

# News Release

Embargoed until 0715 AST (0415 UTC) 9 May 2022

## S&P Global Saudi Arabia PMI<sup>®</sup>

### Business conditions continue to improve sharply in April

#### Key findings

Output and new orders rise markedly, albeit at slowest pace since January

Selling prices increase solidly as raw material prices rise

Purchasing and inventory growth continue to strengthen

Non-oil business conditions across Saudi Arabia remained in a strong position in April, according to the latest PMI data from S&P Global. Output and new orders continued to rise sharply, resulting in increased efforts to purchase new inputs. Indeed, purchasing activity and inventories both rose at the sharpest rate since December 2017, as firms sought to build stocks in the face of rising material prices.

However, there were signs that increased selling charges had begun to weigh on client demand, with new order growth softening to a three-month low. Business confidence also worsened amid fears that global inflation, the war in Ukraine and renewed COVID-19 measures in Asia could disrupt the domestic outlook.

At 55.7, the headline seasonally adjusted S&P Global Saudi Arabia Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>) indicated a strong improvement in non-oil private sector business conditions in April. The index remained firmly above the 50.0 neutral mark, but was down from 56.8 in March to its lowest reading in three months.

Output levels continued to rise strongly at the start of the second quarter of the year, which firms widely attributed to robust growth in new client orders. Despite falling to its lowest since January, the expansion in output was also broadly in line with the average seen in the first quarter of 2022. Similarly, new business inflows rose at a marked, but slower pace, with rises in both domestic and foreign orders registered in April.

According to survey respondents, however, there was a degree of hesitancy from some clients in the wake of volatile global prices and increased economic uncertainty. Notably, the latest data pointed to a solid, albeit less severe rise in average input costs as rising energy prices and supply shortages due to the war in Ukraine impacted raw material prices. These costs were widely passed through to customers with a solid uplift in output prices that was much quicker

S&P Global Saudi Arabia PMI  
sa, >50 = improvement since previous month



Source: S&P Global.  
Data were collected 11-21 April 2022.

#### Comment

David Owen, Economist at S&P Global, said:

*"The Saudi Arabia PMI signalled another strong improvement in the health of the non-oil sector in April, but one that also showed the first signs of price pressures swaying clients' spending decisions. The rate of new order growth was the softest recorded since January, as some panellists indicated a drop in sales due to recent increases in charges.*

*"Indeed, a further marked uptick in output prices during April, in light of rising commodity prices and global inflation fears, risks dampening sales further in the coming months. Business confidence in future activity levels was down to a three-month low and one of the lowest ever recorded, indicating a marked degree of uncertainty over whether the current rate of output growth can be sustained."*

PMI<sup>®</sup>

by S&P Global

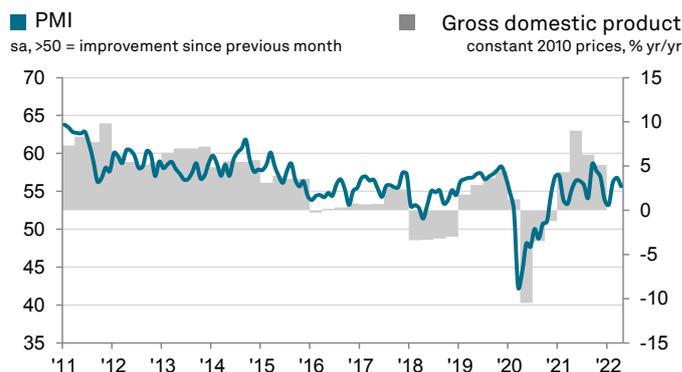
© 2022 S&P Global

than the series trend.

Despite cost concerns, firms made considerable efforts to purchase greater amounts of raw materials during April in a bid to meet demand and expand their inventories. In fact, the rate of purchasing growth was the sharpest recorded since December 2017, leading to a similarly marked rise in stock levels. With demand for critical inputs growing, firms often sought quicker deliveries from their vendors and this resulted in a marked improvement in average input lead times.

In addition, PMI data signalled a renewed uplift in employment levels across the non-oil private sector in April. Whilst still relatively marginal, the rate of job creation quickened to the fastest since June 2021. Firms often attributed this to efforts to maintain a degree of spare capacity which helped to cut backlogs of work at the quickest pace for nine months. However, this also contributed to a faster rise in wage costs.

Looking ahead to the next 12 months, Saudi Arabian non-oil businesses were notably less confident in April that activity will continue to grow. In fact, only 9% of survey respondents gave a positive forecast for their output prospects (compared with 15% on average in 2021), amid considerable uncertainty over the impact of higher global prices and geopolitical tensions, leading to the lowest degree of positive sentiment since January.



## Contact

David Owen  
Economist  
S&P Global  
T: +44 1491 461 002  
[david.owen@spglobal.com](mailto:david.owen@spglobal.com)

Joanna Vickers  
Corporate Communications  
S&P Global  
T: +44 2072 602 234  
[joanna.vickers@spglobal.com](mailto:joanna.vickers@spglobal.com)

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

### Survey methodology

The S&P Global 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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### 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 registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited 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.