



Press Release

Under strict embargo until: 07:15 (RIYADH) / 04:15 (UTC), September 6th 2017

Emirates NBD Saudi Arabia PMI[®]

New order growth accelerates to sharpest since April

Riyadh, September 6th, 2017: The health of the non-oil private sector continued to improve during August. Growth was supported by sharp expansions in new orders and output. Moreover, international demand for Saudi Arabian products and services picked up, as highlighted by a renewed increase in new export orders. Growth of staffing levels was sustained during August, as companies responded to greater capacity pressures by taking on extra staff. Companies continued to face upward cost pressures, but their ability to fully pass on higher cost burdens to consumers was restricted by intensive competitive conditions. The rate of growth in inventories climbed to a record high, reflecting greater buying levels.

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[®] survey, Khatija Haque, **Head of MENA Research at Emirates NBD**, said:

“Saudi Arabia’s non-oil sectors expanded at a solid rate in August, with the headline PMI broadly unchanged from July. The recovery in export orders helped boost overall new order growth to the fastest rate in four months in August, while output also showed a sharp rise last month.”

Key Findings

- Headline PMI rises to 55.8 in August
- Sharp increases in output and new orders
- Record rise in inventories

The headline seasonally adjusted Emirates NBD Saudi Arabia Purchasing Managers’ Index™ (PMI[®]) – a composite gauge designed to give a single-figure snapshot of operating conditions in the non-oil private sector economy – edged up to 55.8 in August from 55.7 in July. This was consistent with the strongest improvement in operating conditions since April. However, the headline PMI remained below its long-run average (58.1).

The upward movement in the headline index was supported by a sharper increase in new orders. The rate of growth in new work quickened to the fastest in four months. More projects and stronger underlying demand were cited by panellists as the key factors behind greater inflows of new business.

Despite softening from the preceding month, output grew sharply. Panellists attributed the rise in business activity to favourable economic conditions.

Companies observed a renewed expansion in new export orders during August. Growth was recorded for the second time in the past five months. Opportunities arising from new export markets were frequently linked by panellists to stronger international demand for Saudi Arabia's products and services.

Firms faced capacity pressures for the tenth successive month and raised payroll numbers accordingly. The rate of job creation slowed to the weakest since April, however.

Companies purchased greater quantities of inputs during August. As a result, inventories were accumulated at the sharpest rate in the survey history.

Firms faced higher cost burdens during August, with both purchasing prices and staff salaries rising further. Consequently, firms passed on higher input costs to consumers. However, the pace of output price inflation was only marginal.

Although the level of positive sentiment dipped to the lowest since October 2016, firms retained positive expectations over the 12-month outlook for output. Optimism was rooted in forecasts of further improvements in market demand.

-Ends-

The next *Saudi Arabia PMI Report* will be published on October 3rd 2017 at 07:15 (RIYADH)/ 04:15 (UTC)



For further information, please contact:

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

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

Khatija Haque
Head of MENA Research, Emirates NBD
Email: KhatijaH@emiratesnbd.com

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

Aashna Dodhia
Economist
IHS Markit
Tel: +44 1491 461003
Email: aashna.dodhia@ihsmarkit.com

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 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 Saudi Arabia PMI[®] provided herein are owned by or licensed to 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. Purchasing Managers' Index[™] and PMI[®] are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Emirates NBD use the above marks under licence. IHS Markit is a registered trade mark of IHS Markit Limited.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).