



بنك الإمارات دبي الوطني
Emirates NBD

Economics

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UAE PMI rises to 55.3 in January

The Emirates NBD Purchasing Managers' Index (PMI) rose to 55.3 in January from 55.0 in December, the highest reading since July 2016. Faster new order growth at the start of 2017 was the main driver, with export orders rebounding particularly strongly after a relatively soft 2016. Output also increased sharply in January, but at a slightly slower rate than December.

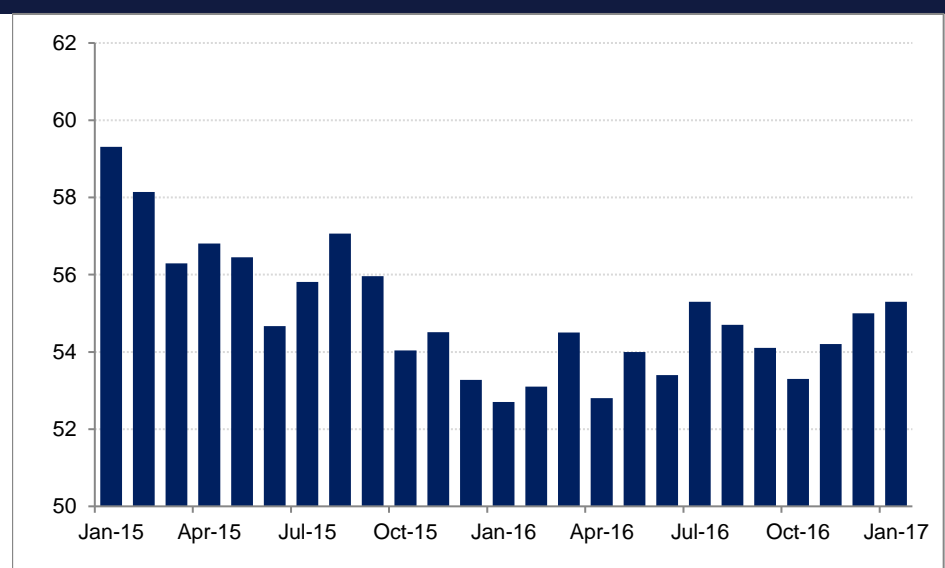
Employment increased in January, although the overall level of employment growth remains subdued with just 2.5% of firms surveyed indicating increased employment and the remainder keeping staff levels unchanged in January. Backlogs of work were slightly higher in January, reflecting higher new orders.

Input costs increased at the fastest rate in six months, mainly due to higher purchase costs. However, firms did not pass on these higher costs as output prices declined marginally in January. Purchasing activity remained strong, with more than a quarter of firms surveyed reporting increased levels of buying.

Firms remained optimistic about the coming twelve months, with nearly 18% of respondents expecting their output to be higher in a year's time, and none expecting their output to decline. Respondents pointed to improving market conditions, more projects and new clients as reasons for their optimism.

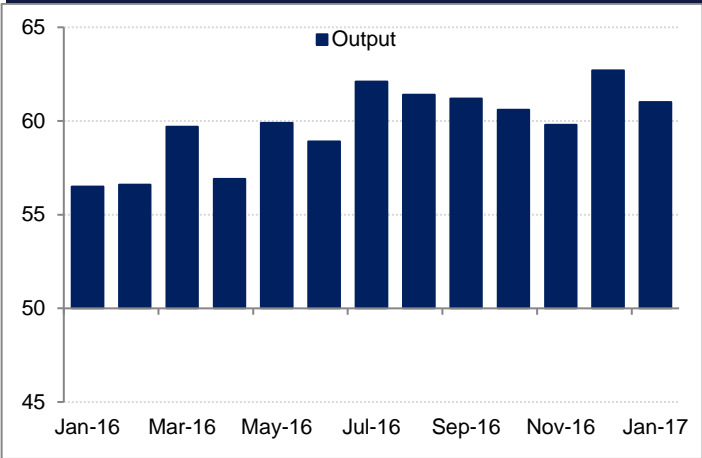
Overall, the PMI data suggests the non-oil sectors started 2017 with solid expansion in activity, even though competition is high and margins remain under pressure. We continue to expect preparations for Expo 2020 to underpin non-oil growth over the next three years. Higher oil prices relative to 2016 should help with boosting sentiment and liquidity.

Emirates NBD UAE Purchasing Managers' Index



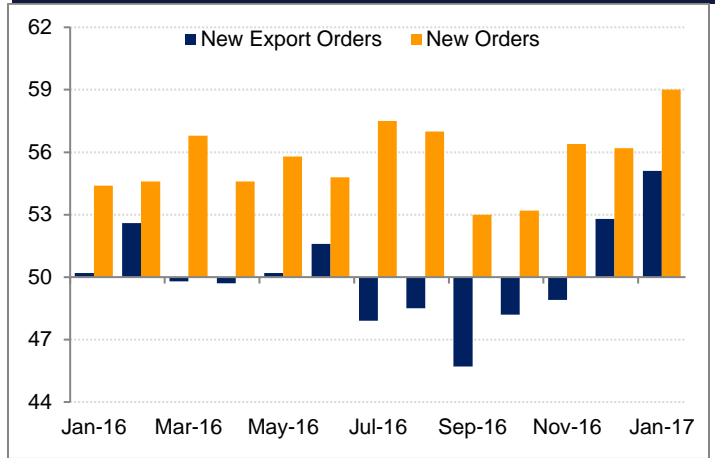
Source: IHSMarkit, Emirates NBD Research

Output



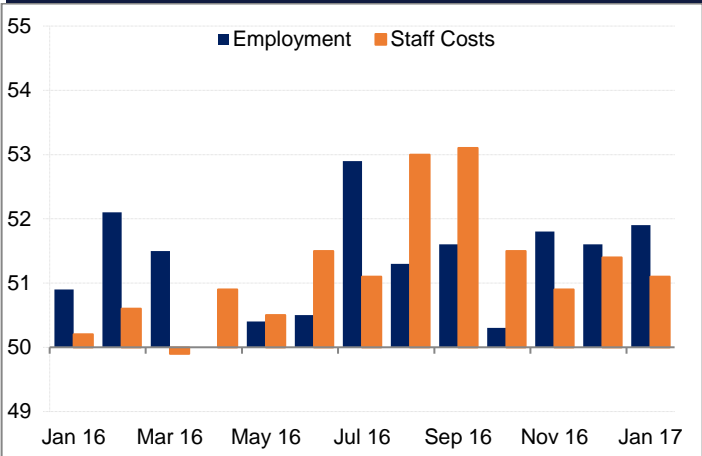
Source: IHSMarkit, Emirates NBD Research

New Orders & New Export Orders



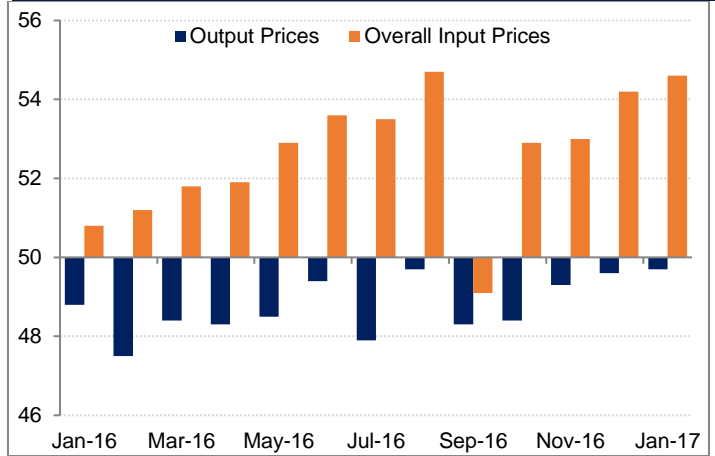
Source: IHSMarkit, Emirates NBD Research

Employment and Staff Costs



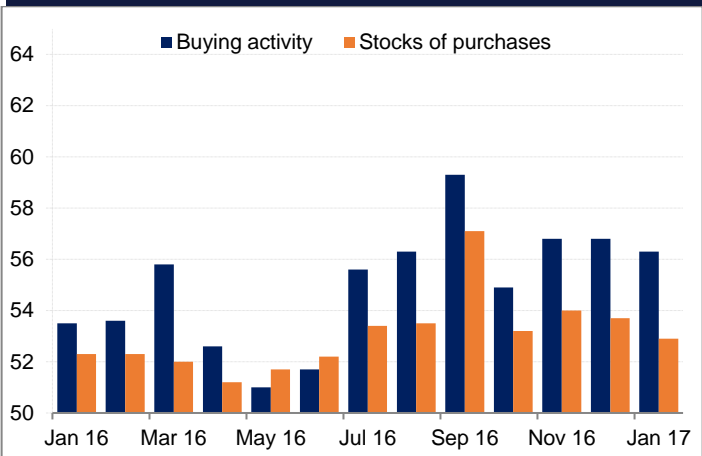
Source: IHSMarkit, Emirates NBD Research

Input Costs and Output Prices



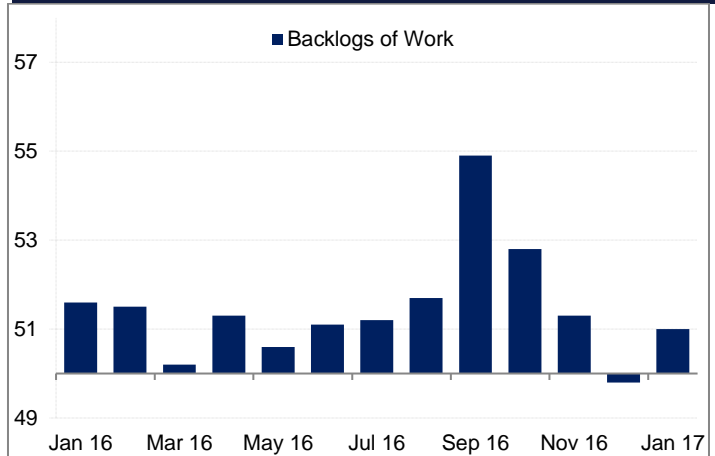
Source: IHSMarkit, Emirates NBD Research

Inventory and Purchasing Activity



Source: IHSMarkit, Emirates NBD Research

Backlogs of Work



Source: IHSMarkit, Emirates NBD Research

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