News Release

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Riyad Bank Saudi Arabia PMI®

Solid growth maintained in July as domestic demand improves

Key findings

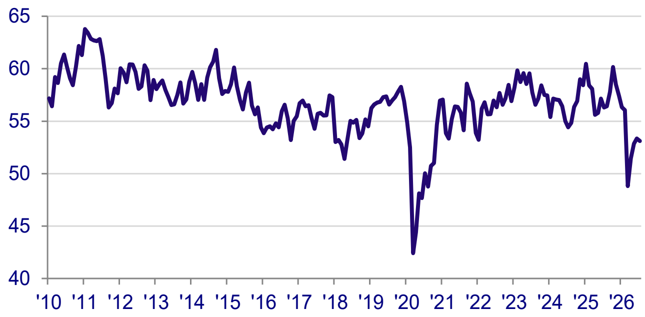
Order books rise, despite further drop in export sales

Activity growth drives backlogs lower for second month running

Confidence slips as cost pressures remain elevated

Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month



Sources: Riyad Bank, S&P Global PMI.
Data were collected 9-23 July 2026.

Saudi Arabian non-oil private sector businesses reported solid growth momentum in July, as operating conditions improved for the fourth successive month despite persistent regional headwinds. Firms highlighted resilient upturns in output and new orders, amid further reports of a moderate recovery in spending levels. However, ongoing regional tensions and elevated freight costs continued to constrain export performance and temper business confidence.

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 53.1 in July, down only marginally from 53.3 in June, to signal a solid improvement in non-oil private sector business conditions. This reading, comfortably above the neutral 50.0 threshold, indicated an expansion in the sector for the fourth consecutive month.

Business activity rose strongly in July, with approximately 19% of companies reporting increased output compared to just 4% experiencing declines. According to qualitative reports from the survey panel, growth was underpinned by rising new order volumes and an ongoing normalisation of market conditions following regional conflict disruptions. That said, the overall uplift in new orders moderated since June and was mild compared with historical trends. The export picture also remained challenging, with international orders declining for the fifth consecutive month due to elevated freight charges and competitive pressures, although the rate of contraction eased to its softest in this sequence.

Employment trends in the non-oil private sector showed modest improvement, as workforce numbers expanded following June's

Comment

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

"Saudi Arabia's non-oil economy continued to demonstrate resilience in July, with the PMI registering 53.1, marking a fourth consecutive month of expansion despite a challenging regional environment. While the headline reading eased marginally from June's 53.3, it remains comfortably above the neutral threshold, highlighting that underlying business conditions continue to improve. The latest survey suggests that domestic demand is gradually strengthening as market conditions normalize following recent regional disruptions, supporting sustained increases in both output and new orders.

"External demand, however, continued to face headwinds. Export orders declined for the fifth consecutive month as elevated freight costs and regional tensions weighed on international trade, although the pace of contraction eased compared with previous months. Meanwhile, improving supplier performance and stronger local sourcing contributed to faster delivery times, highlighting the growing resilience of domestic supply chains despite ongoing logistical challenges.

"Cost pressures also showed signs of gradual easing. Input price inflation moderated to its slowest pace in four months as purchase price increases softened. Firms passed part of these costs on to customers through higher selling prices, but the pace of output price inflation eased slightly from June, suggesting that inflationary pressures are becoming more manageable.

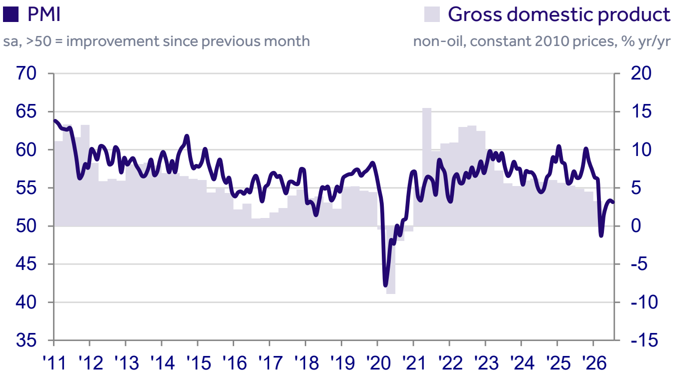
"The sustained expansion in domestic demand, resilient business activity and improving supply side conditions reinforce our expectation that Saudi Arabia's non-oil economy will maintain solid growth momentum through the second half of the year, supported by strong underlying economic fundamentals and continued progress in economic diversification."

stagnation. Nevertheless, the rate of job creation remained well below those observed at the beginning of 2026. This came amid further signs of spare capacity, as backlogs of work decreased at the fastest pace since April 2025.

Supply chain conditions continued to improve in July, with delivery times shortening for the third straight month and at the quickest rate since February. The uplift was reportedly aided by improved vendor responsiveness and increased local sourcing.

Inflationary pressures persisted at the start of the third quarter, but showed signs of moderation. Input costs rose at the slowest pace in four months, though the rate remained sharp by historical standards. Notably, staff costs increased at their strongest pace in five months, reflecting salary adjustments in response to inflationary pressures. Purchase price inflation eased despite ongoing regional tensions affecting raw material costs and transport fees. These cost pressures fed through to output prices, which rose sharply but at a marginally slower pace than in June.

Business confidence for the year ahead softened from June's five-month peak, with just 8% of non-oil private sector firms expecting output to grow. There was some evidence that concerns about regional tensions and greater competition tempered expansion plans.



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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