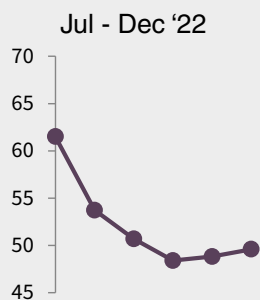


# QATAR FINANCIAL CENTRE PMI™

## FIFA World Cup Qatar 2022™ boosts retail and services sectors in December

### QATAR FINANCIAL CENTRE PMI



### PMI data reveal positive impact of football tournament on Qatari economy

#### Record increase in output prices

#### Output expectations strengthen further at end of 2022

The latest Purchasing Managers' Index™ (PMI™) survey data from Qatar Financial Centre (QFC) indicated further rapid growth of business activity in December as the **FIFA World Cup Qatar 2022™** progressed through the month. As was the case in November, wholesale, retail, and service providers in particular registered rapid expansions in activity. These sectors also drove a record overall increase in prices charged for goods and services. Furthermore, the 12-month outlook for business activity strengthened further to the highest since July 2020.

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. The PMI rose for the second month running from 48.8 in November to 49.6 in December, pointing to a near-stabilisation in overall non-energy private sector business conditions at the end of 2022. As was the case in November, a rapid rise in activity – the Output Index posted 62.8 on the back of surging retail trade and services – was countered by a construction-driven pause in new work, as well as improving supply chains.

Non-oil private sector output rose for the thirtieth consecutive month in December. The rate of growth was little-changed since November and well above the long-run survey average. Sector data

### Qatar Financial Centre PMI

sa, >50 = improvement since previous month



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## OVERVIEW CONTINUED...

revealed especially marked growth in wholesale & retail and services, reflecting the continued impact of the **FIFA World Cup Qatar 2022™**. Across 2022 as a whole, the Output Index trended at 69.0, by far the highest annual figure in the survey history, compared with a long-run trend of 54.8.

Although there was a further pause in new business, particularly in construction, the respective index rose for the second month running in December from October's 28-month low. Meanwhile, firms were able to reduce their outstanding business for the fifth month running.

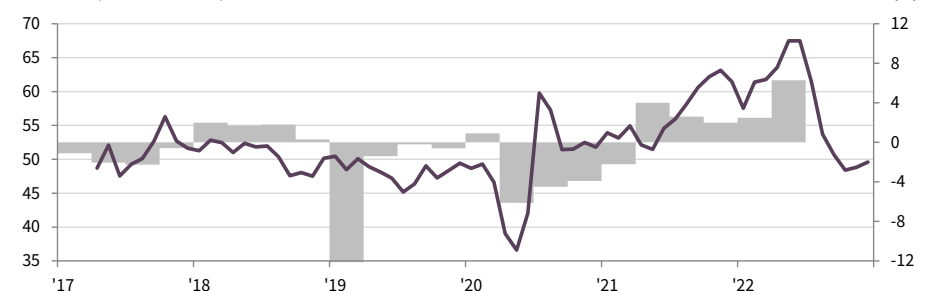
December data indicated a further slight fall in average input prices but a

record rate of charge inflation, pointing to improving profitability. Charges rose especially sharply in the wholesale & retail and services sectors, linked to tourism demand from the **FIFA World Cup Qatar 2022™**. Efforts to control costs were also in evidence as workforces and purchasing were trimmed further. Companies were keen to optimise input stocks, which were reduced for the fifth successive month.

Companies widely reported that they expect a positive legacy from the **FIFA World Cup Qatar 2022™**, with a number of new projects lined up and a permanent boost to tourism. Output expectations for the next 12 months were the strongest in over two years.

### Qatar PMI

sa, >50 = improvement since previous month



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

## COMMENT

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

*"The FIFA World Cup Qatar 2022™ makes its mark on the Qatari economy in December, with another rapid increase in business activity fueled by the retail and services sectors. The December data round off a stellar 2022 with the Output Index and headline PMI trending at 69.0 and 57.7 respectively, the highest annual averages since the survey began in 2017.*

*"The tournament's legacy is also looking secure, with widespread reports from companies of post-competition business opportunities and an expected permanent boost to tourism. The Future Activity Index, tracking the 12-month outlook, rose to a 29-month high in December."*

## OUTPUT AND DEMAND

### Output

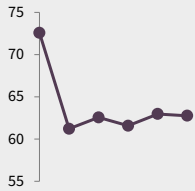
Business activity in the Qatari non-energy private sector rose further in December, extending the current sequence of uninterrupted growth to two-and-a-half years. Moreover, the rate of expansion remained rapid. As was the case in November, the wholesale & retail and services sectors posted notably marked rates of expansion, reflecting the impact of the FIFA World Cup Qatar 2022™.

### New orders

New business intakes at Qatari non-oil private sector firms cooled further in December, although the New Orders Index rose for the second successive month. Construction was again the main source of the moderation in new work while strong growth was seen at service providers.

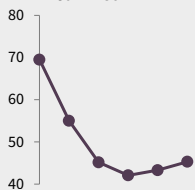
Output Index

Jul - Dec '22



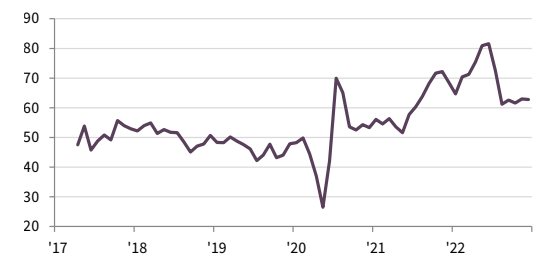
New Orders Index

Jul - Dec '22



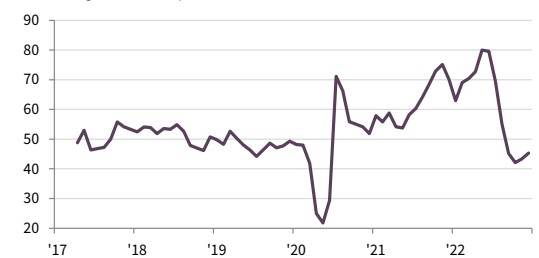
Output Index

sa, >50 = growth since previous month



New Orders Index

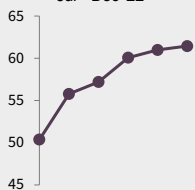
sa, >50 = growth since previous month



## BUSINESS EXPECTATIONS

Future Output Index

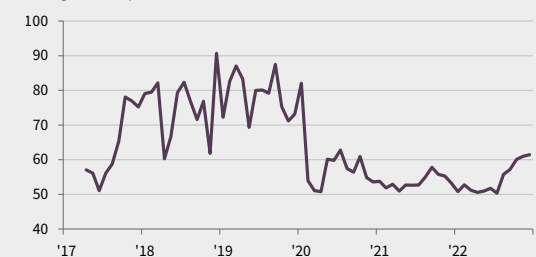
Jul - Dec '22



The 12-month outlook for activity strengthened further in December. The Future Output Index rose for the fifth consecutive month, to the highest level since July 2020. Sentiment was strongest in the construction and services sub-sectors.

Future Output Index

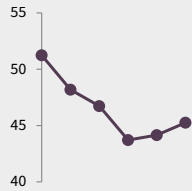
>50 = growth expected over next 12 months



## EMPLOYMENT AND CAPACITY

Employment Index

Jul - Dec '22

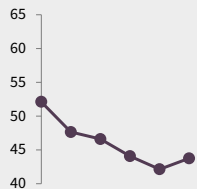


### Employment

Workforces at Qatari non-oil businesses declined on average for the fifth month running in December. The rate of decline was solid, but eased further from October's record pace. Job shedding reflected ongoing efforts to reduce costs. That said, there was a boost in employment in the wholesale & retail sector, reflecting the impact of the FIFA World Cup Qatar 2022™.

Backlogs of Work Index

Jul - Dec '22



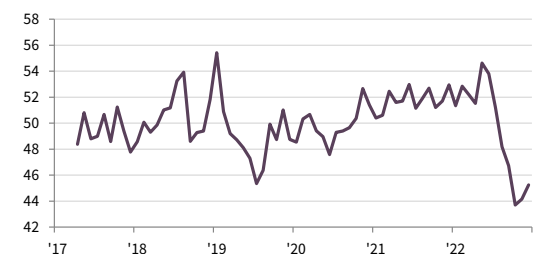
### Backlogs of work

The final batch of data for 2022 indicated continued spare capacity in the non-oil private sector, as the volume of outstanding business declined for the fifth month running. That said, the rate of contraction eased compared with one month previously.

All four sub-sectors made inroads into outstanding business in December, most notably construction.

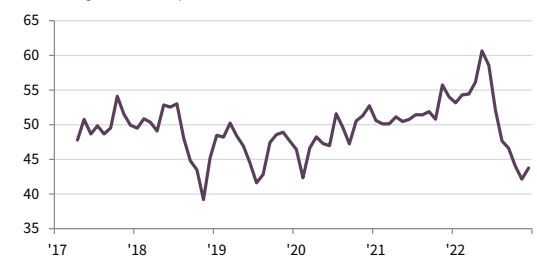
Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

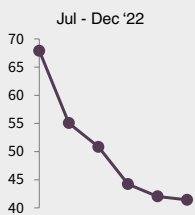
sa, >50 = growth since previous month





## PURCHASING AND INVENTORIES

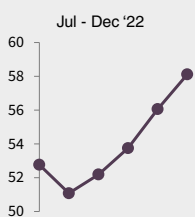
Quantity of Purchases Index  
Jul - Dec '22



### Quantity of purchases

The volume of new inputs purchased fell further in December, and at the fastest rate since June 2020. Companies reported that they had sufficient inventory levels for current business requirements and aimed to minimise overheads. Purchasing fell markedly in the construction and manufacturing sub-sectors, but rose in the wholesale & retail sector.

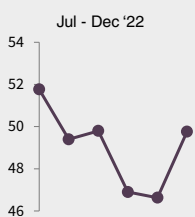
Suppliers' Delivery Times Index  
Jul - Dec '22



### Suppliers' delivery times

Supplier performance continued to improve in December. Average lead times quickened for the eighth consecutive month. Moreover, the seasonally adjusted Suppliers' Delivery Times Index posted its third-highest level on record. Supplier performance improved to the greatest degree in the services sub-sector, followed by wholesale & retail.

Stocks of Purchases Index  
Jul - Dec '22

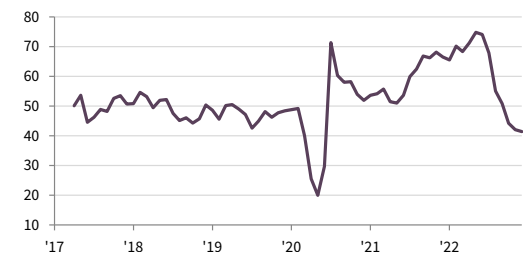


### Stocks of purchases

Qatari firms in the non-energy private sector continued to deplete their input inventories in December. The current sequence of destocking was extended to five months, the longest in over three years. There were reports of firms aiming to reduce costs by optimising stock levels.

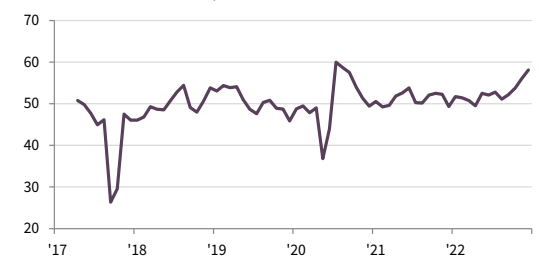
Quantity of Purchases Index

sa, >50 = growth since previous month



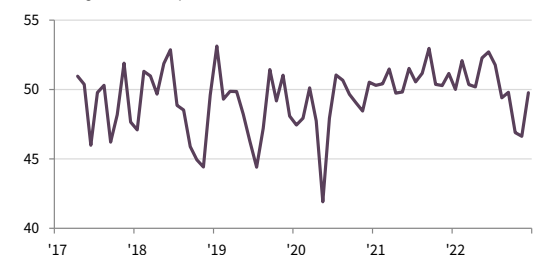
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



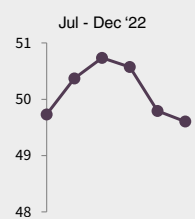
Stocks of Purchases Index

sa, >50 = growth since previous month



## PRICES

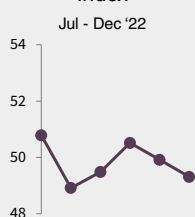
Overall Input Prices Index  
Jul - Dec '22



### Overall input prices

Qatari firms reported a second successive monthly fall in average input prices in December. This was the first back-to-back decline registered since the opening quarter of 2021. That said, the rate of reduction remained only marginal despite accelerating slightly since November. Cost pressures were weakest in the services sub-sector.

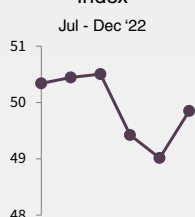
Purchase Prices Index  
Jul - Dec '22



### Purchase prices

Prices paid by Qatari firms for physical items fell for the fourth time in five months in December. The rate of reduction was slightly faster than in November, but still only marginal. Purchase prices fell in construction and wholesale & retail, and were broadly stable in manufacturing and services.

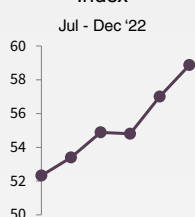
Staff Costs Index  
Jul - Dec '22



### Staff costs

December survey data indicated another fall in average staff costs at non-energy Qatari firms, the third in successive months. That said, the rate of reduction was the slowest in this sequence as the seasonally adjusted Staff Costs Index registered only fractionally below the neutral threshold of 50.0. By sector, wages fell in construction and wholesale & retail, and rose in manufacturing and services.

Output Prices Index  
Jul - Dec '22



### Output prices

Pricing power among non-oil private sector companies continued to improve in December. Average prices charged for goods and services rose for the eighth month running, and the rate of inflation hit a new record high for the second straight month. Reflecting increased tourism demand due to the FIFA World Cup Qatar 2022™, charges rose most in the services and wholesale & retail sectors.

Overall Input Prices Index

sa, >50 = inflation since previous month



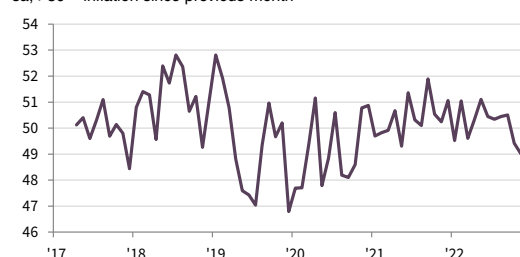
Purchase Prices Index

sa, >50 = inflation since previous month



Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index

sa, >50 = inflation since previous month



## FINANCIAL SERVICES

# Growth of financial services activity accelerates further

**Activity expands at fastest rate in four months in December**

**New business and future activity indices also rise to four-month highs**

**Charges levied rise for first time in six months**

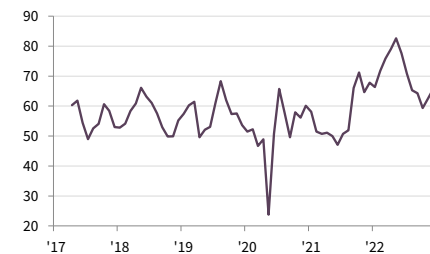
The financial services sector in Qatar recorded another substantial rise in business activity in the final month of 2022, and one that was the fastest in four months. The current growth sequence was extended to 18 months, and the pace of expansion in the latest period was among the strongest in the near-six year series history.

New business also grew at the strongest rate in four months. Meanwhile, employment rose at the fastest pace since July and the 12-month outlook for activity strengthened.

Input prices paid by financial services companies rose only fractionally in December, while charges levied for services increased for the first time in six months.

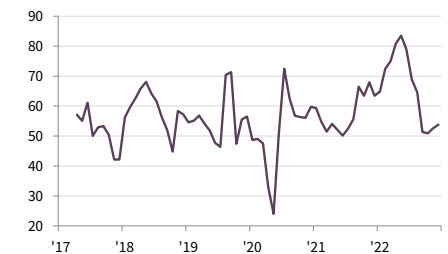
**Business Activity Index**

sa, >50 = growth since previous month



**New Business Index**

sa, >50 = growth since previous month



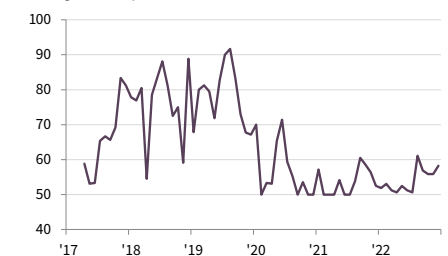
**Employment Index**

sa, >50 = growth since previous month



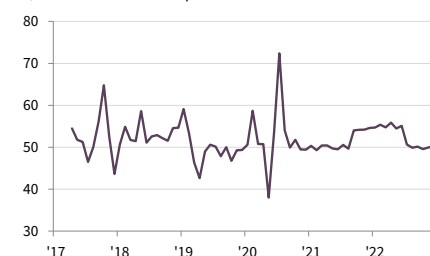
**Future Activity Index**

>50 = growth expected over next 12 months



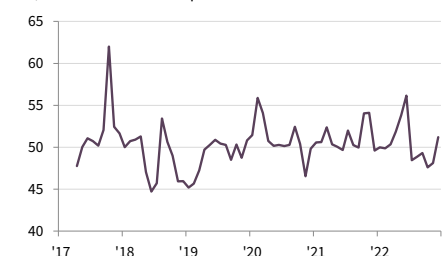
**Input Prices Index**

sa, >50 = inflation since previous month



**Prices Charged Index**

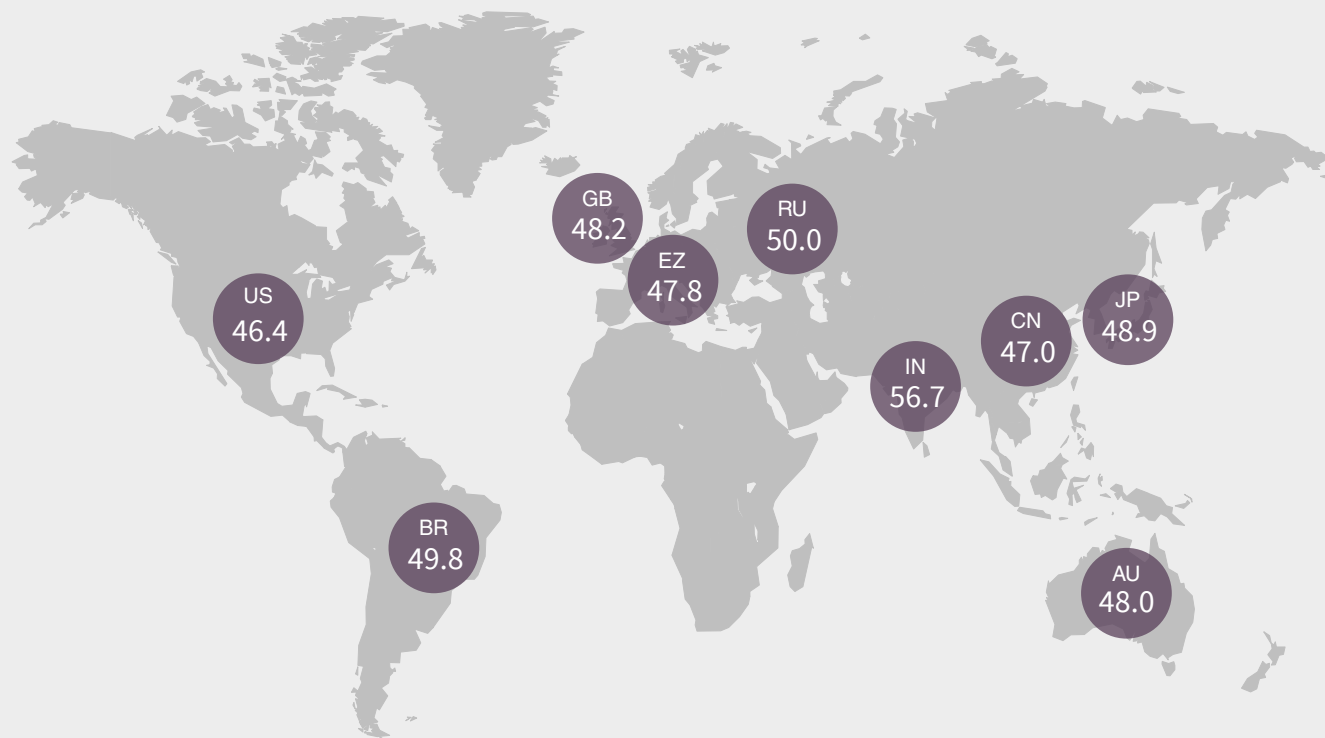
sa, >50 = inflation since previous month



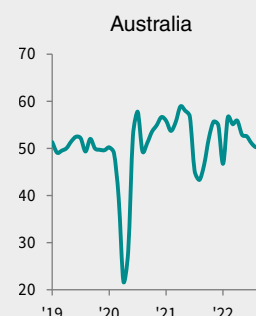
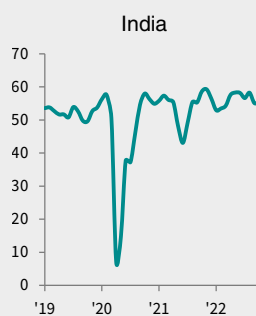
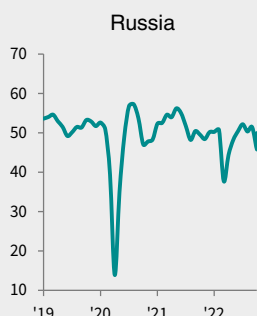
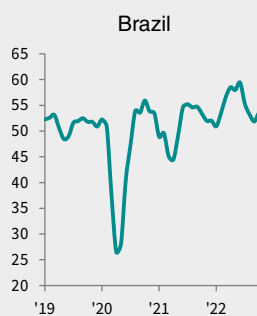
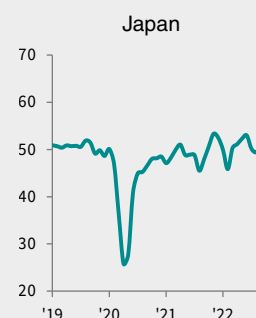
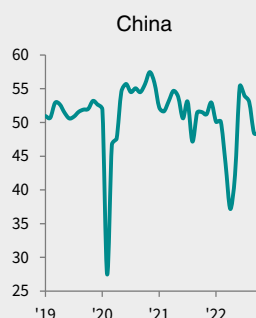
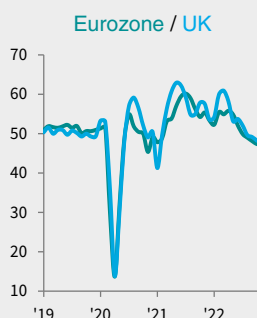
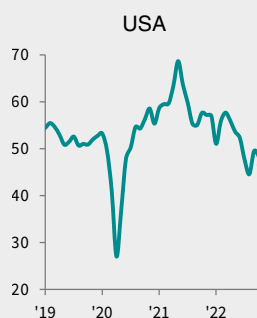
## INTERNATIONAL PMI

Composite Output Index, Nov '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

% 'Higher'  
+  
(% 'No

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).

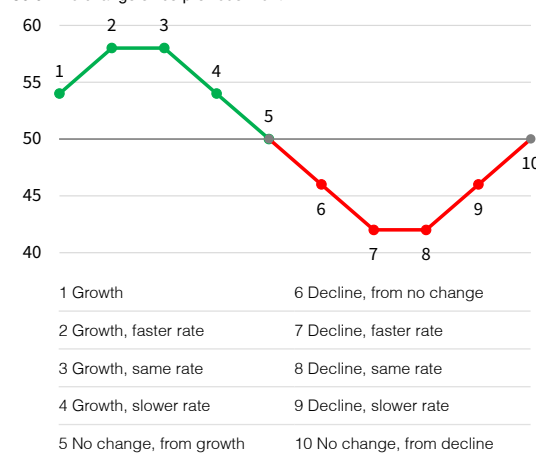
### Survey dates and history

Data were collected 6-16 December 2022.

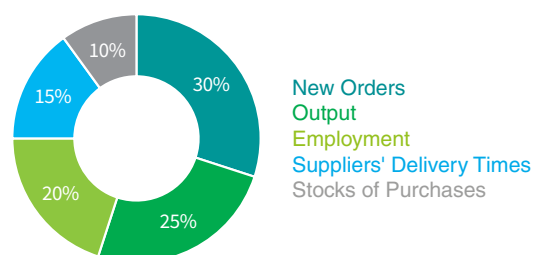
Survey data were first collected in April 2017.

### Index interpretation

50.0 = no change since previous month



### PMI component weights



### 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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## ENQUIRIES ABOUT THE REPORT

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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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#QFCMeansBusiness

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### 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](https://ihsmarkit.com/products/pmi.html)