

## Daily Bulletin

December 7, 2025

### World Bank ups Saudi Arabia's 2025 growth forecast to 3.8%

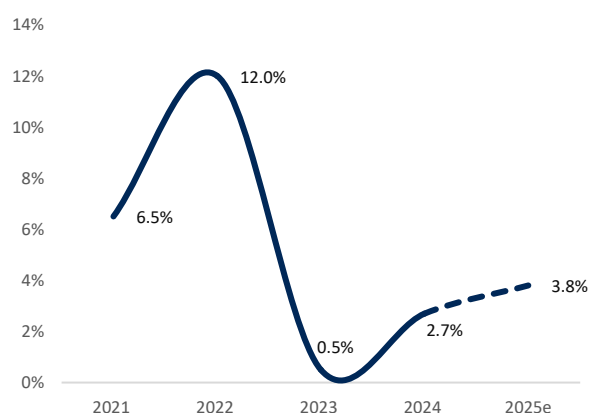
The World Bank has raised its 2025 real GDP growth forecast for Saudi Arabia to 3.8%, up from its earlier estimate of 3.2%. The upward revision reflects the sustained growth of the non-oil sector, which the report noted, expanded by 4.8% in 1H25, alongside a recovery in oil activity that grew 1.7% in 1H25 following the phase-out of OPEC+ voluntary production cuts. Moreover, the report highlighted that softer oil prices have widened the fiscal deficit and pushed the debt-to-GDP ratio toward 32%; however, the Kingdom continues to benefit from low overall public debt. Despite the stronger growth outlook, the fiscal environment remains challenging due to subdued oil prices that have contributed to a widening deficit. The government is using its relatively low debt levels to fund investment requirements, with recent issuances lifting the debt-to-GDP ratio toward approximately 32% in 2025.

We note that the World Bank's forecast remains below the government's preliminary estimate of 4.4% real GDP growth for 2025. According to the government's 2025 preliminary estimates, non-oil revenue is expected to reach SAR 501 bn in 2025, reflecting steady growth that is increasing its role in financing expenditure. As a result, the share of non-oil revenue covering total budgeted spending is expected to rise from 17% in 2015 to around 37% by end-2025. The ratio of non-oil revenue to non-oil GDP is also projected to improve to 14% by 2025 compared with 9% in 2015.

The positive assessment for Saudi Arabia in the World Bank's Gulf Economic Update aligns with a broader regional improvement. GCC growth is strengthening as member states advance structural reforms and accelerate digital transformation. The UAE is expected to report 4.8% growth in 2025, followed by Saudi Arabia at 3.8%, Bahrain at 3.5%, Oman at 3.1%, Qatar at 2.8%, and Kuwait at 2.7%.

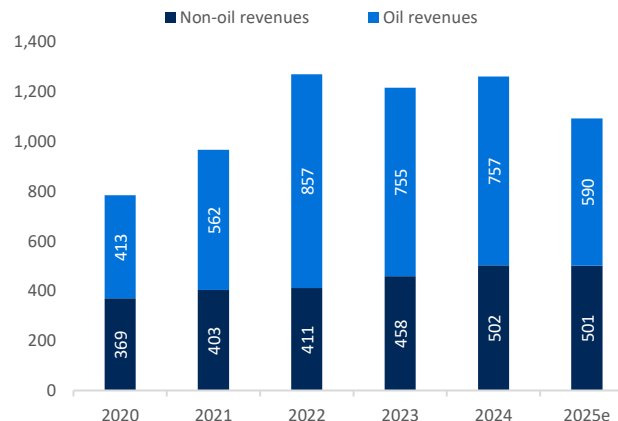
The report highlights digital transformation as a key driver of diversification. With 5G coverage above 90% and major investment in data centers and high-performance computing, the GCC is emerging as a digital frontrunner. Saudi Arabia and the UAE were identified as regional and global leaders in AI readiness, supported by strong government commitment and vibrant startup ecosystems. To sustain economic momentum, the World Bank recommended continued progress on national vision strategies, disciplined fiscal management, and targeted initiatives such as SME adoption of AI, innovation ecosystem development, workforce reskilling, and greater regional cooperation to support a unified digital market.

#### KSA real GDP growth



Source: MoF, World Bank, anbc research

#### Oil and non-oil revenue (SAR bn)



Source: MoF, anbc research

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