



بنك الإمارات دبي الوطني
Emirates NBD

Economics
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Khatija Haque
Head of MENA Research
+971 4 230 7803
khatijah@emiratesnbd.com

Dubai Economy Tracker: New orders rebound in January

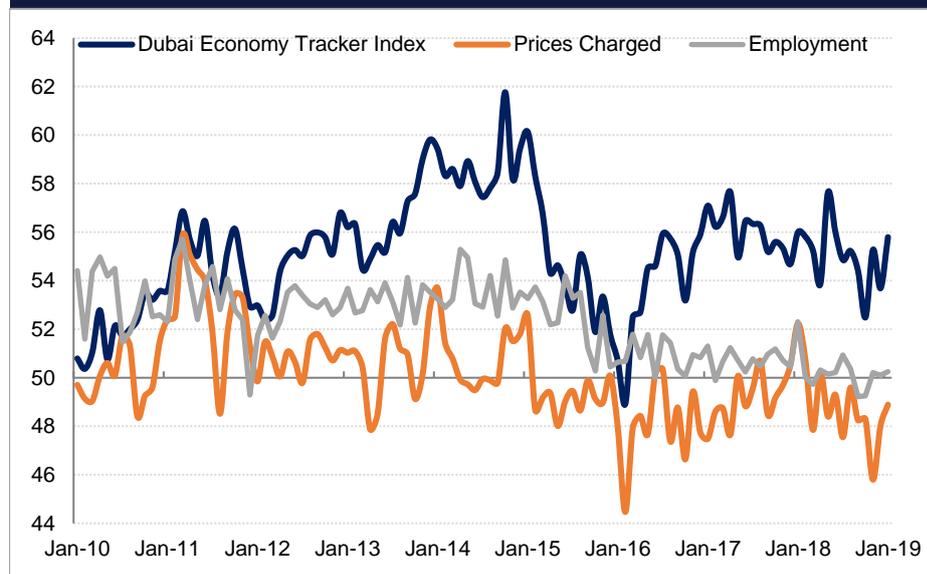
The headline Dubai Economy Tracker Index rose to 55.8 in January from 53.7 in December, on the back of a sharp rise in new orders. The new orders index rose to 62.1 last month, the highest reading since June 2018, and the output index rose slightly as well. However, the growth in new work and output was likely due to price discounting, with selling prices declining for the ninth month in a row. The price discounting was particularly evident in the wholesale & retail trade sector.

The employment index rose to 50.3 in January. While this is the highest reading since August last year, it does not signal a real recovery in job creation, with only 1.6% of firms surveyed reporting higher employment in January.

Private sector firms were the most optimistic about their future output than they have been in more than six years, with more than three-quarters of respondents expecting their output to be higher in a year's time.

In the sector surveys, the wholesale & retail sector saw the sharpest improvement in January, followed by travel & tourism. The construction sector index was broadly unchanged from December 2018.

Emirates NBD Dubai Economy Tracker: A good start to 2019



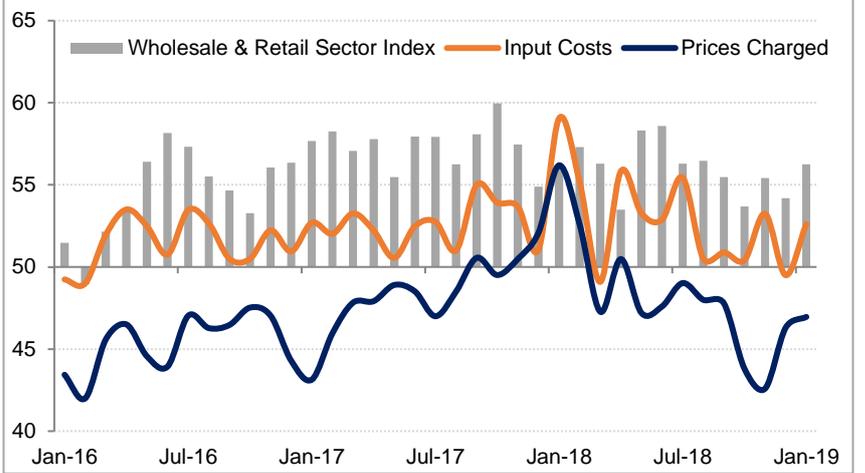
Source: IHS Markit, Emirates NBD Research

Wholesale & retail sector still driven by price discounting

The wholesale & retail sector index recovered to 56.3 in January from 54.2 in December, with both output and new orders rising at a faster rate at the start of 2019. However, demand continued to be underpinned by promotions and price discounting, as the selling price index remained below the neutral 50.0 level. However, the extent of price discounting was less severe than in the prior 3 months.

The employment index was unchanged for the third month in a row, at 50.9, while stocks of purchases grew at the fastest rate since June 2018.

Wholesale & retail sector indicators



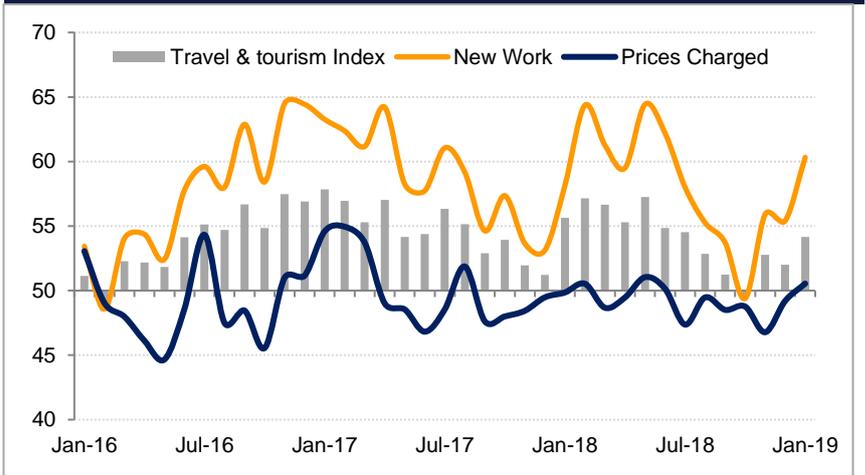
Source: IHS Markit, Emirates NBD Research

Travel & tourism sector index rose to 54.1 in January

The travel & tourism sector index signalled the fastest growth in the sector since July 2018. However, the index is below where it was in Q1 2018. Both output and new work increased at a faster rate last month, and encouragingly, selling prices were broadly unchanged after declining in each of the prior 6 months.

However, the rise in output and new work was not sufficient to justify new hiring - the employment index fell for the second month in a row to 48.9 in January. However, firms in the sector were more optimistic about their future output than they were in December 2018.

Travel & tourism sector indicators



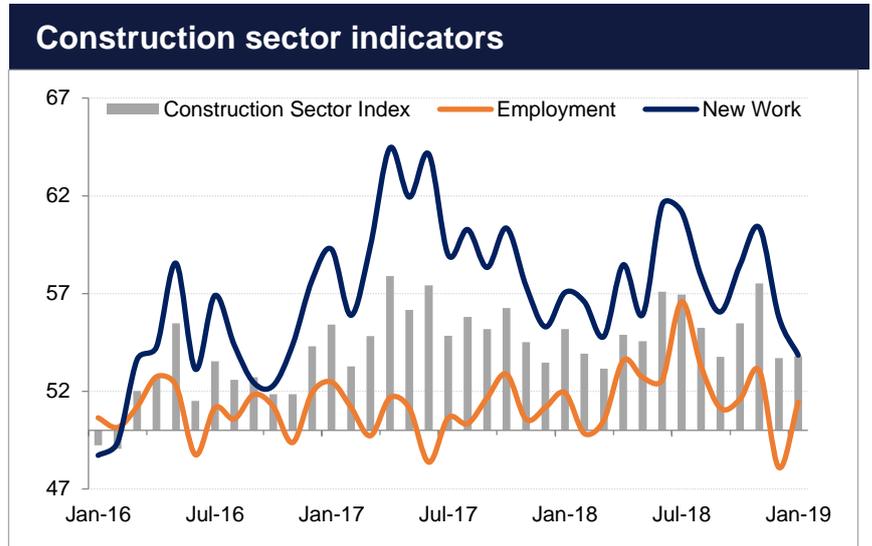
Source: IHS Markit, Emirates NBD Research

Construction sector sees slower new work growth

The construction sector index was broadly unchanged in January at 53.8. Although output remained strong, the new work index declined to 53.8, the lowest reading since October 2016 and signalling slower growth in the pipeline of new work, which has been underpinned by Expo 2020 projects over the last couple of years. However, despite this apparent softening in demand, business optimism in

the sector rose sharply in January, with 80% of firms in the construction sector expecting their output to be higher in a year's time.

Employment in the sector rose modestly in January, after declining in December. Input cost inflation was also contained, and selling prices were unchanged after four months of declines.



Source: IHS Markit, Emirates NBD Research

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Emirates NBD Research & Treasury Contact List

Emirates NBD Head Office
12th Floor
Baniyas Road, Deira
P.O.Box 777
Dubai

Jonathan Morris
General Manager Wholesale Banking
JonathanM@emiratesnbd.com

Aazar Ali Khwaja
Senior Executive Vice President
Global Markets & Treasury
+971 4 609 3000
aazark@emiratesnbd.com

Tim Fox
Head of Research &
Chief Economist
+9714 230 7800
timothyf@emiratesnbd.com

Research

Khatija Haque
Head of MENA Research
+9714 230 7803
khatijah@emiratesnbd.com

Anita Yadav
Head of Fixed Income Research
+9714 230 7630
anitay@emiratesnbd.com

Aditya Pugalia
Director - Financial Markets Research
+9714 230 7802
adityap@emiratesnbd.com

Daniel Richards
MENA Economist
+9714 609 3032
danielricha@emiratesnbd.com

Edward Bell
Commodity Analyst
+9714 230 7701
edwardpb@emiratesnbd.com

Mohammed Altajir
FX Analytics and Product Development
+9714 609 3005
mohammedtaj@emiratesnbd.com

Hessa Al Khawaja
Research Associate
+9714 609 3015
hessaalkh@emiratesnbd.com

Sales & Structuring

Group Head – Treasury Sales
Tariq Chaudhary
+971 4 230 7777
tariqmc@emiratesnbd.com

Saudi Arabia Sales
Numair Attiyah
+966 11 282 5656
numaira@emiratesnbd.com

Singapore Sales
Supriyakumar Sakhalkar
+65 65785 627
supriyakumars@emiratesnbd.com

London Sales
+44 (0) 20 7838 2241

Egypt
Gary Boon
+20 22 726 5040
garyboon@emiratesnbd.com

Emirates NBD Capital

Hitesh Asarpota
Head of Debt Capital Markets.
+971 50 4529515
asarpotah@EmiratesNBD.com

Investor Relations

Patrick Clerkin
+9714 230 7805
patricke@emiratesnbd.com

Group Corporate Affairs

Ibrahim Sowaidan
+9714 609 4113
ibrahims@emiratesnbd.com

Claire Andrea
+9714 609 4143
clairea@emiratesnbd.com