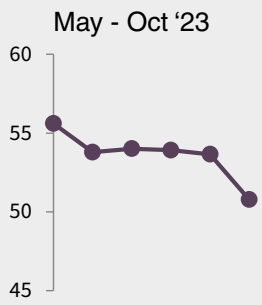




QATAR FINANCIAL CENTRE PMI



Activity and new business both rise for ninth straight month

Employment expands further as outlook remains positive

Input prices fall for first time in ten months

Qatar's non-energy private sector continued to experience improving business conditions at the start of the final quarter of 2023, according to the latest Purchasing Managers' Index™ (PMI®) survey data from Qatar Financial Centre (QFC). Output, new orders and employment all expanded in October, and the 12-month outlook remained upbeat. Moreover, profitability improved as firms raised their prices for goods and services at the fastest rate since February while average input prices fell for the first time in the year so far.

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 50.8 in October, from 53.7 in September, but the overall growth has been maintained since February, although the headline figure dipped below its long-run average (52.3, since 2017) in the latest period.

Total business activity among Qatari non-energy private sector firms rose further in October, with firms often reporting higher customer numbers. Output has risen every month since July 2020, except for a brief correction in January following the conclusion of the FIFA World Cup Qatar 2022™.

Qatar Financial Centre PMI

sa, >50 = improvement since previous month



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OVERVIEW CONTINUED...

The overall rate of expansion was the softest in 2023 so far, but construction continued to post a solid rebound in activity.

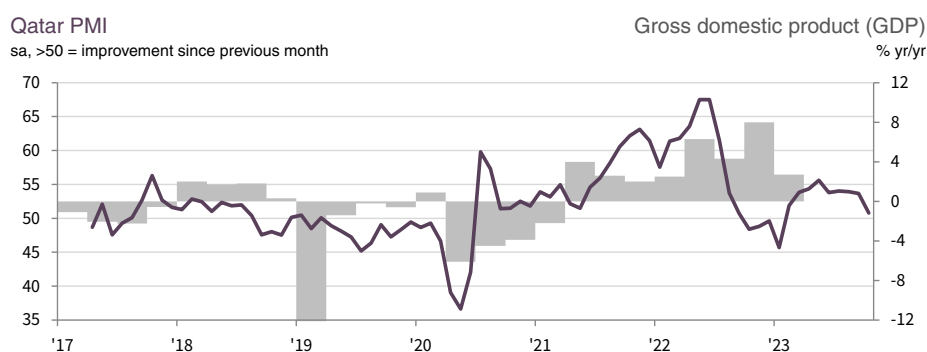
New business increased for the ninth successive month in October, with strong demand at wholesalers and retailers in particular. The overall rate of expansion eased since September, however.

Non-oil private sector employment expanded for the eighth month running in October. Recruitment was driven by construction firms and manufacturers, who also held the strongest 12-month outlooks for activity in October.

Supply chains continued to improve

in October, as lead times for inputs shortened for the eighteenth consecutive month. Purchasing of inputs expanded for the eighth straight month, but only fractionally, as firms aimed to stabilise their inventory levels. Input stocks were unchanged since September.

October data indicated improving profitability for Qatari non-energy private sector companies. Prices charged for goods and services increased at the fastest rate in six months, while input prices fell for the first time in 2023 so far. Wages and salaries were only fractionally up since the previous month.



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

COMMENT

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

"Business conditions in Qatar's non-energy private sector economy continued to improve moving into the final quarter of 2023, albeit at a slightly reduced tempo. The three main indicators for output, new orders and employment all registered further expansions in October and companies remained optimistic about the 12-month outlook.

"While business volumes increased at a slower pace, the latest data

suggested that firms' profits improved as the input and output price sub-indices moved in opposite directions. Charges rose for the second month running and at the fastest rate in six months, while input prices fell for the first time this year.

"Data on financial services suggested the sector continued to outperform the wider economy in October. There was further strong growth in activity and new contracts with the respective indices posting 58.3 and 55.0."

OUTPUT AND DEMAND

Output

The latest survey data signalled a ninth successive monthly expansion in business activity in the Qatari non-energy private sector. Moreover, output has risen every month since July 2020 except for a brief correction in January. Construction was the fastest-growing major sector in October.

New orders

Growth of new business was maintained for the ninth month running in October, albeit at a softer rate. A number of firms mentioned new customers. Demand rose in all four sectors, with the fastest expansions seen in Wholesale & Retail and Construction.

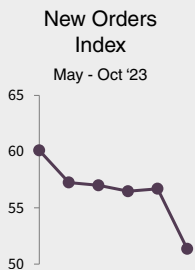
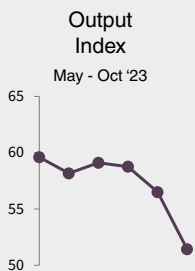
Output Index

sa, >50 = growth since previous month



New Orders Index

sa, >50 = growth since previous month

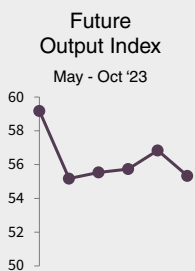
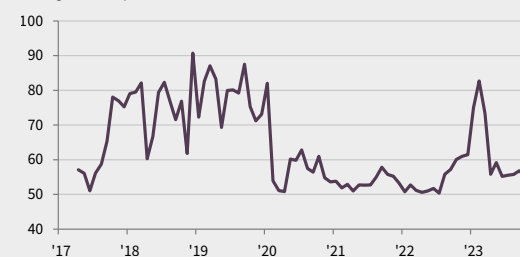


BUSINESS EXPECTATIONS

Business sentiment in the Qatari non-energy private sector economy remained positive in October, partly linked to the development of marketing campaigns to attract new customers. Output expectations were strongest in the construction and manufacturing sectors, although the overall degree of confidence moderated from September's four-month high.

Future Output Index

>50 = growth expected over next 12 months



EMPLOYMENT AND CAPACITY

Employment

Companies continued to expand their workforces on average in October, as the seasonally adjusted Employment Index signalled growth for the eighth straight month. That said, workforces expanded by less than in September which had seen the fastest growth since mid-2022.

The most notable gains in employment in the latest period were registered in construction and manufacturing.

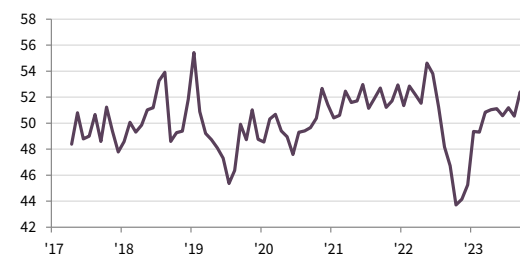
Backlogs of work

Non-energy private sector firms in Qatar reduced their levels of outstanding business for the fifteenth month running in October. That said, the rate of decline slowed notably and was the weakest over this period.

Levels of incomplete work fell in construction and manufacturing but rose in services and wholesale & retail.

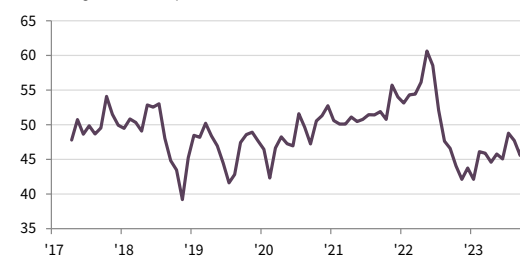
Employment Index

sa, >50 = growth since previous month



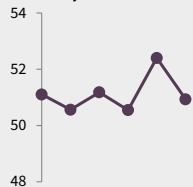
Backlogs of Work Index

sa, >50 = growth since previous month



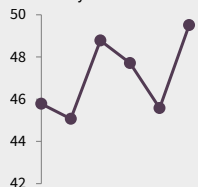
Employment Index

May - Oct '23



Backlogs of Work Index

May - Oct '23



PURCHASING AND INVENTORIES

Quantity of purchases

The volume of inputs ordered by non-energy private sector firms rose for the eighth month running in October. The rate of growth in the latest period remained only fractional, however, and mainly reflected an increase among manufacturers.

Suppliers' delivery times

Supplier performance continued to improve in September, as average lead times quickened for the eighteenth consecutive month, the longest sequence on record. That said, the seasonally adjusted Suppliers' Delivery Times Index fell to a seven-month low, to signal a slower rate of improvement. Supplier performance improved across three of the main sectors, while service providers reported no change since September.

Stocks of purchases

The level of inputs held in stock in the non-energy private sector in October was unchanged compared with one month previously, with the seasonally adjusted Stocks of Purchases Index posting at exactly 50.0. Overall stocks of inputs were also broadly stable during September.

Quantity of Purchases Index

sa, >50 = growth since previous month



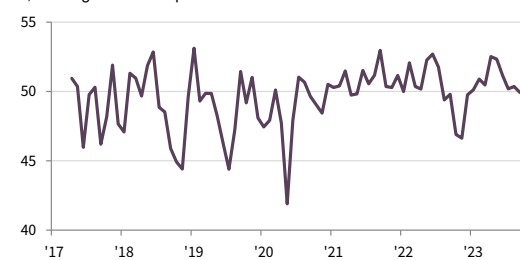
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



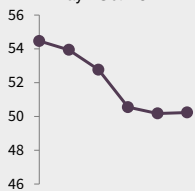
Stocks of Purchases Index

sa, >50 = growth since previous month



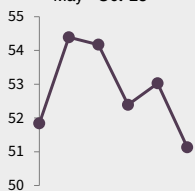
Quantity of Purchases Index

May - Oct '23



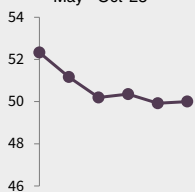
Suppliers' Delivery Times Index

May - Oct '23



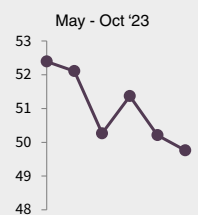
Stocks of Purchases Index

May - Oct '23



PRICES

Overall Input Prices Index



Overall input prices

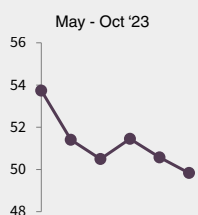
Average input prices paid by Qatari non-energy private sector firms fell in October. This ended a nine-month sequence of input cost inflation, the third-longest in the survey history. That said, the rate of reduction was only marginal. Slightly lower input prices in manufacturing, construction and wholesale & retail were almost offset by higher costs for service providers.

Overall Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index



Purchase prices

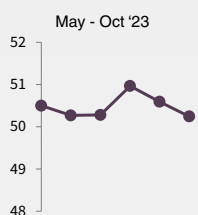
Average purchase prices paid by non-energy private sector firms in Qatar were slightly lower in October compared with the previous month. The seasonally adjusted Purchase Prices Index registered just below 50.0 and posted at an eight-month low. Purchase prices fell in three out of the four main sectors, the exception being manufacturing.

Purchase Prices Index

sa, >50 = inflation since previous month



Staff Costs Index

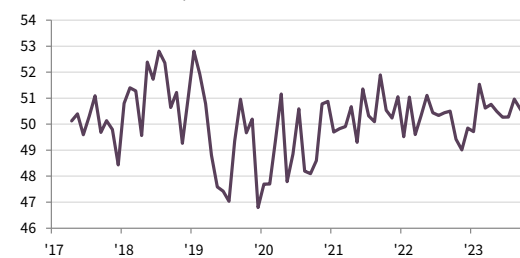


Staff costs

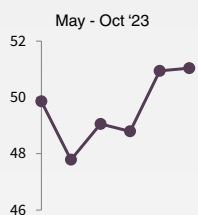
Average wages and salaries paid by private sector non-energy companies in Qatar rose for the ninth month running in October. That said, the rate of wage inflation in the latest period eased further from August's six-month high and was only marginal. Service providers drove the latest round of pay growth.

Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index

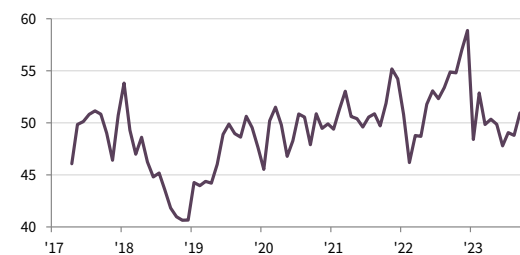


Output prices

Prices charged for goods and services by private sector firms in Qatar rose for the second month running in October, the first round of back-to-back inflation in 2023 so far. Previously firms had discounted prices for four months, the longest sequence in four years. Manufacturing and wholesale & retail drove the latest charge inflation.

Output Prices Index

sa, >50 = inflation since previous month



FINANCIAL SERVICES

Sharp growth in activity sustained in October

Total workloads rise markedly at financial services firms

Slowest increase in new business in 2023 to date

Financial services firms raise charges at fastest rate in six months

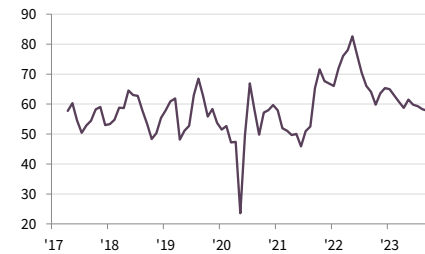
Qatari financial services companies recorded another marked increase in total business activity in October. The seasonally adjusted Financial Services Business Activity Index posted 58.3, well above the overall private sector figure of 51.4 and a slight improvement on September.

Growth of total activity remained marked despite the slowest increase in new business in 2023 so far. That said, demand was still strong overall and more robust than the non-energy sector average. Meanwhile, employment at financial services firms rose for the seventh month running.

Latest data suggested improving profitability in financial services, with prices charged rising more quickly but average input costs up only marginally since September.

Business Activity Index

sa, >50 = growth since previous month



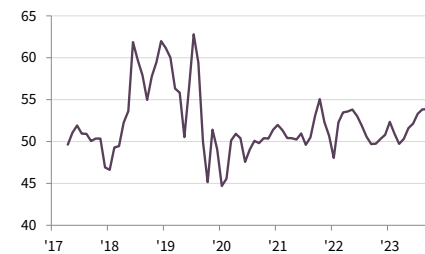
New Business Index

sa, >50 = growth since previous month



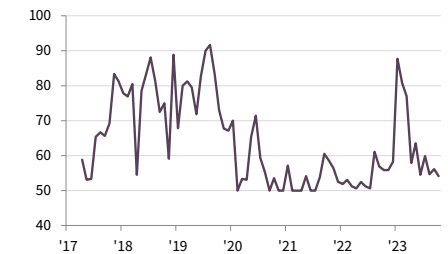
Employment Index

sa, >50 = growth since previous month



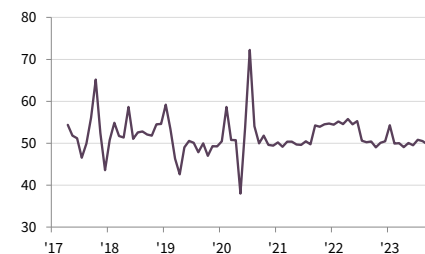
Future Activity Index

>50 = growth expected over next 12 months



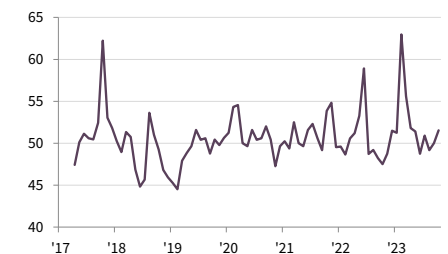
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

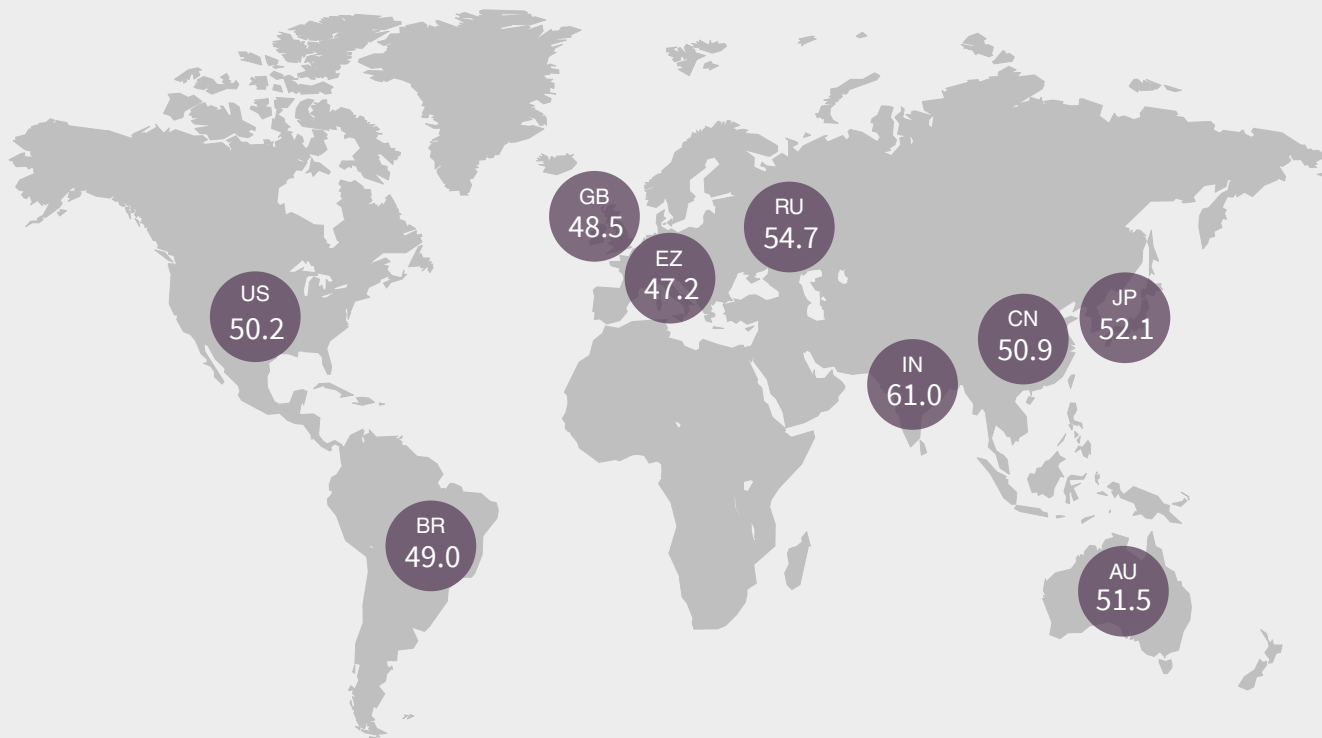
sa, >50 = inflation since previous month



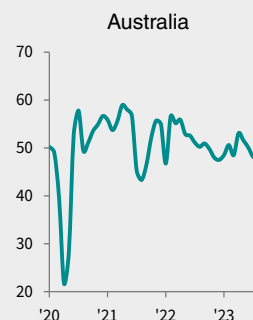
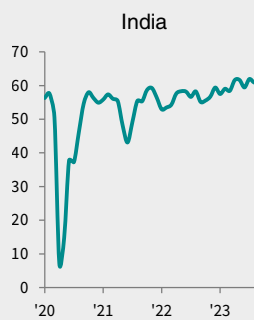
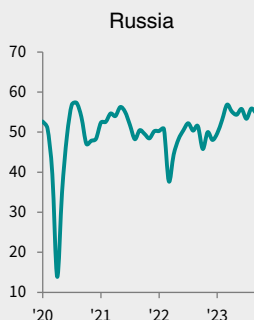
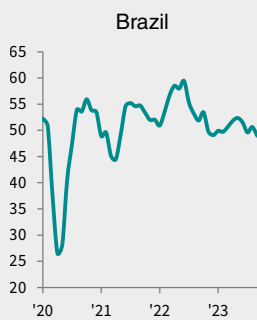
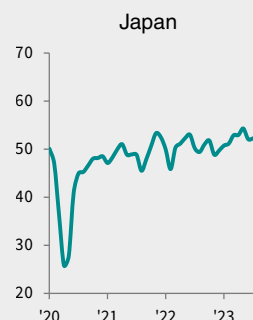
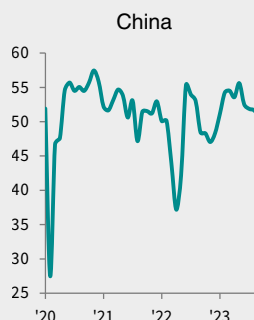
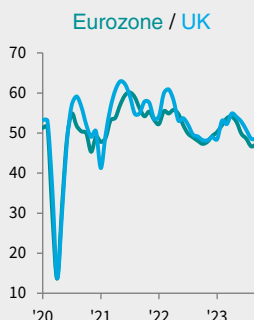
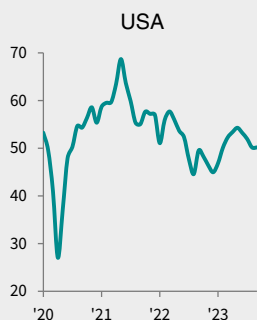
INTERNATIONAL PMI

Composite Output Index, Sep '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 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@spglobal.com.

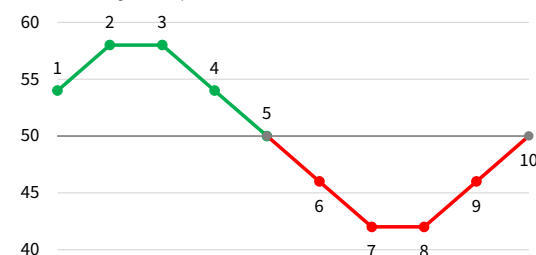
Survey dates and history

Data were collected 12-24 October 2023.

Survey data were first collected in April 2017.

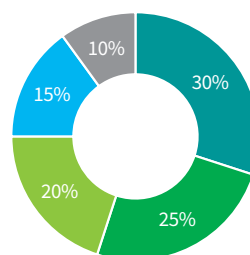
Index interpretation

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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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

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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.

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