

## IHS Markit Dubai PMI®

### New business rises sharply again in November

#### Key findings

Sales growth picks up to 28-month high

Solid reduction in output charges

Job cuts recorded for first time since May

Data were collected 12-24 November 2021.

The latest PMI survey data signalled a marked increase in business activity across the Dubai non-oil private sector in November. The upturn was led by the strongest increase in new business since July 2019, as firms benefited from a continued rebound in international travel and higher client demand. Sales volumes were also helped by a reduction in output charges that was the fastest recorded for more than a year.

Whilst overall activity continued to rise sharply, confidence regarding future output slid to a three-month low and remained much weaker than pre-COVID trends. Hiring activity was accordingly subdued, with job numbers in fact falling slightly for the first time since May.

The headline IHS Markit 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.

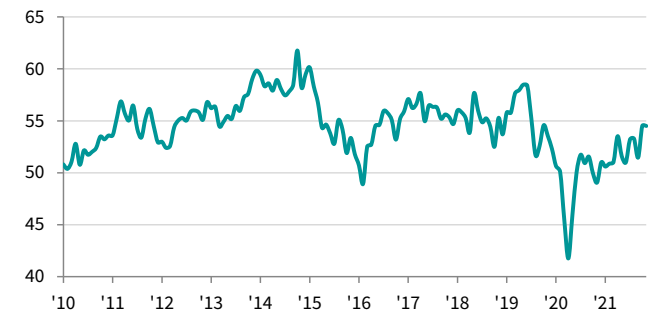
After climbing to a two-year high in October, the seasonally adjusted IHS Markit Dubai Purchasing Managers' Index™ (PMI®) was unmoved at 54.5 in November to indicate the joint-strongest improvement in operating conditions since October 2019.

The upturn was predominantly led by a marked expansion in new business for the second consecutive month, as the Expo 2020 continued to draw greater tourism activity and increased client demand following looser COVID-19 restrictions. Notably, the rate of sales growth climbed to its highest in 28 months, led

*continued...*

Dubai PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

#### Comment

Commenting on the latest survey results, David Owen, Economist at IHS Markit, said:

"The Expo 2020 continued to bring strong growth to the Dubai non-oil economy in its second month, with the November PMI remaining at its joint-highest level since October 2019, whilst new business growth picked up to the fastest for more than two years. Travel & tourism appeared to benefit the most of the three monitored sectors, with wholesale & retail also firmly in growth territory.

"Nevertheless, there was a reluctance amongst firms to expand their employment numbers; in fact, staffing levels dropped slightly for the first time since May. This came as the outlook for future activity, whilst one of the highest seen in 2021, was subdued compared to pre-COVID trends. Some firms are still unsettled by the pandemic and there were doubts about the strength of the recovery once the boost from the Expo 2020 fades. Future PMI releases will thus be crucial in understanding the robustness of the economy and whether this can drive business confidence and hiring."

by travel & tourism at the sector level. Wholesale & retail also performed well, whereas the construction industry struggled with weak demand and supply side constraints.

Following the strong rise in new business, output growth across the non-oil sector was also marked in November, despite easing slightly from October's recent high. Input purchases and stock levels also expanded. Supplier performance continued to improve, following a renewed upturn in the previous month for the first time since the start of the year.

There was some evidence from survey panellists that discounts had supported new order volumes in November. In fact, output charges were lowered at a solid pace that was the fastest since September 2020. Firms that reduced their prices cited efforts to stay ahead of their competitors and gain new customers. Companies were helped by another muted rise in input costs, though the rate of inflation did pick up to a three-month high.

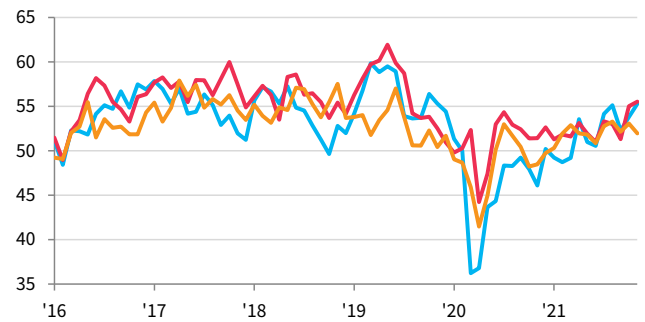
Looking ahead, Dubai non-oil firms continued to project an increase in activity over the next 12 months, with expectations often driven by higher new work from the Expo 2020. That said, the degree of optimism slipped from the previous month and was weak compared to both pre-pandemic trends and the current rate of output growth, amid reports that the ongoing threat of COVID-19 kept forecasts subdued.

Illustrating continued business uncertainty, job numbers in the non-oil sector fell for the first time in six months in spite of robust sales growth. The overall reduction in employment was marginal but nevertheless the joint-fastest in 2021 so far.

PMI by sector

Travel & tourism / Wholesale & retail / Construction

sa, >50 = improvement since previous month



Source: IHS Markit.

Contact

David Owen  
Economist  
IHS Markit  
T: +44 1491 461 002  
[david.owen@ihsmarkit.com](mailto:david.owen@ihsmarkit.com)

Joanna Vickers  
Corporate Communications  
IHS Markit  
T: +44 2072 602 234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

Methodology

The IHS Markit Dubai PMI® is compiled by IHS Markit 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.

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.

November data were collected 12-24 November 2021.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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