

# News Release

Embargoed until 0715 AST (0415 UTC) 5 April 2026

## Riyad Bank Saudi Arabia PMI®

### Business conditions weaken for first time since August 2020

#### Key findings

New business declines as the Middle East war pauses clients' spending decisions

Sharpest fall in new export orders for almost six years

Supplier delivery times lengthen for first time since August 2021

The Saudi Arabian non-oil private sector economy experienced a downturn in new business as the Middle East war disrupted supply chains and led to delayed spending decisions by clients in March. After indicating robust growth earlier in the year, the Riyad Bank Saudi Arabia PMI signalled a deterioration in business conditions for the first time in over five-and-a-half years.

Responses from non-oil firms highlighted that a steep fall in new export orders and weaker domestic customer confidence had dampened sales and led businesses to reduce their output. Supply chains were also impacted as firms commented on freight delays and rising transport costs, which contributed to a robust rise in backlogs of work. Nevertheless, the impact on price pressures across the sector was subdued, with input costs rising at the softest pace in a year amid weak demand.

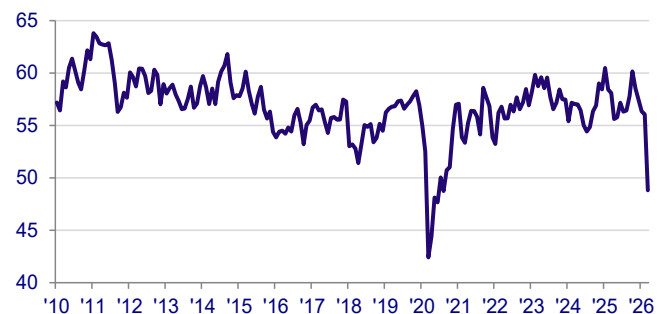
The headline figure is the seasonally adjusted Riyad Bank Saudi Arabia Purchasing Managers' Index™ (PMI®). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

The headline PMI dropped to 48.8 in March from 56.1 in February, falling below the 50.0 neutral mark to signal a decline in overall business conditions. The 7.3-point fall in the index since the previous month was the second-largest since the survey began in 2009, behind that seen in March 2020.

Business activity and new work were impacted by the war in the Middle East, with both seasonally adjusted indices falling below the no-change level for the first time since August 2020. Survey panellists reported a halting of new projects and clients' spending decisions as they waited to see the outcome of the conflict. Export orders were particularly affected by regional instabilities in March, with the latest data signalling the quickest decline in almost six years.

Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month



Sources: Riyad Bank, S&P Global PMI.  
Data were collected 5-23 March 2026.

#### Comment

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

"The Saudi Arabia PMI moderated to 48.8 in March from 56.1 in February, reflecting a temporary adjustment following a strong expansion phase. While this marks the first dip below the expansion threshold in over five-and-a-half years, it largely captures short-term uncertainty linked to heightened geopolitical tensions in the region.

"The softer reading was mainly driven by a pause in new orders as clients adopted a more cautious stance. Export orders saw a notable pullback, with some firms reporting a temporary slowdown in cross-border activity. This led to a moderation in output, following previously elevated levels.

"Operationally, supply chain challenges added some pressure, with longer delivery times and higher transport costs. However, this resulted in backlog accumulation, suggesting underlying demand remains present. Firms responded prudently by adjusting purchasing activity, while inventory levels stayed relatively well-positioned.

"Importantly, underlying fundamentals remain supportive. Employment continued to expand, signalling business confidence in future demand. Expectations across firms remain positive, underpinned by ongoing government spending initiatives and Vision 2030 transformation programs. Overall, the data points to a slowdown in March rather than a structural slowdown, with medium-term growth prospects firmly intact."

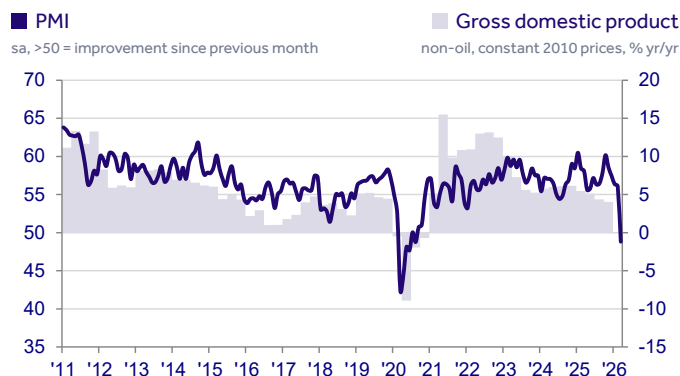
Additionally, Saudi Arabian non-oil firms highlighted a strong impact on supply chains. Delivery times worsened to the greatest degree since June 2020, as shipping delays and rising fuel costs hindered supply lines. Despite a fall in orders, operational constraints caused backlogs of work across the non-oil sector to rise at the fastest rate since July 2018.

Surveyed businesses responded to the downturn in order books by curtailing their purchases of inputs. That said, the reduction was moderate and followed a substantial upturn during February. Moreover, total inventories continued to rise, suggesting that efforts to trim stocks were limited.

Job creation was sustained during March, but the rate of expansion slowed considerably since February. Some firms mentioned increasing their staff to offset supply pressures and meet local workforce targets.

On prices, the survey data suggested that overall input costs rose at the softest pace in a year, due to a slowdown in wage inflation from a record high in February. Some firms mentioned that an increase in fuel prices and freight surcharges had elevated purchasing costs and contributed to higher selling charges.

Output expectations weakened sharply in March and were the lowest observed since June 2020, but remained optimistic overall. Although many firms shared concerns about the Middle East war's near-term economic impact, others held onto growth prospects from government spending initiatives, infrastructure development and longer-term demand improvements.



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## Survey methodology

The Riyadh Bank Saudi Arabia PMI<sup>®</sup> 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<sup>™</sup> (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<sup>™</sup> (PMI<sup>®</sup>) 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.

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