



Press Release

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Emirates NBD UAE PMI®

UAE's non-oil private sector growth hits 34-month high

Dubai, January 4th, 2018: December data signalled a strong end to the year for the UAE's non-oil private sector, with business conditions improving at the sharpest pace in 34 months. Steep expansions in output, new orders alongside solid export demand growth underpinned the most recent upturn. In terms of inflation, input cost pressures softened during December, whilst selling prices fell for the fourth month running.

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 UAE's non-oil sector expanded sharply in the last two months of the year, largely due to a strong rise in output and new orders. It is likely that the introduction of VAT in January has spurred activity and purchasing in Q4 2017, which is in line with our expectations. Nevertheless, employment and wage growth has been relatively muted, not just in December but for 2017 as a whole.”

Key Findings

- Headline PMI rises to 57.7 during December, from 57.0
- Sharpest expansion in new business since January 2015
- Output prices continue to fall

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 from 57.0 to 57.7 in December, thereby signalling a sharp



improvement in business conditions in the non-oil private sector. Furthermore, the pace of expansion was the fastest since February 2015.

Non-oil private sector firms in the UAE reported sharp growth in output during the latest survey period. The pace of expansion remained strong in the context of historical data, despite easing since from the 33-month high registered in November.

New order growth accelerated to a 35-month high December. The rate of expansion was sharp overall and comfortably above the historical series average. Panel members frequently commented on a strong level of underlying demand, whilst others reported an increasing inflow of new business from government sources.

After contracting in November, new export orders returned to expansion during the latest survey period. Moreover, the rate of growth was solid overall and the strongest recorded in nine months. According to anecdotal evidence, demand from neighbouring GCC countries picked up in December.

In response to rising output requirements, firms continued to hire additional staff in the non-oil private sector. The latest data thereby extended the current sequence of job creation to 20 months. That said, the rate of hiring remained subdued in the context of historical data.

On the price front, input prices continued to increase during December, in line with the trend seen since June. That said, the rate of inflation eased to a three-month low.

Contrary to the trend seen for input prices, output charges fell in December. Companies reduced selling prices to stimulate client demand, according to panel member reports. That said, the rate of price discounting was only modest overall.

Buying activity growth remained sharp during December's survey period. Companies operating in the UAE's non-oil private sector increased their purchasing volumes in anticipation of an upturn in output requirements.

-Ends-

The next UAE PMI Report will be published on February 5th 2018 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 September 2017, total assets were AED 461.1 Billion, (equivalent to approx. USD 125 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 231 branches and 1031 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. For more information, please visit: www.emiratesnbd.com

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