News Release

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Riyad Bank Saudi Arabia PMI®

Non-oil output growth accelerates but cost pressures intensify

Key findings

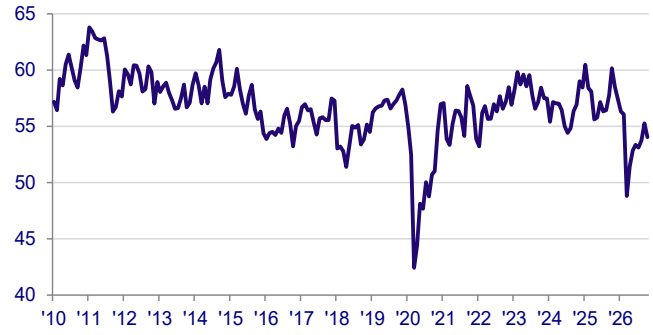
Business activity rises at faster rate in October

Input cost inflation climbs to highest since June

Output expectations for the year ahead remain subdued

Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month



Sources: Riyad Bank, S&P Global PMI.
Data were collected 12-22 October 2026.

Saudi Arabia's non-oil private sector continued to expand in October, as the latest Riyad Bank PMI® data pointed to a faster rise in business activity and robust demand growth. However, the rise in new business was less marked than September's seven-month high, while job creation and purchasing activity growth both slowed. Business confidence also remained subdued amid ongoing concerns about geopolitical tensions and rising costs.

Demand remained reliant on the domestic market, as export orders fell for the eighth month running and at a sharper pace. On the price front, input cost inflation climbed to its highest since June, but stronger competition led firms to raise selling charges at the slowest rate in nine months.

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 fell from 55.3 in September to 54.0 in October, signalling an improvement in operating conditions in the non-oil economy for the seventh consecutive month. Despite falling since September, the PMI was at its second-highest level since February.

Output growth picked up from September to a robust pace, although it remained softer than that seen historically. Firms linked higher activity to improving underlying demand, alongside greater sales and marketing efforts.

New orders continued to rise strongly, though growth softened from September and remained below the series trend. Firms indicated that domestic sales had supported order books, while weaker external and trading conditions acted as a drag. Export sales fell at a steeper rate, with almost a quarter of panellists reporting a decline amid increased shipping disruption, higher

Comment

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

"Saudi Arabia's non-oil private sector continued to demonstrate resilience in October, supported by sustained domestic demand, stronger business activity and continued expansion in employment. The Riyad Bank Purchasing Managers' Index (PMI) recorded 54.0, compared with 55.3 in September, marking the seventh consecutive month of improving operating conditions. Although the headline index moderated from September's seven-month high, it remained comfortably above the neutral 50.0 threshold, reinforcing the underlying strength of the non-oil economy.

"A particularly encouraging development was the acceleration in business output, which expanded at a robust pace despite a challenging geopolitical environment. This improvement reflects the continued ability of Saudi businesses to respond to domestic demand, supported by operational efficiencies, marketing initiatives and stronger sales activity. New orders also maintained a healthy expansion, suggesting that underlying demand remains positive but is becoming more selective.

"Domestic orders continued to support business activity, which shows the importance of domestic economic activity in sustaining non-oil growth amid continued uncertainty in international markets. Employment conditions provided another positive signal, with businesses increasing their workforce for the fourth consecutive month. This reflects firms' efforts to expand operational capacity and meet existing demand.

"The renewed increase in outstanding business, alongside sustained purchasing activity and inventory accumulation, also suggests that companies are maintaining their readiness to accommodate future demand. Looking ahead, business expectations remain positive. Overall, October's PMI results reinforce the resilience of Saudi Arabia's non-oil private sector."

بنك الرياض Riyad Bank

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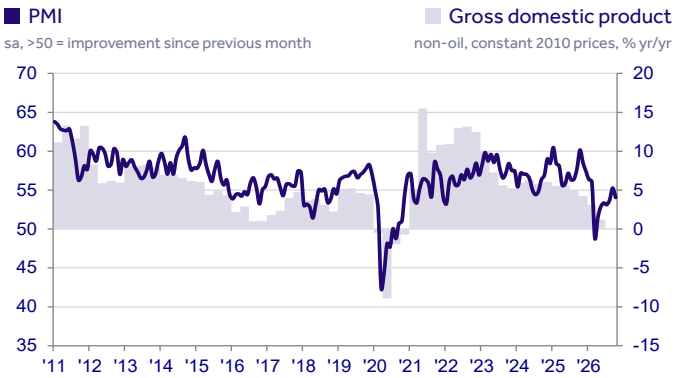
freight and insurance costs, and competitive market conditions.

Supply chains remained under pressure. Suppliers' delivery times improved only modestly, and to the smallest extent since April, as sea route disruptions continued to affect deliveries, prompting some firms to source more items locally. Geopolitical uncertainty also weighed on sentiment, with expectations for future output only mildly positive and subdued relative to the series average.

Meanwhile, non-oil firms added to their workforces for the fourth month running, though the rate of job creation was modest and slower than in September. Backlogs of work rose slightly for a second successive month, reflecting higher sales volumes and some supplier delays.

Purchasing activity rose at a robust pace in October, with growth the second-fastest since February. Firms also built up input stocks at a solid rate, partly as a buffer against supply disruption.

Cost pressures intensified at the start of the fourth quarter. Purchase prices rose at the quickest rate for six months, with firms citing higher freight, insurance, raw material and energy costs, while staff cost inflation hit its fastest since February. In contrast, output price inflation eased to a nine-month low as stronger competition led to greater discounting, although the rate of increase remained solid.



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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