



Press Release

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Emirates NBD Saudi Arabia PMI®

PMI shows solid start to second quarter for non-oil private sector

Riyadh, May 5th, 2019: Today sees the release of April data from the Emirates NBD Purchasing Managers' Index™ (PMI®) for Saudi Arabia. The survey, sponsored by Emirates NBD and produced by IHS Markit, contains original data collected from a monthly survey of business conditions in the Saudi Arabian private sector.

Commenting on the Saudi Arabia PMI® survey, **Khatija Haque, Head of MENA Research at Emirates NBD**, said:

“The headline PMI was unchanged at 56.8 last month. Output and new order growth remained firm, but there has been no meaningful growth in private sector employment over the last three months. Firms are also discounting prices more aggressively in a sign of an increasingly competitive environment. The decline in selling prices likely supported output and new order growth in April.”

The main findings of the April survey were as follows:

- Output growth accelerates to quickest since December 2017
- Employment remains broadly unchanged despite rising demand
- Business confidence towards future activity rebounds to three-month high
- Output prices fall at fastest rate for 14 months

The headline seasonally adjusted **Emirates NBD Saudi Arabia Purchasing Managers' Index™ (PMI®)** – a composite gauge designed to give a single-figure snapshot of operating conditions in the non-oil private sector economy – registered a reading of 56.8 for the second consecutive month in April, remaining at its highest level since the end of 2017.

April saw a robust increase in business activity across Saudi Arabia's non-oil private sector, with the rate of growth quickening for the fourth month in a row to the fastest since December 2017. Firms that reported higher output in April often linked this to stronger underlying demand and an associated rise in new business. Growth of new work eased slightly from March's near four-year high, but nonetheless



remained sharp overall and stronger than that of output. New export orders meanwhile rose modestly in April compared with total new business.

Higher output requirements among Saudi Arabia's non-oil private sector firms in April were reflected in a further rise in purchasing activity during the month. The survey also found evidence of stock levels being bolstered in anticipation of higher inflows of new orders in the months ahead. Business confidence towards future output rebounded strongly from a six-month low in March to show one of the highest degrees of optimism over the past five years.

However, the non-oil private sector jobs market remained lacklustre at the start of the second quarter. After falling slightly in March, the level of employment posted only a fractional increase in April, to continue the worst sequence of jobs data for five years. Competitive pressures and attempts to control costs were among the factors helping to constrain staff recruitment, according to the survey.

Efforts to stimulate sales saw average prices charged for goods and services fall for a sixth straight month in April. Moreover, the rate of decline was among the quickest seen in almost ten years of data collection. A slight fall in firms' input costs provided scope for price discounting.

Finally, lead times on purchased items decreased on average in April, though the improvement in supplier performance was slightly less marked than in March.

-Ends-

The next *Saudi Arabia PMI Report* will be published on June 10th 2019 at 07:15 (RIYADH) / 04:15 (UTC)



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Notes to Editors

The Emirates NBD Saudi Arabia Purchasing Managers' Index is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 private sector companies, which have been carefully selected to accurately represent the true structure of the Saudi non-oil 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 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The Purchasing Managers' Index™ (PMI®) 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.

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. 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.

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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: www.emiratesnbd.com

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