



بنك الإمارات دبي الوطني
Emirates NBD

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Saudi Arabia PMI shows strong start to 2017

The Emirates NBD Saudi Arabia Purchasing Managers' Index (PMI) rose to 56.7 in January from 55.5 in December, the highest reading since August 2015. Almost all components of the index improved last month, with output rising to a 17-month high and new orders at a 15-month high. Firms cited improved market demand, promotional activities and competitive pricing as factors supporting the very strong growth in output and new work in January.

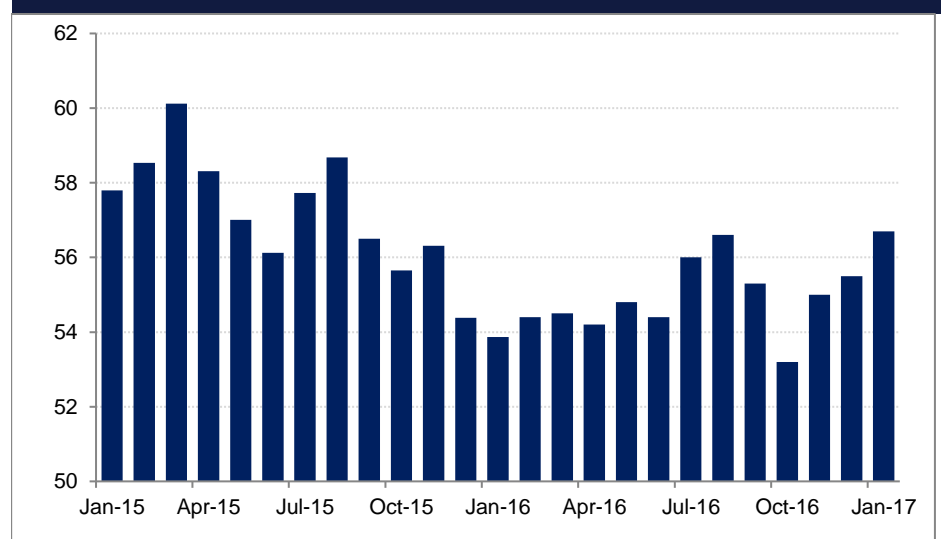
Despite the strong rise in activity, **few firms added to their staff and the employment index rose only marginally to 50.8**, not far off the neutral or 'no change' level. Where firms did take on new staff, this was linked to the start of new projects. Backlogs of work increased moderately on the strong rise in new orders.

Input costs rose slightly faster than in December but the overall level of input price inflation was modest at 52.7. Output prices were broadly unchanged, with only 3.3% of firms indicating they had increased selling prices in January in response to higher input costs.

Purchasing activity increased strongly in January in response to strong new order growth and as firms built up inventories. **Firms were also more optimistic about the prospects for the coming year** than they were in December; 27% of businesses surveyed expected their output to be higher in 12 months' time, compared with less than 18% in December.

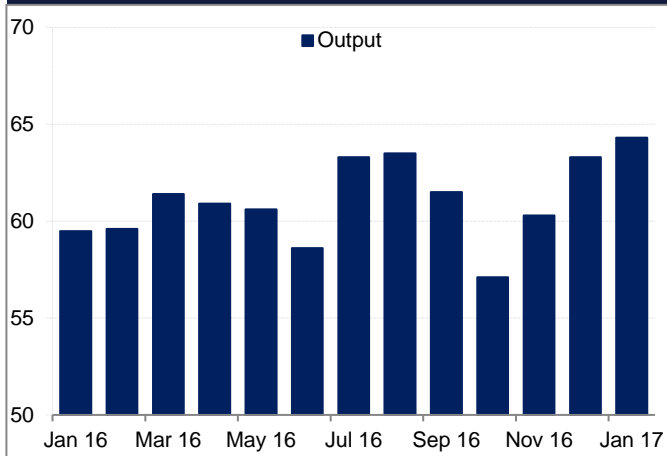
The January PMI data suggests that the non-oil sector started the year with a strong expansion and a more optimistic outlook. The repayment of outstanding dues by the government in the last months of 2016, lower 3m SAIBOR and a higher oil price compared with January 2016 likely all contributed to the improvement in business conditions in the non-oil private sector at the start of this year.

Emirates NBD Saudi Arabia Purchasing Managers' Index

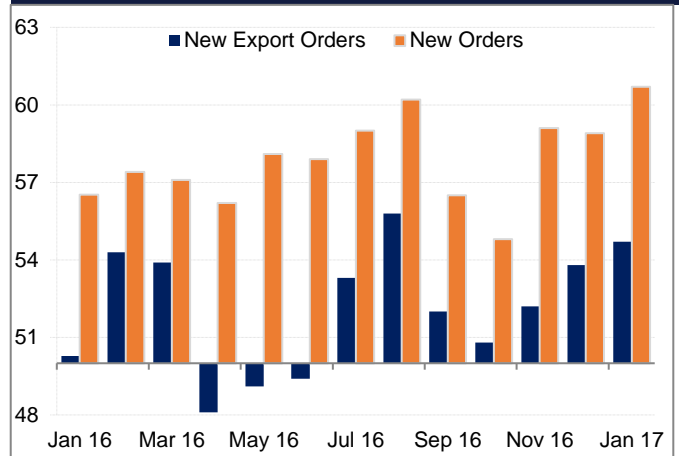


Source: IHS Markit, Emirates NBD Research

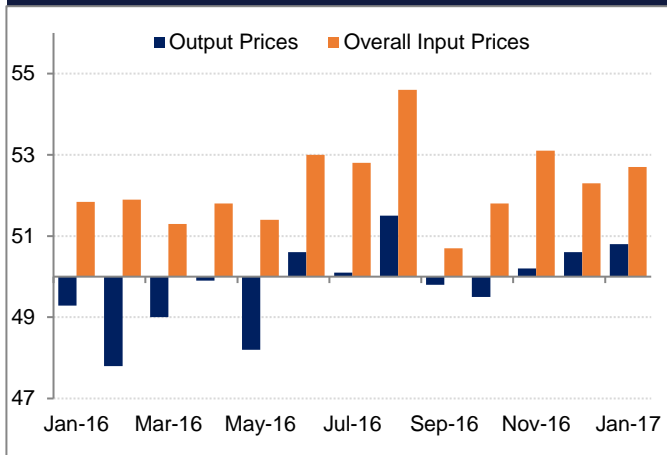
Output/ Business Activity



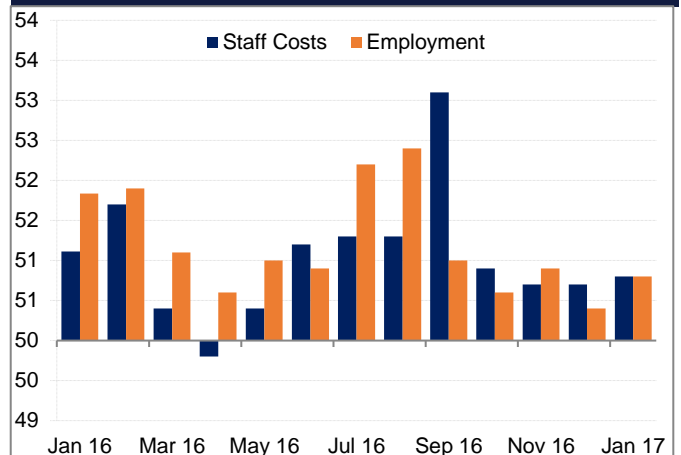
New Orders and New Export Orders



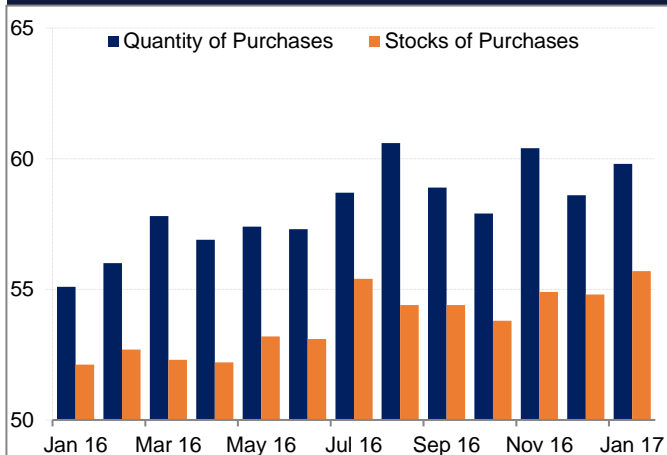
Input Costs and Output Prices



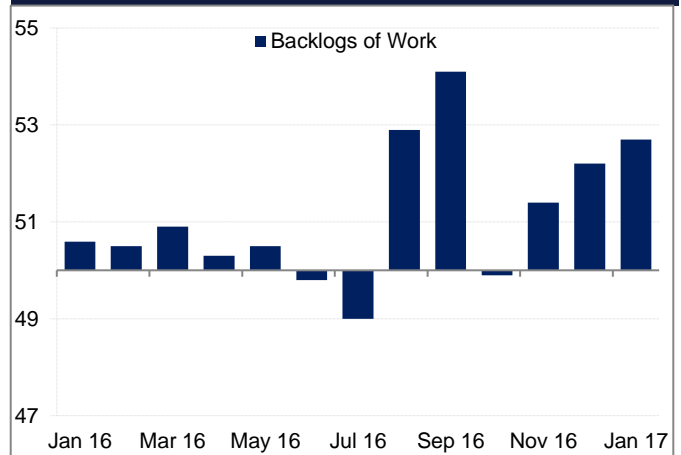
Employment and Staff Costs



Purchasing and Inventory



Backlogs of Work



Source: IHSMarkit, Emirates NBD Research

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