



News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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Recovery in Qatari non-energy economy continues in September

Qatar Financial Centre PMI™

- September 2020 PMI rounds off strongest quarter since survey began in April 2017
- Expansion of new work among the fastest in survey history
- Purchasing activity of non-energy firms rise in tandem with workloads

Data were collected 11-25 September 2020

Doha, Qatar: 5 October 2020 – The non-energy private sector economy of Qatar continued to expand in September as coronavirus-related restrictions were lifted further, according to the latest Purchasing Managers' Index™ (PMI™) survey data. Output and new business continued to register growth as firms reported operations returning to normality following the lockdown, and the reopening of industrial areas.

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 topline PMI registered 51.4 in September, down from 57.3 in August. The latest figure signalled sustained improvement in business conditions in the non-energy private sector segment of the economy and was the third-highest figure in over two years. Since the survey began in April 2017, the PMI has trended at 49.5. By contrast, over the third quarter of 2020 the PMI averaged a more elevated 56.2. This was by far the highest quarterly average to date, compared with the next-highest figure of 53.5 set in Q4 2017.

At the sub-sector level, the strongest-performing area in the third quarter was wholesale & retail (58.4), followed by construction (57.7), manufacturing (57.6) and services (52.1).

Economic conditions continued to register strong expansion, albeit at a more moderate pace. Month-on-month growth rates for output and new business both eased further in September following record expansions in July,



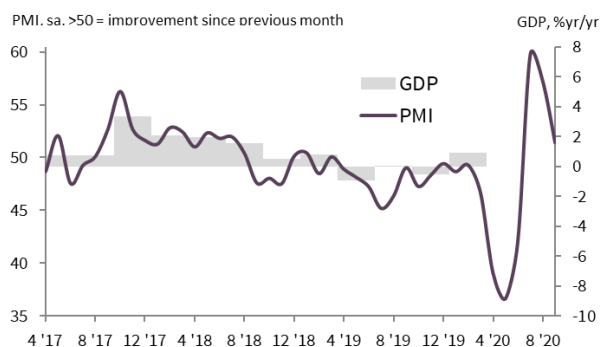
but the respective indices remained among the highest on record. The new orders index was the joint-third highest to date.

The employment index rose to a six-month high in September and was running in line with its long-run average, indicating a stable trend in workforces. Firms also supported workloads by increasing their purchasing activity further, though this was insufficient to prevent a decline in input inventories.

September data also indicated a further improvement in suppliers' delivery times and lower average input prices following July's record inflation. Prices charged fell for the first time in three months, signalling a return to normality.

The monthly PMI can be aggregated to a quarterly average to enable comparisons with official gross domestic product (GDP). Since the survey began in April 2017 the quarterly PMI has a correlation of 0.88 with the year-on-year percentage change in GDP in real terms, with a PMI reading of 50.0 equating to 1.0% growth on an annual basis. The latest official data reported annual growth of 0.9% in the first quarter. The PMI data for the second quarter of 2020 are indicating a decline in GDP of 4.6% year-on-year, reflecting the impact of the lockdown on the economy. PMI data for the third quarter are signalling a subsequent rebound, with growth of 4.3%.

QFC Qatar PMI™ vs. GDP



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



Comment

“PMI survey data for the third quarter are signalling a strong rebound of the Qatari economy as lockdown measures introduced to fight COVID-19 have been loosened moving through the second half of 2020. The recent trend in the data are consistent with a decline in GDP of 4.6% in the second quarter, followed by a strong rebound of 4.3% in the third quarter.”

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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MEDIA CONTACTS

QFC: Muna Jabr Al-Thani, PR Officer, m.althani@qfc.qa

ENQUIRIES ABOUT THE REPORT

QFC: qatarpmi@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.

<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.

Data were collected 11-25 September 2020.

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

CONTACT

IHS Markit: Katherine Smith | T. +1 781 301 9311 | E. katherine.smith@ihsmarkit.com