News Release
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S&P Global UAE PMI®

New order growth slows to 45-month low

June 2025

Sales intakes disrupted by regional tensions

Output rises sharply as firms seek to reduce backlogs

Delivery times improve at slowest rate in 14 months

UAE non-oil private sector businesses experienced a slowdown in demand momentum at the end of the second quarter, as rising tensions across the region made clients hesitant to spend. Supply chains were further impacted by increased geopolitical uncertainty, although input cost pressures did ease.

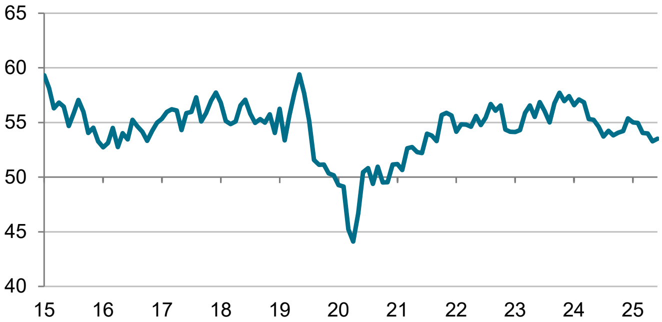
The seasonally adjusted S&P Global UAE Purchasing Managers' Index™ (PMI®) – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – rose from 53.3 in May to 53.5 in June, indicating a solid improvement in the sector's health over the latest survey period. The slight uptick masked diverging trends among the index's sub-components, as a softening of new business growth was offset by a quicker expansion in output and a stabilisation of inventories.

While non-oil businesses reported a solid rise in their new order intakes, the rate of growth eased considerably and was the weakest since September 2021. According to reports from survey panellists, client demand was somewhat dampened by concerns about increasing regional tensions due to the conflict between Israel and Iran. Promotion-driven sales and increased clientele were nonetheless reported widely.

Despite sales growth softening, UAE non-oil firms increased their output to a greater extent than in the previous month. In fact, the gap in expansion rates between activity and sales widened sharply, which firms partly attributed to efforts to address long-standing capacity pressures. The latest data indicated some success in this area – backlogs of work increased at the slowest rate in 17 months, although the rise remained stronger than its long-run average.

Shipping and customs challenges were also noted in the latest survey, resulting in the slowest improvement in suppliers' delivery times since April 2024. However, businesses continued to increase their purchasing activity in June, reporting a slightly quicker upturn compared to May's 28-month low. This allowed firms to prevent a further decline in their inventories, as stocks of purchased inputs

S&P Global UAE PMI
Index, sa, >50 = improvement m/m



Data were collected 12-24 June 2025.
Source: S&P Global PMI. ©2025 S&P Global.

Comment

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

"The UAE non-oil sector showed signs of a minor setback in June due to the conflict between Israel and Iran. The impact was primarily felt on the demand side, as some businesses reported a slowdown in orders driven by heightened tensions. This resulted in a further easing of overall new business growth, which dropped to its lowest level in nearly four years.

"However, with firms instead able to turn their attention to addressing the substantial level of outstanding work — evidenced since early 2024 — the impact on overall business conditions was negligible. In fact, the PMI actually rose slightly in June, ticking up from 53.3 to 53.5. Increased efforts to complete backlogs meant that output growth quickened, while the decline in stock levels was halted after a record slump in May.

"Additionally, the rate of input cost inflation was the lowest seen in nearly two years, which allowed firms to offer discounts to customers. With consumer price pressures appearing limited, the latest data suggests that a rebound in sales growth is wholly possible in the coming months should regional tensions ease."

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were relatively stable after decreasing at a record pace in the previous month.

A desire to ease pending workloads led non-oil firms to expand their staffing capacity. Employment increased modestly in June. Although the pace of growth slipped to a three-month low, it remained stronger than the trend observed in the first quarter.

Input prices faced by non-oil companies rose at the slowest pace in nearly two years during June. The impacts from both purchase and staff costs were relatively mild, with the former recording their slowest rate of inflation since December 2023. Where an increase was observed, panellists cited rising shipping costs and higher prices for construction materials.

With cost pressures subdued, companies reduced their own selling prices for the first time in six months in June, although the rate of discounting was only marginal.

When assessing the outlook, UAE non-oil firms remained relatively subdued, despite the level of confidence edging up to the strongest since last November. Projected sales growth and an easing of geopolitical tensions were the main drivers of positivity, based on qualitative reports.

Dubai PMI

The Dubai PMI dropped to its lowest level in nearly four years in June, driven by a marked slowdown in sales growth.

Non-oil private sector companies reported only a slight increase in new order volumes in June, the weakest in 45 consecutive months of growth. Many firms noted that competitive pressures and weaker tourism due to heightened regional tensions had negatively impacted overall levels of new work.

Nevertheless, business activity rose sharply in June, with the pace of expansion matching that seen in May. Workforce numbers increased for the third consecutive month, albeit only slightly.

On the pricing front, the latest data indicated a rise in output prices for the seventh month in a row. However, the increase slowed and was modest, supported by a further easing of input cost pressures. In fact, the rate at which costs rose was the weakest in 18 months.

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Methodology

The S&P Global UAE PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 1000 non-energy private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in 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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PMI by S&P Global

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