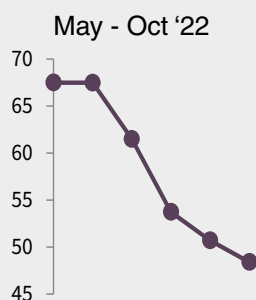




# QATAR FINANCIAL CENTRE PMI™

## Output expands sharply in October

### QATAR FINANCIAL CENTRE PMI



### Inflores of new orders cool further

### Headline PMI at 28-month low

### Forthcoming FIFA World Cup supports another improvement in sentiment

The latest Purchasing Managers' Index™ (PMI™) survey data from Qatar Financial Centre (QFC) signalled an overall moderation in the non-oil private sector at the start of the fourth quarter. The rate of expansion in total activity remained marked, however, as firms prepare for an influx of sales in anticipation of the FIFA World Cup. New orders eased while purchasing activity also cooled. Meanwhile, firms trimmed their headcounts to a record degree in an effort to save on costs. Prices data signalled improving profitability with a near-record uplift in selling charges alongside only a marginal increase in input costs.

Expectations were meanwhile boosted by the fast-approaching World Cup with sentiment at a two-year high in October.

The Qatar PMI indices are compiled from survey responses from a panel of around 450 private sector companies. The panel covers the manufacturing,

construction, wholesale, retail, and services sectors, and reflects the structure of the non-energy economy according to official national accounts data.

The headline Qatar Financial Centre PMI is a composite single-figure indicator of non-energy private sector performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases.

At 48.4 in October, down from 50.7 in September, the latest PMI pointed to a moderation in non-energy private sector business conditions. The latest result brought an end to 27 successive months of growth. That said the headline figure was only marginally below the 50.0 neutral value.

Central to the deterioration was a cooling of new orders which fell for the second month in a row. The slowdown was more notable than that seen in September. In

Qatar Financial Centre PMI  
sa, >50 = improvement since previous month



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## OVERVIEW CONTINUED...

contrast, output expanded at a marked and above trend pace amid efforts to boost output ahead of the World Cup at the end of November.

The sustained moderation in new orders led non-energy companies in Qatar to scale back on their purchasing activity. The rate of decline was sharp, but softer than the contractions seen during the height of the pandemic.

Softer inflows of new work allowed firms to progress existing backlogs. The rate of contraction was among the sharpest in the survey's history.

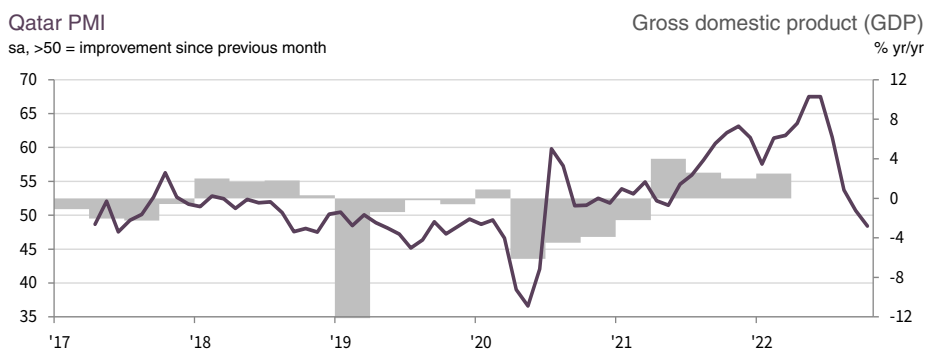
Subsequently, firms cut their staffing levels at the start of the quarter thereby signalling three successive months of job shedding. The rate of decrease was sharp and the quickest in the survey's

more than five-and-a-half-year history.

Overall input prices rose for the third month running. A renewed uptick in purchase costs drove the latest increase. The rate of inflation was only marginal, however, amid a fall in wages.

Firms in turn raised their selling prices sharply, and at the third-quickest rate in the survey's history, behind that seen only in the previous survey period and November 2021. According to panel comments, firms hiked charges to capitalise on greater tourist activity.

Firms were widely upbeat about their output expectations over the year ahead. Firms were hopeful that the FIFA World Cup would have a positive impact on output growth.



Sources: Qatar Financial Centre, S&P Global, Qatar's Planning & Statistics Authority.

## COMMENT

Yousuf Mohamed Al-Jaida, Chief Executive Officer, QFC Authority:

*"The start of the fourth quarter revealed a cooling of business conditions in Qatar's non-energy sector. While output continued to expand robustly, firms reported a further softening in new orders. Subsequently, businesses were keen to make efficiency gains where they could and reduced their buying activity during the month. There were also efforts to scale back headcounts which reduced at the quickest rate in the survey's history.*

*"Looking ahead, the FIFA World Cup begins at the end of November and*

*will bring with it a large influx of tourist activity to Qatar. Sustained increases in output suggest businesses are geared up for a busy four weeks of trading. There are also hopes that the sporting event will have a favourable impact on the country over the next 12 months with sentiment improving to a two-year high."*

## OUTPUT AND DEMAND

### Output

October data indicated another marked increase in non-energy private sector activity in Qatar. The rate of expansion was softer than that seen in September but was still sharp overall and much higher than the long-run series average.

At the sector level, wholesale & retail registered the strongest increase in activity.

### Output Index

sa, >50 = growth since previous month

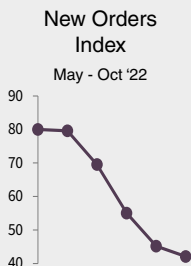
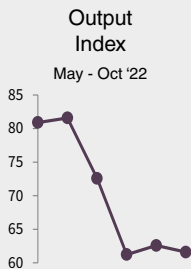


### New orders

Non-energy private sector firms in Qatar registered a second successive moderation in new orders during October. Exactly 30% of companies registered a decline in new orders while 54% indicated no change. The overall rate of contraction was sharp and the quickest for 28 months.

### New Orders Index

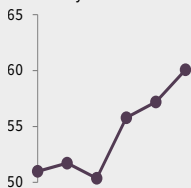
sa, >50 = growth since previous month



## BUSINESS EXPECTATIONS

### Future Output Index

May - Oct '22

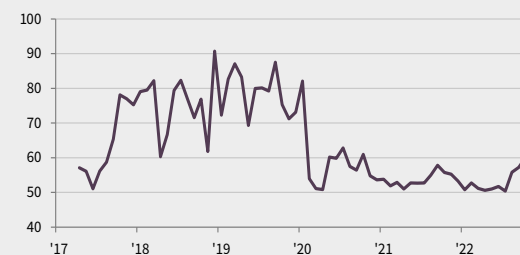


The year-ahead outlook for output remained strongly positive in October with the Future Output Index improving to a two-year high. The FIFA World Cup was the main driver of optimism with panellists hoping greater tourist activity will support a growth in demand.

Companies operating in the construction sector were the most upbeat.

### Future Output Index

>50 = growth expected over next 12 months



## EMPLOYMENT AND CAPACITY

### Employment

October data indicated a third monthly decline in headcounts at Qatari non-oil businesses. The rate of decline was sharp and the quickest in the series history.

Anecdotal evidence indicated staffing levels were cut as part of cost saving efforts.

### Employment Index

sa, >50 = growth since previous month

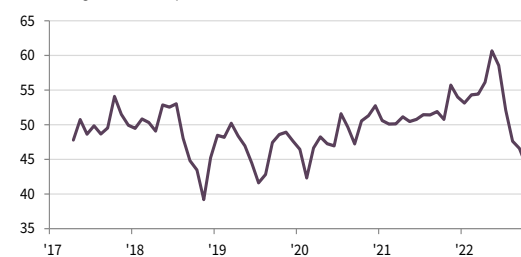


### Backlogs of work

Non-oil private sector firms in Qatar signalled another month of spare capacity, as indicated by the respective seasonally adjusted index registering below the 50.0 neutral value for the third month running. The fall was sharp and quickened from that seen in September amid reports of spare capacity.

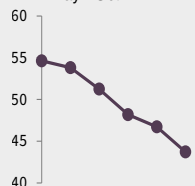
### Backlogs of Work Index

sa, >50 = growth since previous month



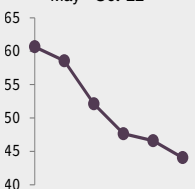
### Employment Index

May - Oct '22



### Backlogs of Work Index

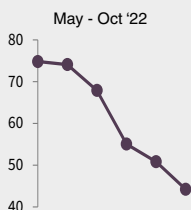
May - Oct '22





## PURCHASING AND INVENTORIES

Quantity of Purchases Index

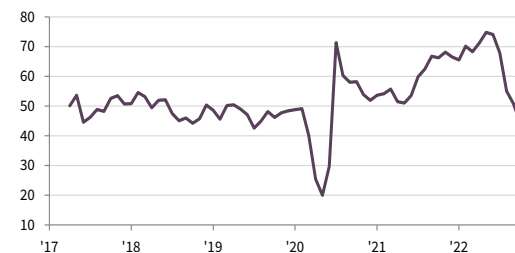


### Quantity of purchases

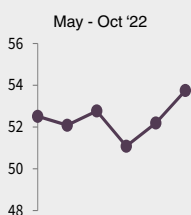
After having increased in each of the past 27 months, non-energy private sector firms in Qatar reduced their buying activity in October. The overall rate of decline was sharp overall. Purchasing activity fell in line with weak demand and fewer projects in the pipeline.

Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index



### Suppliers' delivery times

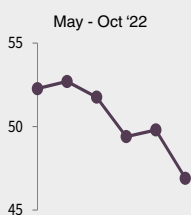
October data signalled another shortening in delivery times, bringing the period of improved vendor performance to six months. Moreover, the degree at which lead times shortened was the quickest in the current sequence of improvement.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

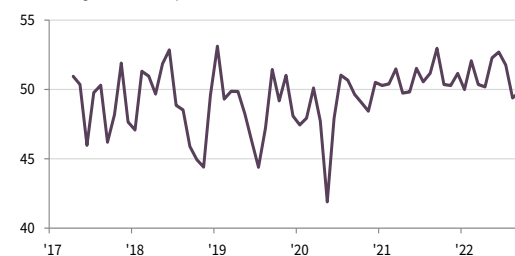


### Stocks of purchases

The start of the fourth quarter of 2022 revealed a third monthly depletion in stocks of inventories held at non-energy firms in Qatar. The latest decline was solid and the quickest since near the height of the pandemic in May 2020.

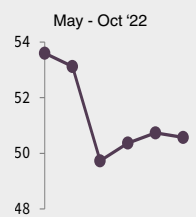
Stocks of Purchases Index

sa, >50 = growth since previous month



## PRICES

Overall Input Prices Index  
May - Oct '22



### Overall input prices

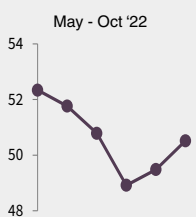
Average input costs paid by non-energy firms in Qatar rose only slightly in October, as signalled by the seasonally adjusted index registering marginally above the 50.0 neutral value. The rise in overall input prices was centred on growing purchase costs.

Overall Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index  
May - Oct '22



### Purchase prices

Purchase costs incurred by non-oil private sector companies in Qatar rose at the start of the fourth quarter signalling an end to two successive months of deflation. The rate of increase was marginal, however, and weaker than the long-run series average.

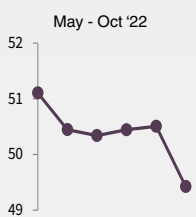
Underlying data revealed purchase costs rose in the services and manufacturing sectors, and fell in the wholesale & retail and construction sectors.

Purchase Prices Index

sa, >50 = inflation since previous month



Staff Costs Index  
May - Oct '22

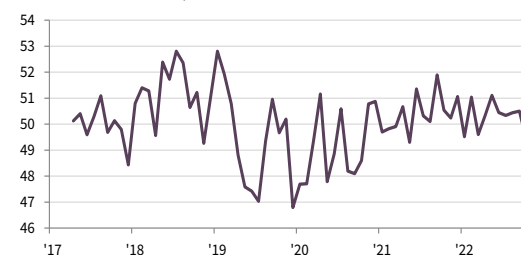


### Staff costs

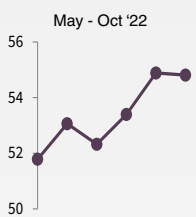
Average wages and salaries at non-energy companies in Qatar fell during October, after having increased in the previous six months. The overall rate of decline was only marginal however amid lower staffing levels.

Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index  
May - Oct '22

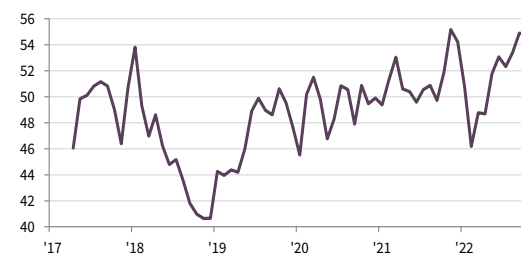


### Output prices

Non-energy private sector firms increased their selling prices for the sixth month in succession in October. The rate of inflation was broadly in line with that seen in September, and was third-steepest in the survey's history. Firms indicated raising prices in anticipation of greater demand during the World Cup.

Output Prices Index

sa, >50 = inflation since previous month



FINANCIAL SERVICES

# Financial sector activity continues to expand sharply

**Activity expands for the sixteenth month in succession**

**New business rises marginally in October**

**Sentiment remains firmly in positive territory**

The latest PMI data on Qatar's financial services sector signalled a further marked improvement during October, with business activity now increasing in each month since July 2021. The rate of output growth was robust and much quicker than the long-run series average.

New orders rose again, as has been the case since June 2020. The rate of growth was the softest for 15 months, however.

Qatari financial service firms continued to cut their headcounts, although the rate of reduction was only slight. Firms remained optimistic that activity growth would continue over the next 12 months.

Prices data highlighted a slight decrease in input costs in October alongside a marginal reduction in selling charges.

**Business Activity Index**

sa, >50 = growth since previous month



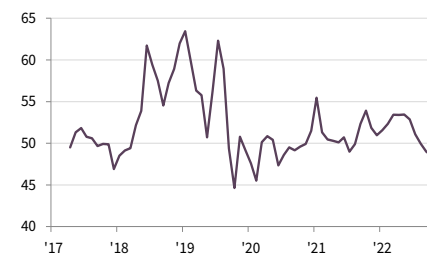
**New Business Index**

sa, >50 = growth since previous month



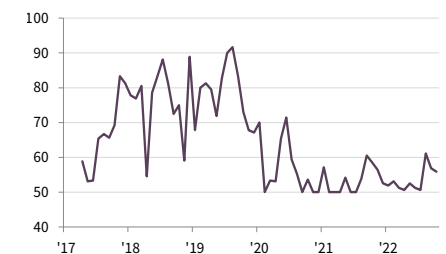
**Employment Index**

sa, >50 = growth since previous month



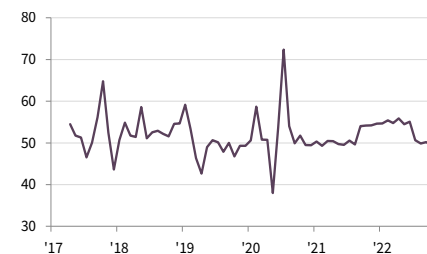
**Future Activity Index**

>50 = growth expected over next 12 months



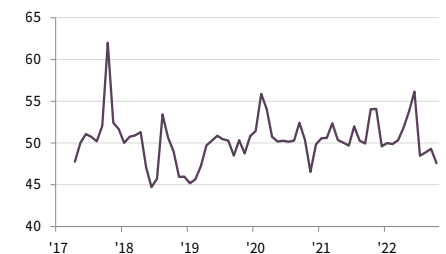
**Input Prices Index**

sa, >50 = inflation since previous month



**Prices Charged Index**

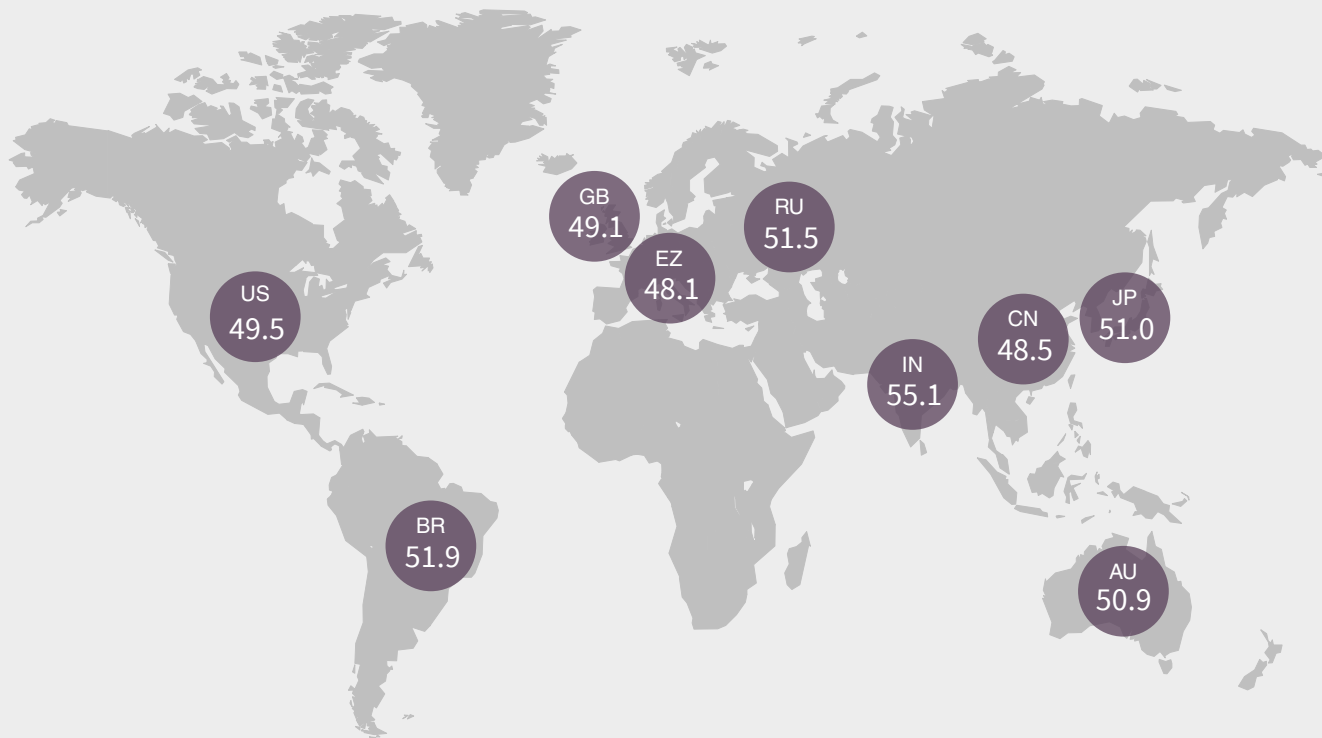
sa, >50 = inflation since previous month



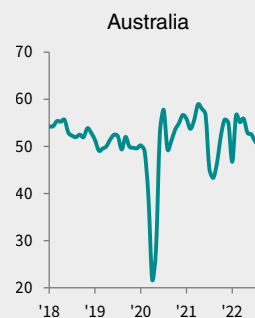
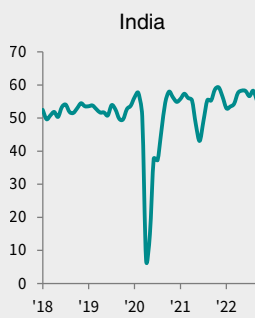
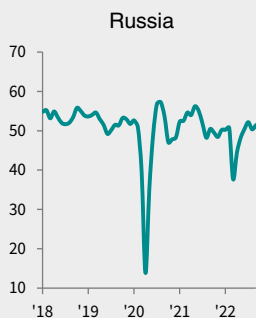
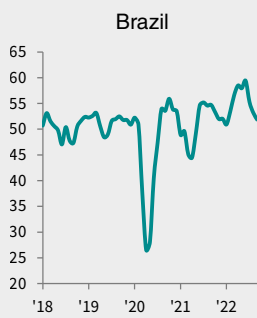
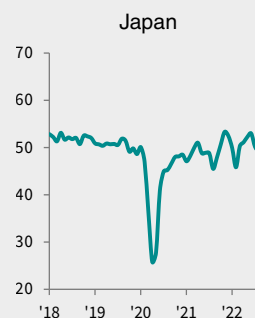
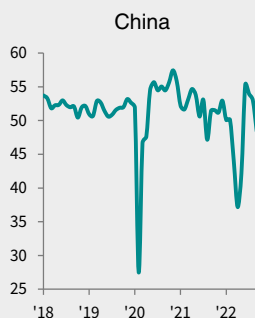
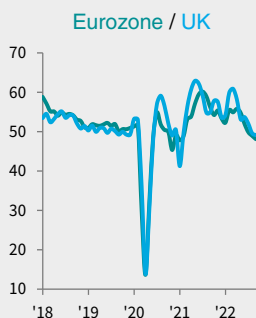
## INTERNATIONAL PMI

Composite Output Index, Sep '22  
sa, >50 = growth since previous month

The Composite Output Index is a GDP-weighted average of the Manufacturing Output Index and the Services Business Activity Index.



Composite Output Index  
sa, >50 = growth since previous month





## SURVEY METHODOLOGY

Survey panel size

**450**  
companies

Index calculation

$\% \text{ 'Higher'}$   
+  
 $(\% \text{ 'No change'})/2$

The Qatar Financial Centre PMI™ is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 450 non-energy private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include manufacturing, construction, wholesale, retail and services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

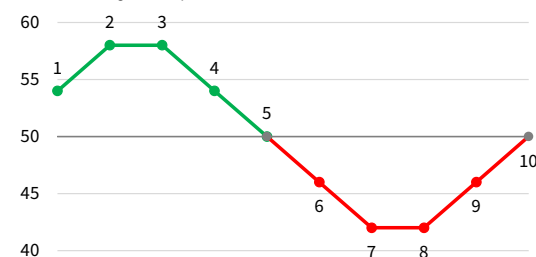
### Survey dates and history

Data were collected 12-24 October 2022.

Survey data were first collected in April 2017.

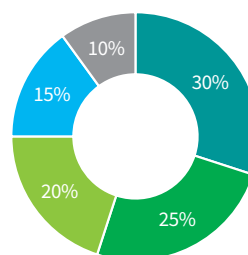
### Index interpretation

50.0 = no change since previous month



1 Growth	6 Decline, from no change
2 Growth, faster rate	7 Decline, faster rate
3 Growth, same rate	8 Decline, same rate
4 Growth, slower rate	9 Decline, slower rate
5 No change, from growth	10 No change, from decline

### PMI component weights



New Orders  
Output  
Employment  
Suppliers' Delivery Times  
Stocks of Purchases

### Sector coverage

PMI data include responses from companies operating in sectors classified according to the following ISIC Rev.4 codes:

C Manufacturing	M Professional, Scientific and Technical Activities
F Construction	N Administrative and Support Service Activities
G Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	P Education*
H Transportation and Storage	Q Human Health and Social Work Activities*
I Accommodation and Food Service Activities	R Arts, Entertainment and Recreation
J Information and Communication	S Other Service Activities
K Financial and Insurance Activities	*Private sector

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### About Qatar Financial Centre

The Qatar Financial Centre (QFC) is an onshore business and financial centre located in Doha, providing an excellent platform for firms to do business in Qatar and the region. The QFC offers its own legal, regulatory, tax and business environment, which allows up to 100% foreign ownership, 100% repatriation of profits, and charges a competitive rate of 10% corporate tax on locally sourced profits.

The QFC welcomes a broad range of financial and non-financial services firms.

For more information about the permitted activities and the benefits of setting up in the QFC, please visit [qfc.qa](http://qfc.qa)

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**PMI™**

by **S&P Global**

### About S&P Global

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.  
[www.spglobal.com](http://www.spglobal.com)

### About PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

[ihsmarkit.com/products/pmi.html](http://ihsmarkit.com/products/pmi.html)