



بنك الإمارات دبي الوطني
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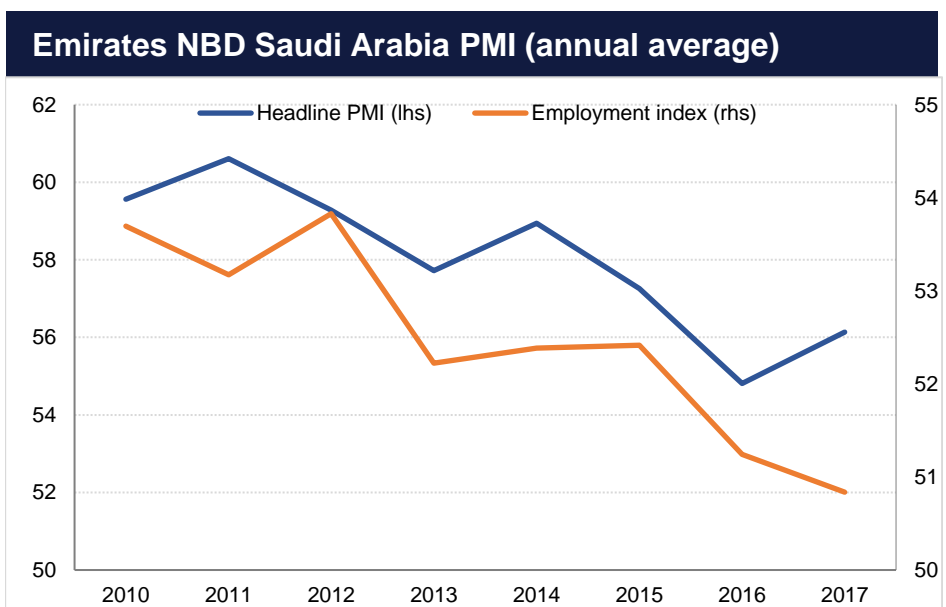
Saudi PMI indicates faster non-oil growth in Q4 2017

The Emirates NBD Saudi Arabia Purchasing Managers' Index (PMI) eased marginally to 57.3 in December (from 57.5 in November), signalling a solid expansion in the non-oil private sector last month. Both output and new orders increased at a sharp rate in December. New export orders increased at the fastest pace in four months, and the backlogs of work index was at a five-month high. The average PMI reading for Q4 suggests that non-oil growth was faster than in Q3 and Q2 2017. For the year as a whole, the PMI indicates faster growth than in 2016 but markedly weaker non-oil expansion than in the 2010-2014 period.

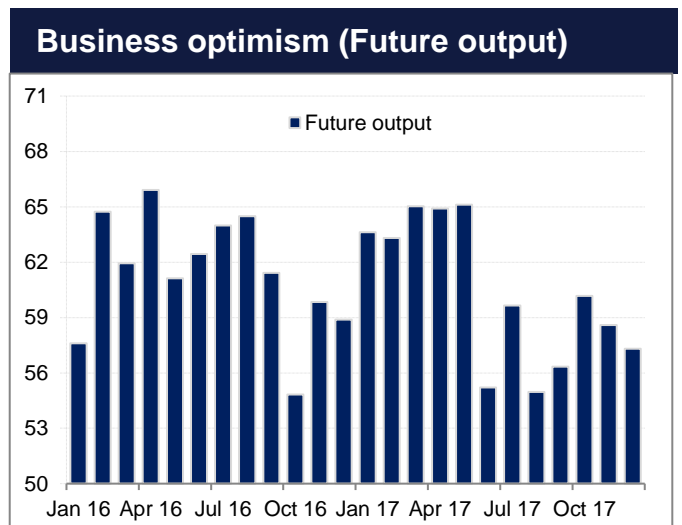
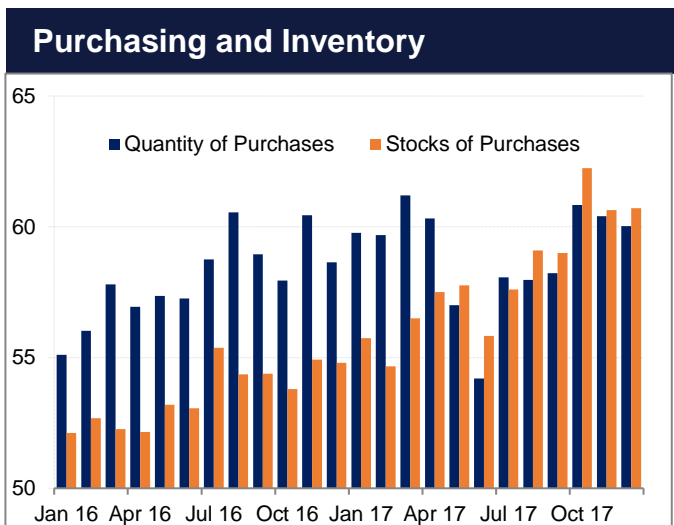
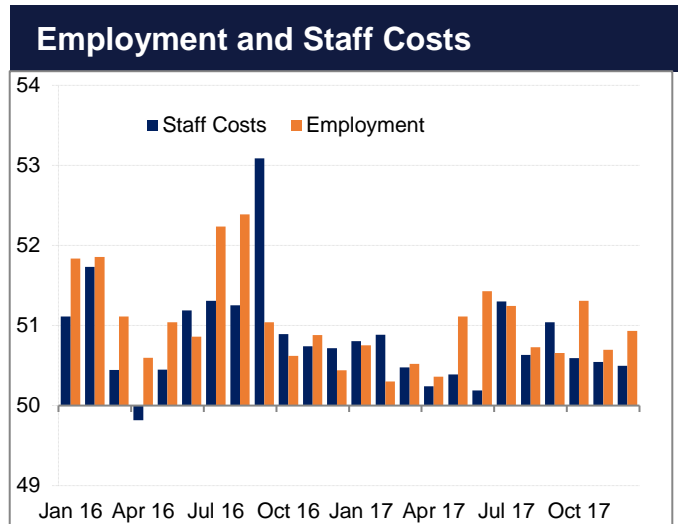
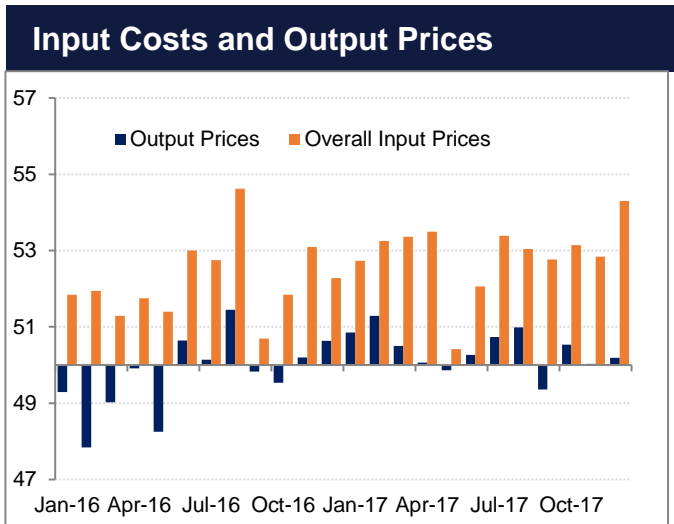
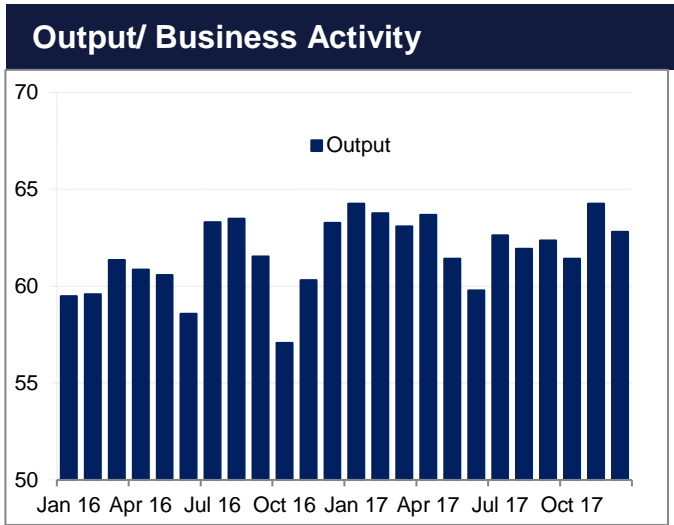
The employment index rose slightly to 50.9 in December from 50.7 in November, but still points to relatively soft job growth last month. In fact job growth for the year has as a whole has been the weakest since the survey began eight years ago. Given the population demographics of the Kingdom, this is a worrying trend. The authorities have made job growth a key priority in the Vision 2030 strategy, and in the short term, the USD 19.5bn fiscal stimulus announced for 2018 may support employment growth in the non-oil sector. However, structural reforms will need to be implemented over the longer term to ensure that sufficient jobs are created for the growing labour force as well as ensuring that new entrants to the labour market are equipped with the skills required by employers in the private sector.

Selling prices remained broadly unchanged on average in December, despite increased input costs. Staff costs have also remained contained as well and overall wage growth in 2017 has been slower than in previous years.

Looking ahead, firms remain optimistic overall about the coming year, although the degree of optimism was weaker than in October and November. While 2018 is likely to be challenging, particularly for households facing higher fuel and energy costs as well as value added tax, the broader macro picture looks much better than in 2016 and 2017. Oil production cuts are now in the base, oil prices are higher and the budget deficit has narrowed. As a result, we expect GDP growth to accelerate to 2.5% in 2018 from an estimated 0.5% in 2017.



Source: IHS Markit, Emirates NBD Research



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