



MENA PMI surveys December 2024

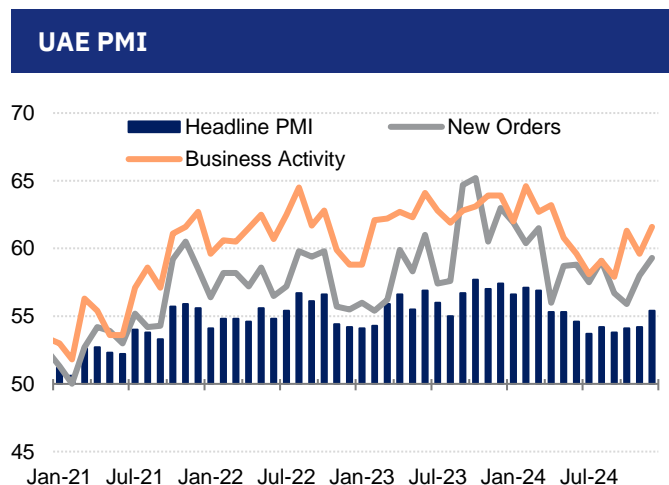
Research | January 6 2025

Highlights

- The S&P Global PMI survey for the UAE ended 2025 on a high note as it picked up to 55.4, up from 54.2 the previous month and beating the 2024 average of 55.1, compared with 56.1 in 2023.
- The Dubai PMI survey for December also saw an uptick, with the headline reading at 55.5, the highest since March.
- Saudi Arabia's December PMI survey from Riyadh Bank fell modestly to 58.4 in December, down from 59.0 in November.
- Egypt's S&P Global PMI survey fell to 48.1 in December, down from 49.2 previously and the fourth contractionary reading in a row after the index turned modestly positive in August.

UAE

The S&P Global PMI survey for the UAE ended 2025 on a high note as it picked up to 55.4, up from 54.2 the previous month and beating the 2024 average of 55.1, compared with 56.1 in 2023. The December reading was the strongest since March, and with new orders expanding at a robust pace the pipeline for work over 2025 is positive. Output rose at its fastest pace in eight months in December with businesses attributing the strong growth in part to ongoing project development. The strong readings chime with our bullish outlook for UAE GDP growth in 2025, forecasting a non-oil expansion of 5.0% as easing monetary policy, expansionary government budgets, and the development of major projects will be supportive of growth.



Source: S&P Global, Emirates NBD Research

Despite the strong new order growth, there was little change in business confidence. While 12% of respondents were positive regarding the coming year, the measure remained lower than levels seen earlier in 2024. This was reflected also in the employment index which, while positive for the 32nd month running, indicated only marginal growth in headcount, as firms saw margin compression. Backlogs of work have been trending higher as a result.

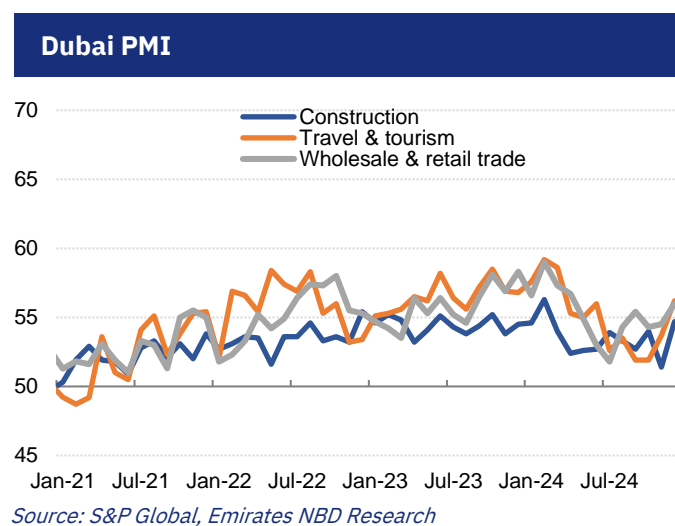
The squeeze on business margins did soften somewhat in December as the pace of growth in overall input costs slowed. Purchase costs rose at a slower pace but staff costs rose at the fastest pace in three months as businesses compensated the higher cost-of-living for workers. On the other hand, firms continued to cut output prices with competition still fierce, albeit at a slower pace than in November and October.

Dubai

The Dubai PMI survey for December also saw an uptick, with the headline reading at 55.5, the highest since March. New orders expanded at the fastest pace since August, while output was at an eight-month high. Despite the strong performance, business optimism faded to the lowest level since May 2021 and while firms did hire again after November's fall in headcount, the expansion was only marginal. Price pressures on businesses

softened as input prices rose at a slower pace, but firms increased their output prices for the first time in three months nonetheless.

prices for the second month in a row even as input prices rose at a faster pace.



The **Travel & Tourism** sector was the strongest performing of the three individually monitored by the survey expanding at the fastest pace since March. There was strong growth in new orders but firms reduced headcount nonetheless, following the modest rise recorded in November. Businesses raised the prices charged to customers for the first time since August as while input cost pressure softened from the previous month, they remained elevated. Dubai recorded 16.8mn visitors over January to November, y/y growth of 9.2%.

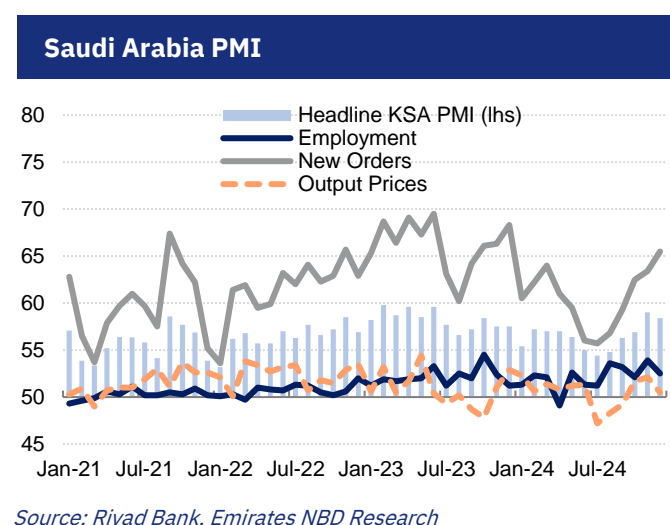
The **Wholesale & Retail** PMI was at 56.0 in December, up from 54.5 in November, marking the strongest month for the subcomponent since April. Output ticked up on the previous month, and new orders also accelerated in December in a positive indicator for the coming months. Ongoing discounting by businesses was likely supportive of the growth in new work, as output prices declined for the 53rd month in a row. Firms did expand headcount even as business expectations softened.

Construction picked up to 54.7 in December, from 51.4 the previous month. Prices charged to customers rose at a faster pace and have been increasing or unchanged

for the past nine months in a row as input costs continue to rise at a robust pace. New orders rose at the fastest pace since October 2023 and firms accelerated their hiring as a result.

KSA

Saudi Arabia's December PMI survey from Riyadh Bank fell modestly to 58.4 in December, down from 59.0 in November. The index continues to indicate robust growth in the private non-oil sector, however, remaining well above the neutral 50.0 line and averaging 56.5 over 2024. This is down from the 58.3 averaged in 2023 but the index has ended the year on a high note and with easing monetary policy and ongoing investment into major projects, we remain constructive on the outlook for KSA in 2025, forecasting non-oil GDP growth of 4.5%.



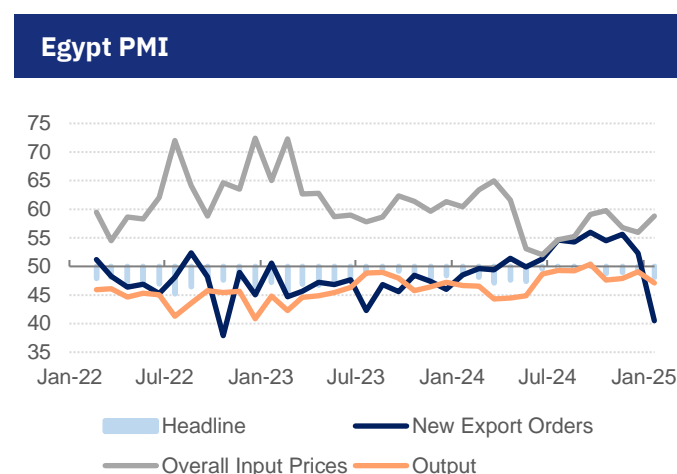
New order growth accelerated in December compared with the preceding months, and while the subcomponent is not quite at the levels seen in late 2023, it is nevertheless indicative of a strong pipeline of new work in the coming months. The bulk of this continues to be driven by domestic orders it would seem, but new export orders also played a part as they accelerated to the fastest pace since February 2023. Firms cited product innovations as one of the factors driving the uptick in external demand.

In this environment, business optimism saw a sharp uptick in December, rising to a nine-month high, and

firms increased their headcount for the eighth month running as they looked to cope with increased demand. Firms were able to raise their charges to customers, albeit at a slower pace than in November, which helped them offset the ongoing rise in input prices, although both staff costs and input costs were up at a slightly softer rate in December. Wage inflation softened to the lowest since September.

Egypt

Egypt's S&P Global PMI survey fell to 48.1 in December, down from 49.2 previously and the fourth contractionary reading in a row after the index turned modestly positive in August. Both output and new orders contracted at the fastest pace since April. Respondents noted that services fared more positively, but the broader story was of diminished demand, with new sales falling across sectors in the domestic market. New export orders also declined, falling below the neutral 50.0 level for the first time since April.



Source: S&P Global, Emirates NBD Research

Total input prices rose more swiftly in December with around 16% of respondents seeing higher prices. Purchase costs rose at the fastest pace in three months, with a strong US dollar adding to pressures from government subsidy adjustments. Staff costs also accelerated in the final month of the year, rising at the fastest pace in four months as firms looked to mollify cost-of-living pressures. Firms did raise their selling

prices but a more moderate rate than over the preceding six months.

Despite the price pressures on businesses, firms remained fairly positive on the coming 12 months, with business optimism ticking up to a four-month high in December.

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