News Release

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S&P Global Kuwait PMI®

Output growth quickens to five-month high

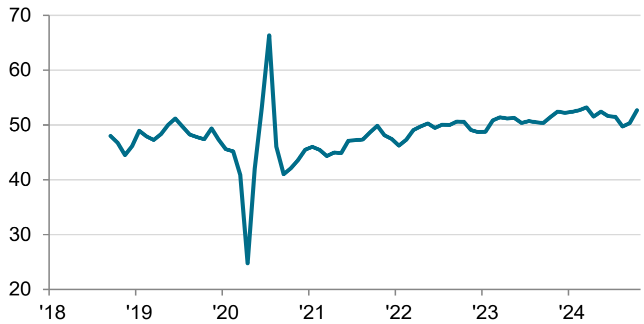
Key findings

PMI posts highest reading since March

Output price inflation remains muted

Employment rises only fractionally

S&P Global Kuwait PMI
sa, >50 = improvement since previous month



Source: S&P Global PMI.
Data were collected 10-25 October 2024.

Growth regained momentum in Kuwait's non-oil private sector during October amid much stronger rises in both output and new orders. Companies also ramped up purchasing activity, but the pace of job creation remained fractional. Meanwhile, input costs increased sharply but output price inflation remained muted amid efforts by firms to price competitively.

The Kuwait Purchasing Managers' Index™ (PMI®) indices are compiled from survey responses from a panel of around 350 private sector companies. The panel covers the manufacturing, construction, wholesale, retail, and services sectors.

The headline S&P Global Kuwait PMI is a composite single-figure indicator of non-oil private sector performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases.

The headline PMI remained above the 50.0 no-change mark in October, signalling an improvement in business conditions for the second month running. Moreover, the reading of 52.7 was up from 50.3 in September and the highest in seven months.

New business increased markedly in October, with the rate of expansion accelerating sharply to the fastest since May. As has been the case for some time, advertising and competitive pricing were the main factors outlined by survey respondents as having driven growth of new orders. The rate of expansion in new business from abroad also quickened, with firms mentioning new orders from other Gulf countries.

Alongside the securing of new customers as a result of successful advertising, companies also noted that work on business from regular clients had led them to expand output at the start of the final quarter of the year. Business activity rose for the twenty-first consecutive month, and at a solid pace that was the fastest since May.

Comment

Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

"October saw a rejuvenation of the Kuwaiti non-oil private sector, with firms much better able to bring in new business during the month and therefore seeing output growth quicken. The latest figures raise hopes that the recent soft-patch is behind us and that growth will continue over the remainder of the year. Adding to this sense of positivity, business confidence continued to strengthen.

"Less positive was that firms are still often displaying a reluctance to hire additional staff as they attempt to limit costs. A renewed increase in backlogs of work, however, might mean that workforce numbers are raised more quickly in the months ahead."

PMI® by S&P Global

Non-oil companies ramped up their purchasing activity in response to rising new business. Moreover, the rate of expansion hit a seven-month high. In turn, stocks of inputs increased at the fastest pace since February.

Despite sharply rising demand for inputs, suppliers' delivery times shortened again in October as vendors expressed a desire to secure additional business.

While companies increased their purchasing activity rapidly, the pace of job creation remained only fractional in the latest survey period, as had been the case in September. Some respondents took on extra staff in line with greater workloads (backlogs of work accumulated in October), while extra marketing and sales staff were also reported. That said, this was almost cancelled out by other firms reducing employment as part of efforts to save costs.

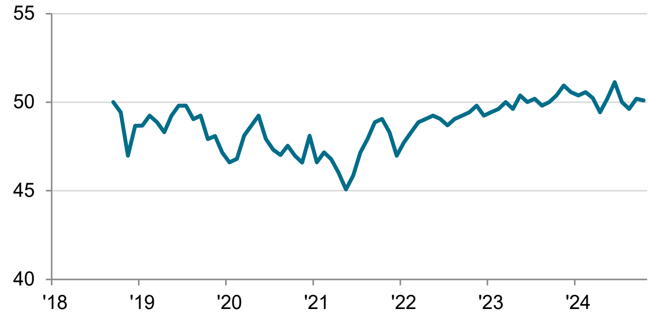
Overall input costs increased sharply, with companies reporting higher prices for a range of items including advertising, electricity, food products, maintenance and stationery. The rise in overall input costs was mainly driven by purchase prices as staff costs increased only modestly.

In some cases, firms passed on higher input prices to customers, but efforts to remain competitive meant that the pace of charge inflation remained muted.

Hopes for further improvements in new orders over the coming months supported confidence in the 12-month outlook for output. Moreover, sentiment improved for the second month running and was the highest since June.

PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

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Survey methodology

The S&P Global Kuwait PMI® is compiled by S&P Global from responses to questionnaires sent to executives in a panel of around 350 private sector companies. Depending on the type of company responding to the questionnaire, the respondents themselves are either specific purchasing managers, senior executives, finance directors, or someone in a senior position that is best placed to answer the various questions included in the survey. Interviews are conducted by a local research agency who contact respondents by telephone to record their answers to the questionnaires.

The panel of companies is generally stable from month to month and panel attrition low. Changes might occur if companies or individuals decide to leave the panel, or firms go out of business. In these instances, new companies are recruited from the same industry sector as those being replaced. The panel structure is also reviewed on an annual basis to ensure that it continues to replicate the actual structure of the economy.

The panel is stratified by detailed sector and company workforce size, based on contributions to non-oil GDP. The sectors covered by the survey include manufacturing, construction, wholesale, retail and services. Data were first collected September 2018.

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@spglobal.com.

About S&P Global

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com.

About PMI

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. www.spglobal.com/marketintelligence/en/mi/products/pmi