MENA PMI surveys April 2025

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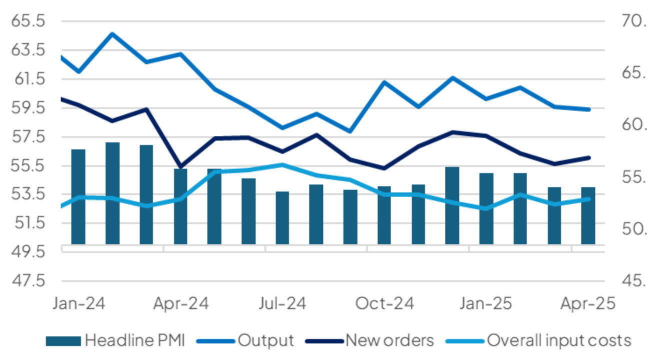
Highlights

- The S&P Global PMI survey for the UAE was unchanged at 54.0 in April, still indicative of solid growth in the non-oil private sector though moderately weaker than the 54.7 averaged over the first quarter.
- The Dubai S&P Global PMI survey slipped to 52.9 in April, down from 53.2 the previous month. This marked the joint-softest pace of growth for the headline index since September 2021, in line with the level recorded in July last year.
- The Riyad Bank PMI survey for Saudi Arabia fell to 55.6 in April, down from 58.1 the previous month.
- The S&P Global PMI survey for Egypt slipped to 48.5 in April, down from 49.2 the previous month. This was the second consecutive contractionary reading for the index.

UAE

The S&P Global PMI survey for the UAE was unchanged at 54.0 in April, still indicative of solid growth in the non-oil private sector though moderately weaker than the 54.7 averaged over the first quarter. Output continued to expand, though the pace did continue to moderate, slipping back to a seven-month low. Just over a quarter of respondents saw an increase in business activity, compared with just 7% logging a decline. The pipeline for the coming months remains positive, with new orders expanding at a faster pace again in April after the sub-component slipped to a five-month low in March. Part of this acceleration was driven by a rise in new export orders which rose at the fastest pace since November.

UAE PMI



Source: S&P Global, Emirates NBD Research

With stronger new order growth there was a moderate uptick in business expectations which improved for the third month in a row, with a little over 10% expecting higher input in 12 months' time. In this environment firms increased their headcount at the fastest pace in nearly a year, rebounding from the multi-year low for the sub-component seen in March.

Firms noted a need to reduce backlogs of work as they continued to rise sharply in April, albeit at the slowest pace in six months.

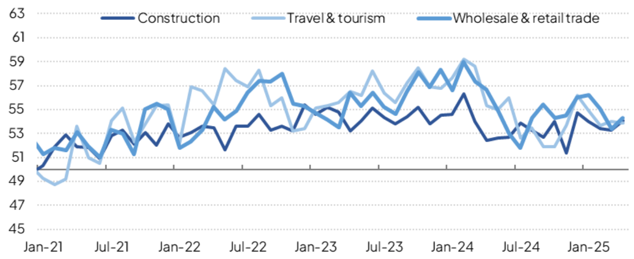
Overall input costs rose more rapidly in April, driven by higher purchase costs which picked up again after slowing in March. Raw materials and transport were noted as driving the uptick. Staff costs continued to rise but at a marginally slower pace than seen the previous month. With their costs rising, businesses continued to raise their selling prices for customers as output prices increased for the fourth consecutive month. The rise was only modest, however, with many firms still discounting.

Dubai

The Dubai S&P Global PMI survey slipped to 52.9 in April, down from 53.2 the previous month. This marked the joint-softest pace of growth for the headline index since September 2021, in line with the level recorded in July last year. Activity continues to expand at a solid pace, well above the neutral 50.0 line, and output accelerated compared to the previous month. New orders still expanded at a strong rate, albeit slower than in March, but there was a sharp deterioration in business confidence which fell to one of the lowest levels in the series. Nevertheless, firms raised headcount again in April after employment fell the previous month.

Travel & tourism was only marginally lower in April at 53.9, down from 54.0 in March. Output accelerated compared with the previous month and firms raised headcount once more after there was a drop in employment in March. New orders slowed compared with the previous reading, though still expanded more rapidly than they did in February. Business confidence declined and firms cut their prices charged for the first time since November as they looked to retain competitiveness, even as their input costs rose more swiftly.

Dubai PMI



Source: S&P Global, Emirates NBD Research

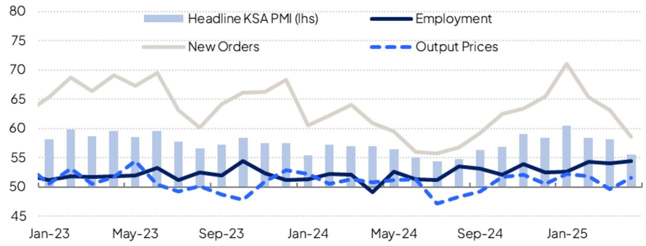
Construction rose to 54.1 in April, up from 53.3 the previous month. Input costs rose at a slightly more modest pace than in March, and firms raised their prices only softly, with the prices charged sub-component only just above the neutral line. Headcount rose at the fastest pace since October.

Wholesale & retail picked up to 54.3, from 53.4 previously. Output accelerated, rising at the fastest pace since January, and new work also rose at a faster pace. Firms increased headcount in order to cope with the uptick in orders, with hiring expanding again after a decline in March.

Saudi Arabia

The Riyad Bank PMI survey for Saudi Arabia fell to 55.6 in April, down from 58.1 the previous month. This marked an eight-month low for the headline index, though it remains well above the neutral 50.0 line and indicative of still robust activity in the non-oil private sector. Output rose at the slowest pace since September, while new orders continued to moderate from the very high levels seen at the start of the year and dipped below the long-run average. This slowdown in orders appears to have been driven by slower growth in domestic orders as export orders rose at a faster pace in April than in March. Nevertheless, over a quarter of respondents to the survey saw growth in new orders compared to just 11% seeing a decline.

Saudi Arabia PMI



Source: Riyad Bank, Emirates NBD Research

While activity might have slowed it continues to grow at a robust pace on aggregate, and firms raised their headcount as a result with the employment sub-component at its joint highest level in over a decade. Services in particular saw strong new job creation. The growth in headcount helped businesses reduce backlogs of work in April. Firms' business optimism picked up in April though it remains lower than the series average.

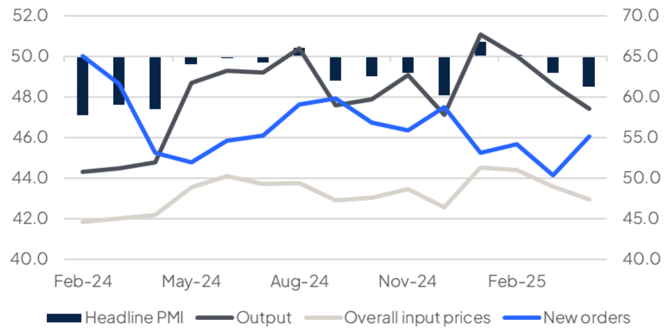
There was a sharp acceleration in overall input prices in April, especially compared with the multi-year low for the sub-component in March. This was driven by an acceleration in both purchase costs and staff costs. Firms noted higher raw materials prices last month, while staff costs rose at the fastest pace in the series history with cost-of-living pressures maintaining pressure on wages.

Egypt

The S&P Global PMI survey for Egypt slipped to 48.5 in April, down from 49.2 the previous month. This was the second consecutive contractionary reading for the index following on from two months of 50.0-plus expansion in January and February which had been the strongest run in several years. Output contracted at the fastest pace in four months with only 3% seeing an uptick in business activity while 9% saw a decline. The outlook for the coming months appears quite weak also with new orders contracting at a sharper pace as respondents noted weaker demand. This was particularly acute in new export orders which contracted sharply and at the fastest pace since December.

In this weaker sales environment firms reduced their headcount for the third month in a row, with employment falling at a marginally swifter pace in April than in February and March. Nevertheless, firms were marginally more positive regarding the next 12 months, with 6% of respondents expecting a pick-up in activity, leaving the sub-component at its highest level in three months.

Egypt PMI



Source: S&P Global, Emirates NBD Research

There was a sharp rise in input costs in April which accelerated at the fastest pace since December. This was driven primarily by higher purchase costs which soared on the back of fuel and raw materials. Staff costs returned to an expansionary reading after falling in February and March but the rise was modest compared to purchase costs. Firms linked higher staff costs with higher cost-of-living expenses for employees.

Despite the higher input prices, firms kept their prices charged unchanged on aggregate in April, the first time that output prices have not risen in over four and a half years. This should help keep upwards pressure on CPI inflation – 13.6% y/y in March – moderate, though should input prices continue to rise at the same pace output prices would likely follow as margins are squeezed.

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