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IHS Markit Qatar PMI™

PMI rebounds in June on back of faster growth of output, new orders and jobs

Key findings

PMI at three-month high of 54.6

Fastest rise in business activity since August 2020

Marked expansion in new work leads to stronger workforce growth

Data were collected 11-25 June 2021.

The latest Purchasing Managers' Index™ (PMI™) survey data from IHS Markit signalled a stronger improvement in non-energy private sector business conditions in Qatar at the end of the second quarter of 2021. Demand improved noticeably as new business rose at one of the fastest rates since the survey began in 2017, leading to the third-fastest increase in total activity on record. Employment increased at the strongest rate since January 2019, and backlogs continued a record sequence of continuous growth.

The Qatar PMI indices are compiled from survey responses from a panel of around 400 private sector companies. The panel covers the manufacturing, construction, wholesale, retail, and services sectors, and reflects the structure of the non-energy economy according to official national accounts data.

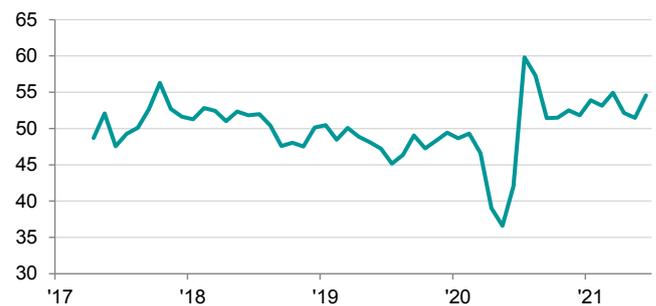
The headline IHS Markit Qatar PMI is a composite single-figure indicator of non-energy private sector performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates an overall improvement in business conditions since the previous month.

The PMI remained above the no-change mark of 50.0 for the twelfth successive month in June, one month short of the survey-record sequence registered between August 2017 and August 2018 and indicated a sustained improvement in non-energy private sector business conditions. Moreover, the PMI rose sharply from May's seven-month low of 51.5 to 54.6, the highest since March and the fifth-highest ever recorded. Over the second quarter as a whole the headline figure trended at

continued...

Qatar PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

Comment

Commenting on the latest survey results, Trevor Balchin, Economics Director at IHS Markit, said:

"The PMI signalled buoyant demand conditions in Qatar's private sector economy at the end of the second quarter of 2021. The headline figure posted its fifth-highest level on record (54.6). Moreover the 3.1-point rise in the PMI since May was also the fifth-largest ever recorded. The survey data for 2021 so far are strongly indicating a return to growth of official GDP following three quarters of decline since the second quarter of 2020 as the pandemic hit.

"The key indices for output, new orders and employment were all at elevated levels in June, while pressure on capacity rose. The main negative from the latest survey was the subdued level of sentiment regarding the 12-month outlook for output. Though in positive territory, the Future Output Index remains well below its long-run trend level."

52.7, down from 54.0 in the first quarter but still well above the long-run average of 50.1.

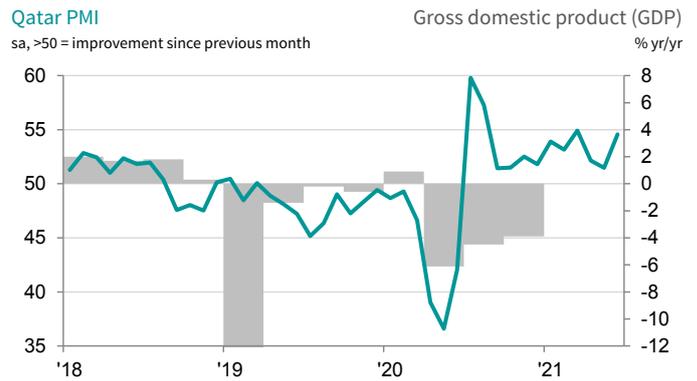
Sub-sector data for June signalled that manufacturing performed strongest (56.4), followed by wholesale & retail (54.8), construction (52.5) and services (50.5). Over the first half of 2021 as a whole, manufacturing was also the strongest-growing sector.

The 3.1-point rise in the non-energy PMI was mainly driven by the output and new orders components, which added 1.5 and 1.3 points, respectively. Employment and stocks of purchases also lifted the headline figure, while suppliers' delivery times exerted a slightly negative directional influence (this index is inverted in the PMI calculation).

New business rose for the twelfth successive month in June, and at the fourth-fastest rate in the survey history. A similar trend was evident for total activity, which increased at the third-strongest rate on record. With new work again rising more quickly than output, as has been the case throughout 2021 so far, backlogs increased further in June.

The level of outstanding business increased despite the sharpest rise in employment since January 2019, and speedier deliveries by suppliers.

Overall input prices rose for the third month running. Purchase prices (for raw materials and other items) increased the most since July 2020, while wage inflation reached a 28-month record. Despite rising costs, firms cut their own prices for the first time in five months.



Sources: IHS Markit, Qatar's Planning & Statistics Authority.

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Survey methodology

The IHS Markit Qatar PMI™ is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 400 non-energy 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.

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

Survey dates and history

Data were collected 11-25 June 2021.

Survey data were first collected in April 2017.

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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.

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