



## **Press Release**

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

# **Emirates NBD UAE PMI<sup>®</sup>**

## *Non-oil private sector growth eases to ten-month low*

**Dubai, April 3<sup>rd</sup>, 2018:** Growth momentum in the non-oil private sector continued to ease at the end of the first quarter, with the latest data signalling the most muted expansion seen since May last year. Easing new order, output and employment improvements, alongside stagnant foreign demand for goods and services contributed to the softer growth registered in March. That said, the expansion remained above the historical average. In terms of costs, firms took advantage of easing price pressures by reducing output charges in an attempt to stimulate client demand.

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<sup>®</sup> survey, **Daniel Richards, MENA Economist at Emirates NBD**, said:

*“Although the UAE’s PMI score continues to moderate from the pre-VAT boost enjoyed at the end of 2017, it remains firmly in expansionary territory, and continued discounting by firms should help stimulate demand. Firms are more positive towards future output than they were last month, reflecting new orders that remain strong at 60.2.”*

### **Key Findings**

- Headline PMI falls to 54.8 in March, from 55.1 in February
- Easing output, new order and employment growth
- Input cost pressures continue to soften

The headline seasonally adjusted **Emirates NBD UAE Purchasing Managers’ Index™ (PMI<sup>®</sup>)** – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – eased to 54.8 in March, down from 55.1 in February. The figure indicated a marked expansion overall, and one that was fractionally above the long-run

average. That said, the rate of growth eased for the third month running, reaching a ten-month low in March's survey.

Output growth softened to a 23-month low during the latest survey. That said, the rate of expansion remained marked overall. Some clients linked the rise to new project wins.

Incoming new business remained in sharp growth territory, posting above the long-run average in March. The rate of expansion was at a four-month low, however.

Despite domestic new business growth remaining strong, orders from abroad deteriorated in the latest survey, thereby ending a three-month sequence of growth. That said, the rate of contraction was only fractional overall. According to anecdotal evidence, firms experienced challenging competitive pressures in foreign markets.

Private sector firms in the UAE's non-oil private sector reported easing job creation during March. Moreover, the rate of employment growth slipped to a 17-month low.

In terms of inflation, price pressures eased further since the recent peak at the start of 2018. The rate of input cost inflation was marginal overall, and the weakest registered since May 2017. In line with easing cost pressures, businesses offered price discounting to stimulate client demand for the second month running. The rate of output charge deflation was modest overall in March.

Confidence in the non-oil private sector improved since February, and was strongly positive overall. New project wins alongside an expected global economic upturn underpinned positive sentiment in March.

-Ends-

**The next *UAE PMI Report* will be published on May 3<sup>rd</sup> 2018 at 08:15 (DUBAI) / 04:15 (UTC)**



**For further information, please contact:**

Ibrahim Sowaidan  
Senior Vice-President, Head - Group Corporate Affairs  
Emirates NBD  
Telephone: +971 4 609 4113 / +971 50 6538937  
Email: [ibrahims@emiratesnbd.com](mailto:ibrahims@emiratesnbd.com)

Shaleen Sukthankar  
ASDA'A Burson-Marsteller; Dubai, UAE  
Tel: +971 50 9547834  
Email: [shaleen.sukthankar@bm.com](mailto:shaleen.sukthankar@bm.com)

Daniel Richards  
MENA Economist, Emirates NBD  
Email: [DanielRICHA@emiratesnbd.com](mailto:DanielRICHA@emiratesnbd.com)

Joanna Vickers  
Corporate Communications  
IHS Markit  
Tel: +44-207-260-2234  
Email: [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

Sam Teague  
Economist  
IHS Markit  
Tel: +44 1491 461018  
Email: [sam.teague@ihsmarkit.com](mailto:sam.teague@ihsmarkit.com)

**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 31<sup>st</sup> December 2017, total assets were AED 470.4 Billion, (equivalent to approx. USD 128 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 230 branches and 1040 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](http://www.emiratesnbd.com)

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