



بنك الإمارات دبي الوطني
Emirates NBD

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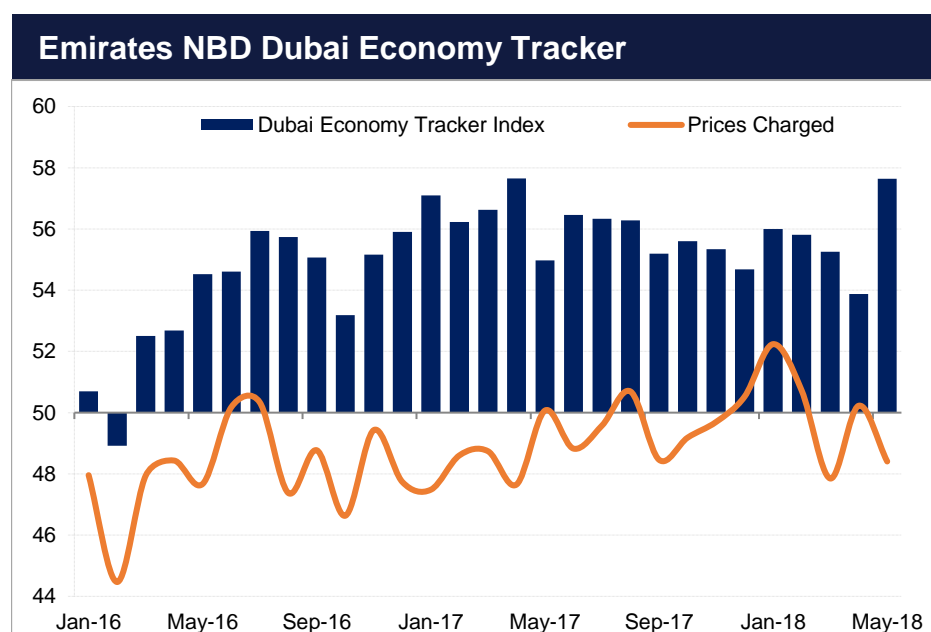
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Dubai Economy Tracker: Activity rebounds on price discounting

The headline Dubai Economy Tracker Index (DET) rose to 57.6 in May from 53.9 in April, signalling the sharpest improvement in business conditions in over a year. Output/ business activity (64.1) and new work increased at the fastest rate since early 2015, as firms offered discounts and promotions to support demand. The selling price index declined to 48.4 from 50.2 in April. **Margins continue to be squeezed as firms' input costs continued to rise even as average output prices declined last month.**

As a result of the pressure to keep costs contained, **employment was broadly unchanged** despite the steep acceleration in both new work and business activity. Firms built up inventories at the fastest rate since January, and **business optimism was the highest on record in May**. Recent government announcements on regulatory reform to support investment and growth, and public sector bonuses likely helped to improve sentiment in the private sector.

The key sector surveys show the wholesale & retail trade and travel & tourism sectors contributing the most to the overall improvement in business conditions in Dubai. The construction sector index increased slightly as well, showing a solid rate of expansion in that sector.



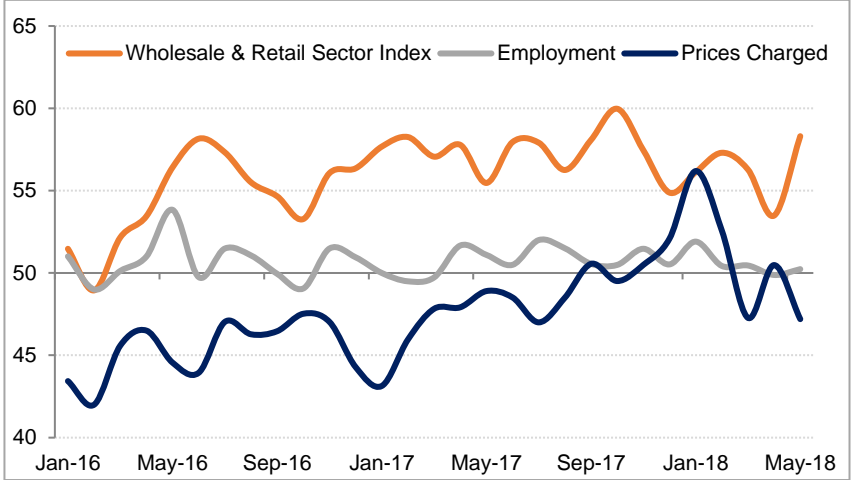
Source: IHS Markit, Emirates NBD Research

Increased volume of activity in wholesale & retail trade on steep price discounting

The wholesale & retail trade sector index rebounded sharply in May, reaching 58.3 from 53.5 in April. The May reading was the highest since October last year. Both output and new orders surged last month, but on the back of increased promotional activity and price discounting. The selling price index declined to 47.2, the lowest reading since July 2017, even as input costs rose.

Employment in the sector was largely unchanged despite the sharp rise in activity last month. Inventories increased sharply last month, and firms were the most optimistic about their future prospects than they have been at any time since the sector surveys began in March 2015.

Wholesale & retail trade sector indicators



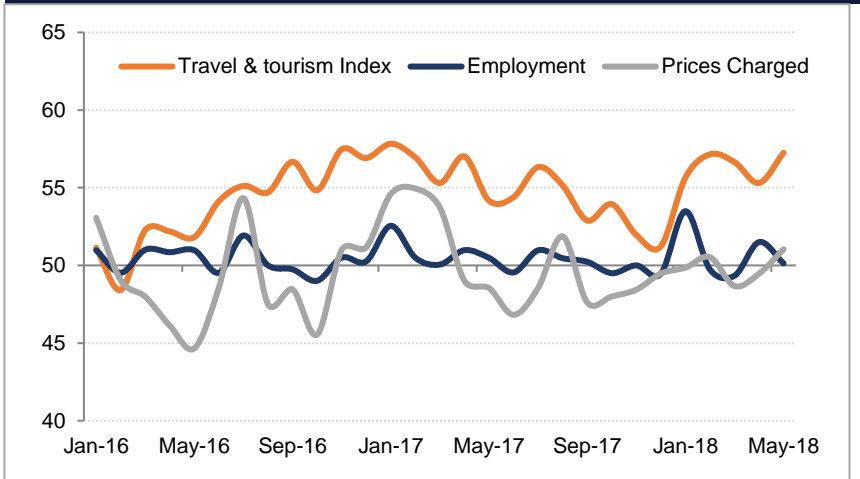
Source: IHS Markit, Emirates NBD Research

Travel and tourism sector index rose in May

The travel and tourism sector index increased to 57.3 in May as both output and new work growth accelerated. Encouragingly, firms in this sector were able to increase average selling prices slightly in May (51.0), after 2 months of price declines. This suggests that underlying demand was robust in May. Nevertheless, employment was unchanged m/m in the sector.

In line with the trend in the rest of the economy, firms in the travel & tourism sector were much more optimistic about their prospects over the coming year in May, with the future output index rising to 82.5 from 76.0 in April.

Travel & tourism sector indicators

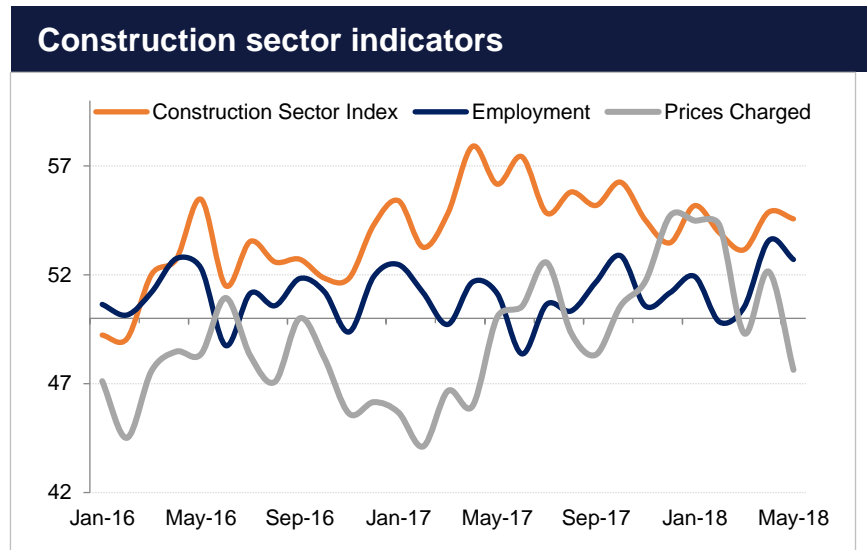


Source: IHS Markit, Emirates NBD Research

Construction sector steady in May

The construction sector index stood at 54.6 in May, only marginally lower than April's reading and still signalling a solid expansion in activity in the sector. Both output and new work increased at a sharp rate last month, and employment in the sector increased as well. Input costs increased in May but a slower rate than in April, but firms cut selling prices aggressively despite facing higher production costs. The output price index fell to 47.6 in May, the lowest reading since last

April. However, firms were highly optimistic about their future prospects, with the future output index rising to 84.5 in May from 76.4 in April.



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