Regional Macro

Regional PMIs ease as cost pressures build

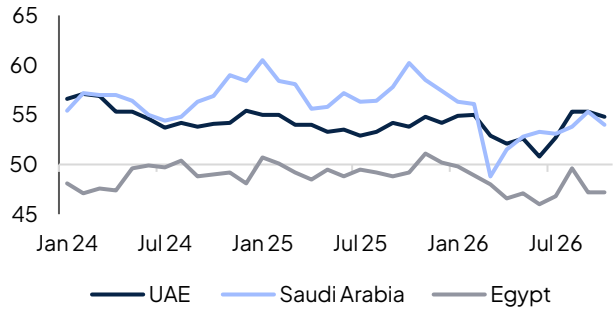
4 November 2026

- UAE and Saudi PMIs eased to 54.8 and 54.0 in October, while Egypt's unchanged 47.2 reading masked sharper declines in output and orders.
- UAE export orders grew at their fastest pace in two years; Saudi sales remained domestically driven as export orders contracted for an eighth month.
- Selling prices rose at a record pace in the UAE and Dubai, while competition limited Saudi pass-through despite rising costs.

October's PMI surveys point to continued expansion in the non-oil private sectors of the UAE and Saudi Arabia, despite lower headline readings than in September. Demand remained firm in both countries, although the after-effects of the regional conflict continued to disrupt trade and raise costs. Egypt's headline PMI was unchanged, but sharper declines in output and new orders pointed to weaker underlying conditions.

The UAE's S&P Global PMI slipped to 54.8 from 55.3, still comfortably above June's low of 50.8. Dubai's index edged up to 54.6 from 54.5. Saudi Arabia's Riyad Bank PMI fell to 54.0 from 55.3, its seventh consecutive expansionary reading but below its long-run average. Egypt's S&P Global PMI held at 47.2, extending its contractionary run to 10 months.

Headline PMI surveys

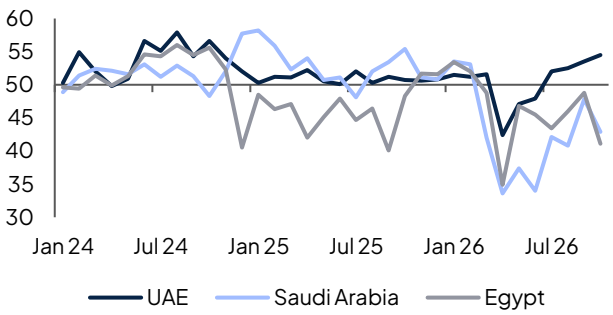


Source: S&P Global, Riyad Bank, Emirates NBD Research

Demand trends again differed across the region. UAE new orders grew strongly, while export orders expanded at their fastest pace in two years. Dubai also recorded a sharp increase in new business. New order growth in tourism and retail was the fastest since February, while construction orders rose at their quickest pace since mid-2019.

The performance was more mixed elsewhere. In Saudi Arabia, new order growth eased from September's seven-month high but remained strong. Domestic demand continued to drive sales, with export orders contracting for an eighth consecutive month and at their fastest pace since August. Firms cited shipping disruption and higher transport costs as drags on foreign demand.

New export orders



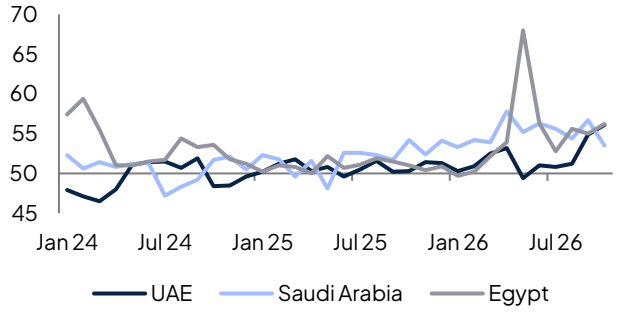
Source: S&P Global, Riyad Bank, Emirates NBD Research

Conflict-related supply disruption also weighed on Egypt's export orders, which fell at their fastest pace since April. Total new orders contracted more sharply than in September as higher prices dampened demand, and output fell at its fastest pace in four months. Longer delivery times and rising input stocks helped keep the headline PMI unchanged. Firms built inventories amid concerns over inflation and further supply disruption.

Labour-market signals were more cautious. UAE headcount fell fractionally and Dubai employment declined modestly, despite stronger business

confidence. Saudi firms continued to add staff, but job creation slowed. Egyptian employment returned to contraction after two months of growth, while business confidence fell to a seven-month low.

Prices charged



Source: S&P Global, Riyad Bank, Emirates NBD Research

Dubai input-cost inflation accelerated to its fastest pace since June 2022. Stronger demand gave firms scope to pass higher operating costs on to customers, with selling prices across the UAE and Dubai rising at the fastest pace on record. This extended September's trend towards sharper price increases after competition had previously constrained pricing.

Saudi input-cost inflation also quickened, reaching its highest since June. Selling prices continued to rise, but at their slowest pace in nine months as competition constrained pass-through. In Egypt, input-cost inflation reached a five-month high, with firms citing higher import, energy and shipping costs alongside a weaker pound. Selling prices rose at their fastest pace since June, adding to pressure on customers despite already weak demand.

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