



Press Release

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Emirates NBD UAE PMI[®]

Growth momentum ticks up in the non-oil private sector

Dubai, May 3rd, 2018: April data indicated an uptick in growth momentum in the UAE's non-oil private sector, with stronger improvements in output, new business and employment contributing to the latest expansion. Meanwhile, backlogs of work increased at the fastest rate in 32 months, linked to steeper new order growth. Inflationary pressures sharpened as businesses and input suppliers capitalised on stronger demand conditions in the non-oil private sector. In response to greater growth impetus, business confidence reached a 34-month high.

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 improvement in business condition in the UAE in April was driven by strong output and new order growth, including a recovery in export orders. The rise in employment and selling prices, although modest, is also encouraging.”

Key Findings

- Headline PMI rises to 55.1 in April, from 54.8 in March
- Output, new order and employment growth improves
- Inflationary pressures sharpen

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 to 55.1 in April, from 54.8 in March. The figure was indicative of a marked improvement in business conditions, and one that was above the

average recorded over the survey's near nine-year history. That said, the expansion was muted in comparison to the recent peak seen in December 2017.

Output growth accelerated in April's survey, reaching a three-month high. Anecdotal survey evidence linked the increase to stronger inflows of new business. The latest figure signalled a marked improvement overall and extended the current phase of output expansion that began in February 2010.

April saw an improvement in new order books from both domestic and foreign sources. Internal demand for goods and services grew at a marked rate that was above the long-run average. Meanwhile, new business from abroad returned to growth in the latest survey, increasing at a moderate rate overall.

Reflecting rising output requirements in the non-oil private sector, job creation ticked up in April's survey, following the 17-month low in March. Despite the rise in employment, robust demand continued to place pressure on operating capacity, as signalled by the strongest rise in backlogs of work for 32 months.

In terms of inflation, both input cost and output charges increased during April. Average cost burdens faced by non-oil private sector firms in the UAE increased at a moderate rate overall. Many respondents noted a general increase in operating costs, linked to rising raw material costs alongside higher staff wages. Responding to stronger demand conditions and greater cost burdens, firms raised their output charges for the first time since the start of the year. The rate of output price inflation was modest overall.

Positive sentiment towards future growth prospects improved sharply in the latest survey. An expected economic upturn, new product launches and improved marketing strategies underpinned business confidence in April.

-Ends-

The next *UAE PMI Report* will be published on June 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 31st December 2017, total assets were AED 470.4 Billion, (equivalent to approx. USD 128 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 230 branches and 1040 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. Emirates NBD Group is an official premier partner of EXPO 2020. For more information, please visit: www.emiratesnbd.com

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