



News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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Non-energy private sector growth re-accelerates in January

Qatar Financial Centre PMI™

- Qatar PMI hits 53.9, fourth-highest on record
- Faster increases in business activity and new work
- Employment at non-energy firms continues to rise

Data were collected 12-26 January 2021.

Doha, Qatar: 3 February 2021 – The latest Purchasing Managers' Index™ (PMI™) survey data from Qatar Financial Centre and IHS Markit signalled a strengthening rate of expansion in the non-energy private sector economy in January. Growth rates for both business activity and new business accelerated notably during the month and were among the sharpest registered since the survey began in April 2017. Evidence of a sustained recovery was apparent as the non-oil sector geared up hiring for the longest period in the PMI's history. Employment growth was maintained for a survey-record equalling fourth straight month, and expectations for output remained positive. January data also signalled lower average input prices, enabling firms to reduce their selling prices slightly.

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 PMI rose from 51.8 in December to 53.9 in January, signalling the strongest overall improvement in non-energy business conditions in five months. Moreover, the PMI was at the fourth-highest level ever registered by the survey, below the peaks seen last July (59.8) and August (57.3) when the economy rebounded rapidly from the first wave of COVID-19, and lower than that recorded in October 2017 (56.3) when domestic production boomed after inducement generated by the blockade. In comparison, since the series began in April 2017 the PMI has trended at 49.7, registering current performance well above the norm.

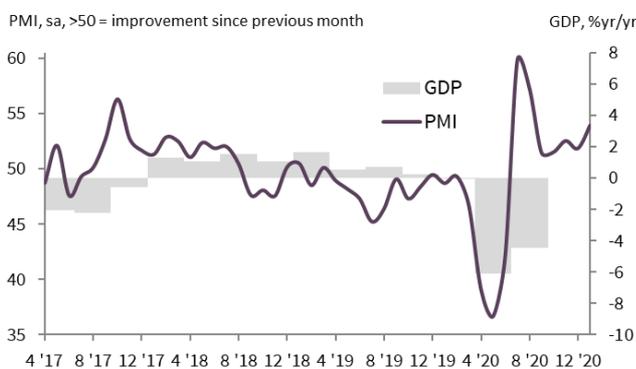
Sub-sector PMI readings indicated that construction was the strongest-performing area in January (55.0), followed by manufacturing (54.8), wholesale & retail (53.0) and services (52.9) respectively. All four indices were above their Q4 2020 trends.

The 2.1-point rise in the headline PMI in January was generated by the two largest components: new orders and output. These both registered the third-fastest rates of expansion in the survey history, slower only than the rapid rebounds seen last July and August in the survey's history. The employment and stocks of purchases components also had positive contributions to the PMI, but to slightly lesser degrees than in December. The final component, suppliers' delivery times, had a fractionally negative contribution to the PMI (although suppliers' delivery times improved during the month, this impact is inverted in the PMI calculation).

Companies reported a notable pick-up in customer numbers and new projects at the start of 2021. Outstanding business rose for the fourth successive month, although the increase was only modest as capacity was expanded. Purchasing activity rose for a survey-record seventh consecutive month, but supply chains proved resilient with input delivery times even improving slightly since December.

The monthly PMI can be aggregated to a quarterly average to enable comparisons with official gross domestic product (GDP). Since the survey began in April 2017 the quarterly PMI has a correlation of 0.26 with the year-on-year percentage change in GDP in real terms, with a PMI reading of 50.0 equating to a -0.5% fall on an annual basis. The latest official data reported a year-on-year decline of 4.5% in real terms in the third quarter of 2020, although the economy rebounded by 5.6% from the previous quarter. PMI data for the fourth quarter are consistent with a broadly stable year-on-year trend in GDP at -0.1%, while January data are equivalent to growth of 1.8%.

QFC Qatar PMI™ vs. GDP



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



Comment

“The non-energy private sector of Qatar had a strong start to 2021, with the PMI rising sharply to 53.9. Outside of the July-August rebound seen last year, the latest figure was the highest ever recorded since October 2017. The upward momentum in the headline figure reflected the output and new orders components, which were both at the third-highest levels to date. Moreover, sector data signalled broad-based improvement with services seeing a notable boost at the start of the year, having been a comparative weak spot since the pandemic struck. I can confer that the service businesses I interact with at the QFC are able to conduct more activities and achieve greater outputs in the current environment.

“Although the latest GDP data (for the third quarter of last year) revealed a further contraction in the overall economy, recent PMI data suggest that the non-energy sector is now recovering strongly.”

Sheikha Alanoud bint Hamad Al-Thani, Managing Director of 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

IHS Markit (NYSE: 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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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.

<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.

Data were collected 12-26 January 2021.

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

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