



بنك الإمارات دبي الوطني
Emirates NBD

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Khatija Haque
Head of MENA Research
+971 4 230 7803
khatijah@emiratesnbd.com

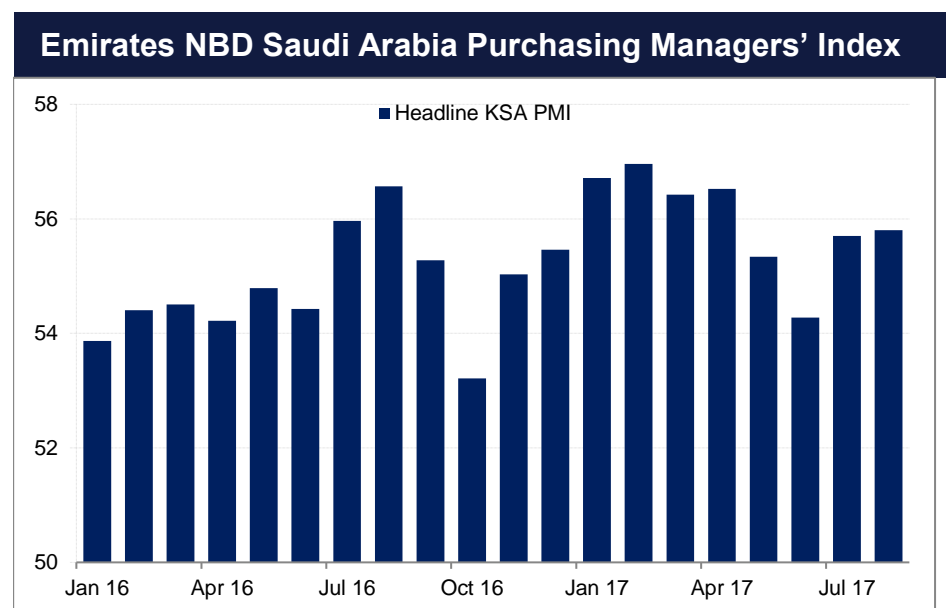
Saudi Arabia PMI marginally higher in August

The Emirates NBD Saudi Arabia Purchasing Managers' Index (PMI) rose to 55.8 in August from 55.7 in July, signalling a solid rate of growth in the kingdom's non-oil private sector last month. New orders increased at a faster rate than in July, supported by a solid rise in new export orders. Output also rose sharply in August but at a slightly slower rate than in July. Panellists attributed the strong rise in new orders and activity to "more projects and stronger underlying demand."

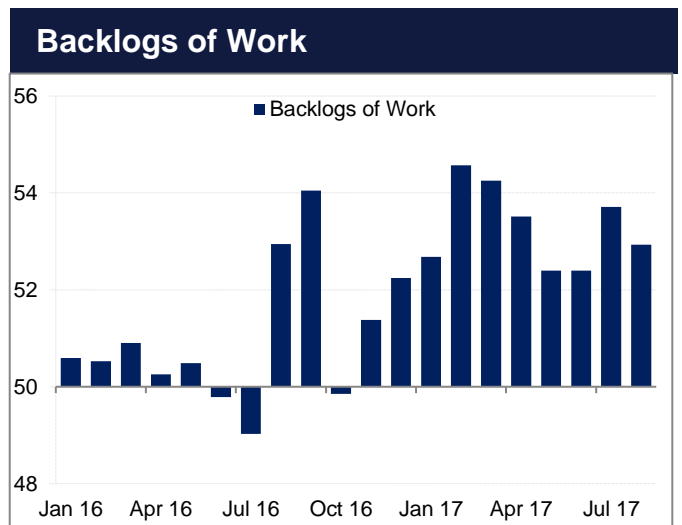
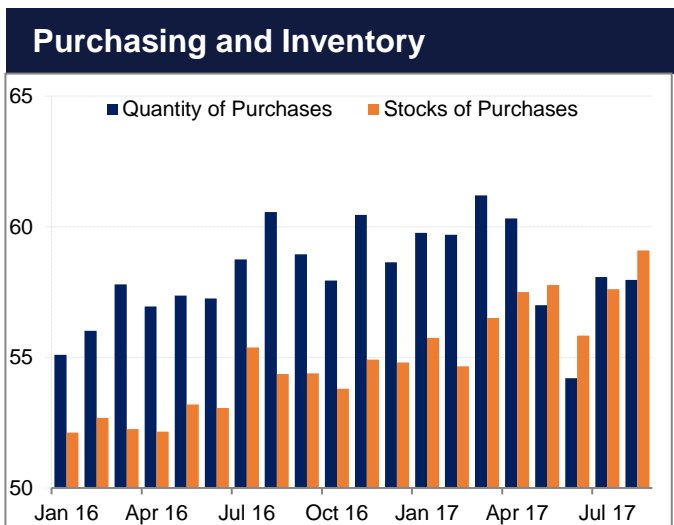
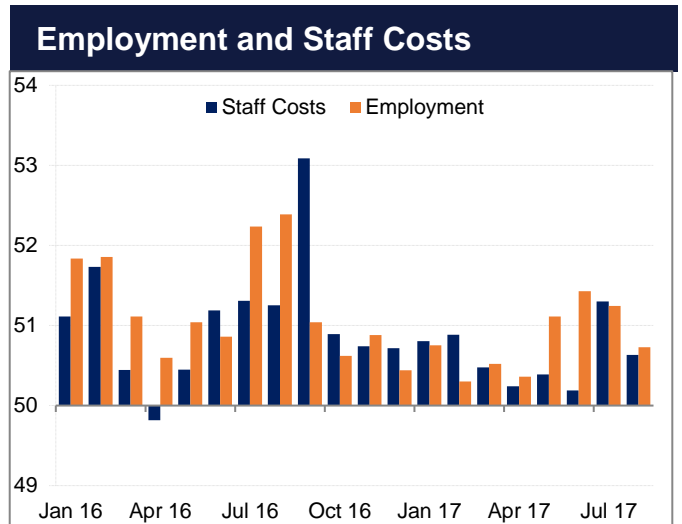
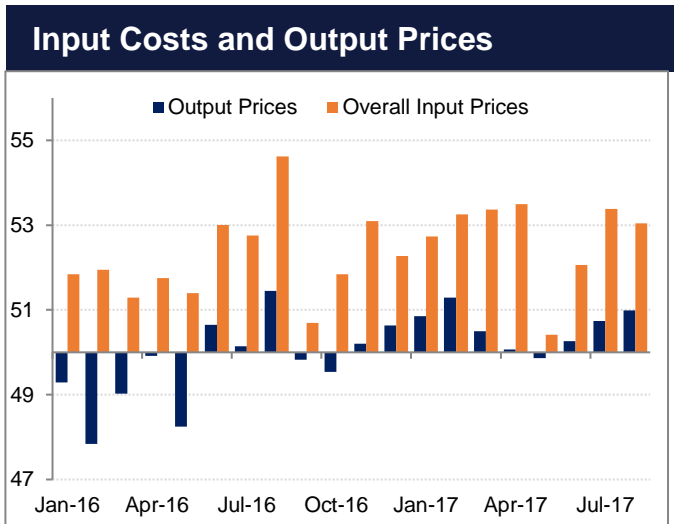
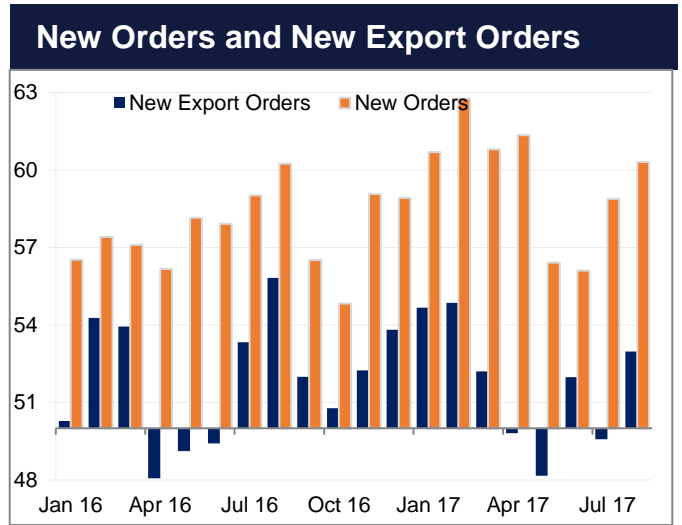
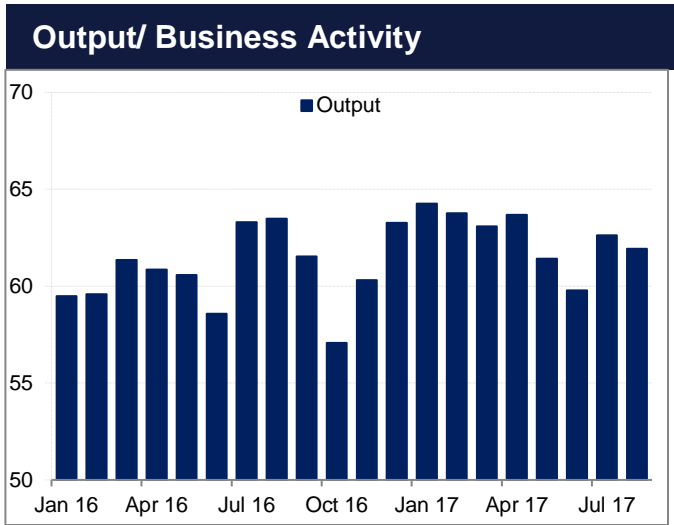
Despite this, employment increased at the slowest rate in four months in August, with the employment index slipping to 50.7 last month. Stocks of pre-production inventories increased sharply however, as output rose and as firms anticipated future demand.

On the inflation front, input costs rose at a slightly slower rate in August compared with July, with the overall input price index easing to 53.0. The main driver was higher purchase costs as increases in staff costs were marginal. Some of the higher input costs were passed onto buyers, with selling prices rising modestly in August. The output price index rose to 51.0 last month, the highest reading since February. Firms in Saudi Arabia remained optimistic about the coming year on average, although the degree of optimism was the weakest since October 2016.

Overall, the August PMI survey shows a non-oil sector that remains robust, and is showing growth, which is in line with our expectations for 2017. The headwind to overall GDP growth this year is from crude oil output, which has declined relative to 2016 on the back of OPEC agreed production cuts.



Source: IHS Markit, Emirates NBD Research



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Emirates NBD Research & Treasury Contact List

Emirates NBD Head Office
12th Floor
Baniyas Road, Deira
P.O.Box 777
Dubai

Jonathan Morris
General Manager Wholesale Banking
JonathanM@emiratesnbd.com

Aazar Ali Khwaja
Group Treasurer & EVP Global Markets &
Treasury
+971 4 609 3000
aazark@emiratesnbd.com

Tim Fox
Head of Research &
Chief Economist
+9714 230 7800
timothyf@emiratesnbd.com

Research

Khatija Haque
Head of MENA Research
+9714 230 7803
khatijah@emiratesnbd.com

Anita Yadav
Head of Fixed Income Research
+9714 230 7630
anitay@emiratesnbd.com

Shady Shafer Elborno
Head of Macro Strategy
+9714 2012300
shadyb@emiratesnbd.com

Athanasios Tsetsonis
Sector Economist
+9714 230 7629
athanasiost@emiratesnbd.com

Edward Bell
Commodity Analyst
+9714 230 7701
edwardpb@emiratesnbd.com

Mohammed Al-Tajir
Manager, FX Analytics and Product Development
+9714 609 3005
mohammedtaj@emiratesnbd.com

Aditya Pugalia
Analyst
+9714 230 7802
adityap@emiratesnbd.com

Sales & Structuring

Group Head – Treasury Sales
Tariq Chaudhary
+971 4 230 7777
tariqmc@emiratesnbd.com

Saudi Arabia Sales
Numair Attiyah
+966 11 282 5656
numaira@emiratesnbd.com

Singapore Sales
Supriyakumar Sakhalkar
+65 65785 627
supriyakumars@emiratesnbd.com

London Sales
+44 (0) 20 7838 2241
vallancel@emiratesnbd.com

Egypt
Gary Boon
+20 22 726 5040
garyboon@emiratesnbd.com

Emirates NBD Capital

Ahmed Al Qassim
CEO- Emirates NBD Capital
AhmedAQ@emiratesnbd.com

Hitesh Asarpota
Head of Debt Capital Markets.
+971 50 4529515
asarpotah@EmiratesNBD.com

Investor Relations

Patrick Clerkin
+9714 230 7805
patricke@emiratesnbd.com

Group Corporate Affairs

Ibrahim Sowaidan
+9714 609 4113
ibrahims@emiratesnbd.com

Claire Andrea
+9714 609 4143
clairea@emiratesnbd.com