



## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
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### **Qatar PMI rises in February, continuing recent upward momentum**

#### **Qatar Financial Centre PMI™**

- PMI rises for fifth time in seven months and closes in on long-run trend level
- Output Index at 11-month high
- Boost to non-oil private sector employment

**Doha, Qatar: 4 March 2020** – The February Purchasing Managers' Index™ (PMI™) survey data for Qatar showed that non-energy private sector business conditions remained on a broad upward trajectory. The headline PMI, which tracks real-time business metrics, rose for the fifth time in seven months to the second-highest level since March 2019. Output had its strongest showing for nearly a year, with a concurrent boost to employment.

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 PMI rose to 49.3 in February from 48.7 in January, just shy of December's nine-month peak of 49.4 and only just below the three-year long-run trend level of 49.9. Overall business conditions have broadly recovered from a soft patch in the middle of 2019, with the first quarter of 2020 as a whole set to record the strongest trend since Q1 2019. This signals a return to broad-based non-oil economic expansion.

The monthly PMI can be aggregated to a quarterly average to enable comparisons with official gross domestic product (GDP). Since the survey began in April 2017 the quarterly PMI has a correlation of 0.90 with the year-on-year percentage change in GDP in real terms. The PMI has trended noticeably higher since last July, suggesting that GDP will recover following a year-on-year decline of 1.4% in the second quarter of 2019. The most recent February PMI reading for Qatar of 49.3 points to even stronger 2020 GDP performance, which is consistent with 0.4% annual growth of total GDP and 1.9% growth of non-hydrocarbon GDP.

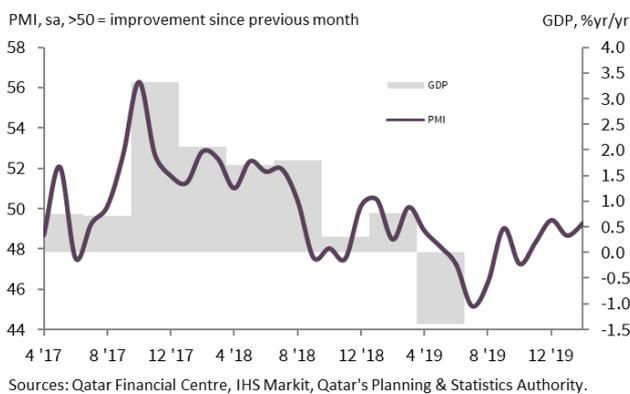
February's PMI reading flags a broad improvement in Qatari business conditions. Both the output and employment components contributed most weightily to the rise in the headline figure in February, each adding 0.4 points. Stocks of purchases also had a slight positive impact, while suppliers' delivery times and new orders weighed marginally on the PMI. The new orders index was little-changed from January, remaining broadly in line with the trend shown during 2019.

The largest Qatari non-oil sectors, outside of construction, all showed improved performance. At the sub-sector level, manufacturing has registered the strongest overall business conditions since the start of 2019. Meanwhile, readings of the construction sector displayed stabilization.

Companies in the non-energy private sector cleared their outstanding workloads at one of the fastest rates in the survey history, pointing to an improvement in productivity. Only in July 2019 and November 2018 had backlogs been depleted at faster rates. The clearing of existing workloads partly reflected a boost to employment in the non-energy private sector in February. The employment indicator rose to the second-highest in a year and was above its historic trend level.

The 12-month outlook for total activity remained positive. However, the latest reading ebbed slightly from the last month as a large proportion of firms expect no change in output at their units by February 2021 compared with current levels. Around 84% of respondents expect no change from current levels while 12% expect growth, three times the proportion expecting a decline (4%). The latter was little-changed from January's 3% figure.

### QFC Qatar PMI™ vs. GDP





## Comment

*“February PMI data suggests that the non-energy economy of Qatar remains on an upward trajectory in the first quarter of 2020, recovering from a slowdown in the middle of 2019. The PMI has all but returned to its long-run trend level, and the latest figure is consistent with a year-on-year increase in GDP. The first quarter looks set to record the strongest trend since the first quarter of 2019. There were no reports from survey respondents of the COVID-19 outbreak in mainland China impacting business operations in February, so the March results will be closely watched for any signs of disruption.”*

Sheikha Alanoud bint Hamad Al-Thani, Managing Director Business Development, QFC Authority

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## ABOUT THE QATAR FINANCIAL CENTRE

The Qatar Financial Centre (QFC) is an onshore business and financial centre located in Doha, providing an excellent platform for firms to do business in Qatar and the region. The QFC offers its own legal, regulatory, tax and business environment, which allows up to 100% foreign ownership, 100% repatriation of profits, and charges a competitive rate of 10% corporate tax on locally sourced profits.

The QFC welcomes a broad range of financial and non-financial services firms.

For more information about the permitted activities and the benefits of setting up in the QFC, please visit [qfc.qa](http://qfc.qa)

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## MEDIA CONTACTS

**QFC:** Hala Kassab | T. +974 3300 0216 | E. [h.kassab@qfc.qa](mailto:h.kassab@qfc.qa)

**BLJ Worldwide:** Yara Jishi +974 5509 8579 | E. [yaraj@bljworldwide.com](mailto:yaraj@bljworldwide.com)

## ENQUIRIES ABOUT THE REPORT

**QFC:** [qatarpmi@qfc.qa](mailto:qatarpmi@qfc.qa)

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## ABOUT PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and for key regions including the Eurozone. They are the most closely watched business surveys in the world, favored 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.

<https://ihsmarkit.com/products/pmi.html>.

## METHODOLOGY

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

February data were collected 12-25 February 2020.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

## CONTACT

IHS Markit: Katherine Smith | T. +1 781 301 9311 | E. [katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com)