بنك الإمارات دبي الوطني
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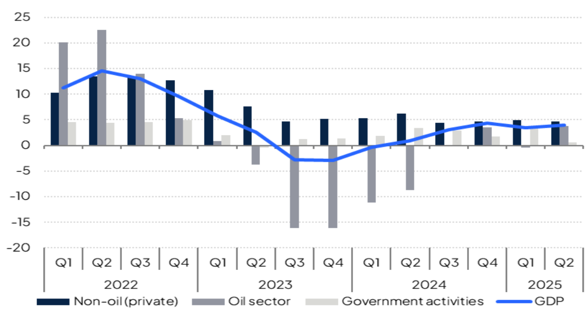
Saudi Arabia: Q2 GDP growth unchanged on second reading

8 September 2025 – Economics

- Saudi Arabia's Q2 real GDP growth was confirmed at 3.9% y/y, with non-oil growth at 4.6% y/y and oil growth at 3.8% y/y.
- Government spending and infrastructure projects are driving non-oil growth, with USD 440 billion in committed projects and USD 1.55 trillion in the pipeline.
- Consumer spending remains strong, and this is reflected in the strong performance of sectors like wholesale & retail trade, restaurants & hotels which saw growth of 6.6% y/y.

Saudi Arabia's Q2 real GDP growth was confirmed at 3.9% y/y on the second print, unchanged from the initial reading and up from 3.4% in Q1. There was a marginal downgrade to non-oil growth for Q2, with the data revision showing that the expansion rate was 4.6% y/y rather than the initial reading of 4.7%. This means there was a modest slowdown in non-oil growth compared with the 4.9% seen in Q1. Oil growth was unchanged at 3.8% on the second reading for Q2, compared with a 0.4% contraction in the first quarter, while government activities rose 0.6% y/y in Q2. Non-oil activity provided the bulk of Q2 growth at 2.6ppts, while oil activities contributed 0.9ppts.

Real GDP growth, % y/y

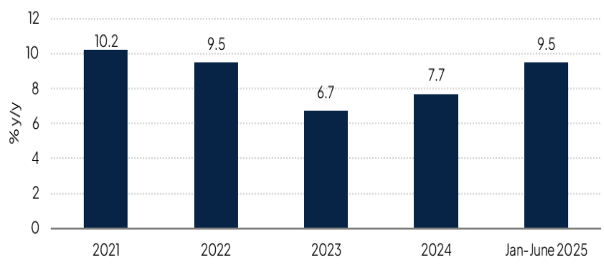


Source: Haver Analytics, Emirates NBD Research

With little material change to the headline data we are maintaining our full-year growth forecast for 3.7% this year, predicated on a forecast of 3.5% y/y growth in oil GDP and non-oil growth of 4.5%. The risks to this outlook are probably weighted to the upside at present as OPEC+ has signaled that it will now unwind its next tier of paused oil production, meaning that oil GDP growth will continue to accelerate through the second half of the year given the more rapid return of barrels to the market than had been initially planned. While the announcement from OPEC+ on September 7 that it would be increasing output by a further 137,000 b/d from October marked a slowdown from the 547,000 that was scheduled to be added from September, it still represents an ongoing rise in production that will boost activity in the oil sector.

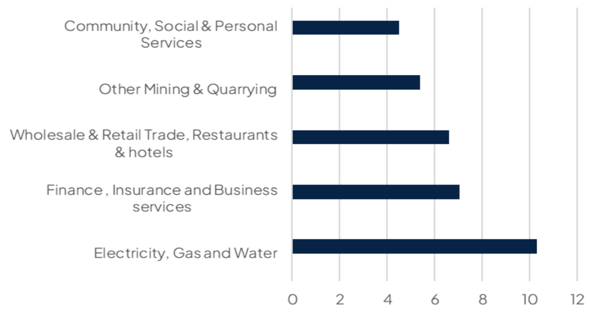
Regarding non-oil growth, we remain bullish about the medium-term outlook given high levels of government spending that are already being directed into various infrastructure projects. Currently, Saudi Arabia has USD 440 billion in already-committed projects (contracts awarded or in execution), with an additional USD 1.55 trillion of potential projects in the pipeline (see *Outlook for Saudi project spending remains robust*). And it is not only domestic spending that is funding these developments: Saudi Arabia attracted 203 greenfield FDI projects in H1 2025, with total capital inflows reaching USD 9.34bn, marking a 30.1% increase in the number of projects from H1 2024 and a 1.7% growth in capital investment (see *Saudi Arabia: Greenfield FDI reached USD 9.34bn in H1 2025*). The consumer story also remains strong with high levels of spending growth amid a growing population and a booming jobs market.

Strong growth in consumer spending



Source: Haver Analytics, Emirates NBD Research

Real GDP growth, % y/y



Source: Haver Analytics, Emirates NBD Research

Where the latest data release provides most interest is the breakdown of growth by sector, and sectors exposed to this consumer story remain among those seeing the fastest pace of growth. Saudi Arabia's population has been seeing growth of around 4.5% in recent years, and this is reflected in utilities being the fastest-growing sector in Q2, with electricity, gas, and water up 10.3% y/y. And while wholesale & retail trade, restaurants & hotels has slipped from being the fastest-growing sector in the first quarter to third fastest in the latest print, it still expanded by 6.6% y/y, with growth in international tourism also underpinning this growth. The second-fastest growing sector was finance, insurance, & business services which logged y/y growth of 7.0%, reflecting in part the influx of capital into the country as it presses ahead with its diversification strategy.

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