



بنك الإمارات دبي الوطني  
Emirates NBD

Economics  
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## UAE: Card spending up 11.8% in Jan-Feb 2017

Credit card spending in the UAE was 11.8% higher in Jan-Feb 2017 compared with the previous year, according to data compiled by Network International. Network International covers about 60% of the UAE market for e-commerce and point of sale (POS) transactions.

Most of the growth in spending in the first two months of 2017 was on cards issued by UAE banks (mainly residents), which rose 12.6% y/y and accounted for 74.2% of total POS transactions. Foreign spending (i.e. on cards issued by non-UAE banks) also increased 9.4% y/y for the same period. We note that the growth in residents' spending was faster than the -7.8% y/y decline recorded in the same period last year.

Spending on US-issued cards accounted for 21.5% of all foreign spending in the UAE in Jan-Feb 2017, and was up 14.8% y/y. Saudis are the second biggest foreign spenders in the UAE, accounting for 14.6% of total non-UAE POS transactions. Growth in spending on Saudi-issued cards was up 7.1% y/y in Jan-Feb. The British are third, accounting for 9.8% of foreign sales in Jan-Feb with growth in spending slightly down -0.6% y/y, due to the relative weakness of GBP against USD.

### Top 10 foreign spenders in the UAE

	y/y increase (%)	Jan-Feb 2017 Rank	Jan-Feb 2016 Rank
United States	14.8	1	1
Saudi Arabia	7.1	2	2
United Kingdom	-0.6	3	3
Qatar	18.7	4	4
China	10.1	5	5
Russia	63.1	6	8
Kuwait	11.7	7	6
India	21.5	8	9
Germany	-4.3	9	7
Switzerland	6.0	10	11

Source: Network International, Emirates NBD Research

### Spending by sector

Total spending was partly supported by the easing of visa rules for Chinese nationals in Q4 2016 with the number of Chinese visitors to Dubai growing 20.0% y/y in 2016. Russian visitors also grew by 13.7% y/y in 2016 with the 30.0% appreciation in RUB/USD over the last year had likely contributed to the recovery in the number of visitors from Russia during the course of 2016. The UAE government's recent announcement that Russians will now also be able to get visas on arrival in the UAE should further support demand in this market going forward.

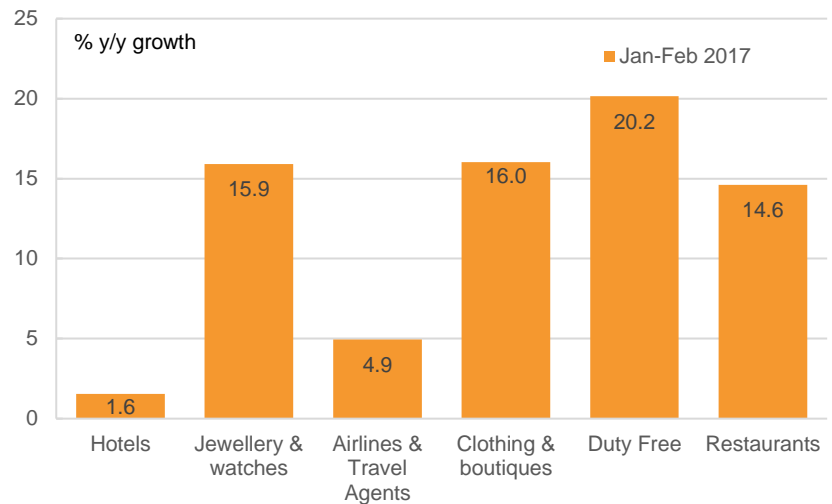
Athanasios Tsetsonis  
Sector Economist  
+971 4 230 7629  
AthanasiosT@emiratesnbd.com

www.emiratesnbdresearch.com

**In terms of overall spending by sector, duty free sales enjoyed the highest spending growth for the first two months of 2017**, up by 20.2% y/y accounting for 10.0% of total card spending. UAE residents increased spending on duty free 17.1% y/y while foreign spending on duty free was also up 21.3% y/y for the same period.

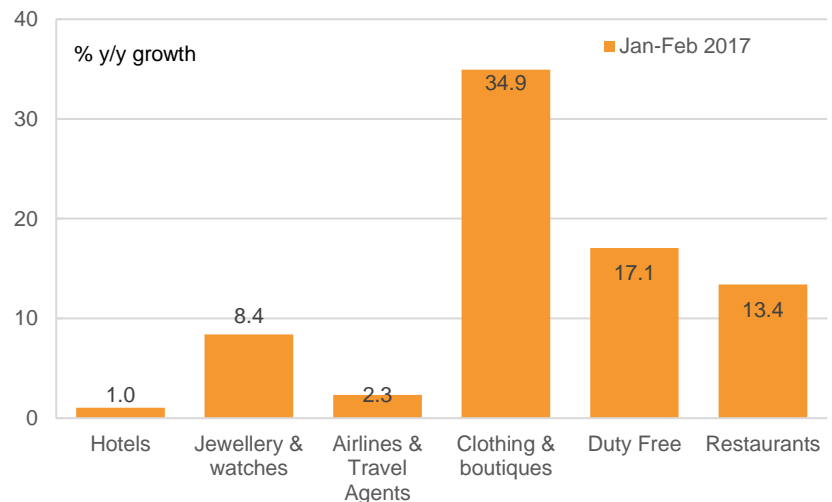
**Clothing & boutiques, jewellery & watch and restaurant spending also enjoyed double-digit growth of 16.0%, 15.9% and 14.6% y/y in Jan-Feb 2017, respectively.** The strong USD remains a headwind to Dubai's hospitality sector despite the 1.6% increase in total credit card spending on hotels with hotel spending on foreign cards up roughly 2.0% y/y in the first two months of 2017. We note that the lower card spending on hotels may be due to reduced rates rather than just lower volumes, as hotels have discounted room rates in order to keep occupancy levels high.

### Total spending growth



Source: Network International, Emirates NBD Research

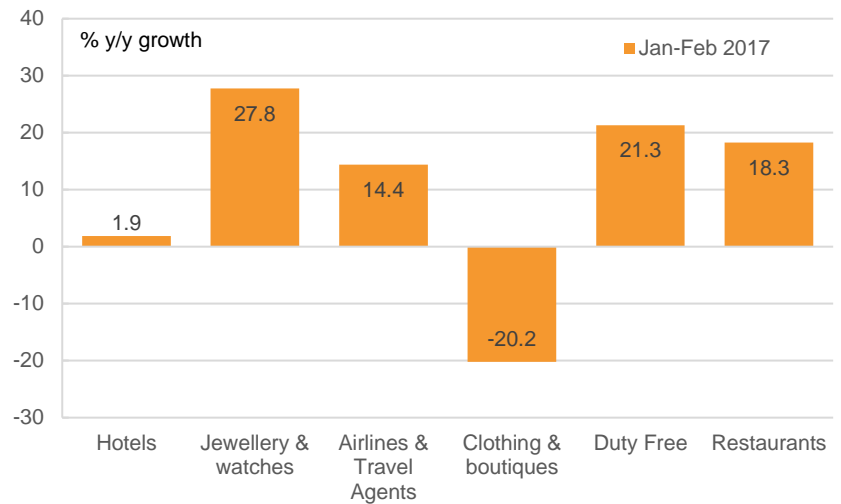
### Domestic spending growth



Source: Network International, Emirates NBD Research

Russian spending increased by 81.2% for jewellery & watches, 79.8% for duty free sales, 69.1% on restaurants and 63.1% for hotels in Jan-Feb 2017 reflecting the appreciation of the ruble against the dirham. To some extent, the overall increase in Russian spending was matched by higher Chinese and Qatari spending.

### Foreign spending on restaurants & travel services still robust



Source: Network International, Emirates NBD Research

### Something to keep in mind:

Credit card spending data is nominal, reflecting changes in prices of goods and services sold as well as volumes. The Dubai Economy Tracker (DET) survey showed that throughout 2016 firms in Dubai discounted selling prices in order to maintain volume growth, particularly in the retail sector, so the decline in the value of credit card spending partly reflects the lower prices of goods and services sold.

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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**  
Group Treasurer & EVP 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

**Jean-Paul Pigat**  
Senior Economist  
+9714 230 7807  
jeanp@emiratesnbd.com

**Aditya Pugalia**  
Analyst  
+9714 230 7802  
adityap@emiratesnbd.com

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

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

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

**Mohammed Al-Tajir**  
Manager, FX Analytics and Product Development  
+9714 609 3005  
mohammedtaj@emiratesnbd.com

**Shady Shafer Elborno**  
Head of Macro Strategy  
+9714 2012300  
shadyb@emiratesnbd.com

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### 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**  
James Symington  
+44 (0) 20 7838 2240  
jamess@emiratesnbd.com

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

---

### Group Corporate Affairs

**Ibrahim Sowaidan**  
+9714 609 4113  
ibrahims@emiratesnbd.com

**Claire Andrea**  
+9714 609 4143  
clairea@emiratesnbd.com

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### Investor Relations

**Patrick Clerkin**  
+9714 230 7805  
patricke@emiratesnbd.com