

# News Release

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## Riyad Bank Saudi Arabia PMI®

### Employment growth remains strong as output and new business expand in March

#### Key findings

Best quarter of job creation in over 12 years

Output and new orders rise, but momentum slows

Input cost inflation cools to over four-year low

Saudi Arabian non-oil businesses continued to increase their employment at an elevated pace in March, according to the latest Riyad Bank PMI® data. Hiring activity was supported by an upturn in demand, which also encouraged an expansion in output and stockpiling of inputs.

Strong competition across the non-oil economy led to a discounting of selling prices, with a decrease recorded for the first time in six months. At the same time, the rate of input cost inflation slid to its weakest in just over four 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.

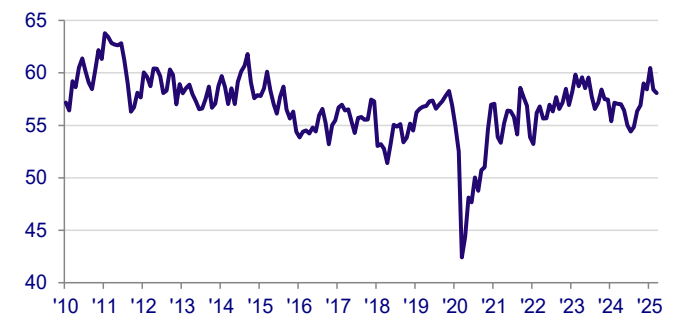
At 58.1 in March, the headline PMI signalled a robust improvement in business conditions across the Saudi Arabian non-oil private sector. Although the lowest in five months, falling from 58.4 in February, the PMI remained marginally above its series average of 56.9.

Companies responding to the survey signalled a robust demand environment at the end of the first quarter. This was highlighted by a marked increase in new order volumes, although the rate of growth softened further from the near 14-year record seen in January. Greater marketing efforts, lower selling prices and a broader improvement in economic conditions were commonly noted as driving sales. New orders from foreign markets also rose, although the rate of expansion slowed.

Increased sales volumes fed through to a relatively steep rise in employment numbers during March. Staffing growth was little-changed from February's 16-month high, as firms widely commented on efforts to build their sales teams and overall capacity. Notably, the survey data for the first quarter points to the fastest pace of jobs growth since the third quarter of 2012.

Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month



Sources: Riyad Bank, S&P Global PMI.  
Data were collected 5-21 March 2025.

#### Comment

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

"In March, the Saudi Arabian non-oil private sector demonstrated significant resilience and growth, as captured by Riyad Bank PMI reading of 58.1. Although this is slightly down from February's 58.4, it remains above the series' average of 56.9. This reading reflects sustained positive momentum in business conditions, highlighting the sector's robust economic health and its vital role in the ongoing diversification efforts of the Kingdom as envisaged by Vision 2030.

"The business community's responses in the PMI survey affirm a vigorous demand environment, as shown by a substantial increase in new order volumes. Although the rate of growth has softened since reaching a near 14-year high in January, it remains robust, driven by enhanced marketing efforts, lower selling prices, and general macroeconomic improvements. These factors collectively foster a competitive edge for Saudi businesses, bolstered by rising new orders from international markets, even if this segment sees a slightly slower expansion rate.

"An equally crucial outcome from the increasing sales volumes is the boost in employment it provides. Rising employment rates are a direct benefit of businesses scaling up operations to meet demand. By providing more job opportunities, Saudi Arabia aims to nurture a skilled and ambitious workforce, reducing the unemployment rate to 7% for Saudi nationals.

"The improvement in business conditions supports efforts to attract investment, increase the competitiveness of the Saudi economy, and enhance local business growth. This initiative is further supported by governmental enhancements in regulatory frameworks and infrastructure investments which pave the way for greater private and foreign investments.

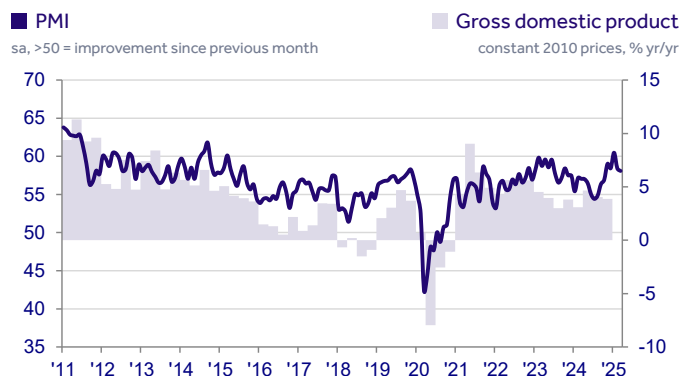
"Sustaining and nurturing these positive trends, Saudi Arabia is laying the groundwork for a multifaceted and thriving economy that meets the aspirations of its people and the strategic goals of the nation. With each uptick in the PMI and every incremental GDP growth, the Kingdom moves closer to realizing its ambitions of a diversified, sustainable economic future."

Increased workforces and stronger new business supported a robust upturn in non-oil private sector activity, although the rate of expansion eased to the weakest recorded since October 2024. Businesses also engaged in additional stockpiling as they anticipate a sustained uplift in sales. Purchasing activity rose sharply, leading to another steep increase in total inventories - the latest expansion was the fourth-largest in the series history.

Supplier's delivery times improved in March, with several panellists noting that strong vendor relationships had facilitated efficiency gains. However, there were some reports of supply disruption and administrative delays, leading to a much softer overall upturn in performance compared to February. This softening also hindered efforts to clear outstanding work, contributing to a renewed and sharp rise in total backlogs.

On the pricing front, the latest data indicated a marked easing of input cost pressures in March. The rate of inflation dropped to its lowest level in just over four years, as firms saw a much weaker increase in purchase prices. Wage inflation also decelerated, although it remained above the long-run trend.

As a result, non-oil companies reduced their selling prices for the first time in six months. Some respondents indicated that intense market competition had driven charges lower, although the overall pace of discounting was mild.



Sources: Riyadh Bank, S&P Global PMI, GaStat via S&P Market Intelligence

## 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)

Deema AlTurki  
Senior Economist  
Riyad Bank  
T: +966-11-401-3030 Ext.: 2478  
[deema.alturki@riyadbank.com](mailto:deema.alturki@riyadbank.com)

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

Kriti Khurana  
Corporate Communications  
S&P Global Market Intelligence  
T: +91-971-101-7186  
[kritikhurana@spglobal.com](mailto:kritikhurana@spglobal.com)  
[press.mi@spglobal.com](mailto:press.mi@spglobal.com)

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## Survey methodology

The Riyad Bank Saudi Arabia PMI<sup>®</sup> 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<sup>™</sup> (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<sup>™</sup> (PMI<sup>®</sup>) 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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