

# MENA PMI surveys February 2025

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## Highlights

- The S&P Global PMI survey for the UAE was unchanged at 55.0 in February, well above the neutral 50.0 level that delineates contraction and expansion.
- The Dubai S&P Global PMI survey dipped to a three-month low in February as it fell to 54.3, down from 55.3 the previous month.
- The Riyadh Bank PMI survey for Saudi Arabia cooled from the over a decade high seen in January but remained indicative of a non-oil private sector economy that is firing on all cylinders. The headline index stood at 58.4, down from 60.5 previously.
- Egypt logged a second consecutive month of expansionary readings on its S&P Global PMI survey for February, albeit marginally as the headline index posted a result of 50.1, down from 50.7 the previous month.

### UAE

The S&P Global PMI survey for the UAE was unchanged at 55.0 in February, well above the neutral 50.0 level that delineates contraction and expansion. The year so far has averaged higher than the long-run series trend of 54.4, supportive of our forecast that the non-oil economy will expand by 5.0% this year, in line with our estimate for 2024.



Source: S&P Global, Emirates NBD Research

Output rose at a faster pace in February with nearly 30% of respondents seeing an increase in activity last month, while new orders growth rose at the slowest pace since October, though this is still indicative of a robust pipeline of new business. Domestic orders continued to drive the expansion, with new export orders expanding at a far slower pace than overall, though they did grow at a slightly faster pace than seen in January.

Overall business costs rose at the fastest pace since November and marked the first acceleration in seven months. This was driven by purchase prices which rose at a faster pace than the previous month, while staff costs rose at a slightly softer pace and marginal overall. With their costs heading higher, business raised their prices charged to customers for the second month running and at the fastest pace since September.

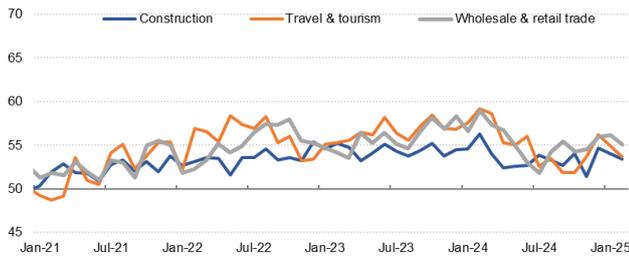
Firms remained broadly positive, with a slight increase in business optimism in February as around 10% of respondents expected output to expand over the next year compared with just 1% expecting a decline.

### Dubai

The Dubai S&P Global PMI survey dipped to a three-month low in February as it fell to 54.3, down from 55.3 the previous month. The fall in the headline index was driven by a sharp slowdown in the employment subcomponent which accounts for 20% of the overall index and fell back to just above the neutral rate from a sharp acceleration the previous two months. By contrast, output saw an equally sharp rise to the highest level since October 2021. Input costs rose at the fastest pace since December 2021 and firms passed some of these on to consumers, although the pace of rises in prices

charged slowed from January. Business optimism was up marginally on the previous month.

### Dubai PMI



Source: S&P Global, Emirates NBD Research

All three of the individually tracked sectors saw a fall in February, and **Construction** had the weakest headline reading once again at 53.4, down from 54.0 in January. Output accelerated on the previous month and business optimism saw a marked improvement but despite this employment turned negative for the first time since February 2022.

**Travel & tourism** fell to 53.7 in February, from 54.9, as new orders expanded at the slowest pace since September 2021. Nevertheless, business optimism improved on the previous month and the employment subcomponent came in higher, albeit only slightly and still only marginally above the neutral level.

**Wholesale & retail** trade fell to 55.1, from 56.2 previously. New orders growth slowed, although it remains at high levels, and there was a modest dip in output. Employment grew at a slightly stronger pace, though still soft, and there was a modest deterioration in business optimism. Prices charged turned negative again in February after rising for the first time since mid-2020 the previous month, as firms look to retain attractiveness in a competitive market.

### KSA

The Riyadh Bank PMI survey for Saudi Arabia cooled from the over a decade high seen in January but remained indicative of a non-oil private sector economy that is firing on all cylinders. The headline index stood at 58.4,

down from 60.5 previously but still well above the neutral 50 line and supportive of our forecast for non-oil GDP growth of 4.5% this year, from a preliminary estimate of 4.3% in 2024 (the final print is due on March 9 2025).

Nearly a third of respondents to the survey recorded an increase in output in February compared with just 2% seeing a decline, while new orders growth remained robust, albeit softer than the near record level seen the previous month. Some firms noted a rise in expats as supporting new order growth domestically while new export orders softened to a three-month low but continued to expand strongly.

### Saudi Arabia PMI



Source: Riyadh Bank, Emirates NBD Research

Business optimism strengthened for the third month running in this positive environment, rising to the highest level since late 2023 as firms expect robust economic growth ahead. Businesses ramped up their hiring as they looked ahead to this increase in businesses and the employment index was at a 16-month high. Businesses continued to build up their inventories, but the pace of purchases slowed from the previous month as some respondents cited a recent build-up of stocks.

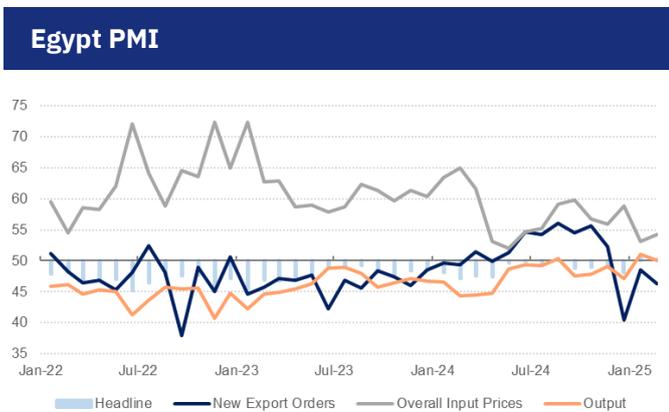
Overall input prices slowed from the January gain but continued to rise at a pace somewhat faster than the series average. This was driven by both purchase costs and staff costs but purchase costs rose at the faster rate of the two, albeit at the slowest pace since October. Firms noted having to raise salaries in order to retain workers. Some of these higher prices were passed on by firms to customers as output prices rose for the fifth

consecutive month, although the degree was modest as some noted competitive pricing.

## Egypt

Egypt logged a second consecutive month of expansionary readings on its S&P Global PMI survey for February, albeit marginally as the headline index posted a result of 50.1, down from 50.7 the previous month. The positive reading over the past two months, the strongest run of results since 2020, suggests that the IMF-supported reform process underway in Egypt has helped foster a more positive environment for private sector activity. That being said, some of the subcomponents of the survey indicate that there remain sizeable challenges to activity. Global and regional political developments over recent months pose a particular concern to Egyptian firms, and business confidence declined in February and remains lower than the series average.

Price pressures picked up in February, with overall prices rising at a faster pace than seen in January. Purchase costs drove the uptick as a strong dollar helped drive up the cost of materials imports including food and cement. On the other hand there was a modest fall in staff costs, the first decline since August 2022, although this was modest overall. Firms passed on their higher input prices to customers at a faster pace than the 54-month low in January but still quite modest overall and the disinflationary trend for CPI inflation should remain intact.



Source: S&P Global, Emirates NBD Research

Output was flat in February following the more than four-year high for the subcomponent seen in January, but new orders recorded a second consecutive month of expansion, with respondents seeing demand coming from the construction and the wholesale & retail sectors. Domestic demand continued to drive the expansion, with new export orders declining for the third month running and at a sharper pace than seen in January. Employment turned negative again in February after starting the year on the neutral rate with some respondents citing difficulty in maintaining headcount as workers sought opportunities abroad.

**Daniel Richards**  
**Senior Economist**  
**Group Research**  
**+971 (0) 4 609 3032**

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