

# News Release

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## S&P Global United Arab Emirates PMI®

### Strong output growth maintained in April, but business disruption from heavy rainfall hits demand

#### Key findings

Headline PMI at lowest level for eight months

New business growth eases considerably

Steep rise in backlogs of work

April data signalled a strong upturn in business activity across the non-oil private sector. However, new orders increased at the slowest pace since February 2023 amid many reports that heavy rainfall had disrupted business operations and impacted sales. Adverse weather conditions also contributed to a sharp rise in backlogs of work.

Survey respondents again commented on intense competition for new work, which resulted in falling average prices charged for the sixth consecutive month in April. Price discounting was reported despite moderate increases in purchasing costs and staff salaries.

At 55.3 in April, down from 56.9 in March, the seasonally adjusted S&P Global UAE Purchasing Managers' Index™ (PMI®) – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – registered above the crucial 50.0 no-change mark, which continued the positive trend seen since December 2020. However, the latest improvement in operating conditions was the weakest since last August.

Similarly, the S&P Global Dubai Purchasing Managers' Index™ (PMI®) posted 55.1 in April, down from 58.0 in March and the lowest for eight months. This was led by a sharp slowdown in new business growth.

UAE business activity continued to expand at a strong pace in April, albeit still slightly weaker than the post-pandemic peak seen in February. Survey respondents typically cited robust domestic economic conditions and the fruition of long-term business expansion plans, alongside competitive pricing strategies. That said, there were also many reports of business disruptions due to heavy rainfall in April.

New order growth eased considerably since March, with the loss of momentum often linked to the impact of heavy rainfall and floods on customer demand. The overall rate of new business growth was the slowest for 14 months. A combination of temporary business disruptions and strong overall workloads meanwhile resulted in another sharp rise in

S&P Global United Arab Emirates PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 04-24 April 2024.

#### Comment

Tim Moore, Economics Director at S&P Global Market Intelligence, said:

"April data highlighted strong overall growth across the UAE non-oil private sector as buoyant domestic economic conditions helped to support long-term business expansion plans. However, the latest survey signalled a sharp slowdown in new business gains in the wake of heavy rainfall and flooding. Companies operating in Dubai recorded a particularly acute loss of sales momentum as adverse weather disruptions hit business and consumer spending.

"Backlogs of work increased considerably in April, which was linked to temporary business disruptions and elevated pressure on operating capacity. Non-energy businesses are nonetheless still highly upbeat about their year ahead growth prospects. Many commented on strong sales pipelines and a swift recovery from the impact of heavy rainfall.

"Higher levels of employment were recorded in April, driven by new project starts and resilient demand conditions. Pressure on operating margins remained a challenge, as price discounting continued despite faster rises in purchasing costs and salary payments."

PMI®

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backlogs of work during April.

Non-oil private sector firms indicated a sustained upturn in staffing numbers, which extended the current period of job creation to two years. The rate of employment growth was nonetheless only modest and the least marked since January. There were some reports that strong pressures on margins had acted as a brake on hiring.

April data signalled faster rises in both purchasing prices and staff costs. Survey respondents commented on rising raw material prices and efforts to compensate employees for higher living costs. At the same time, average prices charged decreased again in April, albeit at the slowest pace so far in 2024. Price discounting was attributed to competitive market conditions and subsequent efforts to stimulate sales.

Strong demand for inputs continued in April, as signalled by a robust and accelerated rise in purchasing activity across the non-oil private sector economy. Inventory strategies were more cautious, however, with stocks of purchases rising at the slowest pace since March 2022. Meanwhile, supplier performance improved to the least extent since December 2022, in part due to transportation disruptions in April.

Optimism regarding prospects for business activity growth in the year ahead remained highly upbeat in April, despite softening to a three-month low. Survey respondents mostly noted buoyant market conditions and strong sales pipelines, as well as a swift recovery from weather-related business disruptions.

## PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

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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@spglobal.com](mailto:economics@spglobal.com).

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