

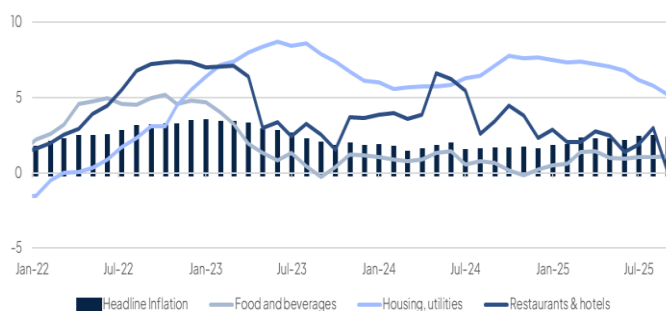
## Saudi Arabia: CPI inflation slows in September

15 October 2025 – Economics

- Headline CPI inflation in Saudi Arabia slowed to 2.2% year-on-year in September, with annual inflation averaging 2.0% year-to-date.
- Housing and utilities remain the primary driver of inflation, with prices up 5.2% year-on-year in September, although this is down from 5.8% in August.
- Other components of the CPI basket, such as food & beverage and restaurants & hotels, continue to see fairly benign price pressures.

Headline CPI inflation in Saudi Arabia slowed to 2.2% y/y in September, down from 2.3% the previous month. On a monthly basis, prices were down 0.1%, compared with a 0.1% rise in August. Annual inflation has recorded an average of 2.0% y/y over the year-to-date, in line with our forecast for 2025, and the risks to our projection are weighted to the downside at present as we anticipate that the disinflationary trend will continue through year-end. The slowing price growth is supportive of consumer demand in Saudi Arabia which has been robust throughout the year.

### Housing inflation easing

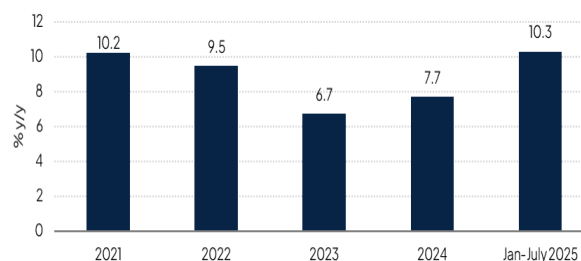


Source: Haver Analytics, Emirates NBD Research

The primary driver of inflation in Saudi Arabia remains housing & utilities, which is both the largest component of the CPI basket at around a quarter and which has been seeing significantly faster price growth than the rest. In September, prices were up 5.2% y/y, although this was down from 5.8% in August and marked the slowest pace since late 2022. Rapid economic and population growth and urbanisation has spurred accelerating housing costs in Saudi Arabia over the past several years, and there was a 6.7% y/y rise in actual rents in September according to GASTAT data. However, this was down from 7.6% y/y in August and we anticipate that there will be a continued easing in housing price pressures given the government's

focus on them, with a rent freeze introduced last month.

### Strong growth in consumer spending



Source: Haver Analytics, SAMA, Emirates NBD Research

Other components of the CPI basket continue to see fairly benign price pressures, reflective in part of the highly competitive market, with respondents to the Riyadh Bank PMI survey indicating that they absorbed much of their higher input costs themselves as they strive to remain competitive. Food & beverage prices were up 1.1% y/y, unchanged from the August pace, while restaurants & hotels inflation slowed to 1.5%, down from 3.0% the previous month. Transport inflation accelerated to 1.6% y/y, up from 1.2% in August, driven by a 6.9% rise in passenger transport prices.

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