

Press Release

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Emirates NBD Dubai Economy Tracker™

Slowest improvement in business conditions since October 2016

Dubai, May 9th, 2018:

April data signalled a slowdown in non-oil private sector growth, with the latest improvement in business conditions being the smallest since October 2016. Weaker momentum in the wholesale & retail and travel & tourism sectors was a key factor behind the overall slowdown. 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 – scored 53.9 in April, down from 55.3 in March. Nonetheless, the figure was indicative of a modest overall expansion.

Despite easing since the preceding survey period, travel & tourism remained the strongest performer (55.3), followed by construction (54.9) and wholesale & retail (53.5).

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 softer Economy Tracker Index in April appears to reflect weaker inventory accumulation as well as slower output and new work growth. However, demand still appears to be relatively robust.”

Key Findings

- Economy Tracker Index down to 53.9 in April, from 55.3 in March
- Job creation returns to the non-oil private sector
- Renewed rise in input costs

Business activity and employment

Overall **business activity** growth in Dubai’s non-oil private sector increased at a slower rate in April. The pace of expansion fell below the historical series average, but remained solid overall. Many firms linked higher output to strong demand conditions.

Despite easing output growth being registered in April, panellists reported a return to **job creation** for the first time since January. That said, the rate of employment growth was only marginal overall.

Emirates NBD Dubai Economy Tracker Index™

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

Incoming new work and business activity expectations

New business volumes continued to increase at a solid rate during the latest survey period. Some firms linked higher new orders to robust demand conditions and promotional activity. That said, the rate of growth eased to the lowest in a year-and-a-half in April.

Businesses continued to forecast an improvement in output levels over the next 12 months. In fact, the overall degree of positive sentiment reached a three-month high in April and scored above the historical average. According to anecdotal evidence, new project wins and an expected economic upturn underpinned **business confidence** in the most recent survey.

Input costs and average prices charged

Input price inflation returned to Dubai's non-oil private sector during April, following a marginal fall in **average cost burdens** in March. Prices increased at a solid rate overall, registering above the historical average. Firms noted higher wages alongside greater raw material costs.

Businesses raised their **output charges** during the latest survey, reflecting the increase in input costs, according to anecdotal evidence. That said, the rate of inflation was only fractional overall.

Emirates NBD Dubai Economy Tracker Index: Sector summary

Index: Sector summary

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

-Ends-

The next *Dubai Economy Tracker Report* will be published on 8th June 2018 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 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

About IHS Markit (www.ihsmarket.com)

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