

Soft April price growth bucks global trend: Saudi Arabia CPI

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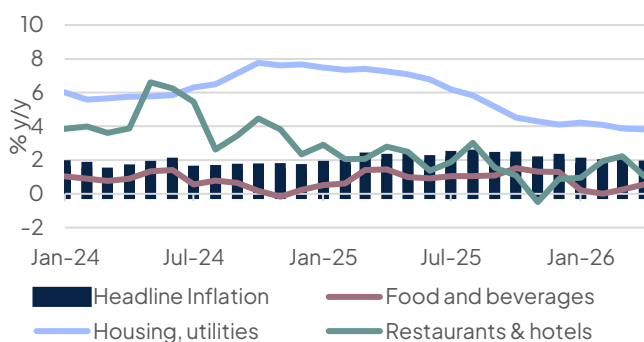
- April inflation data from Saudi Arabia showed subdued price growth, with scant signs that war-related supply shocks lifted consumer prices last month.
- Headline CPI eased to 1.7% y/y as housing costs slowed further, keeping a lid on overall prices.
- Food and transport prices picked up slightly, but not enough to alter the broader inflation outlook.

Consumer-price inflation in Saudi Arabia eased last month, bucking the broader trend of rising price pressures elsewhere. War-related global supply shocks from the regional conflict show little sign of feeding through to prices in the Kingdom.

We expect inflation to stay contained in Saudi Arabia this year, helped by moderating housing costs, a strong US dollar and regulated fuel prices. Even if price growth quickens in coming months, the country starts from a better position than several regional peers.

By contrast, central banks in Egypt and Turkey were already grappling with above-target inflation. This year's oil-price shock has also strained external balances and currency markets in those countries, as well as in India.

Ongoing slowdown in housing inflation



Source: Haver Analytics, Emirates NBD Research

Saudi Arabia's CPI inflation slowed to 1.7% y/y in April, from 1.8% in March. Prices rose 0.2% m/m, down from 0.3% in March. April PMI surveys suggested firms were raising output prices more quickly, with just over a quarter of respondents reporting higher charges to customers. Yet those cost pressures have not materially fed through to consumer prices.

A continued slowdown in housing and utilities costs, which make up 20.5% of the CPI basket, has helped restrain headline inflation. Prices in the category rose 3.8% y/y, the slowest pace since October 2022. Apartment rents increased 5.7% y/y, down

from 6.6% in December 2025, as Riyadh's rental freeze continued to temper gains. That easing in housing inflation should help offset any eventual passthrough from higher global prices.

Still, price pressures picked up in a few parts of the basket. Transport prices rose 1.0% y/y. Passenger-transport services climbed 5.2%, led by a 6.5% rise in road transport, itself driven by a 9.2% annual increase in diesel prices. Petrol prices, which are officially set, were unchanged from a year ago despite higher crude prices and sharp rises at the pump elsewhere.

Food inflation accelerated to 0.6% y/y from 0.3% in March, with prices rising 0.8% m/m. The increase was driven mainly by a 1.8% annual gain in meat prices, which account for nearly 7.0% of the headline basket. Miscellaneous goods and services rose 6.3% y/y, led by a 22.5% increase in jewellery and watch prices, reflecting the rally in precious-metals prices over the past year.

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