



Saudi Arabia

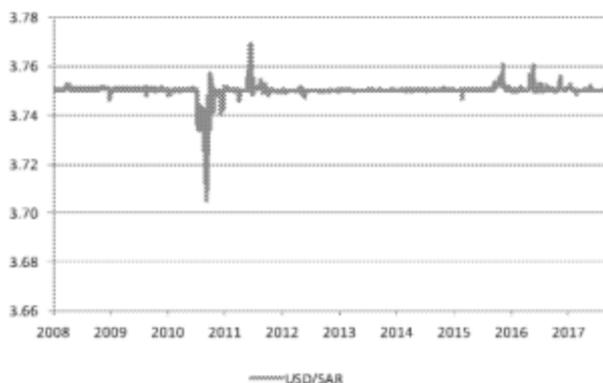
The Saudi Arabian riyal (SAR) was introduced in 1961, replacing Saudi silver coins and foreign currencies. Until 1986 the currency displayed some flexibility with the SAR initially appreciating after the first oil price spike in the mid-1970s. The currency weakened steadily through the early 1980s until being pegged to the IMF's Special Drawing Rights (SDRs) in 1986. In practice, the SAR has been a de-facto peg to the USD at a rate of 3.75/USD. The peg to the USD was formalised in early 2003 to make official the GCC pegs to the USD in the run-up to the proposed GCC common currency.

The Saudi Arabia Monetary Agency's (SAMA) primary functions are:

- To deal with the banking affairs of the Government;
- Minting and printing the national currency (the Saudi Riyal), strengthening the Saudi currency and stabilizing its external and internal value, in addition to strengthening the currency's cover;
- Managing the Kingdom's foreign exchange reserves;
- Managing the monetary policy for maintaining the stability of prices and exchange rate;
- Promoting the growth of the financial system and ensuring its soundness;
- Supervising commercial banks and exchange dealers;
- Supervising cooperative insurance companies and the self-employment professions relating to the insurance activity;
- Supervising finance companies;
- Supervising credit information companies.

The riyal is fully deliverable and convertible. It is backed by gold and other foreign currencies. The predominant cross is USD/SAR, but EUR and GBP crosses also trade regularly. Options are quoted on USD/SAR.

USD/SAR exchange rate



USD/SAR and SAR 3M implied yield

