



بنك الإمارات دبي الوطني  
Emirates NBD

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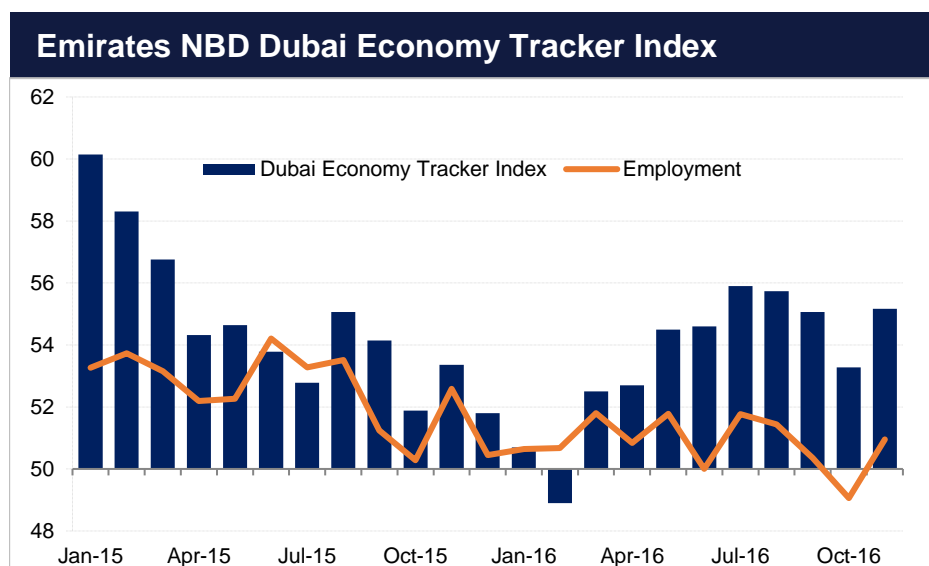
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## Dubai Economy Tracker: Tourism & trade boosts index in November

The Emirates NBD Dubai Economy Tracker Index (DET) rebounded to 55.2 in November, from a 7-month low in October, led by faster growth in the travel & tourism and wholesale & retail trade sectors last month. **Output/ activity** and **new work** expanded at a faster pace in November for the whole (non-oil, private sector) economy in Dubai. Encouragingly, average **employment** increased last month, although the increase was modest with the employment index at 51.0.

The overriding theme remains one of competitive pricing, and price discounting, driving growth in volume of output and new orders. The prices charged index remained in contraction territory in November, although the decline in November was the slowest since July at 49.4. Input prices increased at a slightly faster rate in November, putting further pressure on margins.

Firms remain strongly optimistic about the coming year, although the business expectations index eased from the October high. Inventories continued to rise at a solid rate, as firms anticipate new work growth.



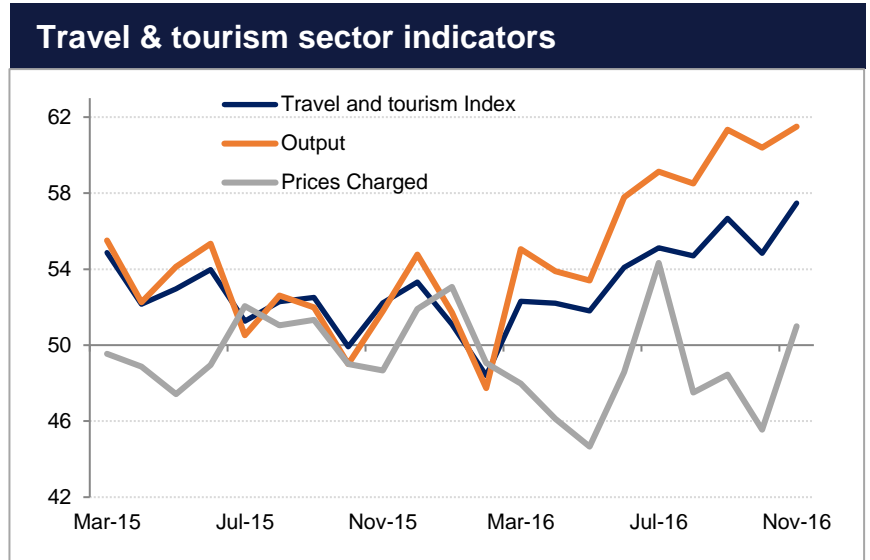
Source: IHS Markit, Emirates NBD Research

### Travel & tourism sector index at series-high in November.

The travel & tourism sector index rose to 57.5 in November, the highest reading since the series began in March 2015. Both output and new work indices were above 60.0 in November, and both increased from October. In particular, the new work index jumped from 58.4 in October to 64.5 in November. This may reflect the impact of new visa rules for Chinese visitors to the UAE. In September, the government announced that Chinese nationals would be able to get visas on arrival in the UAE, rather than having to apply for these in advance. We have no recent data on the breakdown of visitors by nationality to confirm this theory however.

While the strength of the USD remains a headwind for the travel and tourism sector, it is encouraging that average prices charged in the travel & tourism sector increased slightly in November (51.0), following three prior months of heavy discounting. Input costs increased at a faster rate than October. **Employment** in the travel & tourism sector was broadly unchanged (50.5) despite the strong rise in new work and output however, suggesting that firms remain focused on cost containment and efficiency gains.

**Business optimism in this sector rose to a new series high of 84.5 in November**, signaling that firms remain very upbeat about new work growth in the coming 12 months.

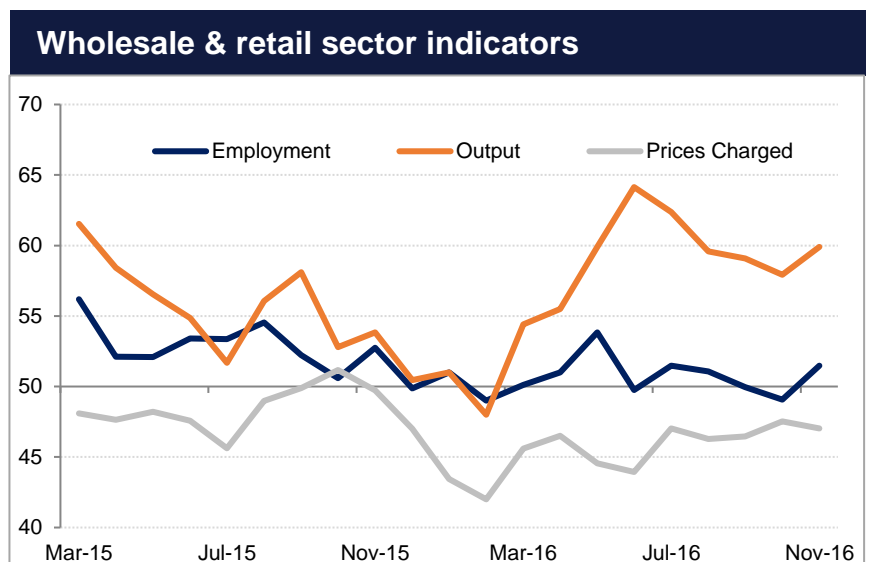


Source: IHS Markit, Emirates NBD Research

### Wholesale & retail reports rebounds in November

**The wholesale & retail sector index climbed to 56.1 last month from 53.3 in October, on stronger output (59.9) and new work (61.4) growth.** While the sector likely benefitted from the higher activity in the travel & tourism sector, firms continued to cut prices to boost activity and secure new orders. **Average selling prices** in this sector have declined for 13 consecutive months, although the pace of discounting has lessened in Q4 relative to Q1 2016.

**Employment rose in the wholesale & retail trade sector in November** following two months of declines. The employment index for the sector rose to 51.5 last month, the highest level since July. Firms remain very optimistic about order growth in the coming 12 months, with **business optimism** index remaining at the series high of 75.8 reached in October. **Inventory** accumulation was also slightly faster last month compared with October.

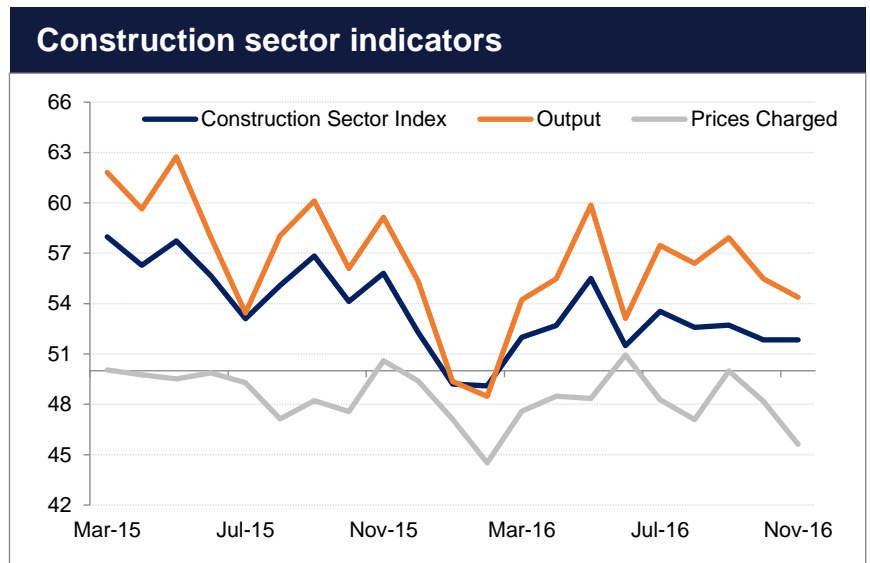


Source: IHS Markit, Emirates NBD Research

## Construction sector remains the laggard

The construction sector index was unchanged at 51.8 in October, the lowest level since February 2016. Output rose at a slightly slower rate than in October, although new work growth accelerated. Firms cut selling prices at the fastest rate since February, which likely contributed to the growth in new work. Input costs rose at a similar rate to October, squeezing margins further.

Employment in the construction sector also declined marginally last month, the first time the employment index has fallen below 50.0 since June. However, business expectations increased slightly, with many firms expecting Expo 2020 projects to support new work growth in the coming year.



Source: IHS Markit, Emirates NBD Research

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