

Press Release

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Emirates NBD Dubai Economy Tracker™

Improvement in business conditions sustained in August

Dubai, September 11th, 2017:

Growth of Dubai's non-oil private sector was sustained at a robust pace during August, supported by further gains in output, new orders and employment. 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 – remained unchanged from July at 56.3 in August.

August data pointed to sharp growth across the three key sectors monitored by the survey. Wholesale & retail was the best performing category (index at 56.3), followed by construction (55.8) and travel and tourism (55.1).

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 Dubai Economy Tracker survey shows continued expansion of the economy last month, at a similar rate to June and July. Output and new orders have increased sharply, although this has not translated into significant jobs growth.”

Key Findings

- Dubai Economy Tracker Index unmoved at 56.3 in August
- Sharp expansions of new orders and output
- Output charges increase for the first time in three months

Business activity and employment

The overall improvement in the health of Dubai's private sector reflected another sharp increase in **business activity** in August despite slowing slightly from the preceding month. The rise in output was attributed by respondents to improved demand conditions.

Continuing the trend seen in the latest six months, the pace of **job creation** was marginal. The upward trend was observed across all three monitored sub-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 work rose for the eighteenth consecutive month during August. The rate of expansion was sharp and above the long-run average, but slower than the preceding month. Good quality products and promotional activities supported strong market demand, according to anecdotal evidence.

The level of **business optimism** was the strongest since May, but remained weaker than the long-run average. Promotional activities, new orders in the pipeline and further improvements in market demand conditions were the key factors cited by panellists behind business confidence.

Input costs and average prices charged

Input prices rose for the eighteenth successive month during August. The rate of inflation accelerated from the prior month, but was weaker than the long-run average. Prices for raw materials reportedly rose due to stronger demand levels. Greater cost burdens were recorded across all three sub-sectors covered by the survey.

Output charges rose only the second time in 13 months during August. The rate of inflation was marginal overall. An increase in output prices in the travel & tourism sector offset the reductions seen in the construction and wholesale & retail sectors. Where an increase was registered firms linked this to the passing on of higher cost burdens to clients, while firms that reduced output prices associated this with 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 October 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 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

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