



بنك الإمارات دبي الوطني
Emirates NBD

Economics

5 September 2016

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UAE PMI eases in August

The Emirates NBD Purchasing Managers' Index (PMI) declined slightly to 54.7 in August, from a 2016 high of 55.3 in July. The decline was due to slower growth in output, new orders and employment. Nevertheless, both output and new orders increased strongly last month. However, export demand remains soft, with new export orders declining outright for the second consecutive month in August.

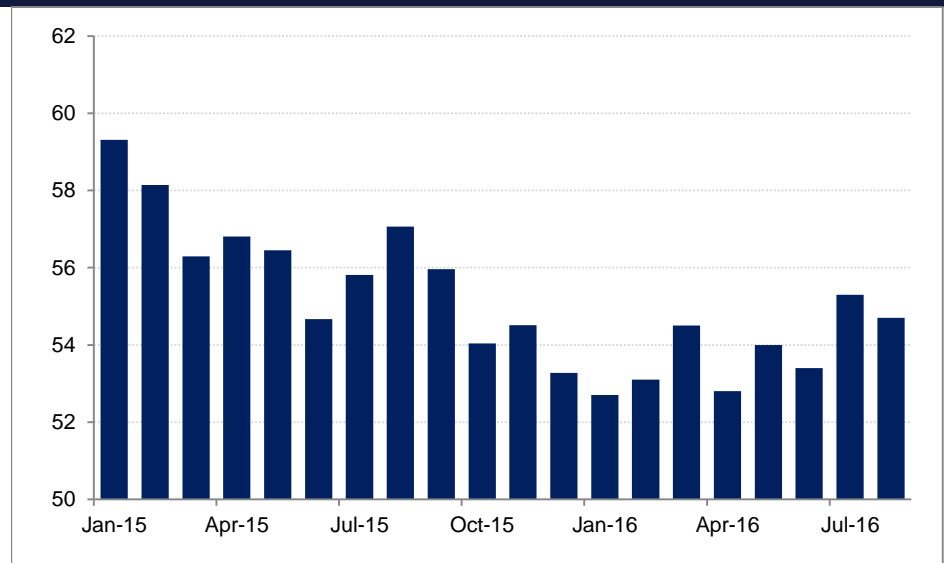
The **employment** sub-index declined -1.6 points in August to just 51.3, and remains below the series average. Employment growth has remained relatively soft so far this year, especially against a backdrop of strong increases in output and new orders.

Input costs rose at a faster rate in August, with this sub-index rising 1.2 points last month to 54.7; the highest reading since October 2014. This was largely due to higher purchase costs, although staff costs also increased at a faster rate in August. Despite the sharp jump in input costs, firms cut **selling prices** on average, although the decline was marginal. Nevertheless, it is clear that margins remain under pressure in what firms described as a 'competitive' environment.

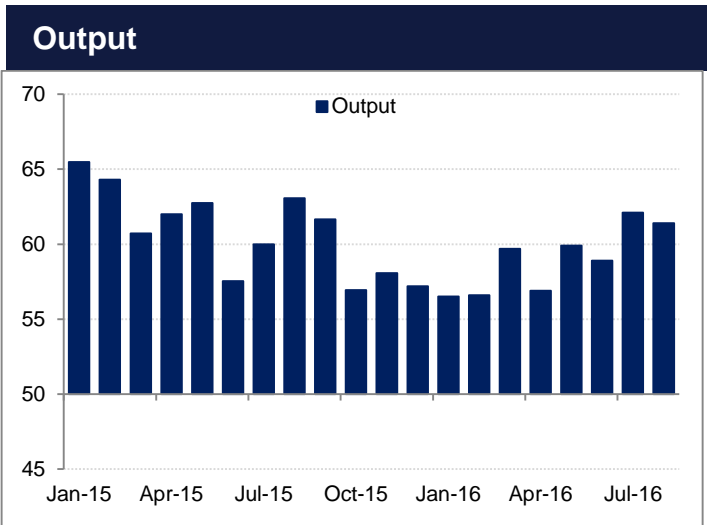
Backlogs of work increased modestly, but the index remains low compared to last year. Suppliers' delivery times continued to shorten in August, which also points to excess capacity in the non-oil private sector. **Purchasing activity** increased in August, at a similar rate to the previous month, while **inventories** grew at a slightly faster pace than July. Some firms indicated that they increased stocks in anticipation of future improvements in demand.

Overall, the August PMI data supports our view of solid, albeit slower growth in the UAE's non-oil private sector this year.

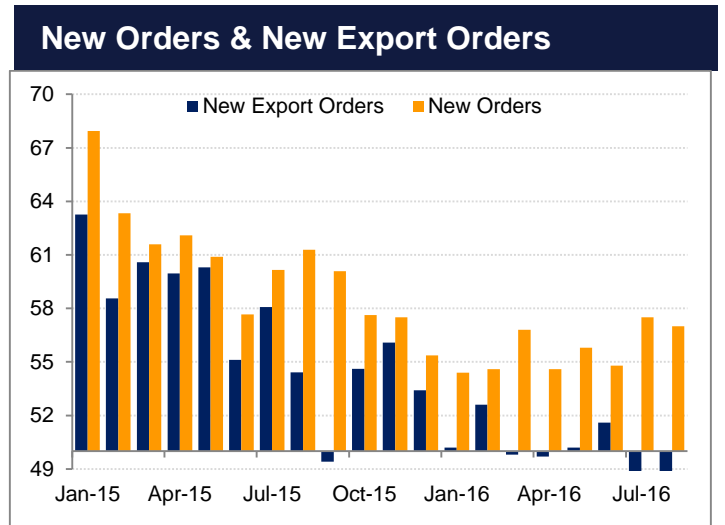
Emirates NBD UAE Purchasing Managers' Index



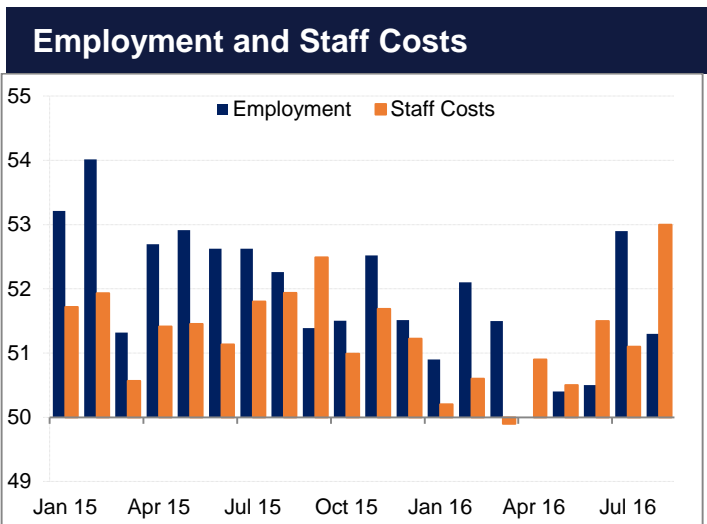
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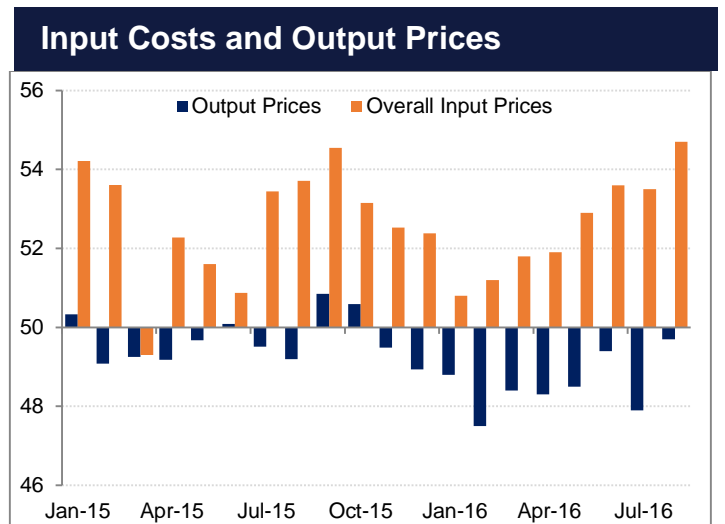
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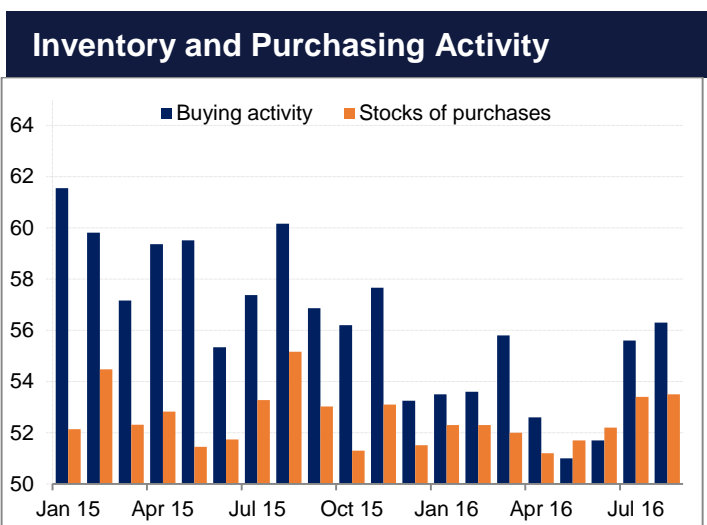
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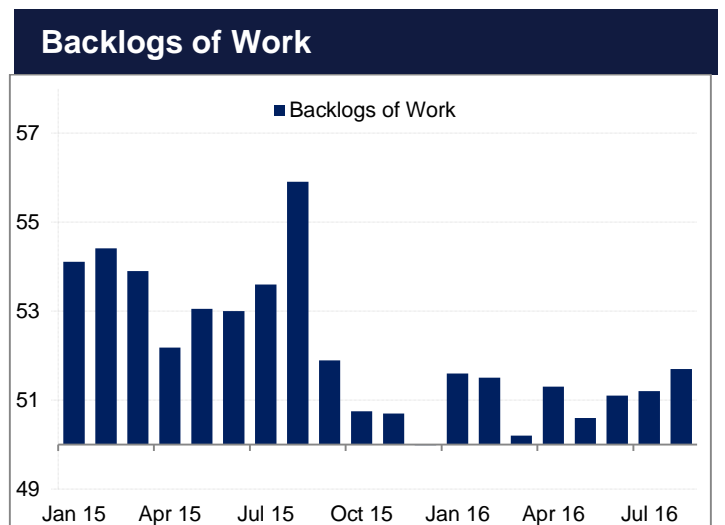
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