



## **Press Release**

**Under strict embargo until: 08:15 (DUBAI) / 04:15 (UTC), March 5<sup>th</sup> 2017**

# **Emirates NBD UAE PMI™**

*Strongest upturn in output for one-and-half years*

**Dubai, March 5<sup>th</sup>, 2017:** Business conditions in the UAE's non-oil private sector continued to improve in February, with a sharp and accelerated increase in inflows of new work underpinning a robust expansion of output. Strong demand conditions and a favourable economic environment encouraged companies to scale up purchasing activity and hire additional workers over the month. On the price front, average selling prices rose for the first time in almost one-and-a-half years as firms passed on to clients part of their additional cost burdens.

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™, **Khatija Haque, Head of MENA Research at Emirates NBD**, said.

*"The rise in the UAE PMI to the highest level since September 2015 suggests that demand has strengthened, both domestically and abroad. Higher oil prices have likely contributed to improved sentiment and business activity over the last few months."*

## **Key Findings**

- Sharp and accelerated expansion of new orders boosts output growth
- Job creation sustained in February
- Output prices rise for first time since October 2015

As has been the case in each month for seven-and-a-half years, 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 – recorded above the crucial 50.0 threshold in February, thereby signalling a further improvement in the health of the private sector. Up from 55.3 in January to a 17-month high of 56.0, the latest reading was above its long-run average (54.5).



New business inflows rose sharply and at the fastest rate since September 2015, which survey participants linked to strong underlying demand and better economic conditions. With new export orders also expanding markedly over the month, companies raised output further. In fact, growth of business activity climbed to an 18-month peak.

Greater output requirements encouraged firms to purchase more inputs and hire extra staff. Buying levels increased to the greatest extent since last September, whereas the pace of job creation softened to the weakest in four months.

The upturn in purchasing activity helped companies to build their input stocks in February, which rose sharply and at the second-quickest pace in one-and-half years.

In tandem with softer increases in purchasing prices and staff costs, average input prices rose at a weaker rate during February. Nevertheless, businesses' charges were raised for the first time since October 2015 as panellists reportedly acted to protect margins.

Amid reports of particular requests for faster deliveries, average lead times facing non-oil private sector firms in the UAE shortened during February. Furthermore, supplier performance improved to the greatest extent since October 2012.

UAE non-oil private sector companies expect the favourable economic scenario to be sustained over the coming 12 months, with one-in-five companies forecasting output growth in the year ahead. In fact, the level of positive sentiment was at a five-month high in February. Optimism reportedly reflected aggressive marketing campaigns, strong demand and new projects in the pipeline.

-Ends-

**The next *UAE PMI Report* will be published on April 4<sup>th</sup> 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](http://www.emiratesnbd.com)

#### **About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))**

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