May 2022

Qatar Financial Centre

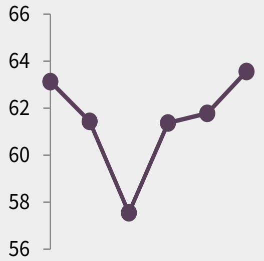
# QATAR FINANCIAL CENTRE PMI™

## Record expansion in private sector activity in April

QATAR FINANCIAL CENTRE PMI

Apr '22
63.6
Mar: 61.8

Nov '21 - Apr '22




**PMI hits new peak, driven by a record increase in non-energy output**

**New orders rise at third-strongest rate in series history**

**Capacity pressures mount with backlogs rising at survey-record rate**

The latest Purchasing Managers' Index™ (PMI™) survey data from Qatar Financial Centre (QFC) signalled a record improvement in business conditions in the non-energy economy at the start of the second quarter. Output rose at the fastest rate since the series began in April 2017, while new orders expanded at the third-quickest rate in the series history. Activity growth was especially strong in the construction sector.

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.

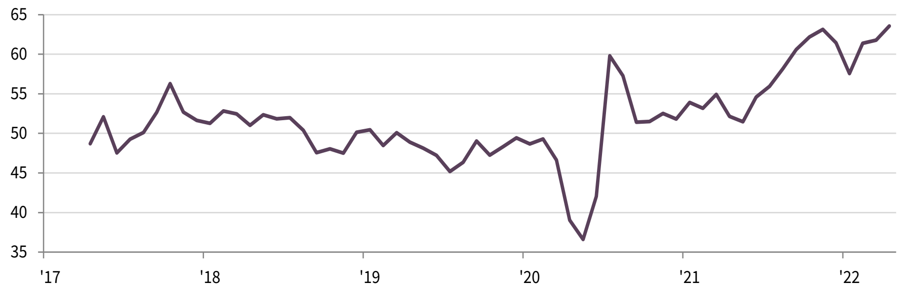
The PMI increased to a new record high of 63.6 in April, up from 61.8 in March. This indicated the strongest overall improvement in non-energy sector business conditions since the survey began just over five-years ago.

Central to the upsurge was a record uplift in output, which has now expanded over the last 22 months. All four monitored sectors recorded substantial rates of output growth in April with construction leading the uptick. Manufacturing, services and wholesale & retail followed behind, respectively.

Similarly, new orders rose at a marked and accelerated pace in April. The rate of growth was the quickest since last November, and the third-strongest in the series history.

The record increase in output prompted

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




PMI by S&P Global

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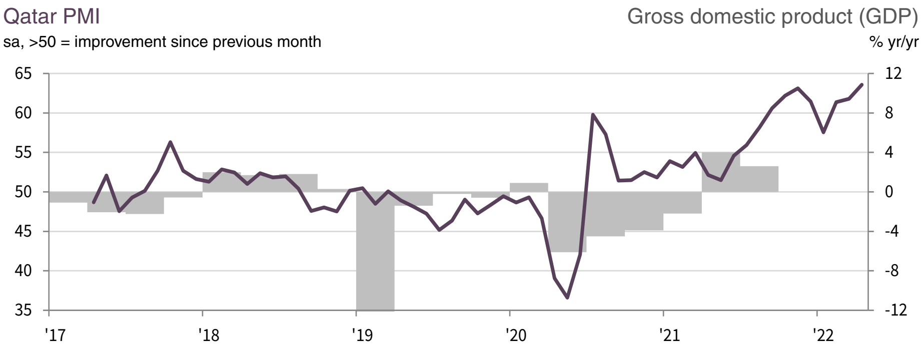
## OVERVIEW CONTINUED...

firms to raise their purchasing activity during the month. Purchases rose at the second-strongest rate in the series, surpassed only by that seen in July 2020. Wholesale & retail firms recorded a particularly steep increase in purchases. Meanwhile, stocks of purchases rose fractionally indicating healthy real-time demand from customers.

These strong demand conditions added to capacity pressures at the start of the second quarter with incomplete work rising for the nineteenth month in succession. In fact, backlogs rose at a survey-record rate with firms in the manufacturing and service sector recording sharp increases in work-in hand. Despite rising backlogs, employment levels rose only marginally, and at the softest pace in three months.

Firms remained optimistic about output growth over the next 12 months. That said, sentiment dipped to a new series low in April.

Price pressures continued to build at the start of the quarter, with average input costs rising for the ninth month in succession. However, firms held back on passing on higher expenses and instead chose to reduce their selling prices. Promotional activity and discounting have now been seen in each of the last three months.




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

## COMMENT

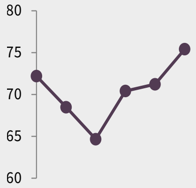
Yousuf Mohamed Al-Jaida, Chief Executive Officer, QFC Authority:

*“The second quarter of 2022 saw a record improvement in business conditions in Qatar's non-energy sector. Output expanded at the strongest rate in the series' five-year history as demand conditions were more than favourable. At the same time, firms continued purchasing activity to fulfil their new orders and added to their headcounts.*

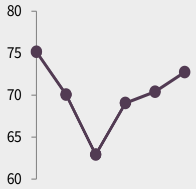
*“Record uplifts in backlogs should sustain output growth in the coming months as firms continue to work through their work in hand.*

*"Qatar's non-energy private sector once again registered a strong performance, which has particularly been the case over the last eleven months."*

Output
Index
Nov '21 - Apr '22




New Orders
Index
Nov '21 - Apr '22

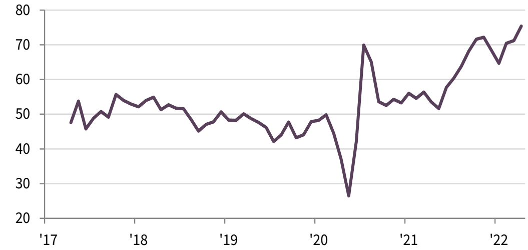



# OUTPUT AND DEMAND

## Output

Non-energy private sector activity in Qatar rose at a marked and accelerated pace in April, thereby extending the expansion to 22 months. Moreover, the rate of growth was the strongest in the survey's five-year history, surpassing last November's previous peak. All four monitored sectored registered substantial expansions with construction leading growth.

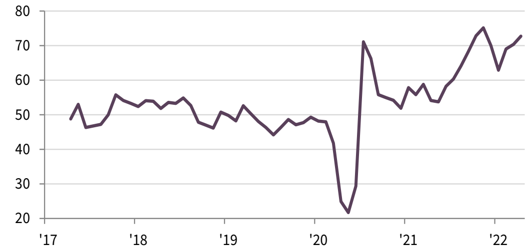
Output Index
sa, >50 = growth since previous month




## New orders

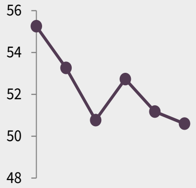
The volume of new business received by private sector non-energy firms in Qatar increased at the fastest rate in five months during April. In fact, the rate of expansion was the third-strongest in the series history and marked by historical standards. Favourable demand, particularly in the construction and manufacturing sectors, were reported.

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



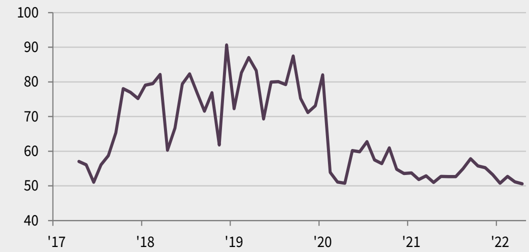

# BUSINESS EXPECTATIONS

Future
Output Index
Nov '21 - Apr '22




The 12-month outlook for non-energy private sector business activity in Qatar remained in positive territory, but dipped to a series low at the start of the second quarter. By sub-sector, confidence was strongest among manufacturers and weakest at construction firms.

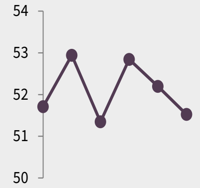
Future Output Index
>50 = growth expected over next 12 months




PMI™
by S&P Global

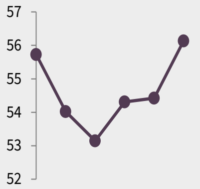
Employment Index

Nov '21 - Apr '22




Backlogs of Work Index

Nov '21 - Apr '22



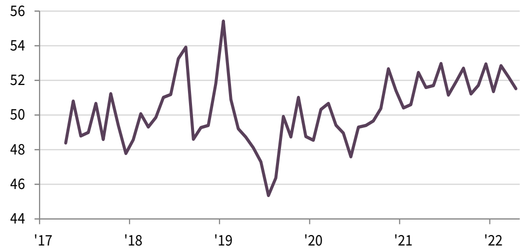

# EMPLOYMENT AND CAPACITY

## Employment

Non-energy private sector employment rose for the nineteenth successive month in April, extending the longest sequence of continuous job creation in the survey's history. The rate of growth was only modest and eased from March, but was still quicker than the long-run series average.

Employment Index

sa, >50 = growth since previous month

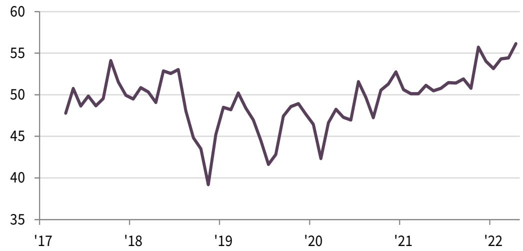



## Backlogs of work

April data signalled a notable increase in pressure on business capacity. In fact, the level of outstanding work increased at the strongest rate in the series' five-year history. Strong demand made it difficult for firms to keep up with new order inflows.

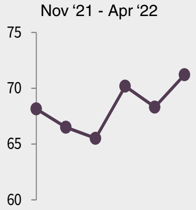
Backlogs of Work Index

sa, >50 = growth since previous month



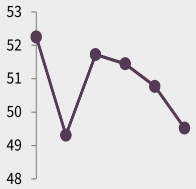

Quantity of Purchases Index

Nov '21 - Apr '22



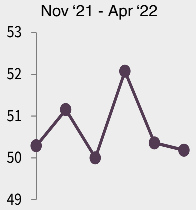

Suppliers' Delivery Times Index

Nov '21 - Apr '22




Stocks of Purchases Index

Nov '21 - Apr '22




# PURCHASING AND INVENTORIES

## Quantity of purchases

Purchases of goods and services by non-energy firms in Qatar continued to rise in April, as companies expanded operations to meet improving demand. The latest uptick was the second-quickest in the series history, surpassed only by that seen in July 2020. Marked increases in purchasing were indicated across all sectors, most notably among wholesale & retail and manufacturing companies.

## Suppliers' delivery times

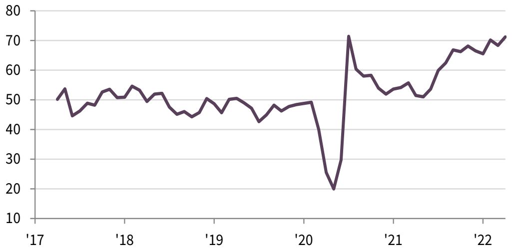
April data signalled an increase in the average time taken for suppliers to delivery inputs to Qatari non-energy private sector firms. This followed three successive months of improving vendor performance.

## Stocks of purchases

The level of inputs held in stock in the non-energy private sector rose for the third month running during April. That said, the rate of stockpiling was only slight and the weakest in the current sequence of growth.

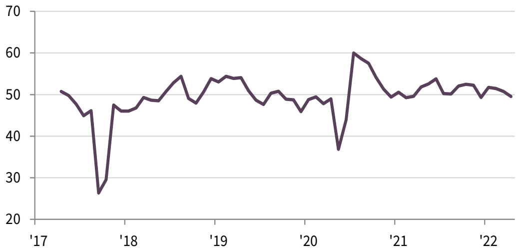
Quantity of Purchases Index

sa, >50 = growth since previous month



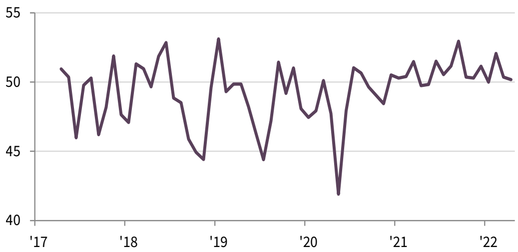

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



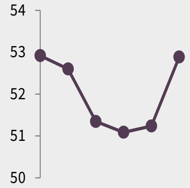

Stocks of Purchases Index

sa, >50 = growth since previous month



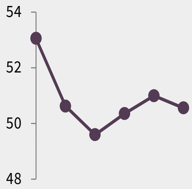

Overall Input Prices Index

Nov '21 - Apr '22



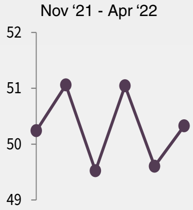

Purchase Prices Index

Nov '21 - Apr '22



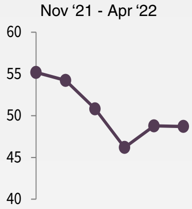

Staff Costs Index

Nov '21 - Apr '22




Output Prices Index

Nov '21 - Apr '22



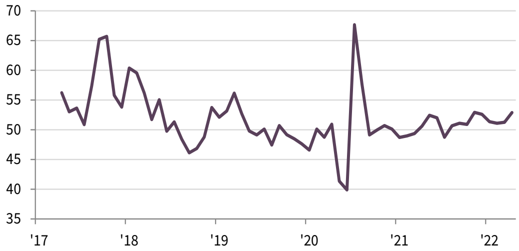

# PRICES

## Overall input prices

Latest data signalled a strengthening of cost inflationary pressure in Qatar's non-energy private sector. Although modest, average input prices increased at the joint-fastest rate since August 2020. service providers and wholesale & retail firms registered the greatest cost pressures in April.

Overall Input Prices Index

sa, >50 = inflation since previous month

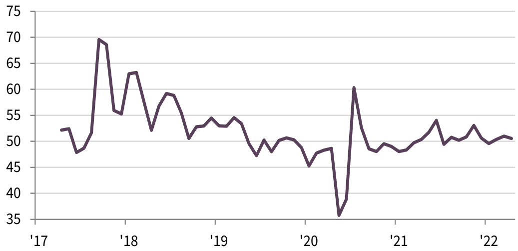



## Purchase prices

Average prices paid for purchased items rose marginally in April, thereby extending the sequence of inflation to three months. The rate of increase was only slight, however, and weak compared to the historical average.

Purchase Prices Index

sa, >50 = inflation since previous month

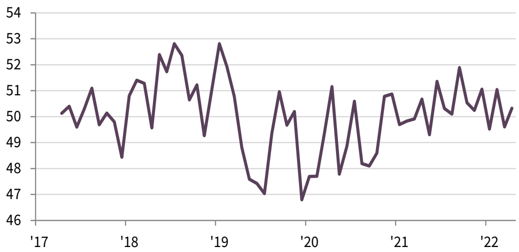



## Staff costs

Non-energy private sector firms raised average wages at the start of the second quarter to signal a renewed uptick in staff costs. That said, the rate of inflation was only slight. Rising labour costs in the construction sector contrasted with a fall in wages in the manufacturing, service and wholesale & retail sector.

Staff Costs Index

sa, >50 = inflation since previous month

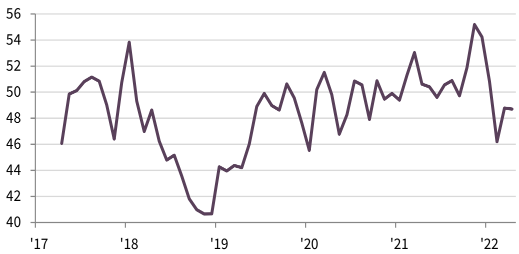



## Output prices

Qatari non-energy firms reduced their prices charged for goods and services in April. This marked the third successive month of deflation. Higher selling prices in the construction and manufacturing sector contrasted with a fall in the services and wholesale & retail sector.

Output Prices Index

sa, >50 = inflation since previous month



FINANCIAL SERVICES

# Financial sector expands at record rate in April

### Output and new orders expand at a record-rate in the financial sector

### Overall input price inflation quickens to 21-month high

### Sentiment dips to nine-month low

The latest PMI data on Qatar's financial services sector signalled a record improvement in output, underpinned by robust demand conditions.

In response to strong demand for financial services, companies in the sector boosted workforces at the start of the second quarter. The rate of increase was broadly in line with that seen in March and quicker than the long-run series average. At the same time, financial services companies remained optimistic regarding growth prospects over the next 12 months, though the degree of positivity dipped to a nine-month low.

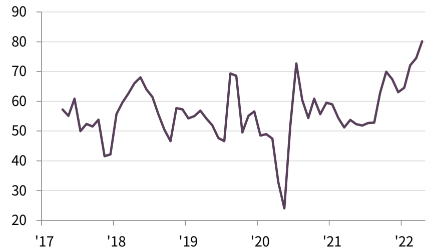
On the price front, overall input price inflation quickened to a 21-month high and was the sixth-strongest in the series history. Selling prices rose for the second month in succession, but the rate of increase was only marginal.

Business Activity Index

sa, >50 = growth since previous month

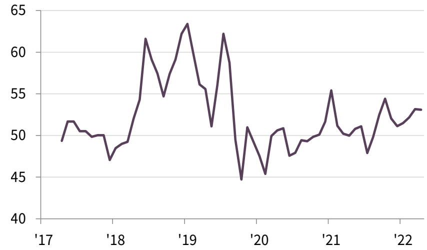

New Business Index

sa, >50 = growth since previous month



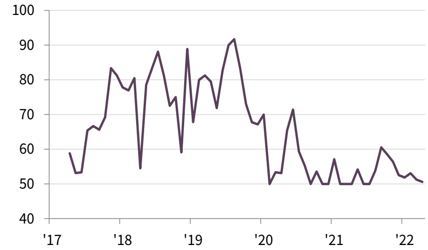

Employment Index

sa, >50 = growth since previous month



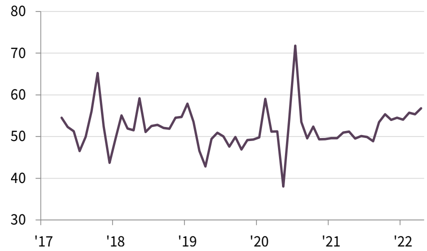

Future Activity Index

>50 = growth expected over next 12 months



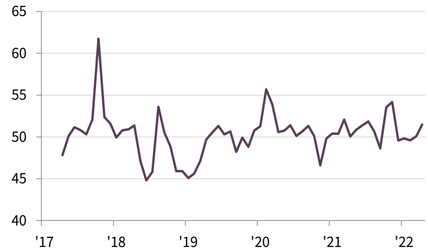

Input Prices Index

sa, >50 = inflation since previous month




Prices Charged Index

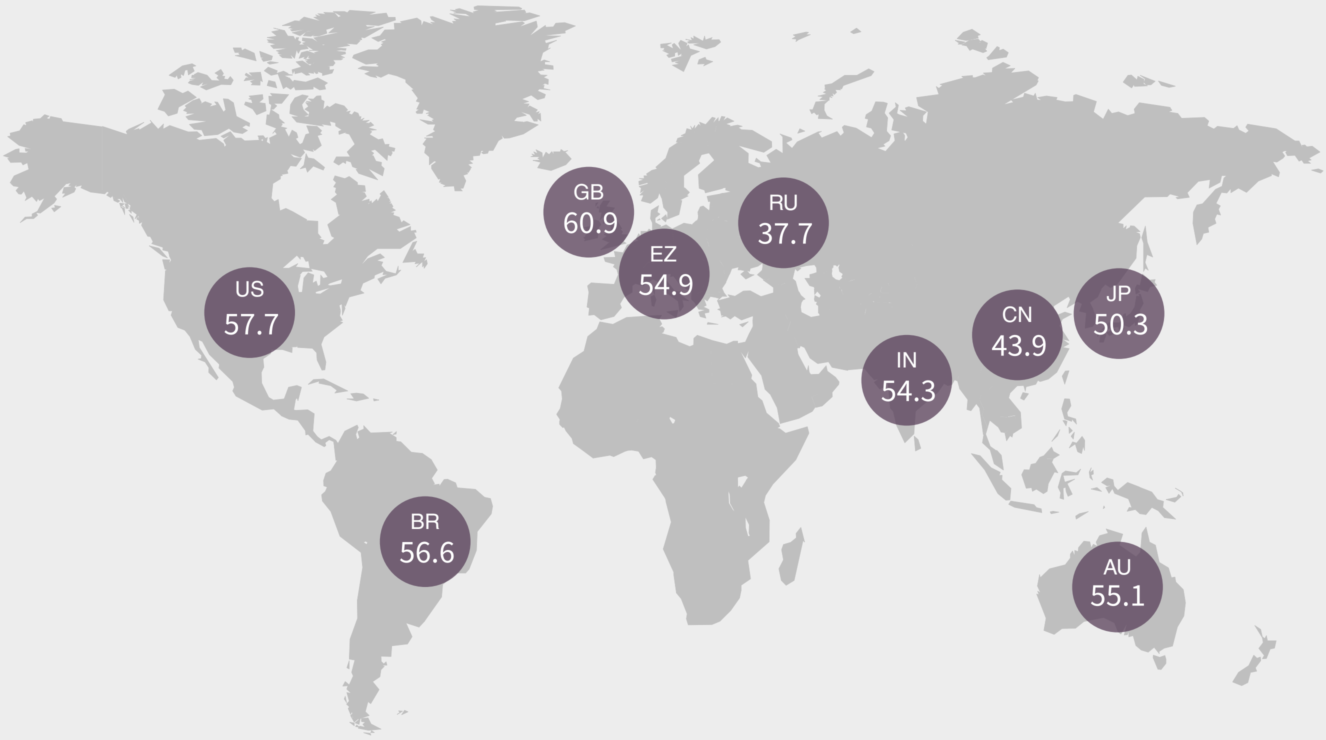
sa, >50 = inflation since previous month




## INTERNATIONAL PMI

**Composite Output Index, Mar '22**
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 METHODOLOGY

Survey panel size

**450**

companies

Index calculation

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

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.

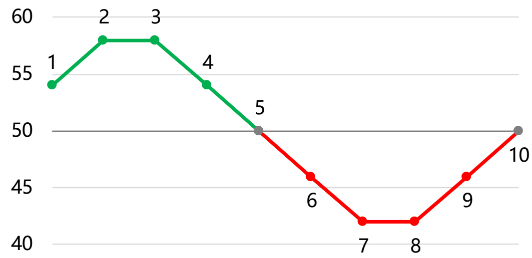
The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted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

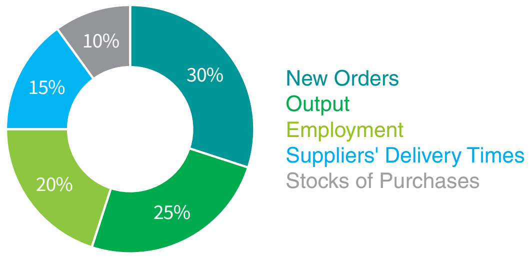
### Index interpretation

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




### Survey dates and history

Data were collected 11-22 April 2022.

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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### About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

www.spglobal.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.

ihsmarkit.com/products/pmi.html.



PMI™

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