



Press Release

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Emirates NBD UAE PMI™

PMI climbs to 19-month high in March

Dubai, April 4th, 2017: Growth of the UAE non-oil private sector gained further momentum in March, continuing the trend observed throughout the opening quarter of 2017. The overall expansion was driven by sharper increases in output and new orders, as well as a record rise in stocks of purchases. Firms raised their payroll numbers slightly, while there was evidence of ongoing pressure on operating capacity. Prices data suggested that the UAE's non-oil private sector faced intense market competition, as the vast majority of firms registered no change in output charges despite increased cost pressures.

The survey, sponsored by Emirates NBD and produced by IHS Markit, contains original data collected from a monthly survey of business conditions in the UAE non-oil private sector.

Commenting on the Emirates NBD UAE PMI™, **Tim Fox, Head of Research and Chief Economist at Emirates NBD**, said:

"The latest PMI survey for the UAE points to encouraging growth in the non-oil economy through the first quarter of 2017. What was particularly notable in this report was the degree of optimism among local firms about the potential for further improvements in client demand, which was evident in a strong rise in purchasing activity."

Key Findings

- Expansion in business activity picks up to a 25-month high
- New order growth quickens to the sharpest rate in over one-and-a-half years
- Record increase in stocks of purchases

The headline seasonally adjusted **Emirates NBD UAE Purchasing Managers' Index™ (PMI™)** – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – picked up to a 19-month high of 56.2 in March, from 56.0 in February. The reading was consistent with a sharp improvement in business conditions.



As a result, the quarterly average for the first quarter of 2017 (55.8) was the strongest in one-and-a-half years.

The increase in the headline index was supported by sharper growth of business activity. In fact, the rate of expansion accelerated to the sharpest in 25 months. New projects, a further general improvement in economic conditions and market demand were reported as factors behind output growth.

At the same time, growth in new order book volumes quickened to a 19-month high and was sharp overall. According to anecdotal evidence, more construction activity, good quality products and promotional activities were behind the rise in new orders. New export business also expanded in March.

Reflective of increased output requirements, firms increased their staffing levels. However, the rate of job creation was only modest. Subsequently, the rate of backlog accumulation edged up to a six-month high. Companies reported that higher demand had contributed to rising work outstanding.

Higher new order intakes prompted firms to scale up buying levels. In fact, the rate of expansion was the most marked in over one-and-a-half years. Subsequently, the rate of inventory accumulation accelerated to a survey-record high. Respondents commented on new order intakes and expectations of further improvements in client demand.

Firms faced increased cost pressures amid a general rise in market prices due to higher demand for raw materials, according to anecdotal evidence. The rate of overall input price inflation quickened in March. However, firms registered no change in output prices. Firms that raised charges passed on higher cost burdens to clients, while other firms reportedly offered discounts due to intense market competition.

-Ends-

The next UAE PMI Report will be published on May 3rd 2017 at 08:15 (DUBAI) / 04:15 (UTC)



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Notes to Editors

The Emirates NBD UAE Purchasing Managers' Index is based on data compiled from monthly replies to questionnaires sent to purchasing executives in approximately 400 private sector companies, which have been carefully selected to accurately represent the true structure of the United Arab Emirates 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. 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 December 2016, total assets were AED 448 Billion, (equivalent to approx. USD 122 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 219 branches and 1012 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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