Embargoed until 1200 AST (0900 UTC) 5 July 2022

Qatar Financial Centre

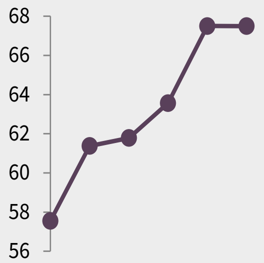
# QATAR FINANCIAL CENTRE PMI™

## PMI at series high in June

QATAR FINANCIAL CENTRE PMI

Jun '22
**67.5**
May: 67.5

Jan '22 - Jun '22




### Output expands at fresh record rate

### New orders rise at second-strongest rate in series history

### Staffing levels continue to expand solidly

The latest Purchasing Managers' Index™ (PMI™) survey data from Qatar Financial Centre (QFC) signalled a second successive record improvement in operating conditions in the non-energy economy to conclude the second quarter of 2022. Output growth quickened to a fresh series high, while new orders, quantity of purchases and backlogs rose at near-record rates. Strong demand continued to support job creation, but also led firms to raise their stockpiles.

Turning to prices, overall input costs rose only moderately in June, while selling price inflation quickened to a six-month high amid robust demand.

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.

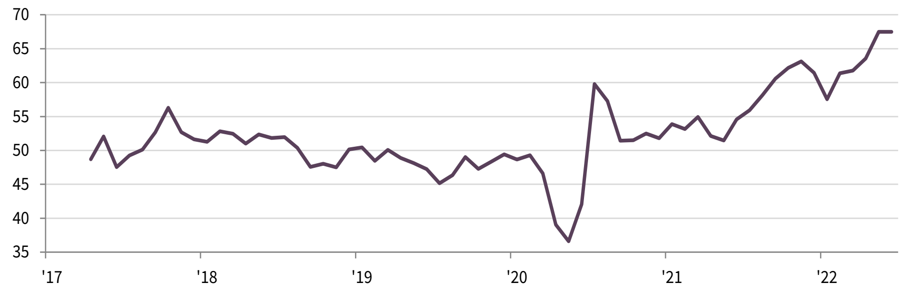
The PMI was unchanged at 67.5 in June, thereby signalling a second successive record improvement in overall business conditions in Qatar's non-oil sector. The headline figure has now risen in each of the last 24 months.

The latest rise of the PMI was driven by the new orders and output components, which together have a weight of 55% in the headline figure. Output growth quickened to a new series high while new business rose substantially, but at a slightly softer pace to that seen in May.

Firms linked growth to healthy trading conditions and also cited that strong

Qatar Financial Centre PMI

sa, >50 = improvement since previous month




PMI™ by S&P Global

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## OVERVIEW CONTINUED...

demand stemmed from the upcoming FIFA World Cup.

Subsequently, Qatari non-energy companies remained confident that output would continue to expand over the next 12 months. Sentiment was the strongest for four months with Wholesale & Retail firms particularly optimistic.

Greater output and sustained new order growth supported another rise in headcounts in June. The rate of growth was softer than that in May, but still solid overall and the fourth-strongest in the survey history. Backlogs meanwhile rose substantially, suggesting capacity pressures continued.

Purchasing activity rose in June, with buying activity now observed over the last two years. The volume of inputs rose at the second-fastest rate on record, surpassed only by that seen in May. Stocked inputs meanwhile rose moderately and at a quicker pace than in May.

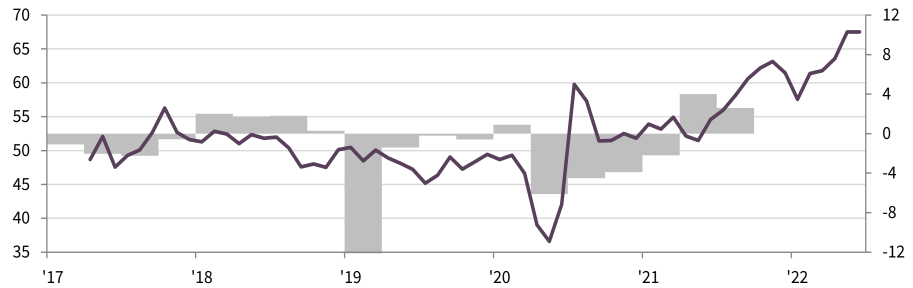
Average purchase prices rose only mildly in June. Despite this, selling prices levied by Qatari non-energy firms rose at the quickest pace for four months. Robust demand allowed firms to hike their fees at the fourth-strongest rate in the survey's five-year history.

Qatar PMI

sa, >50 = improvement since previous month

Gross domestic product (GDP)

% yr/yr




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

## COMMENT

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

*"The latest survey data for Qatar have shown the non-energy economy going from strength to strength. The PMI set a record high for the second month in a row, backed by robust demand and output growth.*

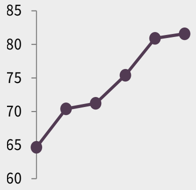
*"Moreover, the level of outstanding business at companies increased sharply suggesting activity will continue to expand over the coming months.*

*"At the same time, firms added to their workforces amid plans to further expand their businesses and capitalise on favourable trading conditions. Stockpiling efforts also suggest businesses are gearing up for a strong second half of the year.*

*"Firms meanwhile faced relatively tame rates of input cost inflation, with purchase price pressures weak compared to the historical average. The same firms sought to improve profitability by raising selling prices amidst strong demand conditions."*

# OUTPUT AND DEMAND

Output
Index
Jan '22 - Jun '22

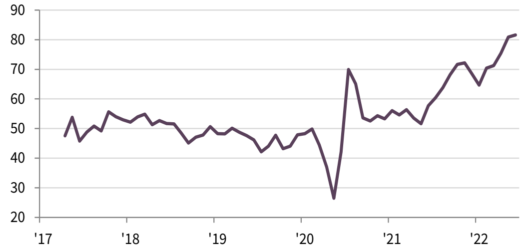



## Output

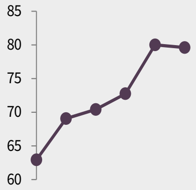
The seasonally adjusted Output Index rose in June, thereby extending the current sequence of growth to 24 consecutive months. Moreover, the rate of expansion quickened from May's previous peak to a new series high.

Output growth was strongest in the manufacturing and services sectors in June.

Output Index
sa, >50 = growth since previous month



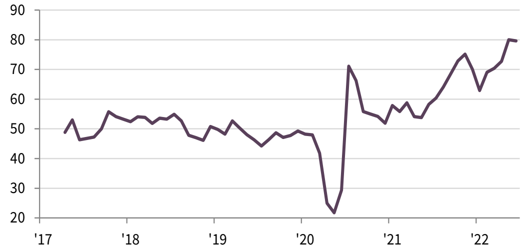

New Orders
Index
Jan '22 - Jun '22




## New orders

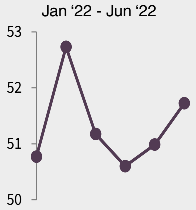
The volume of new business received by private sector non-energy firms increased at the second-fastest pace in the survey's history in June, surpassed only by that seen in May. Around 53% of respondents reported new order growth compared to just 7% stating the opposite. New business has now risen in each month for the last two years.

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



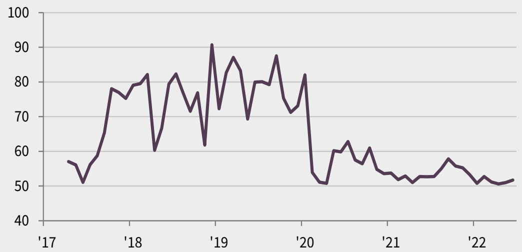

# BUSINESS EXPECTATIONS

Future
Output Index
Jan '22 - Jun '22




Qatari firms in the non-energy private sector remained confident of output growth over the next 12 months. The Future Output Index remained above the 50.0 neutral value and improved to a four-month high. The upcoming FIFA World Cup continued to underpin optimism, according to panel comments.

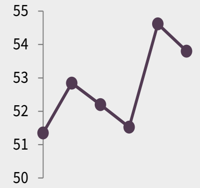
Future Output Index
>50 = growth expected over next 12 months



## EMPLOYMENT AND CAPACITY

Employment Index

Jan '22 - Jun '22

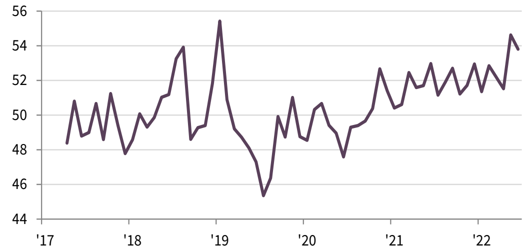



### Employment

Non-energy private sector employment rose in June, thereby extending the current sequence of growth to 21-months. Despite softening from May, the rate of expansion was solid, and the fourth-strongest in the series history. Greater client demand and business expansions reportedly supported job creation.

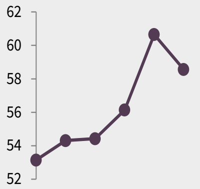
Employment Index

sa, >50 = growth since previous month




Backlogs of Work Index

Jan '22 - Jun '22



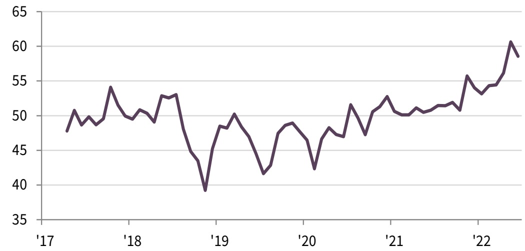

### Backlogs of work

June data signalled a marked uplift in outstanding business at Qatari non-energy companies. Backlogs have now risen in each of the last 21 months, with the latest expansion the second-strongest in the series history.

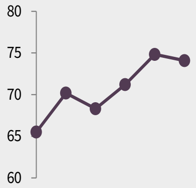
Capacity pressures were especially prominent in the construction sector.

Backlogs of Work Index

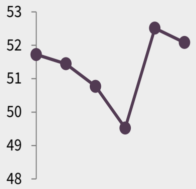
sa, >50 = growth since previous month



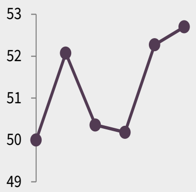

Quantity of Purchases Index
Jan '22 - Jun '22




Suppliers' Delivery Times Index
Jan '22 - Jun '22




Stocks of Purchases Index
Jan '22 - Jun '22

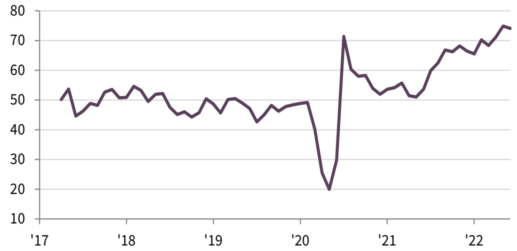



# PURCHASING AND INVENTORIES

## Quantity of purchases

Purchases of goods and services by Qatari non-energy firms continued to expand in June, thereby stretching the current sequence of growth to two years. The overall rate of growth was substantial and the second-quickest in the survey's five-year history.

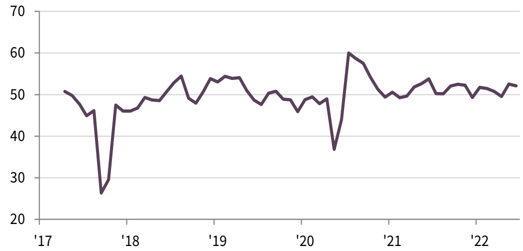
Quantity of Purchases Index
sa, >50 = growth since previous month




## Suppliers' delivery times

June data signalled another reduction in the average time taken for suppliers to deliver inputs to Qatari non-energy private sector firms. Delivery times have now reduced in each of the past two months.

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

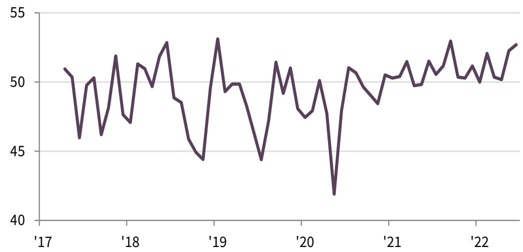



## Stocks of purchases

The level of inputs held in stock in the non-energy private sector rose for the thirteenth consecutive month in June. Moreover, the rate of growth quickened from May to the highest since September 2021.

The most notable increase in input stocks was in the manufacturing sector.

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

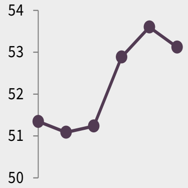



PMI™
by S&P Global

# PRICES

Overall Input Prices Index

Jan '22 - Jun '22

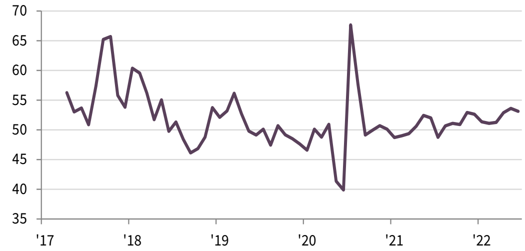



## Overall input prices

Qatari non-energy firms faced another increase in overall input prices in June, thereby extending the current sequence of inflation to eleven months. The rate of increase was sharp, but slowed from May reflecting weaker upticks in purchase and staff costs.

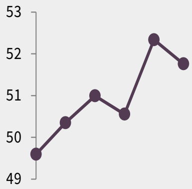
Overall Input Prices Index

sa, >50 = inflation since previous month




Purchase Prices Index

Jan '22 - Jun '22




## Purchase prices

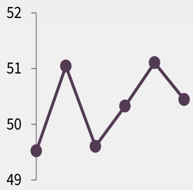
Average prices paid for purchased items rose further in June, with costs now rising in each of the last five months. Increased demand reportedly drove up prices for inputs. That said, the overall rate of inflation was modest, and weaker than the long-run series average.

Purchase Prices Index

sa, >50 = inflation since previous month


Staff Costs Index

Jan '22 - Jun '22

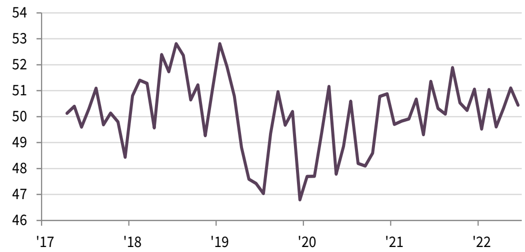



## Staff costs

Non-energy private sector companies continued to raise average salaries in June. Staf costs rose for the third month running, and at a pace that was quicker than the historical average.

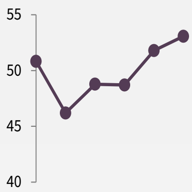
Staff Costs Index

sa, >50 = inflation since previous month




Output Prices Index

Jan '22 - Jun '22



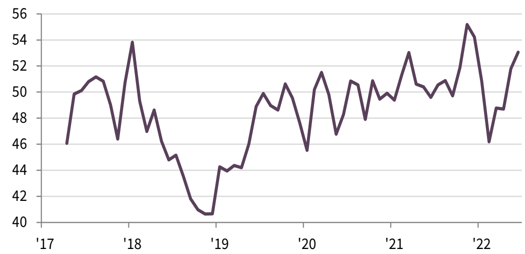

## Output prices

The latest survey data signalled greater pricing power at non-energy private sector firms. The seasonally adjusted Output Prices Index rose solidly in June. Moreover, the rate of inflation quickened to a six-month high and was among the steepest in the series history.

Manufacturing and services firms saw particularly steep rates of inflation.

Output Prices Index

sa, >50 = inflation since previous month



FINANCIAL SERVICES

# Marked growth in financial service activity sustained in June

PMI data focusing on financial sector indicate marked growth

New business expands at the second-fastest rate to date

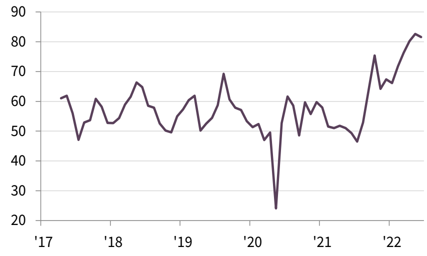
Strongest increase in charges since October 2017

June data covering Qatar's financial services sector signalled another substantial increase in business activity. The rate of growth eased slightly from May's record high but was the second-fastest since the series began in 2017.

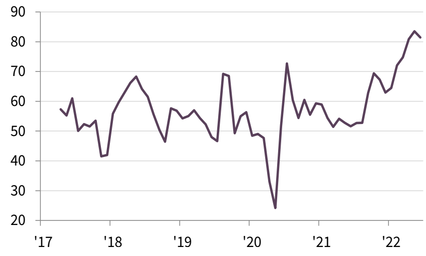
New business inflows at financial services firms rose further in June. Growth was the second-strongest in the series, with only May recording a faster increase over the survey history. Expectations for activity over the next 12 months remained positive, leading workforces to be expanded for the tenth month in a row.

Average input costs rose further, and at a quicker rate. Meanwhile charges levied for financial services rose the most since October 2017, signalling improved profitability.

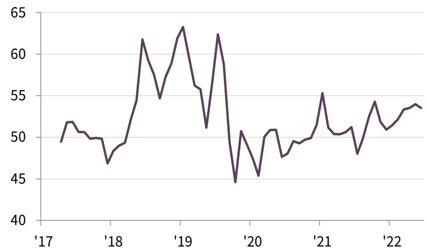
Business Activity Index
sa, >50 = growth since previous month



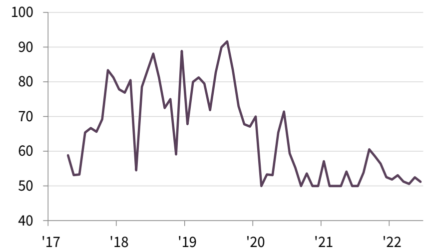

New Business Index
sa, >50 = growth since previous month



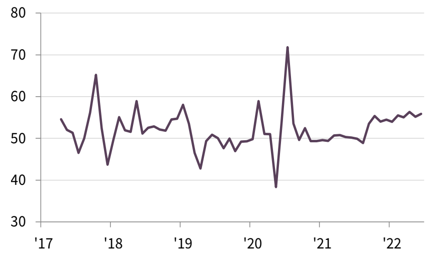

Employment Index
sa, >50 = growth since previous month



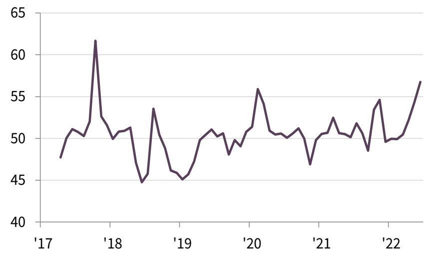

Future Activity Index
>50 = growth expected over next 12 months




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




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

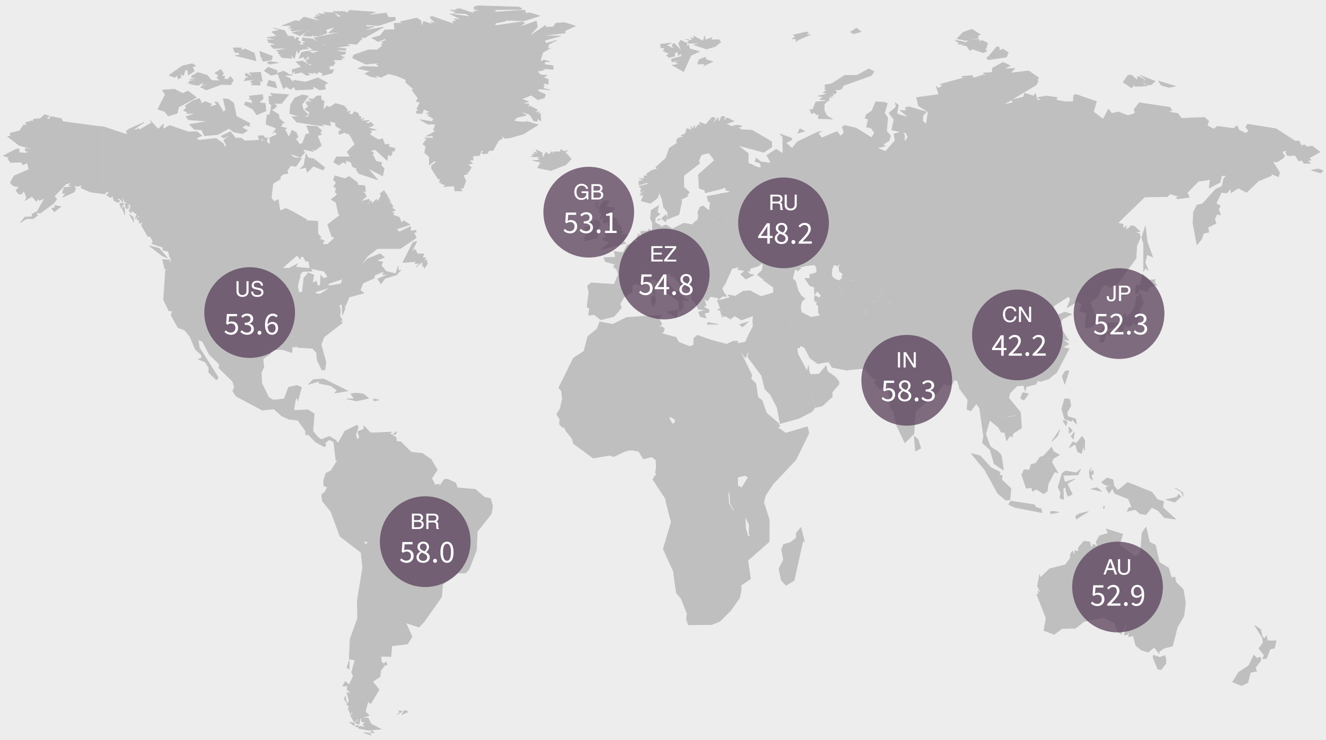



# INTERNATIONAL PMI

**Composite Output Index, May '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.

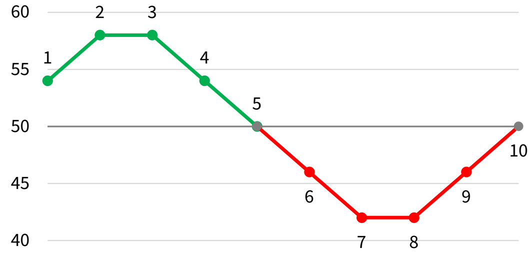
The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted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

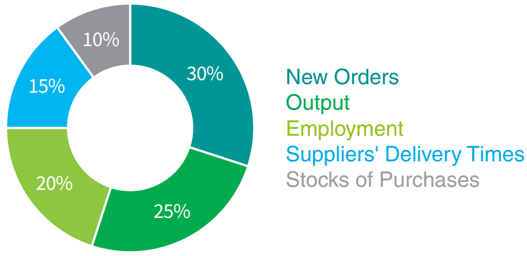
Index interpretation

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 13-23 June 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

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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™ by S&P Global