



## **Press Release**

**Under strict embargo until: 08:15 (DUBAI) / 04:15 (UTC), September 6th 2017**

# **Emirates NBD UAE PMI®**

## *Non-oil private sector growth at 30-month high*

**Dubai, September 6<sup>th</sup>, 2017:** Growth in the UAE non-oil private sector economy climbed to the fastest pace seen since February 2015, bolstered by sharp expansions in new orders and output. New export orders rose for the first time in three months, with other GCC countries being mentioned as key sources of international demand. Moreover, the ongoing upturn in new business translated into job creation across the non-oil private sector. Increasing output requirements prompted firms to engage in purchasing activity, which contributed to a record rise in inventories. Meanwhile, firms continued to face upward cost pressures. In contrast, output charges stabilised during August.

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 August PMI survey shows a strong expansion in the non-oil private sector, underpinned by sharply higher output, new orders and inventories. Firms have indicated that new projects and competitive pricing are supporting demand and activity in the non-oil sector. This is in line with our view that investment ahead of Expo 2020 will be the key driver of the UAE’s non-oil growth over the next few years.”*

## **Key Findings**

- Headline PMI registers at 57.3 in August
- New orders expand at the fastest pace since February 2015
- Record rise in inventories

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 – climbed to a 30-month high of 57.3 in August from 56.0 in July. Moreover, the overall upturn in the non-oil private sector outperformed the long-run average.

The improvement in business conditions was driven by an increase in new orders. Moreover, the rate of growth was the sharpest in 30 months. Firms frequently linked new client wins to new projects, enhanced marketing initiatives and good quality products.

A sharp rise in business activity also contributed to the overall improvement in the UAE's non-oil private sector. Where an increase was registered, firms commented on favourable economic conditions.

New export orders rose for the first time in three months. The rate of growth was marginal, however. Surveyed companies cited other GCC countries as key sources of international demand.

The ongoing upturn in new business continued to translate into job creation during August. The rate of expansion was only marginal, however.

Companies engaged in purchasing activity during August, in response to greater output requirements. Consequently, inventories held by firms rose at the most pronounced rate in the survey's history. This reflected firms' forecasts of further improvements in market demand, according to panellists.

On the downside, firms continued to face intense input cost pressures, which mainly emanated from higher purchasing costs according to underlying data. In contrast, output charges stabilised during August as firms were reportedly unable to pass on higher cost burdens amid intensive competition. This ended a four-month sequence of falling output prices, however.

Lastly, business sentiment remained positive despite dipping to the lowest in three months. Business confidence was rooted in projections of further improvements in market demand and economic conditions.

-Ends-

**The next UAE PMI Report will be published on October 3<sup>rd</sup> 2017 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.



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Emirates NBD is a leading banking Group in the region. As at 30th June 2017, total assets were AED 456.2 Billion, (equivalent to approx. USD 124 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 currently has 221 branches and 1023 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, Singapore, the United Kingdom and representative offices in India, 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. For more information, please visit: [www.emiratesnbd.com](http://www.emiratesnbd.com)

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