Embargoed until 1200 AST (0900 UTC) 6 October 2024

مركـــز قطـــر للمـــال
Qatar Financial Centre

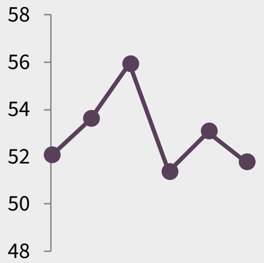
QATAR FINANCIAL CENTRE PMI®

Strengthening outlook for non-energy economy drives employment growth to series record high in September

QATAR FINANCIAL CENTRE PMI

Sep '24
51.7
Aug: 53.1

Apr - Sep '24



Strongest demand for financial services for over two years

Sharpest increase in employment since survey began in 2017

Record wage growth drives overall cost pressures to highest in over four years

The latest Purchasing Managers' Index™ (PMI®) survey data from Qatar Financial Centre (QFC) compiled by S&P Global signalled a sustained growth in business conditions in Qatar's non-energy private sector in September. The 12-month outlook for activity strengthened to the highest since March 2023 as demand for goods and services continued to increase, leading to a build-up in outstanding business. Companies boosted capacity by increasing employment at a survey-record rate. In tandem, wage inflation also reached a record high. Overall cost pressures were the highest in over four years, but charges for goods and services fell sharply.

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.

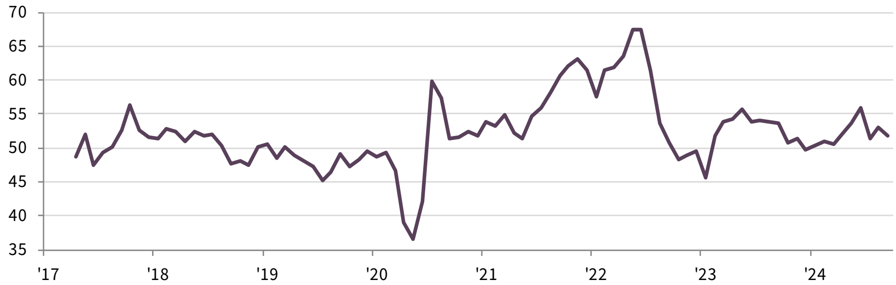
The headline Qatar Financial Centre PMI is a composite single-figure indicator of non-energy private sector performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases.

The PMI eased to 51.7 in September, from 53.1 in August, signalling a sustained overall growth in business conditions in the non-energy private sector economy. It was slightly below the long-run trend level of 52.3 (since April 2017).

The employment component again provided the largest positive contribution to the headline figure in September. The non-energy private sector workforce expanded at the

Qatar Financial Centre PMI

sa, >50 = improvement since previous month



PMI® by S&P Global

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OVERVIEW CONTINUED...

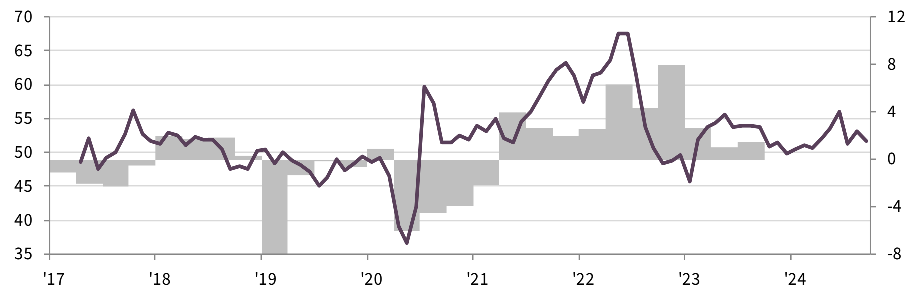
fastest rate on record, easily surpassing the previous peak set in January 2019.

Efforts to boost staff numbers partly reflected a build-up of outstanding business for the first time in eight months and at the fastest rate since mid-2022 in the lead-up to the football World Cup. This occurred as new business expanded for the ninth month running in September, but total business activity softened. Sub-sector data revealed that the pause in output growth purely reflected the construction sector, as activity rose in the manufacturing, services and wholesale & retail sectors.

The rate of increase in new business moderated in September, but confidence regarding the next 12 months strengthened again to the highest since March 2023. Positive sentiment among Qatari firms was attributed to economic development, a rising population and investment in key sectors including construction, real estate and tourism.

Rising demand for staff drove up wage pressures in the non-energy sector. The seasonally adjusted Staff Costs Index rose to a new high of 59.4. Non-staff cost pressures also intensified in September, with purchase price inflation the fastest in over four years. Overall input price inflation was the highest since July 2020. In contrast, prices charged for goods and services fell at the fastest rate since February 2019, linked to high competition.

Although new business rose and the outlook improved, purchasing activity softened slightly as firms reported broadly stable inventory holdings. This easing of pressure on supply chains was reflected in another reduction in average input lead times.



Sources: Qatar Financial Centre, S&P Global PMI, Qatar's Planning & Statistics Authority.

COMMENT

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

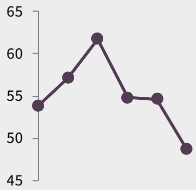
"Although the headline PMI eased in September, on the whole the latest survey results show a number of positive developments for the Qatari non-energy economy. The pause in overall growth of output wholly reflected the construction sector, with growth sustained in manufacturing, services, finance, wholesale and retail. There was a series-record increase in employment during the month as firms sought to expand capacity to address rising backlogs.

"Qatar's financial services recorded strong growth in September, fastest growth since August 2022, showing rapid improvement in demand conditions. The 12-month outlook continued to brighten, as firms mentioned investment in key sectors such as construction, real estate and tourism. September data also showed a record increase in wages, which should boost consumer demand."

OUTPUT AND DEMAND

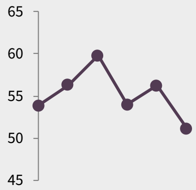
Output
Index

Apr - Sep '24



New Orders
Index

Apr - Sep '24



Output

September data indicated a pause in overall growth of total business activity, following an eight-month period of solid expansion. Sub-sector data revealed slower activity in construction, but rising levels of output in manufacturing, wholesale & retail and services.

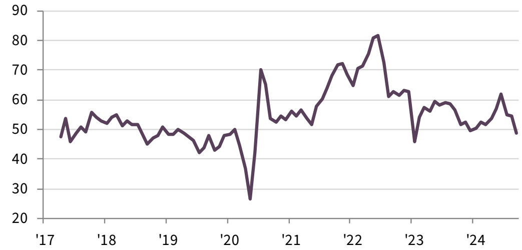
New orders

Inflows of new business expanded for the ninth month running in September. A number of firms linked new contracts to digital and social media marketing efforts, and improved client relationships.

Demand was notably strong in the manufacturing sector, although the overall rate of growth for the non-energy sector moderated since August.

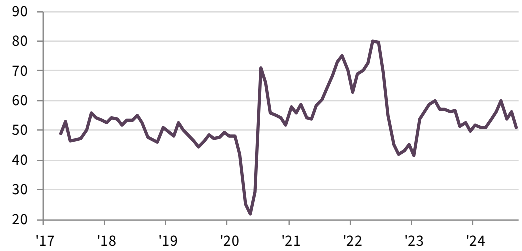
Output Index

sa, >50 = growth since previous month



New Orders Index

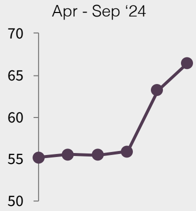
sa, >50 = growth since previous month



BUSINESS EXPECTATIONS

Future
Output Index

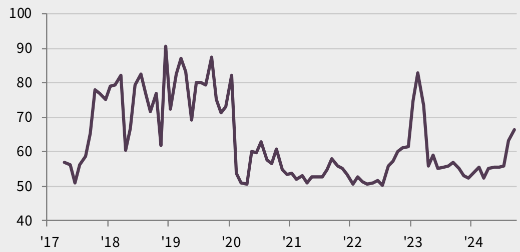
Apr - Sep '24



The 12-month outlook for activity in Qatar's non-energy economy strengthened in September, linked to economic development, a rising population and investment in key sectors including construction, real estate and tourism. The Future Output Index continued its steep ascent and signalled the strongest overall confidence since March 2023. Growth forecasts strengthened in all areas except manufacturing.

Future Output Index

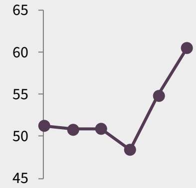
>50 = growth expected over next 12 months



EMPLOYMENT AND CAPACITY

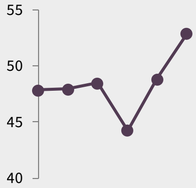
Employment Index

Apr - Sep '24



Backlogs of Work Index

Apr - Sep '24



Employment

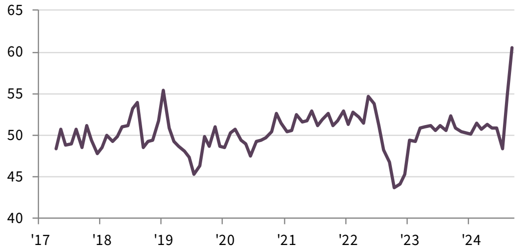
Private sector employment in Qatar's non-energy economy increased at the fastest rate in the survey history in September, as the seasonally adjusted Employment Index continued to ascend steeply and easily surpassed the previous record high posted in January 2019. Companies mentioned hiring in a wide range of roles, including sales, operations, marketing, IT and management, in order to upscale capacity and improve efficiency. Employment rose sharply in all four sectors, with record increases posted in all areas except manufacturing.

Backlogs of work

Non-energy private sector firms in Qatar registered an increase in outstanding business for the first time since January, as new business rose but total activity decreased since August. Moreover, the rate of growth in backlogged work was the strongest since June 2022.

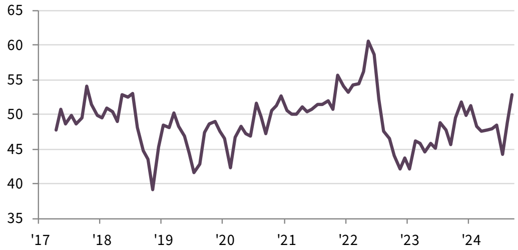
Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

sa, >50 = growth since previous month

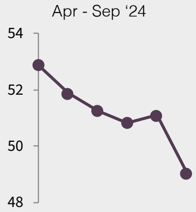


PURCHASING AND INVENTORIES

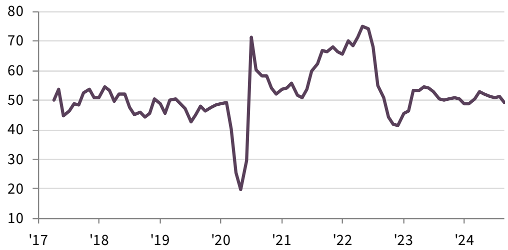
Quantity of purchases

The volume of inputs ordered by non-energy private sector firms fell in September, ending a six-month sequence of expansion. That said, the rate of reduction was only marginal. The pause in growth in input buying partly reflected sufficient inventory levels.

Quantity of Purchases Index
Apr - Sep '24



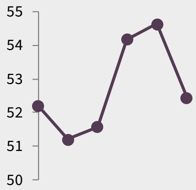
Quantity of Purchases Index
sa, >50 = growth since previous month



Suppliers' delivery times

Supplier performance continued to improve in September. Average lead times have shortened in every month since May 2022, the longest sequence on record. The seasonally adjusted Suppliers' Delivery Times Index fell for the first time in four months, however, signalling a less notable improvement. Input delivery times improved to the greatest degree in the wholesale & retail sector.

Suppliers' Delivery Times Index
Apr - Sep '24

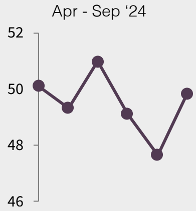


Suppliers' Delivery Times Index
sa, >50 = faster times since previous month

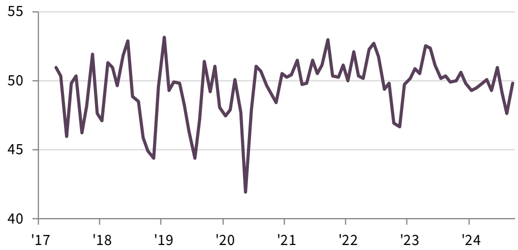
Stocks of purchases

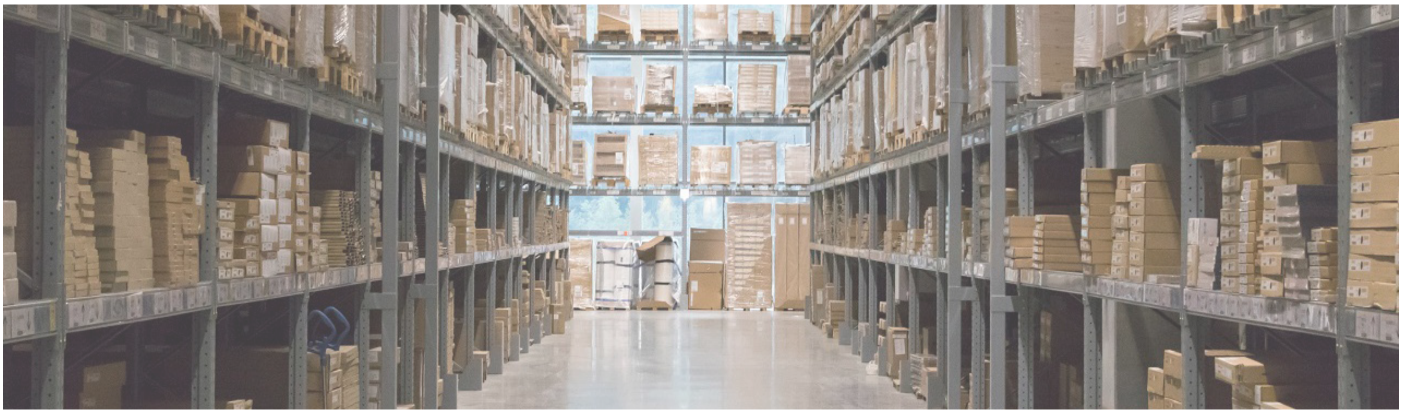
The level of inputs held in stock in the Qatari non-energy private sector was broadly stable in September. The seasonally adjusted Stocks of Purchases Index rose to a three-month high and was very close to the no-change level of 50.0.

Stocks of Purchases Index
Apr - Sep '24



Stocks of Purchases Index
sa, >50 = growth since previous month



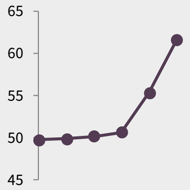


PRICES

Overall input prices

Average input prices paid by Qatari non-energy private sector firms rose for the fourth month running in September. Moreover, the seasonally adjusted Overall Input Prices Index posted another sharp monthly increase, signalling the strongest inflation for over four years. It was also well above the long-run survey average of 51.7. Average input prices rose sharply in all four sectors, led by manufacturing.

Overall Input Prices Index
Apr - Sep '24

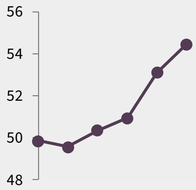


Overall Input Prices Index
sa, >50 = inflation since previous month

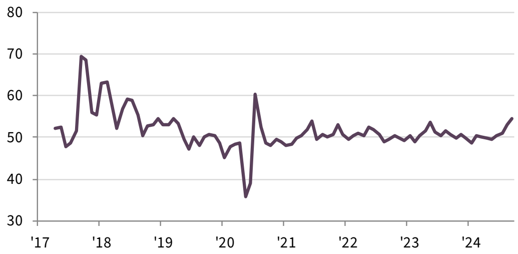
Purchase prices

Average purchase prices paid by non-energy private sector firms in Qatar increased sharply in September compared with the previous month. The seasonally adjusted Purchase Prices Index rose to the highest in over four years and further above the long-run trend level of 51.5. Purchasing costs rose across all sectors, led by wholesale & retail and services.

Purchase Prices Index
Apr - Sep '24



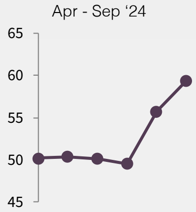
Purchase Prices Index
sa, >50 = inflation since previous month



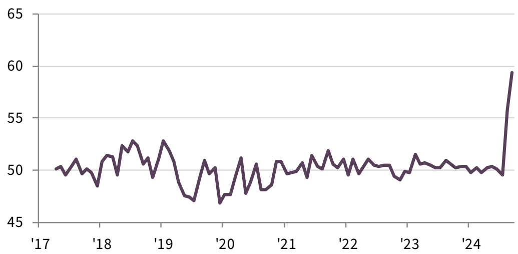
Staff costs

Average wages and salaries paid by private sector non-energy companies in Qatar rose at the fastest rate in the survey history in September. Three sectors – manufacturing, construction and services – posted record increases, with a near-record rate of pay growth also seen in wholesale & retail.

Staff Costs Index
Apr - Sep '24



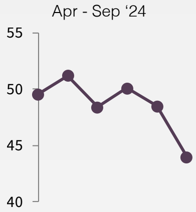
Staff Costs Index
sa, >50 = inflation since previous month



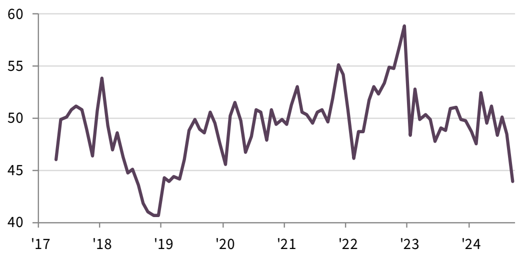
Output prices

Prices charged by private sector firms in Qatar fell further in September. Moreover, the rate of discounting was the fastest in over five-and-a-half years. All four sectors posted lower output prices in September, led by services. Manufacturing output prices fell only marginally.

Output Prices Index
Apr - Sep '24



Output Prices Index
sa, >50 = inflation since previous month



FINANCIAL SERVICES

Strongest demand for financial services for over two years

New business increases at fastest rate since July 2022

Rate of employment growth among strongest in series history

Sharp improvement in year-ahead outlook

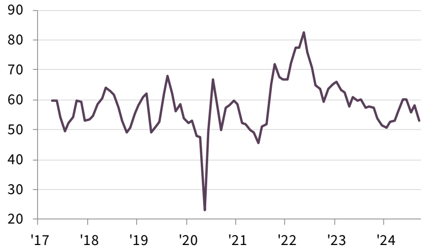
There was a further acceleration in growth of demand for Qatari financial services in September. The seasonally adjusted Financial Services New Business Index rose to 64.1, from 62.8 in August, signalling a rapid improvement in demand conditions with the fastest growth since August 2022. Growth of total activity was maintained (53.2).

Companies were also increasingly optimistic regarding the 12-month outlook, with sentiment at the highest level since February 2023 (78.1). There was also a notable boost to employment growth, which was the strongest in over five years and among the best on record (61.8).

In terms of prices, average charges set by financial services companies fell at the fastest rate in the series history. Meanwhile, average input prices rose the most since July 2020.

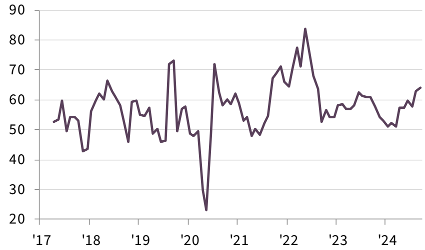
Business Activity Index

sa, >50 = growth since previous month



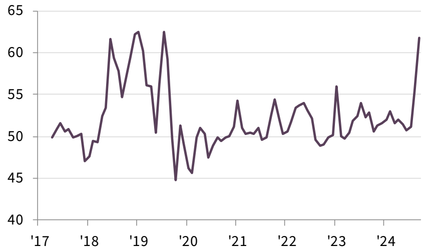
New Business Index

sa, >50 = growth since previous month



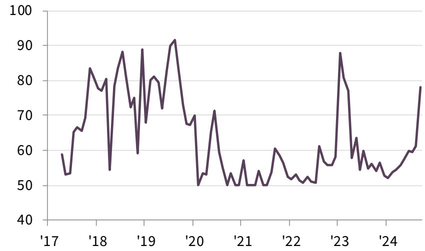
Employment Index

sa, >50 = growth since previous month



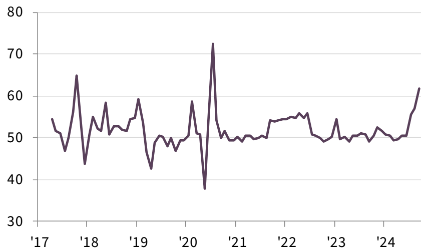
Future Activity Index

>50 = growth expected over next 12 months



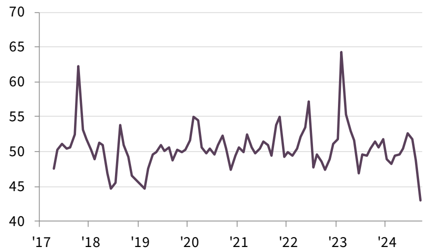
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

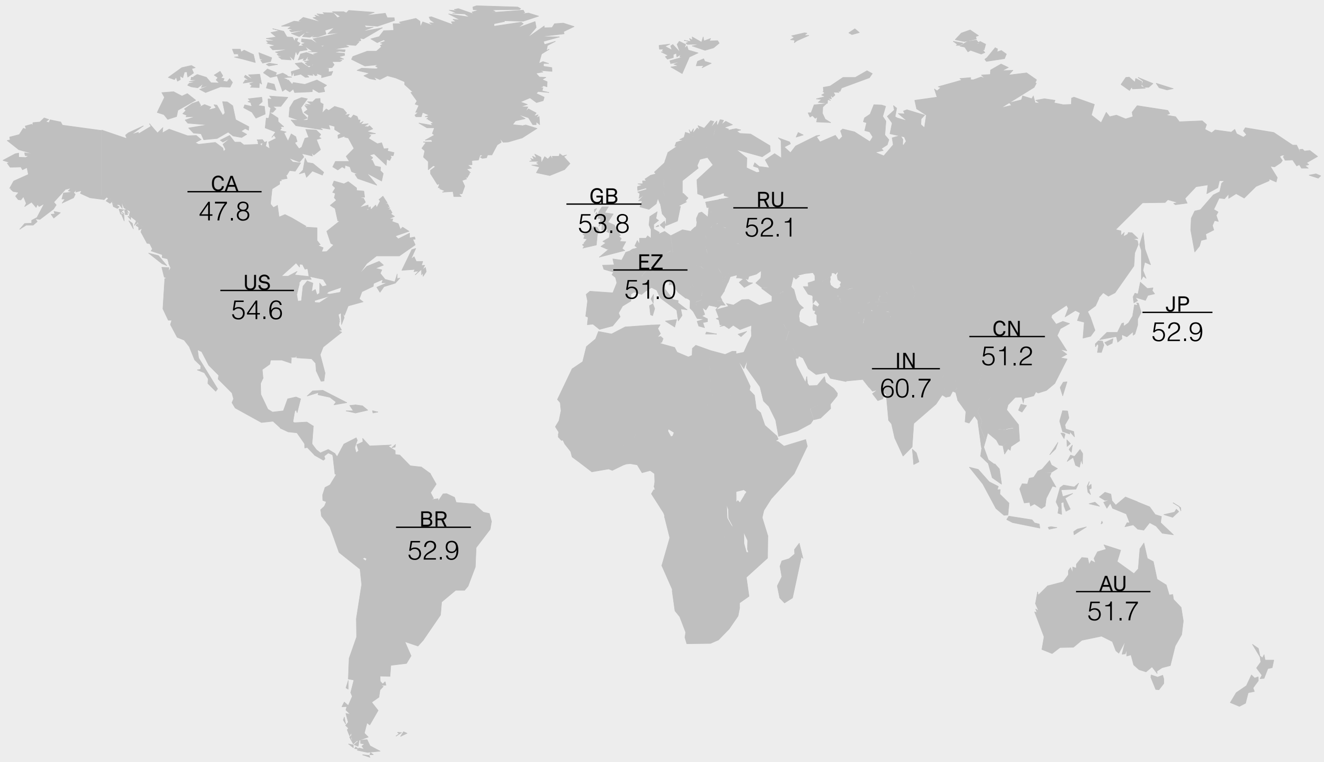
sa, >50 = inflation since previous month



INTERNATIONAL PMI

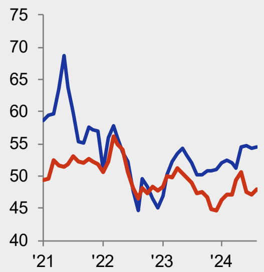
Composite Output Index, Aug '24
sa, >50 = growth since previous month

The Composite Output Index is a GDP-weighted average of the Manufacturing Output Index and the Services Business Activity Index.

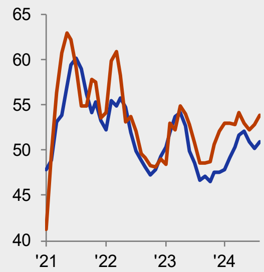


Composite Output Index

USA
Canada
sa, >50 = growth

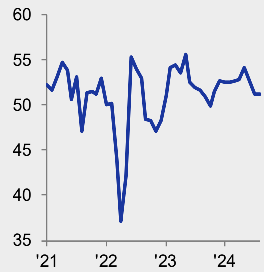


Eurozone
UK
sa, >50 = growth

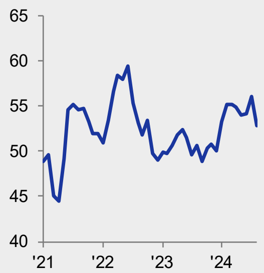


Russia
sa, >50 = growth

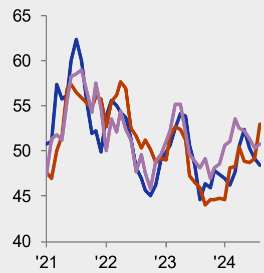
China
sa, >50 = growth



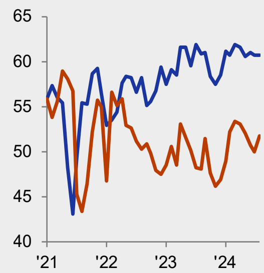
Brazil
sa, >50 = growth



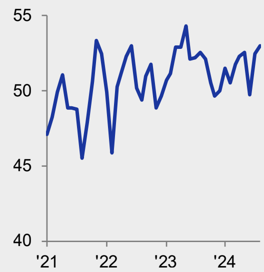
Germany
Italy
France
sa, >50 = growth



India
Australia
sa, >50 = growth



Japan
sa, >50 = growth



PMI® by S&P Global

Survey panel size

450

companies

Index calculation

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

SURVEY METHODOLOGY

The Qatar Financial Centre PMI® is compiled by S&P Global 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.

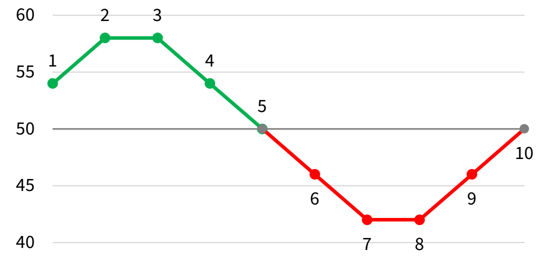
The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted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

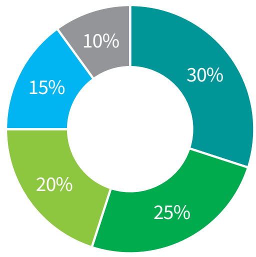
Index interpretation

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 12-23 September 2024.

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

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ENQUIRIES ABOUT THE REPORT

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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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