

News Release

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S&P Global Dubai PMI®

Dubai's non-oil private sector continues to expand strongly in July

Key findings

Fastest rise in activity for three years in July

Cost inflationary pressure eases from four-and-a-half year high

Output expectations and new business growth dip slightly

The latest PMI® data from S&P Global showed that the non-energy private sector of Dubai continued to expand sharply in July, supported by rising intakes of new work. The latest survey also signalled an easing of cost inflationary pressures after June had seen the fastest rise in input prices in nearly four-and-a-half years.

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 Dubai PMI rose to 56.4 in July, from 56.1 in June. This signalled a sharper overall improvement in business conditions in the non-energy private sector economy and the best performance since June 2019. Growth has strengthened five times in the past six months, and the PMI remained above its long-run average of 54.5 in the latest period.

Output among non-energy private sector firms in Dubai rose for the twentieth month in succession in July, and at the fastest rate in three years. Growth rates accelerated since June across each of the three key sectors monitored, with the strongest expansion seen in wholesale & retail, travel & tourism and construction, respectively.

Growth of new business receipts eased from June's near-three year high, but was still sharp overall. Many firms reported successful marketing activity including promotions and discounting to stimulate sales. Travel & tourism recorded the fastest increase in demand among the three key sectors.

Companies remained optimistic regarding growth of business activity over the next 12 months in July. That said, the strength of sentiment eased from June's eight-

S&P Global Dubai PMI

sa, >50 = improvement since previous month



Source: S&P Global.
Data were collected 12-25 July 2022.

Comment

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

"Dubai's non-oil private sector registered the fastest rise in output in three years in July, supported by another solid increase in new business and promotional activity.

"Input price inflation remained among the fastest on record despite slowing from June's 53-month high. Fuel prices again impacted firms' costs, notably in the travel & tourism sector where input prices rose the most since this index began in 2015.

"There was also evidence of rising pressure on firms' selling prices. Although overall charges levied for goods and services were broadly unchanged since June, this ended a 12-month sequence of discounting. Moreover, the monthly rise in the Output Prices Index, at 3.8 points, was the largest on record."

PMI®

by S&P Global

month peak and was below the long-run series average. An exception to this trend was the travel & tourism sector, where confidence was the highest since November 2021.

Input cost inflation across Dubai's non-energy private sector economy eased in July, breaking a four-month sequence of accelerating price increases. That said, cost pressures remained strong overall and the second-highest in four-and-a-half years. Among the three monitored sectors, travel & tourism recorded the fastest rate of input price inflation. Moreover, it hit a new series record (since 2015), reflecting the sector's relatively high exposure to rising fuel prices.

Non-energy private sector firms reported a stable trend in prices charged for goods and services in July, ending a 12-month period of falling output prices. Travel & tourism firms reported the fastest rise in prices charged since March 2017.

In terms of supply chains, July data signalled longer average lead times for non-energy private sector firms. This marked the first deterioration in vendor performance since December 2021, and contributed to a renewed decline in input stocks.

The labour market continued to improve in July, with employment rising for the third successive month and continuing the overall trend of growth seen since the start of 2021. Moreover, the rate of job creation was the joint-fastest registered in 2022 so far. All three key sectors registered higher employment in July, with the sharpest increase in travel & tourism.

■ 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.

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