

News Release

Embargoed until 0715 AST (0415 UTC) 14 April 2025

Riyad Bank Saudi Arabia SME PMI®

Fastest pace of SME job creation since October 2023

Key findings

Strongest quarterly SME PMI® reading for 10 years

Steep increases in business activity and new work

Backlogs of work accumulate at fastest pace since August 2018

Input cost inflation eases to 20-month low

The Riyad Bank Saudi Arabia SME PMI® is a quarterly report designed to monitor business conditions at small and medium-sized enterprises (SMEs).

Saudi Arabian SMEs started the year in positive fashion. A sharp expansion of new work continued to support elevated rates of output and employment growth in March.

Moreover, on average in Q1 2025, SME business conditions improved to the greatest extent for 10 years.

At 58.2 in March, the seasonally adjusted Riyad Bank Saudi Arabia SME Purchasing Managers' Index™ (PMI®) signalled a robust improvement in overall business conditions. The headline index has posted above the crucial 50.0 no-change mark in each month since November 2020.

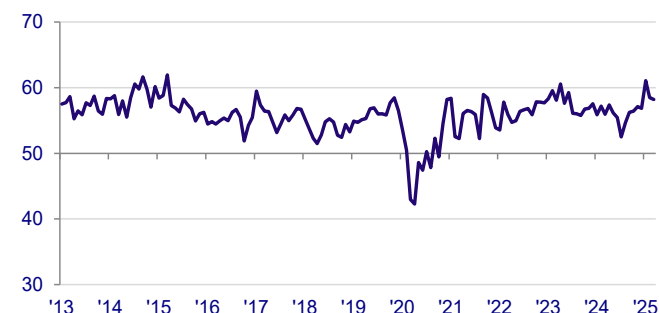
On a quarterly basis, the average PMI reading was 59.3 in Q1, up from 56.8 in the final quarter of last year and the highest of any quarter since Q1 2015.

March data highlighted a steep increase in business activity across the SME private sector economy, although the rate of growth eased further from the nine-month high seen in January. Strong output growth was attributed to resilient domestic economic conditions, improving sales pipelines and ongoing investments in greater business capacity.

Total new work has increased at an elevated pace for much of the past four-and-a-half years, and the upturn in March was faster than the average over this period. Rising demand

Riyad Bank Saudi Arabia SME PMI

sa, >50 = improvement since previous month



Sources: Riyad Bank, S&P Global.

contributed to a renewed accumulation of unfinished business across the SME private sector. Although only modest, the rise in backlogs of work was the steepest seen since August 2018.

A combination of strengthening order books, greater pressure on business capacity, and positive projections for client demand resulted in higher levels of SME employment in March. The latest increase in staffing numbers was the fastest since October 2023.

Input price inflation eased considerably in March to its lowest for 20 months. SMEs recorded a marginal rise in their output charges, but the rate of inflation was the slowest since October 2024.

Business activity expectations for the year ahead meanwhile remained upbeat, but the degree of confidence eased to a six-month low. Optimism was linked to favourable domestic economic conditions, greater infrastructure spending and an ongoing boost from the delivery of Vision 2030 initiatives.

Comment

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

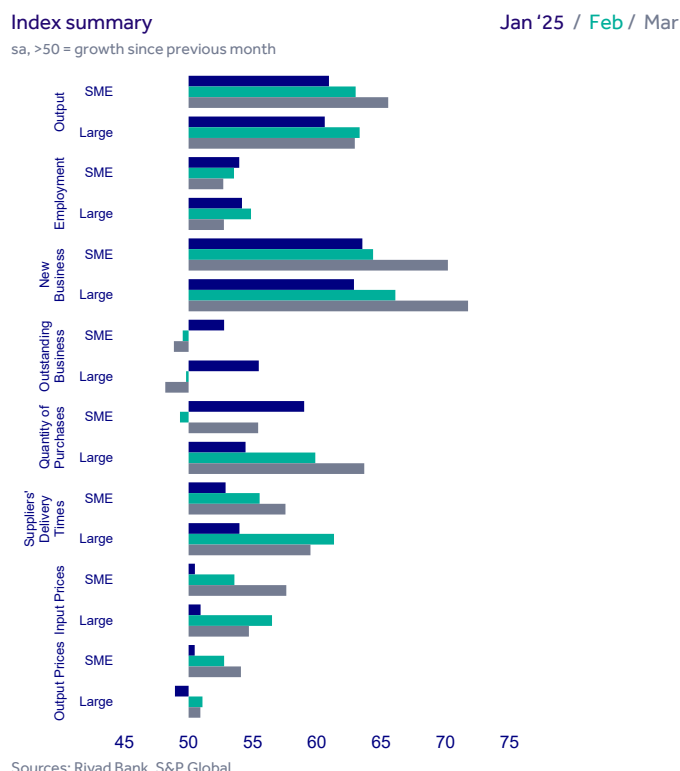
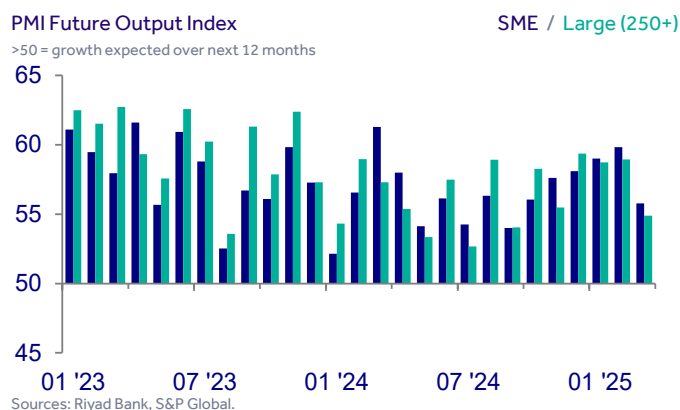
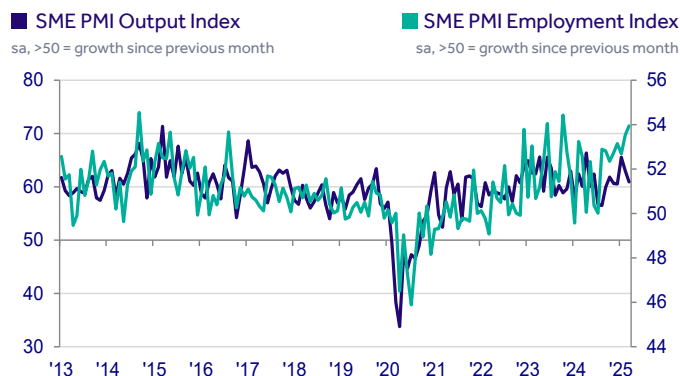
"The Riyad Bank SME PMI Index for Q1 2025 highlights a strong start to the year for Saudi Arabia's SME sector, with the PMI averaging 59.3—the highest quarterly reading in a decade. This robust performance signals a broad-based improvement in business conditions, fueled by sustained domestic demand, favorable economic momentum, and progress on Vision 2030 initiatives. In March alone, the PMI registered 58.2, well above the neutral 50.0 mark, indicating continued growth in output, employment, and new business inflows.

"A key driver of this momentum is the sharp and consistent rise in new orders, which has supported elevated output levels and hiring activity. March saw the fastest rate of job creation among SMEs since October 2023, driven by stronger order books and investments in business expansion. However, the increase in workloads also led to the steepest accumulation of backlogs since August 2018, suggesting that SMEs may begin to face operational constraints if capacity is not scaled up accordingly.

"On the pricing front, the report brings encouraging news. Input price inflation cooled to a 20-month low in March, mainly due to easing transportation costs and improved supplier performance. Despite this, output charges rose only marginally, reflecting ongoing market pressure and client resistance to price increases. This constrained pricing power could present profitability challenges, particularly for SMEs operating in competitive consumer-facing sectors.

"Looking ahead, SME confidence remains positive, although sentiment eased slightly from February's peak. Firms continue to expect growth over the coming year, supported by strong sales pipelines, tourism development, infrastructure projects, and digital transformation under Vision 2030. Nonetheless, challenges persist—particularly around staffing availability, competitive pricing pressures, and logistical disruptions, which could weigh on future performance if not addressed.

"In conclusion, the Q1 2025 Riyad Bank SME PMI result paints a picture of a resilient and expanding SME sector that is benefiting from a supportive economic environment and targeted policy efforts. As SMEs are a cornerstone of Saudi Arabia's economic diversification, maintaining this momentum will require ongoing efforts to improve access to finance, strengthen supply chains, and enhancing innovation. With a solid foundation laid in the first quarter, the rest of 2025 presents an important opportunity to build on these gains and reinforce SMEs' role in shaping the Kingdom's future economy."



Contact

Naif Al-Ghaith
Chief Economist
Riyad Bank
T: +966-11-401-3030 Ext.: 2467
naif.al-ghaith@riyadbank.com

Deema AlTurki
Senior Economist
Riyad Bank
T: +966-11-401-3030 Ext.: 2478
deema.alturki@riyadbank.com

Tim Moore
Economics Director
S&P Global Market Intelligence
T: +44 1491 461 067
tim.moore@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 7967 447 030
sabrina.mayeen@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, [click here](#).

Survey methodology

The Riyad Bank Saudi Arabia SME PMI® is a new quarterly report compiled by S&P Global, designed to monitor business conditions among enterprises with less than 250 employees. The index is compiled from responses to monthly questionnaires sent to purchasing managers that participate in the Riyad Bank Saudi Arabia Whole Economy PMI® surveys. The panel of around 300 private sector companies 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. SME data are available from January 2013.

The report was based on data collected in March 2025. The next Riyad Bank Saudi Arabia SME PMI® report will be published in July 2025, featuring data compiled in each month of Q2 2025.

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.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.