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# Saudi Arabia Budget Statement FY2026

Fiscal Discipline and Strategic Transformation

Tharaa Financial Center

# Why the FY2026 Budget Matters

## Strategic Pivot

FY2026 is a **pivotal year** for Vision 2030, marking a shift towards fiscal consolidation and sustained non-oil growth while maintaining the momentum of structural transformation.



**Fiscal Consolidation: Deficit reduction to 3.3% of GDP**



**Strategic Ambition: Funding core Vision 2030 programs**

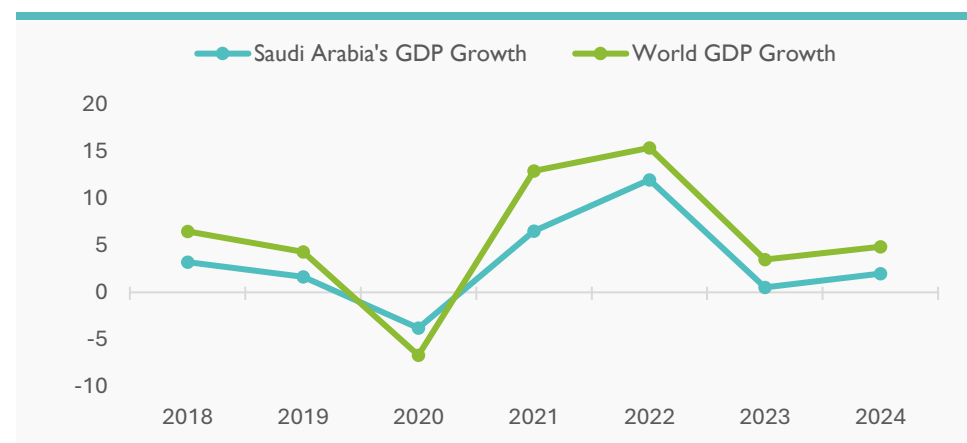
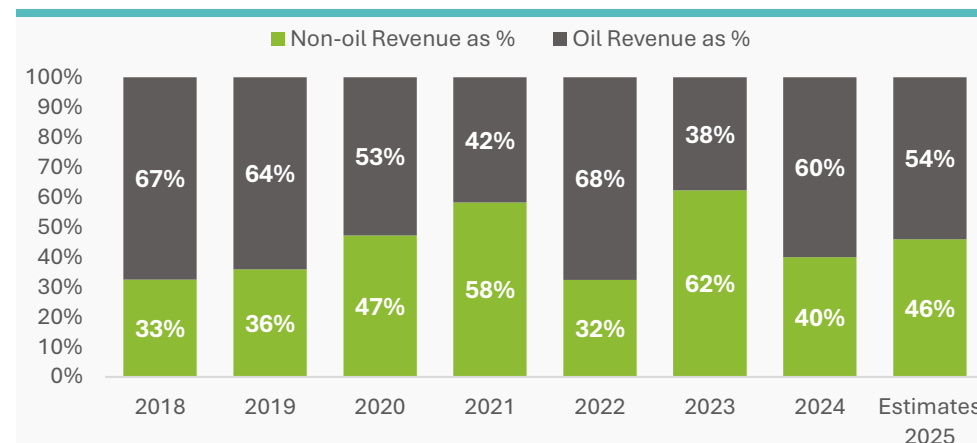


**Economic Resilience: Strengthening the non-oil growth engine**

# FY2026 Budget Highlights: at a Glance

## Headline Figures (FY2026 Budget)

|                    |       |        |
|--------------------|-------|--------|
| Total Revenues     | 1,147 | SAR bn |
| Total Expenditures | 1,313 | SAR bn |
| Budget Deficit     | -165  | SAR bn |
| Deficit to GDP     | -3.3% | of GDP |
| Public Debt        | 1,622 | SAR bn |

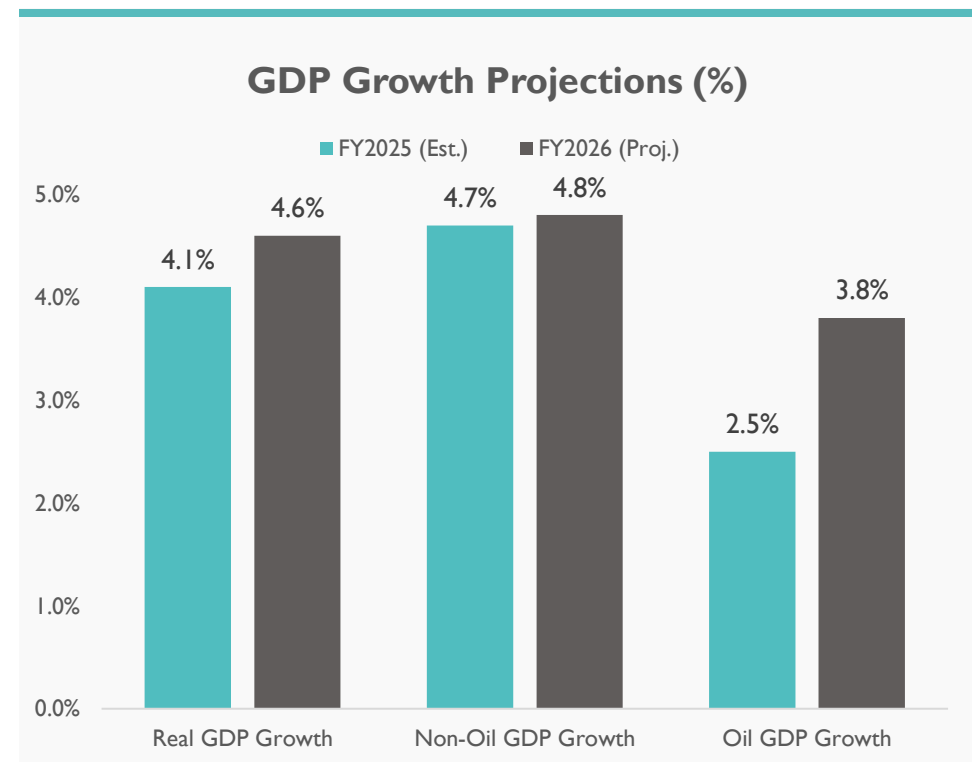


The FY2026 budget reflects a **disciplined fiscal path** with a meaningful deficit reduction while ensuring sustained funding for core Vision 2030 programs and economic enablers.

# Macroeconomic Foundations: Real GDP Growth

| Growth Indicator   | FY2025 (Est.) | FY2026 (Proj.) |
|--------------------|---------------|----------------|
| Real GDP Growth    | 4.1%          | 4.6%           |
| Non-Oil GDP Growth | 4.7%          | 4.8%           |
| Oil GDP Growth     | 2.5%          | 3.8%           |

The Kingdom's economy is projected to maintain **robust growth momentum**, primarily driven by the expansion of non-oil activities. The stabilizing role of the oil sector further supports the overall macroeconomic stability.



# Nominal GDP and Economic Scale

| Metric                     | Value        |
|----------------------------|--------------|
| Nominal GDP (2024)         | SAR 4,147 bn |
| Nominal Growth (2024)      | 2.3%         |
| Nominal GDP (2025 Est.)    | SAR 4,374 bn |
| Nominal Growth (2025 Est.) | 5.5%         |

## Economic Expansion

The **expanding scale** of the Saudi economy is reflected in the robust growth of Nominal GDP. This expansion is driven by the dual contribution of oil and non-oil sectors, alongside favorable price dynamics that support the Kingdom's fiscal capacity and investment potential.

# Global Context and Regional Resilience

## Global Economic Landscape

The global economy is navigating a period of **moderate growth** and easing inflation. While trade dynamics shift, Saudi Arabia's strategic positioning and economic transformation provide a significant buffer against external volatility.



**Regional Stability: Saudi Arabia as a key growth driver**



**Robust Domestic Demand: Sustaining economic momentum**



**Strategic Investment: Focusing on long-term diversification**

# Oil Market Dynamics and Fiscal Sensitivity

## Fiscal Sensitivity Analysis

Oil Revenue Contribution **Significant**

Price Volatility Impact **Managed**

Fiscal Break-even Trend **Improving**

Non-Oil Decoupling **Strategic Priority**

## Strategic Decoupling

While oil remains a key revenue driver, the fiscal strategy increasingly focuses on **decoupling spending** from oil price volatility through sustained non-oil growth and disciplined fiscal management.



Resilience to Price Shocks



Diversified Revenue Base

# The Fiscal Path: Deficit Reduction Strategy

| Metric (SAR bn)    | 2025 (E) | 2026 (B) | 2027 (P) | 2028 (P) |
|--------------------|----------|----------|----------|----------|
| Total Revenues     | 1,091    | 1,147    | 1,230    | 1,294    |
| Total Expenditures | 1,336    | 1,313    | 1,350    | 1,419    |
| Budget Deficit     | -245     | -165     | -120     | -125     |
| Deficit to GDP (%) | -5.3%    | -3.3%    | -2.3%    | -2.2%    |

## Fiscal Consolidation

The medium-term framework demonstrates a **disciplined consolidation path**. The deficit is projected to narrow significantly from 5.3% in FY2025 to 3.3% in FY2026, reaching 1.8% by FY2028, while maintaining strategic investment levels.

# FY2025 vs FY2026 Headline Comparison

| Metric (SAR bn)    | FY2025 (Est.) | FY2026 (Budget) |
|--------------------|---------------|-----------------|
| Total Revenues     | 1,091         | 1,147           |
| Total Expenditures | 1,336         | 1,313           |
| Budget Deficit     | -245          | -165            |
| Deficit to GDP (%) | -5.3%         | -3.3%           |

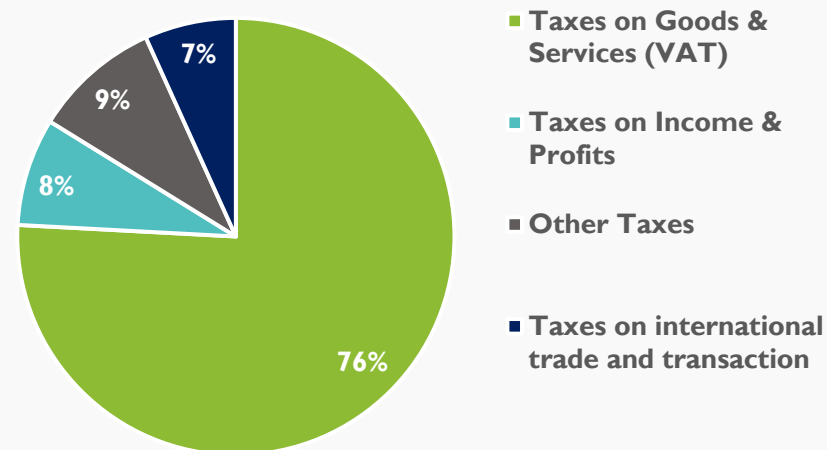
## Strategic Shift

The comparison highlights a **strategic shift** towards fiscal consolidation. FY2026 sees a significant reduction in total expenditure and a meaningful narrowing of the budget deficit, reflecting the Kingdom's commitment to long-term fiscal sustainability.

# Tax Components and Non-Oil Growth

| Tax Component                                | FY2026 (B)        |
|--|-------------------|
| Taxes on Goods & Services (VAT)              | SAR 314 bn        |
| Taxes on Income & Profits                    | SAR 33 bn         |
| Other Taxes                                  | SAR 39 bn         |
| Taxes on international trade and transaction | SAR 28 bn         |
| <b>Total Tax Revenue</b>                     | <b>SAR 412 bn</b> |

### Tax Revenue Composition (FY 2026)

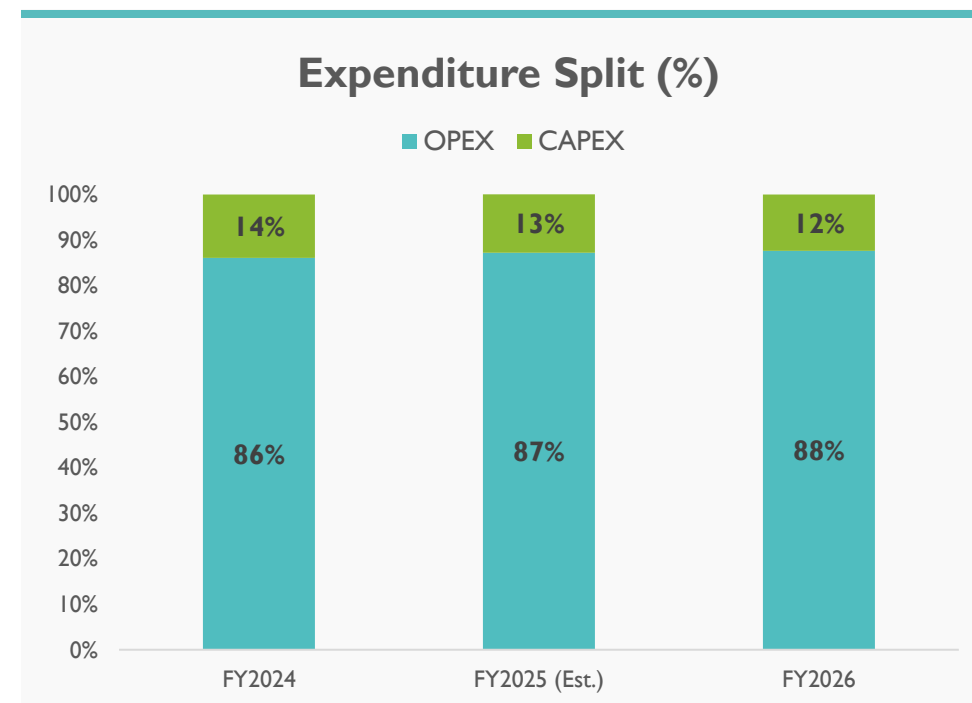


Non-oil revenue growth is increasingly driven by a **stable and diversifying tax base**. VAT remains the primary contributor, reflecting robust domestic consumption and structural fiscal transformation.

# Expenditure Structure: Strategic Allocation

| Expenditure Category          | FY2026 (SAR bn) |
|-------------------------------|-----------------|
| Total Expenditures            | 1,313           |
| Operating Expenditures (OPEX) | 1,151           |
| Capital Expenditures (CAPEX)  | 162             |

The FY2026 expenditure structure reflects a **strategic balance** between maintaining essential public services and prioritizing high-impact capital investments. This allocation ensures the continued delivery of Vision 2030 programs while optimizing operational efficiency.



# FY2026 OPEX Breakdown

## Operating Expenditure (OPEX)

|                           |            |
|---------------------------|------------|
| Compensation of Employees | SAR 530 bn |
| Social Benefits           | SAR 115 bn |
| Subsidies                 | SAR 45 bn  |
| Other Operating Expenses  | SAR 428 bn |

## Human Capital Focus

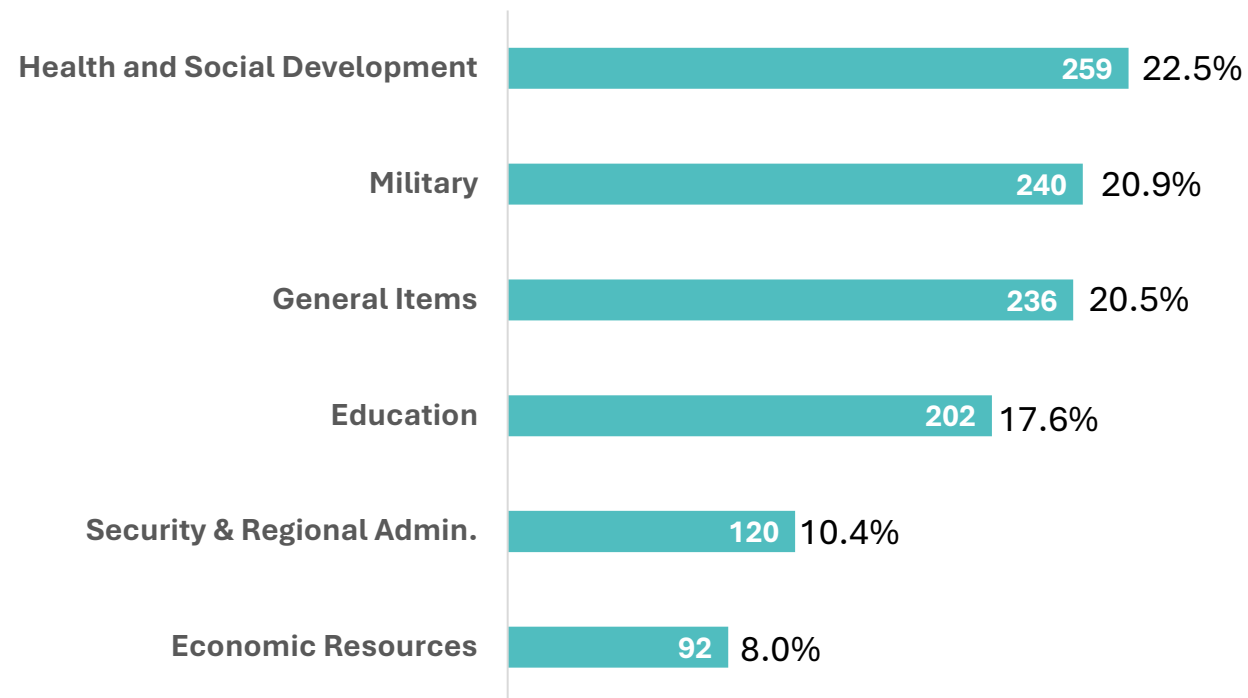
The majority of operating expenditure is dedicated to **human capital and social welfare**, ensuring the wellbeing of citizens while supporting the Kingdom's social transformation goals under Vision 2030.



Investing in the Workforce

# Sector Allocations FY2026: Vision 2030 Priorities

|   |  |  |
|---|--|--|
| <b>Education</b><br><b>202</b> SAR bn     | <b>Military</b><br><b>240</b> SAR bn                       | <b>Health &amp; Social Dev.</b><br><b>259</b> SAR bn |
| <b>General Items</b><br><b>236</b> SAR bn | <b>Security &amp; Regional Admin.</b><br><b>120</b> SAR bn | <b>Economic Resources</b><br><b>92</b> SAR bn        |



The FY2026 budget reflects a **balanced approach**, prioritizing human capital through significant investments in Education and Health, while ensuring national security and funding key economic enablers for long-term transformation.

# Strategic Rebalancing and Active Prioritization

## Deliberate Spending Shift

The FY2026 budget reflects a **deliberate shift** in spending towards sectors that drive long-term economic transformation and social wellbeing, ensuring that fiscal resources are aligned with the Kingdom's strategic priorities.



**Efficiency Gains: Optimizing operational spending**



**Strategic Alignment: Supporting Vision 2030 goals**



**Outcome-Based Budgeting: Focusing on tangible results**

# Debt Stock and Buffers: Market Depth

## Debt and Reserve Profile (FY2026)

|                     |              |
|---------------------|--------------|
| Public Debt Stock   | SAR 1,622 bn |
| Debt-to-GDP Ratio   | ~33%         |
| SAMA Reserve Assets | SAR 390 bn   |

## Fiscal Resilience

The Kingdom maintains a **sustainable debt profile** with deep market access and substantial reserve buffers. This proactive management ensures long-term fiscal resilience and reinforces investor confidence in the Saudi economy.



Strong Sovereign Credit Profile



Robust Liquidity Buffers

# Non-Oil Fiscal Transformation: Structural Diversification

## Fiscal Transformation Indicators

Non-Oil Revenue Coverage **Increasing Trend**

Non-Oil Revenue Growth **Sustained Momentum**

Reliance on Oil Volatility **Reducing**

Fiscal Sustainability **Strengthening**

## Structural Diversification

The Kingdom is achieving a **structural diversification** of its fiscal base. Non-oil revenues are covering an increasing share of total expenditures, significantly reducing the budget's sensitivity to oil price volatility.



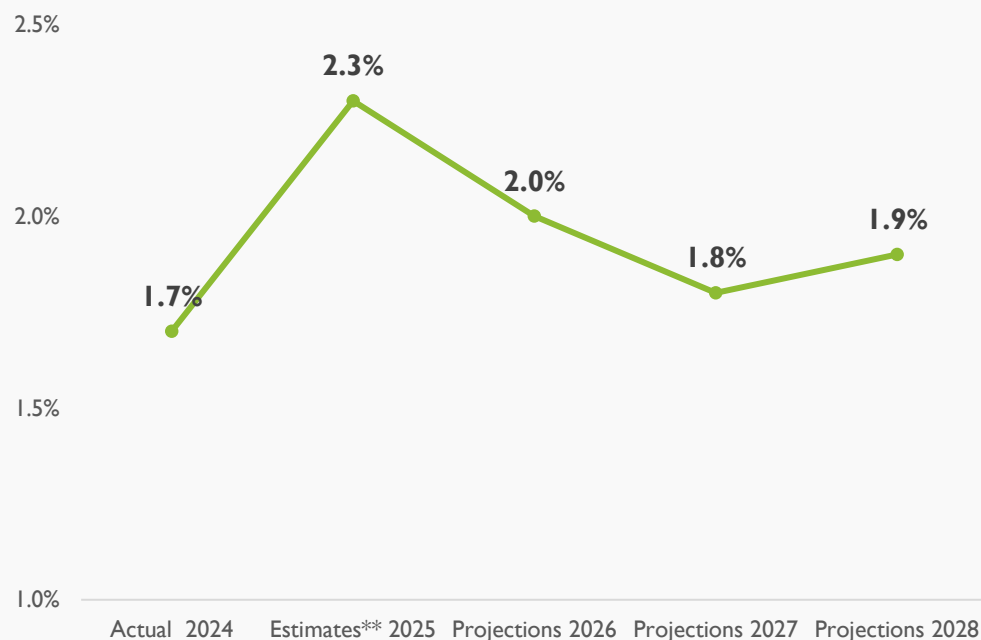
Sustainable Revenue Streams



Enhanced Fiscal Resilience

# Price Stability Supports Households and Confidence

## Consumer Price Index (CPI) Trends



### Contained Inflation

The Kingdom has successfully maintained **low inflation levels** compared to global averages, supporting domestic demand and providing a stable environment for long-term investment and household planning.



Proactive Supply Chain Management



Targeted Social Subsidies



Monetary Policy Alignment

# External Sector Strength: Trade and Services

## External Sector Indicators

Non-Oil Exports Growth **Sustained**

Services Balance **Improving**

Trade Balance **Resilient**

Industrial Modernization **Accelerating**

## Global Competitiveness

The Kingdom's external sector is strengthening through the **modernization of the industrial base** and the rapid expansion of the services sector, particularly tourism and logistics, enhancing global competitiveness.



Logistics Hub Expansion



Advanced Manufacturing Growth

# Tourism and Investment Flows: Material Contributors

## Tourism and FDI Impact

Tourism Spending Growth **Robust**

FDI Inflows **Targeted Sectors**

Non-Oil GDP Contribution **Increasing**

Strategic Importance **High**

## Economic Diversification

Tourism and Foreign Direct Investment (FDI) have emerged as **material contributors** to the Kingdom's non-oil GDP, reflecting the success of Vision 2030's openness and investment-friendly reforms.



Tourism Sector Expansion



Accelerated FDI Inflows

# Resilient Banking Sector Supports Growth

## Banking Sector Resilience

Total Banking Assets **Sustained Growth**

Capital Adequacy Ratio **Strong Buffers**

Liquidity Coverage Ratio **Robust**

Asset Quality **Stable**

## Pillar of Stability

The Saudi banking sector remains a **pillar of economic stability**, with strong capital buffers and ample liquidity supporting the credit needs of the private sector and Vision 2030 projects.



**Strong Capital Adequacy**



**Ample Liquidity Buffers**

# Credit Composition and Housing Finance

## Credit and Mortgage Indicators

Private Sector Credit Growth **12.1% (2024)**

Mortgage Lending Growth **Sustained**

Real Estate Loans Share **Increasing**

Housing Finance Momentum **Robust**

## Supporting the Real Economy

The banking sector continues to support the real economy through **robust credit expansion**. Housing finance remains a key driver of private sector credit growth, directly aligned with Vision 2030's home ownership targets.



Driving Home Ownership



Private Sector Credit Expansion

# Capital Markets Deepening: Diversified Funding

## Market Performance Indicators

|                       |               |
|-----------------------|---------------|
| TASI Performance      | Growth Trends |
| Market Capitalization | Expanding     |
| Listed Companies      | Increasing    |
| Market Liquidity      | Deepening     |

## Financial Sector Development

The Saudi capital market is **deepening**, providing a diversified source of funding for the private sector and supporting the Kingdom's economic transformation through enhanced liquidity and transparency.



Enhanced Market Liquidity



Growing Corporate Listings

# Vision 2030 Delivery: Housing and Quality of Life

## Housing Program Milestones

Home Ownership Rate **Targeting 70%**

Sakani Beneficiaries **Sustained Growth**

Housing Supply **Expanding**

Quality of Life Impact **High**

## Enhanced Living Standards

The Housing Program has achieved **significant milestones**, with home ownership rates steadily increasing through the Sakani program and enhanced financing solutions, directly improving the quality of life for Saudi families.



Accelerated Home Ownership



Improved Social Wellbeing

# Vision 2030 Delivery: Safety and Wellbeing

## Social Wellbeing Indicators

Global Safety Index Ranking **Top Tier**

Life Expectancy **Increasing**

Social Participation Rate **Growth Trends**

Citizen Satisfaction **High**

## Secure and Vibrant Society

The Kingdom's commitment to **social wellbeing** is reflected in its high global safety rankings and improving health outcomes, fostering a secure and vibrant society for all citizens and residents.



Enhanced National Security



Improved Health Outcomes

# Vision 2030 Delivery: Tourism Targets

## Tourism Achievements & Goals

Total Visitors (2023) **100m+ (Exceeded)**

Revised 2030 Target **150m Visitors**

GDP Contribution Target **10% by 2030**

Global Destination Rank **Rising Rapidly**

## Premier Global Destination

The Kingdom has **exceeded its initial 2030 tourism targets** ahead of schedule, leading to a revision of goals to 150 million visitors. This success underscores the Kingdom's emergence as a premier global tourism destination.



Global Tourism Leadership



Diversified Tourism Offerings

# Risk Readiness and Scenario Planning

## Fiscal Scenarios and Impact

Baseline Scenario Deficit 3.3%

Upside Scenario Deficit Reduction

Downside Scenario Managed Impact

Fiscal Readiness High

## Proactive Risk Management

The Kingdom employs a **proactive risk management framework**, utilizing scenario planning to ensure fiscal readiness and maintain economic stability even in the face of global volatility.



Enhanced Fiscal Resilience



Strategic Scenario Planning

## Disclaimer

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