

Daily Bulletin

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IMF raises Saudi Arabia's 2025 real GDP forecast to 3.6%

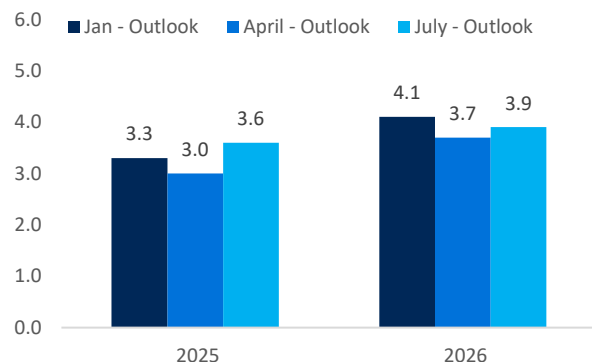
In its July 2025 World Economic Outlook (WEO), IMF has raised its forecast for Saudi Arabia's real GDP growth in 2025 to 3.6%, up 60 bps from its previous estimate of 3.0% issued in April. The fund has also revised its 2026 real GDP forecast for the Kingdom upward to 3.9%, compared to the earlier projection of 3.7%.

Global growth forecasts have been revised upwards to 3.0% for 2025 (vs. 2.8% earlier) and 3.1% for 2026 (vs. 3.0% earlier) due to:

- 1) Front-loading of economic activity: Expectation of higher tariffs led businesses and consumers, particularly in the US and China, to accelerate imports, exports, and investment before potential trade barriers took effect.
- 2) Lower than expected effective tariff rates: Though higher tariffs were announced in April, their actual implementation was delayed or scaled back. This reduced the drag on trade and supported economic activity.
- 3) Improved financial conditions: A weaker US dollar and lower than expected policy rates in advanced economies have loosened global financial conditions.
- 4) Fiscal stimulus in major economies: Countries like the US (via the OBBBA fiscal package), China, and Germany implemented fiscal expansions, supporting demand and lifting GDP projections.

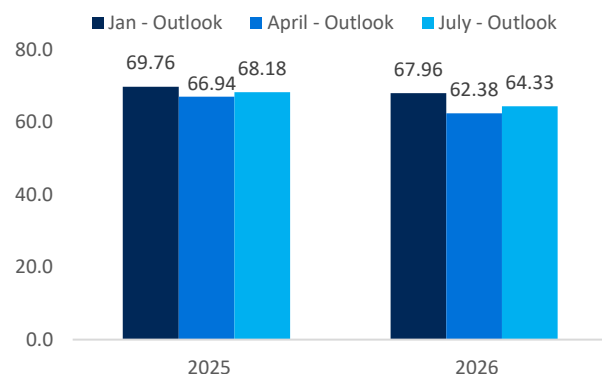
The IMF has also revised its oil price forecasts upward, now forecasting oil to average USD 68.2/bbl in 2025 (vs. USD 66.9/bbl earlier) and USD 64.3/bbl in 2026 (vs. USD 62.4/bbl), primarily reflecting geopolitical risk and stronger than expected near term demand driven by the front-loaded global trade activity. However, the medium-term outlook remains bearish as supply from both OPEC+ and non-OPEC producers continues to outpace tepid demand growth.

KSA real GDP growth forecast (%)



Source: IMF, anbc research

Oil prices forecast (USD/barrel)



Source: IMF, anbc research

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