

IHS Markit UAE PMI®

Output and new business growth tick higher in November

Key findings

Resurgence in non-oil activity continues amid Expo 2020

New orders rise at quickest pace since June 2019

Input buying rises solidly, but employment largely flat

Data were collected 12-24 November 2021.

Operating conditions in the UAE non-oil economy continued to expand rapidly in November, with the rate of growth edging above October's reading to the strongest in almost two-and-a-half years. Output and new business rose at marked and accelerated rates, as firms continued to enjoy increased economic activity driven by the Expo 2020. Business confidence dipped in November, but remained stronger than seen throughout much of the pandemic.

On the other hand, employment levels were broadly flat during the latest survey period, whilst stock levels expanded at the weakest rate in a year. In addition, output charges were reduced for the fourth month in a row as some firms continued to struggle with strong competition.

The headline seasonally adjusted IHS Markit UAE Purchasing Managers' Index™ (PMI®) – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – posted 55.9 in November, up from 55.7 in October to its highest reading since June 2019. The index continued to signal a robust improvement in the health of the non-oil sector that was faster than the pre-pandemic trend.

The upturn was supported by marked expansions in output and new business volumes midway through the fourth quarter. The indices for both measures ticked up to their highest levels since mid-2019, as firms highlighted a strong increase in demand as the country reopened to tourism and benefited from the Expo 2020. Export sales also increased, albeit at a much softer pace than total new business.

The sharp rise in new orders prompted UAE firms to expand

continued...

UAE PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

Comment

Commenting on the latest survey results, David Owen, Economist at IHS Markit, said:

"November data showed the UAE economy still running strong, with the rate of growth even accelerating from October when the start of Expo 2020 led to an upsurge in activity. In fact, the PMI climbed to its highest since June 2019, signalling that the event had helped lead the non-oil sector back to pre-COVID growth rates."

"Whilst higher than seen throughout much of the pandemic, business confidence was still subdued compared to the historical average in November, as firms indicated that high competition had clouded their sales forecasts. Output prices were subsequently lowered for the fourth month running, while there was little change in staff levels despite growing capacity pressures."

"The stagnation of hiring activity suggested that businesses are delaying staff decisions until they know the full extent of the economic recovery following the expo. That said, further rises in demand and backlogs could support an increase in employment sooner rather than later."

their input buying during November, with latest data marking the quickest increase in purchasing since April. With reports of more timely payments to vendors and efficiency gains, firms also benefited from an improvement in suppliers' delivery times. Nevertheless, the strong increase in demand weighed on stock levels which rose only slightly and at the weakest pace for a year.

In contrast to growth trends, employment levels were largely unchanged in November after five successive months of expansion. This came as several firms mentioned that high competition had dampened their sales forecasts. These concerns also led to a reduction in output charges, one that was the quickest recorded since November 2020.

Input prices meanwhile rose at the slowest pace since May. Nevertheless, with output charges down, the latest data indicated a further straining of profit margins. Higher costs were mostly related to a rise in raw material prices that was driven by global supply problems.

Finally, the outlook for future activity weakened in November, but was still higher than those recorded in the 14 months prior to October. Optimism was often related to an expected rise in new business from the expo over the coming months, as well as an improvement in market conditions following the easing of lockdown measures.

Employment Index

sa, >50 = growth since previous month



Source: IHS Markit.

Contact

David Owen
Economist
IHS Markit
T: +44 1491 461 002
david.owen@ihsmarkit.com

Joanna Vickers
Corporate Communications
IHS Markit
T: +44 2072 602 234
joanna.vickers@ihsmarkit.com

Methodology

The IHS Markit UAE 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 2021 data were collected 12-24 November 2021.

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

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

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.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, click [here](#).

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.

ihsmarkit.com/products/pmi.html