

Middle East PMI™

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Markit Middle East PMI™

Non-oil economy PMI data for the Middle East

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PMI Overview

Purchasing Managers' Index™ (PMI™) surveys have become key benchmark indicators of economic conditions in the world's largest economies and emerging markets. Markit conducts monthly surveys in the manufacturing, services, construction, retail and non-oil sectors of over 30 economies worldwide, polling over 22,000 private sector companies. The survey results generate PMI data that track changes in variables such as output, new orders, inventories, employment and prices.

PMI surveys are based on fact, not opinion, and are the first indicators of economic conditions published each month. The data are collected using identical methods in all countries, so that international comparisons can be made between, for example, manufacturing in China and Japan by using the monthly data.

The indexes achieve considerable press coverage on a regular basis and are widely used by economic analysts in financial institutions, industry and commerce. Notably, central banks in the European Union, United States and Asia use PMI data to help guide monetary policy.

PMI surveys have established highly-regarded track records for accurately anticipating changes in economic conditions in key economies, including the US, the United Kingdom, Germany, France, Italy, Japan, Hong Kong and the Eurozone.

Key benefits

PMI surveys have been developed in order to provide analysts with a useful and timely dataset which helps them to better understand economic conditions. In many cases, the advantages offered by PMI data overcome deficiencies in official economic data. These advantages include:

Frequent publication

PMI surveys are published monthly. National accounts data, from which the most comprehensive and important measure of economic activity – gross domestic product – is derived, are published only quarterly.

Timely publication

PMI surveys are published on a timely basis just after the reference period. In contrast, a significant period of time often elapses before official data are published. For GDP, the delay may be several months. PMI data provide figures several weeks in advance of comparable official monthly output data, and several months ahead of quarterly national accounts data.

Not subject to revision after first publication

Unadjusted PMI data are not revised after first publication. In comparison, official data are frequently subject to revision, and phrases such as 'the economy grew faster than first thought' remain commonplace in press articles and analysts' briefing notes.

International comparability

PMI surveys are conducted internationally using a consistent methodology. By comparison, a further problem associated with official data is that not all statistical bodies compile data using identical methodologies. For example, a great deal of effort in terms of harmonization of methodologies was required among the national European statistics offices in order to obtain a consistent measure of Eurozone GDP.

Middle East PMI: Non-oil economy

Non-oil economy PMI (Purchasing Managers' Index) indices are produced by Markit for Saudi Arabia, the United Arab Emirates and Egypt, based on original survey data collected monthly from representative panels of around 400 non-oil private sector firms in each economy.

Methodology

Data collection

Data are collected by a local research agency appointed by Markit. Companies are asked a standard sector-specific questionnaire on a monthly basis. Questions are of the form, using output as an example, of:

"Is the level of output at your unit (in volume terms) higher, the same or lower than one month ago?"

Companies are also asked to provide reasons (freehand) for the response given.

Data are usually collected during the middle two weeks of the month, so companies are asked to compare mid-month to mid-month. All responses are input into Markit's database for index calculation and weighting purposes.

Index calculation

Individual company responses are weighted according to sector and company size contributions to overall sectoral gross value added based on official statistics. The weighting provides Markit with the weighted proportions of companies responding 'up', 'the same' and 'lower'.

The latest values for the sub-indices are then calculated using the following formula:

$$\text{INDEX VALUE} = (\% \text{ 'up'}) + (0.5 * (\% \text{ 'the same'})) + (0.0 * (\% \text{ reporting 'down'}))$$

The resulting index values are therefore bounded between 0 (all companies respond lower) and 100 (all companies respond higher), with a theoretical no-change mark at 50 (all companies respond 'the same' or equal proportions respond 'up' as do for 'down').

The resulting index is called a diffusion index, with values above 50.0 signalling expansion and below 50.0 indicating contraction. The distance from the 50 no-change mark signals the implied rate of change in the variable, the further from 50.0 the faster the rate of change indicated.

For example, take a movement in a PMI output sub-index from 55.0 in January to 52.5 in February. Although the level of the output index has fallen, it has nonetheless posted above 50.0 in both months. The correct interpretation is that the volume of output expanded in both January and February, but that the rate of increase was slower in February compared to January.

Index seasonal adjustment

The PMI indices are seasonally adjusted using a combination of the US Census Bureau X-12 ARIMA method and an in-house method developed by Markit incorporating past adjustment factors and additional information on observed seasonality provided from panellists' responses.

Sector coverage

Non-oil economy PMI data include responses from companies operating in sectors classified according to the following ISIC Rev.4 codes:

C - MANUFACTURING

F- CONSTRUCTION

G - WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES

H - TRANSPORTATION AND STORAGE

I - ACCOMMODATION AND FOOD SERVICE ACTIVITIES

J - INFORMATION AND COMMUNICATION

K - FINANCIAL AND INSURANCE ACTIVITIES

L - REAL ESTATE ACTIVITIES

M - PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES

N - ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES

P – EDUCATION (*private sector only*)

Q - HUMAN HEALTH AND SOCIAL WORK ACTIVITIES (*private sector only*)

R - ARTS, ENTERTAINMENT AND RECREATION

S - OTHER SERVICE ACTIVITIES

Region coverage

Whole Economy PMI data are available for the following economies in the Middle East:

Saudi Arabia

United Arab Emirates

Egypt

Index coverage

Non-oil Economy PMI data are available for the following variables:

Output

New Orders

New Export Orders

Backlogs of Work

Employment

Suppliers' Delivery Times

Stocks of Purchases

Quantity of Purchases

Overall Input Costs

Purchase Costs

Staff Costs

Output Prices

PMI

The PMI is the 'headline figure' and is a weighted average of the following indexes: Output 25%, New Orders 30%, Employment (20%), Suppliers' Delivery Times 15% (index value inverted), Stocks of Purchases 10%.

Release schedule

Non-oil Economy PMI data are monthly and are released on the third working day of the month following the reporting month (based on a Friday-Saturday weekend). Releases may be delayed due to public holidays.

Release times for each economy are:

Saudi Arabia:	0715 Riyadh (0415 UTC)
United Arab Emirates:	0815 Dubai (0415 UTC)
Egypt:	0615 Cairo (0415 UTC)

A full PMI release calendar is available at

<http://www.markiteconomics.com/Public/Page.mvc/DiaryofReleaseDates>

Data history

Non-oil Economy PMI data are available from the following dates:

Saudi Arabia:	August 2009
United Arab Emirates:	August 2009
Egypt:	April 2011

About Markit

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 3,000 people in 10 countries. Markit shares are listed on NASDAQ under the symbol "MRKT". For more information, please see www.markit.com.

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