



بنك الإمارات دبي الوطني  
Emirates NBD

Economics  
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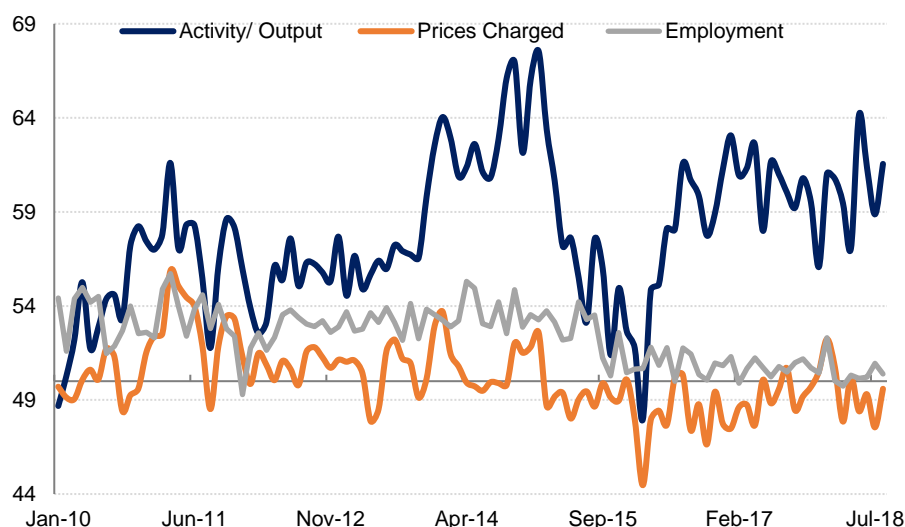
## Dubai Economy Tracker: Middling

The headline Dubai Economy Tracker Index (DET) increased marginally in August to 55.2 from 54.9 in July. Output rose at a faster rate than in July, driven by ongoing projects, but new order growth slowed modestly last month. **The employment index eased to 50.4 in August, only slightly above the 'no change' level.** The vast majority of firms surveyed (94%) reported no change in staffing levels in August.

Producer price pressures eased in August, with the input cost index falling to just 51.0 from nearly 54 in July. However, average selling prices declined a fraction with some firms citing promotional activity. **The selling price index has been in contraction territory for the last four months running,** highlighting the lack of pricing power of firms and the competitive market environment.

The average DET year to date is 55.6, only slightly lower than the same period last year (56.5). This suggests to us that Dubai's economy is probably growing a similar rate to 2017, or a touch slower. Preliminary estimates from the Dubai Statistics Centre put last year's GDP growth at 2.8%; about half a percentage point slower than our forecast for 2018. While this may seem a little optimistic right now, we do expect a modest acceleration in growth in the final quarter of this year.

### Emirates NBD Dubai Economy Tracker components



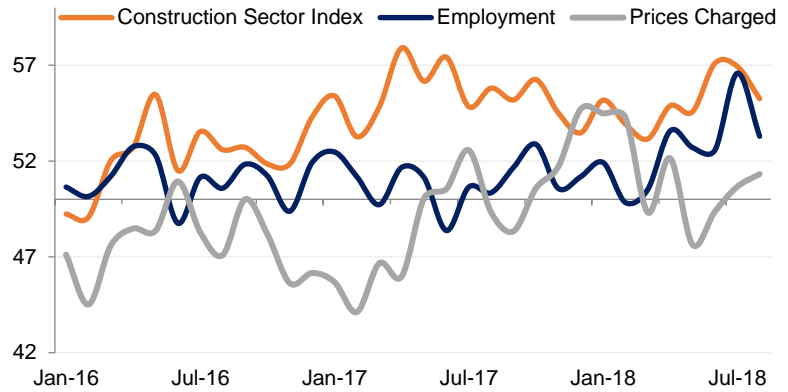
Source: IHS Markit, Emirates NBD Research

### Construction sector expansion slows in August

The construction sector index declined to 55.3 in August, signalling a slower rate of growth than in the prior two months. Output (60.7) continued to rise at a sharp rate, with nearly 40% of firms surveyed reporting higher output than in July. However, new work growth slowed in August with this index falling more than 3 points to 57.9. Most firms kept staffing levels unchanged in August after boosting hiring sharply in July.

Pricing pressures eased in August in the construction sector, with both input costs and selling prices broadly unchanged. Business optimism in the sector was much higher than in July, with more than 80% of firms surveyed expecting their output to be higher in a year's time.

## Construction sector indicators



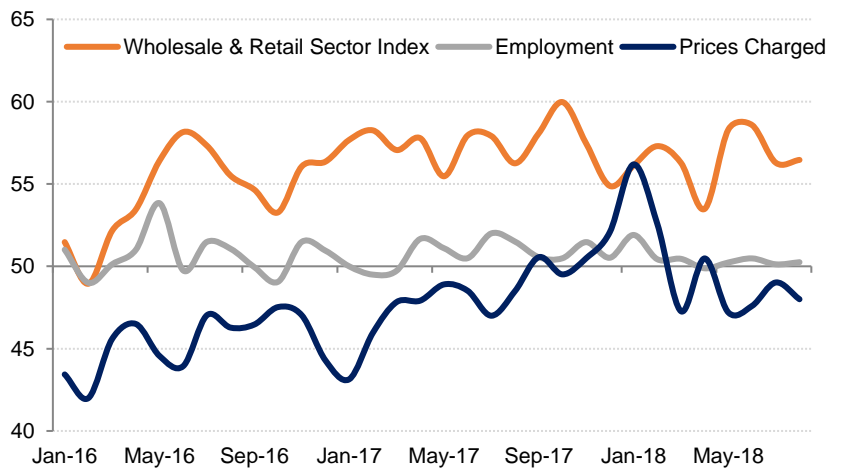
Source: IHS Markit, Emirates NBD Research

## Wholesale & retail trade sector index flat in August

The wholesale & retail trade sector index was largely unchanged from July at 56.5. The output index was slightly higher m/m as was new work. Both components of the index remained at elevated levels signalling strong growth in activity and new work in this sector last month. Employment remained close the no-change level of 50.0 where it has been for most of this year.

Firms reported very little change in input costs in August, although selling prices declined slightly on average, marking the fourth month in a row of lower selling prices.

## Wholesale & retail trade sector indicators



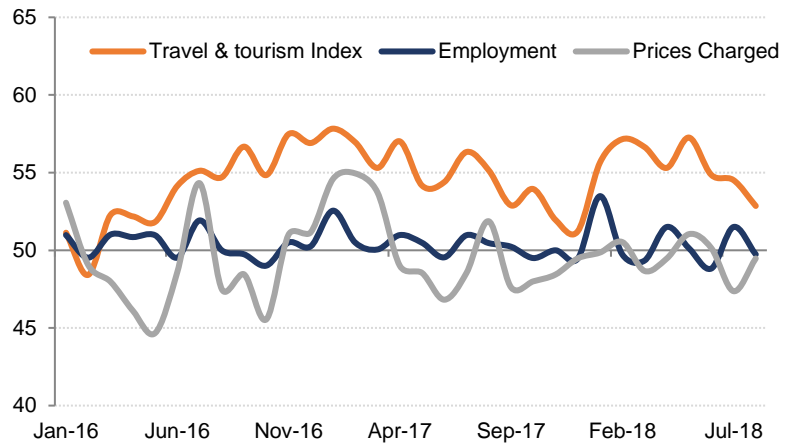
Source: IHS Markit, Emirates NBD Research

## Travel & tourism sector index down again in August

The travel & tourism sector index fell to 52.9 in August, a new 2018 low, as most of the key sub-indices declined last month. About a quarter of firms surveyed in the sector reported higher output and new work in August, a much lower share than in prior months, while most firms reported unchanged activity and new work relative to July. The employment index was fractionally below the neutral 50-level, with the vast majority of firms surveyed reporting no change in staffing last month.

As in the other sectors, input cost inflation eased in August, while selling prices were very slightly softer as well. Despite the slowdown in output and new work, optimism in the sector improved in the August survey.

### Travel & tourism sector indicators



Source: IHS Markit, Emirates NBD Research

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