



Press Release

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Emirates NBD UAE PMI®

Strong expansion registered in UAE non-oil private sector in October

Dubai, November 5th, 2017: October data indicated an uptick in growth of the UAE's non-oil private sector. Strong expansions in both output and new orders contributed to the positive start to the final quarter of 2017. Meanwhile, stocks of purchases rose at a record pace in October, linked to expected demand. On the price front, output prices fell at the fastest rate since March 2010, whilst cost burdens increased at a solid rate.

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 increase in the UAE’s headline index in October reflects faster output growth and a sharp increase in inventories, as firms anticipate stronger demand in the coming weeks. However, the survey showed that firms continued to discount selling prices in order to support demand, and the employment growth remains modest.”

Key Findings

- Headline PMI rises to 55.9, from 55.1 in September
- Acceleration in output growth
- Record expansion in stocks of purchases

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 – ticked up to 55.9 in October, from 55.1 in September. Remaining well above the critical 50.0 no-change mark, the latest reading signalled a sharp improvement in

the health of the non-oil private sector. Furthermore, the rate of expansion was above the historical series average (54.6).

An uptick in output growth was indicated in October. The rate of expansion was steep overall and contributed to the latest general improvement in operating conditions. Panellists frequently linked strong underlying demand to the rise in output requirements.

New business received by non-oil private sector companies in the UAE increased sharply during October. The rate of growth was little-changed since September and above the long-run series average. Furthermore, demand for Emirati-produced goods and services from abroad returned to growth in the latest survey, albeit at a muted rate overall.

Input price inflation continued in October, thereby extending the current sequence of rising cost burdens to five months. That said, the pace of inflation remained subdued despite ticking up in the latest survey. October's data suggested that the increase in input prices was primarily fuelled by rising raw material costs.

In spite of increased cost pressures, firms cut their charges for the second month running amid reports of intense competition. The rate of reduction was the fastest since March 2010.

Non-oil private sector companies in the UAE built-up input stockpiles at a record pace during October. According to anecdotal evidence, an expected upturn in demand for goods and services led firms to build-up stocks in preparation. The rise in stocks of purchases correlated with business confidence, which hit a five-month high in October.

Employment growth continued in the non-oil private sector during October, thereby extending the current sequence of job creation to one-and-a-half years. Emirati respondents commonly linked hiring activity to the increase in output requirements.

Vendor performance improved to the greatest extent in eight years. Almost one-quarter of panellists noted an improvement in delivery times, whereas none reported the opposite.

-Ends-



The next *UAE PMI Report* will be published on December 5th 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

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