



Regional Macro

Regional firms pass on costs as Gulf demand firms

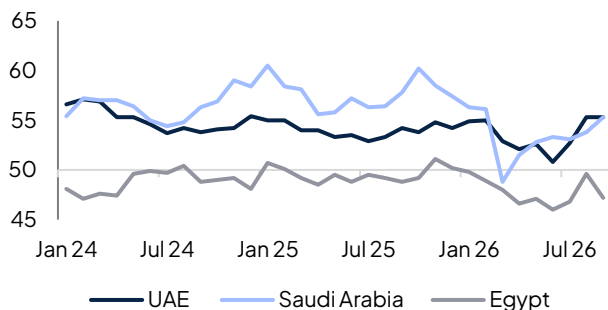
5 October 2026

- UAE and Saudi PMIs both stood at 55.3 in September, pointing to a firmer recovery in Gulf non-oil activity after the conflict-induced slowdown.
- Selling prices rose at their fastest pace in years across the UAE, Dubai, and Saudi Arabia as stronger demand gave firms more scope to pass on higher costs.
- Demand trends diverged: UAE export orders strengthened, Saudi sales growth remained domestically driven, while Egypt's new orders contracted more sharply.

September's PMI surveys point to a firmer recovery in Gulf non-oil activity, but with greater price pressures. The UAE and Saudi Arabia both recorded strong headline readings as demand improved and disruption from the mid-year conflict continued to fade.

Egypt moved in the opposite direction. Its headline PMI fell further below the 50 threshold as output and new orders contracted more sharply.

Headline PMI surveys



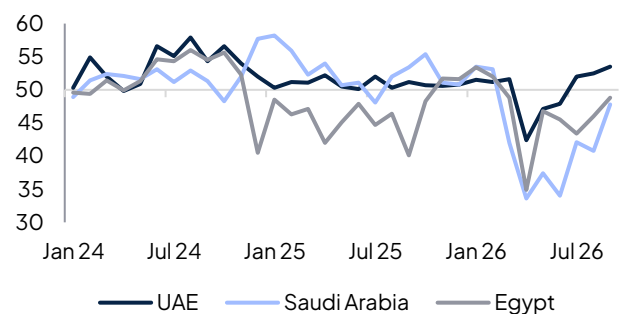
Source: S&P Global, Riyad Bank, Emirates NBD Research

The UAE's S&P Global PMI and Saudi Arabia's Riyad Bank PMI both stood at 55.3 in September. The UAE reading matched August's 20-month high. Saudi Arabia's index rose from 53.8 to its strongest level since February. Dubai reinforced the UAE picture, with its headline index rising to 54.5 from 54.1, the highest since January. Egypt's S&P Global PMI fell to 47.2 from 49.6, reversing much of August's improvement.

Demand trends differed across the region. UAE new orders continued to rise at a strong pace, while export orders expanded for a third consecutive

month. Export growth was the strongest in almost two years, suggesting external demand has recovered more clearly from the slowdown in the first half of the year.

Export orders



Source: S&P Global, Riyad Bank, Emirates NBD Research

Saudi sales growth accelerated sharply but remained domestically driven. New export orders contracted for a seventh consecutive month, although the pace of decline eased. Egypt's order books weakened further. New work fell more quickly as firms cited softer client demand, geopolitical disruption and high inflation.

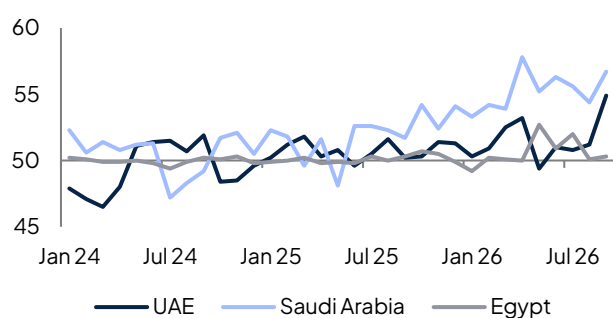
Supply-chain conditions also varied. UAE firms increased purchases for a fourth consecutive month as smoother logistics and better material availability shortened delivery times again. Saudi firms reported only a marginal improvement in delivery times, with shipping disruption persisting. Combined with stronger demand, this contributed to a rise in backlogs of work. Egyptian firms cut purchases for a sixth consecutive month, largely reflecting weaker



demand, while supply chains remained broadly stable.

Labour-market signals were mixed. Employment in Saudi Arabia rose at the fastest pace in seven months. Egyptian firms increased staffing for a second consecutive month, the first back-to-back rise in more than a year. UAE firms also added workers after headcount cuts in August, but the increase was marginal. Businesses remained cautious about adding to overheads and continued to focus on productivity.

Prices charged



Source: S&P Global, Riyad Bank, Emirates NBD Research

Stronger Gulf demand is also giving firms more scope to pass higher costs on to customers. UAE selling prices rose at the fastest pace since May 2011 as businesses passed on higher purchase, freight, and raw-material costs. Dubai output prices increased at the fastest pace since January 2014, adding to inflation pressure after consumer prices rose by 5.5% year on year last month.

Saudi output prices also increased sharply, at one of the fastest rates in more than six years. Even in Egypt, weaker demand did not prevent further pass-through. Firms again raised selling prices sharply as input costs remained elevated.

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