

News Release

Embargoed until 0815 GST (0415 UTC) 4 June 2025

S&P Global United Arab Emirates PMI®

Softest improvement in business conditions since September 2021

Key findings

Non-oil activity rises at slowest rate in 44 months

Backlog accumulation eases to 16-month low

Inventories decline at record pace

The S&P Global UAE PMI® dropped to its lowest level in nearly four years during May, but continued to signal a solid improvement in the performance of the non-oil private sector economy. Demand conditions remained strong, supporting a marked increase in output, although the rate of growth trended down from its recent bullish run.

The survey also highlighted a record decrease in input stocks, as firms looked to streamline holdings amid slowing momentum. This came as growth in backlogs, whilst still marked, dropped to a 16-month low.

Firms enjoyed a softer rise in input prices, with inflation decelerating to its lowest since December 2023. Selling charges increased for the fifth month running.

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 – fell to 53.3 in May, from 54.0 in April, marking its lowest reading in 44 months. However, the index remained solidly above the 50.0 no-change mark and therefore indicated an improvement in operating conditions.

Companies in the survey panel reported a sustained increase in new orders in May, with the rate of growth easing since the previous month but staying robust. The upturn was often attributed to favourable demand conditions, good relationships with clients, new marketing strategies and diverse product ranges.

In turn, companies increased their output. The expansion was sharp but, after a particularly robust sequence of growth, slowed to its weakest pace in nearly four years. According to survey members, higher sales often translated into greater activity, although some reported that global economic uncertainty linked to US tariffs had negatively affected output.

The relative slowdown in growth, combined with robust stock

S&P Global United Arab Emirates PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-23 May 2025.

Comment

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

"UAE non-oil firms signalled that growth had slowed in May, as the headline PMI fell to its lowest point since September 2021. Although businesses continued to welcome strong demand from their clients, there were some reports that competitive pressures and weaker trade amid US tariffs had weighed on growth.

"From an overall perspective, the survey signals that the UAE economy is performing well, but the softer increases in output and new orders hint at momentum easing. Furthermore, the sharp cutback in stocks (which was the fastest on record) and the broadly subdued outlook for activity suggest that firms are gearing up for softer growth.

"Positively, the survey data backs up the trend of falling inflationary pressures, as businesses saw input costs rise at their slowest rate since the end of 2023."

PMI®

by S&P Global

levels and some reports of supply constraints, encouraged a number of businesses to ease off on purchasing and deplete their inventories. Although overall purchases rose, the upturn was the slowest seen for 28 months. Consequently, inventories fell sharply in May, with the reduction the fastest observed since the survey began nearly 16 years ago.

In contrast, employment growth was the strongest seen in exactly one year. Respondents often attributed this to elevated workloads, as rising new orders contributed to another sharp increase in backlogs of work. That said, the pace of accumulation did soften slightly to a 16-month low.

Meanwhile, the survey data indicated a modest rise in input costs in May. This marked the slowest rate of inflation in nearly one-and-a-half years. Although several firms commented on higher prices for raw materials and transport, just 5% of respondents saw their costs lift from April.

Average prices charged by non-oil firms increased in May, following the trend observed in 2025 so far. That said, the rise was only marginal, as efforts to transfer higher costs to customers were partly counterbalanced by discounts elsewhere.

Finally, businesses gave a modest assessment of their activity prospects in May. Optimism eased to its lowest since January, with nearly 10% of companies anticipating an expansion in the year ahead.

Dubai PMI

The Dubai PMI stayed at 52.9 in May, its joint-lowest since the beginning of 2022, but signalling a solid expansion in operating conditions across the non-oil private sector.

Businesses continued to receive higher levels of new orders, with the rate of growth ticking up to a four-month high. Panellists linked the upturn to improved client confidence and positive impacts from marketing strategies and competitive pricing.

Overall business activity rose sharply, although the pace of expansion was one of the weakest observed in around four years. Meanwhile, stocks of purchases decreased for the first time in 2025 so far, and job creation was mild. Lower inventory demand helped to soften the rate of input cost inflation to its weakest level in 17 months.

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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.

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