

Daily Bulletin

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IMF upgrades KSA's 2027f real GDP growth forecast to 7.9% vs previous projection of 5.5%

The International Monetary Fund (IMF), in its Oct-26 World Economic Outlook (WEO), raised Saudi Arabia's 2027f real GDP growth forecast to 7.9%, from 5.5% forecasted in the Jul-26 update. For 2026e, the real GDP growth has been revised to a contraction of 3.3%, from growth of 1.7% projected in the Jul-26 update. The revision reflects a longer closure of the Strait of Hormuz than previously assumed, with IMF's baseline now assuming a reopening from Mar-27f and a return to pre-regional conflict conditions by Oct-27f.

The revised IMF forecast for 2026e closely aligns with the MoF's 2027 Pre-Budget Statement, which projects real GDP to contract by 3.6% in 2026e, with a 21.8% fall in oil activities outweighing a 3.2% growth in non-oil activities. In comparison, World Bank's Oct-26 MENAAP Economic Update expects KSA's real GDP to decline by 2.0% for 2026e. World Bank has also raised its 2027f growth forecast to 7.9% (up from previous projection of 4.9%), while MoF projects 2027f real GDP growth at 12.8%.

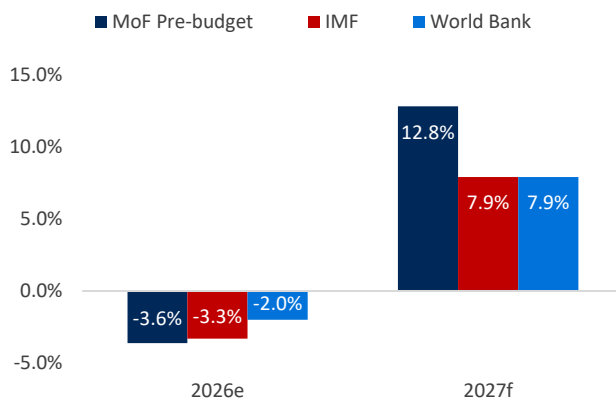
IMF expects Saudi Arabia's inflation to remain contained at 1.9% in 2026e and 2.2% in 2027f (MoF: 2.1% for 2026e and 1.9% for 2027f), while the current account deficit is projected to widen to 3.5% of GDP in 2026e before narrowing to 1.3% of GDP in 2027f.

Globally, IMF projects real GDP growth of 3.1% in 2026e (vs 3.0% in the Jul-26 update) and 3.4% in 2027f, supported by AI-related investment. Global headline inflation is expected to rise to 4.7% in 2026e, from 4.1% in 2025, driven by higher energy and food prices. In 2027f, global inflation is projected to ease to 4.1%. IMF assumes an average petroleum spot price of USD 96/bbl in 2026e, 16% above its Apr-26 assumption. Additionally, Brent futures imply a return to USD 79/bbl by end of 2027f.

Notably, OPEC's monthly report points to a recovery in KSA's production volumes. Saudi Arabia produced 8.37 mn bpd in Sep-26, up ~2 mn bpd from Aug-26, as Aramco stepped up loadings from its Gulf export terminals after disruptions on the East-West pipeline interrupted shipments via the Red Sea. OPEC+'s output rose by about 0.9 mn bpd since Aug-26 to an average of 39.07 mn bpd in Sep-26. For 2026e, OPEC cut its estimate for oil demand growth to 0.18 mn bpd, its sixth consecutive reduction, with demand expected at 105.7 mn bpd. For 2027f, OPEC forecasts demand to grow by 2.55 mn bpd to ~108.3 mn bpd, citing the need to rebuild inventories depleted during the conflict.

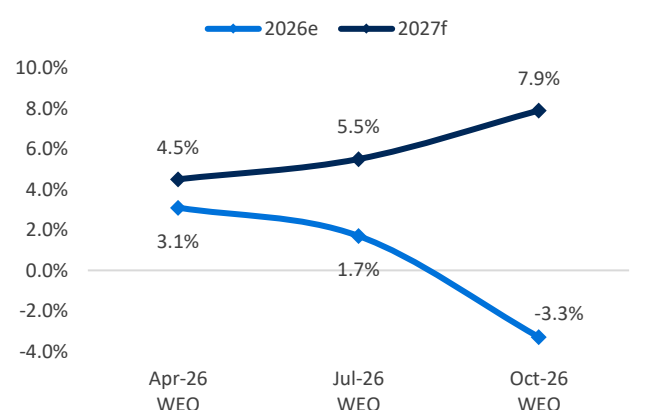
Overall, IMF's Oct-26 update points to a contraction in real GDP in 2026e followed by a strong rebound in 2027f. The extent of the recovery will depend on the reopening of the Strait of Hormuz and normalization of economic activity. Looking ahead, key indicators to monitor include developments in Strait of Hormuz traffic, monthly oil production volumes and KSA's 2027 borrowing plan.

Real GDP projections



Source: MoF pre-budget document, IMF, World Bank, anbc research

Change in IMF projections of KSA's real GDP



Source: IMF, anbc research

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