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S&P Global UAE PMI®

Demand strength supports further expansion in business activity

December 2025

Output growth among fastest recorded in 2025

Firms note leaner inventories despite higher purchases

Input costs rise at sharpest rate in 15 months

The UAE PMI® data indicated a robust expansion in activity levels across the non-oil private sector in December. The rate of growth was not far off the high seen in November, as firms highlighted the receipt of new customer orders, strengthening market conditions and supportive domestic policies.

Nevertheless, business sentiment was tempered by an increase in input cost pressures, as the latest data indicated the sharpest rise in business expenses for over a year. With margins tightening, companies adopted a more cautious stance on employment and continued to reduce their inventories of inputs to manage costs effectively.

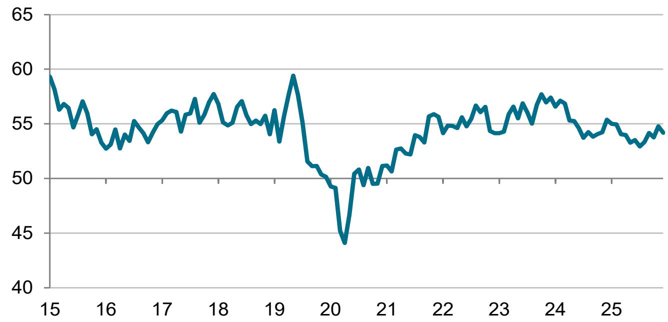
The seasonally adjusted S&P Global UAE Purchasing Managers' Index™ (PMI®) – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – was at 54.2 in December, down from a nine-month high of 54.8 in November. The index was closely aligned with its long-term average (54.3) to signal a robust improvement the health of the sector.

Non-oil businesses continued to report a substantial increase in activity as 2025 ended. Despite moderating from November, the pace of expansion was one of the fastest recorded throughout the year, with more than a quarter of surveyed companies (27%) reporting month-on-month increases in output. In comparison, less than 7% of respondents noted reduced output.

Firms typically linked activity growth to a rising level of new business intakes, which was in turn related to improving market conditions, favourable government policy, rising customer numbers and increased demand from international markets. Nonetheless, some companies reported subdued sales figures, citing intensifying competition and ongoing economic uncertainty as key challenges.

Companies also reported mounting cost pressures in December, as survey data pointed to the fastest rise in overall input prices for 15 months. Firms highlighted an above-average increase in salary expenses, as well as greater costs for transport and maintenance. In turn, firms

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



Data were collected 4-17 December 2025.
Source: S&P Global PMI. ©2026 S&P Global.

Comment

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

"The UAE non-oil sector concluded 2025 with a solid upturn, marking a year of robust but somewhat tempered growth in business conditions. The PMI averaged 54.0 over the year, which was close to its long-run average, but still signalled the weakest annual performance since 2021.

"Positively, firms finished the year with two of its best months of activity growth, as the survey data suggested that sales were rising much faster compared to its low point in August. Firms took encouragement from signs of increased customer spending, rising tourism, greater technology adoption and supportive government policies.

"However, December was also characterised by an acceleration of cost pressures and leaner inventory strategies, indicating that many firms were feeling the pinch on their balance sheets. Additionally, reports of heightened competition and challenges in finalising new work highlighted ongoing headwinds for the non-oil sector as it heads into 2026."

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raised their selling prices for the sixth month running, though the increase was only modest.

Cost challenges also impacted inventory management, as firms reported a notable decline in stock levels. In fact, inventory levels fell at the second-steepest rate in the series history, surpassed only by May 2025. This occurred despite a solid rise in purchasing activity, with many panellists expressing a reluctance to build stocks further and the usage of newly-delivered items to meet existing order demands.

Companies also highlighted a relatively subdued rate of employment growth at the end of the fourth quarter. The uplift in jobs was only marginal and weaker than one month ago. Combined with rising demand requirements and reports of ongoing administrative delays, the subdued rate of hiring contributed to a sharper build-up in backlogs of work in December – the most marked for ten months.

Looking ahead to 2026, business expectations remained generally positive, however the degree of confidence lost ground and was among the lowest seen in the past three years. While survey panellists expressed optimism towards demand trends and business investment, there were some concerns that market saturation could limit growth.

Dubai PMI

Dubai's non-oil economy ends the year with a solid upturn

Non-oil companies across Dubai enjoyed another strong improvement in operating conditions in the final month of 2025. The headline PMI dipped to 54.3 in December, signalling an upturn that was only slightly softer than the recent high seen in the previous two survey periods (PMI at 54.5 in October and November).

Output levels across the sector increased at the sharpest rate since March 2024. Expansions were related to a marked uplift in new business intakes, although the rate of sales growth lost a bit of momentum from the previous month.

Firms showed that they were able to expand their activity despite only a slight increase in employment numbers and a further decline in input stocks. With regards to the latter, the survey data pointed to the steepest reduction in inventories since April 2020.

Input price pressures were up to their highest level in a year in December. Consequently, output prices rose at a quicker rate, although the overall mark-up was only modest.

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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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