



## Press Release

**Under strict embargo until: 07:15 (RIYADH) / 04:15 (UTC), January 4<sup>th</sup> 2018**

# Emirates NBD Saudi Arabia PMI<sup>®</sup>

## *Sharp growth in Saudi non-oil private sector signalled at end of 2017*

**Riyadh, January 4<sup>th</sup>, 2018:** December data signalled a strong end to the year for the Saudi Arabian non-oil private sector, with a sharp improvement in business conditions. Despite the rate of expansion softening fractionally in the latest survey, the pace of growth remained above the average registered throughout the year. Strong increases in both output and new orders contributed to the upturn. On the price front, input cost inflation accelerated to a 16-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 Saudi private sector.

Commenting on the Saudi Arabia PMI<sup>®</sup> survey, Khatija Haque, **Head of MENA Research at Emirates NBD**, said:

*“The December PMI survey continued to show a strong rate of expansion in December, and the data suggests that non-oil growth accelerated in the final quarter of 2017, as well as for the year as a whole compared to 2016. Nevertheless, we expect headline GDP growth to be close to zero in 2017 as substantial oil production cuts will offset the expansion in the non-oil sectors of the economy. We are more optimistic about growth prospects in 2018 however.”*

### **Key Findings**

- Headline PMI little-changed at 57.3
- Strong growth in both output and new orders
- Input price inflation sharpens to 16-month high

The headline seasonally adjusted **Emirates NBD Saudi Arabia Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>)** – a composite gauge designed to give a single-figure snapshot of operating conditions in the non-oil private sector economy – fell fractionally to 57.3 during December, from 57.5. That said, the latest figure signalled that the rate of expansion remained steep overall and above the average registered throughout 2017.

Despite easing since the preceding survey period, non-oil private sector companies in Saudi Arabia continued to report steep rates of expansion in output. According to anecdotal evidence, strong underlying demand in the domestic market alongside rising new orders from neighbouring economies both contributed to higher output requirements.

In line with the trend seen since the survey began in 2009, inflows of new business received by Saudi Arabian non-oil private sector firms increased once again during December. The rate of expansion was sharp overall, albeit below the series' historical average.

New export orders expanded during December, thereby extending the current sequence of growth to five months. Furthermore, the rate of increase accelerated to its fastest since August.

Continuing the sequence registered since April 2014, non-oil private sector companies in Saudi Arabia continued to hire additional staff in December. That said, the rate of job creation remained slight overall and slower than the series' long-run average.

In terms of inflation, average cost burdens rose at a marked pace during December's survey period. Increased demand for raw materials led suppliers to increase prices, according to panel member reports. Despite the marked increase in input costs, selling prices only rose at a fractional pace overall amid strong competitive pressures in the non-oil private sector.

December's survey signalled a sharp expansion in purchasing activity. Panel members increased input buying in anticipation of rising output requirements.

On a less positive note, business confidence towards future growth prospects eased during December. That said, firms remained optimistic overall. An expected upturn in business conditions and rising marketing activity were both forecast to underpin output growth over the next year.

-Ends-

**The next *Saudi Arabia PMI Report* will be published on February 5<sup>th</sup> 2018 at 07:15 (RIYADH) / 04:15 (UTC)**



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**Notes to Editors**

The Emirates NBD Saudi Arabia Purchasing Managers' Index is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 private sector companies, which have been carefully selected to accurately represent the true structure of the Saudi 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.



## About Emirates NBD

Emirates NBD is a leading banking Group in the region. As at 30th September 2017, total assets were AED 461.1 Billion, (equivalent to approx. USD 125 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 231 branches and 1031 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. For more information, please visit: [www.emiratesnbd.com](http://www.emiratesnbd.com)

## About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))

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