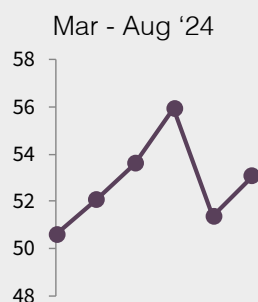


QATAR FINANCIAL CENTRE PMI®

Non-energy sector business conditions strengthen in August

QATAR FINANCIAL CENTRE PMI

Aug '24
53.1
Jul: 51.3



PMI rises above long-run average as growth of jobs and new orders strengthen

Record wage increases drive overall cost inflation to four-year high

Marked improvement in year-ahead outlook

The latest Purchasing Managers' Index™ (PMI®) survey data from Qatar Financial Centre (QFC) compiled by S&P Global signalled an all-round improvement in business conditions in Qatar's non-energy private sector in August. Demand for goods and services strengthened, driving a near-record increase in employment and another solid expansion in output. Firms continued to deplete outstanding business, and average wages rose at the fastest rate on record. Overall cost pressures were the highest in four years, while charges for goods and services fell slightly. Finally, the 12-month outlook improved notably.

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 to 53.1 in August, from 51.3 in July, signalling a stronger overall improvement in business conditions in the non-energy private sector economy. It was also above the long-run trend level of 52.3 (since April 2017).

The employment component provided the largest boost to August's headline figure. Private sector jobs in Qatar rose strongly in August, reversing July's slight decline. The workforce growth rate was the second-fastest on record, just shy of the peak set in January 2019.

The boost to jobs was accompanied by record wage pressures during the

Qatar Financial Centre PMI

sa, >50 = improvement since previous month



CONTENTS

Overview and comment
Output and demand
Business expectations
Employment and capacity
Purchasing and inventories
Prices
Financial services
International PMI
Survey methodology
Further information

OVERVIEW CONTINUED...

month, as the seasonally adjusted Staff Costs Index rose to a new high of 55.7. Non-staff cost pressures also intensified in August, with purchase price inflation at a 15-month high. Overall input price inflation hit a four-year high. In contrast, prices charged for goods and services fell in the latest period.

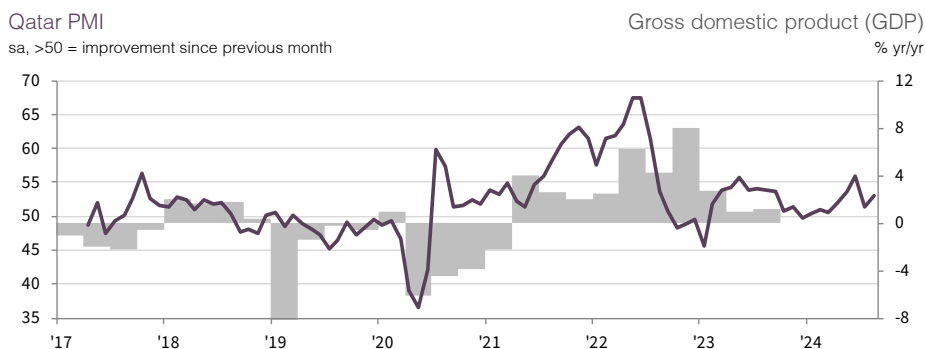
Recruitment was influenced by a strengthening demand for Qatari non-energy goods and services. The level of incoming new orders expanded for the eighteenth time in 19 months, and at a strong rate that outperformed the long-run survey trend.

The faster increase in new business in August supported another robust expansion in total activity. Output has risen continuously for over four years except for two brief pauses in January and December last year. While accepting new contracts, companies continued to

reduce the volume of outstanding orders, albeit at the slowest rate in the current seven-month sequence of backlog depletion.

Confidence regarding the next 12 months strengthened notably in August, to the highest since March 2023. Positive sales forecasts were linked to government economic development policies, tourism, a rising expatriate population, construction and real estate projects, and Qatar's attractiveness to international investors.

New project starts meant that demand for inputs rose in August, as purchasing activity increased for the sixth successive month. Despite this, suppliers' lead times improved to the greatest extent since December 2022. Input stocks declined for the sixth time in 2024 so far and at the fastest rate since November 2022.



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

COMMENT

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

"The PMI resumed its recent upward trajectory in August, mainly reflecting a surge in employment and stronger inflows in new business. The increase in jobs was the second-fastest in the survey history, while demand growth was driven by the goods and services segments of the non-energy economy. Financial services continued to lead the way with the sharpest rise in new

business in two years.

"Output growth remained in line with the strong long-run survey trend, while the 12-month outlook rose to the highest since March 2023.

"As well as recruiting more staff, companies raised wages and salaries at the fastest rate on record in August. This, combined with stronger purchase price inflation, took the overall input price inflation to a four-year high."

OUTPUT AND DEMAND

Output

Growth of total business activity was maintained for the eighth month running in August. The rate of expansion was little-changed since July and broadly in line with the 2024 and long-run averages. Solid growth was seen in all sectors except construction.

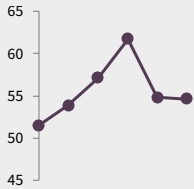
New orders

Inflows of new business expanded for the eighth month running in August, linked to successful marketing, investments and high-performing sales teams. The rate of growth accelerated since July and was stronger than the long-run survey trend.

Wholesalers, retailers and service providers drove the latest increase in demand.

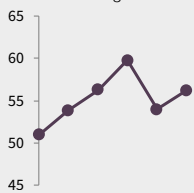
Output Index

Mar - Aug '24



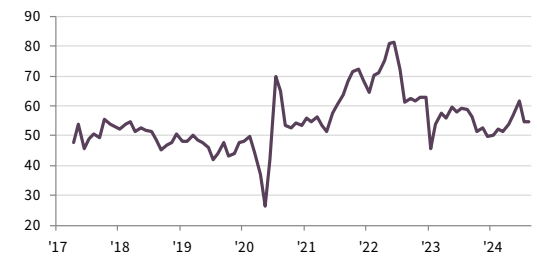
New Orders Index

Mar - Aug '24



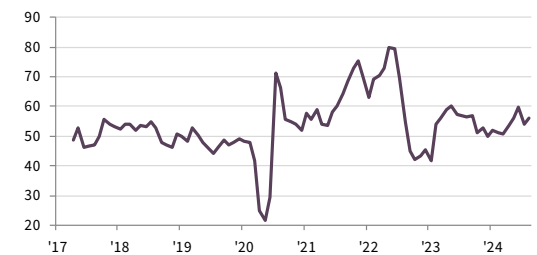
Output Index

sa, >50 = growth since previous month



New Orders Index

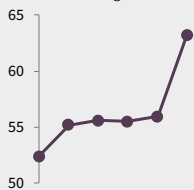
sa, >50 = growth since previous month



BUSINESS EXPECTATIONS

Future Output Index

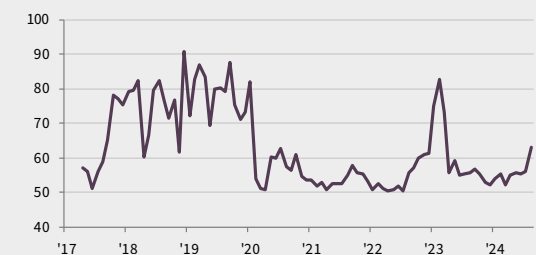
Mar - Aug '24



Business sentiment improved in August, linked to government economic development policies, tourism, a rising expatriate population, construction and real estate projects, and Qatar's attractiveness to international investors. The Future Output Index rose sharply and signalled the strongest overall confidence since March 2023. Growth forecasts strengthened in all four main sectors monitored, led by manufacturing.

Future Output Index

>50 = growth expected over next 12 months



EMPLOYMENT AND CAPACITY

Employment

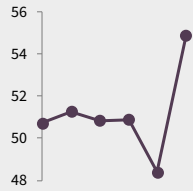
Private sector employment in Qatar's non-energy economy surged in August, as the seasonally adjusted Employment Index rebounded above the no-change mark of 50.0. The rate of job creation was the second-fastest in the survey history, just shy of the record posted in January 2019. Some companies mentioned drives to recruit marketing and sales staff. Employment growth was broad-based across all sectors, and strongest among service providers.

Backlogs of work

Non-energy private sector firms in Qatar registered a slower decrease in outstanding business in August. Backlogs have fallen continuously since February, but the latest depletion was the weakest in this sequence. Outstanding work rose in manufacturing and construction.

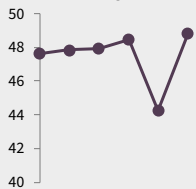
Employment Index

Mar - Aug '24



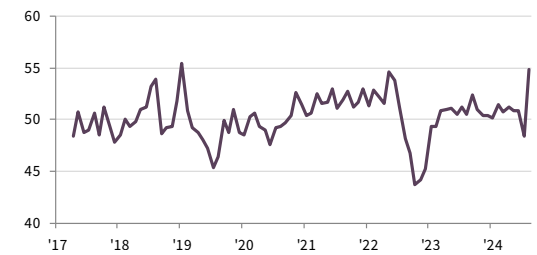
Backlogs of Work Index

Mar - Aug '24



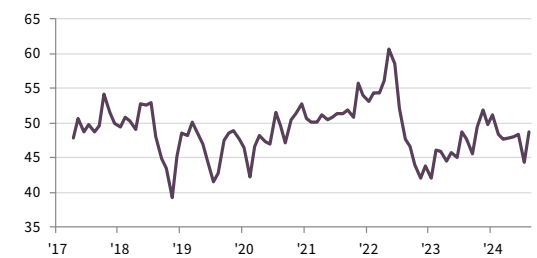
Employment Index

sa, >50 = growth since previous month



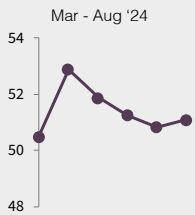
Backlogs of Work Index

sa, >50 = growth since previous month



PURCHASING AND INVENTORIES

Quantity of Purchases Index



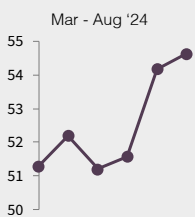
Quantity of purchases

The volume of inputs ordered by non-energy private sector firms rose for the sixth month running in August. In line with the trend for new business, the rate of growth accelerated since July. That said, it was still below the long-run survey average.

Suppliers' delivery times

Supplier performance continued to improve in August. Average lead times have shortened in every month since May 2022, the longest sequence on record. The seasonally adjusted Suppliers' Delivery Times Index rose further in the latest period, signalling the greatest improvement since December 2022. Input delivery times improved most in the wholesale & retail sector.

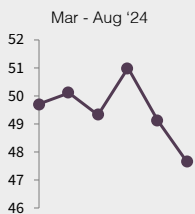
Suppliers' Delivery Times Index



Stocks of purchases

The level of inputs held in stock in the Qatari non-energy private sector fell for the sixth time in 2024 so far in August. Moreover, the seasonally adjusted Stocks of Purchases Index fell steeply since July, indicating the fastest decline since November 2022.

Stocks of Purchases Index



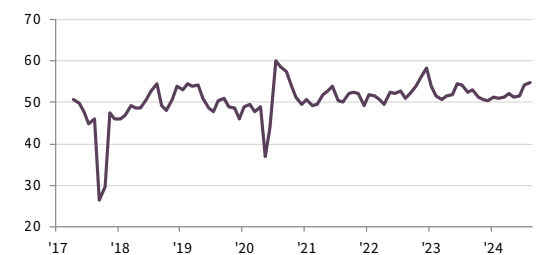
Quantity of Purchases Index

sa, >50 = growth since previous month



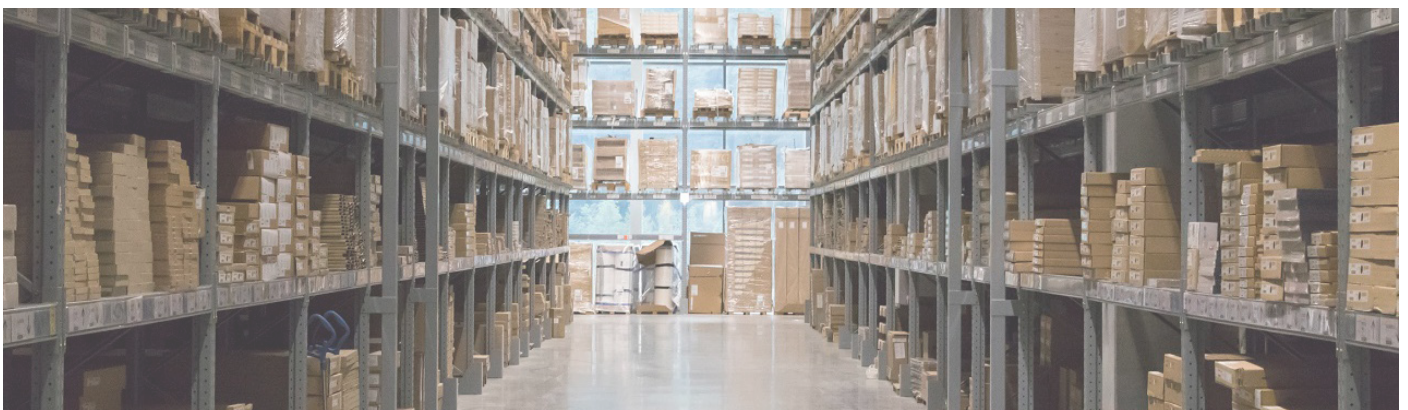
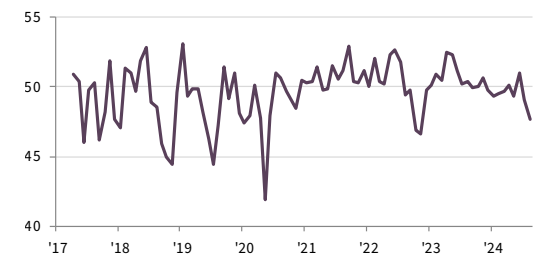
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



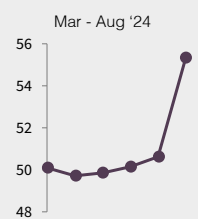
Stocks of Purchases Index

sa, >50 = growth since previous month

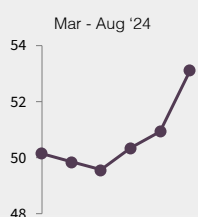


PRICES

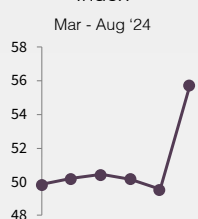
Overall Input Prices Index
Mar - Aug '24



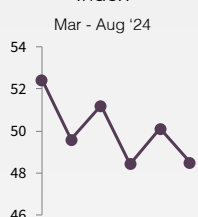
Purchase Prices Index
Mar - Aug '24



Staff Costs Index
Mar - Aug '24



Output Prices Index
Mar - Aug '24



Overall input prices

Average input prices paid by Qatari non-energy private sector firms rose for the third month running in August. Moreover, the seasonally adjusted Overall Input Prices Index posted one of the largest monthly gains in the survey history, signalling the strongest inflation for four years. It was also well above the long-run survey average of 51.5. Average input prices rose sharply in all four sectors, led by construction.

Purchase prices

Average purchase prices paid by non-energy private sector firms in Qatar were higher in August compared with the previous month. Moreover, the seasonally adjusted Purchase Prices Index rose to a 15-month high and above the long-run trend level of 51.5. Purchasing costs rose most in the wholesale & retail sector.

Staff costs

Average wages and salaries paid by private sector non-energy companies in Qatar rose at the fastest rate in the survey history in August. Three sectors – manufacturing, construction and services – recorded strong increases, with a comparatively softer rate of pay growth seen in wholesale & retail.

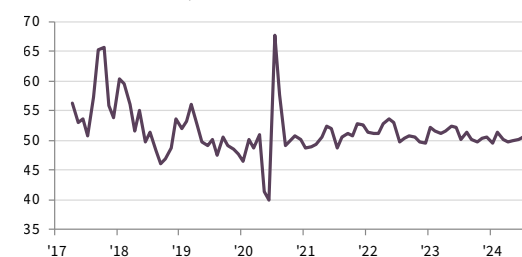
Output prices

Prices charged by private sector firms in Qatar fell in August, having been stable in July. The rate of discounting was broadly similar to the previous fall registered in June.

Three sectors posted lower output prices in August, led by construction. Wholesalers and retailers increased their charges.

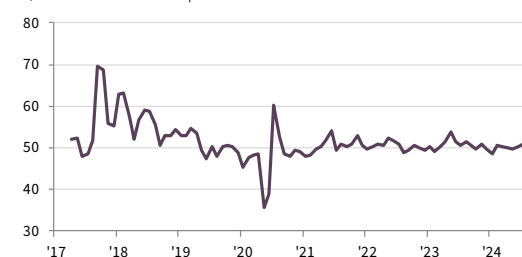
Overall Input Prices Index

sa, >50 = inflation since previous month



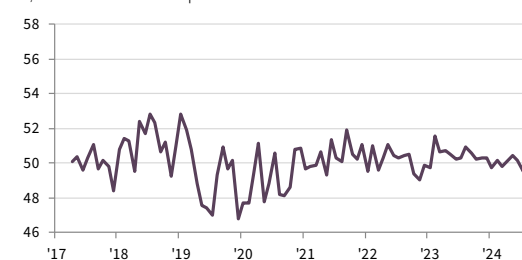
Purchase Prices Index

sa, >50 = inflation since previous month



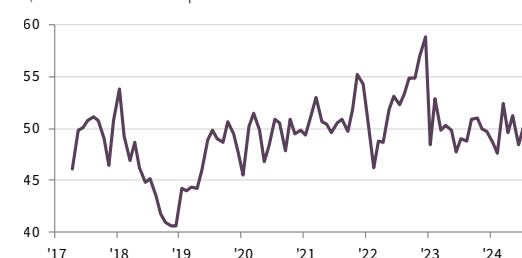
Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index

sa, >50 = inflation since previous month



FINANCIAL SERVICES

Fastest rise in new business for two years

Demand for financial services accelerates in August

Sharpest increase in employment for five years

Year-ahead outlook improves

Qatari financial companies recorded booming demand for their services in August. The seasonally adjusted Financial Services New Business Index rose sharply to 62.9, from 57.2 in July, signalling a rapid improvement in demand conditions with the fastest growth since August 2022. This led to a faster rise in total activity (58.6).

Companies were also increasingly optimistic regarding the 12-month outlook, with sentiment at the highest level since May 2023. There was also a notable boost to employment growth, which was the strongest in five years (56.4).

In terms of prices, average charges set by financial services companies fell for the first time in four months. Meanwhile, average input prices rose the most since July 2020.

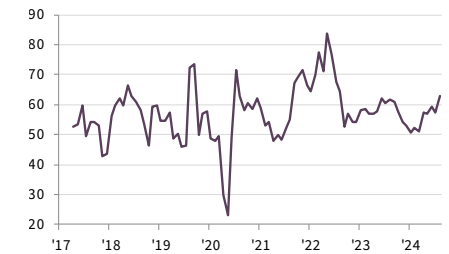
Business Activity Index

sa, >50 = growth since previous month



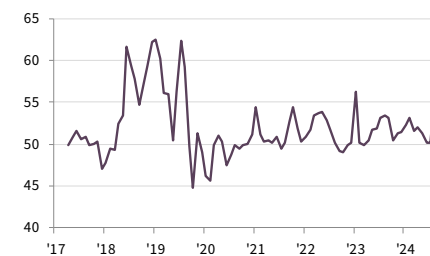
New Business Index

sa, >50 = growth since previous month



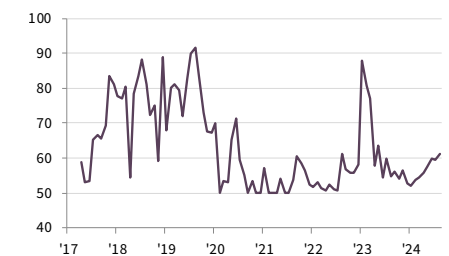
Employment Index

sa, >50 = growth since previous month



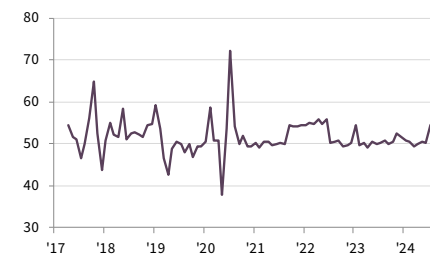
Future Activity Index

>50 = growth expected over next 12 months



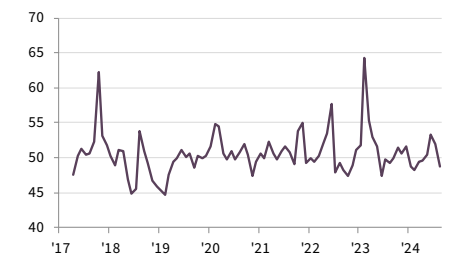
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

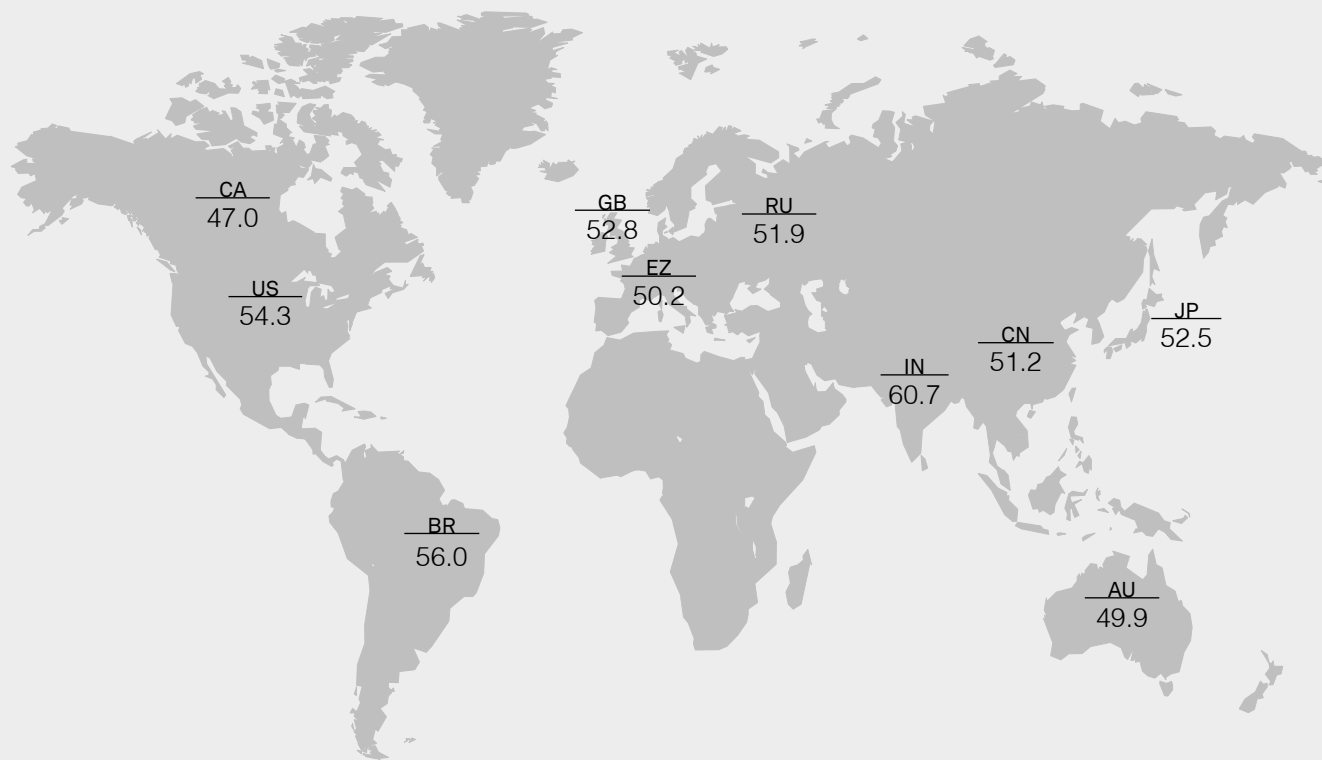
sa, >50 = inflation since previous month



INTERNATIONAL PMI

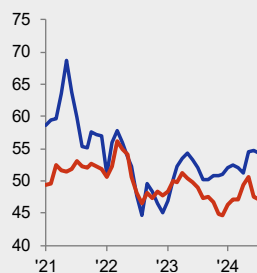
Composite Output Index, Jul '24
sa, >50 = growth since previous month

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

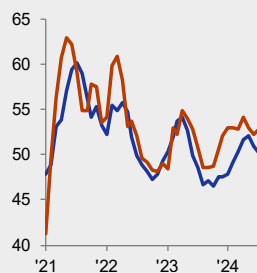


Composite Output Index

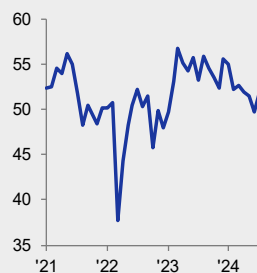
■ USA
■ Canada
sa, >50 = growth



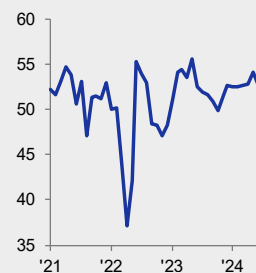
■ Eurozone
■ UK
sa, >50 = growth



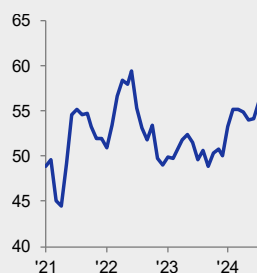
■ Russia
sa, >50 = growth



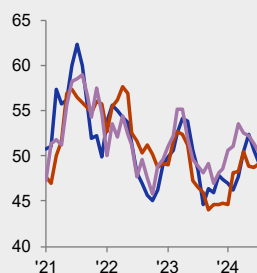
■ China
sa, >50 = growth



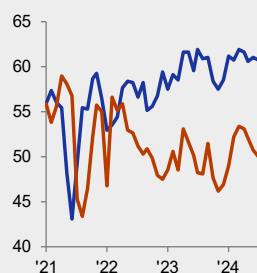
■ Brazil
sa, >50 = growth



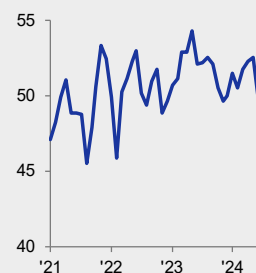
■ Germany ■ Italy
■ France
sa, >50 = growth



■ India
■ Australia
sa, >50 = growth



■ Japan
sa, >50 = growth



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.

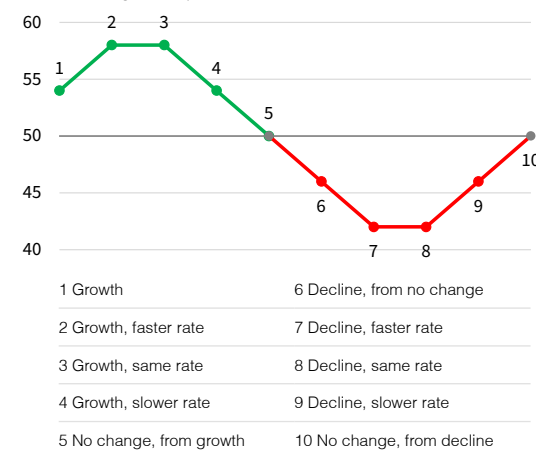
Survey dates and history

Data were collected 12-22 August 2024.

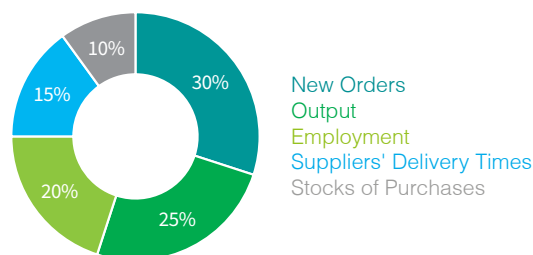
Survey data were first collected in April 2017.

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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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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#QFCMeansBusiness

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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

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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