

# News Release

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## S&P Global United Arab Emirates PMI<sup>®</sup>

### Strongest rise in new business since November 2021

#### Key findings

Output and new order growth quicken

Stock building remains robust as confidence grows

Selling prices fall at sharpest pace since September 2020

Business conditions at non-oil private sector firms in the UAE improved at a sharp and accelerated rate in April, according to the latest PMI<sup>®</sup> survey data, driven by the fastest growth in new business since November 2021. Firms responded by increasing output sharply and adding to both their inventories and staffing levels. Improved customer demand partly arose from a solid drop in selling charges, which was the strongest recorded since September 2020 and helped by receding cost pressures.

The seasonally adjusted S&P Global UAE Purchasing Managers' Index™ (PMI<sup>®</sup>) – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – rose further from 55.9 in March to 56.6 in April, to signal a robust improvement in the performance of the non-oil economy. Notably, the index was only just shy of its post-pandemic peak of 56.7 recorded in August last year, with the uplift mainly driven by a faster rise in new business inflows.

Indeed, the New Orders Index rose to its highest level since November 2021 in April, as improving market conditions and rising client demand underpinned a strong sales performance. In fact, just over 30% of businesses saw new orders pick up from the previous survey period, against 7% that saw a decrease. The improvement in demand was centred on the domestic market, however, as firms recorded no change in foreign sales since the end of the first quarter.

A number of surveyed companies signalled that rising new order volumes were supported by increased price promotions in April. In fact, the rate of charge discounting quickened to the fastest seen in just over two-and-a-half years, as businesses hoped to win sales in a tight market environment. The reduction in charges was helped by relatively mild price pressures, with input costs rising only slightly and at the weakest pace for three months.

Meanwhile, output levels across the non-oil economy

S&P Global United Arab Emirates PMI

sa, >50 = improvement since previous month



Source: S&P Global.

Data were collected 12-24 April 2023.

#### Comment

David Owen, Senior Economist at S&P Global Market Intelligence, said:

"The UAE PMI rose for the third month running in April to signal an even stronger rate of expansion across the non-oil economy, driven by rapidly increasing new orders and retreating inflationary pressures. The relatively mild uptick in business expenses encouraged a number of companies to offer price promotions, which helped to drive an upturn in sales that was the sharpest recorded since late-2021. Efforts to improve services and boost marketing also underlined growth, according to panellists, and supported a robust expansion in activity.

"Companies maintained their efforts to build capacity levels, resulting in another marked expansion of input stocks. Employment numbers also grew. While the rate of job creation was slower than March's near seven-year record, it was still stronger than the survey trend. Rising demand and rapid capacity improvements helped to drive confidence towards future activity higher for the fourth successive month and to its strongest level since September 2022."

PMI<sup>®</sup>

by S&P Global

expanded at the sharpest rate for six months in April, as a steep rise in new work boosted activity growth. Despite easing from March's near seven-year record, the rise in employment was also elevated and above the long-run trend, as firms commented on efforts to combat high workloads and minimise capacity pressures. These expansions curbed growth of outstanding work, which eased to the slowest in the current 22-month sequence of backlog accumulation. On the other hand, strong hiring fed through to a rise in staff costs which, while marginal, was the fastest seen for nine months.

Strengthening demand conditions contributed to improvements in purchasing and confidence levels during April. On the purchasing side, the latest data signalled a steep increase in input buying that was much sharper than in the previous month. This supported a robust uplift in total inventories that was only slightly weaker than March's five-year high. Stock accumulation was aided by a solid and faster improvement in lead times for inputs, as many companies reportedly asked their vendors for quicker deliveries.

Expectations that demand will continue to rise sharply meant that optimism towards future activity picked up in April and was the highest for seven months. Improving economic conditions, increased construction activity and greater marketing spending were also cited as reasons for upbeat forecasts.

**PMI Employment Index**

sa, >50 = growth since previous month



Source: S&P Global.

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**Survey methodology**

The S&P Global United Arab Emirates PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 1000 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include manufacturing, construction, wholesale, retail and services. Data were first collected August 2009.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)