

MENA PMI surveys March 2025

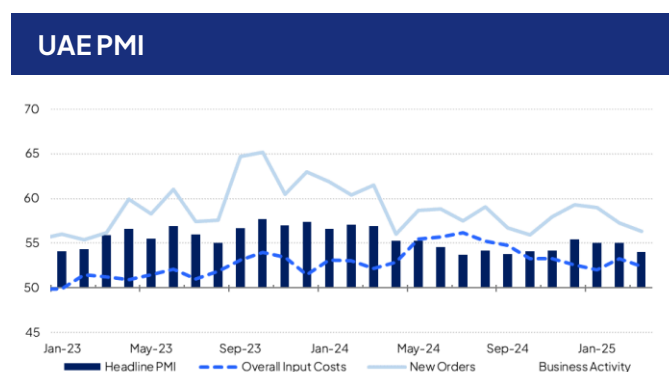
Research | April 7 2025

Highlights

- The S&P Global PMI survey for the UAE fell to 54.0 in March, still comfortably above the neutral 50.0 level that delineates expansion and contraction in the non-oil private sector but down from 55.0 .
- The S&P Global PMI survey for Dubai fell to 53.2 in March, down from 54.3 previously. This was a five-month low for the index and softer than the headline UAE reading.
- The Riyadh Bank PMI survey for Saudi Arabia slipped slightly to 58.1 in March, down from 58.4 the previous month and the softest reading for the index since October last year.
- The S&P Global PMI survey for Egypt slipped back to 49.2 in March, down from 50.1 in February and back in contractionary sub-50 territory after the first consecutive months of growth for the private sector in two years over the previous two readings.

UAE

The S&P Global PMI survey for the UAE fell to 54.0 in March, still comfortably above the neutral 50.0 level that delineates expansion and contraction in the non-oil private sector but down from 55.0 in February and the lowest reading for the survey since September last year. Business activity slipped to a four-month low, but still over a quarter of respondents saw an increase in output in March nevertheless, while only 8% noted a contraction.



Source: S&P Global, Emirates NBD Research

New orders expanded at the slowest pace since October, although they still expanded at a robust pace as respondents noted favourable market conditions amongst other drivers. The slowdown appears to have been driven by slower growth in domestic orders as the pace of growth in export orders was almost unchanged month-on-month. That

being said, domestic orders remain the primary driver of order growth, with export orders expanding at a much softer pace than the headline measure.

Price pressures on businesses in the UAE eased in March as overall input costs rose at a softer pace than in February with only 5% of firms reporting a rise. Purchase costs rose at the slowest pace since December 2023 with some firms noting that easing transport costs offset rising materials prices. Staff costs rose at the same pace in March as seen the previous month, with firms compensating staff for higher living expenses. Despite the softer rise in input costs, businesses raised their selling prices at one of the fastest paces of the last seven years as they looked to boost their margins.

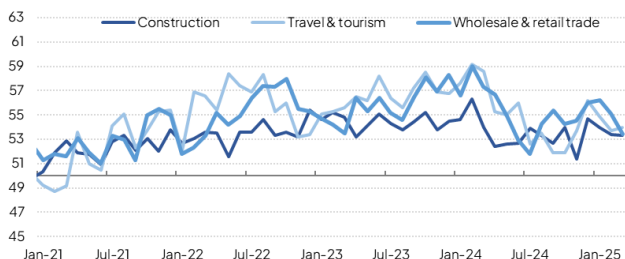
Firms remained modestly confident with regards to the year ahead as business optimism rose to the highest level of the year but remained below the 2024 average. Around 10% of respondents expect higher output in 12 months' time.

Dubai

The S&P Global PMI survey for Dubai fell to 53.2 in March, down from 54.3 previously. This was a five-month low for the index and softer than the headline UAE reading. There was a notable slowdown in activity growth, with output expanding at the softest pace since September 2021. New orders expanded at a slightly faster pace than in February, and business

confidence ticked up to a four-month high. Input costs softened slightly but firms still raised prices at a faster pace than the previous month.

Dubai PMI



Source: S&P Global, Emirates NBD Research

Travel & Tourism rose to 54.0 in March, up from 53.7 the previous month and the only sector index to log an improvement. There was a marked acceleration in new orders growth which was at the highest level in three months, and business expectations improved. Nevertheless, firms cut headcount for the first time since December.

Wholesale & Retail fell to 53.4, down from 55.1 previously. Output expanded at the slowest pace since August last year and there was a significant slowdown in new work. In this environment businesses cut their staffing levels for the first time since November, and business optimism softened. Nevertheless, businesses raised their prices for customers after a decline in February even as input costs rose at a softer pace.

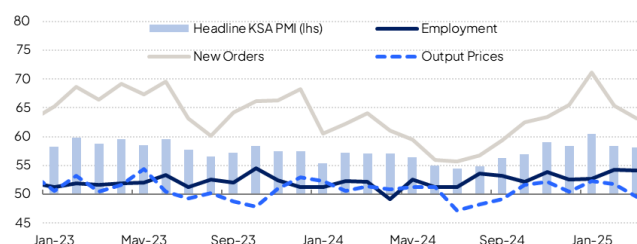
Construction was almost unchanged at 53.3 in March, down only slightly from February's reading of 53.4. There was a sharp slowdown in output though it still indicated a robust expansion and firms increased their headcount as they looked to deliver on new orders which accelerated from February.

KSA

The Riyadh Bank PMI survey for Saudi Arabia slipped slightly to 58.1 in March, down from 58.4 the previous month and the softest reading for the index since October last year. Nevertheless, this remains a strong

reading comfortably above the recent average for the index, indicative of a private non-oil sector that continues to expand at a robust pace. Business output fell to a five-month low in March but it continued to grow strongly with over a fifth of respondents noting higher activity while only 3% saw a fall.

Saudi Arabia PMI



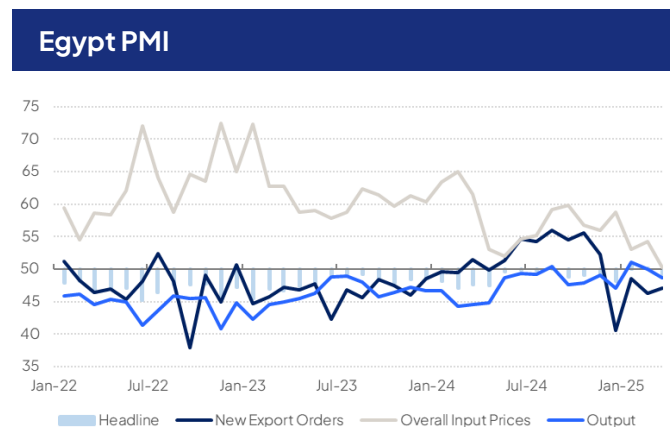
Source: Riyadh Bank, Emirates NBD Research

The outlook for the coming months remains strong as while new orders also fell to a five-month low, they still grew at a robust pace. The expansion was driven primarily by domestic orders, reflecting the huge pipeline of project working ongoing in Saudi Arabia which is supporting non-oil activity. New export orders, while still positive, grew at a materially softer pace, with some Saudi Arabian firms noting strong competition from global companies.

Overall input prices rose at the slowest pace since February 2021 in March, only moderately above the neutral level as both purchase prices and staff costs saw disinflation on the previous month. The purchase costs component was at a low last seen in August 2021 with only manufacturing and construction seeing higher prices. Staff costs rose at the slowest pace since July last year, although the subcomponent remained above the long-run average as businesses compensated workers for a higher cost-of-living. The softer rise in input prices gave businesses room to cut their output prices for the first time since September last year, with significant discounting in the wholesale & retail trade. Firms cut prices charged in order to remain attractive in an increasingly competitive private sector environment, with some firms also noting that increased competition had an impact on their orders last month.

Egypt

The S&P Global PMI survey for Egypt slipped back to 49.2 in March, down from 50.1 in February and back in contractionary sub-50 territory after the first consecutive months of growth for the private sector in two years over the previous two readings. The headline reading was still stronger than the average of the past several years but the decline was fairly broad based across the subcomponents of the index and there is significant uncertainty around the coming months.



Source: S&P Global, Emirates NBD Research

Output fell back to its sharpest contraction since October in March, following a neutral reading the previous month, with new orders contracting once more. New export orders continued to lead the decline in overall new work, although they contracted at a slightly softer pace than seen in February. In more positive news, overall input prices rose at only a modest pace, increasing at the slowest rate in nearly five years. Only 4% of respondents to the survey noted a rise in their purchase prices which rose at the slowest pace since the start of the Covid-19 pandemic, while staff costs declined for the second month running, albeit at a slightly softer pace. Firms did pass on higher costs to consumers but only moderately in a positive signal for weaker CPI inflation this year.

While Egypt's economic position has undoubtedly vastly improved since the start of 2024, the uncertainty around global trade developments and how they will impact the Egyptian economy is clearly having an impact on the PMI survey. Only 2% of businesses surveyed expect an uptick in their output over the next year, and with lower new orders and the confidence index at a four-month low, firms are not hiring, with employment falling for the second month running.

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