

UAE, Dubai, Saudi Arabia PMIs, June 2025

3 July 2025 – Economics

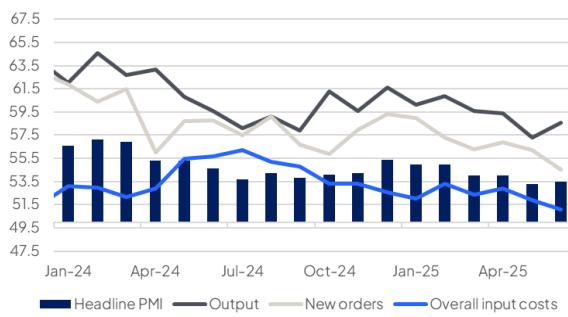
- The S&P Global PMI survey for the UAE ticked up modestly to 53.5 in June, from 53.3 the previous month.
- The S&P Global PMI survey for Dubai fell to a multi-year low of 51.8, down from 52.9 in May.
- The Riyad Bank PMI survey for Saudi Arabia ticked up to 57.2 in June, up from 55.8 the previous month.

UAE

The S&P Global PMI survey for the UAE ticked up modestly to 53.5 in June, from 53.3 the previous month. This remained somewhat softer than the average of the past four years, however, and there were some noticeably weaker subcomponents in the survey, not least new orders growth: while they continued to expand, the growth rate was the weakest in 45 months. Export growth was softer than domestic demand, only barely above the neutral level.

Some of this softness appears to be on the back of the Israel-Iran conflict in June, with some respondents citing the adverse effect the regional tensions had on orders. With tensions now moderating, the likelihood is that orders will rebound in the coming months, though the PMI survey has been somewhat cooler than last year in any case. We forecast non-oil GDP growth of 4.7% this year, down from 5.0% in 2024.

UAE PMI survey



Source: S&P Global, Emirates NBD Research

Despite the softer new orders growth, output actually expanded at a faster pace in June than in May as companies prioritised bringing down backlogs of work, with the subcomponent at its lowest level since December 2023. Suppliers' delivery times were also seemingly impacted by the regional tensions, as they improved at the slowest pace since March 2024. Firms nevertheless

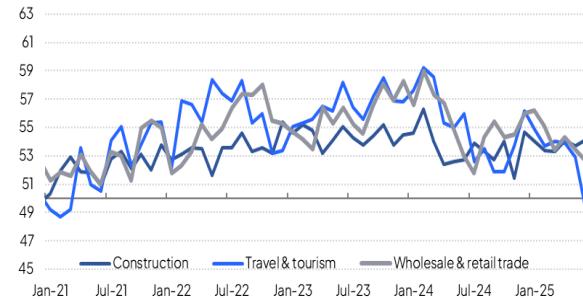
increased their purchasing and inventories saw a modest uptick compared to the decline recorded the previous month.

Firms cut their output prices for the first time in six months in the weaker demand environment as they sought to remain competitive. Input prices continued to rise although at the slowest pace since July 2023 as purchase costs rose at a slower pace than in May. Staff costs ticked up modestly. Despite the challenges, business optimism improved in June to equal the level seen in November last year, with firms hoping for a rapid resolution to the Iran conflict.

Dubai

The S&P Global Dubai PMI survey appears to have been more affected by the regional conflict than the national index, likely due to its larger weighting of the tourism sector. The index remained in positive 50-plus territory, but it fell to 51.8, down from 52.9 in May. Activity expanded at the same healthy pace as seen the previous month, and growth in employment slowed only modestly. However, new work was only marginally positive and expanded at the slowest pace in 45 months. Businesses raised their output prices at a slower pace in this environment than seen in May and business optimism softened from the previous month.

Dubai PMI survey, sectors



Source: S&P Global, Emirates NBD Research

Travel & tourism appears to have been the primary driver of the decline in the headline Dubai PMI as it dipped into contractionary territory at 49.6, down from 52.9 previously. This marked the first negative reading for the index since March 2021, when international travel was still constrained by the Covid-19 pandemic. There was a sharp fall in new orders which contracted at the sharpest pace since June 2021. Output slowed but remained positive, with discounting from firms likely supportive of activity. Business optimism softened to the lowest in 53 months in this environment, though there was a modest rise in headcount at the same pace as the previous month.

Construction was the one sector of the three individually covered by the index to see an uptick in its headline measure in June as it rose to 54.1, up from 53.7 previously. This was in line with the April reading. Output continued to expand at broadly the same robust pace and there was only a marginal slowdown in new orders, but hiring did slow compared with the preceding two months. Businesses raised their prices at a faster pace than in May, at a comparable pace to that by which their input costs rose.

Wholesale & retail trade fell to 52.7 in June, down from 53.5 in May. While still comfortably above the neutral line, this was the weakest reading for the sector since July last year, with a slowdown in activity the primary drag as business output rose at the slowest pace in 12 months. New work also expanded at a slower pace even as firms cut their prices charged at a more acute rate.

Saudi Arabia

The Riyad Bank PMI survey for Saudi Arabia ticked up to 57.2 in June, up from 55.8 the previous month. This marked a three-month high for the index which continues to indicate that Saudi Arabia's non-oil private sector remains in robust health despite concerns that a lower oil price environment would weigh on activity this year. The index has averaged higher over the first half of this year than seen in H1 2025, and we forecast non-oil real GDP growth of 4.5% this year, up from 4.3% in 2024.

The output subcomponent ticked down modestly in June from the May print but business activity continues to expand at a robust clip, with over a fifth of businesses reporting an uptick compared to the previous month. The outlook for the coming months

remains positive also, with new orders expanding at the fastest pace in four months. New export orders accelerated in June but continue to expand at a slower pace than the headline export measure, suggesting that it remains domestic demand that is driving order growth. Firms ramped up their hiring as they look to cope with this increased business, and headcount expanded at the fastest pace since May 2011. This helped lower backlogs of work which fell once again in June. Business optimism is high in this environment, ticking up to a two-year high in June.

Saudi Arabia PMI survey



Source: Riyad Bank, Emirates NBD Research

Price pressures on businesses were more acute in June, with overall input prices rising at the fastest pace since January. Firms noted higher prices for raw materials as purchase costs rose at a slightly faster pace than in May, while the rise in staff costs accelerated sharply to a record rate in June. Firms noted having to raise salaries in order to retain staff, with competition in the services sector especially acute. Output prices rose in June after declining in May as businesses looked to offset some of this margin squeeze.

Daniel Richards, Senior Economist
danielricha@emiratesnbd.com

Disclaimer

PLEASE READ THE FOLLOWING TERMS AND CONDITIONS OF ACCESS FOR THE PUBLICATION BEFORE THE USE THEREOF. By continuing to access and use the publication, you signify you accept these terms and conditions. Emirates NBD reserves the right to amend, remove, or add to the publication and Disclaimer at any time. Such modifications shall be effective immediately. Accordingly, please continue to review this Disclaimer whenever accessing, or using the publication. Your access of, and use of the publication, after modifications to the Disclaimer will constitute your acceptance of the terms and conditions of use of the publication, as modified. If, at any time, you do not wish to accept the content of this Disclaimer, you may not access, or use the publication. Any terms and conditions proposed by you which are in addition to or which conflict with this Disclaimer are expressly rejected by Emirates NBD and shall be of no force or effect. Information contained herein is believed by Emirates NBD to be accurate and true but Emirates NBD expresses no representation or warranty of such accuracy and accepts no responsibility whatsoever for any loss or damage caused by any act or omission taken as a result of the information contained in the publication. The publication is provided for informational uses only and is not intended for trading purposes. Charts, graphs and related data/information provided herein are intended to serve for illustrative purposes. The data/information contained in the publication is not designed to initiate or conclude any transaction. In addition, the data/information contained in the publication is prepared as of a particular date and time and will not reflect subsequent changes in the market or changes in any other factors relevant to their determination. The publication may include data/information taken from stock exchanges and other sources from around the world and Emirates NBD does not guarantee the sequence, accuracy, completeness, or timeliness of information contained in the publication provided thereto by or obtained from unaffiliated third parties. Moreover, the provision of certain data/information in the publication may be subject to the terms and conditions of other agreements to which Emirates NBD is a party.

None of the content in the publication constitutes a solicitation, offer or recommendation by Emirates NBD to buy or sell any security, or represents the provision by Emirates NBD of investment advice or services regarding the profitability or suitability of any security or investment. Moreover, the content of the publication should not be considered legal, tax, accounting advice. The publication is not intended for use by, or distribution to, any person or entity in any jurisdiction or country where such use or distribution would be contrary to law or regulation. Accordingly, anything to the contrary herein set forth notwithstanding, Emirates NBD, its suppliers, agents, directors, officers, employees, representatives, successors, assigns, affiliates or subsidiaries shall not, directly or indirectly, be liable, in any way, to you or any other person for any: (a) inaccuracies or errors in or omissions from the publication including, but not limited to, quotes and financial data; (b) loss or damage arising from the use of the publication, including, but not limited to any investment decision occasioned thereby. (c) UNDER NO CIRCUMSTANCES, INCLUDING BUT NOT LIMITED TO NEGLIGENCE, SHALL EMIRATES NBD, ITS SUPPLIERS, AGENTS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, SUCCESSORS, ASSIGNS, AFFILIATES OR SUBSIDIARIES BE LIABLE TO YOU FOR DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE, OR EXEMPLARY DAMAGES EVEN IF EMIRATES NBD HAS BEEN ADVISED SPECIFICALLY OF THE POSSIBILITY OF SUCH DAMAGES, ARISING FROM THE USE OF THE PUBLICATION, INCLUDING BUT NOT LIMITED TO, LOSS OF REVENUE, OPPORTUNITY, OR ANTICIPATED PROFITS OR LOST BUSINESS. The information contained in the publication does not purport to contain all matters relevant to any particular investment or financial instrument and all statements as to future matters are not guaranteed to be accurate. Anyone proposing to rely on or use the information contained in the publication should independently verify and check the accuracy, completeness, reliability and suitability of the information and should obtain independent and specific advice from appropriate professionals or experts regarding information contained in the publication. Further, references to any financial instrument or investment product is not intended to imply that an actual trading market exists for such instrument or product. In publishing this document Emirates NBD is not acting in the capacity of a fiduciary or financial advisor.

Emirates NBD and its group entities (together and separately, "Emirates NBD") does and may at any time solicit or provide commercial banking, investment banking, credit, advisory or other services to the companies covered in its reports. As a result, recipients of this report should be aware that any or all of the foregoing services may at times give rise to a conflict of interest that could affect the objectivity of this report.

The securities covered by this report may not be suitable for all types of investors. The report does not take into account the investment objectives, financial situations and specific needs of recipients.

Data included in the publication may rely on models that do not reflect or take into account all potentially significant factors such as market risk, liquidity risk and credit risk. Emirates NBD may use different models, make valuation adjustments, or use different methodologies when determining prices at which Emirates NBD is willing to trade financial instruments and/or when valuing its own inventory positions for its books and records. In receiving the publication, you acknowledge and agree that there are risks associated with investment activities. Moreover, you acknowledge in receiving the publication that the responsibility to obtain and carefully read and understand the content of documents relating to any investment activity described in the publication and to seek separate, independent financial advice if required to assess whether a particular investment activity described herein is suitable, lies exclusively with you. You acknowledge and agree that past investment performance is not indicative of the future performance results of any investment and that the information contained herein is not to be used as an indication for the future performance of any investment activity. You acknowledge that the publication has been developed, compiled, prepared, revised, selected, and arranged by Emirates NBD and others (including certain other information sources) through the application of methods and standards of judgment developed and applied through the expenditure of substantial time, effort, and money and constitutes valuable intellectual property of Emirates NBD and such others. All present and future rights in and to trade secrets, patents, copyrights, trademarks, service marks, know-how, and other proprietary rights of any type under the laws of any governmental authority, domestic or foreign, shall, as between you and Emirates NBD, at all times be and remain the sole and exclusive property of Emirates NBD and/or other lawful parties. Except as specifically permitted in writing, you acknowledge and agree that you may not copy or make any use of the content of the publication or any portion thereof. Except as specifically permitted in writing, you shall not use the intellectual property rights connected with the publication, or the names of any individual participant in, or contributor to, the content of the publication, or any variations or derivatives thereof, for any purpose.

YOU AGREE TO USE THE PUBLICATION SOLELY FOR YOUR OWN NONCOMMERCIAL USE AND BENEFIT, AND NOT FOR RESALE OR OTHER TRANSFER OR DISPOSITION TO, OR USE BY OR FOR THE BENEFIT OF, ANY OTHER PERSON OR ENTITY. YOU AGREE NOT TO USE, TRANSFER, DISTRIBUTE, OR DISPOSE OF ANY DATA/INFORMATION CONTAINED IN THE PUBLICATION IN ANY MANNER THAT COULD COMPETE WITH THE BUSINESS INTERESTS OF EMIRATES NBD. YOU MAY NOT COPY, REPRODUCE, PUBLISH, DISPLAY, MODIFY, OR CREATE DERIVATIVE WORKS FROM ANY DATA/INFORMATION CONTAINED IN THE PUBLICATION. YOU MAY NOT OFFER ANY PART OF THE PUBLICATION FOR SALE OR DISTRIBUTE IT OVER ANY MEDIUM WITHOUT THE PRIOR WRITTEN CONSENT OF EMIRATES NBD. THE DATA/INFORMATION CONTAINED IN THE PUBLICATION MAY NOT BE USED TO CONSTRUCT A DATABASE OF ANY KIND. YOU MAY NOT USE THE DATA/INFORMATION IN THE PUBLICATION IN ANY WAY TO IMPROVE THE QUALITY OF ANY DATA SOLD OR CONTRIBUTED TO YOU BY ANY THIRD PARTY. FURTHERMORE, YOU MAY NOT USE ANY OF THE TRADEMARKS, TRADE NAMES, SERVICE MARKS, COPYRIGHTS, OR LOGOS OF EMIRATES NBD OR ITS SUBSIDIARIES IN ANY MANNER WHICH CREATES THE IMPRESSION THAT SUCH ITEMS BELONG TO OR ARE ASSOCIATED WITH YOU OR, EXCEPT AS OTHERWISE PROVIDED WITH EMIRATES NBD'S PRIOR WRITTEN CONSENT, AND YOU ACKNOWLEDGE THAT YOU HAVE NO OWNERSHIP RIGHTS IN AND TO ANY OF SUCH ITEMS. MOREOVER YOU AGREE THAT YOUR USE OF THE PUBLICATION IS AT YOUR SOLE RISK AND ACKNOWLEDGE THAT THE PUBLICATION AND ANYTHING CONTAINED HEREIN, IS PROVIDED "AS IS" AND "AS AVAILABLE," AND THAT EMIRATES NBD MAKES NO WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE PUBLICATION, INCLUDING, BUT NOT LIMITED TO, MERCHANTABILITY, NON-INFRINGEMENT, TITLE, OR FITNESS FOR A PARTICULAR PURPOSE OR USE. You agree, at your own expense, to indemnify, defend and hold harmless Emirates NBD, its Suppliers, agents, directors, officers, employees, representatives, successors, and assigns from and against any and all claims, damages, liabilities, costs, and expenses, including reasonable attorneys' and experts' fees, arising out of or in connection with the publication, including, but not limited to: (i) your use of the data contained in the publication or someone using such data on your behalf; (ii) any deletions, additions, insertions or alterations to, or any unauthorized use of, the data contained in the publication or (iii) any misrepresentation or breach of an acknowledgement or agreement made as a result of your receiving the publication.