



Press Release

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Emirates NBD Dubai Economy Tracker™

Dubai's private sector signals robust growth at the start of 2017

Dubai, February 9th, 2017:

January data signalled the strongest improvement in non-oil private sector business conditions for nearly two years. This was highlighted by 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 57.1 at the start of the year, up from 55.9 to signal the fastest rate of improvement in 23 months. Furthermore, all the three key sub-sectors monitored by the survey recorded marked rates of expansion.

By sector, travel & tourism remained the best performing category at the start of the year (index at 57.8), closely followed by wholesale & retail (57.7) and construction (55.4).

The headline Emirates NBD Dubai Economy Tracker Index is derived from individual diffusion indices which measure changes in output, new orders, employment, suppliers' delivery times and stocks of purchased goods.

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 rise in the Dubai Economy Tracker index in January to its highest level in nearly two years was mainly due to faster expansion in output and new orders. While some of the improvement was attributed to new projects, price discounting is still playing a significant part in supporting demand."

Key Findings

- Sharpest rise in output for almost two years
- All three key sub-sectors see marked rise in activity
- Firms continue to discount output prices despite further increase in input costs

Business activity and employment

Private sector **business activity** in Dubai picked up sharply in January, with the pace of growth accelerating to a 23-month high. The latest reading was also stronger than the series average. The wholesale & retail sector signalled the strongest rate of activity growth in seven months, with some firms linking the increase to promotional activities to stimulate client demand. Meanwhile, construction firms widely cited new projects as the principal factor behind the increase in output.

Despite the steep increase in business activity, **job creation** was modest overall, although the pace of staff hiring picked up slightly since December.

Emirates NBD Dubai Economy Tracker Index™

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

Incoming new work and business activity expectations

Mirroring the trend for business activity, January data signalled greater amounts of **new work** for the eleventh month in succession. Moreover, the latest increase in new business was the fastest since March 2015. Anecdotal evidence suggested that stronger underlying demand combined with promotional activities supported sales.

Dubai private sector companies remained optimistic about their **prospects for activity growth** over the next year. Survey respondents commented on new projects and forecasts of improving market conditions.

Input costs and average prices charged

Input cost inflation eased since December and pointed to only a marginal rate of increase. Despite sustained cost pressures, private sector companies discounted their **output charges** for the sixth consecutive month. Firms in the construction and wholesale & retail sectors reported that intense market competition had left them unable to pass on higher cost burdens to clients. Meanwhile, travel & tourism bucked the overall trend, and raised their average selling prices at a marked rate amid strong underlying demand conditions.

Emirates NBD Dubai Economy Tracker Index: Sector summary

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

-Ends-

The next *Dubai Economy Tracker Report* will be published on 9th March 2017 at 08:15 (DUBAI)



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Notes to Editors

The Emirates NBD Dubai Economy Tracker™, produced by 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.

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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