PMI™
By IHS Markit

Qatar Financial Centre PMI™

Non-hydrocarbon private sector PMI data for Qatar

PMI Overview

Purchasing Managers' Index™ (PMI™) surveys have become key benchmark indicators of economic conditions in the world's largest economies and emerging markets. IHS Markit conducts monthly surveys in the manufacturing, services, construction and retail sectors of over 40 economies worldwide, polling over 27,000 private sector companies. The survey results generate PMI data that track changes in variables such as output, new orders, inventories, employment and prices.

PMI surveys are based on fact, not opinion, and are the first indicators of economic conditions published each month. The data are collected using identical methods in all countries, so that international comparisons can be made between, for example, manufacturing in Brazil and Japan by using the monthly data.

The indices achieve considerable press coverage on a regular basis and are widely used by economic analysts in financial institutions, industry and commerce. Notably, central banks in the European Union, UK and US use PMI data to help guide monetary policy.

PMI surveys have established highly-regarded track records for accurately anticipating changes in economic conditions in key economies, including the US, the eurozone, China and Japan.

Key benefits

PMI surveys have been developed in order to provide analysts with a useful and timely dataset which helps them to better understand economic conditions. In many cases, the advantages offered by PMI data overcome deficiencies in official economic data. These advantages include:

Frequent publication
PMI surveys are published monthly. National accounts data, from which the most comprehensive and important measure of economic activity – gross domestic product – is derived, are published only quarterly.

Timely publication
PMI surveys are published on a timely basis just after the reference period. In contrast, a significant period of time often elapses before official data are published. For GDP, the delay may be several months. PMI data provide figures several weeks in advance of comparable official monthly output data, and several months ahead of quarterly national accounts data.

Not subject to revision after first publication
Unadjusted PMI data are not revised after first publication. In comparison, official data are frequently subject to revision, and phrases such as 'the economy grew faster than first thought' remain commonplace in press articles and analysts' briefing notes.

International comparability
PMI surveys are conducted internationally using a consistent methodology. By comparison, a further problem associated with official data is that not all statistical bodies compile data using identical methodologies.

Other countries for which PMI surveys are conducted

PMI data are produced for the following countries:

- Australia
- Austria
- Brazil
- Canada
- China
- Colombia
- Czech Republic
- Egypt
- France
- Germany
- Ghana
- Greece
- Hong Kong
- India
- Indonesia
- Ireland
- Italy
- Japan
- Kenya
- Lebanon
- Malaysia
- Mexico
- Myanmar
- Netherlands
- Nigeria
- Philippines
- Poland
- Russia
- Saudi Arabia
- Singapore
- South Africa
- South Korea
- Spain
- Taiwan
- Thailand
- Turkey
- Uganda
- United Arab Emirates
- United Kingdom
- United States
- Vietnam
- Zambia
- …as well as monthly eurozone, Asia, emerging markets, developed market and global PMI datasets

Qatar Financial Centre PMI™

Qatar Financial Centre PMI (Purchasing Managers' Index) indices are produced by IHS Markit in association with the Qatar Financial Centre, based on original survey data collected monthly from a representative panel of around 400 non-oil and gas private sector firms in Qatar.

Methodology

Data collection

Data are collected by a local research agency appointed by IHS Markit. Companies are asked a standard sector-specific questionnaire on a monthly basis. Questions are of the form, using output as an example, of:

"Is the level of output at your unit (in volume terms) higher, the same or lower than one month ago?"

Companies are also asked to provide reasons (freehand) for the response given.

Data are usually collected during the middle two weeks of the month, so companies are asked to compare mid-month to mid-month. All responses are input into IHS Markit's database for index calculation and weighting purposes.

Index calculation

Individual company responses are weighted according to sector and company size contributions to overall sectoral gross value added based on official statistics. The weighting provides IHS Markit with the weighted proportions of companies responding 'up', 'the same' and 'lower'.

The latest values for the sub-indices are then calculated using the following formula:

INDEX VALUE = (% ‘up’) + (0.5 * (% ‘the same’)) + (0.0 * (% reporting ‘down’))

The resulting index values are therefore bound between 0 (all companies respond lower) and 100 (all companies respond higher), with a theoretical no-change mark of 50 (all companies respond ‘the same’ or equal proportions respond ‘up’ as do for ‘down’).

The resulting index is called a diffusion index, with values above 50.0 signalling expansion and below 50.0 indicating contraction. The distance from the 50 no-change mark signals the implied rate of change in the variable, the further from 50.0 the faster the rate of change indicated.

For example, take a movement in a PMI output sub-index from 55.0 in January to 52.5 in February. Although the level of the output index has fallen, it has nonetheless posted above 50.0 in both months. The correct interpretation is that the volume of output expanded in both January and February, but that the rate of increase was slower in February compared to January.

Index seasonal adjustment

The PMI indices are seasonally adjusted using an in-house method developed by IHS Markit incorporating past adjustment factors and additional information on observed seasonality provided from panellists’ responses.

Sector coverage

Non-oil and gas 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

L - Real estate activities

M - Professional, scientific and technical activities

N - Administrative and support service activities

P - Education (private sector only)

Q - Human health and social work activities (private sector only)

R - Arts, entertainment and recreation

S - Other service activities

Index coverage

Non-hyrdocarbon PMI data are available for the following variables:

- Output -The volume of units produced this month compared with the situation one month ago (based on respondent's definition).
- New Orders - The level of new orders received (in units, not money) this month compared with the situation one month ago. Domestic and export orders are included in this definition.
- Employment - The level of full time employment this month compared with the situation one month ago. For the purpose of calculation it is agreed that two part time employees should be treated as one full time employee. Seasonal hiring of employees is excluded in this definition.
- Suppliers' Delivery Times - The average length of time agreed to deliver the goods this month compared with the situation one month ago.
- Stocks of Purchases - The level of inventory of materials purchased (in units, not money) this month compared with the situation one month ago.
- Overall Input Prices - Average prices of all inputs this month compared with the situation one month ago. Purchases of goods and services, staff costs, rents etc. are all included.
- Purchase Prices - Average prices of all input goods purchased this month compared with the situation one month ago.
- Staff Costs – Average cost of staff wages/salaries this month compared with the situation one month ago.
- Quantity of Purchases - The volume or number of items purchased this month compared with the situation one month ago.
- Output Prices - Average selling prices of all goods produced this month compared with the situation one month ago.
- Backlogs of Work - The level of unfinished sales orders, i.e. sales orders not yet started or not yet completed (in units, not money) this month compared with the situation one month ago.
- Future Expectations – The degree of business confidence towards future output levels over the next 12 months.

The PMI is the 'headline figure' and is a weighted average of the following indices: Output 25%, New Orders 30%, Employment (20%), Suppliers' Delivery Times 15% (index value inverted), Stocks of Purchases 10%. The PMI is designed to show a convenient single-figure summary of the health of the non-hydrocarbon private sector sector.

Release schedule

Qatar Financial Centre PMI data are collected monthly and are released on the 3rd working day of the month (based on a Saturday – Sunday weekend) following the reporting month at 09:00 (UTC) / 12:00 (Doha). Releases may be delayed due to public holidays, or if the 3rd working day is a Friday.

A full PMI release calendar is available at
http://www.markiteconomics.com/Public/Page.mvc/DiaryofReleaseDates

Data history

Qatar Financial Centre PMI data are available from April 2017.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: 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 Qatar Financial Centre (www.qfc.qa)

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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Further information

For general enquiries please email economics@ihsmarkit.com or qatarpmi@qfc.qa

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