

Saudi Monthly Economic Report

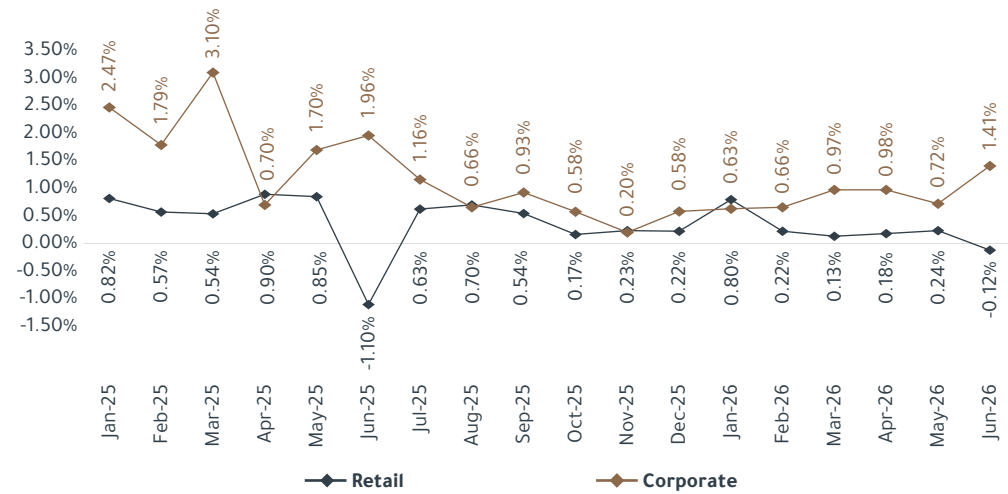
June 2026



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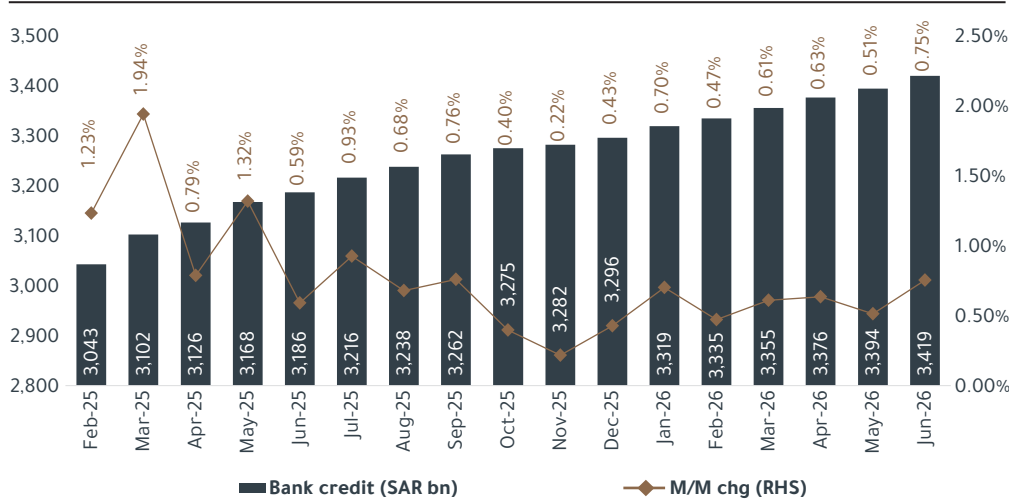
- Total credit stood at SAR 3,419bn in June-26, up 0.75% M/M (up 7.3% Y/Y). Retail loans declined by 0.12% M/M (+4.0% Y/Y) to reach SAR 1,455bn, while corporate loans grew by 1.41% M/M (9.9% Y/Y) to SAR 1,964bn in June-26.
- Total deposit base expanded to SAR 3,132bn up 0.74% M/M (up 8.9% Y/Y). The growth was led by Time and savings deposits which were up 3.4% M/M (up 25.0% Y/Y) to SAR 1,375bn, led by 4.4% M/M increase in government deposits.
- Demand deposits decreased by 1.3% M/M (-3.2% Y/Y) to SAR 1,447bn (non-govt up 0.1% M/M and govt down 6.9% M/M). Other Quasi government deposits decreased by 1.0% M/M to SAR 309bn.

Retail vs corporate loan growth (M/M)



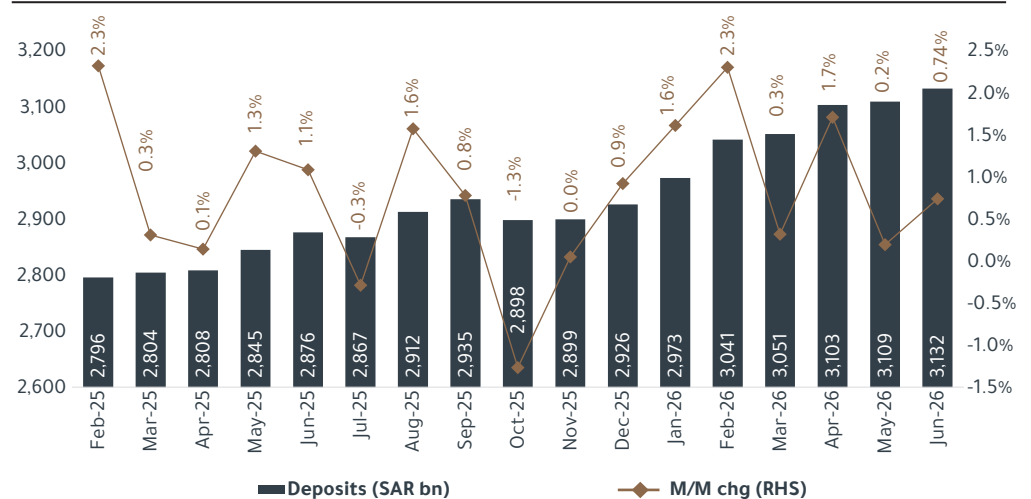
Source: SAMA, Aljazira Capital Research

Banking sector credit (SAR bn)



Source: SAMA, Aljazira Capital Research

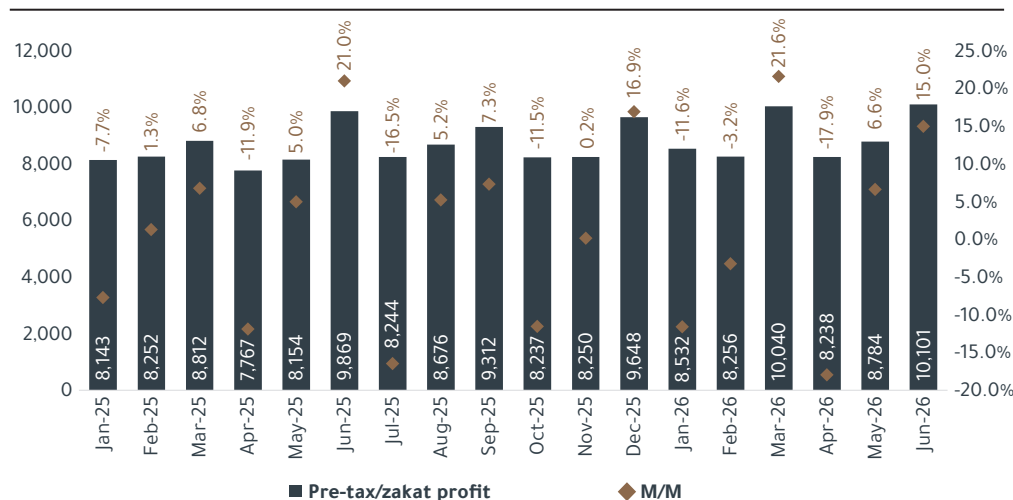
Total deposits (SAR bn)



Source: SAMA, Aljazira Capital Research

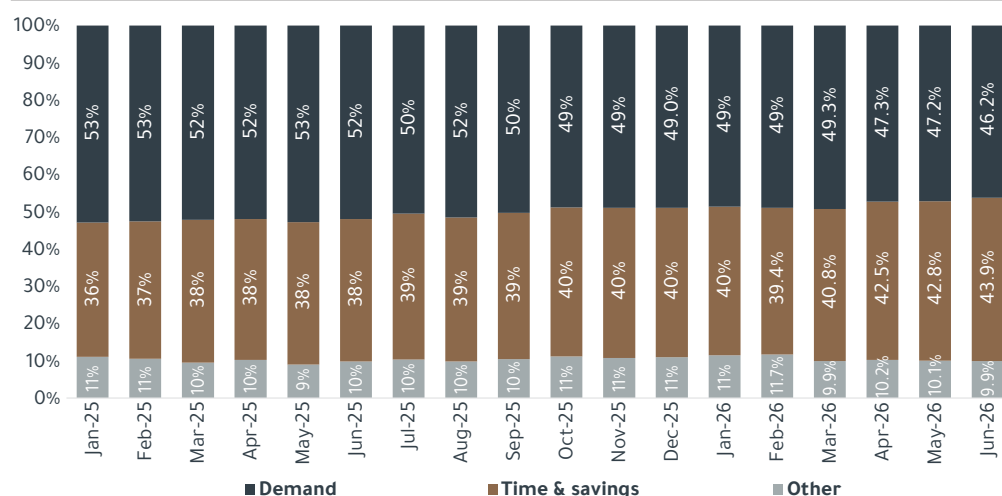
- Profit before Zakat and taxes for June-26 was reported at SAR 10.1bn up 15.0% M/M (+2.4% Y/Y).
- On an YTD basis Profit Before Zakat and taxes were up 5.8% Y/Y to SAR 53.9bn.
- Overall, share of Time and saving deposits in total deposits increased by 112bps M/M to 43.9%, while share of demand deposits contracted by 94bps M/M;
- Other Quasi government deposits share in total deposits decreased by 18bps M/M.

Banking sector profit before zakat and tax (SAR mn)



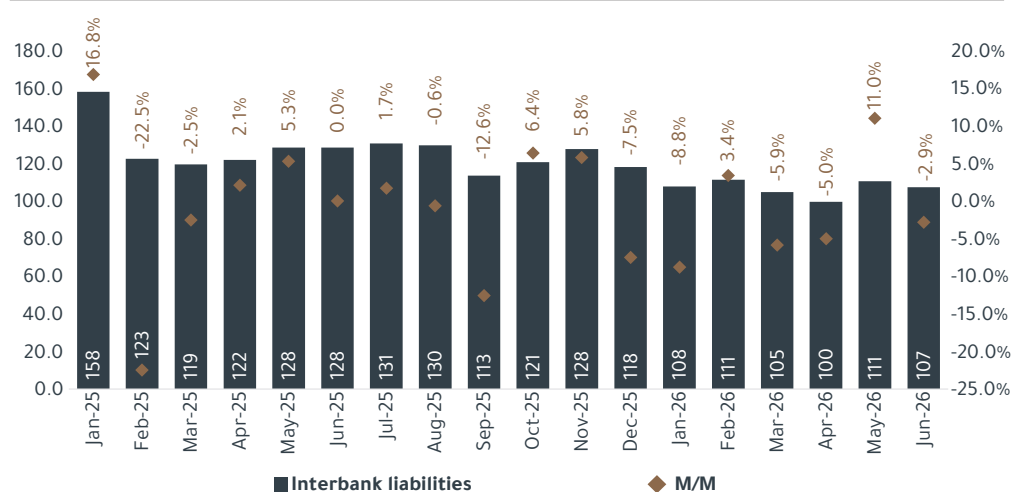
Source: SAMA, Aljazira Capital Research

Deposit mix



Source: SAMA, Aljazira Capital Research

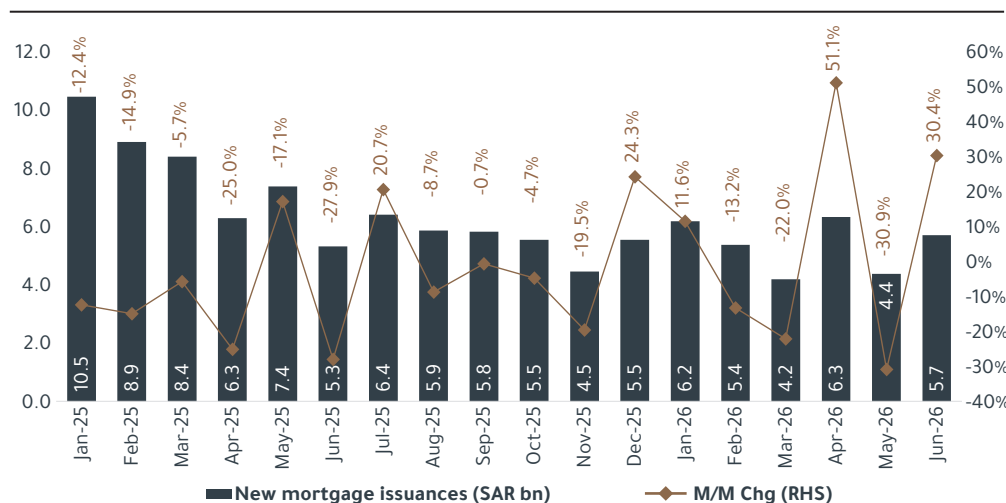
Interbank liabilities (SAR bn)



Source: SAMA, Aljazira Capital Research

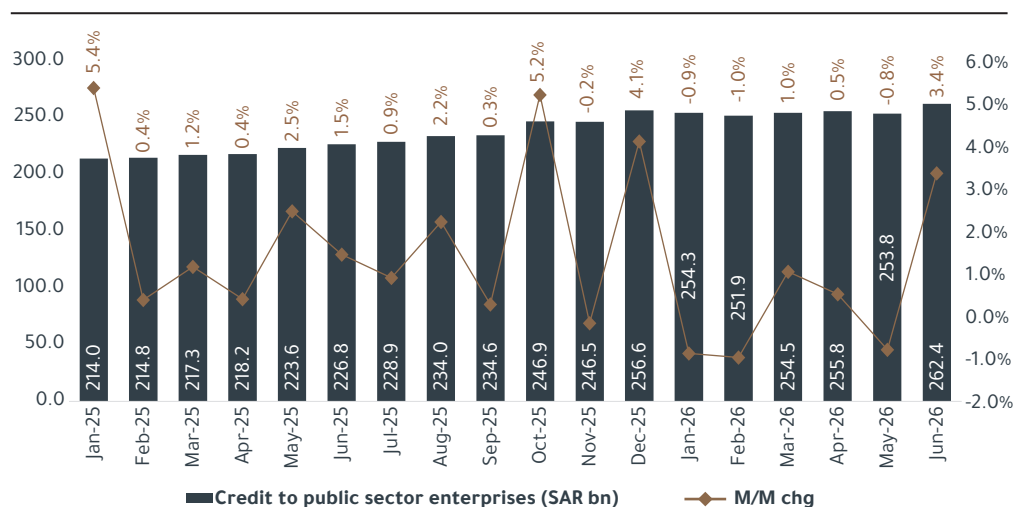
- Individual residential mortgage lending increased 7.2% Y/ Y (up 30.4% M/M) to SAR 5.7bn in June 2026.
- Credit to public sector enterprises increased by 3.4% M/M (up 15.7% Y/ Y) to SAR 262bn.
- E-commerce sales using MADA decreased by 3.0% M/M (up 30% Y/ Y) to SAR 33.6bn.

Mortgage loan issuances (SAR bn)



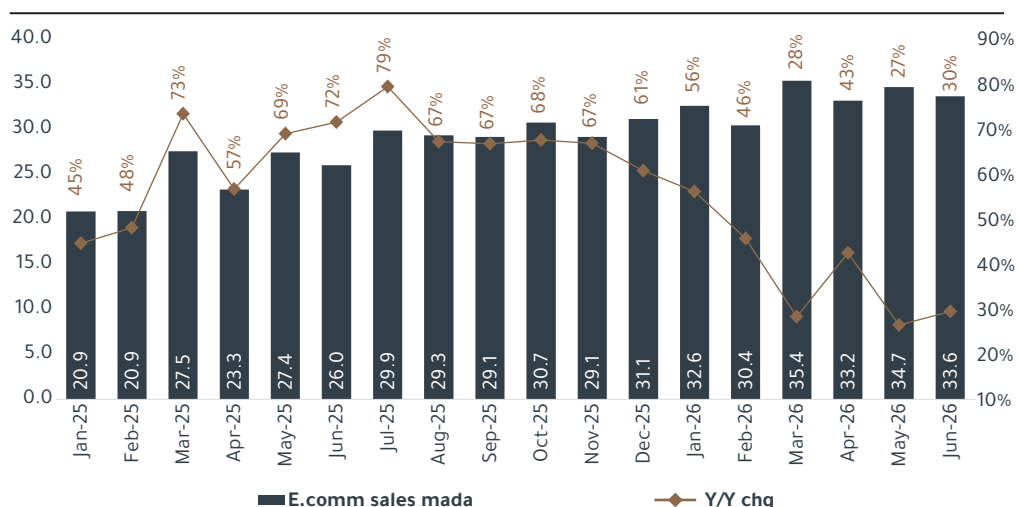
Source: SAMA, Aljazeera Capital Research

Loans to public sector enterprises (SAR bn)



Source: SAMA, Aljazeera Capital Research

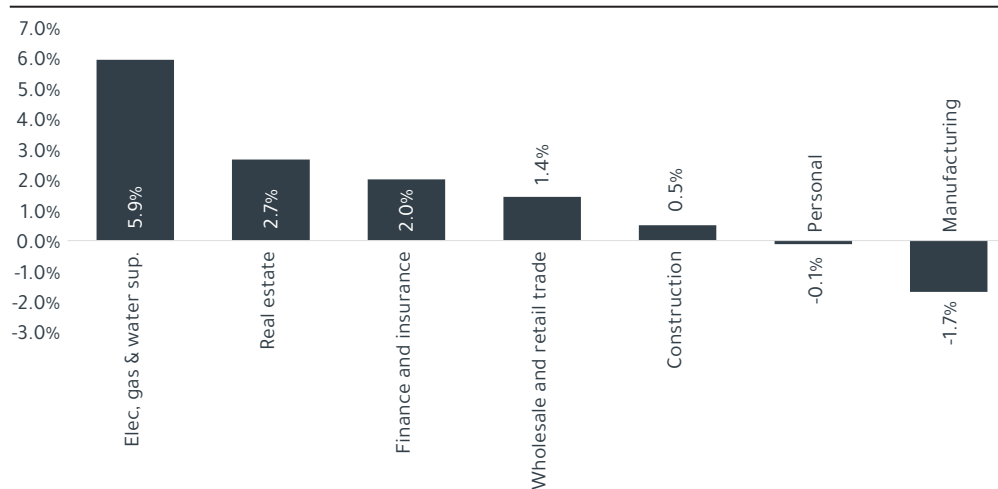
E-commerce sales using MADA (SAR bn)



Source: SAMA, Aljazeera Capital Research

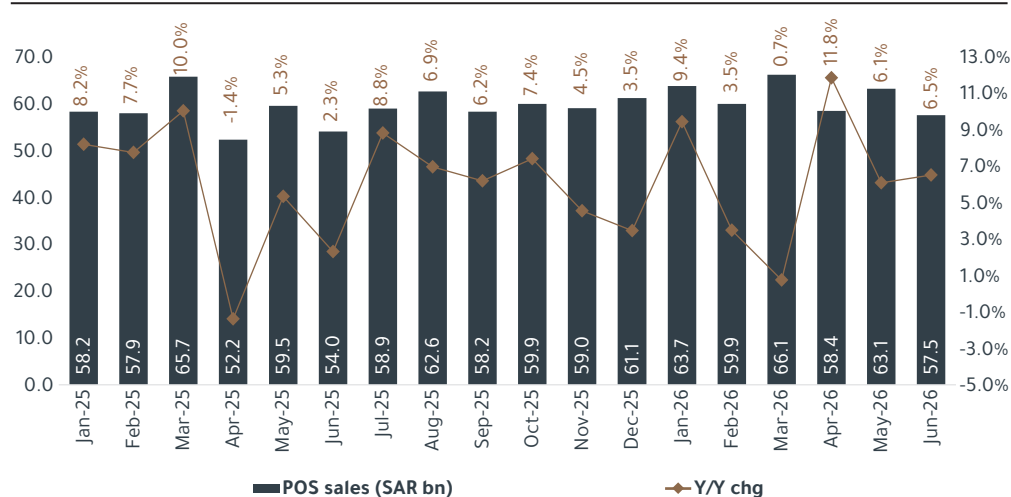
- Electricity, gas and water, real estate and finance & insurance saw strongest M/M loan growth in June-26.
- Total POS sales declined by 8.9% M/M (up 6.5% Y/Y) to SAR 57.5bn M/M.
- Normal and regulated LDR ratios grew by 2/65bps M/M in June-26 to 109.2/79.7%, as deposit growth (up 0.74% M/M) matched loan growth (up 0.75% M/M).

Activity wise loan growth - June-2026 (M/M)



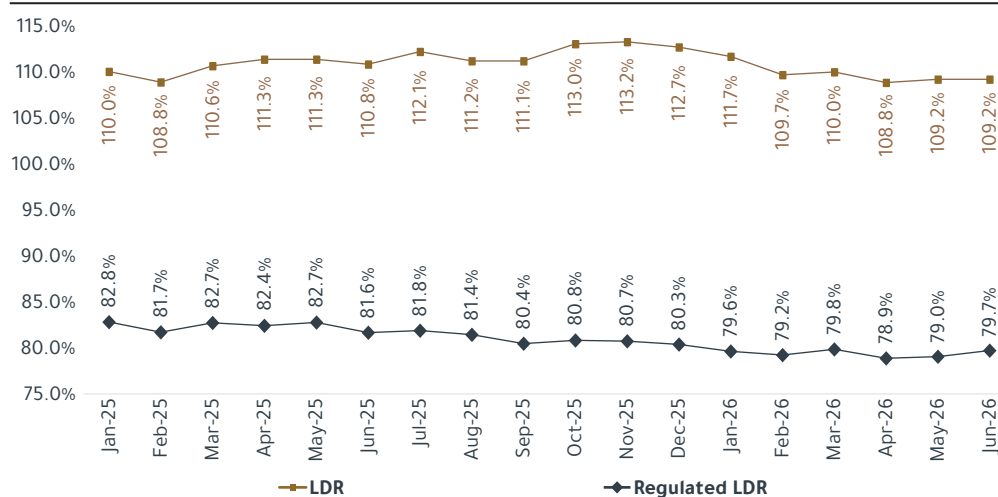
Source: SAMA, Aljazira Capital Research

POS sales (SAR bn)



Source: SAMA, Aljazira Capital Research

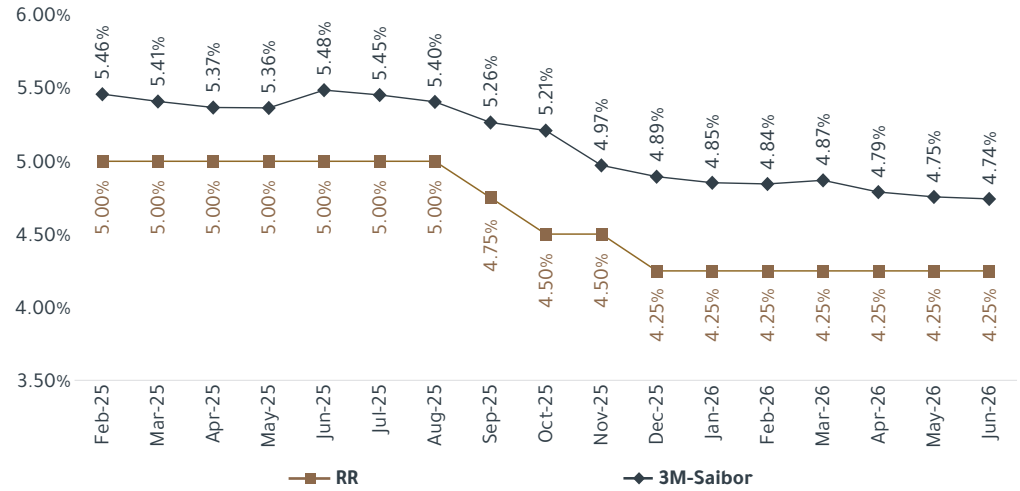
LDR both regulated and unregulated



Source: SAMA, Aljazira Capital Research

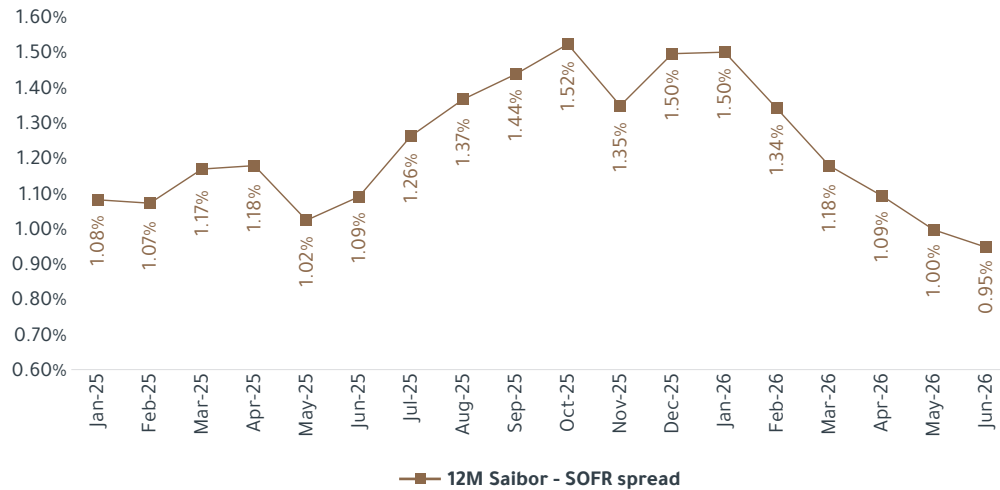
- 3MSaibor decreased by 1bps M/M (-74bps Y/Y) to 4.74%. 6MSaibor-SOFR spread decreased by 12bps M/M in June-26 to 1.38%, while 12MSaibor-SOFR spread declined by 5bps M/M to 0.95%.
- Spread remains sizably above the long-term averages due to tight liquidity conditions.
- CPI inflation stood at 1.75% Y/Y (+0.14% M/M) in June-26 as compared to 1.78% in May-26.

Repo Rate and 3M-Saibor



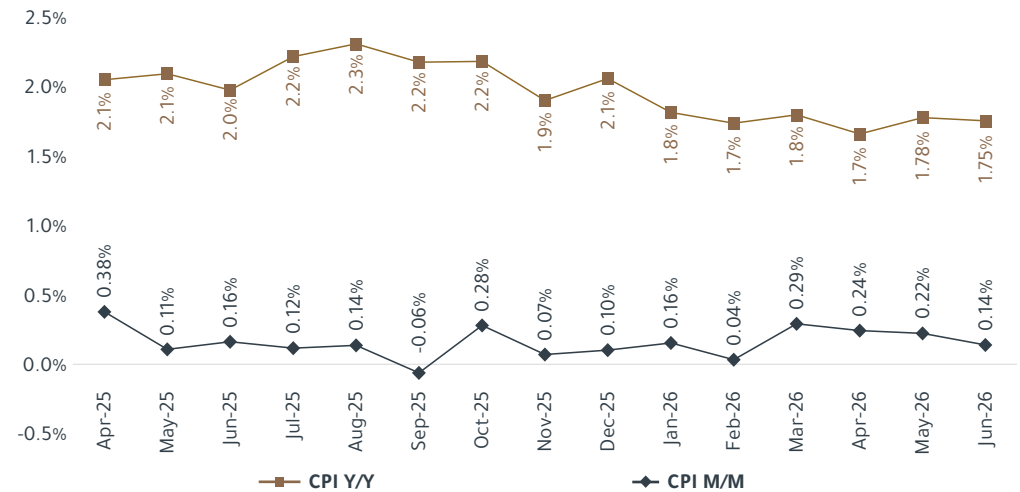
Source: SAMA, Aljazira Capital Research

Saibor-SOFR spread



Source: SAMA, Aljazira Capital Research

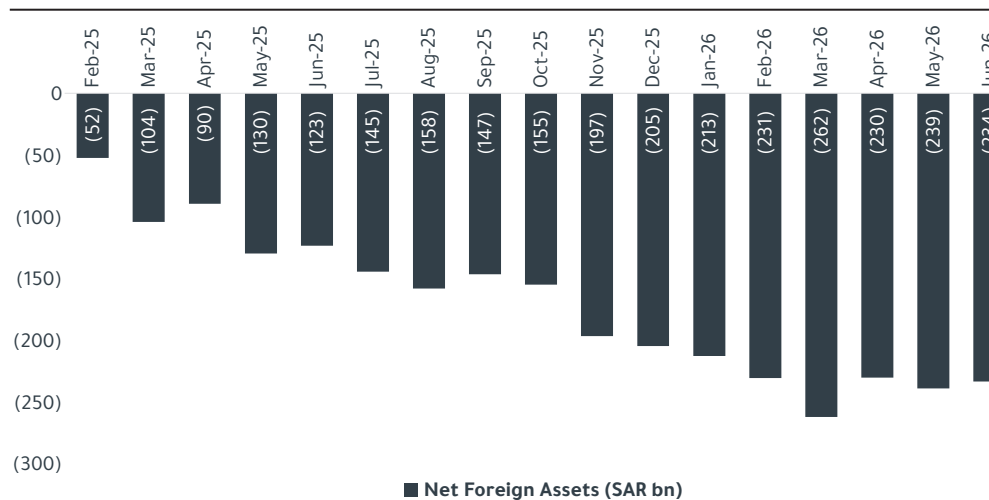
CPI Inflation



Source: SAMA, Aljazira Capital Research

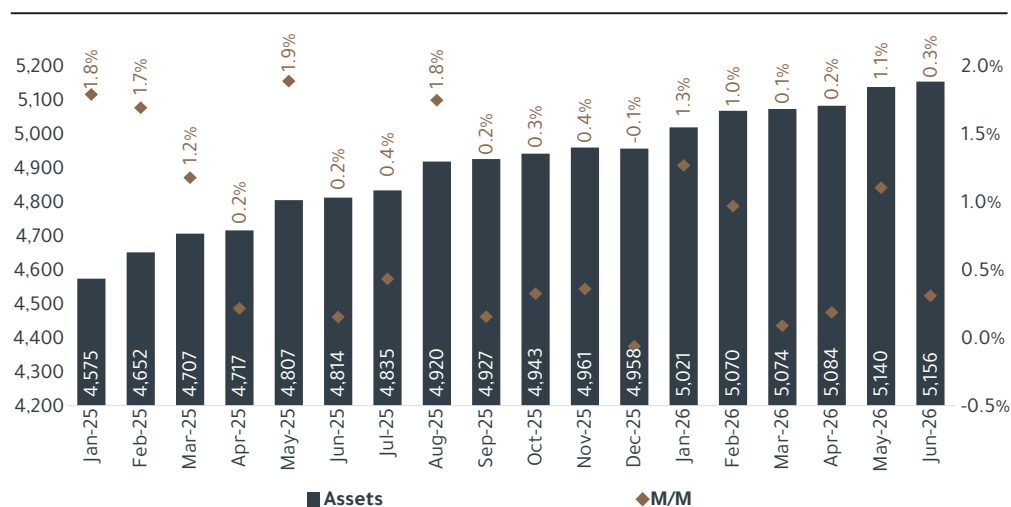
- Net Foreign assets of Banks declined to SAR -234bn, up SAR 5.4bn M/M (down SAR 110bn Y/ Y), as total assets increased by SAR 2.0bn to SAR 432bn while total liabilities decreased by SAR 3.4bn to SAR 666bn.
- Total assets of banks grew by 0.3% M/M to SAR 5,156bn, while total liabilities increased by 0.2% M/M to SAR 4,484bn.

Net foreign assets of banks (SAR bn)



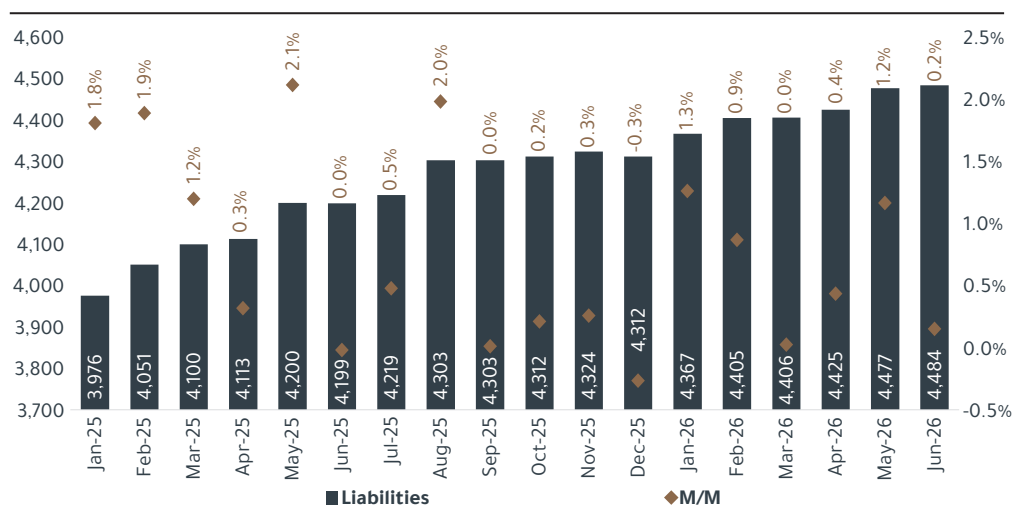
Source: SAMA, Aljazeera Capital Research

Total assets of banks (SAR bn)



Source: SAMA, Aljazeera Capital Research

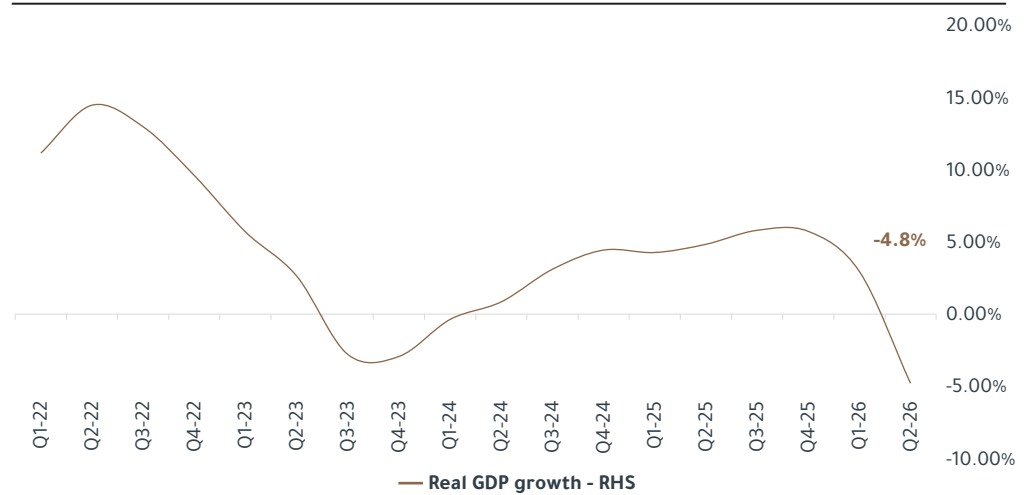
Total liabilities of banks (SAR bn)



Source: SAMA, Aljazeera Capital Research

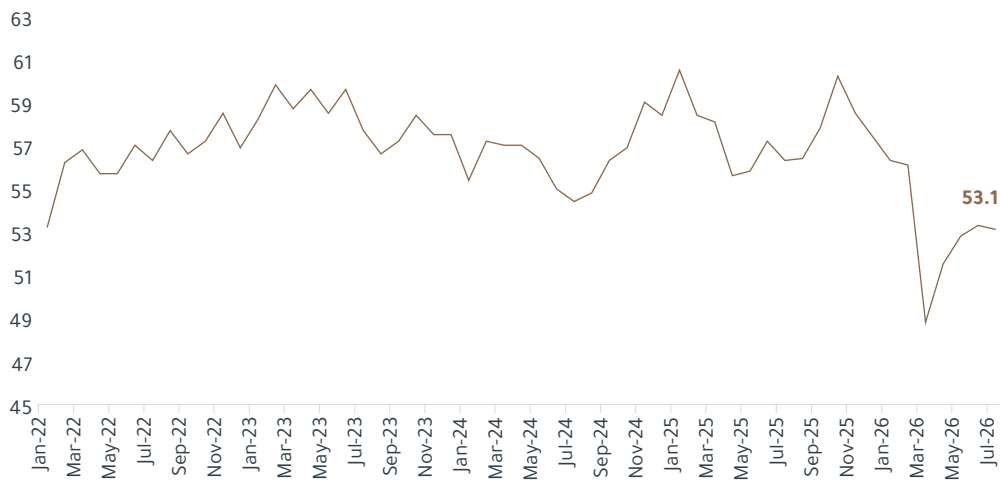
- Real GDP contracted 4.8% Y/Y in Q2-26 - the weakest reading since the oil production cuts. Oil sector was the sole driver of the contraction. Oil activities declined 24.7% Y/Y in Q2-26 versus +2.9% in Q1-26
- The Saudi PMI declined to 53.1 in July-26 from 53.3 in June-26, after three consecutive months of increases.
- Total consumer spending increased 6.1% Y/Y in Jun-26 to SAR 130.1bn, supported by continued strength in electronic transactions. While growth has moderated from the double-digit expansion witnessed through much of 2025, spending trends remain healthy, reflecting resilient household demand.

Real GDP Y/Y growth



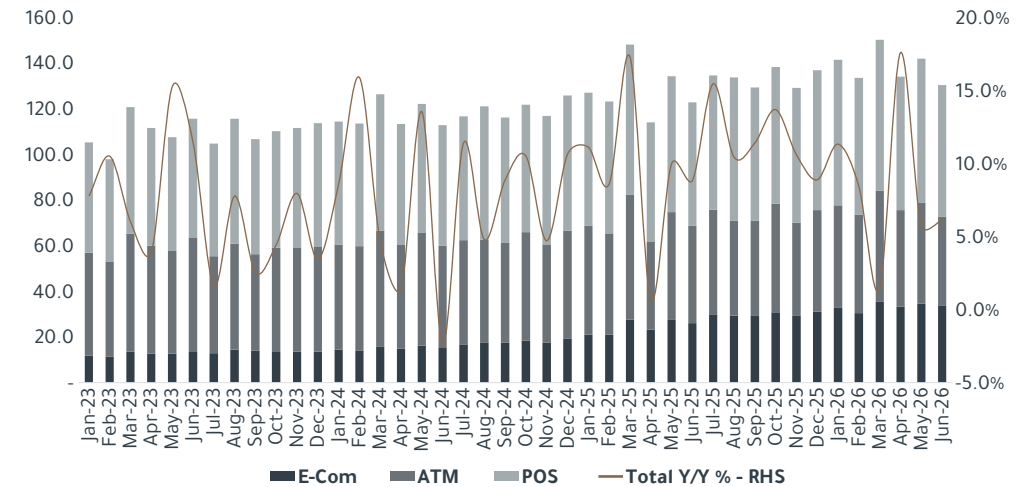
Source: Argaam, Aljazeera Capital Research

KSA Purchasing Managers Index



Source: Argaam, Aljazeera Capital Research

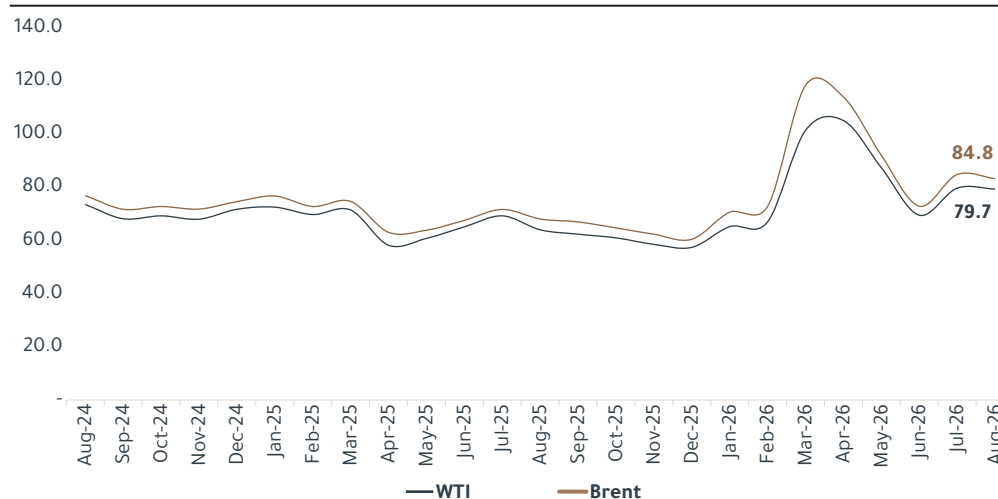
Consumer Spending (SARbn)



Source: Argaam, Aljazeera Capital Research

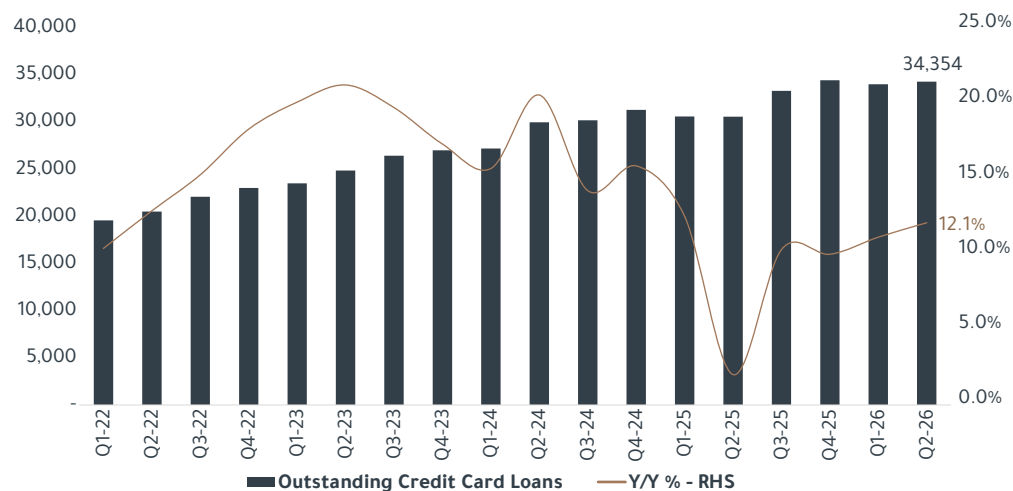
- Brent crude averaged USD 72.9/bbl in Jun-26 (WTI: USD 69.5/bbl), before rebounding to USD 84.8/bbl in Jul-26 (WTI: USD 79.7/bbl) following heightened geopolitical tensions.
- Outstanding credit card loans increased by 12.1% Y/Y to SAR 34.4bn in Q2 2026, reflecting continued strength in consumer borrowing despite a marginal sequential decline.
- Saudi Arabia's outstanding government debt increased to SAR 1.685tn in Q2-26, up from SAR 1.519tn at end-2025 and SAR 1.216tn at end-2024, reflecting continued debt issuance to finance strategic investments and manage fiscal requirements while maintaining ample market liquidity.

Crude oil prices (USD)



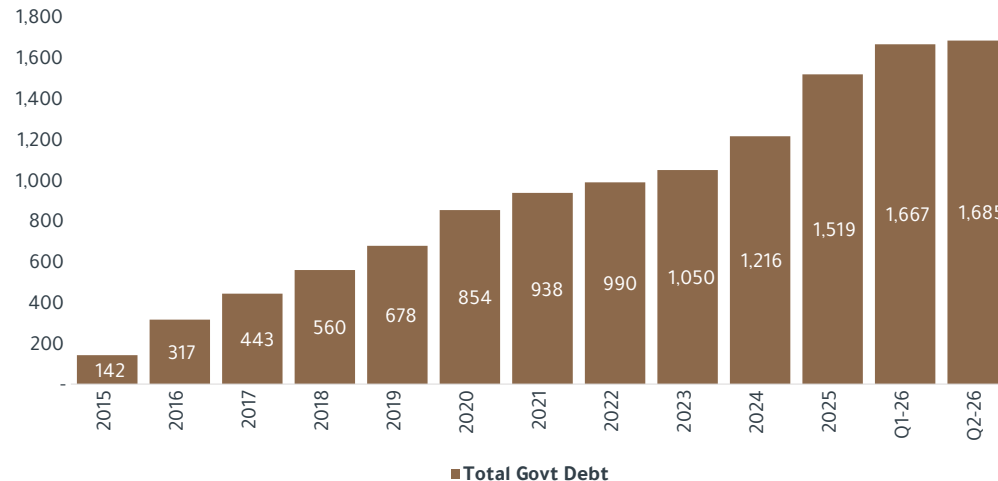
Source: NDMC, Aljazeera Capital Research

Outstanding Credit Card Loans (SAR bn)



Source: Argaam, Aljazeera Capital Research

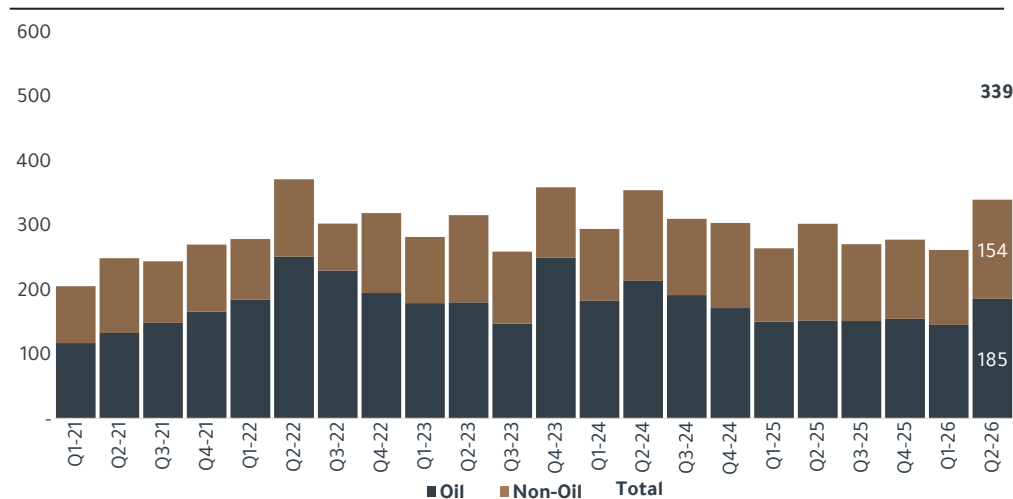
Outstanding Government Debt (SAR bn)



Source: SAMA, Aljazeera Capital Research

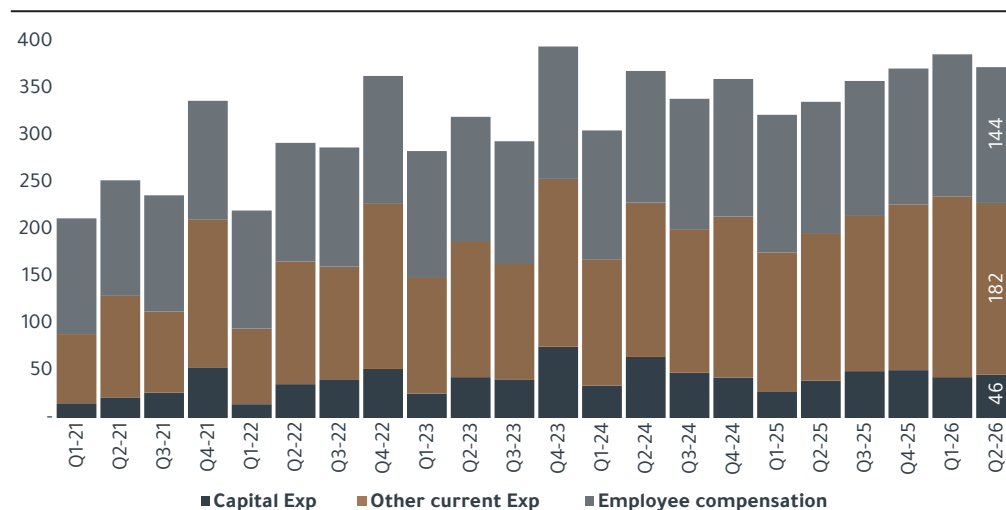
- Total government revenue increased to SAR 339bn in Q2-26 from SAR 261bn in Q1-26, driven by a rebound in oil revenue to SAR 185bn (+27.9% Q/Q) alongside a strong increase in non-oil revenue to SAR 154bn (+32.2% Q/Q).
- Total fiscal expenditure stood at SAR 373bn in Q2-26, down 3.5% Q/Q from SAR 387bn in Q1-26, as lower employee compensation and other current expenditure more than offset a modest increase in capital spending.
- Saudi Arabia recorded a fiscal deficit of SAR 34bn in Q2-26, improving significantly from the SAR 126bn deficit in Q1-26, as the rebound in both oil and non-oil revenues outpaced government expenditure.

Quarterly Fiscal Revenues (SAR bn)



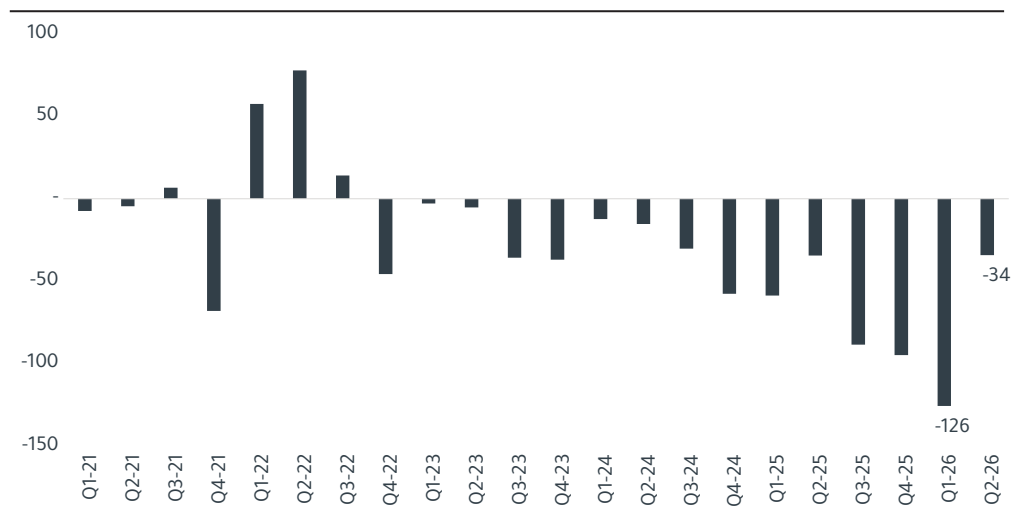
Source: Argaam, Aljazira Capital Research

Quarterly Fiscal Expenditure (SAR bn)



Source: Argaam, Aljazira Capital Research

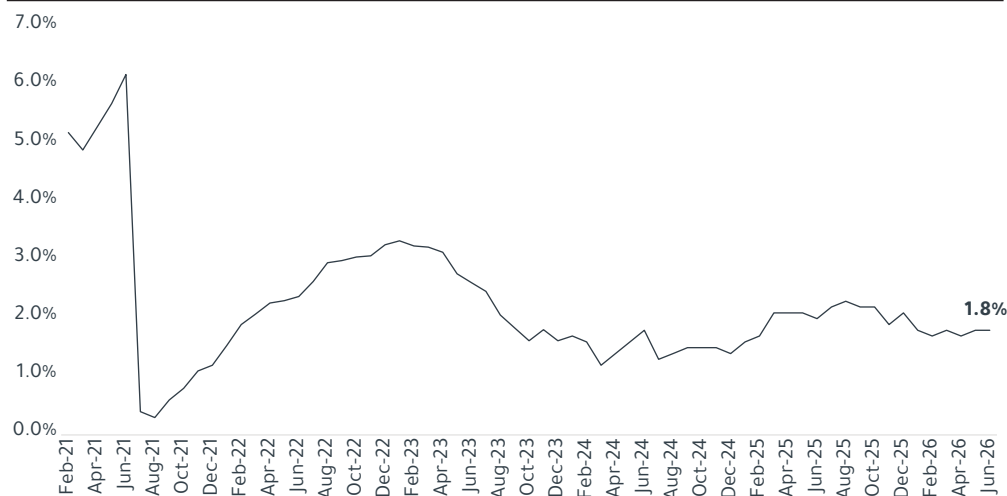
Fiscal Surplus / (Deficit) (SAR bn)



Source: Argaam, Aljazira Capital Research

- Headline inflation was stable at 1.8% Y/ Y in Jun-26, unchanged from May-26, remaining well below historical averages and among the lowest levels globally.
- Housing & Utilities (+3.5% Y/ Y; 20.2% weight) contributed the largest upward pressure on prices. Higher Personal Care & Miscellaneous (+3.8% Y/ Y) and Recreation (+2.5% Y/ Y) inflation also supported the overall increase.
- The Retail Real Estate Price Index increased to 104.3 in Q2-26 from 100.6 in Q1-26, marking a strong 3.7% Q/Q increase. The Commercial Real Estate Price Index edged up to 112.0 in Q2-26 from 110.8 in Q1-26 (+1.1% Q/Q), indicating continued resilience in the commercial property market.

Inflation Y/ Y change %



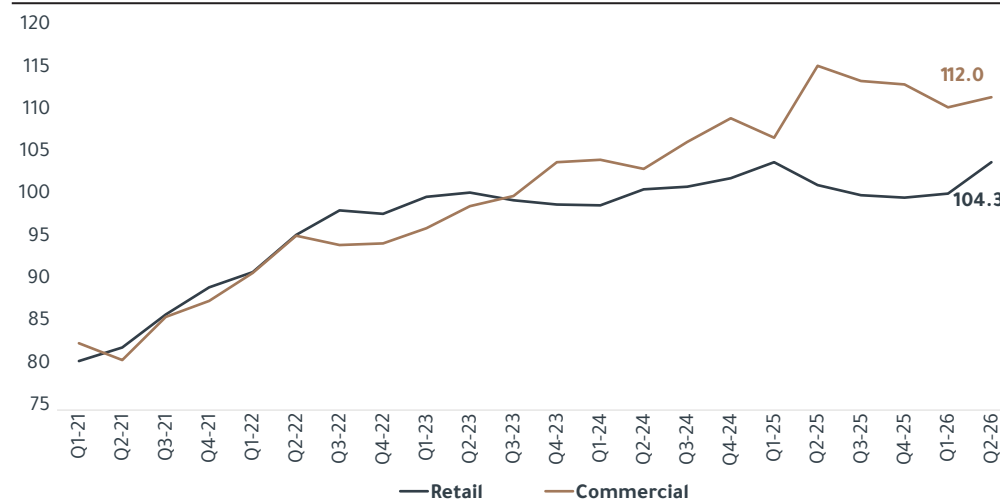
Source: SAMA, Aljazira Capital Research

CPI Breakdown

Category	Weight %	June-26	June-25	Y/ Y %
General Index	100.0%	105.4	103.6	1.8%
F&B	21.9%	103.3	101.9	1.4%
Tobacco	0.7%	99.9	99.4	0.5%
Clothing & Footwear	3.7%	96.5	96.9	-0.4%
Housing & Utilities	20.2%	116.7	112.8	3.5%
Furnishing & Household Equip	6.7%	97.5	98.1	-0.6%
Health	4.0%	100.0	99.7	0.3%
Transport	14.5%	102.5	100.8	1.7%
Communication	5.2%	98.3	97.7	0.6%
Recreation	3.2%	106.4	103.8	2.5%
Education	2.2%	102.4	101.3	1.1%
Hospitality	8.4%	108.1	106.5	1.5%
Finance	3.2%	106.9	104.7	2.1%
Personal Care & Misc	6.1%	111.8	107.7	3.8%

Source: Argam, Aljazira Capital Research

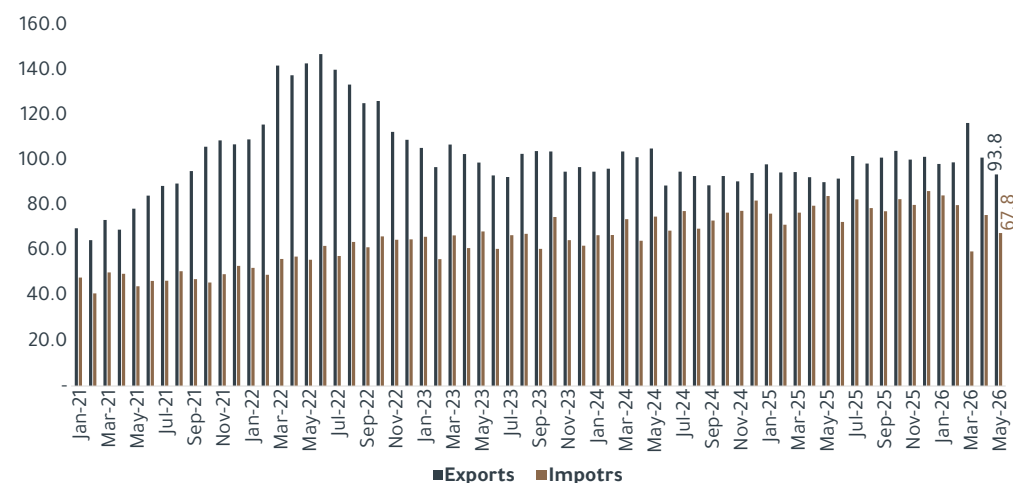
Real Estate Price Index



Source: GASTAT, Aljazira Capital Research

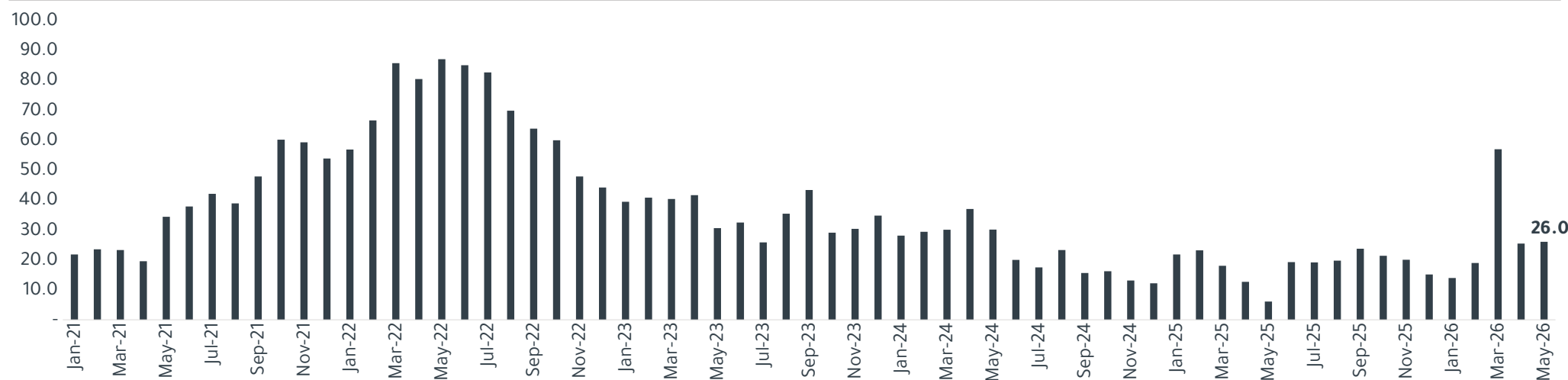
- In May 2026 exports declined to SAR 93.8bn from SAR 101.2bn in April, while imports dropped to SAR 67.8bn.
- Saudi Arabia's merchandise trade surplus increased to SAR 26.0bn in May-26 from SAR 25.4bn in Apr-26, as the decline in imports (-10.5% M/M) more than offset the reduction in exports (-7.3% M/M), resulting in a slightly stronger external balance.

Exports & Imports (SAR bn)



Source: Argaam, Aljazira Capital Research

Trade Balance (SAR bn)



Source: Argaam, Aljazira Capital Research

Director - Head of Sell-Side Research

Jassim Al-Jubran

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1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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