



بنك الإمارات دبي الوطني  
Emirates NBD

Economics  
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# Saudi Arabia PMI broadly stable in April

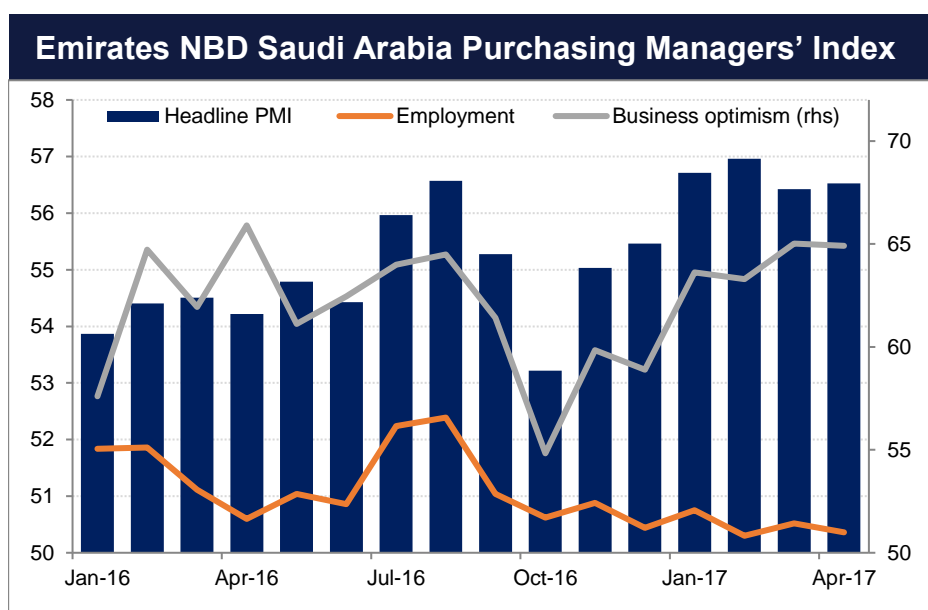
The Emirates NBD Saudi Arabia Purchasing Managers' Index (PMI) rose marginally to 56.5 in April from 56.4 in March, signaling continued strong growth in the non-oil private sector last month. Both output and new orders increased at a slightly faster rate in April, despite a marginal decline in new export orders. Firms faced lower foreign demand and increased competition in external markets in April, according to the survey.

Employment increased only slightly in April, with the index at 50.4, just above the neutral 50-level, despite new orders and output indices coming in above 60.0. Staff costs were also broadly unchanged in April. Backlogs of work continued to rise last month, perhaps unsurprisingly in the context of strong new orders growth and weak employment.

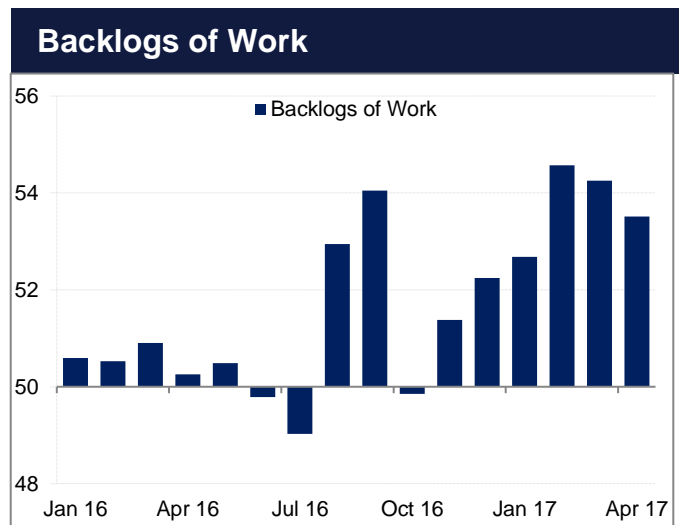
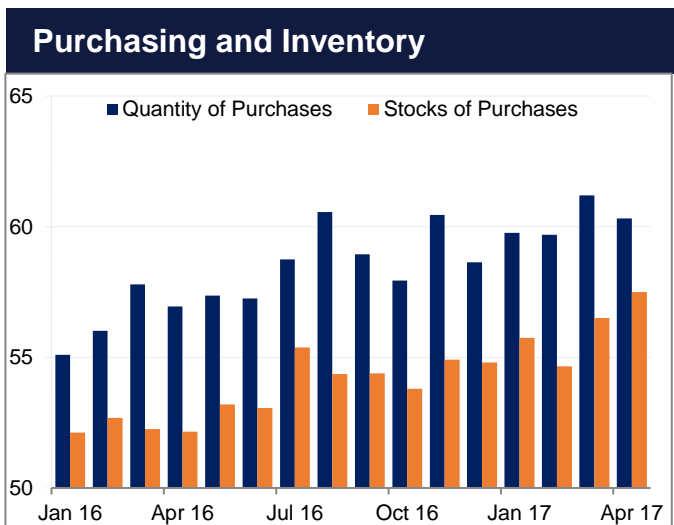
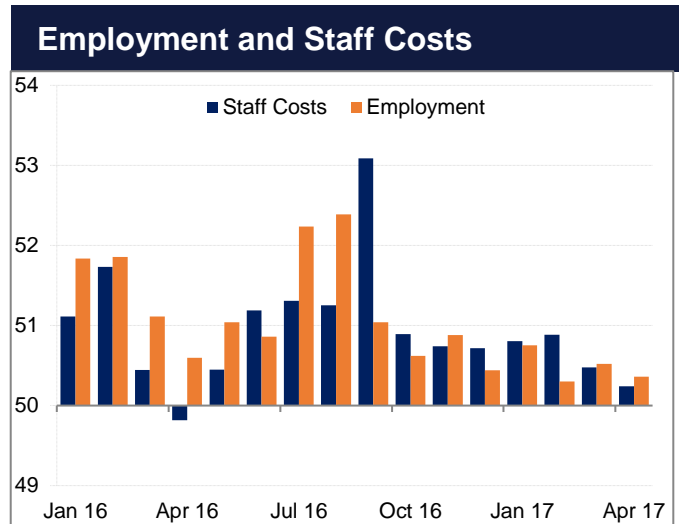
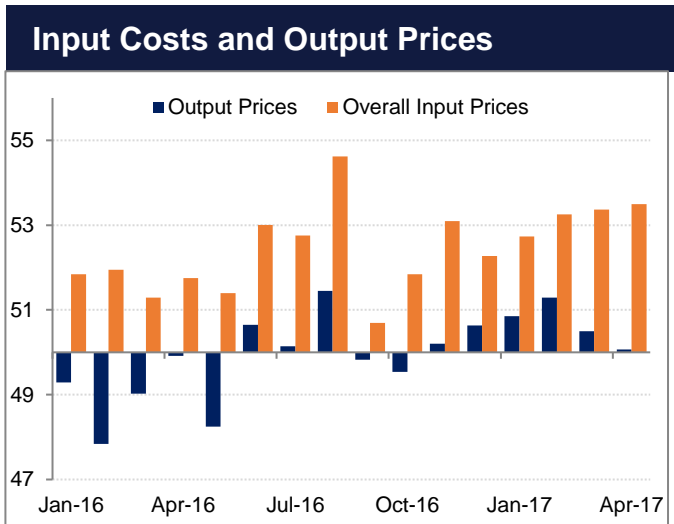
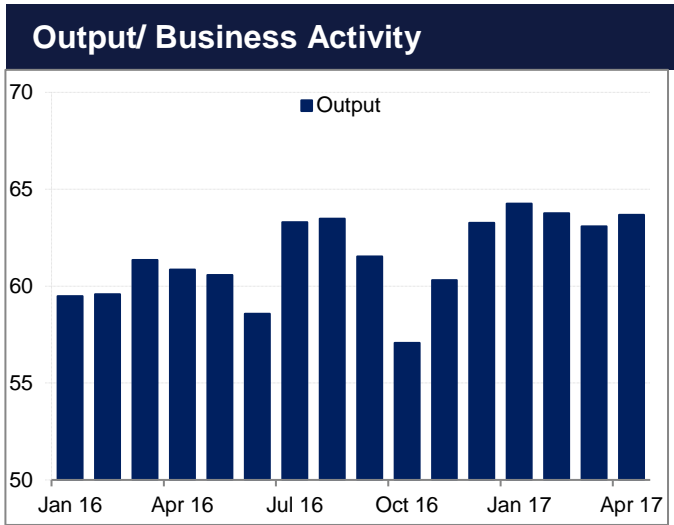
Input cost inflation in April was similar to March, mainly on the back of higher purchase costs. However, selling prices were flat from March as firms absorbed the higher input costs. The output price index was the lowest since July 2016 at 50.1, as some firms offered price discounts to attract customers.

Business optimism eased only slightly from the high March reading, to come in at 64.9. Nearly 30% of firms expect output in 12 months' time to be higher than today, while the other 70% of respondents expect output to remain at current levels. Purchasing activity rose at a strong rate in April, and more firms reported higher pre-production inventory, suggesting that demand is expected to remain firm in the coming months.

The April PMI survey data suggests that the Saudi non-oil private sector economy expanded at a similar rate to Q1 2017, which in turn was markedly stronger than Q4 2016. We continue to expect an improvement in overall GDP growth this year compared with 2016, even as crude oil production is constrained by the OPEC agreement to limit output in H1 2017.



Source: IHS Markit, Emirates NBD Research



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