



## Press Release

**Under strict embargo until: 08:15 (DUBAI) / 04:15 (UTC), February 11<sup>th</sup> 2019**

# Emirates NBD Dubai Economy Tracker™

*Dubai's non-oil growth strengthens at start of 2019*

## **Dubai, February 11<sup>th</sup> 2019:**

Overall growth of Dubai's non-oil private sector economy quickened in January. Moreover, firms were at their most optimistic regarding future growth prospects since at least 2012. Total activity and new business both rose at marked rates despite only a slight increase in employment, suggesting companies were focusing on efforts to boost productivity.

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 – improved to 55.8 in January, from 53.7 in December. The latest figure signalled the strongest overall improvement in the business climate since last June. It was above both the trends for 2018 as a whole (55.0) and the long-run series history (55.2, since January 2010).

Of the three key sectors monitored, wholesale & retail (56.3) posted the strongest overall improvement in business conditions at the start of 2019, followed by travel & tourism (54.1). The headline index for the construction industry posted 53.8, little-changed from December's nine-month low but still signalling solid overall growth.

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 Dubai Economy Tracker has started the year on a positive footing, climbing from 53.7 in December to 55.8 in January, the highest level in seven months. This marks a recovery from the weak growth in Q4 2018 – the slowest expansion in the non-oil private sector since Q1 2016 – and reaffirms our view that the Dubai economy will strengthen in 2019, owing to greater government spending and ongoing Expo preparations. This optimism is shared by survey respondents, which despite ongoing pressure on them, overwhelmingly expect that output will be higher in 12 months' time. The business optimism index rose to a series high in January.*

*"Both output and new orders improved in January, contributing to the strong headline reading. However, this continues to come at a cost to firms' margins, as output prices contracted for the ninth consecutive month, albeit at a slower pace than seen in the last quarter. Some relief to companies came from a moderately more sedate growth in input prices, but the squeeze to*

*margins remains evident in firms' efforts to cut costs through curbing headcount – employment was positive, but only marginally.*

*“The outperformer of the three sectors individually measured in the survey was wholesale and retail, which rose to the highest level since August 2018, but construction and travel and tourism both also saw improvements on recent months.”*

## Key Findings

- Dubai Economy Tracker improves to seven-month high of 55.8 in January
- Business expectations at record high
- Wholesale & retail sector sees strongest overall improvement in business conditions

## Business activity and employment

Total non-oil private sector business activity in Dubai rose at a faster pace in January. Growth was in line with that seen over 2018 as a whole, and stronger than the long-run average. Construction posted the fastest output expansion of the three monitored sectors.

Employment continued to rise at a marginal pace in January. By sector, staffing contracted in travel & tourism, while construction registered a stronger rate of job creation than wholesale & retail.

### Emirates NBD Dubai Economy Tracker Index™

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

## Incoming new work and business activity expectations

Higher intakes of new business supported overall conditions in the non-oil private sector in January. The current sequence of expansion in new contracts now stretches to nearly three years, and the latest increase was the fastest since last June.

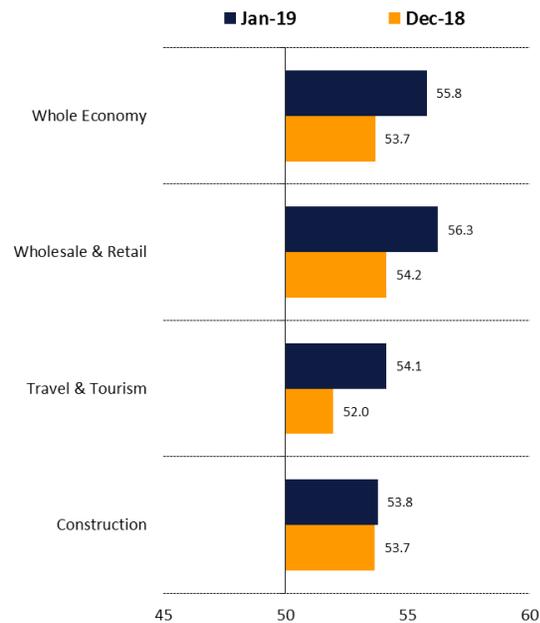
Stronger new business growth in January lifted firms' expectations for total activity to a survey record high. Sentiment strengthened in all three sectors, with both wholesale & retail and construction posting record high index scores.

### Input costs and average prices charged

Average input prices in the non-oil private sector economy rose for the tenth month running in January, but the rate of inflation remained moderate. The weakest cost pressures were signalled in the travel & tourism sector. Meanwhile, charges levied for final goods and services fell for the ninth month running, albeit at the slowest rate since last August. Of the three key monitored sectors, however, only wholesale & retail posted lower sales prices.

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

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

-Ends-

The next *Dubai Economy Tracker Report* will be published on March 11<sup>th</sup> 2019 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)

### **About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))**

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