



Press Release

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Emirates NBD Dubai Economy Tracker™

Sharp rise in activity in June, but employment stagnates

Dubai, July 9th 2019:

The non-oil private sector in Dubai continued to post a marked expansion of total business activity in June, with the rate of growth accelerating further to a new high since the survey began in 2010. On the other hand, rising output failed to generate higher employment, with staffing broadly unchanged since May. This continued the weak overall trend in the labour market seen over the past year-and-a-half.

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 – was little-changed from May's 52-month high of 58.5, at 58.4 in June. The elevated level of the headline figure reflected further marked increases in total activity and new business, in contrast to a neutral contribution from employment.

Among the three key sectors monitored, the strongest overall performance was again registered in wholesale & retail (59.9), although growth slowed for the first time in 2019. The headline figure for tourism & recreation also eased since May (58.9), but to a smaller degree. In contrast, construction posted its best overall performance since last November (57.0).

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:

“There was little change in the June survey relative to May, but the data for Q2 2019 points to a sharp acceleration in Dubai's economy in the second quarter of this year, with the average DET index reading at the highest level since Q1 2015. However, this growth in the volume of output has been on the back of continued price discounting and as a result is not translating into more jobs or higher salaries in the private sector. Nevertheless, the survey data so far this year supports our view that Dubai's GDP growth is likely to be faster this year compared with 2017 and 2018.”

Key Findings

- Business activity increases at fastest pace since series began in 2010
- Employment broadly unchanged since May
- Prices charged for goods and services continue to fall, albeit only fractionally

Business activity and employment

The rate of growth in total non-oil private sector business activity in Dubai accelerated for the fifth time in the first six months of 2019, to the strongest since the series began in 2010. All three sectors monitored posted robust increases in activity, with the fastest overall expansion seen in travel & tourism.

In contrast, employment in the non-oil private sector was broadly unchanged in June (49.9) as companies again remained cautious with regard to new hiring. The Employment Index has trended at 50.0 since February 2018. Among the three key sectors for which data are published, staffing fell in tourism & recreation and construction, but rose in 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

June data indicated another marked increase in new business in Dubai's non-oil private sector economy. The rate of expansion eased from May's recent peak, but remained among the strongest seen since the series began in 2010.

Expectations for business activity over the next 12 months were also elevated in June. The respective index was lower than in April and May, but higher than any previous period since its inception. Sales forecasts in the wholesale & retail sector hit a new record high.

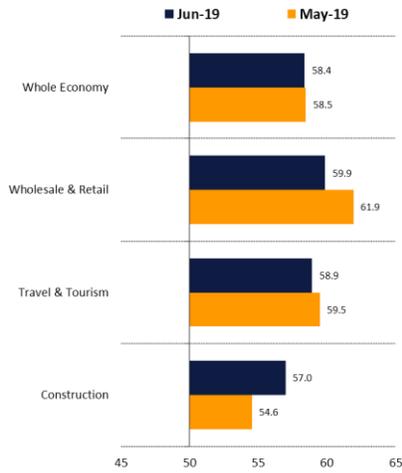
Input costs and average prices charged

Price pressures weakened further at the midway point of 2019. Input price inflation slowed for the fourth month running to the weakest in the current 15-month sequence of inflation. Meanwhile,

prices charged for goods and services fell for the fourteenth month running, albeit at the slowest rate since February. All three key sectors continued to engage in price discounting in June.

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 August 8th 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

About IHS Markit (www.ihsmarkit.com)

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