

## Press Release

**Under strict embargo until: 08:15 (DUBAI) / 04:15 (UTC), July 9<sup>th</sup> 2018**

# Emirates NBD Dubai Economy Tracker™

*Business activity growth remains marked in June*

## **Dubai, July 9th, 2018:**

The health of the non-oil private sector in Dubai improved at a marked rate in June. Although the headline index fell from May's recent peak, reflecting easing travel & tourism growth momentum, stronger expansions were registered in both the wholesale & retail and construction sectors. Furthermore, business confidence accelerated to a survey-record high in June amid a strong pipeline of new projects and work outstanding.

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 – fell to 56.0 in June, from 57.6 in May. Despite the headline figure falling from that recorded in May, it remained at a level indicative of a marked expansion that was above the historical average.

Wholesale & retail was the strongest performer in June (58.6), followed by construction (57.1) and travel & tourism respectively (54.9).

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:

*“Despite the decline in the headline DET index in June, new work and output both increased at a sharp rate, reflecting strong demand. The wholesale and retail trade sector performed particularly well last month, which may have been partly due to the Eid holidays. The sharp improvement in business conditions in the construction sector supports our view that infrastructure investment will be an important driver of economic growth this year.”*

## **Key Findings**

- Strong contributions to growth from retail and construction
- Business confidence hits survey-record high
- Job creation remains muted amid cost cutting efforts

## Business activity and employment

Although **business activity** growth softened from May's 40-month high, the pace of expansion remained sharp overall. Furthermore, the latest improvement extended the current phase of rising output that began in March 2016. Firms commonly cited favourable business conditions and strong inflows of new work as reasons behind higher business activity.

**Job creation** remained subdued in the latest survey. The rate of growth was fractional overall, matching that recorded in May. According to anecdotal evidence, some firms hired additional staff in anticipation of new project starts, although these were negated by those that reduced payroll numbers to cut costs.

### Emirates NBD Dubai Economy Tracker Index™

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

## Incoming new work and business activity expectations

June data signalled a steep expansion in **new work** across Dubai's non-oil private sector. Although the rate of growth softened from that seen in May, it remained strong overall and above the long-run average.

**Business activity expectations** improved to the highest since this index began in April 2012 in June. Anecdotal evidence suggested that marketing initiatives, solid business conditions and a strong pipeline of new orders underpinned optimism.

## Input costs and average prices charged

**Average cost burdens** increased at a slower rate in the latest survey period. Whilst input price inflation continued for the third month running, the degree of cost pressure was the weakest in this sequence.

**Output charges** dropped in June amid promotional efforts across the non-oil private sector. The degree of price discounting was marginal overall, however.

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

**Index: Sector summary**

Seasonally adjusted, 50 = no-change

**Dubai Economy Tracker Index**



Sources: Emirates NBD, IHS Markit

-Ends-

**The next *Dubai Economy Tracker Report* will be published on 9<sup>th</sup> August 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 31<sup>st</sup> December 2017, total assets were AED 470.4 Billion, (equivalent to approx. USD 128 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 230 branches and 1040 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, Egypt, the Kingdom of Saudi Arabia, 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 #Together Limitless platform. Emirates NBD Group is an official premier partner of EXPO 2020. 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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