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مركز قطر للمال
QATAR FINANCIAL CENTRE

QATAR FINANCIAL CENTRE PMI™

New business growth hits nine-month high

KEY FINDINGS

Headline PMI rises to 52.0 in July, from 51.8 in June

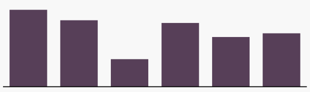
Survey-record job creation

Promotional activity stimulates client demand

QATAR FINANCIAL CENTRE PMI

JUL
52.0
JUN: 51.8

Last six months



Qatar's non-hydrocarbon private sector started the third quarter on a solid footing, according to the latest Qatar Financial Centre PMI data. A survey-record rate of job creation alongside marked new order growth contributed to July's findings. Furthermore, business confidence improved to the highest level recorded since the survey's inception in April 2017.

The survey, compiled for Qatar Financial Centre by IHS Markit, has been conducted since April 2017 and provides an early indication of operating conditions in Qatar. The headline figure derived from the survey is the Purchasing Managers' Index™ (PMI™).

Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration.

The headline seasonally adjusted Qatar Financial Centre PMI – a composite gauge designed to give a single-figure snapshot of operating conditions in the non-oil and gas private sector – rose to 52.0 in July, up from 51.8 in June. The figure was indicative of a moderate improvement in business conditions, and one that was above the survey average of 51.5.

Inflows of new business increased at a marked rate during July. Firms linked stronger demand to improving domestic economic conditions and promotional activity. Reflecting new order growth, output increased in July, albeit at a fractionally slower pace than recorded in June.

Strong business confidence towards future growth prospects in the non-oil and gas private sector stimulated firms to hire additional staff during the latest survey. The level of business optimism and hiring were both at survey-record highs in July.

The reduction in selling prices softened from the survey-record decrease recorded in June. Nonetheless, output charges continued to fall at a marked pace overall, reflecting many firms engaging in promotional activities during the latest survey period.

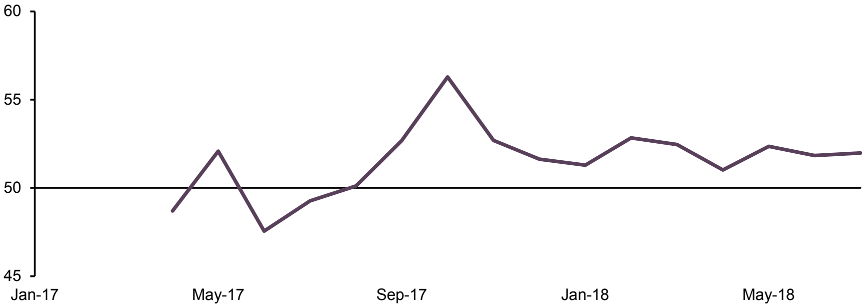
Businesses in the non-hydrocarbon private sector reported the strongest improvement in vendor performance since the survey began during July.

Reflecting higher inflows of new business in the latest survey, backlogs of work built-up at a solid pace. The finding extended the current phase of rising backlogs of work to three months, with the most recent increase being the sharpest since last October.

Stocks of purchases held at Qatari non-oil private sector firms dropped for the first time since April, partly reflecting higher business activity.

Qatar Financial Centre PMI

sa, >50 = improvement since previous month



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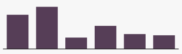
PMI™ By IHS Markit

OUTPUT INDEX

Last six months



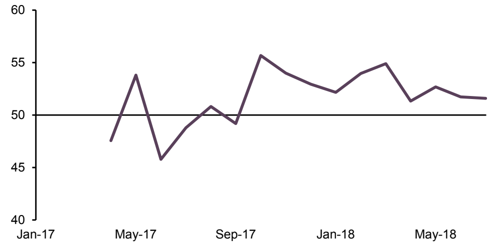
Lowest since APR 2018

Above 50 since OCT 2017

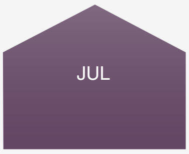
The seasonally adjusted Output Index remained above the neutral 50.0 mark in July, thereby signalling an improvement in output across the non-oil and gas private sector. The finding extended the current sequence of growth to ten months. Firms linked higher activity to new projects and business expansion. That said, the rate of growth eased fractionally since June.

Output Index

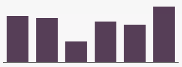
sa, >50 = growth since previous month



NEW ORDERS INDEX



Last six months



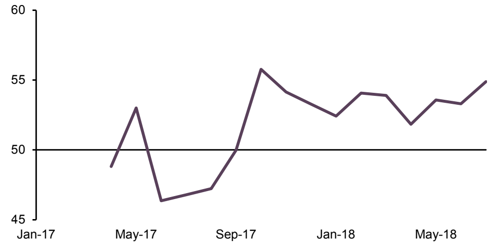
Highest since OCT 2017

Above 50 since OCT 2017

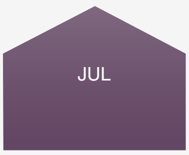
July data indicated a further increase in inflows of new orders. The rate of growth was marked overall and the strongest recorded since October 2017. Furthermore, the latest improvement was well above the historical average.

New Orders Index

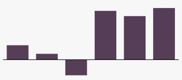
sa, >50 = growth since previous month



BACKLOGS OF WORK INDEX



Last six months



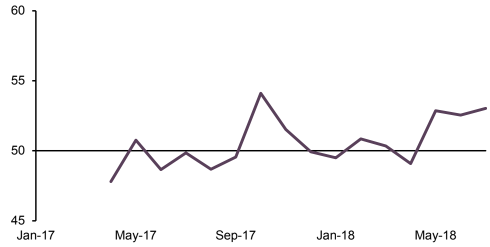
Highest since OCT 2017

Above 50 since MAY 2018

Firms in the non-hydrocarbon private sector continued to report higher levels of work outstanding in the latest survey period. Many linked the increase to strong inflows of new business. Rising backlogs of work have now been recorded continuously on a monthly basis since May.

Backlogs of Work Index

sa, >50 = growth since previous month



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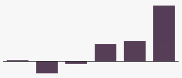
EMPLOYMENT INDEX

Last six months



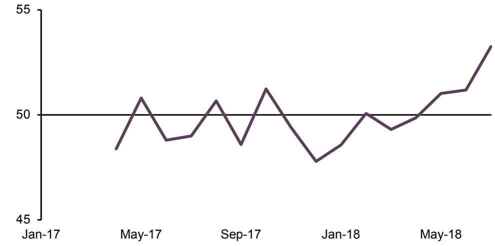
Highest in survey history

Above 50 since MAY 2018

Job creation in Qatar's non-oil and gas private sector accelerated to a survey-record high in July. The rate of employment growth was solid overall, with the latest improvement extending the current sequence of expansion to three months. According to anecdotal evidence, firms hired additional staff to meet rising output requirements.

Employment Index

sa, >50 = growth since previous month



QUANTITY OF PURCHASES INDEX

Last six months

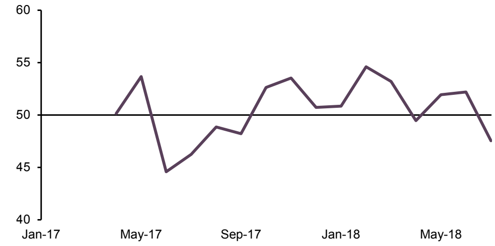
Lowest since JUL 2017

Below 50 since JUL 2018

Buying activity across the non-hydrocarbon private sector decreased for the first time since April during July's survey period. Moreover, the most recent decrease was solid overall and the fastest since July last year.

Quantity of Purchases Index

sa, >50 = growth since previous month



SUPPLIERS' DELIVERY TIMES INDEX

Last six months

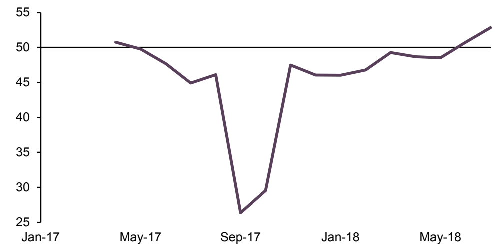
Highest in survey history

Above 50 since JUN 2018

Adjusted for seasonal influences, the Suppliers' Delivery Times Index registered above the 50.0 no-change mark for the second month in a row. In fact, July's improvement in vendor performance was the fastest since the survey's inception in April 2017, following a run of lengthening wait times linked to the blockade that ended in May.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



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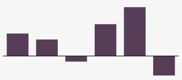
STOCKS OF PURCHASES INDEX

JUL

Last six months



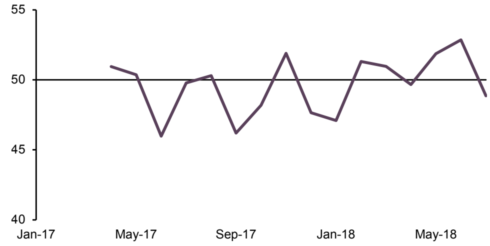
Lowest since JAN 2018

Below 50 since JUL 2018

Stocks of purchases held at Qatari non-oil and gas private sector companies deteriorated during July. The rate of contraction was slight overall, albeit the fastest recorded since the beginning of the year.

Stocks of Purchases Index

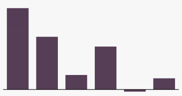
sa, >50 = growth since previous month



OVERALL INPUT PRICES INDEX

JUL

Last six months



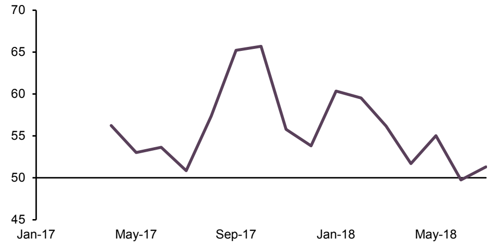
Highest since MAY 2018

Above 50 since JUL 2018

The seasonally adjusted Overall Input Prices Index climbed above the 50.0 no-change mark in July, following a below 50.0 reading in June. The finding thereby signalled rising average cost burdens faced by Qatari non-hydrocarbon private sector businesses in July.

Overall Input Prices Index

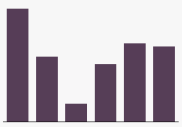
sa, >50 = inflation since previous month



PURCHASE PRICES INDEX

JUL

Last six months



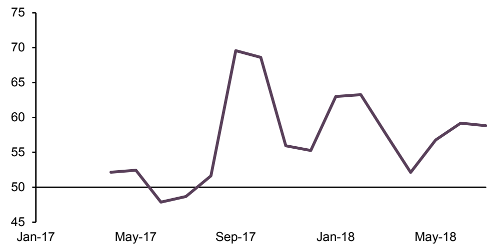
Lowest since MAY 2018

Above 50 since AUG 2017

Average prices paid for raw materials rose at a sharp pace during the latest survey period. Local businesses continued to link higher purchase prices to the blockade. That said, the rate of inflation moderated fractionally since June.

Purchase Prices Index

sa, >50 = inflation since previous month



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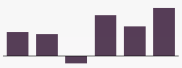
STAFF COSTS INDEX

JUL

Last six months



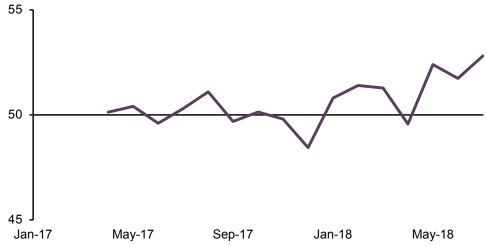
Highest in survey history

Above 50 since MAY 2018

Continuing the sequence of wage growth seen since May, the latest data signalled a further rise in staff costs in July. Moreover, the seasonally adjusted Staff Costs Index reached a survey-record high. The increase in average staff costs was solid overall.

Staff Costs Index

sa, >50 = inflation since previous month



OUTPUT PRICES INDEX

JUL

Last six months

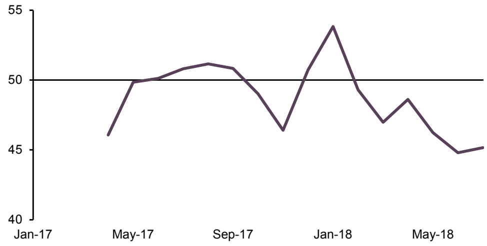
Highest since MAY 2018

Below 50 since FEB 2018

July data signalled another marked fall in output charges across Qatar's non-oil and gas private sector. Anecdotal evidence suggested that firms engaged in promotional activity to stimulate client demand. That said, the rate of decrease softened since the record low seen in June.

Output Prices Index

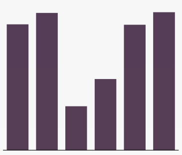
sa, >50 = inflation since previous month



FUTURE OUTPUT INDEX

JUL

Last six months



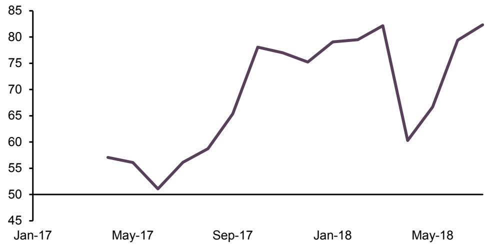
Highest in survey history

Above 50 since APR 2017

The Future Output Index reached a survey-record high in July. The degree of business confidence in the non-hydrocarbon private sector was strongly positive overall. Planned business expansion and an expected economic upturn underpinned the latest optimism.

Future Output Index

>50 = expected growth over next 12 months



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Methodology

The Qatar Financial Centre PMI™ is based on data compiled from replies to questionnaires sent to purchasing managers in a panel of around 400 private sector companies in the manufacturing, construction, wholesale, retail and services sectors. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected mid-month and denote the direction of change compared with the previous month. A diffusion index is calculated for each survey indicator. 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 and below 50 an overall decrease. The diffusion indices are then seasonally adjusted using an in-house method developed by IHS Markit.

The Purchasing Managers' Index (PMI) is a weighted average of the following five diffusion 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.

IHS Markit do not revise underlying survey data after first 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.

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. To learn more go to ihsmarkit.com/products/pmi.html.

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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