



بنك الإمارات دبي الوطني
Emirates NBD

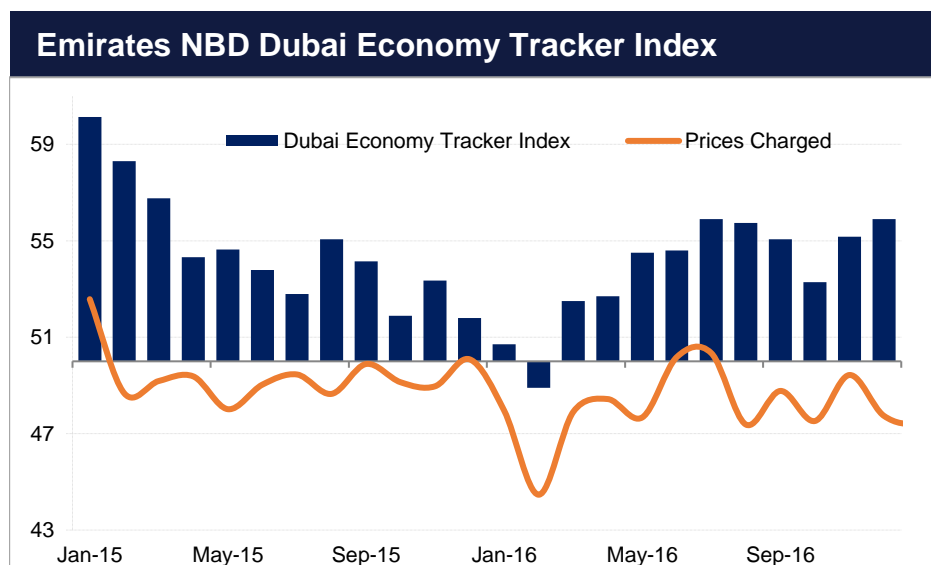
Economics
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Dubai Economy Tracker points to strong growth in Feb

The Emirates NBD Dubai Economy Tracker Index (DET) eased slightly to 56.2 in February from the two-year high reached in January. The DET in February was higher than the average reading for 2016, signaling an acceleration in economic growth at the start of this year. Output and new work growth continued to expand at a very strong rate in February, although the output index eased to 61.0. New work (62.4) increased at the fastest rate in two years, with firms citing stronger demand and successful marketing and promotional strategies, according to IHS Markit.

Despite the strong rise in output and new work, employment was broadly unchanged in February at 49.9. This may be due to ongoing margin compression, with output prices (48.6) declining on average for the seventh straight month in February even though input prices (51.1) rose. However, firms were slightly more upbeat last month with the business expectations index rising to 73.4 from 70.9 in January.



Source: IHS Markit, Emirates NBD Research

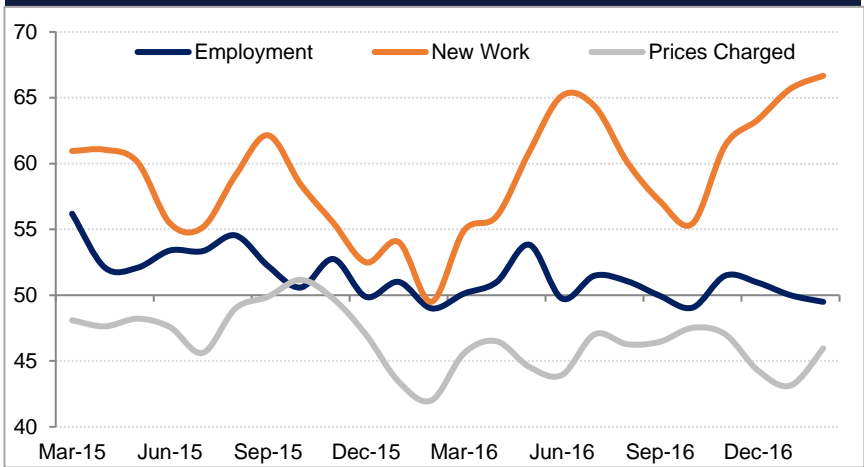
Wholesale & retail trade shows strongest expansion in Feb.

The wholesale & retail trade sector was the best performing of the three key sectors surveyed last month. The sector index rose to 58.3 in February, the highest reading since the series began nearly two years ago. Both output and new work expanded at a faster pace last month, and although selling prices were lower on average m/m, the extent of price discounting was less than in December and January.

While the Dubai Shopping Festival was held in January-February, the DET data is seasonally adjusted, so the upturn in activity and output in the trade sector at the start of 2017 cannot be wholly attributed to this.

Employment in the wholesale & retail trade sector declined fractionally in February (49.5), despite the strong growth in demand and output. Firms' margins remain under pressure and input prices rose (52.0) while selling prices declined (46.0) on average. Business optimism declined slightly in February but remains high overall, at 77.5.

Wholesale and retail sector indicators



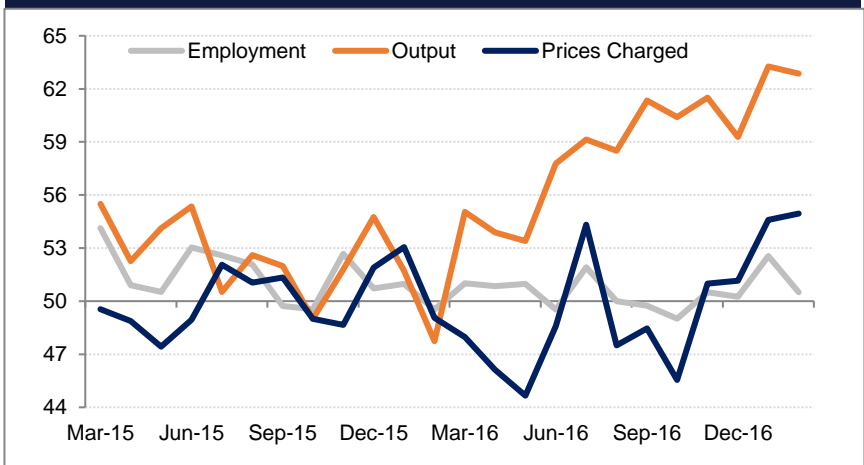
Source: IHS Markit, Emirates NBD Research

Travel & tourism enjoys greater pricing power

The travel & tourism index eased to a still-strong 57.0 in February from the series high of 57.8 in January. Output and new work indices were marginally lower last month but both still well above 60.0, signaling very strong growth in February. Employment was broadly unchanged from January however.

Encouragingly, firms in the travel & tourism sector were able to increase selling prices for the fourth month in a row (55.0) and at the fastest rate on record in February, even as demand continued to strengthen. The rise in prices charged exceeded input cost inflation, providing further relief for firms' margins in this sector. The business expectations index rose to 78.1 in February from 75.8 in January, signaling greater optimism among firms.

Travel & tourism sector indicators



Source: IHS Markit, Emirates NBD Research

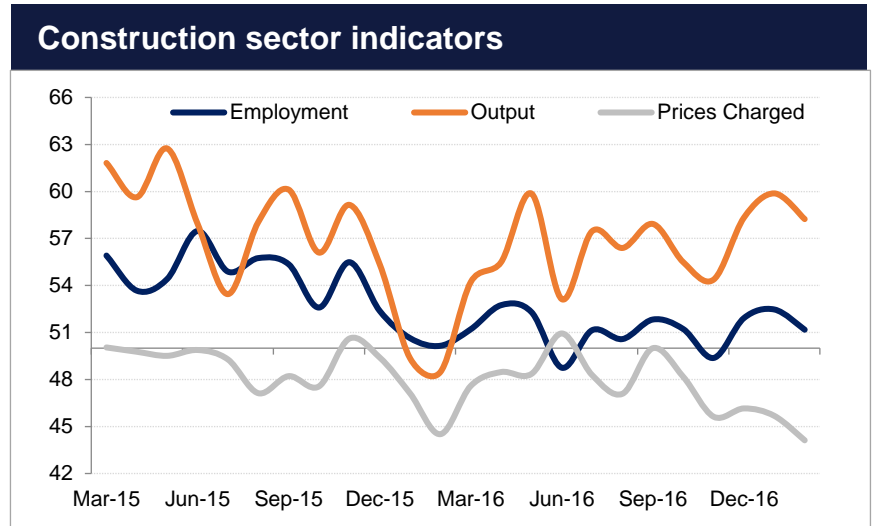
Construction sector expands at slower rate last month

The construction sector index declined to 53.3 in February from 55.4 in January, pointing to slower expansion in the sector last month. Both output and new work grew at a solid rate, albeit slightly slower than January.

However, the rise in new work appears to have been driven by significant price discounting and promotional activity; prices charged fell at the fastest rate on

record in February. While input costs also declined fractionally last month, output prices fell by a greater extent, squeezing margins in the sector further.

Employment in the construction sector increased for the third straight month in February, but by less than in January. Business optimism was also lower in February, on the back of slower new orders growth.



Source: IHS Markit, Emirates NBD Research

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