

News Release

Embargoed until 0715 AST (0415 UTC) 4 June 2024

S&P Global Kuwait PMI[®]

Strongest output growth in almost four years

Key findings

Output and new orders rise at sharpest rates since pandemic

Record increase in backlogs of work amid staff shortages

Output price inflation remains modest as cost inflation eases

Sharp and accelerated increases in new business and output were recorded in Kuwait's non-oil private sector in May, with rates of growth in each case exceeded only by the rebound in mid-2020 following the easing of pandemic restrictions. Renewed job creation was signalled in response to rising workloads, but the increase in staffing levels was only marginal, resulting in a record accumulation of backlogs of work.

Competitive pricing remained a key feature of the survey findings, with output prices increasing modestly again in May despite a sharp rise in input costs. That said, the pace of input price inflation showed some signs of easing since April.

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 posted 52.4 in May, up from 51.5 in April and signalled an improvement in business conditions in the non-oil private sector for the sixteenth consecutive month.

May data signalled a steep expansion of new orders. The rate of growth was the sharpest since the survey began in September 2018, excluding the rebound in June and July 2020 as COVID-19 pandemic restrictions were loosened. New export orders also increased at a faster pace midway through the second quarter of the year.

A similar picture was seen with regards to business activity, which also increased at a sharp and accelerated pace in May. Output has now risen in each of the past 16 months.

Anecdotal evidence suggested that the expansions of

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:

"The strategy being implemented by a number of firms in Kuwait's non-oil private sector continued to pay off in May, with a focus on advertising and competitive pricing leading to rapid increases in output and new orders. In fact, growth in May was the strongest in almost six years of data collection, barring the rebound seen following the loosening of pandemic restrictions in mid-2020.

"The challenge for firms at present is keeping up with demand. While employment returned to growth in May, the rate of job creation was only marginal and insufficient to prevent the strongest build-up of outstanding business in the survey's history. Capacity will need to be ramped up in future if companies are to be able to satisfy customer requirements in a timely manner."

PMI[®]

by S&P Global

both output and new orders were reflective of successful advertising campaigns and competitive pricing.

Rising new orders encouraged some companies to take on extra staff, reversing the reduction seen in the previous survey period. That said, the pace of job creation was only marginal and a lack of staff was a key factor behind a further accumulation of backlogs of work. In fact, the latest rise in outstanding business was the sharpest in the survey's history.

Purchase costs continued to rise sharply in May. Panellists reported a range of items as fuelling inflation, including spend on advertising and higher prices for computing equipment, raw materials and spare parts. That said, the pace of inflation eased to the weakest in the year-to-date. Meanwhile, staff costs continued to rise modestly.

The rate of output price inflation remained modest in May and was broadly in line with that seen in April. Some companies raised charges in response to higher input costs, while others offered discounts to clients.

Companies increased purchasing activity and stocks of inputs, but high costs of items meant that the respective rates of expansion were much softer than earlier in the year.

Requests for faster, and sometimes urgent, deliveries meant suppliers' delivery times shortened again despite higher demand for inputs.

Finally, business confidence rose to the highest in 2024 so far.

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.

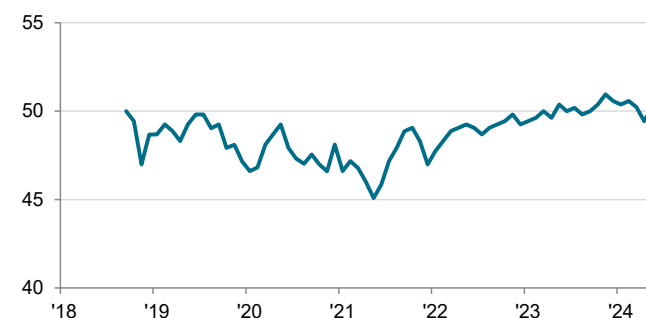
Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

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

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, [click here](#).

About S&P Global

S&P Global (NYSE:SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

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