



Press Release

Under strict embargo until: 08:15 (DUBAI) / 04:15 (UTC), June 5th 2018

Emirates NBD UAE PMI[®]

Non-oil private sector growth accelerates to four-month high

Dubai, June 5th, 2018: The health of the UAE's non-oil private sector improved at the fastest rate in four months in May. Sharper growth in both output and new orders were the key drivers behind the latest expansion. Furthermore, new export business reached a 30-month high alongside reports of stronger demand from neighbouring GCC countries. Responding to robust market conditions, new project wins and strong growth impetus, firms reported the highest degree of confidence towards the year ahead since this index began in early-2012.

The survey, sponsored by Emirates NBD and produced 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 strong PMI reading in May was partly due to a rebound in export orders - reflecting improved external demand conditions - as well as significant price discounting domestically. As a result, while the headline index shows strength in activity, profit margins remain under pressure.”

Key Findings

- Headline PMI rises to 56.5 in May, from 55.1 in April...
- ...partly reflecting an upturn in new order, output and employment growth
- Business confidence hits series-record high, linked to robust market conditions and Expo 2020

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 – rose to 56.5 in May, from 55.1 in April. The figure was

indicative of a sharp improvement in business conditions across the non-oil private sector, and one that was above the long-run average. The PMI has registered in growth territory continuously since September 2009.

A sharper expansion in output was recorded in the latest survey, matching that registered in January. Companies commented on a strong level of demand from both domestic and external sources. Indeed, new export orders increased at the fastest pace since November 2015. Panel respondents frequently noted improving demand from neighbouring GCC countries.

Reflecting sharp growth in client demand, new project wins and developments surrounding Expo 2020, positive sentiment in the non-oil private sector reached its highest for at least six years. Reflecting a strong level of business confidence alongside rising output requirements, firms hired additional staff at the fastest pace in four months. That said, the rate of growth was only slight overall and below the long-run average. Some firms that reported falling employment levels linked this to cost optimisation.

On the price front, firms reported a reduced level of input cost inflation in May. Softer staff cost and purchase price inflation contributed to only a modest increase in operating costs. Promotional activity was reported in the most recent survey, as reflected by a solid drop in output charges.

May data signalled a continuation of rising backlogs of work in the non-oil private sector. The current phase of build-up was extended to 17 months. Firms linked higher levels of work outstanding to strong inflows of new business.

Stocks of input goods rose in the May's survey. According to anecdotal evidence, companies acquired additional stockpiles of goods in anticipation of rising output requirements.

-Ends-

The next UAE PMI Report will be published on July 3rd 2018 at 08:15 (DUBAI) / 04:15 (UTC)



For further information, please contact:

Ibrahim Sowaidan
Senior Vice-President, Head - Group Corporate Affairs
Emirates NBD
Telephone: +971 4 609 4113 / +971 50 6538937
Email: ibrahims@emiratesnbd.com

Shaleen Sukthankar
ASDA'A Burson-Marsteller; Dubai, UAE
Tel: +971 50 9547834
Email: shaleen.sukthankar@bm.com

Khatija Haque
Head of MENA Research, Emirates NBD
Email: KhatijaH@emiratesnbd.com

Joanna Vickers
Corporate Communications
IHS Markit
Tel: +44-207-260-2234
Email: joanna.vickers@ihsmarkit.com

Sam Teague
Economist
IHS Markit
Tel: +44 1491 461018
Email: sam.teague@ihsmarkit.com

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 December 2017, total assets were AED 470.4 Billion, (equivalent to approx. USD 128 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 230 branches and 1040 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, Egypt, the Kingdom of Saudi Arabia, India, Singapore, the United Kingdom and representative offices in China and Indonesia.

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 #Together Limitless platform. Emirates NBD Group is an official premier partner of EXPO 2020. For more information, please visit: www.emiratesnbd.com

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: 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 © 2018 IHS Markit Ltd. All rights reserved.

The intellectual property rights to the Emirates NBD UAE PMI[®] 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. Emirates NBD use the above marks under licence. IHS Markit is a registered trade mark of IHS Markit Limited. and/or its affiliates.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).