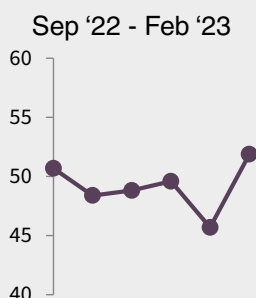




QATAR FINANCIAL CENTRE PMI™

Activity and demand rebound in February, driving outlook higher

QATAR FINANCIAL CENTRE PMI



PMI rises to six-month high as activity and new orders rebound

Future Output Index improves further to 41-month high

Wage pressures build in February

The latest Purchasing Managers' Index™ (PMI™) survey data from Qatar Financial Centre (QFC) for February indicated a rebound in business activity as demand improved. This drove firms' expectations for the next 12 months to the highest since September 2019.

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 posted a marked increase from 45.7 in January to 51.9 in February, indicating a resurgence in overall business conditions following a brief correction at the start of 2023 following the **FIFA World Cup Qatar 2022™** tournament. The month-on-month rise in the headline figure, at 6.2 points, was the second-largest observed since the series began in April 2017 and the largest outside the pandemic era (the biggest ever rise of 17.7 points occurred in July 2020).

The main boosts to the headline PMI were renewed growth in output and new business, which both increased at rates broadly comparable with their long-run averages following corrections in January. There was a notable rebound in demand in the wholesale & retail sector.

Forward-looking data continued to

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



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OVERVIEW CONTINUED...

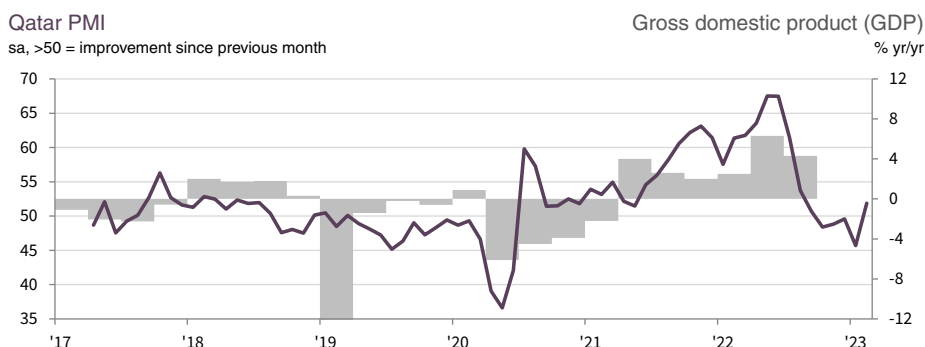
highlight improving prospects for the non-energy private sector in February. The Future Output Index rose for the seventh month running to a 41-month high of 82.7, indicating a strong degree of optimism. The Index has risen by a combined 21 points in 2023 so far, the largest two-month gain over the series history. Confidence improved in all four main sectors in February, with the strongest overall sentiment seen among manufacturers. Anecdotal evidence provided by respondents widely mentioned the initiation of new projects and successful marketing campaigns.

February data indicated growing wage pressures, with the Staff Costs Index

at a 17-month high. Salary increases were linked to both new recruits and improved rewards for existing staff. The Employment Index, tracking the overall level of staffing, was little-changed from January's six-month high.

Overall cost pressures eased slightly since January, reflecting a decline in purchase prices. Meanwhile, firms raised charges for goods and services for the ninth time in ten months.

Companies continued to complete backlogged work in February, although the respective index rose to a five-month high, signalling some returning pressure on capacity due to rising demand.



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

COMMENT

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

"The latest set of results suggest that business conditions in the non-energy private sector have normalised following a correction at the start of the year, with the February headline PMI reading of 51.9 broadly in line with the long-run average of 52.2.

"The key indices for output and new orders both rebounded solidly, with demand improving across all four of the main sectors monitored. Similarly, the Future Output Index rose further to a 41-month high of 82.7 in February, well above the long-run average of 64.6. Firms widely reported the

beginning of new projects and successful marketing campaigns, which also boosted confidence in the outlook."

"The financial services sector experienced significant growth and expansion in February, with strong inflows of new business, elevated activity levels, and robust headcount expansion. Additionally, the record rise in charges levied by financial services firms indicates their capability to command higher prices for their services."

OUTPUT AND DEMAND

Output

Business activity in the Qatari non-energy private sector rebounded in February, following a cooling in output at the start of 2023. The seasonally adjusted Output Index signalled a robust rate of expansion, and the month-on-month rise in the index was the third-largest in the survey history. Sector data signalled that the boost in activity was broad-based, and led by wholesale & retail.

Output Index

sa, >50 = growth since previous month

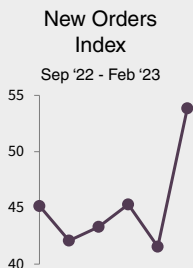
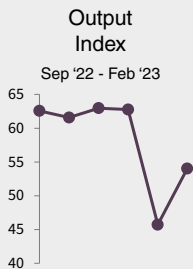


New orders

The seasonally adjusted New Orders Index soared in February, signalling a strong improvement in demand. The Index posted the second-biggest increase in the survey history, behind the 41-point rise seen in July 2020, taking it above its long-run trend level. Demand strengthened across all four main sectors monitored.

New Orders Index

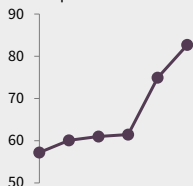
sa, >50 = growth since previous month



BUSINESS EXPECTATIONS

Future Output Index

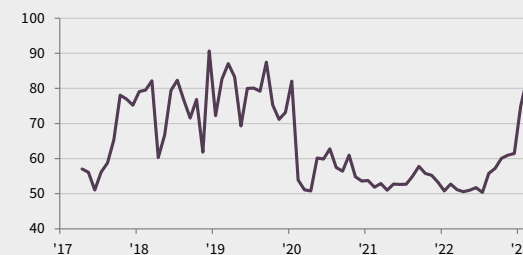
>50 = growth expected over next 12 months



The 12-month outlook for activity strengthened further in February. The Future Output Index rose for the seventh consecutive month to the highest level since September 2019, further clear of its long-run trend level of 64.6. Sentiment improved across all four sub-sectors, and remained especially strong in manufacturing. Respondents widely mentioned the initiation of new projects and successful marketing campaigns.

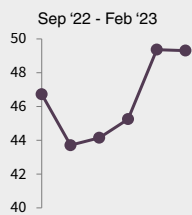
Future Output Index

>50 = growth expected over next 12 months



EMPLOYMENT AND CAPACITY

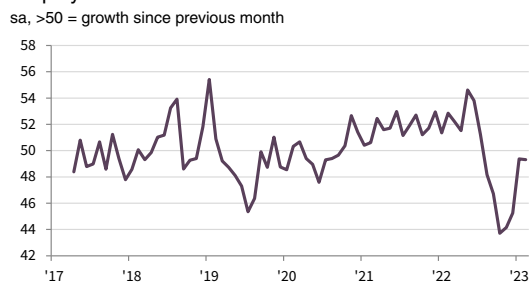
Employment Index



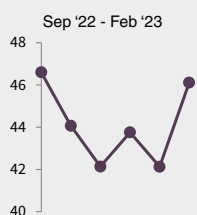
Employment

February data signalled sustained momentum in the Qatari non-energy private sector labour market, as the seasonally adjusted Employment Index was little-changed from January's six-month high. Sector data signalled another notable rise in recruitment among service providers.

Employment Index



Backlogs of Work Index



Backlogs of work

Non-energy private sector firms in Qatar reduced their levels of outstanding business for the seventh month running in February, following a two-year period of strong backlog growth in the lead-up to the FIFA World Cup Qatar 2022. The latest period saw the slowest rate of decline in five months, however. Outstanding work continued to decline most notably in the construction sector.

Backlogs of Work Index



PURCHASING AND INVENTORIES

Quantity of purchases

The volume of inputs ordered by non-energy private sector firms fell for the fifth month running in February, following a 27-month period of uninterrupted growth. That said, the rate of decline was the slowest in this sequence. Wholesalers and retailers increased buying activity during the latest period.

Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' delivery times

Supplier performance continued to improve in February. Average lead times quickened for the tenth consecutive month. That said, the seasonally adjusted Suppliers' Delivery Times Index fell for the second month running, signalling that the month-on-month shortening in times was less impressive than during the final quarter of 2022. Supplier performance improved to the greatest degree in the wholesale & retail sub-sector, followed by construction.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month

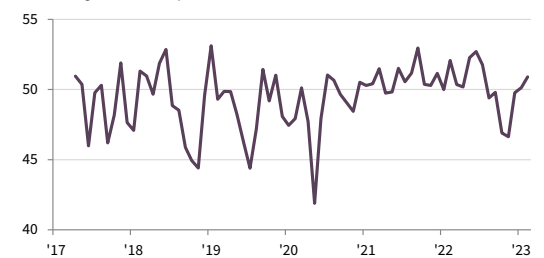


Stocks of purchases

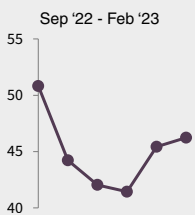
The level of inputs held in stock in the non-energy private sector rose in February, having been broadly stable in January. This followed declining inventories during most of the second half of 2022. The overall increase wholly reflected stock building at wholesalers and retailers.

Stocks of Purchases Index

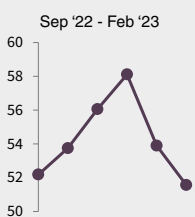
sa, >50 = growth since previous month



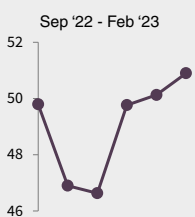
Quantity of Purchases Index
Sep '22 - Feb '23



Suppliers' Delivery Times Index
Sep '22 - Feb '23

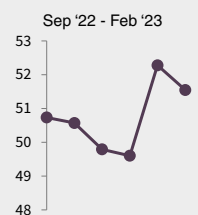


Stocks of Purchases Index
Sep '22 - Feb '23



PRICES

Overall Input Prices Index



Overall input prices

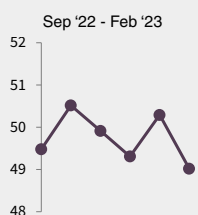
Average input prices paid by Qatari non-energy private sector firms rose for the second month running in February, albeit at a slower rate than at the start of 2023. The seasonally adjusted Overall Input Prices Index was fractionally below its long-run trend level of 51.8.

Overall Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index



Purchase prices

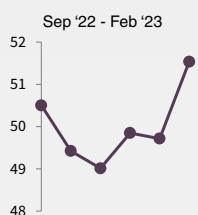
There was a renewed fall in average purchase prices in February, following a mild increase in January. On balance, prices have been flat since the second half of 2022, signalled by the seasonally adjusted Purchase Prices Index trending at 49.8 over this period.

Purchase Prices Index

sa, >50 = inflation since previous month



Staff Costs Index

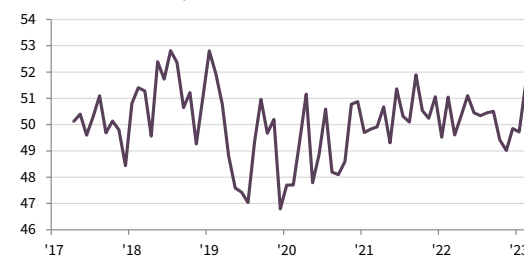


Staff costs

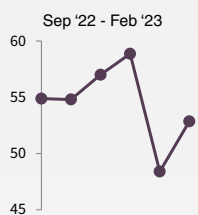
Average wages and salaries paid by private sector non-energy companies in Qatar rose in February, following a four-month period of decline. Moreover, the rate of wage inflation in the latest period was the fastest since September 2021 and among the strongest on record. Salary increases were linked to both new recruits and improved rewards for existing staff.

Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index

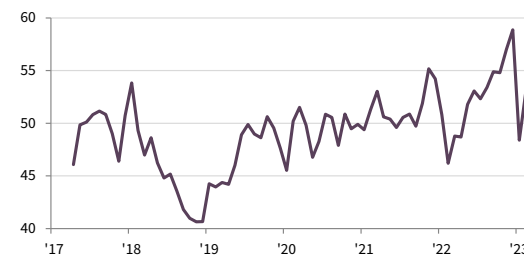


Output prices

Prices charged for goods and services by private sector firms in Qatar rose in February. This followed a slight correction in January after December's record rate of charge inflation. Charges have risen nine times in the past ten months, although February's increase was weaker than the average over this sequence.

Output Prices Index

sa, >50 = inflation since previous month



FINANCIAL SERVICES

Strongest inflows of new business for six months

Financial Services New Business Index at 60.1

Current activity levels and expectations remain elevated

Record rise in charges for financial services

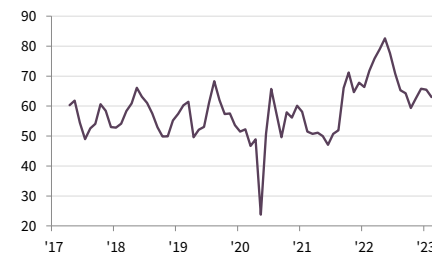
The financial services sector in Qatar continued to expand at a marked rate in February as the volume of new business increased the most since August 2022. Activity increased for the twentieth successive month, and at a rapid pace, while expectations eased only slightly on January's recent peak.

New business grew for the thirty-third consecutive month in February, and at the fastest rate since last August. Meanwhile, financial services firms continued to expand their headcounts at a robust pace.

February data indicated a record increase in charges levied by financial services firms, with the Prices Charged Index surging to 62.8. In contrast, the Input Prices Index fell to 50.2, indicating almost no increase in average costs.

Business Activity Index

sa, >50 = growth since previous month



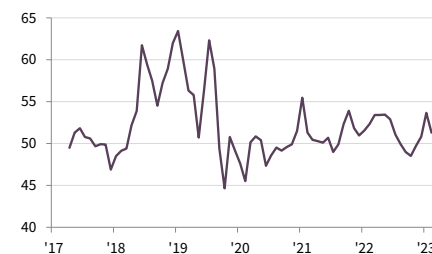
New Business Index

sa, >50 = growth since previous month



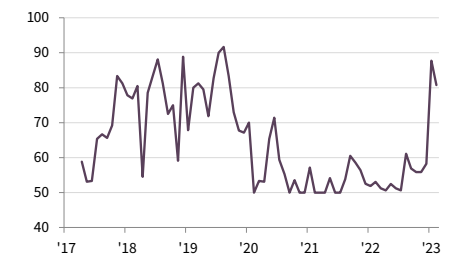
Employment Index

sa, >50 = growth since previous month



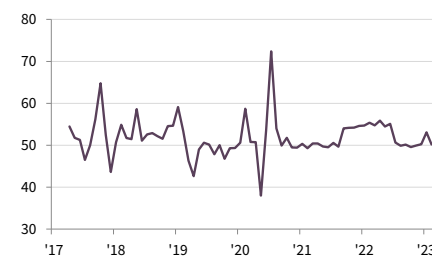
Future Activity Index

>50 = growth expected over next 12 months



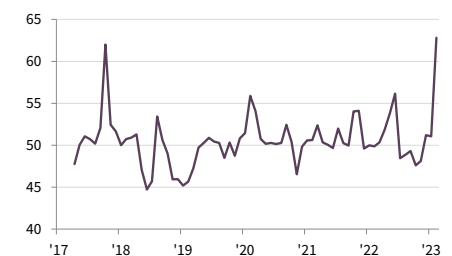
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

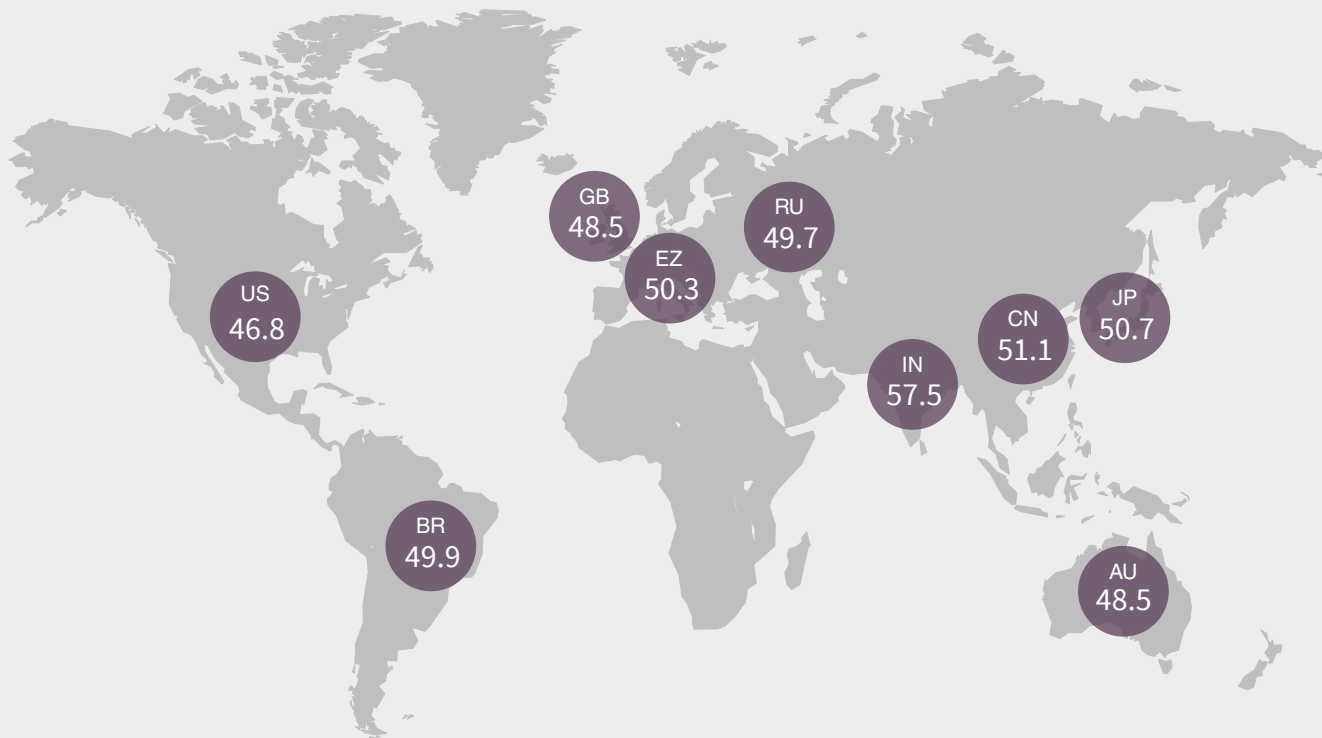
sa, >50 = inflation since previous month



INTERNATIONAL PMI

Composite Output Index, Jan '23
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.

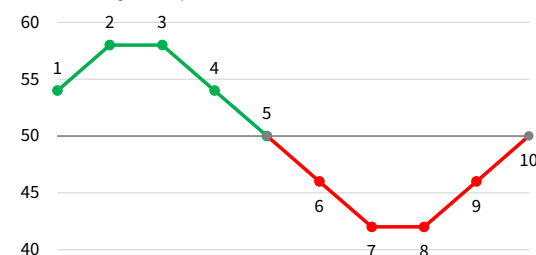
Survey dates and history

Data were collected 10-21 February 2023.

Survey data were first collected in April 2017.

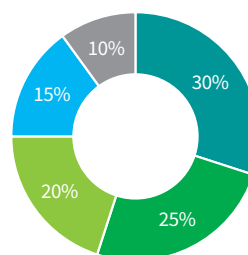
Index interpretation

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

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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