

Press Release

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Emirates NBD Dubai Economy Tracker™

Sharper business activity growth indicates a strong start to the final quarter for Dubai's private sector

Dubai, November 9th, 2017:

The latest data indicated a strong start to the final quarter of 2017 for Dubai's non-oil private sector. Steep expansions in activity and new business contributed to the sharp improvement in business conditions in October. The seasonally adjusted **Emirates NBD Dubai Economy Tracker Index** – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – rose to 55.6, from 55.2 in September. Wholesale & retail was the best performing sector in October.

A reading of below 50.0 indicates that the non-oil private sector economy is generally declining; above 50.0, that it is generally expanding. A reading of 50.0 signals no change.

The survey covers the Dubai non-oil private sector economy, with additional sector data published for travel & tourism, wholesale & retail and construction.

Commenting on the Emirates NBD Dubai Economy Tracker, **Khatija Haque, Head of MENA Research at Emirates NBD**, said:

“The improvement in the Dubai Economy Tracker index is largely on the back of stronger output and new work growth, although intense competition is still pressuring firms’ pricing power and margins. Businesses surveyed were more optimistic at the start of Q4, which is typically ‘high season’ for the travel & tourism sector.”

Key Findings

- Dubai Economy Tracker Index rises to 55.6 in October, from 55.2
- Strong output and new order expansions
- Input cost pressures sharpen

Business activity and employment

Private sector companies noted a further increase in **business activity** in October, in part reflecting improving client demand. The rate of growth was sharp overall, and broadly in line the average seen throughout 2017 so far. Furthermore, the most recent data extends the current sequence of growth seen since March 2016. At the sector level, the construction industry reported the strongest output expansion for over two-and-a-half years in October.

In response to rising output requirements, firms continued to hire additional staff for the eighth month running. **Job creation** accelerated and reached a solid pace overall. Moreover, employment growth was the most marked since April.

Emirates NBD Dubai Economy Tracker Index™

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

Incoming new work and business activity expectations

October data signalled a sharp increase in **incoming new business** among non-oil private sector companies operating in Dubai. Anecdotal evidence pointed to strong underlying demand in the domestic market. The wholesale & retail sector registered the fastest rates of new business expansion during the latest survey period.

Future growth sentiment remained strongly positive in October and hit a ten-month high. Companies frequently noted that an expected economic upturn and upcoming new projects related to Expo 2020 had underpinned business confidence.

Input costs and average prices charged

Input cost pressures faced by non-oil private sector firms ticked up in October and hit a 26-month high. The rate of input price inflation was solid overall, albeit below the series long-run average. At the sub-sector level, companies in the construction industry reported the sharpest rates of increase.

In spite of rising cost pressures, **selling prices** continued to fall for the second month in a row during October, amid reports of intense market competition. Companies in the travel & tourism and wholesale & retail sectors registered a decrease in output charges, whilst those in the construction sector noted a marginal increase.

Emirates NBD Dubai Economy Tracker Index: Sector summary

Index: Sector summary

Seasonally adjusted, 50 = no-change



Sources: *Emirates NBD, IHS Markit*

-Ends-

The next *Dubai Economy Tracker Report* will be published on 11th December 2017 at 08:15 (DUBAI)



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Notes to Editors

The Emirates NBD Dubai Economy Tracker™, produced by IHS Markit, is based on data compiled from monthly replies to questionnaires sent to senior executives in approximately 600 private sector companies, which have been carefully selected to accurately represent the true structure of the Dubai 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 'Economy Tracker report' shows the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'. 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.

The Dubai Economy Tracker Index 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. The Dubai Economy Tracker Index is comparable to the UAE Purchasing Managers' Index.

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 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

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