



Saudi chartbook

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جدوى للاستثمار
Jadwa Investment



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Summary

Global economy: January saw another bout of US policy uncertainty, related to trade, exchange rates and geopolitics. The US dollar weakened, before steadying after the nomination of Kevin Warsh to be the new Fed chair. Although Warsh is considered less 'dovish' than some of other Fed candidates, the market still assumes two interest rate cuts in 2026.

Saudi real economy: The GDP flash estimates put real GDP growth at 4.5% year-on-year in FY 2025, boosted by growth in both oil and non-oil sectors, up by 5.6% and 4.9%, respectively. The non-oil PMI in January slowed to 56.3, the lowest in six months.

Consumer spending: Consumer spending rose by 10.7% in 2025. The value of POS transactions increased by 5.8%, and spending through e-commerce channels surged by almost 54.2%.

SAMA foreign reserve assets: SAMA's FX reserves declined by USD 3.6b in December month-on-month to end the year at USD 460b. Despite the monthly decline, FX reserves rose by USD 23b during 2025.

Money supply, bank deposits and credit: The broad measure of money supply (M3) increased by 8.4% in 2025. Meanwhile, bank credit to the private sector grew by 10.4%, slowing during the second half of the year.

Inflation: Consumer prices rose by 2.1% year-on-year in December, and by 0.1% month-on-month. Inflation averaged 2.04% in FY2025, broadly in line with our forecast of 2.1%. In 2026, we expect inflation to moderate to 1.7%, mainly reflecting slower increases in 'rentals for housing'.

Privatization strategy: The National Privatization Strategy was launched. The strategy targets 221 public-private partnership contracts (PPPs), and seeks to raise SAR 240b in private investment by 2030.

Oil - Global: Brent crude rose in January, ending the month at \$70pb, due to the potential for a US strike on Iran to disrupt oil flows, as well as weather-related disruptions to US production and outages in Kazakhstan. Prices dropped to \$65pb on 2 Feb on news of possible US-Iran talks.

Oil - Saudi Arabia: Saudi crude production edged up again in December, to 10.078mbpd. Production will stabilize at 10.1mbpd in Q1-26. Meanwhile, total OPEC+ production fell by 240,000 bpd, to 42.8mbpd, due to lower output by Kazakhstan and a small decline in Russia.

Stock market: The stock market rallied by 8.5% in January (from end December), boosted by buying ahead of the reforms to simplify foreign investment into the market that are effective from 1st February. The January performance was strong relative to most regional markets and in line with the MSCI EM.

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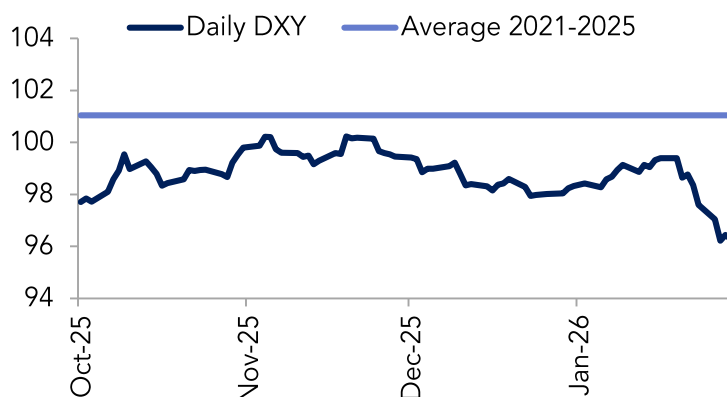
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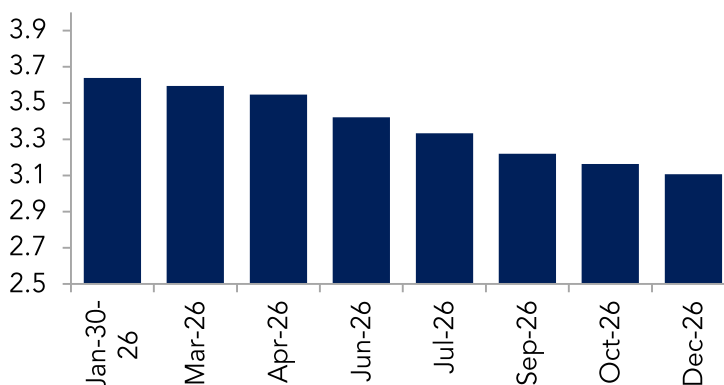
Global economy

January witnessed another bout of US policy uncertainty, related to trade, exchange rates and geopolitics. This resulted in a weakening US dollar, which then steadied after the nomination of Kevin Warsh to be the new Fed chair. Although Warsh is considered less 'dovish' than some of other Fed candidates, the market is still assuming two interest rate cuts in 2026.

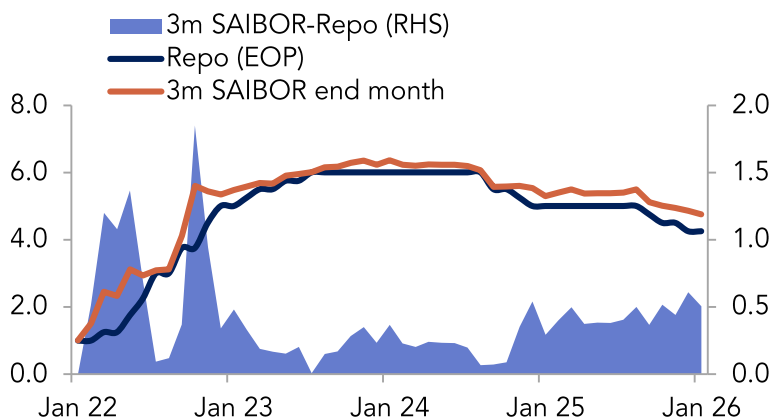
DXY index (higher number = stronger dollar)



Implied US overnight interest rate (%)



Saudi Repo and 3M SAIBOR (%)



The US dollar weakened from mid-January amid uncertainty over US trade and exchange rate policy and geopolitical moves. The dollar crept up at month end with the nomination of Kevin Warsh to lead the Fed.

Although Warsh is considered less 'dovish' than some of other Fed candidates, the market is still assuming two interest rate cuts in 2026 (50 basis in total).

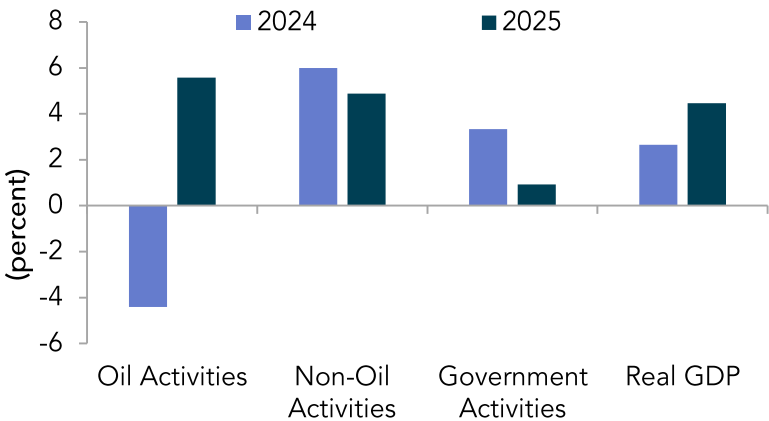
Two rates cuts would bring the Saudi Repo rate to 3.75% and the 3M SAIBOR to 4.35%, if the 3M SAIBOR-Repo spread remains at current levels (60 basis points)—the spread widened in 2025.



Saudi real economy

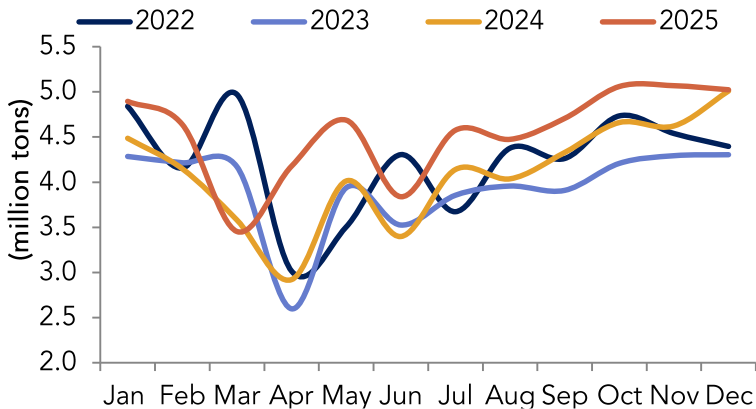
The GDP flash estimates put real GDP growth at 4.5% year-on-year in FY 2025, boosted by growth in both oil and non-oil sectors, up by 5.6% and 4.9%, respectively. Meanwhile, domestic cement sales increased in FY2025 by 10.6% year-on-year. The non-oil PMI in January fell to 56.3, the lowest in six months. While business activity remains in growth mode at the start of 2026, the rate of expansion has slowed.

GDP Flash Estimates for FY 2025
(year-on-year change)



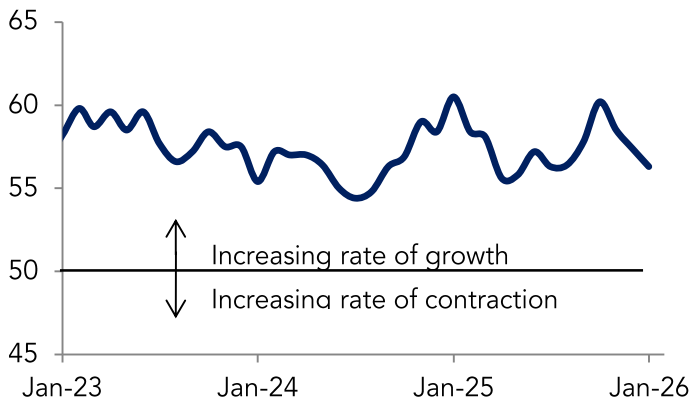
The GDP flash estimates put real GDP growth at 4.5% year-on-year in FY 2025.

Domestic Cement Sales



Domestic cement sales increased in FY2025 by 10.6% year-on-year.

Non-oil Purchasing Managers' Index (PMI)



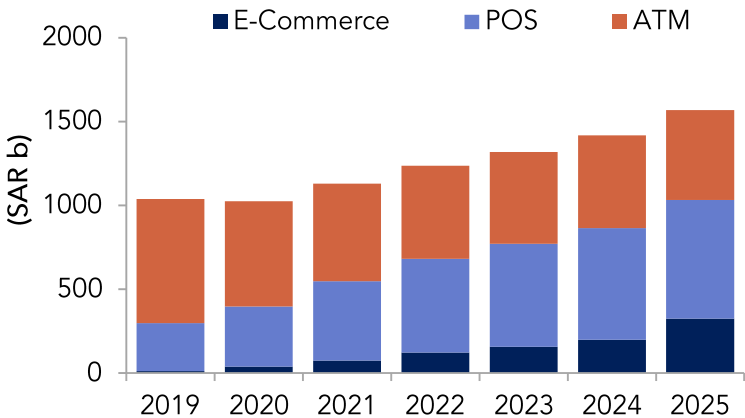
The non-oil PMI in January slowed to 56.3, the lowest in six months. While business activity remains in growth mode at the start of 2026, the rate of expansion has slowed.



Consumer spending

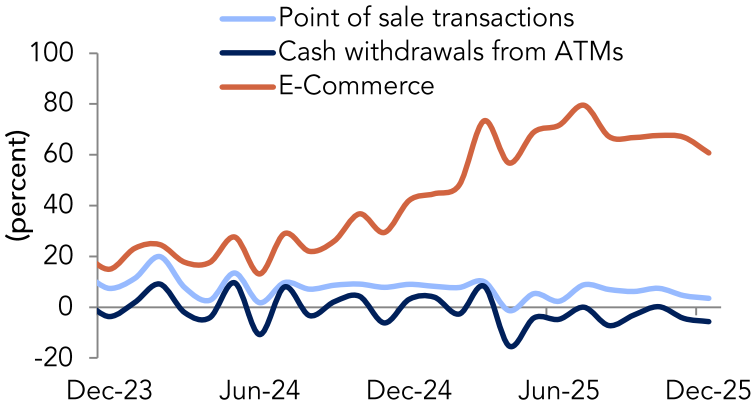
Consumer spending rose by 10.7% in 2025. The value of POS transactions increased by 5.8%, and spending through e-commerce channels surged by almost 54.2%. Meanwhile, cash withdrawals declined by 2.8% year-on-year. Among spending categories, “Jewelry” and ‘clothing’ recorded some of the strongest annual gains, while ‘electronics’ and ‘public utilities’ saw the largest declines over the year.

Annual consumer spending
(SAR b)



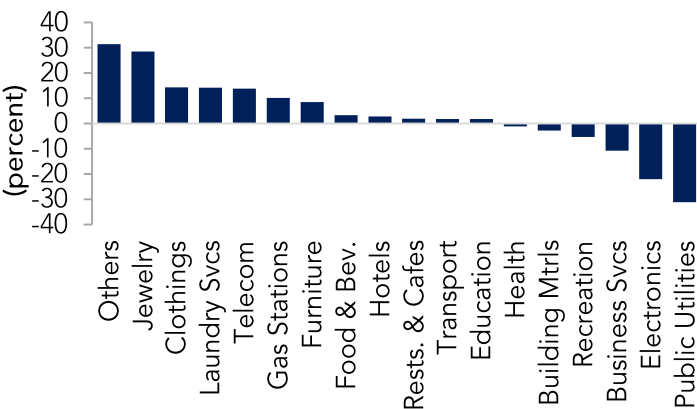
Consumer spending rose by 10.7% in 2025.

Monthly consumer spending
(year-on-year change)



In December, POS transactions rose by 3.5%, e-commerce transactions grew by 61%, while ATM cash withdrawals declined by 5.7%, year-on-year.

POS transactions by sector in FY 2025
(year-on-year change)



In FY 2025, “jewelry” and ‘clothing’ recorded some of the strongest annual gains, while ‘electronics’ and ‘public utilities’ saw the largest declines.

*E-commerce include only Mada cards transactions through online shopping sites, in-app purchases and e-wallets, it does not include transactions by Visa, MasterCard and other credit cards (Source: SAMA).

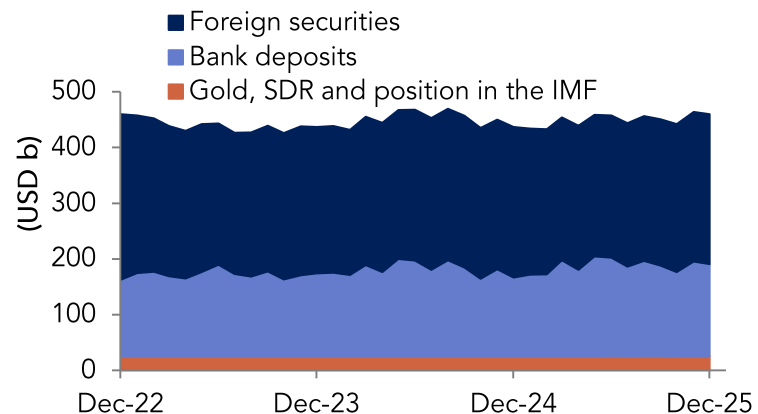


SAMA foreign reserve assets

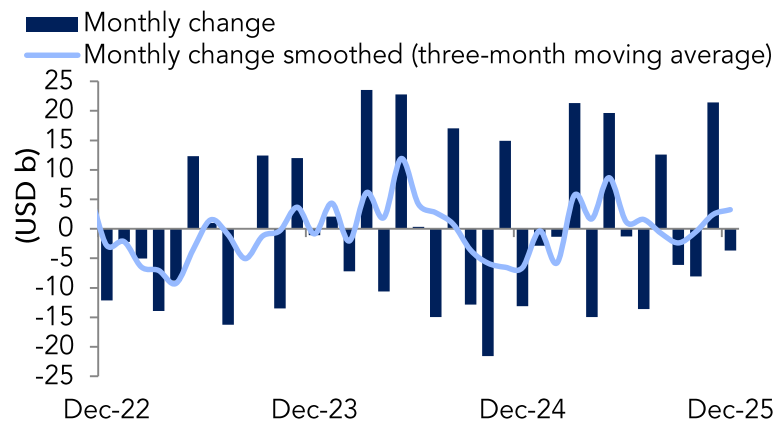
SAMA's FX reserves declined by USD 3.6b in December month-on-month to end the year at USD 460b. Despite the monthly decline, FX reserves rose by USD 23b during the course of the year.

SAMA's FX reserves declined by USD 3.6b in December month-on-month.

SAMA total foreign reserve assets

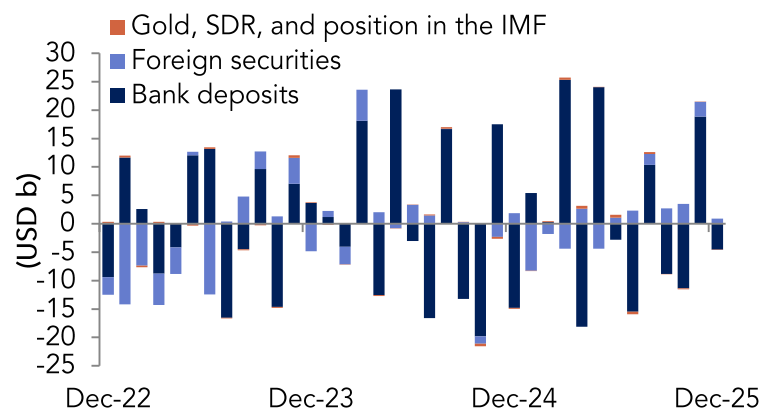


SAMA foreign reserve assets
(monthly and three-month average change)



Despite the monthly decline, FX reserves rose by USD 23b during the course of the year, to reach USD 460.2b.

SAMA foreign reserve assets
(month-on-month change)



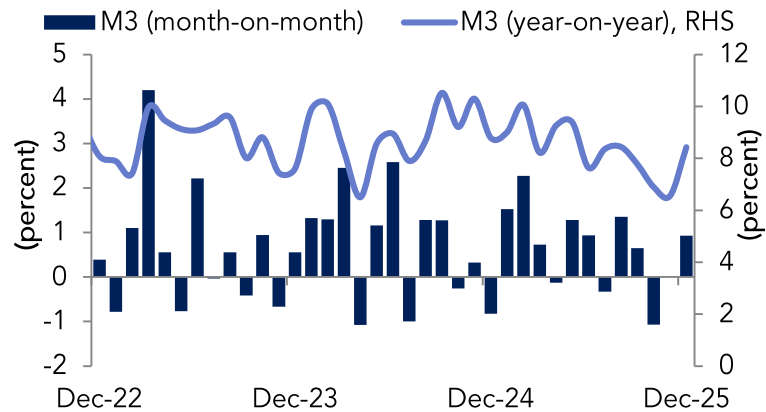
The monthly decrease was mainly driven by a USD 4.6b decline in bank deposits, while foreign securities saw a marginal rise by USD 0.9b.



Money supply, bank deposits and credit

The broad measure of money supply (M3) increased by 8.4% last year. Growth was driven by a sharp rise in time and saving deposits, which expanded by 23.6%, while demand deposits declined marginally by 0.6%, following a strong rebound of 10% in 2024. Meanwhile, bank credit to the private sector grew by 10.4% in FY2025, moderating from the previous year but still indicating solid momentum heading into 2026.

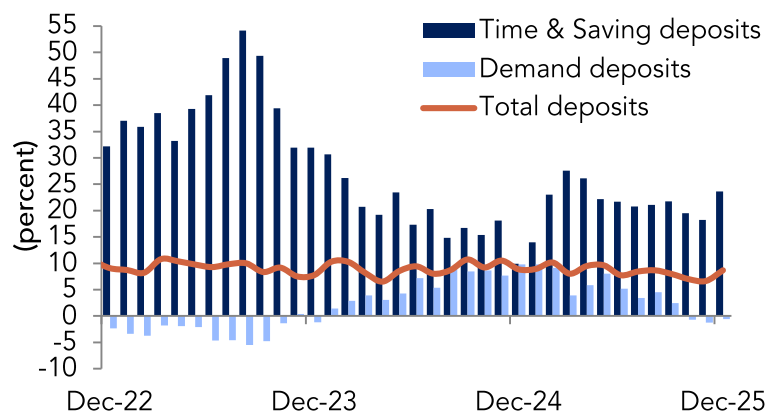
Change in money supply



M3 increased by 8.4% last year.

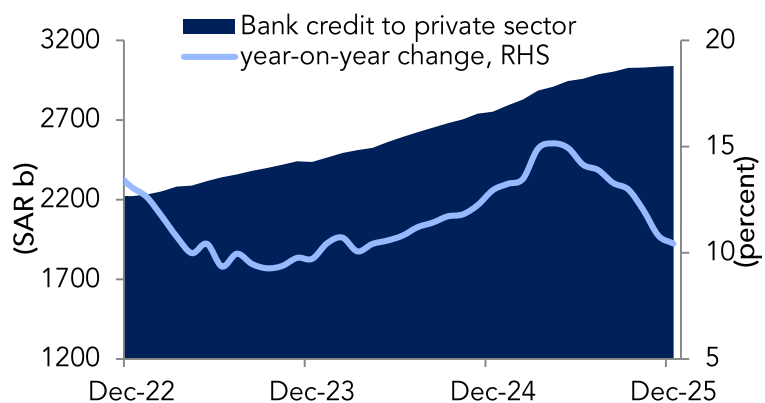
Growth was driven by a sharp rise in time and saving deposits, which expanded by 23.6%, while demand deposits declined marginally by 0.6%, following a strong rebound of 10% in 2024.

Total deposit growth
(year-on-year change)



Meanwhile, bank credit to the private sector grew by 10.4% in FY2025. This was slower than 12.9% in 2024, but remained a strong rate of credit expansion.

Bank credit to the private sector

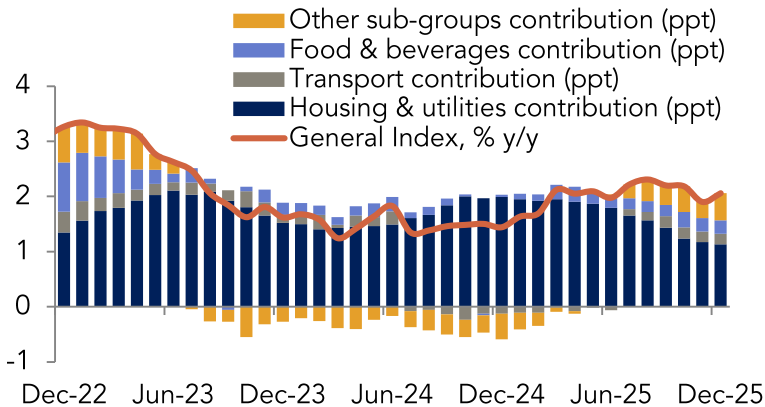




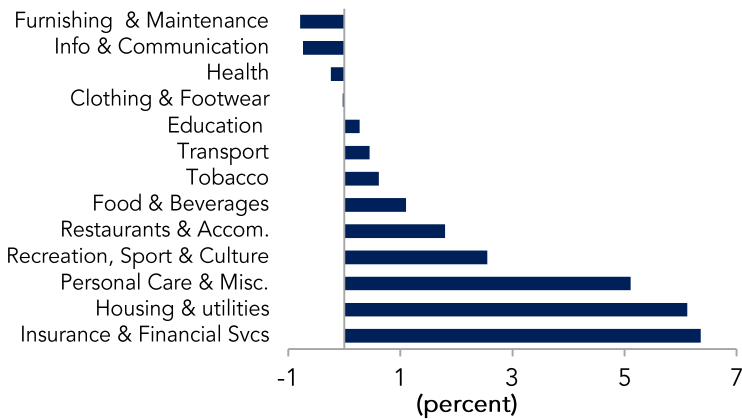
Inflation

Consumer prices rose by 2.1% year-on-year in December, and by 0.1% month-on-month. Inflation averaged 2.04% in FY2025, broadly in line with our forecast of 2.1%. Over the year, prices in ‘food and beverages’ grew by 1.1% while ‘housing and utilities’ rose by 6.1%. In 2026, we expect inflation to moderate further to 1.7%, mainly reflecting slower increases in ‘rentals for housing’.

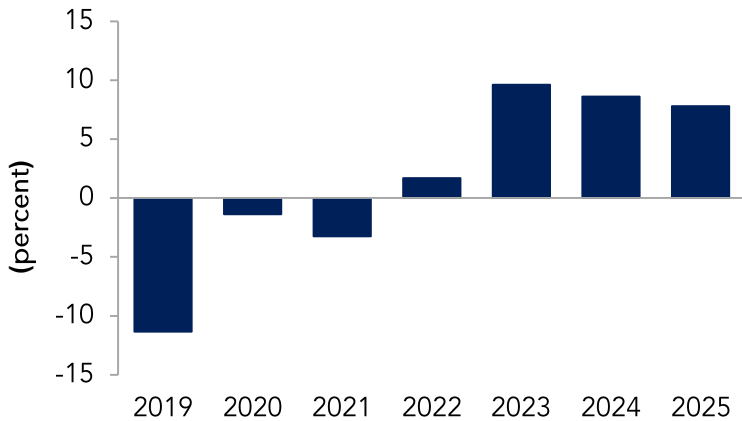
Inflation
(year-on-year change)



Average inflation rates in FY2025, by sector
(year-on-year change)



Average inflation rates in “rentals for housing”
(year-on-year change)



Consumer prices rose by 2.1% year-on-year in December, and by 0.1% month-on-month. Inflation averaged 2.04% in FY2025, broadly in line with our forecast of 2.1%.

Over the year, prices in ‘food and beverages’ grew by 1.1% while ‘housing and utilities’ rose by 6.1%.

In 2026, we expect inflation to moderate further to 1.7%, mainly reflecting slower increases in ‘rentals for housing’.



The National Privatization Strategy aims to enhance infrastructure quality and efficiency, and strengthen fiscal sustainability.

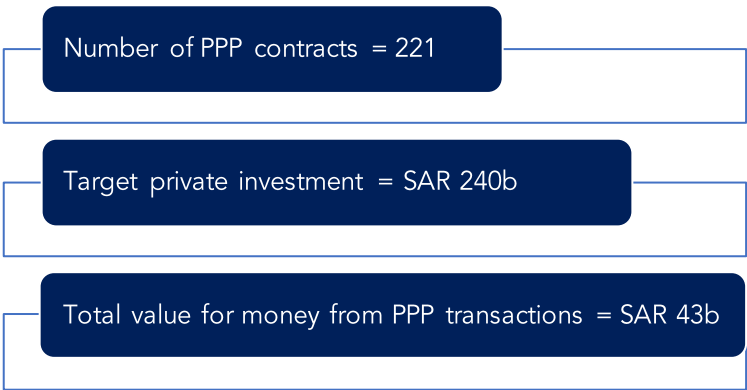
The strategy’s focus is on launching high-priority projects covering 18 sectors.

The strategy emphasizes the impact of leveraging the private sector’s technical knowledge to accelerate the adoption of advanced technologies in various public services.

The National Privatization Strategy

In January 2026, the National Privatization Strategy was launched following its approval by the Council of Ministers in November 2025. The strategy aims to enhance infrastructure quality and efficiency, improve public services, and strengthen the private sector’s role in economic development. Covering 18 sectors, the strategy targets 221 public-private partnership contracts (PPPs), and seeks to raise SAR 240b in private investment by 2030.

The National Privatization Strategy Targets by 2030



The National Privatization Strategy Target Sectors

Education	Defense	IT & tech
Municip.& housing	Env.&water	Sports
Interior	Industrial	Social dev.
Transport	Hajj & Umrah	Logistics
State properties	Healthcare	Media
ZATCA	Royal Com. Riyadh	Royal Com. Alula

Current and future PPP project examples

- Land Bridge Railway
- Qiddiya High-speed Rail
- Abha International Airport
- Um Alqura University Hospital
- Prince Faisal bin Fahad Sports City



Prices rose in January, hitting \$70pb, mostly due to geopolitical risks. In June 2025 prices spiked by \$10pb during the US-Israel-Iran conflict and fell back with the ceasefire.

Iranian exports, at 1.5-2mbpd, are significant for the market. Of greater importance though are the broader risks to regional energy systems and trade through the Strait of Hormuz.

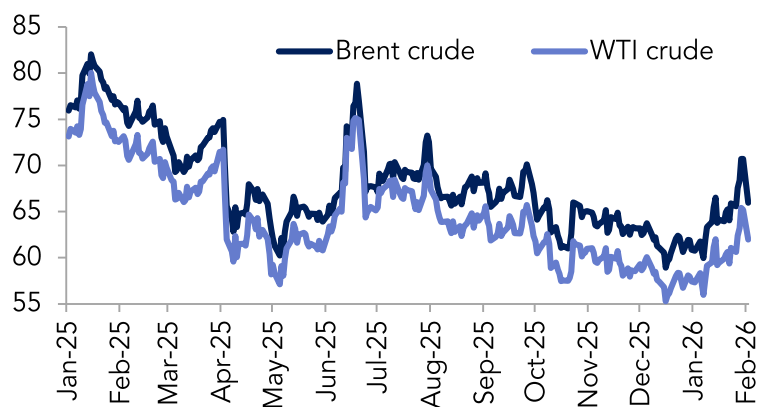
Kazakh oil production faltered in Q4-25 due to damage to key export facilities and outages at the Tengiz field. Production may normalize in February.

Oil - Global

Brent crude rose in January, ending the month at \$70pb, due to the potential for a US strike on Iran to disrupt oil flows, as well as weather-related disruptions to US production and outages in Kazakhstan. Prices dropped to \$65pb on 2 Feb on news of possible US-Iran talks. If the risks related to Iran do not lead to actual disruptions then oil prices would fall back further. If, conversely, regional crude flows are hit then prices would spike higher.

Oil price

(daily; USD pb)



Iranian crude exports

(mbpd)



Kazakhstan crude production

(mbpd)



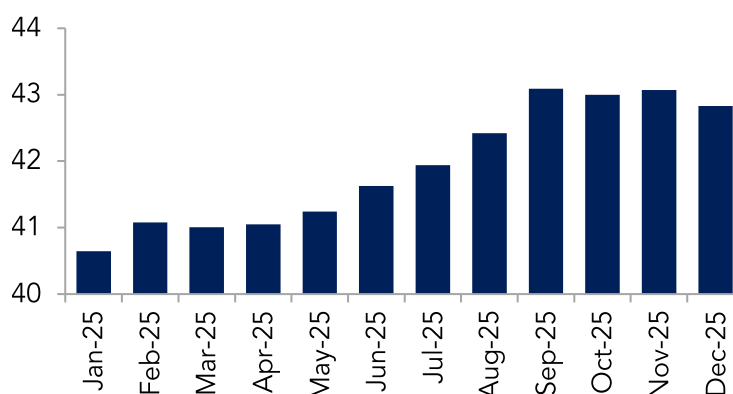


Oil - Saudi Arabia

Saudi crude production edged up again in December, to 10.078mbpd. Production will stabilize at 10.1mbpd in Q1-26. Meanwhile, total OPEC+ production fell by 240,000 bpd in December, to 42.8mbpd, due to lower output by Kazakhstan and a small decline in Russia.

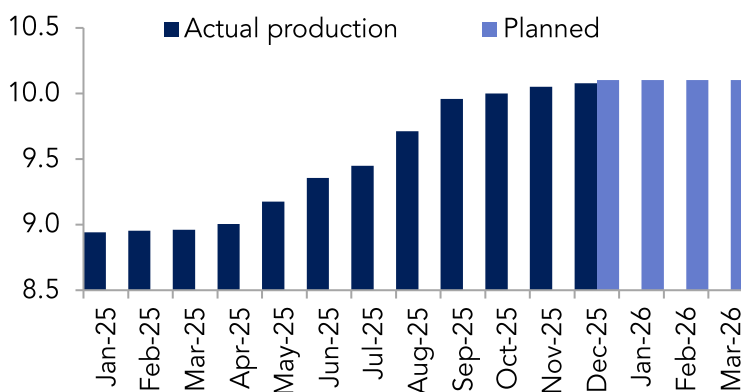
Total OPEC+ crude oil production fell by 240,000 bpd in December, to 42.8mbpd, due to lower output by Kazakhstan and a small decline in Russia.

Total OPEC+ crude oil production
(mbpd)



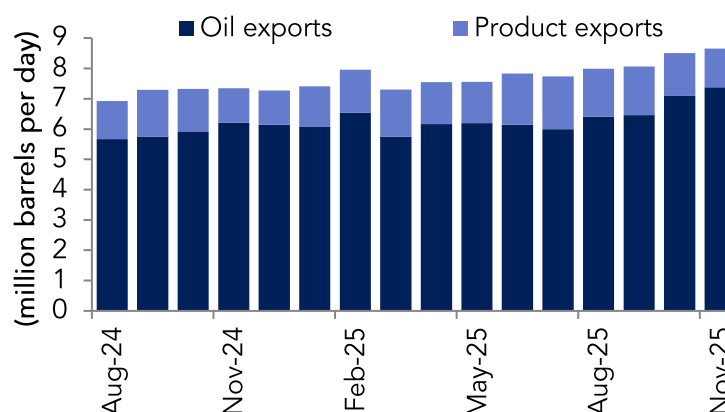
Saudi crude production edged up again in December, to 10.078mbpd, broadly in line with OPEC+ production plans. Production will stabilize at 10.1mbpd in Q1-26.

Saudi crude oil production under OPEC+ plan
(mbpd)



In November Saudi exports of crude and refined products increased again, to 8.65mbpd, the highest level since April 2023.

Saudi exports
(mbpd)





The stock market rallied by 8.5% in January (from end December), boosted by buying ahead of the reforms to simplify foreign investment into the market.

The performance in January was strong relative to most regional markets. It was in line with the MSCI EM. EMs have started the year well, supported in part by the weaker US dollar.

Average daily traded turnover rebounded in January, to close to SAR5b, after a weak December.

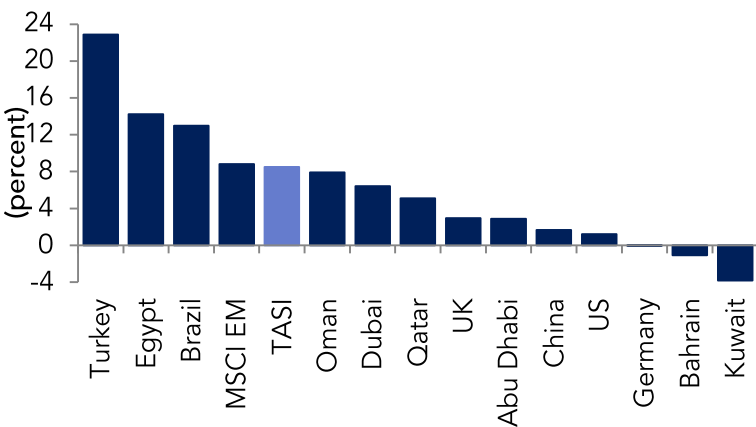
Stock market

The stock market rallied by 8.5% in January (from end December), boosted by buying ahead of the reforms to simplify foreign investment into the market that are effective from 1st February. There was an increase in foreign buying ahead of this date. The January performance was strong relative to most regional markets and in line with the MSCI EM.

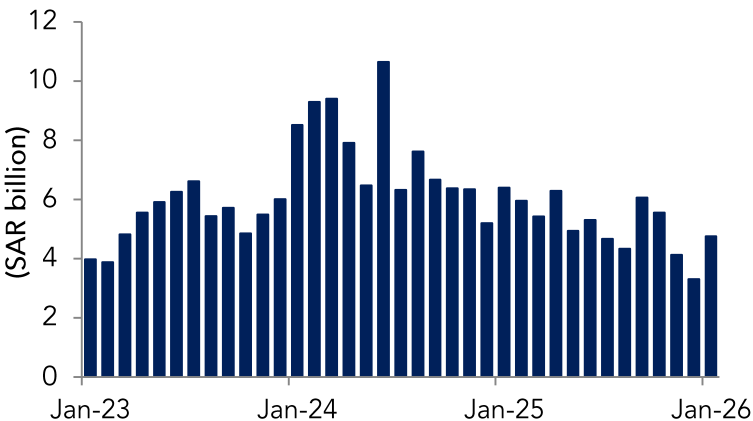
TASI performance



Comparative stock market performance (January)



Average daily traded turnover (January)





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