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QATAR FINANCIAL CENTRE

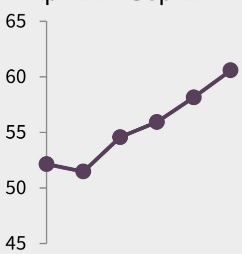
QATAR FINANCIAL CENTRE PMI™

Qatar PMI hits all-time record high in September

QATAR FINANCIAL CENTRE PMI

Sep '21
60.6
Aug: 58.2

Apr '21 - Sep '21



PMI ascends to 60.6, surpassing previous peak of 59.8 in July 2020, on the back of new business activity

Growth rates for output and new work accelerate for fourth straight month

Strongest 12-month outlook since October 2020

The latest Purchasing Managers' Index™ (PMI™) survey data from Qatar Financial Centre signalled a record improvement in operating conditions in the non-energy economy this September. Output, new orders and purchasing activity all rose at the second-fastest rates on record, while backlogs accumulated at a faster pace despite a sharper rise in employment. Survey data also indicated the strongest 12-month outlook for nearly a year, amidst growing wage pressures and other immediate capacity concerns.

The Qatar PMI indices are compiled from survey responses from a panel of nearly 400 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.

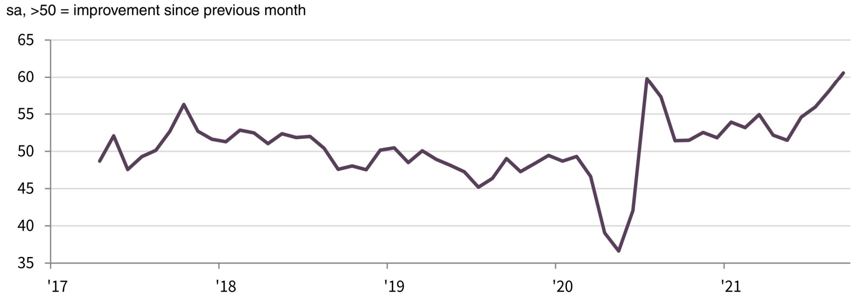
The PMI rose for the fourth month running to 60.6 in September, from 58.2 in August. The latest figure signalled the strongest overall improvement in operating conditions since the survey began in April 2017, surpassing the previous record high of 59.8 in July 2020. Business conditions have improved for 15 successive months, the longest sequence in the survey's history.

On a quarterly basis, the PMI averaged 58.2 in the third quarter, the highest on record. The previous quarterly peak was 56.2 in the third quarter of 2020 as the economy rebounded from lockdown.

Sub-sector data signalled marked growth across all four main categories. Manufacturing registered the strongest performance in September, followed by services, wholesale & retail and

Qatar Financial Centre PMI

sa, >50 = improvement since previous month



PMI™
By IHS Markit

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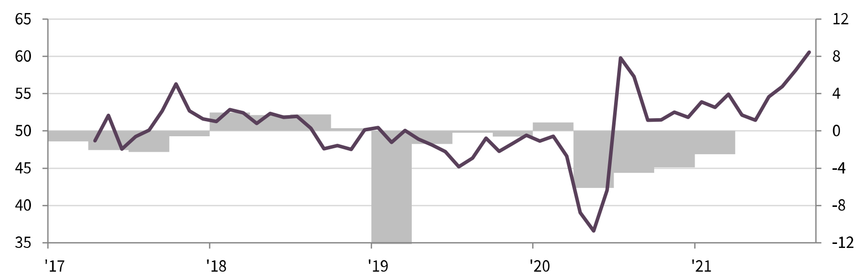
OVERVIEW CONTINUED...

construction, respectively.

The headline PMI was positively influenced by four of its five components in September. The 2.4-point upward movement in the PMI since July mainly reflected the new orders (+1.3) and output (+1.1) components, followed by employment (+0.2) and stocks of purchases (+0.2). The suppliers' delivery times component weighed slightly on the headline figure (-0.3) in the latest period.

New business growth accelerated for an unprecedented fourth successive month in September, with the overall pace of expansion almost matching the record high set in July 2020 when the economy rebounded with the unlocking of coronavirus restrictions. New business rose particularly strongly at services firms, followed by manufacturing.

A similar trend was evident for total business activity, growth of which quickened for the fourth month running to the second-strongest on record. Meanwhile, the volume of outstanding business rose for the twelfth straight month, and at one of the fastest rates indicated by the survey to date. This occurred despite investment in workforces, with non-energy employment rising at one of the fastest rates in the survey history in September, and the strongest wage inflation since February 2019. Qatari firms were increasingly confident of growth over the next 12 months. Business expectations were the highest since October 2020.



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

COMMENT

Sheikha Alanoud bint Hamad Al-Thani, Deputy CEO & Chief Business Officer, QFC Authority:

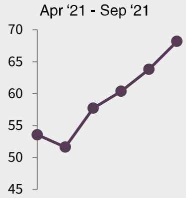
"The recent strength in the PMI strongly indicates that overall economic growth will rebound in the second and third quarters, showing that Qatar's economy is on the path to strong recovery after facing a relatively challenging period brought about by the COVID-19 pandemic. Qatar's comprehensive set of measures to ensure that the economy is shielded from the adverse effects of the pandemic continue to contribute to the strength we currently witness.

"Qatar's non-energy private sector economy continued to take off in September, with the PMI ascending to a new all-time high of 60.6 The latest figure signals even stronger growth than that registered during the post-lockdown bounce last July, when the PMI peaked at 59.8.

"Although the rates of expansion in total activity and new business did not quite reach their previous records, they were nonetheless the second-fastest in the survey history, as was the increase in buying activity. The rate of workforce growth was among the strongest registered in four-and-a-half years of data collection, with companies also boosting wages and salaries."

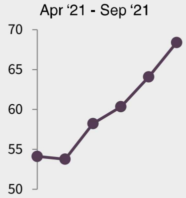
Output
Index

Apr ‘21 - Sep ‘21



New Orders
Index

Apr ‘21 - Sep ‘21



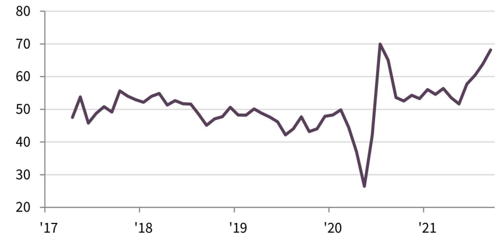
OUTPUT AND DEMAND

Output

Non-energy private sector activity in Qatar rose for the fifteenth month running in September, the longest sequence of expansion since the survey began in April 2017. Moreover, the rate of growth accelerated for the fourth month running and was the second-fastest on record. Companies reported rapidly improving customer demand. The strongest growth rates were again seen in wholesale & retail and manufacturing.

Output Index

sa, >50 = growth since previous month

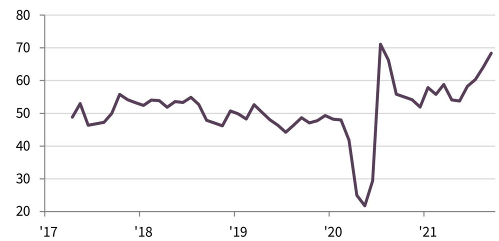


New orders

New business rose for the fifteenth successive month in September, the longest sequence of growth in the survey history. The pace of expansion was the fastest since July 2020 and the second-highest ever. Services registered a record increase in new business and was the fastest-growing among the four broad sectors monitored for the first time in the survey history.

New Orders Index

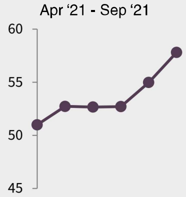
sa, >50 = growth since previous month



BUSINESS EXPECTATIONS

Future
Output Index

Apr ‘21 - Sep ‘21



Sentiment among firms in Qatar's non-energy private sector brightened notably at the end of the third quarter. The Future Output Index rose for the second month running, and signalled the strongest overall confidence since October 2020. Firms widely reported that they expected demand to continue to improve as market conditions stabilise further. Sentiment was strongest among service providers and construction firms.

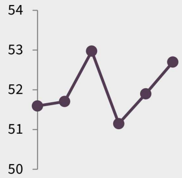
Future Output Index

>50 = growth expected over next 12 months

EMPLOYMENT AND CAPACITY

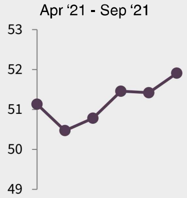
Employment Index

Apr '21 - Sep '21



Backlogs of Work Index

Apr '21 - Sep '21



Employment

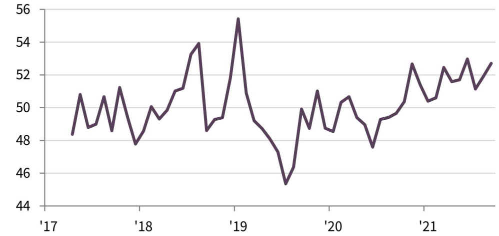
Non-energy private sector employment in Qatar rose for the twelfth consecutive month in September, the longest sequence of workforce growth since the survey began. The rate of job creation was the fastest in three months, and among the strongest recorded by the survey to date. Survey respondents widely reported the need to fill new roles as demand rose. Workforces rose fastest at manufacturers and construction companies.

Backlogs of work

With new business increasing at a near-record pace in September, companies reported rising pressure on capacity. The volume of incomplete work rose for the twelfth consecutive month, and at the fastest rate in 2021 so far. The sharpest increase in outstanding business was seen in the services sector, followed by construction.

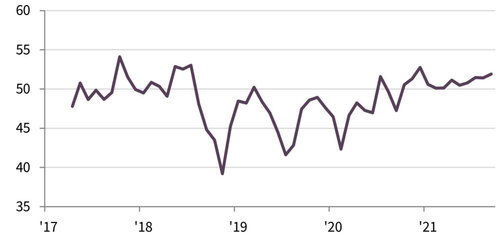
Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

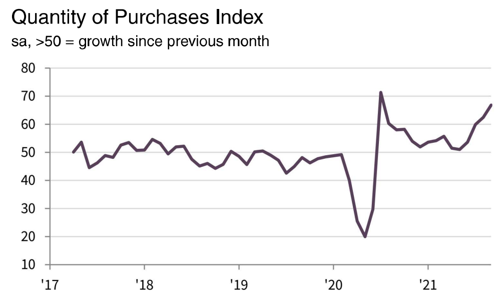
sa, >50 = growth since previous month



PURCHASING AND INVENTORIES

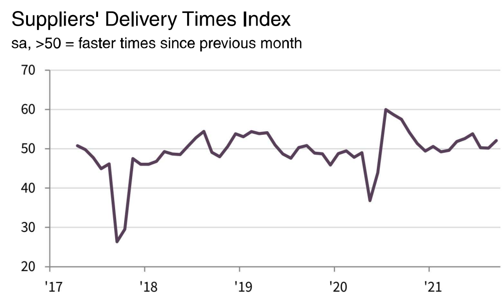
Quantity of purchases

Purchasing of inputs by non-energy private sector firms in Qatar rose in September at the second-fastest rate since the survey began in April 2017. The current 15-month sequence of expansion is the longest registered since the series began in April 2017. Data indicated strong buying activity across all four sectors, led by wholesale & retail.



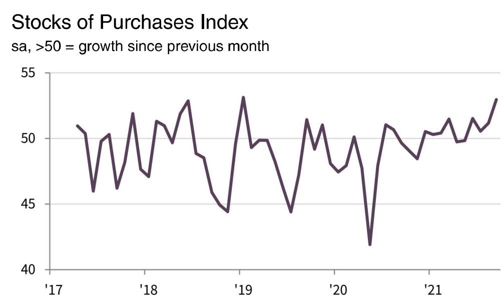
Suppliers' delivery times

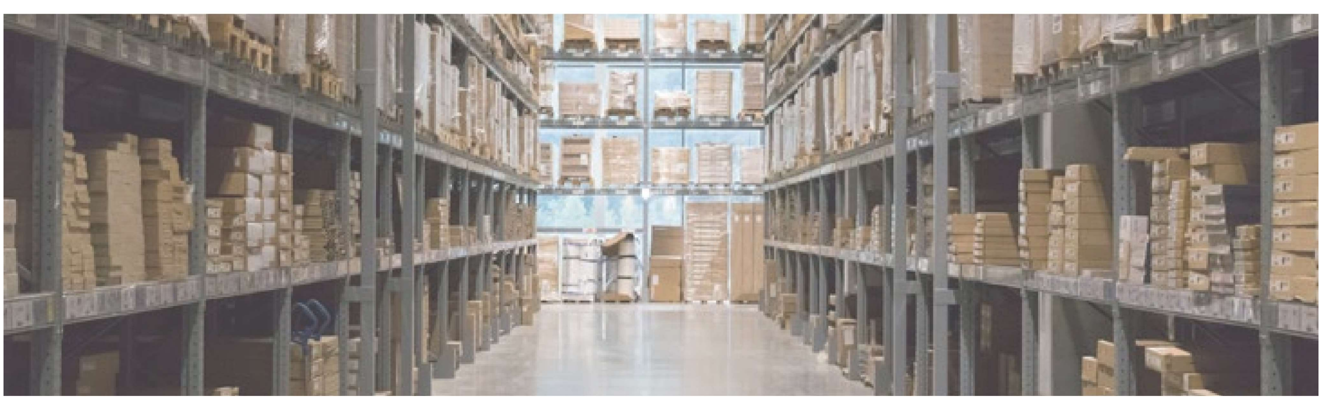
The seasonally adjusted Suppliers' Delivery Times Index remained above the no-change mark of 50.0 in September, signalling a further improvement in the performance of firms supplying the non-energy private sector. Lead times improved in manufacturing and wholesale & retail, but lengthened in the construction sector.



Stocks of purchases

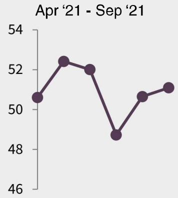
Non-energy private sector firms continued to build input inventories in September. The overall level of inputs held in stock rose for the fourth month running, and at the strongest rate since January 2019. Moreover, it was the second-fastest growth on record. Input stocks rose markedly in the manufacturing sector.





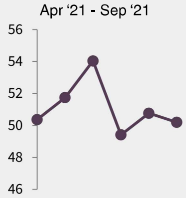
Overall Input Prices Index

Apr '21 - Sep '21



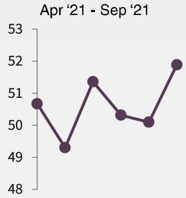
Purchase Prices Index

Apr '21 - Sep '21



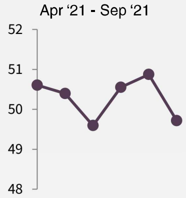
Staff Costs Index

Apr '21 - Sep '21



Output Prices Index

Apr '21 - Sep '21



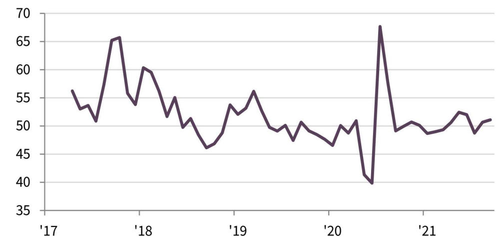
PRICES

Overall input prices

The seasonally adjusted Input Prices Index remained above the no-change mark of 50.0 in September, indicating rising average input prices in the Qatari non-energy private sector economy. Overall cost burdens have risen five times in the past six months, although inflation in the latest period remained weaker than in May and June. Cost pressures were strongest at service providers.

Overall Input Prices Index

sa, >50 = inflation since previous month

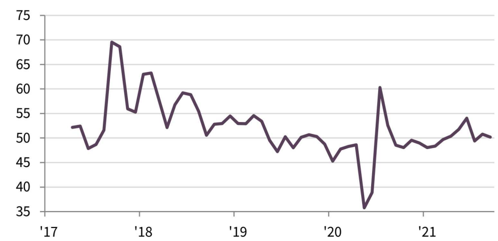


Purchase prices

Average prices paid for inputs by non-energy private sector firms in Qatar rose for the fifth time in six months in September. That said, the rate of inflation in the latest survey period was only fractional.

Purchase Prices Index

sa, >50 = inflation since previous month

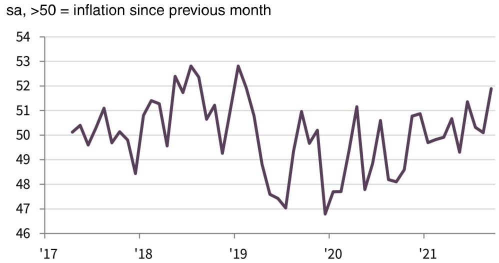


Staff costs

September data indicated a boost to wages and salaries paid in the non-energy private sector economy. Staff costs rose for the fifth time in six months, and the rate of inflation accelerated to the strongest since February 2019.

Staff Costs Index

sa, >50 = inflation since previous month

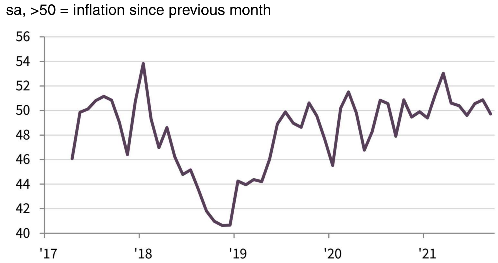


Output prices

Qatari non-energy firms lowered their prices charged for goods and services in September. This followed higher charges in six of the previous seven months. Discounting was centred on the wholesale & retail and, to a lesser extent, services sub-sectors. The overall reduction in output prices was marginal, reflecting higher charges in manufacturing and construction.

Output Prices Index

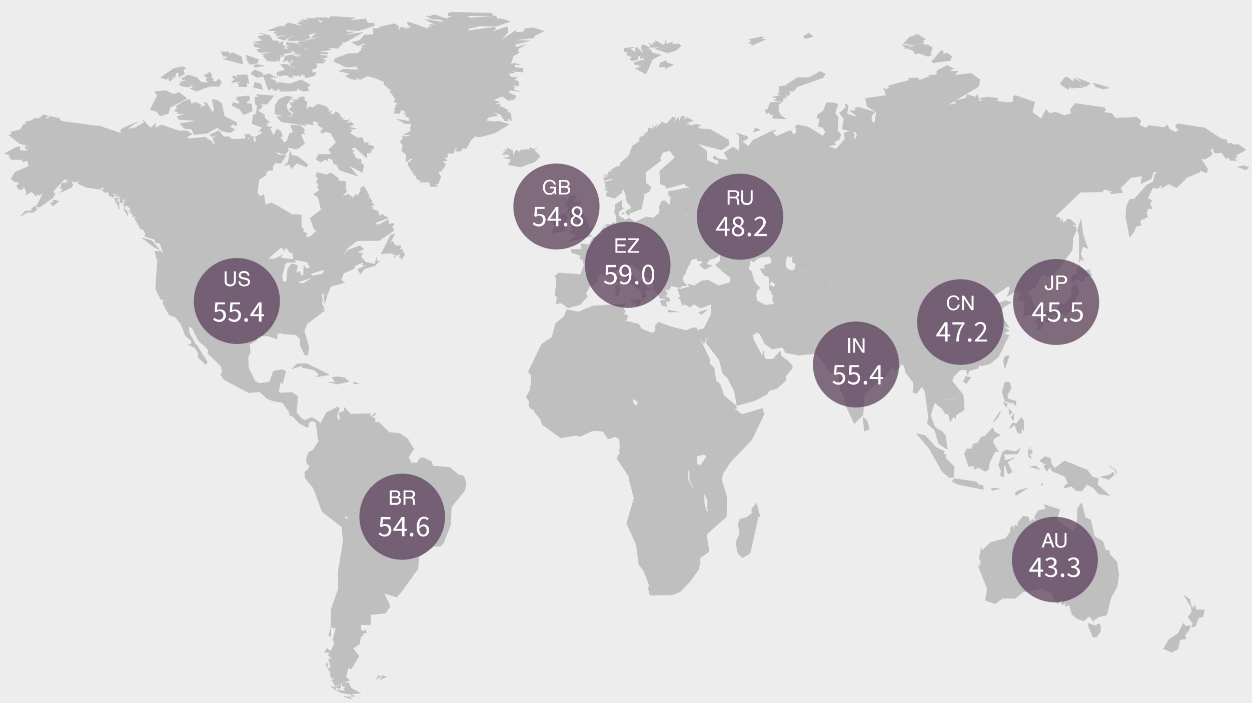
sa, >50 = inflation since previous month



INTERNATIONAL PMI

Composite Output Index, Aug '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

400

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 400 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.

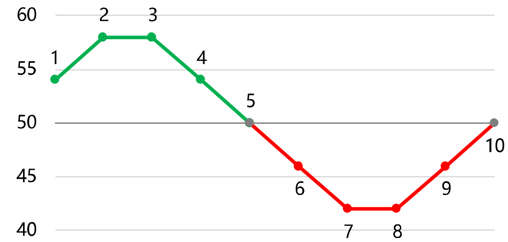
Survey dates and history

Data were collected 13-27 September 2021.

Survey data were first collected in April 2017.

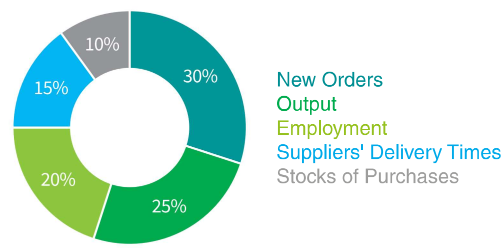
Index interpretation

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



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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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.