News Release
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S&P Global UAE PMI®

UAE PMI slips to lowest level in over four years

July 2025

Demand growth curbed further by geopolitical tensions

Output continues to expand sharply

Purchasing growth slows as supply chain performance remains subdued

July's UAE PMI® survey signalled the weakest growth in non-oil business conditions since June 2021, as regional tensions continued to weigh on sales. Hiring and purchasing growth also suffered, while output expanded sharply as firms sought to prevent further increases in backlogs of work. Additionally, a quicker rate of cost inflation led to a fresh rise in average prices charged.

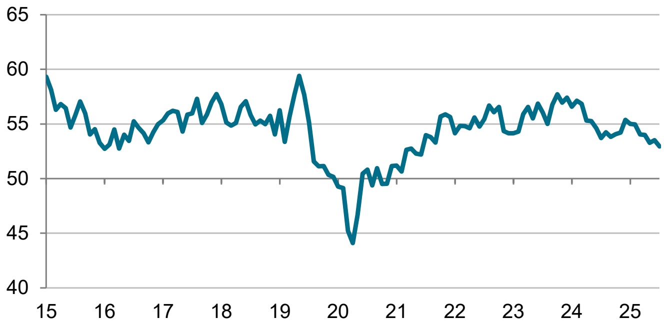
The seasonally adjusted S&P Global UAE Purchasing Managers' Index™ (PMI) – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – dropped from 53.5 in June to 52.9 in July, marking its lowest level in just over four years. While the reading signalled a sustained improvement in business conditions, the implied rate of growth was softer than the survey's long-run trend.

This underperformance was largely driven by a further slowdown in new business growth across the non-oil economy, as ongoing regional tensions made some clients hesitant to commit to new spending. Survey panellists also pointed to weaker tourism activity and headwinds from global trade disruptions. Although firms received higher new orders compared to the previous month — amid mentions of client sales and a supportive price environment — the upturn was the least marked since August 2021.

The softer increase in new orders contributed to a slight easing in the rate of activity expansion in July, which was further dampened by intensified competitive pressures. However, the overall increase in output remained robust, and was only marginally weaker than the historical trend. Some firms reported that output increased in response to new sales opportunities, rising client incomes, advancements in technological investment and the clearance of pending work.

July survey data also indicated a softening of job growth at non-oil companies. Employment rose slightly, marking the weakest uplift in four months, coinciding with a steeper rise in outstanding business. Indeed, backlog accumulation was marked, quickening for the first time since January, as companies faced ongoing challenges in completing work on time.

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



Data were collected 10-25 July 2025.
Source: S&P Global PMI. ©2025 S&P Global.

Comment

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

"Business conditions improved in July, but the rate of growth was the weakest since the middle of 2021. As has been the case recently, output was supported by positive demand trends. New order volumes helped firms to expand, but this trend is declining, with the latest data indicating the softest rise in incoming new work in almost four years. While survey members partly link this slowdown to tensions between Iran and Israel, which has made some clients hesitant to spend, there were also many comments suggesting that markets are becoming more crowded, making it increasingly difficult to secure new orders.

"Should regional tensions ease, we may see a recovery in sales growth in the coming months. This would also be supported by the subdued price environment, with input costs rising only modestly despite the pace of increase reaching a three-month high. Nevertheless, the ongoing trends of rising competition, limited inventory, constrained hiring growth and relatively low confidence among surveyed firms suggest that downside risks remain elevated."

On input purchases, the data signalled a slowdown in buying growth, aligning with the declining sales trend in July. Moreover, stocks of inputs fell for the third time in five months. This was partly linked to backlog clearance efforts and some delays in the receipt of supplied items. While delivery times shortened on balance, the pace of improvement was the slowest since April 2024, reportedly due to customs slowdowns and stronger demand for some materials.

After easing to a 23-month low in June, input cost pressures accelerated slightly at the start of the third quarter. Firms remarked on higher costs for shipping, raw materials, wages and capital, with the overall rise in input prices being the fastest since April. Consequently, businesses raised their output charges following a slight drop in June, although the increase was only mild.

Projections for future activity in the non-oil private sector remained optimistic in July, driven by hopes of strengthening demand levels. However, the degree of confidence eased slightly, as some companies highlighted risks stemming from global economic uncertainty and heightened competition.

Dubai PMI

The Dubai non-oil private sector regained momentum in July, amid a recovery in demand growth.

The Dubai PMI rose to 53.5, up from a 45-month low of 51.8 in June, signalling a solid upturn in operating conditions across the non-oil private sector economy.

A key driver of the index's recovery was the new orders component, which indicated a much sharper improvement in sales volumes compared to June. This stood in stark contrast to the overall UAE trend, where growth weakened. Survey participants often reported better business conditions and an increase in new client enquiries.

As a result, Dubai non-oil firms expanded their output at the sharpest rate in five months while continuing efforts to increase employment and inventories. Supplier delivery times improved in July, albeit at a relatively mild pace, with some reports of shipping disruptions.

Although input costs rose at the fastest pace since April, overall inflationary pressures remained relatively modest. Consequently, non-oil firms raised their selling prices at the slowest rate in eight months.

Contact

David Owen
Senior Economist
S&P Global Market Intelligence
T: +44 1491 461 002
david.owen@spglobal.com

Kriti Khurana
Corporate Communications
S&P Global Market Intelligence
T: +91-971-101-7186
kritikhurana@spglobal.com
press.mi@spglobal.com

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.