

Saudi Arabia announces 2026 borrowing plans

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Saudi Arabia's Ministry of Finance has approved its 2026 borrowing plan, with total projected financing needs of SAR 217bn (USD 58bn) which it expects will cover its projected deficit of around USD 44bn and principal repayments of around USD 14bn. International bond sales are expected to account for around 25% to 30% of total borrowing, or around USD 14bn to USD 18bn, which if borne out would mark a slowdown in the rapid expansion of international issuance seen over the past several years. In 2025, the government borrowed close to USD 20bn, starting with a USD 12bn three-tranche issuance in January 2025 across 3yr, 6yr and 10yr maturities.

Our own projection for the Saudi fiscal balance in 2026 is wider than the government's estimate and we expect the budget deficit will be closer to 5% of GDP rather than the 3% in the government's projections. Oil revenue will dip thanks to lower prices this year even as Saudi Arabia will keep production at more than 10m b/d while we expect a more modest rise in non-oil income than presented in the 2026 budget. On expenditure, Saudi Arabia remains committed to its Vision 2030 diversification programme, but officials have signalled a more cautious approach as lower oil prices have constrained budgets.

In 2025, the government had planned to borrow SAR 139bn but ended up raising more than SAR 400bn though it noted in its 2026 plan that SAR 61bn represented "prefunding" for 2026 needs.

SAR bn	2025 plan	2025	2026 plan
Domestic borrowing	34.75	119.00	54.25
International borrowing	62.55	75.00	58.59
Private credit	41.70	207.00	108.50

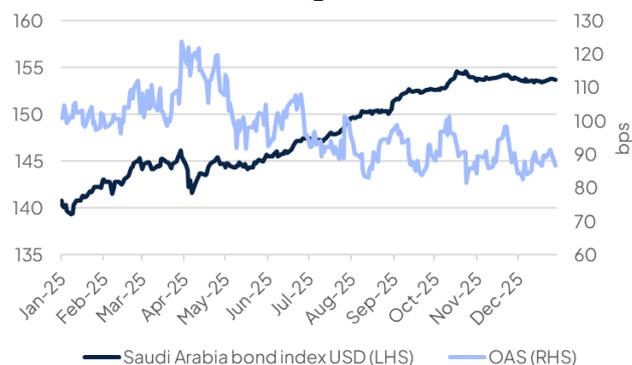
Source: NDMC, Emirates NBD Research.

A new development for 2026 will be a major increase in the share of private funding for the Saudi budget deficit. In 2025, the government projected that 30% of the total financing requirement would come through private channels (for example export credit agencies) while international borrowing would

account for 45% of the total. For 2026 the private funding channel will represent 50% of the total while international borrowing will be 25-30%. On January 1, the NDMC announced that it had finalized a syndicated loan worth USD 13bn to invest in utilities projects.

Saudi international bonds had a good 2025, returning about 9% on Bloomberg's USD-index which includes direct government borrowing as well as bonds from Aramco, PIF and other major corporates. Much of the gains came in the first nine months of the year though as the outlook for another year of a fiscal deficit in 2026 and likely increase in overall borrowing volumes flattened price performance in Q4. Credit spreads also tightened meaningfully to just 87bps over US Treasuries at the end of 2025, down from more than 100bps at the start of 2025.

Saudi bonds had a strong 2025



Source: Bloomberg, Emirates NBD Research.

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