



## **Press Release**

**Under strict embargo until: 07:15 (RIYADH) / 04:15 (UTC), October 3<sup>rd</sup> 2017**

# **Emirates NBD Saudi Arabia PMI<sup>®</sup>**

## *Saudi Arabia's private sector growth remains strong*

**Riyadh, October 3<sup>rd</sup>, 2017:** September data signalled strong growth in Saudi Arabia's non-oil private sector. Sharp expansions in output and new orders were key contributors towards the most recent improvement in operating conditions. At the same time, input price inflation continued to soften in the latest survey. Moreover, firms generally reduced their output charges to increase competitiveness. Meanwhile, employment continued to increase, albeit only marginally.

The survey, sponsored by Emirates NBD and produced by IHS Markit, contains original data collected from a monthly survey of business conditions in the Saudi private sector.

Commenting on the Saudi Arabia PMI<sup>®</sup> survey, Khatija Haque, **Head of MENA Research at Emirates NBD**, said:

*"The PMI for Saudi Arabia has been relatively stable in Q3, signalling a solid expansion in non-oil sector growth last quarter. While output and new order growth has remained strong, external demand was softer compared to a year ago, as was employment growth. The announcement of key reforms and a successful USD 12bn debt issue in late September should have a positive impact on both sentiment and business activity in the coming weeks."*

## **Key Findings**

- Headline PMI edges down to 55.5
- Sharp increases in both output and new orders
- Vendor performance improves to greatest extent since January 2010

The headline seasonally adjusted Emirates NBD Saudi Arabia Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>) – a composite gauge designed to give a single-figure snapshot of operating conditions in the non-oil private sector economy – edged down from 55.8 in August to 55.5 in September. Although the reading continued to signal a sharp improvement in the health of the sector, the headline PMI continued to score below the long-run average.

September data signalled sustained growth in output across Saudi Arabia's non-oil private sector. Though sharp, the rate of expansion remained slower than the historical average, however. Panellists that reported a rise in output commonly noted strong underlying demand.

Growth in new orders softened slightly during September, but remained steep overall. In line with the trend for overall new business, new export order growth eased in the latest survey. Notably, the rate of expansion was only slight, having eased from the solid pace recorded in the preceding survey.

Employment growth across Saudi Arabia's non-oil private sector remained slight overall and matched that recorded in August. The increase extended the current sequence of job creation to 42 months. Companies that noted an increase in payroll numbers linked this to rising output requirements.

Output prices fell for the first time since May at the end of the third quarter. That said, the rate of reduction was marginal overall. Anecdotal evidence suggested that firms reduced selling prices in order to remain competitive. Meanwhile, the rate of input price inflation eased to the lowest for three months in September.

Vendor performance improved to the greatest extent since January 2010 in September. Delivery times have hastened in every month since August 2011.

Finally, business confidence ticked up in the latest survey. Many firms noted that they anticipate an economic upturn in the next 12 months. However, the overall level of positive sentiment remained well below the long-run average.

-Ends-

**The next *Saudi Arabia PMI Report* will be published on November 5<sup>th</sup> 2017 at 07:15 (RIYADH)/  
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)

Khatija Haque  
Head of MENA Research, Emirates NBD  
Email: [KhatijaH@emiratesnbd.com](mailto:KhatijaH@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 4610018  
Email: [sam.teague@ihsmarkit.com](mailto:sam.teague@ihsmarkit.com)

**Notes to Editors**

The Emirates NBD Saudi Arabia Purchasing Managers' Index is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 private sector companies, which have been carefully selected to accurately represent the true structure of the Saudi 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.



## About Emirates NBD

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](http://www.emiratesnbd.com)

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