



بنك الإمارات دبي الوطني
Emirates NBD

Economics
9 May 2017

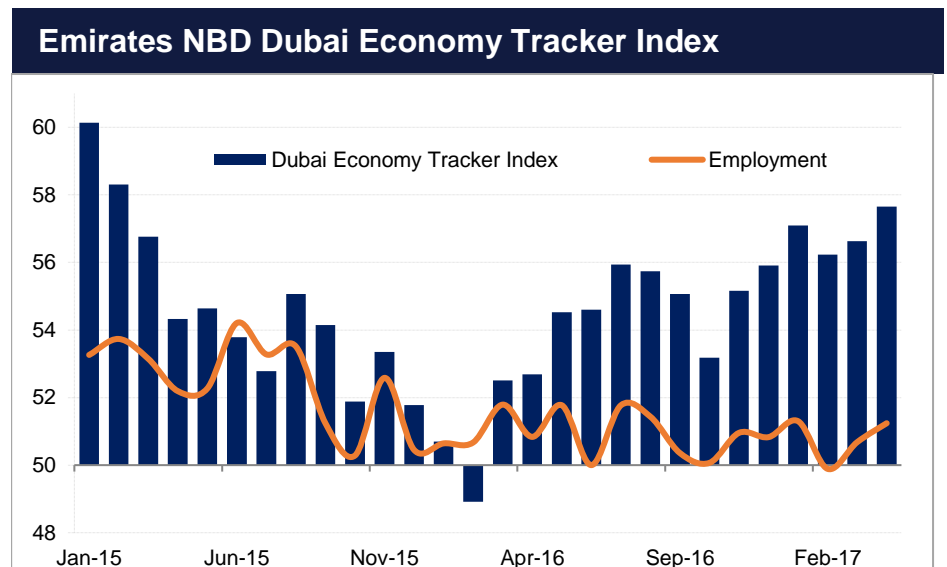
Dubai Economy Tracker: April index at 26-month high.

The Emirates NBD Dubai Economy Tracker Index (DETI) rose to 57.7 in April from 56.6 in March, signaling the fastest rate of growth since February 2015. Output and new orders increased very strongly in April, with the indices at 62.6 and 63.2 respectively. Respondents noted that the economic backdrop was 'generally supportive' but also cited 'promotional discounts' and 'more construction projects' as factors driving the rise in new orders.

Competition remains intense and firms reduced selling prices further in April (47.7); the ninth month in a row of declining average output prices. Margins remain under pressure as input costs have continued to rise, albeit at a modest rate (51.5).

Employment (51.2) increased at a slightly faster rate than in March but jobs growth remains sluggish overall, particularly when compared with the rate of new work and output growth.

Businesses were more optimistic on average in April compared with March, and this was also reflected in faster inventory accumulation, as firms stocked up pre-production inventory in anticipation of stronger demand and order growth in the coming months.



Source: IHS Markit, Emirates NBD Research

Construction sector picks up momentum in April

The construction sector saw a sharp improvement in business conditions last month, after lagging the other key sectors since the start of the year. The construction sector index rose more than 3 points to 57.9 in April, indicating the fastest rate of growth since March 2015.

Output and new work both rose sharply last month as new projects were awarded and launched. As a result, employment in the construction sector rose at the fastest rate in four months. However, as with the whole of Dubai, the rate of jobs growth is low by historical standards, in the context of record high new work and output growth.

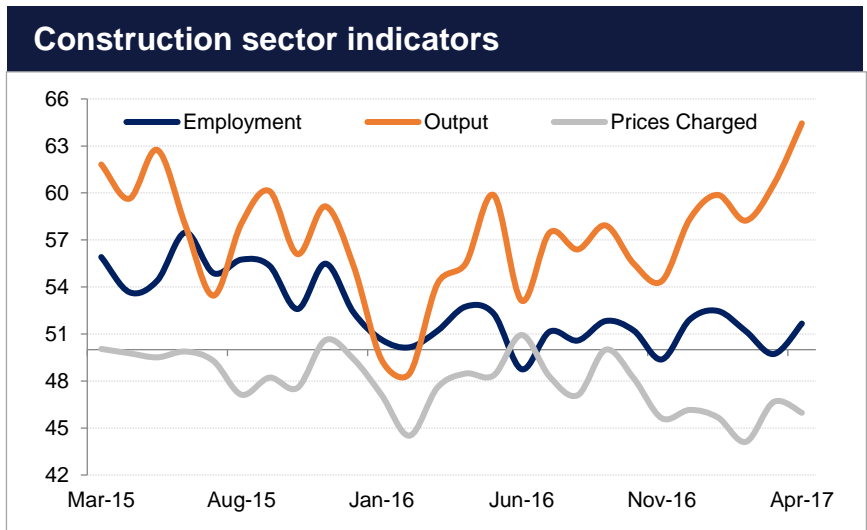
It is also notable that price discounting in the sector remains significant, with the output price index easing to 46.0 in April, even as input cost inflation accelerated. However, firms remained strongly optimistic about the year ahead as they expected the pipeline of work to rise.

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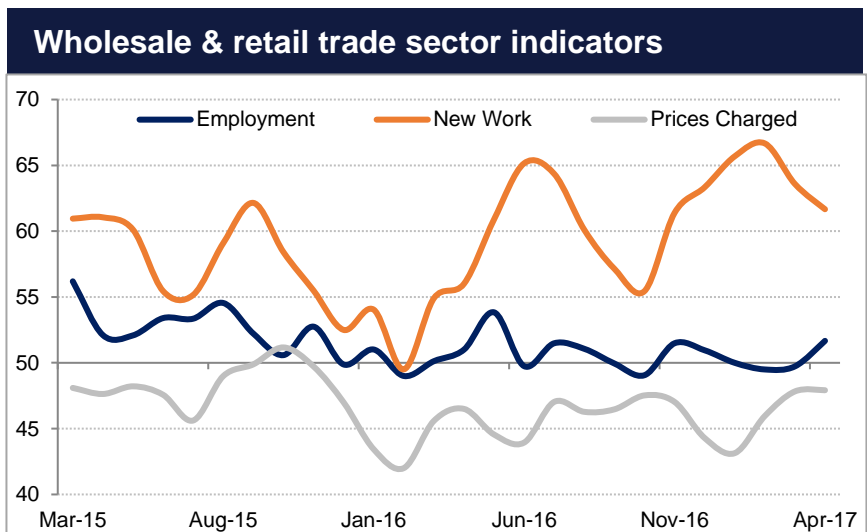
Source: IHS Markit, Emirates NBD Research

Wholesale & retail trade index rose to 57.8 in April

Output/ activity in the trade sector last month expanded at the fastest rate since the series began in March 2015. New work also increased at a strong rate, albeit slightly slower than March.

Employment in the wholesale & retail trade sector rose for the first time in four months, with this index rising to 51.7 in April. Firms were more optimistic in April than they were in March, and stocks of purchases increased at the fastest rate since June 2016, as firms anticipate further improvements in demand.

However, traders' margins remain under pressure, with output prices declining on average for the last year-and-a-half. Input costs rose in April, but at a slightly slower rate than March.

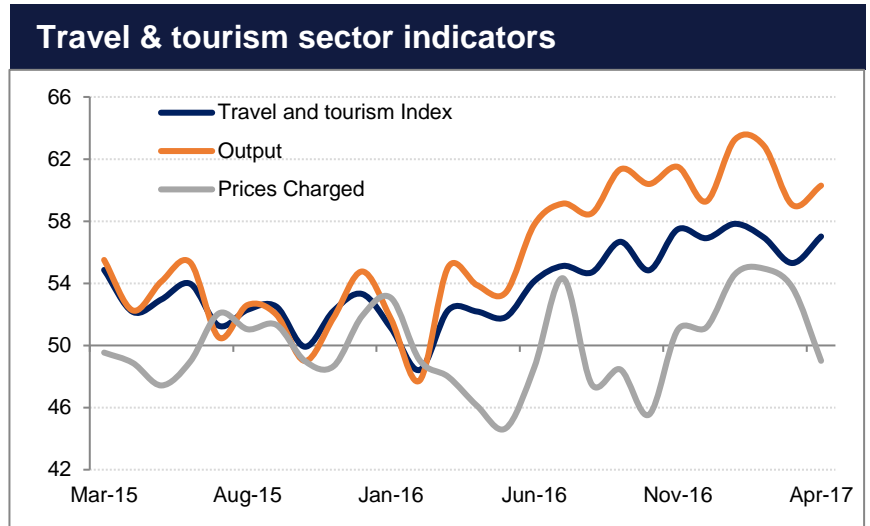


Source: IHS Markit, Emirates NBD Research

Travel & tourism sector expands at a faster pace in April

The travel & tourism sector index rose to 57.0 in April from 55.3 in March, signaling strong expansion in the sector last month. Output and new order growth accelerated, although firms in the sector reduced selling prices marginally after five months of price rises. Input costs were also slightly lower in April.

Encouragingly, employment in the sector picked up last month, but as in the rest of the emirate, job growth in travel & tourism remained soft overall. Businesses were more optimistic about the coming twelve months in April compared with March.



Source: IHS Markit, Emirates NBD Research

Overall, the April Dubai Economy Tracker survey data suggests that Dubai's economy gained momentum at the start of Q2, after a solid Q1 2017. The accelerated momentum in the construction sector in particular supports our view that infrastructure investment will be a key driver of Dubai's growth this year, and over the next 2-3 years, as the emirate prepares to host Expo 2020.

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