



بنك الإمارات دبي الوطني
Emirates NBD

Economics
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Dubai Economy Tracker: Solid growth in March

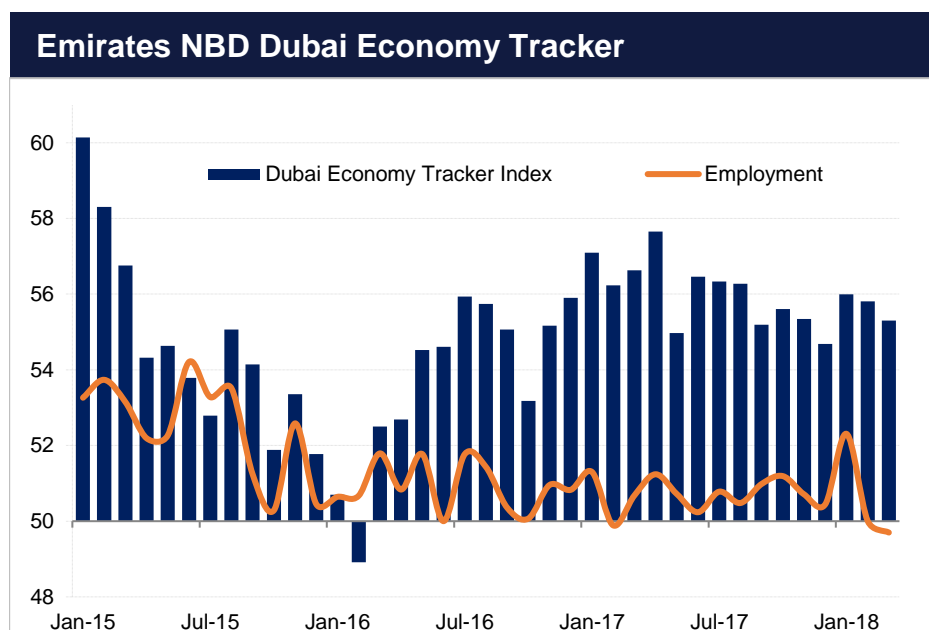
The headline Dubai Economy Tracker Index (DET) eased further in March to 55.3, still well above the neutral 50.0 level and indicating a solid expansion in the non-oil private sector last month. Output and new order growth remained very strong, with these components at 59.5 and 59.8 respectively.

However, employment declined marginally (49.7) for the first time since February last year, and selling prices fell at the fastest rate since last April, with firms indicating that selling prices had been cut to help stimulate demand. Input costs also eased marginally in March after the sharp VAT-related rise in January and further increase in February.

Businesses were less optimistic about their prospects for the coming 12 months, with the expectations index declining to 69.9, the lowest reading since August last year.

The Dubai Economy Tracker index averaged 55.7 in Q1 2018, indicating a similar rate of economic expansion to Q3 and Q4 2017.

The sector survey data showed expansion in all three of the major sectors surveyed, with travel and tourism outperforming wholesale & retail trade and construction in March.



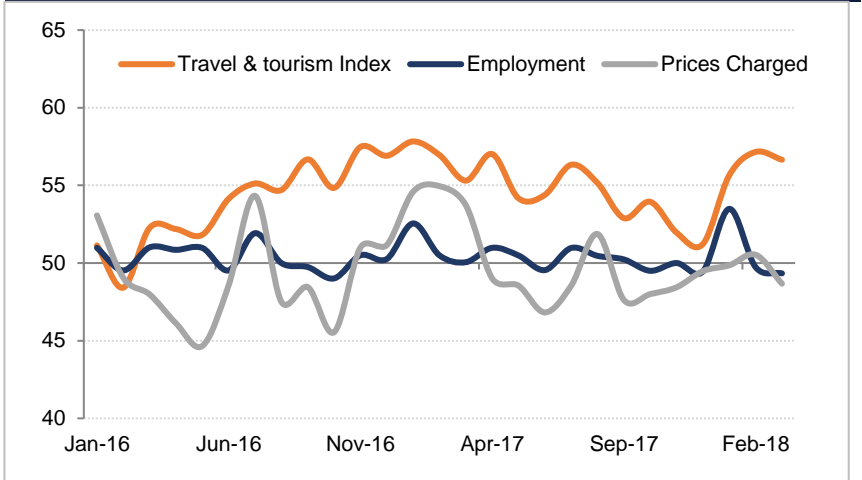
Source: IHS Markit, Emirates NBD Research

Travel & tourism sector enjoyed strong growth in activity

Despite easing slightly in March, the rate of growth in the travel and tourism sector remained strong in March, with the overall sector index at 56.7. Business activity/ output and new work increased very sharply, although there was some price discounting last month – average output prices declined for the first time since September 2017.

Increased activity did not translate into more jobs in the sector in March, with the employment index remaining below 50.0 for the second month in a row. Nevertheless, firms remained optimistic about their prospects over the next year, with the expectations index unchanged at 75.6 last month.

Travel & tourism sector indicators



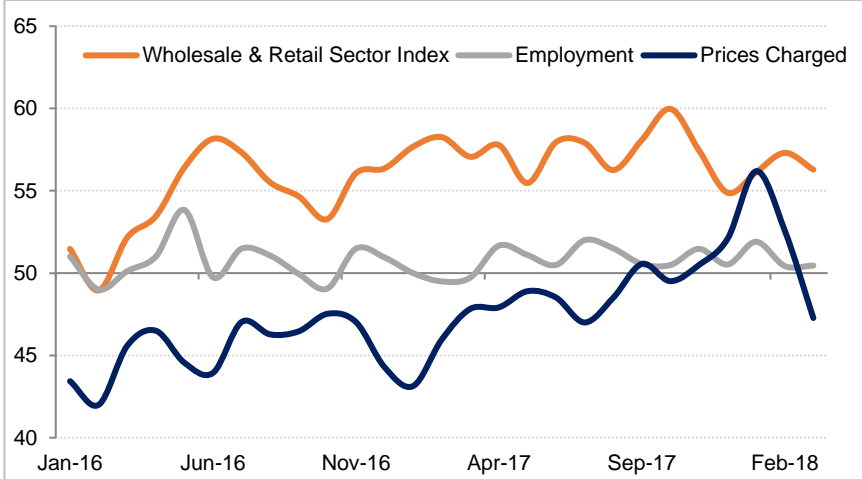
Source: IHS Markit, Emirates NBD Research

Wholesale & retail trade sector index eased in March

The wholesale and retail trade index eased slightly to 56.3 in March from 57.3 in February. Both output/ activity and new work increased strongly last month, albeit as a slightly slower rate than in February. As with the whole economy however, selling prices in the wholesale & retail trade sector declined in March, at the fastest rate since July 2017, which likely helped boost activity.

Employment in the sector was only marginally higher on average, with the majority of firms reporting 'no change' in employment last month. Inventories increased at a slower rate while businesses on average were slightly less optimistic than they were in February.

Wholesale & retail trade sector indicators

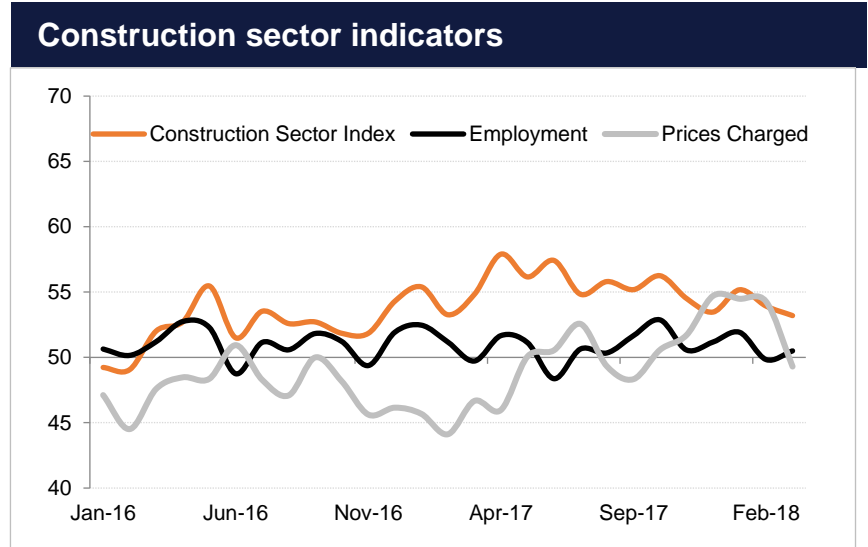


Source: IHS Markit, Emirates NBD Research

Construction sector momentum slows in Q1 2018.

Despite a strong start to year, growth momentum in the construction sector slowed in the first quarter of 2018. The average construction sector index reading was 54.1 in Q1 2018, down from 54.7 in Q4 2017, 55.3 in Q3 2017 and 57.2 in Q2 2017. The construction index reading for March was an uninspiring 53.2.

While output (57.5) and new orders (54.8) increased at a solid rate in March, the readings were lower than in January. The expectations index has declined as well, to the lowest level since July 2017. Both input costs and selling prices eased in March, while employment was marginally higher.



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