

Press Release

Under strict embargo until: 08:15 (DUBAI) / 04:15 (UTC), July 10th 2017

Emirates NBD Dubai Economy Tracker™

Business conditions improve substantially in June

Dubai, July 10th, 2017:

The improvements in the overall business conditions in Dubai's non-oil private sector gathered steam in June, 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 – registering at 56.5, up from May's seven-month low of 55.0. Notably, the latest reading was above the long-run series average (55.2).

By sector, wholesale & retail (index at 58.0) was the best performing category, closely followed by construction (index at 57.4). The travel & tourism sector (54.4) experienced the slowest improvement in business conditions.

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 June Dubai Economy Tracker survey supports our view that Dubai's economy has grown at a faster rate in H1 2017 compared with the same period last year. The wholesale and retail trade sector likely benefitted from increased household spending during Ramadan, which was in June this year, while the increased activity in the construction sector probably reflects progress on a number of infrastructure projects in Dubai.”

Key Findings

- Dubai Economy Tracker Index registers at 56.5 in June
- Sharper expansions in output and new orders
- Renewed fall in output charges

Business activity and employment

The overall improvement in the health of Dubai's private sector reflected another sharp rise in **business activity**. The rate of growth accelerated from May's seven-month low, and was sharp overall. The combination of more projects, promotional activities and inflows of new business contributed to greater business activity, according to anecdotal evidence.

Continuing the trend observed during the previous three months, **employment** rose during June. However, the pace of job creation was marginal overall. An increase in payroll numbers across the wholesale & retail sector offset declines seen in the construction and travel & tourism sectors.

Emirates NBD Dubai Economy Tracker Index™

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

Incoming new work and business activity expectations

Inflows of new business continued to rise for the sixteenth consecutive month during June. The rate of expansion was faster than May's seven-month low, matching the trend seen for output. Survey respondents reported that the increase in new orders was supplemented by enhanced marketing and promotional discounting initiatives.

Despite sharper improvements in the health of all three key sub-sectors, business **confidence** towards the 12-month outlook slowed to the weakest since August 2016. Firms expect greater marketing and sales efforts, combined with improvements in overall business conditions will lead to output growth in the coming 12 months.

Input costs and average prices charged

Input price inflation rose from May's 14-month low to its fastest since March. All three monitored sub-sectors registered a rise in input costs, led by the wholesale & retail sector.

Despite increased inflationary pressures, Dubai's private sector saw a renewed reduction in **output charges**, following a fractional rise in May. The only sector to buck the overall downward trend was the construction sector. Firms in the wholesale & retail and travel &

tourism sector reportedly offered discounts to attract customers in response to intensive competitive conditions.

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 9th August 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 31st March 2017, total assets were AED 452 Billion, (equivalent to approx. USD 123 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 222 branches and 1013 ATMs and CDMs 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 #TogetherLimitless platform.

For more information, please visit: www.emiratesnbd.com

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