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# Riyad Bank Saudi Arabia PMI®

## Saudi Arabian non-oil sector sees robust start to 2026

### Key findings

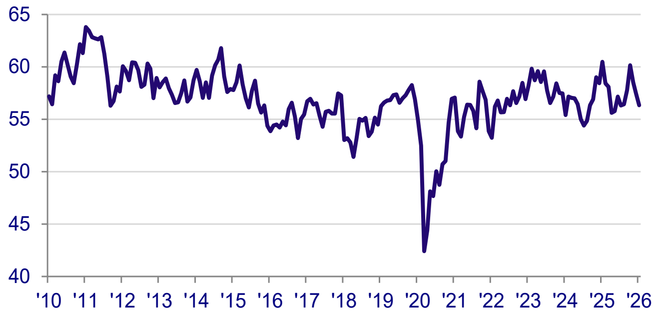
Rising demand supports further expansion in business activity

Firms confident amid higher orders and staffing

Cost pressures tick up for second month running

Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month




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

The Saudi Arabian non-oil private sector saw improved business conditions at the beginning of the year, driven by rising market demand, increasing employment numbers and enhanced purchasing activity. New order volumes continued to rise, as panellists highlighted positive domestic conditions and increased client activity. This spurred a further upturn in both staff levels and purchases. However, cost pressures also accelerated, amid increasing purchase prices and greater wages.

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 dropped from 57.4 in December to 56.3 in January, its lowest in six months, but indicative of a robust upturn in operating conditions across the non-oil private sector. The index was slightly below its long-run average of 56.9.

Business activity continued to expand at a robust pace as 2026 commenced, with firms noting growth of output in response to improving market demand, new projects and stronger activity from clients. Around 23% of firms responding to the survey noted that their output had risen during January. In contrast, just 2% of companies registered a contraction.

New order volumes increased, with the rate of growth marked overall. Survey panellists often commented that positive market conditions domestically led to rising levels of new business. Export sales improved, and to a greater degree compared to the end of last year. While some firms signalled that foreign competition hindered efforts to gain clients abroad, others reported a pick up in international demand, especially from GCC and Asian countries.

With demand levels strengthening, non-oil companies in Saudi Arabia reportedly added to their purchases of inputs in January, with the aims of boosting stocks and supporting future sales. Inventories of inputs rose, with the survey data indicating a

### Comment

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

*"Saudi Arabia's non-oil private sector continued to expand at the start of 2026, supported by resilient domestic demand and sustained business activity. The PMI dropped from 57.4 in December to 56.3 in January. Survey evidence points to ongoing strength in output and sales, underpinned by newly approved projects, steady customer enquiries, and improved investor activity, even as growth momentum moderated.*

*"Demand conditions remained a key pillar of growth, extending a trend in place since late 2020, reflecting favourable domestic economic conditions, with manufacturing and services firms recording the strongest gains. Export demand provided an additional lift, as new export orders expanded at the fastest pace since October 2025, supported by stronger inflows from GCC and Asian markets. However, pricing conditions continued to limit the pace of expansion in some segments. Looking ahead, business sentiment improved, with the Future Output Index ticking higher, signalling greater confidence in activity over the coming year, particularly in manufacturing.*

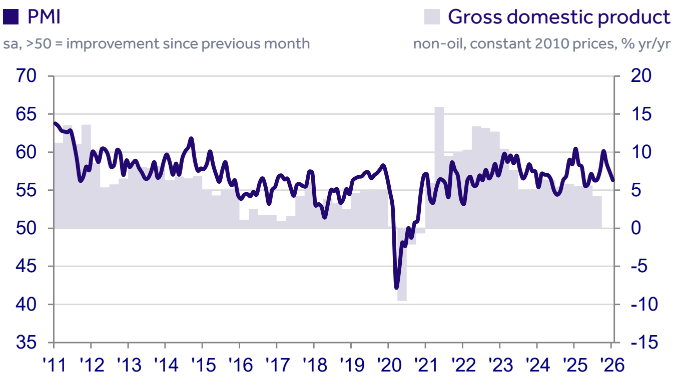
*"Cost pressures increased in January, with input prices, purchase prices, and staff costs all rising at faster rates. Firms continued to raise output prices, although competitive conditions limited full cost pass-through. These dynamics are consistent with firming but contained inflationary pressures in Saudi economy. Overall, the survey points to a resilient non-oil sector entering 2026 with solid demand fundamentals, improving supply conditions, and cautious optimism despite firmer cost dynamics."*

marked uplift overall. Firms also benefitted from shorter lead times, which they related to advanced vendor payments and new supply lines.

Hiring growth was strong in January, but showed signs of waning. After reaching a 16-year record last October, the rate of job creation eased to the softest recorded in 12 months. Firms that increased their workforces partly linked this to hiring staff with technical expertise.

Input price inflation accelerated in the non-oil private sector for the second month in a row. Firms pointed to rising prices for key inputs such as metals, materials, fuel and technology, alongside a modest increase in wage costs. Businesses often noted the pass through of increased costs to their customers through an uplift in charges, although this was partly offset by discounting efforts and competitive pressures. Overall selling prices rose to a much greater extent than the historical trend.

Finally, business expectations at Saudi Arabian non-oil were upbeat in January, as rising orders, increased staffing and resilient economic conditions supported positive output forecasts. Total optimism improved considerably since December, but remained subdued compared to its long-run trend.




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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