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IHS Markit Qatar PMI™

Private sector growth moderates in April

Key findings

Output rises for tenth month running, but at slower rate

Weaker rise in new business

Business expectations close to record low

Data were collected 12-27 April 2021.

The latest Purchasing Managers' Index™ (PMI™) survey data from IHS Markit indicated a further improvement in overall business conditions in the non-energy private sector of Qatar in April. Output expanded for a record-equalling tenth month running, aided by a further gain in new business. Employment and purchasing activity also continued to rise. That said, growth rates for all four metrics were weaker than in March and business expectations were close to the weakest on record in the four-year survey history.

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 headline IHS Markit Qatar PMI is a composite single-figure indicator of non-energy private sector performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates an overall improvement in business conditions since the previous month.

The PMI remained above 50.0 for the tenth successive month in April, signalling a sustained overall improvement in operating conditions in the non-energy private sector. It dropped from 54.9 in March to 52.1, indicating the slowest rate of growth in 2021 so far, but remained well above its long-run average since April 2017 of 50.0.

The PMI was positively influence by three of its five components in April, namely output, new orders and employment. The

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Qatar PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

Comment

Commenting on the latest survey results, Trevor Balchin, Economics Director at IHS Markit, said:

"Qatar's non-energy private sector continued to experience improving business conditions in April, with the PMI comfortably above 50.0 for the tenth successive month."

"Growth rates for output, new orders and employment all remain stronger than their four-year survey trends, and outstanding business continued to build at the start of the second quarter. Companies also raised wages and salaries and expanded input purchasing for the tenth successive month."

"There were warning signs of challenges ahead, however. The rate of growth in new orders slowed notably during the month and expectations for output over the next 12 months were the second-lowest on record, with firms only less optimistic on growth in April 2020. This loss of momentum reflects the recent tightening of restrictions as COVID-19 case numbers rise again."

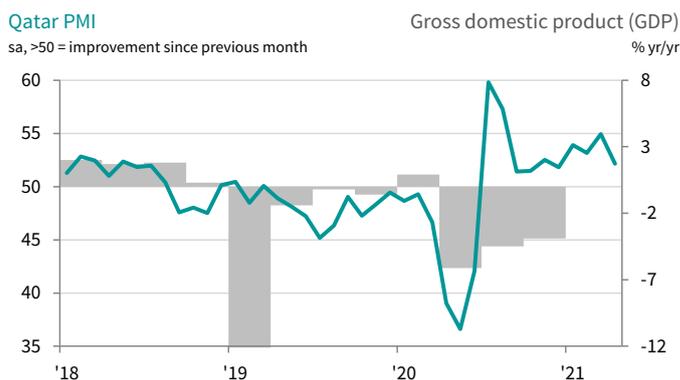
remaining components – suppliers' delivery times and stocks of purchases – had mildly negative impacts. All five components, however, had negative directional influences since March, in particular new orders.

At the sub-sector level, trend data for 2021 so far showed that manufacturing performed strongest in the year to April (55.7), followed by wholesale & retail (54.3), construction (53.8) and services (51.5) respectively.

New orders and output both rose for the tenth month running in April as demand improved further. The current sequence of output growth is the joint-longest in the four-year survey history. That said, growth rates in both cases were the weakest in four months. Similarly, employment and purchasing activity both increased further in April, but at softer rates than in March.

The near-term outlook remained positive in April as backlogs of work rose for a seventh consecutive month despite the slowdown in new order growth. But the 12-month outlook remained subdued with overall sentiment the second-weakest on record in April, with firms on balance only fractionally more optimistic on growth than they were in April 2020.

Latest data on prices signalled the first rise in average input prices since last December, driven by both purchase prices and staff costs. Prices charged for goods and services rose for the third month running.



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 12-27 April 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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