Embargoed until 1200 AST (0900 UTC) 4 January 2022

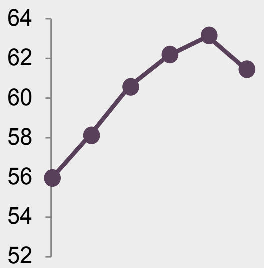
QATAR FINANCIAL CENTRE PMI™

Non-energy private sector continues to expand rapidly at end of 2021

QATAR FINANCIAL CENTRE PMI

Dec '21
61.4
Nov: 63.1

Jul '21 - Dec '21



PMI eases from November peak, but still third-highest on record

Employment ratchets up a sudden big increase after a lengthy stretch of growth

Charges rise at second-fastest pace on record

Purchasing Managers' Index™ (PMI™) survey data from Qatar Financial Centre (QFC) continued to signal rapid growth in the non-energy private sector in December. The rates of expansion in total activity, new work and outstanding business all eased slightly compared with November's records, but were still among the fastest registered throughout the near five-year history of the survey. Promisingly for business conditions going into 2022, employment increased at the fastest rate in six months and companies raised their charges at the second-fastest pace on record.

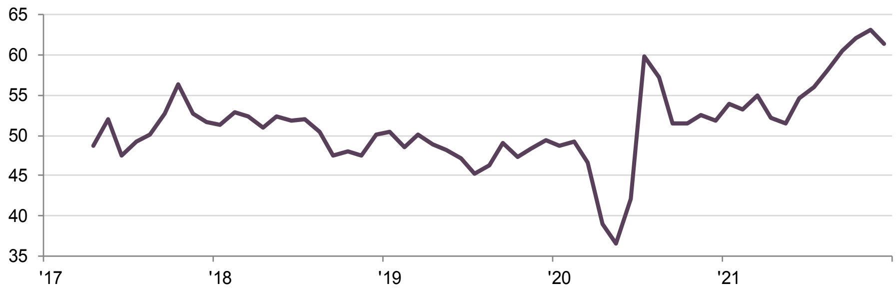
The Qatar PMI indices are compiled from survey responses from a panel of around 450 private sector companies. The panel covers the manufacturing, construction, wholesale, retail, and services sectors, and reflects the structure of the non-energy economy according to official national accounts data.

The headline 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 remained well into expansionary territory at 61.4. This was slightly lower than November's record high of 63.1, ending an unprecedented run of six month-on-month increases. But the latest figure was still the third-highest since the survey began in April 2017.

The two largest components of the PMI by weight – new orders and output – were behind the month-on-month dip in the headline figure in December. Both sub-indices registered three-month lows but were nonetheless the fourth-highest on record and therefore indicative of rapid growth rates in both total and new business at the end of 2021. Activity levels of firms remained well above the norm observed over the past five years. The construction sector registered the strongest increases in both activity and new work in December. The three remaining,

Qatar Financial Centre PMI
sa, >50 = improvement since previous month



CONTENTS

OVERVIEW CONTINUED...

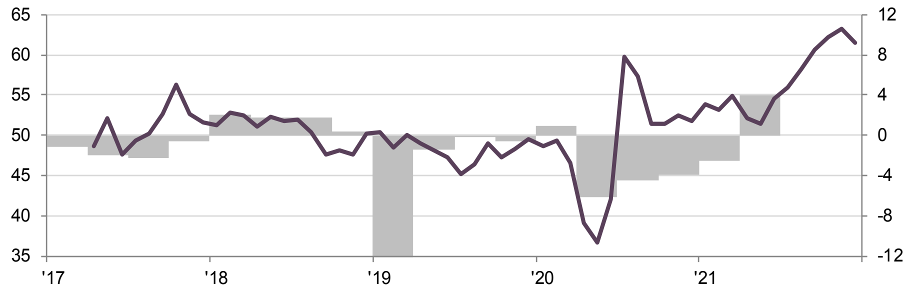
and less weighty, component sub-indices – employment, suppliers' delivery times and stocks of purchases – all had positive directional influences in December, compared with November.

With demand for their goods and services rising rapidly in December, non-energy private sector firms in Qatar increased their workforces. Employment increased for the fifteenth successive month – a survey-record sequence – and at the fastest rate since June. Gains were broad-based across the four main sectors monitored, led by wholesale & retail.

Faster growth in workforces was insufficient to prevent another build-up in outstanding business in December, a sign of rising pressure on capacity. Backlogs rose for the fifteenth month running, and at the third-fastest rate on record. The strongest rise in outstanding business was registered at service providers.

Companies boosted their purchasing activity again in December to support business operations, with the latest increase the fourth-strongest on record. This placed additional pressure on suppliers, whose delivery times lengthened over the month for the first time since March. The level of stocked inputs rose for the seventh consecutive month, and at the fastest rate since September.

Average input prices rose for the fifth month running in December, at a rate which remained above the near five-year survey trend. Companies again passed on greater costs to customers in the form of higher charges, with the rate of output price inflation the second-fastest on record.



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

COMMENT

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

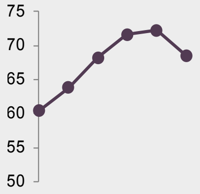
"Although the PMI posted a slight correction from November's all-time high in the final month of 2021, dipping to 61.4, it has registered higher average levels than in any previous period since the survey began in April 2017 throughout the fourth quarter. Outside what has been registered over Q4, the next-highest PMI reading was the post-lockdown bounce to 59.8 in July 2020.

"The recent data point to a booming non-energy private sector economy, and a further acceleration in official year-on-year economic growth in the fourth quarter. The most recent GDP figures show a 4% annual expansion in the second quarter, when the PMI averaged 52.7. Since then, the PMI has risen sharply to 58.2 in the third quarter and 62.3 in the final quarter.

"Firms also remained positive regarding the outlook for 2022, linked to business opportunities arising from the Football World Cup and new regional markets opening up to its products. December data suggests firms remain bullish on pricing, with charges levied for goods and services rising strongly again."

OUTPUT AND DEMAND

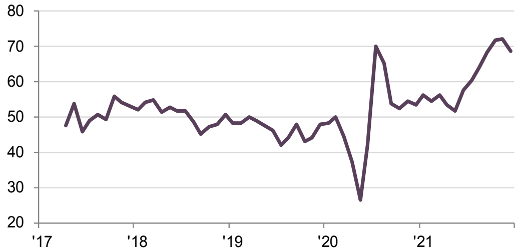
Output
Index
Jul '21 - Dec '21



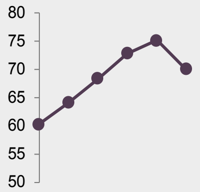
Output

The total level of non-energy private sector output in Qatar continued to expand rapidly in December. The seasonally adjusted Output Index eased from November's record high, the first correction in seven months. But the latest figure was still the fourth-highest since the survey began in April 2017, indicating marked growth. The strongest expansion was registered in the construction sector.

Output Index
sa, >50 = growth since previous month



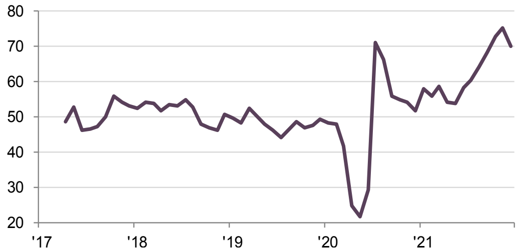
New Orders
Index
Jul '21 - Dec '21



New orders

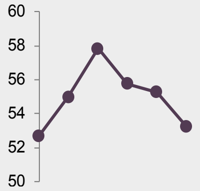
Demand for Qatari goods and services rose rapidly in December, despite a slight easing in the rate of expansion since November. The seasonally adjusted New Orders Index eased for the first time since May, but was still the fourth-highest on record. Demand increased markedly in all four sectors, led by construction.

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



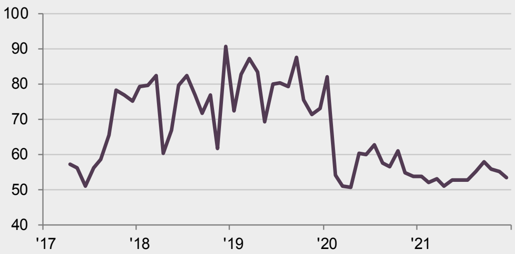
BUSINESS EXPECTATIONS

Future
Output Index
Jul '21 - Dec '21

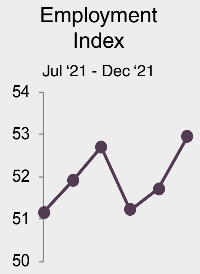


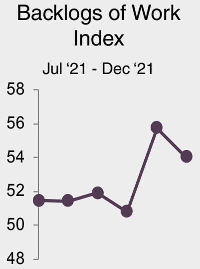
Companies in the non-energy private sector remained optimistic of higher output in 12 months' time in December. Firms continued to report business opportunities in 2022 as a result of the FIFA Football World Cup. Confidence was strongest among service providers, followed by wholesalers and retailers.

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



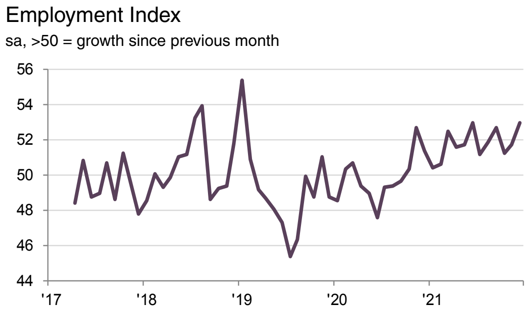
EMPLOYMENT AND CAPACITY





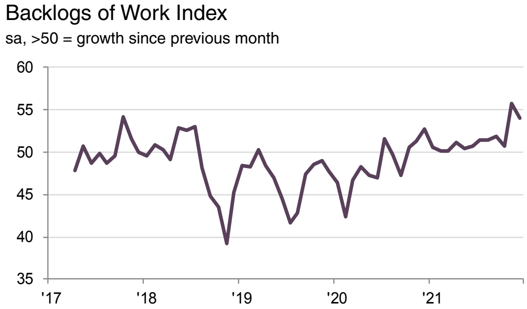
Employment

The level of employment in the non-energy private sector economy continued to rise in December. Workforces have expanded, on average, every month since October 2020, by far the longest sequence of job creation in the near-five year survey history. Moreover, the rate of growth accelerated to a six-month high in December. Hiring was strongest in the wholesale & retail sector, followed by construction.



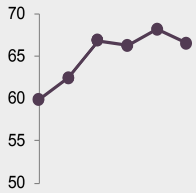
Backlogs of work

The ongoing strength of demand led to another increase in the volume of outstanding business in December. Moreover, backlogs rose at the second-fastest rate since October 2017, and the third-highest rate ever recorded. Incomplete workloads have risen every month since October 2020. Pressure on business capacity was most evident in the services sector.



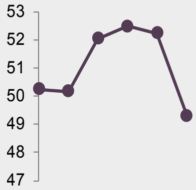
Quantity of Purchases Index

Jul '21 - Dec '21



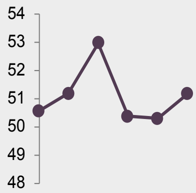
Suppliers' Delivery Times Index

Jul '21 - Dec '21



Stocks of Purchases Index

Jul '21 - Dec '21



PURCHASING AND INVENTORIES

Quantity of purchases

The seasonally adjusted Quantity of Purchases Index remained at an elevated level in December, signalling further marked growth in the volume of inputs purchased by non-energy private sector firms. The rate of expansion was little-changed since November, and the fourth-highest in nearly five years of data collection.

Purchasing was notably intense in the wholesale & retail and construction sectors.

Suppliers' delivery times

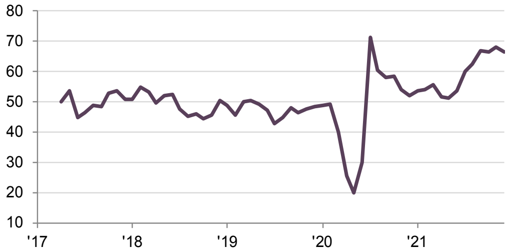
December data signalled longer average lead times from suppliers compared with November. This was the first month-on-month deterioration in supplier performance since March. That said, times were up only slightly since November.

Stocks of purchases

The volume of inputs held in stock at non-energy private sector firms continued to rise in December, extending the current survey-record growth sequence to seven months. Moreover, the rate of expansion was the strongest since September.

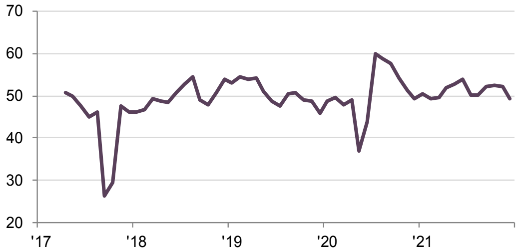
Quantity of Purchases Index

sa, >50 = growth since previous month



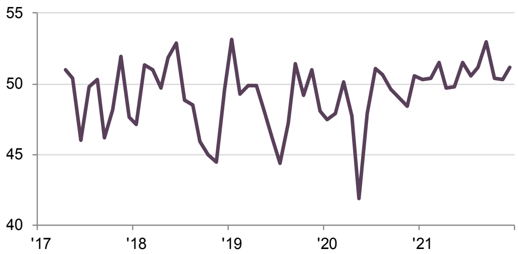
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

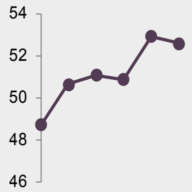
sa, >50 = growth since previous month



PRICES

Overall Input Prices Index

Jul '21 - Dec '21



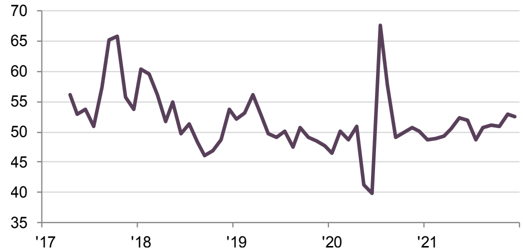
Overall input prices

Average input prices paid by non-energy private sector firms in Qatar continued to increase in December, extending the current sequence of inflation to five months. This was the joint-longest spell of rising average costs in three-and-a-half years. The rate of inflation was little-changed from November's 15-month high, and above the long-run series average.

Cost pressures were greatest in the service sector, and weakest in manufacturing.

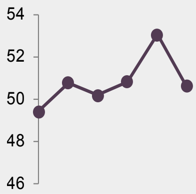
Overall Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index

Jul '21 - Dec '21

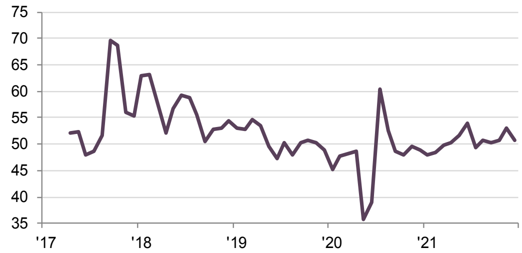


Purchase prices

The seasonally adjusted Purchase Prices Index signalled inflation for the eighth time in nine months in December. That said, the rate of inflation eased from November's robust pace and was modest overall. Moreover, purchase prices fell in the wholesale & retail sector.

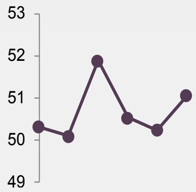
Purchase Prices Index

sa, >50 = inflation since previous month



Staff Costs Index

Jul '21 - Dec '21

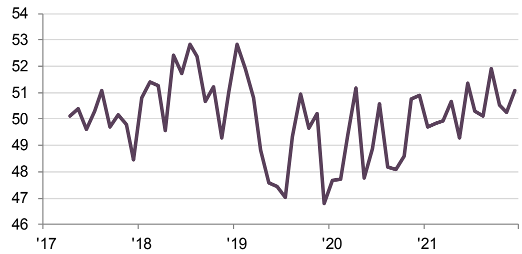


Staff costs

Pressure on wages and salaries rose in December, signalled by an increase in the seasonally adjusted Staff Costs Index. Average labour costs have risen eight times in the past nine months, and December's increase was among the fastest seen over the past three years. Wages rose most in the wholesale & retail and services sectors.

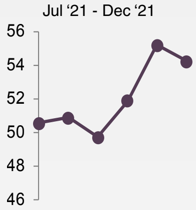
Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index

Jul '21 - Dec '21

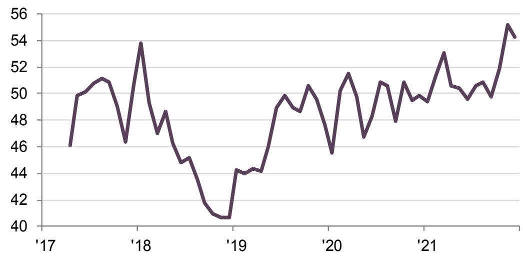


Output prices

Pricing power among non-energy private sector firms remained strong in December. Average charges levied for goods and services rose at the second-fastest rate in the survey history, which eased only slightly compared with November's peak. Construction firms registered another rapid increase in prices charged, while factory gate prices also rose sharply.

Output Prices Index

sa, >50 = inflation since previous month



FINANCIAL SERVICES

Financial sector maintains rapid growth at end of 2021

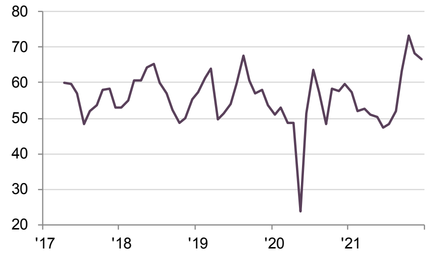
Growth rates for activity and new business ease, but remain sharp

Faster increase in employment at financial firms

Prices charged for financial services fall slightly

Business Activity Index

sa, >50 = growth since previous month



New Business Index

sa, >50 = growth since previous month

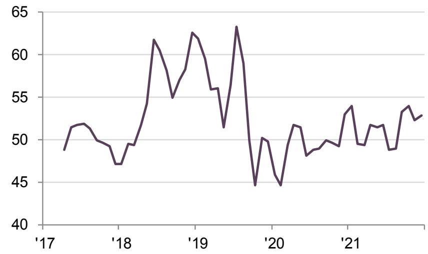
The latest PMI data on Qatar's financial services sector signalled further marked growth in December. Business activity increased more slowly than in October and November, but still at the third-fastest pace since the series began in 2017. New business growth followed a similar pattern, easing to a three-month low but remaining elevated overall.

Employment at financial services firms rose further, and at a faster rate than in November, while business expectations remained positive.

Average input costs at financial services firms rose solidly for the fourth month running in December, and at a rate sharper than the long-run series trend. In contrast, prices charged for financials services fell slightly, signalling some pressure on profitability.

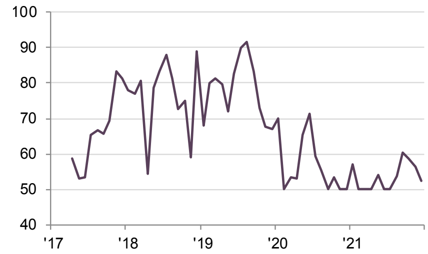
Employment Index

sa, >50 = growth since previous month



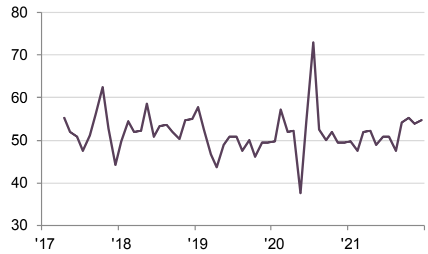
Future Activity Index

>50 = growth expected over next 12 months



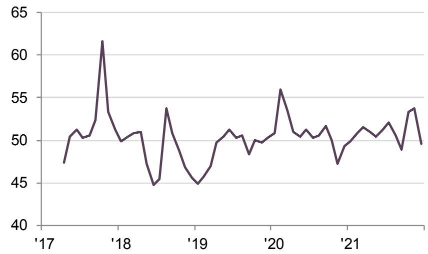
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

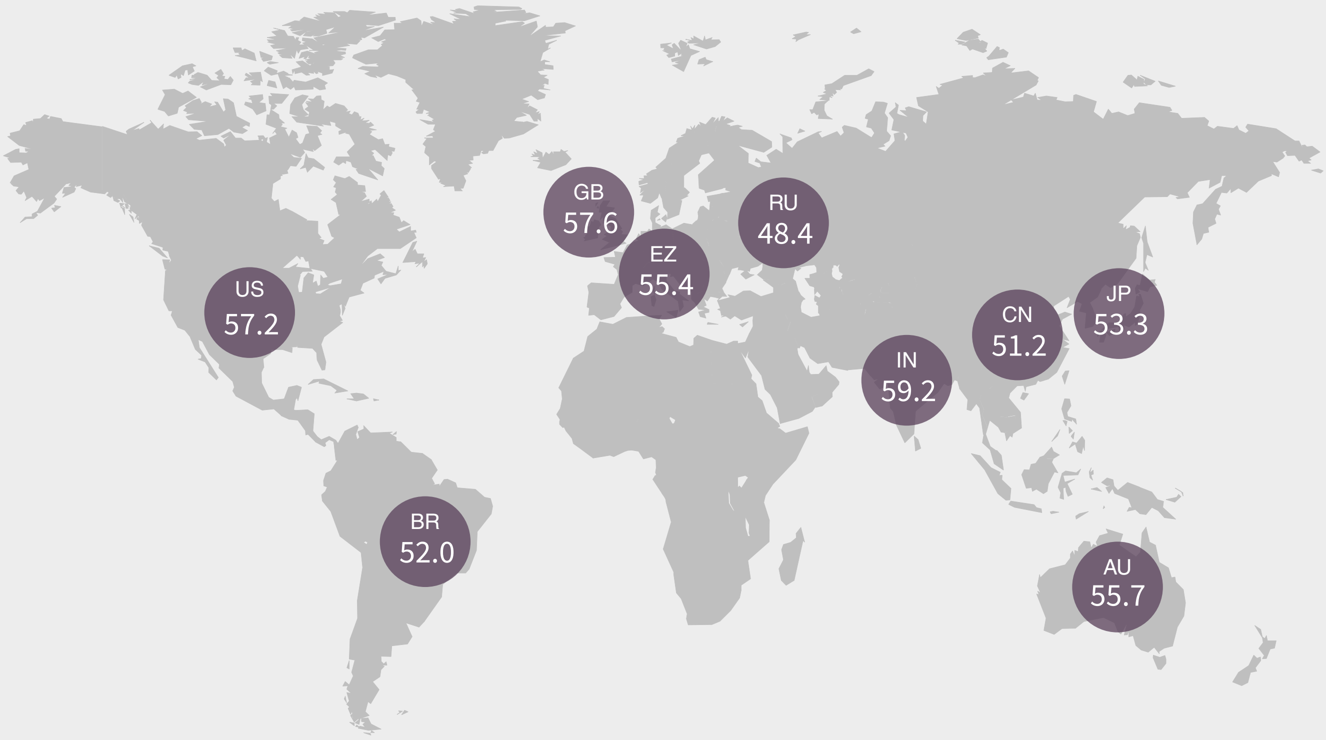
sa, >50 = inflation since previous month



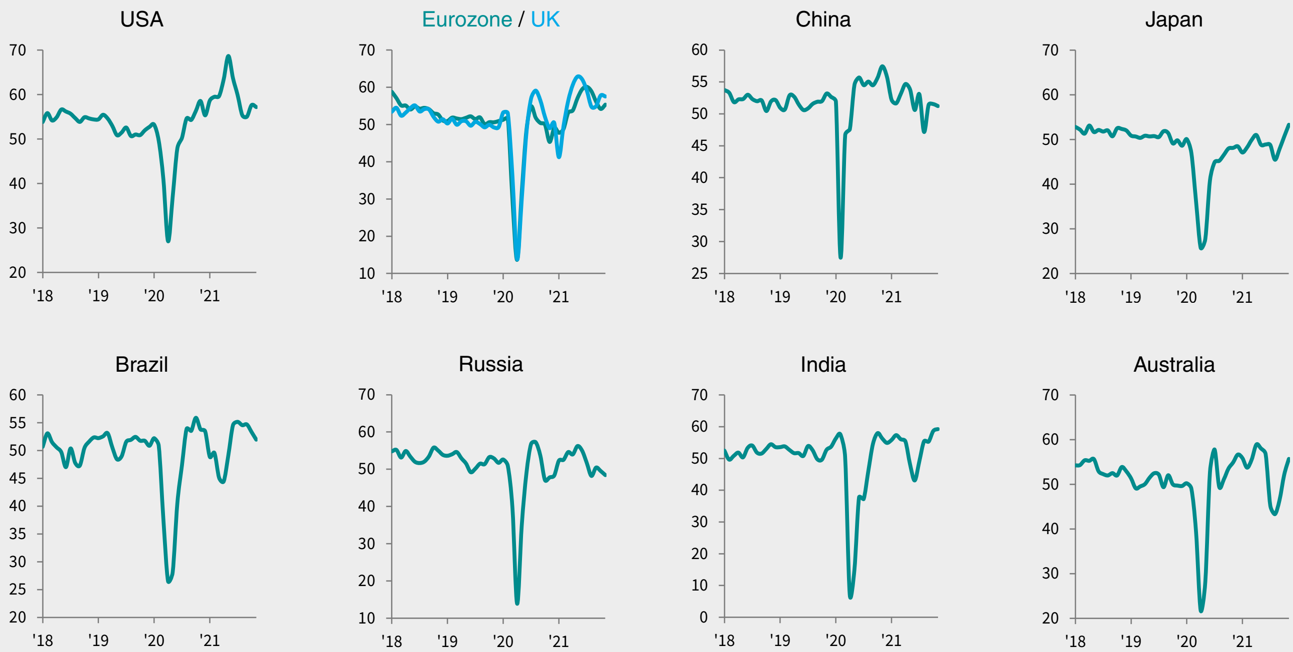
INTERNATIONAL PMI

Composite Output Index, Nov '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 panel size

450

companies

Index calculation

% 'Higher'

\+

(% 'No change')/2

SURVEY METHODOLOGY

The Qatar Financial Centre PMI™ is compiled by IHS Markit 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.

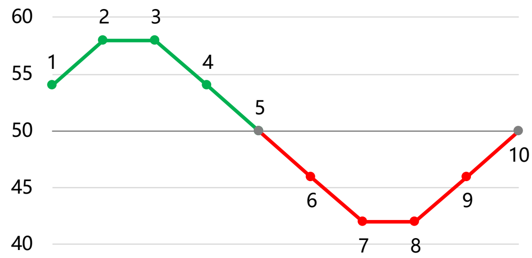
The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted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

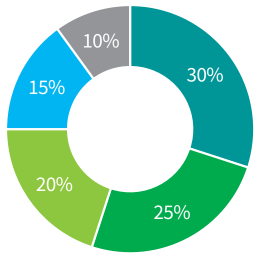
Index interpretation

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



New Orders
Output
Employment
Suppliers' Delivery Times
Stocks of Purchases

Survey dates and history

Data were collected 6-16 December 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
Head of Corporate Communications
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

@QFCAuthority | #QFCMeansBusiness@QFCAuthority | #QFCMeansBusiness

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.