

News Release

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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.

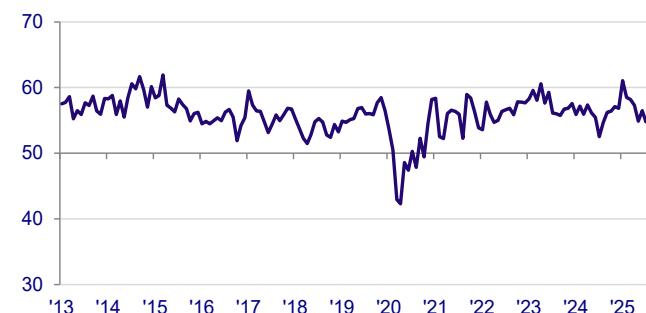
The headline seasonally adjusted Riyad Bank Saudi Arabia SME Purchasing Managers' Index™ (PMI®) registered 56.2 in September. Although still well above the neutral 50.0 threshold, the latest reading was down from 56.8 in August and lower than the equivalent figure for large enterprises (59.0).

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.

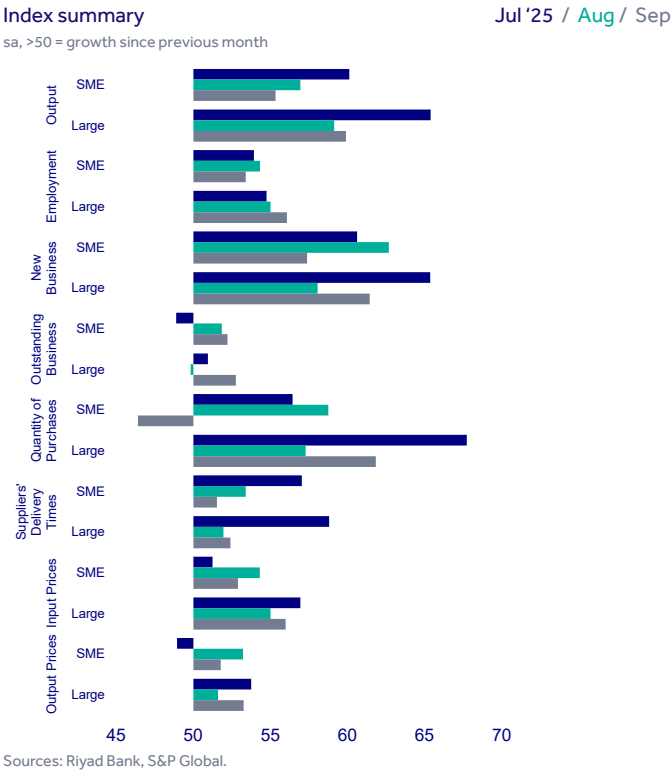
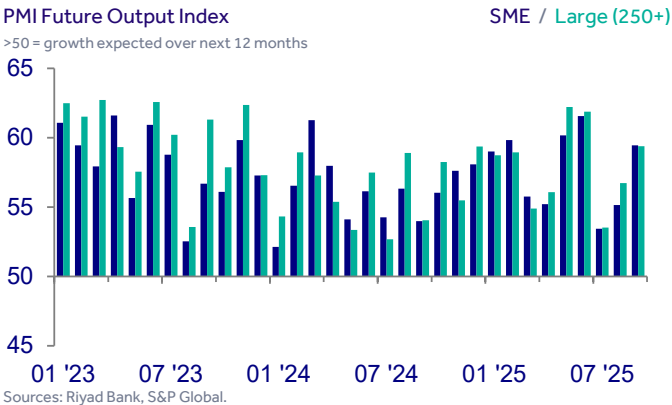
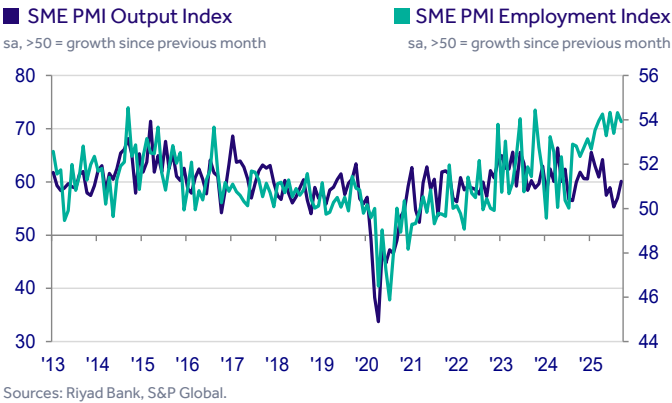
Total new work received by SMEs expanded sharply in September, albeit at a softer pace than seen in August. Some firms commented on price discounting to secure new contracts. Greater workloads and ongoing efforts to boost business capacity supported a solid rate of job creation in September. On average 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 Riyadh Bank, said:
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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 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.

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