

News Release

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S&P Global Dubai PMI®

Growth remains strong in April despite losing momentum

Key findings

Output growth at second-fastest since mid-2019

New business continues to rise sharply

Cost pressures build, but output charges decrease

Business conditions in the Dubai non-oil private sector economy maintained a strong pace of improvement during April, according to the latest PMI survey data. Another sharp rise in new orders underlined a marked increase in output levels that was only slightly softer than March's 32-month record. The recovery in demand led to a further uptick in business optimism, but efforts to secure further sales meant that output charges continued to fall. Despite increasing reports of rising raw material and fuel prices, overall cost pressures across the non-oil sector remained only modest.

The headline S&P Global Dubai Purchasing Managers' Index™ (PMI®) is derived from individual diffusion indices which measure changes in output, new orders, employment, suppliers' delivery times and stocks of purchased goods. The survey covers the Dubai non-oil private sector economy, with additional sector data published for travel & tourism, wholesale & retail and construction.

The seasonally adjusted S&P Global Dubai Purchasing Managers' Index™ (PMI®) registered at 54.7 in April, down from 55.5 in March but above the 50.0 no-change mark for the seventeenth consecutive month. Despite falling for the first time since January, the index signalled a strong improvement in business conditions in the non-oil private sector.

The greatest positive influence on the PMI remained the Output Index, which in April indicated another historically marked rise in non-oil activity in Dubai. Whilst softening slightly from the previous month, the rate of growth was the second-quickest seen since July 2019. Panellists noted that output was supported by a sharp rise in customer sales as the economy recovered further from COVID-19 measures.

The expansion in output was substantial across all three of the sub-sectors covered by the survey data. Most noticeable was a sharp acceleration in growth in the wholesale & retail category, whereas upturns in the construction and travel &

S&P Global Dubai PMI

sa, >50 = improvement since previous month



Source: S&P Global.
Data were collected 11-25 April 2022.

Comment

David Owen, Economist at S&P Global, said:

"The Dubai PMI dropped only slightly from March's 33-month high in April, as businesses indicated that the relaxing of COVID-19 measures continued to have a positive impact on demand. The upturn was also encouraging considering that the Expo 2020 has now finished and that overall new business growth, including in the travel & tourism industry, remained strong.

"Despite increasing reports of higher material and fuel prices since the outbreak of war in Ukraine, the overall rise in input costs was again only modest in April. This allowed businesses to offer additional price promotions, as output charges were reduced for the tenth month running."

PMI®

by S&P Global

tourism sectors eased slightly from their post-pandemic highs in March.

New order volumes across the non-oil economy continued to increase at a marked pace during April, only marginally slower than in March. Nevertheless, as has been the case for several months, firms saw little need to increase their staffing capacity. In fact, employment numbers dropped for the first time in five months.

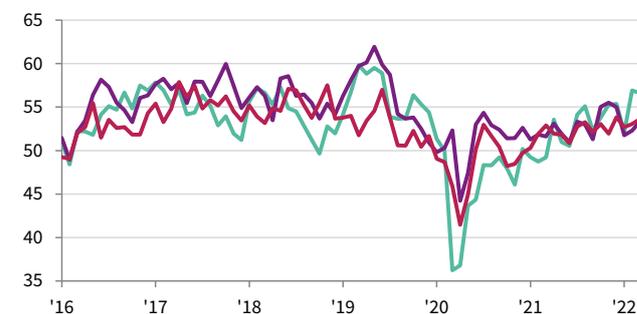
Dubai-based companies also highlighted an increase in their cost burdens during April, driven by higher raw material and fuel prices in global markets. Whilst the overall rise in input costs was modest and slower than the series average, it was also the quickest seen in 2022 so far. Nonetheless, efforts to secure new business and remain competitive were the primary drivers of pricing decisions, as selling charges were reduced for the tenth month in succession and across all three monitored sectors.

At the same time, firms looked to build buffer stocks of inputs amid expectations that sales growth will continue. The rate of stock accumulation was the joint-fastest since August 2020 as companies also benefited from a solid improvement in supplier delivery times.

Expectations of continued rises in sales led to a slightly higher level of optimism for future activity in April, the strongest recorded since last November. That said, it remained much weaker than the historical trend.

■ Wholesale & Retail PMI
■ Travel & Tourism PMI
■ Construction PMI

sa, >50 = improvement since previous month



Source: S&P Global.

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Survey methodology

The S&P Global Dubai PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 600 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. Data were first collected in January 2010.

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.

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