



SAUDI ARABIA

July 2026

2026 ARTICLE IV CONSULTATION—PRESS RELEASE AND STAFF REPORT

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2026 Article IV consultation with Saudi Arabia, the following documents have been released and are included in this package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its July 22, 2026 consideration of the staff report that concluded the Article IV consultation with Saudi Arabia.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on July 22, 2026, following discussions that ended on May 13, 2026, with the officials of Saudi Arabia on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on July 6, 2026.
- An **Informational Annex** prepared by the IMF staff.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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IMF Executive Board Concludes 2026 Article IV Consultation with Saudi Arabia

FOR IMMEDIATE RELEASE

- *Saudi Arabia's economy has thus far proven resilient in the face of the war in the Middle East, supported by strong fundamentals, diversified oil and logistics infrastructure, and the authorities' efforts to ease bottlenecks. The war has nonetheless disrupted trade, including oil exports, and weighed on non-oil activity and confidence.*
- *The outlook remains highly uncertain, with risks to the downside. A gradual recovery is expected once maritime traffic through the Strait of Hormuz begins to normalize. Higher oil prices are expected to more than offset lower export volumes, generating a revenue windfall.*
- *Policies should preserve macroeconomic stability, contain the impact of the shock, and build resilience. A modest reduction in the non-oil primary deficit is appropriate in 2026, with any fiscal support targeted, temporary, and transparent. Over the medium term, fiscal consolidation and Vision 2030 reforms remain essential to sustain growth and diversification.*

Washington, DC – July 29, 2026: On July 22, 2026, the Executive Board of the International Monetary Fund (IMF) completed the Article IV Consultation for Saudi Arabia.¹

The Saudi economy entered 2026 with strong momentum. GDP expanded by 4.6 percent in 2025, supported by the unwinding of OPEC+ production cuts and robust non-oil activity driven by domestic demand. Inflation eased to below 2 percent, and the labor market remained strong, with unemployment among Saudis at low levels. The Saudi Central Bank's foreign reserves remained comfortable, and the banking sector maintained strong buffers.

The war in the Middle East and the near halt in shipping through the Strait of Hormuz have disrupted activity, curtailed trade, including oil exports, and dented confidence. The economy is showing agility and resilience, reflecting Saudi Arabia's strong macroeconomic fundamentals and diversified oil and logistics infrastructure. Rerouting oil through the East-West pipeline to Red Sea ports has limited the drop in oil deliveries, while higher oil prices have more than offset volume losses, generating an oil revenue windfall. High-frequency indicators point to early stabilization in non-oil activity in April–June, after a likely contraction in March.

A recovery is expected to take hold once maritime traffic through the Strait gradually returns to normal. Growth is projected to slow to 1.7 percent in 2026, with non-oil growth easing to 2.6 percent. Activity will continue to be supported by domestic demand, underpinned by stable employment, robust government spending, and the steady execution of capital projects. Inflation is projected to rise modestly to 2.2 percent, reflecting higher shipping and insurance

¹ Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

costs partly offset by subdued rent inflation and price caps on some fuel and food items. Higher oil revenues are expected to narrow the current account and fiscal deficits this year. Over the medium term, growth will be supported by buoyant consumption and investment, including government-led projects and major international events, and by sustained structural reforms under Vision 2030.

The outlook hinges critically on the evolution of the conflict, with risks to the downside. Continued disruptions to shipping through the Strait could further curtail trade, weaken confidence, and weigh on growth and diversification. Other downside risks stem from global developments: weaker demand, trade tensions, tighter financial conditions, and a sustained decline in oil prices. On the upside, faster normalization of maritime traffic, higher oil prices or production, and stronger implementation of productivity-enhancing reforms would support growth.

Executive Board Assessment²

Executive Directors welcomed the Saudi economy's resilience in the face of the war in the Middle East and the associated disruptions to shipping, trade, and oil exports. They considered that resilience owes to policy efforts anchored in Vision 2030 and reflected in sound macroeconomic fundamentals, including ample fiscal and external buffers; diversified energy and logistics infrastructure, such as the East-West pipeline; and effective crisis management. Directors commended the authorities' efforts to support trade rerouting, which helped to support the resilience of regional economies and of the global energy markets. Directors welcomed the steady reform progress that has strengthened institutions, bolstered economic performance, and helped preserve macroeconomic and financial stability.

Directors noted that the outlook remains highly uncertain, with risks to the downside. While a gradual recovery is expected once maritime traffic through the Strait of Hormuz normalizes, an escalation or prolongation of the conflict could heighten uncertainty and weigh on growth prospects. Directors therefore emphasized the importance of maintaining policy flexibility, safeguarding buffers, and updating contingency plans—including to preserve confidence.

Directors agreed that a modest reduction in the non-oil primary deficit in 2026 is appropriate, with any fiscal response to the shock accommodated through spending reprioritization. Directors commended the authorities' policy prudence and found the non-fiscal measures taken so far to be appropriate, while noting that any fiscal support should be temporary, targeted, and transparent. Directors generally considered that, should the shock prove more pronounced, Saudi Arabia has the fiscal space to ease its stance and cushion the economy.

Directors welcomed the authorities' commitment to medium-term fiscal sustainability, noting that, as conditions normalize, ambitious fiscal consolidation will be needed to ensure adequate savings for future generations. They emphasized the importance of non-oil revenue mobilization, expenditure rationalization, improved public investment management, energy subsidy reform, and continued strengthening of fiscal institutions and frameworks.

² At the conclusion of the discussion, the Managing Director, as Chair of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summing ups can be found here:

<https://www.imf.org/external/np/sec/misc/qualifiers.htm>

Directors agreed that the currency peg to the U.S. dollar remains appropriate. They acknowledged the Saudi Central Bank's prudent liquidity management. They welcomed Saudi Arabia's financial stability, taking positive note of the banking sector's strong capital and liquidity buffers and the progress in implementing the 2024 FSAP recommendations, including the activation of the countercyclical capital buffer and advances in crisis preparedness. They encouraged continued efforts to enhance monitoring of credit conditions and vigilance regarding FX funding risks, sovereign-bank linkages, and exposures to large projects.

Directors commended the substantial progress under Vision 2030, now marking its 10 years, which has strengthened the non-oil economy, expanded the role of the private sector, advanced economic diversification, and delivered measurable gains in labor market outcomes, including female labor force participation. Directors saw Vision 2030 as a source of valuable lessons for other countries embarking on ambitious reforms and for Fund engagement. Directors stressed the importance of sustaining the reform momentum. They welcomed the renewed emphasis on resilience, including through investments in logistics infrastructure. They encouraged continued efforts to deepen diversification, improve the business environment, develop capital markets, enhance human capital and labor market outcomes, strengthen governance and transparency, as well as advance digitalization. Directors welcomed the recalibrated PIF strategy aimed at more selective capital allocations and greater private sector role to foster productivity. Directors also highlighted the benefits of deeper GCC integration in enhancing the region's resilience.

Directors commended Saudi Arabia for its leadership in multilateral fora, including the G20 and the role of the IMFC Chair, and looked forward to its continued contributions to addressing global challenges.

Saudi Arabia: Selected Economic Indicators, 2025–27

Population: 35.3 million (2024)

Quota: SDR 9,992.6 million (2.10% of total)

Main products and exports: Oil and oil products (69%)

Key export markets: Asia, U.S., and Europe

		<u>Proj.</u>	<u>Proj.</u>
	2025	2026	2027
Output			
Real GDP growth (%)	4.6	1.7	5.5
Non-oil GDP growth (%)	4.2	2.6	4.5
Prices			
CPI Inflation (avg, %)	2.0	2.2	2.1
Central government finances			
Revenue (% GDP)	23.3	23.5	24.1
Expenditure (% GDP)	29.1	27.2	27.1
Fiscal balance (% GDP)	-5.8	-3.7	-3.1
Public debt (% GDP)	31.8	32.1	34.4
Non-oil primary balance (% non-oil GDP)	-23.3	-22.2	-20.9
Money and credit			
Broad money (% change)	8.4	5.2	7.6
Credit to the private sector (% change)	10.2	5.8	7.6
Balance of payments			
Current account (% GDP)	-2.6	-0.3	-0.8
FDI (% GDP)	2.6	1.5	1.5
Reserves (months imports) ¹	13.7	13.9	14.1
External debt (% GDP)	37.6	38.0	40.5
Exchange rate			
REER (% change) ²	-3.9	-2.9	...
Unemployment rate			
Overall (% total labor force)	3.2	...	...
Nationals (% total labor force)	7.0	...	...

Sources: Country authorities and IMF staff estimates
and projections

¹ Imports of goods and services.

² For 2026, data is latest available.



SAUDI ARABIA

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION

July 6, 2026

KEY ISSUES

Context. The Saudi economy has thus far proven resilient in the face of the war in the Middle East, supported by strong fundamentals, diversified oil and logistics infrastructure, and the authorities' efforts to ease bottlenecks. The war nonetheless disrupted its momentum, curtailing oil exports and weighing on non-oil activity and confidence.

Outlook and risks. Despite the U.S.-Iran agreement announced in June, including a 60-day ceasefire, uncertainty persists around the duration of disruptions and freedom of navigation through the Strait of Hormuz. Contingent on shipping through the Strait normalizing over the coming months, a gradual recovery is expected to take hold. Protracted tensions or disruptions however could weigh on investor sentiment and medium-term prospects.

Fiscal policy. Given the economy's resilience, a modest reduction in the non-oil primary deficit in 2026 is appropriate, with any fiscal response accommodated through spending reprioritization. Should the shock prove more prolonged, Saudi Arabia has the fiscal space to ease its stance to cushion the economy. As conditions normalize, an ambitious medium-term consolidation—anchored in non-oil revenue mobilization and spending rationalization and supported by reforms to strengthen fiscal frameworks—will be needed to boost savings for future generations.

Monetary and financial sector. The peg to the U.S. dollar provides a credible monetary policy anchor and helps underpin financial stability. With strong capital and liquidity buffers, the banking sector is well-positioned to weather the shock. Enhanced monitoring of banks, the recent implementation of the countercyclical capital buffer, a proactive approach to containing FX funding risks, and ongoing strengthening of resolution and emergency liquidity assistance frameworks should further mitigate risks to financial stability.

Structural reforms. Vision 2030 reforms have helped strengthen institutions and policymaking, boost economic performance, and reduce dependence on oil. Sustained reforms to expand the private sector's role, deepen diversification, and enhance resilience are essential to support growth and investment prospects. Looking ahead, priorities include improving the business environment, deepening capital markets, supporting small- and medium-sized enterprises, aligning education with market needs, strengthening governance, and scaling up AI adoption.

Approved By
**Subir Lall (MCD) and
 Geremia Palomba
 (SPR)**

Discussions were held in Riyadh from April 28 to May 13, 2026. The team comprised Azim Sadikov (head), Jérôme Vacher, Nordine Abidi, Yuan Gao Rollinson (all MCD), and Alexis Boher (MCM). Masashi Saito (MCD) supported the mission from headquarters. Jihad Azour (MCD) participated in the concluding meetings. The Executive Director for Saudi Arabia, Mr. Mohammed Al-Rashed, and Ms. Sara Alhaif, Advisor to the Executive Director, accompanied the mission. The team met with Minister of Finance Al-Jadaan, Minister of Industry and Mineral Resources Al-Khorayef, Assistant Governor of the Central Bank (SAMA) Al-Humoud, Assistant Minister of Investment Al-Mubarak, and other senior officials, as well as representatives of the private sector and academics. Esther George and Kaixuan Sun (all MCD) provided excellent support for the preparation of the report.

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BACKGROUND

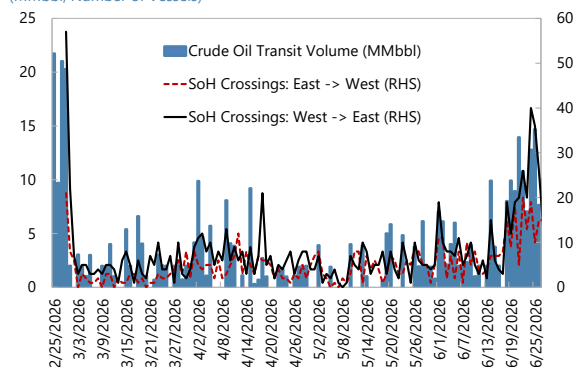
1. The war in the Middle East has weighed heavily on GCC economies. Across the region, it caused significant disruptions, including to logistics and travel, damaged infrastructure, and effectively halted shipping through the Strait of Hormuz—a gateway for about 20 percent of global oil and liquefied gas trade. These developments pushed energy prices higher and fueled volatility (Figure 1). Following the U.S.-Iran framework agreement, traffic through the Strait has begun to recover, though intermittent disruptions and persistent security risks continue to slow the normalization of shipping activity.

2. Uncertainty remains high, but the Saudi economy is demonstrating agility and resilience. This is underpinned by the Kingdom's large domestic market, strong fundamentals, and diversified energy and logistics infrastructure that allows for bypass of Hormuz. Significant oil and non-oil shipments are being rerouted through Red Sea ports. Although non-oil activity likely contracted in March, the economy is adjusting, with the latest indicators pointing to stabilization since then.

3. A prolonged conflict or lingering tensions could complicate progress under Vision-2030. Ten years after its launch, reforms under Vision-2030 have narrowed structural gaps with top-performing emerging market (EM) peers, strengthened policy frameworks, and increased private sector participation. Reliance on hydrocarbons has declined, female labor force participation has increased, and several Vision-2030 targets have already been met. However, lingering geopolitical tensions could complicate this transformation by testing investor sentiment, delaying investment decisions, and making diversification and job creation more challenging.

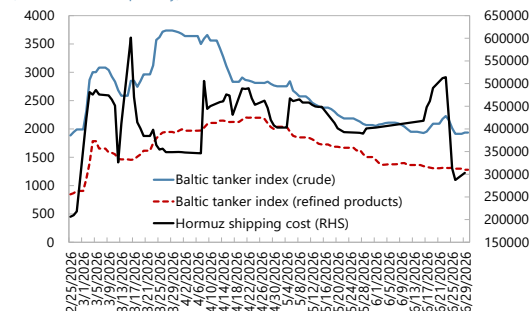
4. The authorities are focusing on maintaining economic stability and containing the impact of the conflict. A newly established ministerial-level taskforce is monitoring the economy for signs of stress and coordinating an interagency response, including facilitating trade rerouting and updating contingency plans should disruptions persist. Saudi Arabia's strong fundamentals—low government debt, ample foreign exchange reserves, and a large sovereign wealth fund—provide buffers to help cushion the shock.

5. The authorities reaffirmed their commitment to resilience, fiscal consolidation, and diversification. The Public Investment Fund (PIF)'s recently unveiled strategy for 2026-30 shifts toward more focused capital allocation and project sequencing across priority areas, including AI, logistics, tourism, renewables, and advanced manufacturing. This shift aligns with the authorities' increased emphasis on improving spending efficiency and crowding in private investment. Reducing the twin fiscal and current account deficits and containing government debt will be key to ensuring intergenerational equity. Continued structural reforms to address impediments to diversification and growth take on added importance in a more uncertain environment.

Figure 1. Saudi Arabia: Conflict In the Middle East—Immediate Impact**Daily Crude Transits via the Strait of Hormuz**
(MMbbl, Number of Vessels)

Sources: Kpler and PortWatch.

Note: SoH crossings include crude and oil products.

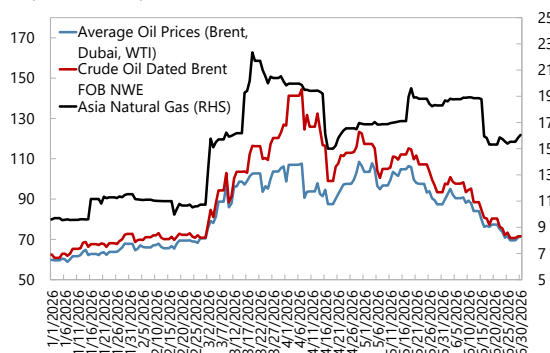
Global and Strait of Hormuz Shipping Costs
(Index Points, USD per Day)

Sources: Kpler and CEIC.

Note: Proxied by the TD3C-TCE freight rate, measuring the daily earnings of very large tankers transporting crude from the Gulf to Asia.

Oil and Gas Prices

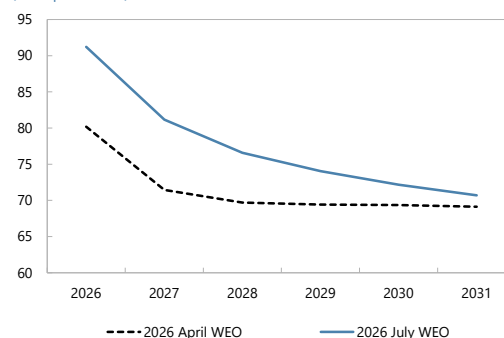
(USD per Barrel, USD per MMBtu)



Sources: Bloomberg.

Brent Futures Curve

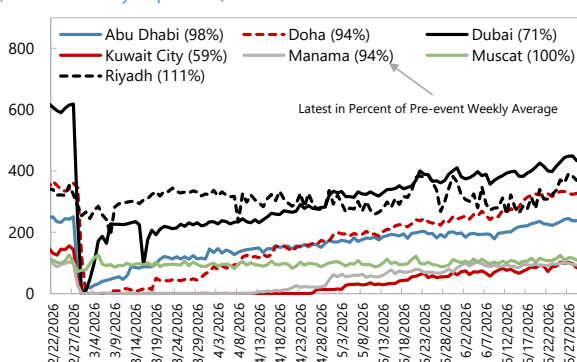
(USD per Barrel)



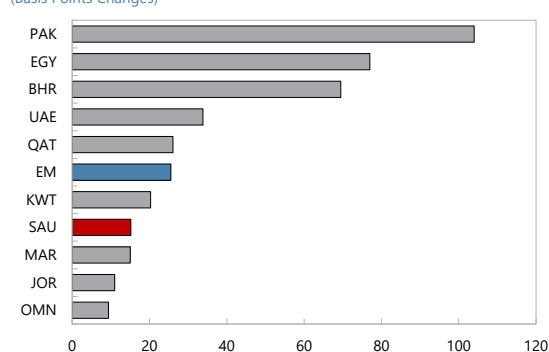
Source: IMF GAS and Bloomberg.

Operations at Key GCC International Airports

(Number of Daily Departures)



Sources: Flightradar24 and IMF staff calculations.

EMBIG Spreads Change: March 30 Relative to February 27
(Basis Points Changes)

Sources: Bloomberg and IMF staff calculations.

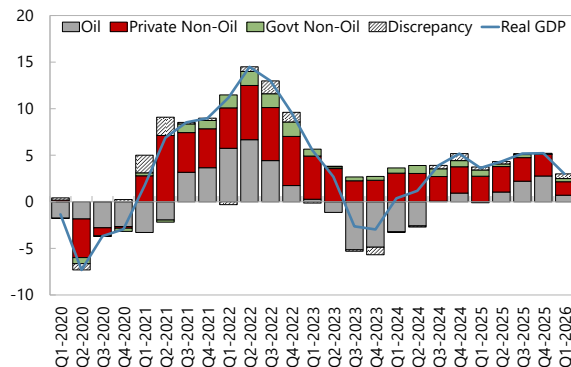
RECENT ECONOMIC DEVELOPMENTS

A. Prior to the War

6. Growth was robust before the conflict. Non-oil GDP expanded by 4.2 percent in 2025, driven by private investment and consumption (Text Figure 1). The unwinding of OPEC+ production cuts lifted overall GDP growth to 4.6 percent, up from 2.65 percent in 2024¹. Momentum carried into early 2026, as reflected in strong PMI and business confidence readings. Labor market conditions remained favorable, with unemployment among Saudi nationals at low levels (Text Figure 2).

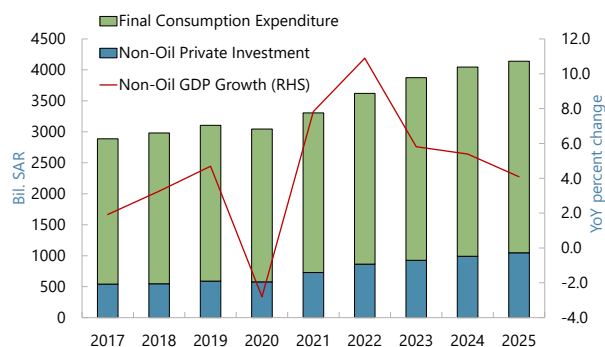
Text Figure 1. GDP Growth

Contribution to GDP Growth
(Percent)



Sources: Country authorities and IMF staff calculations.

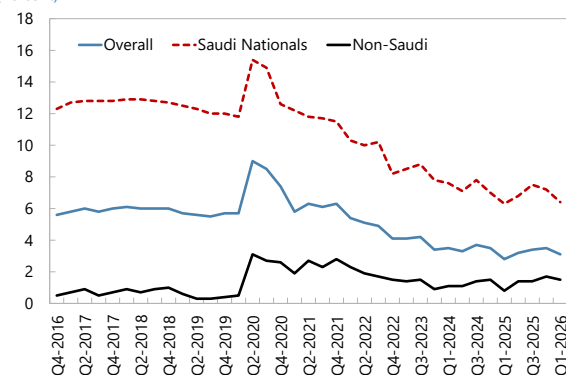
Non-Oil Private Investment and Growth
(In Constant Prices)



Sources: Country authorities and IMF staff calculations.

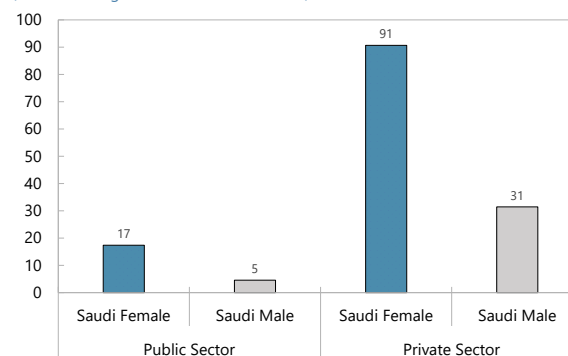
Text Figure 2. Labor Market

Unemployment Rates
(Percent)



Sources: Country authorities and IMF staff calculations.

Growth of Saudi Nationals Employees by Sector
(Percent Change from 2020Q1 to 2026Q1)



Sources: Country authorities and IMF staff calculations

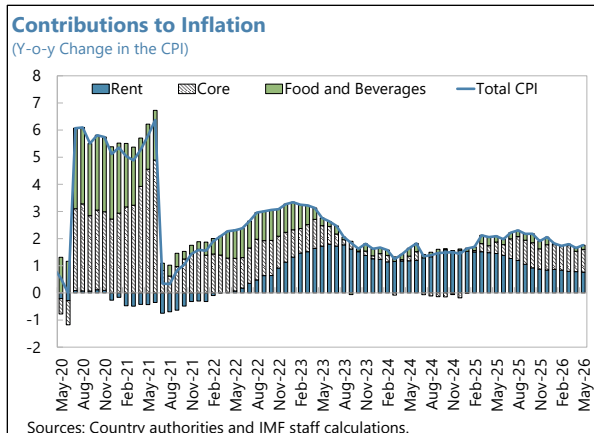
¹Based on the latest national accounts data released in mid-June.

7. Inflation eased to below 2 percent.

After rising sharply in 2024, rent inflation began to moderate even before the five-year rent freeze introduced in Riyadh in September 2025 (Text Figure). This brought headline inflation down to 2 percent by end-2025 even as core inflation firmed in the second half of 2025.

8. The fiscal deficit rose to 5.8 percent of GDP in 2025, mainly due to lower oil revenue.

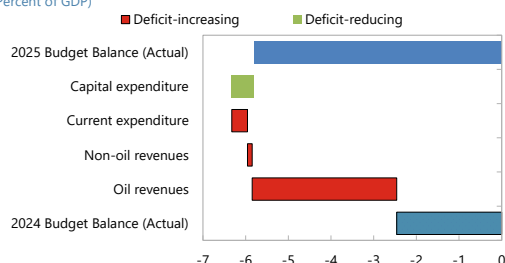
Compared to the budget, the outturn significantly exceeded its original target of 2.1 percent of GDP, with about 60 percent of the deviation reflecting expenditure overruns, partly driven by 1.4 percent of GDP one-offs (Text Figure 3). Despite the higher overall deficit, the non-oil primary deficit—staff's preferred measure of the fiscal stance in Saudi Arabia—tightened, declining from 24.5 percent of non-oil GDP in 2024 to 23.3 percent in 2025, primarily owing to a moderation in capital expenditure. Deficit borrowing, together with SAR 30 billion (0.6 percent of GDP) in pre-funding for 2026, pushed gross debt to 31.8 percent of GDP (Text Figure 4).



Text Figure 3. 2025 Fiscal Outturn

Contribution to Change in Budget Balance from 2024 to 2025

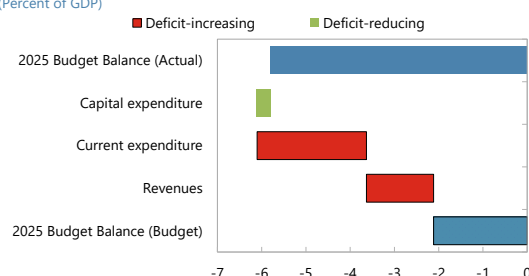
(Percent of GDP)



Sources: Ministry of Finance and IMF staff calculations.

Contribution to Difference between 2025 Budget and 2025 Actual

(Percent of GDP)

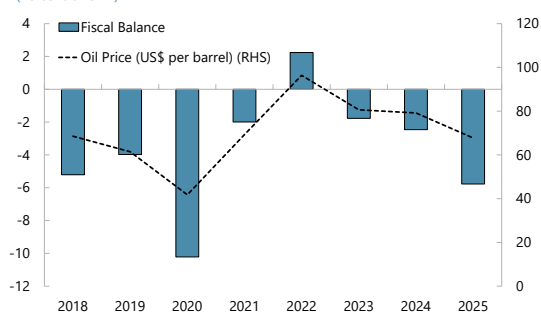


Sources: Ministry of Finance and IMF staff calculations.

Text Figure 4. Fiscal Balance and Debt

Fiscal Balance

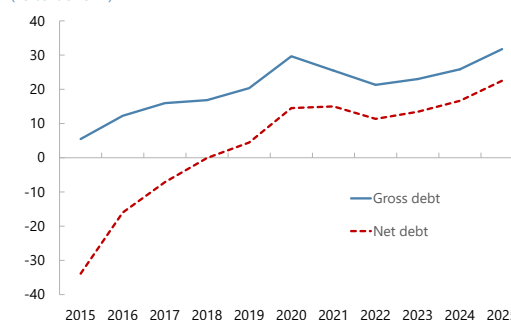
(Percent of GDP)



Sources: Country authorities and IMF staff calculations.

Central Government Debt

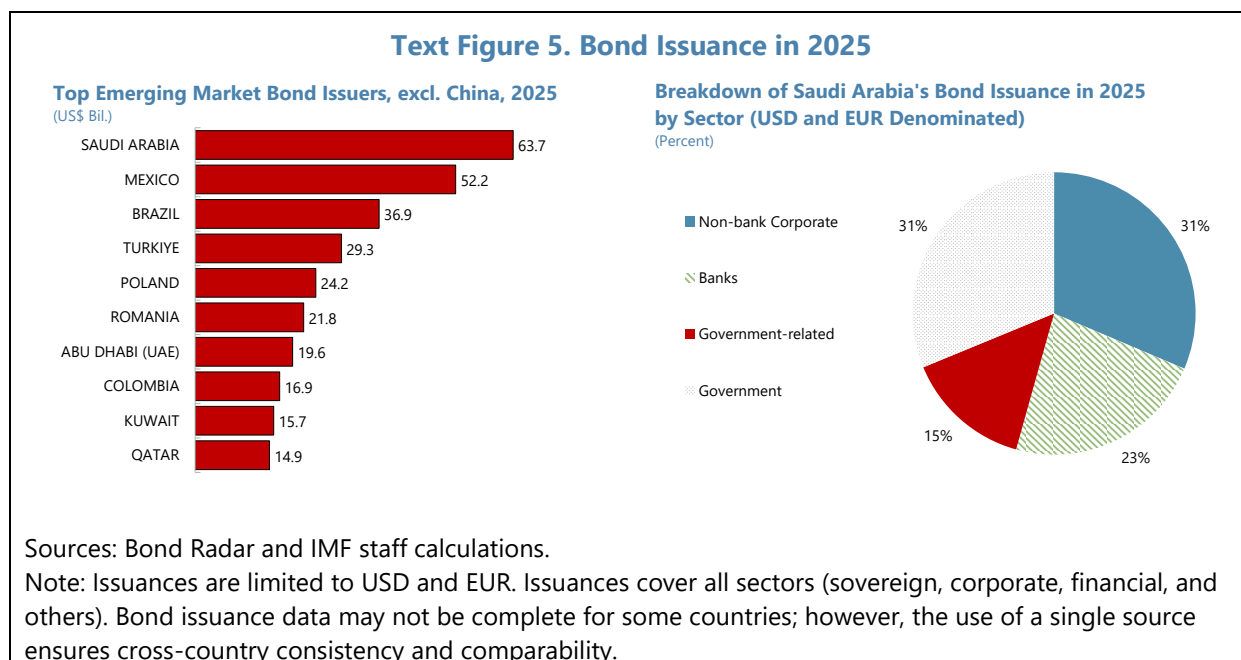
(Percent of GDP)



Sources: Country authorities and IMF staff calculations.

9. The current account deficit widened, driven by domestic demand and lower oil exports. Higher investment boosted imports, particularly capital goods, while robust services and construction activity supported remittance outflows, more than offsetting gains in non-oil exports—primarily petrochemicals and machinery and transport equipment. SAMA’s net foreign assets reached \$437 billion at end-2025, around 14 months of imports or 176 percent of the IMF’s reserve adequacy metric. Staff assesses Saudi Arabia’s external position in 2025 to be moderately weaker than warranted by medium-term fundamentals and desirable policies (Annex I).

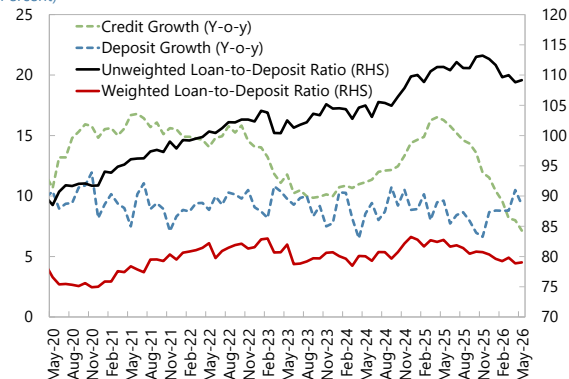
10. Access to international capital markets remained favorable. Bond issuance exceeded \$60 billion in 2025—with more than half accounted for by the government, PIF, and Aramco—making Saudi Arabia the largest constituent in the JPM EMBI Global Diversified Index, with a 5.1 percent weight. While equity markets lagged, with Tadawul falling by 13 percent reflecting subdued earning expectations amid lower oil prices, the IPO market remained resilient, with USD 4.2 billion raised through 40 new listings across the main and parallel markets.



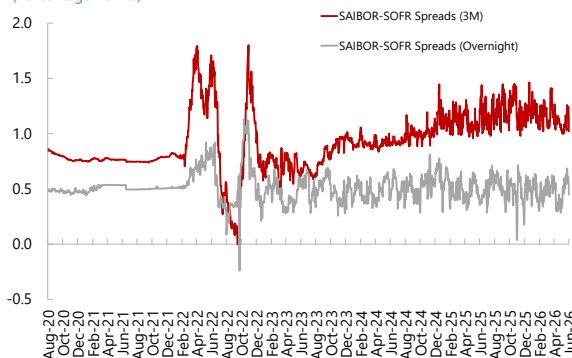
11. Banks increasingly turned to external sources to fund credit growth. Bank credit grew by 11.5 percent in 2025, driven by corporate, real estate, and mortgage lending linked to large-scale infrastructure projects and housing initiatives. With credit outpacing deposits, the unweighted loan-to-deposit ratio rose to 112 percent (Text Figure 6), while excess liquidity declined and the 3-month SAIBOR-SOFR spread widened. To meet funding needs, banks tapped international markets pushing foreign liabilities to 12.6 percent of total liabilities.

Text Figure 6. Bank Credit and Net Foreign Assets and Interbank Market**Loan-to-Deposit Ratios (LDR)**

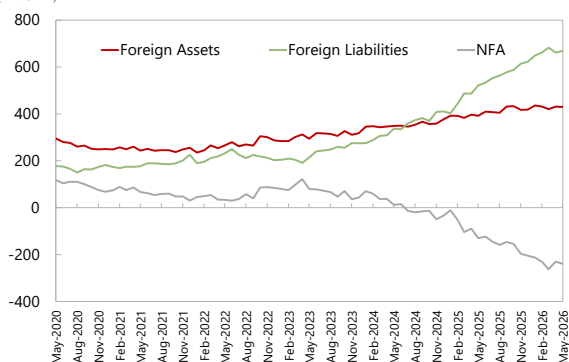
(Percent)

**SAIBOR-SOFR Spreads**

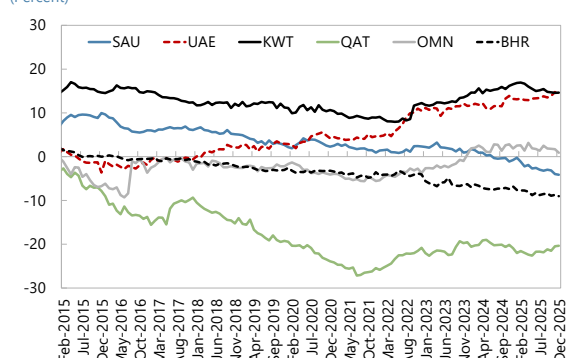
(Percentage Points)

**Banks' Net Foreign Assets (NFA)**

(Bil. SAR)

**GCC Countries Bank NFA-to-Assets Ratio**

(Percent)



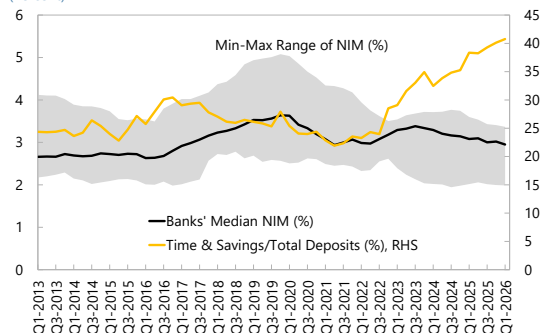
Sources: Country authorities and IMF staff calculations.

Sources: Country authorities and IMF staff calculations.

12. The banking sector maintained strong buffers. Despite a rising share of interest-bearing deposits, profitability remained solid, supported by resilient interest margins, high operating efficiency, and low provisioning costs (Text Figure 7). Capital buffers were robust, with average total and Tier 1 capital adequacy ratios of 20.5 percent and 18.8 percent in 2025. Asset quality improved further, with non-performing loans declining to 1.0 percent of total loans—the lowest level in a decade—while liquidity ratios remained well above regulatory minima.

Text Figure 7. Banking Sector**Banks' Net Interest Margin**

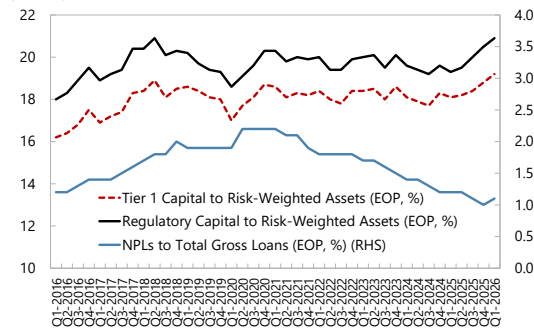
(Percent)



Sources: Country authorities and IMF staff calculations.

Financial Soundness Indicators

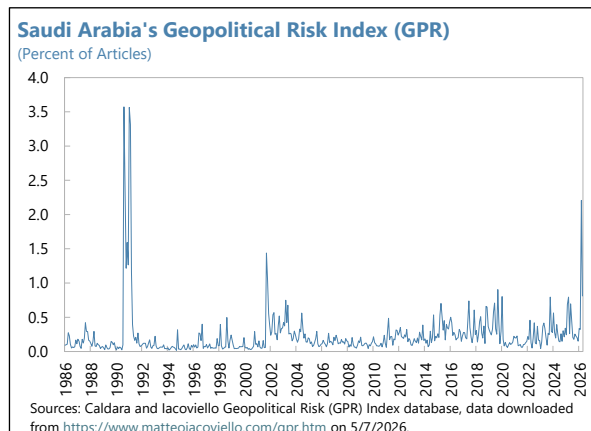
(Percent)



Sources: Country authorities and IMF staff calculations

B. Impact of the War

13. The Saudi economy is exposed through multiple channels, but mitigating factors have helped cushion the impact. Key channels include reliance on oil revenues; shipments through the Strait of Hormuz; and logistics, tourism, and capital flows (Box 1). At the same time, these exposures are mitigated by structural strengths, including alternative shipping routes, oil inventories abroad, the predominantly religious composition of inbound tourism, and the authorities' institutional coordination and implementation capacity and strong reform track record supported by ample buffers.



Box 1. Saudi Arabia's Exposures to the Conflict and Mitigating Factors

Transmission Channels	Mitigating Factors
Oil production and exports The oil sector accounts for about 22 percent of Saudi Arabia's GDP, more than half of fiscal revenues, and about 60 percent of exports (Box 1 Figure 1). Staff estimates that a USD 10 per barrel increase in the annual average oil price would raise fiscal revenues and exports by around 2.3 and 2.7 percent of GDP, respectively. Conversely, a 1 mbpd decrease in annual oil export volumes would lower fiscal revenues and exports by a similar magnitude.	The East-West pipeline can transport up to 7 mbpd to the Red Sea port of Yanbu. Of this, about 5 mbpd of crude oil can be loaded for exports while the rest can feed refineries.
Non-oil exports Non-oil exports—mainly petrochemicals, fertilizers, and re-exports—depend heavily on shipments through the Strait of Hormuz (e.g., 70 percent of petrochemicals), leaving them vulnerable to shipping disruptions.	Non-oil exports can also be rerouted through Red Sea ports, albeit at higher cost and subject to capacity constraints. For liquid petrochemicals, only limited rerouting is feasible.
Tourism Tourism has expanded strongly in recent years and now accounts for 62 percent of services exports and nearly 5 percent of GDP, with spillovers to trade, transport, and related services.	Close to half of inbound tourism is religious, mainly for Hajj and Umrah. This makes Saudi tourism more resilient than in GCC peers, also supported by a rapidly growing domestic tourism.
Imports Saudi Arabia heavily relies on imports of machinery, construction materials, and essential goods, with imports accounting for about 70 percent of domestic food consumption.	Saudi Arabia holds sizeable reserves of essential goods. About two-thirds of imports already enter through Red Sea ports, and additional shipments can be rerouted away from the Strait of Hormuz, albeit with longer delivery times and higher freight and insurance costs.

Box 1. Saudi Arabia's Exposures to the Conflict and Mitigating Factors (concluded)**Logistics**

Transport, storage, and communication account for about 7 percent of non-oil GDP. Saudi airports handled over 140 million passengers in 2025, while transport accounted for about one-sixth of services exports.

With its diversified network spanning Red Sea ports and airports, Saudi Arabia's logistics sector is well positioned to absorb and, in some segments, benefit from the diversion of passenger traffic and merchandise flows from other GCC countries.

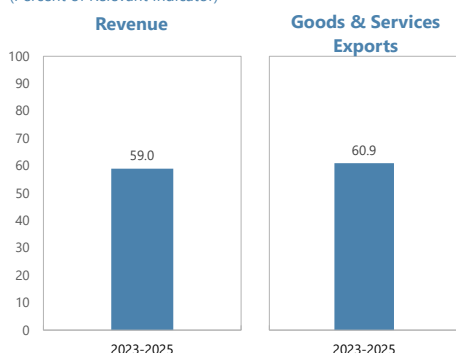
Capital flows

Saudi Arabia has attracted significant inflows in recent years, with total external liabilities reaching 67 percent of GDP in 2025. A prolonged conflict could weigh on investor sentiment and FDI.

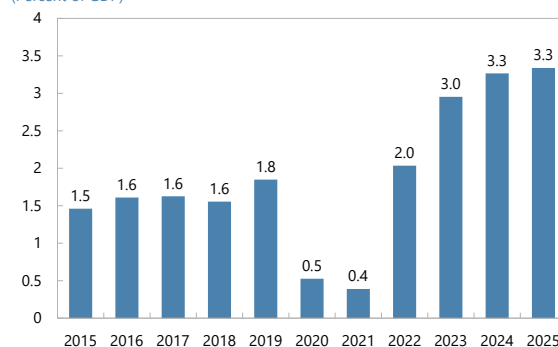
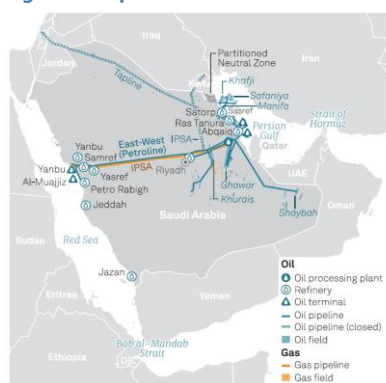
Short-term external debt amounts to \$94 billion (about 22 percent of foreign reserves). Saudi Arabia holds large foreign assets, and most foreign investment is long term and strategic.

Hydrocarbon Dependence

(Percent of Relevant Indicator)

**Services Credit: Travel**

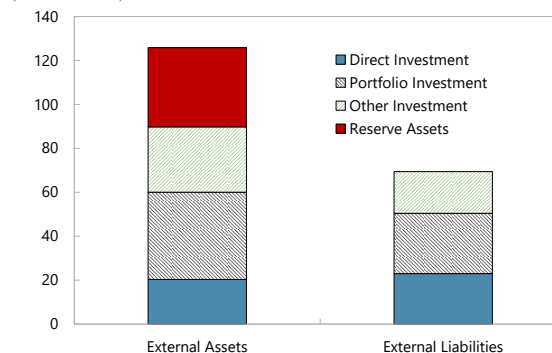
(Percent of GDP)

**Rerouting of Oil Exports**

Sources: S&P Global Energy, ©2026 S&P Global Inc.

IIP 2025: Breakdown

(Percent of GDP)



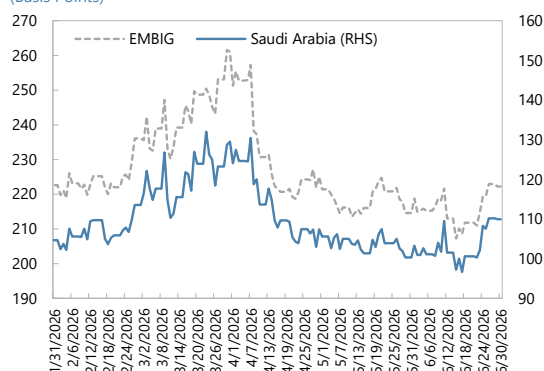
Sources: Country authorities and IMF staff calculations.

14. Market reaction to the conflict has been orderly, although volatility increased.

Sovereign spreads widened briefly—by less than the EMBIG—but have since returned to pre-war levels (Text Figure 8). Equity markets initially rose but have since pared gains, broadly in line with oil prices. Access to capital markets has remained strong across sectors, with most of the government's 2026 borrowing plan executed before the conflict and greater reliance on local markets and private channels since.

Text Figure 8. Bond and Equity Markets**Sovereign Spreads**

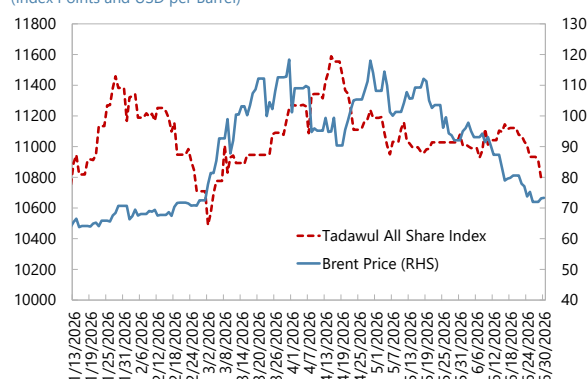
(Basis Points)



Sources: Bloomberg and IMF staff calculations.

Stock Market Developments

(Index Points and USD per Barrel)

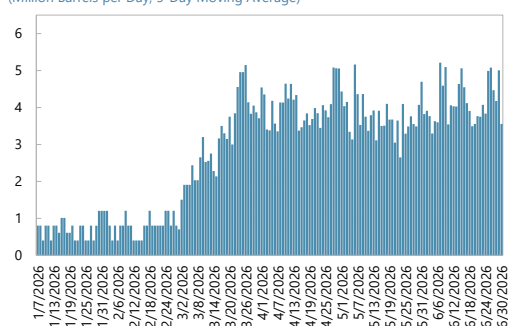


Sources: Bloomberg and IMF staff calculations.

15. Aramco redirected oil through the East-West pipeline, achieving substantial—though not complete—rerouting (Text Figure 9). The pipeline reached its 7 mbpd throughput capacity by late March. Vessel-tracking data suggest that crude loadings at Yanbu averaged nearly 4½ mbpd thereafter, while refined products shipments hovered around 0.5-1 mbpd. These diverted flows can be supplemented by Aramco's overseas inventory, although data on these holdings are not disclosed. Reflecting shipping and storage constraints, oil production fell below 7 mbpd in April, from 10.5 mbpd in January-February (Figure 2). Meanwhile, revenues were boosted by higher Saudi crude export prices, which rose to a significant premium over regional benchmarks and Brent futures.

Text Figure 9. Crude Oil Exports and Prices**Crude Oil Exports: Yanbu Port**

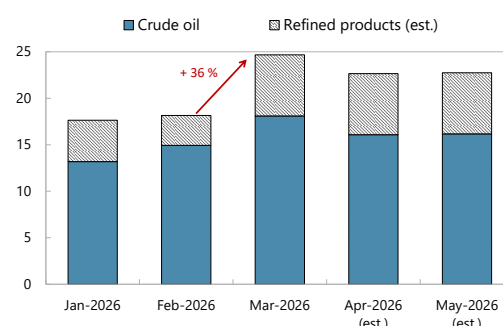
(Million Barrels per Day, 5-Day Moving Average)



Sources: Kpler and IMF staff calculations.

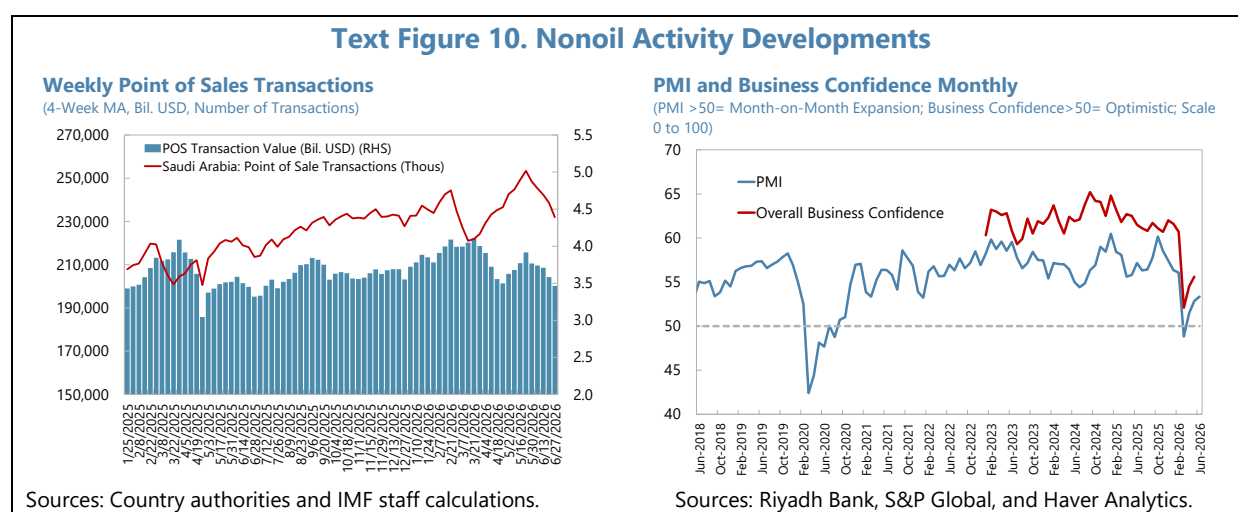
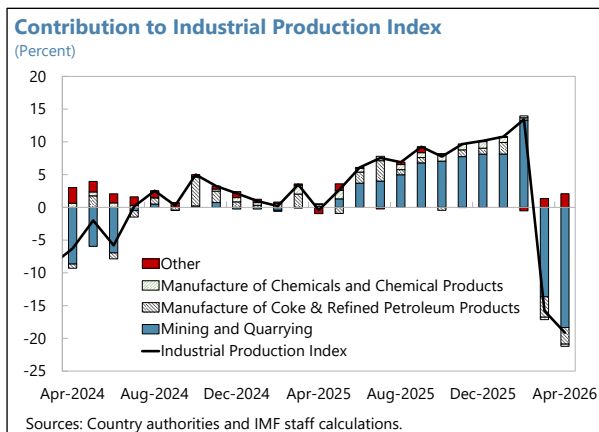
Oil Exports Value

(USD Billion)



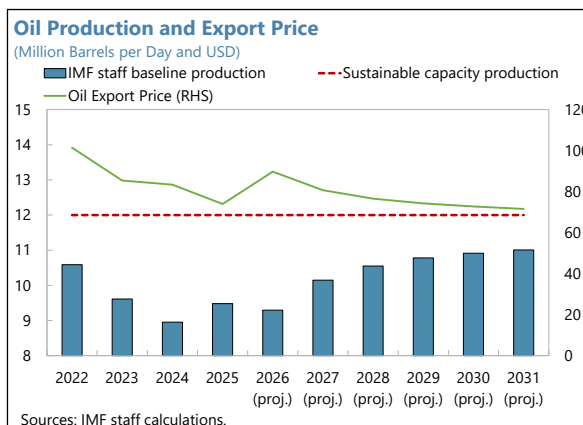
Sources: National authorities and IMF staff calculations.

16. High-frequency indicators suggest non-oil activity stabilized in April-May after likely contracting in March. Trade data indicate a sharp and uneven disruption in non-oil goods flows, with partial rerouting through Red Sea ports, while the decline in industrial production in March-April largely reflects lower oil and refined product output. The non-oil economy appears to be stabilizing, with the weekly point-of-sale data recovering, the PMI returning above 50 in April-June, and business confidence stabilizing after an initial drop in March (Text Figure 10).



OUTLOOK AND RISKS

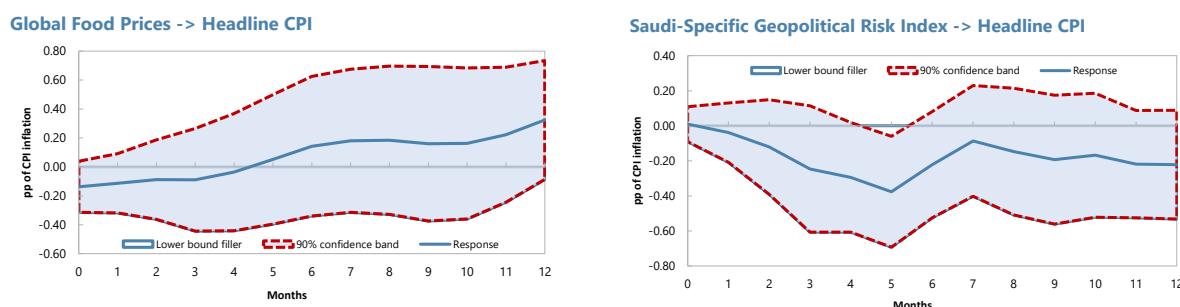
17. The baseline hinges on the duration of conflict-related disruptions. Staff assumes that maritime traffic through Hormuz begins to normalize gradually in July. With Aramco's facilities intact and spare capacity available, oil production and exports are assumed to return to pre-conflict levels by October. Oil output could then average 9.1 mbpd in 2026 compared to 9.5 mbpd in 2025. Based on observed flows rerouted to the Red Sea and assumptions about Aramco's overseas inventories, crude and refined product exports could average 7.5 mbpd this year. Monthly oil prices for January-May are based on actual Arab Light deliveries; for June-December 2026 and over 2027-31, prices are aligned



with the July 2026 WEO update. Together, these assumptions imply an oil-revenue windfall in 2026, as higher oil prices more than offset lower volumes. Non-oil activity is assumed to normalize over a similar timeframe, with the pace varying across subsectors.

18. Growth is set to slow this year, with non-oil GDP easing to 2.6 percent. While the conflict is expected to weigh on trade, tourism, and non-oil manufacturing, domestic demand will remain supported by stable employment, robust government spending, and steady execution of capital projects. Inflation is projected to rise to 2.2 percent. Higher shipping and insurance costs will add upward pressure, but pass-through has historically been limited (Text Figure 11), domestic fuel and some food prices remain capped, and rent inflation is expected to remain subdued. A recovery in oil and non-oil activity would lift GDP growth to 5.5 percent in 2027, while medium-term growth would be supported by consumption and investment.

Text Figure 11. Inflation Pass-through: Local Projections



Sources: Caldara and Iacoviello Geopolitical Risk (GPR) Index, IMF database, GASTAT, and IMF staff calculations.

Note: Food-price shock: +10 percentage point increase. GPR shock: +1 standard deviation increase in the Saudi-specific Caldara-Iacoviello GPR index. The impulse responses are estimated using monthly local projections from January 2015 to March 2025. Confidence bands are 90 percent intervals based on Newey-West/HC standard errors. The estimates are reduced-form pass-through.

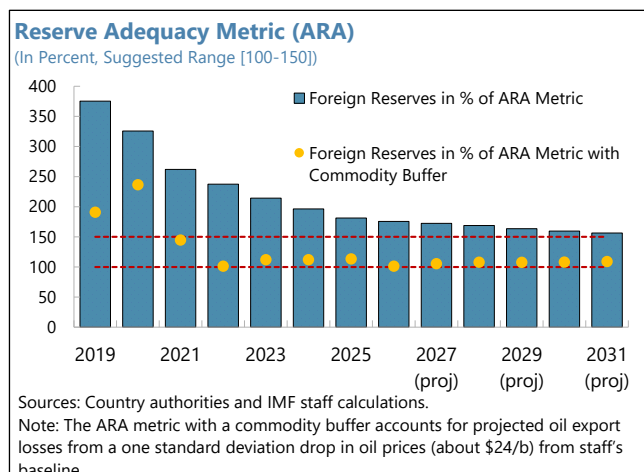
Selected Economic Indicators

	2023	2024	2025	Proj. 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030	Proj. 2031
Average oil export price (U.S. dollars per barrel)	85.4	83.4	74.0	93.8	82.2	77.6	75.0	73.2	71.7
GDP growth (percent)	0.5	2.6	4.6	1.7	5.5	3.9	3.6	3.5	3.6
Non-oil GDP growth (percent)	5.8	5.4	4.2	2.6	4.5	4.0	4.0	3.8	3.7
Oil GDP growth (percent)	-9.0	-4.4	5.7	-0.8	8.5	3.6	2.6	2.7	3.2
CPI inflation (percent)	2.5	1.5	2.0	2.2	2.1	2.0	2.0	2.0	2.0
Overall fiscal balance (percent of GDP)	-1.8	-2.5	-5.8	-3.7	-3.1	-3.4	-3.5	-3.7	-4.0
Non-oil primary balance (percent of non-oil GDP)	-25.4	-24.5	-23.3	-22.2	-20.9	-19.8	-18.9	-18.0	-17.2
Government debt (percent of GDP)	23.0	25.9	31.8	32.1	34.4	36.7	39.0	41.4	43.9
Current account balance (percent of GDP)	2.1	-1.3	-2.6	-0.3	-0.8	-1.6	-2.0	-2.6	-3.0
SAMA net foreign assets (USD billion)	417.1	414.5	436.6	463.9	492.3	519.2	537.6	559.8	586.3
SAMA net foreign assets (percent of reserve adequacy metric)	208	191	176	171	168	165	159	156	153
Growth of banks' claim on private sector (percent)	10.0	13.4	10.2	5.8	7.6	6.8	6.6	6.2	6.1

Sources: Country authorities and IMF staff projections.

Note: The average oil export price includes refined products. Non-oil GDP takes the sum of non-oil activities GDP, government activities GDP and net taxes published by GASTAT.

19. The current account deficit is projected to narrow in 2026. Higher oil exports, lower imports amid shipping disruptions, and a stronger travel balance shifted the current account from a deficit of \$8.2 billion in the fourth quarter of 2025 to a surplus of \$4.1 billion in the first quarter of 2026. As disruptions dissipate and imports recover over the remainder of the year, the current account is projected to return to deficit, though the annual deficit would be smaller than in 2025. SAMA's net foreign reserves are projected to remain comfortable, with a broadly stable reserve adequacy metric.



20. Downside risks dominate the outlook (Annex II). The main risk is a protracted escalation of the conflict, which could further disrupt shipping routes, including in the Red Sea; damage energy facilities with lasting output losses; and heighten uncertainty. Staff developed an illustrative downside scenario featuring a prolonged closure of the Strait of Hormuz and short-lived disruptions to shipping at Bab al-Mandab, resulting in lower oil exports, weaker non-oil growth, and subdued confidence (Annex III). While financial stability risks would remain contained, the downside scenario could increase funding pressures, weaken asset quality, and intensify sovereign-bank linkages. Beyond the near term, a drawn-out conflict or lingering tensions could erode investor sentiment and endanger growth and diversification.

21. Residual risks are manageable. Additional downside risks include weaker global demand, further trade disruptions, tighter financial conditions, and lower oil prices. The direct impact of global trade tensions should remain limited, given the structure of Saudi exports, though the potential for ripple effects through global demand, commodity markets, and financial conditions remains. Upside risks stem from a faster-than-expected normalization of traffic through Hormuz, higher oil production, and faster implementation of productivity-enhancing reforms.

22. Conflict-related disruptions in the Saudi economy could generate outward spillovers. As the world's largest oil exporter with significant spare capacity, Saudi Arabia is central to global oil markets. GCC countries, particularly those more dependent on the Strait of Hormuz, benefit from access to Saudi Arabia's logistics infrastructure, underscoring its growing status as a regional trade and logistics hub. Spillovers also arise through remittance outflows—an important source of income for many countries—while Saudi official aid is expected to continue supporting economies in the region, particularly in low-income and conflict-affected states.

23. Authorities' Views. The authorities noted that the economy has demonstrated resilience despite significant disruptions to oil and trade flows, reflecting not only strong macroeconomic fundamentals, but also sustained investment in diversification, energy security, and logistics infrastructure. They emphasized the role of contingency frameworks and government coordination in ensuring trade and supply chain continuity, preserving confidence, and safeguarding stability. In

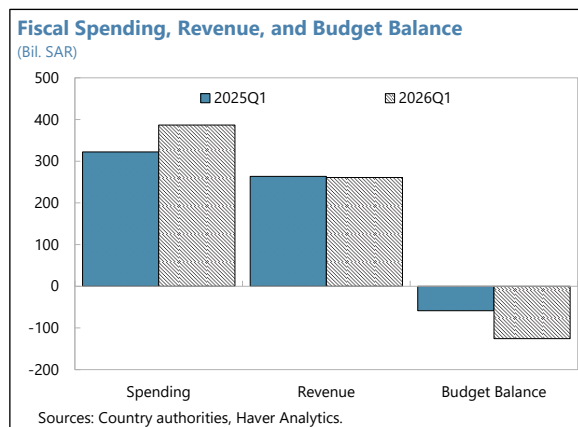
particular, they highlighted the rapid rerouting of shipping around the Strait of Hormuz and the accommodation of diverted trade across the wider GCC as evidence of the robustness of Saudi Arabia's logistics network. While uncertainty remains elevated, the authorities stressed that the economic and financial impact of the conflict has thus far been contained, with no material signs of stress in liquidity, credit provision, capital flows, or broader macro-financial indicators. Continued expansion of non-oil activity—supported by structural reforms, strong private sector participation, and investment—has further strengthened resilience and the economy's ability to absorb shocks. The authorities underscored that the outlook remains highly contingent on the duration and intensity of disruptions but considered downside risks mitigated by substantial policy buffers and institutional capacity. They project stronger fiscal and current account balances than envisaged by staff, reflecting the possibility of a faster normalization in oil exports, supported by the resilience of Saudi Arabia's energy and logistics infrastructure.

SUSTAINING GROWTH AND STABILITY

Policy discussions focused on containing the impact of the conflict, preserving macroeconomic and financial stability, and advancing diversification and resilience. Priorities include: (i) supporting the economy in the short term while delivering medium-term fiscal consolidation; (ii) safeguarding financial stability; and (iii) sustaining Vision 2030 reforms to support strong and increasingly private sector-led growth.

A. Fiscal Policy

24. The fiscal deficit widened sharply in the first quarter, driven almost entirely by higher spending. Expenditures rose by around 20 percent y-o-y; the increase was broad-based—with a notable expansion in goods and services, subsidies, and capital spending—providing a strong fiscal impulse. According to the authorities, part of the increase reflects one-offs—e.g., advance payments to the national healthcare supplier—that are unlikely to be sustained over the rest of the year. Still, the spending increase suggests full-year spending will exceed the 2026 budget, which was approved before the conflict and envisaged ambitious spending cuts.



25. A modest reduction in the non-oil primary deficit in 2026 would be appropriate. Staff's projected deficit of about 22-22½ percent of non-oil GDP (vs. 23.3 percent in 2025) would be consistent with growth and fiscal sustainability objectives, with the fiscal response to the shock accommodated within this envelope—mainly through spending reprioritization, including wage bill containment and moderation in capital expenditure. The implied mildly negative fiscal impulse is broadly consistent with the shock's expected moderate and transitory impact on the non-oil economy and with the expectation that support measures would likely be deployed through off-

budget entities, such as the National Development Fund (NDF).² Crucially, this deficit level would sustain the improvement in the non-oil primary balance since 2023, reaffirming the authorities' commitment to medium-term consolidation. It would correspond to an overall deficit of 3.7 percent of GDP. As the government updates its budget plans, approving revisions—including spending reallocations—through a supplementary budget would bolster credibility, while communicating the revised borrowing plan would help anchor investor expectations and financing conditions.

26. Given elevated uncertainty, staff discussed fiscal policy under the illustrative downside scenario (Annex III). It assumes a more prolonged blockade of the Strait of Hormuz than in the baseline and a temporary disruption of shipping through the Bab al-Mandab Strait. In this setting—where oil revenue weakens and non-oil GDP contracts—fiscal policy should be calibrated incrementally, anchored in fiscal sustainability and guided by a broader public-sector spending view, including off-budget entities. Saudi Arabia's low debt and ample assets afford room to mitigate the macroeconomic impact of disruptions, including potential scarring, but this should be weighed against a starting fiscal position weaker than warranted by intergenerational equity considerations. Against this backdrop, to avert a contraction in the non-oil economy and limit scarring under the scenario, in addition to reprioritizing and rephasing existing spending, staff would recommend a discretionary fiscal loosening of about 1.6 percent of GDP (2.0 percent of non-oil GDP) in 2026–27, with about three-quarters in 2026.² This would widen the non-oil primary deficit to about 25 percent of non-oil GDP and raise the overall fiscal deficit to 6.2 percent of GDP in 2026, financed through debt issuance and a drawdown of government deposits. As conditions normalize, support would be withdrawn, with fiscal policy gradually returning to consolidation.

27. Any support to affected businesses and households should be temporary, targeted, and transparent. This would help ensure efficiency and contain costs. Support should focus on preserving viable firms and cushioning incomes:

- *Businesses.* Priority should be given to liquidity support to limit contagion, preserve employment, and reduce scarring. Businesses could also benefit from tax-based cash-flow relief, notably accelerated VAT refunds and time-bound deferrals of tax payments. Temporary labor-market measures—such as wage support and contribution relief conditional on job retention, similar to those deployed during the Covid pandemic—could help preserve employment, particularly among Saudi nationals.
- *Households.* Support should rely primarily on social transfers to cushion income losses and protect vulnerable groups, avoiding broad-based measures that are costly and difficult to unwind.

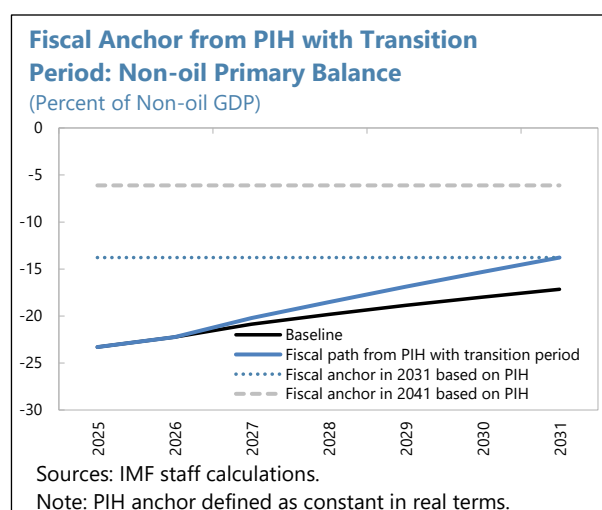
28. So far, the authorities have mainly pursued measures with limited direct budget cost. They are providing operational support to exporters and importers by facilitating the rerouting of shipments through alternative corridors and easing logistical bottlenecks. This has been

² The fiscal impulse should be assessed through a broader public-sector lens than internalizes off-budget operations. Should off-budget entities deploy sizeable measures in response to the shock, the central government's fiscal stance should be recalibrated accordingly.

complemented by trade-facilitation measures, including temporary storage and demurrage fee relief, streamlined customs procedures, and logistics coordination to preserve exports. NDF-related entities are expected to deploy capital to help maintain credit flows through existing instruments, including guarantees, risk-sharing facilities, working-capital support, and export-finance solutions. The Insurance Authority, working with other government entities, has prepared contingency plans that can be activated as needed to help contain insurance-related costs. Some fuel prices remain capped, and the recent increase in international prices has again widened the gap with domestic prices, raising the value of the energy subsidy.

29. The authorities intend to continue fiscal consolidation over the medium term. Under the baseline, the non-oil primary deficit is projected to improve by about 5 percentage points of non-oil GDP over 2027-31. This would be achieved primarily through expenditure restraint, including by containing the wage bill. Recent initiatives include a directive to generate cumulative savings of 3 percent through 2030 and restrictions on new investments outside Vision 2030 priorities. These go in the right direction, while preserving support for vulnerable groups and growth-enhancing investment remains important. The recent pension and ongoing healthcare reforms—including insurance, procurement, and provision—are expected to strengthen long-term fiscal sustainability. Government debt is projected to reach about 44 percent of GDP by 2031. Debt is assessed as sustainable and the overall risk of sovereign stress low, also considering Saudi Arabia's large financial assets (Annex IV).

30. A more ambitious medium-term fiscal consolidation is needed to support intergenerational equity. Staff recommend an additional cumulative adjustment of about 3½ percent of non-oil GDP in the central government balance over 2027-31, assuming a 15-year convergence to the PIH-based fiscal anchor—a non-oil primary deficit of 6 percent of non-oil GDP in 2041. Anchoring fiscal policy on a non-oil balance path would help reduce procyclicality linked to oil prices and strengthen the credibility of the medium-term fiscal framework.



31. Consolidation should be underpinned by non-oil revenue mobilization and expenditure rationalization (Text Table 1).

Non-Oil Revenue

- *Tax policy.* In line with past IMF recommendations, options include introducing a property tax, broadening the VAT base, reforming excises, and rationalizing tax incentives. These should be underpinned by a comprehensive assessment of tax expenditures—including VAT exemptions, reduced rates, and SEZ incentives. A corporate income tax for Saudi and GCC companies could be introduced while accounting for the existing Zakat.

- *Tax administration.* Staff's indicative analysis, completed with incomplete tax expenditure data, suggests the VAT compliance gap may be widening (Box 2). A Saudi-specific Revenue Administration GAP assessment, supported by microdata, would help validate the indicative estimates, identify sectoral drivers of non-compliance, and inform enforcement priorities. ZATCA has continued the rollout of e-invoicing, expanded risk-based audits, introduced Fatoora Hub and VAT pre-filing for selected taxpayers, and begun using e-invoice data in VAT audits and refund-risk assessments. Staff recommend a TADAT assessment and welcome ZATCA's request for IMF VITARA training, scheduled for July.

Expenditure

- *Wage bill.* Pressures could be reduced through attrition-based measures, complementing ongoing efforts to standardize promotions and salary scales and enforce limits on bonuses and allowances.
- *Efficiency.* Staff's analysis suggests that spending efficiency improved in the 1990s and 2010s, converging towards peers. Gains have leveled off since then, a pattern seen in other countries and consistent with the observation that improvements become harder as efficiency approaches the frontier. Ongoing reforms led by EXPRO provide an opportunity to further strengthen expenditure management and control. These efforts should be supported by enhancing budget credibility and strengthening cost-benefit analysis through more independent spending reviews. Staff recommend undertaking a Public Investment Management Assessment.
- *Energy subsidy reform.* Following a doubling of diesel prices in 2024-25, fuel subsidies—measured as the government's compensation to Aramco—fell to 2.3 percent of GDP in 2025, from 4.4 percent in 2023, also aided by lower international prices. Diesel prices were raised by a further 8 percent in January. Removing remaining price caps, while providing targeted support to vulnerable households, including by further scaling up the Damaan program, remains the preferred course of action.

Text Table 1. Menu of Fiscal Adjustment Measures	
Measures	Potential Yields (Cumulative through 2031)
Revenue	
Introducing a property tax	1.0-1.4 percent of GDP
Broadening the VAT base, including by removing exemptions	0.5-1.0 percent of GDP
Introducing excises on luxury goods and environmentally harmful items	0.1 percent of GDP
Reducing existing tax incentives, including in SEZs, and reviewing scope for introducing corporate income tax for Saudi and GCC companies given Zakat	0.5-1.0 percent of GDP
Tax administration reform	0.5 percent of GDP
Expenditure	
Completing a fuel and energy subsidy reform	2.3 percent of GDP
Further rationalizing expenditure (delaying low-priority projects)	0.5-1.0 percent of GDP
Total	5.4-7.3 percent of GDP (7.1-9.6 percent of non-oil GDP)

Box 2. An Indicative VAT Compliance Gap Estimation¹

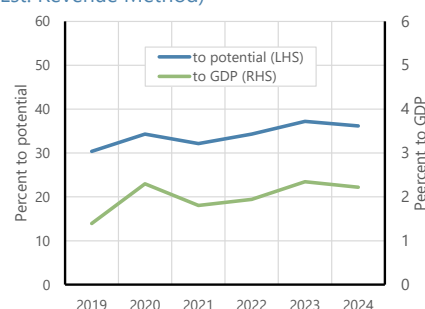
Staff's indicative estimates point to the VAT compliance gap in Saudi Arabia ranging from 30 to 37 percent of potential revenue over 2019–24. They also suggest that a rising compliance gap may be contributing to the decrease in VAT C-efficiency. These estimates should be interpreted with caution given the data limitations—in particular, the VAT expenditure component is not available—but they point to the value of a deeper assessment of the VAT gap as a revenue-enhancing priority.

Methodology: Under the IMF's Revenue Administration Gap Analysis Program (RA-GAP), an indirect method can be used to estimate indicative VAT compliance gaps based on observed VAT C-efficiency (the "reverse method"). Using publicly available national accounts data and independent estimates of the VAT policy gap, the method attributes the residual difference between observed C-efficiency and the policy-adjusted benchmark to non-compliance. This approach provides scalable and comparable estimates of compliance gaps when a standard RA-GAP assessment is unavailable, serving as a leading indicator of results from a full estimation.

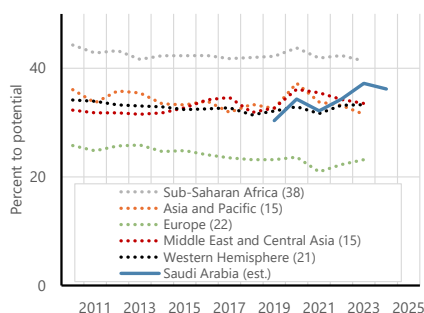
Application to Saudi Arabia. Only one component of the VAT policy gap—related to non-taxable goods and services (mainly public administration, education, and health)—is available. The tax expenditure component is not reported and is therefore approximated using global comparators. Specifically, the average value from a group of 15 countries in the Middle East and Central Asia with similar final consumption shares (50–70 percent of GDP) and standard VAT rates (13–17 percent) is used. The estimated compliance gap ranges between 30 and 37 percent of potential revenue over 2019–24, equivalent to an average of 2 percent of GDP (Box 2. Figure 1).

Testing Trends and Levels of Estimations. A first consistency check compares Saudi Arabia with regional estimates (Box 2. Figure 2). Estimates for Saudi Arabia are broadly in line with the average for countries in the Middle East and Central Asia as well as Asia Pacific; above European countries; and below African countries. While the estimates suggest an upward trend toward the end of the period, this may partly reflect imprecision arising from approximations used for the tax expenditure gap component. A second consistency test relates the estimated compliance gap directly to observed VAT C-efficiency (Box 2. Figure 3). In the range observed for Saudi Arabia, the estimated gap varies between 28 and 46 percent of potential revenue, with Saudi Arabia's indicative estimate falling within this interval. In terms of trends, the linear relationship between C-efficiency and the compliance gap appears to confirm the indicative trend shown in Box 2. Figure 1.

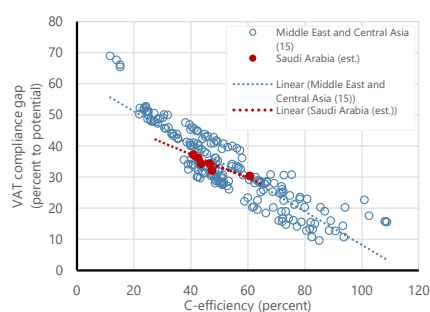
Box 2. Figure 1. VAT Compliance Gap (Est. Revenue Method)



Box 2. Figure 2. VAT Compliance Gap by Region



Box 2. Figure 3. VAT Compliance Gap and C-Efficiency



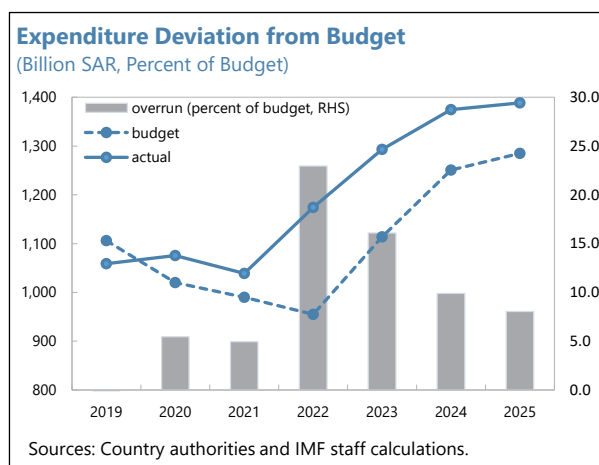
¹ Prepared by Patricio Barra Aeloiza (FAD).

Box 2. An Indicative VAT Compliance Gap Estimation (concluded)

A More Precise VAT Compliance Gap Estimation. A country-specific RA-GAP assessment would provide a more accurate and operationally relevant measure of VAT non-compliance in Saudi Arabia. Unlike indirect approaches, RA-GAP relies on detailed national accounts and administrative VAT micro-data to construct potential VAT liabilities on a value-added, sector-by-sector basis, and to measure actual collections in a way that isolates compliance effects from cash-management issues such as refund timing. This framework allows for a full decomposition of the VAT gap into policy and compliance components, identification of sectoral drivers of non-compliance, and a clearer assessment of enforcement priorities.

32. Consolidation should be accompanied by reforms to strengthen the fiscal framework:

- Budget credibility.** To further reduce spending overruns, staff recommend: (i) strengthening the realism of forecasts and budget costing; (ii) tightening in-year monitoring, reporting, and accountability for deviations; (iii) continuing to require Council of Ministers approval of any spending beyond appropriations through a supplementary budget; and (iv) publishing a year-end reconciliation of outturns against the original budget and approved supplements.
- Medium-Term Fiscal Framework (MTFF).** Closer integration of the five-year MTFF with annual budgets is needed, along with institutionalized annual forecast-performance reviews. Staff also recommend reviewing the fiscal rule and considering an expenditure-based rule supported by stronger compliance mechanisms—e.g., through an independent institution akin to a fiscal council.
- Fiscal risk analysis.** Strengthening forecast-error analysis and improving the disclosure of contingent liabilities—including those related to giga projects, debt guarantees, and public-private partnerships (PPPs)—would allow for a more comprehensive risk analysis.
- Consolidated non-financial public sector (NFPS) analysis.** Using and publishing a broader measure of fiscal operations—covering off-budget public entities—alongside the budget would enhance fiscal policy formulation and analysis while promoting transparency.
- Sovereign asset-liability management (SALM) framework.** Building on long-standing efforts, developing a SALM framework that encompasses government-related entities would help better assess the sovereign balance sheet, including exposures and risks. Given PIF's large exposure to the domestic economy, PIF should continue regular risk assessments and stress testing to safeguard its asset values against large shocks.



33. Authorities' Views.

- The authorities took note of the staff's assessment and are working to ensure that any fiscal response to the crisis is accommodated through spending reprioritization. At the same time,

they underscored that fiscal planning continues to evolve given uncertainty, particularly regarding contingency-related expenditures. They emphasized that close coordination across government entities and with the private sector has been instrumental in mitigating trade and logistics disruptions. Existing policy instruments—including development-finance facilities, export support, and insurance-related contingency arrangements—provide additional flexibility and could be expanded, if needed, to support viable businesses affected by disruptions.

- The authorities reaffirmed their commitment to medium-term fiscal sustainability and consolidation and emphasized that the government retains flexibility to deploy additional measures, if warranted, to preserve fiscal discipline. They pointed to recent analysis suggesting that the VAT compliance gap is limited and that any remaining policy gap reflects deliberate policy choices. They underscored that Saudi Arabia’s fiscal position is underpinned by low public debt, substantial government deposits, a well-established debt management framework, and diversified and reliable market access. They noted that the 2026 borrowing program remains aligned with the Annual Borrowing Plan and continues to be executed smoothly.

B. Monetary and Exchange Rate Policies

34. The currency peg to the U.S. dollar remains appropriate given the structure of the economy. Supported by ample external buffers, the peg provides a credible monetary policy anchor and helps underpin financial stability, particularly in the current environment of heightened uncertainty. SAMA’s policy rate decisions continue to align with those of the Federal Reserve—policy rates were cut by 75 basis points in 2025, bringing the repo rate to 4¼ percent. Over the medium term, fiscal consolidation would raise public sector savings, while competitiveness-enhancing reforms would boost non-oil exports, bringing the current account closer to the level implied by fundamentals and desirable policies, further supporting the peg (Annex I).

35. SAMA’s efforts to strengthen liquidity management are welcome. Banks’ excess liquidity, measured by weekly net reverse repo, has risen by about 25 percent since the onset of the conflict (Figure 4). Nonetheless, SAMA should stand ready to provide liquidity through its standing facilities and continue to calibrate operations to keep short-term rates stable around the policy rate. To improve liquidity forecasting, SAMA is finalizing a data-sharing agreement with the MoF. It has also recently started a comprehensive review of reserve requirements and is working with Tadawul to improve the functioning of the repo market.

36. The authorities are developing a digital asset strategy. Their approach to private digital assets has been appropriately cautious. While cryptocurrencies are currently prohibited, SAMA has been exploring CBDC and payment-focused stablecoins. An IMF TA on the regulation of virtual assets is scheduled for mid-2026.

37. Authorities’ Views. The authorities reaffirmed their commitment to the exchange rate peg. While liquidity operations continue to be calibrated to preserve orderly money-market conditions, the authorities highlighted ongoing work to strengthen liquidity forecasting, including through enhanced information sharing between SAMA and the MoF, a review of the reserve requirement

framework, and measures to improve repo market functioning. On digital assets, the authorities underscored their balanced approach, prioritizing monetary sovereignty, financial stability and integrity, and consumer protection. Regarding staff's assessment of Saudi Arabia's external position in 2025, the authorities emphasized that the widening of the current account deficit in 2025 should be assessed in the context of Vision 2030-led investment and structural transformation. In their view, a significant share of the deficit reflects strategic investment in infrastructure, logistics, tourism, and manufacturing-related ecosystems. These investments are expected to expand productive capacity, support economic diversification, strengthen non-oil exports, and enhance external sustainability over the medium to long term. The authorities also pointed to the sustained expansion of non-oil exports since 2016 as evidence that the economy's external base is gradually becoming broader and more diversified.

C. Financial Sector Policies

38. Systemic risks to financial stability remain low. The banking sector is well-positioned to weather the conflict, supported by strong capital and liquidity buffers. Resilience is further underpinned by a large resident depositor base, oil-related inflows, and prudent lending practices. SAMA's stepped-up monitoring of liquidity, credit conditions, and asset quality—including through ICAAP and ILAAP reviews—are welcome.

39. SAMA has appropriately refrained from relaxing its macroprudential policies despite the shock. With credit supply not expected to be materially affected, SAMA proceeded with the introduction of a 100-bp countercyclical capital buffer (CCyB), which banks had already built up ahead of implementation in May. If a credit freeze and an adverse bank-borrower feedback loop were to emerge in the downside scenario (Annex III), staff consider that SAMA could release capital buffers and introduce borrower-support measures, such as temporary loan repayment deferrals and restructuring for viable borrowers, while preserving transparency in asset classification and provisioning. Consideration of the timing and calibration of the earlier recommendations to tighten borrower-based measures—namely LTV and DSTI limits—should await greater clarity on cyclical financial pressures.

40. Banks' external borrowing has slowed, reflecting credit deceleration and SAMA's guidance to contain FX borrowing. Excessive FX exposures or maturity mismatches could leave banks vulnerable to shifts in global liquidity conditions and pose financial stability risks. In this context, staff support SAMA's close monitoring of FX liquidity and funding risks through regulatory reporting based on FX-LCR and FX-NSFR and recommend extending the monitoring of FX maturity mismatches beyond the one-year horizon and further enhancing stress testing and metrics on FX funding risks. If FX borrowing picks up again, SAMA could consider introducing FX-LCR and FX-NSFR requirements.

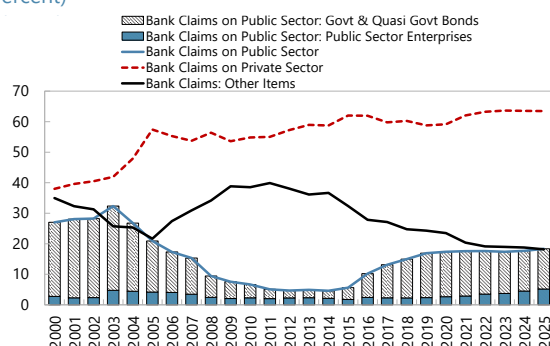
41. A deeper understanding of the sovereign-bank nexus remains essential. Banks and the public sector are closely linked through public-sector lending and bond holdings on the asset side, and public-sector deposits and ownership on the liability side (Box 3). Once completed, the interconnectedness map being developed by the National Financial Stability Committee will also

strengthen the analysis of the nexus and broader financial system linkages with the public sector. As recommended by the FSAP, close monitoring of banks' exposures to large projects, including through subcontractors and quasi-public entities such as PIF and NDF, remains warranted. In this context, the NDF's efforts to strengthen group-wide risk governance across affiliated development funds and banks, including risk appetite, capital adequacy, and performance monitoring, are welcome.

Box 3. Sovereign-Bank Nexus

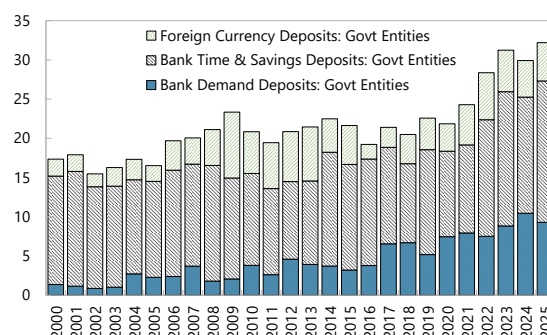
The banking system has extensive linkages with the public sector, extending beyond the government to include exposures to public and quasi-public institutions, such as the PIF and NDF, and their associated projects. These linkages reflect the government's prominent role in setting strategic national development objectives and the large footprint of the public sector in the economy. Further, banks collect a growing share of deposits from public entities—now accounting for up to one-third of total deposits—and several banks list government-related entities among their shareholders.

Box 3. Figure 1. Banks' Public Sector Assets
(Percent)



Source: Haver Analytics, SAMA

Box 3. Figure 2. Banks' Public Sector Liabilities
(Percent)



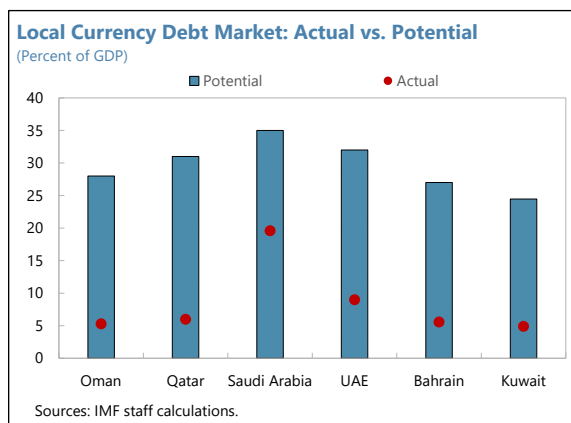
Source: Haver Analytics, SAMA

The sovereign-bank nexus does not appear to pose material risks to financial stability, but further analysis of bank-public sector linkages is needed. Saudi Arabia has a strong sovereign rating, and the banking sector remains sound. However, banks' business models and sustainability are closely tied to government policies. In addition, banks face rising demand for long-term funding associated with large investment projects, which public sector deposits alone cannot fully meet.

Spillovers from a prolonged conflict could transmit to banks through the public sector. Lower oil revenues and higher fiscal financing needs could reduce public-sector deposits in the banking system. Funding conditions could then tighten further in a banking system where liquidity had already become less ample before the conflict. In parallel, reprioritization or delay in public and quasi-public projects could raise concentration and rollover risks for banks exposed to these projects.

Diversifying bank funding sources and deepening domestic capital markets would reduce the sensitivity of the banking system to fiscal and oil shocks. Reducing banks' reliance on the public sector would support the development of business opportunities, as the Saudi market opens further to foreign investors. It would also facilitate longer-term funding and enhance banks' resilience.

42. Substantial progress has been made in developing the local-currency debt market (LCDM). Reforms have included more predictable and consistent sovereign issuance, strengthened market infrastructure, and improved access for domestic and foreign investors. The announced inclusion of SAR-denominated government sukuk in the J.P. Morgan GBI-EM index (from January 2027) and the Bloomberg EM Local Currency Government Index (from April 2027) marks an important milestone and could generate additional foreign inflows, although the pace and timing will depend on market conditions and investor sentiment. Staff estimate that market depth remains about 15 percent below the level implied by Saudi Arabia’s fundamentals, reflecting structural impediments, including limited secondary-market liquidity, incomplete price discovery, a narrow investor base, an underdeveloped short end of the sovereign curve, and constraints in repo and collateral markets. Over time, greater flexibility in sovereign pricing at issuance could support price discovery and market deepening. Staff estimates suggest that the direct fiscal cost would be manageable, but a full assessment is needed to evaluate the impact on private-sector borrowing costs and bank funding, model liquidity-premium dynamics, and consider implementation modalities, with any adjustment gradual and contingent on supportive market conditions.



43. Implementation of key 2024 FSSA recommendations has advanced, though important work remains to ensure timely completion (Annex V). G20 data gaps are being addressed. The draft Banking Law and Insurance Law are pending legislative approval. The macroprudential toolkit has been strengthened, and supervision has become more risk-based. The crisis preparedness framework has been enhanced, including through the establishment of a dedicated resolution unit, development of resolution procedures, and ongoing preparation of recovery plans for systemic banks. An emergency liquidity assistance (ELA) framework is expected to become operational by end-2026 (Annex VI), and preparations are under way for a sector-wide crisis simulation exercise later this year. AML/CFT supervision has intensified, including through sectoral risk assessments and thematic on-site inspections. The National Risk Assessment was completed with strong inter-agency cooperation as part of ongoing efforts to further strengthen the understanding of money laundering, terrorism- and proliferation-related financing risks in the country.

44. Authorities’ Views.

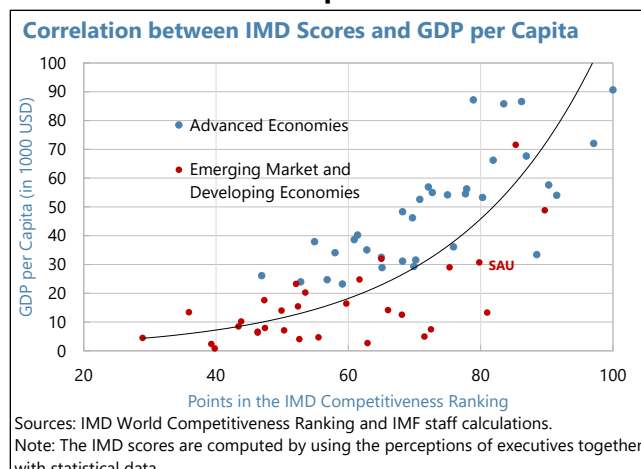
- The authorities highlighted the strength of the banking sector, which remains liquid and well capitalized. They reported no discernible deterioration in financial soundness indicators and pointed to stress tests indicating that banks are well-positioned to withstand the impact of the conflict. That said, they agreed on the need for continued vigilance as a more prolonged shock could raise funding and credit pressures.

- They considered that the 100-bp CCyB has helped to reinforce resilience by building releasable buffers, which they expected would enhance the soundness of the banking system. SAMA noted that close monitoring of FX liquidity, together with its guidance, was sufficient at this stage and saw no immediate need to introduce FX-based LCR and NFSR requirements, while agreeing with staff to continue assessing the need for additional measures.
- The authorities also highlighted progress in strengthening crisis preparedness and the operationalization of the ELA framework, in line with the 2024 FSAP recommendations, most of which they viewed as implemented or underway. They underscored inclusion in the global local currency debt index as a key achievement, while noting that further deepening of secondary market liquidity, repo markets, and the investor base remains needed.

D. Structural Reforms

45. Vision 2030 has guided Saudi Arabia's transformation over the past decade. Reforms

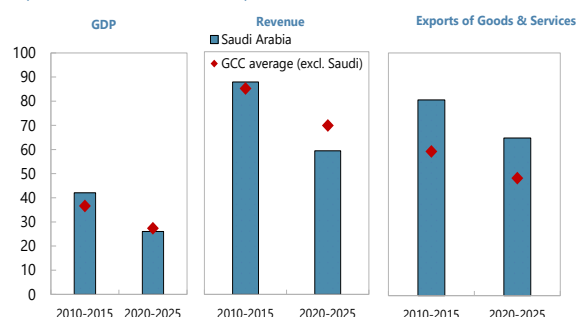
since 2016 have advanced economic diversification, strengthened governance and institutions, and improved policymaking, supporting stronger economic performance. These reforms have also delivered measurable gains in labor market outcomes, private sector contribution, and social sectors—notably healthcare and education (Table 6). Sustaining the reform momentum—with appropriate sequencing—will be critical to foster productivity-led non-oil growth, increase private sector participation in the economy, close the remaining diversification gap with advanced economies, and enhance resilience amid a more uncertain external environment (Text Figure 12).



Text Figure 12. Hydrocarbon Dependence and Economic Diversification

Hydrocarbon Dependence

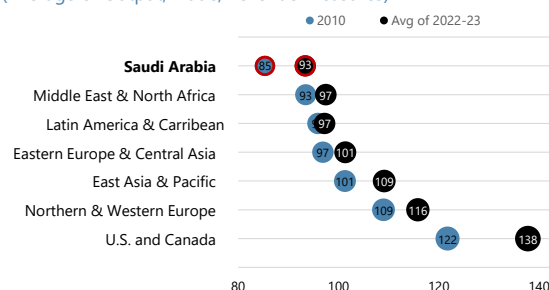
(Percent of Relevant Indicator)



Sources: Country authorities and IMF staff calculations.

Economic Diversification Index

(Average of Output, Trade, Revenue Measures)

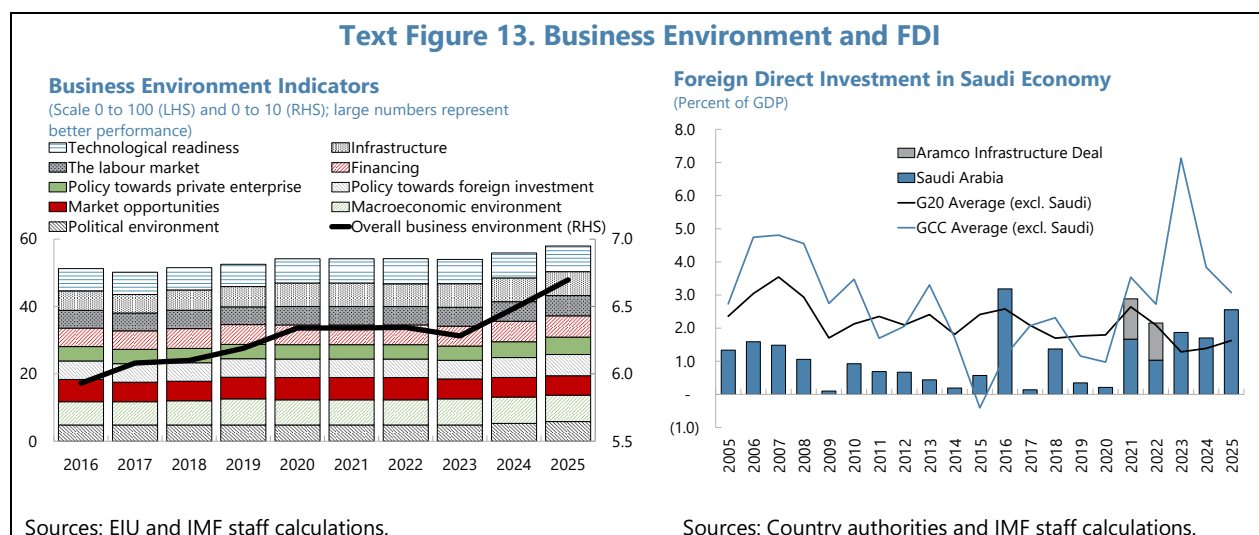


Sources: Global Economic Diversification Index 2025 (Mohammed bin Rashid School of Government) and IMF staff calculations.

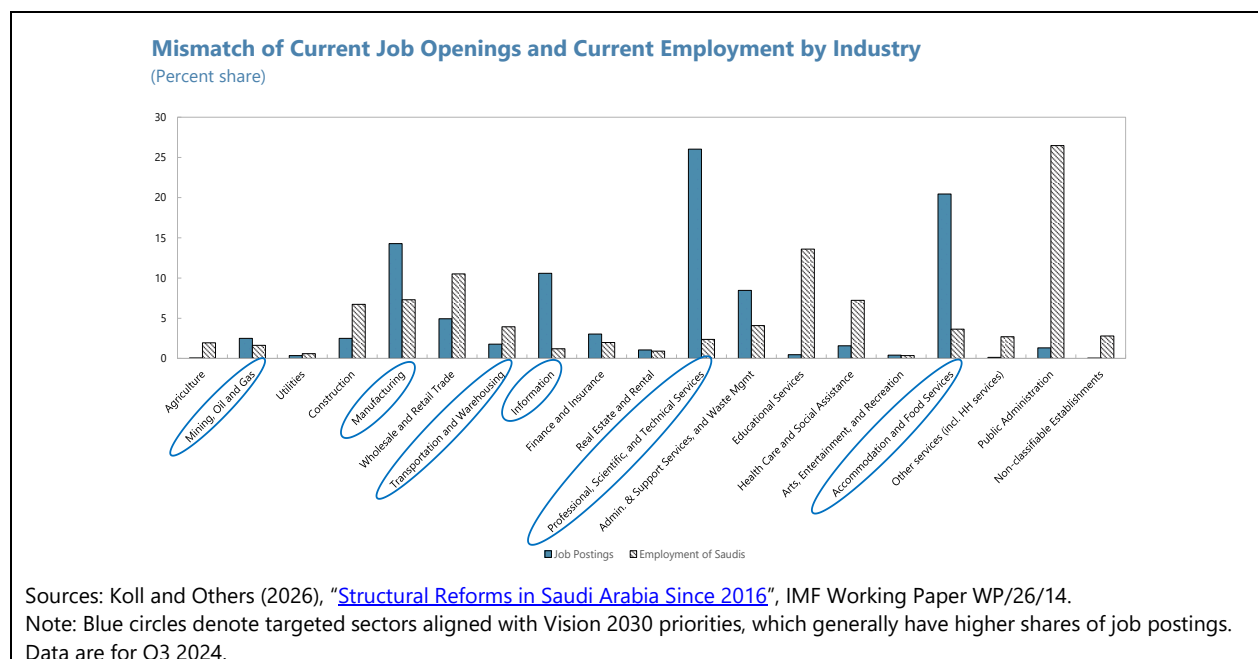
Note: The Global Economic Diversification Index is an average of output, trade, and revenue measures.

46. The authorities plan to place renewed emphasis on economic security.³ The economy's performance during the shock has demonstrated the strategic value of diversified infrastructure and resilient supply chains. The authorities intend to build on these strengths to reduce dependence on potential chokepoints through policies and investments, including with private sector participation (e.g., PPPs). Options include expanding port capacity, reinforcing transport corridors (including rail), and extending pipeline networks; their cost, delivery mode, and fiscal implications remain yet to be specified. Deeper intra-GCC integration—in trade, finance, logistics, the energy sector, and supply chains—will be key to enhancing the region's ability to absorb shocks.

47. Sustaining resilience and growth will require continued reforms to deepen diversification and foster private sector development. In this regard, staff welcome the new National Privatization Strategy, expected to expand the private sector's role in the economy. Notwithstanding meaningful progress, impediments to private investment—particularly low productivity, human capital gaps, and access-to-finance constraints—remain. While rising, FDI inflows remain modest, and labor market mismatches persist (Text Figure 13). Priorities include:



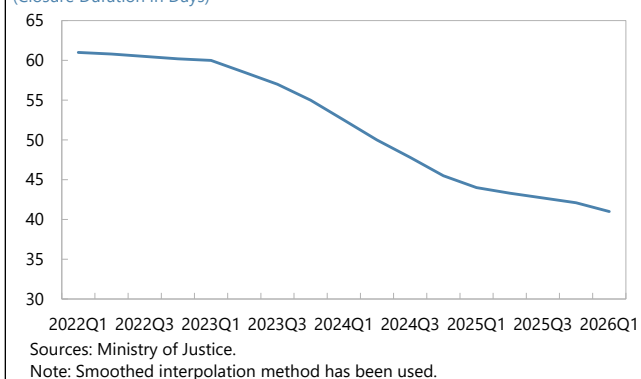
³ There may also be a greater focus on defense and the localization of defense industries.

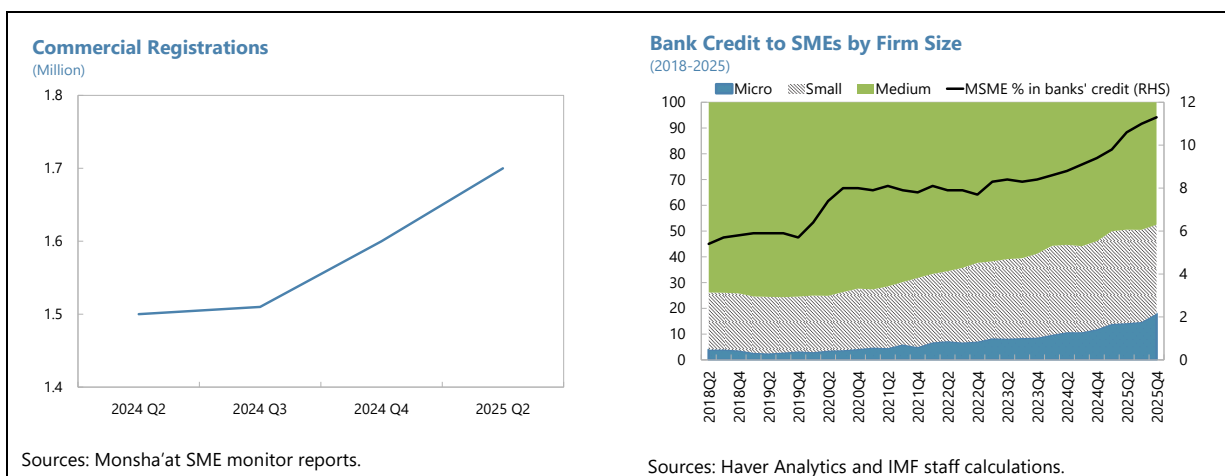


- Business environment.** The authorities should ensure full implementation of the 2025 reforms to further streamline business registration, regulation, and fees, and strengthen corporate transparency and accountability. Future reforms should focus on further improving regulatory predictability, licensing efficiency, and dispute resolution.
- Capital markets.** The 2025 Investment Law provides equal treatment for domestic and foreign investors, strengthens investor protection, and expands dispute-resolution options. Gradually lifting remaining foreign ownership restrictions in equity markets would broaden the investor base and support market deepening.
- SMEs and entrepreneurship.** Robust growth in registrations and SME financing reflects the dynamism of the sector. Policy support should shift from firm creation to scale-up, focusing on credit readiness, financial transparency, and supply-chain integration. Further efforts are needed to broaden financing options, strengthen managerial and digital capabilities, and reduce constraints related to skills, export readiness, and the cost of doing business.

Commercial Courts: Case Closure Duration Shortened Markedly

(Closure Duration in Days)





- **Labor markets.** The 2025 Labor Law amendments enhance market flexibility and promote equal opportunity. Priorities include assessing skill mismatches more systematically and aligning education and training with labor market needs.
- **Governance.** Strengthening anti-corruption frameworks, transparency, and accountability remains essential for investor confidence and the effective use of public resources. Staff welcome the authorities' engagement on governance reforms, including Nazaha's request for Fund training on AML/CFT, conflict of interest, and asset declaration. Further progress in preparing an anti-corruption strategy and in reducing transnational corruption risks remains key.
- **Digitalization and AI.** Saudi Arabia ranks highly in global AI adoption, advancing across many sectors (e.g., government services, healthcare, education, fintech). The authorities expect AI-related investment (including data centers) to remain robust despite the conflict, supported by investment commitments, low energy cost, and abundant land. Unlocking productivity gains will require addressing constraints to AI adoption and managing risks, including job displacements (Annex VII).
- **Trade.** The conflict has underscored the importance of diversified trade routes, efficient customs processes, and agile logistics. Authorities' trade facilitation efforts, including export-rerouting support, guidance to firms facing disruptions, and contingency plans for insurance-related cost pressures, are helping ease bottlenecks. Medium-term priorities include reducing non-tariff barriers, strengthening digital trade, and deepening intra-GCC integration.

48. Staff welcome the shift toward more selective capital allocation and private-sector crowding-in in the PIF's 2026-30 strategy. It remains anchored in domestic transformation, with international investments playing a complementary role. The strategy goes in an appropriate direction, provided the PIF remains catalytic and commercially oriented, with strong governance and close monitoring of implications for liquidity, banks, and fiscal risks. This should improve execution, efficiency, and returns, while creating more space for private investors through co-investment, listings, and divestments.

49. Industrial policies, including PIF interventions, should complement structural reforms and target well-identified market failures. They should incorporate exit criteria, claw-back provisions, and sunset clauses to avoid permanent incentives. SEZs should be periodically reviewed to ensure consistency with domestic policies (e.g., tax expenditures, labor market regulations) and international frameworks (e.g., global taxation and trade rules). This is especially important in the current context: preserving investor confidence requires a rules-based, transparent policy mix that clearly distinguishes temporary resilience-building measures from permanent state support.

50. Saudi Arabia's data provision is broadly adequate for surveillance, with sectoral ratings unchanged from last year (Annex VIII). Staff welcome the authorities' reporting of Coordinated Direct Investment Survey (CDIS) data and encourages further improvements in BOP and IIP coverage and granularity, which are prerequisites for a subscription to the IMF's SDDS Plus.

51. Authorities' Views.

- The authorities considered it premature to draw conclusions on medium-term implications of the conflict but did not expect it to materially alter Saudi Arabia's growth trajectory. They emphasized that the economy's resilience reflects long-term investments in diversification, infrastructure, and strategic resilience under Vision 2030.
- In this regard, the authorities underscored the value of earlier investments in resilience assets—including the East-West Pipeline, western ports, spare oil production capacity, and logistics networks. They viewed the current environment as reinforcing the need to accelerate investments in energy security, supply chains, advanced logistics, and private sector participation, including through PPPs.
- The authorities reaffirmed their commitment to Vision 2030, emphasizing that its strategic objective of reducing oil dependence, increasing economic complexity, and moving up global value chains remains unchanged. They added that the PIF's 2026–30 strategy places greater emphasis on selective capital allocation, economic impact, and crowding in private investment.
- They also observed that the crisis could catalyze deeper GCC integration in infrastructure, energy connectivity, logistics corridors, and regional supply chains. They reiterated their ambition to position Saudi Arabia as a leading hub for AI and digital innovation, while strengthening governance, human capital, cybersecurity, and risk management.
- Finally, they highlighted ongoing efforts to enhance statistical capacity and data quality, including progress in CDIS reporting and initiatives to improve the coverage, granularity, and timeliness of balance of payments and international investment position statistics.

STAFF APPRAISAL

52. The war in the Middle East has disrupted the strong momentum of the Saudi economy. Growth rose to 4.6 percent in 2025, supported by the unwinding of OPEC+ production cuts and robust domestic demand. Labor market trends remained favorable, while inflation eased to below 2 percent. The

conflict and the near halt in maritime traffic through the Strait of Hormuz have disrupted activity, curtailing oil and non-oil exports and weighing on confidence.

53. The economy is showing agility and resilience. This reflects Saudi Arabia's strong macroeconomic fundamentals, diversified oil and logistical infrastructure, and efforts to redirect shipments. Rerouting oil through the East-West pipeline to Red Sea ports has limited the drop in oil deliveries, while higher oil prices have more than offset volume losses, generating an oil revenue windfall. Non-oil activity appears to be stabilizing following a likely contraction in March.

54. The outlook remains highly uncertain, with risks firmly to the downside. The main risk is an escalation or prolongation of the conflict, which could further impair shipping routes, damage energy infrastructure with associated output losses, and heighten uncertainty and financial stability risks. Beyond the near term, a prolonged conflict or lingering geopolitical tensions could erode investor confidence and weaken medium-term growth and diversification prospects.

55. A recovery could take hold once shipping through the Strait of Hormuz begins to normalize. Under the baseline, growth is projected to slow to 1.7 percent this year, with non-oil growth easing to 2.6 percent. Non-oil activity would continue to be sustained by domestic demand, supported by stable public employment, government spending, and the steady execution of capital projects. Inflation is expected to rise due to higher shipping and insurance costs but remain contained by limited import price pass-through, price caps on some fuel and food items, and subdued rent inflation. Higher oil export and fiscal revenue would narrow the current account and fiscal deficits in 2026.

56. The authorities have moved swiftly to contain the economic impact of the shock. They are closely monitoring the economy and stand ready to act to preserve macroeconomic and financial stability, drawing on lessons from the pandemic. Through skillful operational management, they have promptly diverted oil to the western coast, brought the East-West pipeline to capacity, and repaired damaged facilities. The authorities have also eased logistical bottlenecks and implemented trade-facilitation measures to support rerouting of non-oil trade, including shipments from other GCC countries.

57. Staff considers that a modest reduction in the non-oil primary deficit in 2026 is appropriate. This implies spending reprioritization as the first line of action to accommodate any fiscal response to the conflict, consistent with the economy's resilience so far. Should the shock prove more prolonged, Saudi Arabia has the fiscal space to loosen the fiscal stance to cushion the economy. Any support to affected businesses and households should be temporary, targeted, and transparent.

58. As the economy normalizes, an ambitious medium-term consolidation will be needed to ensure adequate savings for future generations. It should rely on non-oil revenue mobilization and spending rationalization, including completing energy subsidy reform with targeted protection for the vulnerable. Consolidation should be anchored in intergenerational equity to limit oil-driven procyclicality and supported by reforms to strengthen fiscal frameworks that—among other things—reduce recurrent spending overruns. Priorities also include developing a broader measure of NFPS operations to enhance fiscal policy formulation and effectiveness, and operationalizing a comprehensive sovereign asset-liability management framework to improve oversight of sovereign balance sheet exposures and risks.

59. The peg to the U.S. dollar provides a monetary anchor and supports financial stability.

Accordingly, SAMA's policy rates should continue to move in line with those of the Federal Reserve, with fiscal and macroprudential policies playing the primary role in managing domestic demand and macroeconomic conditions. Saudi Arabia's external position in 2025 is assessed as moderately weaker than warranted by fundamentals and desirable policies. Medium-term fiscal consolidation and competitiveness-enhancing reforms will be critical to bring the current account toward its norm, further supporting the peg.

60. The banking sector is well-positioned to weather the shock. Banks have ample capital and liquidity buffers, with stable profitability and a large domestic depositor base. Staff welcome SAMA's efforts to step up monitoring of liquidity, credit conditions, and asset quality. Staff also support the implementation of the 100 bp CCyB and progress in strengthening the resolution and emergency liquidity assistance frameworks. Continued oversight of FX funding risks and further work to deepen the analysis and monitoring of sovereign-bank linkages and bank exposures to large projects remain warranted.

61. Vision 2030 reforms to promote diversification and private sector-led growth should continue. Ten years on, Vision 2030 reforms have helped strengthen institutions and improve policymaking, significantly augmenting economic performance and reducing Saudi Arabia's dependence on oil. Sustaining momentum—with appropriate sequencing—will be key to fostering a more productivity-driven economy and moving up the value chain. In this regard, the PIF's recalibrated 2026–30 strategy—shifting toward more selective capital allocation and greater private-sector crowding-in—is welcome.

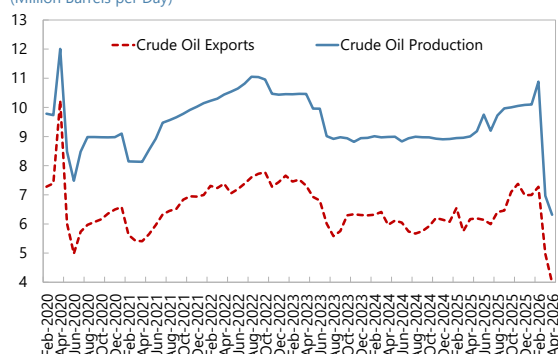
62. The renewed emphasis on resilience is appropriate. The economy's performance during the shock has highlighted the value of a diversified infrastructure and resilient supply chains. Further investments in logistics and infrastructure would help reduce Saudi Arabia's dependence on key chokepoints and strengthen confidence. In this regard, deeper intra-GCC cooperation and integration—including in logistics, energy networks, and supply chains—would enhance the region's shared ability to absorb shocks.

63. It is recommended that the next Article IV consultation takes place on the standard 12-month cycle.

Figure 2. Saudi Arabia: Real Sector Developments

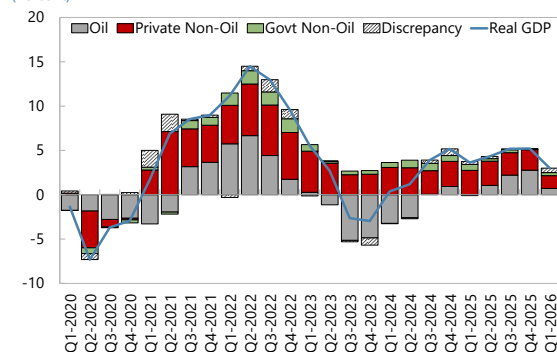
Oil Production and Exports

(Million Barrels per Day)



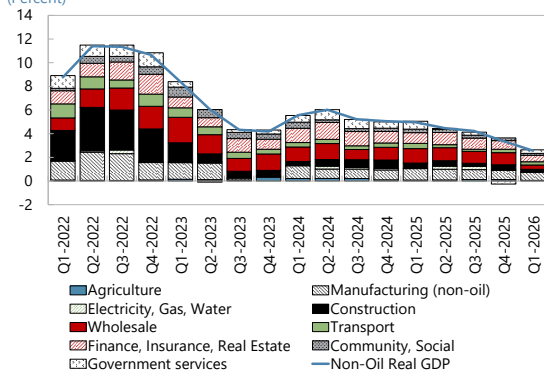
Contribution to GDP Growth

(Percent)



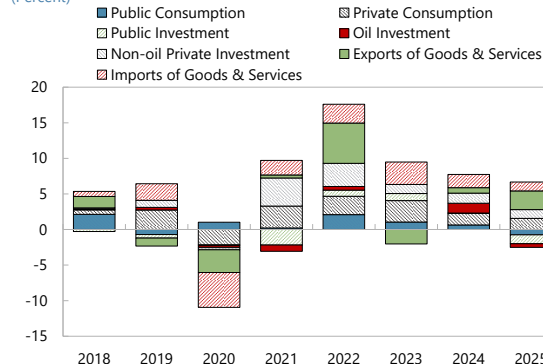
Sectoral Contribution to Non-Oil Real GDP Growth

(Percent)



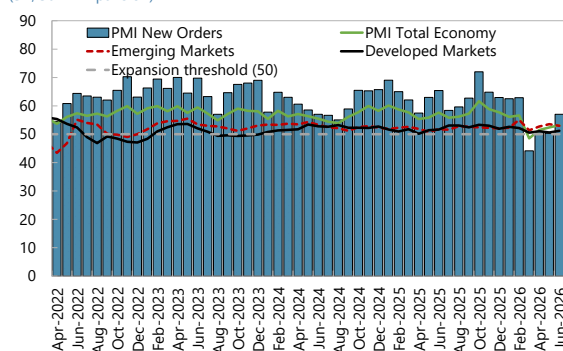
Real Overall Growth: Demand Side Decomposition

(Percent)



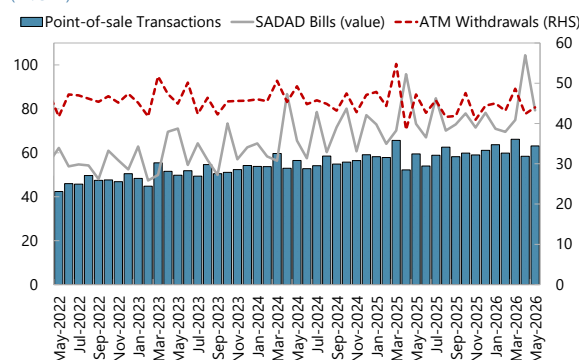
Purchasing Managers' Index

(SA, 50+= Expansion)



Point-of-Sale Transactions and ATM Withdrawals

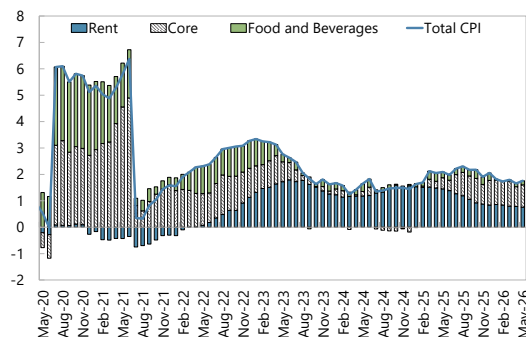
(Bil. SAR)



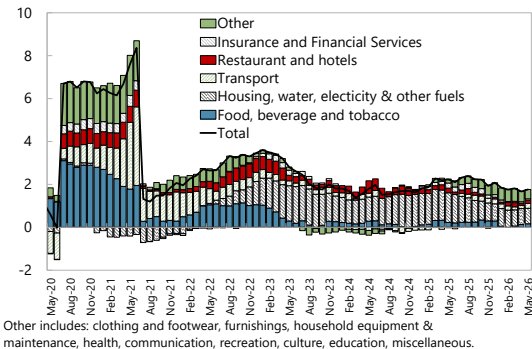
Sources: Bloomberg LP, country authorities, JODI, and IMF staff calculations.

Figure 3. Saudi Arabia: Inflation Developments**Contributions to Inflation**

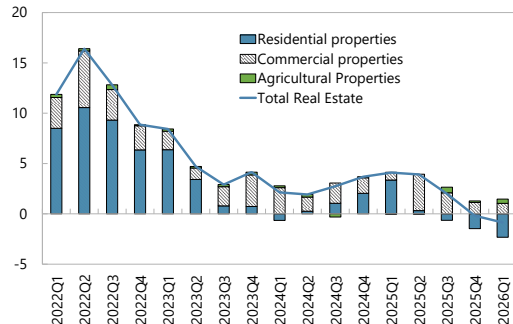
(Y-o-y Change in the CPI)

**Contributions to Inflation**

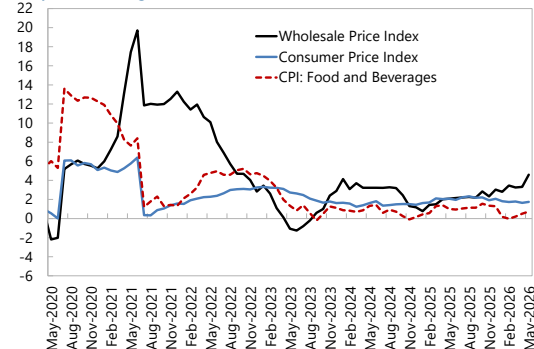
(Y-o-y Change in the CPI)

**Contributions to Real Estate Inflation**

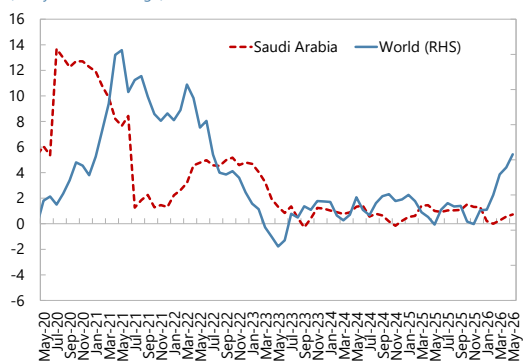
(Y-o-y Percent Change)

**Inflation and Wholesale Price Index**

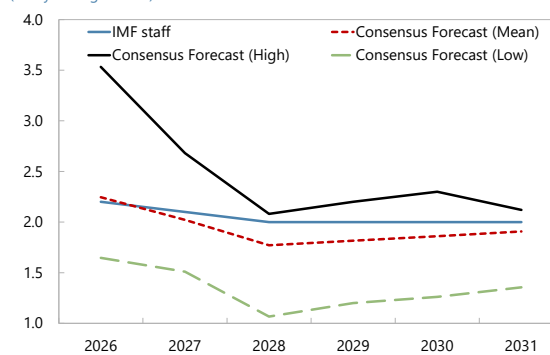
(Y-o-y Percent Change)

**Food Price Indices**

(Y-o-y Percent Change)

**Consensus Forecast April 2026**

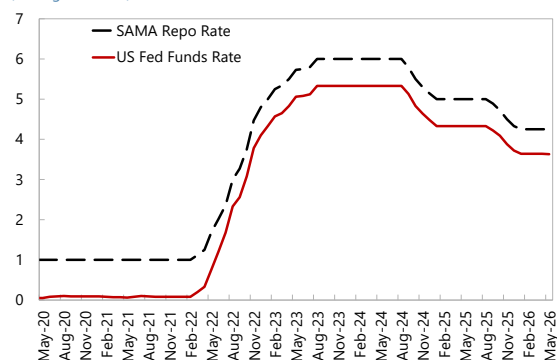
(Y-o-y Change in CPI)



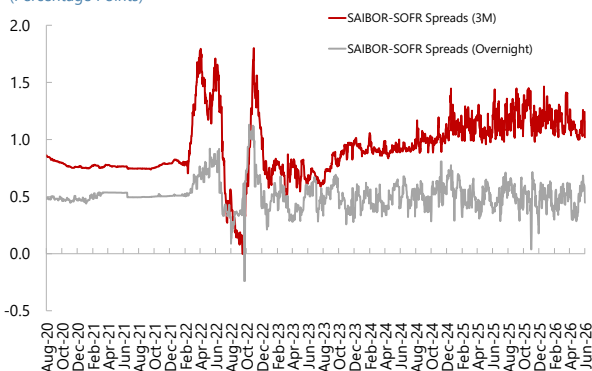
Sources: Country authorities and IMF staff calculations.

Figure 4. Saudi Arabia: Monetary and Financial Sector Developments**Policy Rates**

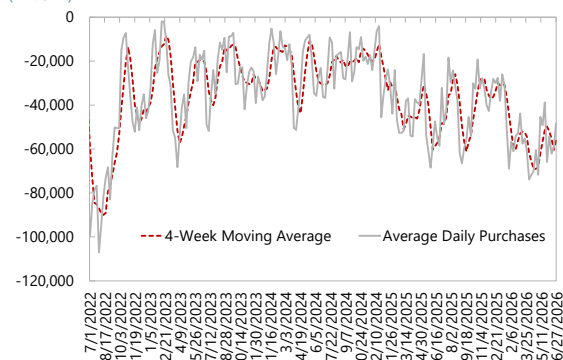
(Average, Percent)

**SAIBOR-SOFR Spreads**

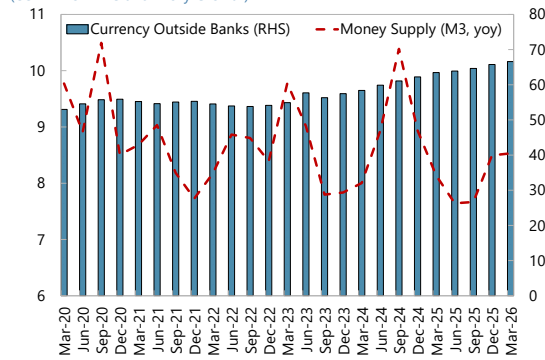
(Percentage Points)

**Average Daily Net Repo/Reverse Repo Purchases**

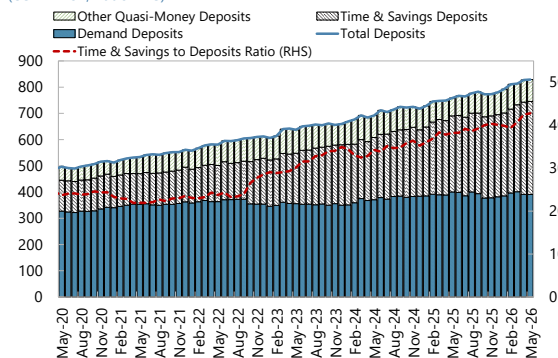
(Mil. SAR)

**Money Supply**

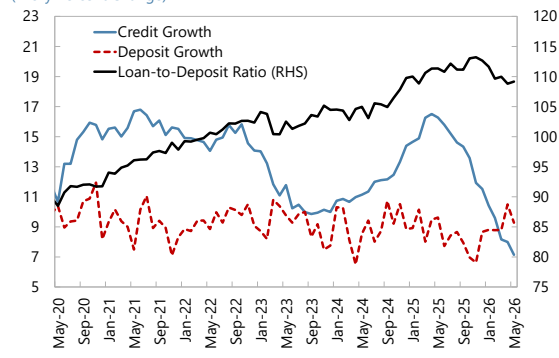
(USD Billion RHS and Y-o-y Growth)

**Bank Deposits**

(USD Billion, Ratio RHS)

**Private Sector Credit and Deposit Growth**

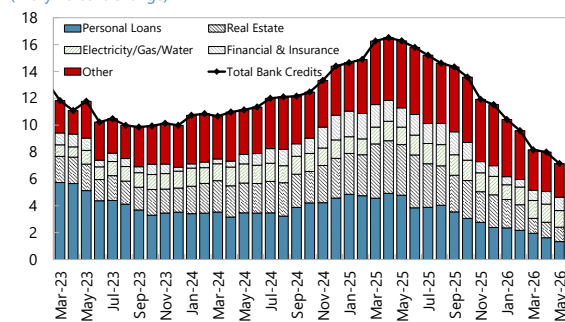
(Y-o-y Percent Change)



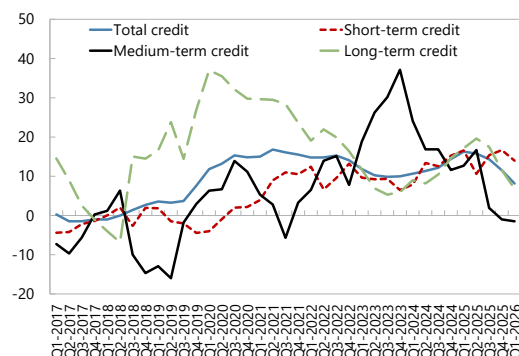
Sources: Haver Analytics, Country authorities and IMF staff calculations.

Figure 5. Saudi Arabia: Banking and Financial Sector Developments**Contributions to Bank Credit Growth**

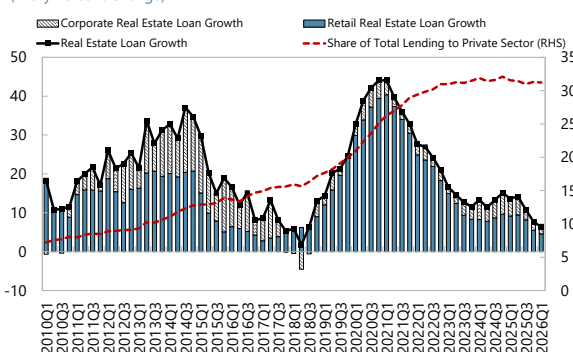
(Y-o-y Percent Change)

**Bank Credit by Maturity**

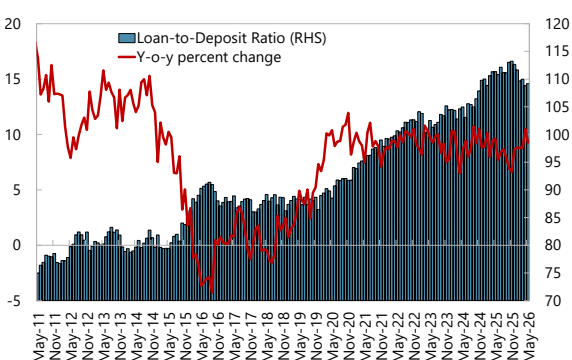
(Y-o-y Percent Change)

**Real Estate Loans**

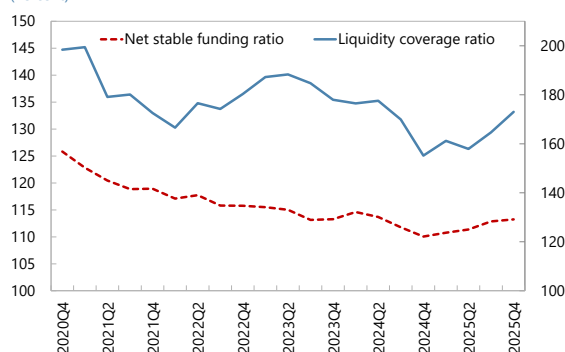
(Y-o-y Percent Change)

**Loan-to-Deposit Ratio**

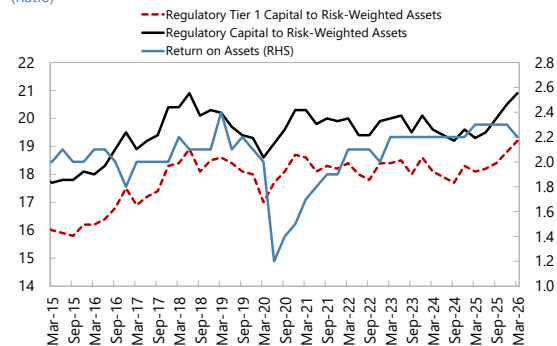
(Ratio, Percent)

**Liquidity Ratios**

(Percent)

**Capital Adequacy Ratio and Profitability**

(Ratio)

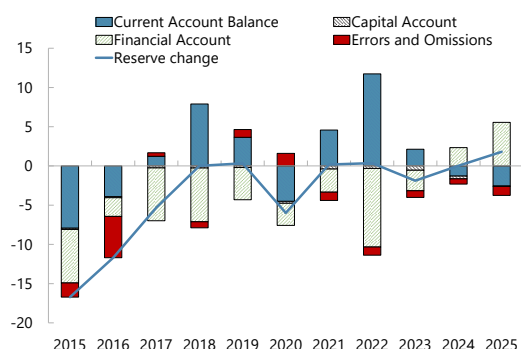


Sources: Haver Analytics, country authorities, and IMF staff calculations.

Figure 6. Saudi Arabia: External Sector Developments

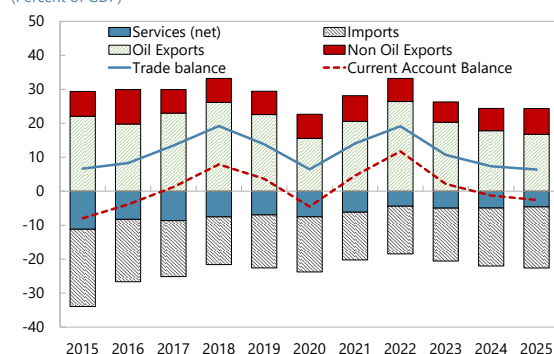
Current and Financial Account Balances

(Percent of GDP)



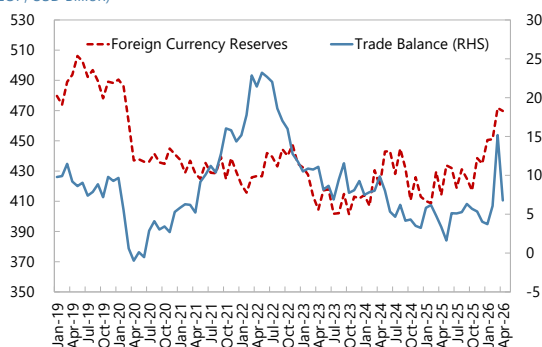
Trade Balance

(Percent of GDP)



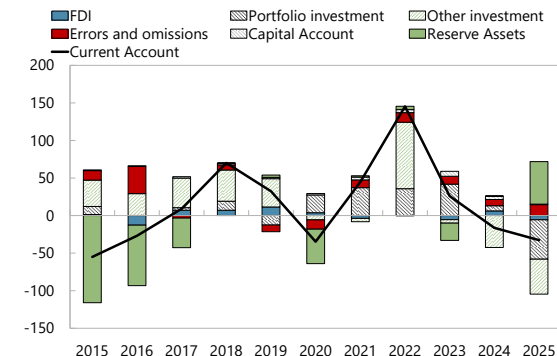
Foreign Reserves and Trade Balance

(EOP, USD Billion)



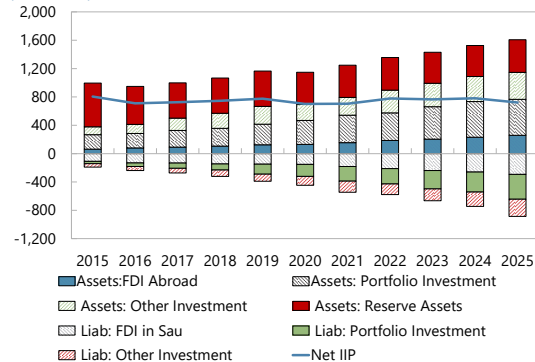
Balance of Payments

(USD Billion)



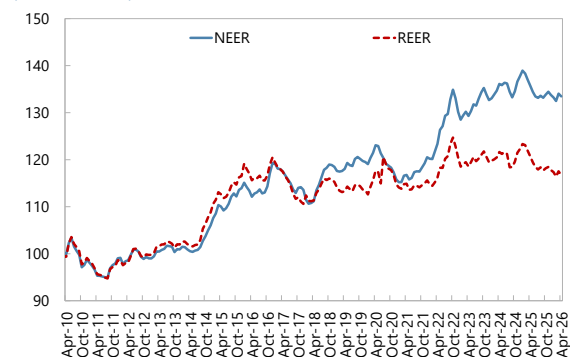
International Investment Position

(USD Billion)



Real and Nominal Effective Exchange Rates

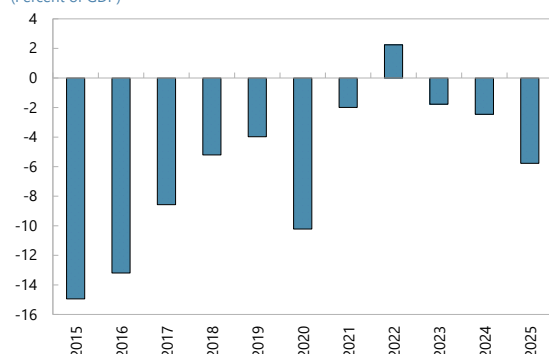
(Index, 2010=100)



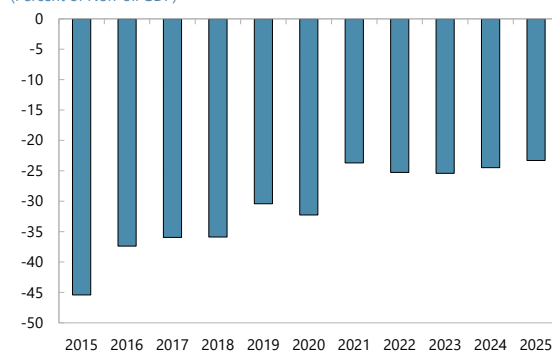
Sources: Country authorities and IMF staff calculation.

Figure 7. Saudi Arabia: Fiscal Developments**Overall Fiscal Balance**

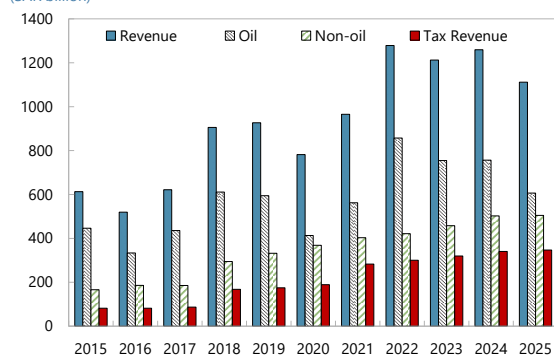
(Percent of GDP)

**Non-Oil Primary Balance**

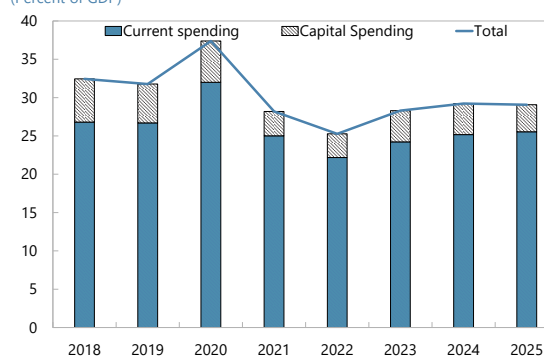
(Percent of Non-oil GDP)

**Government Revenues**

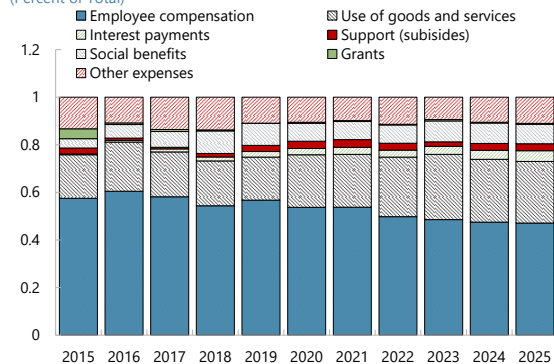
(SAR billion)

**Current and Capital Spending**

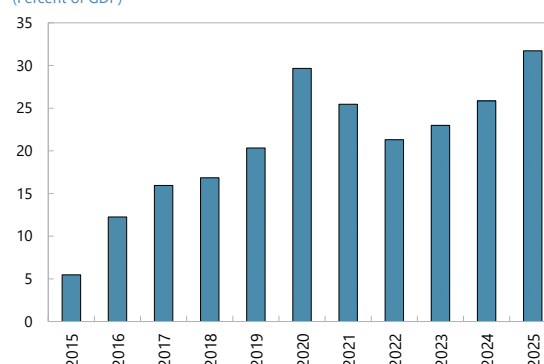
(Percent of GDP)

**Expenses**

(Percent of Total)

**Central Government Gross Debt**

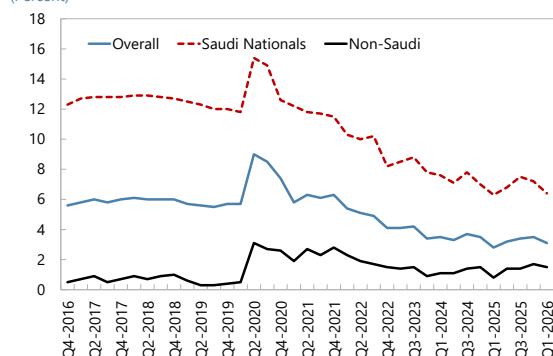
(Percent of GDP)



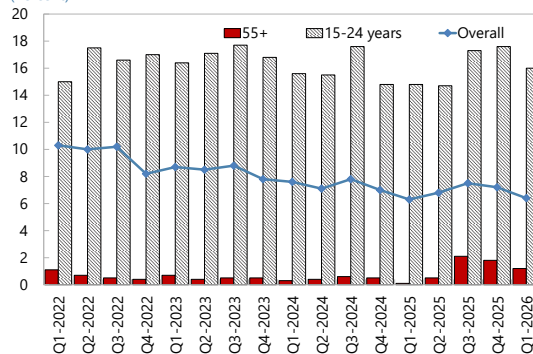
Sources: Country authorities and IMF staff calculations

Figure 8. Saudi Arabia: Labor Market Developments**Unemployment Rates**

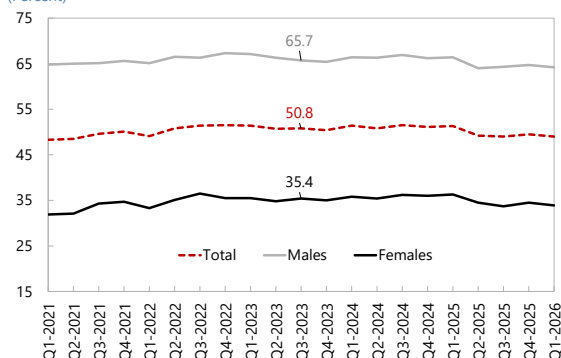
(Percent)

**Unemployment Rate for Saudi Nationals by Age**

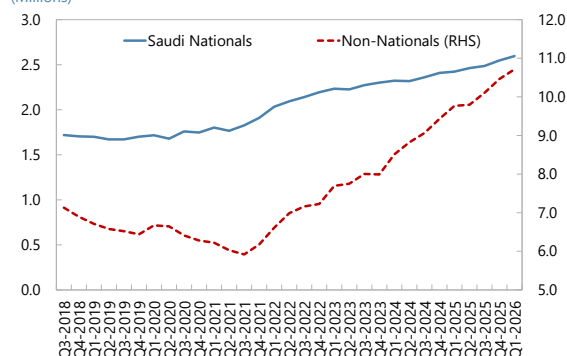
(Percent)

**Labor Force Participation Rates for Saudi Nationals**

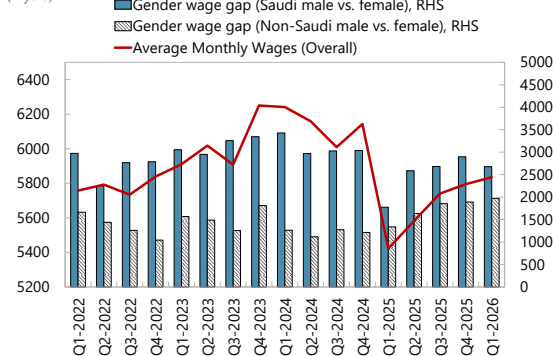
(Percent)

**Private Sector Employment**

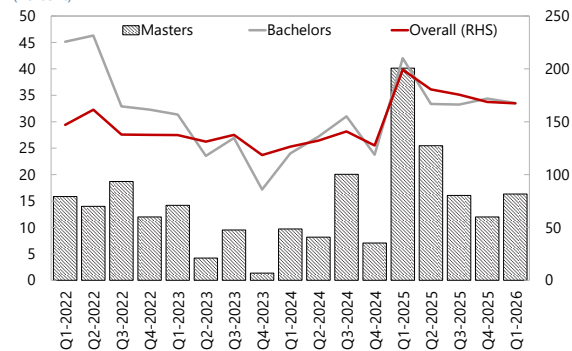
(Millions)

**Average Monthly Wages and Gender Wage Gap**

(Riyals)

**Wage Premium Over Non-Saudi**

(Percent)



Sources: Country authorities and IMF staff calculations

Table 1. Saudi Arabia: Selected Economic Indicators, 2023–31

			Proj.		Proj.	Proj.	Proj.	Proj.	Proj.
	2023	2024	2025	2026	2027	2028	2029	2030	2031
(Percent change; unless otherwise indicated)									
National income and prices									
Crude oil production (million of barrels per day)	9.6	9.0	9.5	9.1	10.1	10.5	10.8	10.9	11.0
Average oil export price (U.S. dollars per barrel) ¹	85.4	83.4	74.0	93.8	82.2	77.6	75.0	73.2	71.7
Nominal GDP (SAR billions)	4,570	4,703	4,776	5,244	5,429	5,647	5,890	6,149	6,430
Nominal GDP (US\$ billions)	1,219	1,254	1,274	1,398	1,448	1,506	1,571	1,640	1,715
Nominal non-oil GDP (SAR billions)	3,290	3,545	3,746	3,947	4,197	4,442	4,694	4,952	5,218
Nominal GDP per capita (US\$)	36,157	35,528	35,370	38,079	38,646	39,409	40,301	41,248	42,285
Real GDP	0.5	2.6	4.6	1.7	5.5	3.9	3.6	3.5	3.6
Oil	-9.0	-4.4	5.7	-0.8	8.5	3.6	2.6	2.7	3.2
Non-oil ²	5.8	5.4	4.2	2.6	4.5	4.0	4.0	3.8	3.7
Consumer price index (avg)	2.5	1.5	2.0	2.2	2.1	2.0	2.0	2.0	2.0
External sector									
Exports f.o.b. (goods)	-22.1	-4.5	1.7	16.6	1.3	0.6	1.8	1.2	1.3
Oil	-24.3	-9.7	-4.3	21.9	-1.5	-1.9	-0.3	-1.1	-1.1
Non-oil	-13.5	13.1	18.0	4.9	8.4	6.4	6.2	5.9	5.9
Imports f.o.b. (goods)	9.1	12.5	7.4	8.0	7.1	6.4	5.8	5.6	4.9
Current account balance (percent of GDP)	2.1	-1.3	-2.6	-0.3	-0.8	-1.6	-2.0	-2.6	-3.0
Export volume (goods)	-9.8	-2.6	12.0	2.7	8.2	5.3	4.4	3.2	2.8
Import volume (goods)	12.1	11.1	5.1	3.1	6.7	5.8	5.8	5.1	4.4
Terms of trade	-62.4	-3.2	-11.1	10.1	-8.1	-5.0	-2.5	-2.3	-1.9
Money and credit									
Net foreign assets	-7.4	-5.4	-5.8	6.6	6.4	5.7	3.5	4.2	4.9
Net domestic assets	18.8	17.1	13.8	8.1	8.4	7.8	7.6	7.3	7.2
Of which: claims on private sector	10.0	13.4	10.2	5.8	7.6	6.8	6.6	6.2	6.1
Money and quasi-money (M3)	7.6	8.8	8.4	5.2	7.6	7.4	6.6	5.5	5.4
3-month Interbank rate (percent p.a.) ³	6.2	5.5	4.9	...	...	...	...	...	...
Central government finances									
(Percent of GDP)									
Revenue	26.5	26.8	23.3	23.5	24.1	23.5	23.1	22.5	22.0
Expenditure	28.3	29.2	29.1	27.2	27.1	26.9	26.6	26.3	25.9
Expense	24.2	25.2	25.5	24.1	23.9	23.7	23.3	23.0	22.6
Net acquisition of non-financial assets	4.1	4.1	3.5	3.1	3.2	3.2	3.3	3.3	3.4
Net lending (+) / borrowing (-)	-1.8	-2.5	-5.8	-3.7	-3.1	-3.4	-3.5	-3.7	-4.0
Excluding oil revenue	-18.3	-18.5	-18.5	-17.2	-16.7	-16.3	-15.9	-15.5	-15.1
Non-oil primary balance (percent of non-oil GDP)	-25.4	-24.5	-23.3	-22.2	-20.9	-19.8	-18.9	-18.0	-17.2
Central government deposits	9.5	9.2	9.2	7.9	7.9	7.8	7.8	7.8	7.7
Central government gross debt	23.0	25.9	31.8	32.1	34.4	36.7	39.0	41.4	43.9
Central government net financial assets	-13.4	-16.6	-22.6	-24.3	-26.5	-28.9	-31.2	-33.6	-36.1
Memorandum items:									
SAMA's total net foreign assets (US\$ billions)	417.1	414.5	436.6	463.9	492.3	519.2	537.6	559.8	586.3
In months of imports (of goods and services)	14.8	13.9	13.7	13.9	14.1	14.3	14.2	14.3	15.0
In percent of IMF Reserves Adequacy Metric	208	191	176	171	168	165	159	156	153
Real effective exchange rate (2010=100, end of period) ³	120	123	118	...	...	...	...	...	...
Average exchange rate Saudi riyal/U.S. dollar	3.75	3.75	3.75	...	...	...	...	...	...
Population (millions)	33.7	35.3	...	...	...	...	...	...	...
Unemployment rate (nationals)	8.4	7.4	7.0	...	...	...	...	...	...
Unemployment rate (overall)	4.0	3.5	3.2	...	...	...	...	...	...
All-Shares Price Index (TASI)	11,967	12,037	10,491	...	...	...	...	...	...
Sources: Saudi Arabian authorities; and IMF staff estimates and projections.									
¹ Includes refined products.									
² Takes the sum of non-oil activities GDP, government activities GDP, and net taxes published by the authorities.									
³ Latest observation									

Table 2. Saudi Arabia: Budgetary Central Government Operations, 2023–31

	Budget			Proj.	Budget	Proj.	Proj.	Proj.	Proj.	Proj.
	2023	2024	2025	2026	2026	2027	2028	2029	2030	2031
(SAR billions)										
Revenue	1,212	1,259	1,111	1,184	1,233	1,147	1,307	1,327	1,359	1,386
Oil	755	757	607		706		740	729	727	720
Non-oil	458	502	505		527		567	598	632	665
Tax revenues	320	341	347		359		389	411	435	459
Taxes on income, profits, and capital gains	39	32	34	31	29	33	38	40	43	45
Taxes on goods and services (include excises, exclude expat levy)	225	249	252		265		282	298	315	332
Taxes on international trade and transactions	22	24	24	23	26	28	28	30	32	33
Other taxes	33	36	36	36	38	39	41	43	45	48
Non-oil non-tax revenues	138	162	158		168		178	187	197	207
Property income (excluding oil)	38	40	44		46		49	52	55	58
Sales of goods and services	38	45	50		53		56	59	63	66
Fines, penalties, and forfeits	13	21	16		17		18	19	20	21
Other revenues (include expat levy)	49	56	48		52		54	57	59	62
Expenditure	1,293	1,375	1,388	1,285	1,428	1,313	1,473	1,519	1,566	1,616
Expense	1,107	1,184	1,220	1,101	1,265	1,151	1,300	1,335	1,373	1,412
Employee compensation	537	562	575	561	587	584	593	599	605	611
Use of goods and services	303	313	316	265	328	247	335	342	349	356
Interest payments	38	45	54	59	70	64	80	92	104	118
Domestic	23	25	32		42		47	53	59	67
Foreign	15	19	22		28		33	39	45	51
Support (subsidies)	21	34	36	31	42	30	43	43	44	45
Social benefits 1/	97	101	99	98	102	99	104	106	108	110
Grants	7	4	5	2	5	5	6	6	6	7
Other expenses	104	125	134	86	131	121	140	148	156	165
Net acquisition of non-financial assets	186	191	169	184	163	162	173	183	194	204
Net lending (+) / borrowing (-)	-81	-116	-277	-101	-195	-165	-166	-192	-208	-230
(Percent of GDP)										
Revenue	26.5	26.8	23.3	24.8	23.5	21.9	24.1	23.5	23.1	22.5
Oil	16.5	16.1	12.7		13.5		13.6	12.9	12.3	11.7
Non-oil	10.0	10.7	10.6		10.0		10.4	10.6	10.7	10.8
Tax revenues	7.0	7.2	7.3		6.8		7.2	7.3	7.4	7.5
Taxes on income, profits, and capital gains	0.8	0.7	0.7	0.6	0.6	0.6	0.7	0.7	0.7	0.7
Taxes on goods and services (include excises, exclude expat levy)	4.9	5.3	5.3		5.1		5.2	5.3	5.3	5.4
Taxes on international trade and transactions	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other taxes	0.7	0.8	0.8	0.8	0.7	0.7	0.7	0.8	0.8	0.8
Non-oil non-tax revenues	3.0	3.4	3.3		3.2		3.3	3.3	3.3	3.4
Property income (excluding oil)	0.8	0.9	0.9		0.9		0.9	0.9	0.9	0.9
Sales of goods and services	0.8	1.0	1.0		1.0		1.0	1.1	1.1	1.1
Fines, penalties, and forfeits	0.3	0.4	0.3		0.3		0.3	0.3	0.3	0.3
Other revenues (include expat levy)	1.1	1.2	1.0		1.0		1.0	1.0	1.0	1.0
Expenditure	28.3	29.2	29.1	26.9	27.2	25.0	27.1	26.9	26.6	26.3
Expense	24.2	25.2	25.5	23.1	24.1	21.9	23.9	23.7	23.3	23.0
Employee compensation	11.8	12.0	12.0	11.7	11.2	11.1	10.9	10.6	10.3	9.9
Use of goods and services	6.6	6.7	6.6	5.5	6.3	4.7	6.2	6.1	5.9	5.8
Interest payments	0.8	0.9	1.1	1.2	1.3	1.2	1.5	1.6	1.8	1.9
Domestic	0.5	0.5	0.7		0.8		0.9	0.9	1.0	1.1
Foreign	0.3	0.4	0.5		0.5		0.6	0.7	0.8	0.9
Support (subsidies)	0.5	0.7	0.8	0.6	0.8	0.6	0.8	0.8	0.8	0.7
Social benefits 1/	2.1	2.2	2.1	2.1	1.9	1.9	1.9	1.9	1.8	1.7
Grants	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Other expenses	2.3	2.6	2.8	1.8	2.5	2.3	2.6	2.6	2.7	2.7
Net acquisition of non-financial assets	4.1	4.1	3.5	3.9	3.1	3.1	3.2	3.2	3.3	3.3
Net lending (+) / borrowing (-)	-1.8	-2.5	-5.8	-2.1	-3.7	-3.1	-3.1	-3.4	-3.5	-3.7
(Percent of non-oil GDP)										
Revenue	36.8	35.5	29.7	31.6	31.2	29.1	31.1	29.9	28.9	28.0
Oil	22.9	21.3	16.2		17.9		17.6	16.4	15.5	14.5
Non-oil	13.9	14.2	13.5		13.3		13.5	13.5	13.5	13.4
Tax revenues	9.7	9.6	9.3		9.1		9.3	9.3	9.3	9.3
Taxes on income, profits, and capital gains	1.2	0.9	0.9	0.8	0.7	0.8	0.9	0.9	0.9	0.9
Taxes on goods and services (include excises, exclude expat levy)	6.9	7.0	6.7		6.7		6.7	6.7	6.7	6.7
Taxes on international trade and transactions	0.7	0.7	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7
Other taxes	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Non-oil non-tax revenues	4.2	4.6	4.2		4.3		4.2	4.2	4.2	4.2
Property income (excluding oil)	1.2	1.1	1.2		1.2		1.2	1.2	1.2	1.2
Sales of goods and services	1.2	1.3	1.3		1.3		1.3	1.3	1.3	1.3
Fines, penalties, and forfeits	0.4	0.6	0.4		0.4		0.4	0.4	0.4	0.4
Other revenues (include expat levy)	1.5	1.6	1.3		1.3		1.3	1.3	1.3	1.2
Expenditure	39.3	38.8	37.1	34.3	36.2	33.3	35.1	34.2	33.4	32.6
Expense	33.6	33.4	32.6	29.4	32.1	29.2	31.0	30.1	29.2	28.5
Employee compensation	16.3	15.9	15.3	15.0	14.9	14.8	14.1	13.5	12.9	12.3
Use of goods and services	9.2	8.8	8.4	7.1	8.3	6.3	8.0	7.7	7.4	7.2
Interest payments	1.1	1.3	1.5	1.6	1.8	1.6	1.9	2.1	2.2	2.4
Domestic	0.7	0.7	0.9		1.1		1.1	1.2	1.3	1.4
Foreign	0.4	0.5	0.6		0.7		0.8	0.9	1.0	1.1
Support (subsidies)	0.6	1.0	1.0	0.8	1.1	0.8	1.0	1.0	0.9	0.9
Social benefits 1/	2.9	2.9	2.7	2.6	2.6	2.5	2.5	2.4	2.3	2.2
Grants	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other expenses	3.1	3.5	3.6	2.3	3.3	3.1	3.3	3.3	3.3	3.3
Net acquisition of non-financial assets	5.7	5.4	4.5	4.9	4.1	4.1	4.1	4.1	4.1	4.1
Non-oil primary balance	-25.4	-24.5	-23.3		-22.2		-20.9	-19.8	-18.9	-18.0
Net lending (+) / borrowing (-)	-2.5	-3.3	-7.4	-2.7	-5.0	-4.2	-4.0	-4.3	-4.4	-4.6

Sources: Ministry of Finance; and IMF staff projections.

1/ Zakat charity transfers, social welfare payments, and Hafiz Job-seekers allowance.

Table 2. Saudi Arabia: Budgetary Central Government Operations, 2023–31 (concluded)

	2023	2024	2025	Proj. 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030	Proj. 2031
(SAR billions)									
Net lending (+) / borrowing (-)	-81	-116	-277	-195	-166	-192	-208	-230	-255
Financing	87	212	295	195	166	192	208	230	255
Net acquisition of financial assets	-27	-46	9	-30	15	15	15	20	20
Domestic assets	-27	-46	9	-30	15	15	15	20	20
Change in central government deposits (+ = buildup)	-27	-3	9	-30	15	15	15	20	20
Loans and equity	0	-43	0	0	0	0	0	0	0
Foreign assets	0	0	0	0	0	0	0	0	0
Net incurrence of liabilities (- = repayment)	61	166	304	165	181	207	223	250	275
Gross domestic issuance	88	168	277	111	117	142	170	181	236
Gross foreign issuance	101	77	124	107	138	169	161	177	164
Amortization	-129	-79	-98	-52	-73	-105	-109	-109	-124
Domestic amortization	-59	-74	-72	-28	-26	-39	-59	-56	-98
Foreign amortization	-70	-5	-26	-24	-47	-66	-50	-52	-26
Residual (+ = overfinancing) 1/	6	96	18	0	0	0	0	0	0
(Percent of GDP)									
Net lending (+) / borrowing (-)	-1.8	-2.5	-5.8	-3.7	-3.1	-3.4	-3.5	-3.7	-4.0
Financing	1.9	4.5	6.2	3.7	3.1	3.4	3.5	3.7	4.0
Net acquisition of financial assets	-0.6	-1.0	0.2	-0.6	0.3	0.3	0.3	0.3	0.3
Domestic assets	-0.6	-1.0	0.2	-0.6	0.3	0.3	0.3	0.3	0.3
Change in central government deposits (+ = buildup)	-0.6	-0.1	0.2	-0.6	0.3	0.3	0.3	0.3	0.3
Loans and equity	0.0	-0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities (- = repayment)	1.3	3.5	6.4	3.2	3.3	3.7	3.8	4.1	4.3
Gross domestic issuance	1.9	3.6	5.8	2.1	2.2	2.5	2.9	3.0	3.7
Gross foreign issuance	2.2	1.6	2.6	2.0	2.5	3.0	2.7	2.9	2.5
Amortization	-2.8	-1.7	-2.0	-1.0	-1.3	-1.9	-1.9	-1.8	-1.9
Domestic amortization	-1.3	-1.6	-1.5	-0.5	-0.5	-0.7	-1.0	-0.9	-1.5
Foreign amortization	-1.5	-0.1	-0.5	-0.5	-0.9	-1.2	-0.8	-0.9	-0.4
Residual (+ = overfinancing) 1/	0.1	2.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:									
Central government gross debt (percent of GDP)	23.0	25.9	31.8	32.1	34.4	36.7	39.0	41.4	43.9
Central government deposits (percent of GDP)	9.5	9.2	9.2	7.9	7.9	7.8	7.8	7.8	7.7
Central government net financial assets (percent of GDP)	-13.4	-16.6	-22.6	-24.3	-26.5	-28.9	-31.2	-33.6	-36.1
Central government deposits (SAR billions)	436	433	442	412	427	442	457	477	497

Sources: Ministry of Finance; and IMF staff projections.

^{1/} Residual is expected to be reduced as more comprehensive fiscal financing data becomes available, including the allocation of central government deposits in commercial banks.

Table 3. Saudi Arabia: Balance of Payments, 2023–31
(\$ Billion)

	2023	2024	2025	Proj. 2026	Proj. 2027	Proj. 2028	Proj. 2029	Proj. 2030	Proj. 2031
Current account	25.9	-16.3	-32.7	-4.0	-11.7	-23.8	-32.2	-41.9	-51.5
(Percent of GDP)	2.1	-1.3	-2.6	-0.3	-0.8	-1.6	-2.0	-2.6	-3.0
Trade balance	130.3	92.0	81.4	114.7	101.8	87.0	77.3	65.2	54.8
Exports	320.2	305.8	311.0	362.6	367.2	369.4	376.0	380.6	385.6
Oil exports	247.4	223.4	213.7	260.6	256.7	251.8	251.1	248.3	245.6
Other exports	72.8	82.4	97.2	102.0	110.5	117.6	124.8	132.2	140.0
Imports (f.o.b.)	-189.9	-213.8	-229.5	-247.9	-265.4	-282.4	-298.6	-315.3	-330.7
Services	-60.7	-62.3	-59.3	-63.8	-59.1	-56.1	-52.8	-48.8	-44.5
Transportation	-20.9	-25.0	-26.0	-28.0	-29.1	-29.2	-29.3	-29.0	-28.7
Travel	12.3	13.4	13.2	10.9	14.9	16.4	18.0	20.3	22.7
Other services	-52.0	-50.7	-46.5	-46.7	-44.9	-43.3	-41.5	-40.1	-38.5
Income	7.7	8.7	10.7	13.6	14.0	15.6	14.9	15.4	15.1
Of which: Investment income ¹	8.0	9.3	11.0	14.0	14.4	16.0	15.3	15.8	15.4
Current transfers	-51.4	-54.7	-65.6	-68.5	-68.5	-70.3	-71.6	-73.7	-76.8
Of which: Workers' remittances	-38.1	-45.7	-58.0	-60.9	-60.9	-62.7	-64.0	-66.1	-69.2
Capital Account	-6.6	-4.4	-0.6	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	-31.8	29.3	71.0	31.3	40.1	50.7	50.6	64.1	78.0
Direct Investment	5.5	-6.3	5.6	4.5	6.9	11.5	14.4	16.9	19.4
Abroad	-17.3	-27.6	-27.0	-16.7	-15.3	-14.7	-14.7	-15.0	-15.5
In Saudi economy	22.8	21.3	32.6	21.1	22.3	26.2	29.1	31.9	34.8
Portfolio investments	-41.9	-6.9	52.4	21.9	25.2	29.3	23.7	31.7	39.1
Assets	-67.6	-51.0	-23.7	-23.7	-22.7	-21.5	-22.1	-19.5	-17.2
Liabilities	25.6	44.2	76.1	45.6	47.9	50.8	45.7	51.2	56.3
Other investments	4.6	42.4	13.0	4.9	7.9	9.9	12.5	15.5	19.5
Assets	-11.8	7.3	-26.3	-17.0	-13.6	-11.3	-10.1	-9.9	-9.7
Liabilities	16.4	35.2	39.3	21.9	21.5	21.2	22.6	25.4	29.2
Net errors and omissions	-10.4	-8.3	-14.6	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-22.9	0.3	23.0	27.3	28.4	26.9	18.4	22.2	26.5
Financing	22.9	-0.3	-23.0	-27.3	-28.4	-26.9	-18.4	-22.2	-26.5
Change in SAMA's NFA (- increase)	23.3	2.6	-22.0	-27.3	-28.4	-26.9	-18.4	-22.2	-26.5
Memorandum items:									
SAMA's total net foreign assets	417.1	414.5	436.6	463.9	492.3	519.2	537.6	559.8	586.3
(In months of imports) ²	14.8	13.9	13.7	13.9	14.1	14.3	14.2	14.3	15.0
Net International Investment Position (% GDP)	62.8	62.3	56.6	52.4	50.8	48.3	45.3	41.9	38.2
Non-oil current account (% GDP)	-18.2	-19.1	-19.4	-18.9	-18.5	-18.3	-18.0	-17.7	-17.3
External debt (% GDP)	24.5	29.5	37.6	38.0	40.5	43.1	45.1	47.3	49.0
Oil price: WEO assumption (US\$/barrel)	82.3	79.9	68.3	93.8	81.2	76.6	74.0	72.2	70.7
Oil price: Average Saudi Arabian Light (US\$/barrel)	85.0	81.5	...	...	...	...	...	...	...
Oil production (mbd)	9.6	9.0	9.5	9.1	10.1	10.5	10.8	10.9	11.0
Oil exports/total exports	77.3	73.1	68.7	71.9	69.9	68.2	66.8	65.3	63.7
Imports of goods/GDP	15.6	17.0	18.0	17.7	18.3	18.8	19.0	19.2	19.3
GDP (US\$ billion)	1,218.6	1,254.1	1,273.6	1,398.5	1,447.7	1,505.8	1,570.7	1,639.8	1,714.6
Government foreign issued debt (US\$ billion)	108.2	127.4	153.5	175.6	199.8	227.3	257.0	290.4	327.1
US 6-month LIBOR (Percent)	5.6	5.5	...	...	...	...	...	...	...

Sources: Saudi Central Bank (SAMA), and IMF staff estimates and projections.

¹ Represents the return on NFA of SAMA, AGIs, and private sector.

² Imports of goods and services over the next 12 months excluding imports for transit trade.

Table 4. Saudi Arabia: Monetary Survey, 2023–31

				Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
	2023	2024	2025	2026	2027	2028	2029	2030	2031
(Billions of Saudi Arabian riyals)									
Foreign assets (net)	1,607	1,520	1,432	1,527	1,625	1,717	1,777	1,851	1,941
SAMA	1,564	1,555	1,637	1,740	1,846	1,947	2,016	2,099	2,199
Commercial banks	43	-34	-205	-213	-222	-230	-239	-248	-258
Domestic credit (net)	2,721	3,186	3,625	3,921	4,250	4,582	4,930	5,289	5,670
Net claims on government	55	128	221	334	410	498	595	700	817
Claims on government	540	592	653	736	827	930	1,041	1,167	1,304
Public sector deposits at SAMA	-485	-464	-432	-402	-417	-432	-447	-467	-487
Claims on state enterprises	147	203	257	257	257	257	257	257	257
Claims on private sector	2,519	2,855	3,147	3,330	3,583	3,827	4,079	4,332	4,596
Money and quasi-money (M3)	2,685	2,921	3,168	3,333	3,586	3,851	4,105	4,331	4,565
Money (M1)	1,524	1,670	1,674	2,014	2,160	2,312	2,457	2,583	2,713
Currency outside banks	212	229	242	295	317	339	360	379	398
Demand deposits	1,312	1,441	1,432	1,719	1,843	1,973	2,096	2,204	2,315
Quasi-money	1,161	1,252	1,493	1,318	1,426	1,539	1,649	1,748	1,852
Time and savings deposits	864	950	1,174	1,036	1,121	1,210	1,296	1,374	1,455
Other quasi-money deposits	297	302	320	282	305	329	353	374	396
Other items (net liabilities)	1,643	1,785	1,890	2,115	2,288	2,447	2,602	2,808	3,046
(Changes in percent of beginning broad money stock)									
Foreign assets (net)	-5.2	-3.2	-3.0	3.0	2.9	2.6	1.6	1.8	2.1
Domestic credit (net)	17.3	17.3	15.0	9.3	9.9	9.3	9.1	8.7	8.8
Net claims on government	7.3	2.7	3.2	3.6	2.3	2.5	2.5	2.6	2.7
Claims on government	1.2	1.9	2.1	2.6	2.7	2.9	2.9	3.0	3.2
Public sector deposits at SAMA (increase -)	6.1	0.8	1.1	0.9	-0.5	-0.4	-0.4	-0.5	-0.5
Claims on state enterprises	0.8	2.1	1.8	0.0	0.0	0.0	0.0	0.0	0.0
Claims on private sector	9.2	12.5	10.0	5.8	7.6	6.8	6.6	6.2	6.1
(Percent change; unless otherwise indicated)									
Foreign assets (net)	-7.4	-5.4	-5.8	6.6	6.4	5.7	3.5	4.2	4.9
Domestic credit (net)	18.8	17.1	13.8	8.1	8.4	7.8	7.6	7.3	7.2
Of which: claims on private sector	10.0	13.4	10.2	5.8	7.6	6.8	6.6	6.2	6.1
Money and quasi-money (M3)	7.6	8.8	8.4	5.2	7.6	7.4	6.6	5.5	5.4
(Percent; unless otherwise indicated)									
Memorandum items:									
Ratio of M3-to-GDP	58.8	62.1	66.3	63.5	66.1	68.2	69.7	70.4	71.0
Ratio of Claims on private sector-to-non-oil GDP	76.6	80.5	84.0	84.4	85.4	86.1	86.9	87.5	88.1
Sources: Saudi Central Bank (SAMA); and IMF staff estimates.									

Table 5. Saudi Arabia: Financial Soundness Indicators, 2016–25

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Banking sector										
Structure of the banking sector										
Number of operating commercial banks	24	25	29	25	25	26	27	28	28	29
Number of banks accounting for:										
25 percent of total assets	2	2	2	2	2	1	1	1	1	1
75 percent of total assets	6	6	6	6	6	5	5	5	5	6
Total assets (percent of GDP)	88.2	83.2	70.8	76.2	99.3	85.1	74.8	83.4	92.5	100.9
Of which: Foreign currency-denominated (as percent of total assets)	10.0	10.5	9.4	9.6	8.7	8.1	8.3	8.3	8.7	8.7
Total loans (percent of GDP)	57.3	52.2	45.4	49.7	63.8	57.6	51.6	57.7	64.3	70.9
Capital adequacy										
Regulatory capital to risk-weighted assets	19.5	20.4	20.3	19.3	20.3	19.9	19.9	20.1	19.6	20.5
Tier-1 capital to risk-weighted assets	17.5	18.3	18.5	18.0	18.7	18.2	18.4	18.6	18.3	18.8
Asset quality										
Net loans to total assets	62.8	62.2	62.6	59.2	58.7	63.8	63.8	62.7	69.5	70.2
Gross NPLs to gross loans	1.4	1.6	2.0	1.9	2.2	1.9	1.8	1.5	1.2	1.0
Total provisions to gross NPLs	177.0	151.9	157.2	148.1	134.7	147.7	124.5	129.8	134.2	134.6
Net NPLs to total capital	1.0	1.7	1.1	1.6	2.2	2.1	2.7	2.2	1.7	1.4
Total provisions for loan losses (as percent of total loans)	2.6	2.6	3.2	2.7	3.0	2.8	2.2	2.0	1.7	1.4
Loans to property and construction sector to total loans	-	-	-	-	-	12.6	13.3	14.2	14.9	16.2
Loans to domestic manufacturing sector to total loans	-	-	-	-	-	8.3	7.1	6.7	6.1	5.9
Contingent and off-balance sheet accounts to total assets	84.6	76.8	72.8	70.1	64.9	59.0	61.5	60.4	69.3	73.8
Profitability										
Profits (percent change)	-4.8	8.6	9.8	4.5	-23.6	42.6	21.3	18.7	14.4	16.0
Average pretax return on assets	1.8	2.0	2.1	2.1	1.5	1.9	2.0	2.2	2.2	2.3
Return on equity	12.6	12.9	13.8	12.1	10.3	12.9	13.7	14.7	15.0	15.0
Noninterest expenses to total income ¹	38.0	36.6	36.3	35.9	43.3	35.8	33.4	33.0	32.3	30.2
Average lending spread	3.5	3.8	3.9	3.9	3.5	3.2	3.1	3.1	2.8	2.7
Liquidity										
Liquid assets to total assets	20.3	21.6	22.3	25.4	27.0	24.9	23.0	21.9	19.8	20.2
Liquid assets to short-term liabilities ²	31.8	34.6	35.5	41.3	43.8	41.3	39.7	38.9	36.5	38.0
Customer deposits to net loans	115.7	117.9	115.6	120.7	116.6	109.7	103.6	101.5	96.1	94.6
Demand deposits to total deposits	59.9	61.4	62.2	61.2	66.0	64.6	57.9	53.1	53.5	49.0
Sensitivity to market risk										
Foreign currency-denominated deposits to total deposits	7.9	8.8	9.0	8.6	7.4	9.5	11.2	9.8	9.1	9.3
Foreign currency-denominated loans to total loans	8.2	8.0	8.4	8.8	8.7	7.5	7.6	8.2	9.4	11.0
Foreign currency-denominated contingent and off-balance sheet accounts to total assets	28.3	27.1	27.1	27.5	28.0	27.1	28.7	28.3	36.4	40.9
Net open foreign currency position to capital	2.6	4.0	6.4	6.7	7.3	0.0	-2.3	1.2	-4.6	-12.6
Stock market										
Stock market capitalization (percent of GDP)	65.1	60.8	55.9	270.8	316.1	271.6	212.6	246.4	216.9	184.1
Overall stock market price index (change in percent)	4.3	0.2	8.3	7.2	3.6	29.8	-7.1	14.2	0.6	-12.8
Bank stock price index (change in percent)	-67.4	8.2	31.1	12.4	-6.4	61.0	-5.6	5.7	0.5	-0.1

Source: Saudi Central Bank (SAMA).

¹ Total income includes net interest income and gross noninterest income.² Short-term liabilities include demand deposits maturing in 90 days or less. Liquid assets include cash, gold, Saudi government bonds and treasury bills and interbank deposits maturing within 30 days.

Table 6. Saudi Arabia: Selected Vision 2030 Targets and Progress during 2016–25

	Baseline (start) ¹	2025 Target	2025 Status ²	2030 Target
Real non-oil GDP (USD billion)	598	904	892	1,325
Non-oil exports in percent of non-oil GDP (percent)	16.9	38	22	50
Private sector contribution to GDP (percent)	44	47	51	65
SME contribution to GDP (percent)	21	21 (2024)	23 (2024)	35
SME loans in percent of total bank loans (percent)	2	11	11	20
PIF's assets under management (USD trillion)	0.2	1.1	0.9	2.7
FDI in percent of GDP (percent)	1.0	3.4	2.8	5.7
Local content share in non-oil sector expenditure (percent)	52	60 (2024)	55 (2024)	75
Local content share in oil-gas sector supply chain (percent)	37	68 (2024)	67 (2024)	75
Unemployment rate among Saudis (percent) ³	12.3	7.0	7.2	5.0
Female labor force participation rate among Saudis (percent) ³	22.8	36.6	35.0	40.0
Percentage of university graduates employed within six months of graduation (percent)	13	54	43	75
Percentage of technical and vocation education graduates employed within six months of graduation (percent)	14	56	47	65
Number of employees in SMEs (million)	4.8	7.6	8.9	10.2
Saudi home ownership rate (percent)	47	65	66	70
Human Development Index, United Nations (score)	0.86	0.88	0.90	0.94
Average life expectancy (years)	77.1	78.4	79.7	80.0
Population clusters covered by healthcare services across the Kingdom (percent)	84.13	97	97.5	99.5
Healthcare Quality Index (percent)	48	60	70	82
PISA student performance in reading, science, and math (points)	386	394 (2022)	387 (2022)	500
Umrah pilgrims from outside the Kingdom (million)	6	15	18	30
Environmental Performance Index, Yale University (rank)	95 th	70 th (2024)	108 th (2024)	20 th

Source: Kingdom of Saudi Arabia, [Vision 2030 Annual Report 2025](#).

¹ "Baseline" refers to 2016 for most indicators and other years around 2016 for some indicators.

² The blue shading highlights the interim targets surpassed in 2025.

³ After surpassing the original targets, the unemployment rate target was revised from 7 to 5 percent in 2024, and the female labor force participation target was revised from 30 to 40 percent in 2023.

Annex I. External Sector Assessment

Overall Assessment: *The external position in 2025 was assessed to be moderately weaker than the level implied by medium-term fundamentals and desirable policies.* The external balance sheet remains strong despite a current account that shifted to a higher deficit of 2.6 percent of GDP. Reserves remain adequate according to standard IMF metrics, although public saving is not sufficient from an intergenerational equity perspective. Strong domestic absorption, including investment-driven imports associated with the transformation agenda, is expected to keep the current account in deficit over the medium term. The central government's non-oil primary balance to non-oil GDP ratio is expected to be on a continuously improving trend, from -23.3 percent in 2025 to -17.2 percent in 2031. Given the economy's structure, external adjustment will be driven primarily by fiscal policy. The pegged exchange rate continues to provide a credible policy anchor.

Potential Policy Responses: Over the medium term, continued fiscal consolidation by the public sector, including through enhanced revenue mobilization and energy price reforms, would help raise public saving. This, together with sustained implementation of an ambitious structural reform agenda to diversify the economy and boost nonoil exports, would help bring the current account balance closer to the norm. Industrial policies should remain narrowly targeted to specific objectives where externalities or market failures prevent effective market solutions, while avoiding policies that favor domestic production over imports, as they could create distortions in the allocation of resources and in trade and investment decisions. Policies should promote transparent, predictable and mutually beneficial trade policy frameworks.

Foreign Asset and Liability Position and Trajectory	Background. Saudi Arabia's net international investment position decreased to 56.6 percent of GDP at the end of 2025, down from 62.3 percent of GDP in 2024, mainly driven by increased external inflows to finance the current account deficit. External debt rose to 37.6 percent of GDP in 2025, up from 29.5 percent in 2024, with its share in gross liabilities rising to 54 percent, from 50 percent in 2024. Based on the composition of external assets, portfolio and other investments, reserves, and outbound FDI currently account for around 55.2 percent, 28.6 percent, and 16.1 percent of total external assets, respectively. In the medium term, the NIIP is expected to continue to decline, to about 38 percent of GDP by 2031, in line with sustained external funding needs to support the economic transformation under Vision 2030. Assessment. The external balance sheet remains strong. Substantial accumulated assets represent both protection against vulnerabilities from oil price volatility and a store of exhaustible resource revenues for future generations.					
	2025 (% GDP)	NIIP: 56.6	Gross Assets: 126.2	Res. Assets: 36.1	Gross Liab.: 69.6	Debt Liab.: 19.2
Current Account	Background. The current account deficit rose to 2.6 percent of GDP in 2025, up from 1.3 percent in 2024¹. This increase was mainly driven by lower oil export revenue, as the average oil export price declined and by higher goods imports buoyed by continued investment and consumption growth, partly offset by an 17 percent surge in non-oil exports. Crude oil production averaged 9.5 million barrels per day in 2025, with lower oil prices weighing on oil exports, which fell to USD 213.7 billion. The current account deficit is projected to narrow to about -0.3 percent of GDP in 2026 as higher oil prices more than offset lower export volumes due to the ongoing disruptions, before widening to around 3 percent of GDP by 2031, reflecting the medium-term oil price outlook and sustained investment-driven imports. Going forward, private investment is expected to grow thanks to domestic reforms, while private saving moderates as consumption picks up. Assessment. Staff estimate a current account gap of -1.11 percent of GDP using the EBA-Lite CA model.² The cyclically adjusted current account is estimated at -1.91 percent of GDP, and the cyclically adjusted current account norm at -0.80 percent of GDP. The overall assessment is subject to significant model uncertainty due to the idiosyncratic characteristics of the Saudi Arabia's economy. Given Saudi Arabia's reliance on oil, the EBA-lite commodity module is also applied, with the Consumption Allocation Rules suggesting a current account gap of -3.9 percent of GDP under the constant real annuity rule and -6.5 percent of GDP under the constant real per capita annuity allocation rule. The Investment Needs Model suggests a current account gap of -3.65 percent of GDP. The estimated current account gap of -1.11 percent of GDP has an estimated range from -3.11 to 0.89 percent of GDP. The range for the gap is calculated using the standard error for Norway (2 percent), a comparable oil-rich economy in the EBA sample.³					
	2025 (% GDP)	CA: -2.6	Cycl. Adj. CA: -1.91	EBA Norm: -	EBA Gap: -	Staff Adj.: - Staff Gap: -1.11
Real Exchange Rate	Background. The riyal has been pegged to the U.S. dollar at a rate of 3.75 since 1986. While the nominal effective exchange rate remained relatively stable, the real effective exchange rate depreciated by about 0.7 percent in 2025, primarily driven by inflation differentials with trading partners. As of March 2026, the real effective exchange rate remains close to its 2025 year-end level.					

	Assessment. Based on the EBA-lite CA model, staff assess the REER gap as implying an overvaluation of 6.7 percent, while the EBA-lite REER model suggests an overvaluation of 18.3 percent. Exchange rate movements have a limited impact on Saudi Arabia's competitiveness in the short term, as most of its exports are oil or oil-related products that are denominated in dollars. There is limited substitutability between imports and domestically produced products, which in turn have a significant imported labor and intermediate-input content.
Capital and Financial Accounts: Flows and Policy Measures	Background. The financial account recorded net inflows of \$71 billion in 2025, following net inflows of \$29.3 billion in 2024. This trend is mainly driven by a rise in external financing—with growing portfolio and other investment inflows strengthening and net incurrence of other liabilities—to support domestic investment and consumption. This is complemented by a moderation in the accumulation of foreign assets by the sovereign wealth fund, PIF, and national oil company, Aramco. Official reserve assets rose by about \$23 billion in 2025, reaching \$460 billion by year-end. Assessment. A lack of detailed information on the nature of financial flows in Saudi Arabia complicates the analysis of its financial account. The strong reserve position and the sizable assets of the PIF limit risks and vulnerabilities associated with capital flows.
FX Intervention and Reserves Level	Background. Central bank's official net foreign assets stood at \$436.6 billion at end-2025, equivalent to 34.2 percent of GDP, about 13 months of imports, and 176 percent of the ARA metric. In addition to central bank's reserves, which are expected to stabilize at above 14 months of imports over the medium term, the PIF also holds sizeable foreign assets abroad. Assessment. Reserves play a dual role: they are savings for both precautionary motives and future generations. Reserves are adequate for precautionary purposes, as measured by the IMF's metrics. Significant buffers are also available through external assets held by the PIF and Aramco. Nevertheless, fiscal consolidation is needed over the medium term to strengthen the current account and increase saving for future generations.
Note: Figures in this annex may differ slightly from those on Saudi Arabia's country assessment page in the IMF's 2026 External Sector Report, reflecting the latest official data revisions and updated staff projections. ¹ The current account deficit for 2024 stands at 1.3 percent of GDP, revised up from 0.5 percent of GDP reported in last year's ESR. This historical revision mainly reflects updated trade and services data released by the authorities in November 2025, following enhancement in underlying survey data. ² EBA models do not include Saudi Arabia. IMF staff considered two approaches under the EBA-Lite methodology: the EBA-Lite CA model and the EBA-Lite commodity module. The latter incorporates the intertemporal considerations that are especially important in economies where exports of nonrenewable resources account for a very large share of output and exports. ³ The commodity-module estimates are directionally consistent with the EBA-Lite CA model: both point to a negative CA gap and an implied REER overvaluation, indicating an external position on the weaker side. The sizable change in the CA norm relative to earlier vintages appears to be driven primarily by updates to EBA-Lite desirable policy settings/parameters, including the fiscal P, rather than by comparable changes in slow-moving fundamentals.	

Annex II. Risk Assessment Matrix¹

Nature/Source of Main Risks	Likelihood	Expected Impact on the Economy if Risk is Realized	Policy Response
Global Risks (Conjunctural)			
Geopolitical Tensions and Intensification of Conflicts. Rising geopolitical tensions, and a weakening of multilateralism, raise the risk of an escalation in military conflicts, accompanied by damage to key physical and financial infrastructure, disruptions in major transit routes and supply chains, higher migration pressures, additional financial frictions and market volatility.	High	High	
		The war in the Middle East amounts to the realization of this risk. Pending its resolution, its economic impact continues to unfold along the channels and subject to the mitigation factors outlined in this Staff Report.	Preserve macroeconomic stability, ensure adequate banking system liquidity, and monitor financial stability risks. In the event the war has a large impact, Saudi Arabia's significant fiscal and external buffers could be deployed to mitigate the impact, including potential longer-term scarring. Sustaining the structural reform momentum and strengthening energy and logistics resilience are essential for future growth and diversification.
Protectionism and Trade Disruptions. Tariff and nontariff measures disrupt global supply chains, weighing on activity while increasing inflation. Trade diversion triggers broader protectionism.	High	Medium	
		Trade disruptions could reduce oil and non-oil exports and weaken external balances, while weaker foreign demand and reduced FDI inflows would weigh on growth and investment. Inflation may rise if commodity prices increase.	Sustain reform momentum to support diversification and economic resilience, including through stronger supply chains. Ensure adequate liquidity in the banking system. Consider the use of fiscal and external buffers in the event of large shocks.
Commodity Price Volatility. Supply and demand imbalances—triggered by geopolitical tensions, coordinated production decisions, shifts in investor preferences, or structural changes in demand—fuel commodity price swings, amplifying external and fiscal pressures, social unrest, and macro instability.	High	High	
		As a major oil producer, Saudi Arabia has always been mindful of energy security and stability in the oil market. Current high oil prices—combined with the Saudi Arabia's ability to export oil despite disruptions to shipping through the Strait of Hormuz (albeit in smaller volumes than pre-conflict)—help generate an oil-revenue windfall, boosting fiscal and export revenues and lifting confidence. A sustained decline in oil prices on the other hand would reduce fiscal revenues and exports, raise public debt, weaken confidence, and dampen growth. Overall, price volatility could complicate macroeconomic management in the absence of a strong fiscal framework.	Anchor fiscal policy in a credible medium-term framework and avoid procyclical spending linked to oil price fluctuations. Strengthen fiscal resilience through non-oil revenue mobilization and expenditure rationalization and prioritization, while sustaining structural reforms to support diversification from oil and strengthen economic resilience. In the event of large shocks, fiscal and external buffers could be used.

¹ The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly.

Nature/Source of Main Risks	Likelihood	Expected Impact on the Economy if Risk is Realized	Policy Response
Global Risks (Conjunctural)			
Fiscal Vulnerabilities and Higher Interest Rates. Higher public debt and deficit levels put further upward pressure on long-term interest rates, sharply tightening global financial conditions, amplifying currency volatility, and reducing consumption and investment that exacerbate adverse debt dynamics. Disruptions are amplified by increased role of price-sensitive investors and leveraged NBFIs in sovereign debt markets, limited market absorption capacity when NBFIs offload debt securities, higher roll-over needs on shorter sovereign debt maturities, and strong sovereign-financial nexus. Concurrently, capital outflows from emerging and developing economies elicit a sharp increase in short-term rates.	High	Medium	
		Thanks to its ample buffers and a strong macroeconomic policy framework, Saudi Arabia is less likely than other EMs to experience capital outflows. Nonetheless, tighter global financial conditions could raise long-term interest rates, increase public and private debt service costs, reduce foreign investment, and weigh on economic activity. Saudi Arabia is also exposed through its large holdings of securities abroad, mostly in advanced and emerging economies, both through official and private sector entities.	Strengthen fiscal resilience through non-oil revenue mobilization and expenditure reprioritization. Enhance the medium-term fiscal framework to improve fiscal credibility. In the event of large temporary shocks, consider using fiscal buffers to mitigate the eventual impact.
Global Risks (Structural)			
Climate Change. Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heighten economic and financial instability.	Medium	Low	
		While Saudi Arabia is exposed to events such as sandstorms and floods, direct macroeconomic impacts are expected to remain manageable. However, adaptation costs are likely to rise, and climate events in partner countries could generate spillovers.	Continue strengthening resilience through the Saudi Green Initiative, water-resource strategies, and broader mitigation and adaptation measures.
Domestic Risks			
Weaker reform momentum. Weaker reform momentum would reduce confidence and investment in Saudi Arabia. Stronger reform momentum would accelerate economic diversification and lift potential growth.	Medium	Medium	
		Slower pace of reforms would weigh on diversification and investment, while stronger momentum would support higher growth and employment.	Maintain supportive fiscal policy while preserving fiscal sustainability and closely monitoring financial stability risks. Continue strong outreach, including to the public, about the benefits of the growth and diversification reform agenda under Vision 2030. Further strengthen the social safety net.
Disorderly energy transition. A disorderly shift to net-zero emissions and climate policy uncertainty could lead to supply disruptions, an increase in stranded assets, higher market volatility, and subdued investment and growth.	Medium	Medium	
		A disorderly energy transition could weaken Saudi Arabia's fiscal and external balances over the medium term and strain financial markets and the financial system, including through weaker asset quality through stranded assets and lower economic activity.	Continue diversifying the energy mix and accelerate energy subsidy reform. Strengthen diversification and enhance medium-term fiscal planning through a credible fiscal anchor and rule to support intergenerational equity.

Annex III. Scenario Analysis

Staff's illustrative downside scenario assumes a more severe and prolonged disruption than the baseline, with an extended closure of the Strait of Hormuz and short-lived, partial disruptions to passage through the Bab al-Mandab Strait. These conditions would further disrupt oil production and exports, weaken fiscal and external positions, erode confidence, and weigh on non-oil activity. To mitigate the impact—including averting a contraction in the non-oil economy, limiting potential scarring, and protecting vulnerable groups—the authorities could consider a discretionary fiscal loosening of about 2 percent of non-oil GDP in 2026–27, of which about three quarters in 2026. As conditions normalize, this loosening should be unwound, with the authorities embarking on credible, clearly articulated medium-term fiscal consolidation anchored in intergenerational equity objectives. Sustaining structural reform momentum will remain critical to support the recovery and lift medium-term growth.

Illustrative Downside Scenario

- Oil production is assumed to be more severely disrupted than in the baseline, falling to 7.9 mbpd in 2026 before recovering to 9.6 mbpd in 2027, compared with 9.1 mbpd and 10.1 mbpd, respectively, under the baseline. Oil exports (crude and refined products) are also lower, at 6.6 mbpd in 2026 (or 1 mbpd below the baseline). Oil prices average 104 \$/b in 2026, with January–May prices based on actual deliveries of Arab Light and June–December prices assumed about 20 percent above the July 2026 WEO update projections. Oil prices are assumed to return to baseline levels by mid-2027. The scenario also assumes tighter financial conditions with higher sovereign and corporate spreads.
- Weaker confidence and domestic demand lead to a 0.6 percent contraction in non-oil GDP in 2026, followed by a recovery to 3.7 percent growth in 2027 and a gradual convergence to 3.4 percent in 2028–31. Persistent scarring keeps non-oil growth below the baseline's medium-term rate of 3.9 percent. Higher import prices and trade disruptions push inflation to above the baseline level, before falling back and stabilizing at 2 percent by 2028.
- Lower oil revenues weigh on public finances, with the overall fiscal deficit widening to 4.9 percent of GDP in 2026 (baseline: 3.7 percent) and the non-oil primary deficit deteriorating to nearly 24 percent of non-oil GDP. The deficit subsequently stabilizes, but at a higher level than under the baseline, with government debt rising to 50 percent of GDP by 2031, compared with 44 percent in the baseline. Reflecting weaker growth, lower imports more than offset declines in non-oil and services exports, leading to a marginal improvement in the non-oil current account deficit of 0.3 percent of GDP relative to the baseline in 2026.

Policy Response

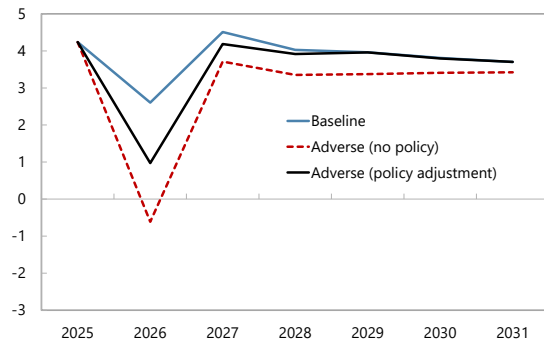
- **Near-term.** The authorities should allow a discretionary fiscal loosening in 2026–27 to cushion the economy, avoid a contraction in non-oil GDP, and limit scarring. Staff considers that a loosening of about 1.6 percent of GDP (2.0 percent of non-oil GDP), with about three-quarters in 2026, would be appropriate. This would raise the overall fiscal deficit to about 6 percent of GDP in 2026, financed through debt issuance and a drawdown of government deposits. Fiscal support would need to be coordinated with monetary policy, financial sector, and structural measures.

- Medium-term.** As the economy recovers in 2027, support would be withdrawn and stronger medium-term fiscal consolidation than in the baseline would be warranted to align the fiscal position with the intergenerational-equity-based anchor. The adjustment would rely mainly on faster and fuller implementation of the spending and revenue measures in Text Table 1, helping the fiscal balance converge to the baseline by 2031 and keeping government debt below 48 percent of GDP. A faster pace of structural reforms would be needed to cushion the impact of consolidation on non-oil growth.

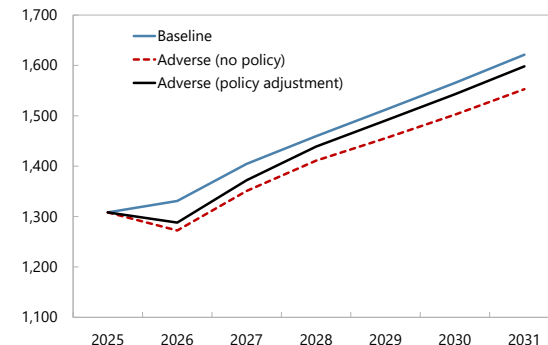
Annex III. Figure 1. Illustrative Downside Scenario

Non-oil GDP Growth

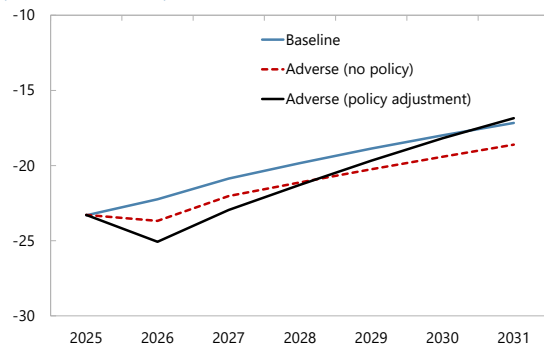
(Percent)

**GDP in Constant Prices**

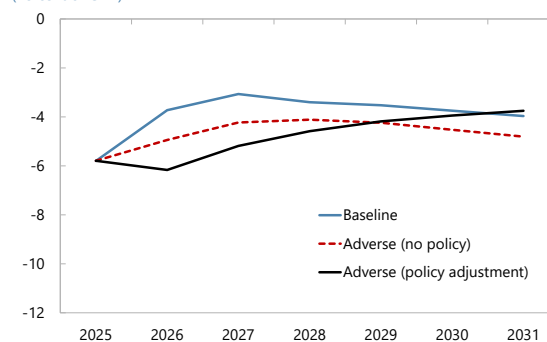
(Bil. USD, Chain-linked 2023=100)

**Non-oil Primary Balance**

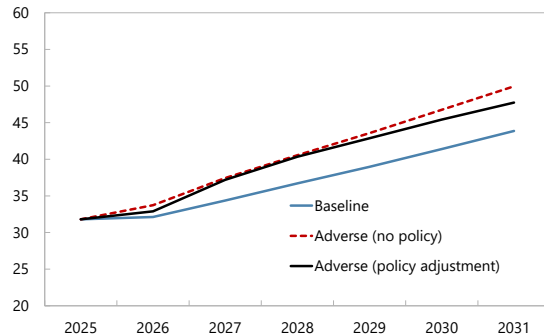
(Percent of Non-oil GDP)

**Overall Fiscal Balance**

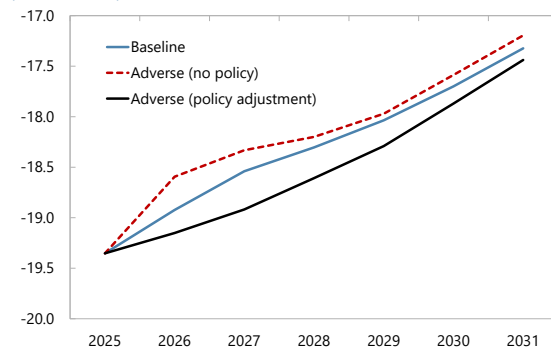
(Percent of GDP)

**Government Debt**

(Percent of GDP)

**Non-oil Current Account Balance**

(Percent of GDP)



Annex IV. Sovereign Risk and Debt Sustainability Framework

Annex IV. Figure 1. Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	Low	The overall risk of sovereign stress is assessed as low, considering Saudi Arabia's low debt and large financial asset buffers.
Near term 1/			
Medium term	High	Low	Staff assesses medium-term risks as low, against a mechanical signal of high risks from the debt fanchart module and a mechanical signal of moderate risks from the GFN module, as Saudi Arabia's large financial asset buffers (with sovereign assets exceeding 75 percent of GDP), institutional strength, and the depth of the investor pool help mitigate medium-term sovereign risks.
Fanchart	High	...	
GFN	Moderate	...	
Stress test	Comm. Prices Nat. Diast.	...	
Long term	...	Low	Long-term risks are assessed as low, given Saudi Arabia's large financial asset buffers from the government and the PIF and the limited impact of aging-related health and pension expenditures to debt dynamics.
Sustainability assessment 2/	Not required for surveillance countries	Not required for surveillance countries	Not applicable
Debt stabilization in the baseline			No
DSA Summary Assessment			
Commentary: The overall risk of sovereign stress is assessed as low and debt is assessed as sustainable, considering Saudi Arabia's large financial asset buffers, despite a projected increase in government debt. Medium-term risks are assessed as low, as the large buffers would mitigate risks to debt levels and gross financing needs. Long-term risks are also assessed as low, given the large asset buffers of the central government and the PIF.			

Source: Fund staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

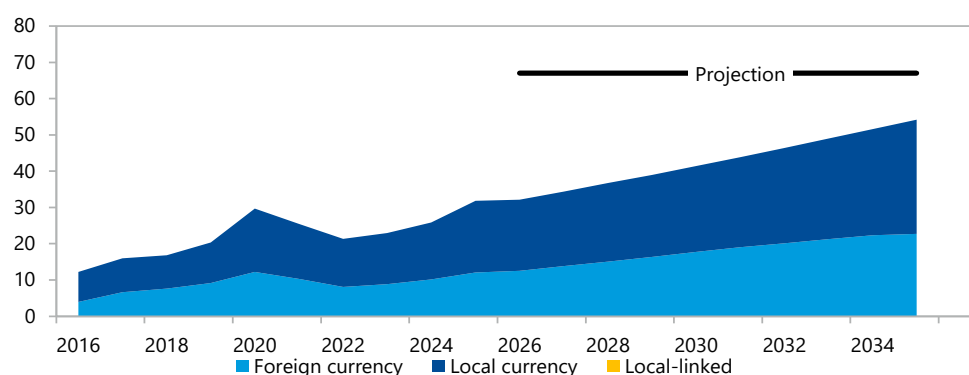
2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

Annex IV. Figure 2. Debt Coverage and Disclosures

1. Debt coverage in the DSA: 1/						CG	GG	NFPS	CPS	Other	Comments		
1a. If central government, are non-central government entities insignificant?										0			
2. Subsectors included in the chosen coverage in (1) above:													
Subsectors captured in the baseline										Inclusion			
CPS	NFPS	GG: expected	CG	1	Budgetary central government	Yes	Not applicable						
				2	Extra budgetary funds (EBFs)	No							
				3	Social security funds (SSFs)	Yes							
				4	State governments	Yes							
				5	Local governments	Yes							
				6	Public nonfinancial corporations	No							
				7	Central bank	No							
				8	Other public financial corporations	No							
3. Instrument coverage:						Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/			
4. Accounting principles:						Basis of recording		Valuation of debt stock					
						Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/			
5. Debt consolidation across sectors:						Consolidated		Non-consolidated					
Color code: ■ chosen coverage ■ Missing from recommended coverage ■ Not applicable													
Reporting on Intra-Government Debt Holdings													
		Holder	Budget. central govt	Extra-budget. funds	Social security funds	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total		
CPS	NFPS	GG: expected	CG	1	Budget. central govt							0	
				2	Extra-budget. funds								0
				3	Social security funds								0
				4	State govt.								0
				5	Local govt.								0
				6	Nonfin pub. corp.								0
				7	Central bank								0
				8	Oth. pub. fin. corp								0
Total			0	0	0	0	0	0	0	0	0		
1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector. 2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable. 3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities. 4/ Includes accrual recording, commitment basis, due for payment, etc. 5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes). 6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity. 7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.													
Commentary: State and local governments in Saudi Arabia do not have their own separate debt issuance authority, and typically operate under the umbrella of the central government, including their borrowing requirements.													

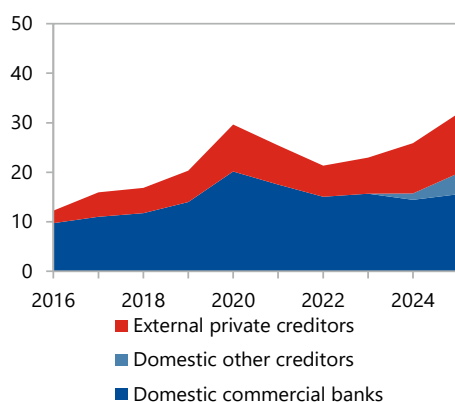
Annex IV. Figure 3. Public Debt Structure Indicators

Debt by Currency (Percent of GDP)



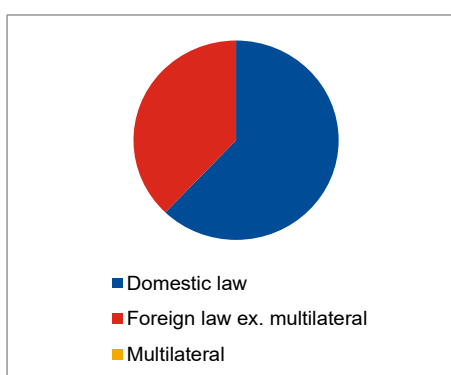
Note: The perimeter shown is central government.

Public Debt by Holder (Percent of GDP)



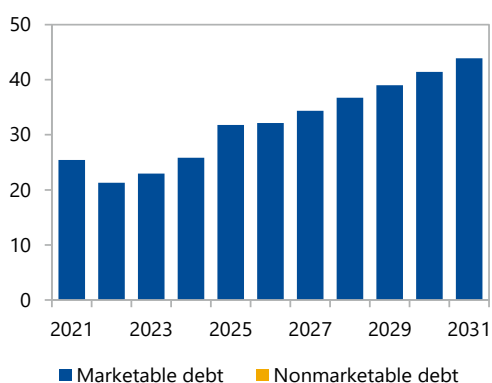
Note: The perimeter shown is central government.

Public Debt by Governing Law, 2025 (percent)



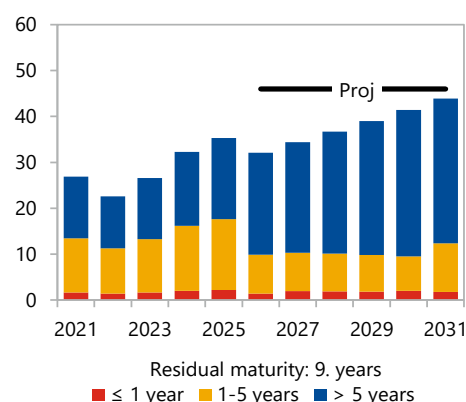
Note: The perimeter shown is central government.

Debt by Instruments (Percent of GDP)



Note: The perimeter shown is central government.

Public Debt by Maturity (Percent of GDP)



Note: The perimeter shown is central government.

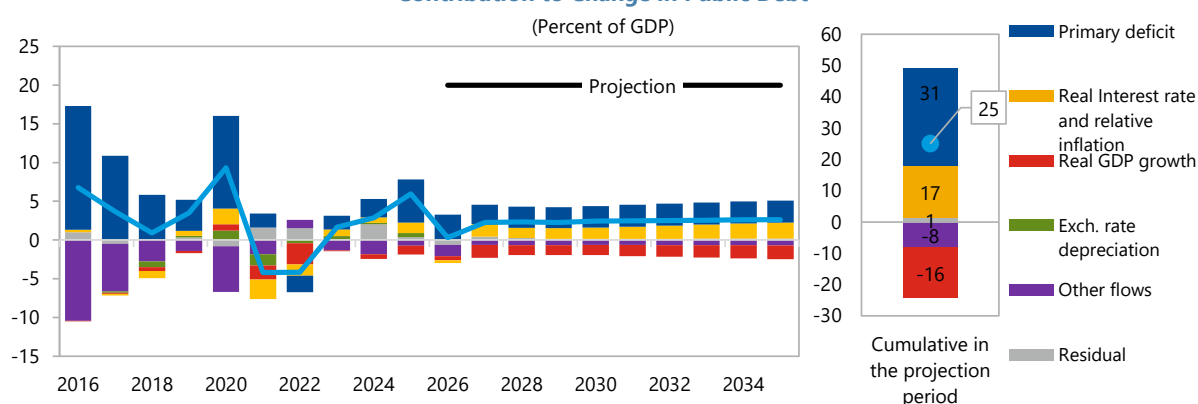
Commentary: All of Saudi Arabia's public debt is marketable. Saudi Arabia continues to have space for market access. The share of foreign currency debt is projected to increase slightly in the forecast horizon.

Annex IV. Figure 4. Baseline Scenario

(Percent of GDP unless indicated otherwise)

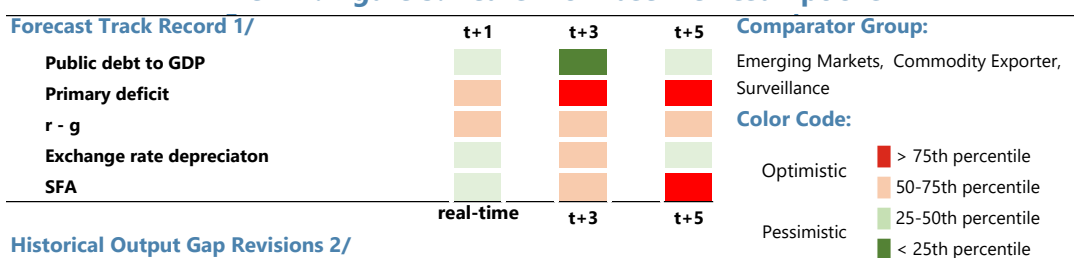
	Actual	Medium-term projection						Extended projection			
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Public debt	31.8	32.1	34.4	36.7	39.0	41.4	43.9	46.4	48.9	51.6	54.2
Change in public debt	6.0	0.3	2.3	2.3	2.3	2.4	2.5	2.5	2.6	2.6	2.6
Contribution of identified flows	5.6	0.9	1.8	2.1	2.1	2.3	2.3	2.4	2.4	2.4	2.4
Primary deficit	5.6	3.3	2.5	2.7	2.7	2.8	2.8	2.8	2.8	2.8	2.8
Noninterest revenues	22.4	22.6	23.2	22.6	22.1	21.6	21.0	21.0	21.0	21.0	21.0
Noninterest expenditures	27.9	25.9	25.7	25.3	24.8	24.4	23.9	23.9	23.9	23.9	23.9
Automatic debt dynamics	0.7	-0.9	-0.1	0.0	0.1	0.1	0.1	0.2	0.2	0.3	0.3
Real interest rate and relative inflation	1.3	-0.3	1.6	1.3	1.4	1.4	1.5	1.7	1.8	2.0	2.1
Real interest rate	1.9	-1.0	2.1	1.6	1.5	1.6	1.7	1.9	2.0	2.1	2.3
Relative inflation	-0.5	0.6	-0.4	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Real growth rate	-1.1	-0.5	-1.7	-1.3	-1.3	-1.3	-1.4	-1.5	-1.6	-1.7	-1.8
Real exchange rate	0.5	...	...	...	...	...	...	...	...	...	...
Other identified flows	-0.7	-1.5	-0.6	-0.7	-0.7	-0.6	-0.6	-0.7	-0.7	-0.7	-0.7
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(minus) Interest revenues	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-1.0	-1.0	-1.0	-1.0	-1.0
Other transactions	0.2	-0.6	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Contribution of residual	0.4	-0.6	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Gross financing needs	7.8	4.7	4.4	5.3	5.4	5.5	5.9	5.8	5.9	6.1	7.5
of which: debt service	3.2	2.3	2.8	3.5	3.6	3.7	4.0	3.9	4.1	4.2	5.6
Local currency	2.2	1.3	1.3	1.6	2.0	2.0	2.7	2.3	2.4	2.6	3.3
Foreign currency	1.0	1.0	1.5	1.9	1.6	1.7	1.3	1.6	1.6	1.6	2.4
Memo:											
Real GDP growth (percent)	4.6	1.7	5.5	3.9	3.6	3.5	3.6	3.6	3.6	3.6	3.6
Inflation (GDP deflator; percent)	-2.9	7.9	-1.9	0.1	0.7	0.9	0.9	0.9	0.9	0.9	0.9
Nominal GDP growth (percent)	1.5	9.8	3.5	4.0	4.3	4.4	4.6	4.6	4.6	4.6	4.6
Effective interest rate (percent)	4.5	4.6	4.8	4.9	5.0	5.1	5.3	5.4	5.4	5.5	5.5

Contribution to Change in Public Debt

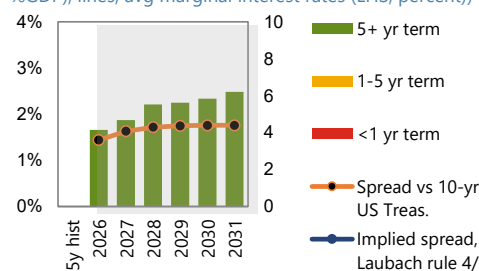


Commentary: Gross central government debt is projected to increase moderately. In the chart on debt drivers, "other flows" in mid-2010s include the use of government deposits at the central bank.

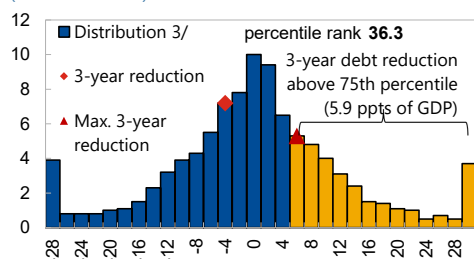
Annex IV. Figure 5. Realism of Baseline Assumptions

**Bond Issuances** (Bars, debt issuances (RHS,

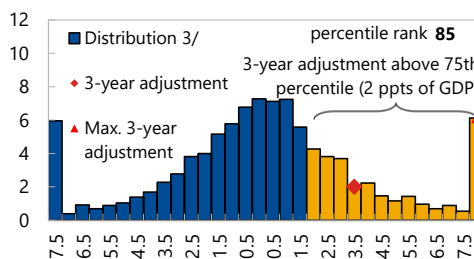
%GDP); lines, avg marginal interest rates (LHS, percent)

**3-Year Debt Reduction**

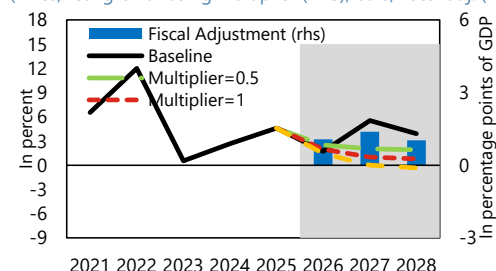
(Percent of GDP)

**3-Year Adjustment in Cyclically-Adjusted**

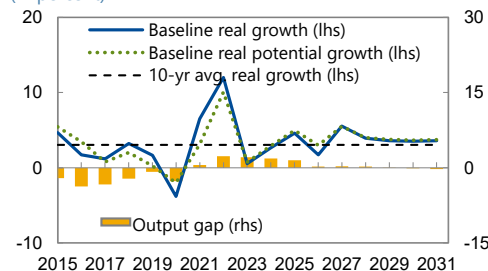
Primary Balance (Percent of GDP)

**Fiscal Adjustment and Possible Growth Paths**

(Lines, real growth using multiplier (LHS); bars, fiscal adj. (RHS))

**Real GDP Growth**

(In percent)



Commentary: The realism analysis does not point to major concerns and the projected debt reduction is well within norms. Projected fiscal adjustment reflects an improvement in the non-oil primary balance in percent of non-oil GDP, primarily due to the projected rationalization of wage bill and robust non-oil GDP growth. The impact of fiscal adjustment on growth is imperfectly apprehended in the context of an oil-exporting economy, as the assessment should be more finely focused on non-oil growth.

Source : IMF Staff.

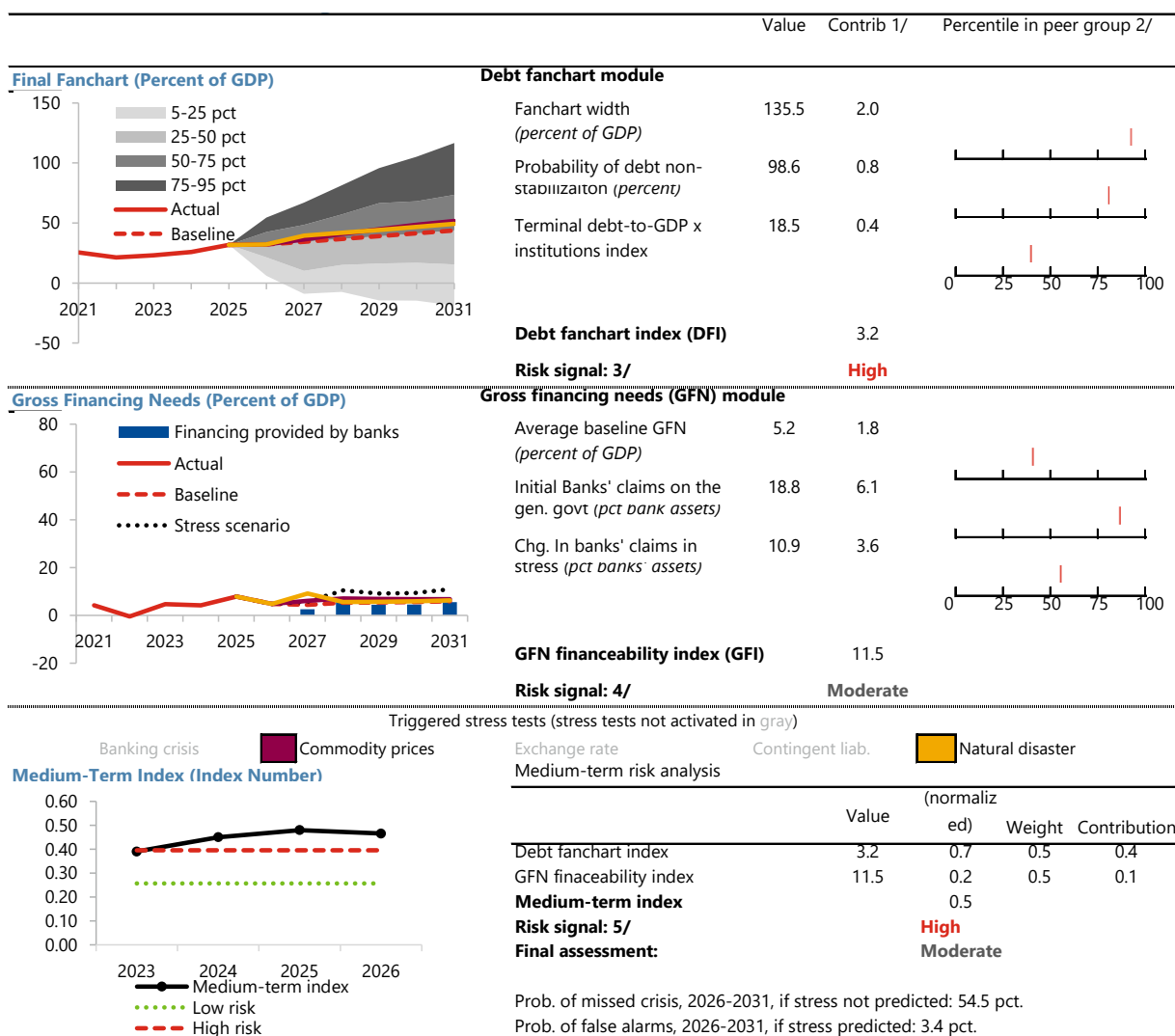
1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates

3/ Data cover annual observations from 1990- 2019 for MAC advanced, emerging economies. Percent of sample on vertical axis.

4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

Annex IV. Figure 6. Medium-Term Risk Assessment



Commentary: Staff assesses medium-term risks as low, against a mechanical signal of high risks from the debt fanchart module and a mechanical signal of moderate risks from the GFN module, as Saudi Arabia's strong sovereign balance sheet, including large financial asset buffers, help mitigate medium-term sovereign risks. A commodity price shock would slightly increase debt and GFNs in the medium term.

Source: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.

2/ The comparison group is emerging markets, commodity exporter, surveillance.

3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.

4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.

5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

Annex V. Implementation Status of the 2024 FSAP Recommendations¹

Key Recommendations	Implementation Status (as of May 2026)	Initial Timeline
Systemic Risk Analysis and Monitoring		
1. Continue efforts to close G-20 DGI-2 data gaps, including on sectoral accounts; International Investment Position; and international banking statistics (DGI-2 recommendations 8–10).	Implementation in progress. GASTAT is planning to reach the required alignments by end-2026. Progress has been made on addressing data gaps in G-20 DGI priority areas, including climate finance, household distribution statistics, digital statistics, private and administrative statistics. The sectoral breakdown of the financial account and International Investment Position (IIP) has not yet been published, although more granular data are already available to compilers. Additional data on external investments have been collected and are expected to enhance External Sector statistics (ESS) once validated.	ST
2. Strengthen data collection and reinforce data sharing among agencies for the household and corporate sector; consider incorporating a structural “micro-to-macro approach” into the stress testing framework, particularly for credit risk modeling.	Implementation in progress. GASTAT provides annual statistics on both financial and non-financial corporations, with SME data broken down by size and economic activity. SAMA has strengthened monitoring of non-financial publicly listed companies, including through GASTAT’s statistical survey data which covers establishments of various sizes and economic activities. SAMA is integrating more data on households from the credit bureau for financial stability surveillance, in addition to utilizing data points on DSTI. Granular cash flow data are being used to assess the banking system’s resilience to liquidity stress and better capture funding vulnerabilities. Intersectoral data, mapping, and use cases are under development to strengthen the interconnectedness analysis and capture structural or cross-sector vulnerabilities.	ST
3. Establish a monitoring framework for the financial system’s exposures to large construction and infrastructure (e.g., mega/giga) projects.	Not implemented. No specific bank-by-bank supervisory monitoring of credit risk inherent to individual exposures to mega/giga projects has been implemented at macroprudential or micro-prudential level. SAMA implements the regular supervisory monitoring of concentration risk focusing on large exposure limits and sectoral exposures.	I - ST
4. Incorporate contagion/interconnectedness analysis and micro data into the stress testing and risk monitoring frameworks; publish key results in the FSR.	Implementation in progress. The National Financial Stability Committee (NFSC) is developing an interconnectedness map to enhance the analysis of the financial system’s linkages with the public sector, which should contribute to more effective monitoring of interdependencies and better assessment of systemic risks associated with the sovereign–bank nexus. Assessment tools are simultaneously being developed to help capture cross-sector vulnerabilities of systemic risks and potential risk propagation channels by conducting balanced-sheet analytics at the sectoral and cross-sectoral levels, while differentiating by counterparties and financial instruments, by maturity and currency. It is planned to develop use cases to complement	ST

¹Initial timeline recommended in the 2024 FSSA report: “I-Immediate” is within one year; “ST-near-term” is 1–3 years; “MT-medium-term” is 3–5 years.

Key Recommendations	Implementation Status (as of May 2026)	Initial Timeline
	stress testing and monitoring frameworks. SAMA published key stress testing results for 2024 in the 2025 FSR and aims to publish stress testing results for 2025 in the 2026 FSR.	
5. Improve the scope and quality of publicly available data for real estate market, and real estate prices, and publish affordability indicators (e.g., price to income, price to rent ratios).	Implementation in progress. GASTAT has developed a new real estate price index (REPI), introducing geospatial AI and satellite imagery to refine property classification, rebasing to 2023 with updated segment weights, and extending consistent coverage to all administrative regions. Now embedded in official statistics, the revamped index delivers more accurate, representative, and granular price data—sharpening the monitoring of market trends, the assessment of real estate-related risks, and macroprudential analysis. REPI and related indicators are disseminated through GASTAT's regular statistical releases, and work is underway to publish affordability metrics, including price-to-income and price-to-rent ratios, in line with international best practices.	ST
6. Regularly collect and monitor household debt statistics (e.g., DSTI, debt-to-disposable income, debt to GDP) and monitor household characteristics and debt distribution.	Implementation in progress. SAMA and GASTAT are collecting and monitoring more comprehensive household data—including mortgage and consumer loan breakdowns published in SAMA's monthly bulletin. They plan to establish household balance sheets.	ST
Macroprudential Policy		
7. Consider establishing independent prudential supervision for NDF funds.	Not implemented. The three development banks affiliated with the National Development Fund (NDF)—SME Bank, Social Development Bank, and Saudi Exim Bank—remain outside the scope of banking regulation and supervision applicable to commercial banks. That said, NDF has issued prudential rules and guidelines for credit risk management across its Funds and is preparing a supervisory program to strengthen its technical capacity, methodologies, and tools for independent reviews covering governance, risk management, operational effectiveness, and compliance. NDF and SAMA have also begun discussions on further enhancing NDF's supervisory capabilities. The authorities' strategy remains to align NDF development banks with common prudential standards before they possibly are subject to SAMA's supervision.	ST
8. Implement a releasable capital buffer in the form of a positive neutral CCyB.	Implemented. A 100 basis points CCyB has been activated in May 2025, effective in May 2026, and maintained unchanged in the context of the conflict.	ST
9. Re-evaluate the DSTI and LTV limits.	Implementation in progress. SAMA has reviewed macroprudential borrower-based measures (BBMs) and considers that tightening the DSTI and LTV limits would be premature while credit growth has slowed materially.	ST
Financial Supervision and Regulation—BCP Assessment		
10. Amend the BCL and SCBL reflecting FSAP advice	Implementation in progress.	ST

Key Recommendations	Implementation Status (as of May 2026)	Initial Timeline
(e.g., SAMA independence and accountability; legal protection for SAMA staff, former staff, and agents'; SAMA's powers to conduct effective banking supervision).	The draft banking law (new Banking Control Law - BCL) is at an advanced stage and has been submitted to the legislative authority, where it is currently under review. It will reinforce the independence and legal protection of SAMA and its supervisory staff (i.e. staff and appointed personnel, both current and former), enhance SAMA's authority to conduct effective banking supervision, and further specify SAMA's sole responsibility in overseeing banks. The new BCL is expected to be issued by a royal decree within the next two years. The Saudi Central Bank Law (SCBL) will not be revised, because the central bank's accountability framework included in the SCBL is considered as sufficient.	
11. Revise prudential regulations and supervisory approach, techniques, tools, and reporting to address observed gaps, and to effectively conduct regulation and supervision at the levels of the solo bank, the consolidated bank, and each bank within groups.	Implementation in progress. SAMA has upgraded the Risk-Based Supervision (RBS) framework which now comprises five levels of consolidated supervision: overall group-wide level (in case of a bank controlled by a holding company), consolidated bank level, solo bank level (including domestic and foreign bank branches), individual banking subsidiaries, and non-banking financial subsidiaries. SAMA is also reviewing its RBS framework as follows: (i) the full assessment of existing risk-based supervision policy, procedures, and data templates has been completed; (ii) the update of data templates, upgrade of internal systems to align them with the revised framework, and implementation of the updated supervisory cycle have been initiated. SAMA has developed an annual regulatory plan that takes into consideration FSAP findings relating to prudential regulation.	ST
12. Establish or revise supervision policy, manuals, and procedures to make comprehensive the process of licensing and other applications from banks seeking SAMA approval, and to ensure that supervisors engage bilaterally and more actively with banks' board members, external auditors, and other relevant domestic and foreign regulators, supervisors, and resolution authorities.	Implementation in progress. SAMA is developing internal licensing guidelines to ensure timely and comprehensive processing of licensing applications. A review of international practices has been completed to develop comprehensive processes. SAMA has issued an internal policy "Principles of financial integrity for licensing" which cover matters related to the identification of, and due diligence on ultimate beneficial owners (UBOs). The draft revised BCL, pending approval, introduces detailed legal provisions on licensing, transfer of significant ownership, and major acquisitions. SAMA has developed bilateral meetings with banks' board members and external auditors within the supervisory review process, whose frequency and intensity are determined according to each bank's risk profile. SAMA is also finalizing a standardized template for MoUs with foreign supervisory authorities which will facilitate cross-border cooperation.	ST
Financial Regulation and Supervision—CPIFR Assessment		
13. Ensure effective implementation of recently issued regulations from the perspectives of both SAMA and Islamic banks.	Implemented. SAMA ensures effective implementation of Shariah requirements across Islamic banks through the revised risk-based supervision framework that is common to all banks.	ST
14. Implement guidance for managing liquidity risk	Implementation in progress. SAMA is still assessing whether this recommendation is sufficiently applicable considering the Saudi banking system structure.	ST

Key Recommendations	Implementation Status (as of May 2026)	Initial Timeline
separately for Islamic Windows.		
15. Enhance Pillar 3 disclosures by implementing IFSB-22 for Islamic banking and Islamic Windows.	Not implemented. SAMA has chosen not to implement IFSB Standards on a stand-alone basis, but to adopt key elements as appropriate. The IFSB-22 standard largely replicates Pillar 3 of the Basel framework on financial disclosure and transparency with some adjustments tailored to Islamic financial institutions and financial institutions which conduct Islamic financial services. SAMA has already implemented Pillar 3, making the majority of IFSB-22 redundant. Implementation of other aspects of IFSB-22 will be subject to a detailed assessment of its relevance and applicability, considering the domestic regulatory context.	MT
Financial Safety Nets and Crisis Management		
16. Amend the Law on SIFIs reflecting FSAP advice (e.g., scope, triggers, resolvability); establish a bank-specific liquidation framework and a legal framework for deposit insurance.	Implementation in progress. Resolution framework. SAMA is working on the draft implementing regulation of the SIFI Law in coordination with the legislative authority. Accordingly, amendments to the SIFI Law itself may not be necessary. Liquidation framework. According to SAMA, the existing Bankruptcy Law and its implementing regulations can be applied to all SIFIs, including banks. The Bankruptcy Law (Article 229) grants SAMA the authority to issue supplementary regulations, pursuant to which it may exempt supervised entities (including banks) from certain provisions or introduce additional provisions, thereby providing the necessary regulatory flexibility. Deposit protection. A specific chapter has been introduced in the draft Banking Law on the deposit protection fund (DPF), to enhance the current deposit protection fund framework. Once the BCL has been enacted, SAMA plans to issue an Implementing regulation specific to the DPF, with details aligned with the Core Principles for Effective Deposit Insurance Systems (September 2025) issued by IADI. The objectives of the DPF have been revised, and enhancements have been introduced to strengthen its independence, as well as the legal protection afforded to the DPF and its staff. Crisis management. A "Crisis Management Framework Development and Implementation Project" (CMFDIP) is under construction to align the safety net function with international best practice by end Q3 2026.	ST
17. Finalize and enact implementing regulations, reflecting FSAP advice (including allowing for ex-post designation of SIFIs).	Implementation in progress. SAMA is preparing a draft implementing regulation of the SIFI Law in coordination with the legislative authority. With regards to ex-post designation of SIFIs, SAMA has ensured that the internal methodology provides the required flexibility and does not limit its ability to designate an institution as "SIFI" at the point of non-viability (i.e., does not limit the use of resolution tools solely to ex-ante designated SIFIs, given that non-SIFIs might be deemed systemically important during failure).	I
18. Ensure adequate resources and independence	Implemented. A Resolution General Department has been established within SAMA with dedicated resources. This department now reports to the Deputy	I

Key Recommendations	Implementation Status (as of May 2026)	Initial Timeline
of SAMA's resolution function.	Governor of Monetary and Financial Stability in order to ensure its operational independence from financial supervision units.	
Systemic Liquidity Management and Emergency Liquidity Assistance		
19. Continue to strengthen liquidity management and forecasting framework.	Implementation in progress. A data-sharing agreement between SAMA and the Ministry of Finance has been drafted. The draft is being reviewed ahead of final agreement which is expected to take place in 2026.	ST
20. Enhance the collateral framework by introducing maturity-based haircuts (I); gradually transitioning to market valuation (ST); considering making high-quality private debt securities eligible for OMO in crisis times (MT).	Implementation in progress. SAMA is currently reviewing the collateral framework considering the ongoing work on the crisis management framework. A full review of the reserve requirement facility has been conducted covering key elements, including: (i) the reservable base; (ii) the averaging provision; and (iii) the remuneration of reserve requirements.	I - MT
21. Adopt and publish an ELA regulation outlining all requirements and parameters of ELA and prepare internal ELA procedures.	Implementation in progress. The ELA framework has been incorporated into the crisis management framework. ELA governance has been completed. ELA terms of reference, including reporting requirements, are being finalized. The ELA framework is expected to be operationalized before end-2026.	I
22. Operationalize the ELA framework through regular ELA simulations and collateral mobilization testing and pre-positioning and adopt an MoU between SAMA and MoF on the use of government guarantees.	Implementation in progress. Simulation exercises will be conducted once the ELA framework has been finalized and operationalized. Resolution-related MoUs are being considered under SAMA's broader crisis management framework.	ST
Financial Integrity		
23. Conduct thematic inspections of key AML/CFT requirements and levy sanctions in case of non-compliance.	Implemented. SAMA conducted thematic inspections in 2025 focusing on key AML/CFT requirements, such as suspicious transaction reporting (STR), KYC, and CDD processes, as well as management of high-risk relationships, particularly politically exposed persons, and internal control applied to corporate accounts to mitigate associated ML/TF/PF risks. In cases where deficiencies or non-compliance were identified, SAMA imposed sanctions such as levying financial penalties, temporarily suspending licenses, restricting financial institutions from offering specific products or services, and directing institutions to appoint external parties to review and strengthen their AML/CFT framework.	MT
Role of State, Long-Term, Green and MSME Finance, Payments, and Digital Financial Services		
24. NDF to expand its performance monitoring framework; ringfence funds	Implementation in progress.	ST

Key Recommendations	Implementation Status (as of May 2026)	Initial Timeline
performing quasi-government functions.	Work is underway to expand the NDF's performance monitoring framework. NDF has started piloting KPIs and targets applicable to its entities, with full cascading planned for 2027. In parallel, NDF is in the early stages of automating its consolidation process and developing a dedicated financial performance reporting solution that will distinguish market-facing entities from those carrying out quasi-government social mandates.	
25. Develop a market for qualified professional investors and allow unrestricted trading of private-placement bonds in the market.	Implementation in progress. Corporate bonds/sukuk denominated in Saudi Riyals can be traded without restriction by high-net-worth individuals, eligible family offices, corporate treasuries, and foreign investors who are qualified to trade these instruments. Conditions previously imposed on public funds when subscribing to privately-offered debt instruments issued by domestic issuers were removed in November 2025, which allows investment funds to participate in privately offered bonds/sukuk. Trading mechanisms for unlisted (privately offered) bonds/sukuk are expected to be launched later this year by enabling the post-trade settlement service through the Depository Center following the successful launch of such service for listed bonds/sukuk in May 2025.	I
26. Review the current MSME definitions; and regularly collect and publish MSME financing data using standard definitions with relevant breakdowns (e.g., firm size, funding source, women-owned enterprises).	Implemented. An SME definition—coordinated by Monsha'at—has been adopted across public and private sector institutions and published. SAMA disseminates quarterly MSME financing data across all segments and funding sources. Periodic reviews will be conducted to ensure the definition remains aligned with the realities of SMEs operating in Saudi Arabia.	ST
27. Update and publish the Oversight Framework document for Payments and Digital Financial Services.	Implemented. The "Oversight Framework of the Payment Systems and Their Operators" has been published on SAMA's website (link) together with the related press release (link) on March 23, 2026.	ST
28. Conduct a climate risk assessment to inform evidence-based supervisory approach; publish the results to raise awareness.	Implementation in progress. SAMA monitors developments related to management of climate-related financial risks, with banks forming the ESG Advisory Committee (EBAC). In line with BCBS's principles for the effective management and supervision of climate-related financial risks, SAMA is considering issuing regulatory and supervisory expectations on climate-related financial risks for the banking sector. SAMA has incorporated climate-related financial risks into the updated RBS framework and supervisory review process. SAMA actively collaborates with national authorities (the Ministry of Energy, Ministry of Economy and Planning) to develop national climate-related objectives which would include a disclosure guideline for listed companies and a national taxonomy of sustainable activities, all of which would ultimately contribute towards better positioning authorities to conduct climate risk assessments to inform an evidence-based supervisory approach.	ST

Annex VI. Status of 2025 Article IV Recommendations

Recommendation	Status
Accelerate non-oil revenue mobilization through a two-pronged strategy combining tax policy and tax administration reforms, supported by the development of a comprehensive medium-term revenue strategy.	The non-oil revenue to non-oil GDP ratio declined from 14.2 percent in 2024 to 13.5 percent in 2025. There have been no significant new tax measures or tax administration reforms since the 2025 Article IV consultation.
Rationalize spending through wage bill management, better-targeted social spending, expenditure prioritization, and fuel subsidy reform, while protecting vulnerable groups. Strengthen the public investment management framework.	While recent steps to reduce fuel subsidies, including the increase in diesel prices in January 2026, are welcome, the cap on gasoline prices remains in place, with diesel the most subsidized fuel.
Strengthen fiscal institutions. This could be achieved by reinforcing transparency and fiscal planning at the central government level, having a comprehensive view of the fiscal position including PIF, operationalizing and ensuring compliance with an expenditure-based fiscal rule, strengthening budget execution, cash management, and expenditure classification, enhancing investment efficiency, and enhancing fiscal risk analysis.	Expenditure deviations from the approved budget persisted in 2025, driven mainly by non-recurrent spending and higher spending on transformational projects. While some deviations reflected unpredictable and necessary spending to support economic resilience, the existing fiscal rule based on multi-year oil price smoothing does not appear to have effectively contained spending deviations.
Operationalize a comprehensive sovereign asset-liability management (SALM) framework to strengthen oversight of sovereign balance-sheet exposures.	Work on the second phase of the SALM framework—to incorporate non-financial assets—remains underway.
Conduct monetary policy to support the exchange rate peg.	Monetary policy remained effective in maintaining stable and low inflation and supporting the peg.
Continue to refine SAMA's liquidity management framework.	The data sharing framework between the Ministry of Finance and SAMA on government flows is expected to improve liquidity forecasting.
Review SAMA's macroprudential tools to mitigate risks from strong credit growth and bank funding pressures.	A countercyclical capital buffer (CCyB), which will become effective from May 2026, helped decelerate bank credit growth already before its implementation, while funding pressures have also somewhat abated. SAMA was reviewing limits on loan-to-value (LTV) and debt-service-to-income (DSTI) ratios, as well as the existing regulatory requirement on loan-to-deposit ratio (LDR) before the outbreak of the war. Prudential and supervisory options to mitigate banks' FX funding risks are under consideration.
Establish an emergency liquidity assistance (ELA) framework.	A crisis management framework—including ELA—is expected to be fully operational by end-2026.
Further strengthen the banking regulatory and supervisory framework and enhance the effectiveness of AML/CFT supervision of the financial sector.	SAMA has launched a review of the risk-based supervision framework to address relevant FSAP recommendations, with the support of IMF technical assistance. The first phase was completed to establish an action plan to address identified gaps. The second phase will update data templates and upgrade internal system to reflect the revised framework and supervisory cycle.

Recommendation	Status
Develop capital markets to diversify funding sources and reduce reliance on bank financing.	Saudi Arabia has removed all restrictions on foreign participation in market transactions, while ownership caps remain in place. The Updated Investment Law of 2025 expands dispute resolution options, strengthens protection for investors and intellectual property, and ensures equal treatment of domestic and foreign investors.
Further enhance business and regulatory environment.	Several measures were introduced in 2025, including the new Commercial Registration Law and the new Law of Trade Names, which aim to streamline business registration. The Updated Investment Law of 2025 expands dispute resolution options, strengthens protection for investors and intellectual property, and ensures equal treatment of domestic and foreign investors. The adoption of Beneficial Ownership Rules strengthens corporate transparency and accountability.
Continue labor market reforms.	The Labor Law was amended in 2025 to guarantee equal treatment of employees, enhance the leave system, and require employers to formulate training and qualification policies. The authorities are making efforts to assess skill mismatches more systematically and better align education and training with evolving labor market needs.
Strengthen governance. ¹	Domestic corruption. Substantial progress has been made with the adoption of Nazaha's by-laws in November 2024, strengthening its powers and paving the way for the preparation of an asset declaration framework, as well as with the implementation of Beneficial Ownership Rules. The whistleblower's law adopted in January 2024 has been implemented. However, the anti-corruption strategy has not been finalized; only its scope has been agreed, with completion planned over the next two to four years as indicators and targets are developed. In December 2026, NAZAHA will host an IMF-led workshop on the effective use of conflict-of-interest and asset declaration systems to prevent corruption and strengthen public sector integrity. Voluntary assessment of transnational aspects of corruption. The authorities also adopted the Rules for Conducting Financial Settlements with Natural and Legal Persons involved in Corruption Offenses (2025) and established a dedicated Settlement Department to enhance enforcement capacities against foreign bribery. Efforts continue to raise awareness on foreign bribery and participate in enforcement networks, though to date, no foreign bribery cases with active Saudi participation have been detected.

Recommendation	Status
Improve data adequacy for surveillance.	The authorities have started reporting Coordinated Direct Investment Survey (CDIS) data to the IMF. Further improvements in the coverage and granularity of BOP and IIP data are recommended. Recent revisions to GDP, CPI weights, and trade statistics align with international best practices.
¹ Under the 2018 Enhanced Framework on Governance, Saudi Arabia volunteered to have its legal and institutional frameworks on transnational aspects of corruption assessed in the context of bilateral surveillance, including both supply and facilitation of corruption. The progress includes updates on both domestic corruption and transnational aspects of corruption, with reporting on the latter remaining voluntary.	

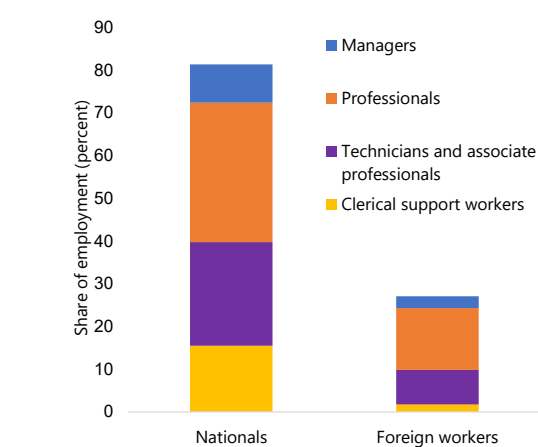
Annex VII. AI Strategy: Potential Gains and Challenges Ahead¹

1. Positioning Saudi Arabia at the forefront of global AI adoption and development is a central pillar of Vision 2030. This ambition builds on the kingdom's significant digital transformation in recent years,² including strengthened digital infrastructure, enhanced regulation, and a growing ICT workforce. Within this context, [National Strategy for Data and AI](#), launched in 2020 and led by the Saudi Data and Artificial Intelligence Authority (SDAIA), aims to attract investment, expand AI talent, establish an enabling regulatory environment, and scale AI applications across the economy. Most national AI targets—notably for AI workforce and investment, both local and FDI—have already surpassed the interim targets for 2025. AI remains one of the six priority areas under the PIF's recalibrated strategy for 2026-30 which reorients capital allocation toward building domestic ecosystems and long-term sector development.

2. Saudi Arabia's public sector has been at the forefront of AI adoption, with private sector uptake also accelerating. The Digital Government Authority steers AI deployment across public entities to improve service delivery, and the country now ranks among global top performers on several metrics, including UN e-government and Oxford Government AI Readiness. SDAIA has reinforced this effort with regulatory and measurement frameworks, including the National AI Index, to track progress and set targets across government entities. The PIF plays a catalytic role in developing the domestic AI ecosystem, with applications spanning healthcare (e.g., virtual hospital, AI-assisted diagnostics), education (e.g., national AI curricula), finance (e.g., fraud detection, customer personalization), and energy sectors (e.g., Aramco MetaBrain AI).

3. Saudi Arabia's high AI preparedness and high AI exposure signal considerable scope for productivity-enhancing AI adoptions. The country ranks among the highest in the MENA region and above the average of EMs in AI preparedness, though it remains behind frontier advanced economies (AEs). This high AI preparedness is accompanied by elevated AI exposure—around 45 percent of jobs in the country are highly exposed to AI, slightly below the AE average of about 57 percent but significantly above the 23 percent average for EMs in the MENAP region (excluding the GCC). AI exposure is particularly high among Saudi nationals, with about 80 percent of the employed considered as highly exposed. This reflects a greater concentration of

Annex VII. Figure 1. Occupations Highly Exposed to AI in Saudi Arabia, by Citizenship
(Percent of Employment)



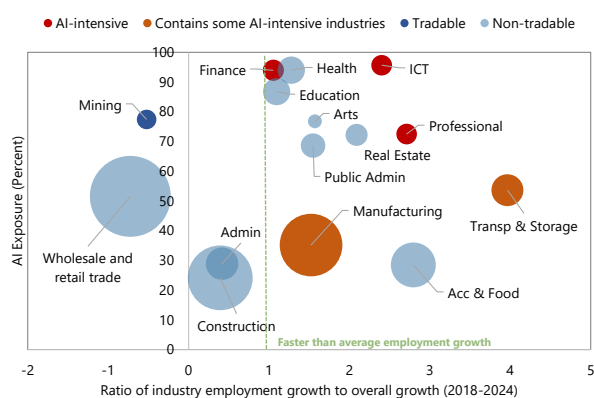
Source: GASTAT and IMF staff calculations.

¹ Prepared by Karmen Naidoo and Yuan Gao Rollinson (both MCD).

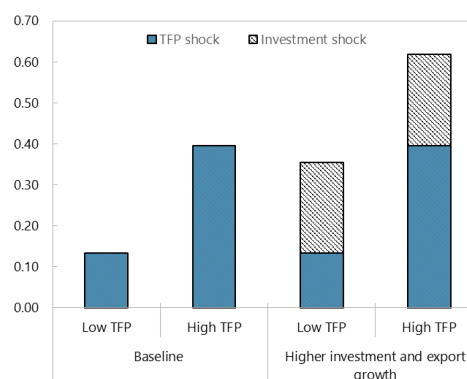
² See Box 1 "The GCC's AI Strategies and Preparedness" of Bi and others (2025), [Digital Transformation in the Gulf Cooperation Council Economies](#).

nationals in higher-skilled, cognitive-intensive occupations (e.g., managers and professionals) and in more exposed sector such as finance, education, and the public sector. In contrast, only about 30 percent of foreign workers are highly exposed (Annex VII Figure 1). Taking a sectoral perspective across the combined workforce (Saudi and foreign workers), AI-exposed employment is concentrated in the non-tradable sector—such as construction, wholesale and retail trade. Although these sectors have a relatively low share of cognitive-intensive occupations—and thus lower AI exposure on average—they account for around 40 percent of total employment. By contrast, AI-intensive sectors, such as ICT and financial services, currently only account for 6 percent of employment. However, some of these sectors are growing fast and have the potential to reap further growth gains by adopting AI (Annex VII Figure 2).

Annex VII. Figure 2. AI Exposure and Growth by Sector
(Percent, Ratio)



Annex VII. Figure 3. Modelled Impact of AI Adoption on Growth (Percent deviation from no shock scenario, 10-year average annual impact)



Source: AlHassan and others (2026 forthcoming), “Harnessing Artificial Intelligence’s Potential in the Middle East and Central Asia” IMF MCD Departmental Paper, and IMF staff calculations.

Note: The size of the bubble in Annex VII Figure 1 represents the share of the sector in total employment. The figure excludes industries with the lowest level of AI exposure (agriculture, forestry, and fishing; household employment), and low shares of employment (electricity, water, other services).

4. Higher AI exposure presents both opportunities and potential risks for Saudi Arabia.

On one hand, AI adoption could boost productivity, accelerate growth, and increase the scope for structural transformation; however, it may also entail transitional labor market pressures. Conversely, productivity gains will be limited if AI investments do not pay off as expected. In particular:

- **Growth gain:** Model-based estimates suggest that, by boosting productivity, AI adoption could raise Saudi Arabia’s real GDP growth by 0.1-0.4 percentage points (pp) yearly over the next decade, given its current levels of AI preparedness and exposure (Annex VII Figure 3). In a more optimistic scenario—characterized by scaled-up AI investment aligned with announced public and private deployments plans, closing the preparedness gap with AEs, and stronger exports of AI services—annual growth gains could reach up to 0.6 pp, lifting GDP by up to 6 percent in a decade.

- **Labor markets and diversification:** Sectors with higher AI exposure are more likely to adopt AI technologies, thereby enhancing productivity, while AI adoption itself can catalyze structural transformation. In Saudi Arabia, early gains are already visible in sectors such as healthcare (e.g., AI-assisted diagnostics), education (e.g., national AI curricula), and financial services (e.g., fraud detection and risk assessment), supported by strong public sector leadership. Over the medium term, as AI adoption spreads through the economy, it may intensify labor market pressures in industries where AI is more likely to substitute workers, rather than complement occupations.

5. **Despite strong momentum, several constraints could affect execution and long-term returns:**

- *Talent constraints.* While headline AI workforce targets have improved, shortages remain in highly specialized AI research and engineering roles amid intensifying global competition for AI talents. Domestic training pipelines take time to mature, and competition from global tech hubs, particularly on compensation, poses recruitment challenges. Visa-processing and mobility frictions may further slow talent acquisition. Meanwhile, low-skill workers displaced by AI adoption will require reskilling programs and adequate social protection to manage the transition.
- *Limited private sector depth.* AI investment remains primarily state- and PIF-led. Private firms may have limited appetite for long-term, high-risk AI projects without proven profits prospects.
- *Data governance and regulation.* Effective deployment requires clear data governance, cross-border data frameworks, and regulatory certainty. Balancing data sovereignty with international integration will be critical to attracting foreign partners.
- *Project prioritization and execution risk.* Ongoing giga projects could pressure sovereign balance sheets and domestic banks' funding capacity. While AI infrastructure projects have been announced at scale, their rollout will depend on sustained funding, adequate energy supply, and effective coordination across agencies.
- *Uncertain external demand.* The viability of large AI data center capacity depends partly on sustained external demand, particularly from advanced markets. Intensifying global competition, including regional competition, raises the risk of overcapacity if projected demand fails to materialize.
- *Geopolitical risk.* Recent war in the Middle East has highlighted another consideration: AI data centers and data routes are targetable physical assets, and disruption to infrastructure and data connectivity could materially weaken external demand and investor confidence.

6. **Realizing benefits of AI while mitigating its risks will require further strengthening AI adoption and addressing key constraints, and remaining adaptive to rapidly evolving external landscapes,** including technological change, global competitive pressures, and evolving regulation, to ensure that AI investment delivers broad-based productivity gains and supports economic diversification.

Annex VIII. Data Issues

Annex VIII. Table 1. Saudi Arabia: Data Adequacy for Surveillance							
Data Adequacy Assessment Rating ¹							
B							
Questionnaire Results ²							
Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Intersectoral Consistency	Median Rating
	A	A	B	B	B	B	B
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	A	A	B	B	C		
Granularity ³	A		A	C	B		
			A		B		
Consistency			B	A		B	
Frequency and Timeliness	A	A	B	A	A		
Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.							
¹ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.							
² The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see <i>IMF Review of the Framework for Data Adequacy Assessment for Surveillance</i> , January 2024, Appendix I).							
³ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.							
A	The data provided to the Fund are adequate for surveillance.						
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.						
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.						
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.						
Rationale for staff assessment. Data provision to the Fund has some shortcomings but is broadly adequate for surveillance. Notable progress has been made in price index, business and trade statistics. Areas that require enhancement include: (i) External sector statistics (ESS) granularity, where granularity remains "C" rating, as the financial account of the BOP and the IIP are highly aggregated. While staff welcome authorities' reporting of Coordinated Direct Investment Survey (CDIS) data to the Fund (up to 2023), more granular data breakdown by institutional sectors, along with improved data coverage for the private sector, would be beneficial for surveillance. (ii) Monetary and financial statistics (MFS) as those are currently based on a non-Special Reporting Format (non-SRF) and are limited to other depository corporations, leading to the team's assessment of "C" coverage rating when compared with its SDDS comparators. (iii) Government financial statistics (GFS) coverage that is broadly adequate but would require an expansion to general government operations and debts.							
Changes since the last Article IV consultation. A new CPI (rebased from 2018 to 2023) with revised CPI basket weights and enhanced data collection mechanism was published in September 2025. Several new statistics were published in December 2025, including producer price index (PPI), business confidence index, ICT access and usage statistics by households. A revision policy of national accounts has been published by GASTAT in 2025.							
Corrective actions and capacity development priorities. Gaps in fiscal financing data remain present for certain years and publishing the allocation of central government deposits and other public entities' deposits in commercial banks would help further reduce the gap. A BOP TA delivered in February 2025 supported the authorities' efforts to improve the coverage and granularity of SAMA's external statistics. Following the TA recommendations, authorities have revised trade statistics based on enhanced data coverage of services surveys. Discrepancies between quarterly and annual FDI statistics have narrowed, reflecting improved survey response rates and broader coverage.							

Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. Medium-term aggregated financing plan of the central government was provided to facilitate staff's fiscal sector projection and DSA exercises. Re-exports data was provided by GASTAT to support team's analysis on the external sector.

Other data gaps. Improvements are needed for the breakdowns of financial sector assets and liabilities by debtor/creditor type, residency, currency, instruments, and maturity. The sectoral breakdown of the financial account and IIP are not yet published, although the more granular data are already available to compilers. Additional data on external investments have been collected and are expected to increase the converge of ESS once validated.

Annex VIII. Table 2. Saudi Arabia: Data Standards Initiatives

Saudi Arabia subscribes to the Special Data Dissemination Standard (SDDS) since September 2019 and publishes the data on its National Summary Data Page. The latest SDDS Annual Observance Report is available on the Dissemination Standards Bulletin Board (<https://dsbb.imf.org/>).

Annex VIII. Table 3. Saudi Arabia: Table of Common Indicators Required for Surveillance
As of July 1, 2026

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data ⁷	Frequency of Reporting ⁷	Expected Frequency ^{7,8}	Announced Frequency ⁹	Expected Timeliness ^{7,8}	Announced Timeliness ⁹
Exchange Rates	2026-06-30	2026-06-30	D	D	D	D	...	1D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	2026-05	2026-06	M	M	M	M	1M (1W encouraged)	1M
Reserve/Base Money	2026-05	2026-06	M	M	M (W encouraged)	M	2W (1W encouraged)	2W
Broad Money	2026-05	2026-06	M	M	M	M	1M	1M
Central Bank Balance Sheet	2026-05	2026-06	M	M	M (W encouraged)	M	2W (1W encouraged)	2W
Consolidated Balance Sheet of the Banking System	2026-05	2026-06	M	M	M	M	1M	1M
Total assets of other depository corporations ²	2026-05	2026-06	M	M	M	M	1M	1M
Total credit from other depository corporations ²	2026-05	2026-06	M	M	M	M	1M	1M
Interest Rates ³	2026-06-30	2026-06-30	D	D	D	D	...	1M
Consumer Price Index	2026-05	2026-06	M	M	M	M	1M	1M
Revenue, Expenditure, Balance and Composition of Financing ⁴ -General Government ⁵	2026-03	2026-05	Q	Q	A	A	2Q	2Q
Revenue, Expenditure, Balance and Composition of Financing ⁴ -Central Government	2026-03	2026-05	Q	Q	M	Q	1M	45D
Stocks of Central Government and Central Government-Guaranteed Debt ⁶	2026-03	2026-05	Q	Q	Q	Q	1Q	45D
Total stock of General Government Debt ⁶	2026-03	2026-05	Q	Q	...	...	...	...
External Current Account Balance	2026-03	2026-06	Q	Q	Q	Q	1Q	1Q
Exports and Imports of Goods and Services	2026-04	2026-06	M	M	M	M	8W (4-6W encouraged)	8W
GDP/GNP	2026-03	2026-06	Q	Q	Q	Q	1Q	1Q
Gross External Debt	2026-03	2026-06	Q	Q	Q	Q	1Q	1Q
International Investment Position	2026-03	2026-06	Q	Q	Q	Q	1Q	1Q

¹ Any reserve assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency but settled by other means as well as the notional values of financial derivatives to pay and to receive foreign currency, including those linked to a foreign currency but settled by other means.

² Other depository corporations include all deposit-taking corporations (except for the central bank) and money market funds.

³ Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

⁴ Foreign, domestic bank, and domestic non-bank financing.

⁵ The general government consists of the central government (budgetary funds, extra-budgetary funds, and social security funds) and state and local governments. The total stock of general government debt is required for SDDS Plus countries and encouraged for SDDS and e-GDDS countries.

⁶ Including currency and maturity composition.

⁷ Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual; ("SA") semi-annual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

⁸ Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan. Indicators that are not in the IMF Data Standards Initiatives are shown as "...".

⁹ Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (<https://dsbb.imf.org/>). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "...".



SAUDI ARABIA

STAFF REPORT FOR THE 2026 ARTICLE IV CONSULTATION— INFORMATIONAL ANNEX

July 6, 2026

Prepared By

Middle East and Central Asia Department
(In consultation with other departments)

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FUND RELATIONS

(As of May 31, 2026)

Membership Status: Joined August 26, 1957; Article VIII.

General Resources Account:	SDR Million	Percent Quota
Quota	9,992.60	100.00
Fund holdings of currency	7,471.61	74.77
Reserve tranche position	2,521.18	25.23
Lending to the Fund	0.00	0.00

SDR Department	SDR Million	Percent Allocation
Net cumulative allocation	16,259.95	100.00
Holdings	15,525.57	95.48

Outstanding Purchases and Loans: None

Latest Financial Arrangements: None

Projected Payments to the Fund:

(SDR Million; based on existing use of resources and present holdings of SDRs)

	2026	2027	2028	2029	2030
Principal	0.00	0.00	0.00	0.00	0.00
Charges/interest	10.15	20.21	20.22	20.20	20.21
Total	10.15	20.21	20.22	20.20	20.21

Lending to the Fund and Grants:

- **GRA New Arrangements to Borrow (NAB):** Saudi Arabia is a participant in the NAB, whose credit arrangement under the NAB amounts to about SDR 11.31 billion. There is no outstanding amount under the credit arrangement as of May 31, 2025.
- **PRGT loan resources:** Saudi Arabia has provided four loans to the Poverty Reduction and Growth Trust (PRGT), totaling SDR 3.3 billion, through borrowing agreements with the Saudi Central Bank (SAMA). The first borrowing agreement (SDR 500 million) was effected in May 2011 and the other three agreements—provided in the context of the 2021 fundraising round and totaling SDR 2.8 billion—were effected in November 2022 (SDR 550 million), April 2023 (SDR 225 million), and May 2023 (SDR 2,025 million). In addition, in 1989, the Saudi Fund for Development (“SFD”) provided SDR 49.5 million in concessional loans made at an interest rate of 0.5 percent per annum through an Associated Agreement with the PRGT.
- **PRGT subsidy resources:** As of end-December 2025, Saudi Arabia’s total subsidy contributions to the PRGT, including interest earned on outstanding balance of the Trust, was estimated at

SDR 140.5 million, with the remaining balance amounting to SDR 94.0 million. These contributions include:

- ***Implicit subsidy*** earned on the balances of the February 1989 loan above and which was estimated at SDR 14.7 million (as of end-2005). In addition, on June 24, 2025, the second 2023 borrowing agreement (SDR 2,025 million) was amended and restated to allow drawings on concessional terms (i.e., at interest rate of 0.05 percent per annum) until the agreement generates SDR 150 million (in nominal terms) in implicit subsidy contribution. Thereafter, the loan will be remunerated at the SDR interest rate. As of end-May 2026, this PRGT loan generated about SDR 3.7 million in implicit subsidies.
- ***Subsidy resources generated from deposits***. In March 2001, Saudi Arabia agreed to support the PRG-HIPC Trust with deposit contributions totaling SDR 94.4 million, of which SDR 16.71 million was contributed by the Kingdom of Saudi Arabia ("Saudi Arabia") and SDR 77.67 million by SFD. In April 2006, these deposits were repurposed and extended to end-December 2021 with an additional deposit of SDR 38.2 million from SFD, to provide SDR 40 million (end-2005 NPV terms) in subsidy resources to support the Exogenous Shocks Facility (ESF). Saudi Arabia's deposit of SDR 16.71 million matured on December 31, 2021, and the principal was transferred as grant contribution to the PRGT General Subsidy Account. SFD's aggregate deposit amount of SDR 115.87 million was made at an interest rate of 0.5 percent and after being extended several times, it was repaid on September 4, 2024.
- ***Subsidy resources from other contributions***. In April 2005, Saudi Arabia agreed to provide a grant contribution of \$4 million (equivalent to SDR 2.7 million) to subsidize Emergency Natural Disaster Assistance to low-income countries, of which SDR 0.15 million was transferred to the PRGT General Subsidy Account upon termination of the EPCA/ENDA Administered Subsidy Account in February 2014. In October 2012 and October 2013, Saudi Arabia provided subsidy resources to the PRGT through the transfer of its full share in the distributions of the general reserve attributed to windfall gold sale profits, totaling SDR 71.87 million.
- ***Other initiatives***: Measured by received contributions Saudi Arabia is the third largest donor to the IMF's Capacity Development (CD). In August 2024, Saudi Arabia signed an agreement to deliver \$279 million over ten years, through the IMF-Saudi Arabia CD Partnership. Now in its third year of operations, the CD Partnership has already delivered \$53.9 million in CD, with plans for a further \$29.2 million in FY27. The partnership is built upon three pillars:
 - The meaningful expansion of capacity development work in the Middle East, North Africa and Pakistan, through the Regional Office in Riyadh, the Middle East Regional Technical Assistance Center, and the Somalia Country Fund. CD Support is also delivered to Saudi Arabia itself.
 - Support for urgent and critical capacity development work in sub-Saharan Africa, delivered through the IMF's network of Regional Capacity Development Centers.

- Support to the IMF's thematic funds, enabling capacity development work in the IMF's key competence areas, like taxes and public finance, financial sector stability, anti-money laundering, and statistics.

Prior to the CD Partnership, Saudi Arabia provided financing under separate agreements to the Financial Sector Stability Fund (\$2 million) and to the Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Thematic Fund (\$3.9 million over three phases so far). Saudi Arabia also finances a bilateral project providing CD support to the Ministry of Finance's operational work on Macro Fiscal Forecasting Frameworks.

Exchange Rate Arrangement

The Saudi Arabian Riyal is formally pegged to the U.S. dollar and the exchange rate arrangement is classified as a conventional peg. Saudi Arabia maintains security-related exchange restrictions pursuant to UN Security Council resolutions 1267 and 1373.

Saudi Arabia has accepted the obligations of Article VIII, Sections 2(a), 3, and 4 of the IMF's Articles of Agreement, and maintains an exchange system that is free of multiple currency practices and restrictions on the making of payments and transfers for current international transactions, except for restrictions maintained solely for the preservation of national or international security, in accordance with the procedures set forth in Executive Board Decision 144-(52/51).

Last Article IV Consultation

Saudi Arabia is on the standard 12-month consultation cycle. The last Article IV consultation was held in person during May 12-26, 2025. The staff report was considered by the Executive Board on July 28, 2025, and published on August 4, 2025.

(<https://www.imf.org/en/publications/cr/issues/2025/08/02/saudi-arabia-2025-article-iv-consultation-press-release-and-staff-report-569252>).

Resident Representative

No resident representative is stationed in Saudi Arabia.

RELATIONS WITH THE WORLD BANK GROUP

(As of June 30, 2026)

World Bank Country Page:

<https://www.worldbank.org/en/country/saudi Arabia>