مــركــز قــطــر للــمــال
QATAR FINANCIAL CENTRE

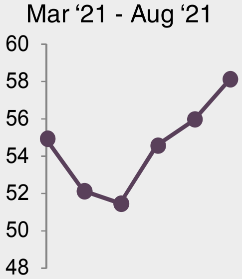
QATAR FINANCIAL CENTRE PMI™

Qatari non-energy economy powers ahead in August with near-record improvement in business conditions

QATAR FINANCIAL CENTRE PMI

Aug '21
58.2
Jul: 55.9

Mar '21 - Aug '21



PMI rises to 58.2, second-highest on record

Expansions in activity and new business accelerate further

Outlook for next 12 months brightens

The latest Purchasing Managers' Index™ (PMI™) survey data from Qatar Financial Centre signalled a strengthening non-energy economy in August. Overall business conditions improved at the fastest rate since July 2020, and the second-sharpest since the survey began in April 2017. The key metrics of output and new business registered the fastest rates of growth signalled by the survey outside of the one-off post-lockdown bounce in July and August last year. This healthy growth of both current and future business bodes well for Qatar's non-oil economy, with exports that now well exceed pre-pandemic levels and in an increasing number of foreign markets.

The Qatar PMI indices are compiled from survey responses from a panel of nearly 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.

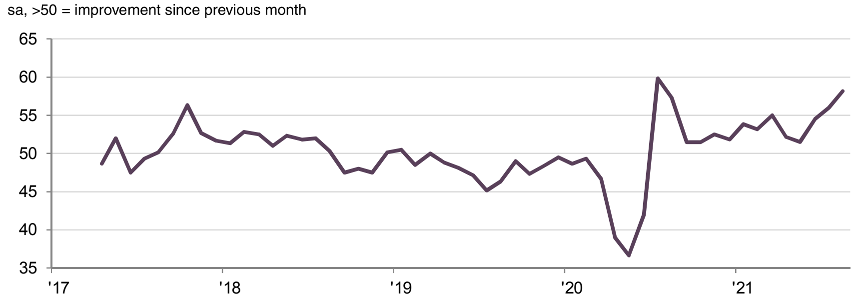
The headline IHS Markit Qatar PMI is a composite single-figure indicator of non-energy private sector performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases.

The PMI rose for the third month running to 58.2 in August, from 55.9 in July. The latest figure signalled the second-strongest overall improvement in operating conditions since the survey began in April 2017. Only in July 2020 had the headline PMI registered at a higher level as the economy reopened from the first COVID-19 lockdown. Moreover, business conditions have improved for 14 successive months, the longest sequence in the survey's history.

Sub-sector data signalled improvements in all four main categories. Wholesale & Retail registered the strongest performance, followed by manufacturing,

Qatar Financial Centre PMI

sa, >50 = improvement since previous month



PMI™
By IHS Markit

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OVERVIEW CONTINUED...

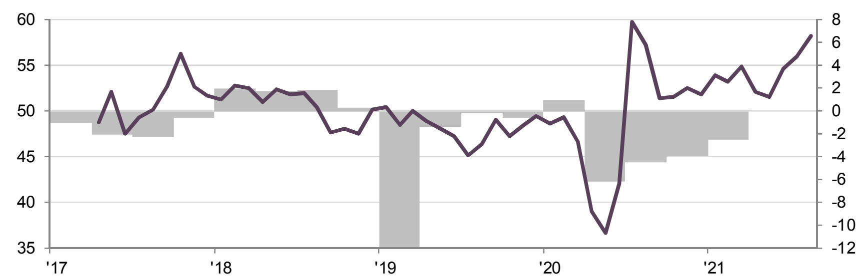
services and construction, respectively.

The headline PMI was positively influenced by four of its five components in August, the exception being suppliers' delivery times which was broadly neutral. The 2.3-point upward movement in the PMI since July mainly reflected the new orders (+1.1) and output (+0.9 points) components, followed by employment (+0.2) and stocks of purchases (+0.1).

Marked growth of output was driven by a rapid increase in new business in August. Demand expanded at one of the fastest rates on record, with only July-August 2020 seeing stronger increases in new orders. Consequently, backlogged work rose for the eleventh month running in August, despite a further rise in employment.

The volume of inputs ordered by Qatari private sector firms rose at the second-fastest rate in the survey history in August, as they looked to support business operations over the near term. Output expectations were the strongest since October 2020.

Inflationary pressures increased in August, with average input prices rising for the fourth time in five months. This was driven by rising purchase prices for raw materials and other items, while staff costs were only fractionally higher than in July. Prices charged for goods and services rose at the fastest rate since March.



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

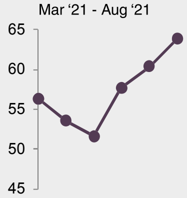
COMMENT

Sheikha Alanoud bint Hamad Al-Thani, Deputy CEO, QFC Authority:

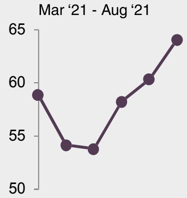
"Qatar's PMI ascended for the third month running in August to the second-highest level recorded since the survey began in 2017, signalling a rapid overall improvement in business conditions. Only post-lockdown did a stronger month-on-month performance register as restrictions began to be lifted. Growth rates for output and new orders were the third-fastest on record, and the 12-month outlook also notably improved.

"The recent strength of the PMI is pointing to a generous rebound in official GDP data for the second and third quarters."

Output
Index
Mar '21 - Aug '21



New Orders
Index
Mar '21 - Aug '21



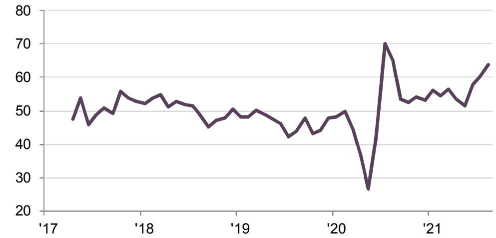
OUTPUT AND DEMAND

Output

Non-energy private sector activity in Qatar rose for the fourteenth straight month in August, the longest sequence of expansion since the survey began in April 2017. Moreover, the rate of growth accelerated for the third month running and was the third-fastest on record.

The strongest growth rates were in wholesale & retail and manufacturing, while services activity continued to rebound.

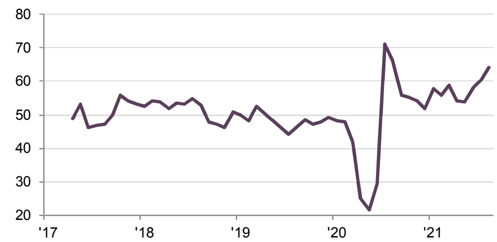
Output Index
sa, >50 = growth since previous month



New orders

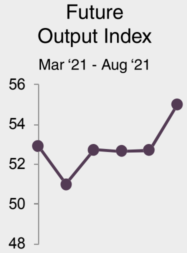
New business received by non-energy private sector firms in Qatar rose for the fourteenth consecutive month in August, the longest sequence of growth in the survey history. The pace of expansion hit a 12-month peak and was the third-strongest in the survey history. Demand growth remained broad-based by sector, led by manufacturing.

New Orders Index
sa, >50 = growth since previous month



BUSINESS EXPECTATIONS

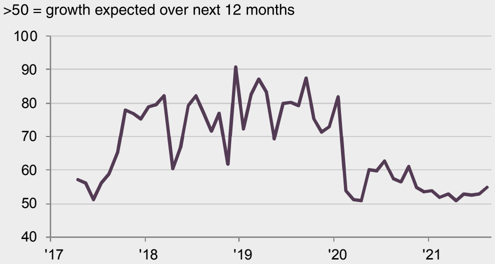
Future
Output Index
Mar '21 - Aug '21



Sentiment among private sector firms in Qatar's non-energy remained positive in August. Moreover, confidence strengthened as the Future Output Index improved to a ten-month high.

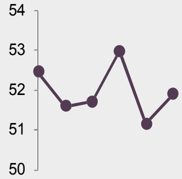
By sector, sentiment was strongest in manufacturing and weakest among service providers.

Future Output Index
>50 = growth expected over next 12 months



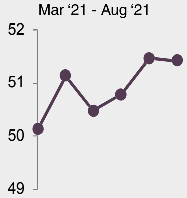
Employment Index

Mar '21 - Aug '21



Backlogs of Work Index

Mar '21 - Aug '21



EMPLOYMENT AND CAPACITY

Employment

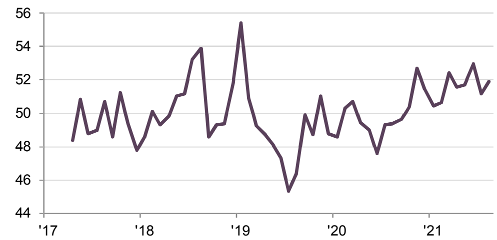
Non-energy private sector employment in Qatar rose for the eleventh consecutive month in August, extending a survey-record sequence of workforce growth. All four sectors registered higher employment, led by construction. The overall rate of job creation accelerated from July's five-month low and was among the strongest in the survey's history.

Backlogs of work

With new business growth continuing to gain momentum in August, pressure grew on capacity at private sector firms in the non-energy sector. Backlogs of work rose for the eleventh consecutive month, and at a rate little-changed from July's seven-month high. Outstanding business rose in all four sub-sectors, most notably manufacturing.

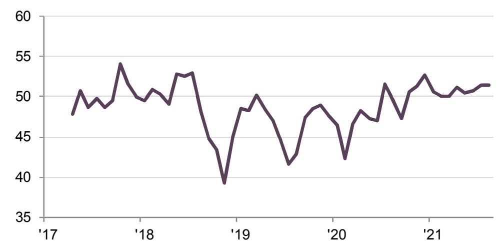
Employment Index

sa, >50 = growth since previous month

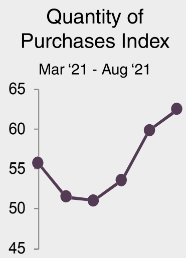


Backlogs of Work Index

sa, >50 = growth since previous month

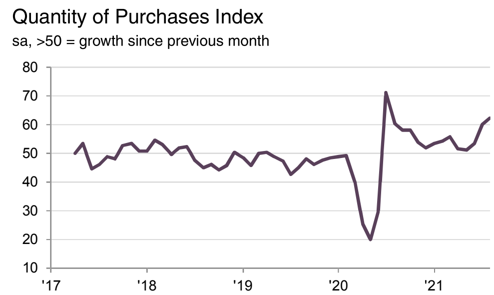


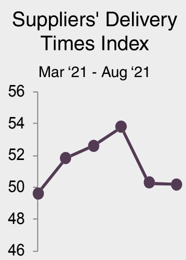
PURCHASING AND INVENTORIES



Quantity of purchases

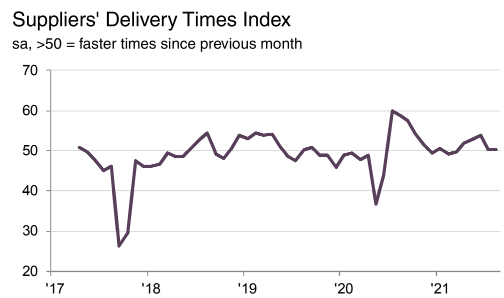
Purchasing of inputs by non-energy private sector firms in Qatar rose at the fastest rate since July 2020 in August. Moreover, growth was the second-strongest on record. The current 14-month sequence of expansion is the longest registered since the series began in April 2017. Sub-sector data indicated particularly strong purchasing growth in manufacturing and wholesale & retail.

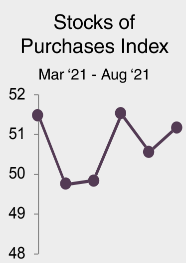




Suppliers' delivery times

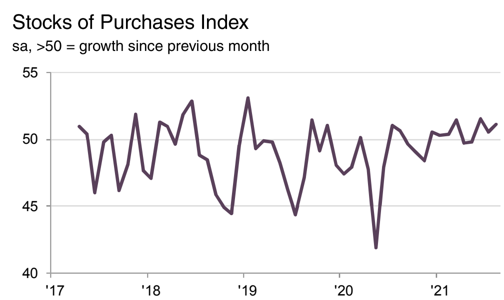
August data signalled a general lack of pressure on supplier capacity, with the average time taken for vendors to deliver inputs to non-energy private sector firms little-changed from one month previously, as was the case in July.





Stocks of purchases

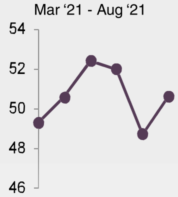
The seasonally adjusted Stocks of Purchases Index remained above the no-change mark of 50.0 in August, signalling sustained inventory growth at non-energy private sector firms. The rate of growth accelerated since July.



PRICES

Overall Input Prices Index

Mar '21 - Aug '21

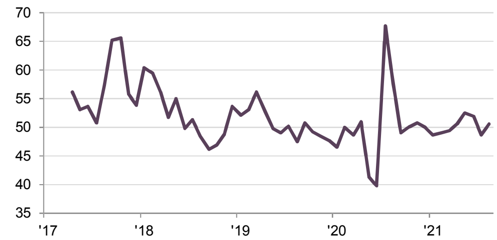


Overall input prices

The seasonally adjusted Input Prices Index rose above the no-change mark of 50.0 in August, indicating higher average input prices in the Qatari non-energy private sector economy compared with July. Overall cost burdens have risen four times in the past five months, although inflation in the latest period was weaker than in May and June.

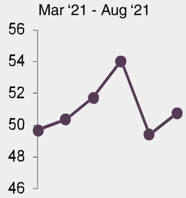
Overall Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index

Mar '21 - Aug '21

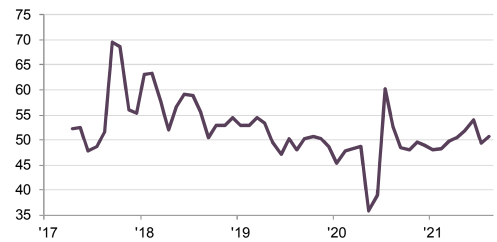


Purchase prices

Average prices paid for inputs by non-energy private sector firms in Qatar rose for the fourth time in five months in August. That said, the rate of inflation in the latest survey period was only marginal.

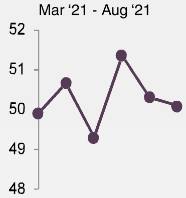
Purchase Prices Index

sa, >50 = inflation since previous month



Staff Costs Index

Mar '21 - Aug '21

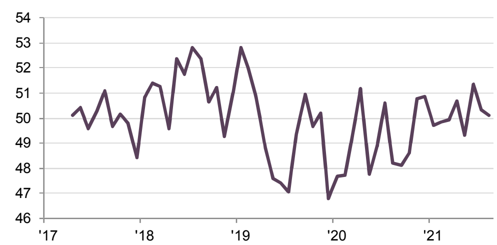


Staff costs

Average wages and salaries in the non-energy private sector economy rose for the fourth time in five months in August. The rate of inflation slowed further to a fractional pace, however.

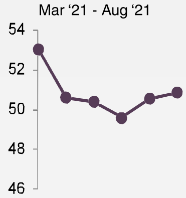
Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index

Mar '21 - Aug '21

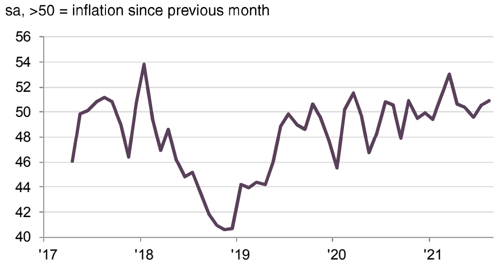


Output prices

Qatari non-energy firms raised their prices charged for goods and services for the sixth time in seven months in August, reflecting improving pricing power as demand for goods and services strengthened. The rate of charge inflation remained modest overall, but accelerated to the highest since March.

Output Prices Index

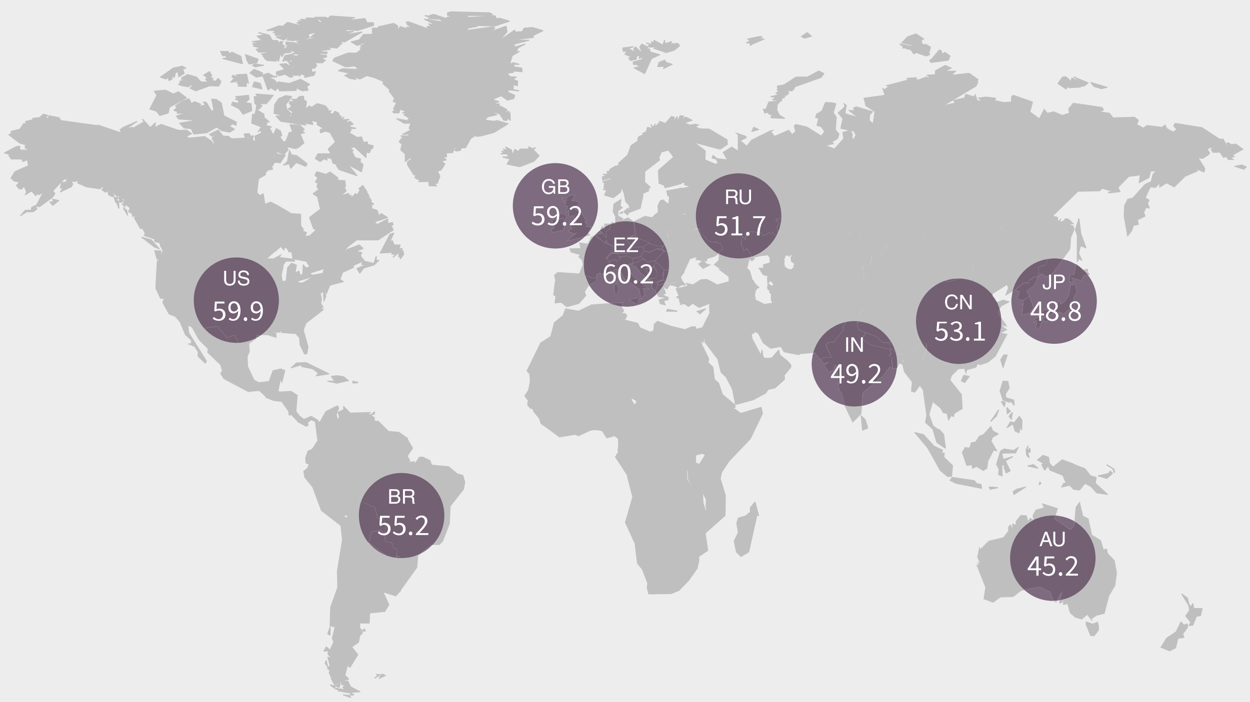
sa, >50 = inflation since previous month



INTERNATIONAL PMI

Composite Output Index, Jul '21
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

400

companies

Index calculation

% 'Higher'
+
(% 'No change')/2

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

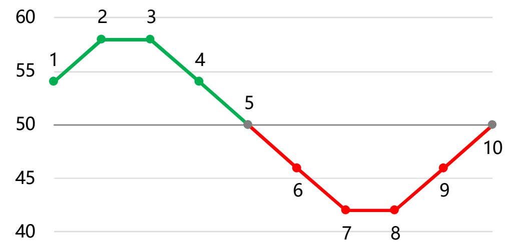
The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted 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.

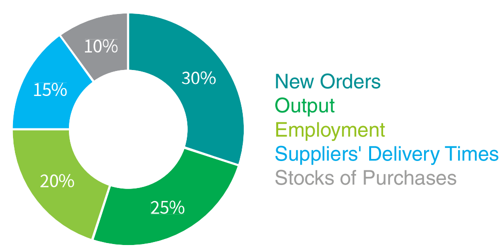
Index interpretation

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



Survey dates and history

Data were collected 12-25 August 2021.

Survey data were first collected in April 2017.

Sector coverage

PMI data include responses from companies operating in sectors classified according to the following ISIC Rev.4 codes:

C	Manufacturing
F	Construction
G	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles
H	Transportation and Storage
I	Accommodation and Food Service Activities
J	Information and Communication
K	Financial and Insurance Activities
M	Professional, Scientific and Technical Activities
N	Administrative and Support Service Activities
P	Education*
Q	Human Health and Social Work Activities*
R	Arts, Entertainment and Recreation
S	Other Service Activities

*Private sector

MEDIA CONTACTS

Muna Jabr Al-Thani
PR Officer
QFC
m.althani@qfc.qa

Joanna Vickers
Corporate Communications
IHS Markit
T: +44 207 260 2234
joanna.vickers@ihsmarkit.com

ENQUIRIES ABOUT THE REPORT

qatarpmi@qfc.qa

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 IHS Markit

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.

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.