News Release

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Riyad Bank Saudi Arabia PMI®

Robust improvement in operating conditions in August

Key findings

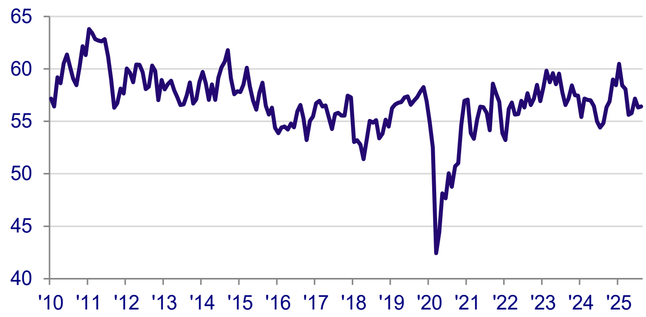
Business activity growth accelerates slightly

Job creation remains solid, supported by higher sales

Inventory growth improves to four-month high

Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month



Sources: Riyad Bank, S&P Global PMI.
Data were collected 12-20 August 2025.

Saudi Arabian non-oil private sector companies experienced another strong improvement in business conditions throughout August, according to the Riyad Bank PMI®. Business activity expanded at a slightly quicker rate than in July, driven by a sharp increase in new orders. Additionally, there was another historically robust rise in employment. Input buying was elevated in August, contributing to a further increase in purchase prices, which in turn led to higher selling charges.

The headline figure is the seasonally adjusted Riyad Bank Saudi Arabia Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

The headline PMI registered 56.4 in August, which was fractionally higher than 56.3 in July. Having recorded well above the 50.0 mark that separates growth and contraction, the index signalled a robust upturn in the performance of the non-oil private sector economy, although it remained much lower than its recent peak of 60.5 at the start of the year.

Output growth improved in August, showing a sharp overall increase, although it was only slightly better than the 42-month low recorded in July. Companies participating in the latest survey noted that improving economic conditions, rising sales intakes, and proactive marketing efforts had boosted activity.

Similarly, there was a slight uptick in new order volumes, partly driven by a renewed rise in export sales. Firms specifically cited increased marketing in external markets and collaborations with clients across the GCC region. Additionally, companies benefited from improved client demand and domestic infrastructure projects. Around three times as many survey respondents (28%) reported an increase in total new orders compared to those noting a decline (9%), with growth particularly strong in the service economy.

Employment in the non-oil private sector continued to rise

Comment

Naif Al-Ghaith PhD, Chief Economist at Riyad Bank, said:

"Saudi Arabia's non-oil private sector economy continued to expand at a solid pace in August, with the Riyad Bank PMI edging up to 56.4. The slight increase signaled another month of steady growth, driven by improving demand conditions, a modest rebound in output growth, and further gains in employment. Although activity growth has eased from the highs seen earlier this year, the underlying trend remains firmly positive.

"Firms reported stronger new business inflows, supported by an uptick in export orders and continued growth in domestic demand. Many attributed the improvement to more active marketing efforts and a healthier client pipeline, particularly across the service sector. Output improved in line with sales, with the rate of expansion recovering modestly from July's soft patch.

"Employment trends remained broadly supportive, with firms continuing to expand their headcounts to meet current and expected demand. Although the rate of hiring eased from recent peaks, it remained historically strong. In parallel, firms stepped up purchasing activity, leading to higher inventory accumulation, with firms anticipating continued demand in the near term.

"On the cost front, input prices remained elevated due to persistent pressures on material, transport, and technology-related expenses. Wage pressures eased slightly, but firms still faced broad cost challenges. With an increase in demand and the above factors, output prices continue to grow, though increases were generally modest. Looking ahead, business sentiment improved, with firms citing steady pipelines, ongoing projects, and a supportive policy environment as reasons for optimism."

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PMI by S&P Global

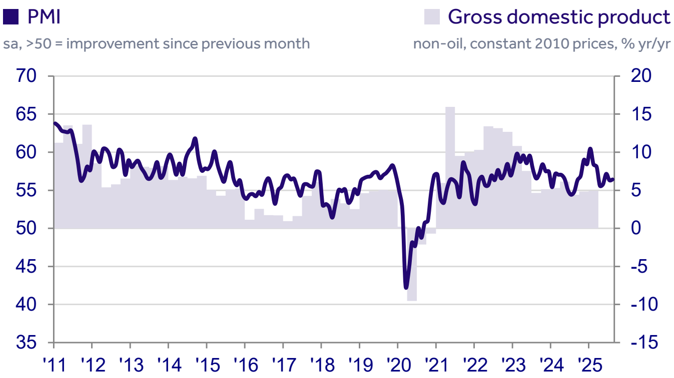
steeply in August, extending the trend of robust staffing gains seen throughout much of this year. This latest increase was attributed to larger sales departments, new project initiations, and greater skills requirements. However, the pace of expansion eased slightly to the softest level since May.

Non-oil companies also ramped up their purchasing activity in August, with a faster pace of growth compared to the previous survey period. As a result, total inventories rose to their greatest extent in four months. Average lead times improved in August, but only at a modest pace that was much softer than May's recent high.

Meanwhile, overall input prices faced by non-oil firms rose sharply in August. Inflationary pressures remained relatively unchanged since July, with higher costs driven by a robust increase in purchasing prices. Anecdotal evidence indicated that global inflationary pressures and elevated shipping costs contributed to higher prices for materials and transport. Some firms also reported increased technology costs. At the same time, wage growth occurred at a softer pace than in July.

Companies raised their selling prices for the third consecutive month in August. Survey panellists typically attributed this increase to higher costs and rising customer demand, although the uplift was modest and slightly weaker than the prior month.

After hitting a 12-month low in July, output expectations improved in August. Firms with a positive outlook cited rising demand, ongoing projects, and supportive government policies as key factors behind their optimism.



Sources: Riyad Bank, S&P Global PMI, GaStat via S&P Market Intelligence

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Survey methodology

The Riyad Bank Saudi Arabia PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include manufacturing, construction, wholesale, retail and services. Data were first collected August 2009.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.
www.spglobal.com/marketintelligence/en/mi/products/pmi

About Riyad Bank

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We provide a comprehensive range of products and services fully compliant with the Islamic Sharia' to meet the needs of both retail and corporate customers, including small and medium-size enterprises. We play a leading role in various areas of finance and investment around Saudi Arabia, that is why we are distinguished as a leading financier and arranger of syndicated loans in the oil, petrochemicals and most of the Kingdom's notable infrastructure projects. www.riyadbank.com

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