Embargoed until 1200 AST (0900 UTC) 5 August 2024

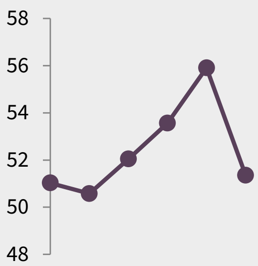
QATAR FINANCIAL CENTRE PMI®

Non-energy private sector continues to expand in July

QATAR FINANCIAL CENTRE PMI

Jul '24
51.3
Jun: 55.9

Feb - Jul '24



Further gains in output and new orders

Expectations for activity highest since September 2023

Faster rate of backlog clearance as productivity improves

Qatar's non-energy private sector continued to expand at the start of the second half of 2024, according to the latest Purchasing Managers' Index™ (PMI®) survey data from Qatar Financial Centre (QFC) compiled by S&P Global. Output and new orders both grew at solid rates that were broadly in line with their respective long-run survey trends, while companies were increasingly confident regarding the 12-month outlook. Firms also made inroads into outstanding business, with backlogs falling the most since January 2023. Overall cost pressures were muted as higher purchase prices were partly offset by lower staff costs. Prices charged for goods and services were broadly stable.

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.

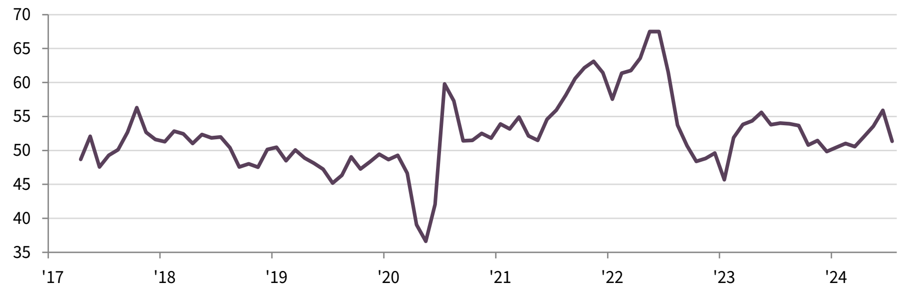
The headline Qatar Financial Centre PMI is a composite single-figure indicator of non-energy private sector performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases.

The PMI registered 51.3 in July, down from June's 23-month high of 55.9 but still signalling an overall improvement 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).

July data signalled a strengthening in demand in the Qatari non-energy economy. The level of incoming new orders expanded for the seventeenth

Qatar Financial Centre PMI

sa, >50 = improvement since previous month



PMI®
by S&P Global

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OVERVIEW CONTINUED...

time in 18 months, and at a solid rate that was broadly in line with the long-run survey trend. Companies reported new orders due to strong reputations, customer trust and high-quality goods and services.

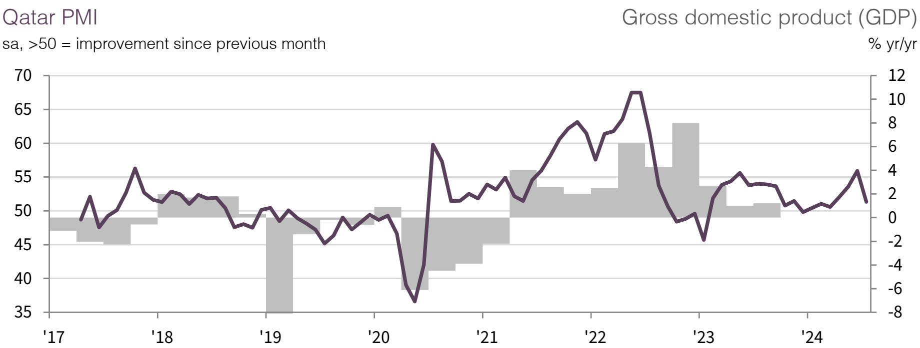
The sustained increase in new business in July resulted in another robust expansion in total activity. Output has risen continuously for over four years except for two brief pauses in January and December last year. Despite rising demand for goods and services, companies were able to reduce the volume of outstanding orders at the fastest rate since January 2023, due to improved productivity.

Confidence regarding the next 12 months strengthened to a ten-month high in July. Firms reported the planned opening of new locations, adoption of new technologies, investment in training and latest marketing strategies.

Demand for inputs rose in July, as purchasing activity increased for the fifth successive month. Despite this, lead times improved to the greatest extent since July 2023 as companies developed relationships with suppliers. Input stocks declined for the fifth time in 2024 so far, albeit only marginally.

Private sector employment in Qatar was slightly lower in July compared with June, mainly emanating from the construction sector. That said, only 6% of firms reported lower staffing during the month.

Cost pressures were muted in July as purchase prices rose, but staff costs decreased. Prices charged for goods and services were broadly unchanged since June.



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

COMMENT

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

"The PMI remained firmly in growth territory in July, with the latest gains in output and new orders running broadly in line with their robust long-run averages.

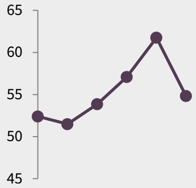
"Growth momentum eased at the start of the third quarter, though this correction was perhaps to be expected in the context of a surge in June when the PMI posted its second-highest level in the survey history when excluding the post-pandemic rebound and lead-up to the 2022 World Cup. Financial services remained a bright spot in the economy, registering further sharp growth in new business and activity.

"July data also suggested an improvement in productivity, reflecting the combination of increased new orders, lower outstanding business and a slight reduction in employment. Companies highlighted investment in new technologies and training as key to their growth strategies."

OUTPUT AND DEMAND

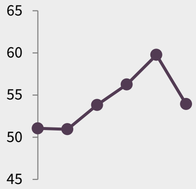
Output Index

Feb - Jul '24



New Orders Index

Feb - Jul '24

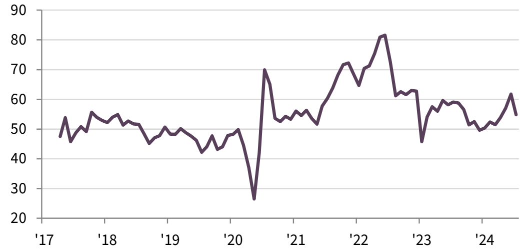


Output

Growth of total business activity was maintained for the seventh month running in July. The rate of expansion eased from June's recent peak, but was strong nonetheless and in line with the long-run survey trend. Growth was fastest in wholesale & retail and services.

Output Index

sa, >50 = growth since previous month



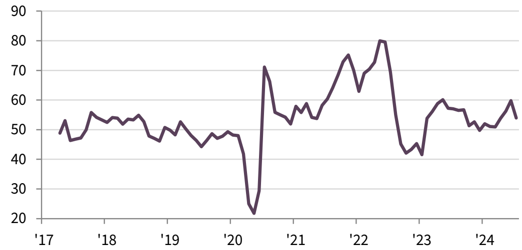
New orders

Inflows of new business expanded for the seventh month running in July. The rate of growth was solid despite easing from June's 13-month record. Companies reported new work due to strong reputations, customer trust and high quality goods and services.

Wholesalers and retailers and service providers registered the sharpest increases in demand in the latest period.

New Orders Index

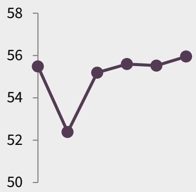
sa, >50 = growth since previous month



BUSINESS EXPECTATIONS

Future Output Index

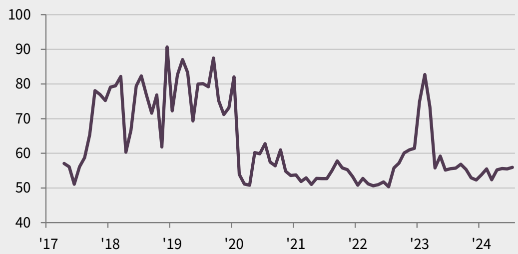
Feb - Jul '24



Business sentiment in the Qatari non-energy private sector economy remained positive in July. Moreover, the Future Output Index signalled the strongest overall confidence for ten months. Firms reported the planned opening of new locations, adoption of new technologies, investment in training and new marketing strategies. Growth forecasts were highest in the wholesale & retail and services sectors.

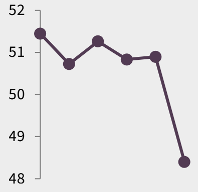
Future Output Index

>50 = growth expected over next 12 months

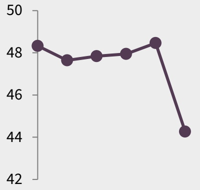


EMPLOYMENT AND CAPACITY

Employment Index
Feb - Jul '24



Backlogs of Work Index
Feb - Jul '24



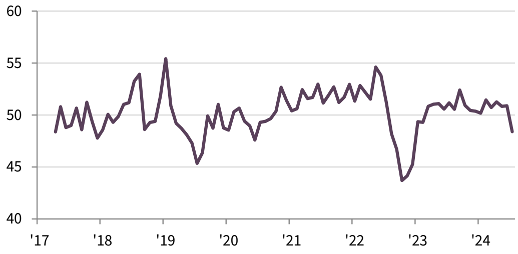
Employment

Companies shed staff on average in July, as the seasonally adjusted Employment Index fell below the no-change mark of 50.0. This followed a 16-month sequence of job creation. Sub-sector data signalled that lower staffing was most common in the construction sector. That said, only 6% of firms reduced staff levels during the month.

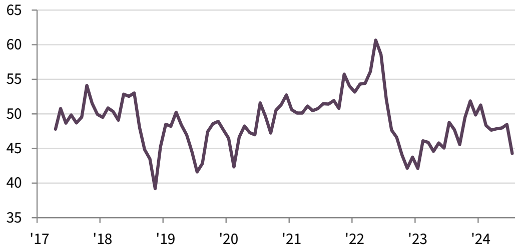
Backlogs of work

Non-energy private sector firms in Qatar achieved another reduction in outstanding business in July, extending the current sequence to six months. Moreover, the latest depletion was the strongest since January 2023. Companies linked lower backlogs to improved productivity. All four main sub-sectors registered steep declines in outstanding work.

Employment Index
sa, >50 = growth since previous month

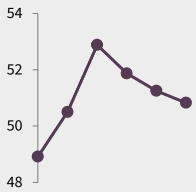


Backlogs of Work Index
sa, >50 = growth since previous month



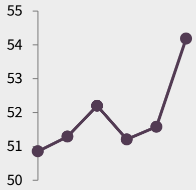
Quantity of Purchases Index

Feb - Jul '24



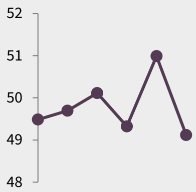
Suppliers' Delivery Times Index

Feb - Jul '24



Stocks of Purchases Index

Feb - Jul '24



PURCHASING AND INVENTORIES

Quantity of purchases

The volume of inputs ordered by non-energy private sector firms rose for the fifth month running in July as firms sought to accommodate rising new business. The rate of growth eased further from April's ten-month high, however, and was below the long-run survey average. Purchasing growth was registered in manufacturing and wholesale & retail.

Suppliers' delivery times

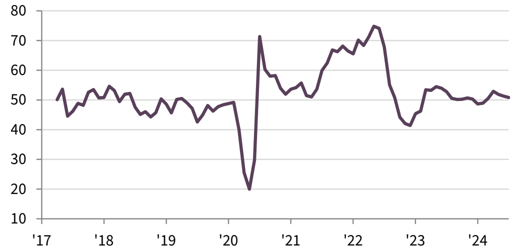
Supplier performance continued to improve in July. Average lead times have shortened in every month since May 2022, the longest sequence on record. The seasonally adjusted Suppliers' Delivery Times Index rose in the latest period, signalling the greatest improvement since July 2023. Input delivery times improved most in the wholesale & retail sector.

Stocks of purchases

The level of inputs held in stock in the Qatari non-energy private sector fell for the fifth time in 2024 so far in July. The seasonally adjusted Stocks of Purchases Index indicated only a slight overall decline, however.

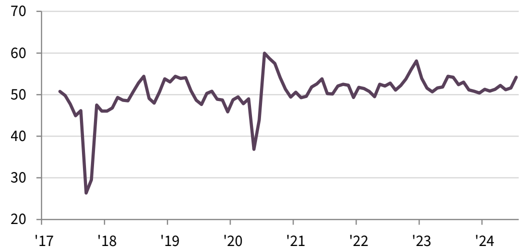
Quantity of Purchases Index

sa, >50 = growth since previous month



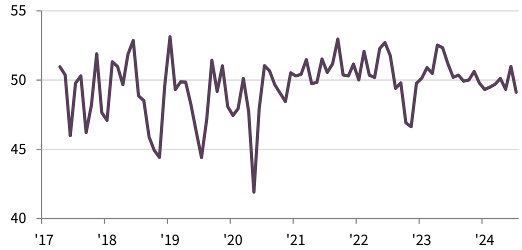
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

sa, >50 = growth since previous month



PMI® by S&P Global

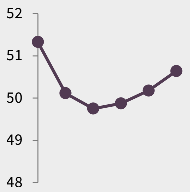
PRICES

Overall input prices

Average input prices paid by Qatari non-energy private sector firms rose for the second month running in July. The seasonally adjusted Overall Input Prices Index remained below its long-run survey average of 51.5, however, and indicated only a marginal rate of inflation. Average input prices rose in three sectors, the exception being construction.

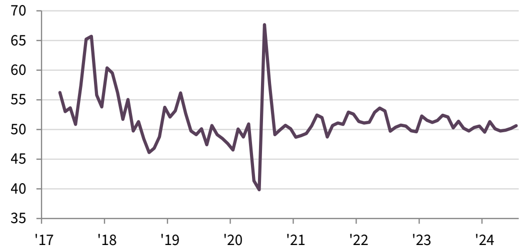
Overall Input Prices Index

Feb - Jul '24



Overall Input Prices Index

sa, >50 = inflation since previous month

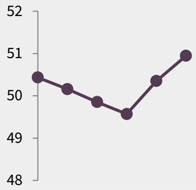


Purchase prices

Average purchase prices paid by non-energy private sector firms in Qatar were higher in July compared with the previous month. The seasonally adjusted Purchase Prices Index rose to an 11-month high, but was still below the long-run trend level of 51.5. Purchasing costs rose in manufacturing and services, but fell in wholesale & retail and construction.

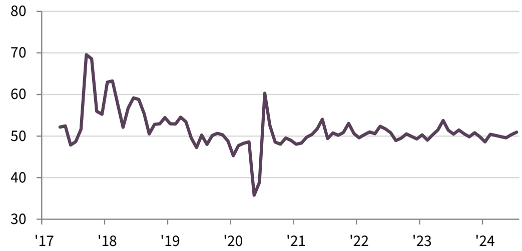
Purchase Prices Index

Feb - Jul '24



Purchase Prices Index

sa, >50 = inflation since previous month

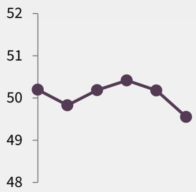


Staff costs

Average wages and salaries paid by private sector non-energy companies in Qatar fell for the first time in four months in July. Construction was the main source of lower wages. The overall rate of reduction was only marginal overall, however, as only 3% of firms reduced wages and salaries.

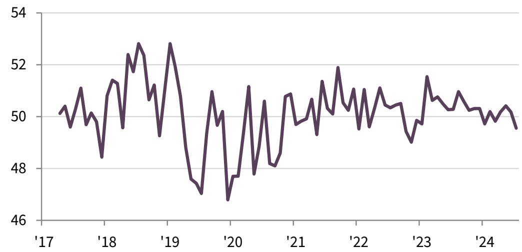
Staff Costs Index

Feb - Jul '24



Staff Costs Index

sa, >50 = inflation since previous month



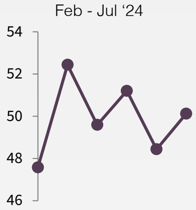
Output prices

Prices charged by private sector firms in Qatar were broadly stable in July, having previously fallen in June. While some firms reported increasing their prices to match improved products and services, others mentioned discounts to increase competitiveness and attract new business.

By sector, manufacturing and services recorded higher output prices, while discounting was evident in construction and wholesale & retail.

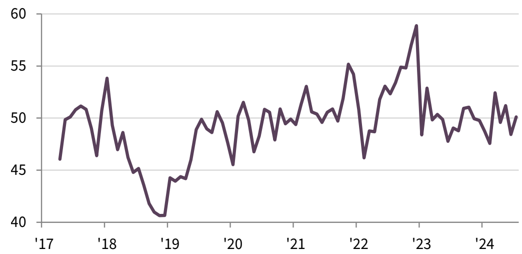
Output Prices Index

Feb - Jul '24



Output Prices Index

sa, >50 = inflation since previous month



FINANCIAL SERVICES

Financial services continue to expand strongly

Further marked increases in new business and total activity

Sharpest increase in input costs for over two years

12-month outlook remains strong

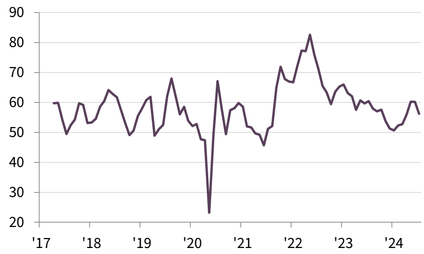
Qatari financial services companies recorded further sharp expansions in total business activity and new contracts in July, albeit at softer rates than in June. The seasonally adjusted Financial Services Business Activity and New Business Indexes posted 56.2 and 57.2 respectively, above the figures for the private sector economy as a whole.

Companies also remained strongly optimistic regarding the 12-month outlook, with sentiment unchanged since June at the highest level since July 2023. Meanwhile, employment growth was maintained for the sixteenth successive month.

In terms of prices, average charges set by financial services companies rose at the second-strongest rate since April 2023. Meanwhile, average input prices rose the most since June 2022.

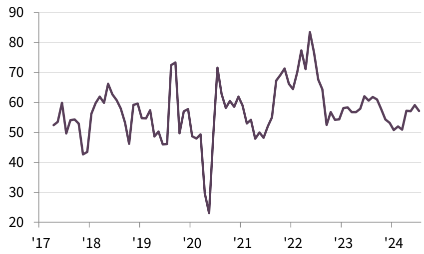
Business Activity Index

sa, >50 = growth since previous month



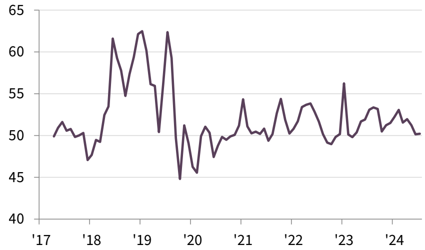
New Business Index

sa, >50 = growth since previous month



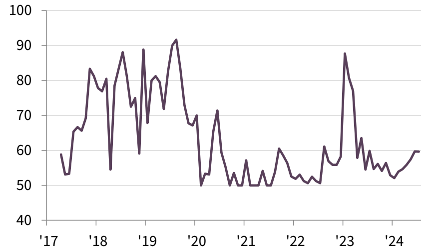
Employment Index

sa, >50 = growth since previous month



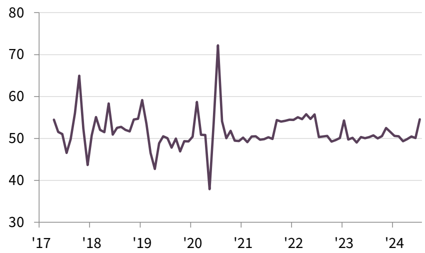
Future Activity Index

>50 = growth expected over next 12 months



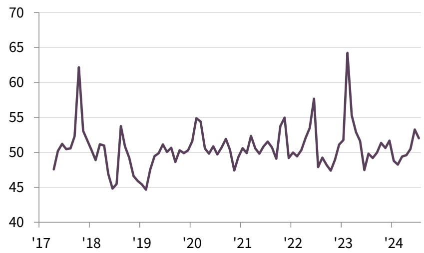
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

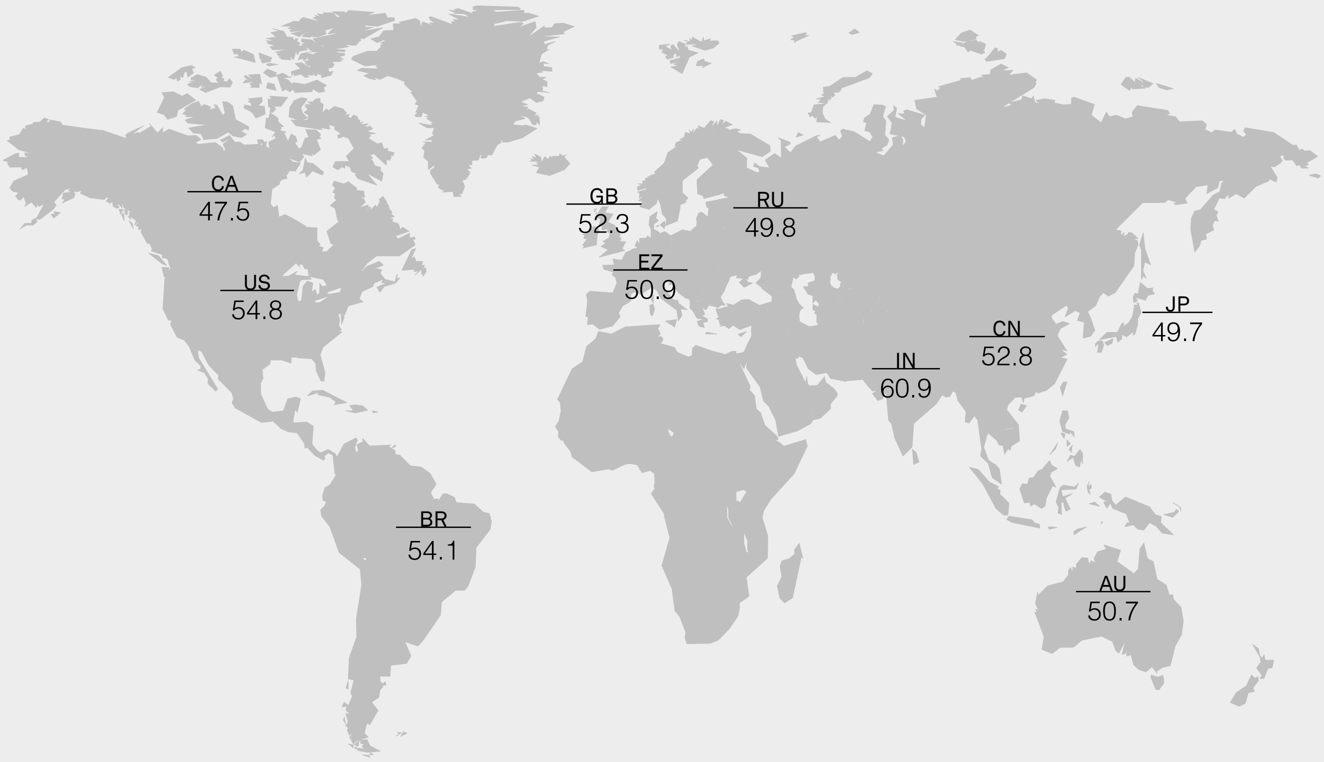
sa, >50 = inflation since previous month



INTERNATIONAL PMI

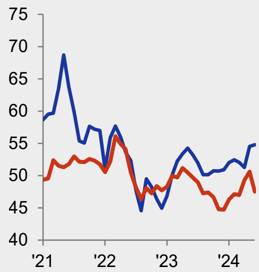
Composite Output Index, Jun '24
sa, >50 = growth since previous month

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

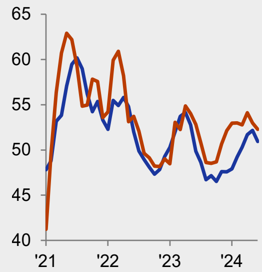


Composite Output Index

USA
Canada
sa, >50 = growth

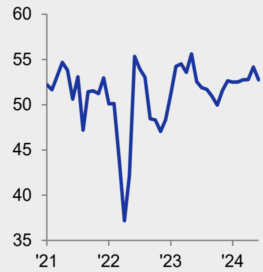


Eurozone
UK
sa, >50 = growth

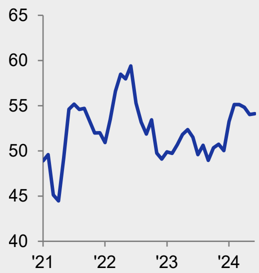


Russia
sa, >50 = growth

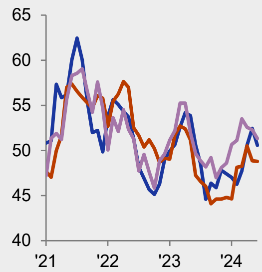
China
sa, >50 = growth



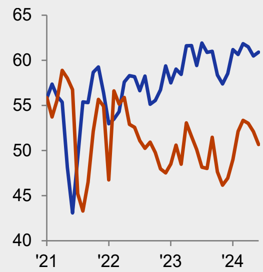
Brazil
sa, >50 = growth



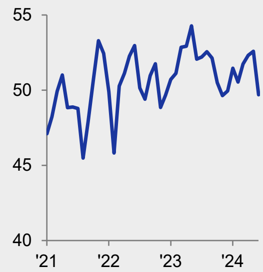
Germany Italy
France
sa, >50 = growth



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.

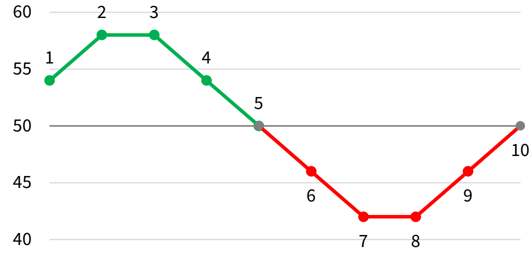
Survey dates and history

Data were collected 11-24 July 2024.

Survey data were first collected in April 2017.

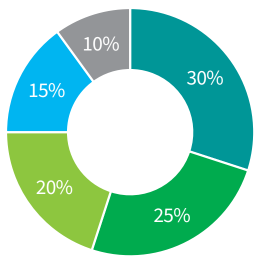
Index interpretation

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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