



Press Release

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Emirates NBD UAE PMI™

Business conditions improve in April

Dubai, May 3rd, 2017: The latest survey data showed that business conditions across non-oil private sector firms in UAE continued to improve markedly at the start of the second quarter. Sharp increases in output and new orders were a key factor behind the overall upturn, as was a survey-record increase in pre-production inventories. Meanwhile, firms increased their payroll numbers at a modest pace. On the price front, firms offered discounts to attract customers despite reports of higher cost burdens.

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 Emirates NBD UAE PMI™, **Tim Fox, Head of Research and Chief Economist at Emirates NBD**, said:

“The UAE PMI remained little changed in April from March, at both a headline level and in terms of the detail. The PMI shows that while overall activity was firm going into the second quarter, companies are still facing significant challenges as job creation remains subdued and pricing power is limited.”

Key Findings

- PMI little-changed from March’s 19-month high
- Sharp, but slower, rates of expansion of output and new orders
- Survey-record rise in stocks of purchases

The headline seasonally adjusted **Emirates NBD UAE Purchasing Managers’ Index™ (PMI™)** – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – posted at 56.1 in April, from 56.2 at the end of the first quarter. This signalled a sharp improvement in the health of the sector, with the PMI close to



March's 19-month high. Notably, the headline index remained stronger than the series long-run average of 54.5.

Underpinning growth of the non-oil private sector as a whole was a sharp expansion of output. The rate of growth softened since March, but was the second-sharpest in 26 months. Panellists commented on new projects, stronger underlying demand and favourable economic conditions.

Meanwhile, new order book volumes rose at a sharp pace, despite growth easing to a four-month low. Marketing initiatives, good quality products and construction work contributed to further improvements in market demand, according to respondents. New export orders rose for the fifth month in succession, albeit at a much slower pace than that seen for total new orders.

Firms increased their payroll numbers for the twelfth month in a row, in response to increased output requirements. However, the rate of job creation remained modest and below the series average. As a result, backlogs accumulated for the fourth month in succession.

Meanwhile, sharp growth of purchasing activity was recorded. As a consequence, the pace of pre-production inventory accumulation climbed to a record high, as panellists continued to build stocks due to projections of further improvements in demand.

Non-oil private sector firms operating in UAE faced divergent price trends at the start of the second quarter. Firms that reported higher cost burdens blamed a general increase in market prices for raw materials and higher demand for inputs. The rate of inflation was solid and only slightly slower than the preceding month. On the other hand, firms reduced output charges at a modest pace, the first fall in three months. There were reports that intensive competition led firms to offer discounts to attract customers.

-Ends-

The next *UAE PMI Report* will be published on June 5th 2017 at 08:15 (DUBAI) / 04:15 (UTC)



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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. 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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