

PRE-BUDGET REVIEW

Saudi Arabia Budget Outlook FY2027

Reading the Ministry of Finance Pre-Budget Statement for fiscal year 2027

Tharaa Financial Center

FY2027 at a glance

The Ministry's first look at FY2027 pairs a sharp economic rebound with a narrower deficit and a spending plan that stays above the level budgeted for 2026.

Real GDP growth, FY2027 projection

12.8%

after the 2026 oil-led dip

nominal GDP SAR 5,358bn, +7.6%

Total revenues, FY2027

SAR 1,202bn

USD 320.5bn

+1.0% on the 2026 estimate

Total expenditures, FY2027

SAR 1,392bn

USD 371.2bn

6.0% above the 2026 budget

Budget deficit, FY2027

3.6% of GDP

SAR 191bn

down from 4.9% of GDP in 2026

Inflation, FY2027 projection

1.9%

against 3.9% for the world economy (IMF)

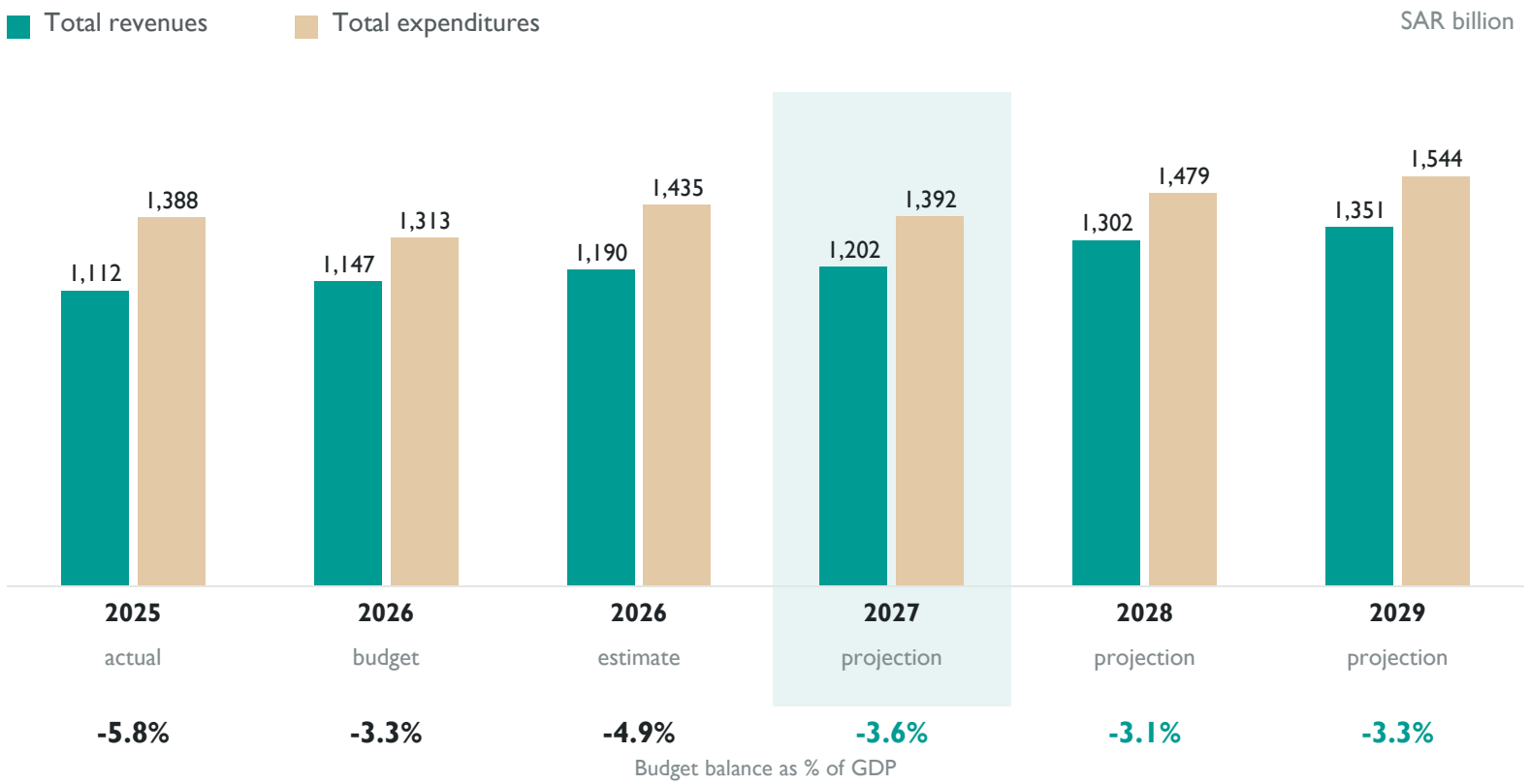
Non-oil activities, 2026 estimate

+3.2% real growth

57.3% of GDP in the first half, a record

The deficit is projected to narrow by SAR 54bn in a single year, from 4.9% to 3.6% of GDP, while the economy is expected to grow 12.8% in real terms. Spending of SAR 1,392bn keeps the delivery of Vision 2030 programmes funded above the level first budgeted for 2026.

A narrowing path to 2029



Revenue growth a year, 2026E to 2029

4.3%

Expenditure growth a year, same period

2.5%

Revenues reach by 2029

SAR 1,351bn

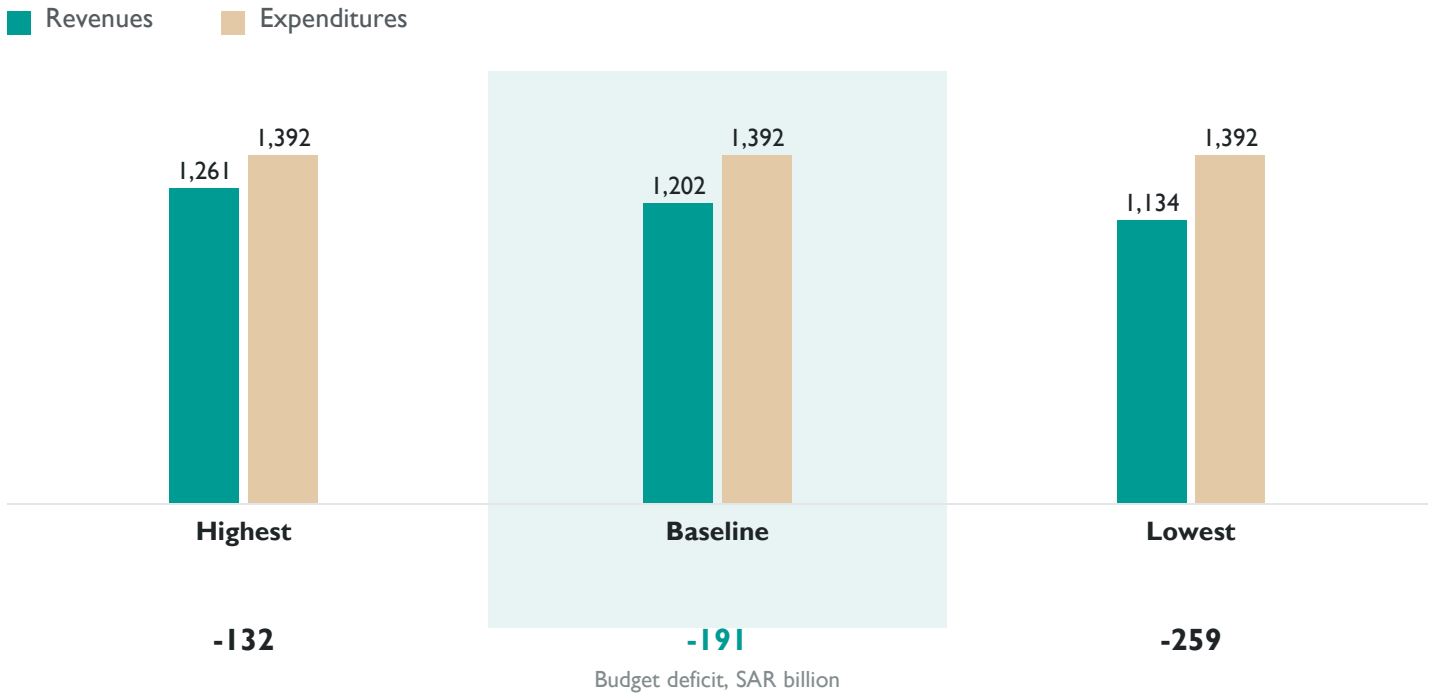
Lowest deficit in the plan, 2028

3.1% of GDP

Revenues are projected to grow 4.3% a year from the 2026 estimate to 2029, against 2.5% for spending, so the gap narrows mainly because revenues outgrow expenditure. Each projected year carries a smaller deficit than the 4.9% of GDP estimated for 2026.

Spending protected in every scenario

The Ministry tested FY2027 against three revenue scenarios. Expenditure is held at the same level in all three.



Expenditure in all three scenarios

SAR 1,392bn

Revenue range, highest to lowest

SAR 127bn

Highest scenario against the baseline

+4.9%

Lowest scenario against the baseline

-5.7%

Holding spending at SAR 1,392bn whatever the revenue outcome keeps priority projects insulated from swings in revenue. In the highest scenario the deficit falls to SAR 132bn; in the lowest it is SAR 259bn, a range the Ministry plans to absorb through its medium-term debt strategy.

What has changed in a year

FY2027 as projected in the FY2026 Budget Statement of December 2025, set against today's projection.

	December 2025 view	September 2026 view	Revision
Real GDP growth	3.7%	**12.8%**	+9.1 pp
Nominal GDP	SAR 5,258bn	**SAR 5,358bn**	+1.9%
Total revenues	SAR 1,230bn	**SAR 1,202bn**	-2.3%
Total expenditures	SAR 1,350bn	**SAR 1,392bn**	+3.1%
Deficit, % of GDP	2.3%	**3.6%**	+1.3 pp

The Ministry now expects a larger economy in 2027 than it did a year ago and plans to spend SAR 42bn more than it then projected. The wider deficit will be financed under the medium-term debt strategy, with the Kingdom's ratings affirmed in 2026 at Aa3 by Moody's and A+ by S&P and Fitch.

The non-oil economy held its ground in 2026

Real GDP is estimated to contract 3.6% in 2026 because oil activity falls 21.8%. Non-oil activity kept growing.

+3.2%
Non-oil real growth, 2026 estimate

57.3%
Non-oil share of GDP in the first half, an all-time high

6.5%
Saudi unemployment in Q2 2026, a historic low; overall rate 3.0%

2.7m
Saudis employed in the private sector, up 7.7% on the year

2.1%
Inflation expected for 2026, against 4.7% globally (IMF)

+6.1%
Point-of-sale sales in the first half; e-commerce up 36.9%

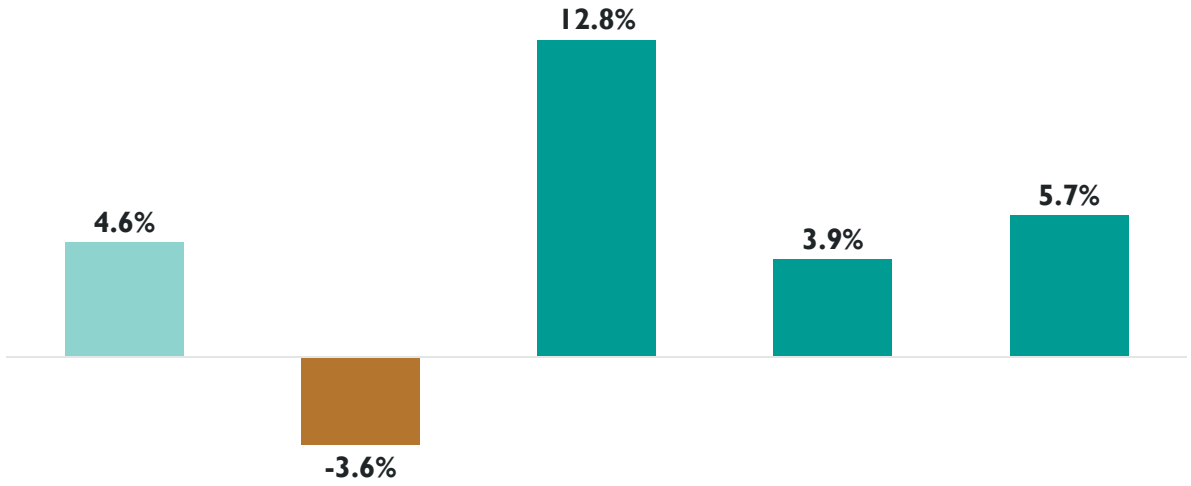
33.7%
Saudi women's participation in the labour market, Q2 2026

37.2m
Tourists in Q1 2026, spending SAR 82.7bn

Strip out oil and 2026 looks like an ordinary year of expansion: non-oil output grows, Saudi unemployment holds at its historic low, 190.1 thousand more Saudis joined private payrolls and prices stay contained while global inflation rises. That base is what the 2027 rebound is built on.

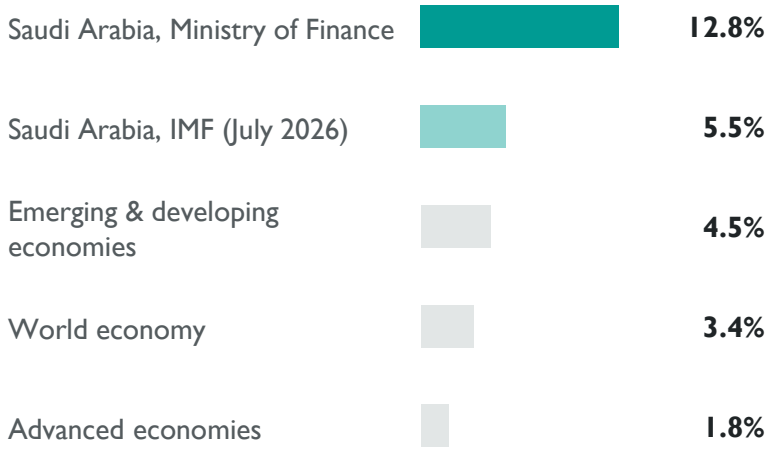
A rebound in 2027, then steady growth

Real GDP growth, %



	2025	2026	2027	2028	2029
Nominal GDP, SAR bn	4,776	4,978	5,358	5,695	5,869
Inflation	2.0%	2.1%	1.9%	1.9%	1.9%

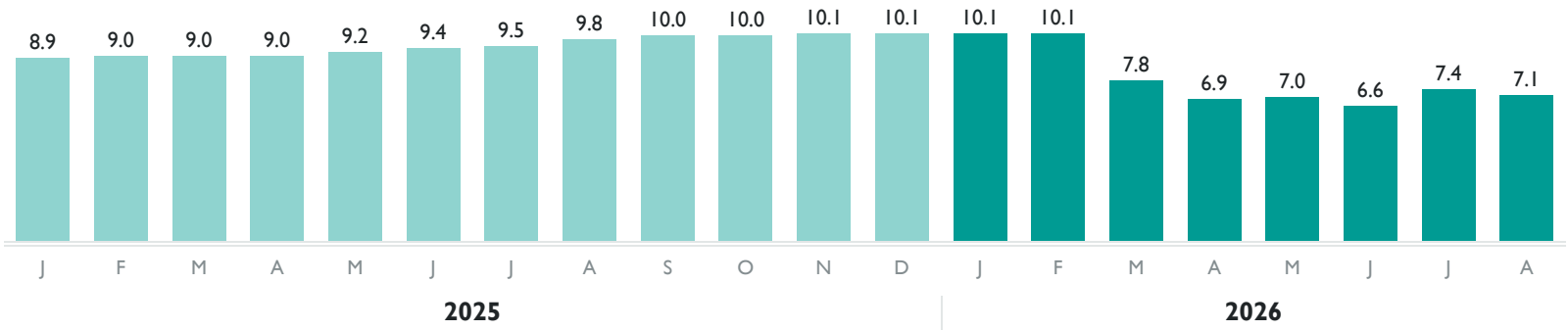
2027 projections compared, %



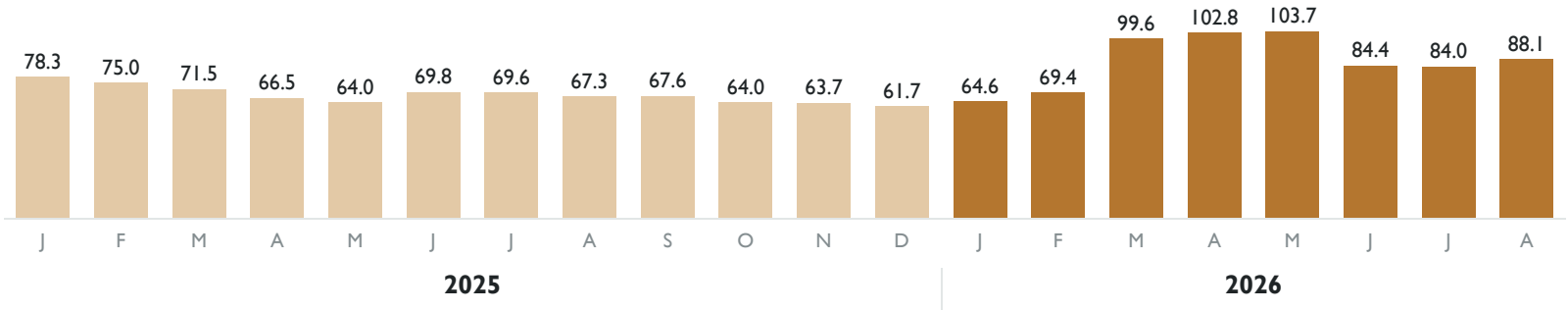
The Ministry projects real growth of 12.8% in 2027, after the oil-led contraction of 2026, then 3.9% and 5.7% in the two years after. The IMF's own 2027 forecast for the Kingdom, 5.5%, is also well above the 3.4% it expects for the world economy.

Oil kept flowing through a disrupted region

Saudi crude oil supply, million barrels a day (OPEC)



Brent crude futures, monthly average, USD a barrel (Reuters)



Average supply, January to August 2026

7.9 mb/d

Average Brent, January to August 2026

USD 87 +23.9%

Non-oil exports through Red Sea ports during the crisis

40.7% from 19.3% before

Merchandise imports through Red Sea ports during the crisis

48.3% from 23.1% before

With the Strait of Hormuz closed, the Kingdom kept crude moving through the East-West Pipeline and shifted trade to its Red Sea ports, using resilience it has invested in for more than 4 decades. Brent averaging USD 87 a barrel helped offset the lower volumes.

A stronger external position

External accounts, reserves and investment rankings for 2026, as reported in the Ministry's statement.

Merchandise trade surplus, H1 2026

SAR 154.7bn

oil exports up 10.6%

+53.2% year on year

Current account deficit, H1 2026

SAR 20.1bn

from SAR 61.0bn a year earlier

67.1% narrower

Total reserve assets, Q2 2026

SAR 1.85tn

covering external debt 284%

+8.1% year on year

Travel surplus in the balance of payments, H1 2026

SAR 31.8bn

tourism spending SAR 304bn in 2025

Kearney FDI Confidence Index, 2026

10th globally

first time in the global top 10

World Competitiveness Ranking, 2026

13th globally

up 23 places; third in the G20

The shock landed on volumes, not on the external balance sheet. A higher oil price and a 53.2% jump in the goods surplus cut the current account deficit by two thirds, and reserve assets of SAR 1.85tn are 8.1% higher than a year ago, covering external debt of SAR 624.9bn by 284%.

Ten years of diversification, in numbers

Where the Ministry's statement puts the economy today against the start of Vision 2030.

	Base year	Then	2025	Change
Non-oil government revenues	2015	SAR 166bn	**SAR 505bn**	3.0 times
Share of spending paid by non-oil revenue	2015	17%	**36%**	
Private sector share of GDP	2016	44%	**51%**	
Non-oil exports	2016	SAR 242.56bn	**SAR 624bn**	2.6 times
Foreign direct investment inflows	2017	SAR 28bn	**SAR 133bn**	4.8 times
Small and medium enterprises	2016	429 thousand	**1.7 million**	4.0 times
Saudi households owning their home	2016	47%	**66%**	
Factories in operation	2016	7.2 thousand	**12.9 thousand**	

> Non-oil revenues paid for 36% of all government spending in 2025, up from 17% in 2015. That ratio is the clearest single measure of why a year of lower oil output now produces a manageable deficit rather than a fiscal crisis.

The investment engines behind the plan

Public Investment Fund

Assets under management, 2025
over SAR 3.4tn

Revenues, 2025
SAR 450bn, +9%

Net profit, 2025, more than doubled
over SAR 65bn

Domestic investment, 2021-2025
SAR 750bn

Share of non-oil GDP, 2025
11%

Private sector and privatisation

Privatisation and PPP investment, to 2025
SAR 180bn

Signed partnership contracts
83

Private capital via privatisation
over SAR 56.2bn

Target by 2030
SAR 240bn

Regional headquarters, end-2025
over 700

National Development Fund

Housing finance via REDF, 2017-H1 2026
over SAR 635bn

Industrial loans approved by SIDF, 2016-2025
over SAR 93bn

Export finance, Saudi EXIM, since 2020
SAR 139.8bn

Saudi EXIM plan for 2027
SAR 41.6bn

Saudis employed with HRDF support, H1 2026
over 329 thousand

> The budget is only one channel of investment. The Ministry's statement gives PIF and the National Development Fund a central role in stimulating domestic investment in Vision 2030's third phase, alongside a privatisation strategy targeting SAR 240bn of private capital by 2030.

What we are watching into FY2027

Oil volumes returning

Supply averaged 7.9 million barrels a day in the first eight months of 2026, down 14.1% on 2025. In our reading, the 12.8% growth projected for 2027 depends on volumes recovering as sea lanes normalise.

The final budget in the fourth quarter

These are preliminary figures. The budget is approved in the fourth quarter and the FY2027 borrowing plan will be disclosed in detail by the end of this year.

Non-oil momentum

Non-oil activity grew 1.8% in the first half and is expected to grow 3.2% over 2026. Its pace sets the non-oil revenue base that already covers 36% of spending.

Financing on fair terms

Moody's affirmed Aa3 and S&P and Fitch A+ in 2026, all with stable outlooks. The government plans to widen alternative financing, including project, infrastructure and export-credit agency funding.

The figures behind the charts

Medium-term projections as printed by the Ministry of Finance. SAR billion unless stated. Scenario rows show revenues; expenditure is SAR 1,392bn in all three.

	2025 actual	2026 budget	2026 estimate	2027	2028	2029
PUBLIC FINANCE						
Total revenues	1,112	1,147	1,190	**1,202**	1,302	1,351
Total expenditures	1,388	1,313	1,435	**1,392**	1,479	1,544
Budget balance	**-277**	**-165**	**-245**	**-191**	**-177**	**-192**
Balance, % of GDP	-5.8%	-3.3%	-4.9%	**-3.6%**	-3.1%	-3.3%
ECONOMY						
Real GDP growth	4.6%		-3.6%	**12.8%**	3.9%	5.7%
Nominal GDP	4,776		4,978	**5,358**	5,695	5,869
Nominal GDP growth	1.6%		4.2%	**7.6%**	6.3%	3.1%
Inflation	2.0%		2.1%	**1.9%**	1.9%	1.9%
REVENUE SCENARIOS FOR FY2027						
Highest				**1,261**		
Baseline				**1,202**		
Lowest				**1,134**		

Sources and basis of preparation

Official documents used

Pre-Budget Statement FY2027, Ministry of Finance (English and Arabic editions)	Sep 2026
Budget Statement FY2026, Ministry of Finance	02 Dec 2025
Quarterly Budget Performance Report, Q2 of FY2026, Ministry of Finance	30 Jul 2026

Third-party figures quoted inside the Ministry's statement are attributed there to GASTAT, SAMA, OPEC, Reuters, the IMF, the World Bank, UNCTAD and the Saudi Vision 2030 Annual Report 2025.

Basis of figures

2025 is actual; 2026 is the Ministry's estimate; 2027 to 2029 are preliminary projections. The FY2027 budget is approved in the fourth quarter and may differ.

Currency

Figures are in Saudi riyals as published. US dollar amounts are converted at the 3.75 peg.

Rounding

The Ministry rounds its medium-term table, so a balance can differ by SAR 1bn from revenue less expenditure.

Tharaa calculations

Growth rates between years, revisions against the FY2026 Budget Statement, scenario gaps, multiples and dollar conversions are calculated by Tharaa from the official figures.

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