News Release

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Riyad Bank Saudi Arabia PMI®

Saudi Arabia PMI hits six-month high as output expansion accelerates

Key findings

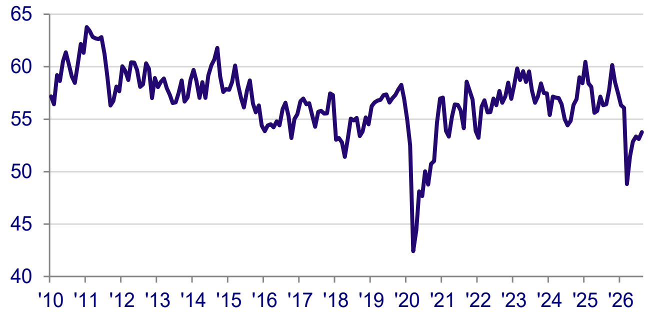
Strongest increase in output volumes since beginning of 2026

Order books improve, but growth held back by declining exports

Inflationary pressures remain marked

Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month



Sources: Riyad Bank, S&P Global PMI.
Data were collected 12-20 August 2026.

Growth in Saudi Arabia's non-oil private sector accelerated to a six-month high in August, with the latest survey data pointing to a solid improvement in business conditions. The upturn was driven by a marked expansion in output, as firms benefited from strengthening demand and a continued recovery in market activity. That said, the external environment remained challenging, with export orders falling again amid regional tensions, while persistent cost pressures tested firms' ability to protect margins.

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 registered 53.8 in August, up from 53.1 in July, to signal a solid improvement in non-oil private sector business conditions. This reading, the highest in six months, indicated an expansion in the sector for the fifth consecutive month, although it remained lower than the survey's long-run trend of 56.8.

Business activity rose markedly in August, with the pace of expansion reaching a seven-month high and moving closer to its long-run average. According to qualitative reports from the survey panel, growth was underpinned by improving sales volumes and recovering market conditions.

New orders also expanded for the fifth consecutive month following March's brief downturn, though the picture was mixed as some companies reported sales headwinds from intense competition and excess supply. Furthermore, export conditions remained challenging, with international orders declining sharply and at a faster pace than in July.

Employment trends in the non-oil private sector showed continued improvement, as workforce numbers expanded for the second month running. Nevertheless, the rate of job creation

Comment

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

"The Riyad Bank Saudi Arabia PMI rose to 53.8 in August, reaching its highest level in six months, reinforcing the view that the non-oil economy is maintaining positive momentum through the third quarter. The improvement reflects a continued recovery in market activity, with output expanding at its strongest pace in seven months and moving closer to its long-run average.

"Domestic demand remains an important driver of growth, and continues to provide a solid foundation for businesses. Also, it reinforces the importance of domestic investment and consumption in sustaining near-term non-oil growth. At the same time, firms appear to have sufficient capacity to respond to stronger demand without creating significant operational bottlenecks.

"Looking ahead, the improvement in business expectations provides a constructive signal for the remainder of the year. Continued fiscal support and the pipeline of development projects remain important anchors for private sector activity, while stronger confidence is translated into investment and hiring.

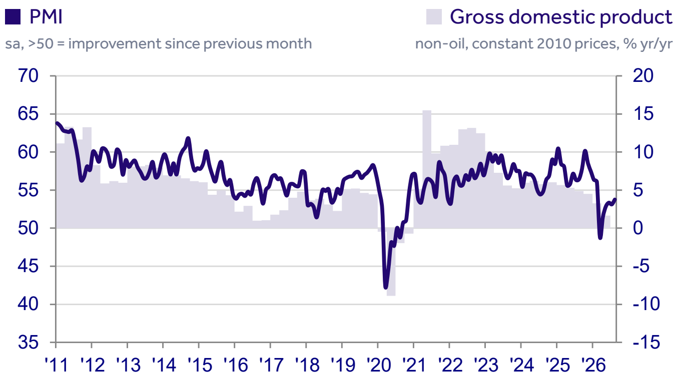
"Overall, the August survey signals a firmer growth trajectory for the non-oil private sector, with improving business confidence and sustained domestic activity providing a constructive foundation for growth through the remainder of 2026."

remained modest and less pronounced than the series trend. This occurred amid further signs of spare capacity, as backlogs of work decreased for the third consecutive month.

Supply chain conditions continued to improve in August. The uplift was reportedly aided by greater efforts to source items locally and increased vendor responsiveness, though the rate of improvement was the least marked in three months. Combined with a sharp rise in output requirements, these factors encouraged firms to raise input purchases at the fastest pace since February.

Inflationary pressures remained elevated midway through the third quarter, though they showed some signs of easing. Anecdotal evidence continued to highlight the impact of rising material and transportation costs. Staff costs also increased at the strongest pace since February, reflecting retention efforts and performance-based uplifts. However, output charges rose at the slowest pace since March as competitive pressures constrained firms' pricing decisions.

Business confidence for the year ahead rebounded to a seven-month high in August, with exactly a fifth of surveyed companies forecasting increased activity over the next 12 months, compared with just 2% predicting a downturn. Positive sentiment was largely pinned on resilient market activity, fiscal support and regional development projects.



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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