

# News Release

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## Riyad Bank Saudi Arabia PMI®

### Business conditions improve, despite growth slipping to a nine-month low

#### Key findings

Output growth remains strong, but loses pace

Staff numbers rise sharply, fuelling survey-record hike in wages

Uplift in selling prices joint-fastest since May 2023

The Saudi Arabia PMI® edged lower in February, signalling the softest improvement in non-oil business conditions for nine months. That said, businesses continued to see elevated demand and a robust rise in output, which further strengthened the labour market and led to the sharpest increase in wage costs in the survey's history.

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 PMI dipped to 56.1 in February from 56.3 in January, indicating a slightly weaker improvement in operating conditions across the domestic non-oil private sector economy. The PMI has been on a gradual downwards path since reaching one of its highest levels in over a decade last October.

However, the improvement in business conditions remained strong overall, with the index well above its 50.0 neutral threshold. Sub-indices measuring output and new order volumes also pointed to a healthy business environment.

Despite falling to a six-month low, the rate of output growth across the non-oil sector remained substantial in February. Survey respondents frequently commented on an improvement in customer demand and new project approvals. However, some reports indicated that competitive pressures across markets had weighed on growth.

Order books expanded in February, which firms broadly linked to rising domestic sales. Panellist comments suggested that supportive government policies, improved customer spending, increased sales and marketing efforts, digital business development and collaborative projects with clients had all boosted new work volumes. Companies also saw an improvement in international orders, although the rate of expansion eased.

Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month



Sources: Riyad Bank, S&P Global PMI.

Data were collected 10-19 February 2026.

#### Comment

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

"Saudi Arabia's non-oil private sector sustained its expansionary trajectory with a PMI reading of 56.1 in February, though the pace of output growth eased to its lowest level since last August. This performance was driven by robust domestic demand and a steady flow of new project approvals. Despite the moderation in momentum, the sector remains firmly in growth territory, supported by seven months of rising international sales and an improving volume of new orders.

"A key highlight of the February results was the sizeable increase in employment, as firms expanded their workforce to manage higher workloads and new business inflows. This acceleration in hiring signals confidence in near-term demand, even as overall output growth moderated. At the same time, supply chain performance improved further, with delivery times shortening amid better coordination and operational efficiencies.

"Overall, February's results point to an economy that remains strong but is moving onto a more sustainable balance. Growth has moderated, yet demand and hiring activity continue to anchor the expansion. The broader trend remains positive, with businesses actively adjusting their capacity while maintaining a high degree of confidence in underlying market conditions. This balanced approach to inventory and staffing suggests the private sector is well positioned to navigate evolving economic dynamics throughout the remainder of the year."

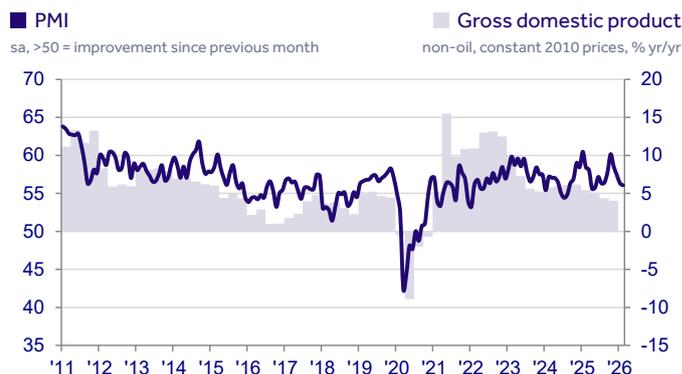
In line with recent trends, the PMI data continued to signal a robust increase in staff numbers across the non-oil private sector. In fact, the rate of employment growth quickened to a four-month high and was among the strongest recorded in the series. Surveyed businesses remarked on increased sales volumes and a continued build-up of outstanding orders as drivers of hiring.

Firms also highlighted the awarding of higher salaries to retain staff in February, contributing to a marked increase in wage pressures. In fact, the rate of staff cost inflation rose to its highest since the survey began in August 2009. Some comments pointed to an outsized impact on technical and sales staff. Businesses also reported increased pressure from supplier charges and metals prices, although a reduction in fuel payments helped to lower the overall rate of purchase price inflation, while some firms also benefitted from negotiations with vendors.

With wage costs accelerating, business selling charges rose steeply in February. The uplift was the joint-fastest since May 2023, matching the level seen last October.

Delivery times improved to their greatest extent for nine months in February, despite firms raising their input purchases at a much sharper pace than in January. Some panellists noted that operational improvements and vendor changes had sped up supply chains.

Finally, business expectations for the next 12 months remained positive. Firms anticipating output growth linked this to new client projects, stronger demand and improving domestic economic conditions.



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## Survey methodology

The Riyadh 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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