

# MENA PMI surveys October 2024

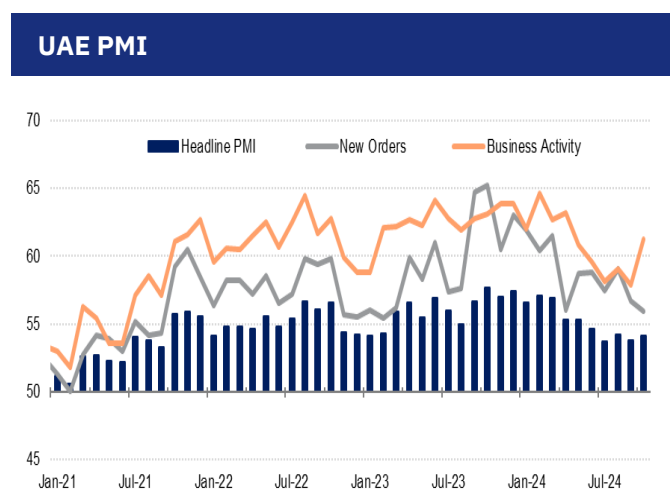
Research | November 5 2024

## Highlights

- The S&P Global PMI survey for the UAE rose to 54.1 in October, up from 53.8 the previous month.
- Dubai’s S&P Global PMI survey fell to a three-month low of 53.2 in October, down from 54.1 the previous month.
- The Riyadh Bank PMI survey for Saudi Arabia rose to 56.9 in October, up from 56.3 the previous month.
- Egypt’s S&P PMI survey improved fractionally to 49.0 in October, up from 48.8 in September.

### UAE

The S&P Global PMI survey for the UAE rose to 54.1 in October, up from 53.8 the previous month. This signals an ongoing expansion in non-oil private sector activity in the country, but modestly slower than the pace seen through the first half of the year. This is in keeping with our expectations that elevated interest rates and a weaker global backdrop would start to take their toll in H2, but with interest rates now coming down and expansionary government budgets announced we expect that activity will pick up once more. We forecast non-oil growth of 5.0% in 2024 compared with growth of 6.2% recorded for 2023. For 2025, we expect another resilient year for the non-oil sector with a growth forecast of 5%.



Source: S&P Global, Emirates NBD Research

Looking at the breakdown of the survey, new orders growth was a notable weak point as the subcomponent slowed to the weakest level in 20 months, even if still well above the neutral 50.0 line. Some respondents noted strong competition as weighing on their orders. The slowdown appears to have been driven by weaker domestic growth, as new export orders accelerated on the previous month. With headline new orders growth softer, firms slowed their pace of hiring, with employment growth at its weakest in two and a half years.

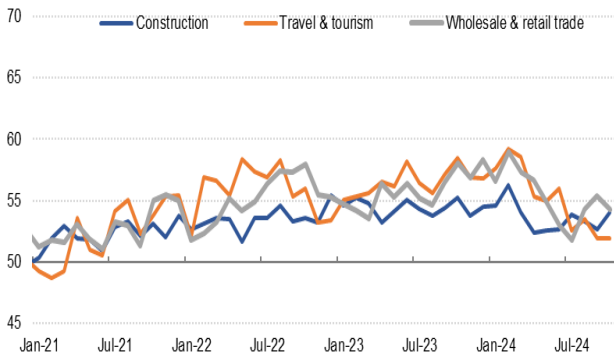
Input price pressures softened in October for the third month in a row, with both purchase costs and staff costs rising at a slower pace. Firms still noted high prices for raw materials, however. With input price pressures somewhat gentler, firms cut their selling prices on average for the first time since April as they sought to remain competitive, although discounting was generally mild.

### Dubai

Dubai’s S&P Global PMI survey fell to a three-month low of 53.2 in October, down from 54.1 the previous month. Output expanded at the fastest pace in five months, but new orders growth slowed to the lowest since September 2021. This contributed to firms slowing the pace of their hiring, albeit still expanding headcount modestly. Input price pressures softened, and firms discounted for the first time since April. Business expectations were broadly unchanged on the previous

month but remain lower than levels seen in the first half of the year.

### Dubai PMI



Source: S&P Global, Emirates NBD Research

**Construction** was the only one of the three individually covered sectors to see an improvement in its October reading as it rose to 54.0, from 52.7 previously. Input costs accelerated last month, but firms left their prices charged unchanged, following six straight months of higher prices. New orders rose at a quicker pace and firms ramped up hiring to a three-month high, but business expectations moderated slightly.

The **travel & tourism** index was unchanged at 51.9 in October, although there was an uptick in output which rose at the fastest pace since July. Firms discounted heavily in October, as a slower rise in input costs allowed them some headroom to do so. Firms cut headcount for the fourth month running, albeit only modestly, and business expectations improved on the previous month.

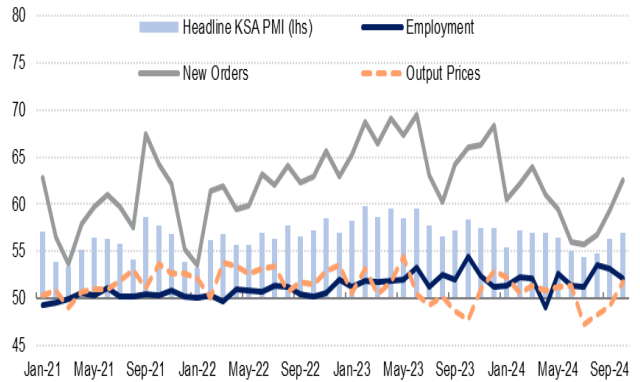
**Wholesale & retail trade** fell to 54.3 in October, from 55.4 in September. Output rose at a faster pace but new orders fell to a three-month low and while employment levels rose they did so at a slower pace. Input prices rose more slowly, enabling firms to discount more aggressively in order to attract business.

### Saudi Arabia

The Riyadh Bank PMI survey for Saudi Arabia rose to 56.9 in October, up from 56.3 the previous month. This

marked the strongest reading for the index since April, with strong growth across sectors. Output rose at the fastest pace since June, and there was strong growth in new orders, which rose at the fastest pace since March with more than two fifths of respondents seeing stronger growth in new work. Many firms noted ongoing infrastructure investment as boosting their pipelines. On the other hand, export orders contracted on the previous month, the first contractionary reading for the component since January, with firms noting increased competition.

### Saudi Arabia PMI



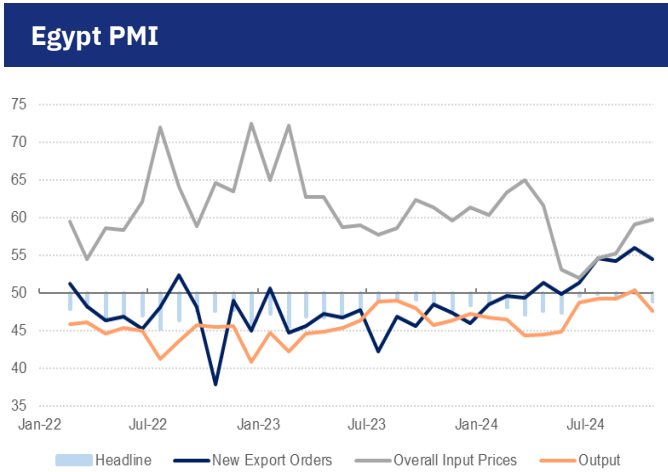
Source: Riyadh Bank, Emirates NBD Research

Saudi businesses expanded their headcount again in October, with employment rising for the sixth consecutive month, although hiring was at a slower pace than seen in September. Staff costs rose at the fastest pace since May, with salary rises common. Purchase costs also rose at a faster pace last month, with high raw materials costs contributing, alongside costs related to technology upgrades. In this environment, firms passed these prices on to customers, with output prices rising for the first time since May.

### Egypt

Egypt's S&P PMI survey improved fractionally to 49.0 in October, up from 48.8 in September. This marked the second consecutive contractionary reading after the positive August reading, the first in several years. The underlying components of the survey were more mixed

than the headline reading might suggest, however, with some of the sub-indices showing a more positive story.



Source: S&P Global, Emirates NBD Research

The index was weighed down in particular by falling output – although at a softer pace than seen in September – and falling headline new orders, but again not quite at the same pace as the previous month. The fall in new orders remains driven by the domestic market, as new export orders continue to post strong positive growth and accelerated compared with the last reading.

Firms noted that the weaker, and more stable, EGP since the start of the year has been supportive of export orders. Firms increased their headcount for the fourth month running, and at the fastest pace since May, with gains across sectors. Input price pressures eased from September, although remained salient overall with input prices from raw materials still increasing. Staff costs, however, rose at the softest pace since July with most respondents noting no change.

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