

## IHS Markit Dubai PMI®

### New business growth strengthens in October

#### Key findings

New work rises at sharpest rate since July

Dubai firms lower selling charges at quickest pace in 44 months

Employment growth improves to 21-month high

This press release contains the latest release of data collected from a monthly survey of business conditions in Dubai's non-oil private sector. Produced by IHS Markit, the survey provides an early indication of operating conditions in Dubai. The headline IHS Markit Dubai Purchasing Managers' Index™ (PMI®) is derived from individual diffusion indices which measure changes in output, new orders, employment, suppliers' delivery times and stocks of purchased goods. The survey covers the Dubai non-oil private sector economy, with additional sector data published for travel & tourism, wholesale & retail and construction.

The seasonally adjusted IHS Markit Dubai Purchasing Managers' Index™ (PMI®) rose from 52.6 in September to 54.6 in October, signalling a sharp improvement in operating conditions at non-oil private sector firms in Dubai.

Key to the uptick was a strengthening of new order growth, which improved for the first time in five months amid higher demand at a number of surveyed companies. Sectoral data showed an acceleration among travel & tourism firms, while construction and wholesale & retail firms reported a weaker uplift in sales.

Panellists frequently mentioned that increased price competitiveness helped sales to rise in October. Selling charges were reduced for the eighteenth month in a row, with the pace of decline the quickest since February 2016. On the other hand, Dubai firms reported a fractional drop in their total input costs during the month.

With the amount of new work increasing, businesses expanded their output levels sharply in October. That said, the rate of

*continued...*

Dubai PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

#### Comment

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

"Business conditions in Dubai strengthened at an accelerating pace in October, as the headline PMI rose for the second month running from August's recent low. Driving the increase was a notably sharper rise in new work, concentrated on the travel & tourism sector.

"However, a good proportion of panellists resorted to further price drops during October, in order to achieve higher sales, as has been the case for the past year-and-a-half. More importantly, the rate at which selling prices declined was the fastest since February 2016, underpinning the challenge of deflation that the UAE has experienced this year. Cost pressures are weak though, while output levels are still rising at a sharp pace, suggesting that businesses are coping with the squeeze on their margins for the time being."

expansion was the second-weakest seen over the past year. The upturn translated into greater hiring activity, marking the second successive rise in workforce numbers. Moreover, the rate of job creation strengthened to a 21-month high, despite being marginal overall.

Meanwhile, Dubai non-oil firms built up their inventories at the start of the fourth quarter, as several panellists noted an anticipation of larger orders in the future. The overall expansion was solid and the fastest since April.

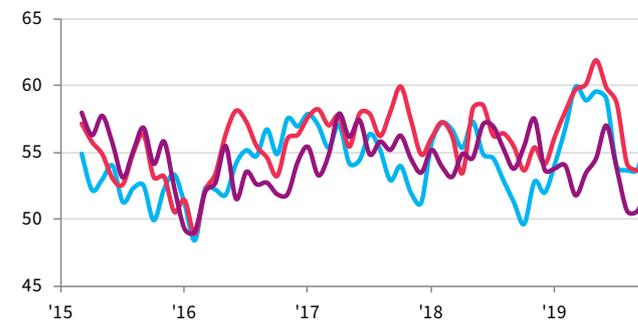
However, increased purchasing activity placed greater pressure on suppliers, with lead times improving at the softest rate since the series began in January 2010. Alongside higher demand, some respondents noted that a delay in payments to suppliers led to slower deliveries.

Finally, Dubai firms' projections for future output improved during October, after reaching a nine-month low in September. Most firms remained optimistic of a boost to activity, citing expectations that domestic market conditions will stabilise and drive demand higher. Anticipation for greater activity in the run-up to the Expo 2020 was also mentioned.

PMI by sector

Travel & tourism / Wholesale & retail / Construction

sa, >50 = improvement since previous month



Source: IHS Markit.

Contact

David Owen  
Economist  
IHS Markit  
T: +44 2070 646 237  
[david.owen@ihsmarkit.com](mailto:david.owen@ihsmarkit.com)

Joanna Vickers  
Corporate Communications  
IHS Markit  
T: +44 207 260 2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

Methodology

The IHS Markit Dubai PMI® is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 600 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.

October 2019 data were collected 11-25 October 2019.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto: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 © 2019 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email [joanna.vickers@ihsmarkit.com](mailto: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. To learn more go to [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html).