IPA
Influence Public Affairs



ECONOMIC PULSE

OF SAUDI

OCTOBER 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 economy continued to contract according to the latest available data, with real GDP declining by 3.8% year-on-year in Q3 2026, compared with a 4.7% contraction in Q2 2026, according to preliminary estimates from the General Authority for Statistics (GASTAT). The downturn remained primarily driven by oil activities, which contracted by 20.4% in Q3, compared with 24.8% in Q2 2026. In contrast, non-oil activities expanded by 1.9% in Q3 2026, while government activities declined by 2.7%. On a seasonally adjusted basis, real GDP increased by 1.3% quarter-on-quarter, indicating some improvement in economic activity despite the continued annual contraction. This divergence suggests that economic weakness remained concentrated in the oil sector, while continued non-oil growth helped cushion the overall decline and reinforced the importance of economic diversification.

Despite continued weakness in headline GDP performance, domestic price pressures remained relatively contained. Annual inflation increased slightly to 1.9% in September 2026, compared with 1.8% in August, according to GASTAT. Housing, water, electricity, gas and other fuels increased by 3.6% year-on-year and remained the largest contributor to inflation, while food and beverage prices rose by 1.4% and transport prices by 2.3%. These developments indicate that inflation remained moderate overall, although housing and transportation costs continued to exert upward pressure on consumer prices.

Labor-market developments remained mixed but broadly stable according to the latest available data for 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

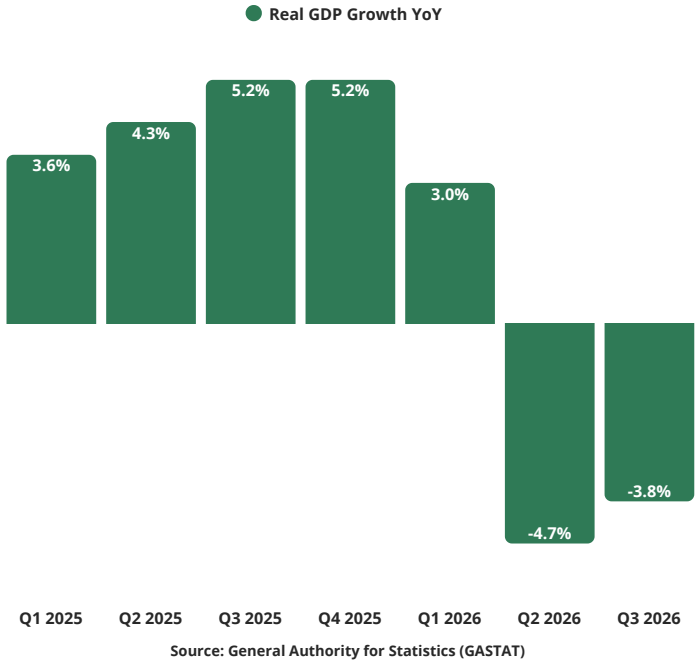
Saudi Arabia's external trade continued to record a surplus in August 2026. According to the latest available official data from the General Authority for Statistics (GASTAT), merchandise exports reached approximately SAR 87.2 billion, compared with imports of SAR 71.6 billion, resulting in a trade surplus of SAR 15.6 billion. Exports increased by 3.3% month-on-month, while imports rose by 0.6%. Meanwhile, non-oil exports, including re-exports, reached approximately SAR 26.1 billion, highlighting the continued contribution of non-oil trade despite weaker oil-sector economic activity.

Taken together, the latest indicators suggest that Saudi Arabia's economic contraction remained largely concentrated in the oil sector, while non-oil activities demonstrated greater resilience. The continued merchandise trade surplus underscores the Kingdom's positive external trade position, although its reliance on oil exports highlights the importance of strengthening non-oil exports, expanding access to international markets, and advancing economic diversification to support sustainable economic growth.

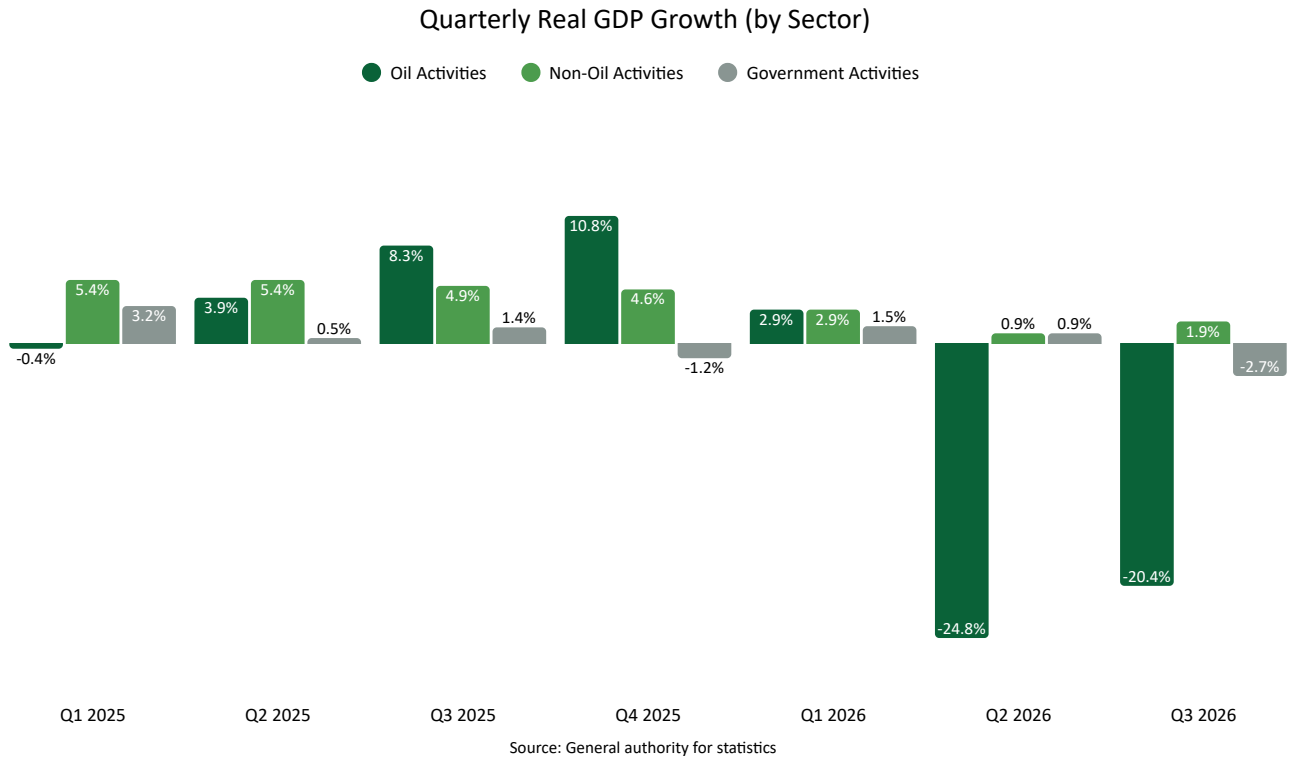
MACROECONOMIC HIGHLIGHTS

GDP GROWTH

Saudi Arabia's economy continued to contract in Q3 2026, although the annual decline eased from 4.7% in Q2 to 3.8% in Q3 2026, primarily reflecting a 20.4% contraction in oil activities, compared with 24.8% in the previous quarter. However, non-oil activities expanded by 1.9%, helping cushion the overall downturn and demonstrating continued resilience outside the oil sector.



Source: General Authority for Statistics (GASTAT)

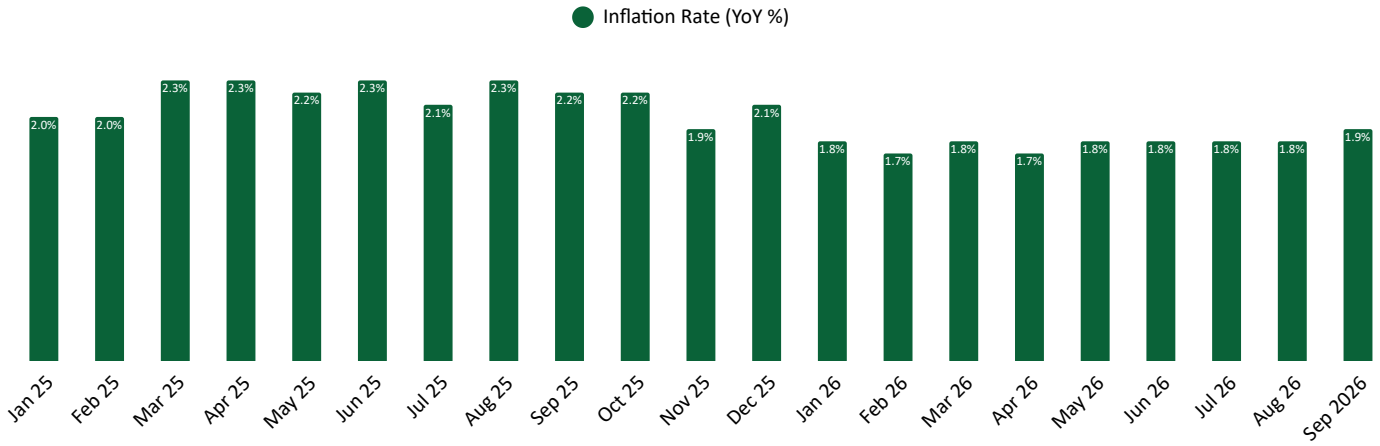


Source: General authority for statistics

According to the latest available data, Saudi Arabia's oil and non-oil economies continued to show a sharp divergence in Q3 2026. While oil activities contracted by 20.4%, compared with a 24.8% decline in Q2 2026, non-oil activities remained resilient, expanding by 1.9%. Continued growth in non-oil activity helped cushion the impact of the oil-sector downturn and supported broader economic resilience.

MACROECONOMIC HIGHLIGHTS

Inflation Rates

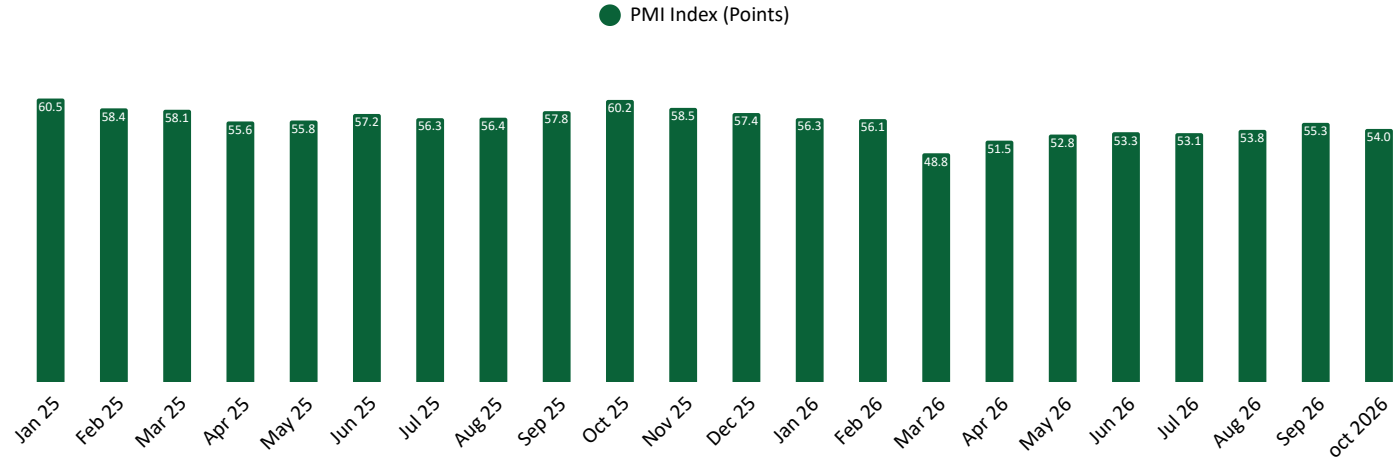


Source: General authority for statistics

SSaudi Arabia's annual inflation increased slightly to 1.9% in September 2026, compared with 1.8% in August, 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 3.6% year-on-year in September and remained the largest contributor to headline inflation. Meanwhile, food and beverage prices increased by 1.4%, while transport prices rose by 2.3%.

S&P PMI



Source: S&P

Saudi Arabia's non-oil private sector continued to expand in October 2026, although the PMI declined from 55.3 in September to 54.0 in October 2026, remaining above the 50-point expansion threshold. Growth was supported by domestic demand and business activity, despite continued weakness in foreign demand and rising input costs.

EXPORTS

Jan–Aug 2025	Jan–Aug 2026
762.85	776.32
BIILION SAR	BILLION SAR

IMPORTS

Jan–Aug 2025	Jan–Aug 2026
622.88	591.59
Billion SAR	Billion SAR

Trade Balance Jan–Aug 2025	Trade Balance Jan–Aug 2026
139.97	184.72
Billion SAR (Surplus)	Billion SAR (Surplus)



Source: General Authority for Statistics

MIDDLE EAST CONFLICT ECONOMIC IMPACT

Macroeconomic Resilience Under Continued External Pressure

Macroeconomic Resilience Under Continued External Pressure
Saudi Arabia's economy continued to face significant external pressures from the Middle East conflict in 2026, particularly through disruptions to oil production, export routes and regional shipping. According to GASTAT's preliminary estimates, real GDP contracted by 3.8% year-on-year in Q3 2026, compared with a 4.7% contraction in Q2. The continued contraction highlights the economy's exposure to disruptions affecting the oil sector, despite the contribution of non-oil economic activity to overall resilience.

Oil Export Disruptions and Partial Recovery

The Middle East conflict continued to disrupt Gulf oil exports, particularly through restrictions on shipping via the Strait of Hormuz. According to the International Energy Agency (IEA), crude oil exports from Gulf producers increased by 4.4 million barrels per day to 13.9 million barrels per day in September 2026, recovering to more than 75% of pre-conflict levels. Oil flows through the Strait of Hormuz also increased to 10.9 million barrels per day. Nevertheless, the IEA described the recovery as fragile, reflecting continued uncertainty surrounding regional oil supply and transportation routes.

Energy Markets Adjusted, but Risks Remain

The economic impact of the conflict continued to be reflected in elevated oil prices and uncertainty surrounding global energy supplies. According to the U.S. Energy Information Administration (EIA), Brent crude prices averaged approximately USD 114 per barrel in September 2026, compared with USD 91 in August. Disruptions to regional energy infrastructure and shipping routes contributed to market volatility, while the recovery of oil transportation capacity remained important for maintaining regional export flows

Renewed Attacks on Saudi Infrastructure

Regional security risks remained elevated during October and early November 2026. On 8 November 2026, Saudi authorities reported an attempted attack that resulted in falling debris causing limited damage to a Saudi Aramco office building in Riyadh's King Abdullah Financial District. No casualties were reported. The incident highlighted the continued exposure of Saudi Arabia's critical infrastructure to regional security threats and the potential implications for business activity and investor confidence.

ROADAHEAD

Saudi Trade Finance Summit | 18–19 November 2026

Riyadh is scheduled to host the Saudi Trade Finance Summit on 18–19 November 2026 at the InterContinental Riyadh. The event is expected to bring together banking professionals, trade finance specialists and business leaders to discuss developments in trade financing, financial services and commercial opportunities. The summit provides a potential platform for strengthening financial-sector partnerships and supporting trade and investment activity.

Future Investment Initiative (FII10) | Postponed to 2027

The Future Investment Initiative (FII) Institute announced on 19 October 2026 that the tenth edition of its flagship conference, originally scheduled for 26–29 October 2026 in Riyadh, has been postponed to 2027. The conference, themed The Power of Legacy, will continue to bring together global investors, policymakers and business leaders to discuss investment, innovation and economic development. The organizers confirmed that new dates will be announced, while existing registrations and partnerships remain valid.

Cityscape Global 2026 | Rescheduled to 1–4 February 2027

Cityscape Global 2026, originally scheduled for 16–19 November 2026, has been officially rescheduled to 1–4 February 2027 at the Riyadh Exhibition & Convention Centre in Malham. The event will bring together international investors, developers and industry leaders to explore opportunities across real estate, infrastructure and urban development. The rescheduling allows participants additional time to prepare for one of Saudi Arabia's major real estate investment platforms.

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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