



بنك الإمارات دبي الوطني
Emirates NBD

Economics
11 September
2017

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Dubai Economy Tracker unchanged in August

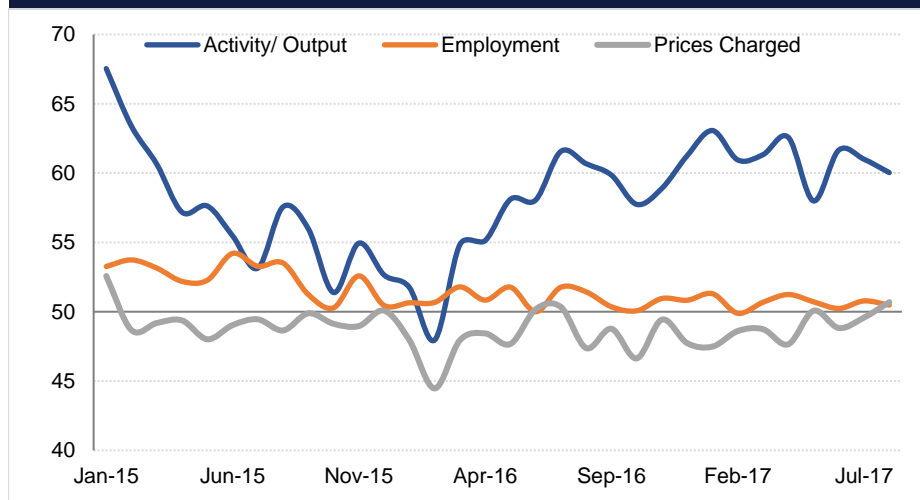
The Emirates NBD Dubai Economy Tracker Index (DETI) was unchanged at 56.3 in August, signaling a solid expansion in the non-oil private sector last month. The output and new orders indices remained above 60.0, reflecting a sharp rise in business activity and new work. Employment was only marginally higher (50.5) on average however, with more than 97% of firms surveyed keeping employment unchanged last month.

Input costs rose at a faster rate in August on the back of higher raw material purchase prices. Firms were able to increase selling prices slightly in August, with the output price index (50.7) posting a reading above the neutral 50.0 level for the first time in three months.

Firms were more optimistic in August, with the business expectations index rising to 68.5 from 67.7 in July. Panelists cited strong demand and new order growth as well as promotional activities as reasons for their optimism about the coming year.

The sector indices showed robust growth across all three sectors surveyed, with wholesale & retail trade recording the highest reading at 56.3.

Dubai Economy Tracker components



Source: IHS Markit, Emirates NBD Research

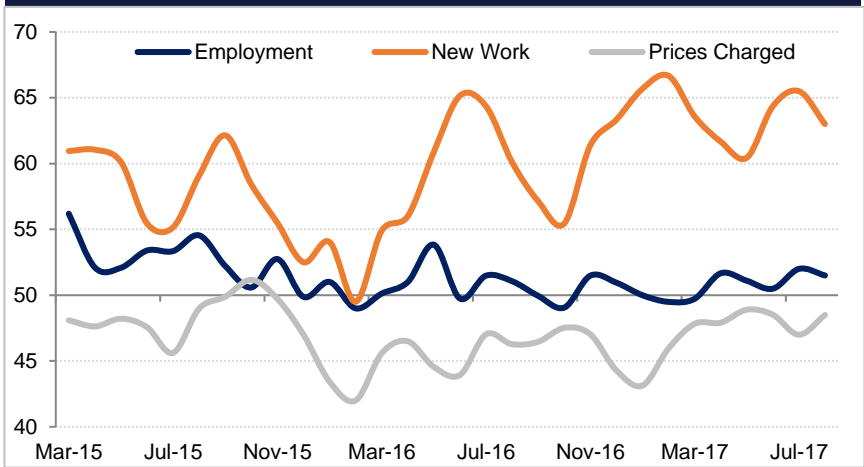
Wholesale & retail trade index eases further in August

The wholesale & retail trade sector index eased further to 56.3 in August from a 2017 high of 58.3 recorded in February. This was due to slower (but still strong) growth in output and new work in the trade sector last month. Employment growth was also slower in August, with this index declining to 51.5 from 52.0 in July.

Competition in the sector remains intense and firms continued to reduce selling prices on average in order to stimulate demand, according to the survey. Output prices have now declined every month since October 2015, despite rising input costs.

Nevertheless, firms were more optimistic about the outlook for the coming twelve months in August – the business expectations index rose to 73.7 from 68.6 in July.

Wholesale & retail trade sector indicators



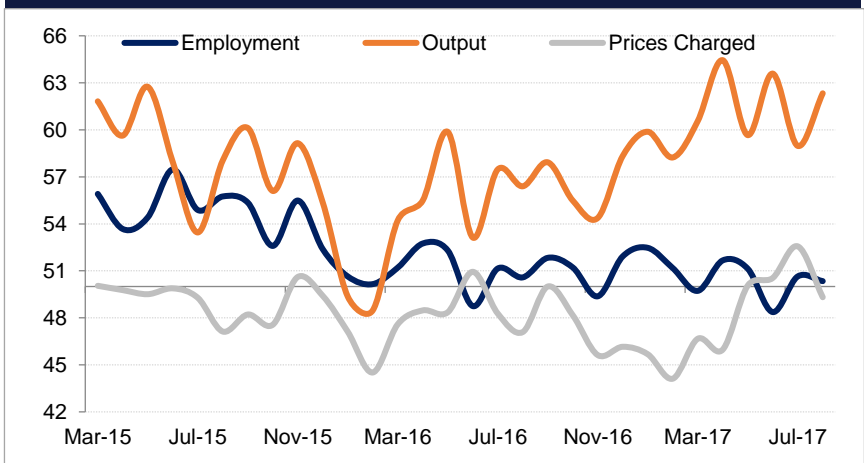
Source: IHS Markit, Emirates NBD Research

Construction sector index rises in August

The headline construction sector index rose to 55.8 in August from 54.8 in July, as both output and new work increased at a faster rate. However, employment was broadly unchanged from July. Panelists cited “more projects” as the key reason for higher output last month. This supports our view that the construction sector should contribute positively to Dubai’s overall GDP growth this year, and over the next couple of years as the emirate gears up to host Expo 2020.

Input cost inflation in the construction sector accelerated at the sharpest rate in more than two years in August, but despite this, average selling prices were marginally lower than July as firms competed for work. Business optimism rose to the highest level in three months in August.

Construction sector indicators

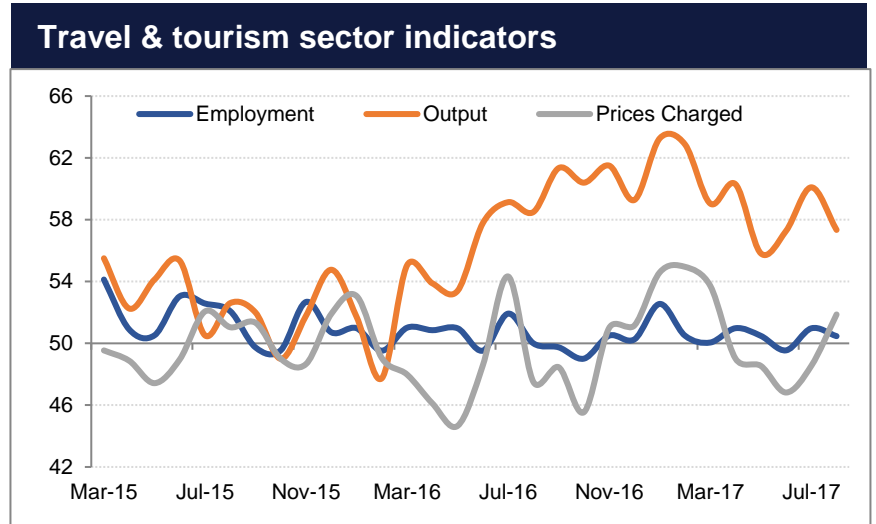


Source: IHS Markit, Emirates NBD Research

Travel & tourism sector saw slightly slower growth in August

The travel & tourism index slipped to 55.1 in August from 56.3 in July, but still points to a solid expansion in the sector last month, underpinned by strong new orders and output growth. Employment was broadly unchanged last month however. Encouragingly, output (selling) prices in the travel & tourism

sector increased for the first time in five months in August, and increased at a slightly faster rate than input costs. Firms remained very optimistic about their expected activity over the next twelve months.



Source: IHS Markit, Emirates NBD Research

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