

Press Release

Under strict embargo until: 08:15 (DUBAI) / 04:15 (UTC), August 9th 2017

Emirates NBD Dubai Economy Tracker™

Business conditions continue to improve at a robust pace in July

Dubai, August 9th, 2017:

Robust growth momentum of the non-oil private sector in Dubai was maintained in July, with 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 – at 56.3 in July, broadly similar to 56.5 in June. The latest index reading was one that was above the long-run trend (55.2).

By sector, the wholesale & retail industry (index at 57.9) was once again the best performing category, followed by travel & tourism (56.3) and the construction sector (54.8).

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:

“While the headline index continues to reflect strong growth in the non-oil economy in July, firms’ margins continue to be squeezed as they lower selling prices, particularly in the trade and hospitality sectors. Employment growth remains soft overall.”

Key Findings

- Dubai Economy Tracker Index records 56.3 in July
- Sharp expansions of output and new orders
- Another marginal increase in employment

Business activity and employment

The positive overall trend for business conditions was supported by a sharp increase in **output**, despite growth easing to a slightly slower pace. The rise in business activity was attributed by panellists to favourable economic conditions and more projects.

In spite of a steep expansion in business activity, the pace of **job creation** was only marginal, continuing the trend observed in the past five months of expansion. Notably, all three monitored sub-sectors raised their staffing levels, led by wholesale & retail.

Emirates NBD Dubai Economy Tracker Index™

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

Incoming new work and business activity expectations

Incoming new business expanded at the fastest pace since April. The rate of increase was stronger than the long-run series trend. According to anecdotal evidence, client wins were supplemented by promotional activities and stronger underlying demand conditions.

Business confidence increased from June's 10-month low, but remained weaker than the overall level of positive sentiment recorded on average in the series history. Optimism was firmly rooted in expectations of further improvements in demand, supported by promotional activities.

Input costs and average prices charged

Input prices rose for the seventeenth successive month. The rate of inflation eased from June's three-month high, however, and was only marginal. The travel & tourism sector was the only sector to buck the overall upward trend seen in the construction and wholesale & retail sectors. Stronger demand reportedly led to a general increase in raw material prices, according to anecdotal evidence.

Despite higher costs, firms reduced **output charges** for the second month in succession. The rate of discounts offered slowed to a fractional pace. Price discounting was associated with efforts to stimulate demand amid intense competitive conditions. The reductions in output charges in the travel & tourism and wholesale & retail sectors outweighed the increase seen in the construction sector.

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 September 2017 at 08:15 (DUBAI)

For further information, please contact:



Ibrahim Sowaidan
Head - Group Corporate Affairs
Emirates NBD
Telephone: +971 4 609 4113 / +971 50 6538937
Email: ibrahims@emiratesnbd.com

Shaleen Sukthakar
ASDA'A Burson-Marsteller; Dubai, UAE
Tel: +971 50 9547834
Email: shaleen.sukthakar@bm.com

Joanna Vickers
Corporate Communications
IHS Markit
Tel: +44-207-260-2234
Email: joanna.vickers@ihsmarkit.com

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

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge 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 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2017 IHS Markit Ltd. All rights reserved.

The intellectual property rights to the Emirates NBD Economy Tracker provided herein are owned by 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. IHS Markit is a registered trade mark of IHS Markit Limited.