

News Release

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S&P Global Kuwait PMI®

Fastest rise in new orders since July 2020

Key findings

Growth of output and new orders continues to strengthen

Sharpest rise in selling prices since October 2021

Employment up only fractionally

The first public release of the S&P Global Kuwait PMI® showed strengthening growth momentum in the non-oil private sector in March. Rates of expansion in output and new orders quickened and business confidence improved. The pace of job creation was only fractional, however. Meanwhile, there were signs of inflationary pressures building, most notably in the fastest increase in staff costs on record and the sharpest rise in selling prices for almost two-and-a-half years.

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.

Remaining above the 50.0 no-change mark in March, the headline PMI signalled a strengthening in the overall health of the Kuwaiti non-oil private sector at the end of the first quarter of the year.

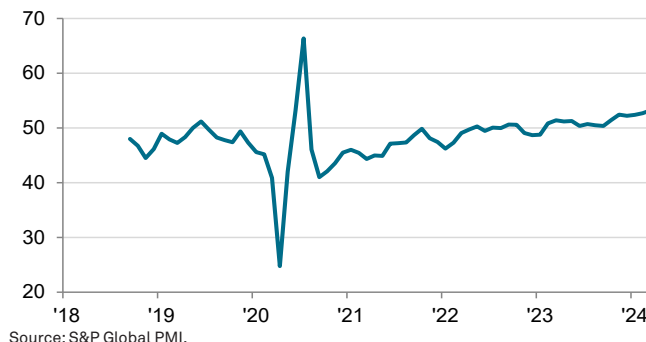
Moreover, at 53.2, up from 52.7 in February, the latest index reading signalled a solid improvement in business conditions, and one that was the most pronounced since July 2020. In fact, barring the months when the economy was rebounding from the loosening of COVID-19 pandemic restrictions, the latest strengthening of operating conditions was the greatest since the survey began in September 2018.

A combination of advertising efforts and competitive pricing were central to further increases in both business activity and new orders in March, with rates of expansion quickening in each case to the fastest since July 2020.

Despite the strength of new order growth, companies increased employment only fractionally during March. As a

S&P Global Kuwait PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Comment

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

"Kuwaiti non-oil firms are in a strong growth phase at present, with competitive pricing really paying off and attracting customers in increasing numbers. In fact, we haven't seen growth sustained at the current level since we started the survey just over five-and-a-half years ago."

"There are some signs, however, that the ability of firms to limit price increases to customers is being tested. Purchase prices continued to rise sharply, while the pace of staff cost inflation hit a new record. As a result, output prices increased at the fastest pace in almost two-and-a-half years. It remains to be seen what impact this may have on the strength of demand in the months ahead."

"One other area of the survey to keep an eye on will be employment. Recent months have seen only marginal increases in staffing levels despite sharp new order growth, thereby leading to accumulations of backlogged work. If new orders continue to flow in as they have been doing, firms will likely need to take on additional staff to prevent delays in the completion of projects."

PMI®

by S&P Global

result, backlogs of work continued to build, with outstanding business now having accumulated in 14 consecutive months.

Efforts to meet customer requirements in a timely manner supported marked increases in both purchasing activity and stocks of inputs. Meanwhile, suppliers' delivery times continued to shorten, albeit to the least extent since July 2022.

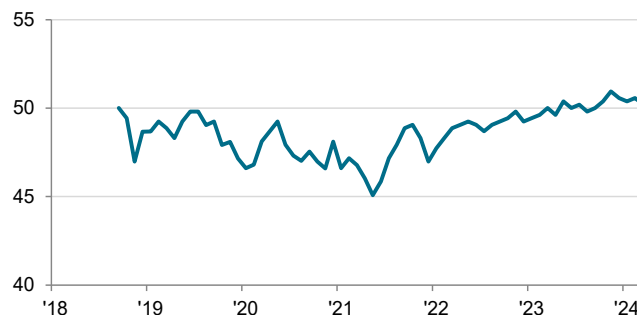
The rate of overall input cost inflation ticked up to the steepest since July 2020 amid a further rapid increase in purchase prices and the sharpest rise in staff costs in the survey's history. A number of respondents noted higher costs related to computers and printing.

Efforts to improve profit margins amid sharply rising input costs led companies to increase their own selling prices in March. The rate of inflation quickened for the third consecutive month and was the sharpest in just under two-and-a-half years.

The offer of good quality products at competitive prices is set to support further increases in output over the coming year, with business confidence strengthening in March. Around one-third of respondents predicted that activity will increase over the next 12 months.

PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

Contact

Andrew Harker
 Economics Director
 S&P Global Market Intelligence
 T: +44 1491 461 016
andrew.harker@spglobal.com

Sabrina Mayeen
 Corporate Communications
 S&P Global Market Intelligence
 T: +44 7967 447 030
sabrina.mayeen@spglobal.com

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Survey methodology

The S&P Global Kuwait PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 350 private sector companies. 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.

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