

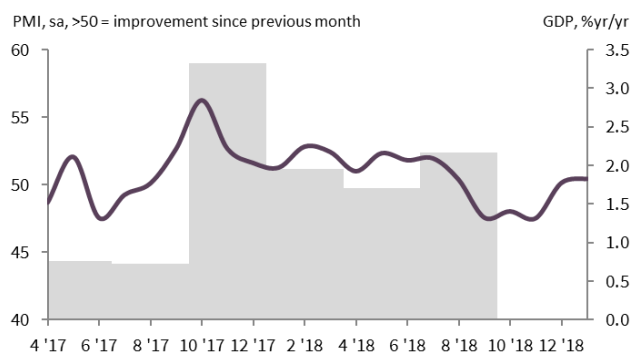
Strong increase in employment drives Qatar PMI higher in January

Qatar Financial Centre PMI™

- Employment in non-energy private sector rises strongly
- PMI improves further to six-month high
- Upward pressure on labour costs

Doha, Qatar: 11 February 2019 – At 50.5 in January, up from 50.1 in December, the latest Qatar Financial Centre PMI™ indicated a solid improvement in overall business conditions across the non-oil & gas private sector. Driving the latest improvement was a series-record increase in employment, while both short-term output and new business measures ebbed slightly. Businesses remained strongly confident regarding expected activity at the start of 2019.

QFC Qatar PMI™



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



Comment

“Strong employment growth marked the latest PMI survey results for the Qatari non-hydrocarbon private sector, with January seeing the steepest rise in jobs since the series began in April 2017. This took the PMI to a six-month high, despite slightly lagging trends in output and new business. The PMI was also boosted by a record expansion of input stocks, which reflected confidence among companies regarding future growth prospects. In a further sign of a healthy labour market, wages and salaries increased at the fastest pace on record since July 2018. The PMI remains at a level broadly consistent with the Qatari economy growing at an annual rate just under 2%.”*

Sheikha Alanoud bint Hamad Al-Thani, Managing Director, Business Development, QFC Authority

The PMI survey is compiled for the Qatar Financial Centre by IHS Markit, and has been conducted since April 2017. The report provides an early indication of operating conditions in Qatar. The headline figure derived from the survey is the Purchasing Managers' Index™ (PMI™), readings of which above 50.0 signals an improvement in business conditions on the previous month, while readings below 50.0 show a tightening.

**When inferring changes in official data on the pace of economic growth it should be noted that comparisons with official GDP data for Qatar suggest that the Qatar PMI needs to fall significantly below 50.0 for a sustained period before a contraction of the economy is signalled (a situation observed in other fast-growing economies such as China and India), although precise estimates are impeded for Qatar by the short time span of both GDP and PMI data currently available for comparison.*

The stand-out figure from the latest survey was a sharp rise in employment. Companies in the non-hydrocarbon private sector increased headcounts at the strongest rate since the survey began in April 2017. Companies have increased staff levels substantially in preparation of launching new manufacturing, retail, and other broad non-oil activities. Specifically, a combination of existing firms priming to ramp up production in order to cater to their broadened international clientele, and the commencement of operations for 40 new Qatari-owned manufacturing facilities set up after the blockade explains this notable expansion.

While the Output Index was above the levels seen over the majority of the 4th quarter of 2018, January data registered a marginally slower pace in business activity than witnessed in December. Intakes of new business were broadly stable in the opening month of the year. Meanwhile, the level of outstanding business dipped slightly, in a sign of potential capacity pressures that could manifest in the months ahead.

Average input prices continued to rise in January, although the rate of inflation remained slower than the survey average. This reflected a relatively weak increase in purchase prices as staff costs rose at the joint-fastest pace on record.

Business expectations remained strongly positive in January, despite a moderation compared with December. The Future Output Index remained above its trend level since the survey started in April 2017. Firms widely commented on upcoming projects, partly linked to government tenders and the football World Cup in 2022. In another sign of positive demand expectations, Qatari firms built up input stocks at the fastest rate on record.

– ENDS –



ABOUT THE 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.

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ABOUT PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and for key regions including the Eurozone. They are the most closely watched business surveys in the world, favored 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.

To learn more go to <https://ihsmarkit.com/products/pmi.html>.

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