

News Release

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S&P Global Dubai PMI®

Stronger demand lifts Dubai PMI to ten-month high in June

Key findings

Fastest rise in new business since August 2022

Growth of total activity remains marked

Firms continue to cut prices charged for goods and services

Dubai's non-oil private sector registered a stronger improvement in operating conditions in June. Driving the upturn was the fastest increase in new business in ten months, supporting another marked rise in total output. Growth rates for both variables remained well above their long-run averages. Employment rose solidly and firms continued to build inventory as supply chains improved further. June data signalled another relatively modest rise in average input prices, enabling firms to continue to offer discounts by cutting prices charged for goods and services.

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.

Having lost some momentum in May by easing to 55.3, the PMI rose to 56.9 in June. This signalled the strongest overall improvement in operating conditions in the non-oil sector since August 2022. Moreover, the headline index remained well above its long-run trend level of 54.6 and the month-on-month rise at 1.6 points was the largest recorded since October 2021.

Driving the renewed upward momentum in June was a faster rate of expansion in new business. Demand rose for the twenty-first successive month, and at the fastest rate since August 2022. New order growth accelerated in each of the three key sectors monitored, led by tourism & recreation.

Total non-oil private sector business activity in Dubai rose for the thirty-first successive month in June, and the rate of expansion remained sharp despite easing slightly since May. All three key sectors posted similarly marked rates of expansion at the mid-way point of 2023.

Employment at non-oil private sector firms rose for the

S&P Global Dubai PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-26 June 2023.

Comment

Trevor Balchin, Economics Director at S&P Global Market Intelligence, said:

"Dubai's non-oil private sector economy enjoyed accelerating growth of new business in June, supporting another marked rise in overall output. All three of the key sectors monitored - construction, wholesale & retail and travel & tourism - registered faster increases in new work mid-way through the year."

"Strong demand led to further job creation, with the current 14-month run of growth the longest in over six years. Companies were also able to continue offering lower prices to customers despite a slightly faster rate of input price inflation during the month."

PMI®

by S&P Global

fourteenth successive month in June, the longest run of continuous job creation in over six years. The rate of growth was little-changed since May, remaining slightly above the long-run trend level. Recruitment was notably robust among construction firms.

Supply chains improved further in June, with average lead times falling for the sixth month running. Companies reported that requests for quicker deliveries had been met by suppliers, aided by the prompt payment of orders. Stockbuilding efforts continued as input inventories rose for the eleventh month running, the longest sequence in over three years.

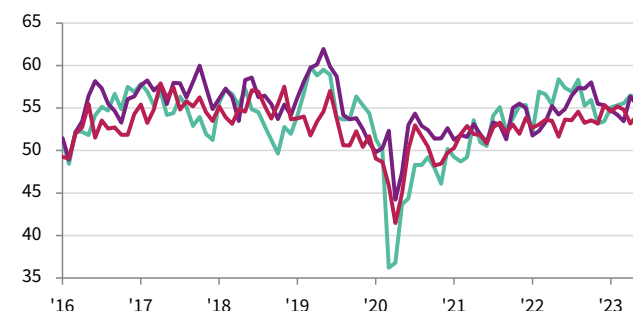
Pressure on firms' input costs appeared to remain manageable in June. Average input prices rose at the fastest rate in three months, albeit one that remained weaker than the long-run series average since 2010. Construction firms faced the biggest increase in input costs.

In contrast to rising input prices, charges levied for goods and services were reduced in June. The rate of discounting remained solid, albeit slightly weaker than in April and May.

The 12-month outlook for activity eased slightly since May, but was still the second-strongest since October 2021. Of the three key sectors monitored, construction was the most optimistic, followed closely by wholesale & retail.

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

sa, >50 = improvement since previous month



Source: S&P Global PMI.

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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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