



Press Release

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Emirates NBD Dubai Economy Tracker™

Dubai's private sector growth momentum eases but remains robust

Dubai, March 9th, 2017:

February data signalled a further improvement in overall business conditions across Dubai's private sector economy, underpinned by sharp rises in output and incoming new work, with the growth of the latter picking up to a 24-month high. At 56.2 in February, 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 – registered above the crucial 50.0 threshold for the twelfth month in succession. The latest reading was down from January's 23-month high of 57.1, but was above the series average (55.1).

Wholesale & retail was the best performing category for the first time in six months (index at 58.3), followed by travel & tourism (index at 57.0). Meanwhile, construction companies recorded a slowdown in growth momentum during February, with the headline index down to 53.3, from 55.4 at the start of the year.

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 February Dubai Economy Tracker survey continues to show robust expansion in Dubai's non-oil private sector. Strong growth in output and new orders, which points to solid GDP growth in Q1 2017, is not being reflected in higher employment however, and competition continues to weigh on selling prices.”

Key Findings

- Dubai Economy Tracker Index at second-highest mark in 23 months
- Sharpest rise in new orders in two years
- Employment levels broadly unchanged

Business activity and employment

The overall improvement in the health of Dubai's private sector reflected another sharp upturn in **business activity** in February. The rate of output growth was stronger than the long-run series average, but eased from January's 23-month high to its weakest in three months. Furthermore, all three key sub-sectors noted sharp increases in activity during February, led by wholesale & retail. Anecdotal evidence generally linked higher business activity to stronger underlying demand conditions.

Dubai's private sector employment was broadly unchanged in February, thereby ending a seven-month sequence of job creation.

Emirates NBD Dubai Economy Tracker Index™

Seasonally adjusted, 50 = no-change



Sources: Emirates NBD, IHS Markit

Incoming new work and business activity expectations

New work received by private sector companies in Dubai continued to rise in February. Additionally, the latest increase quickened to the sharpest since February 2015. A number of firms cited stronger market demand, supported by successful marketing and promotional strategies. Some firms also mentioned new client wins stemming from good reputation and quality.

Companies remained optimistic about their **growth prospects for the year ahead**. Travel and tourism firms were the most upbeat towards the 12-month outlook for activity, closely followed by wholesale and retail.

Input costs and average prices charged

Input price inflation softened since January and was slight overall. Meanwhile, **output charges** continued to fall with the rate of discounting the weakest in three months and modest overall. Wholesale & retail and construction companies continued to offer discounts, which was generally linked to intense competition and efforts to secure sales. In contrast, travel & tourism firms continued to raise their average selling prices.

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 10th April 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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