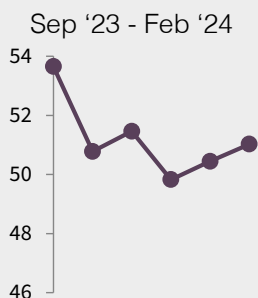




# QATAR FINANCIAL CENTRE PMI®

## Non-energy sector growth accelerates in February

### QATAR FINANCIAL CENTRE PMI



Expansions in output and employment strengthen

Business expectations improve

Prices charged fall at fastest rate in two years

Qatar's non-energy private sector recorded a stronger improvement in business conditions in February, according to the latest Purchasing Managers' Index™ (PMI®) survey data from Qatar Financial Centre (QFC) compiled by S&P Global. Output and employment both increased at faster rates, and new business growth was maintained. Companies were also able to make progress on volumes of outstanding work during the month, and the 12-month outlook improved. A reduction in purchasing activity revealed a preference for destocking, with inventories falling slightly for the third month running as firms sought efficiency gains. Price pressures remained subdued, with average input costs rising only modestly and charges falling at the strongest rate in two years.

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.

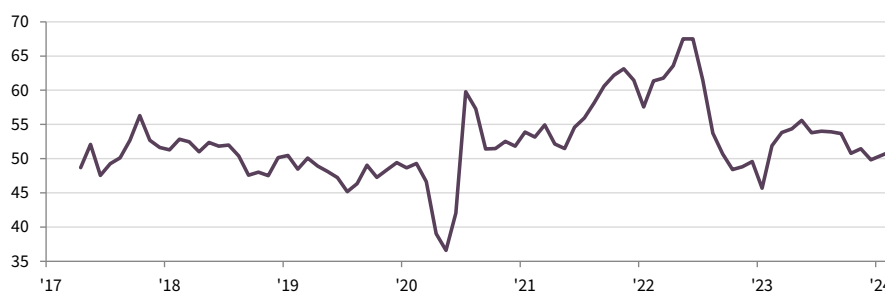
The headline Qatar Financial Centre PMI is a composite single-figure indicator of non-energy private sector performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases.

The PMI registered 51.0 in February, up from 50.4 in January. The latest figure moved further above the no-change mark of 50.0 and thereby signalled a faster improvement in business conditions in the non-energy private sector economy.

Of the five components of the headline figure, output, new orders and employment all registered above 50.0 index readings in February, indicative of month-on-month expansions. These were

Qatar Financial Centre PMI

sa, >50 = improvement since previous month



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## OVERVIEW CONTINUED...

partly offset by shorter suppliers' delivery times and a reduction in input stocks.

Demand for goods and services in Qatar's non-energy economy continued to expand in February. Companies widely linked new orders to new customers and branch openings. The rate of growth eased since January, enabling a reduction in the volume of outstanding business.

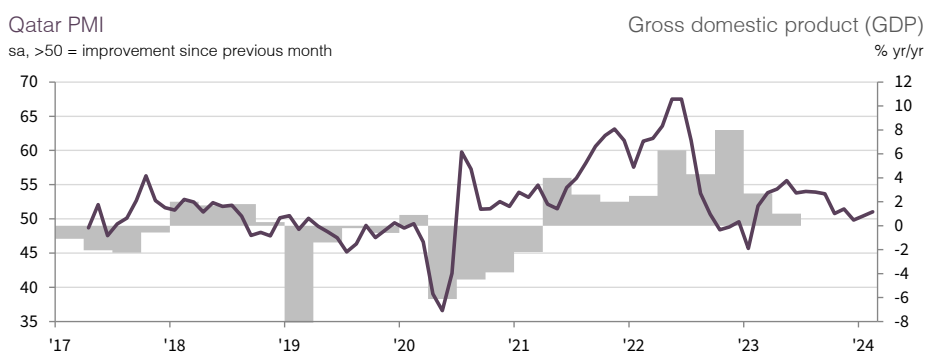
Total activity increased at the fastest rate in three months in February, although growth remained below the strong average for 2023.

Looking ahead towards the next 12 months, companies were increasingly optimistic on growth in February. Overall sentiment was the strongest since

last September, linked to business development plans, new clients and marketing campaigns.

Qatari firms continued to raise employment, extending the current sequence of growth to 12 months. Purchases of inputs fell further, however, as firms continued to trim inventories. This further alleviated pressure on supply chains, as lead times shortened for the twenty-second successive month.

Average input prices rose in February, driven by both wages and purchase costs, but overall cost pressures were muted. Output prices fell for the fourth straight month, and the most since February 2022.



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

## COMMENT

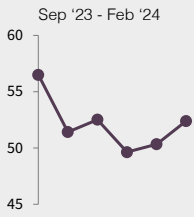
Yousuf Mohamed Al-Jaida, Chief Executive Officer, QFC Authority:

*"The PMI rose further in February, reflecting sharper gains in output and employment in the Qatari non-energy economy. So far in 2024 the headline index is trending in line with the average for the fourth quarter of 2023, indicating sustained economic growth."*

*"Although new orders did not rise by as much as in January, the 12-month outlook brightened with firms at their most confident since last September. Companies are taking on staff at the fastest rate in five months, with financial services registering the strongest job creation. The sector also posted faster new business expansion in February, bucking the wider trend."*

## OUTPUT AND DEMAND

Output Index

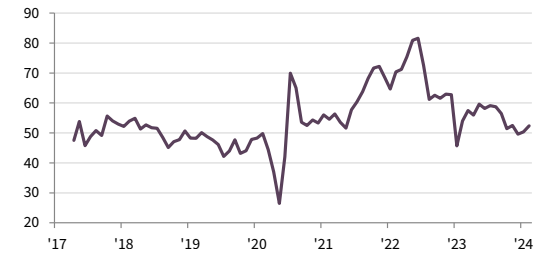


### Output

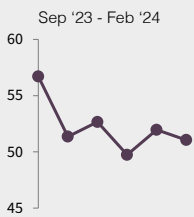
February survey data signalled a further increase in the volume of business activity in the Qatari non-energy private sector, linked to new customers and the completion of projects. The seasonally adjusted Output Index rose further above the neutral mark of 50.0, indicating faster growth. Activity has risen in every month since July 2020 except for brief corrections in January and December 2023.

Output Index

sa, >50 = growth since previous month



New Orders Index



### New orders

Inflows of new business expanded for the twelfth time in the past 13 months in February, albeit at a slightly softer rate than in January. Companies reported new customers and branch openings.

Sector data signalled that overall growth in demand was driven construction and wholesale & retail.

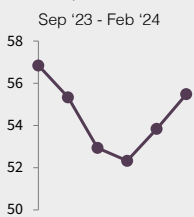
New Orders Index

sa, >50 = growth since previous month



## BUSINESS EXPECTATIONS

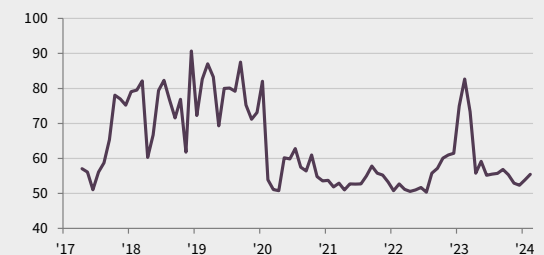
Future Output Index



Business sentiment in the Qatari non-energy private sector economy remained positive in February, and strengthened further over the month. Overall confidence was the highest since last September, linked to development plans, new clients and marketing campaigns. Output expectations were strongest in the manufacturing sector.

Future Output Index

>50 = growth expected over next 12 months



## EMPLOYMENT AND CAPACITY

### Employment

Companies continued to expand their workforces on average in February, as the seasonally adjusted Employment Index signalled growth for the twelfth straight month. Moreover, the rate of job creation in the latest period was the strongest in five months. A number of firms reported a focus on hiring candidates with high levels of experience.

Sub-sector data signalled recruitment growth in all sectors except manufacturing.

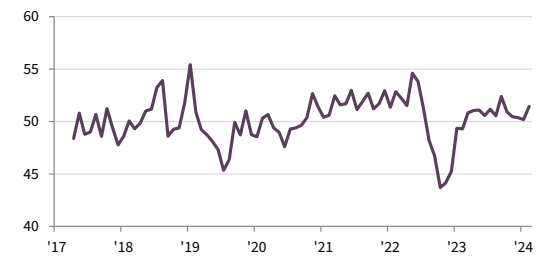
### Backlogs of work

Non-energy private sector firms in Qatar registered a lower level of outstanding business in February compared with one month ago. Backlogs have fallen 17 times in the past 19 months.

Levels of incomplete work fell across all four sub-sectors monitored, most notably in construction and wholesale & retail.

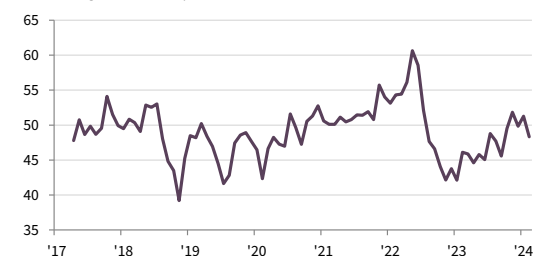
### Employment Index

sa, >50 = growth since previous month



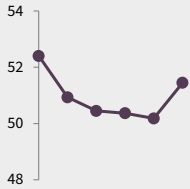
### Backlogs of Work Index

sa, >50 = growth since previous month



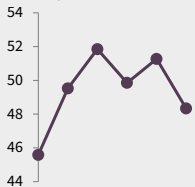
### Employment Index

Sep '23 - Feb '24



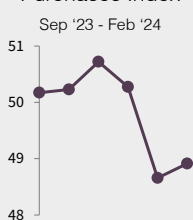
### Backlogs of Work Index

Sep '23 - Feb '24



## PURCHASING AND INVENTORIES

Quantity of Purchases Index  
Sep '23 - Feb '24



### Quantity of purchases

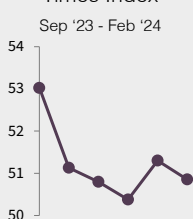
The volume of inputs ordered by non-energy private sector firms fell for the second month running in February, following a ten-month growth sequence. The rate of decline remained only modest, however.

Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index  
Sep '23 - Feb '24



### Suppliers' delivery times

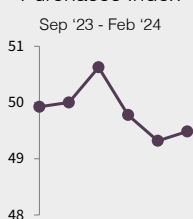
Supplier performance continued to improve in February. Average lead times have shortened in every month since May 2022, the longest sequence on record. That said, the seasonally adjusted Suppliers' Delivery Times Index fell since January, signalling only a slight improvement in performance. Input delivery times improved most in the wholesale & retail sector.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index  
Sep '23 - Feb '24

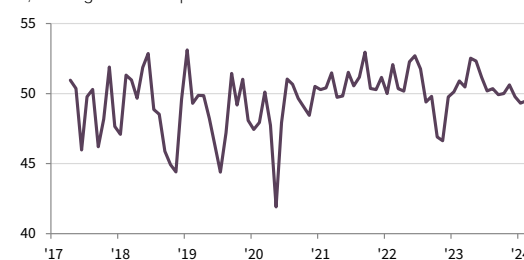


### Stocks of purchases

The level of inputs held in stock in the non-energy private sector fell further in February, with the seasonally adjusted Stocks of Purchases Index registering below the no-change threshold of 50.0 for the third successive month. The rate of decline was marginal overall, however, and eased since January.

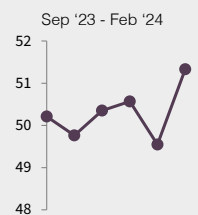
Stocks of Purchases Index

sa, >50 = growth since previous month



## PRICES

Overall Input Prices Index



### Overall input prices

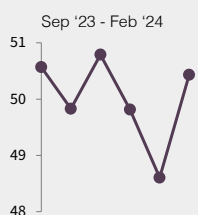
Average input prices paid by Qatari non-energy private sector firms rose in February, reversing January's decline. The overall rate of increase was the fastest in six months, but slightly below the long-run survey average. Cost pressures were strongest in construction.

Overall Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index

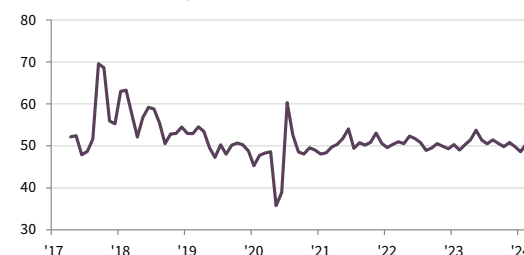


### Purchase prices

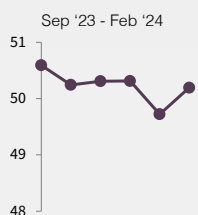
Average purchase prices paid by non-energy private sector firms in Qatar were higher in February compared with the previous month. The seasonally adjusted Purchase Prices Index registered above the 50.0 threshold, but remained below the long-run trend level of 51.6.

Purchase Prices Index

sa, >50 = inflation since previous month



Staff Costs Index

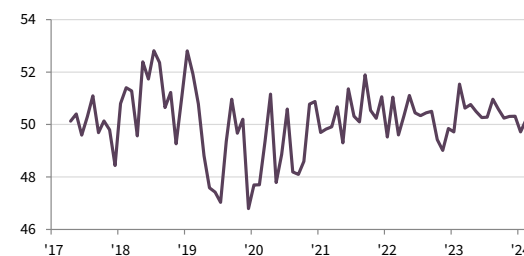


### Staff costs

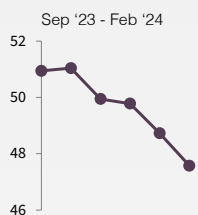
Average wages and salaries paid by private sector non-energy companies in Qatar broadly stabilised in February, having previously fallen for the first time in 12 months in January. Wages rose in construction and wholesale & retail, but fell in manufacturing and services.

Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index

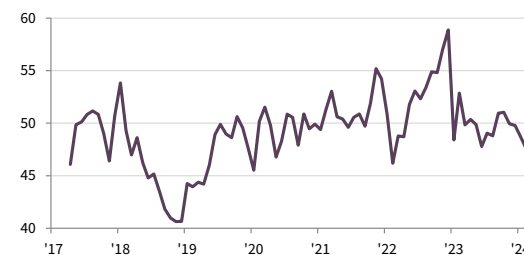


### Output prices

Prices charged by private sector firms in Qatar fell further in February. Moreover, the rate of discounting was the strongest since February 2022. All sectors except manufacturing saw reductions in charges in the latest period.

Output Prices Index

sa, >50 = inflation since previous month



## FINANCIAL SERVICES

# Faster growth of financial services in February

Sharper gains in activity and new business

Employment growth at five-month high as confidence improves

Charges for financial services fall at fastest pace in 16 months

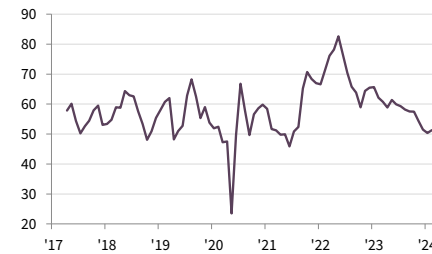
Qatari financial services companies recorded faster growth in volumes of total business activity and new contracts in February. The seasonally adjusted Financial Services Business Activity and New Business Indexes posted 51.3 and 51.4 respectively, in each case rising since January. Companies were also more optimistic regarding the 12-month outlook for activity.

Meanwhile, employment at financial services firms rose for the eleventh month running, and at the fastest pace since last September.

In terms of prices, average charges set by financial services companies fell for the second month running, and the most since October 2022. Meanwhile input cost inflation in the sector remained weak.

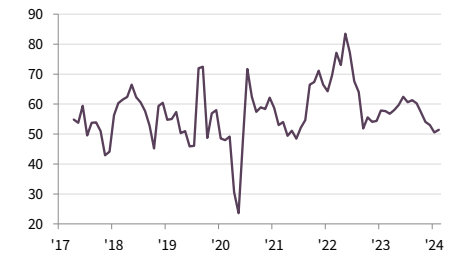
Business Activity Index

sa, >50 = growth since previous month



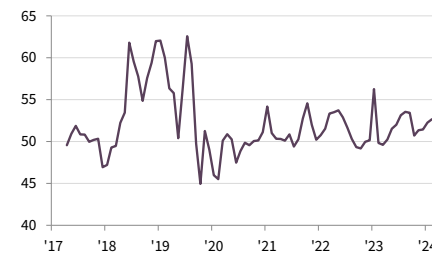
New Business Index

sa, >50 = growth since previous month



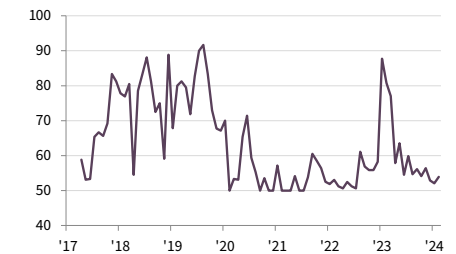
Employment Index

sa, >50 = growth since previous month



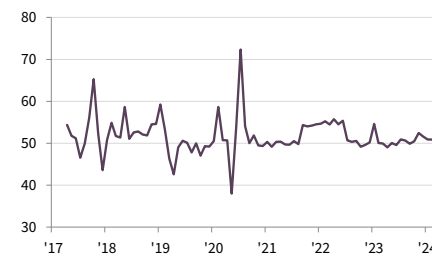
Future Activity Index

>50 = growth expected over next 12 months



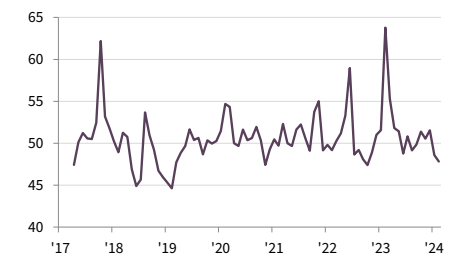
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

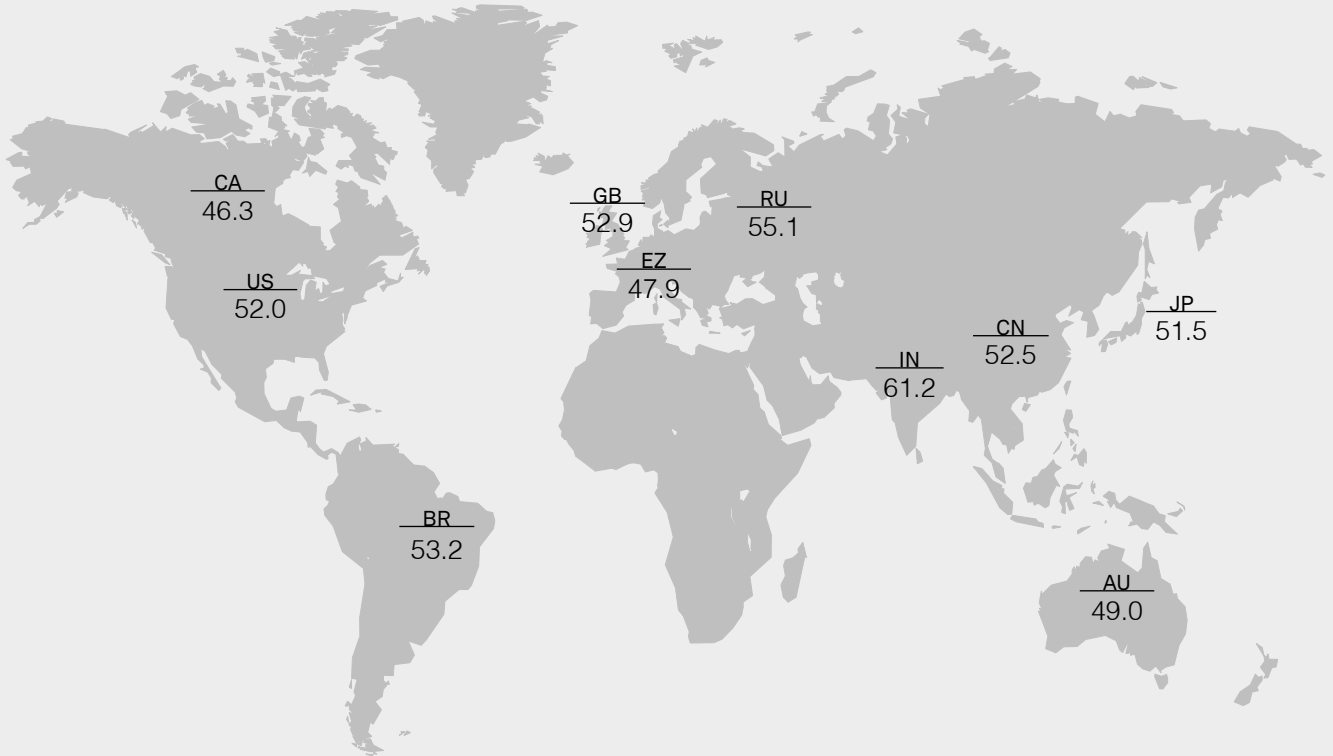
sa, >50 = inflation since previous month



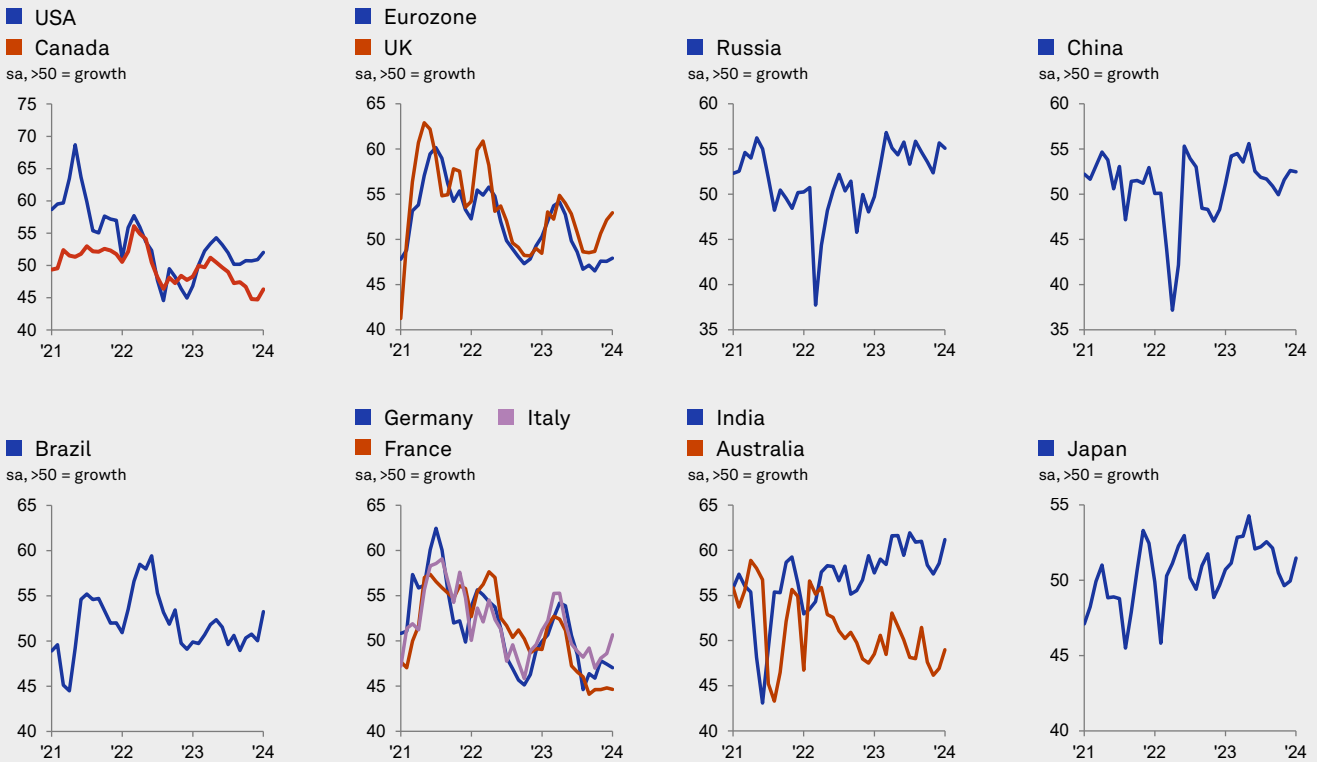
## INTERNATIONAL PMI

Composite Output Index, Jan '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





## 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](mailto:economics@spglobal.com).

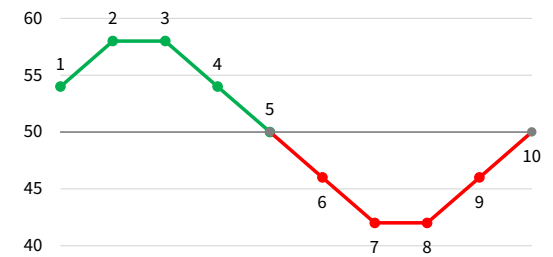
### Survey dates and history

Data were collected 12-22 February 2024.

Survey data were first collected in April 2017.

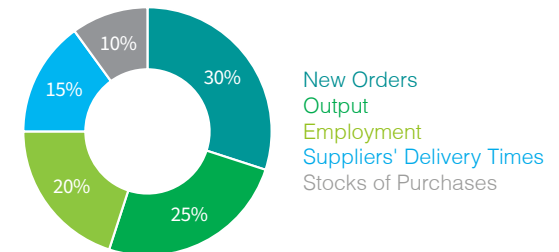
### Index interpretation

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



### 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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### 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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