

# News Release

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## Riyad Bank Saudi Arabia PMI®

### New order growth accelerates in May as business confidence strengthens

#### Key findings

- Rising sales support marked hiring growth
- Output expectations improve to 18-month high
- Selling prices fall despite rising costs

Businesses in the Saudi Arabian non-oil private sector saw a sustained uplift in operating conditions in May. The rate of improvement ticked up from April, but remained softer than in the first quarter of the year. Driving stronger conditions was an expansion in new work, which accelerated amid improvements in customer demand and business confidence.

Although output growth softened, a positive outlook for future activity supported a sharp increase in employment during May. Likewise, purchasing activity increased steeply, despite greater caution towards stockpiling. Overall input costs rose sharply, but competitive pressures led firms to lower selling prices.

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 headline PMI signalled another solid improvement in business conditions among non-oil private sector companies in May. At 55.8, the index was up slightly from 55.6 in April and recorded well above the 50.0 mark that separates growth from contraction. However, it remained much lower than the recent peak of 60.5 at the start of the year.

The new orders index was the only sub-component to raise the PMI in May, while the remaining four sub-components had negative directional influences. After softening to an eight-month low in April, the rate of growth in new order volumes accelerated markedly in the latest survey period and was steep overall. Surveyed businesses linked rising new orders to increased demand, strong sales performances, industrial development and new marketing initiatives. New orders from abroad also grew, but at the softest pace in seven months.

Business activity increased during May as stronger client demand led to higher output requirements. Although the overall upturn was sharp, it eased for the fourth consecutive month and was

#### Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month



Sources: Riyad Bank, S&P Global PMI.  
Data were collected 12-21 May 2025.

#### Comment

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

*"Saudi Arabia's non-oil economy maintained solid momentum in May, with the PMI rising slightly to 55.8 from 55.6. While the pace of output growth eased to its softest since September 2024, overall activity remained robust. Firms reported improvements in demand, new project starts, and greater labour capacity as key drivers. This expansion, though slightly softer, reflects stable operating conditions and continued confidence across the private sector midway through the second quarter.*

*"New orders led the expansion this month, which saw a notable acceleration after dipping in April. The index returned to its long-run average, as firms cited strong sales, marketing efforts, and activity tied to industrial development. On the domestic front, firms increased hiring to match rising output needs, while purchasing activity saw its fastest growth since March 2024, supported by improved vendor delivery times and a more agile supply chain.*

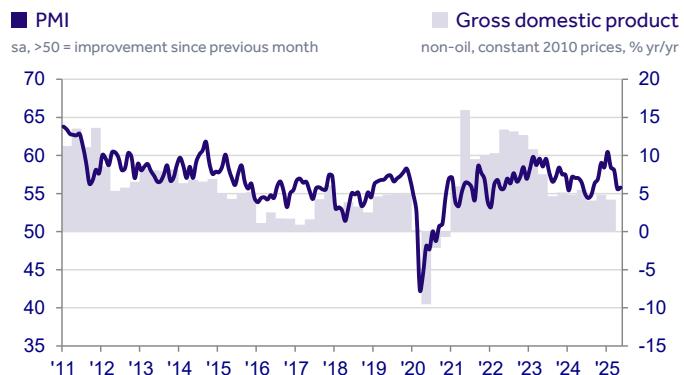
*"Looking ahead, sentiment among non-oil firms has strengthened visibly. Business expectations looking forward reached their highest level since late 2023. Hiring momentum remained strong as companies expanded teams to support output growth, particularly in operations and sales. Together, these indicators point to a non-oil sector that remains firmly in expansion territory—buoyed by resilient demand, growing confidence, and operational readiness for continued growth in the second half of the year."*

the slowest since last September. Latest data revealed that the construction sector experienced the strongest rises in both activity and new business.

A marked rise in sales was accompanied by increasing business confidence about the coming 12 months. Optimism rose sharply from April and was the greatest recorded in one-and-a-half years, as companies cited expansion plans and improved demand conditions.

Firms continued to show an appetite to boost staff capacity and increase spending as part of their expansion plans. As such, the survey data indicated a marked increase in employment, with the rise in staffing one of the fastest seen in over a decade. Purchasing activity growth meanwhile quickened to a 14-month high. However, resistance to additional stockpiling meant that inventories rose to a much lesser extent than in April.

Input prices faced by non-oil companies rose sharply during May, although the pace of inflation eased from April due to a slowing of wage pressures. A number of panellists reported an increase in supplier charges for raw materials, with purchase price inflation ticking up to its highest since February. However, selling prices were reduced in May, driven by a sharp decrease in service sector charges. Firms widely reported that competitive pressures had weighed on pricing power.



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

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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](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. [www.spglobal.com/marketintelligence/en/mi/products/pmi](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

## About Riyad Bank

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