

News Release

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Riyad Bank Saudi Arabia PMI®

Sales growth improves despite soft export demand and elevated price pressures

Key findings

New business rises at strongest rate in four months, boosting activity

Confidence lifts, but hiring and purchases remain subdued

Input costs and output prices rise steeply

Saudi Arabia's non-oil private sector sustained its expansion in June, as output increased sharply amid an improvement in new business growth. The sector was supported by recovering domestic demand, but faced ongoing challenges in export markets and heightened inflationary pressures.

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 rose further above the 50.0 neutral mark to 53.3 in June, up from 52.8 in May and the highest in four months. The reading signalled a solid improvement in operating conditions at the end of the second quarter, although one that was softer than the survey's long-run trend.

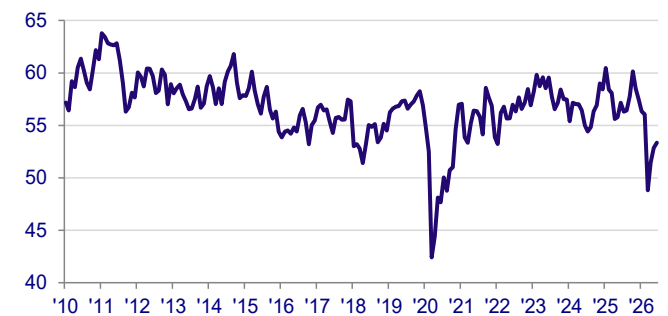
Non-oil private sector activity increased in June, maintaining a pace broadly consistent with May. Approximately 18% of surveyed firms reported higher output, versus just 2% noting declines, with growth attributed to project approvals, stronger customer demand, and renewed sales activity following earlier postponements.

New business volumes across the non-oil economy demonstrated stronger momentum during June, as the rate of growth accelerated to a sharp pace that was the most marked since February. Firms often reported a rebound in investor confidence and domestic customer spending as broader sentiment towards the regional conflict improved.

That said, this uplift in overall sales stood in contrast to export performance, as new orders from foreign customers contracted steeply for the fourth month running. Survey respondents cited ongoing regional logistics challenges and intensified foreign competition as primary constraints on international sales.

Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month



Sources: Riyad Bank, S&P Global PMI.

Data were collected 11-22 June 2026.

Comment

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

"Saudi Arabia's non-oil economy maintained a solid expansion in June, with the PMI rising to 53.3 from 52.8 in May, reflecting an improvement in business conditions across the private sector. Stronger output and the fastest increase in new orders in four months suggest that business activity regained momentum towards the end of the second quarter. The latest survey reinforces the resilience of the domestic economy, with the non-oil sector continuing to provide a solid foundation for overall economic growth.

"Business sentiment continued to strengthen, with firms reporting their highest level of optimism since January. The improvement in expectations points to growing confidence in the domestic business environment and suggests that companies increasingly anticipate favourable market conditions to support business activity over the coming months. This positive outlook reinforces expectations that non-oil growth will remain supported during the second half of the year.

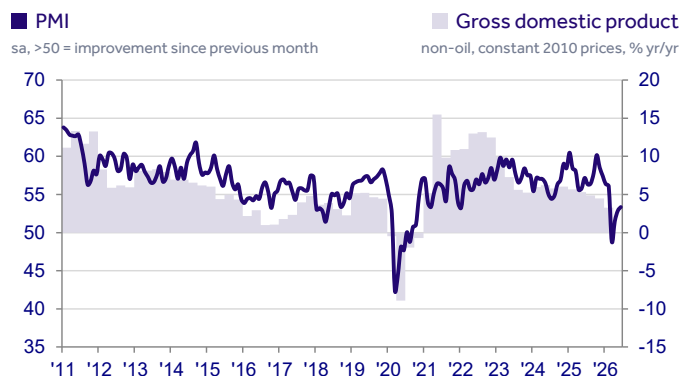
"From an operational perspective, businesses remained disciplined in managing capacity. Employment levels were broadly unchanged, while purchasing volumes and inventory accumulation increased only modestly. At the same time, backlogs of work declined for the first time in a year, indicating that firms were able to accommodate higher workloads without creating capacity constraints. This suggests that businesses continue to prioritize operational efficiency and measured expansion while maintaining sufficient capacity to support future growth.

"The pricing environment remained the principal challenge during June. Higher purchase prices and rising staff costs continued to place upward pressure on operating expenses, leading firms to increase selling prices further. While cost pressures remain elevated, businesses appear to be managing them without materially affecting activity or confidence. This reflects the underlying resilience of the non-oil economy and the ability of firms to balance profitability with sustained business expansion."

Business sentiment at non-oil firms improved markedly, with the Future Output Index climbing to its highest level since January. Expectations centred on anticipated improvements in market conditions and hopes that regional peace agreements would resolve supply chain disruptions. Despite rising optimism and stronger demand growth, employment was flat during June, which partly reflected heightened concerns about business expenses.

Price pressures remained steep in June, completing the most pronounced quarter of cost inflation in 15 years. Purchase price inflation remained especially acute and quickened slightly from May, as elevated fuel costs, freight charges, and supplier price increases linked to the Middle East conflict persisted. Staff costs also increased solidly as firms implemented pay revisions. In response, businesses raised output charges at the second-quickest pace in nearly six years, with 22% of firms increasing prices compared to just 8% reducing them.

Supply chain conditions showed signs of recovery in June, with delivery times improving at the fastest rate since February as firms increasingly adopted local sourcing strategies and alternative supply routes. However, purchasing activity remained subdued as companies reported sufficient inventory levels, resulting in only marginal growth in buying quantities that was well below historical trends.



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Survey methodology

The Riyadh 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.

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