



## **Press Release**

**Under strict embargo until: 07:15 (RIYADH) / 04:15 (UTC), March 5<sup>th</sup> 2017**

# **Emirates NBD Saudi Arabia PMI™**

## *PMI climbs to 18-month high in February*

**Riyadh, March 5<sup>th</sup>, 2017:** Saudi Arabia's non-oil private sector saw a further pick up in growth momentum in February, with business conditions improving at the quickest rate since August 2015. Both output and new orders rose sharply in February, with the rate of expansion in the latter picking up to an 18-month high. Subsequently, firms raised their input buying at a steep pace to accommodate higher output and due to projections of further improvements in market demand in the coming months. Despite the robust upturn in new work, the rate of job creation remained only slight, however. On the price front, ongoing cost pressures led firms to raise their output charges for the fourth consecutive month.

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 private sector.

Commenting on the Emirates NBD Saudi Arabia PMI™, **Khatija Haque, Head of MENA Research at Emirates NBD**, said.

*"Faster output and new orders were the main driver behind the higher PMI reading in February, signalling faster growth in the non-oil private sector last month. However this has yet to translate into increased employment in the sector. Nevertheless, firms appear to be relatively optimistic about prospects for the coming year."*

## **Key Findings**

- Output continues to rise sharply
- New order growth reaches 18-month record
- Output charges increase only modestly, despite stronger rise in input costs

At 57.0, 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 – was consistent with a marked improvement in operating conditions during February. Up from 56.7 in January, the latest reading was also the



highest in one-and-a-half years. However, it remained slightly below the long-run series average (58.3).

The overall improvement in the health of the sector was supported by sharper growth of new work during February. In fact, the latest increase in new business was the steepest seen in one-and-a-half years. Anecdotal evidence highlighted that promotional activities, new projects, construction activity and stronger underlying demand had supported the upturn in new work. Higher new export orders also contributed to growth of total new business. The latest increase in new work from abroad was the most marked in six months.

Reflective of the trend seen for incoming new business, output expanded sharply, although the rate of growth softened slightly since January.

Purchasing activity also increased markedly in February. As a result, stocks of purchases continued to expand at a solid pace.

The rate of job creation eased to a 14-month low and was slight overall. Marginal employment growth has now been recorded in each of the past six months. Consequently, backlogs of work accumulated at the fastest rate in 20 months.

Higher raw material costs was reportedly the primary factor behind another increase in total input costs as wage inflation remained comparatively mild. Subsequently, charges increased for the fourth straight month in February. The rate of output charge inflation was modest, however. According to panellists, competitive pressures had restricted firms' abilities to pass on higher input costs to clients.

-Ends-

**The next *Saudi Arabia PMI Report* will be published on April 4<sup>th</sup> 2017 at 07:15 (RIYADH)/  
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](mailto:ibrahims@emiratesnbd.com)

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

Khatija Haque  
Head of MENA Research, Emirates NBD  
Email: [KhatijaH@emiratesnbd.com](mailto:KhatijaH@emiratesnbd.com)

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

Aashna Dodhia  
Economist  
IHS Markit  
Tel: +44 1491 461003  
Email: [aashna.dodhia@ihsmarkit.com](mailto:aashna.dodhia@ihsmarkit.com)

**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. 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 2016, total assets were AED 448 Billion, (equivalent to approx. USD 122 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 219 branches and 1012 ATMs and CDMs 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 #TogetherLimitless platform.

For more information, please visit: [www.emiratesnbd.com](http://www.emiratesnbd.com)

## About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))

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