



## **Press Release**

**Under strict embargo until: 07:15 (RIYADH) / 04:15 (UTC), October 3<sup>rd</sup> 2018**

# **Emirates NBD Saudi Arabia PMI®**

## *PMI points to slower private sector growth in September*

**Riyadh, October 3<sup>rd</sup>, 2018:** Today sees the release of September data from the Emirates NBD Purchasing Managers' Index® (PMI®) for Saudi Arabia. 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 Arabian private sector.

Commenting on the Saudi Arabia PMI® survey, **Khatija Haque, Head of MENA Research at Emirates NBD**, said:

“The headline Saudi PMI declined to 53.4 in September from 55.1 in August, the lowest reading since May. The decline was due to softer growth in output and new orders, with new export orders contracting last month. Employment and inventory growth were also weaker in September, weighing on the headline PMI.

“The employment index fell to 50.7 in September, the lowest since November 2017, as nearly 97% of firms surveyed indicated ‘no change’ in staffing last month. Staff costs (a proxy for wages) declined marginally for the first time April 2016. Firms also cut selling prices for the third month in a row in September even as input costs rose. However, the rate of producer price inflation eased from August.

“Despite the relative softness in the September survey, the PMI for Q3 was higher than both Q1 and Q2 2018, with output and new work rising at a faster rate than in the first half of this year. However, this did not translate into faster employment growth and staff costs were flat on average in Q3. Margin pressure is evident as input costs have increased while selling prices have declined slightly. Nevertheless, the data does suggest that Q3 non-oil GDP growth was stronger than H1 2018.

“The September survey data points to slower growth in the non-oil private sector in last month, which is surprising given the backdrop of rising oil prices and sharply higher oil production since June. However, we remain optimistic that sustained higher oil production will support faster expansion in the non-oil sectors in Q4, particularly manufacturing, transport & logistics. This view appears to be shared by the majority of firms surveyed, as nearly 39% of firms surveyed expect their output to be higher in 12 months, the most since the May survey.”

**The main findings of the September survey were as follows:**

- Headline PMI slips to four-month low of 53.4 in September...
- ...in part due to slower improvements in output and new orders
- Price pressures soften

At 53.4 in September, down from 55.1 in August, 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 – registered a four-month low and was well below the historical average during the latest survey period. Nonetheless, the figure remained above the neutral 50.0 threshold in September.

Output across the non-oil private sector increased at a slower rate during September, as inflows of new orders also slowed, according to anecdotal evidence. The rate of growth in output eased to the lowest seen since April, and registered below the long-run average.

Client demand for goods and services across Saudi Arabia's non-oil private sector rose during September, thereby extending the current sequence of growth to five months. That said, the rate of growth eased in the latest survey, with September's rise being the second-weakest in the aforementioned period. Furthermore, new export orders deteriorated for the first time since May.

Partly in response to easing new order growth, backlogs of work at non-oil private sector companies increased at the slowest pace in four months. The rate of build-up was slight overall.

On the price front, input price inflation eased to a four-month low in September amid falling wage bills. Meanwhile, non-oil private sector companies lowered their selling prices for the third month in a row during the latest survey period.

Job creation was marginal overall in September. Panellists that reported an increase linked this to higher output requirements. The rate of job growth eased to a ten-month low in the most recent survey and well below the series' historical average.

Despite a weaker expansion in September, companies remained optimistic towards future growth prospects. According to anecdotal evidence, new project wins underpinned positive sentiment. The overall level of confidence was at a four-month high.



-Ends-

**The next Saudi Arabia PMI Report will be published on November 5<sup>th</sup> 2018 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)

Tricia Kaul  
ASDA'A Burson-Marsteller; Dubai, UAE  
Tel: +971 56 6032673  
Email: [tricia.kaul@bm.com](mailto:tricia.kaul@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)

Sam Teague  
Economist  
IHS Markit  
Tel: +44 1491 4610018  
Email: [sam.teague@ihsmarkit.com](mailto:sam.teague@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. 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 30<sup>th</sup> June 2018, total assets were AED 477.5 Billion, (equivalent to approx. USD 130 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 227 branches and 1065 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, the Kingdom of Saudi Arabia, Egypt, 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 #TogetherLimitless platform. Emirates NBD Group is an Official Premier Partner of Expo 2020 Dubai. For more information, please visit: [www.emiratesnbd.com](http://www.emiratesnbd.com): [www.emiratesnbd.com](http://www.emiratesnbd.com)

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

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

*IHS Markit is a registered trademark of IHS Markit Ltd and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2018 IHS Markit Ltd. All rights reserved.*

The intellectual property rights to the Emirates NBD Saudi Arabia PMI<sup>®</sup> provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index<sup>™</sup> and PMI<sup>®</sup> are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Emirates NBD use the above marks under licence. IHS Markit is a registered trade mark of IHS Markit Limited and/or its affiliates.

*If you prefer not to receive news releases from IHS Markit, please email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, [click here](#).*