



Press Release

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Emirates NBD Dubai Economy Tracker™

Sharpest improvement in business conditions since February 2015

Dubai, May 9th, 2017:

Companies operating in Dubai's private sector experienced a further improvement in business conditions at the start of the second quarter. This was indicated 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 – rising from 56.6 to 57.7. Moreover, the headline index signalled the fastest upturn in operating conditions in 26 months.

April data indicated robust performances across all three key sub-sectors monitored by the survey, led by an accelerated upturn in construction (index at 57.9), closely followed by wholesale & retail (57.8) and travel & tourism (57.0).

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:

“It is encouraging to see the sharp rise in the construction sector index in April, as this had lagged both wholesale & retail trade and travel & tourism indices in the first quarter. The latest Dubai Economy Tracker survey supports our view that investment in infrastructure ahead of Expo 2020 will be a key driver of Dubai's growth over the next 2-3 years.”

Key Findings

- Dubai Economy Tracker Index climbs to the highest in 26 months
- Strong rise in business activity, led by wholesale & retail and construction
- Fastest increase in new orders in just over two years

Business activity and employment

The latest upturn in private sector operating conditions was driven by a steep increase in **output**, led by wholesale & retail and construction. Furthermore, the rate of growth was the second-sharpest in 26 months (behind January 2017). Survey respondents attributed greater business activity to more favourable economic conditions and new projects.

Employment increased across all the three key sectors during April, albeit at modest rates.

Emirates NBD Dubai Economy Tracker Index™

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

Incoming new work and business activity expectations

New business continued to rise for the fourteenth consecutive month in April, which panellists linked to a generally supportive economic backdrop and, in some instances, promotional discounts, and more construction projects. By sector, construction firms reported the strongest upturn in new business.

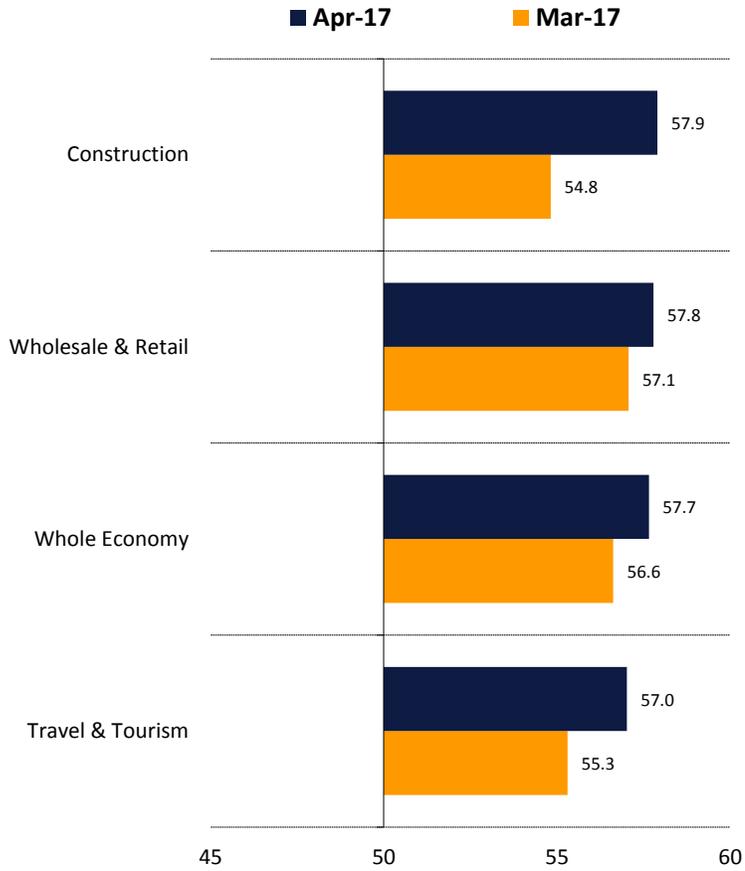
Reflective of robust improvements in the health of all three key sub-sectors, Dubai private sector companies indicated greater optimism about their **prospects for activity growth** over the year ahead from March's seven-month low. Overall, the degree of positive sentiment was broadly in line with the average recorded since the series began in April 2012.

Input costs and average prices charged

Average cost burdens increased at a modest pace across Dubai's private sector in April, with the rate of inflation broadly in line with the trend recorded over the current 14-month sequence of rising prices. Construction and wholesale & retail firms faced increased input costs, whereas travel & tourism noted a fall. In spite of rising costs, **average selling prices** continued to fall for the ninth month in succession. Furthermore, the rate of decline was faster than the preceding month and modest overall. All three key-sub sectors offered discounts to attract customers amid reports of intensive competition.

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 11th June 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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