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## IHS Markit Qatar PMI™

# Business conditions continue to improve in May, albeit at weaker rate

### Key findings

Non-energy PMI eases to seven-month low of 51.5

Activity rises at slowest rate in current record 11-month upturn

Solid rise in new orders supports further job creation

Data were collected 12-25 May 2021.

The latest Purchasing Managers' Index™ (PMI™) survey data from IHS Markit signalled a further improvement in non-energy private sector business conditions in Qatar in May. Output rose for a survey-record eleventh consecutive month, driven by a further robust increase in new business. Moreover, employment and backlogs both rose for the eighth month running, and sentiment regarding the 12-month outlook improved slightly as new cases of COVID-19 fell. That said, output growth was the slowest in the current upturn.

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 IHS Markit Qatar PMI is a composite single-figure indicator of non-energy private sector performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates an overall improvement in business conditions since the previous month.

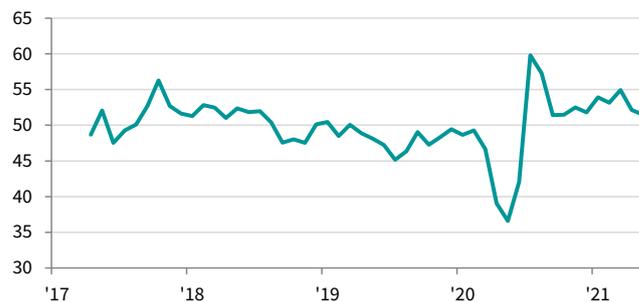
The PMI remained above 50.0 for the eleventh successive month in May but, falling to 51.5, from 52.1 in April, signalled the slowest momentum in the non-energy private sector economy since last October. The headline figure was still comfortably in growth territory, however, and above the long-run series average of 50.0.

At the sub-sector level, trend data showed that wholesale & retail performed strongest in the three months to May (53.2),

*continued...*

Qatar PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

### Comment

Commenting on the latest survey results, Trevor Balchin, Economics Director at IHS Markit, said:

*"Qatar's private sector economy remained on a growth trajectory in May, according to the latest PMI data. Output, new orders and purchases all rose for the eleventh successive month, while jobs were added for the eight straight month."*

*"There was a further loss of momentum apparent in the latest figures, however. New orders increased at the slowest rate in 2021 so far, leading to the weakest rise in output of the current 11-month upturn. Backlogs rose again, but also at a slower pace."*

*"Looking ahead, the 12-month outlook for activity improved in May, partly reflecting improved confidence around falling levels of COVID-19 cases following an increase in April. That said, sentiment remains at a historically weak level."*

followed by manufacturing (53.1) and construction (51.1), while services posted a deterioration in business conditions (48.0).

Sustained growth of new orders contributed to the overall improvement in business conditions in May. The rate of expansion was robust, albeit the slowest in five months.

Overall business activity rose for a survey-record eleventh month running in May. The rate of expansion was, however, the weakest over this period and modest. Output also rose more slowly than new orders for the fifth month running, resulting in a further build-up in outstanding business. Backlogs have risen continuously since October 2020.

Firms attempted to support workloads by expanding workforces further in May. Net job creation was maintained for a record eighth consecutive month, and at a rate that remained among the sharpest in the survey history.

Inflationary pressures rose in May, with average input prices rising at the strongest pace since August 2020. In contrast, staff costs declined slightly since April. To counter rising overall costs, firms raised their charges for the fourth month running.

Higher overall costs partly reflected increased demand for raw materials and other inputs. Average purchase prices rose at a faster rate, while the volume of inputs purchased by non-energy firms grew for the eleventh month running.



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

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### Survey methodology

The IHS Markit Qatar PMI™ is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 400 non-energy 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.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### Survey dates and history

Data were collected 12-25 May 2021.

Survey data were first collected in April 2017.

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### About PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured 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.

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