

News Release

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S&P Global Dubai PMI®

Sales growth slows after hitting peak in October

Key findings

New work rises sharply, but at softer pace

Business optimism wanes

Output and inventory growth remain historically strong

Operating conditions in the Dubai non-oil private sector economy improved sharply in the penultimate month of the year, despite the rate of growth softening from October. Activity levels remained on a strong upwards trend, with inventories also continuing to rise at a historically rapid pace. At the same time, new business growth eased from October's 52-month peak, resulting in lower confidence among non-oil companies about the activity outlook.

The headline S&P Global Dubai Purchasing Managers' Index™ (PMI®) is derived from individual diffusion indices which measure changes in output, new orders, employment, suppliers' delivery times and stocks of purchased goods. The survey covers the Dubai non-oil private sector economy, with additional sector data published for travel & tourism, wholesale & retail and construction.

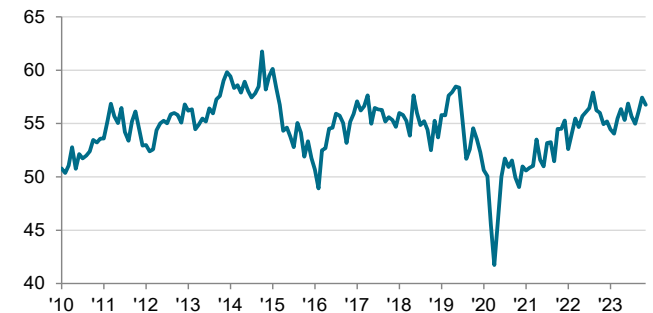
The headline index dropped for the first time in three months from 57.4 in October to 56.8 in November, but was indicative of another robust upturn in the health of the non-oil private sector. The index has stayed above the 50.0 no-change mark in every month since December 2020.

Strong demand, new clients and increased project work underlined a robust expansion in new order intakes midway through the final quarter of the year, fuelling a rapid increase in business activity. The expansion in output picked up to the sharpest since July and remained much stronger than the series long-run trend.

While new order growth also stayed above trend, November data indicated a clear slowdown from October's 52-month record. After accelerating one month ago, sales momentum in all three of the key monitored sectors dropped to the weakest since August. Some firms cited increased market competition. The tougher sales environment also took a heavy toll on business projections for the next 12 months, with confidence falling sharply in November to the lowest since April. Again, all three categories were less upbeat than

S&P Global Dubai PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 9-24 November 2023.

Comment

David Owen, Senior Economist at S&P Global Market Intelligence, said:

"The Dubai PMI signalled that demand momentum had come off the accelerator pedal in November, as multiple non-oil sectors recorded a slowdown in new business growth. Softness in the demand environment contributed to a steep drop in year-ahead expectations, with firms indicating some concern about how they will perform as market competition toughens.

"That said, with these forward-looking survey metrics merely rowing back from multi-year highs in October, the latest data continues to put the non-oil sector in a positive overall position. Moreover, other metrics such as output and inventories remained strong compared to historical trends, suggesting that firms are still expecting to grow and hence expanded both input buying and output volumes."

PMI®

by S&P Global

in October, particularly wholesale & retail.

With output predictions slowing, the latest data signalled a relatively quiet labour market in November. Overall, firms took on a greater number of staff, but the pace of job creation was only marginal.

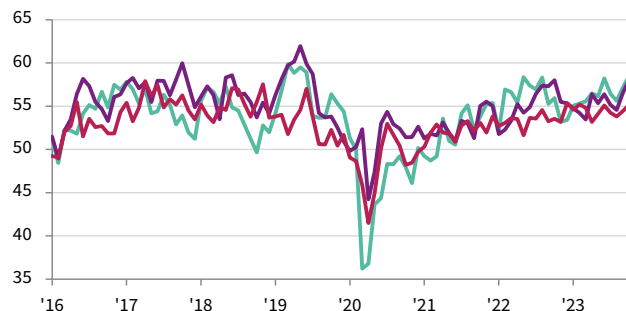
Efforts to build inventory levels were resilient, as non-oil companies reported another steep expansion in their stocks of purchases. Indeed, the overall uplift was the second-fastest in almost six years. Concurrently, firms enjoyed a reduction in supplier delivery times, albeit to a much lesser extent than in the preceding survey period.

On the costs side, November data indicated a solid increase in input prices across the Dubai non-oil economy. Firms facing higher costs largely commented on rising wages, while others cited greater material costs. Although the rate of inflation eased from October, it was the second-quickest recorded since July 2022.

Higher input prices continued to dampen the rate at which output charges were lowered, with the latest data signalling only a marginal fall. Many companies continued to engage in price discounting amid strong competition, but this was broadly offset by the pass through of higher costs to customers.

- Wholesale & Retail PMI
- Travel & Tourism PMI
- Construction PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

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Survey methodology

The S&P Global Dubai PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 600 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include manufacturing, construction, wholesale, retail and services. Data were first collected in January 2010.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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