



Press Release

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Emirates NBD UAE PMI®

Non-oil private sector records strong growth in September

Dubai, October 3rd, 2017: Despite softening slightly in September, growth in the UAE's non-oil private sector remained sharp and marked the strongest quarter recorded for two years. The latest improvement in business conditions was driven by above-average expansions in both output and new orders. That said, new business from abroad slipped back to contraction, indicating that the recovery was driven by domestic demand. On the price front, output charges fell, whilst input price inflation softened to a four-month low.

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

“Although the headline purchasing managers index eased slightly in September, the average reading for Q3 was the highest in two years, underpinned by strong growth in output and new work. The survey suggests that economic growth accelerated last quarter, and that domestic demand remains solid, despite relatively modest jobs growth.”

Key Findings

- Headline PMI signals fastest quarterly expansion for two years
- Sharp rises in both output and new orders
- Firms reduce output charges, helped by softer cost pressures

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 – eased from the 30-month high of 57.3 recorded in the preceding survey to 55.1 in September. That said, growth remained strong overall and steeper than the

survey's historical average. The average in Q3 2017 was 56.1, the strongest since Q3 2015 (56.3).

Firms in the non-oil private sector reported a sharp increase in output in September. The rate of growth was steep overall and above the series' long-run average. That said, the pace of expansion slowed from the four-month high registered in August.

Behind the latest rise in output requirements was strong underlying demand for goods and services produced in the UAE's non-oil private sector, according to anecdotal evidence. A sharp expansion in incoming new work was signalled in September. However, survey data suggested that greater inflows of new work came from the domestic market instead of foreign sources, as indicated by the contraction in new export orders.

Employment levels continued to rise for the seventeenth month running in September. That said, job creation eased since August and was only slight overall.

Companies in the UAE's non-oil private sector reduced their output charges according to the most recent survey data. Many panellists noted that they had dropped their selling prices to increase competitiveness.

Average cost burdens rose at the slowest pace for four months in September. The downtick was driven by softening pay pressures and slower input cost inflation.

Stocks of purchases rose at the second-fastest rate recorded in the survey's history in September. Some respondents noted that they were stockpiling input goods in anticipation of rising output requirements.

An uptick in business confidence was also recorded in September. Hopes of an upturn in demand for goods and services produced in the UAE's non-oil private sector underpinned optimism towards future growth. That said, business confidence remained subdued in the context of historical data.

-Ends-

The next *UAE PMI Report* will be published on November 5th 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. 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.



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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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