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QATAR FINANCIAL CENTRE



PMI™
By IHS Markit

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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Qatar's private sector firms begin 2020 in upbeat mood

Qatar Financial Centre PMI™

- Future Output Index rises sharply in January
- Current activity indicator at nine-month high
- Input and output prices continue to fall

Doha, Qatar: 5 February 2020 – The first batch of Purchasing Managers' Index™ (PMI™) survey data for Qatar for 2020 showed that non-energy private sector firms were bullish regarding output prospects at the start of the year. More than two-thirds of respondents expect growth in their activity over the next 12 months, compared with just 3% expecting declines. Overall sentiment strengthened markedly since December and was above the three-year survey trend. A bullish outlook was coupled with elevated output readings, which rose to highs not seen since the beginning of 2019.

Business expectations strengthened across all four main sectors monitored in January. Sentiment was highest in wholesale & retail followed by construction, manufacturing and services respectively. This hike in sentiment comes on the back of a progressive reform agenda, which has been recognized by the World Bank Group's Doing Business 2020 with Qatar given mention as one of the top 20 global business environment improvers.

The Qatar PMI indices are compiled from survey responses from a panel of around 400 private sector companies. The panel covers the manufacturing, construction, wholesale, retail and services sectors, and reflects the structure of the non-energy economy according to official national accounts data.

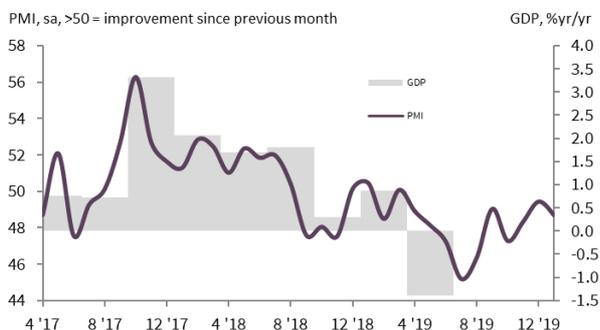
January data also showed current business conditions holding broadly stable close to December's recent peak, according to the headline PMI figure. This is a weighted average of five indices for new orders (30% weight), output (25%), employment (20%), suppliers' delivery times (15%, with the index inverted) and stocks of purchases (10%) and is designed to provide a timely single-figure monthly snapshot of the current health of the economy.



While the PMI ebbed slightly from December's nine-month high of 49.4 to 48.7 in January, it was nonetheless above the average figures for the second, third and fourth quarters of 2019. The long-run survey trend level of 49.9 is equivalent to 2.6% annual non-oil economic growth.

January's detailed reading presented a picture of improved production capacity, higher output along with moderately deflated new orders. More than half of the dip in the January PMI reading was accounted for by the suppliers' delivery times component (-0.4 points), which signalled that supply chains were less busy and had potential for more activity moving forward. This enhancement in production capacity was further evidenced by declines in purchasing and labour costs, pruning of the workforce, and ongoing discounting of prices charged for goods and services. The other main drag on the headline figure was new orders (-0.3 points). More positively, the output component rose to a nine-month high, driven by construction and services. Partly thanks to improved production capacity, existing workloads were completed at the fastest rate in five months.

QFC Qatar PMI™ vs. GDP



Sources: Qatar Financial Centre, IHS Markit, Qatar's Planning & Statistics Authority.

Current vs. future business conditions



Sources: Qatar Financial Centre, IHS Markit.

Comment

“The January data from the PMI survey for Qatar suggests the non-energy economy continues to regain momentum since a slow period in the middle of last year. The headline PMI was little-changed from December’s recent peak and is above the trend established during the second, third and fourth quarters of 2019. Most encouragingly, the Future Output Index, which tracks companies’ 12-month expectations for activity, surged to 82.1, well above the long-run survey average and pointed to strengthening confidence in the business outlook.”

Sheikha Alanoud bint Hamad Al-Thani, Managing Director Business Development, QFC Authority

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ABOUT THE QATAR FINANCIAL CENTRE

The Qatar Financial Centre (QFC) is an onshore business and financial centre located in Doha, providing an excellent platform for firms to do business in Qatar and the region. The QFC offers its own legal, regulatory, tax and business environment, which allows up to 100% foreign ownership, 100% repatriation of profits, and charges a competitive rate of 10% corporate tax on locally sourced profits.

The QFC welcomes a broad range of financial and non-financial services firms.

For more information about the permitted activities and the benefits of setting up in the QFC, please visit qfc.qa

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ABOUT PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and for key regions including the Eurozone. They are the most closely watched business surveys in the world, favored 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.

To learn more go to <https://ihsmarkit.com/products/pmi.html>.

METHODOLOGY

The Qatar Financial Centre PMI™ is compiled by IHS Markit 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.

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.

January data were collected 13-28 January 2020.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

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