

News Release

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Riyad Bank Saudi Arabia PMI®

Improvement in business conditions eases slightly at year end

Key findings

Output expands sharply, but rate of growth eases

Job creation remains strong

Inflationary pressures pick up

The Saudi Arabian non-oil private sector concluded 2025 on a positive note, with the latest PMI® survey indicating continued growth in business activity, new orders, and employment. However, the rate of expansion moderated, marking the slowest improvement in overall performance in the past four months. Cost pressures meanwhile intensified, resulting in a more pronounced rise in selling prices. Additionally, business confidence for the year ahead was subdued by concerns over increasing market competition.

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.

The Riyad Bank Saudi Arabia PMI dropped to 57.4 in December, from 58.5 in November, to signal a cooling of growth across the non-oil private sector economy for the second month running. Nonetheless, the index remained well above the 50.0 no-change mark and slightly stronger than its long-run average of 56.9.

As has been the case throughout 2025, non-oil businesses reported a marked increase in their output levels over the course of December. The upturn was the least pronounced in four months, but broadly in line with its long-run trend. Qualitative feedback indicated that firms were able to boost activity due to increased new business, work on existing projects, and heightened investment spending.

The volume of new orders received by non-oil companies rose sharply in December, although like output, the pace of growth eased to its softest since August. Panellists often remarked on improving economic conditions, the acquisition of new clients, the initiation of new contracts and successful marketing campaigns. Nonetheless, some firms expressed concerns about market saturation, which contributed to a slight easing in overall momentum. Additionally, firms reported only a marginal increase

Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month



Sources: Riyad Bank, S&P Global PMI.

Data were collected 4-15 December 2025.

Comment

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

"Saudi Arabia's non-oil private sector closed the year with a solid expansion, as the headline PMI eased to 57.4 in December, with activity continuing to expand despite some loss of momentum. Output growth remained solid, supported by sustained domestic demand, project approvals, and ongoing business investment, even as the pace of growth eased to its slowest since August.

"New orders stayed above the expansion threshold, signalling continued demand inflows. Export demand recorded a marginal increase for the fifth consecutive month, but the latest rise was the weakest in this sequence, suggesting that external demand remains supportive but uneven. Overall, demand conditions point to resilience rather than acceleration as firms navigate a more competitive environment.

"On the cost side, inflationary pressures increased, led by a rise in input and purchase prices, while staff cost inflation remained contained. Output prices increased at a faster pace and broadly in line with input cost trends. Meanwhile, purchasing activity and inventory accumulation picked up, signalling preparation for sustained demand conditions.

"Looking ahead, business sentiment softened despite remaining positive. The Future Output Index stayed above the neutral mark, indicating expectations of growth into 2026, but fell to its lowest level since July, reflecting more cautious confidence."

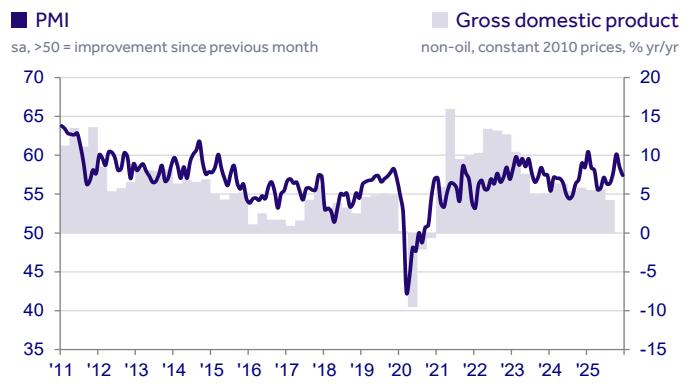
in new export orders compared to the previous month.

With output and new orders rising, non-oil firms in Saudi Arabia continued to increase their workforces in December. Employment growth remained strong and similar to November's pace, though it was softer than the peak observed in October. Despite adding to labour capacity, companies reported a further increase in their work-in-hand in December, with the rate of backlog accumulation reaching its highest since July.

Purchasing activity was another area to record a robust expansion at the end of the year. The latest upturn was the fastest in three months and above the series trend. This contributed to a sharper rise in overall input stocks compared to November, supported by a notable improvement in suppliers' delivery times.

Input prices paid by non-oil firms increased again in December, with the inflation rate accelerating due to a faster rise in purchase costs. Conversely, wage pressures eased to their lowest in 20 months. Most firms opted to pass their higher costs onto customers, leading to a robust increase in output prices.

Finally, output expectations across the non-oil sector weakened in December. The degree of optimism was the lowest since July and much less upbeat than the series long-run average. Positive forecasts were partly dampened by concerns about rising competition.



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Survey methodology

The Riyad 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.

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

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We provide a comprehensive range of products and services fully compliant with the Islamic Sharia to meet the needs of both retail and corporate customers, including small and medium-size enterprises. We play a leading role in various areas of finance and investment around Saudi Arabia, that is why we are distinguished as a leading financier and arranger of syndicated loans in the oil, petrochemicals and most of the Kingdom's notable infrastructure projects. www.riyadbank.com

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