

S&P Global UAE PMI[®]

Employment falls as output growth slips to five-year low

June 2026

Staff numbers decrease at fastest pace since August 2020

Supply chain performance improves, but cost inflation persists

Domestic spending and government investment anchor business confidence

The UAE non-oil private sector experienced its weakest expansion in over five years during June. While resilient domestic spending and public investment growth supported firms, the broader economy faced further headwinds from geopolitical disruptions, cautious client activity and competitive pressures. June's challenges were most evident in the data for employment, which contracted at the sharpest rate since August 2020.

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 from 52.6 in May to 50.8 in June, indicating only a marginal improvement in operating conditions that was the weakest recorded since February 2021.

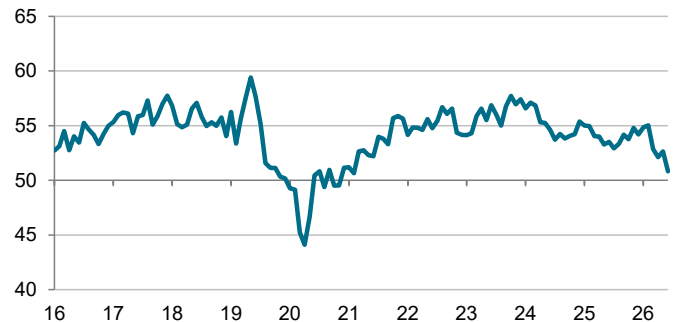
Total private sector activity expanded at the slowest rate in five years in June, as growth was reportedly constrained by the detrimental impact of the Middle East conflict. Firms mentioned that construction projects, digital services expansion and robust sales pipelines provided pockets of strength, but these were insufficient to offset broader weakness.

New business growth, despite accelerating to a three-month high, also remained well below the historical average, as customers delayed spending decisions. Tourism sector weakness and elevated price pressures were highlighted as dampeners on demand.

Consequently, the labour market experienced its first contraction in over four years and one that was the sharpest since August 2020. The reversal in hiring trends reflected not only demand weakness, but also the impact of rising costs and productivity drives. The reduction in staffing enabled companies to stabilise wage costs for the first time in nearly three-and-a-half years.

Capacity pressures remained muted in June, with backlogs

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



Data were collected 11-24 June 2026.
Source: S&P Global PMI. ©2026 S&P Global.

Comment

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

"The robust nature of the drop in employment underscores the hit to firms from the double whammy of soft client demand and rising cost burdens. While there were modest signs of an improvement in June, new business growth remained relatively mild, as clients continued to delay spending and tourism activity remained sparse. Similarly, input price inflation was the slowest seen in four months but elevated overall, which led a number of businesses to prioritise cost controls over capacity expansions.

"Looking ahead, recent moves towards an easing of geopolitical tensions in the region should help firms recover demand and normalise supply chains – indeed, the greater movement of shipping along the Strait of Hormuz in June led to shorter delivery times. That said, client caution has persisted so far, and businesses have sufficiently moved to cut staff capacity, suggesting that a rebound in the non-oil sector may turn out to be gradual."

accumulating at the second-slowest pace in two-and-a-half years. Where a rise was observed, firms cited production planning delays caused by shipment disruptions and raw material price volatility.

After contracting in May, purchasing activity at UAE non-oil businesses rebounded sharply in June. The upturn was linked to both sales-related restocking and defensive procurement strategies as firms sought to build buffer inventories against potential material shortages. That said, delivery times improved at the fastest rate in four months as an easing of shipping bottlenecks in the Strait of Hormuz allowed supply chains to recover.

Meanwhile, the survey data again signalled a profitability squeeze at the end of the second quarter. Input costs increased sharply, as firms often reported a rise in purchasing expenses linked to transport fees and commodity inflation. On the output side, firms raised their selling prices modestly in June and the increase was markedly softer than that for input costs. Survey evidence showed that firms were often willing to eat into margins in order to soften the impact of rising competition.

Although output growth softened in June, future expectations were broadly unchanged since May and solidly optimistic. Panellists often cited confirmed contract work or exposure to public sector spending as reasons to be confident, while those dependent on external conditions expressed some caution.

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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Dubai PMI

Dubai-based firms registered only a slight increase in new business in June.

A slowdown in demand growth led the Dubai PMI to fall to 50.7 in June, from 52.0 in May, representing the weakest improvement in the health of Dubai's non-oil private sector since January 2021.

Sales growth was reportedly curbed by continued spending delays and reductions in travel due to the regional conflict. Nevertheless, businesses raised output, with the rate of expansion picking up to the fastest since March.

Evidence of limited capacity strains and greater efforts to control operating costs contributed to a decrease in staff numbers in June. Although marginal, the pace of job losses was the quickest recorded in five-and-a-half years.

Input price pressures remained higher than normal despite easing, while firms decided to raise output charges after discounting them in May.

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PMI by S&P Global

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