

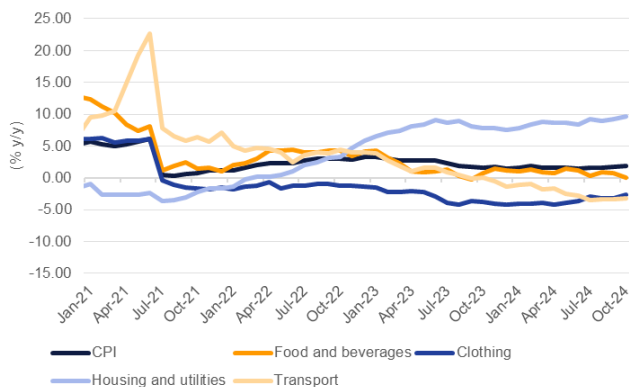


Inflation picks up in October in Saudi Arabia

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Inflation in Saudi Arabia rose by 1.9% y/y in October, the strongest gain since August 2023. On a monthly basis inflation rose by 0.3%, the highest monthly print since April this year. Inflation in Saudi Arabia has been relatively benign this year, coming in at an average of just 1.6% for the first 10 months of 2024, down from 2.3% in 2023. The relatively moderate inflation picture comes despite robust levels of non-oil activity in the economy.

Housing leads prices higher



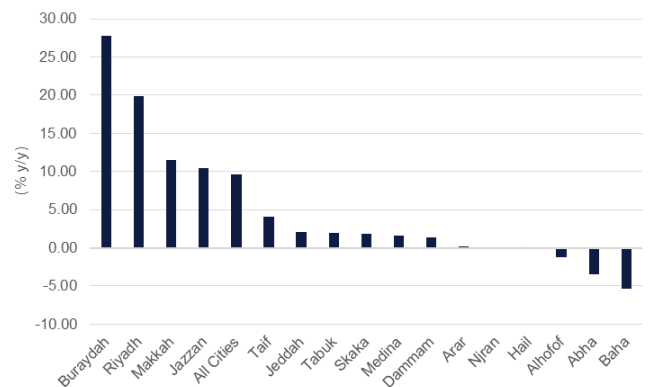
Source: General Authority for Statistics, Emirates NBD Research.

Housing has been the primary contributor to inflation in the Kingdom this year and in October housing and utilities prices rose by 9.6% y/y and rental prices were up by 11.3% y/y. Restaurant and hotel prices also rose y/y, up by 1.9% while education prices were also higher, up by 1.1% in October. Much of the rest of the inflation basket remains in deflation, however. Transport prices were lower by 3.1% in October while recreation and furnishing costs were also lower y/y. Inflation has recorded an average of 1.6% y/y in Saudi Arabia this year, on track for our estimate of 1.7% for 2024 as a whole.

Inflation has been particularly concentrated in Riyadh where prices there rose by 4.1% y/y in October compared with the 1.9% recorded for Saudi Arabia as a whole. Rental cost increases in Riyadh are among the fastest of all the surveyed areas in the Kingdom, with rents in Riyadh up almost 25% y/y in October, averaging almost 21% price growth so far this year.

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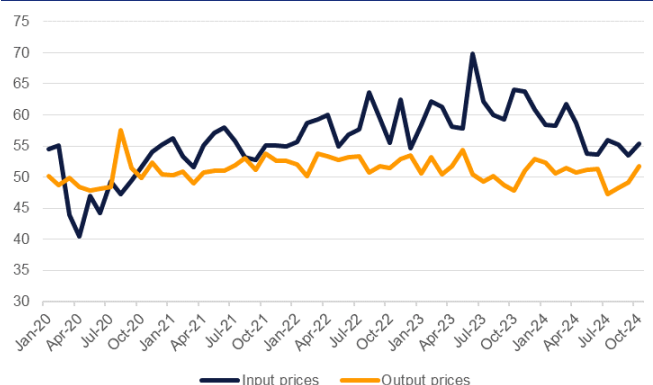
Housing inflation concentrated in a few cities



Source: General Authority for Statistics, Emirates NBD Research. Note: housing and utilities.

Output prices turned positive for the first time in the last four months according to the Riyadh Bank PMI survey for Saudi Arabia after several months of declines. The pace of output price gains though remains below that of input prices suggesting that discounting is still being used by firms to remain competitive in the market.

Firms bring discounting to an end in October



Source: Riyadh Bank, Emirates NBD Research.

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