News Release

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Riyad Bank Saudi Arabia PMI®

Business conditions improve sharply amid rapid growth in new orders and hiring

Key findings

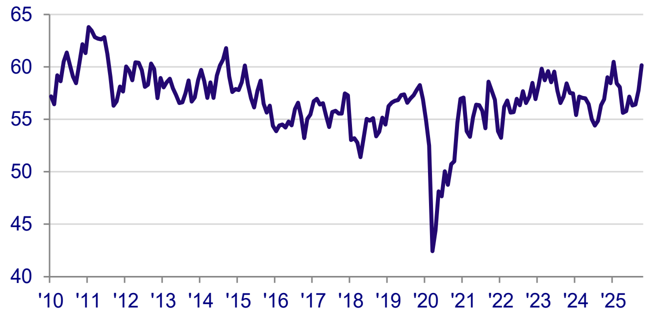
PMI up to 60.2, second-highest in over 11 years

New business rises sharply, driving output expansion

Employment growth highest since November 2009

Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month



Sources: Riyad Bank, S&P Global PMI.
Data were collected 9-23 October 2025.

The Saudi Arabian non-oil private sector enjoyed one of its best months of business performance since 2014 in October, as operating conditions improved substantially amid growing demand momentum and robust hiring activity. Output levels expanded sharply, while firms increased their inventories amid strengthening supply-side conditions. However, pressure on input costs accelerated in October, prompting firms to raise their output prices to the greatest extent in over two years.

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 saw a considerable rise in October, climbing from 57.8 in September to 60.2, and therefore moving further above the 50.0 neutral threshold. The reading pointed to a marked improvement in the health of the non-oil private sector. Notably, the rate of improvement was the second-fastest since September 2014, with only January's survey recording a sharper upturn over this period.

The pace of growth in new orders received by non-oil businesses accelerated for the third consecutive month in October, with 48% of surveyed firms reporting sales improvements. This contrasted with just 4% of panellists noting a decline. Firms attributed sales growth to several factors, including improving economic conditions, rising client numbers, and increased foreign investment.

Output levels also rose markedly in October, supported by the stronger inflow of new work. The expansion in business activity was further bolstered by a rise in overall workforce numbers. After a historically strong run of growth in recent months, the pace of job creation quickened in October, marking the sharpest increase in almost 16 years. Anecdotal reports indicated that firms mainly hired to boost capacity and manage backlog volumes. Although

Comment

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

"Saudi Arabia's non-oil private sector recorded a solid improvement in business conditions in October, with the PMI rising to 60.2, marking one of the strongest readings in over a decade. The acceleration was driven by broad-based gains in output, new orders, and employment, reflecting sustained demand momentum and continued strength in the non-oil economy. The latest survey results indicate a strong start to the final quarter, supported by both domestic and external demand.

"New business growth improved for the third consecutive month, with nearly half of surveyed firms reporting stronger sales. This improvement was supported by favourable economic conditions, a larger customer base, and higher levels of foreign investment, particularly from GCC and African markets. The persistent rise in export orders highlights the increasing competitiveness of Saudi firms and the progress made under ongoing diversification efforts.

"The rise in demand encouraged firms to expand production and workforce capacity at the fastest rate since 2009, as businesses expanded capacity to meet new workloads. Purchasing activity and inventories also increased, while suppliers' delivery times continued to improve, reflecting efficient coordination and resilient supply chains.

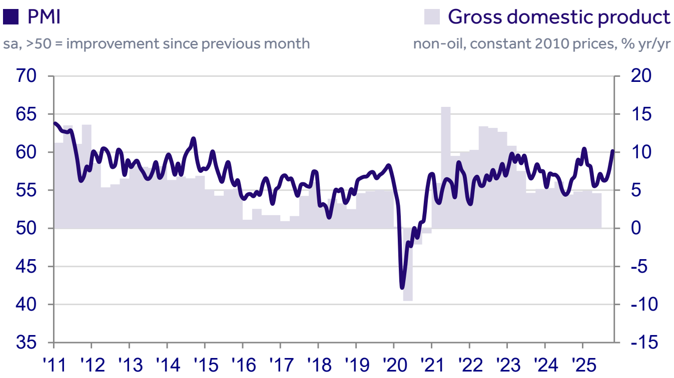
"Looking ahead, non-oil firms remain confident about future growth prospects. Optimism is underpinned by solid domestic demand and the momentum of ongoing projects. Although some concerns persist around costs and competition, sentiment overall remains strongly positive, reflecting confidence in the economy's continued expansion and the strength of the non-oil private sector."

work-in-hand increased in October, the rate of accumulation was only marginal.

Higher workloads led to increased purchasing levels at the start of the fourth quarter, alongside greater efforts to strengthen inventories. Indeed, input stocks expanded at the fastest rate in seven months. Despite increased pressure on suppliers, overall lead times shortened in October, with firms often citing strong vendor relationships as a key factor supporting supply chain efficiency.

October data signalled a higher rate of input cost inflation in the Saudi Arabian non-oil private sector. This was partly driven by a sharp rise in wage costs, amid reports of salary revisions and bonus payments. Firms also noted increased purchase prices linked to rising imported raw material costs. Businesses experiencing higher overheads often cited this as a key factor behind increased output charges. Overall, output prices rose at the fastest pace since May 2023.

Finally, business activity expectations among non-oil firms remained positive in October, though confidence was slightly lower than in September. Strong market demand, ongoing project work, and government investment initiatives were cited as key drivers of optimism, although some firms expressed concerns that competitive pressures could pose risks to growth.



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

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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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