Embargoed until 1200 AST (0900 UTC) 5 June 2022

مركز قطر للمال
Qatar Financial Centre

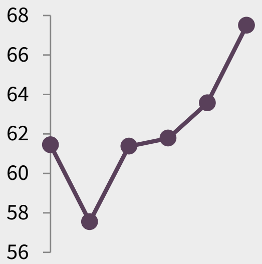
QATAR FINANCIAL CENTRE PMI™

PMI hits new peak in May, driven by surging demand

QATAR FINANCIAL CENTRE PMI

May ‘22
67.5
Apr: 63.6

Dec ‘21 - May ‘22



Record expansions in output, new orders and purchases

Backlogs rise at record rate, despite near-record increase in headcounts

Overall input price inflation quickens to 21-month high

The latest Purchasing Managers' Index™ (PMI™) survey data from Qatar Financial Centre (QFC) signalled a record improvement in operating conditions in the non-energy economy midway through the second quarter of the year. Output, new orders, purchasing activity and backlogs rose at the fastest rates since the survey began in April 2017, while employment expanded at a near-record rate. Buoyant market conditions supported optimism which improved from April's low.

On the price front, inflationary pressures continued to mount with higher prices reported for materials and other inputs. This trend is not Qatar specific. Firms chose to lift their selling fees for the first time in four months.

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.

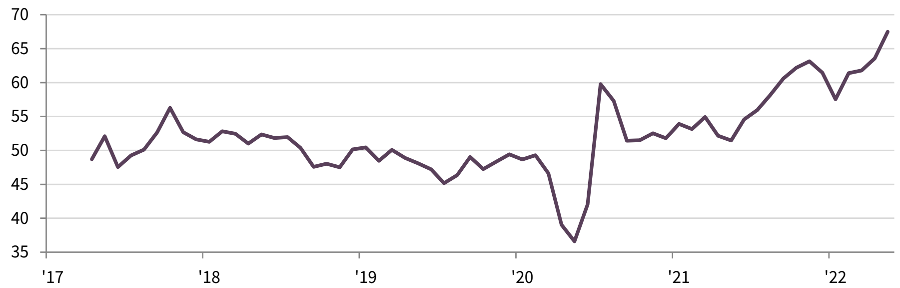
The headline Qatar Financial Centre PMI is a composite single-figure indicator of non-energy private sector performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases.

The PMI increased to a fresh record high of 67.5 in May, up sharply from April's previous peak of 63.6. This indicated the strongest overall improvement in business conditions in Qatar's non-energy sector since the survey began over five years ago.

A record uplift in new orders underpinned the strongest expansion in output in the survey's five-year history. There were also mentions of greater tourist activity, the upcoming FIFA World Cup, retreating pandemic restrictions

Qatar Financial Centre PMI

sa, >50 = improvement since previous month



PMI™ by S&P Global

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OVERVIEW CONTINUED...

and shorter lead times.

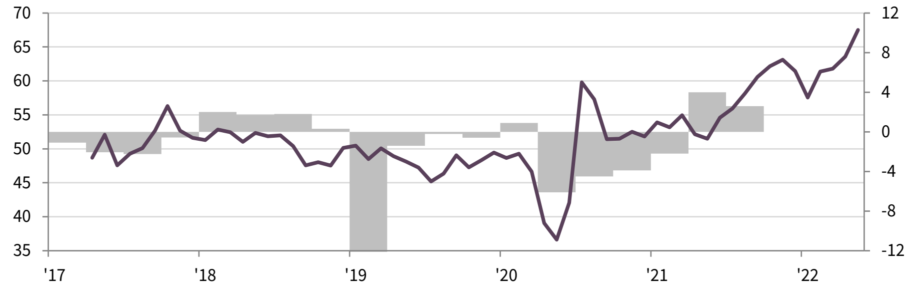
Manufacturers recorded by far the strongest uplift in output, followed by services, wholesale & retail as well as construction, respectively.

Sustained expansions in demand led to further capacity pressures at Qatari non-energy firms. In fact, outstanding business rose at the quickest rate in the series history, accelerating sharply from the previous peak in April. Firms sought to tame rising backlogs by lifting their headcounts at a near-record rate.

Higher output requirements led companies to raise their buying activity at a survey-record rate. Stocks of purchases meanwhile rose at the fourth-strongest rate in the series history.

Firms were confident that workloads would rise over the coming 12 months, with sentiment improving in May. The upcoming FIFA World Cup and hopes of greater tourist activity were key drivers of optimism. By sub-sector sentiment was strongest among service providers.

Finally, price pressures continued to build midway through the second quarter of the year, with average overall input costs rising in each of the last ten months. In fact, the rate of inflation was the strongest since August 2020. In response, companies lifted their selling prices for the first time in four months.



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

COMMENT

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

"May PMI data revealed another unprecedented improvement in business activity in Qatar's non-energy private sector. Record uplifts in output, new orders, purchasing activity and backlogs were reported while employment levels rose at a near-record rate.

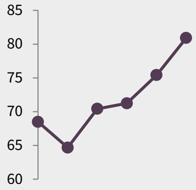
"Firms were also optimistic that strong demand conditions would persist as we move closer towards the much-anticipated FIFA World Cup. Meanwhile, rising backlogs should support sustained output growth throughout the summer as firms work actively to clear outstanding orders that have built up especially over the last year or so.

"There were also positive signs on the supply front with firms reporting the timely delivery of materials and other inputs, which should also support activity over the course of the year.

"Inflationary pressures continued to mount, however, but firms have taken advantage of buoyant market conditions and in turn have raised selling prices to protect their profit margins."

OUTPUT AND DEMAND

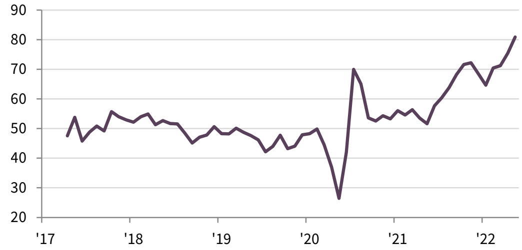
Output
Index
Dec '21 - May '22



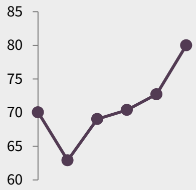
Output

Non-energy private sector activity in Qatar rose at a substantial and accelerated pace in May, with the rate of growth quickening sharply from April's previous peak to a fresh series high. Respondents indicated that shorter lead times and a surge in demand led to greater business activity.

Output Index
sa, >50 = growth since previous month



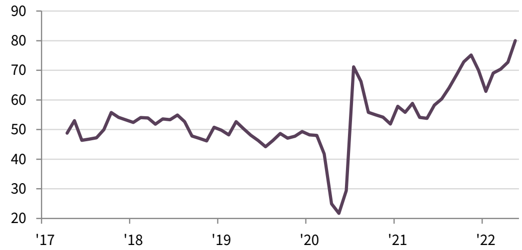
New Orders
Index
Dec '21 - May '22



New orders

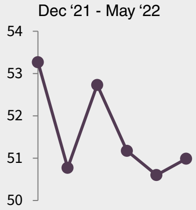
New business received by non-energy firms in Qatar rose at the sharpest pace seen over the five-year history of the survey, surpassing the previous record set in November 2021. Demand improved markedly in all four sub-sectors, led by services.

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



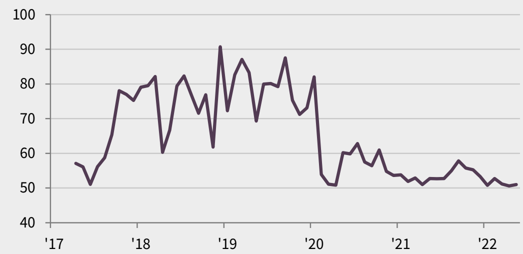
BUSINESS EXPECTATIONS

Future
Output Index
Dec '21 - May '22



The 12-month outlook for non-energy private sector business activity in Qatar remained in positive territory in May and improved from April's recent nadir. Firms placed expectations of output growth on the upcoming FIFA World Cup.

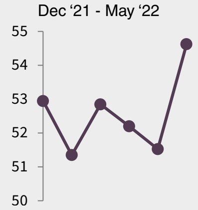
Future Output Index
>50 = growth expected over next 12 months



EMPLOYMENT AND CAPACITY

Employment Index

Dec '21 - May '22

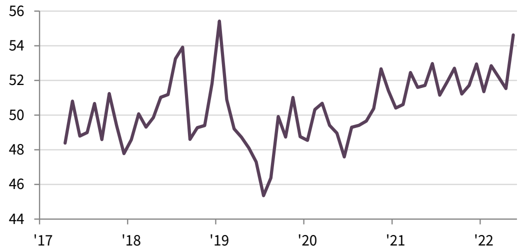


Employment

Staffing levels in Qatar's non-energy private sector rose at a marked and accelerated pace in May. In fact, the rate of growth was the second-quickest in the series history, surpassed only by that seen at the start of 2019. Firms mentioned that vacant positions were filled amid surging demand.

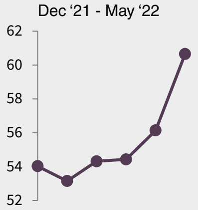
Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index

Dec '21 - May '22

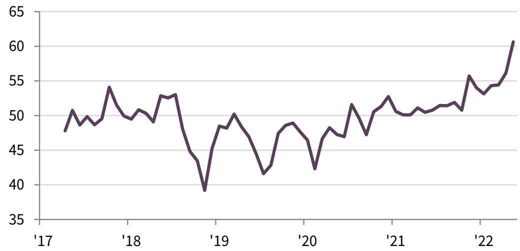


Backlogs of work

May survey data indicated a twentieth successive month of rising levels of outstanding business, largely driven by the manufacturing sector. The overall rate of backlog accumulation was marked, and the quickest in the survey's five-year history.

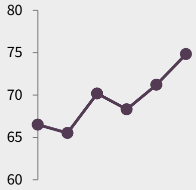
Backlogs of Work Index

sa, >50 = growth since previous month



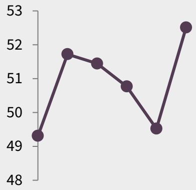
Quantity of Purchases Index

Dec '21 - May '22



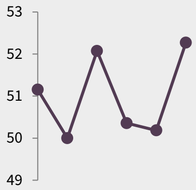
Suppliers' Delivery Times Index

Dec '21 - May '22



Stocks of Purchases Index

Dec '21 - May '22



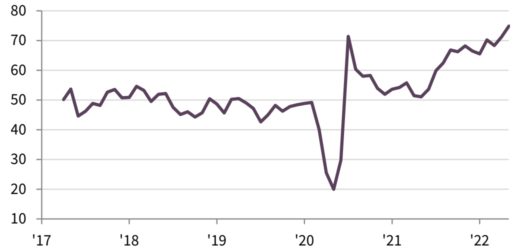
PURCHASING AND INVENTORIES

Quantity of purchases

Purchases of goods and services by Qatari non-energy firms continued to expand in May, with the rate of growth strengthening for the second month running. Increased buying activity has now been seen in each of the last 23-months with the latest expansion the strongest in the series history.

Quantity of Purchases Index

sa, >50 = growth since previous month

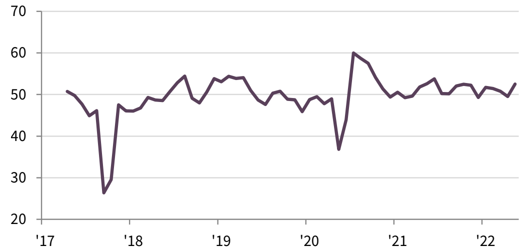


Suppliers' delivery times

The average time taken for suppliers to deliver inputs to non-energy private sector firms in Qatar fell sharply in May, reversing the slight lengthening registered in April. Supplier performance has improved 12 times in the last 14 months.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month

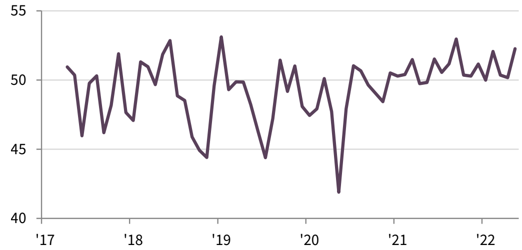


Stocks of purchases

Input inventories held at Qatari non-energy firms rose sharply in May, and at a rate of growth that was the fourth-quickest in the series history. Higher customer numbers prompted stockpiling.

Stocks of Purchases Index

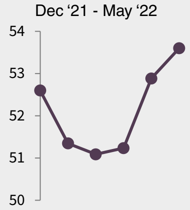
sa, >50 = growth since previous month



PRICES

Overall Input Prices Index

Dec '21 - May '22

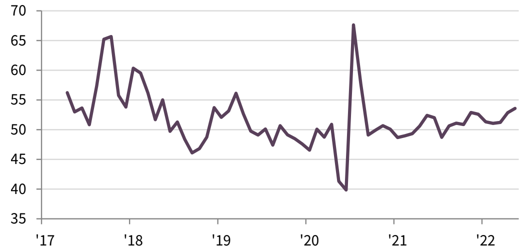


Overall input prices

Average input prices paid by non-energy private sector firms in Qatar continued to increase in May, thereby extending the current sequence of inflation to ten months. The overall rate of increase was sharp, and the quickest for 21 months. Higher purchase costs and staff wages drove the latest uptick.

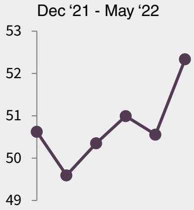
Overall Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index

Dec '21 - May '22

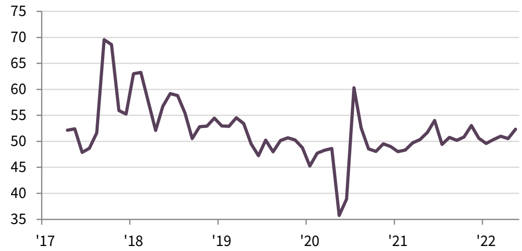


Purchase prices

The seasonally adjusted Purchase Price Index rose above the 50.0 no-change value for the fourth month running in May. While modest overall, the rate of increase was the quickest for 21-months. Manufacturing and services firms saw particularly steep rates of inflation.

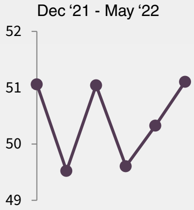
Purchase Prices Index

sa, >50 = inflation since previous month



Staff Costs Index

Dec '21 - May '22

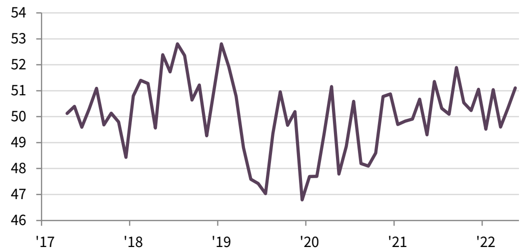


Staff costs

Average labour costs rose for the second month in succession in May. The rate of growth was marginal, but the joint-quickest since last September. Staff costs have risen ten times over the last year.

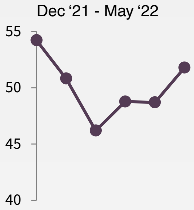
Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index

Dec '21 - May '22

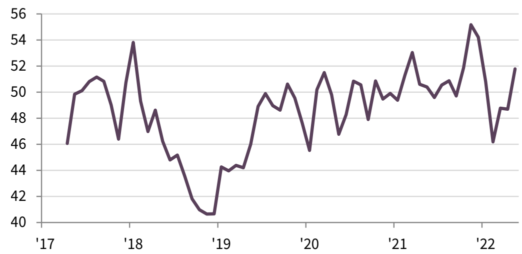


Output prices

Selling prices levied by Qatari non-energy firms rose moderately in May, thereby ending three successive months of deflation. Firms indicated the war in Ukraine and rising costs for a large range of inputs, as well as strengthening demand, had prompted firms to lift their selling fees.

Output Prices Index

sa, >50 = inflation since previous month



FINANCIAL SERVICES

Financial sector expands at record rate in May

Output and new orders expand at fresh record-rate in May

Sentiment improves to three-month high

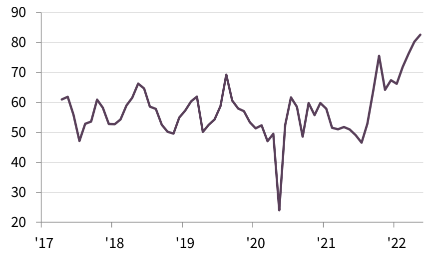
Inflationary pressures continue to mount

Latest PMI data on Qatar's financial services sector signalled another sharp improvement in business activity, driven by a record uplift in new business in May.

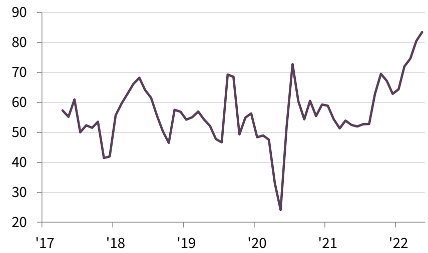
As a result, business confidence improved to a three-month high. Supportive demand conditions encouraged firms to raise their staffing levels during the month. Headcounts have now risen continuously over the last nine months with the latest expansion the strongest since October 2021.

Higher headcounts, along with a general rise in expenses led to a solid, albeit softer, increase in overall input prices. Output charge inflation quickened, however, and was the fifth-fastest in the series history.

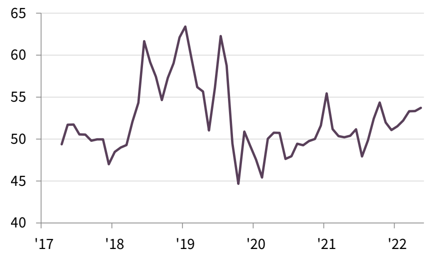
Business Activity Index
sa, >50 = growth since previous month



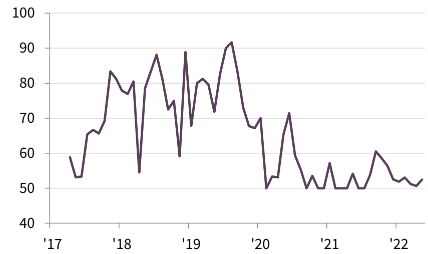
New Business Index
sa, >50 = growth since previous month



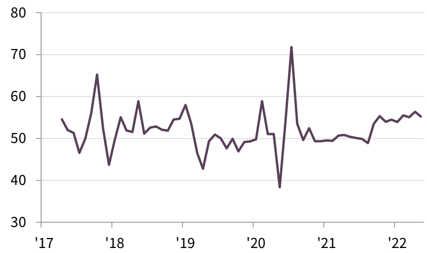
Employment Index
sa, >50 = growth since previous month



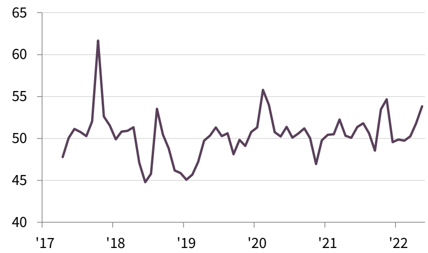
Future Activity Index
>50 = growth expected over next 12 months



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



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

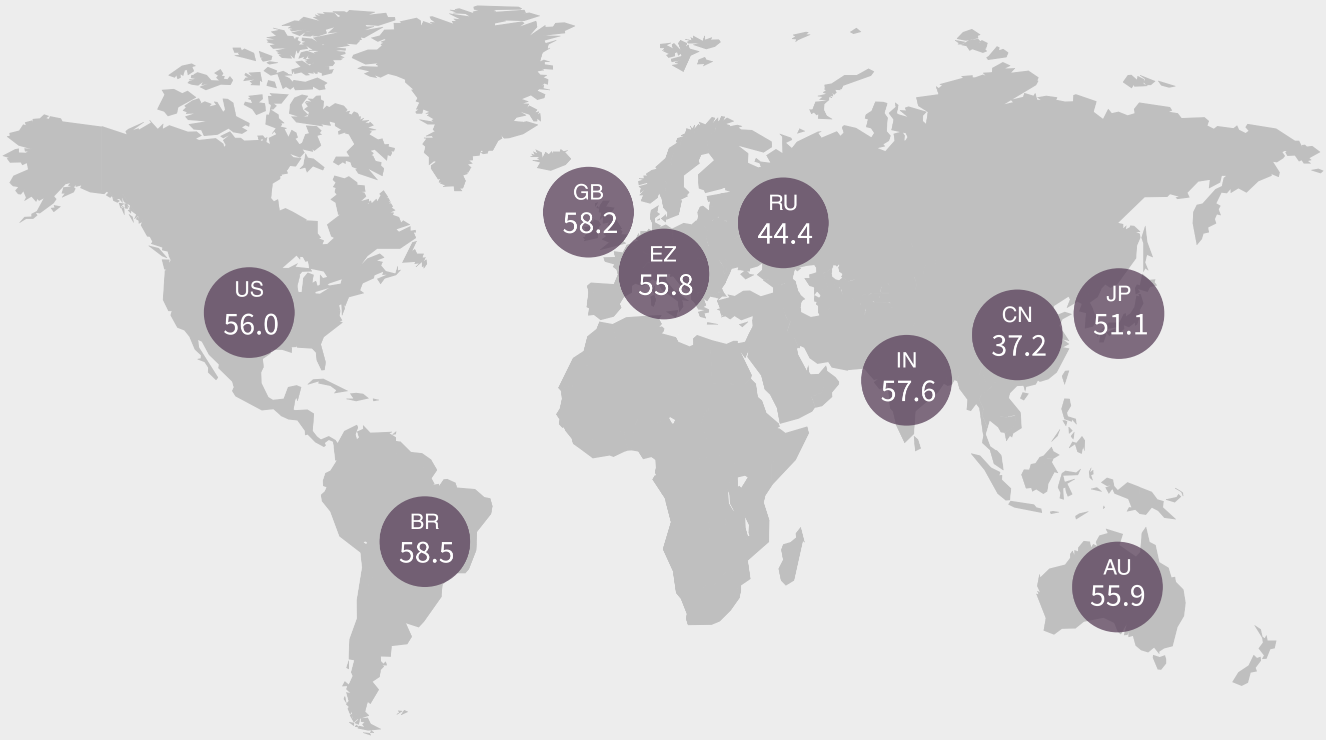


INTERNATIONAL PMI

Composite Output Index, Apr '22

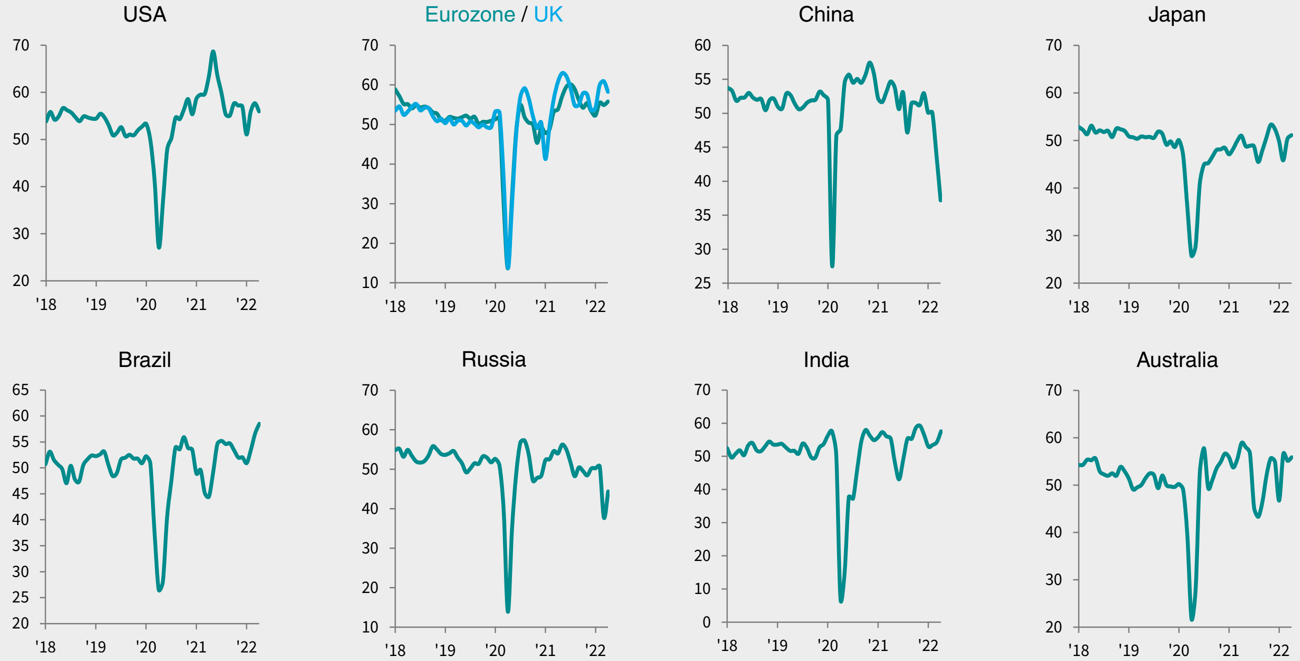
sa, >50 = growth since previous month

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.

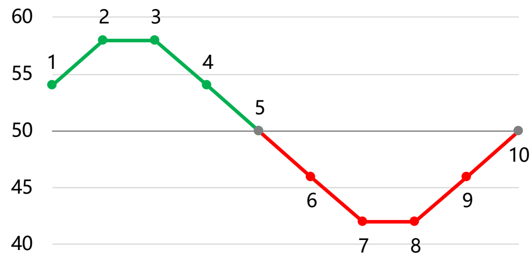
The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted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

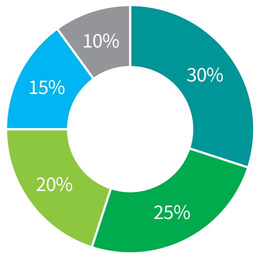
Index interpretation

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



New Orders
Output
Employment
Suppliers' Delivery Times
Stocks of Purchases

Survey dates and history

Data were collected 12-24 May 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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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™ by S&P Global