S&P Global UAE PMI®

Sales growth continues to weaken, but activity holds up in August

August 2025

Slowest increase in new work since June 2021

Activity growth improves to six-month high, and confidence rises

Purchasing levels drop slightly after over four-year growth run

Demand signals from the UAE PMI® survey data weakened in August, as total sales intakes in the non-oil economy rose at the weakest rate in over four years. Also, firms' input purchases declined as they looked to reduce their stock positions. However, output growth and business confidence edged higher.

Survey panellists also highlighted less favourable supply chain conditions in August, with delivery times recording the smallest improvement in nearly four years. Greater wage inflation meanwhile led to the fastest uplift in average cost burdens since February.

Despite these challenging signals, 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 in August, increasing to 53.3 from July's 49-month low of 52.9. The index was still above the 50.0 neutral mark and therefore indicated an improvement in conditions.

The PMI was partially lifted by a sharper expansion in output levels midway through the third quarter of the year. In fact, the uplift in activity was the fastest for six months and slightly better than the survey's long-run trend. Panellists often noted that higher sales intakes, ongoing project work and growth in local markets underlined the upturn.

The seasonally adjusted New Orders Index dropped to its lowest level since June 2021, indicating a softer rise in company sales. Competitive pressures were often highlighted, while some firms cited that supply chain challenges had made it harder to complete sales. On this, the survey data indicated only a fractional improvement in vendor performance in August, one that was the softest in almost four years as some firms faced delays getting goods through customs.

With demand momentum easing, non-oil businesses made cuts to their input purchases over the course of August. Buying quantities fell for the first time in just over four years, leading to another contraction in stocks of purchases. Firms commented that weaker sales growth had sapped their input

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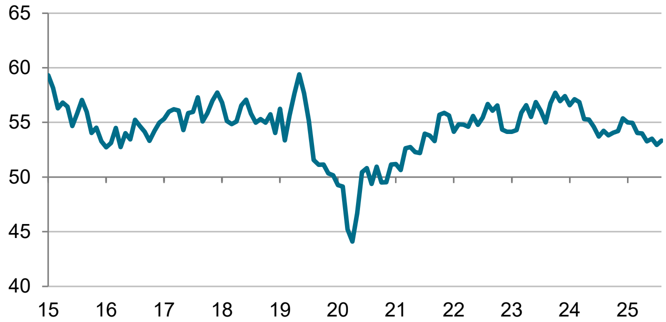
Index, sa, >50 = improvement m/m



Data were collected 12-22 August 2025.
Source: S&P Global PMI. ©2025 S&P Global.

Comment

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

"Sales growth weakened again in the UAE non-oil private sector in August, easing for the fourth month running and bringing the new orders index down to its lowest level since the middle of 2021. The slowdown added to concerns of fading growth momentum and meant that output was increasingly reliant on backlogs of work.

"In addition, a renewed drop in the amount of inputs purchased by non-oil businesses, the first since mid-2021, provides a further sign of fading demand in the second half of this year. The reduction came amid a softer improvement in supply chain conditions, which was also said to have disrupted markets.

"While purchase price inflation came down in August, this was counteracted by an upsurge in wage inflation as recruitment activity remained healthy and cost-of-living rises drove salary demands higher. Selling prices also rose at a quicker pace in August, which may become a concern for consumers if the trend continues."

requirements and inventory building appetite.

Outstanding business volumes were on the march again in August. The survey data signalled another sharp increase in backlogs, which has generally been the case since early-2024.

The rate of input price inflation quickened for the second month in a row in August, rising to its highest level since February. The chief driver of growing cost pressures was wages, which many companies raised due to cost-of-living pressures and performance incentives. This was accompanied by a marginal uptick in employment across the non-oil sector. On the flip side, falling demand for purchased items led to a softening of purchase price inflation.

In turn, non-oil companies raised their selling charges at a faster pace. Although modest overall, the rate of increase was the sharpest in five months and among the highest in the series history. According to firms, price hikes reflected both higher costs and strong sales.

Finally, output expectations improved in August, with firms on balance the most confident since last October. Several companies cited hopes that stable domestic economic conditions and strong client relationships would help to sustain growth in the year ahead.

Dubai PMI

Business conditions in Dubai saw another solid improvement in August.

The Dubai PMI posted 53.6 in August, up slightly from 53.5 in July, to signal a robust upturn in the health of the non-oil private sector economy.

Businesses expanded their output at the sharpest rate for seven months in August, underlined by increased client sales and project activity according to panel members. Total order books also grew, albeit to a lesser extent than that seen in July.

Supply chains were disrupted in August, as overall delivery times lengthened for the first time since March 2024. Combined with reduced demand for new inputs, this led to the quickest contraction in inventories in just over a year.

Input price pressures accelerated for the second month running, but remained less steep than those recorded across the UAE. Meanwhile, selling prices were marked up for the ninth straight month.

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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.