

News Release

Embargoed until 0715 AST (0415 UTC) 12 October 2025

Riyad Bank Saudi Arabia SME PMI®

SME output growth recovers to five-month high, but falls short of that seen across non-oil economy as a whole

Key findings

Strong upturn in new work, albeit slower than at large enterprises

Job creation remains among the highest seen in the survey history

Input cost inflation eases to a six-month low

Business optimism recovers from an 18-month low in July

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

September data revealed a sustained rebound in output growth after the near four-year low seen in July. Another strong rise in new order intakes was recorded by SMEs, leading to an historically steep pace of job creation.

However, the overall performance of Saudi Arabian SMEs moderated since the second quarter of 2025 and was weaker than that seen among large enterprises.

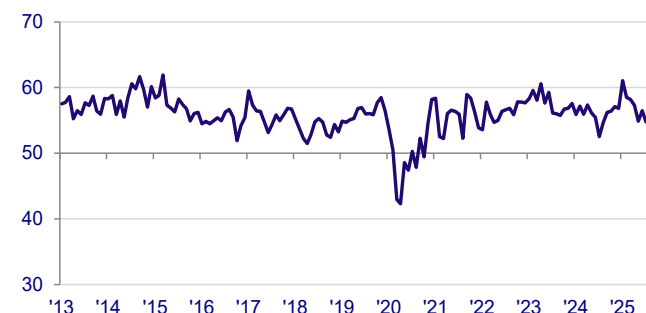
The headline seasonally adjusted Riyad Bank Saudi Arabia SME Purchasing Managers' Index™ (PMI®) registered 56.2 in September. Although still well above the neutral 50.0 threshold, the latest reading was down from 56.8 in August and lower than the equivalent figure for large enterprises (59.0).

On a quarterly basis, the average SME PMI reading was 55.9 in Q3, down from 56.2 in Q2 and a recent peak of 59.3 in Q1.

SMEs recorded a sharp increase in business activity during September, with growth accelerating further from the 47-month low recorded in July. Anecdotal evidence cited the impact of improving domestic economic conditions and successful long-term business expansion plans. That said, there were also reports that intense competition had acted as a growth headwind and contributed to relatively subdued

Riyad Bank Saudi Arabia SME PMI

sa, >50 = improvement since previous month



Sources: Riyad Bank, S&P Global.

client demand in some cases.

Total new work received by SMEs expanded sharply in September, albeit at a softer pace than seen in August. Some firms commented on price discounting to secure new contracts. Greater workloads and ongoing efforts to boost business capacity supported a solid rate of job creation in September. On average in Q3, employment growth was only slightly softer than the survey-record high in Q2.

Supply conditions improved at a robust pace. The latest shortening of delivery times was the fastest since May, despite another marked upturn in input buying. At the same time, SMEs experienced a slowdown in cost inflation to its lowest for six months. However, squeezed margins persisted as prices charged fell at the sharpest rate since October 2024.

Business activity expectations for the year ahead meanwhile remained upbeat among SMEs during September. The degree of confidence edged up to a three-month high, but was still weaker than the long-run average amid ongoing concerns about greater competition for new work.

Comment

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

"SME enterprises in Saudi Arabia entered the third quarter of 2025 with solid momentum, but the pace of expansion gradually softened over the three-month period. SME activity remained in expansion territory, with the Q3 average PMI at 55.9. This was slightly lower than Q2's 56.2 reading, reflecting a more cautious, yet stable, growth environment. Businesses continued to report improvements in output, hiring, and demand – though less intense than the record levels observed earlier in the year.

"September brought a clear uptick in business activity, with output growth reaching a five-month high. Firms credited this to improved domestic conditions and the successful execution of long-term expansion strategies. While new orders remained on the rise, some SMEs reported increased price sensitivity among clients and stronger competition, which slightly capped the overall momentum. Nonetheless, hiring continued at a healthy pace.

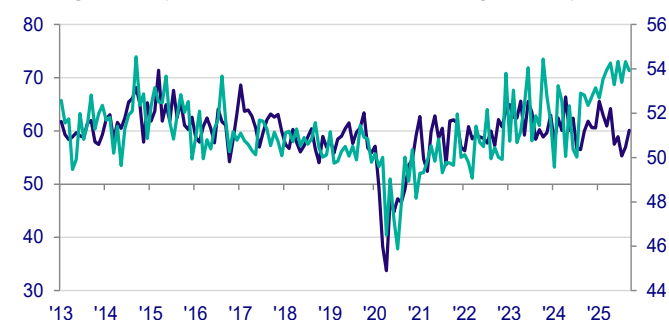
"Cost dynamics also played an important role this quarter. Input inflation eased further, marking one of the softest cost increases seen this year giving some room to SMEs navigating tighter margins. However, in an increasingly competitive market, many firms chose to adjust their pricing strategies in order to remain attractive to customers. This reflects a broader shift in focus toward volume retention and market positioning, as SMEs aim to secure demand while navigating cost-side pressures and evolving client expectations.

"Encouragingly, supply chain conditions showed further signs of improvement. Shorter lead times were widely reported, aided by advance payments and stronger supplier relationships. Purchasing activity remained strong, with firms building up inventory in anticipation of future orders. These operational adjustments indicate a forward-looking posture, despite a more tempered growth outlook.

"The sector continues to demonstrate resilience, adapting to evolving market conditions while maintaining positive employment trends and stable order books. With cautious optimism, SMEs are positioning themselves for sustained progress into the final quarter of the year."

■ SME PMI Output Index
sa, >50 = growth since previous month

■ SME PMI Employment Index
sa, >50 = growth since previous month

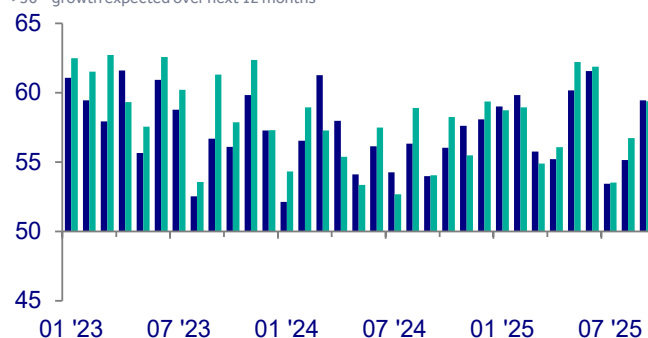


Sources: Riyad Bank, S&P Global.

PMI Future Output Index

SME / Large (250+)

>50 = growth expected over next 12 months

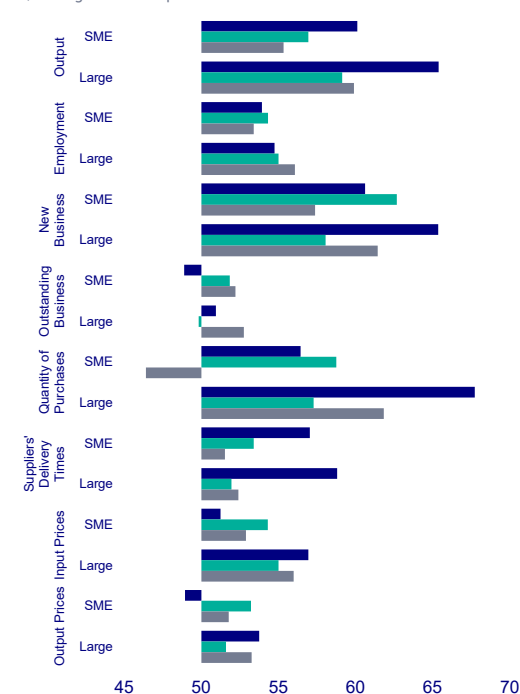


Sources: Riyad Bank, S&P Global.

Index summary

Jul '25 / Aug / Sep

sa, >50 = growth since previous month



Sources: Riyad Bank, S&P Global.

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

Kriti Khurana
Corporate Communications
S&P Global Market Intelligence
T: +91-971-101-7186
kritikhurana@spglobal.com

If you prefer not to receive news releases from S&P Global, please email press.mi@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 September 2025. The next Riyad Bank Saudi Arabia SME PMI® report will be published in January 2026, featuring data compiled in each month of Q4 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.