



بنك الإمارات دبي الوطني
Emirates NBD

Economics

3 May 2017

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UAE PMI signals strong growth in April

The Emirates NBD Purchasing Managers' Index (PMI) for the UAE was broadly unchanged in April at 56.1, compared with March's 19-month high of 56.2. Output and new orders growth remained very strong although slightly slower than March. Slower export orders growth appears to have weighed on overall new orders expansion. Panellists cited new projects, stronger underlying demand and improved economic conditions as supporting output and new orders growth in April.

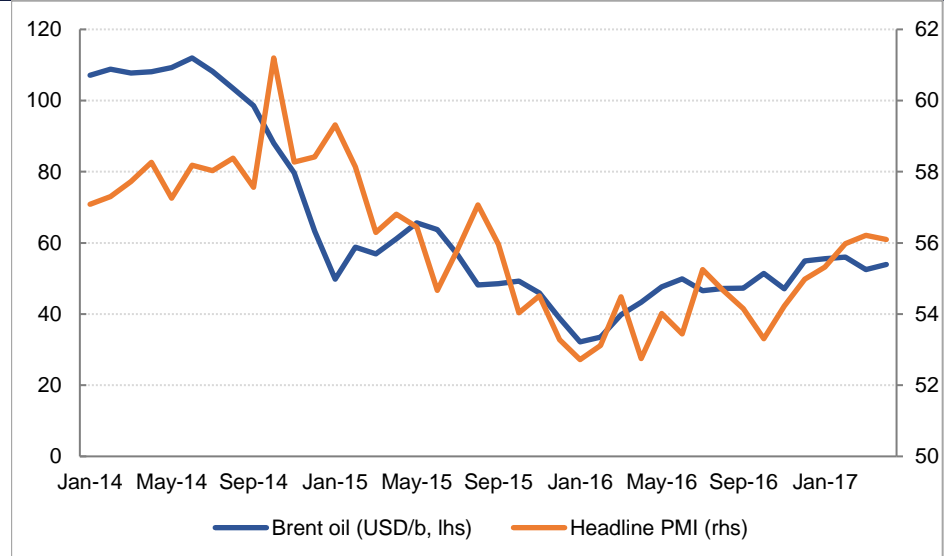
Employment rose in April but the rate of growth remains weak, with just 5.2% of firms surveyed reporting higher employment last month. The majority of firms kept employment unchanged on March despite continued new orders growth. As a result, the **backlogs of work** continued to rise in April, albeit at a slower rate than March.

Input cost inflation eased slightly last month, but firms reported lower selling prices on average in April; the first decline in **output prices** since January this year. The extent of price discounting was the most since July 2016. Firms cited 'intense competition' as the reason for cutting selling prices.

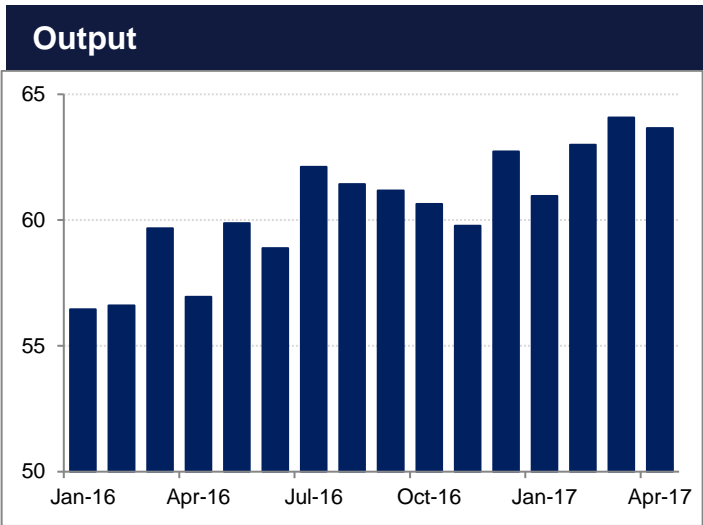
Business optimism remained high at 59.9 in April, slightly lower than the March reading of 61.7. **Purchasing activity** also remained robust last month, but increased at a slower rate than in March. However, pre-production **inventory** rose at the fastest rate on record suggesting that firms are anticipating a further increase in output and new work in the coming months.

Overall, the PMI survey for the UAE suggests that the non-oil sector expanded at a robust rate last month, maintaining the momentum that has been evident since the start of this year. We retain our view that GDP growth will accelerate this year to 3.4% from an estimated 3.0% in 2016.

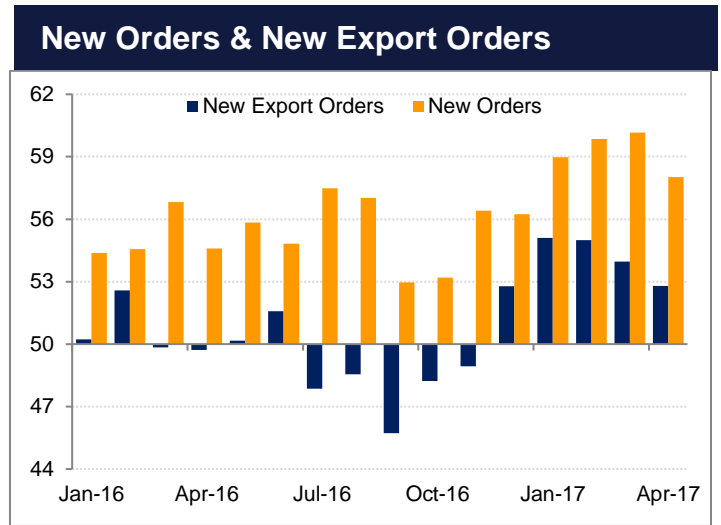
Emirates NBD UAE Purchasing Managers' Index



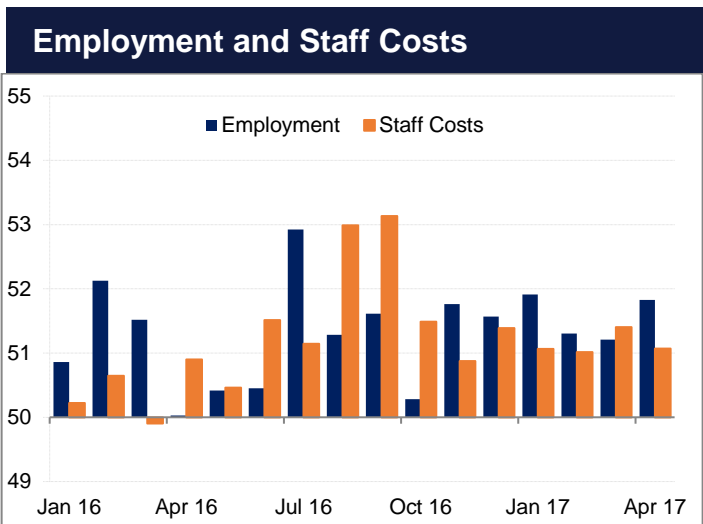
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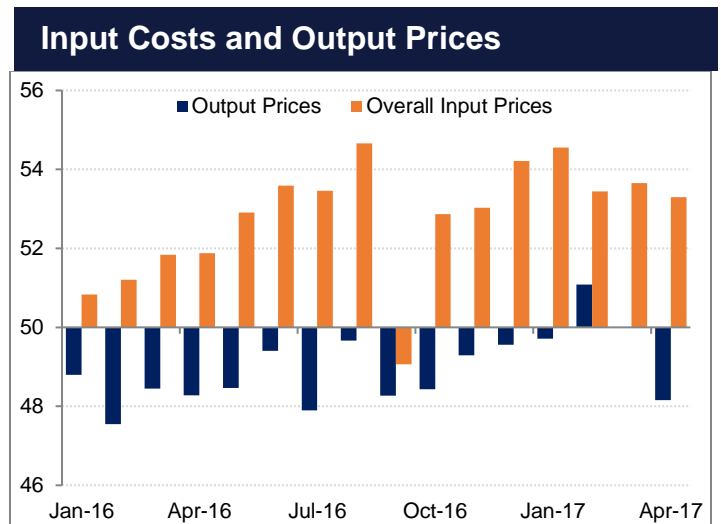
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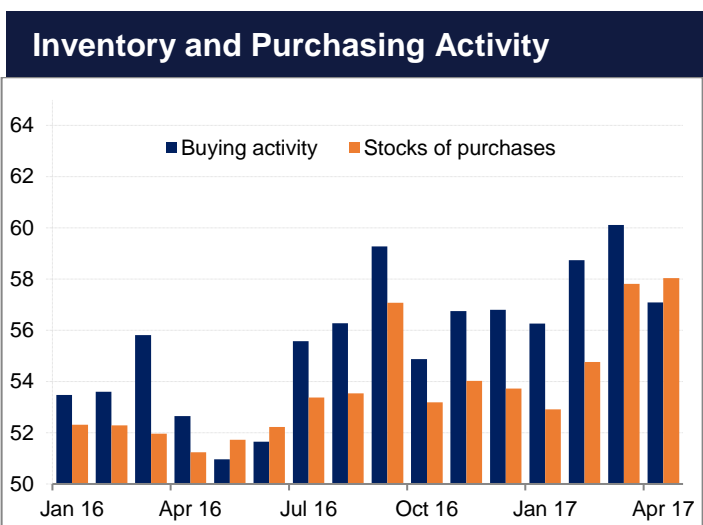
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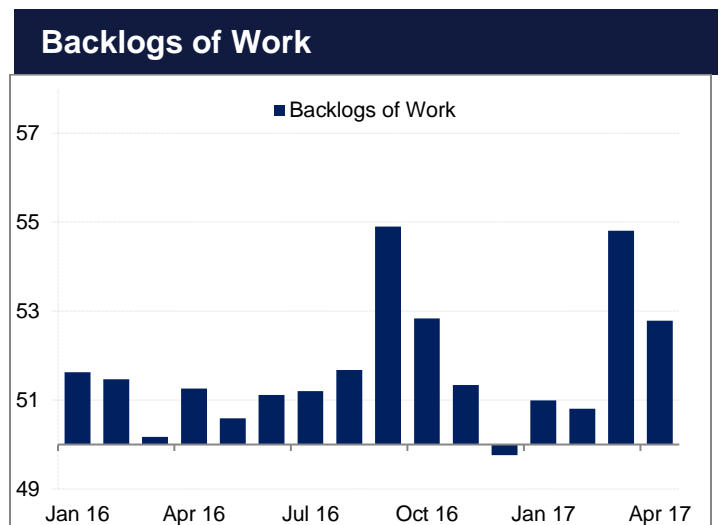
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