Ratings On Saudi Arabia Affirmed At 'A+/A-1'; Outlook Stable

September 11, 2026

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Overview

- Saudi Arabia's diversified energy export infrastructure--including the Yanbu port on the Red Sea and the East-West oil pipeline--as well current high oil prices, are helping it withstand pressures emanating from the Middle East conflict.
- Our current base case is that disruption from the Middle East conflict will continue with varying intensity into 2027. We expect real GDP to contract by 0.9% in 2026 before rebounding sharply and growing by 8.2% in 2027, supported by a ramp-up in oil production, before averaging 3.3% in 2028 and 2029.
- The authorities and the country's sovereign wealth fund are recalibrating the pace of project implementation under Vision 2030, which should help contain fiscal deficits and the pace of general government debt accumulation.
- We therefore affirmed our 'A+/A-1' long- and short-term sovereign credit ratings on Saudi Arabia. The outlook is stable.

Rating Action

On Sept. 11, 2026, S&P Global Ratings affirmed its 'A+/A-1' long- and short-term foreign and local currency sovereign credit ratings on Saudi Arabia. The outlook is stable.

The transfer and convertibility assessment is 'AA-'.

Outlook

The stable outlook reflects our view that Saudi Arabia will be able to largely withstand the pressures emanating from the Middle East conflict. This factors in its ability to redirect oil exports to the Red Sea (thereby avoiding the Strait of Hormuz), use its large oil storage and refining capacity, and increase oil production following the conflict. The outlook reflects our view that non-oil growth momentum and associated non-oil revenue, as well as the government's ability to calibrate investment expenditure tied to Vision 2030 should continue to support the economy and fiscal trajectory.

Downside scenario

We could lower the ratings if the regional conflict went on for significantly longer and increased in intensity such that it materially weighed on Saudi Arabia's growth, fiscal, and external metrics. We could also lower the ratings if the government's debt accumulation increases sharply and significantly weakens public finances and the country's external position.

Upside scenario

We could consider a positive rating action over the next two years if the Middle East conflict subsides, and if reforms and robust non-oil economic activity lead to steady economic diversification and higher GDP per capita, alongside improving fiscal and external metrics.

Rationale

Following the strikes by the U.S. and Israel on Iran that began on Feb. 28, 2026, a wider military conflict in the Middle East has ensued, with intermittent lulls and peace efforts followed by renewed periods of hostilities. Maritime traffic through the Strait of Hormuz in the Persian Gulf remains significantly lower than before the conflict--about one-fifth of global oil shipments, amounting to about 20 million barrels per day (mbpd), traversed the strait per day prior to the conflict--has fallen by more than 50% since the onset the fighting. Consequently, global hydrocarbon supplies and prices have been affected, with the benchmark Brent averaging $97 per barrel (/bbl) from the start of March 2026 to the end of August compared to $73 on Feb. 27, 2026, just before the start of the conflict. Gas prices have also risen sharply.

Nevertheless, Saudi Arabia has been able to partially mitigate the effective closure of the Strait of Hormuz by transporting hydrocarbons from the east of the country to the Red Sea port of Yanbu in the west, via its East-West oil pipeline, as well as by using storage around the globe. Given its large maximum production capacity of about 12 mbpd, it could also ramp up production after the conflict begins to subside. Saudi Arabia also maintains storage and refining capacity both domestically as well as abroad in Asia and the U.S., including at Saudi Aramco's subsidiaries--S-Oil Corp. in South Korea and Motiva Enterprises LLC in the U.S.--providing another layer of flexibility.

The 1,200 kilometer (km) Saudi Aramco East-West pipeline, running from Abqaiq in the east of the country, to the Red Sea port of Yanbu in the west, helps bypass the Strait of Hormuz and can, following enhancements, transport roughly 7 million barrels of crude per day. Yanbu is more than 1,500 km from Iran, and from there, crude can be exported east to Asia or west via the Suez Canal and the Egyptian Suez-Mediterranean pipeline from the port. Given a parallel gas pipeline has been converted to carry crude, pipeline capacity has expanded to about 7 mbpd from 5 mbpd. This has helped Saudi Arabia export an average of 6.9 mbpd between March and August, despite the conflict, according to OPEC. Oil tanker loading capacity at Yanbu have also been enhanced.

However, since July 2026, Red Sea shipping routes heading east via the Bab-el-Mandeb Strait have been threatened by Houthi rebels based in Yemen, who are Iranian allies. Houthi rebels have attacked Saudi Aramco's facilities, including in Jizan, on the Red Sea, near the Yemeni border. There have also been reports that on Sept. 10 Houthi rebels attacked the East-West pipeline and took control of the north side of the Bab-el-Mandeb Strait and the strategic islands of Mayyun (Perim), Hanish, and Zuqar within the strait. The threat from the Houthis has prompted Asia-bound Saudi Arabian ships carrying crude to travel west via the Suez Canal and make the long journey around Africa, adding at least two weeks to journey times and significant costs to cargos (although this is partially mitigated by lower insurance premiums).

Oil shipments in the Persian Gulf via the Strait of Hormuz from all oil producing countries in the Gulf have fallen sharply since March 2026, but initiatives--including vessel transits via Omani territorial waters, as well as a joint Omani-Iranian transit agreement--are being explored. Vessels have, however, faced sporadic Iranian attacks limiting the number of shipping companies willing to undertake the journey. Furthermore, in late August 2026, the U.S. imposed significant new economic sanctions on Iran while maintaining its naval blockade of Iranian oil, and sporadic fighting continues. After several upward revisions to our oil prices since the beginning of the conflict, in early September, S&P Global Ratings revised its forecasts for Brent crude down to $95/bbl for the rest of 2026, and maintained the forecast for 2027-2029 at $80/bbl in 2027, and $65/bbl in 2028-2029 (see "Oil, Henry Hub, And AECO Price Assumptions Lowered; Near-Term TTF Prices Raised, Sept. 8, 2026).

Our current base case is that disruption from the Middle East conflict will continue through into 2027 and that oil exports from the region are likely to remain below prewar levels. However, our downside scenario is that the conflict is prolonged, with an ongoing effective closure of the Strait of Hormuz continuing alongside more severe attacks on oil production facilities across the Gulf Cooperation Council (GCC) and in Iran. This could lead to oil prices spiking and remaining higher for longer.

We note that Iranian attacks against Saudi Arabia have been more sporadic and less intense than attacks on several other GCC countries. Saudi Arabia has refrained from significant retaliation, and has largely taken defensive action. The effect on the hydrocarbon sector has been contained--attacks on Saudi Arabia have affected oil production at some oil production facilities including Ras Tanura and Jizan, but the majority of production has continued.

The government is working on a prioritization exercise for its economic and fiscal plans; the process is ongoing and will help ensure the government retains the necessary flexibility to adapt to geopolitical developments. Its focus is on pragmatism and flexibility and ensuring the containment of fiscal deficits despite current pressures. Before the conflict, the government had already been looking at adjusting spending on diversification projects tied to Vision 2030 to manage plans more in line with available resources. We expect the authorities will continue to adopt a largely prudent approach in this regard, having stressed a commitment to achieving Vision 2030 goals without jeopardizing public finances.

Institutional and economic profile: Non-oil expansion continues to support real GDP growth, despite sharp oil sector contraction in first-half 2026, with growth expected to rebound in 2027-2029

- We forecast real GDP growth to contract by 0.9% in 2026, due to a fall in oil production alongside subdued non-oil growth, followed by a sharp recovery of 8.2% in 2027, before averaging 3.3% in 2028 and 2029.
- The government continues efforts to diversify the economy away from hydrocarbons, supported by the country's sovereign wealth fund, the Public Investment Fund (PIF), which is transitioning from rapid capital deployment and spending, toward a more sustained value creation and integrated economic ecosystem approach.
- The East-West pipeline will continue to serve as a key export route during potential disruptions to the Strait of Hormuz. However, total Saudi export volumes will remain lower than before the conflict, and Red Sea exports are vulnerable to Houthi rebel activity.

We forecast real GDP growth to contract by 0.9% for 2026, reflecting the oil-sector contraction, as well as muted non-oil sector growth. While growth in the first-quarter 2026 was 3.0% year on year, second-quarter 2026 flash estimates showed a 4.8% contraction year on year--the steepest since the COVID-19 pandemic. This is because a 24.7% fall in oil activity outweighed modest growth in the non-oil (0.6%) and government (0.9%) sectors. This contraction was driven by a sharp fall in oil production volumes, which fell to an average of 6.9 mbpd between March and August from approximately 10.1 mbpd in January and February. However, we forecast a sharp recovery in real GDP growth to 8.2% in 2027 as oil production is estimated to increase, with GDP growth stabilizing at approximately 3.3% through 2028 and 2029.

The government and wider authorities' efforts to reduce economic volatility and increase the non-oil sector's contribution to GDP continue. Despite the conflict, non-oil growth remains reasonably resilient, supported by consumer spending. The PIF has unveiled its investment strategy for 2026-2030, moving from a "Nation Building" phase of rapid capital expenditure toward a more nuanced approach of scaling up national champions and focusing on growing existing wealth. This involves organizing investment activity into three specialized portfolios: A "Vision portfolio" (catalyzing six ecosystems including tourism, manufacturing, and clean energy), a ‘Strategic portfolio’ (scaling-up national holdings), and a "Financial portfolio" (maximizing diversified returns). Notwithstanding the change, the PIF's investments will continue to drive large-scale infrastructure, housing, and technology projects, reflecting the ongoing focus on economic diversification. Although the conflict will likely have somewhat of a dampening effect, we forecast that higher employment, credit growth, and increases in disposable income will support continued household consumption. The non-oil sector (including government activities) now accounts for about 70% of GDP, up from 65% in 2018. This structural shift is a key objective of Vision 2030.

Aside from Vision 2030, ongoing reforms and productivity will be key to non-oil growth. Beyond the initial construction of large-scale projects and the near-term boosts to domestic consumption, economic resilience will depend on ongoing structural reforms. The country recently reformed its commercial court system as well as passed a new foreign investment law, both aimed at attracting foreign investors and leveling the playing field between companies. Gradual progress in expanding employment opportunities for women and fostering private-sector jobs for Saudi nationals should help reduce unemployment toward the government's 2030 revised target of 5.0% (the target was revised down to 5% from 7%). These job-creating goals also align with the needs of the large young population.

We forecast Saudi oil production to increase in 2027 as regional stability persists. However, production will remain well below its reported highest-feasible production capacity of 12.3 mbpd. Investments in new and existing oil fields (Dammam, Berri, Marjan, and Zuluf) and the development of gas capacity at the Jafurah nonconventional gas field--mostly to supply onshore industries and petrochemical complexes--will continue.

Saudi Arabia's substantial net-asset position remains a key strength, though we expect the net general government asset-to-GDP ratio to narrow to below 50% in 2027 and fall to 37% by 2029, driven by reasonably high deficit levels and volatile oil dynamics. Non-oil economic growth and consequent revenue gains should help with the increased decoupling of fiscal revenues from oil receipts.

We expect political settings will remain stable and centralized under the de-facto head of government, HRH Crown Prince Mohammed bin Salman Al Saud. He is also the Chairman of the Council of Economic and Developmental Affairs (CEDA), thereby overseeing overall economic policy for the country. Given the current tensions in the region, Saudi Arabia aims to expand its geopolitical footprint beyond the region while maintaining its strong alliances with the U.S. In August 2026, it signed a trilateral defense pact with Pakistan and Turkiye, with each country promising the other military support in the event of an attack (a broadly similar concept to the NATO alliance). A diplomatic and economic agreement between Saudi Arabia and Israel, in line with the Abraham Accords signed by the United Arab Emirates (UAE) and Bahrain, continues to face significant roadblocks. The Saudi government has stated that the normalization of ties with Israel would be contingent on the recognition of a two-state solution in Israel and Palestine, and Israel's withdrawal to the 1967 borders.

Saudi Arabia's vast hydrocarbon reserves and large production capacity uphold its significant influence in the global oil market. Notwithstanding the increasing presence of large non-OPEC+ producers such as the U.S., and the UAE’s departure from OPEC in May 2026, Saudi Arabia maintains its leadership position in the global oil markets as the world's largest swing oil exporter (with spare installed production capacity permitting it to cut or raise production levels relatively quickly). It also retains a leadership role in OPEC+ and its resulting ability to influence global oil price trends.

Flexibility and performance profile: After another wide deficit in 2026, deficits will narrow in 2027-2029 as oil exports pick up and non-oil revenue remains reasonably strong

- We forecast a fiscal deficit of 5.8% of GDP in 2026 (in line with the deficit in 2025), before averaging 3.4% of GDP in 2027-2029.
- With general government gross debt forecast to increase, we expect the government's net asset-to-GDP ratio to narrow to below 50% in 2027 and fall to 37% by 2029.
- We forecast Saudi Arabia to run current account deficits averaging 2.4% of GDP over 2027-2029, as import volumes pick up and oil production levels rise.

The conflict has had a mixed impact upon the fiscal outlook in first-half 2026, with higher oil prices supporting oil revenue, despite a contraction in volumes, alongside relatively broadly steady non-oil revenue. Nevertheless, revenue has been largely counterbalanced by higher public expenditure. Over first-half 2026, the government posted a total deficit of Saudi riyal (SAR) 160 billion, representing approximately 97% of the full-year deficit of SAR165 billion that was forecast in the 2026 budget. Total revenue increased 6% rear on year to SAR600 billion in first-half 2026, supported by oil revenue that increased by 9% year on year to SAR330 billion (accounting for about 55% of total revenue). Robust oil-sale related contributions from Saudi Aramco, which reported a record average realized crude oil price of $108/bbl in second-quarter 2026, bolstered oil revenue. However, these gains were insufficient to offset sizable expenditure. Government expenditure remained elevated in first-half 2026 at SAR760 billion, reflecting a significantly front-loaded fiscal execution, particularly in the first quarter. Key areas such as defense, health, social development, infrastructure and transportation utilized a high proportion of the government's fiscal 2026 budget by midyear. Given a forecast increase in oil production volumes from 2027 onward, alongside non-oil revenue and expenditure restraint, we expect fiscal deficits to average 3.4% of GDP in 2027-2029.

The fiscal deficits will drive an increase in Saudi Arabia's borrowing. Net borrowing during first-half 2026 reached SAR166 billion, with SAR47.3 billion raised through the domestic market and SAR49.2 billion through international markets, alongside the use of private placements. Given the forecast increase in government debt, we expect the Saudi government's net asset-to-GDP ratio to decline from its current levels. As gross debt increases to 37.2% of GDP in 2029, we forecast the government's overall net asset position will decline to 37.3%. While net asset buffers are decreasing as investment in diversification continues, these buffers continue to support our assessment.

The PIF is recalibrating its spending on large and expensive developments such as Neom, while helping the country prepare for Expo 2030 and the FIFA World Cup in 2034, as part of its new strategy. Most of the gigaprojects and megaprojects are under the spending umbrellas of the PIF, the National Development Fund, and other government-related entities, while the government is only in-charge of the supporting basic infrastructure around the projects. Therefore, most large projects do not typically weigh heavily on fiscal deficits. PIF assets stand at about SAR3.4 trillion ($900 million) and support both Saudi's net fiscal and net government asset position.

Saudi Arabia's current account returned to surplus in first-quarter 2026 ($4.4 billion), driven by high oil prices and a sharp contraction in imports following the early March constriction of traffic via the Strait of Hormuz. However, we expect the trade surplus to fall as import activities recover with a rebound in GDP growth, with modest current account deficits anticipated from 2027. Nevertheless, given higher realized oil prices, foreign exchange reserves reached their highest level since early 2020, increasing to $497 billion in first-quarter 2026, before marginally falling to $494 billion in June 2026. While the net external asset position is narrowing, it is expected to remain in a surplus through to 2029.

Despite regional tensions putting pressure on fuel, commodities, and food, inflation remained well-contained through July 2026, averaging approximately 1.8% year on year. The steady moderation of housing rents, which decelerated to 4.3% year on year in July 2026 from 5.2% year on year in January, tied to a rent-freeze imposed by the government to curb skyrocketing rents, especially in Riyadh, primarily underpinned the trend of low inflation. Although food inflation rose to 1.5% year on year in July 2026, the impact on headline inflation remains limited by subsides.

Domestic capital markets will play a larger role in financing Vision 2030. The Saudi authorities will continue developing the stock exchange as a strategic platform to attract long-term capital to the country's key growth industries. We expect growth in the capital markets to come from improving market liquidity and regulatory initiatives, such as the new investment law and pension fund reforms. The Tadawul is by far the largest equity market in the Middle East in terms of market capitalization, at about 180% of GDP as of end 2025 (of which free-float trading is close to 50% of GDP), although since then valuations have been affected by the conflict. Foreign participation is still low at about 6%.

We expect the long-standing currency peg to the U.S. dollar will continue. Interest rates will therefore broadly move in tandem with the U.S. Federal Reserve. The peg, established in 1986, has historically helped anchor inflation expectations and upheld the predictability of Saudi Arabia's monetary arrangements, especially during volatile oil prices. The Saudi Central Bank (SAMA) has a track record of maintaining considerable reserve coverage and has managed external assets conservatively.

We expect lending growth to slow to 6%-7% in 2026 compared to the 13% average seen in 2024-25, reflecting a shifting environment, marked by the recalibration of pace of large-scale project implementation and softening mortgage demand, amid regional geopolitical instability. We expect lending growth to remain contained, given our expectation of interest rate hikes in 2026 and regional economic uncertainties affecting buyers' sentiment. The fallout from the Middle East conflict will begin to weigh on asset quality. We anticipate an increase in nonperforming loans for the 10 largest Saudi Arabia-based banks to rise to about 1.5% by year-end 2026, up from the cyclically low 1.1% as of end-June 2026. The Saudi banking sector benefits from effective regulation and supervision by SAMA, which has been instrumental in helping banks manage tighter liquidity conditions over the past two years. Although deposit growth has exceeded lending growth year to date, we expect reliance on external funding to remain broadly stable, leaving the system in a modest net external debt position. The Saudi banking sector's net external debt as a share of domestic credit reached 6.1% as of end-July 2026 from less than 1.0% as of end-2024.

Saudi Arabia--Selected Indicators

	2020	2021	2022	2023	2024	2025	2026bc	2027bc	2028bc	2029bc
Economic indicators (%)										
Nominal GDP (bil. SAR)	2,879.8	3,685.0	4,646.5	4,569.7	4,703.0	4,775.8	4,877.3	5,330.3	5,588.6	5,870.4
Nominal GDP (bil. $)	768.0	982.7	1,239.1	1,218.6	1,254.1	1,273.6	1,300.6	1,421.4	1,490.3	1,565.4
GDP per capita (000s $)	24.3	31.9	38.5	36.1	35.5	34.6	34.0	35.8	36.2	36.6
Real GDP growth	(3.8)	6.5	12.0	0.5	2.7	4.6	(0.9)	8.2	3.3	3.3
Real GDP per capita growth	(8.3)	9.2	7.2	(4.1)	(2.0)	0.4	(4.7)	4.2	(0.5)	(0.5)
Real investment growth	(3.1)	3.7	19.7	9.4	10.1	(7.4)	3.5	4.8	3.1	2.8
Investment/GDP	23.3	26.3	26.5	29.8	31.7	31.3	32.0	31.3	31.9	32.4
Savings/GDP	18.8	30.9	38.3	31.9	30.4	28.7	30.0	29.4	29.3	29.7
Exports/GDP	23.8	29.2	36.0	30.8	29.4	29.9	30.2	29.6	28.6	28.1
Real exports growth	(9.9)	1.8	19.5	(5.6)	2.5	7.6	(10.3)	19.0	3.0	3.2
Unemployment rate	7.4	6.9	4.8	4.4	3.5	3.2	3.4	3.2	3.0	3.0
External indicators (%)										
Current account balance/GDP	(4.5)	4.6	11.7	2.1	(1.3)	(2.6)	(1.9)	(1.8)	(2.6)	(2.8)
Current account balance/CARs	(16.8)	14.2	30.4	6.3	(4.0)	(7.8)	(5.8)	(5.6)	(8.1)	(8.8)
CARs/GDP	26.9	32.1	38.6	33.6	32.5	33.1	33.7	32.8	31.8	31.1
Trade balance/GDP	6.4	14.0	19.1	10.7	7.3	6.4	6.8	6.9	6.3	6.2
Net FDI/GDP	(0.5)	0.4	0.0	0.5	(0.5)	0.4	0.8	0.8	0.8	0.8
Net portfolio equity inflow/GDP	(7.6)	(5.8)	(4.2)	(4.7)	(1.9)	(2.8)	(2.5)	(2.5)	(2.5)	(2.5)
Gross external financing needs/CARs plus usable reserves	49.1	50.4	50.3	60.0	70.5	78.7	79.6	79.0	82.5	85.2
Narrow net external debt/CARs	(199.9)	(125.2)	(84.6)	(87.4)	(72.4)	(52.1)	(52.1)	(42.7)	(37.3)	(35.9)
Narrow net external debt/CAPs	(171.2)	(146.0)	(121.6)	(93.3)	(69.6)	(48.4)	(49.2)	(40.4)	(34.5)	(33.0)
Net external liabilities/CARs	(339.2)	(223.0)	(162.8)	(187.1)	(191.3)	(170.9)	(162.7)	(142.8)	(132.0)	(123.7)
Net external liabilities/CAPs	(290.4)	(260.1)	(234.0)	(199.8)	(184.0)	(158.6)	(153.9)	(135.2)	(122.1)	(113.6)
Short-term external debt by remaining maturity/CARs	30.4	22.0	18.7	19.6	24.5	32.3	36.7	37.0	39.1	40.5

Saudi Arabia--Selected Indicators

Usable reserves/CAPs (months)	20.5	16.0	13.0	11.4	9.5	8.7	9.0	9.2	8.7	8.3
Usable reserves (bil. $)	359.6	360.4	362.7	336.4	329.0	345.2	375.6	371.3	366.9	362.4
Fiscal indicators (general government %)										
Balance/GDP	(10.2)	(2.0)	2.2	(1.8)	(2.5)	(5.8)	(5.8)	(3.5)	(3.3)	(3.3)
Change in net debt/GDP	3.6	(9.4)	(5.8)	3.6	(19.4)	4.7	5.9	3.4	3.1	3.1
Primary balance/GDP	(9.4)	(1.3)	2.9	(0.9)	(1.5)	(4.7)	(4.3)	(2.0)	(2.0)	(2.0)
Revenue/GDP	27.2	26.2	27.3	26.5	26.8	23.3	32.2	31.5	27.2	27.0
Expenditures/GDP	37.4	28.2	25.1	28.3	29.2	29.1	38.0	35.0	30.5	30.3
Interest/revenues	3.1	2.8	2.5	3.1	3.5	4.9	4.6	4.8	4.8	4.7
Debt/GDP	25.1	21.3	17.6	19.0	21.9	28.0	33.2	33.9	35.6	37.2
Debt/revenues	92.3	81.1	64.5	71.7	81.9	120.1	102.9	107.7	130.9	137.9
Net debt/GDP	(64.8)	(60.0)	(53.4)	(50.7)	(68.7)	(63.0)	(55.7)	(47.7)	(42.4)	(37.3)
Liquid assets/GDP	89.8	81.3	71.0	69.8	90.6	90.9	88.9	81.5	78.0	74.5
Monetary indicators (%)										
CPI growth	3.2	3.2	2.5	2.5	1.5	2.0	2.0	2.1	1.9	1.9
GDP deflator growth	(10.2)	20.1	12.6	(2.2)	0.3	(2.9)	3.0	1.0	1.5	1.7
Exchange rate, year-end (SAR/$)	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Banks' claims on resident non-gov't sector growth	14.5	15.6	13.5	10.3	14.7	11.3	6.0	7.0	8.0	8.0
Banks' claims on resident non-gov't sector/GDP	64.0	57.8	52.0	58.3	65.0	71.3	74.0	72.4	74.6	76.7
Foreign currency share of claims by banks on residents	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Foreign currency share of residents' bank deposits	7.4	9.5	11.2	9.9	9.1	9.3	9.26	9.26	9.26	9.26
Real effective exchange rate growth	2.5	(1.9)	4.1	0.6	0.5	(0.8)	N/A	N/A	N/A	N/A

Sources: General Authority for Statistics (Economic Indicators); Saudi Arabia Monetary Authority (External Indicators); Saudi Arabia Monetary Authority, Bloomberg, International Financial Statistics, Ministry of Finance (Fiscal Indicators); International Monetary.Fund, Saudi Arabian Monetary Authority, Bloomberg (Monetary Indicators)

Adjustments: Usable reserves adjusted by subtracting monetary base from reported international reserves/subtracting required bank reserves on resident foreign-currency deposits from reported international reserves. General government revenues adjusted by including investment income from Sovereign Wealth Funds. Government debt adjusted by excluding guaranteed debt.

Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A- Not applicable. SAR--Saudi riyal. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Saudi Arabia--Rating Component Scores

Key rating factors	Score	Explanation
Institutional assessment	3	In recent years, generally effective policymaking has been promoting improved economic growth and diversification, along with sustainable public finances, against a backdrop of social liberalization. We view checks and balances between various institutions as evolving. Still, decision-making tends to be centralized and somewhat lacking in transparency.
Economic assessment	3	Based on GDP per capita ($) as per the Selected Indicators table.
External assessment	1	Based on narrow net external debt and gross external financing needs as per the Selected Indicators table.
Fiscal assessment: flexibility and performance	4	Based on the change in net general government debt (% of GDP) as per the Selected Indicators table. Based on liquid assets/GDP as per the Selected Indicators table. The sovereign has a volatile revenue base. Oil and gas revenue accounts for over half of total government revenue.
Fiscal assessment: debt burden	1	Based on net general government debt (% of GDP) and general government interest expenditure (% of revenues) as per Selected Indicators table.
Monetary assessment	3	The exchange-rate regime is a conventional peg, with the Saudi riyal pegged to the U.S. dollar. The central bank, SAMA, has operational independence. It can act as lender of last resort for the financial system and has a track record of being a hands-on supervisor and regulator for banks. Annual consumer price index inflation is contained. Depository corporation claims on residents in local currency, nonsovereign bond market, and equity market capitalization account in total for more than 50% of GDP.
Indicative rating	aa-	
Notches of supplemental adjustments and flexibility	-1	We think the fiscal and external assessments could be in a negative transition--as the continued elevated pace of debt issuances to implement Vision 2030 projects, as well as spending pressures tied to the current regional tensions, might increase the fiscal deficits, and the country's external financing needs. In our view, this is not already fully captured in the indicative rating level.
Final rating		
Foreign currency	A+	
Notches of uplift	0	Pegged currency; Local currency ratings are equated to foreign currency ratings.
Local currency	A+	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021

- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Methodology For Rating Sukuk, Jan. 19, 2015
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Sovereign Ratings Score Snapshot, Sept. 7, 2026
- Sovereign Ratings List, Aug. 19, 2026
- Sovereign Ratings History, Aug. 19, 2026
- Sovereign Risk Indicators, July 14, 2026. Interactive version available at http://www.spratings.com/sri.
- Research Update: Ratings On Saudi Arabia Affirmed At 'A+/A-1'; Outlook Stable, March 13, 2026
- Default, Transition, and Recovery: 2025 Annual Global Sovereign Default And Rating Transition Study, March 4, 2026

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see "Related Criteria"). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Rating Component Scores above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see "Related Criteria").

Ratings List

Ratings List	
Ratings Affirmed	
Saudi Arabia	
Sovereign Credit Rating	A+/Stable/A-1
Transfer & Convertibility Assessment	AA-

Ratings List

Senior Unsecured	A+

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.