

News Release

Embargoed until 0715 AST (0415 UTC) 5 August 2025

Riyad Bank Saudi Arabia PMI®

Employment growth remains marked across non-oil economy

Key findings

Job numbers increase sharply in July

Output and new business growth ease

Cost pressures soften despite steeply rising labour costs

Non-oil private sector companies reported a sharp uplift in their employment levels in July, in response to strong domestic demand conditions and rising business activity. The Riyad Bank Saudi Arabia PMI® also signalled sustained purchasing growth and shorter delivery times, alongside a modest slowdown in input cost inflation. However, sales growth and business confidence eased in July. Moreover, the rate of business activity expansion eased to its lowest since January 2022.

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 posted 56.3 in July, down from 57.2 in June, but above the 50.0 mark that separates growth from contraction in the non-oil private sector. The latest reading signalled a sharp improvement in business conditions since the previous month, driven by growth of output, new orders, stocks of purchases and employment.

Non-oil private sector firms reported a strong expansion in output in July. Work on existing projects and incoming new orders helped to sustain growth, according to qualitative survey reports. That said, the expansion eased to the least marked pace in three-and-a-half years.

Order book levels also grew, which panellists typically linked to favourable domestic demand conditions and increased efforts by sales teams to fulfil orders. That said, there were some mentions of higher competition and lower customer footfall acting to dampen growth. Difficulties gaining new foreign clients were also highlighted by companies, leading to a decrease in new export orders for the first time in nine months.

Firms responded to higher activity and new orders by recruiting staff in July, with the latest survey indicating another historically steep rise in employment, after June's survey signalled the

Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month



Sources: Riyad Bank, S&P Global PMI.

Data were collected 10-23 July 2025.

Comment

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

"Saudi Arabia's non-oil economy remained on a solid growth track in July, supported by higher output, new business, and continued job creation. Although the headline PMI edged down to 56.3 from 57.2 in June, the reading still pointed to a healthy level of activity across the private sector. Firms continued to benefit from ongoing project work, resilient domestic demand, and focused marketing efforts, even as some indicators showed signs of cooling compared to earlier in the year.

"The slight dip in the headline index was mainly driven by a slowdown in new order growth. Businesses continued to see improved demand, but competitive pressures and more cautious client spending weighed on the pace of expansion. External demand was also softer, while purchasing activity rose at a slower pace. On the labour front, firms continued to expand their workforce to support rising activity, with July marking another solid month of hiring as companies worked to keep operations running smoothly.

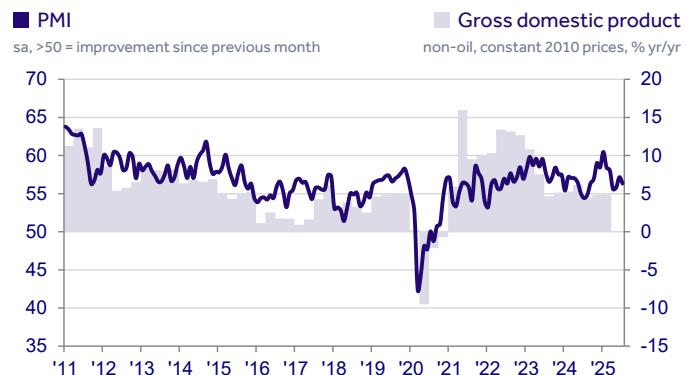
"Looking ahead, business confidence remained positive, though slightly below June's recent peak. Firms expect activity to pick up over the coming year, supported by steady demand, strong pipelines, and ongoing investment tied to Vision 2030. Employment conditions are expected to stay supportive, helping firms manage future workloads. However, input cost pressures persisted. Wages and purchasing prices continued to rise, prompting firms to raise selling prices, particularly in services, construction, and manufacturing, while wholesale and retail price adjustments remained more modest."

fastest uplift in over 14 years. Increased hiring was partly driven by an uptick in backlogs of work, as some businesses found that existing contract work and constrained capacity held up the completion of new orders.

Sizeable inventory growth was also recorded in July, driven by robust gains among manufacturers and wholesale and retail firms. However, new input purchases rose at a much slower pace compared to the previous month. Although delivery times shortened on balance, the rate of improvement eased sharply due to some mentions of customs delays.

Input price pressures across the Saudi Arabian non-oil sector were strong during July, although the rate of inflation slowed slightly from the second-quarter average. This was despite another steep increase in salary expenses, underlined by efforts to retain workers and offer bonuses. Rising input costs resulted in a solid markup in prices charged for the second month running.

Expectations for future activity softened notably from June's two-year high in July, although in general businesses expect output to increase due to resilient market conditions and strong client demand. Overall optimism was the lowest recorded since July 2024.



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.

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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