

## Saudi Arabia: 2026 budget approved

### 3 December 2025 – Macroeconomics

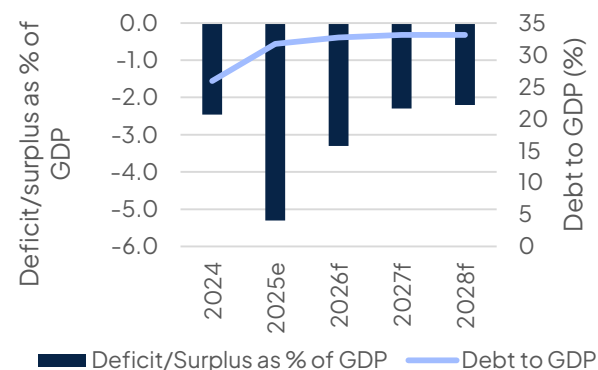
- The Saudi Ministry of Finance has approved the budget for 2026, forecasting higher revenue and a decline in overall expenditure.
- The scale of the deficit for 2026 is forecast at 3.3% of GDP, narrower than the estimate of around 5% of GDP for 2025.
- Debt-to-GDP is forecast to rise to almost 33% of GDP in 2026, up from 31.7% in 2025 and less than 13% of GDP in 2016.

The Saudi Ministry of Finance has approved the budget for 2026, highlighting that it marks the start of the “third phase” of Vision 2030, under which there will be a shift to “accelerating the pace of progress and increasing growth opportunities”.

Expenditure in 2026 is forecast to decline slightly from 2025 levels, falling to SAR 1,311bn, while revenues are expected to rise to SAR 1,149bn. The budget for capital expenditure is set to drop by 6% to SAR 162bn in 2026 which if realized would be the lowest level since 2022. Operating expenses generally are set to decline with spending on goods and services forecast to drop by 10% from the estimated level for 2025.

Overall revenue is set to increase by 5% with gains coming from goods and services taxes in particular. This leaves the deficit at SAR 163bn, markedly lower than the SAR 245bn estimated for 2025. The ratio of debt to GDP is expected to rise further in 2026, increasing to 32.7%.

#### Deficit expected to moderate into FY2026



Source: Haver Analytics, Emirates NBD Research

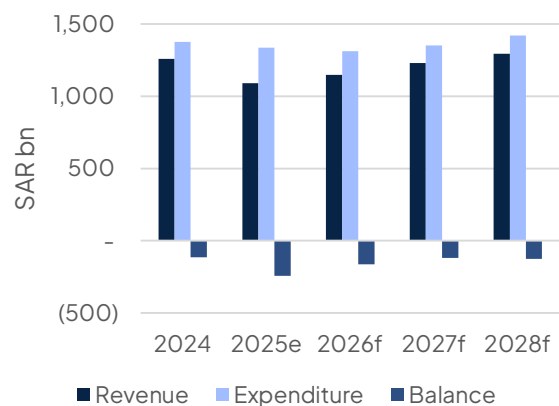
The 2026 budget implies fiscal tightening – higher revenues and lower expenditure – though in previous years capex has run ahead of budget levels. The

government's projections are for a fiscal balance of 3.3% of GDP though we expect it will likely be wider (similar to the experience in 2025) as the outlook for oil revenue in 2026 remains soft and the pace of growth in tax revenue is forecast to run ahead of economic growth.

#### Deficit estimate for 2025 shifted higher

Together with providing new forecasts for revenue and spending in 2026, the budget statement also includes updated estimates for 2025. These updated figures show that the Ministry now expects a deficit of SAR 245bn in 2025, equivalent to roughly 5.3% of GDP. This estimate represents a sharp upward revision from the 2.3% of GDP forecast during the initial budget plan for 2025.

#### Central government revenue and spending



Source: Haver Analytics, Emirates NBD Research

Underlying this upward revision to 2025 figures are changes to both revenue and spending. Estimates of total government revenue have been revised down to SAR 1,091bn from SAR 1,184bn in the initial 2025 budget. This likely reflects weaker oil-sector revenues, which have been affected by both lower prices and OPEC+ production restraint. Expenditure



estimates, in contrast, have been revised upwards to reach SAR1,336bn from SAR1,285. This leaves the debt to GDP ratio at 31.7% in 2025, up from an initial estimate of 29.9%.

### **Deficits continue into 2028**

Central government expenditure is expected to exceed revenue through to 2028, with Finance Minister Mohammed Al Jadaan, saying that “this is a deficit by design”, as the Saudi government continues to invest in its Vision 2030 priorities.

Minister Jadaan did, however, highlight that both the government and the Public Investment Fund (PIF) have conducted reviews of projects and spending priorities, with some scaled back either in terms of spending or timelines.

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