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QATAR FINANCIAL CENTRE



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By IHS Markit

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
Embargoed until: 12:00 Doha (09:00 UTC) 5 June 2018

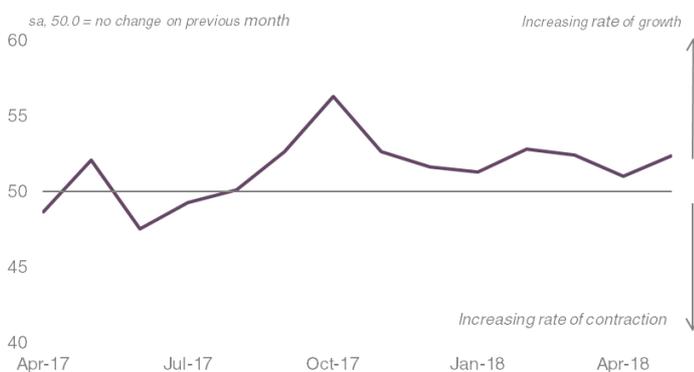
Non-hydrocarbon private sector growth accelerates in May

Qatar Financial Centre PMI™

- Headline PMI rises to 52.4 in May, signalling solid growth
- Firms hire staff at fastest pace in seven months
- Business confidence improves

Doha, Qatar: 5 June 2018 – Qatari non-hydrocarbon private sector business conditions continued to improve during May, with the latest **QFC Qatar PMI™** results signaling an acceleration in growth. Solid improvements in both output and incoming new business, alongside a return to job creation contributed to May's upturn. Robust demand for Qatari-produced goods and services asserted pressure on supply chains, signaled by a rise in backlogs of work and longer supplier delivery times.

Qatar Financial Centre PMI Index™



Sources: Qatar Financial Centre, IHS Markit



The survey, compiled for Qatar Financial Centre by IHS Markit, has been conducted since April 2017 and provides an early indication of operating conditions in Qatar. The headline figure derived from the survey is the Purchasing Managers' Index™ (PMI™).

Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

The headline seasonally adjusted Qatar Financial Centre PMI – a composite gauge designed to give a single-figure snapshot of operating conditions in the non-oil and gas private sector – rose to 52.4 in May, from 51.0 in April. The figure was broadly in line with that registered in March and indicated a solid expansion that was above the series' average. Furthermore, the improvement extended the current phase of growth which began in August last year.

Improved output and new order growth was the main driver behind the latest finding. Whilst there were some reports of falling export demand, these were outweighed by notes of improving domestic demand. Output has now risen in eight successive months. Higher business activity corroborated with May's finding of increasing purchasing activity by firms in the non-oil and gas private sector.

Partly reflecting stronger operating conditions and business confidence, firms took on additional staff in May. Furthermore, job creation hit a seven-month high.

In terms of inflation, input cost pressures sharpened as a result of higher purchase prices and staff cost inflation. In fact, staff costs rose at the fastest pace in the survey's history. Meanwhile, output charges fell at a marked pace. Non-hydrocarbon private sector firms frequently linked reduced selling prices to promotional activity.

The level of work outstanding at companies in Qatar increased in May, and at a rate that was the second-fastest since the survey's inception in April 2017. Furthermore, supplier delivery times lengthened at a modest rate reflecting increased demand for inputs. These findings signaled increasing supply chain pressure as a result of improving demand conditions.

Positive sentiment towards future output growth improved in the most recent survey. New project wins, capital investment and an anticipated economic upturn underpinned optimism.

Comment

“QFC Qatar PMI, a key gauge for the business conditions in Qatar, continues to register growth in May on the back of enhanced output and new orders. A strong pick-up in job creation highlights the current strength of operating conditions and business activity.

“Forward-looking orders and future output data point to solid output gains in coming months, though with elevated demand the pressure on supply chain looms large.”

Dr. Haitham Al Salama, Special Advisor to Minister of Finance and Chief Economic Advisor at Qatar Financial Centre

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The next Qatar PMI Report will be published on 4 July 2018 at 12:00 Doha (09:00 UTC)

ABOUT QATAR FINANCIAL CENTRE

The Qatar Financial Centre (QFC) is an onshore business and financial centre located in Doha, providing an excellent platform for firms to do business in Qatar and the region. The QFC offers its own legal, regulatory, tax and business environment, which allows 100% foreign ownership, 100% repatriation of profits, and charges a competitive rate of 10% corporate tax on locally sourced profits.

The QFC welcomes a broad range of financial and non-financial services firms.

For more information about the permitted activities and the benefits of setting up in the QFC, please visit www.qfc.qa

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IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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ABOUT PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and for key regions including the Eurozone. They are the most closely watched business surveys in the world, favored by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

To learn more go to <https://ihsmarkit.com/products/pmi.html>.

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