



بنك الإمارات دبي الوطني
Emirates NBD

Economics
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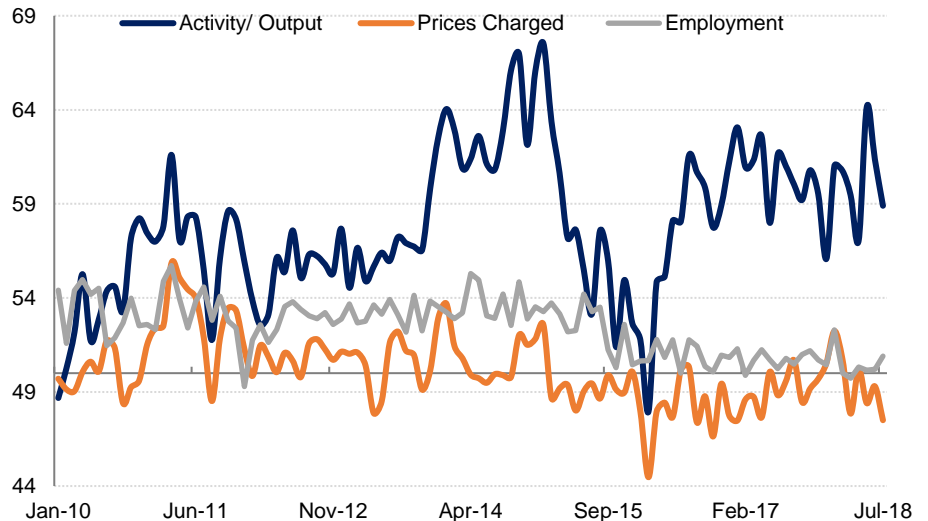
Khatija Haque
Head of MENA Research
+971 4 230 7803
khatijah@emiratesnbd.com

Dubai Economy Tracker: Softer growth in July

The headline Dubai Economy Tracker Index (DET) declined to 54.9 in July from 56.0 in June, signalling the slowest growth in Dubai's private sector in three months. Both output and new work rose sharply in July, although not as much as in June. Furthermore, the apparently strong demand was on the back of extensive price discounting, with **average selling prices falling at the sharpest rate since January 2017**. At the same time, input costs continued to rise, further squeezing margins.

Against this background, it is unsurprising that employment growth so far this year has been the softest on record. **Although the employment index ticked up to 50.9 in July, the average year to date is just 50.5**, the lowest since the series began in January 2010.

Emirates NBD Dubai Economy Tracker components



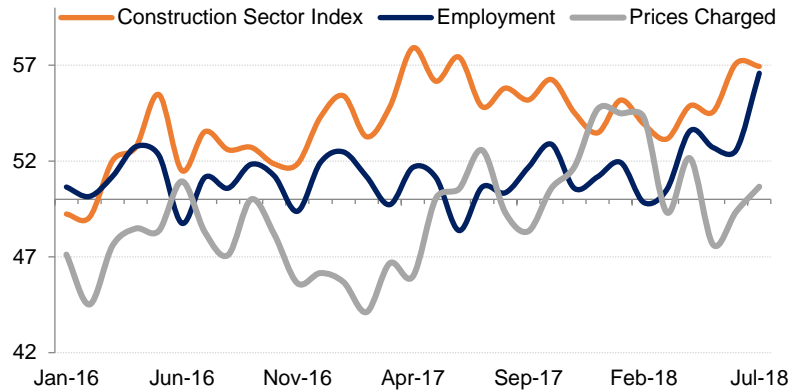
Source: IHS Markit, Emirates NBD Research

Construction sector outperforms in July

The construction sector index eased to 56.9 in July from 57.1 in June, but the sector outperformed both wholesale & retail trade and travel & tourism last month. Firms reported sharp rises in output and new work, and 22% of firms surveyed in the sector increased hiring last month. The employment index rose to 56.6 in July from 52.6 in June, the highest reading since June 2015.

However, input costs surged in the construction sector in July, with this index rising from 50.6 in June to 56.3, the highest reading since VAT was introduced in January. This was mainly due to the higher costs of purchases. However, construction firms were largely unable to pass on these higher costs to customers, with only 8% of firms reporting higher selling prices last month.

Construction sector indicators



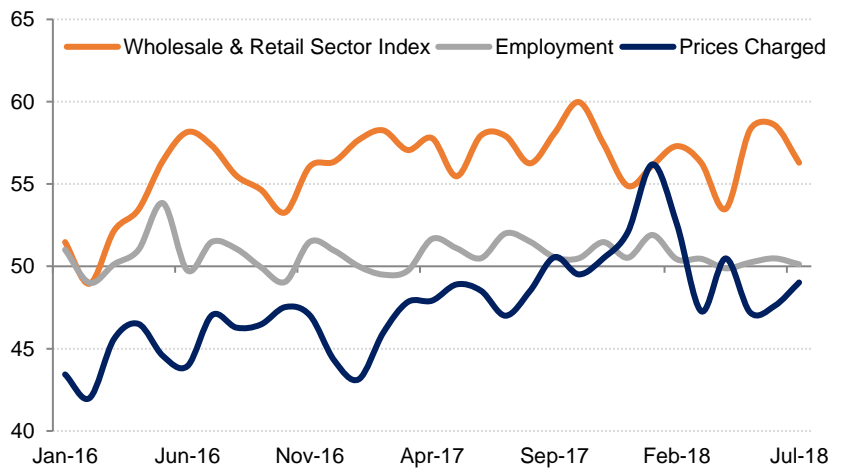
Source: IHS Markit, Emirates NBD Research

Wholesale & retail trade sector index eases in July

The wholesale & retail trade sector index eased to 56.3 in July from the series high in June, although both output and new order indices remained above 60.0, pointing to strong growth in those components of the survey.

However, as in other sectors, margins continued to be squeezed as input costs rose sharply, while selling prices were slightly lower on average last month. As a result, employment in the sector was broadly unchanged in July, despite the rise in new work. Stocks of inventories also rose at a slower rate than in May and June.

Wholesale & retail trade sector indicators



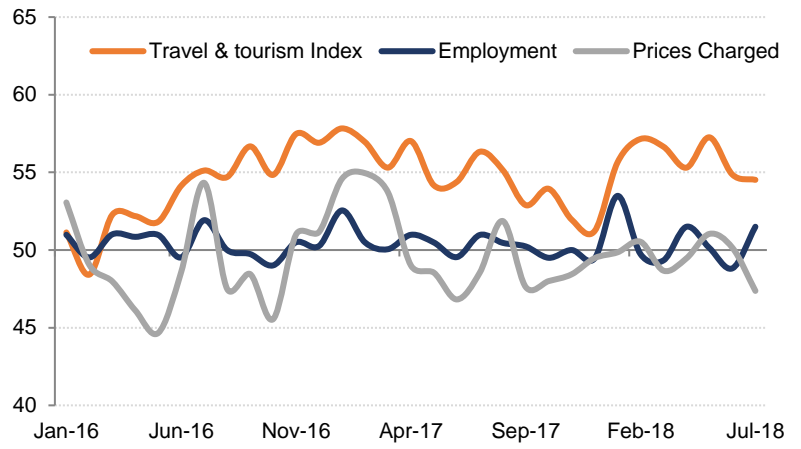
Source: IHS Markit, Emirates NBD Research

Travel & tourism sector growth softens in July

The travel & tourism sector index declined slightly to 54.5 in July, the lowest reading so far this year. Output and new work increased in July but at a slower rate than in June, despite sharp price discounting by firms in the sector.

The output price index declined to 47.4 last month, the lowest reading in over a year, while input cost inflation accelerated. However, 9% of firms reported hiring more workers last month, after average employment in the sector declined in June.

Travel & tourism sector indicators



Source: IHS Markit, Emirates NBD Research

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Emirates NBD Research & Treasury Contact List

Emirates NBD Head Office
12th Floor
Baniyas Road, Deira
P.O.Box 777
Dubai

Jonathan Morris
General Manager Wholesale Banking
JonathanM@emiratesnbd.com

Aazar Ali Khwaja
Senior Executive Vice President
Global Markets & Treasury
+971 4 609 3000
aazark@emiratesnbd.com

Tim Fox
Head of Research &
Chief Economist
+9714 230 7800
timothyf@emiratesnbd.com

Research

Khatija Haque
Head of MENA Research
+9714 230 7803
khatijah@emiratesnbd.com

Anita Yadav
Head of Fixed Income Research
+9714 230 7630
anitay@emiratesnbd.com

Aditya Pugalia
Financial Markets Research
+9714 609 3027
adityap@emiratesnbd.com

Athanasios Tsetsonis
Sector Economist
+9714 230 7629
athanasiost@emiratesnbd.com

Edward Bell
Commodity Analyst
+9714 230 7701
edwardpb@emiratesnbd.com

Daniel Richards
MENA Economist
+9714 609 3032
danielricha@emiratesnbd.com

Mohammed Altajir
FX Analytics and Product Development
+9714 609 3005
mohammedtaj@emiratesnbd.com

Sales & Structuring

Group Head – Treasury Sales
Tariq Chaudhary
+971 4 230 7777
tariqmc@emiratesnbd.com

Saudi Arabia Sales
Numair Attiyah
+966 11 282 5656
numaira@emiratesnbd.com

Singapore Sales
Supriyakumar Sakhalkar
+65 65785 627
supriyakumars@emiratesnbd.com

London Sales
+44 (0) 20 7838 2241
vallancel@emiratesnbd.com

Egypt
Gary Boon
+20 22 726 5040
garyboon@emiratesnbd.com

Emirates NBD Capital

Ahmed Al Qassim
CEO- Emirates NBD Capital
AhmedAQ@emiratesnbd.com

Hitesh Asarpota
Head of Debt Capital Markets.
+971 50 4529515
asarpotah@EmiratesNBD.com

Investor Relations

Patrick Clerkin
+9714 230 7805
patricke@emiratesnbd.com

Group Corporate Affairs

Ibrahim Sowaidan
+9714 609 4113
ibrahims@emiratesnbd.com

Claire Andrea
+9714 609 4143
clairea@emiratesnbd.com