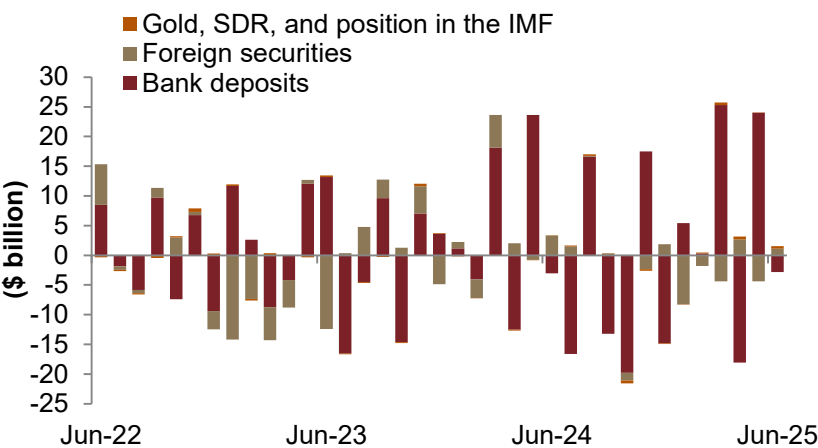
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SAMA Foreign Reserve Assets (monthly and three-month average change)



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SAMA Foreign Reserve Assets (month-on-month change)

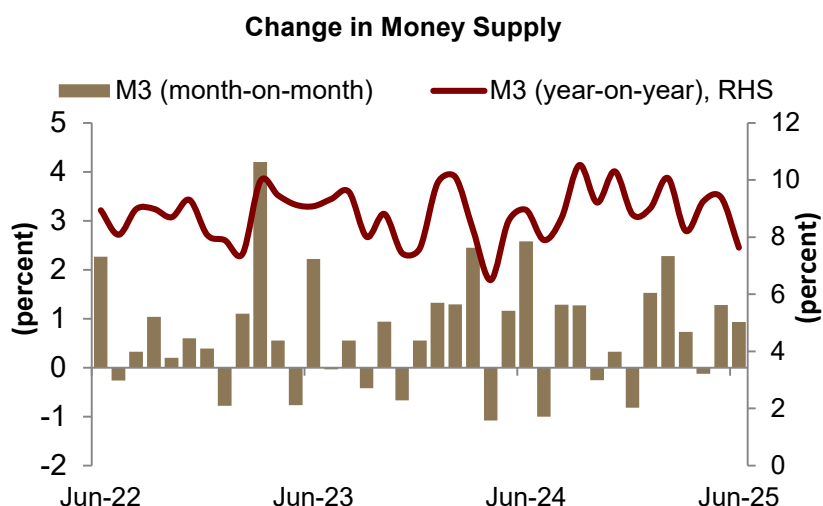




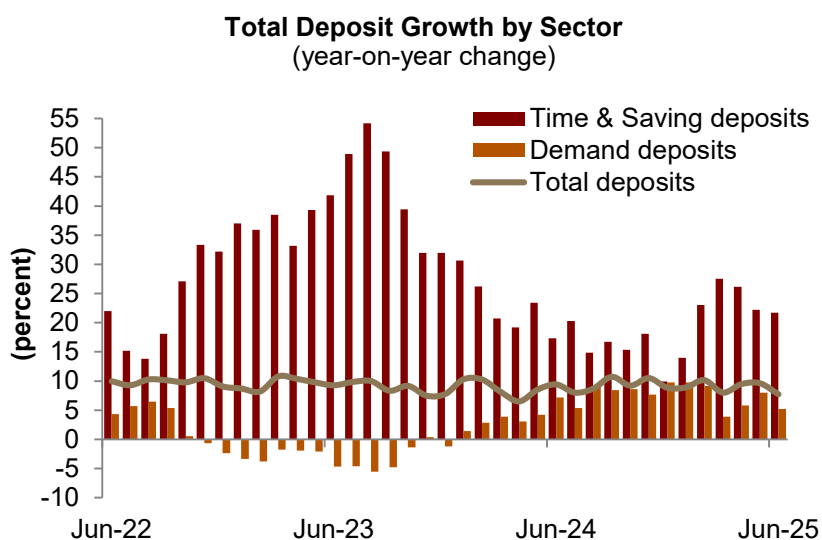
Money Supply, Bank Deposits and Credit

The broad measure of money supply (M3) increased by 7.6 percent year-on-year and by 0.9 percent month-on-month in June. Total deposits grew by 7.7 percent year-on-year. Meanwhile, credit growth slowed slightly to 15.8 percent year-on-year. New mortgages inched up by 0.4 percent year-on-year, despite a monthly decline by 27 percent.

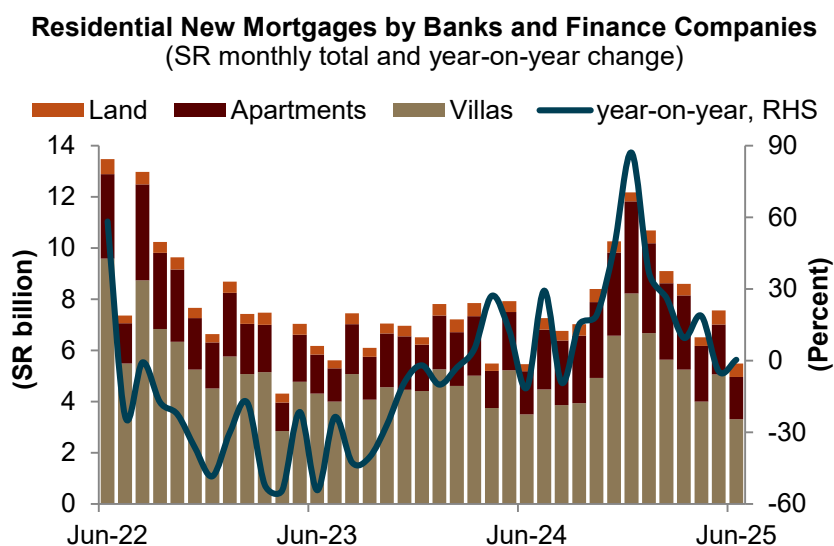
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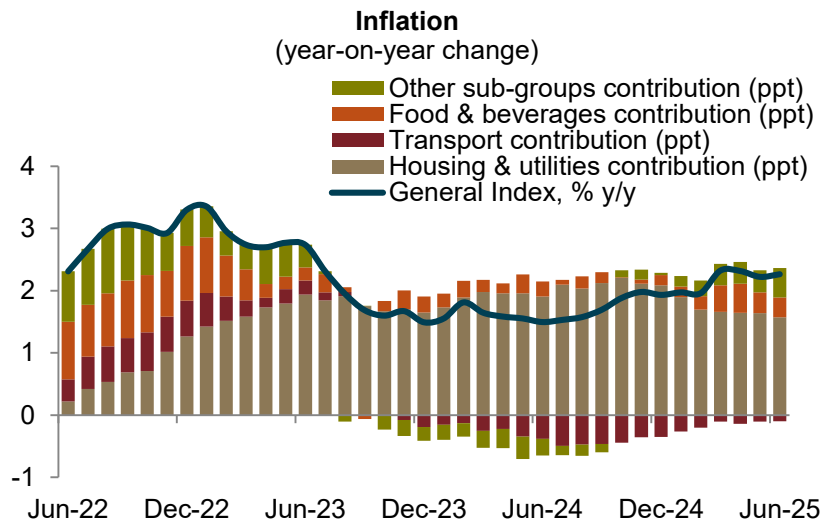




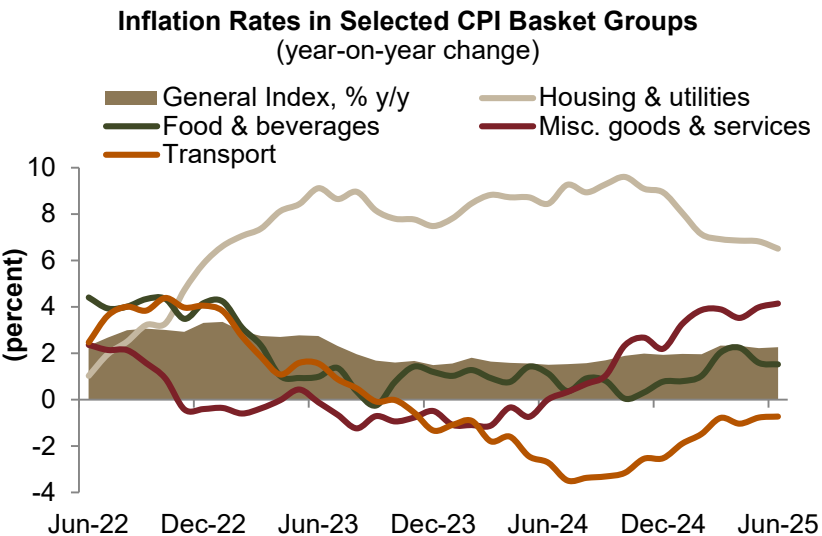
Inflation

Consumer prices in June rose by 2.3 percent year-on-year and 0.2 percent month-on-month. 'Food and beverages' prices rose by 1.5 percent. Inflation in 'Housing and utilities' slowed to 6.5 percent, influenced by slower inflation rates in 'rentals for housing', at 7.6 percent year-on-year. Meanwhile, the rate of price decline in 'Transport' was the lowest in 19 months.

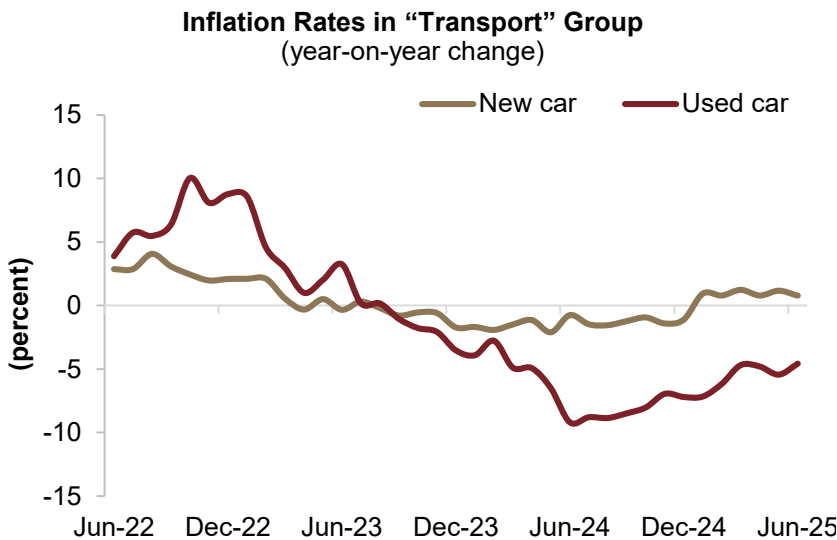
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Prices of 'New cars' increased by 0.8 percent year-on-year in June, bringing the average price growth in H1 to 0.95 percent, in contrast to a decline by 1.4 percent in FY 2024.

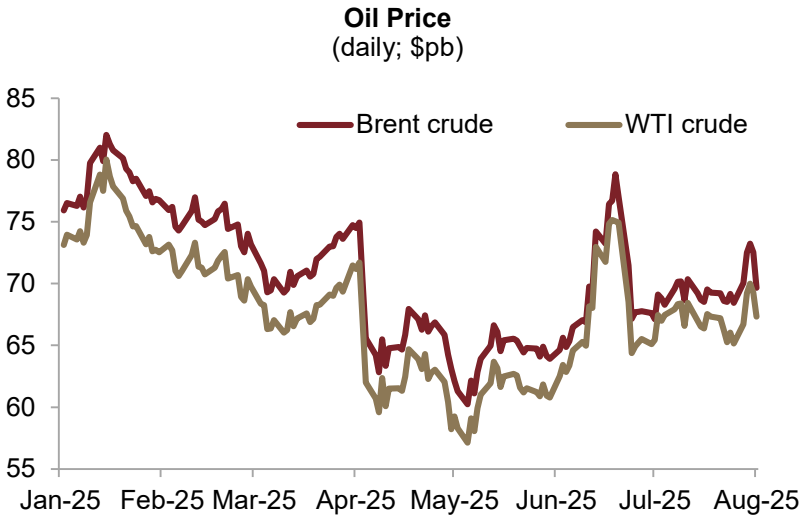




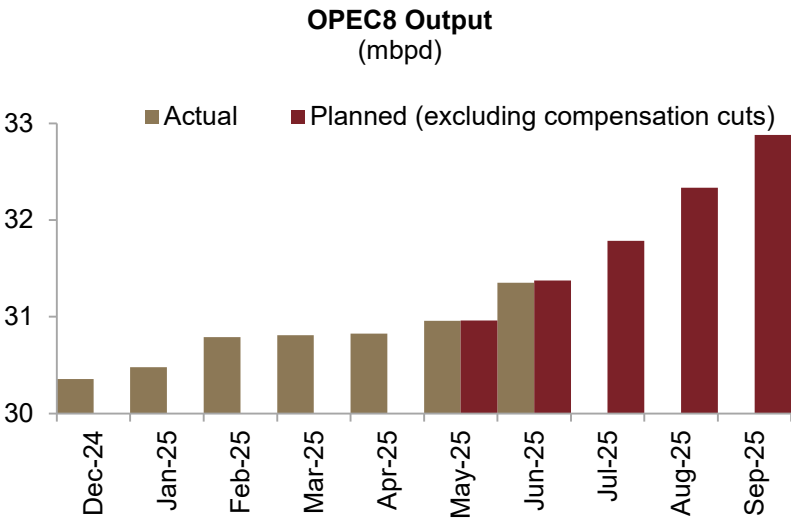
Oil - Global

Brent crude averaged \$70pb in July, the same as in June. Threats of increased sanctions from the US against Russia if Russia does not agree a ceasefire with Ukraine sparked higher oil prices towards the end of July. Brent dipped below \$70pb at the start of August, dampened by the latest round of decisions on US tariffs.

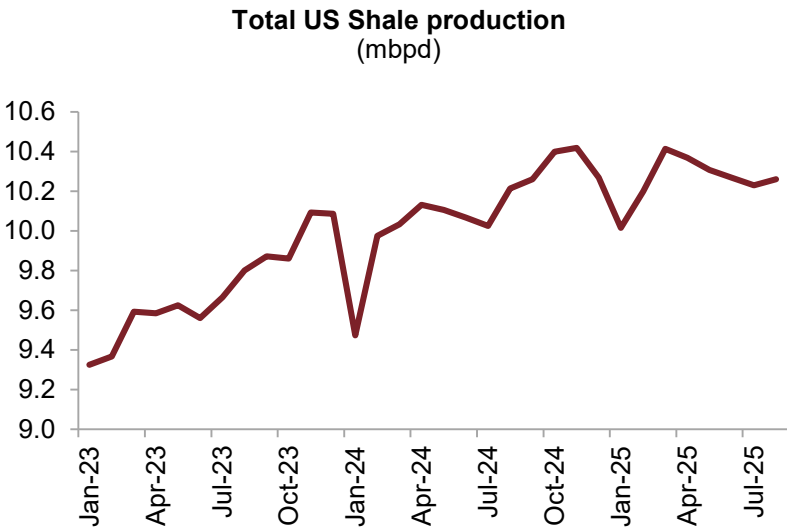
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On August 3rd, OPEC confirmed another bumper increase for September. OPEC8 (and overall OPEC+) production increased by 1mbpd in H1-25, according to OPEC's secondary sources. OPEC8 plans to grow output by a further 1.5mbpd by end-September. We assume a pause after that.



US shale production has been broadly flat so far this year. Output in July was just over 10.2mbpd according to Rystad Energy. Lower prices—with WTI averaging \$65pb since April—have placed pressure on shale activity.



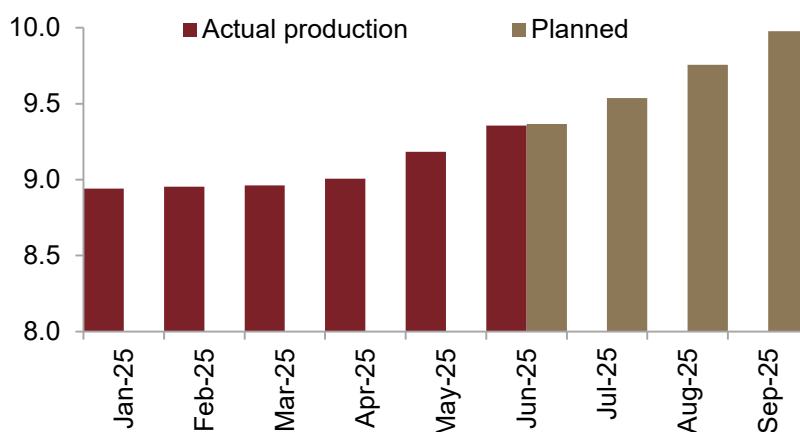


Oil - Saudi Arabia

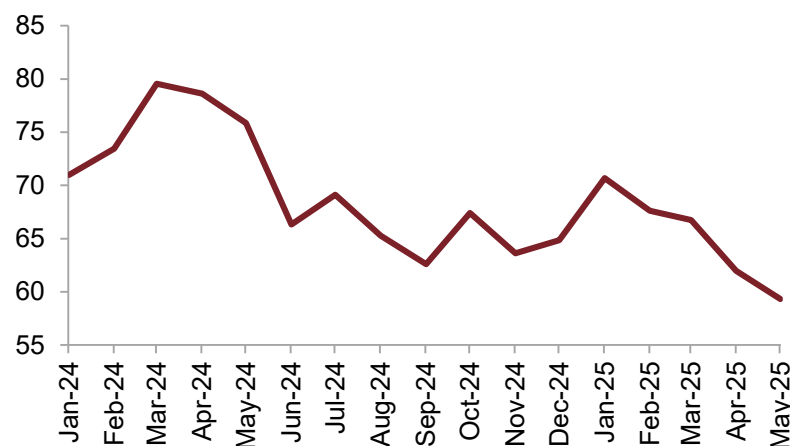
Saudi Arabia's oil production grew to 9.36mbpd in June. Output is set to rise to almost 10mbpd in September, according to the latest OPEC production plan. Oil export revenue, which fell to \$59 billion in May will likely have been higher in June and July.

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Saudi Crude Oil Production Under OPEC+ Plan
(mbpd)

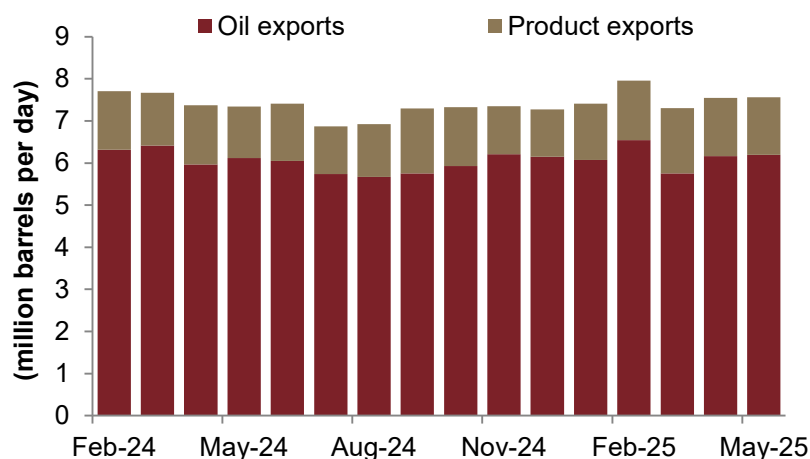


Saudi Oil Export Revenue
(\$ billion; crude and refined products)



In May revenue from crude and refined exports was \$59 billion, down from \$62 billion in April. Oil export revenue will likely have been higher in June and July due to higher prices and growing production, which should offset seasonally higher domestic demand.

Saudi Exports
(mbpd)



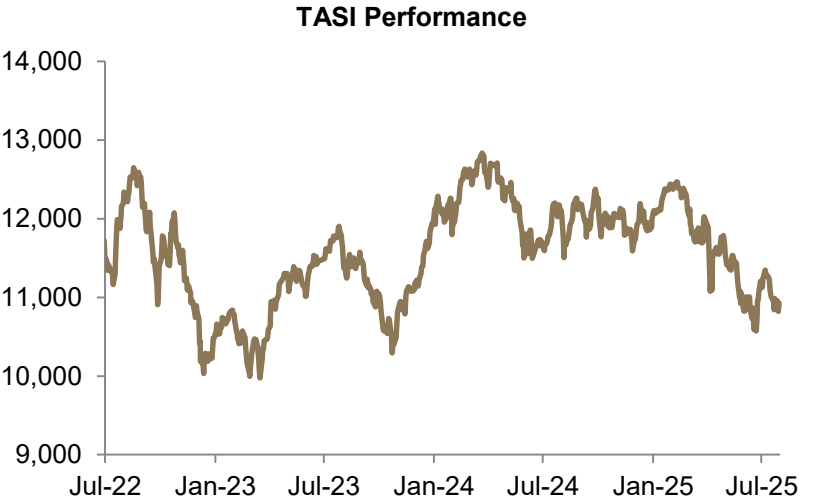
In May Saudi Arabia's export volumes of crude oil and refined products were broadly stable, despite the increase in crude output by 180kbpd. This is because of seasonally stronger domestic consumption, including more direct burn of crude.



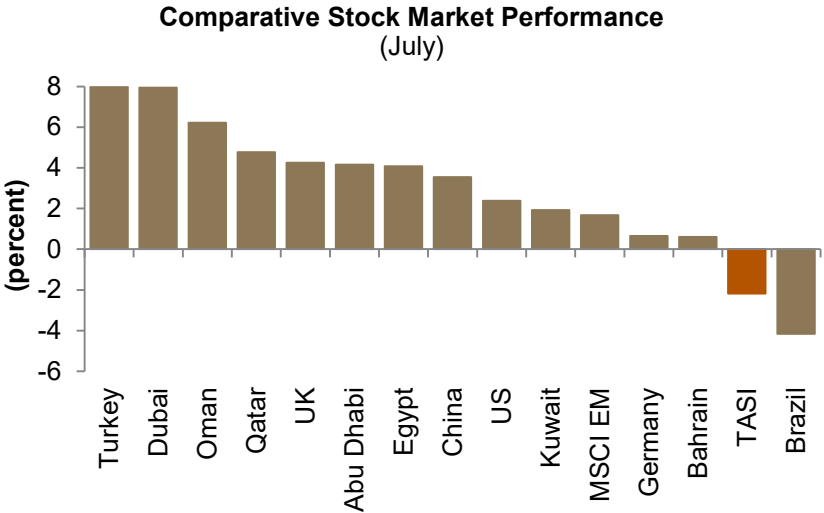
Stock Market

TASI ended the month below 11,000 points, falling by 2 percent during July, with investors cautious amid uncertain global conditions and with oil trading sideways. The Saudi market underperformed other Gulf markets, with Dubai and Oman the standout performers.

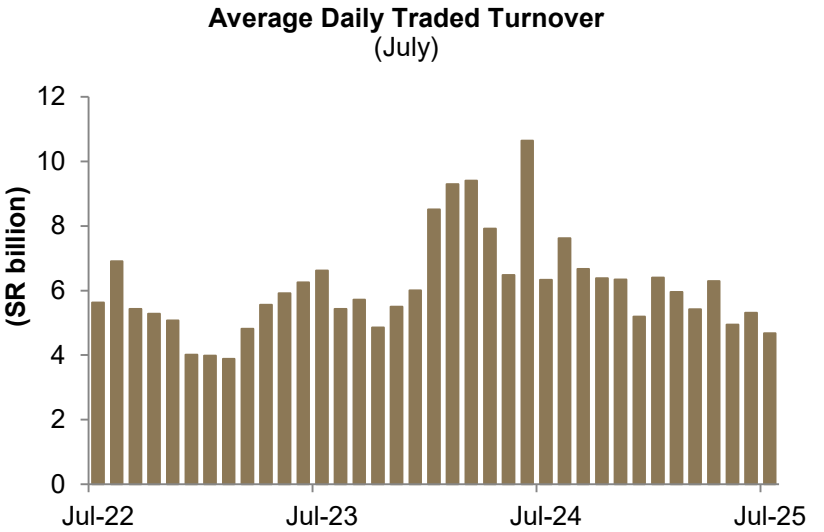
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Average daily traded turnover was weak, at less than SAR5 billion, with investors remaining cautious amid uncertain global conditions and with oil trading sideways.





Key Data

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025E | 2026F |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Nominal GDP | | | | | | | | |
| (SR billion) | 3,333 | 2,880 | 3,685 | 4,647 | 4,570 | 4,649 | 4,721 | 4,972 |
| (\$ billion) | 889 | 768 | 983 | 1,239 | 1,219 | 1,240 | 1,259 | 1,326 |
| (% change) | 0.3 | -13.6 | 28.0 | 26.1 | -1.7 | 1.7 | 1.5 | 5.3 |
| Real GDP (% change) | | | | | | | | |
| Oil | -3.9 | -6.9 | 1.2 | 15.0 | -9.0 | -4.4 | 5.5 | 5.8 |
| Non-oil activities | 4.9 | -3.0 | 10.2 | 12.4 | 7.0 | 5.2 | 4.3 | 4.4 |
| Government activities | 1.7 | -0.6 | 1.1 | 4.6 | 1.1 | 2.3 | 1.5 | 1.8 |
| Total | 1.7 | -3.8 | 6.5 | 12.0 | 0.5 | 2.0 | 4.1 | 4.3 |
| Oil indicators (average) | | | | | | | | |
| Brent (\$/b) | 66 | 42 | 71 | 104 | 84 | 80 | 67 | 65 |
| Production (million b/d) | 9.8 | 9.2 | 9.1 | 10.6 | 9.6 | 9.0 | 9.5 | 10.0 |
| Budgetary indicators (SR billion) | | | | | | | | |
| Government revenue | 927 | 782 | 965 | 1,268 | 1,212 | 1,259 | 1,106 | 1,143 |
| Government expenditure | 1,059 | 1,076 | 1,039 | 1,164 | 1,293 | 1,375 | 1,308 | 1,356 |
| Budget balance | -133 | -294 | -73 | 104 | -81 | -116 | -202 | -212 |
| (% GDP) | -4.0 | -10.2 | -2.0 | 2.2 | -1.8 | -2.5 | -4.3 | -4.3 |
| Gross public debt | 678 | 854 | 938 | 990 | 1,050 | 1,216 | 1,418 | 1,631 |
| (% GDP) | 20.3 | 29.6 | 25.5 | 21.3 | 23.0 | 26.2 | 30.0 | 32.8 |
| Monetary indicators | | | | | | | | |
| Inflation (% change, average) | -2.1 | 3.4 | 3.1 | 2.5 | 2.3 | 1.7 | 2.3 | 2.1 |
| SAMA Repo (% , year end) | 2.25 | 1.00 | 1.00 | 5.00 | 6.00 | 5.00 | 4.75 | 4.00 |
| External trade indicators (\$ billion) | | | | | | | | |
| Oil export revenues | 200 | 119 | 202 | 327 | 247 | 223 | 194 | 198 |
| Total export revenues | 261 | 172 | 275 | 410 | 319 | 304 | 284 | 297 |
| Imports | 138 | 125 | 136 | 171 | 185 | 208 | 225 | 239 |
| Trade balance | 123 | 47 | 139 | 239 | 133 | 96 | 58 | 58 |
| Current account balance | 38 | -26 | 41 | 150 | 35 | -6 | -45 | -45 |
| (% GDP) | 4.3 | -3.3 | 4.1 | 12.1 | 2.9 | -0.5 | -3.6 | -3.4 |
| Official reserve assets | 500 | 454 | 455 | 460 | 437 | 437 | 430 | 423 |
| Social and demographic indicators | | | | | | | | |
| Population (million) | 30.1 | 31.6 | 30.8 | 32.2 | 33.7 | 35.3 | 36.3 | 37.1 |
| Saudi Unemployment (15+, %) | 12.0 | 12.6 | 11.5 | 8.2 | 7.8 | 7.0 | 6.3 | 6.2 |
| GDP per capita (\$) | 29,567 | 24,339 | 31,921 | 38,510 | 36,157 | 35,122 | 34,720 | 35,746 |

Sources: General Authority for Statistics, Saudi Central Bank and Ministry of Finance. Jadwa Investment forecasts for 2025 and 2026.



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