

News Release

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Riyad Bank Saudi Arabia SME PMI®

New order growth hits seven-month high in September

Key findings

Solid improvement in SME business conditions

New order growth fastest since February

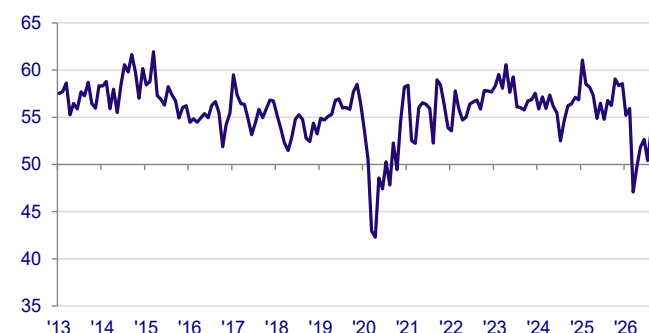
Softer rise in output volumes, but input buying picks up sharply

Job creation reaches its highest for six months

Robust rises in input costs and prices charged

Riyad Bank Saudi Arabia SME PMI

sa, >50 = improvement since previous month



Sources: Riyadh Bank, S&P Global.

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

SMEs experienced a solid upturn in business conditions throughout the third quarter of 2026, accordingly to the latest Riyadh Bank PMI® data. Moreover, the speed of expansion picked up from that seen in the previous quarter.

Monthly data highlighted strong momentum for incoming new work in September, with the rate of growth the fastest since February.

The headline seasonally adjusted Riyadh Bank Saudi Arabia SME Purchasing Managers' Index™ (PMI®) registered 53.8 in September, little-changed from 53.9 in August and above the neutral 50.0 value for the fifth consecutive month. The latest reading was the second-highest since February and signalled a solid improvement in overall business conditions at Saudi Arabian SMEs.

On a quarterly basis, the average SME PMI reading was 52.7 in Q3, up from 51.4 in Q2 but again softer than the equivalent reading for large enterprises (55.0).

September data indicated that improving business conditions reflected a robust and accelerated rise in new work received by SMEs. The latest expansion of new

business was the strongest for seven months, supported by a sustained rebound in sales enquiries and resilient domestic economic conditions. Although firms mostly commented on improving demand conditions, some cited growth headwinds from geopolitical tensions and elevated cost pressures.

Business activity growth remained robust during September, albeit less marked than the eight-month high seen in August. This encouraged another marginal upturn in SME employment, with the pace of job creation the highest since March.

Stronger demand and planned business activity growth led to the sharpest upturn in input buying for seven months. Suppliers' delivery times nonetheless continued to shorten during September, reflecting successful efforts to diversify supply chains. However, higher raw material and transportation costs led to another robust increase in input prices.

SMEs continued to signal positive sentiment towards the year ahead business outlook. However, the degree of confidence eased since August and remained below June's recent peak. Optimism was attributed to positive sales pipelines and hopes of greater regional stability.

Comment

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

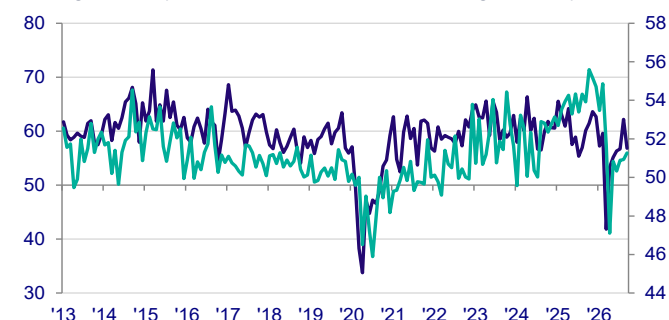
"The September SME PMI results provide an encouraging signal on the underlying strength and resilience of Saudi Arabia's small and medium-sized enterprise sector. The headline index remained firmly in expansion territory at 53.8, while the quarterly average improved to 52.7 in Q3 from 51.4 in Q2, pointing to a strengthening in business conditions as the quarter progressed.

"Particularly encouraging is the improvement in demand. New order growth accelerated to its fastest pace in seven months, supported by resilient domestic demand and a continued recovery in sales enquiries. This translated into stronger capacity requirements, with SMEs increasing employment at the fastest rate in six months.

"SMEs also continued to increase purchasing activity, reflecting stronger demand expectations and the need to support future output. At the same time, improving supplier delivery times demonstrate the adaptability of supply chains and the ability of businesses to respond effectively to changing market conditions.

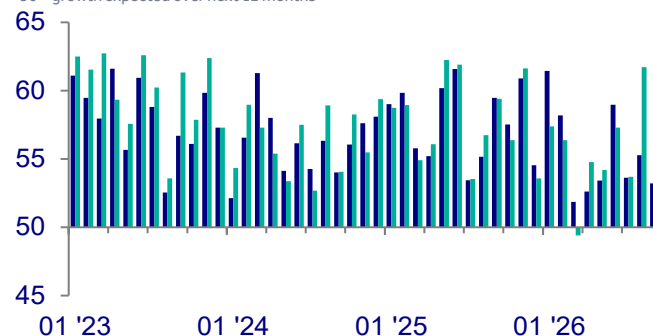
"Overall, the September results reinforce the important role of SMEs in supporting Saudi Arabia's economic diversification. The simultaneous improvement in new business, employment and purchasing activity provides a constructive indication of private-sector momentum. As the Kingdom continues to advance Vision 2030, a dynamic and expanding SME sector will remain an important contributor to job creation, private-sector development and the broadening of the Kingdom's non-oil economic base."

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



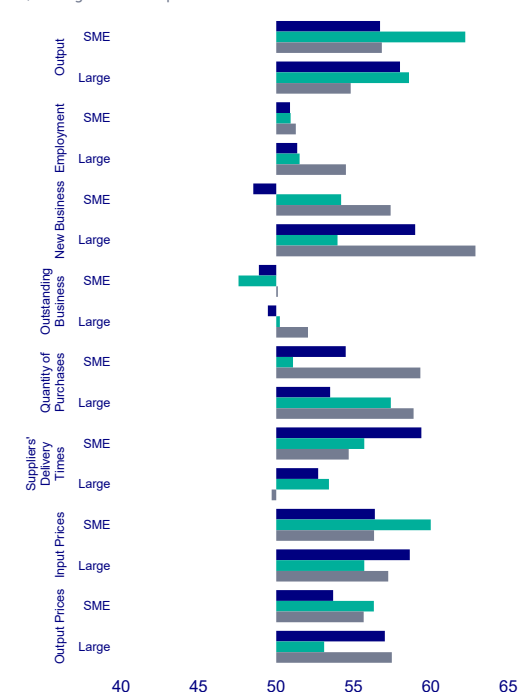
Sources: Riyad Bank, S&P Global.

PMI Future Output Index **SME / Large (250+)**
>50 = growth expected over next 12 months



Sources: Riyad Bank, S&P Global.

Index summary Jul '26 / Aug / Sep
sa, >50 = growth since previous month



Sources: Riyad Bank, S&P Global.

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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 2026. The next Riyad Bank Saudi Arabia SME PMI® report will be published in January 2027, featuring data compiled in each month of Q4 2026.

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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