

S&P Global UAE PMI[®]

UAE non-oil sector growth remains subdued as regional tensions and supply disruption constrain output expansion

May 2026

Shipping restrictions trigger worst supply-chain disruption since April 2020

Export sales contract again, weighing on total new business intakes

Firms cut prices despite steep uplift in costs

The UAE's non-oil private sector faced ongoing headwinds in May, as regional geopolitical tensions and supply-chain disruptions constrained growth and pushed operating costs up further.

The seasonally adjusted S&P Global UAE Purchasing Managers' Index™ (PMI[®]) – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – rose from 52.1 in April to 52.6 in May. The index signalled that operating conditions improved during May, albeit only modestly, with the reading well below its long-run average of 54.3.

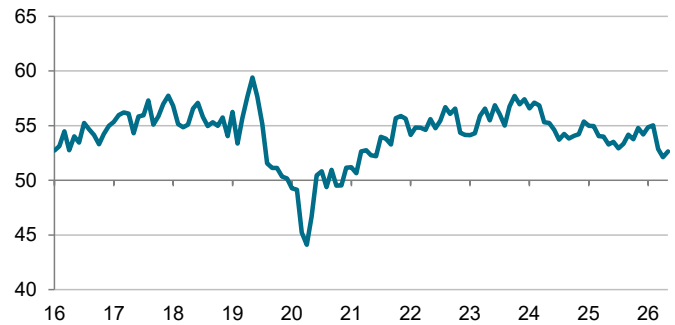
Although output growth reached a three-month high in May, the rate of expansion remained limited compared to that normally observed by the survey. Approximately 21% of firms reported increased activity, which they linked to stronger market demand, project expansion and government-backed initiatives. However, this positive momentum was tempered by the 10% of respondents experiencing downturns, amid widespread comments of geopolitical disruptions and rising operational costs.

New business growth was similarly subdued in May, holding close to April's 62-month low, as regional tensions continued to drive high levels of business uncertainty. Order books were again impacted by a decline in export sales, although the pace of reduction moderated considerably from April.

The subdued demand environment triggered noticeable adjustments to business operations during May. Backlogs of work accumulated at the slowest pace in nearly three years, as firms found greater capacity to address outstanding orders amid restrained sales growth. Meanwhile, the rise in employment slowed to its mildest pace since last October, with companies citing subdued demand growth, rising input costs and increased automation as factors constraining hiring.

Supply-chain conditions deteriorated in May, with delivery

S&P Global UAE PMI
Index, sa, >50 = improvement m/m



Data were collected 12-22 May 2026.
Source: S&P Global PMI. ©2026 S&P Global.

Comment

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

"The continued cut-off to maritime trade had a cascading effect through the UAE economy in May. Input deliveries were delayed to the greatest extent since the height of the COVID-19 pandemic in April 2020, with some firms reporting that disruptions to manufacturing production schedules fed through to other sectors.

"Export orders declined in May, driven by both the actual shipping disruption as well as the continued sense of uncertainty over how long the conflict will last. Consequently, the rate of new business growth remained much weaker than its long-run trend, pointing to a further growth offset for the non-oil sector as a whole.

"Even more striking was an imbalance between a sharp rise in input costs and falling output prices in May. Businesses often mentioned that the soft demand environment had made firms more price competitive than usual, resulting in higher fuel and material prices being absorbed by companies rather than passed on to customers.

"Positively, the longer-term outlook remained strong in May, suggesting that businesses still view these current challenges as temporary and expect growth to bounce back quickly."

times lengthening for the second time in three months and to the greatest extent since April 2020. Restrictions in the Strait of Hormuz led to widespread disruptions, with panellists mentioning the direct impact on input deliveries and knock-on effects across downstream sectors.

The supply shock prompted the first decline in purchasing activity for nine months, as companies curtailed normal buying patterns. That said, there were some reports of increased stockpiling to mitigate future disruptions. The fall in purchasing resulted in a mild contraction in total inventories.

Cost pressures remained elevated in May, with input costs rising at the second-fastest pace in almost two years. Purchase prices dominated this increase, driven by higher material costs and spiralling transport fees. Remarkably, despite these cost pressures, firms lowered selling charges for the first time since June 2025 (albeit slightly), as intense competitive pressures forced renewed discounting.

Despite these challenges, business sentiment remained positive in May, with 12% of firms anticipating output growth over the coming year. Optimism was often supported by strong pipelines and hopes for market recovery.

Dubai PMI

Output growth at Dubai non-oil firms weakened further in May.

The Dubai PMI improved slightly to 52.0 in May, from 51.6 in April, signalling a modest improvement in the health of the non-oil private sector.

However, the pace of activity growth moderated for the fifth consecutive month and was the slowest since June 2021. Survey respondents attributed the slowdown to rising operating costs and subdued client demand conditions. New orders expanded at a modest rate, one that was the softest observed in almost a year.

Suppliers' delivery times lengthened markedly in May and to the greatest extent since July 2022, as panellists reported that sea route restrictions had constrained vendor performance.

Input prices faced by firms operating in Dubai rose steeply, driven by elevated transportation costs alongside sharp increases in oil and material prices. Output prices, however, fell slightly as companies reported that competitive market conditions had limited their ability to pass through cost increases to clients.

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Methodology

The S&P Global UAE PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 1000 non-energy private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in August 2009.

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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PMI by S&P Global

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