

ECONOMIC PULSE

OF SAUDI



SEPTEMBER

2026



DEAR READERS OF THE SAUDI BUSINESS COMMUNITY,

WE ARE DELIGHTED TO INTRODUCE OUR REPORT, ECONOMIC PULSE OF SAUDI ARABIA®, FOLLOWING THE GREAT SUCCESS OF ECONOMIC PULSE OF EGYPT® IN THE EGYPTIAN BUSINESS SPHERE. THIS EDITION EXAMINES SAUDI ARABIA'S LATEST ECONOMIC DEVELOPMENTS, INCORPORATING AVAILABLE DATA THROUGH SEPTEMBER 2026, AND PROVIDES A COMPREHENSIVE OVERVIEW OF THE KINGDOM'S MACROECONOMIC DEVELOPMENTS AND POLICY SHIFTS

IN THIS REPORT, WE EXAMINE KEY ECONOMIC INDICATORS SUCH AS GDP GROWTH, INFLATION TRENDS, UNEMPLOYMENT TRENDS, TRADE PERFORMANCE. WE ALSO HIGHLIGHT SAUDI ARABIA'S STRATEGIC POLICY RESPONSES TO EMERGING OPPORTUNITIES AND CHALLENGES, OFFERING INSIGHTS BASED ON CREDIBLE DATA AND EXPERT ANALYSIS. OUR GOAL IS TO PROVIDE BUSINESS LEADERS WITH THE KNOWLEDGE AND FORECASTS NECESSARY FOR STRATEGIC PLANNING AND DECISION-MAKING IN THIS DYNAMIC MARKET.

FOUNDED IN 2015 AS A KEY SUBSIDIARY OF INFLUENCE COMMUNICATIONS GROUP—AN ESTEEMED MARKETING COMMUNICATIONS CONSULTANCY IN EGYPT SINCE 2007—INFLUENCE PUBLIC AFFAIRS (IPA) HAS EMERGED AS A STRATEGIC LEADER IN SHAPING GOVERNMENT POLICIES AND DRIVING IMPACTFUL STAKEHOLDER ENGAGEMENT. WITH OFFICES IN CAIRO, DUBAI, AND RIYADH, AND A DIVERSE PORTFOLIO OF OVER 90 LOCAL AND INTERNATIONAL CLIENTS, IPA PROVIDES STRATEGIC ADVICE AND FOSTERS MUTUALLY BENEFICIAL ENGAGEMENTS BETWEEN THE PRIVATE AND PUBLIC SECTORS. OUR TEAM EXCELS IN GOVERNMENT AFFAIRS, PUBLIC POLICY, AND INVESTMENT MATTERS, ANALYZING THE POLITICAL, REGULATORY, AND SOCIOECONOMIC DYNAMICS OF THE MEA REGION TO FOSTER INFORMED DECISION-MAKING, SHAPE PUBLIC OPINION, AND DRIVE POSITIVE AND IMPACTFUL OUTCOMES.

WE HOPE YOU FIND OUR INSIGHTS VALUABLE AND INFORMATIVE.

Best Regards

IPA's Team



SYNTHESIS

Saudi Arabia's economic momentum weakened significantly according to the latest available data, with real GDP growth slowing **from 3.0% in Q1 2026 to -4.7% year-on-year in Q2 2026**, according to the Ministry of Economy and Planning (MEP). The downturn was driven primarily by a sharp contraction in oil activities, which shifted from **2.9% growth in Q1 to -24.8% in Q2 2026**. In contrast, non-oil activities remained resilient, expanding **by 0.9% in Q2 2026**. This divergence indicates that the contraction remained heavily concentrated in the oil economy, while continued non-oil growth helped partially cushion the impact on overall GDP and reinforced the increasing importance of economic diversification.

Despite weaker headline GDP performance, domestic price pressures remained relatively contained as the economy moved into H2 2026. Annual inflation stood **at 1.8% in August 2026, unchanged from July**. Housing, water, electricity, gas and other fuels increased by **3.9%** year-on-year and remained the largest contributor to inflation, while food and beverage prices rose **by 1.4% and transport prices by 2.0%**.

Labor-market developments were mixed but broadly stable in Q2 2026. The unemployment rate among Saudis increased slightly **from 6.4% in Q1 to 6.5% in Q2**, while unemployment among non-Saudis **declined from 1.5% to 1.3%**. As a result, the overall unemployment rate edged down from **3.1% to 3.0%**. Meanwhile, the Saudi labor-force participation rate decreased from **49.0% to 48.7%**, indicating some moderation in labor-market engagement during the quarter.



SYNTHESIS

Saudi Arabia's external trade continued to record a surplus during the first seven months of 2026. Exports totaled **SAR 689.08 billion** from January to July 2026, compared with imports of **SAR 519.95 billion**, resulting in a trade surplus of approximately **SAR 169.13 billion** over the period. This indicates that the Kingdom maintained a positive overall merchandise trade position despite the weakness observed in oil-sector economic activity.

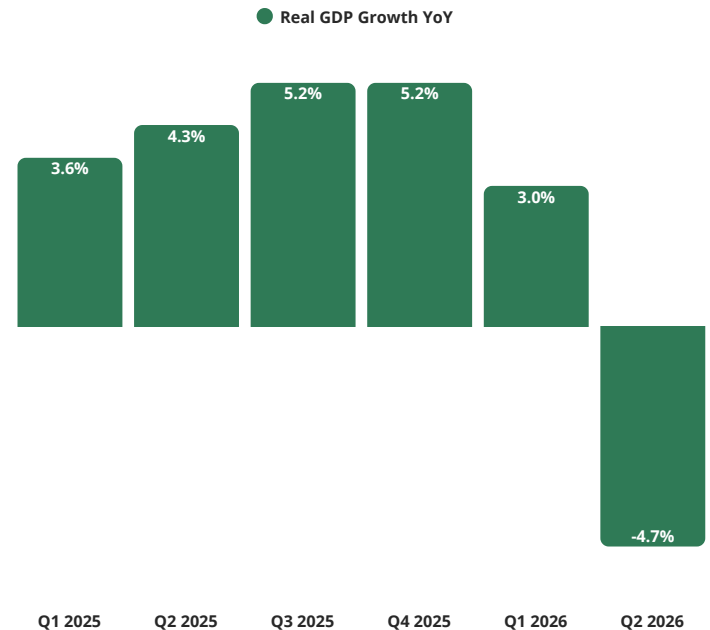
Taken together, the latest indicators suggest that economic weakness remained largely concentrated in the oil sector, while non-oil activity and employment support showed greater resilience. The latest trade data also highlight the continued importance of strengthening non-oil exports to support economic diversification and improve Saudi Arabia's external trade position.



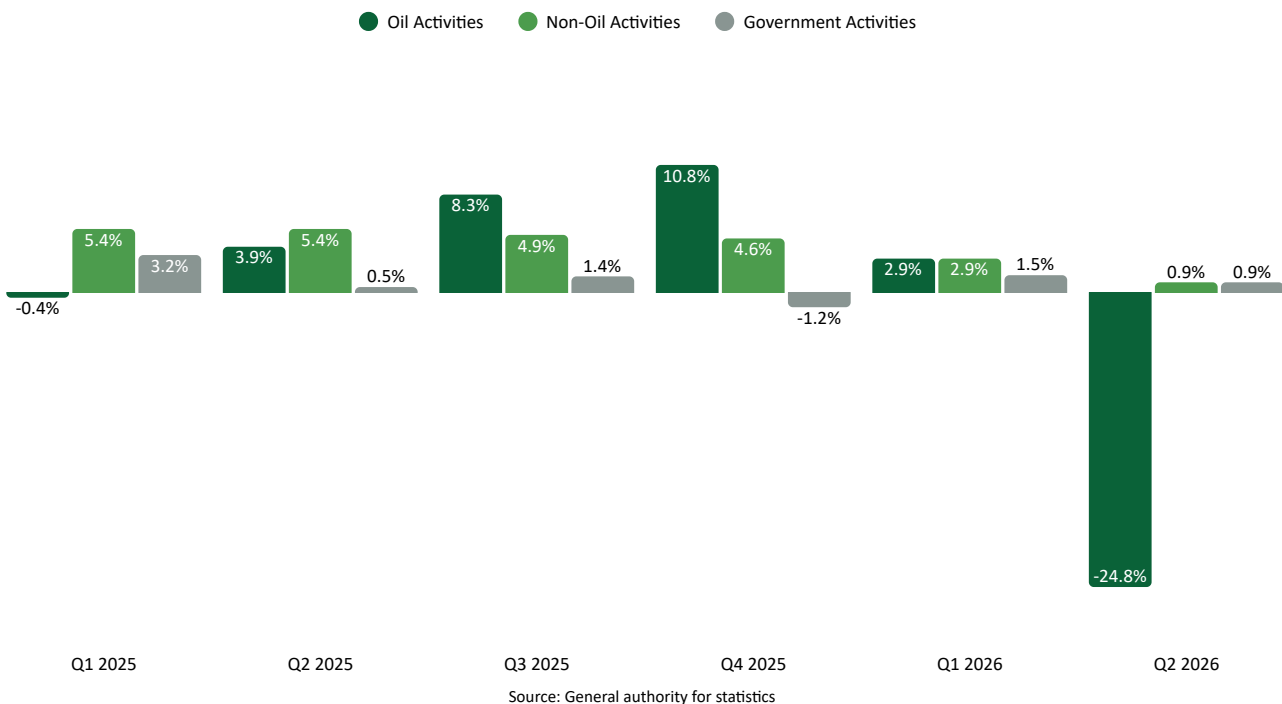
HIGHLIGHTS

➤ GDP GROWTH

Saudi Arabia's economic momentum weakened sharply in H1 2026, as real GDP growth slowed from **3.0% in Q1 2026** to **-4.7% in Q2 2026**, primarily reflecting a **24.8%** contraction in oil activities. However, non-oil activities continued to grow by **0.9%**, helping cushion the overall downturn and demonstrating greater resilience outside the oil sector.



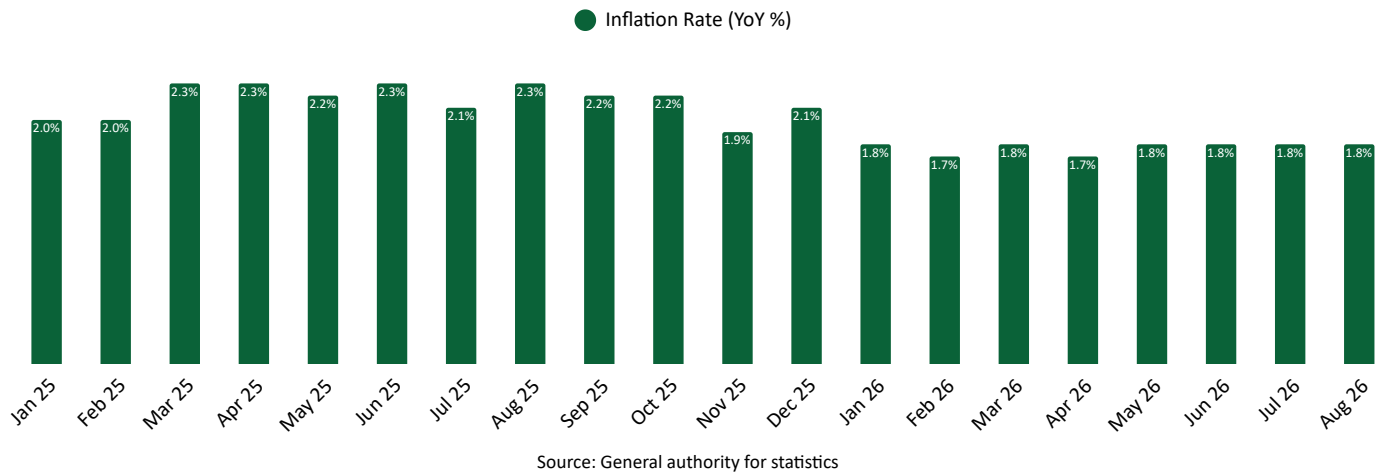
Quarterly Real GDP Growth (by Sector)



According to the latest available data, Saudi Arabia's oil and non-oil economies showed a sharp divergence. While oil activities shifted from **2.9% growth in Q1 2026** to a **24.8% contraction in Q2 2026**, non-oil activities remained resilient, expanding **by 0.9%**. Continued growth in non-oil activity helped cushion the impact of the sharp oil-sector downturn and supported broader economic resilience

MACROECONOMIC HIGHLIGHTS

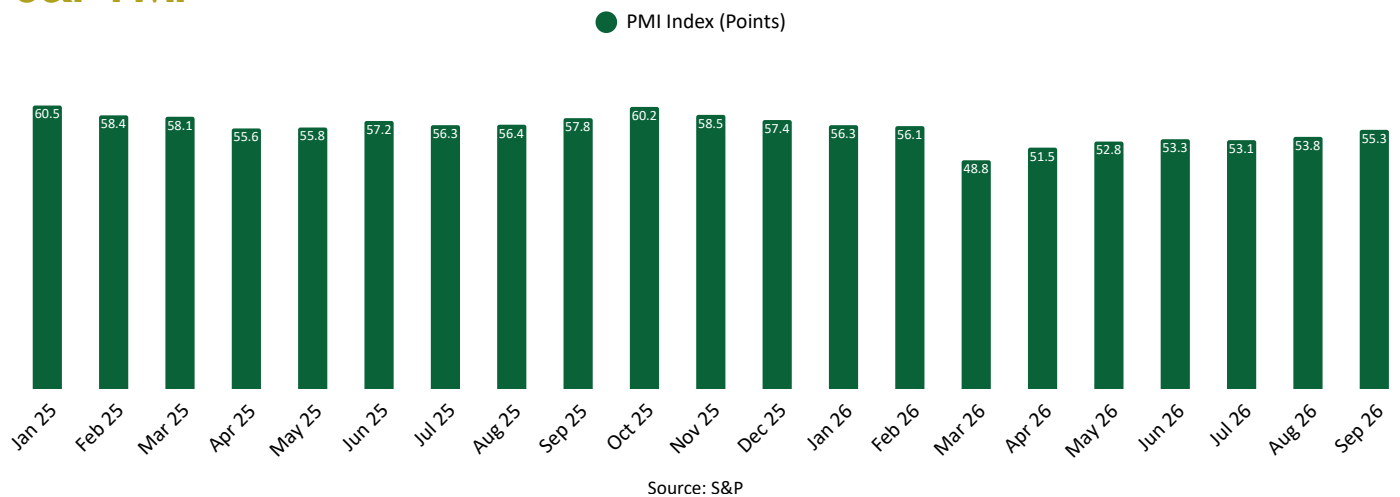
➤ Inflation Rates



Saudi Arabia's annual inflation remained stable at **1.8% in August 2026**, unchanged from July, indicating that overall consumer price pressures remained relatively contained during the third quarter.

Inflation continued to be driven primarily by housing, water, electricity, gas and other fuels, which rose **3.9% year-on-year in August** and remained the largest contributor to headline inflation. Meanwhile, food and beverage prices increased **by 1.4%**, while transport prices rose **by 2.0%**.

➤ S&P PMI

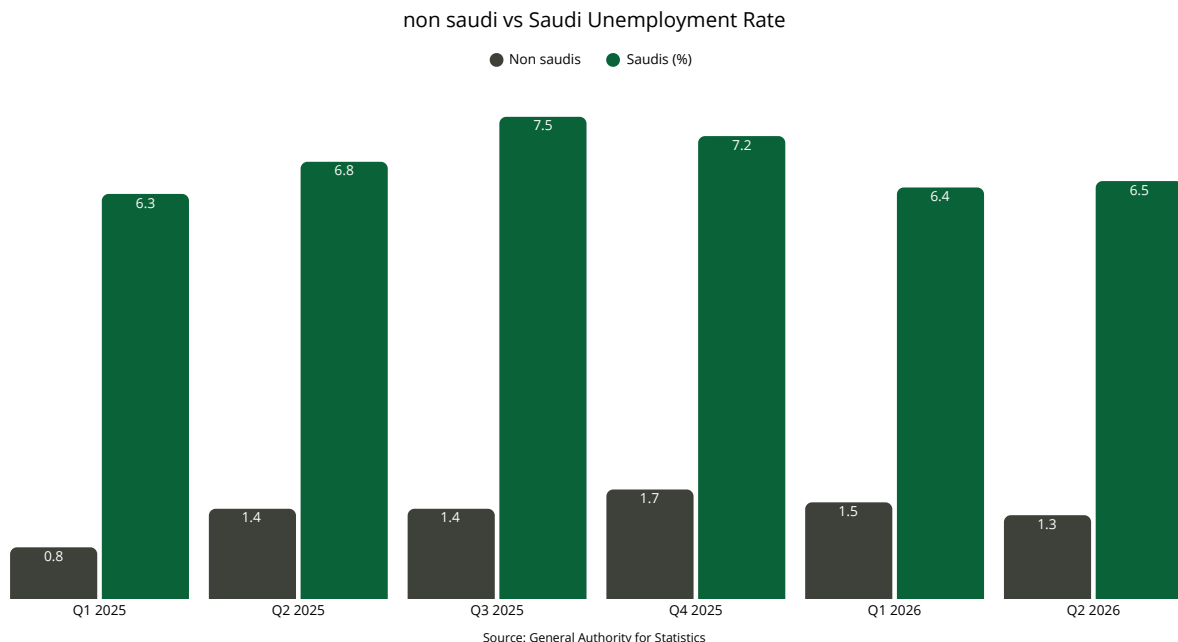


Saudi Arabia's non-oil private sector accelerated in September 2026, with the PMI rising from **53.8 in August 2026 to 55.3 in September 2026**, its highest since February, driven by stronger new orders and domestic demand, despite continued weakness in foreign demand.



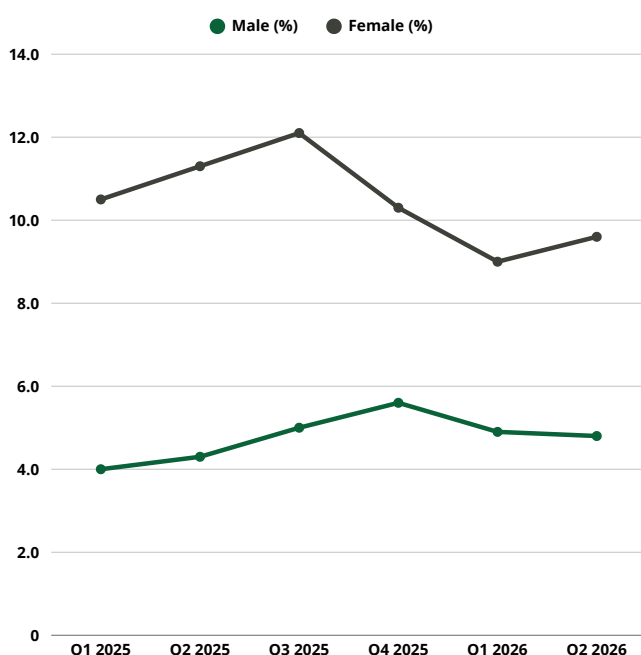
HIGHLIGHTS

➤ Unemployment Trends

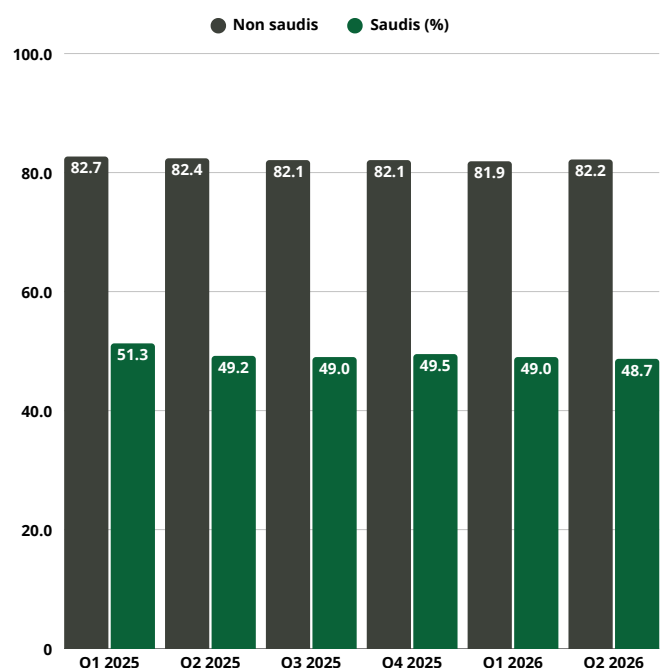


The unemployment rate among Saudis increased slightly to **6.5% in Q2 2026**, from **6.4% in Q1 2026**, while the unemployment rate among non-Saudis declined to **1.3%**, from **1.5%**. The overall unemployment rate also edged down from **3.1% to 3.0%**. This indicates broadly stable labor-market conditions, with a marginal increase in Saudi unemployment offset by improvement among non-Saudis. Meanwhile, Saudi labor-force participation declined from **49.0% to 48.7%**, suggesting some moderation in labor-market engagement during the quarter.

Saudi Male vs Female Unemployment Rate



Labor Force Participation Rate – non saudi vs Saudis



EXPORTS

Jan-Jul
2025

664.23

BILLION SAR

Jan-Jul
2026

689.08

BILLION SAR



IMPORTS

Jan-jul
2025

544.1

Billion SAR

Jan-Jul
2026

519.95

Billion SAR



Trade Balance
Jan-Jul
2025

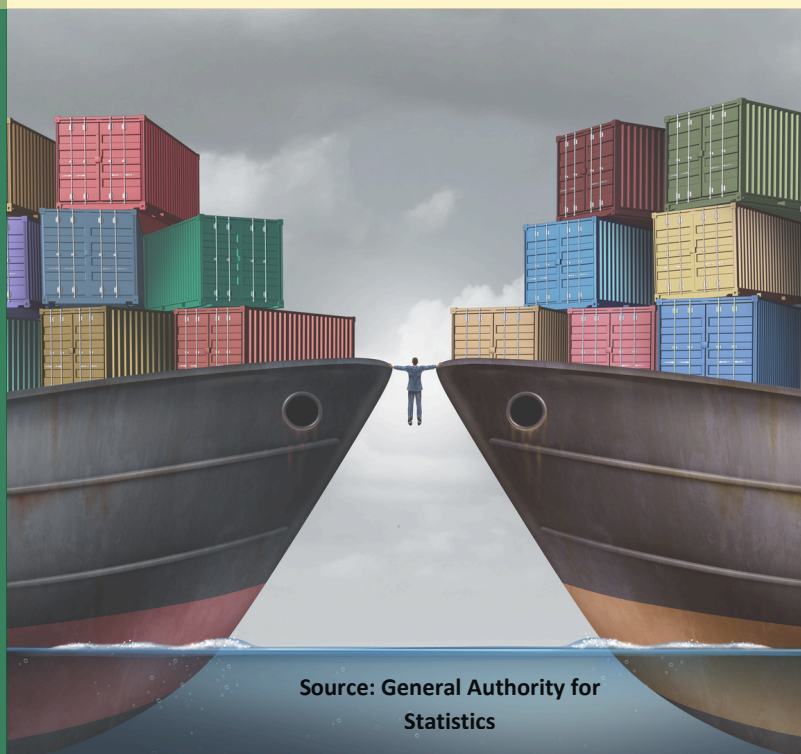
120.13

Billion SAR
(Surplus)

Trade Balance
Jan-Jul
2026

169.13

Billion SAR
(Surplus)



Source: General Authority for
Statistics

MIDDLE EAST CONFLICT ECONOMIC IMPACT

Macroeconomic Resilience Under External Shock

Saudi Arabia's economy faced a significant external shock from the Middle East conflict in 2026, particularly through disruptions to oil exports and regional shipping. According to Saudi Arabia's Ministry of Economy and Planning (MEP), real GDP contracted **by 4.7% year-on-year in Q2 2026, primarily reflecting a 24.8% decline in oil activities, while non-oil activities continued to expand by 0.9%**. The IMF also noted that the economy showed resilience through strong macroeconomic fundamentals and diversified oil and logistics infrastructure, with high-frequency indicators pointing to an early stabilization in non-oil activity during April–June.

Oil Export Disruptions Remained Significant

The Middle East conflict caused substantial disruptions to Gulf oil exports, particularly through restrictions on shipping via the Strait of Hormuz. Saudi Arabia responded by redirecting crude oil shipments through its East–West pipeline to the Red Sea port of Yanbu. According to the International Energy Agency (IEA), exports through Saudi Arabia's Yanbu and the UAE's Fujairah bypass routes increased from 4.1 million barrels per day in February to 7.8 million bpd in June, before declining to 5.5 million bpd in August amid disruptions in the Red Sea. Following a reported shutdown in early September, Saudi Arabia's East–West pipeline resumed operations on 22 September 2026, initially at reduced capacity. Nevertheless, continued regional instability and logistical constraints remain significant risks to oil export flows.

Energy Markets Adjusted, but Risks Remain

The broader economic impact of the Middle East conflict was partly contained by oil inventories, additional supply from producers outside the Gulf, rerouting of oil shipments and government support measures. However, the OECD's September 2026 Interim Economic Outlook warned that prolonged disruption to Middle Eastern energy exports remains an important downside risk to the global economy. Persistent energy-supply disruptions could place renewed upward pressure on oil and gas prices, weaken household purchasing power and weigh on global growth..

The Conflict Significantly Lowered the Growth Outlook

The conflict has led major institutions to revise Saudi Arabia's 2026 growth outlook downward. In its July 2026 Article IV Consultation, the IMF projected real GDP growth of **1.7% in 2026**, with non-oil GDP growth expected at 2.6%, while emphasizing that the outlook remains highly uncertain and dependent partly on the normalization of maritime traffic through the Strait of Hormuz. The IMF nevertheless expects domestic demand, government spending and continued capital-project implementation to support economic activity.



ROADAHEAD

➤ Future Investment Initiative – FII10 | 26–29 October 2026

Saudi Arabia will host the 10th edition of the Future Investment Initiative (FII10) **from 26–29 October 2026** at the King Abdulaziz International Conference Center in Riyadh. Held under the theme “The Power of Legacy,” the conference will bring together heads of state, investors, policymakers, innovators and business leaders. Discussions will focus on four pillars: capital, technology, societies and leadership, with the final Investment Day featuring investment roadshows, investor matchmaking, workshops and technology pitches.

➤ FII10 Investment Day | 29 October 2026

The final day of FII10 will have a particularly strong business and investment focus. Investment Day **on 29 October** will feature the FII Innovators Pitch, investment roadshows, investor matchmaking and workshops connecting international capital with high-growth businesses. Five technology companies selected **from 1,321 applications** across **90 countries** will present solutions spanning AI, robotics, healthcare, mobility and advanced manufacturing.

➤ Cityscape Global 2026 | 16–19 November 2026

Riyadh will host Cityscape Global 2026 **from 16–19 November** at the Riyadh Exhibition & Convention Centre in Malham. The event is expected to attract more than 550 exhibitors and 164,000 visits, bringing together developers, investors, construction companies, architects, infrastructure providers and PropTech firms. Its focus on real estate investment, smart cities, infrastructure and urban development makes it particularly relevant to Saudi Arabia’s continuing Vision 2030 investment and development pipeline.

In 2015, IPA was established as the vital arm of Influence Group, a renowned marketing communications consultancy in MEA since 2007. With a robust portfolio boasting over 90 local and regional clients and offices in Cairo, Dubai, and Riyadh, IPA is regarded as a premier public policy and public affairs firm.

Expertise is leveraged by our seasoned professionals to shape government policies and foster meaningful stakeholder communication. Beyond conventional roles, IPA serves a distinguished think tank, delving deep into MEA's political landscape, regulatory frameworks, and socioeconomic dynamics to enact positive societal change.

Dedicated to the economic and public policy landscape of the MEA region, invaluable insights and strategic guidance are provided by IPA. Our expertise is seen as a beacon of knowledge, guiding through the evolving business environment, ensuring endeavors are rooted in wisdom and poised for success



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