



## Press Release

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# Emirates NBD Dubai Economy Tracker™

*Dubai Economy Tracker signals slowest overall growth since March 2016*

**Dubai, November 11<sup>th</sup>, 2018:**

Latest data signalled an improvement in the health of Dubai's non-oil private sector, but the rate of growth weakened to a 31-month low. Slower improvements in activity and new work, alongside another contraction in employment contributed to the slowdown. Contrary to the general trend, the construction sector saw a stronger expansion in the latest survey.

The seasonally adjusted **Emirates NBD Dubai Economy Tracker Index** – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – posted at 52.5, down from 54.4 in September, and the weakest figure since March 2016. Nonetheless, it remained above the critical 50.0 mark in October, thereby stretching the current phase of expansion to 32 months.

Travel & tourism was the weakest performing sector in October at 49.6, followed by wholesale & retail (53.7) and construction (55.5).

A reading of below 50.0 indicates that the non-oil private sector economy is generally declining; above 50.0, that it is generally expanding. A reading of 50.0 signals no change.

The survey covers the Dubai non-oil private sector economy, with additional sector data published for travel & tourism, wholesale & retail and construction.

Commenting on the Emirates NBD Dubai Economy Tracker, **Khatija Haque, Head of MENA Research at Emirates NBD**, said:

*“The headline Dubai Economy Tracker Index fell to 52.5 in October, down from 54.4 in September and the lowest reading since March 2016. While still in expansion territory, the headline index points to the slowest rate of growth in the private sector in more than two and half years. The travel & tourism sector weighed on the overall index, as it contracted marginally last month.*

*“Both output and new orders across the whole of Dubai's private sector increased in October, but at markedly slower rates. Output growth was the weakest year-to-date, while new order growth was the slowest since April 2016.*

*“The employment index remained in contraction territory for the second month in a row, as more firms reported a decline in headcount than those reporting an increase. However, the vast majority of firms surveyed reported no change in job numbers in October.*

*“Margin pressures intensified last month, as input costs rose at a slightly faster rate than in September, while output (selling) prices declined on average. Stocks of inventories also declined last month, the first time this has happened since February 2016.*

*“Despite the soft survey data, firms in Dubai were the most optimistic than they have been since at least 2012, with nearly 77% of respondents expecting their output to be higher in a year’s time.”*

## Key Findings

- Dubai Economy Tracker falls to 52.5 in October, from 54.4 in September
- Employment levels contract again
- Business confidence surges to record high, despite weaker new order growth

## Business activity and employment

Output across the non-oil private sector increased at the slowest rate since December 2017. The expansion was below the historical average. The travel & tourism sector saw the weakest improvement during the latest survey period.

October data signalled a modest fall in employment in Dubai’s non-oil private sector. The rate of contraction matched the record pace recorded in the preceding survey. Some firms cited cost cutting as a reason behind job shedding.

### Emirates NBD Dubai Economy Tracker Index™

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

### Incoming new work and business activity expectations

Businesses reported a further increase in incoming new work during October, thereby extending the current phase of growth to 32 months. That said, the latest expansion was the weakest in two-and-a-half years. Whilst the increase was solid overall, it scored well below the historical average amid reports of slowing client demand growth in the non-oil private sector.

Despite the slowdown in output and new business, future growth prospects rose to a record high since this index began in 2012. Firms expressed optimism towards new project wins and developments surrounding Expo 2020.

### Input costs and average prices charged

Average cost burdens in Dubai's non-oil private sector increased for the seventh month running in October. Furthermore, the rate of inflation accelerated to a three-month high.

Output charges fell once again in the latest survey. Some firms linked lower selling prices to promotional activity. The rate of decline was modest overall, however.

### Emirates NBD Dubai Economy Tracker Index: Sector summary

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

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The next *Dubai Economy Tracker Report* will be published on 12<sup>th</sup> December 2018 at 08:15 (DUBAI)

**For further information, please contact:**

Ibrahim Sowaidan  
Head - Group Corporate Affairs  
Emirates NBD  
Telephone: +971 4 609 4113 / +971 50 6538937  
Email: ibrahims@emiratesnbd.com

Shaleen Sukthankar  
ASDA'A Burson-Marsteller; Dubai, UAE  
Tel: +971 50 9547834  
Email: shaleen.sukthankar@bm.com

Joanna Vickers  
Corporate Communications  
IHS Markit  
Tel: +44-207-260-2234  
Email: joanna.vickers@ihsmarkit.com

**Notes to Editors**

The Emirates NBD Dubai Economy Tracker™, produced by IHS Markit, is based on data compiled from monthly replies to questionnaires sent to senior executives in approximately 600 private sector companies, which have been carefully selected to accurately represent the true structure of the Dubai economy, including manufacturing, services, construction and retail.

The panel is stratified by Standard Industrial Classification (SIC) group, based on industry contribution to GDP. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month.

For each of the indicators the 'Economy Tracker report' shows the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

The Dubai Economy Tracker Index is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction. The Dubai Economy Tracker Index is comparable to the UAE Purchasing Managers' Index.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

**About Emirates NBD**

Emirates NBD is a leading banking Group in the region. As at 30<sup>th</sup> June 2018, total assets were AED 477.5 Billion, (equivalent to approx. USD 130 Billion). The Group has a significant retail banking franchise in the UAE and is a key participant in the global digital banking industry, with over 90 per cent of all financial transactions and requests conducted outside of its branches. The bank was declared the Most Innovative Financial Services Organization of the Year at the 2017 BAI Global Innovation Awards.

The bank currently has 227 branches and 1065 ATMs and SDMs in the UAE and overseas and a large social media following, being the only bank in the Middle East ranked among the top 20 in the 'Power 100 Social Media Rankings', compiled by The Financial Brand. It is a major player in the UAE corporate and retail banking arena and has strong Islamic Banking, Global Markets & Treasury, Investment Banking, Private Banking, Asset Management and Brokerage operations.



The Group has operations in the UAE, the Kingdom of Saudi Arabia, Egypt, India, Singapore, the United Kingdom and representative offices in China and Indonesia.

The Group is an active participant and supporter of the UAE's main development and community initiatives, in close alignment with the UAE government's strategies, including financial literacy and advocacy for inclusion of People with Disabilities under its #TogetherLimitless platform. Emirates NBD Group is an Official Premier Partner of Expo 2020 Dubai. For more information, please visit: [www.emiratesnbd.com](http://www.emiratesnbd.com)

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