



Press Release

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Emirates NBD Dubai Economy Tracker™

Dubai Economy Tracker index slightly higher in August

Dubai, September 10th, 2018:

Survey data signalled a similar growth rate across Dubai's non-oil private sector in August compared with July. Both the travel & tourism and construction sectors saw softer growth in the latest survey, while the wholesale and retail trade index was fractionally higher. Meanwhile, overall inflows of new business increased at the slowest pace since April.

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 – was at 55.2 in August, up from 54.9 in July. The figure remained above the neutral 50.0 mark, thereby indicating an improvement in business conditions. The headline index was in line with historical average.

At the sector level, wholesale & retail was the strongest performer at 56.5 in August, followed by construction (55.3) and travel & tourism (52.9).

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 (DET) increased marginally in August to 55.2 from 54.9 in July. Output rose at a faster rate than in July, driven by ongoing projects, but new order growth slowed modestly last month. **The employment index eased to 50.4 in August, only slightly above the ‘no change’ level.** The vast majority of firms surveyed (94%) reported no change in staffing levels in August.

“Producer price pressures eased in August, with the input cost index falling to just 51.0 from nearly 54 in July. However, average selling prices declined a fraction with some firms citing promotional activity. **The selling price index has been in contraction territory for the last four months running,** highlighting the lack of pricing power of firms and the competitive market environment.

“The average DET year to date is 55.6, only slightly lower than the same period last year (56.5). This suggests to us that Dubai's economy is probably growing a similar rate to 2017, or a touch slower.

Preliminary estimates from the Dubai Statistics Centre put last year's GDP growth at 2.8%; about half a percentage point slower than our forecast for 2018."

Key Findings

- Business activity growth ticks up
- New business improves at slowest pace in four months
- Input cost inflation softens

Business activity and employment

Continuing the sequence of expansion recorded since March 2016, **business activity** increased once again in Dubai's non-oil private sector. The rate of growth was above the historical average and the sharpest seen in three months. Some firms linked improving output to ongoing projects.

Job creation softened since July and was only fractional overall. Nonetheless, the increase extended the current sequence of expansion to five months. Firms that reported higher payroll figures linked the rise to higher output requirements.

Emirates NBD Dubai Economy Tracker Index™

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

Incoming new work and business activity expectations

Private sector companies in Dubai reported a slower improvement in **new work** during August. That said, the rate of growth remained marked overall, with many firms linking growth to promotional activity and marketing campaigns.

Business activity expectations ticked up in the latest survey. In fact, the degree of optimism among the strongest seen in the past six-and-a-half years. According to anecdotal evidence, Expo 2020 is expected to stimulate growth across the private sector economy.

Input costs and average prices charged

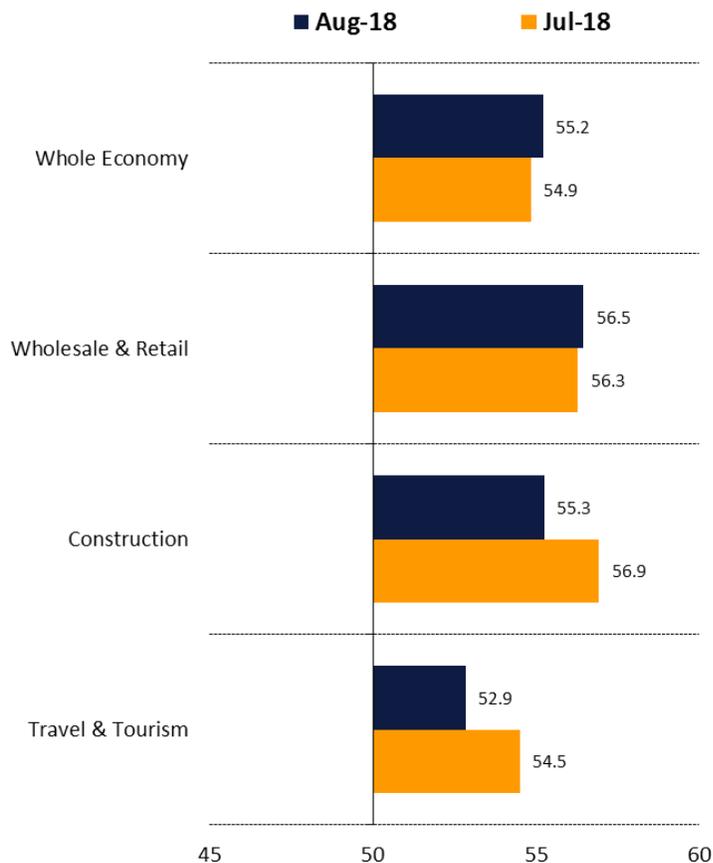
Average cost burdens faced by private sector companies in Dubai increased for the fifth month running in August. The rate of inflation eased since July, however, and was only marginal overall.

Promotional activity led to lower average **selling prices** in August. The rate of price discounting softened from July, however.

Emirates NBD Dubai Economy Tracker Index: Sector summary

Index: Sector summary

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

-Ends-

The next *Dubai Economy Tracker Report* will be published on 9th October 2018 at 08:15 (DUBAI)



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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 30th 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

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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