News Release
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S&P Global UAE PMI®

UAE non-oil sector sees fastest sales growth in nearly two years

January 2026

Steeper uplift in new orders drives sustained output expansion

Price margins under pressure as input costs rise sharply

Marked improvement in supply chains encourages higher purchasing

UAE non-oil companies enjoyed a rapid increase in new business at the start of 2026, marking the fastest growth in nearly two years. Output expectations also rose, supporting a steep increase in purchasing. However, the uplift in demand was also helped by a suppression of margins.

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 54.2 in December to 54.9 in January, the highest in 11 months. The index signalled a sharp improvement in the health of the sector.

Business activity continued to rise in January, with the rate of growth little-changed from December and marked overall. Survey members frequently indicated that rising intakes of new business had stimulated activity, while some pinpointed an improvement in economic conditions, particularly in sectors such as real estate and technology. That said, there were some mentions of a hit to output from rising competitive pressures, shifts in trade patterns and increased costs.

Similarly, the volume of order receipts at non-oil firms increased sharply in January. The uplift was the fastest recorded in 22 months, demonstrating a solid turnaround in the pace of growth since the middle of last year. Again, firms commented on rising levels of domestic client demand, as well as positive reactions to new products and services. This compared with a relatively modest uptick in new orders from international markets.

Although sales growth accelerated, non-oil firms appeared to tighten their price margins in January in response to market competition. This resulted in only a marginal increase in average prices charged.

The slowdown was particularly stark given that input prices increased at the fastest rate in one-and-a-half years. The survey data signalled that rising demand for raw items, as

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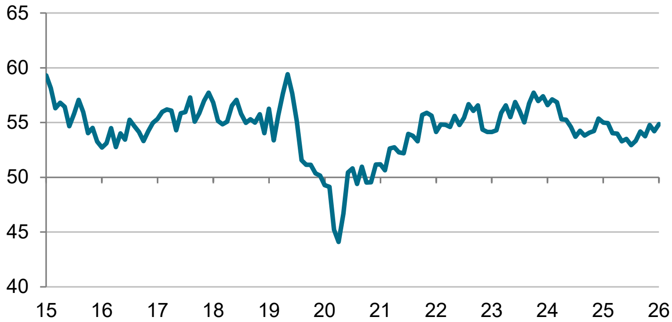
Index, sa, >50 = improvement m/m



Data were collected 12-26 January 2026.
Source: S&P Global PMI. ©2026 S&P Global.

Comment

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

"UAE's non-oil economy started the year on a solid footing, as new orders increased steeply, prompting firms to lift output and sharply expand their purchases. Stock levels were also boosted as lead times decreased rapidly, allowing companies to reduce some of the strain on business capacity.

"A steep increase in purchasing activity, the largest in six-and-a-half years, had a strong impact on input prices in January. Cost inflation across the sector climbed to an 18-month high, with firms facing higher charges on a range of materials. Selling prices saw little movement, suggesting that firms are having to absorb higher costs to avoid losing out in a rapidly growing, but competitive, market."

firms attempted to build up inventories, led to a solid uplift in purchase prices. Companies also faced sustained pressure on their wage costs, although the increase in salaries slowed from December.

On purchasing, January data indicated the sharpest uplift in input buying across the non-oil sector for six-and-a-half years, as stockpiling efforts and rising order books drove up input requirements. Subsequently, firms managed to shore up inventories by the greatest degree since last February.

Firms were able to replenish inputs more quickly in part due to a sharp reduction in average delivery times. Like purchases, supplier performance strengthened to the greatest extent in six-and-a-half years.

Higher inventories, improving supply chains and fewer reports of administrative delays combined to restrict backlog growth in January. Although solid and above the series trend, the latest upturn in backlogs of work was the softest in two years. Capacity pressures were also eased by a sustained (albeit marginal) rise in employment.

Lastly, non-oil firms looked towards the future with a greater degree of optimism. Business expectations improved to the highest level in 15 months, as panellists widely predicted further improvements in demand conditions, as well as expansion efforts.

Dubai PMI

New business growth hit a 22-month high across Dubai.

Businesses in Dubai's non-oil private sector saw operating conditions strengthen markedly as 2026 commenced, as client spending improved and confidence grew. Notably, the overall rate of sales growth accelerated to the quickest since March 2024.

The upturn prompted a faster increase in employment and renewed stockpiling efforts. Although total activity growth slipped from December, it remained steep overall. Firms' assessments of their future activity improved solidly to a four-month high, as firms projected additional increases in client demand.

However, the stronger uplift in business conditions was accompanied by a quicker rise in input prices. Notably, the rate of inflation was the steepest recorded in a year-and-a-half. Concurrently, selling prices rose only slightly and to the least extent in four 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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