



## Press Release

**Under strict embargo until: 08:15 (DUBAI) / 04:15 (UTC), October 3<sup>rd</sup> 2018**

# Emirates NBD UAE PMI®

## *PMI steady in September*

**Dubai, October 3<sup>rd</sup>, 2018:** Today sees the release of September data from the Emirates NBD Purchasing Managers' Index® (PMI®) for the UAE. The survey, compiled by IHS Markit, contains original data collected from a monthly survey of business conditions in the UAE non-oil private sector.

Commenting on the UAE PMI® survey, **Khatija Haque, Head of MENA Research at Emirates NBD**, said:

**“The headline UAE PMI stood at 55.3 in September, the third month in a row with a reading at the 55-handle.** This signals a steady expansion in the non-oil private sector in Q3 2018. Year to date, the PMI averaged 55.7, similar to the same period last year. Although output and new work rose sharply in September, supported by growth in export orders, employment remained below the neutral 50-level for the second consecutive month. The majority of firms reported no change in staffing in September but nearly 2% of firms indicated a decline in jobs last month. Staff costs (a proxy for wages) were also largely unchanged last month.

**“Stocks of pre-production inventories were slightly higher in September** after declining in August. Over the last four months, inventory levels have been unchanged on average, suggesting that firms are either much better at managing their stocks or they are reluctant to build up inventory; ie indicating softer expected demand in the coming months. The business optimism component of the survey showed that most firms surveyed (62%) expect output to be higher in a year's time, fewer than in the August survey.

**“Input costs were slightly higher in September (51.2), but the rate of producer inflation has slowed markedly since January** when VAT pushed the index up to 57.4. Selling prices were unchanged in September (50.2) after declining on average for the previous four months.

**“Backlogs of work rose again in September – unsurprising given strong output and new work growth with no increase in employment – but at the slowest pace since May.**

**“The PMI survey data so far this year suggests to us that the non-oil sector in the UAE is growing at a similar pace to last year, when official statistics showed non-oil GDP growth of 2.5%.”**

**The main findings of the September survey were as follows:**

- Headline PMI rises to 55.3 in September, from 55.0 in August
- Sharper growth in new orders, led by strong demand in both domestic and foreign markets
- Employment decreases for second month in a row

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 – rose to 55.3 in September, up from 55.0 in August. Scoring well above the 50.0 no-change threshold, the figure signalled a improvement in business conditions across the non-oil private sector.

September data indicated a further rise in output across the UAE's non-oil private sector. Whilst the rate of growth remained sharp and above the historical average, it did slip to a five-month low in the latest survey.

Inflows of new business improved during September. The rate of growth was steep and above that recorded in August. Survey data inferred that part of the increase in growth was driven by stronger foreign demand, which increased for the sixth month running.

Payroll numbers across the non-oil private sector decreased for the second month running in September, the first consecutive monthly decline in employment since the survey's inception. Nonetheless, the rate of job shedding eased since August and was only marginal overall.

Partly reflecting an uptick in new order growth and falling employment levels, backlogs of work continued to build at an elevated pace during September. The finding thereby stretched the current sequence of rising work outstanding to 21 months.

Average cost burdens rose during September, following unchanged input prices in the preceding survey period. Both average purchase prices and staff bills increased. The rate of inflation was only slight overall, however.

Output charges across the non-oil private sector rose during the latest survey. The rise followed a four-month sequence of falling selling prices.

Business confidence remained strong in the latest survey period. Projects related to Expo 2020, successful new product launches and planned business expansions underpinned optimism towards future growth prospects.



-Ends-

**The next *UAE PMI Report* will be published on November 5<sup>th</sup> 2018 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. 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 2018, total assets were AED 477.5 Billion, (equivalent to approx. USD 130 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 227 branches and 1065 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, the Kingdom of Saudi Arabia, Egypt, 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 #TogetherLimitless platform. Emirates NBD Group is an Official Premier Partner of Expo 2020 Dubai. 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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