



## **Press Release**

**Under strict embargo until: 07:15 (RIYADH) / 04:15 (UTC), June 10<sup>th</sup> 2019**

# **Emirates NBD Saudi Arabia PMI®**

*PMI shows non-oil private sector gaining growth momentum in May*

**Riyadh, June 10<sup>th</sup>, 2019:** Today sees the release of May data from the Emirates NBD Purchasing Managers' Index™ (PMI®) for Saudi Arabia. The survey, sponsored by Emirates NBD and produced by IHS Markit, contains original data collected from a monthly survey of business conditions in the Saudi Arabian private sector.

Commenting on the Saudi Arabia PMI® survey, **Khatija Haque, Head of MENA Research at Emirates NBD**, said:

“The gradual rise in the headline PMI this year suggests that growth in the kingdom’s non-oil private sector is recovering after a relatively soft 2018. Other indicators, such as an improvement in private sector credit growth and rising point of sale transactions in the first quarter of this year are consistent with a modest rebound in private sector activity.”

### **The main findings of the May survey were as follows:**

- Headline PMI climbs to 17-month high of 57.3 amid sustained acceleration in output growth
- Job creation across non-oil private sector remains lacklustre
- Prices charged for goods and services rise for first time in seven months, albeit only marginally

The headline seasonally adjusted **Emirates NBD Saudi Arabia Purchasing Managers' Index™ (PMI®)** – a composite gauge designed to give a single-figure snapshot of operating conditions in the non-oil private sector economy – climbed to a 17-month high of 57.3 in May. Up from 56.8 in April, the index has now risen in six of the last eight months, signalling a sustained improvement in growth momentum.

Output across the non-oil private sector rose sharply and the most since December 2017, buoyed by stronger underlying demand conditions according to reports from surveyed businesses. Inflows of new business likewise increased steeply, with the rate of growth reaccelerating and running at one of the fastest seen over the past four years. This partly reflected a further pick-up in export orders, which rose at the quickest pace since February 2017 (but still far more slowly than overall new business).

While the picture for output and new orders improved, data showed that job creation across the non-oil private sector remained lacklustre. May's rise in employment was the greatest since January but only marginal overall. This was consistent with signs of relatively low pressure on business capacity, as evidenced by only weak growth in backlogs of work.

Firms across the non-oil private sector scaled up their purchasing activity during May to support increased output requirements. Growth in buying levels reached the strongest since late-2017 as a number of firms looked to bolster stock levels amid expectations of higher demand.

Confidence among non-oil private sector firms towards future output remained strong in May, linked to positive forecasts for underlying economic conditions and plans for improved products and services. The degree of optimism did, however, ease since April, when it was close to the highest in over five years.

On the price front, latest data showed an increase in charges for goods and services for the first time in seven months. The modest rise in selling prices followed a near-record fall in April and, according to anecdotal evidence, was driven by a combination of higher costs and stronger demand. Though overall input prices rose the most since last December, the rate of inflation was still subdued by historical standards, with both purchasing costs and wages up only slightly on the month.

-Ends-

**The next *Saudi Arabia PMI Report* will be published on July 3<sup>rd</sup> 2019 at 07:15 (RIYADH) / 04:15 (UTC)**



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**Notes to Editors**

The Emirates NBD Saudi Arabia Purchasing Managers' Index is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 private sector companies, which have been carefully selected to accurately represent the true structure of the Saudi non-oil economy, including manufacturing, services, construction and retail. The panel is stratified by Standard Industrial Classification (SIC) group, based on industry contribution to GDP. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The Purchasing Managers' Index™ (PMI®) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease. IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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Emirates NBD is a leading banking Group in the region. As at 31st March 2019, total assets were AED 525.8 Billion, (equivalent to approx. USD 143 Billion). The Group has a significant retail banking franchise in the UAE and is a key participant in the global digital banking industry, with over 90 per cent of all



financial transactions and requests conducted outside of its branches. The bank was declared the Most Innovative Financial Services Organization of the Year at the 2017 BAI Global Innovation Awards.

The bank currently has 234 branches and 1076 ATMs and SDMs in the UAE and overseas and a large social media following, being the only bank in the Middle East ranked among the top 20 in the 'Power 100 Social Media Rankings', compiled by The Financial Brand. It is a major player in the UAE corporate and retail banking arena and has strong Islamic Banking, Global Markets & Treasury, Investment Banking, Private Banking, Asset Management and Brokerage operations.

The Group has operations in the UAE, the Kingdom of Saudi Arabia, Egypt, India, Singapore, the United Kingdom and representative offices in China, Indonesia and Turkey.

The Group is an active participant and supporter of the UAE's main development and community initiatives, in close alignment with the UAE government's strategies, including financial literacy and advocacy for inclusion of People with Disabilities under its #TogetherLimitless platform. Emirates NBD Group is a Premier Partner and the Official Banking Partner for Expo 2020 Dubai. For more information, please visit: [www.emiratesnbd.com](http://www.emiratesnbd.com): [www.emiratesnbd.com](http://www.emiratesnbd.com)

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