الجزيرة كابيتال
aljazira capital

Saudi Monthly Economic Report

June 2026

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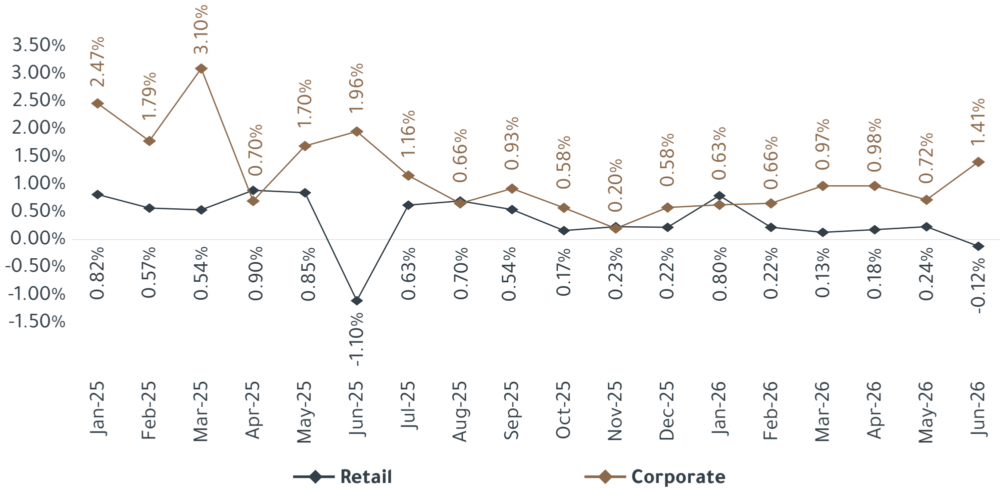
August 2026

Credit and deposit growth

- 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.

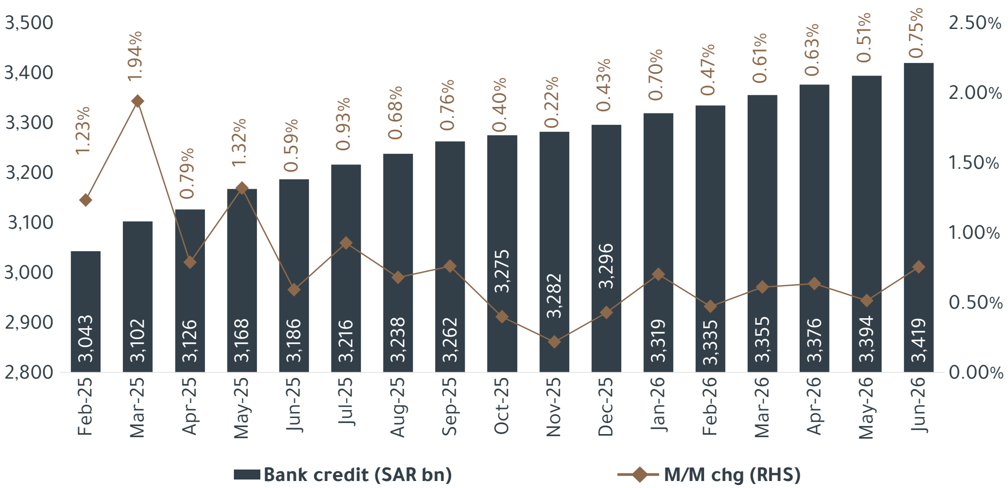
Retail vs corporate loan growth (M/M)



	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Retail	0.82%	0.57%	0.54%	0.90%	0.85%	-1.10%	0.63%	0.70%	0.54%	0.17%	0.23%	0.22%	0.80%	0.22%	0.13%	0.18%	0.24%	-0.12%
Corporate	2.47%	1.79%	3.10%	0.70%	1.70%	1.96%	1.16%	0.66%	0.93%	0.58%	0.20%	0.58%	0.63%	0.66%	0.97%	0.98%	0.72%	1.41%

Source: SAMA, Aljazira Capital Research

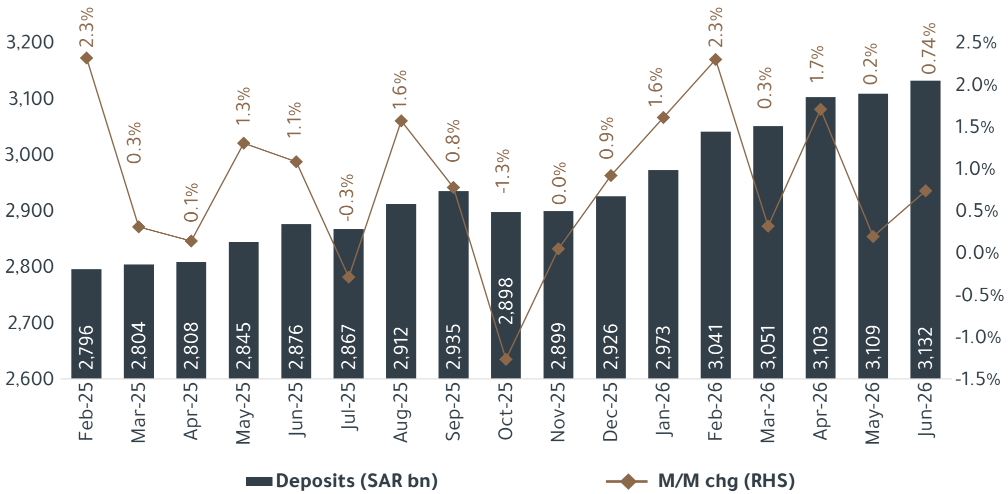
Banking sector credit (SAR bn)



	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Bank credit (SAR bn)	3,043	3,102	3,126	3,168	3,186	3,216	3,238	3,262	3,275	3,282	3,296	3,319	3,335	3,355	3,376	3,394	3,419
M/M chg (RHS)	1.23%	1.94%	0.79%	1.32%	0.59%	0.93%	0.68%	0.76%	0.40%	0.22%	0.43%	0.70%	0.47%	0.61%	0.63%	0.51%	0.75%

Source: SAMA, Aljazira Capital Research

Total deposits (SAR bn)



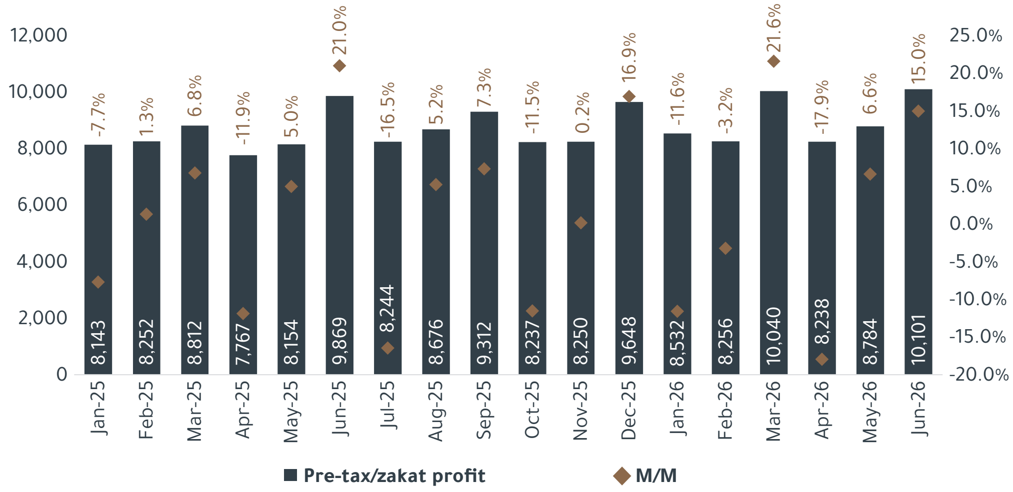
	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Deposits (SAR bn)	2,796	2,804	2,808	2,845	2,876	2,867	2,912	2,935	2,898	2,899	2,926	2,973	3,041	3,051	3,103	3,109	3,132
M/M chg (RHS)	2.3%	0.3%	0.1%	1.3%	1.1%	-0.3%	1.6%	0.8%	-1.3%	0.0%	0.9%	1.6%	2.3%	0.3%	1.7%	0.2%	0.74%

Source: SAMA, Aljazira Capital Research

Banking sector profit and deposit mix

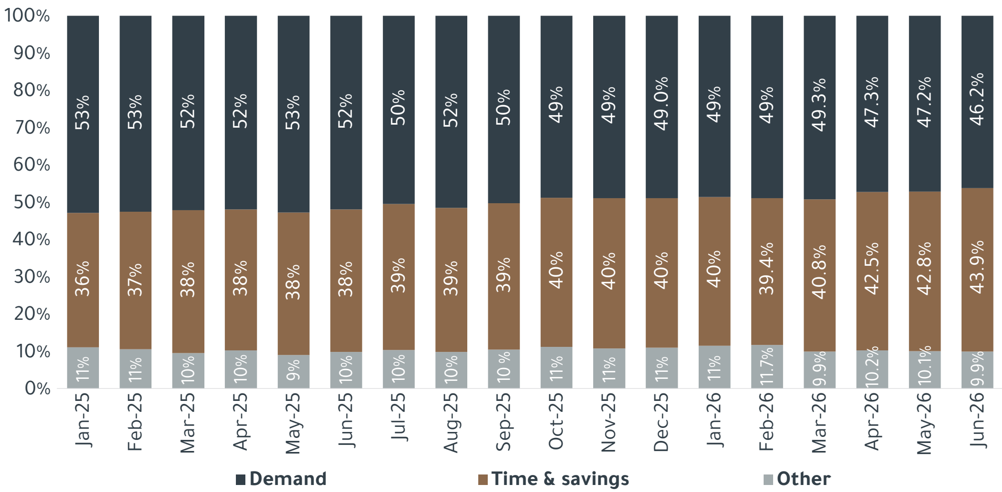
- **Profit before Zakat and taxes for June-26 was reported at SAR 10.1bn up 15.0% M/M (+2.4% Y/ Y).**
- **On an YTD basis Profit Before Zakat and taxes were up 5.8% Y/ Y to SAR 53.9bn.**
- **Overall, share of Time and saving deposits in total deposits increased by 112bps M/M to 43.9%, while share of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



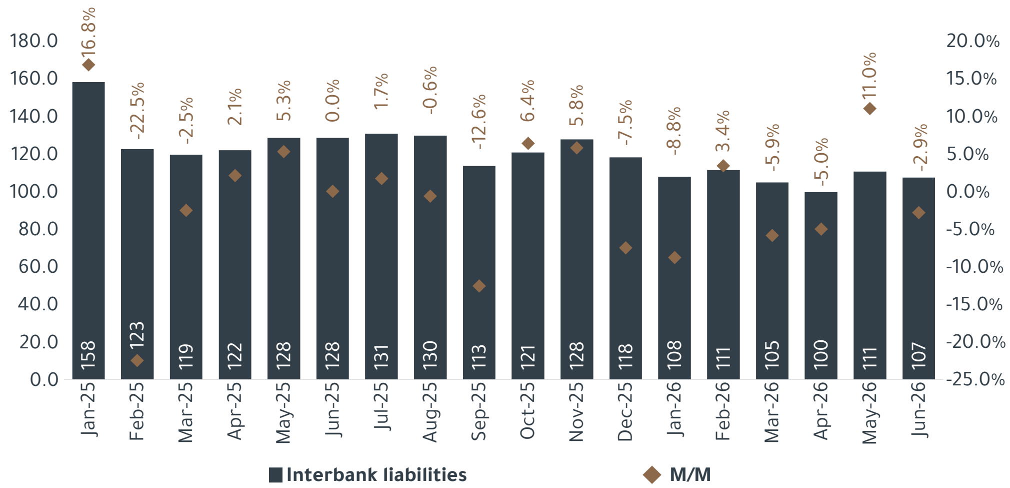
Source: SAMA, Aljazira Capital Research

Deposit mix



Source: SAMA, Aljazira Capital Research

Interbank liabilities (SAR bn)

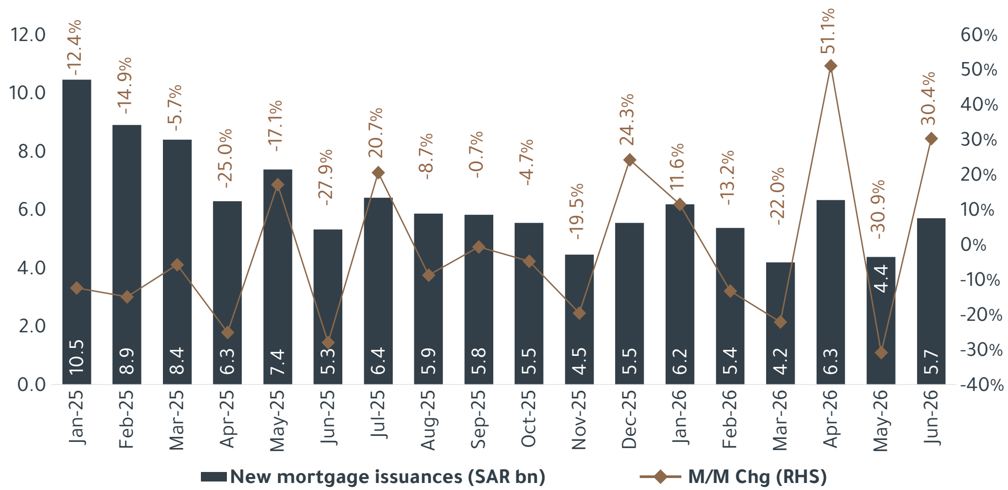


Source: SAMA, Aljazira Capital Research

Mortgages, loans to public sector and E-commerce sales

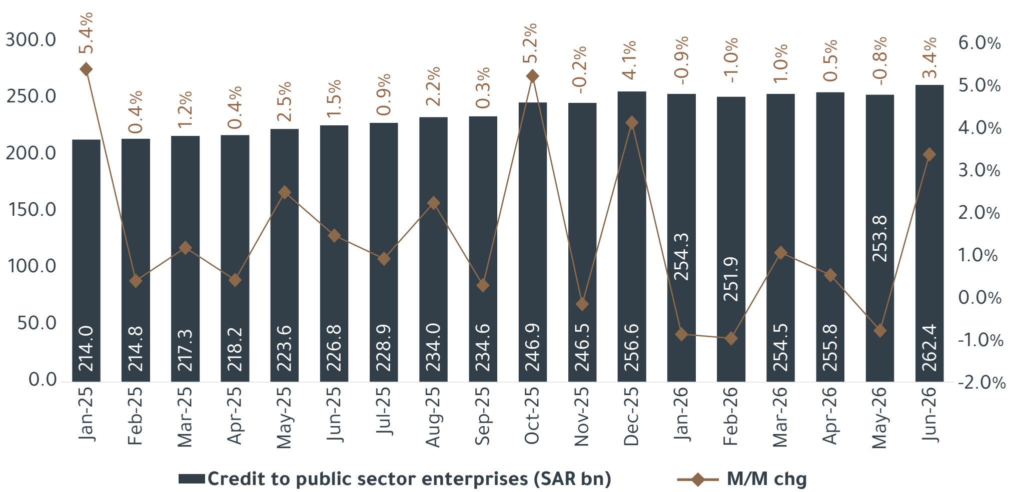
- **Individual residential mortgage lending increased 7.2% Y/ Y (up 30.4% M/M) to SAR 5.7bn in June 2026.**
- **Credit to public sector enterprises increased by 3.4% M/M (up 15.7% Y/ Y) to SAR 262bn.**
- **E-commerce sales using MADA decreased by 3.0% M/M (up 30% Y/ Y) to SAR 33.6bn.**

Mortgage loan issuances (SAR bn)



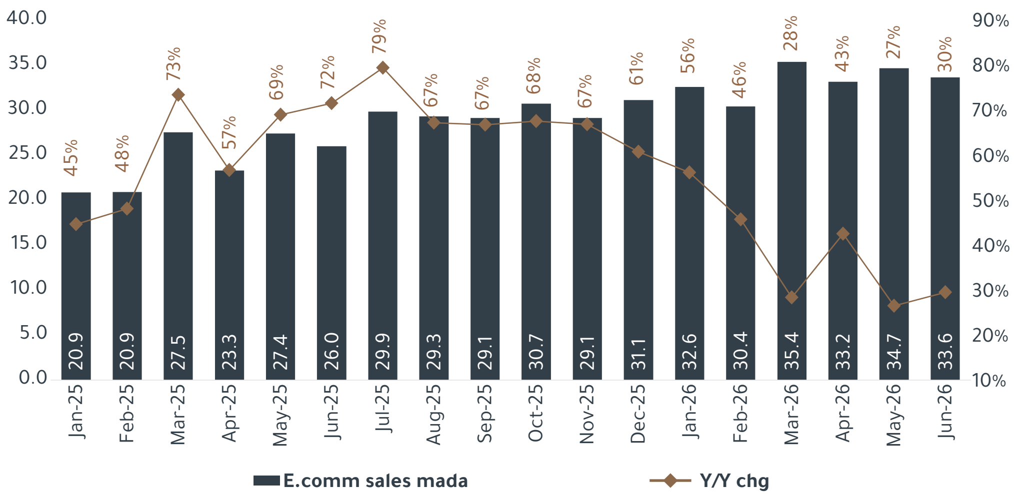
Source: SAMA, Aljazira Capital Research

Loans to public sector enterprises (SAR bn)



Source: SAMA, Aljazira Capital Research

E-commerce sales using MADA (SAR bn)

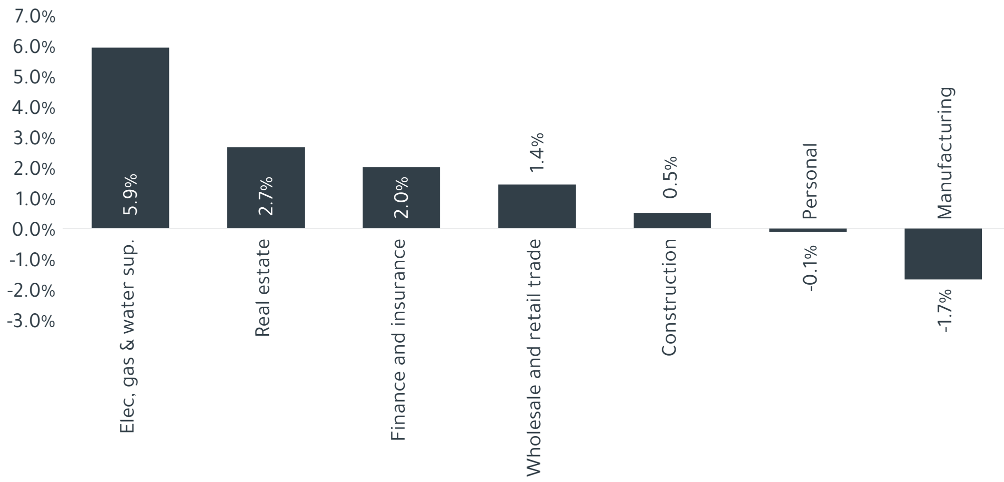


Source: SAMA, Aljazira Capital Research

Activity wise loans, POS sales and LDR

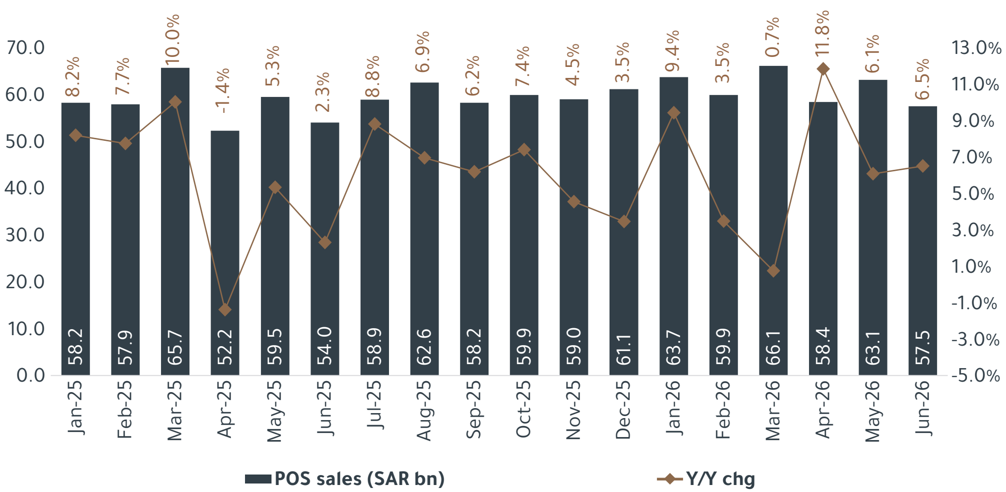
- **Electricity, gas and water, real estate and finance & insurance saw strongest M/M loan growth in June-26.**
- **Total POS sales declined by 8.9% M/M (up 6.5% Y/ Y) to SAR 57.5bn M/M.**
- **Normal and regulated LDR ratios grew by 2/65bps M/M in June-26 to 109.2/79.7%, as deposit growth (up 0.74% M/M)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

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



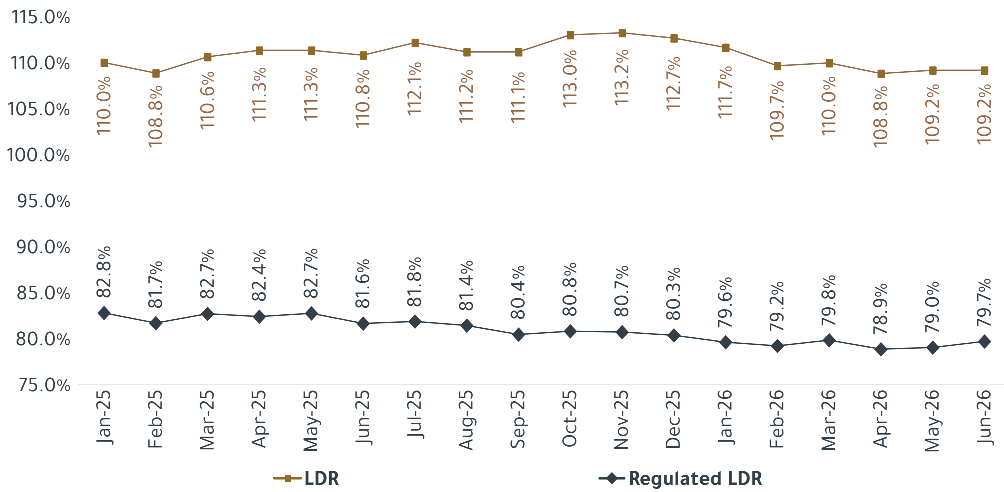
Source: SAMA, Aljazira Capital Research

POS sales (SAR bn)



Source: SAMA, Aljazira Capital Research

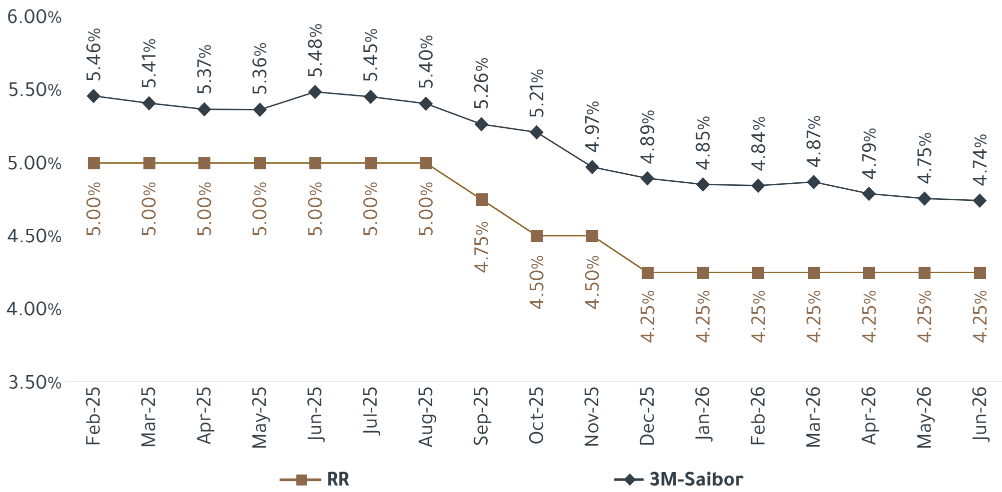
LDR both regulated and unregulated



Source: SAMA, Aljazira Capital Research

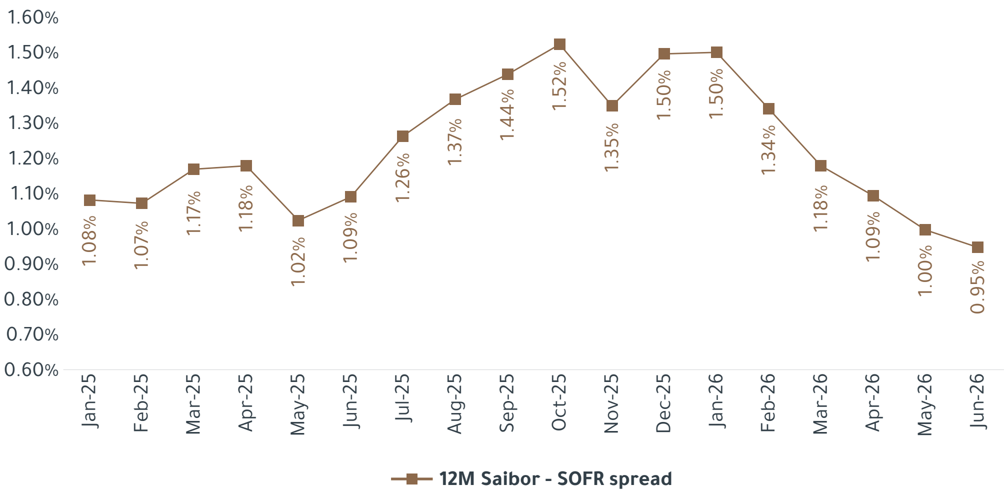
- **3MSaibor decreased by 1bps M/M (-74bps Y/Y) to 4.74%. 6MSaibor-SOFR spread decreased by 12bps M/M in June-26 to 1.38%, while 12MSaibor-SOFR spread declined by 5bps M/M to 0.95%.**
- **Spread remains sizably above the long-term averages due to tight liquidity conditions.**
- **CPI inflation stood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



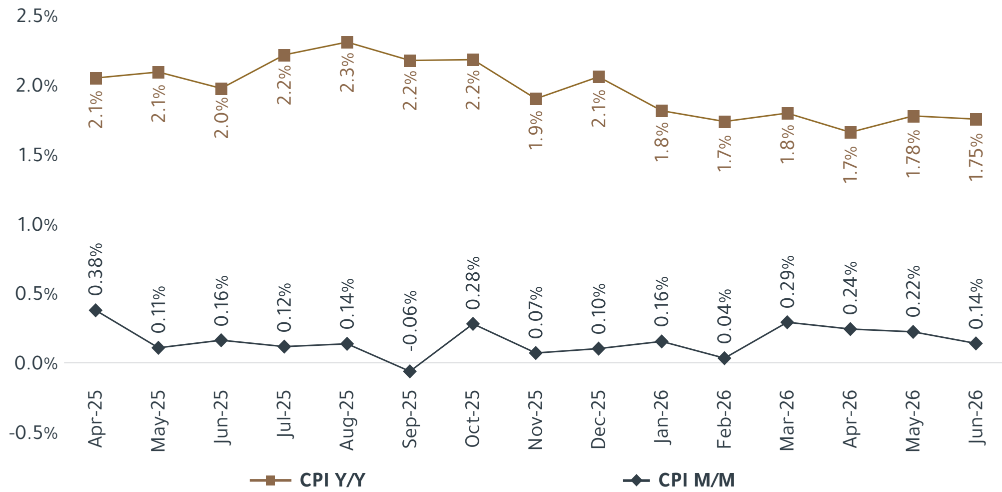
Source: SAMA, Aljazira Capital Research

Saibor-SOFR spread



Source: SAMA, Aljazira Capital Research

CPI Inflation

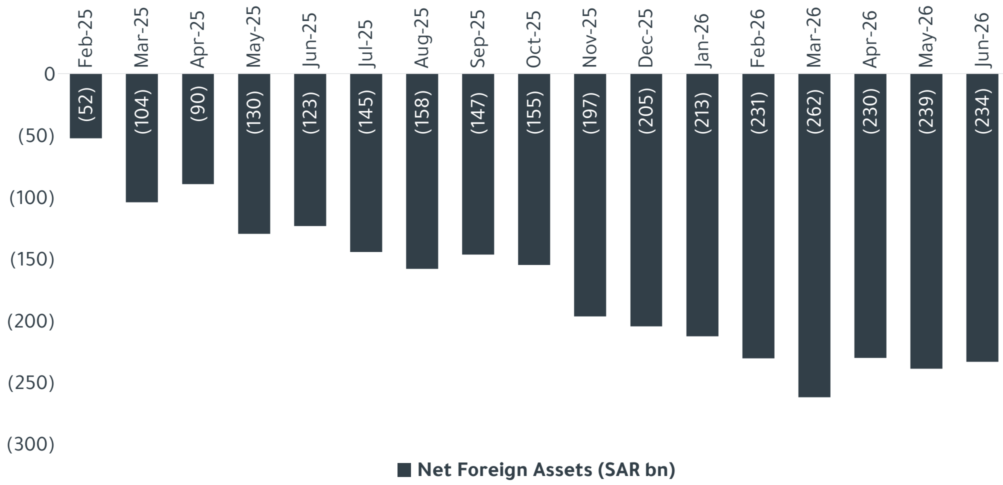


Source: SAMA, Aljazira Capital Research

Net foreign assets, key balance sheet figures of commercial banks

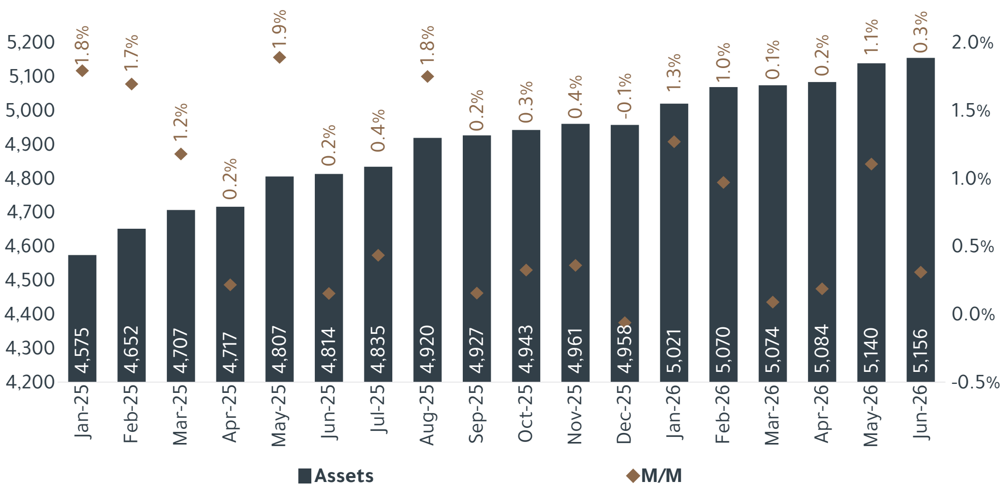
- **Net Foreign assets of Banks declined to SAR -234bn, up SAR 5.4bn M/M (down SAR 110bn Y/ Y), as total assets increased by SAR 2.0bn to SAR 432bn while total liabilities decreased by SAR 3.4bn to SAR 666bn.**
- **Total assets of banks grew by 0.3% M/M to SAR 5,156bn, while total liabilities increased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

Net foreign assets of banks (SAR bn)



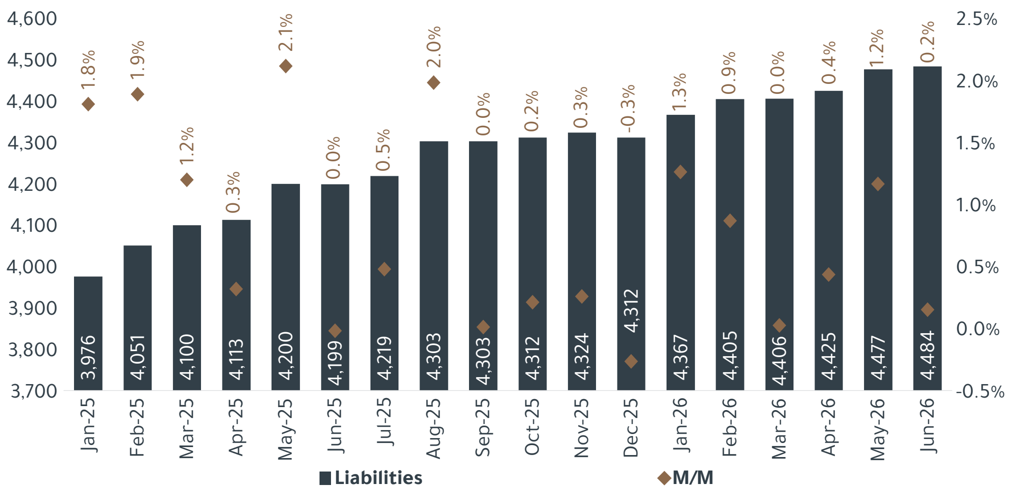
Source: SAMA, Aljazira Capital Research

Total assets of banks (SAR bn)



Source: SAMA, Aljazira Capital Research

Total liabilities of banks (SAR bn)

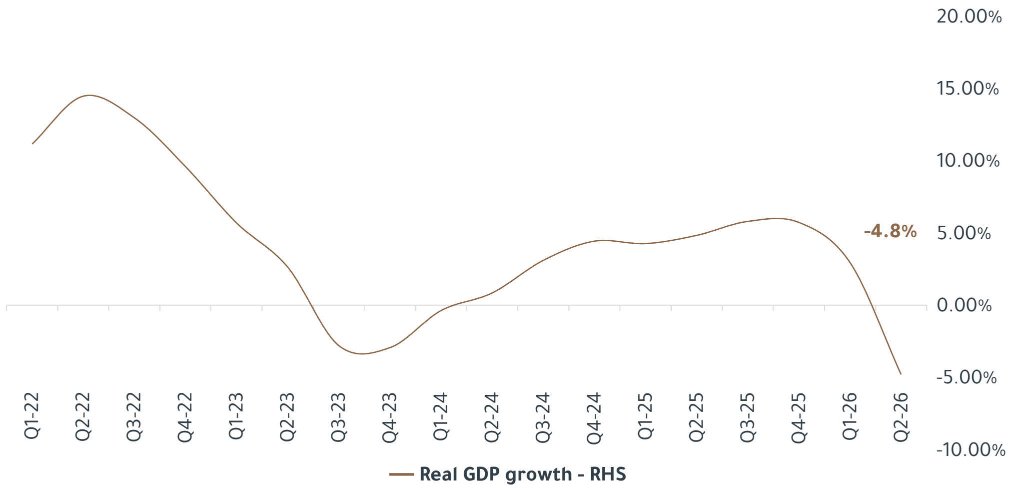


Source: SAMA, Aljazira Capital Research

Economic growth, PMI and spending

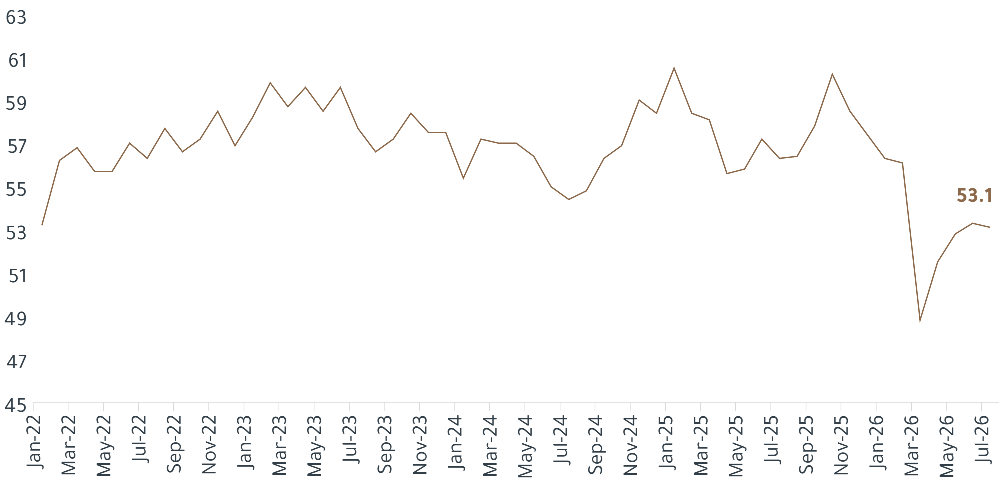
- **Real GDP contracted 4.8% Y/Y in Q2-26 - the weakest reading since the oil production cuts. Oil sector was the sole driver of the contraction. Oil activities declined 24.7% Y/Y in Q2-26 versus +2.9% in Q1-26**
- **The Saudi PMI declined to 53.1 in July-26 from 53.3 in June-26, after three consecutive 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



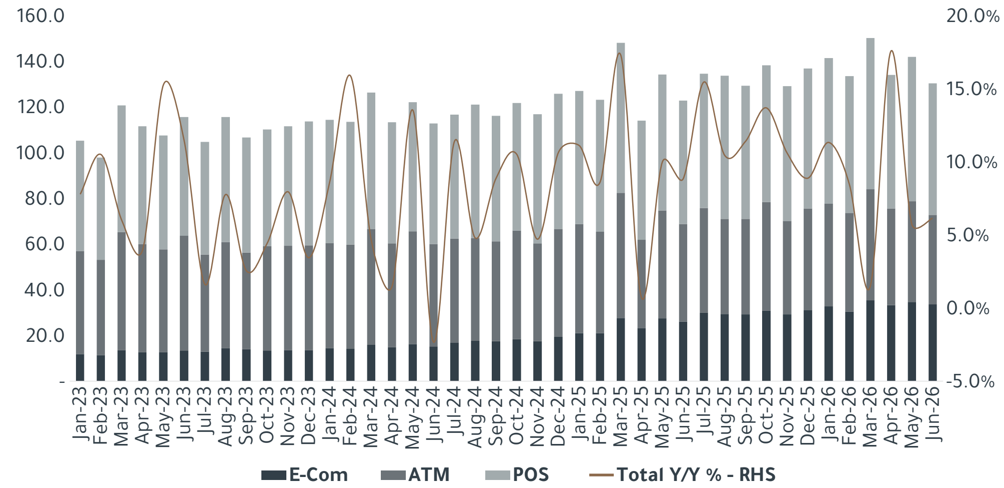
Source: Argaam, Aljazira Capital Research

KSA Purchasing Managers Index



Source: Argaam, Aljazira Capital Research

Consumer Spending (SARbn)

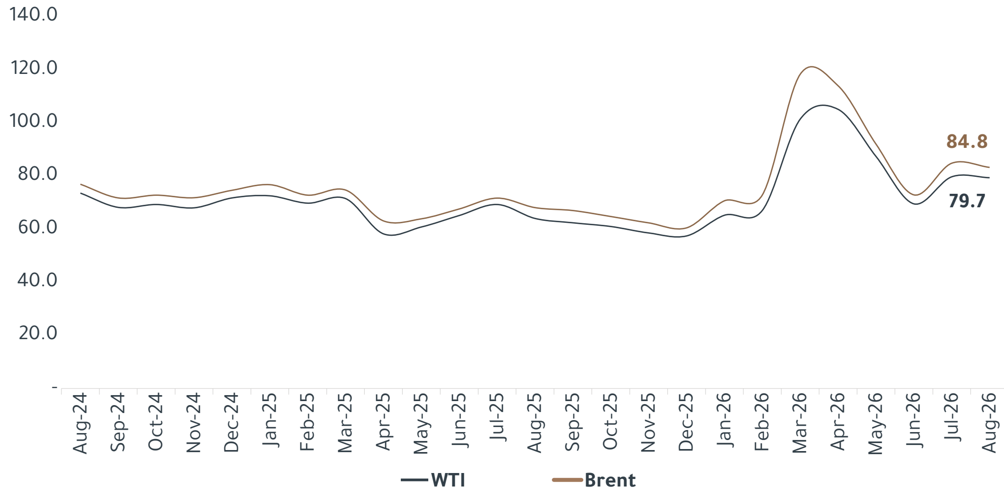


Source: Argaam, Aljazira Capital Research

Crude prices, credit card loans and Govt debt

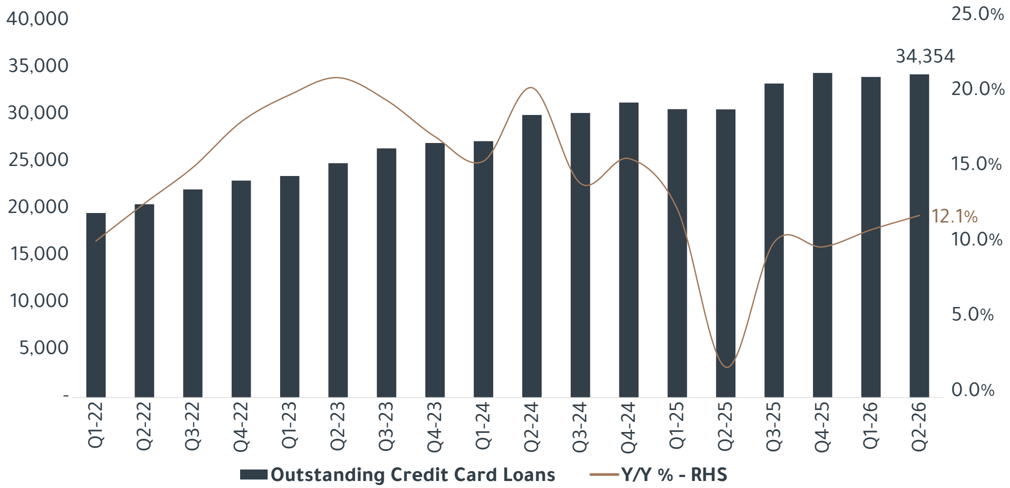
- **Brent crude averaged USD 72.9/bbl in Jun-26 (WTI: USD 69.5/bbl), before rebounding to USD 84.8/bbl in Jul-26 (WTI: USD 79.7/bbl) following heightened geopolitical tensions.**
- **Outstanding credit card loans increased by 12.1% Y/Y to SAR 34.4bn in Q2 2026, reflecting continued strength in consumer 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)



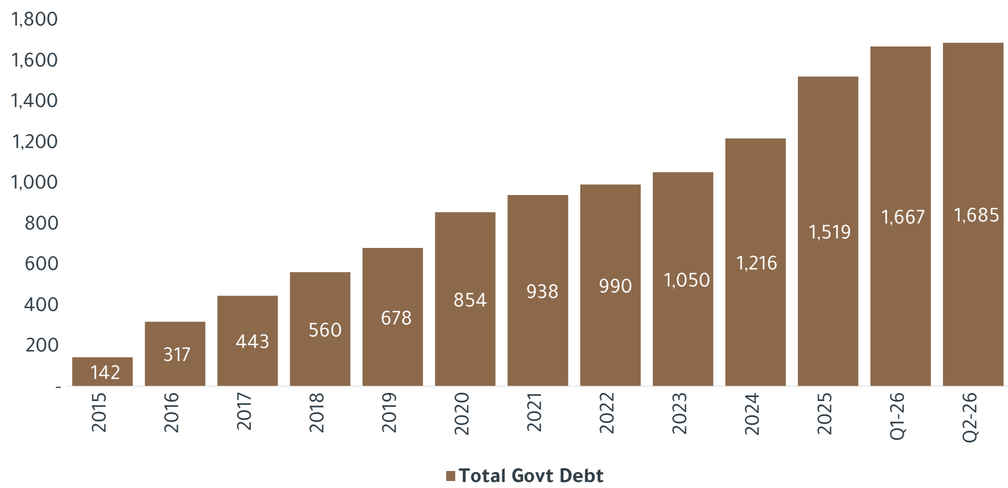
Source: NDMC, Aljazira Capital Research

Outstanding Credit Card Loans (SAR bn)



Source: Argaam, Aljazira Capital Research

Outstanding Government Debt (SAR bn)

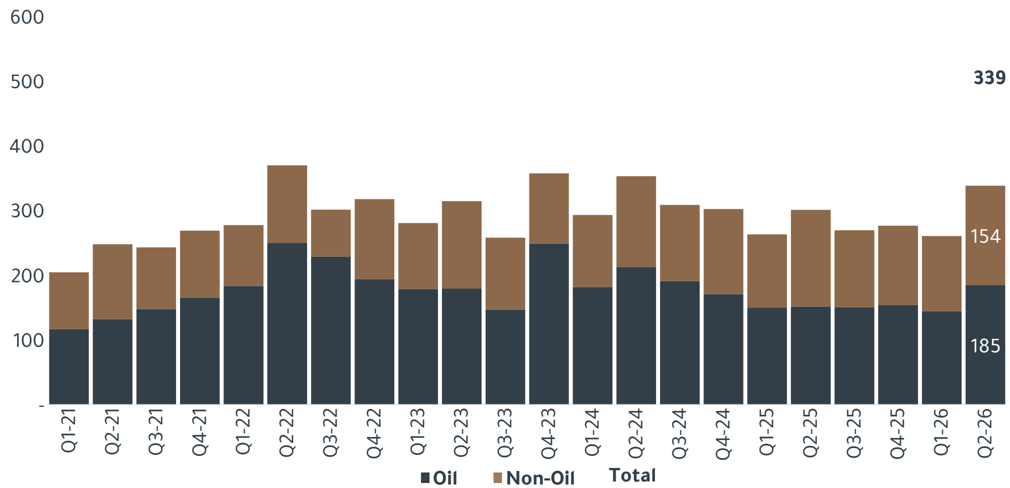


Source: SAMA, Aljazira Capital Research

Fiscal position

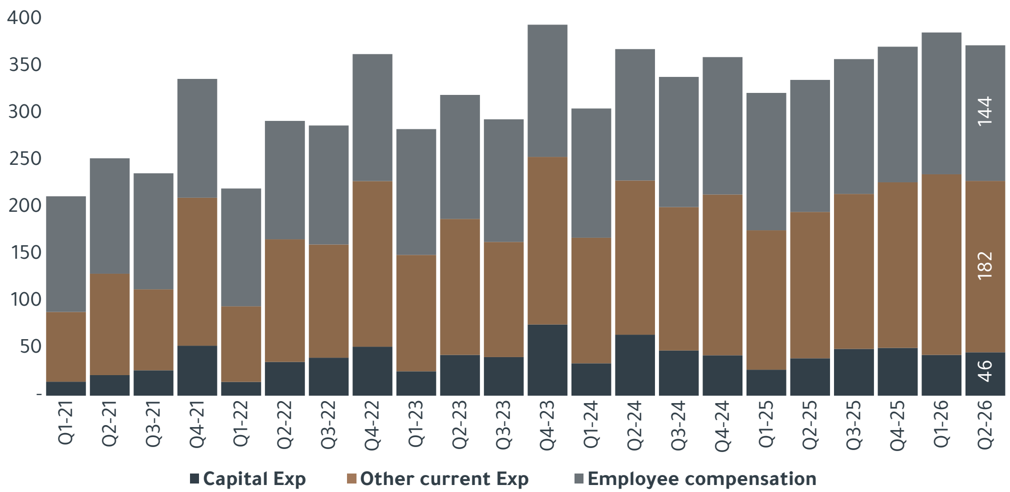
- **Total government revenue increased to SAR 339bn in Q2-26 from SAR 261bn in Q1-26, driven by a rebound in oil revenue to SAR 185bn (+27.9% Q/Q) alongside a strong increase in non-oil revenue to SAR 154bn (+32.2% Q/Q).**
- **Total fiscal expenditure stood at SAR 373bn in Q2-26, down 3.5% Q/Q from SAR 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)



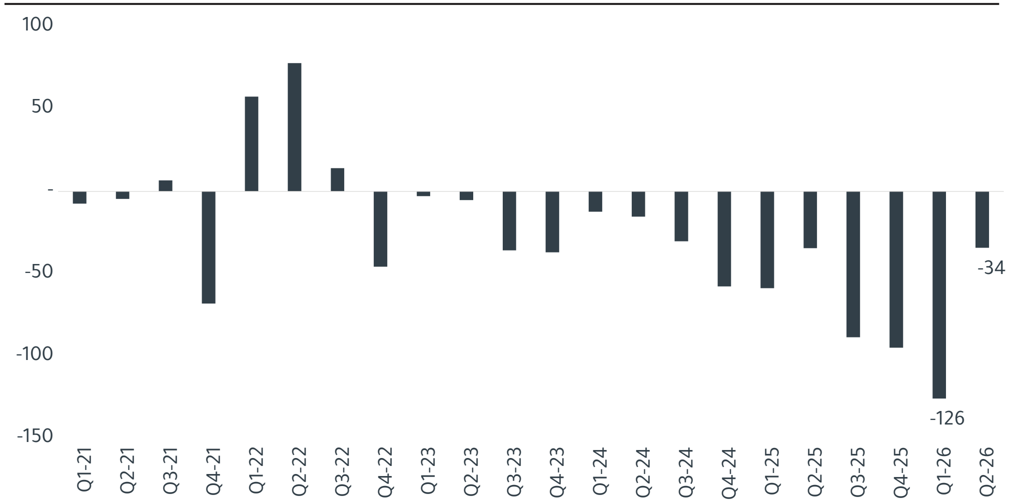
Source: Argaam, Aljazira Capital Research

Quarterly Fiscal Expenditure (SAR bn)



Source: Argaam, Aljazira Capital Research

Fiscal Surplus / (Deficit) (SAR bn)



Source: Argaam, Aljazira Capital Research

Key price statistics

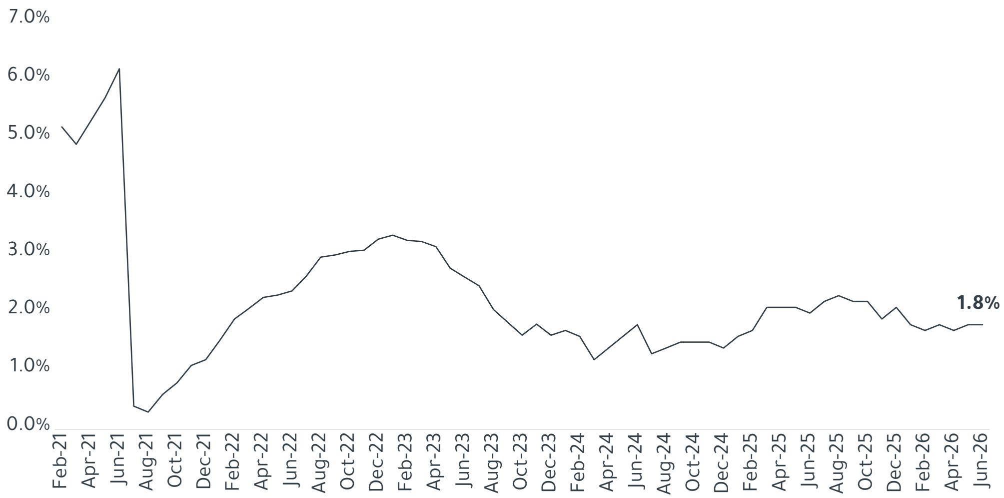
- **Headline inflation was stable at 1.8% Y/ Y in Jun-26, unchanged from May-26, remaining well below historical averages and among the lowest levels globally.**
- **Housing & Utilities (+3.5% Y/ Y; 20.2% weight) contributed the largest upward pressure on prices. Higher Personal Care & Miscellaneous (+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.**

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%

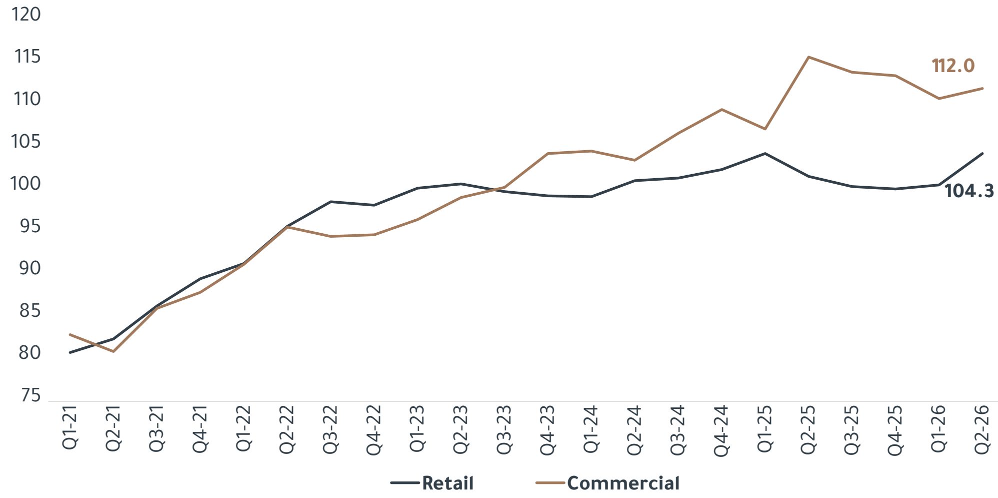
Source: Argaam, Aljazira Capital Research

Inflation Y/ Y change %



Source: SAMA, Aljazira Capital Research

Real Estate Price Index

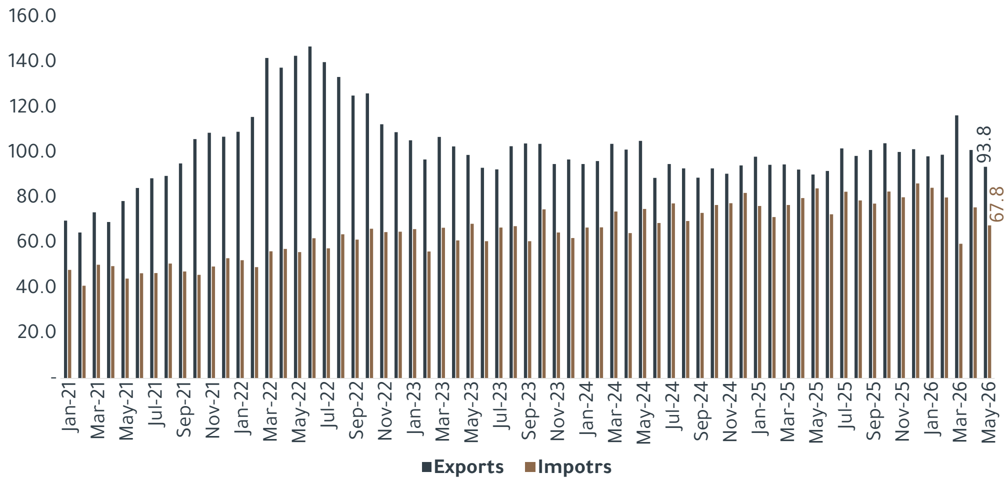


Source: GASTAT, Aljazira Capital Research

Trade balance

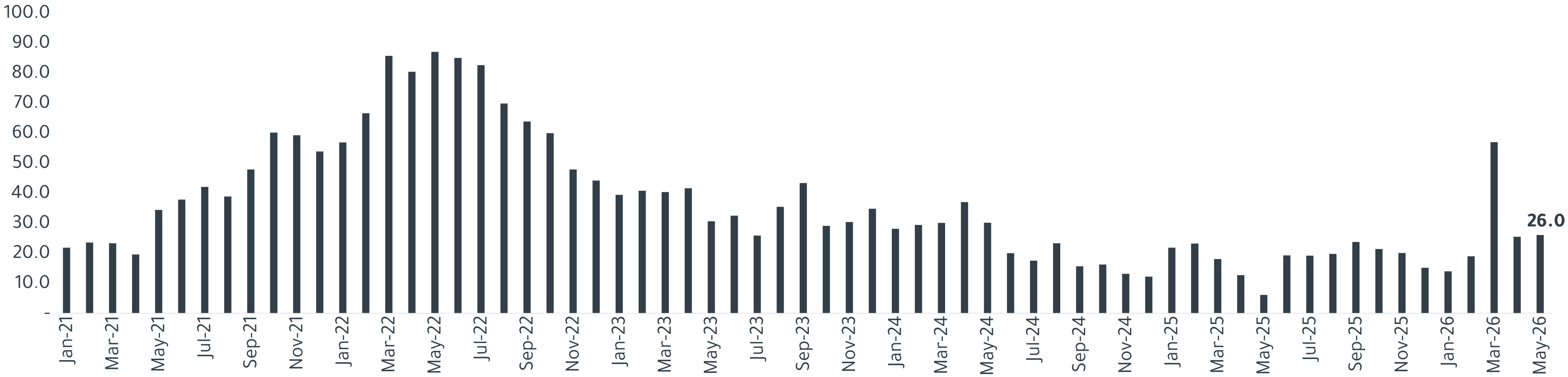
- **In May 2026 exports declined to SAR 93.8bn from SAR 101.2bn in April, while imports dropped to SAR 67.8bn.**
- **Saudi Arabia's merchandise trade surplus increased to SAR 26.0bn in May-26 from SAR 25.4bn in Apr-26, as the decline in imports (-10.5% M/M) more than offset the reduction in exports (-7.3%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

RESEARCH DIVISION

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RESEARCH DIVISION

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RATING TERMINOLOGY

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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