



مركز قطر للمال
Qatar Financial Centre

PMI[®]
by **S&P Global**

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
Embargoed until: 12:00 Doha (09:00 UTC) 5 JUNE 2022

PMI hits new peak in May, driven by surging demand

Qatar Financial Centre PMI™

- Record expansions in output, new orders and purchases
- Backlogs rise at record rate, despite near-record increase in headcounts
- Overall input price inflation quickens to 21-month high

Data were collected 12-24 May 2022.

Doha, Qatar: 5 June 2022 – The latest Purchasing Managers' Index™ (PMI™) survey data from Qatar Financial Centre (QFC) signalled a record improvement in operating conditions in the non-energy economy midway through the second quarter of the year. Output, new orders, purchasing activity and backlogs rose at the fastest rates since the survey began in April 2017, while employment expanded at a near-record rate. Buoyant market conditions supported optimism, which improved from April's low.

On the price front, inflationary pressures continued to mount with higher prices reported for materials and other inputs. This trend is not Qatar specific. Firms chose to lift their selling fees for the first time in four months.

The Qatar PMI indices are compiled from survey responses from a panel of around 450 private sector companies. The panel covers the manufacturing, construction, wholesale, retail, and services sectors, and reflects the structure of the non-energy economy according to official national accounts data.

The headline Qatar Financial Centre PMI is a composite single-figure indicator of non-energy private sector performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases.

The PMI increased to a fresh record high of 67.5 in May, up sharply from April's previous peak of 63.6. This indicated the strongest overall improvement in business conditions in Qatar's non-energy sector since the survey began over five years ago.

A record uplift in new orders underpinned the strongest expansion in output in the survey's five-year history. There were also mentions of greater tourist activity, the upcoming FIFA World Cup, retreating pandemic restrictions and shorter lead times.

Manufacturers recorded by far the strongest uplift in output, followed by services, wholesale & retail, as well as construction, respectively.

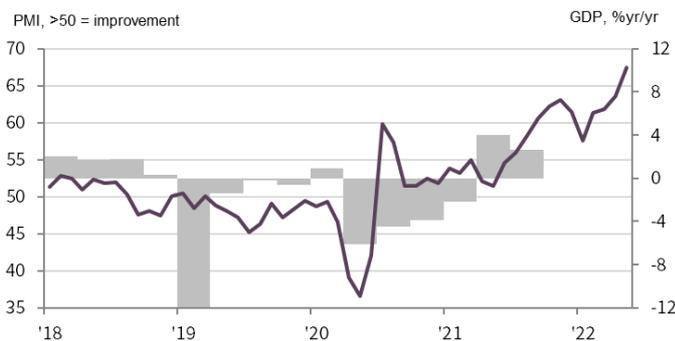
Sustained expansions in demand led to further capacity pressures at Qatari non-energy firms. In fact, outstanding business rose at the quickest rate in the series history, accelerating sharply from the previous peak in April. Firms sought to tame rising backlogs by lifting their headcounts at a near-record rate.

Higher output requirements led companies to raise their buying activity at a survey-record rate. Stocks of purchases meanwhile rose at the fourth-strongest rate in the series history.

Firms were confident that workloads would rise over the coming 12 months, with sentiment improving in May. The upcoming FIFA World Cup and hopes of greater tourist activity were key drivers of optimism. By sub-sector sentiment was strongest among service providers.

Finally, price pressures continued to build midway through the second quarter of the year, with average overall input costs rising in each of the last ten months. In fact, the rate of inflation was the strongest since August 2020. In response, companies lifted their selling prices for the first time in four months.

QFC Qatar PMI™ vs. GDP



Sources: QFC, IHS Markit, Qatar's Planning & Statistics Authority.



Financial sector expands at record rate in May

- Output and new orders expand at fresh record-rate in May
- Sentiment improves to three-month high
- Inflationary pressures continue to mount

Latest PMI data on Qatar's financial services sector signalled another sharp improvement in business activity, driven by a record uplift in new business in May.

As a result, business confidence improved to a three-month high. Supportive demand conditions encouraged firms to raise their staffing levels during the month. Headcounts have now risen continuously over the last nine months with the latest expansion the strongest since October 2021.

Higher headcounts, along with a general rise in expenses led to a solid, albeit softer, increase in overall input prices. Output charge inflation quickened, however, and was the fifth-fastest in the series history.

Comment

Yousuf Mohamed Al-Jaida, Chief Executive Officer, QFC Authority:

"May PMI data revealed another unprecedented improvement in business activity in Qatar's non-energy private sector. Record uplifts in output, new orders, purchasing activity and backlogs were reported while employment levels rose at a near-record rate.

"Firms were also optimistic that strong demand conditions would persist as we move closer towards the much-anticipated FIFA World Cup. Meanwhile, rising backlogs should support sustained output growth throughout the summer as firms work actively to clear outstanding orders that have built up especially over the last year or so.

"There were also positive signs on the supply front with firms reporting the timely delivery of materials and other inputs, which should also support activity over the course of the year.

"Inflationary pressures continued to mount, however, but firms have taken advantage of buoyant market conditions and in turn have raised selling prices to protect their profit margins."

– ENDS –



ABOUT THE QATAR FINANCIAL CENTRE

The Qatar Financial Centre (QFC) is an onshore business and financial centre located in Doha, providing an excellent platform for firms to do business in Qatar and the region. The QFC offers its own legal, regulatory, tax and business environment, which allows up to 100% foreign ownership, 100% repatriation of profits, and charges a competitive rate of 10% corporate tax on locally sourced profits.

The QFC welcomes a broad range of financial and non-financial services firms.

For more information about the permitted activities and the benefits of setting up in the QFC, please visit qfc.qa

@QFCAuthority | #QFCMeansBusiness@QFCAuthority | #QFCMeansBusiness

MEDIA CONTACTS

QFC: Muna Jabr Al-Thani, Head of Corporate Communications, m.althani@qfc.qa

ENQUIRIES ABOUT THE REPORT

QFC: qatarpmi@qfc.qa

ABOUT S&P GLOBAL

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com.

ABOUT PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and for key regions including the Eurozone. They are the most closely watched business surveys in the world, favored 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.

<https://ihsmarkit.com/products/pmi.html>.



METHODOLOGY

The Qatar Financial Centre PMI™ is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 450 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.

Data were collected 12-24 May 2022.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

CONTACT

S&P Global: Joanna Vickers | T. + 44 207 260 2234 | E. joanna.vickers@spglobal.com