

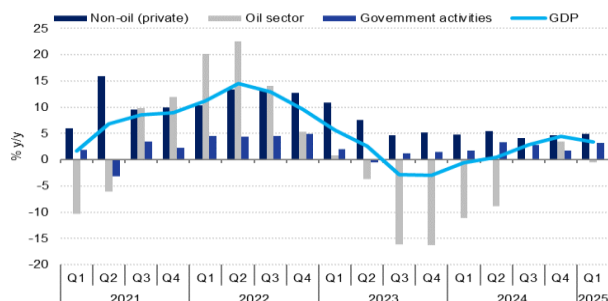
Saudi Arabia Q1 GDP final estimate

June 9 2025 – Economics

- Saudi Arabia has revised up its Q1 growth print to 3.4% y/y, from 2.7% previously.
- We are maintaining our non-oil GDP growth forecast of 4.5% for the year.
- We have revised up our oil GDP growth forecast to 3.5%, from 2.5% previously.
- This puts our headline GDP growth forecast at 3.6% in 2025, from 3.3% previously.

Saudi Arabia has released the second print of its Q1 GDP growth figures, with a substantial upwards revision to 3.4% y/y, compared with 2.7% on the initial print published at the start of May. On a quarterly basis, growth was 1.1% rather than the 1.4% contraction initially estimated. Government activities was left unchanged with growth of 3.2% y/y, thereby contributing 0.5 percentage points (ppts) to the headline figure, but there were sizeable revisions elsewhere. Oil GDP saw a much smaller contraction of 0.5%, compared with the initial estimate of a 1.4% contraction, while non-oil growth was revised up to 4.9%, compared with 4.2% previously, and contributing the bulk of the headline expansion (2.8ppts).

Non-oil sector driving growth

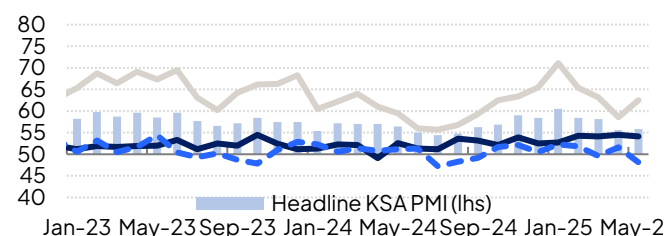


Source: Haver Analytics, Emirates NBD Research

The strong growth in non-oil GDP aligns with what we saw in the Riyadh Bank PMI survey for Q1, which averaged a robust 59.0 over the quarter with the January print of 60.5 the strongest in 14 years. The fastest growing sectors according to the GDP print were wholesale & retail trade, restaurants & hotels which was up 8.4% y/y, followed by transport, storage & communication (6.0%) and finance, insurance & banking services (5.5%). The robust pace of expansion in these sectors is reflective of the ongoing diversification of the Saudi Arabian economy under the Vision 2030 programme. Restaurants and hotels in particular will be benefitting from both the changes implemented over the past decade which have eased restrictions

on socializing, and from the rapid growth of the tourism sector. Transport will also have been boosted by this development and from the heavy investment into developing Saudi Arabia as a regional and global hub for aviation and shipping.

PMI still strong



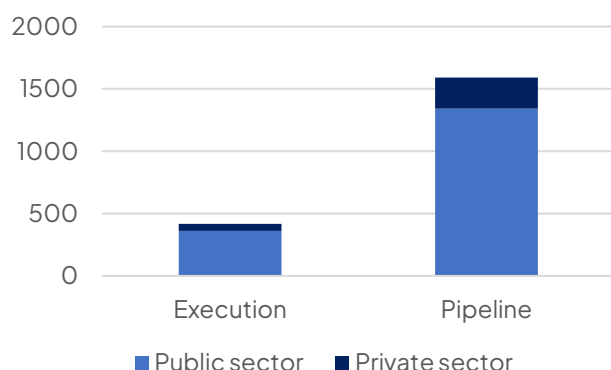
Source: Riyadh Bank, Emirates NBD Research

The upwards revision to the non-oil GDP growth for Q1 reaffirms our forecast for annual non-oil GDP growth at 4.5%. The Riyadh Bank PMI survey has softened moderately in Q2, averaging 55.7 over April and May, but this remains indicative of a non-oil private sector that is expanding at a healthy pace. (see [MENA PMI surveys, May 2025](#)). There have been recent press reports around the government adjusting its spending priorities amid a lower oil price environment, with finance minister Mohammed al-Jadaan telling the FT in May that they were 'taking stock', but we believe that there is still sufficient project spending already in progress that growth will remain supported through this year and next at least.

As of the end of May, there was USD 418mn worth of projects already in the execution stage, with USD 1.6bn in the pipeline. Some of the giga projects may be being looked at in terms of their pace of implementation, but USD 109mn of contracts have already been awarded. Respondents to the PMI survey have repeatedly cited new project implementation as supporting their activity, and business optimism rose to the highest levels since November 2023 in May. Nearly a quarter of respondents expect output to be higher in 12

months' time, which stands in contrast to some more negative anecdotal reporting.

Project spending, USDmn



Source: Meed Projects, Emirates NBD Research

The latest industrial production data also suggests that growth is being maintained in the second quarter as it rose 3.1% y/y in April, an acceleration from 2.0% growth in March. Manufacturing rose 7.4% y/y and delivered the bulk of the growth, given that oil production curbs continued to weigh on the hydrocarbons sector. Mining and quarrying, which encompasses the oil sector, grew just 0.2% y/y. Given the more rapid return of barrels to the market starting from May (see [OPEC+ goes for another big hike in July](#)), however, this should turn to growth in the subsequent readings. Already in May Saudi Arabia was producing 9.08mn b/d according to Bloomberg estimates, compared with 8.97mn b/d in April and up 0.8% from 9.01mn b/d in May 2024. With further increases indicated by OPEC+ for June and July, the oil sector should start to see more substantial y/y growth through the rest of the year.

We had always anticipated that OPEC+ would be returning more barrels to the market this year than initially indicated, but the pace at which it is proceeding – around three times as fast as had been planned – has exceeded our expectations. Saudi Arabia now has a target level of 9.5mn b/d for July which would be y/y growth of 5.6%. This was initially the level that was supposed to be reached in January 2026 and we see little chance of a shift lower from this point. As such, we have revised up our oil GDP growth forecast to 3.5%. This shifts our headline growth forecast up to 3.6%, from 3.3% previously.

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