



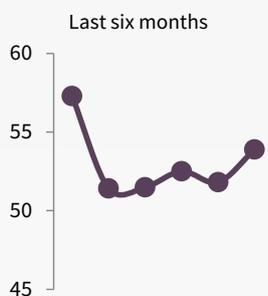
KEY FINDINGS

Qatar PMI hits 53.9, fourth-highest on record

Faster increases in business activity and new work

Employment at non-energy firms continues to rise

QATAR FINANCIAL CENTRE PMI



The latest Purchasing Managers' Index™ (PMI™) survey data from Qatar Financial Centre and IHS Markit signalled a strengthening rate of expansion in the non-energy private sector economy in January. Growth rates for both business activity and new business accelerated notably during the month and were among the sharpest registered since the survey began in April 2017. Evidence of a sustained recovery was apparent as the non-oil sector geared up hiring for the longest period in the PMI's history. Employment growth was maintained for a survey-record equalling fourth straight month, and expectations for output remained positive. January data also signalled lower average input prices, enabling firms to reduce their selling prices slightly.

The Qatar PMI indices are compiled from survey responses from a panel of around 400 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 PMI rose from 51.8 in December to 53.9 in January, signalling the strongest overall improvement in non-energy business conditions in five months. Moreover, the PMI was at the fourth-highest level ever registered by the survey, below the peaks seen last July (59.8) and August (57.3) when the economy rebounded rapidly from the first wave of COVID-19, and lower than that recorded in October 2017 (56.3) when domestic production boomed after inducement generated by the blockade. In comparison, since the series began in April 2017 the PMI has trended at 49.7, registering current performance well above the norm.

Sub-sector PMI readings indicated that construction was the strongest-performing area in January (55.0), followed by manufacturing (54.8), wholesale & retail

(53.0) and services (52.9) respectively. All four indices were above their Q4 2020 trends.

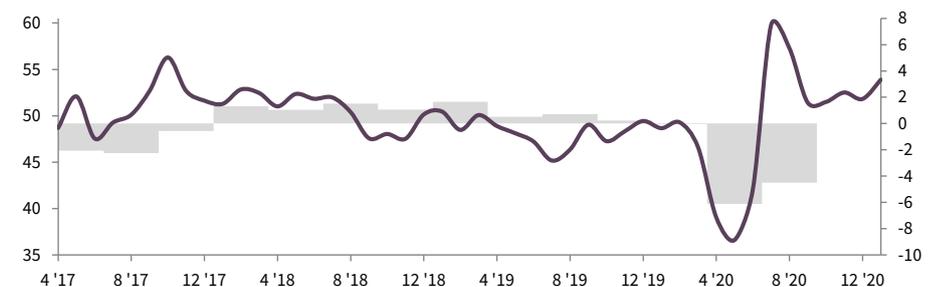
The 2.1-point rise in the headline PMI in January was generated by the two largest components: new orders and output. These both registered the third-fastest rates of expansion in the survey history, slower only than the rapid rebounds seen last July and August in the survey's history. The employment and stocks of purchases components also had positive contributions to the PMI, but to slightly lesser degrees than in December. The final component, suppliers' delivery times, had a fractionally negative contribution to the PMI (although suppliers' delivery times improved during the month, this impact is inverted in the PMI calculation).

Companies reported a notable pick-up in customer numbers and new projects at the start of 2021. Outstanding business rose for the fourth successive month, although the increase was only modest as capacity was expanded. Purchasing activity rose for a survey-record seventh consecutive month, but supply chains proved resilient with input delivery times even improving slightly since December.

The monthly PMI can be aggregated to a quarterly average to enable comparisons with official gross domestic product (GDP). Since the survey began in April 2017 the quarterly PMI has a correlation of 0.26 with the year-on-year percentage change in GDP in real terms, with a PMI reading of 50.0 equating to a -0.5% fall on an annual basis. The latest official data reported a year-on-year decline of 4.5% in real terms in the third quarter of 2020, although the economy rebounded by 5.6% from the previous quarter. PMI data for the fourth quarter are consistent with a broadly stable year-on-year trend in GDP at -0.1%, while January data are equivalent to growth of 1.8%.

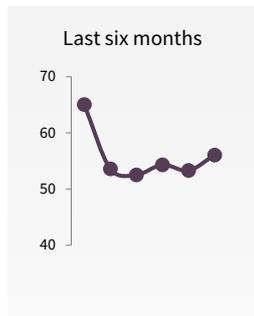
Qatar Financial Centre PMI

sa, >50 = improvement since previous month



Sources: Qatar Financial Centre, IHS Markit, Qatar's Planning & Statistics Authority.

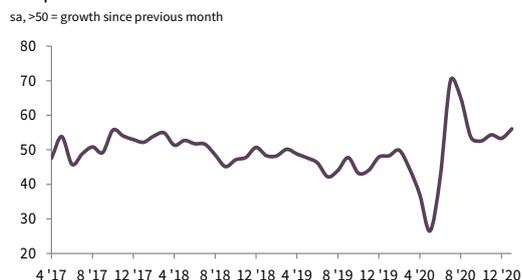
OUTPUT INDEX



Output growth accelerates at start of 2021

The seasonally adjusted Output Index rose in January, signalling a stronger rate of expansion in non-energy private sector business activity in Qatar. Moreover, the Index was the highest in five months and the third-highest since the series began in April 2017.

Output Index



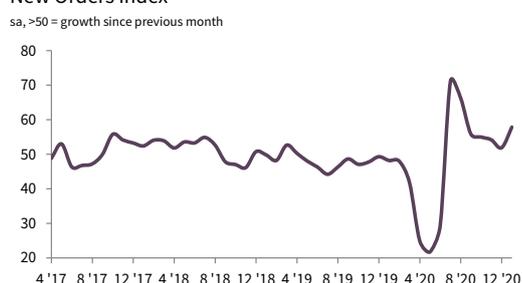
NEW ORDERS INDEX



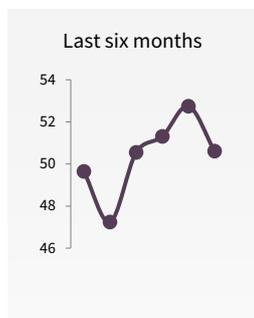
New business intakes gain momentum in January

New business increased for the seventh successive month in January. Moreover, the rate of growth accelerated notably and was the third-strongest over the series history, behind only those registered last July and August. Data signalled rapid growth in manufacturing and construction demand, and a boost in services at the start of 2021.

New Orders Index



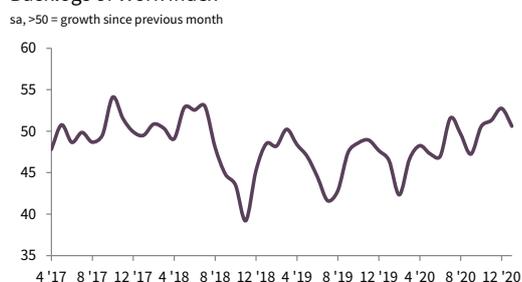
BACKLOGS OF WORK INDEX



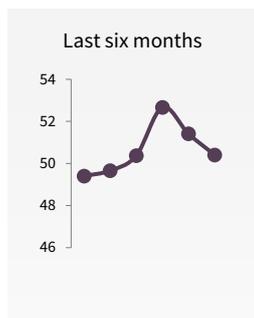
Level of outstanding business moves towards stability in January

Although non-energy demand moved up a gear in January, the extra workload was largely accommodated. The volume of outstanding business rose for the fourth month running, but only slightly as capacity was expanded as new factories and establishments came online.

Backlogs of Work Index



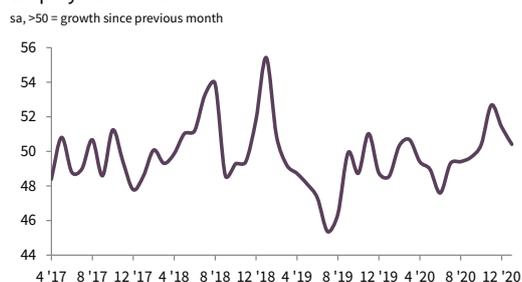
EMPLOYMENT INDEX



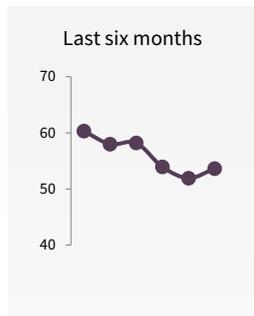
Non-energy firms continue to add to workforces

Employment in the non-energy private sector economy rose for the fourth consecutive month in January. This equalled the longest sequence of continuous growth in the survey history (the other period being from May to August 2018). Data suggested that the services sector drove the latest job creation.

Employment Index



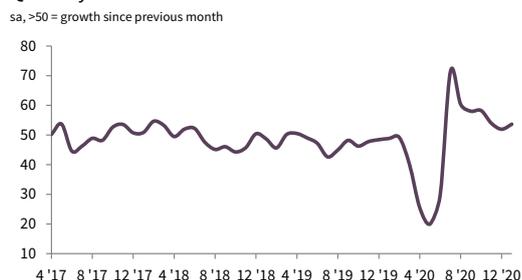
QUANTITY OF PURCHASES INDEX



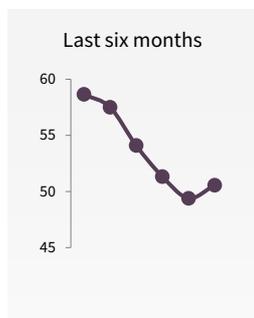
Purchasing activity increases for record seventh straight month

The volume of inputs ordered by Qatari firms operating in the non-energy economy rose for the seventh consecutive month in January. This marked the longest sequence of growth since the survey began in April 2017. Moreover, the rate of growth accelerated since December, likely translating into an upcoming production expansion.

Quantity of Purchases Index



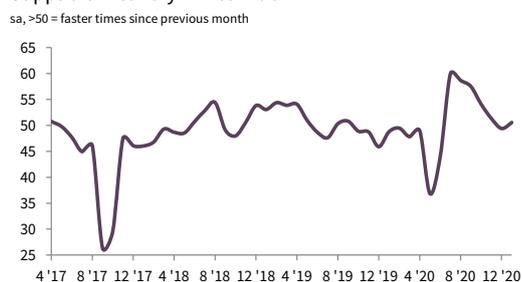
SUPPLIERS' DELIVERY TIMES INDEX



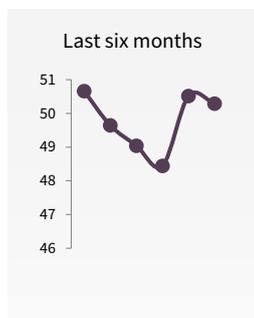
Suppliers' delivery times improve at start of 2021

Although demand for inputs rose at the start of the year, suppliers' delivery times improved slightly compared with December. The only sector to record longer input delivery times during the month was construction.

Suppliers' Delivery Times Index



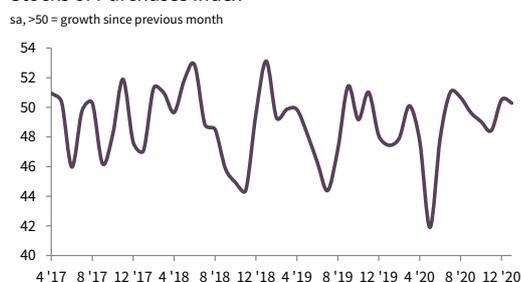
STOCKS OF PURCHASES INDEX



Further build-up in stocked inputs registered

The seasonally adjusted Stocks of Purchases Index registered above the no-change mark of 50.0 for the second month running in January, signalling a further build-up in stocked inputs at non-energy private sector firms. Firms linked higher inventory levels to improving demand.

Stocks of Purchases Index



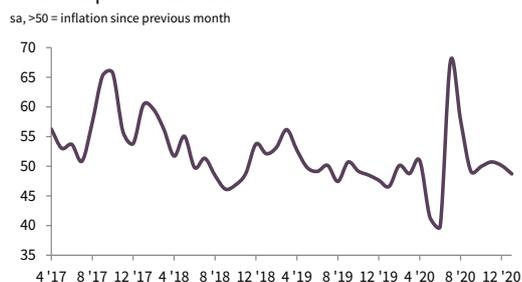
OVERALL INPUT PRICES INDEX



Average input prices fall in January

Cost pressures remained subdued in January. Following broadly no change in December, average input prices fell at the start of 2021, as signalled by the seasonally adjusted Overall Input Prices Index moving below the 50.0 no-change threshold.

Overall Input Prices Index



PURCHASE PRICES INDEX

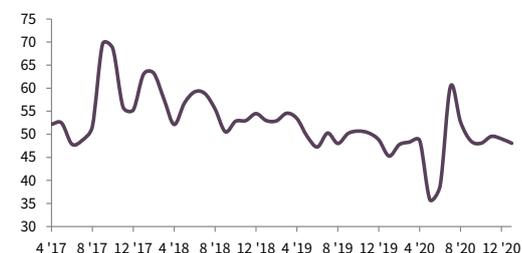


Prices paid for items purchased fall for fifth straight month

Latest survey data indicated further downward pressure on prices paid for raw materials and other production inputs. Purchase prices fell for the fifth successive month, and at the fastest rate in this sequence.

Purchase Prices Index

sa, >50 = inflation since previous month



STAFF COSTS INDEX

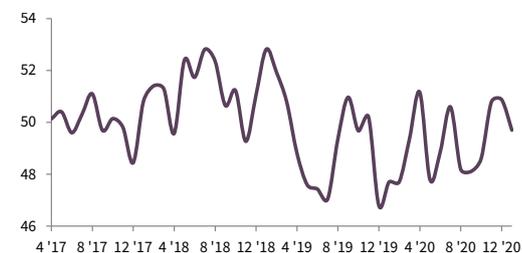


Pressure on wages and salaries eases in January

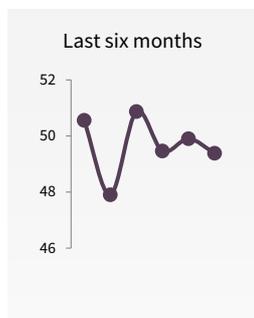
Average wages and salaries paid by non-energy private sector firms fell in January, having risen in both November and December. That said, the rate of reduction was only marginal.

Staff Costs Index

sa, >50 = inflation since previous month



OUTPUT PRICES INDEX

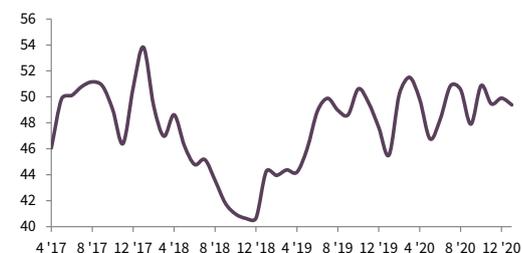


Firms reduce prices for goods and services at start of 2021

Non-energy private sector firms in Qatar reduced their average sale prices in January, having held them broadly stable in December. The seasonally adjusted Output Prices Index fell to a four-month low but signalled only a marginal rate of discounting.

Output Prices Index

sa, >50 = inflation since previous month



FUTURE OUTPUT INDEX

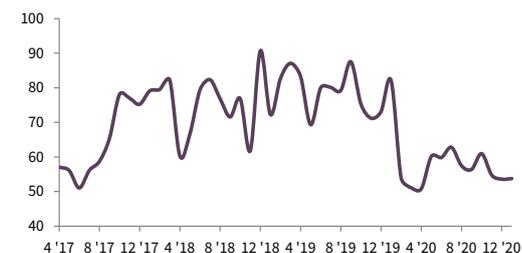


Firms remain confident of growth of activity over next 12 months

Survey respondents retained an optimistic outlook regarding business activity over the course of 2021 in January. Sentiment improved slightly since December but remained softer than the historic survey trend.

Future Output Index

>50 = growth expected over next 12 months



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Methodology

The Qatar Financial Centre PMI™ is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 400 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.

Data were collected 12-26 January 2021.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.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.

<https://ihsmarkit.com/products/pmi.html>

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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 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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IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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