



Press Release

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Emirates NBD Saudi Arabia PMI®

Headline PMI fractionally higher in June

Riyadh, July 3rd, 2019: Today sees the release of June data from the Emirates NBD Purchasing Managers' Index™ (PMI®) for Saudi Arabia. The survey, sponsored by Emirates NBD and produced by IHS Markit, contains original data collected from a monthly survey of business conditions in the Saudi Arabian private sector.

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

“The June survey data showed little change from May’s readings, with the headline PMI only marginally higher on the back of slightly faster new work growth. While both output and new work increased at a solid rate in June, there was almost no change in private sector employment. Firms remained optimistic about future output, although this component of the survey declined to the lowest level since August 2018, possibly reflecting heightened geopolitical tension in the region.”

The main findings of the June survey were as follows:

- Headline PMI rises to 19-month high of 57.4
- New business increases at fastest pace in three months
- Business confidence at ten-month low

The headline seasonally **adjusted Emirates NBD Saudi Arabia Purchasing Managers' Index™ (PMI®)** – a composite gauge designed to give a single-figure snapshot of operating conditions in the non-oil private sector economy – posted 57.4 in June, up from 57.3 in May and the highest since November 2017.

In contrast to the headline PMI, output growth in Saudi Arabia’s non-oil private sector slowed to a three-month low during June. That said, the rate of expansion remained sharp and was broadly in line with the long-run series average.

The latest survey data saw an acceleration in new business growth at businesses in Saudi Arabia’s non-oil private sector. The rate of expansion was marked, with June’s improvement the fastest in three months. Furthermore, inflows of new orders from abroad rose for the fourth month running.



Partly due to an increase in new order inflows, non-oil private sector businesses expanded their payroll numbers during June. However, the rate of job creation was marginal and slowed from May's four-month high.

June saw a second consecutive monthly rise in average cost burdens faced by non-oil private sector businesses. Despite this, the rate of inflation was fractional and eased from May. Anecdotal evidence from respondents indicated that price competition among suppliers had acted as a restraint on cost burdens.

Reflecting stronger new business growth, firms ramped up their input buying at a marked pace during June. However, the rate of growth eased from May's 17-month high.

Meanwhile, stocks of purchases increased once again during the latest survey period, thereby extending the current sequence growth to 14 months. Respondents attributed the rise in pre-production inventories to greater customer demand.

Finally, business confidence towards future growth prospects was strongly optimistic during June. Despite easing to a ten-month low, just under 39% of respondents forecast greater business activity over the coming 12 months. Anecdotal evidence suggested that firms were optimistic towards the impact of forthcoming business investment and new project wins.

-Ends-

The next *Saudi Arabia PMI Report* will be published on August 5th 2019 at 07:15 (RIYADH) / 04:15 (UTC)



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Notes to Editors

The Emirates NBD Saudi Arabia Purchasing Managers' Index is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 private sector companies, which have been carefully selected to accurately represent the true structure of the Saudi 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: www.emiratesnbd.com

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