

INFLATION REPORT

First Quarter 2024

Economic Research and Statistics Deputyship
Economic Research and Reports Department



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SAMA
Saudi Central Bank



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Executive Summary

The general consumer price index (CPI) registered a YoY increase of 1.7% and a QoQ increase of 0.5% in Q1 2024.

Housing, water, electricity, gas and other fuels registered the highest YoY inflation rate, which rose of 8.4%. Restaurants and hotels came second with a YoY increase of 2.4%, followed by recreation and culture with 1.2%. In contrast, clothing and footwear registered the highest YoY decrease of 4.0% in Q1 2024.

The wholesale price index (WPI) recorded a YoY increase of 3.7% in Q1 2024.

Despite improvements in domestic demand due to higher employment rates among Saudis, in addition to the approaching seasons of Hajj and Eid al-Adha, the average inflation rate in Q2 2024 is projected to decelerate YoY. This is attributable to the absence of external inflationary pressures and the decline in food and beverage prices globally.

1- Consumer Price Index (CPI)

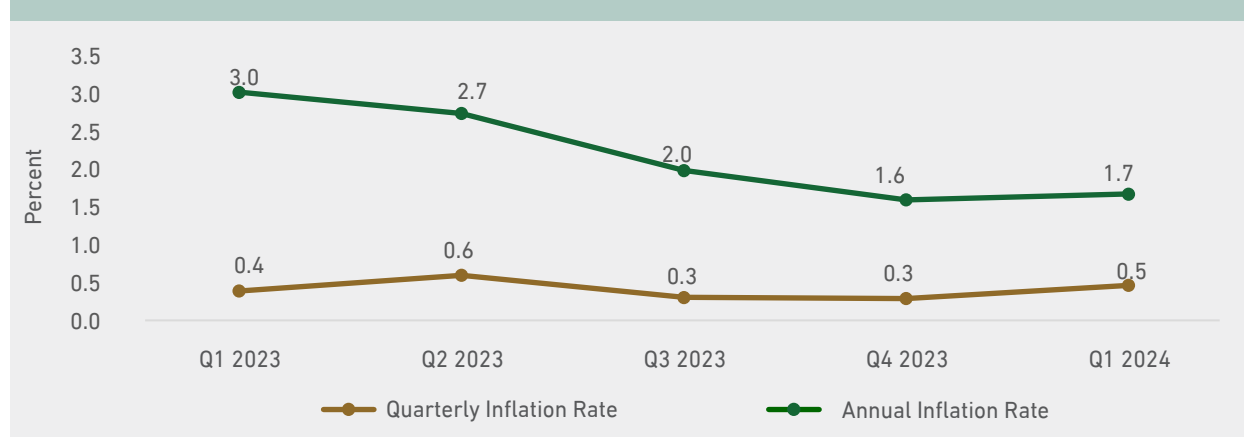
The general consumer price index (CPI) registered a YoY increase of 1.7% and a QoQ increase of 0.5% in Q1 2024 (Table 1 and Chart 1).

Table 1: Consumer Price Index (2018=100)

	Weights	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Change (%)	
							Q1 2024 / Q4 2023	Q1 2024 / Q1 2023
General index	100.0	108.7	109.4	109.7	110.0	110.5	0.5	1.7
Food & beverages	18.8	122.6	122.8	123.7	124.5	124.0	-0.4	1.1
Tobacco	0.6	114.9	114.9	115.0	115.1	113.9	-1.0	-0.8
Clothing & footwear	4.2	100.4	100.4	98.7	97.5	96.4	-1.2	-4.0
Housing, water, electricity, gas & other fuels	25.5	95.1	96.5	98.0	100.0	103.1	3.1	8.4
Furnishings, household equipment	6.7	108.4	107.8	106.8	105.9	105.0	-0.8	-3.2
Health	1.4	103.8	103.9	103.8	103.7	102.9	-0.7	-0.9
Transport	13.1	118.5	118.8	119.2	118.2	117.0	-1.0	-1.3
Communications	5.6	111.2	110.7	110.0	109.4	109.1	-0.2	-1.9
Recreation & culture	3.1	105.5	108.7	108.9	107.2	106.8	-0.3	1.2
Education	2.9	102.7	102.7	102.5	103.4	103.9	0.4	1.2
Restaurants & hotels	5.6	122.0	122.6	123.6	124.1	125.0	0.7	2.4
Miscellaneous goods & services	12.6	107.7	108.7	107.5	106.6	106.5	0.0	-1.1

Source: General Authority for Statistics.

Chart 1: Inflation Rate of the General Consumer Price Index (2018=100)



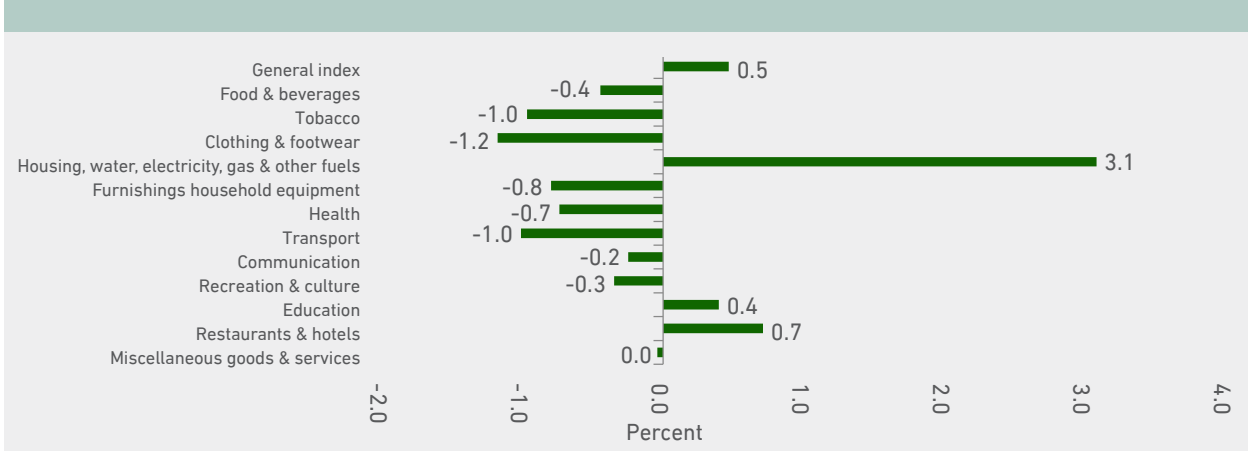
Source: General Authority for Statistics.

1-1 Developments in Q1 2024

Housing, water, electricity, gas and other fuels registered the highest YoY inflation rate of 8.4%. Restaurants and hotels came second with a YoY increase of 2.4%, followed by both recreation and culture and education with 1.2%. Food and beverages came last with 1.1%.

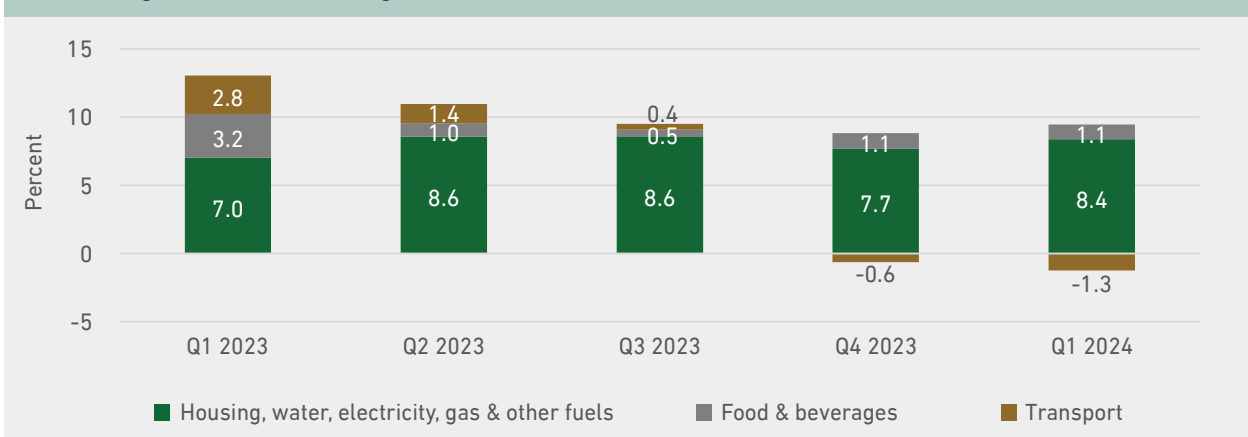
In contrast, clothing and footwear recorded the highest decrease of 4.0% YoY. Furnishings, household equipment and maintenance came next with 3.2%, followed by communication with 1.9%; transport with 1.3%; miscellaneous goods and services with 1.1%; health with 0.9%; and tobacco with 0.8 (Table 1).

Chart 2: Inflation Rate of the Consumer Price Index by Main Sections (Q1 2024/Q4 2023)



Source: General Authority for Statistics.

Chart 3: Quarterly Inflation Rate of the General Consumer Price Index and the Most Major Sections Affecting it (Annual Percentage)

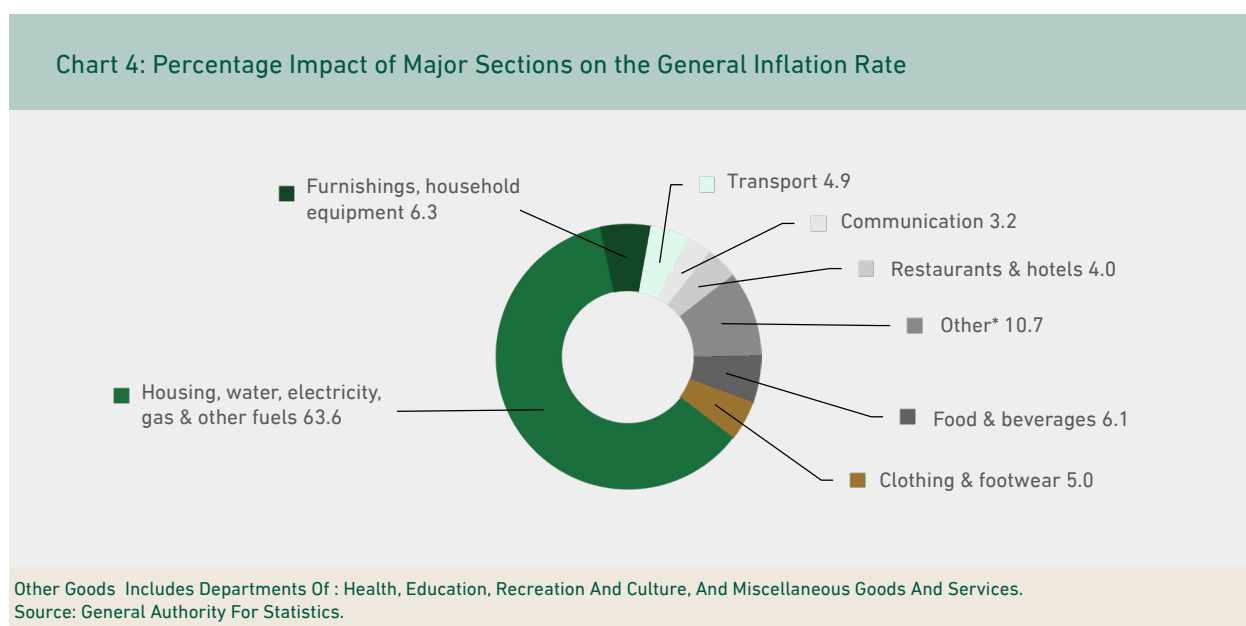


Source: General Authority for Statistics.

2-1 Impact of Main Expenditure Categories on CPI

Inflation rates are affected by the changes in CPI’s various categories. Ranked by their impact on the CPI, housing, water, electricity, gas and other fuels came first with about 63.6% in Q1 2024 against 51.7% in Q1 2023. Furnishings, household equipment and maintenance came second with 6.3% compared to 1.5% in Q1 2023, followed by food and beverages with 6.1% against 17.5%; clothing and footwear with 5.0% against 2.4%; transport with 4.9% as compared to 10.6%; miscellaneous goods and services with 4.1% against 1.6%; restaurants and hotels with 4.0% as compared to 10.4%; communications with 3.2% against 0.5%; recreation and culture with 1.1% as compared to 0.8%; education with 1.0% as compared to 2.6%; health with 0.4% against 0.5%; and tobacco came last with 0.2% in Q1 2024 against 0.0% in Q1 2023.

The total impact of the three main expenditure categories (housing, water, electricity, gas and other fuels; food and beverages; and transport) on the general inflation rate stood at about 74.6% in Q1 2024 against 79.7% in Q1 2023 (Chart 4).



2- Wholesale Price Index (WPI)

The WPI in Q1 2024 recorded a YoY increase of 3.7% and a QoQ increase of 2.0% (Chart 5). A breakdown of WPI by product category shows that transportable goods (except metal products machinery and equipment) recorded the highest YoY increase of about 9.1% in Q1 2024, followed by food products, beverages, tobacco and textiles with 2.3%. On the other hand, ores and minerals recorded the highest YoY decrease of 1.9% in Q1 2024, followed by metal products, machinery, and equipment with a 0.5% decrease, and agriculture and fishery products with 0.3%. (Table 2 and Chart 5).

Table 2: Wholesale Price Index (Wpi) (2014=100)

	Weights	Change (%)						
		Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q1 2024 / Q4 2023	Q1 2024 / Q1 2023
General Index	100.0	149.5	149.3	149.4	152.0	155.1	2.0	3.7
Agriculture and fishery products	8.7	138.9	139.8	139.5	138.2	138.5	0.2	-0.3
Ores and Minerals	0.6	116.0	116.3	116.6	115.2	113.8	-1.2	-1.9
Food products, beverages and tobacco and textiles	17.3	133.9	134.2	135.9	136.7	137.0	0.2	2.3
Other goods	33.7	176.2	174.9	175.2	183.9	192.2	4.5	9.1
Metal products, machinery and equipment	39.7	136.4	136.7	136.1	135.3	135.7	0.3	-0.5

Source: General Authority for Statistics

Chart 5: Inflation of the Wholesale Price Index (2014=100)



Source: General Authority for Statistics

3- Inflation Rates in Saudi Arabia's Largest Exporters

According to the general levels of CPI for Saudi Arabia's largest exporters, based on Q1 2024 data, the inflation rate in China, Saudi Arabia's largest exporter, remained unchanged YoY; however, it registered a QoQ rise of 0.1%. In addition, the United States inflation rate recorded a YoY increase in Q1 2024 by 3.2% and a QoQ increase by 1.0%. In India, inflation went up by 5.0% YoY, while it remained unchanged QoQ. In Japan, the inflation rate rose by 2.5% YoY and by 0.1% QoQ. In addition, South Korea recorded a 3.0% YoY increase and a 0.7% QoQ increase in inflation (Table 3).

Table 3: The Consumer Price (CPI) for the Most Countries Exporting to the Kingdom of Saudi Arabia

Country	Change (%)						
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q1 2024 / Q4 2023	Q1 2024 / Q1 2023
China	101.3	100.1	99.9	99.7	100.0	0.1	0.0
USA	300.6	304.2	306.8	307.2	310.4	1.0	3.2
India	176.8	179.4	185.5	185.8	185.7	0.0	5.0
Japan	104.4	105.1	105.9	106.9	107.0	0.1	2.5
South Korea	110.3	111.0	112.1	112.9	113.6	0.7	3.0

Source: Exporting countries national statistics offices.

4-Inflation Projections for Q2 2024

Despite the improvements in domestic demand due to higher employment rates among Saudis, in addition to the approaching seasons of Hajj and Eid al-Adha, the average inflation rate in Q2 2024 is projected to decelerate YoY. This is attributable to the absence of external inflationary pressures and the decline in food and beverage prices globally.

The World Bank's projections for primary commodity prices (April 2024) indicate deflationary pressures on most commodities in 2024. The projections anticipate a notable decline in the prices of various commodities, including fertilizers by 21.7%, food by 5.5%, energy by 2.8%, raw materials by 1.7%, and agriculture by 1.4%. In contrast, prices of beverages are projected to rise by 22.4% and of metals by 0.9% (Table 4).

Table 4: World Bank Commodity Price Index (2010=100)

Commodities	Change (%)			
	Actual		Projections	
	2022	2023	2024	2025
Energy	60.0	-29.9	-2.8	-3.8
Agriculture	10.7	-7.1	-1.4	-4.2
Food	14.2	-9.2	-5.5	-3.9
Raw materials	-3.2	-3.9	-1.7	1.7
Base Metals	4.0	-11.0	0.9	1.5
Fertilizers	54.8	-34.9	-21.7	-6.1
Beverages	13.7	1.4	22.4	-12.2

Source: World Bank (April 2024).

