



## **Press Release**

**Under strict embargo until: 08:15 (DUBAI) / 04:15 (UTC), July 3<sup>rd</sup> 2019**

# **Emirates NBD UAE PMI®**

## *New orders continue to rise sharply in June*

**Dubai, July 3<sup>rd</sup>, 2019:** Today sees the release of June data from the Emirates NBD Purchasing Managers' Index® (PMI®) for the UAE. The survey, compiled by IHS Markit, contains original data collected from a monthly survey of business conditions in the UAE non-oil private sector.

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

“The recent PMI surveys indicate that growth in the UAE’s private sector has accelerated in Q2 2019. Indeed the average PMI reading for the second quarter was the highest since Q4 2014. While firms have reported growth in output and new orders, this has come on the back of further price discounting. As a result, there has been no real boost to hiring as businesses remain focused on keeping costs down.”

### **The main findings of the June survey were as follows:**

- Strong expansion in new orders, but price discounting continues
- Growth of business activity remains elevated
- Employment levels broadly unchanged

The headline seasonally adjusted **Emirates NBD UAE Purchasing Managers' Index™ (PMI®)** – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – posted 57.7 in June, down from 59.4 in May but still signalling a marked monthly improvement in business conditions in the UAE’s non-oil private sector.

June data pointed to a sharp expansion of business activity, and one that was only slightly weaker than May’s survey record. Marketing activities were often reported as being behind the increase in overall activity, while economic conditions were also signalled as having improved.

A similar picture was seen with regards to new orders, with growth remaining substantial despite softening from the previous month. A number of panellists reported that competitive pricing had enabled them to secure sales, and this was reflected in a ninth consecutive monthly decrease in output prices.



Companies were able to offer discounts thanks to a lack of cost inflationary pressure. Overall input prices rose only marginally in June. Purchase costs increased slightly, while wages and salaries were broadly unchanged.

The recent trend of only marginal changes in workforce numbers continued in June, with almost all respondents seeing no change in employment during the month. As has been the case throughout the past two-and-a-half years, backlogs of work increased amid reports of delays in receiving payments from customers.

Purchasing activity grew at a record pace for the second month running as companies responded to rising new orders. Stocks of purchases also increased, albeit at a reduced pace that was the softest since February.

Despite improving demand for inputs, suppliers' delivery times continued to shorten markedly. Panellists indicated that vendors had speeded up deliveries in line with requests.

Non-oil companies remained strongly optimistic that business activity will increase over the coming year, although sentiment eased again from April's record high. Expectations of further new order growth was a key factor behind optimism, while next year's 'Expo 2020' was also widely mentioned.

-Ends-

**The next *UAE PMI Report* will be published on August 5<sup>th</sup> 2019 at 08:15 (DUBAI) / 04:15 (UTC)**



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**Notes to Editors**

The Emirates NBD UAE Purchasing Managers' Index is based on data compiled from monthly replies to questionnaires sent to purchasing executives in approximately 400 private sector companies, which have been carefully selected to accurately represent the true structure of the United Arab Emirates 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.



## 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](http://www.emiratesnbd.com)

## About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))

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