

News Release

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Riyad Bank Saudi Arabia PMI®

Business activity rebounds in May as cost pressures and export weakness persist

Key findings

Domestic demand supports output growth, but exports remain weak

Suppliers' delivery times improve for first time since February

Input and output price inflation stay elevated

Saudi Arabia's non-oil private sector strengthened in May, as the latest Riyad Bank Saudi Arabia PMI® showed output increasing sharply as domestic demand improved and supply chains stabilised. However, new order growth remained modest amid another steep contraction in exports, whilst business optimism was subdued. Elevated input costs kept output prices rising sharply, although overall inflationary pressures eased slightly from April.

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.

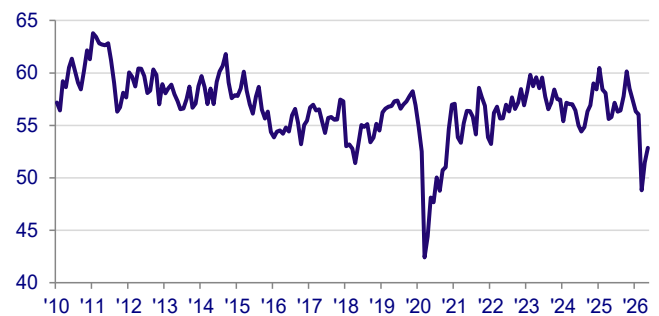
The headline PMI rose to 52.8 in May, from 51.5 in April, to signal a stronger improvement in business conditions. However, the index remained much weaker than its long-run average of 56.8, as some survey responses suggested that ongoing regional geopolitical tensions had restrained growth.

Non-oil private sector activity rose at the fastest pace in three months during May, signalling a solid recovery from March's downturn. Firms attributed the rebound to normalising working conditions after earlier conflict-related disruptions, the revival of suspended contracts and stronger domestic demand.

Compared with the strong uplift in output, demand conditions still appeared somewhat subdued in May. Overall new orders increased, but the pace of expansion was modest and well below the long-run trend, with improved economic conditions and restarted projects offset by delayed client spending and strong competitive pressures. External demand also remained weak, as new export orders declined sharply for a third consecutive month, weighed down by shipping disruptions, higher freight and fuel costs, and geopolitical tensions.

Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month



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

Comment

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

"Saudi Arabia's non-oil private sector showed a notable improvement in May 2026, with the Riyad Bank Saudi Arabia PMI rising to 52.8 from 51.5 in April, signalling renewed momentum in business activity after the softer conditions observed during March and April. The reading remained comfortably above the neutral 50 threshold, confirming that non-oil economic conditions expanded and that the recent slowdown was temporary rather than structural.

"The improvement was mainly driven by stronger output and new orders, supported by improving domestic demand and the restart of previously delayed projects. Firms reported better business conditions during May, with output growth reaching its strongest level in three months. Employment also returned to growth, while purchasing activity improved for the first time since February, reflecting rising confidence among businesses regarding future demand conditions.

"The latest PMI results reinforce the view that Saudi Arabia's non-oil economy continues to benefit from Vision 2030 initiatives, government spending, infrastructure projects, tourism expansion, and increasing private sector participation across multiple industries. Overall business sentiment remained positive and supportive of further growth ahead.

"An important positive development was the improvement in supplier delivery times for the first time in several months, suggesting that supply chain conditions are gradually stabilizing. This helped firms manage inventories and operational activity more efficiently despite elevated freight and transportation costs.

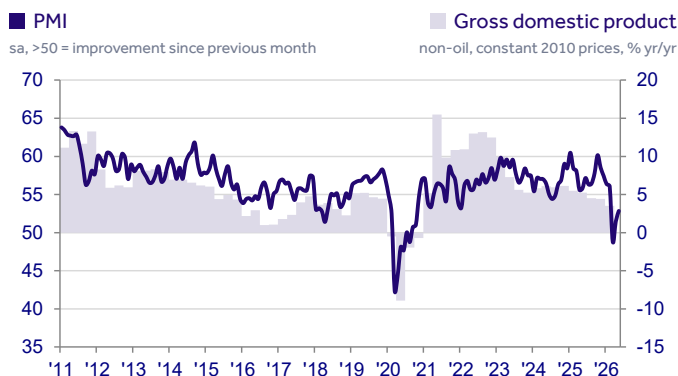
"Inflation conditions also remain supportive for economic growth. Saudi Arabia's annual inflation rate stood at only 1.7% in April 2026, remaining among the lowest globally and significantly below inflation levels seen in many advanced and emerging economies. Firms in the PMI survey reported higher transport, freight, and supplier costs, and also demonstrated stronger pricing power by gradually passing part of these costs onto customers without materially weakening domestic demand.

"Overall, the latest PMI reading supports the expectation that Saudi Arabia's non-oil economy will continue its upward trend during the remainder of 2026. Improving domestic demand, stabilizing supply chains, contained inflation, strong government-led investment activity, and healthy trade performance collectively provide a strong foundation for continued private sector expansion."

Supply chain conditions showed some improvement, with average suppliers' delivery times shortening for the first time in three months. Businesses reported that increased reliance on local suppliers helped secure faster deliveries, even as international shipping delays persisted. Firms also raised their quantity of purchases for the first time since February, reflecting both improved expectations for future orders and a desire to secure inputs amid lingering logistical uncertainties.

Employment turned back to growth in May, offsetting the first decline in staffing levels in two years in the previous survey period. The increase in jobs was modest, however, and softer than the strong hiring phase recorded at the start of the year. Hiring was attributed to the need to limit pressure on business capacity, as backlogs of work rose for the eleventh month running.

Cost pressures across Saudi Arabia's non-oil sector remained elevated, although there was a modest slowdown from April's survey-record high. Survey respondents noted higher purchasing prices, freight and transport costs, and increased supplier charges, while staff cost inflation slowed for a third consecutive month to a marginal rate. Non-oil firms enacted another sharp rise in output charges in May, with the rate of increase remaining among the quickest in the survey's history despite moderating from April.



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Survey methodology

The Riyadh 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.

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