

IHS Markit Qatar PMI™

Private sector growth accelerates to seven-month high

Key findings

Qatar PMI hits 54.9, fourth-highest on record

Faster increases in output and new work

Workforce numbers rise for sixth month running

Data were collected 12-26 March 2021.

The latest Purchasing Managers' Index™ (PMI™) survey data from IHS Markit indicated a strengthening rate of expansion in the non-energy private sector economy during March. Growth rates for both output and new orders accelerated considerably during the month and were among the sharpest registered since the survey began in April 2017. Employment rose at the strongest rate in four months, whilst input purchasing increased sharply. Firms were able to keep up with the sustained growth in demand as indicated by backlogs remaining broadly stable during the month. Boosted by the stronger demand environment, firms expectations improved at the end of the quarter, but there were still signs of pessimism as sentiment remained historically weak.

Input prices continued to fall on average, although the rate of deflation eased for the second month in a row. Greater demand for Qatari goods and services allowed firms to raise their selling prices, however.

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.

The PMI rose from 53.2 in February to 54.9 in March, with the latest figure the fourth highest ever registered in the survey. Sub-sector PMI readings indicated that manufacturing was the strongest-performing area in March (58.0), followed by wholesale & retail (56.0), services (53.5) and construction (52.9) respectively.

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Qatar PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

Comment

Commenting on the latest survey results, Shreeya Patel, Economist at IHS Markit, said:

"Expansions at non-energy private sector firms in Qatar continued into March, with the headline PMI registering at 54.9 during the month. Output and new order growth was especially strong and underpinned the latest expansion. That said, all five of the PMI components had positive contributions to headline figure at the end of the quarter."

"In fact, this month's data was upbeat overall, as costs faced by firms also reduced. This, combined with a sustained growth in demand, allowed firms to raise their selling prices in a further bid to improve profit margins."

"The only real area of concern comes from firms output expectations in the year ahead, which in the context of history was subdued. As the coronavirus outbreak still remains a threat, companies in Qatar will hope that case numbers are controlled, and the vaccine roll-out gains momentum throughout the course of the year."

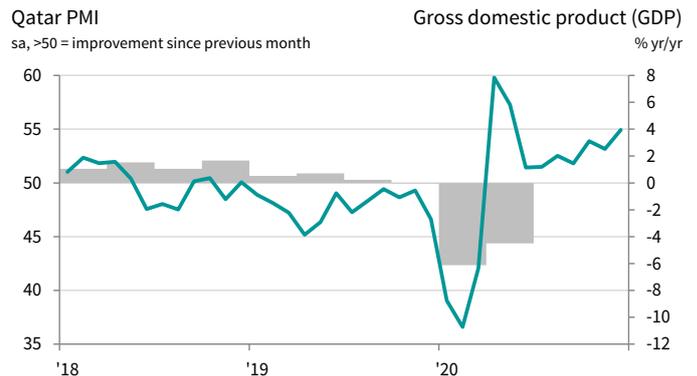
"Nevertheless, the anticipated 2021 recovery is well underway, with policy-makers welcoming a first-quarter expansion."

The 1.8-point rise in the headline figure in March was driven by the two largest components: output and new orders, both of which registered the third-fastest expansion in the survey history. Employment and the stocks of purchases components also had positive contributions to the PMI. Staffing rose to four-month high while stocked inventories increased marginally. The final component, supplier's delivery times also supported growth in the headline figure (although vendor performance deteriorated, this impact is inverted in the PMI calculation).

Despite companies reporting a notable pick-up in customer numbers in March, the volume of outstanding work was broadly stable as firms were able to keep up with the surge in demand. Purchasing activity meanwhile rose, with the rate of growth the strongest in five months.

Turning to prices, overall costs burdens faced by non-energy firms in Qatar fell, although, the rate of deflation was only marginal. Rising sales allowed firms to increase selling prices, with the rate of output price inflation the second-sharpest in the series.

Finally, sentiment remained in positive territory, and improved in March. That said, expectations posted below the long-run trend level, suggesting there were still signs of pessimism.



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

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Survey methodology

The IHS Markit Qatar PMI™ is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 400 non-energy 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.

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

Survey dates and history

Data were collected 12-26 March 2021.

Survey data were first collected in April 2017.

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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.

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