PMI®

by S&P Global

Middle East

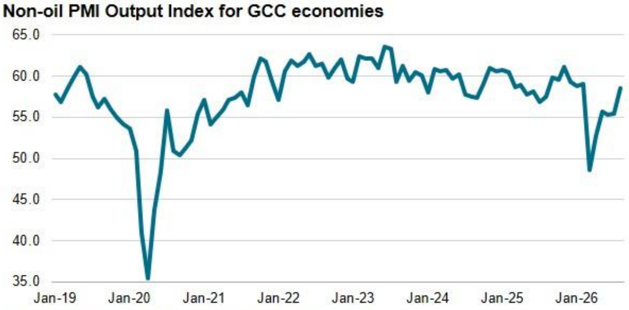
GCC economies demonstrate resilience in August

Latest non-oil PMI data pointed to increasing signs of recovery and resilience among the economies in the Gulf Cooperation Council (GCC). Growth of output and new orders gathered pace and companies saw an improvement in lead times for the delivery of materials as they have been able to adapt their supply chains to changing circumstances. The outlook for the year ahead also brightened midway through the third quarter of the year, despite a still uncertain geopolitical backdrop.

Output growth gathers pace in August

Four of the six GCC economies are currently covered by PMI data, the exceptions being Bahrain and Oman. By aggregating the data for the economies that we have data for we can get an insight into the performance of the region as a whole. The GCC aggregate for August showed that business activity increased rapidly during the month, and at a pace that was only just shy of that seen in February, before the outbreak of war in the region. Similarly, new orders also rose sharply and business confidence hit a six-month high amid hopes among firms that they will be better able to focus on sales generation if regional tensions abate.

Non-oil PMI Output Index for GCC economies



Data compiled September 2026 using PMI data up to August 2026.
Index > 50.0 = growth from the previous month. GCC agggregate includes Saudi Arabia, UAE, Kuwait, Qatar.
Sources: S&P Global Market Intelligence, Riyad Bank.
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Central to the improving growth picture in the Middle East were strong increases in non-oil business activity in both the UAE and Saudi Arabia, where rates of expansion hit six- and seven-month highs respectively. Relationships between the PMI and official data in these economies suggest that we are likely to see a pick-up in GDP growth during the third quarter of the year following the disruption caused during the first half of 2026.

Overall growth was also supported by further evidence of recovery in Kuwait, where companies had faced particular challenges due to the closure of its airspace and shipping routes earlier in the year. Non-oil output in Kuwait increased for the second month running in August, and at the fastest pace since February. Less positive was a further reduction in output in Qatar amid intensifying cost pressures.

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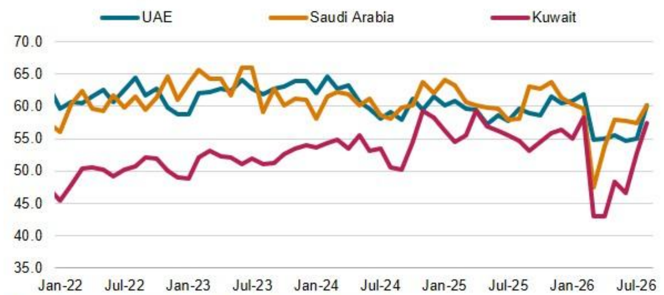

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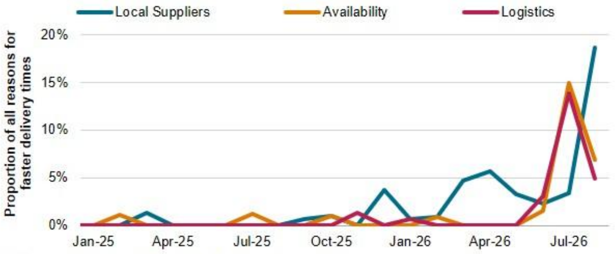
Suppliers' delivery times shorten

Adding to the generally positive picture in August was a fourth consecutive shortening of suppliers' delivery times. Vendor performance improved solidly again, with quicker deliveries seen across all four GCC economies for which PMI data are available. According to respondents, the recent improvements in supply-chain conditions have been due to a range of factors as companies adapted to circumstances in order to maintain smooth operations. Better material availability and improved logistics have been widely mentioned in the past few months, while in August, the use of local suppliers in particular helped firms to secure goods more quickly.

Factors reported by companies in GCC economies helping to shorten suppliers' delivery times



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Elevated but stable inflation

After spiking higher in April, the rate of input cost inflation across the GCC economies covered by PMI data has since remained broadly stable. As noted, Qatar posted a particularly sharp rise in input prices in August, with the latest increase the fastest in just under two years. Across the region, companies have been successful in limiting selling price inflation, which eased to a three-month low during August.

Outlook

While the picture painted by the August PMI data was generally positive, recent events have the potential to limit growth again in the months ahead. The monthly PMI data will therefore be key in monitoring the path of these economies.

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