

# News Release

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## S&P Global Dubai PMI®

### Job numbers rise at quickest rate in nearly three years

#### Key findings

Employment growth sharpens amid stronger new orders

Robust increase in business activity

Output prices fall solidly as input costs stabilise

The latest Dubai PMI® signalled a robust upturn in operating conditions across the non-oil economy in October, as new business inflows continued to rise at one of the sharpest rates since mid-2019. Activity levels expanded rapidly and companies increased their headcounts at the fastest pace for almost three years.

Price reductions continued to support demand conditions, with output charges decreasing the most since August 2020, while input prices declined for the second time in three months. Meanwhile, amid signs of strong competition and global economic weakness, Dubai companies signalled only modest projections for output over the coming year.

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.

After reaching a post-pandemic high in August, the headline PMI dipped for the second consecutive month in October, falling to 56.0 from 56.2 in September. Nevertheless, the index remained well above the 50.0 no-change mark to signal a robust degree of expansion in the non-oil private sector economy.

The slight downward movement in the PMI was driven by a fall in the Output sub-index, which indicated a weaker, but still substantial expansion of business activity at the start of the fourth quarter. All monitored sectors continued to display considerable rates of growth, led by the sharpest upturn in wholesale & retail since July 2019.

The increase in activity was commonly linked to a marked uplift in new order inflows. The rate of sales growth ticked slightly higher from September and was one of the strongest recorded for over three years.

S&P Global Dubai PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 12-25 October 2022.

#### Comment

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

"Dubai business conditions continued to improve in October according to PMI data. The rate of growth eased to a five-month low but was still one of the strongest seen in the past three years, as firms saw new business volumes increase at a rapid pace. Subsequently, employment levels rose at the fastest rate for nearly three years as firms looked to boost labour capacity and prepare for higher workloads. At the same time, lower commodity prices and reduced transport costs helped to push business expenses down for the second time in three months, enabling a solid reduction in output charges."

PMI®

by S&P Global

Higher demand levels encouraged firms to raise their staff numbers in October. Notably, the rate of job creation accelerated to the quickest since November 2019, albeit posting in line with the long-run trend. Several firms cited efforts to build their capacity as workloads rose.

Inventory growth was also recorded in the latest survey data, extending the current run of accumulation to three months. Stock building was helped by an improvement in delivery times, although only to a modest degree.

Dubai non-oil businesses saw a renewed fall in their expenses during October, marking the second reduction in the past three months. Survey respondents often attributed the decline to lower oil and transport prices. However, the pace of reduction was only fractional and much softer than the survey record observed in August.

With cost pressures easing, firms were encouraged to cut their selling prices at a solid and accelerated rate in October. In fact, the level of discounting was the quickest seen for more than two years, with the wholesale & retail sector registering the sharpest decline. Construction was again the only monitored category to see a rise in output charges.

Looking ahead, business expectations for output in a year's time weakened in October and remained well below the series long-run trend. While staying broadly positive due to hopes that demand will strengthen, projections were partly dampened by high competition.

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

sa, >50 = improvement since previous month



Source: S&P Global.

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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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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