



بنك الإمارات دبي الوطني
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Saudi PMI softer in December

The headline Emirates NBD Saudi Arabia Purchasing Managers' Index (PMI) fell to **54.5 in December** from **55.2 in November**. The renewed dip in the headline index following November's 2018 high confirms this year as the weakest in the series, averaging 53.8 as compared to an annual average of 58.0 over the previous eight years. This indicates a fairly weak expansion in the non-oil private economy as compared to previous years, even despite the pick-up in oil prices enjoyed earlier in 2018.

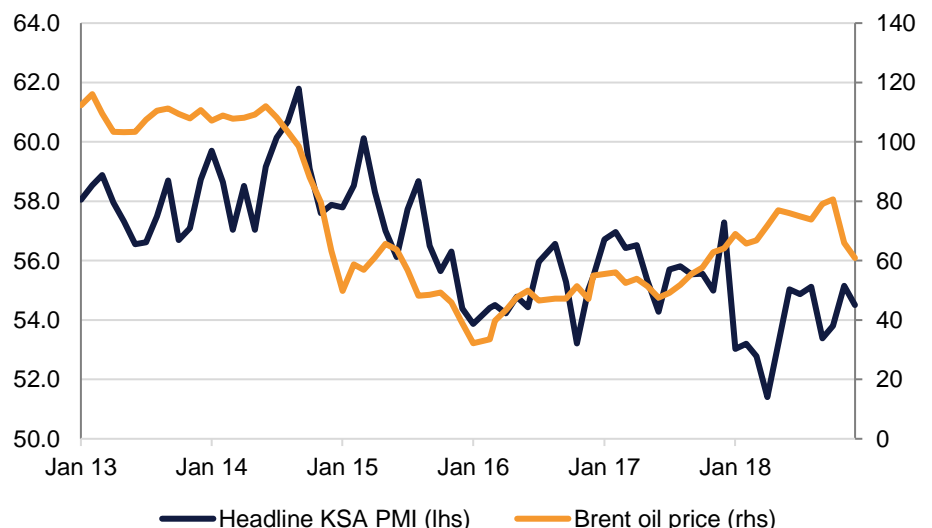
While output dipped from its recent peak in November, it remained comfortably above the 2018 average of 57.6, coming in at **58.2**. New orders followed a similar trend, falling from November but at 58.4 still stronger than seen earlier in the year. However, new export orders remained weak at 50.3, implying that the bulk of new orders are being driven by domestic demand, achieved through continued price discounting.

Output prices decreased at a marginally faster pace in December, at 49.6 compared to 49.8 in November, as firms continued to cite strong domestic competition. This will have contributed to margin pressure for Saudi Arabian firms in December, as **while output prices decreased, input prices remained in expansionary territory at 50.9, up from 50.2 in November**.

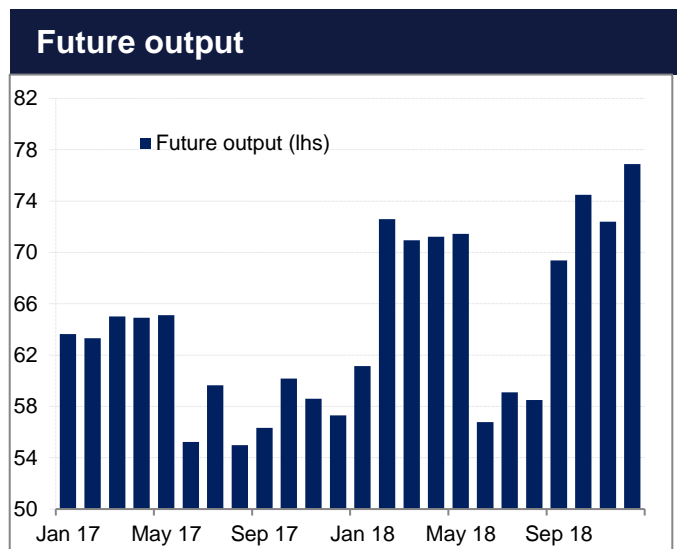
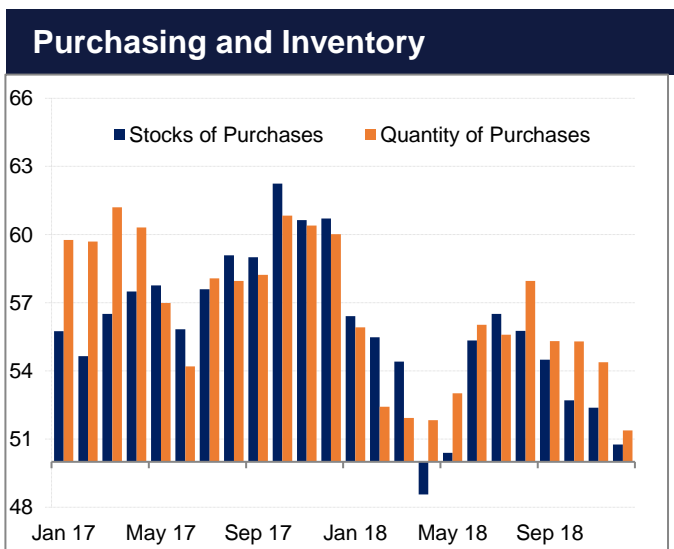
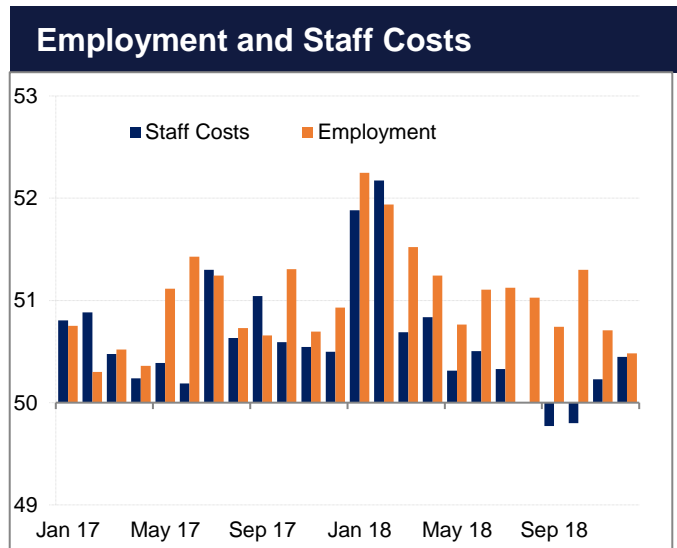
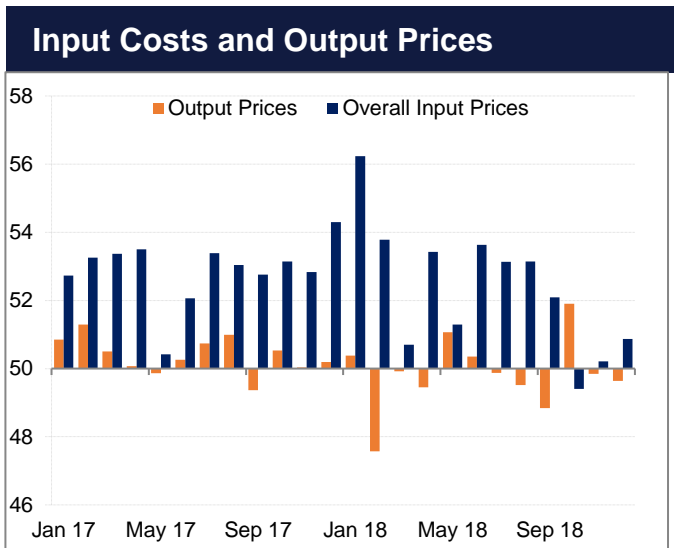
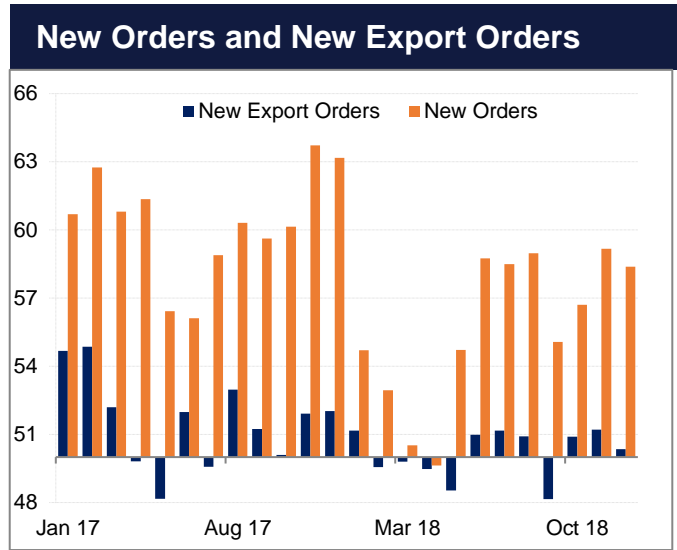
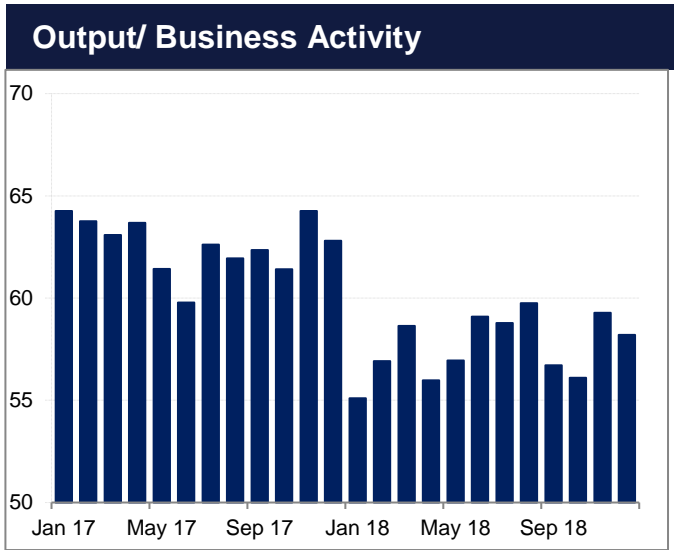
Employment in December was only fractionally higher, with most firms (more than 97%) reporting no change to staffing levels last month. Wage growth was also only marginal in December, as was the case for most of 2018. Purchasing activity and inventory growth slowed in December, with purchasing activity the weakest it has been in the 9 year survey history.

Business optimism remains strong in Saudi Arabia, and the future output index climbed from 72.4 to 76.9, the highest reading in five years. 53.8% of respondents expect that output will be higher in 12 months' time, with no firms expecting a deterioration in conditions.

Saudi Arabia PMI remains low by historical standards



Source: IHS Markit, Emirates NBD Research



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