

Press Release

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Emirates NBD Dubai Economy Tracker™

Business conditions improve at slowest pace since October 2016

Dubai, January 10th, 2018:

December data signalled a slowdown in growth in Dubai's non-oil private sector. 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 – eased to 54.7 in December, from 55.3 in November. The latest reading indicated the slowest rate of improvement for 14 months.

By sector, wholesale & retail (index at 54.9) was the best performing category, closely followed by construction (index at 53.5). The travel & tourism sector (51.2) experienced the slowest improvement in business conditions.

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 decline in the Dubai Economy Tracker index in December is a little surprising, but appears to be broad-based across all the key sectors. Nevertheless, a reading of 54.7 still indicates economic growth in December. Looking at 2017 as a whole, the survey data suggests that Dubai’s economy grew at a faster rate than both 2015 and 2016.”

Key Findings

- Dubai Economy Tracker Index eases to 54.7 in December, from 55.3
- Growth in business activity and new work remains sharp overall
- Elevated output charge inflation in wholesale & retail and construction sectors

Business activity and employment

Non-oil private sector companies operating in Dubai reported the slowest growth in **business activity** since April 2016. Nonetheless, the rate of expansion remained sharp overall in

December. At the sector level, construction companies noted the steepest increase in output growth during the latest survey period.

Job creation in the non-oil private sector continued for the tenth month running during November. The rate of hiring eased, however, and was the weakest reported since June. According to anecdotal evidence, firms increased payroll numbers in order to meet rising output requirements.

Emirates NBD Dubai Economy Tracker Index™

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

Incoming new work and business activity expectations

Continuing the sequence seen since March 2016, volumes of **new orders** increased during December. That said, the rate of growth softened to a seven-month low amid reports of easing domestic demand.

Business activity expectations remained strongly positive overall during December's survey. The degree of confidence improved since November and registered above the series' long-run average. According to anecdotal evidence, an expected economic upturn alongside incoming new projects underpinned confidence among non-oil private sector firms in Dubai.

Input costs and average prices charged

Average cost burdens continued to increase during December, thereby extending the current sequence of rising operating costs to 22 months. That said, the rate of input price inflation softened to a three-month low and registered below the historical average. Construction sector firms reported the most marked increase in input prices.

Selling prices in Dubai's non-oil private sector rose during December, thereby ending a three-month sequence of price discounting. Moreover, the rate of output charge inflation in the construction and wholesale & retail sectors reached the highest since these series began in March 2015.

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 11th February 2018 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 September 2017, total assets were AED 461.1 Billion, (equivalent to approx. USD 125 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 231 branches and 1031 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, 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 #Together Limitless platform. Emirates NBD Group is an official premier partner of EXPO 2020. For more information, please visit: www.emiratesnbd.com

About IHS Markit (www.ihsmarkit.com)

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