



بنك الإمارات دبي الوطني
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UAE PMI slightly softer in October

The headline UAE PMI eased to 55.0 in October from 55.3 in September. It has been broadly stable between 55 and 56 for the last four months, indicating growth in the UAE's non-oil private sector at a similar rate to last year, when official GDP data showed the non-oil sector expanded 2.5%.

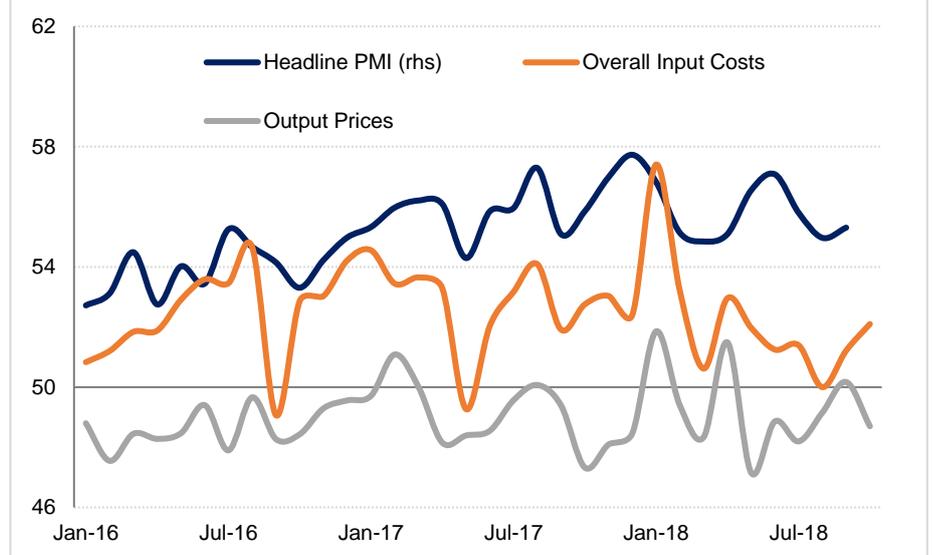
Output growth slowed to the weakest in six months in October, despite relatively robust new order growth. Anecdotal evidence suggested that promotions and price discounts likely contributed to the rise in new orders last month. Indeed, new export order growth also slowed sharply last month.

Employment was broadly flat in October after declining in the prior two months. Staff costs, a good proxy for wages, were also largely unchanged last month. The softness in the labour market is at odds with output and new work growth. However, the increased margin pressures in October likely contributed to firms' reluctance to boost hiring.

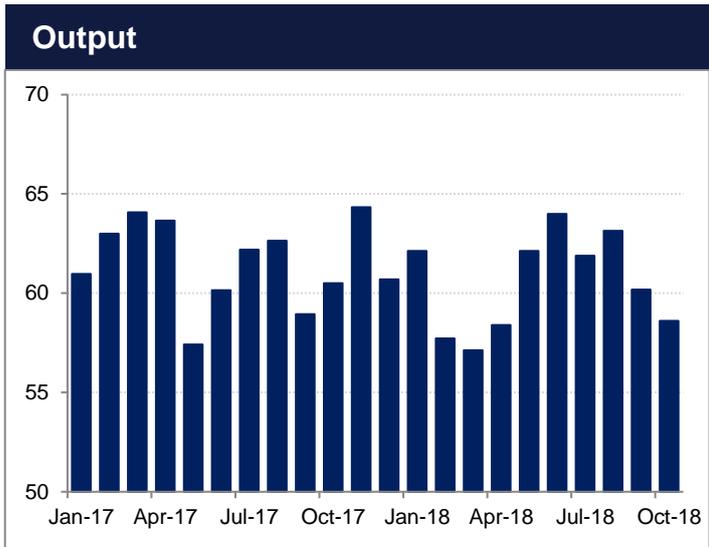
Margins were squeezed further in October as input costs rose while selling prices declined. Input cost inflation was the fastest since April, on higher fuel and raw materials prices. Meanwhile, output prices declined at the sharpest pace in 3 months in October. Selling prices have declined on average in five of the last six months, as firms have had to compete for new business and to stimulate demand.

Business optimism about future output rose to a record high in October, with nearly 78% of firms surveyed indicating they expected their output to be higher in a year's time. The surge in oil prices as well as announcements of increased government spending and Expo 2020 investment may have contributed to improved sentiment last month.

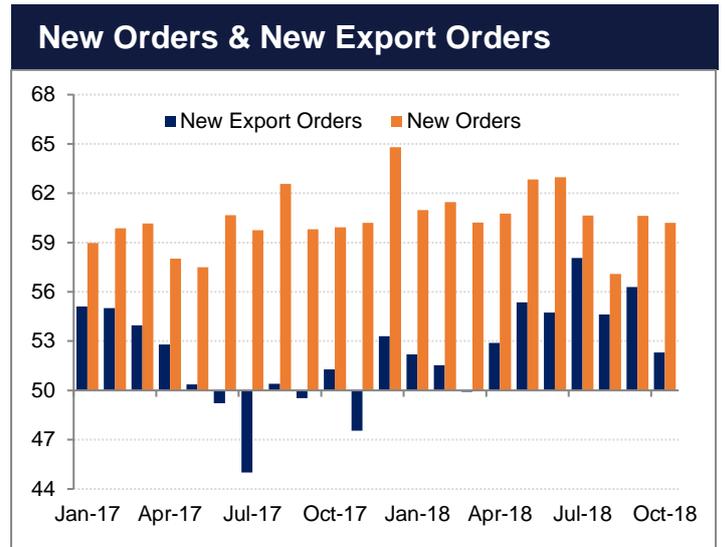
UAE PMI: Margins under pressure in October



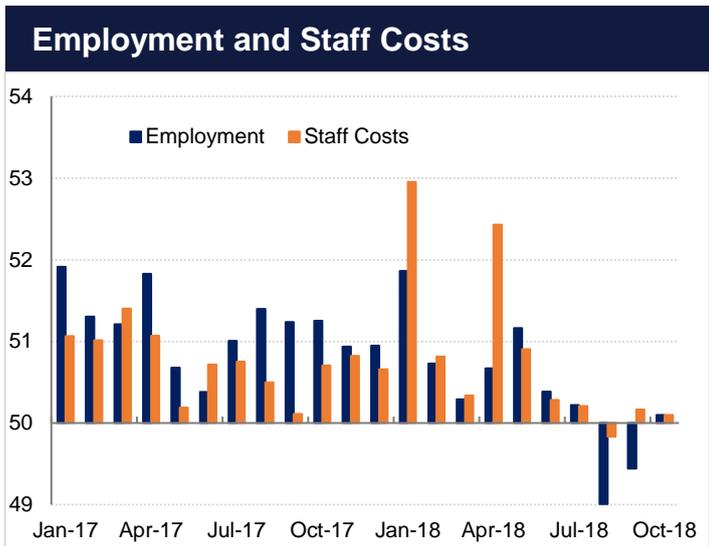
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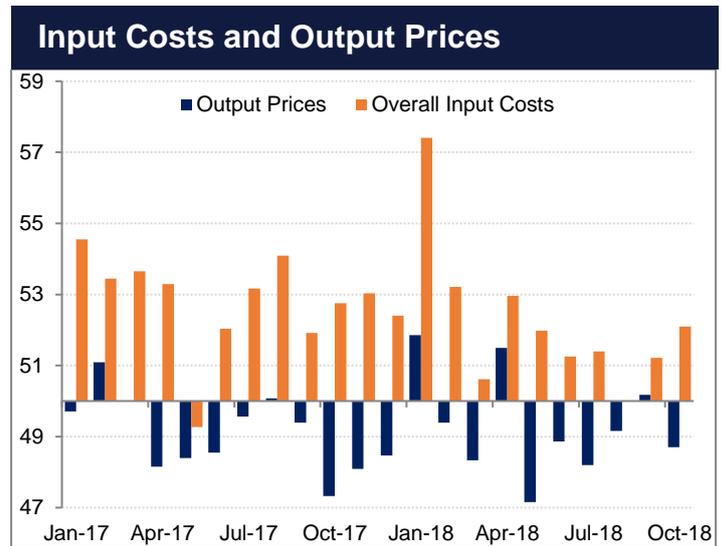
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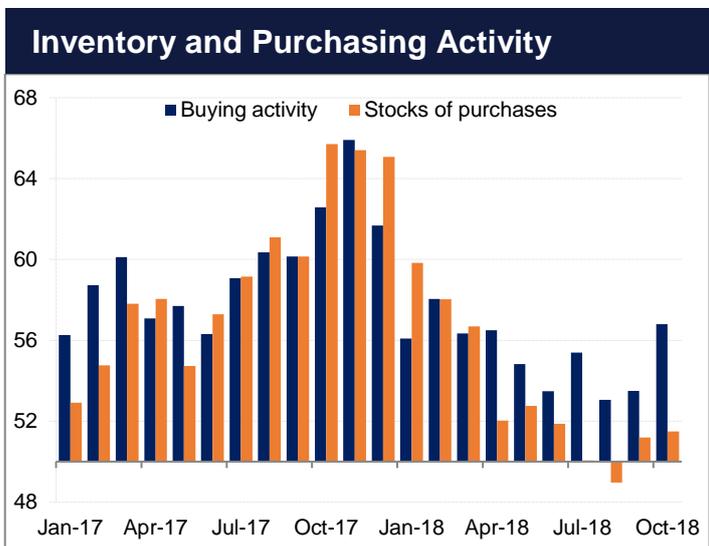
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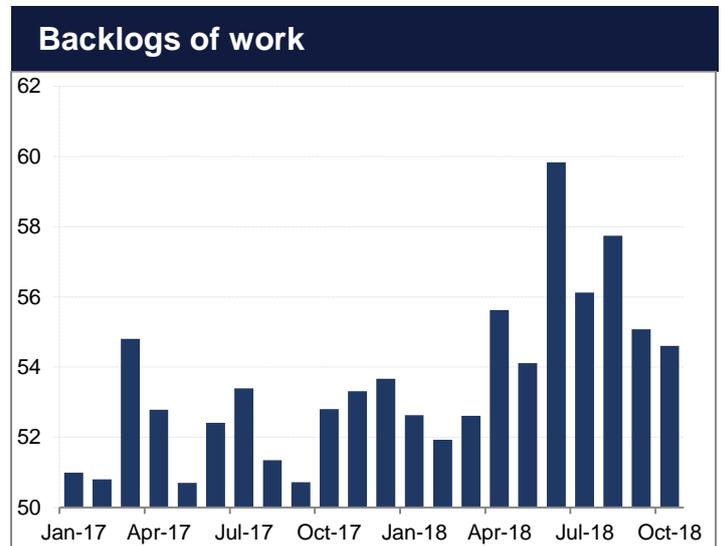
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