

## Press Release

**Under strict embargo until: 08:15 (DUBAI) / 04:15 (UTC), June 16<sup>th</sup> 2019**

# Emirates NBD Dubai Economy Tracker™

*Strong increase in business activity in May despite weak job growth*

**Dubai, June 16<sup>th</sup> 2019:**

May survey data for Dubai's private sector non-oil economy continued the recent twin themes of strengthening output growth and weak job creation. Total business activity increased at the strongest rate since the series was first compiled in 2010. In contrast, employment rose at a marginal rate that was well below the long-run trend. Activity growth remained partly driven by competitive pricing, notably in the construction and wholesale & retail sectors.

The seasonally adjusted Emirates NBD Dubai Economy Tracker Index – a composite indicator designed to give an overview of operating conditions in the non-oil private sector – rose to a 52-month high of 58.5 in May, from 57.9 in April. The rise in the headline figure reflected sharper growth of total activity and new business, while the contribution from employment was almost neutral.

Wholesale & retail remained the best-performing of the three key monitored sectors in May (61.9), mainly reflecting a comparatively strong increase in new business and some employment growth. Travel & tourism registered the second-strongest overall improvement in business conditions on record (59.5) despite a slight fall in jobs, while construction (54.6) was in line with its long-run trend.

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 survey points to faster growth in Dubai's non-oil private sector in May. However, the rise in output and new work continues to be underpinned by price discounting, as firms reduced their selling prices for the 13<sup>th</sup> consecutive month. The earlier start to Ramadan this year may also have contributed to increased activity, particularly in the wholesale & retail trade sector. Nevertheless, the growth in the volume of activity and new work is not yet translating into meaningful job creation in Dubai's private sector, which is the key concern for us.”*

## Key Findings

- Business activity increases at strongest rate since series began in 2010
- Employment continues to rise only marginally
- Prices charged for goods and services cut for thirteenth month running

## Business activity and employment

The rate of growth in total non-oil private sector business activity in Dubai accelerated for the fourth time in the first five months of 2019, to a new series-record high. Moreover, growth rates were at new peaks in travel & tourism and wholesale & retail, while construction posted the second-fastest increase on record. The sector data were first compiled in March 2015.

In contrast, employment in the non-oil private sector rose only fractionally in May. Although the strongest since July 2018, the rate of job creation remained much weaker than the long-run trend. Over the past 12 months, the Employment Index has averaged exactly 50.0. Jobs continued to decline in both the travel & tourism and construction sectors, although wholesale & retail posted the fastest growth in three years.

### Emirates NBD Dubai Economy Tracker Index™

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

## Incoming new work and business activity expectations

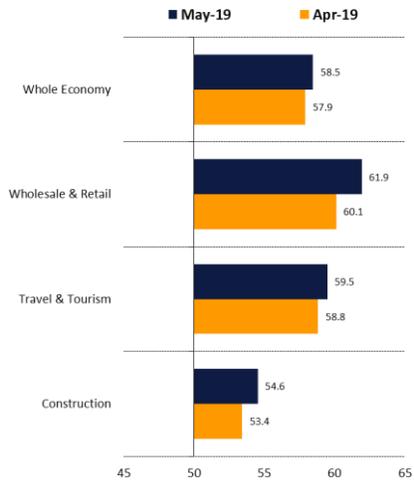
The record increase in total activity was driven by faster growth in new business. The respective index hit a 52-month high. Travel & tourism and wholesale & retail both registered sharp increases in new work during the month. Faster intakes of new work contributed to another improvement in 12-month expectations for activity across the non-oil private sector in May.

## Input costs and average prices charged

Price pressures remained weak in May. Average input costs rose at the slowest pace in the current 14-month sequence of inflation. Meanwhile, prices charged for goods and services fell for the thirteenth month running, albeit at the slowest rate in three months. Discounting was most notable in the construction and wholesale & retail sectors.

## 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 July 9<sup>th</sup> 2019 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 31st March 2019, total assets were AED 525.8 Billion, (equivalent to approx. USD 143 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 234 branches and 1076 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, Indonesia and Turkey.



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 a Premier Partner and the Official Banking Partner for Expo 2020 Dubai. For more information, please visit: [www.emiratesnbd.com](http://www.emiratesnbd.com)

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