

## Press Release

**Under strict embargo until: 08:15 (DUBAI) / 04:15 (UTC), October 9<sup>th</sup> 2017**

# Emirates NBD Dubai Economy Tracker™

## *Growth in Dubai's non-oil private sector loses momentum*

**Dubai, October 9th, 2017:**

September data signalled a sharp improvement in business conditions in Dubai's non-oil private sector, driven by steep expansions in output and new business. That said, the rate of growth eased since August. 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 – was at 55.2 in latest survey, down from 56.3 in August. Despite the rate of growth softening in September, it remained in line with the survey's historical average.

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 September survey points to a continued solid expansion in Dubai's economy, with retail & wholesale trade and construction data particularly encouraging. Year to date, the Dubai Economy Tracker index has averaged 56.3, markedly higher than the average for the same period last year, which supports our view that Dubai's GDP growth is likely to accelerate this year.”

### **Key Findings**

- Economy Tracker Index remains strong despite easing to a four-month low of 55.2
- Sharp expansions of business activity and inflows of new work
- Output prices fall amid intensive competitive pressures

### **Business activity and employment**

**Output** in Dubai's non-oil private sector rose at a sharp rate in September. The latest finding extended the current sequence of growth to 19 months. Strong growth was indicated in all three monitored sectors, with the fastest expansion being recorded in the construction sector. Firms commonly noted that strong underlying demand for goods and services produced in Dubai had led to increased output requirements in the most recent survey.

**Job creation** was recorded for the seventh month running in September. The rate at which employers hired additional staff was the fastest since April. That said, the rate of growth remained only slight overall and below the long-run series average.

### Emirates NBD Dubai Economy Tracker Index™

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

### Incoming new work and business activity expectations

The latest survey data signalled growth of **new business** for the nineteenth month running. Panel members that reported higher inflows of new work frequently mentioned improving economic conditions and better marketing techniques. The rate of growth eased to a four-month low, but remained strong overall and in line with the survey average.

An uptick in **business confidence** was registered in September. Moreover, optimism reached a four-month, matching that registered in May. Many respondents forecast that product innovations and a general economic upturn will lead to greater output over the next 12 months.

### Input costs and average prices charged

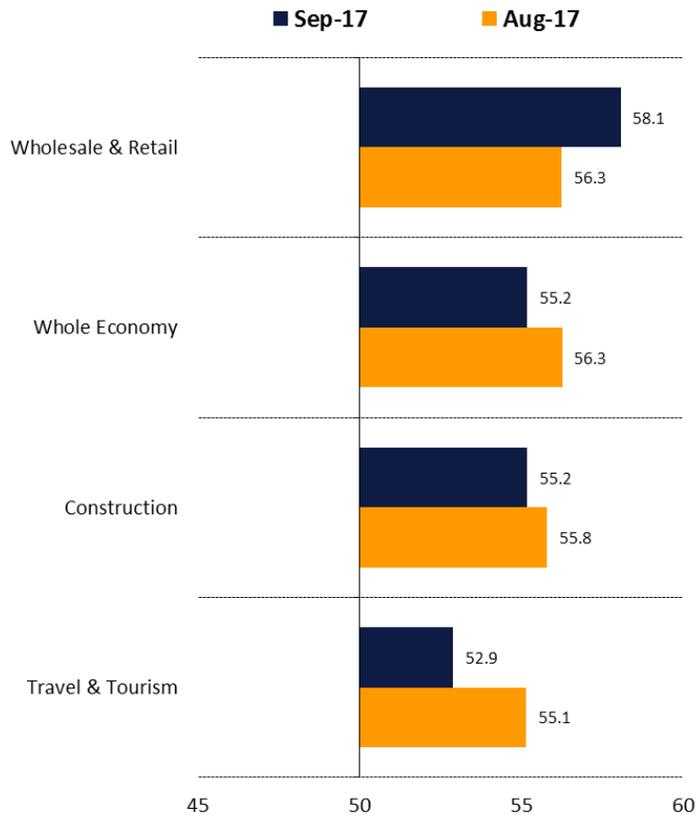
**Input price** inflation eased in September and registered below the long-run series average of 53.6. Both rising wages and higher purchase prices contributed towards the rise in average cost burdens. Input cost inflation was indicated in the wholesale & retail and construction sectors, whilst travel & tourism registered a slight fall.

**Average prices charged** by firms operating in Dubai's non-oil private sector fell in September. The rate of output charge deflation was the sharpest recorded for five months. According to anecdotal evidence, companies reduced their selling prices in order to remain competitive and stimulate client demand.

**Emirates NBD Dubai Economy Tracker Index: Sector summary**

**Index: Sector summary**

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

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**The next *Dubai Economy Tracker Report* will be published on 9<sup>th</sup> November 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](http://www.emiratesnbd.com)

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

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