



بنك الإمارات دبي الوطني
Emirates NBD

Economics

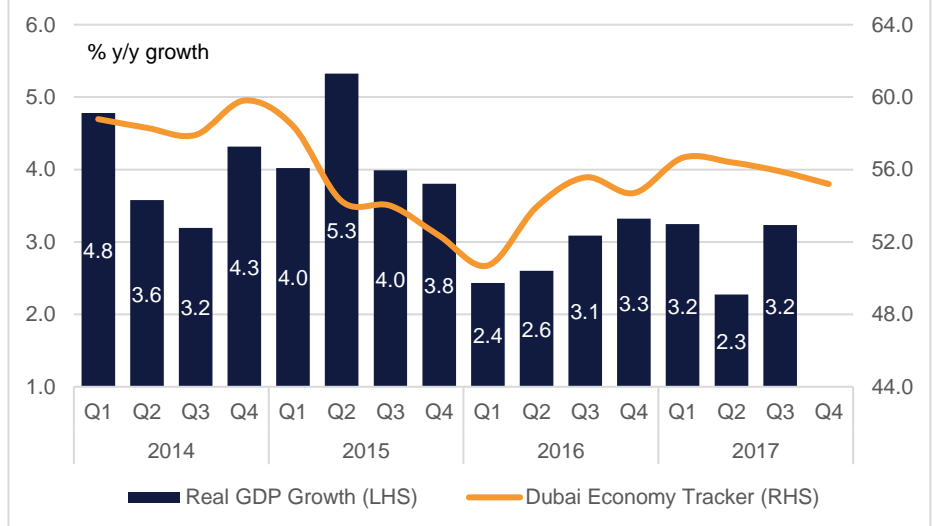
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Dubai GDP Q3 2017: Construction sector rebounds

Dubai's economy expanded 3.2% in Q3 2017

Dubai's GDP growth accelerated to 3.2% y/y in Q3 2017 from 2.3% in Q2 and 3.1% in Q3 2016, according to official data. The highlight in our view was a sharp recovery in **construction** sector growth, which accelerated to 7.7% y/y in Q2 and 7.5% y/y in Q3 2017, the fastest growth rates since the financial crisis. The Emirates NBD Dubai Economy Tracker had indicated a rebound in construction sector activity last year, and this now appears to be confirmed by the official GDP statistics.

Dubai: Quarterly real GDP growth and DET



Source: Dubai Statistics Centre (DSC), Markit, Emirates NBD Research

The fastest growing sectors in the third quarter were among the smallest in terms of GDP: water, sewerage & waste management (26.5% y/y; 0.1% of GDP) and health and social work (17.4% y/y; 1.1% of GDP).

Of the key sectors, **real estate activities** grew 7.9% y/y and the **transport & storage** sector grew 4.2% y/y in Q3 2017. **Wholesale & retail trade** expanded 3.9% y/y after contracting in Q2. However, **manufacturing**, which accounts for nearly 10% of Dubai's GDP, recorded just 0.1% growth over Q3 2016. **Hotels & restaurants** grew 1.6% y/y but this was off a very high base (26.3% y/y in Q3 2016).

The only sectors which contracted in the third quarter of 2017 were **information & communication** (-2.3% y/y) and **finance & insurance** activities (-0.8% y/y).

Overall, Dubai's economy expanded 2.9% y/y in January through September. While this makes our full year forecast of 3.5% look a little out of reach, we believe that growth accelerated sharply in Q4 2017 as businesses and consumers brought forward purchases and boosted output ahead of the introduction of VAT in January 2018. **We expect Dubai's growth to accelerate to 4.0% this year.**

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