

News Release

Embargoed until 0715 AST (0415 UTC) 3 December 2024

Riyad Bank Saudi Arabia PMI®

Strongest growth in non-oil activity for 16 months

Key findings

New order growth accelerates again

Inventory expansion drives sharp increase in purchasing activity

Job creation and wage inflation pick up speed

The Saudi Arabia PMI® signalled a strong performance at non-oil private sector firms in the penultimate month of the year. Business activity expanded at the sharpest pace since July 2023, helped by accelerated upturns in new orders, purchasing activity and staff recruitment.

The strengthening of growth had an upside impact on inflationary pressures in November, as businesses experienced the fastest rise in input costs in over four years. Supported by rising order books, firms raised their selling charges to the strongest degree since January.

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.

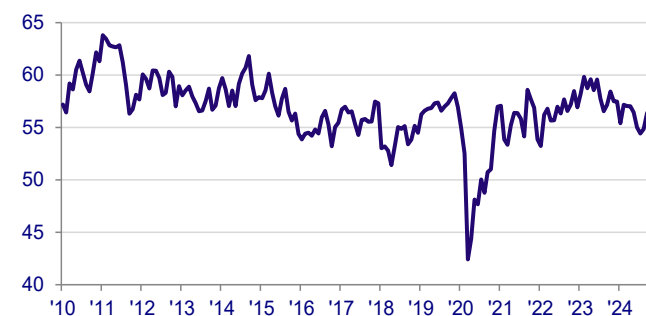
The Saudi Arabia PMI rose from 56.9 in October to 59.0 in November, marking the fourth successive month in which the headline index has risen. The latest reading signalled a substantial improvement in operating conditions at non-oil firms. The rate of growth was the sharpest recorded since the middle of 2023.

The PMI was driven higher by all five of its sub-components in November. Business activity rose at the sharpest pace for 16 months, which firms closely linked to a faster upturn in new order inflows compared to October. Stronger demand conditions were regularly cited, alongside higher customer numbers, greater investment spending and positive client reactions to marketing campaigns. Businesses also saw an increase in foreign sales, following a modest pull-back in the previous survey period.

Improving sales growth led non-oil businesses to recruit additional staff in November. In fact, the rate of employment growth was the second-quickest in just over ten years, beaten only by October 2023. The pick-up in job creation reflected a need for stronger workforces, according to qualitative reports. This helped firms to keep on top of workloads and led to another marginal cut in

Riyad Bank Saudi Arabia PMI

sa, >50 = improvement since previous month



Sources: Riyad Bank, S&P Global PMI.

Data were collected 12-21 November 2024.

Comment

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

"The strong growth in Saudi Arabia's non-oil private sector helped the PMI to reach 59.0 in November, demonstrating the continued success of economic diversification efforts. This robust expansion, marked by accelerated output and demand, reflects the increasing capacity of non-oil sectors to contribute to economic activity independently of oil price fluctuations. Growth was driven by sharp rises in new orders, purchasing activity, and employment, highlighting robust domestic demand and business confidence.

"The acceleration in purchasing activity and inventory expansion suggests businesses are gearing up for continued growth in demand, a reflection of the kingdom's steady progress in broadening its economic base. Additionally, employment growth indicates a rising capacity of non-oil sectors to absorb labour, further supporting socioeconomic objectives like increasing national employment.

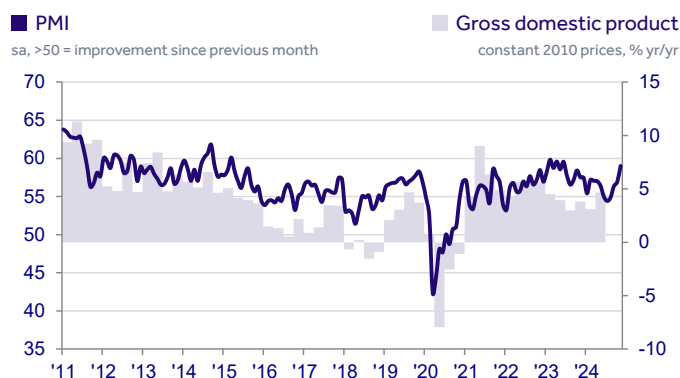
"This performance aligns with broader economic trends showing Saudi Arabia's ability to attract foreign investments, boost consumer confidence, and enhance trade partnerships across the country. Despite global economic uncertainties, the kingdom's non-oil sector appears well-positioned to maintain its upward trajectory.

"The strong November performance underscores the effectiveness of policies aimed at fostering a competitive, diversified economy. Moving forward, maintaining this momentum will be essential to achieving Vision 2030 goals and ensuring long-term economic growth."

outstanding business.

Inventory volumes was another area to see growth strengthen in November. Non-oil firms bought inputs at the fastest pace since March, with many indicating a desire to boost stocks in the event that sales volumes increase. On this, companies stayed confident that demand volumes will continue to rise, which supported a positive outlook for business activity in 12 months' time. Stronger input buying nonetheless stretched supply chains in November, leading to the slowest improvement in vendor performance in 15 months.

Although sharper purchasing growth and greater hiring efforts supported the non-oil economy during November, they also generated additional inflationary pressures. Wages saw a particularly marked rise, posting the fastest pace of pay inflation in just over ten years. Purchase prices increased to a sharper extent, with firms also citing the impact of wider geopolitical tensions on material prices and higher transport costs. Subsequently, average prices charged rose for the second month running, with the rate of increase the sharpest seen since the beginning of the year.



Sources: Riyadh Bank, S&P Global PMI, GaStat via S&P Market Intelligence

Contact

Naif Al-Ghaith
Chief Economist
Riyad Bank
T: +966-11-401-3030 Ext.: 2467
naif.al-ghaith@riyadbank.com

Deema AlTurki
Senior Economist
Riyad Bank
T: +966-11-401-3030 Ext.: 2478
deema.alturki@riyadbank.com

David Owen
Senior Economist
S&P Global
T: +44 1491 461 002
david.owen@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
T: +44 7967 447 030
sabrina.mayeen@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, [click here](#).

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.

www.spglobal.com/marketintelligence/en/mi/products/pmi

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index[™] and PMI[®] are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.