



مركز قطر للمال
QATAR FINANCIAL CENTRE



PMI™
By IHS Markit

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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Employment boost lifts headline PMI in November

Qatar Financial Centre PMI™

- Non-energy private sector workforce expands
- Indicators for output and new business improve
- Output expectations remain strongly positive

Doha, Qatar: 4 December 2019 – November's PMI™ survey of Qatar's non-energy private sector economy revealed a boost to employment, which drove the headline PMI to rise to 48.3. Although current business levels exhibit some signs of strain, indices for output and new orders both improved since October. Looking forward, the backlogs indicator was at an eight-month high and the year-ahead outlook remained strongly positive, indicating further future improvements in the PMI.

Qatari non-energy establishments are buoyant regarding prospects. More than ten times as many survey respondents (46%) expect growth of activity at their units over the next 12 months, as compared to those that forecast a decline (less than 4%).

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 figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of five indices for new orders (30% weight), output (25%), employment (20%), suppliers' delivery times (15%, with the index inverted) and stocks of purchases (10%), and is designed to provide a timely single-figure snapshot of the health of the economy every month.

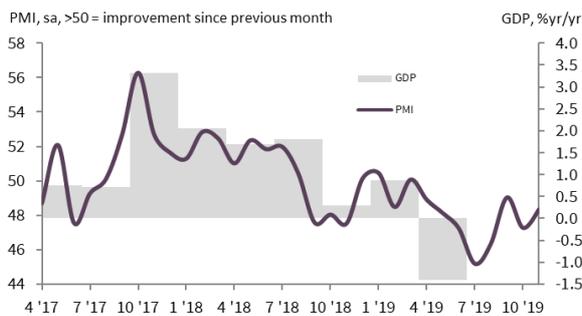
The PMI rose to 48.3 in November, from 47.3 in October. While only a mild month-on-month improvement in short-term business conditions, it was above trends established in both the second and third quarters of 2019 (48.1 and 46.9, respectively).

Detailed sectoral data shows that manufacturing has led the non-energy economy over 2019 so far, followed by wholesale, retail and services, respectively. While construction has lagged of late, recent data is signaling a recovery.

The upward movement in the PMI in November was primarily driven by the employment component, which contributed 0.5 points to the increase. Three other components – output, new orders and stocks of purchases – each contributed around 0.2 points, while the suppliers' delivery times index was broadly stable.

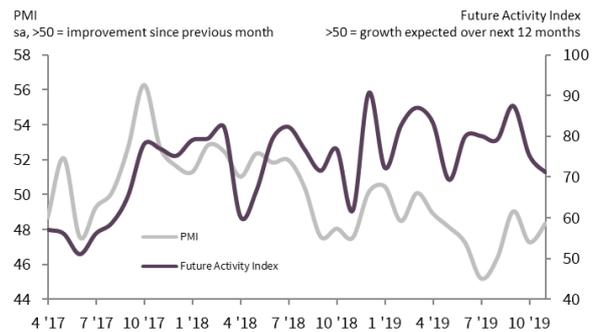
To enable comparisons with official quarterly gross domestic product (GDP), the monthly headline PMI figure can be aggregated to a quarterly average. Since the survey began in April 2017 the quarterly PMI has a correlation of 0.90 with the year-on-year percentage change in GDP in real terms, over a comparison period of nine quarters up to the second quarter of 2019. In the first half of 2019 the PMI tracked the rebound in annual growth of official GDP in the first quarter to 0.9% and the subsequent contraction in the second quarter (-1.4%), which was the first decline since the third quarter of 2009. In the second half of 2019 the PMI has trended higher since July, suggesting that the official measure of GDP may recover in the third and fourth quarters. While PMI baselines are different across global markets, over the survey history a Qatari PMI reading of 50.0 is consistent with 0.8% annual growth of GDP, and 2.7% growth of non-mining GDP.

QFC Qatar PMI™ vs. GDP



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

Current vs. future business conditions



Sources: Qatar Financial Centre, IHS Markit.



Comment

“The PMI has resumed its upward trajectory following October’s blip, rising for the third time in four months in November and signalling a recovery in gross domestic product in the second half of 2019. The three main components of the headline figure – new orders, output and employment – all rose, with the latter providing the biggest boost as firms hired in preparation for new projects. The PMI has risen 0.8 points each month since July on average, and sustained gains of this magnitude over December and January would see it return to its long-run trend level of 49.9 at the start of next year. The 12-month outlook also remains positive, with companies expecting growth of activity outnumbering pessimists by more than ten-to-one.”

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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ABOUT IHS MARKIT

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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.

To learn more go to <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.

November data were collected 12-26 November 2019.

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

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