

# News Release

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## S&P Global United Arab Emirates PMI®

### Robust demand conditions spur rapid inventory growth in November

#### Key findings

Firms build input stocks at fastest rate since January 2018

New business growth remains marked, despite slowing

Input prices continue to rise solidly

The latest S&P Global UAE PMI® pointed to a marked increase in purchasing activity across the UAE non-oil private sector economy in November, driven by a sharp rise in new business inflows and efforts to rapidly replenish and build stocks in the face of healthy demand conditions. The upturn culminated in the greatest expansion of inventory levels for close to six years, placing some pressure on supply chains and material prices. Overall cost inflation remained stronger than recent trends, but selling prices were largely stable.

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 57.0 in November, after posting its highest reading in over four years in October (57.7). The index signalled that operating conditions improved rapidly midway through the final quarter, supported by strong trends for new business, output and inventories.

New orders remained well inside growth territory, with increased demand, new clients, project inquiries and marketing efforts reportedly driving growth. Although the expansion in total sales was one of the fastest seen in close to four-and-a-half years, it slowed markedly from October, with some firms noting greater competitive pressures and a softer rise in new export business.

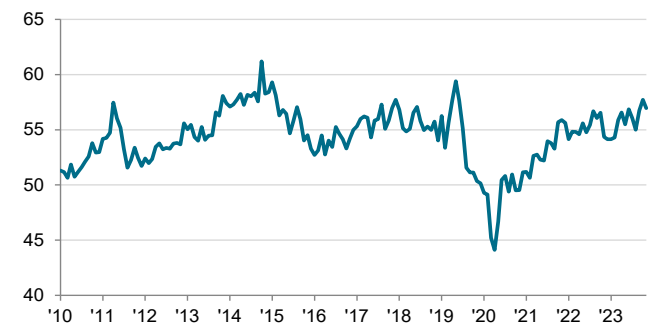
Output levels in the non-oil economy were up sharply over the course of November, and the rate of growth ticked up to the sharpest since June. Nevertheless, the volume of orders left unfinished at businesses mounted, after October data signalled the first decrease for 28 months.

Input purchasing expanded rapidly in November as firms looked to keep robust stock volumes amid strong demand. Purchasing levels rose to the greatest degree since July 2019, resulting in the sharpest expansion of inventories for nearly six years.

Positively, non-oil firms continued to be aided in their buying

S&P Global United Arab Emirates 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 strong run of demand growth in the UAE non-oil economy sparked a rapid increase in input buying during November, as firms looked to ensure they were in a good position to take advantage of growth opportunities. Indeed, the uplift in buying – the fastest since July 2019 – supported the most rapid build-up of stocks in close to six years, benefitting both local businesses and trade partners.*

*"Despite this, businesses were much less upbeat about the future path of activity, as some survey panellists reiterated concerns that a large number of firms are entering the market. The build-up of competition was likely a key factor behind stock-building efforts, with businesses wary of falling behind in a fast-growing economy."*

PMI®

by S&P Global

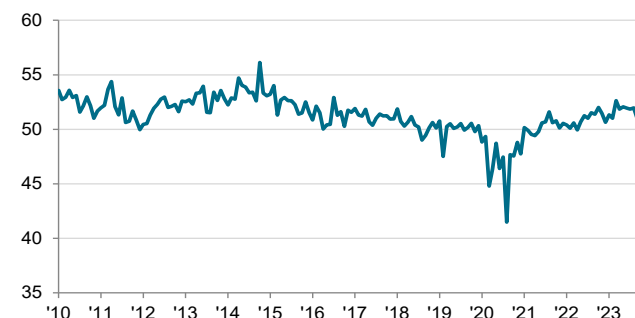
efforts by vendors, who were generally able to cut delivery times when requested. However, while the drop in lead times was historically strong, it was also the slowest recorded in four months, suggesting that intense demand for inputs had partly strained supplier capacity.

At the same time, firms saw another solid increase in purchase prices, which despite softening from October, was the second-quickest since mid-2022. A few companies opted to raise their output charges, though price discounting at other firms offset this and resulted in broadly stable aggregate output prices.

While non-oil businesses expect activity levels to remain on an upwards trajectory, the latest data pointed to a clear drop in confidence levels. This was mainly due to concerns at some companies that competitive pressures could erode market share. With this in mind, staffing growth stayed relatively mild, while salaries also ticked up only slightly.

### PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

### Contact

David Owen  
Senior Economist  
S&P Global Market Intelligence  
T: +44 1491 461 002  
[david.owen@spglobal.com](mailto:david.owen@spglobal.com)

Sabrina Mayeen  
Corporate Communications  
S&P Global Market Intelligence  
T: +44 7967 447 030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@spglobal.com)

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### Survey methodology

The S&P Global United Arab Emirates PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 1000 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 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](mailto:economics@spglobal.com).

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