



بنك الإمارات دبي الوطني  
Emirates NBD

Economics  
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# Saudi PMI at 28-month high in November

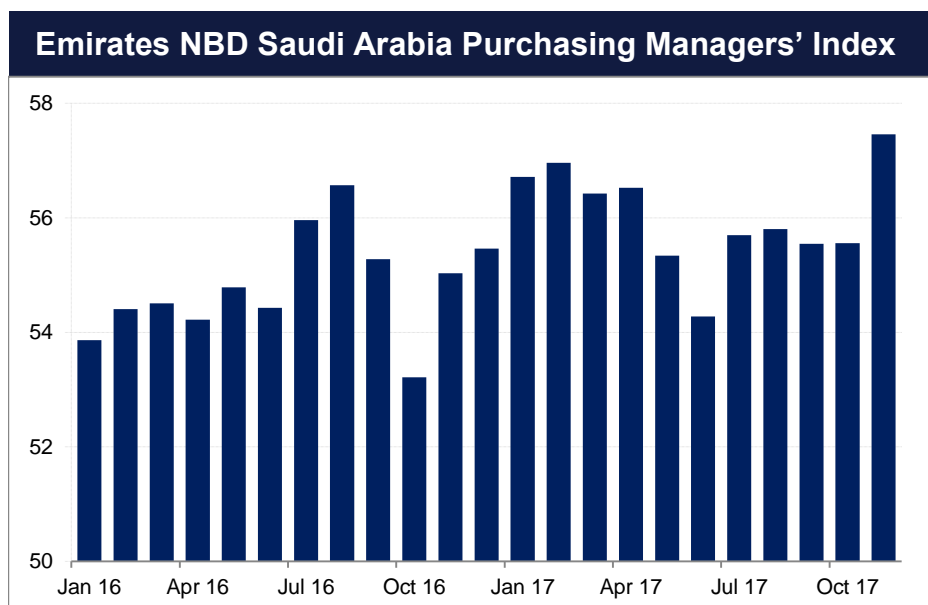
The Emirates NBD Saudi Arabia Purchasing Managers' Index (PMI) rose to 57.5 in November, the highest reading since August 2015. The strong November PMI reading is particularly encouraging given the heightened political uncertainty in the Kingdom, and indicates that it was largely "business as usual" last month. The survey was conducted from 13-23 November, some time after the arrests of high-profile businessmen and officials earlier in the month.

Output and new orders rose at the fastest rate in 2017 last month, with firmer export demand contributing to overall new orders growth. However, employment growth was modest, with the employment index easing to 50.7 in November, only slightly above the neutral 50-level.

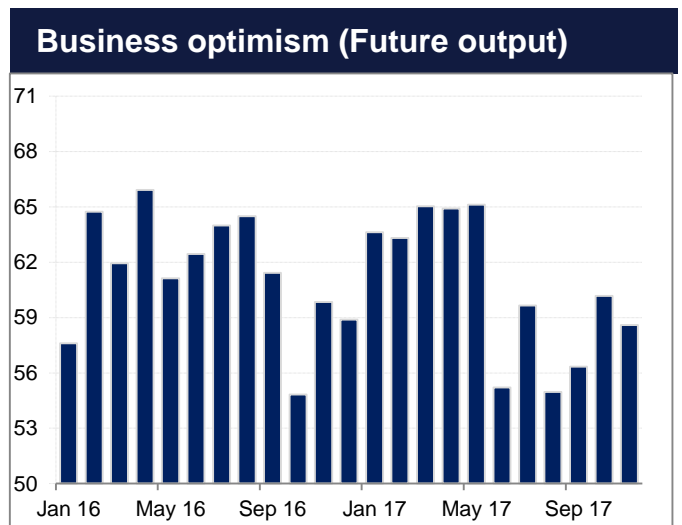
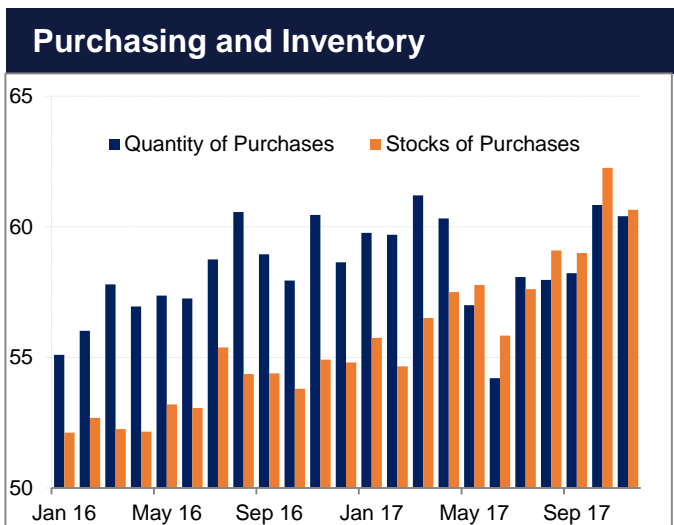
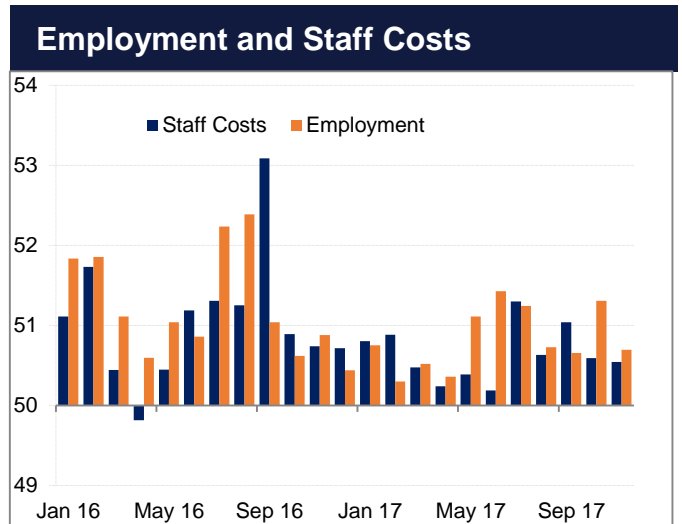
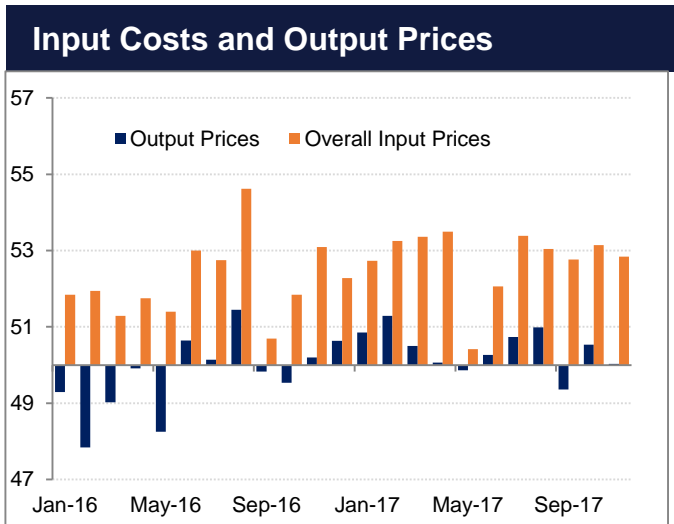
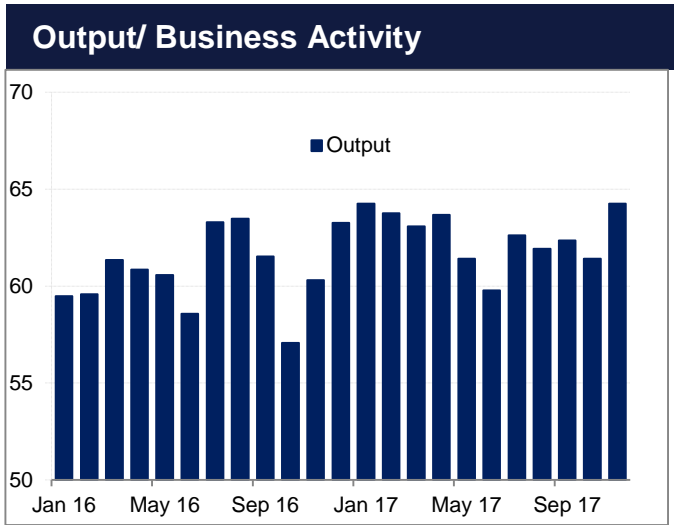
Input cost inflation slowed from October, and was driven largely by the higher cost of purchases. Staff costs were only marginally higher in November, and wage inflation year-to-date has been weaker than in 2016. Despite higher input costs, average selling prices were unchanged in November, with firms citing competitive pressures.

Purchasing activity and inventories rose sharply last month, with firms responding to stronger demand. Businesses remained optimistic about prospects over the coming year overall, although the degree of optimism was slightly weaker than in October. Higher oil prices likely contributed to the broadly positive business sentiment in Saudi Arabia over the last couple of months.

Overall the PMI survey was much better than we had expected given the political developments at the start of last month, and supports the view (reflected by several political analysts) that the majority of businesses in the Kingdom view the anti-corruption drive as a positive development for Saudi Arabia's economy, notwithstanding the increased near-term uncertainty. The strong rise in output and new orders in October and November also bode well for Q4 non-oil GDP growth.



Source: IHS Markit, Emirates NBD Research



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