



بنك الإمارات دبي الوطني  
Emirates NBD

## Economics

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# UAE PMI rises in March

The Emirates NBD Purchasing Managers' Index (PMI) for the UAE rose to 55.7 in March from 53.4 in February. Both business output and new orders increased at a faster rate than in February, with output rising at the fastest pace since August 2018. New order growth was supported by a sharp recovery in new export orders, which had seen little change over the prior two months.

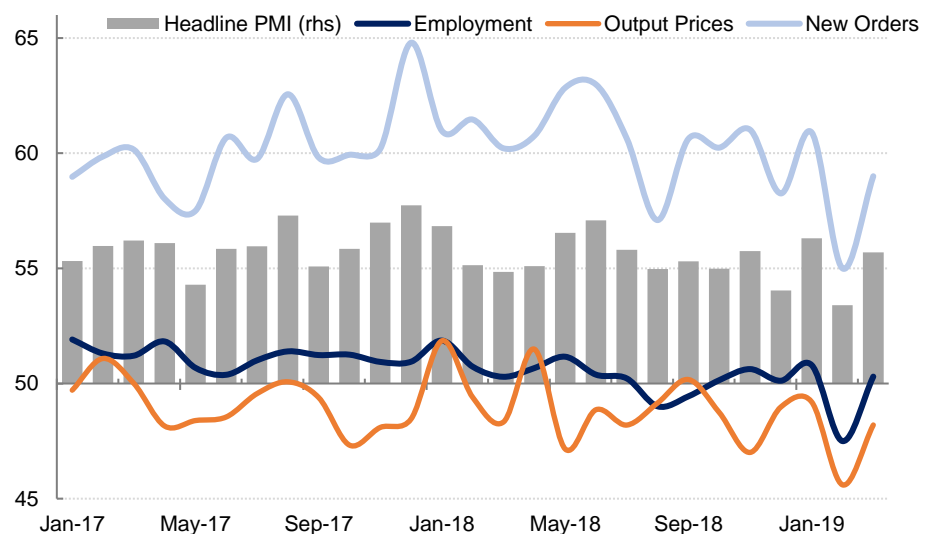
The recovery in business activity and new orders was likely helped by continued price discounting by firms. However, the extent of decline in selling prices was smaller in March compared with February, which saw the steepest price discounting since the series began 10 years ago.

Employment was marginally higher on average in March, following a decline in February. However, despite the sharp rise in output and new work, firms remained cautious on hiring overall. Only 2.6% of panellists reported increased hiring, while 1.1% reported lower headcount relative to February. Once again, staff costs (wages and salaries) were broadly unchanged, as they have been for most of the last year.

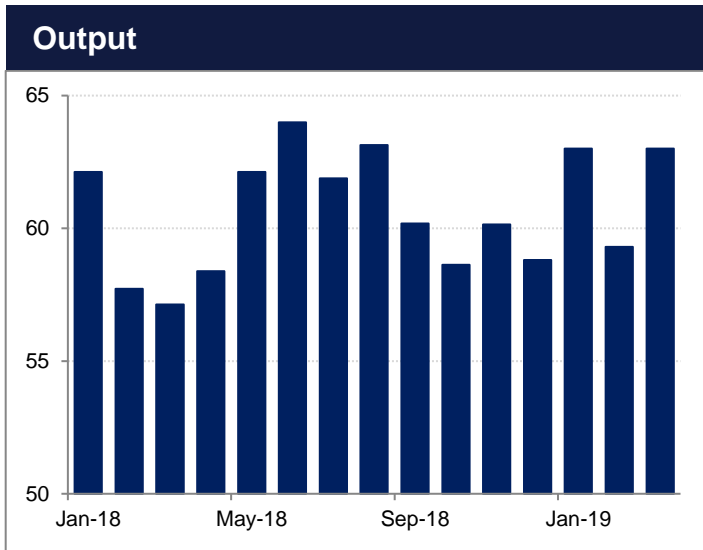
Purchasing activity was sharply higher in March, largely due to the rise in new orders and output. However, stocks of purchases (inventories) increased at the fastest rate since last March, suggesting that firms are anticipating increased demand. Indeed, the future output index rose to a record high of 87.8 last month, with more than three-quarters of firms surveyed expecting their output to be higher in a year's time.

The average PMI reading for Q1 2019 is 55.1, only slightly better than Q4 2018 and lower than Q1 2018. While the March reading is encouraging, the data over the last three months does not yet point to a rebound in non-oil GDP growth in the UAE. However, we do expect faster growth in the non-oil sectors this year relative to 2018 (preliminary official estimates put 2018 non-oil growth at just 1.3%), as construction and infrastructure projects are completed ahead of Expo 2020 and increased government spending announced last year kicks in.

### PMI rebounds on higher output and new work in March



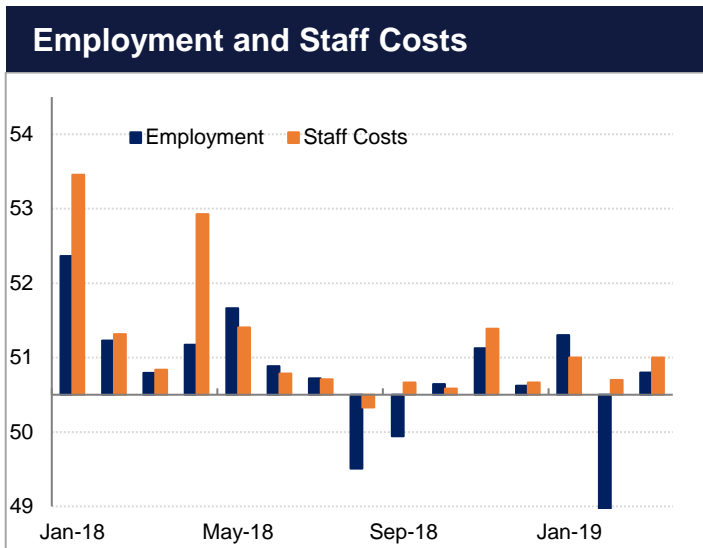
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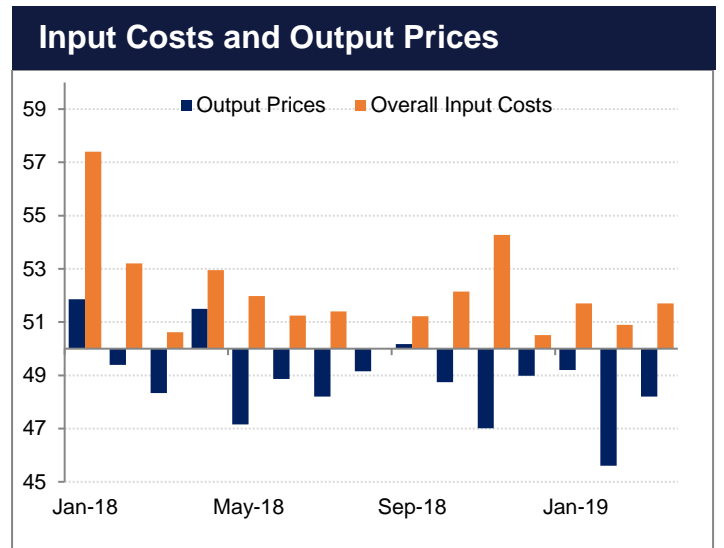
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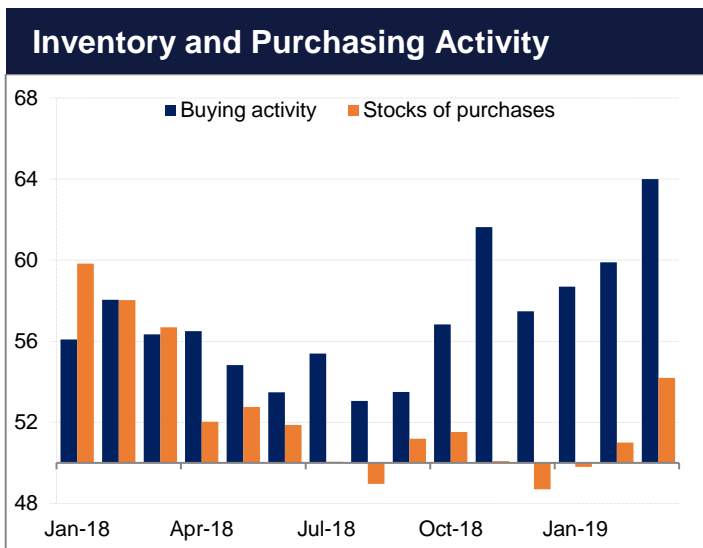
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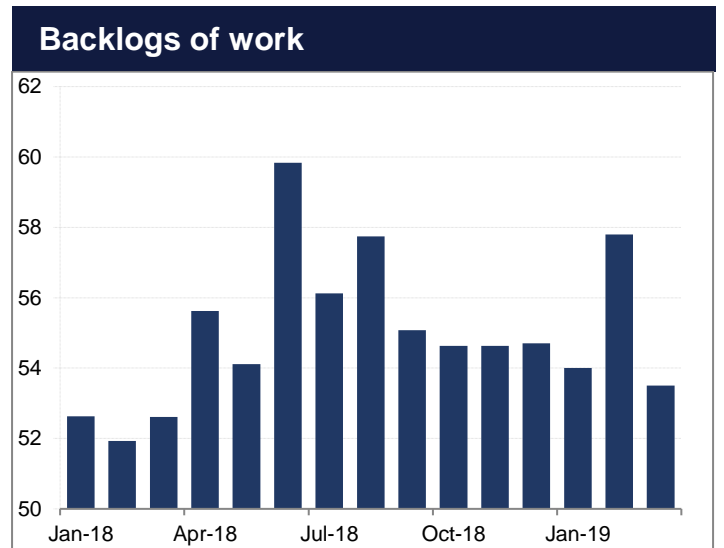
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