



بنك الإمارات دبي الوطني  
Emirates NBD

Economics  
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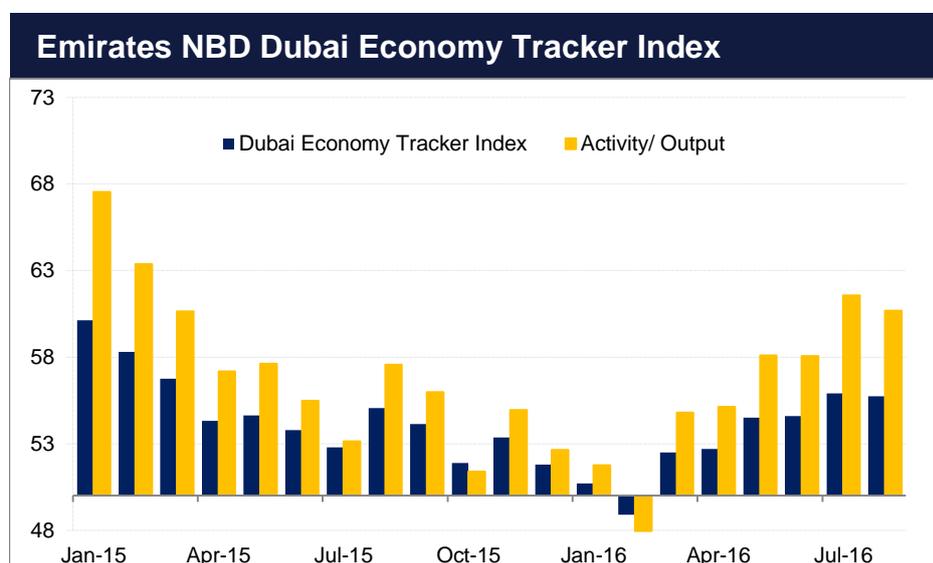
## Dubai Economy Tracker eases marginally in August

The Emirates NBD Dubai Economy Tracker Index (DET) declined slightly from the 2016-high posted in July, to 55.7 in August. The reading indicates that Dubai's non-oil private sector continued to expand at a robust rate last month, and growth in Q3 2016 is on track to be the fastest since Q1 2015.

**Output/ business activity** increased sharply again in August, with this index posting a reading over 60 for the second consecutive month. **New work** growth was also very strong at 59.6, although slightly slower than July. Firms cited "improving economic conditions" as well as "successful discounting strategies" as factors contributing to strong sales growth. The extent of price cuts was evident in the sharply lower **output price** index (47.4) in August, despite higher input costs faced by firms.

Despite strong new orders and output growth, **employment** growth remained modest, with this sub-index declining to 51.4 in August from 51.8 in July. Firms accumulated **inventory** at a faster rate in August, as businesses anticipated further demand growth. The business optimism index also increased from the 2016-low posted in July.

The Emirates NBD Dubai Economy Tracker survey points to solid growth in the emirate so far in the third quarter of 2016, underpinned by aggressive price discounting to support demand. With oil prices remaining well above the lows seen at the start of this year, firms are now looking to Expo 2020 projects to drive further improvements in demand and activity in the coming months.

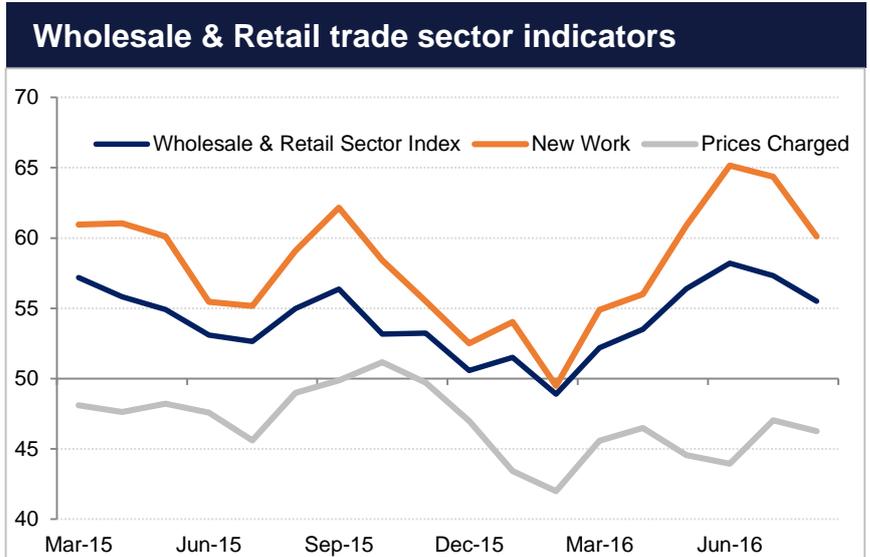


Source: Markit, Emirates NBD Research

### Wholesale & retail sector continues to outperform

The wholesale & retail sector index declined to 55.5 in August from 57.3 in July and 58.2 in June. While the sector is still expanding at a solid rate, the strong growth in new work and output was underpinned by further price discounting: the output price index fell to 46.3 last month from 47.0 in July, even as input prices increased. New orders and output growth was also slower in August compared with June and July.

Employment increased in August, but at a slower rate than July. Firms in the wholesale and retail sector were more optimistic about future order growth, with the business expectations index rising to a three month high.



Source: Markit, Emirates NBD Research

### Travel & tourism sector index remains near 2016 high

**Output and new order sub-indices declined from the strong readings in July, but remained relatively high at 58.5 and 58.0 respectively.** The overall sector index also eased to 54.7 from 55.1, but still showed solid expansion in travel & tourism last month.

As with the retail & wholesale trade sector, firms cut prices in order to secure new work in August, after raising prices during July. We noted last month that the Eid and summer holidays likely boosted demand and activity in the travel and tourism sector in July. Employment in the sector was unchanged on average last month, while business expectations improved slightly.

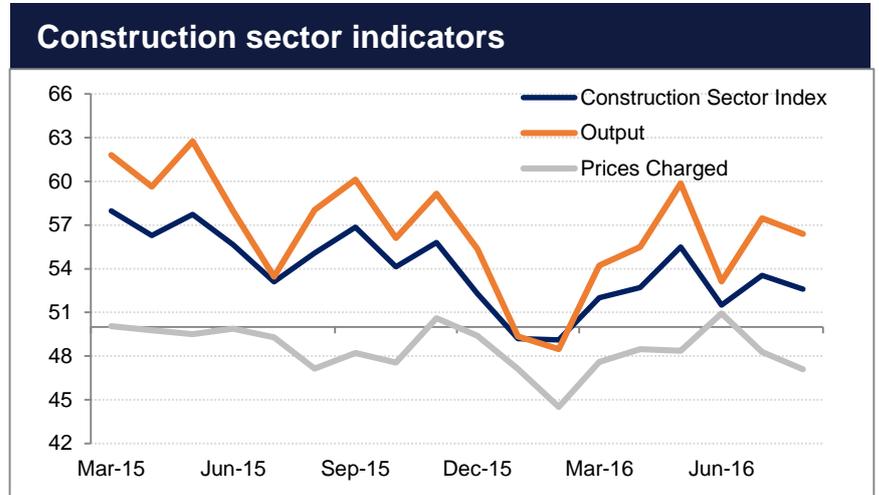


Source: Markit, Emirates NBD Research

### Construction sector activity slowed in August

**The construction sector index was the lowest of the three sector indices in August at 52.6, down from 53.5 in July.** Output and new work both expanded at a slower rate last month, even as firms offered further discounts. Input prices rose at a faster rate than July, putting further pressure on margins. Employment

was close to unchanged and even business optimism declined to a seven month low. Nevertheless, some firms noted that projects related to Expo 2020 could support order growth in the next 12 months.



Source: Markit, Emirates NBD Research

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