

# News Release

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## Riyad Bank Saudi Arabia PMI®

### Business conditions improve sharply as hiring growth surges

#### Key findings

New business growth improves

Employment rises at fastest pace in over 14 years

Record increase in staff costs

Saudi Arabian non-oil private sector business conditions strengthened in June, according to the latest PMI® survey data, as client demand rose markedly and output expanded. Increased volumes of new work spurred an acceleration in hiring activity, resulting in the sharpest rise in employment levels since May 2011. This surge in demand for staff contributed to a record increase in wage costs, which added to overall cost pressures and led to a renewed rise in output prices.

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 rose from 55.8 in May to a three-month high of 57.2 in June, indicating a stronger improvement in the health of the non-oil private sector economy. The index was slightly above its long-run average of 56.9.

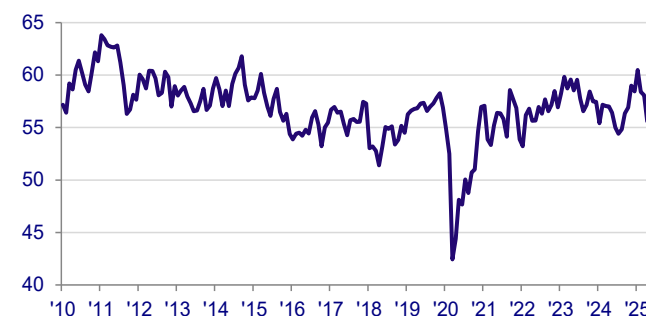
Non-oil companies reported a further rise in new orders in June, with the rate of growth continuing to accelerate from its recent low in April. Surveyed firms frequently noted the acquisition of new clients and the benefits of enhanced marketing and improved demand conditions. Domestic sales were the primary driver of this upturn, while sales to foreign clients increased only slightly.

The improvement in demand resulted in another expansion of output at the end of the second quarter. However, the pace of activity growth eased slightly to a ten-month low. A sizable increase in purchasing was also observed, as businesses sought greater inputs to fulfil new orders. The rate of purchasing growth was the fastest recorded in two years.

Meanwhile, a notable outcome from the latest survey was the quickening rate of employment growth. In an effort to rapidly expand teams to manage incoming work, Saudi Arabian non-oil firms increased their staffing levels to the greatest extent since mid-2011. This historically strong increase continued a robust

Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month



Sources: Riyadh Bank, S&P Global PMI.  
Data were collected 12-20 June 2025.

#### Comment

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

"The non-oil economy in Saudi Arabia strengthened further in June 2025, with the PMI climbing to 57.2 from 55.8 in May. The latest reading reflects a strong improvement in overall business conditions, supported by higher output levels, rising demand, and an active labour market. Firms largely linked the pickup in activity to improving sales, new project starts, and better demand conditions, although the pace of output growth was softer compared to previous highs.

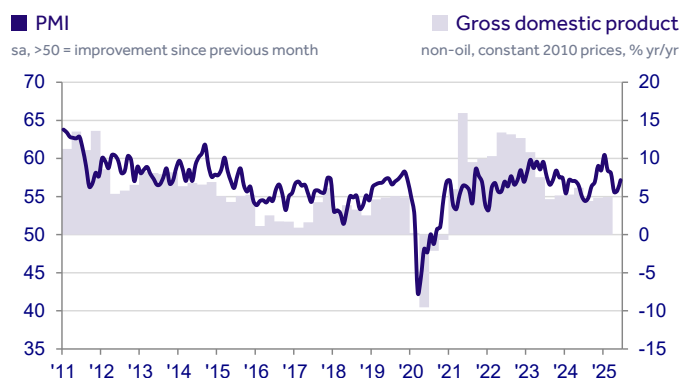
"New orders continued to lead the expansion, registering the fastest growth in four months and surpassing the long-run trend. Businesses credited this increase to stronger demand, effective marketing strategies, and improved client acquisition. In parallel, purchasing activity accelerated to a two-year high as firms responded to rising input needs, with nearly 40% of respondents increasing their purchases. Hiring also surged sharply, recording the fastest rate of job creation since May 2011, as companies actively expanded their frontline and skilled teams to meet higher workloads.

"On the future outlook, sentiment among non-oil businesses remains highly positive. Confidence about future activity climbed to a two-year peak, supported by healthy order pipelines and stronger domestic economic conditions. However, cost pressures became more pronounced in June. Staff costs rose at a record pace as firms worked to retain talent, while purchase prices saw their fastest increase since February, partly driven by stronger demand and rising geopolitical risks. Despite these cost challenges, firms broadly raised their selling prices, reversing the declines seen in May and signalling an improved ability to pass on higher costs to customers."

period of job creation seen since the start of 2025, with panellists frequently citing high demand for skilled staff as a driving force behind intensified recruitment efforts and increased salary offers. Consequently, overall staff costs rose at the fastest pace since the survey began in 2009.

With firms also facing greater input cost pressures associated with rising material prices, the latest survey data revealed a renewed increase in prices charged to customers in June. The markup was solid and the strongest recorded since the end of 2023, following reductions in two of the past three months. The increase in charges were mainly attributed to the pass-through of rising overheads to clients, although some businesses opted to cut prices as part of competitive pricing strategies.

When assessing the business outlook, non-oil companies remained confident of an uplift in activity over the next 12 months, with the degree of positivity ticking up to a two-year high. Optimism was largely driven by resilient domestic economic conditions, robust demand and improving sales pipelines. Supply-side conditions also appeared favourable, with the latest data highlighting another strong improvement in overall supplier performance.



## 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 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.

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