

# News Release

Embargoed until 0715 AST (0415 UTC) 3 January 2024

## Riyad Bank Saudi Arabia PMI®

### Sales growth accelerates to a six-month high in non-oil economy

#### Key findings

Faster increase in new orders supports sharp rise in business activity

Supplier delivery times drop rapidly

Output price inflation quickens

Business conditions continued to improve sharply across Saudi Arabia's non-oil private sector at the end of 2023, according to the latest Riyadh Bank Saudi Arabia PMI® data. New order intakes supported a rapid uplift in activity, as companies enjoyed the fastest rate of sales growth since June. Increased demand momentum gave firms greater confidence on pricing and supported a further marked increase in purchasing activity. Conversely, employment growth and business activity expectations slipped from November.

The headline figure is the seasonally adjusted Riyadh 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 registered 57.5 for the second month running in December, indicating a marked improvement in operating conditions across the non-oil economy. The index has remained above the 50.0 no-change mark for over three years.

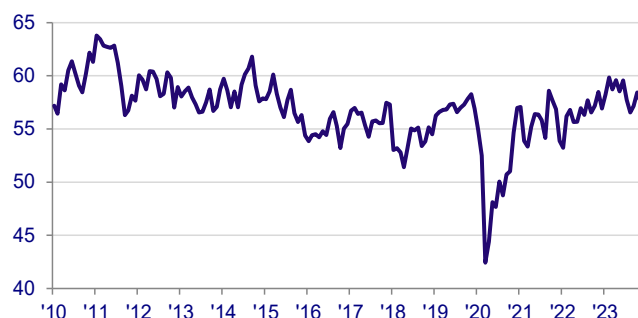
Saudi Arabian non-oil firms continued to report a substantial uplift in activity levels during December, one that was roughly equal to November's and common across the monitored sectors. Businesses mainly associated an expansion in output with higher new business inflows, which increased at the sharpest rate since June. Moreover, the pace of sales growth was also among the quickest registered in the past nine years, as firms commented on new clients and strengthening demand conditions.

Subsequently, non-oil companies bought more inputs, with the latest data signalling a marked increase in overall purchases. This supported a sharp and faster rise in stock levels than in November. Businesses also benefitted from a substantial cut in average supplier delivery times, which was one of the sharpest recorded since the survey began 14 years ago.

On the other hand, the rate of employment growth in the non-oil private sector eased further after hitting a nine-year record in

Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month



Sources: Riyadh Bank, S&P Global PMI.

Data were collected 6-14 December 2023.

#### Comment

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

"Saudi Arabia's non-oil Purchasing Managers' Index (PMI) for this month reached an impressive 57.5 driven by a faster increase in new orders, particularly within the manufacturing sector. This growth was supported by a sharp rise in business activity and exports, highlighting the resilience and strength of the non-oil economy. Furthermore, the export sector experienced the fastest increase since July, driven by government initiatives and the emergence of new market opportunities.

"Notably, the increased demand and expansion of the non-oil sector have also had a positive impact on employment. With the growing need for skilled workers to meet rising demand, employment has witnessed a noticeable increase. To attract and retain talent, wages have also seen an upward trend. This positive employment outlook reflects the success of the government's efforts to create a diverse and robust economy, offering job opportunities and improving the standard of living for its citizens.

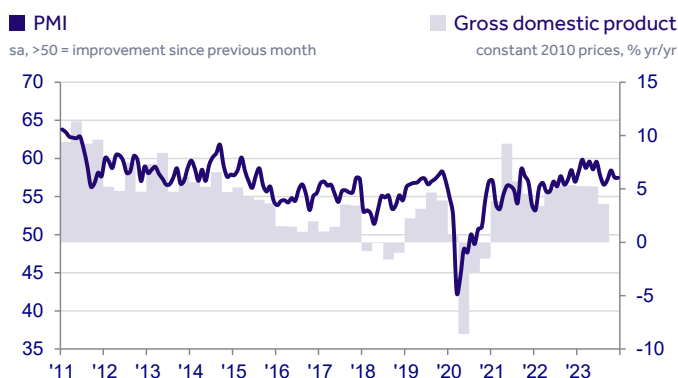
"The positive performance of the non-oil sector throughout 2023 has exceeded the expansion witnessed in the previous year, further demonstrating the effectiveness of policies aimed at reducing dependence on oil revenues. These efforts have helped bolster the country's non-oil industries and enhance their competitiveness. The positive expansion in PMI as we near the end of the year is a promising sign for the country's economic diversification efforts."

October. Despite evidence of firms hiring skilled staff to reduce workloads, the overall rise in employment was only modest. The uplift did support a decrease in backlogs of work, albeit the softest in four months.

Selling charges set by Saudi Arabian non-oil firms increased for the second month in a row in December, after a period where pricing strategies had been constrained by growing competition. A number of firms signalled that increased demand momentum gave them greater confidence to pass on higher input costs to customers, with manufacturers leading the way in terms of both demand and selling price growth.

Nevertheless, the overall rate of charge inflation remained slower than that of input costs, with the latter staying sharp despite easing from November. Increased material prices were largely to blame for greater expenses, although staff costs rose solidly amid some reports of additional cost-of-living payments.

Finally, non-oil companies continued to signal upbeat expectations for the next 12 months. Hopes for 2024 largely arose from predictions that new business inflows will continue to grow strongly. However, the degree of confidence softened and was below the trend recorded this year. Construction firms were more optimistic about their growth prospects than the other three main sectors.



## Contact

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

David Owen  
Senior Economist  
S&P Global  
T: +44 1491 461 002  
[david.owen@spglobal.com](mailto:david.owen@spglobal.com)

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

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

## 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](mailto: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](http://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.