



بنك الإمارات دبي الوطني
Emirates NBD

Economics
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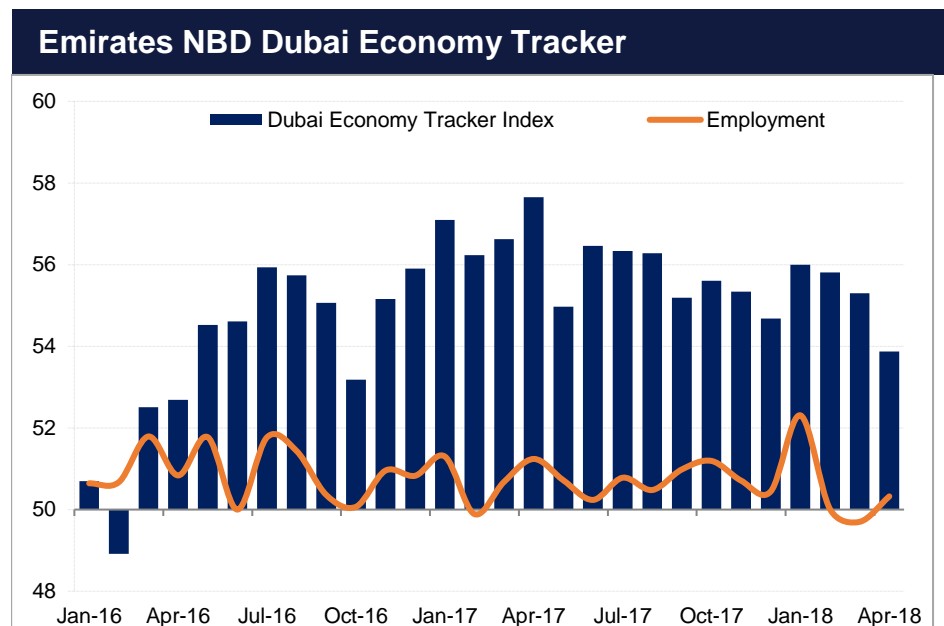
Dubai Economy Tracker declines in April

The headline Dubai Economy Tracker Index (DET) declined to 53.9 in April from 55.3 in March and from a 2018-high of 56.0 in January. Both output (57.1) and new work (58.0) increased sharply last month but at a slower rate than in previous months. In particular, the new work index was the lowest since October 2016. In this context, it was unsurprising to see pre-production inventories rising at the slowest rate since July 2016.

The employment index signalled a marginal increase in jobs last month, with the index at 50.3, up from 49.7 in March. The majority of firms surveyed signalled no change in employment in April, however. Staff costs also rose last month, with this contributing to sharply higher input costs overall in April.

The input cost index rose to 54.3, the highest reading since January, when VAT pushed the index up to 59.2. Selling prices were largely unchanged however, with the output price index rising to 50.2, only just above the neutral level despite the much higher input price inflation.

Businesses were more optimistic in April despite the weaker new order growth and higher production costs faced by firms. **More than half of all firms surveyed expected their output to be higher in 12 months' time**, while only 4.5% expected a decline.



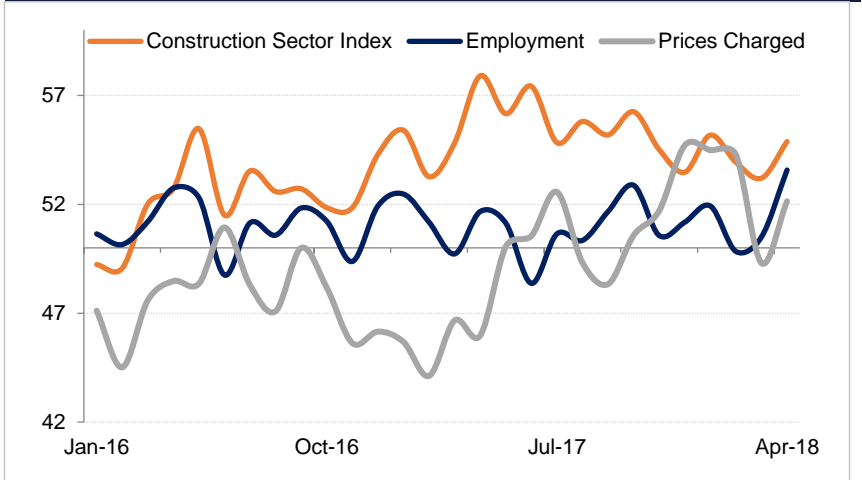
Source: IHS Markit, Emirates NBD Research

Construction sector activity accelerated in April

The construction sector index rose to 54.9 in April from 53.2 in March, the highest reading since January. Output and new work grew at the sharpest rate since the start of the year, and employment rose by the most since November 2015. Firms cited new project wins and strong domestic demand in April, and optimism about future output rose to a three-month high.

Input costs rose moderately in April, but most of this was apparently passed on through higher selling prices. Stocks of inventory declined slightly in April.

Construction sector indicators



Source: IHS Markit, Emirates NBD Research

Travel and tourism sector index declined in April

The travel and tourism sector index declined to a four-month low of 55.3 in April, on the back of softer output and new work growth. Encouragingly, employment increased modestly on average after two months of decline in the sector. Firms absorbed higher input costs, as selling prices declined marginally for the second month in a row.

Overall, businesses in the travel & tourism sector were slightly more optimistic about their prospects in the coming year than they were in February and March.

Travel & tourism sector indicators



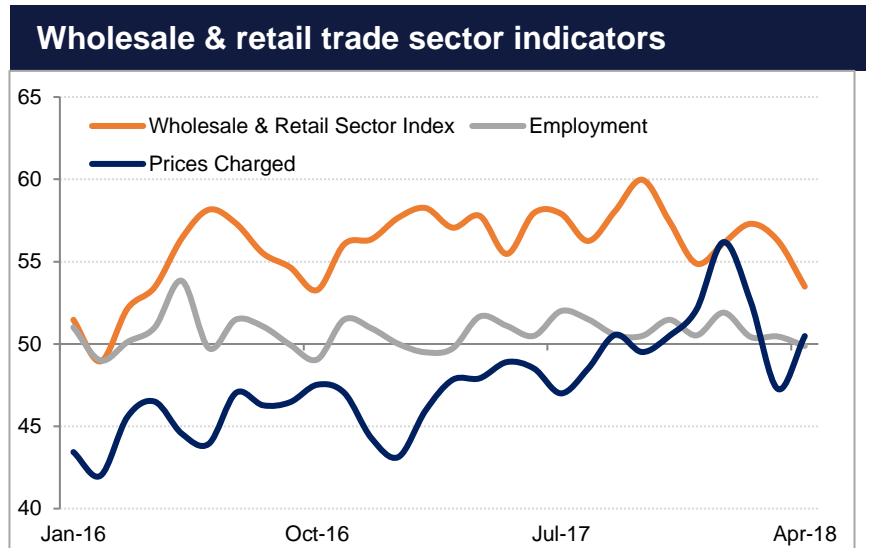
Source: IHS Markit, Emirates NBD Research

Wholesale & retail trade sector momentum slowed in April

Weaker output and slower new order growth were the main drivers behind the -2.8 point decline in the wholesale & retail trade index in April. The main sector index fell to 53.5 from 56.3 in March, with the new orders index at the lowest level since September 2016.

Employment in the sector was broadly unchanged with this index only just below the neutral level at 49.9 in April. However, this is the first sub-50 reading for employment since March 2017.

Input costs rose sharply in April after declining in March. However, selling prices were only marginally higher, indicating further margin compression in the sector. Businesses remained optimistic on average, with the 'future output' index rising only slightly from March to 77.9 in April.



Source: IHS Markit, Emirates NBD Research

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