



Press Release

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Emirates NBD Dubai Economy Tracker™

Non-oil private sector growth softens to five-month low

Dubai, October 9th, 2018:

Growth in Dubai's private sector ended the third quarter on a weaker footing, with the latest expansion being the slowest since April. A contraction in employment and softer output growth contributed to the slight loss of impetus. Nonetheless, September's overall improvement in business conditions remained solid overall.

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 – fell to 54.4 in September, down from 55.2 in August. Scoring above the 50.0 no-change mark, the latest figure signalled a solid overall expansion, albeit one that was below the historical average.

At the sector level, travel & tourism was once again the weakest performing category at 51.3 in September, followed by construction (53.8) and wholesale & retail (55.5) respectively.

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 headline Dubai Economy Tracker Index (DET) declined to 54.4 in September signalling the slowest rate of expansion since April. Both output and new work increased in September but at a slightly slower rate than in August.

“However, employment declined on average (49.2) in September, particularly in the travel & tourism sector. Selling prices in Dubai's private sector declined for the fifth consecutive month, despite a modest rise in input costs. This suggests that firms increased promotional activity and discounts in order to boost demand.

“Stocks of pre-production inventories also rose at the slowest rate since July 2016, indicating less willingness on the part of firms to hold inventories. Firms remain highly optimistic about future output however, with many citing Expo 2020 projects and marketing initiatives as reasons for expected higher output in one year's time.

“The sector surveys showed continued softness in the travel & tourism sector in September, with this sector index falling to the lowest level year-to-date. Momentum in the wholesale & retail and construction sectors also moderated last month.”

Key Findings

- Dubai Economy Tracker Index falls to 54.4 in September, from 55.2 in August
- Employment contracts at survey-record pace amid cost cutting
- Output and new business growth eased during September

Business activity and employment

Output across Dubai’s non-oil private sector increased during September. Although the rate of growth eased since August, it remained sharp overall and above the long-run average. Activity increased to the greatest extent in the wholesale & retail sector.

Employment levels fell for the first time since March, and at the fastest pace since the survey began in January 2010. Some firms linked job shedding to cost cutting. That said, the rate of contraction was only slight.

Emirates NBD Dubai Economy Tracker Index™

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

Incoming new work and business activity expectations

Continuing the sequence of growth recorded since March 2016, inflows of **new work** increased once again in the latest survey period. That said, the rate of growth eased to a five-month low during September but remained steep overall.

Business confidence across the non-oil private sector remained strongly positive during September. Panellists remained optimistic towards projects surrounding Expo 2020, marketing initiatives and planned business expansion.

Input costs and average prices charged

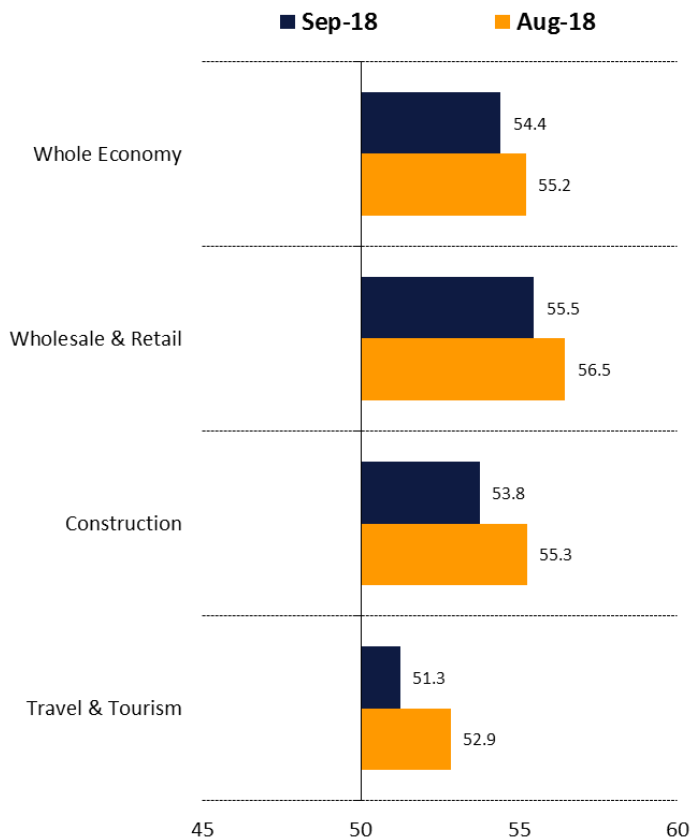
Average **cost burdens** continued to rise in September, stretching the current phase of input price inflation to six months. That said, the latest increase in input costs was below the historical average.

Selling prices in Dubai's non-oil private sector continued to fall amid intense competitive pressures and promotional activity. The degree of price discounting was modest during September, with the latest decrease extending the current sequence of falling output charges to five months.

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 11th November 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 30th 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

About IHS Markit (www.ihsmarkit.com)

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