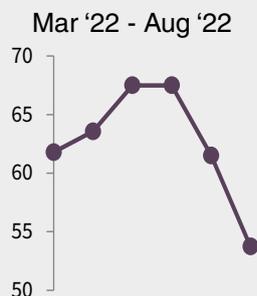




# QATAR FINANCIAL CENTRE PMI™

## Non-energy private sector expansion tempers in August

### QATAR FINANCIAL CENTRE PMI



#### Output and new orders rise sharply

#### Renewed reduction in backlogs allows a decline in headcounts

#### Purchase costs fall for the first time in seven months

The latest Purchasing Managers' Index™ (PMI™) survey data from Qatar Financial Centre (QFC) continued to indicate growth in the non-energy private sector in August. The rates of expansion in total activity, new work and purchasing activity all eased from those seen in July but were still strong by historical standards. At the same time, a renewed reduction in backlogs allowed firms to cut their headcounts and subsequently protect profit margins. In fact, overall input price inflation rose only slightly during the month, but strong demand allowed firms to hike their charges at the quickest rate in eight months during August.

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.

At 53.7 in August, down from 61.5 in July, the latest PMI signalled softer, yet solid business conditions in Qatar's non-energy sector.

Output rose at a more moderate pace in August, though the rate of growth was still marked and much quicker than the long-run series average. At the sub-sector level, the strongest performing area was the manufacturing sector, followed by wholesale & retail, services and lastly construction.

Similarly, new orders rose midway through the third quarter, and for the twenty-sixth month in a row. The rate of

#### Qatar Financial Centre PMI

sa, >50 = improvement since previous month



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## OVERVIEW CONTINUED...

expansion eased to a 15-month low, but growth was still sharp. Firms continued to indicate strong demand for Qatari non-energy goods and services.

Despite marked increases in both output and new orders, Qatari non-energy firms chose to cut their headcounts in August. The rate of job shedding was only marginal, however. Signs of spare capacity emerged, with backlogs falling for the first time in 23 months. Firms indicated that headcounts were sufficient in meeting new order inflows.

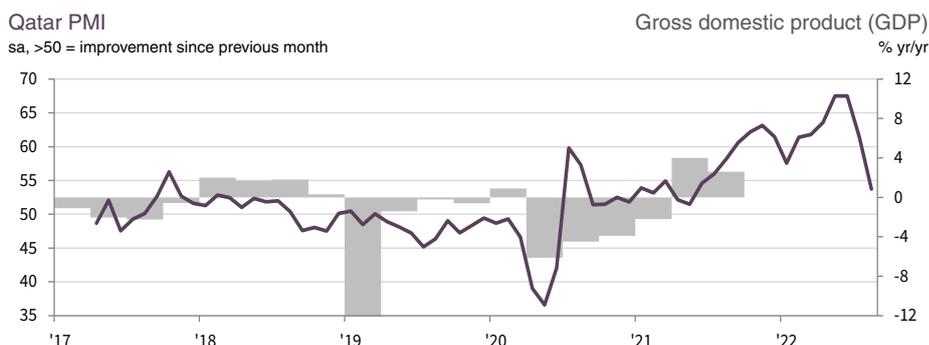
Sustained new order growth led firms to raise their buying activity. Purchases have now risen in each of the last 26 months. In contrast, firms cut their stocks of purchases, albeit only

marginally.

Turning to prices, overall input price inflation rose marginally, after falling in the previous survey period. An increase in staff costs was behind the overall rise, while purchase prices decreased for the first time in seven months.

Firms decided to capitalise on strong demand conditions by hiking their selling prices for the fourth month in a row. The overall rate of charge inflation was sharp and the quickest for eight months.

Finally, with the FIFA World Cup nearing, firms became more confident of output growth over the next 12 months. Sentiment was in fact the joint-strongest for almost a year.



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

## COMMENT

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

*"Companies in Qatar's non-energy sector faced another month of bustling demand and strong output performance with the PMI still firmly in expansion territory in August.*

*"Rates of output and new order growth continued to ease, but were still sharp by historical standards.*

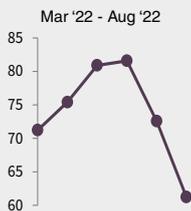
*"Firms nevertheless protected their profit margins by cutting their headcounts in light of spare capacity. Furthermore, overall input prices rose only marginally during the month and purchase costs fell. With demand strong, firms were*

*able to raise their selling prices solidly.*

*"At the same time, sustained increases in demand and the upcoming FIFA World Cup supported hopes of output growth over the coming months."*

## OUTPUT AND DEMAND

### Output Index



### Output

August data indicated sustained increases in non-energy private sector activity in Qatar. The rate of expansion was softer than those seen in the previous 12 months but was still sharp overall and much higher than the long-run series average.

Of the four monitored sectors, manufacturing firms registered the strongest increase in output.

### Output Index

sa, >50 = growth since previous month



### New Orders Index



### New orders

Non-energy private sector demand continued to increase in August, a trend observed in each month since July 2020. The overall rate of growth was sharp, despite being the weakest since May 2021.

Wholesale & retail recorded the strongest increase in new orders while construction firms saw demand fall.

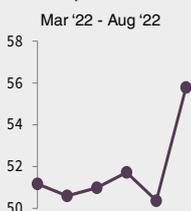
### New Orders Index

sa, >50 = growth since previous month



## BUSINESS EXPECTATIONS

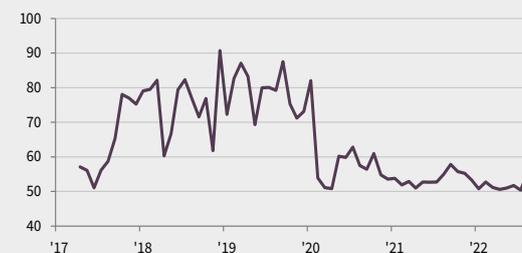
### Future Output Index



The year-ahead outlook for output remained positive in August. In fact, the Future Output Index improved sharply from July's nadir to the joint-highest for 11 months. The upcoming FIFA World Cup continued to underpin optimism.

### Future Output Index

>50 = growth expected over next 12 months



## EMPLOYMENT AND CAPACITY

### Employment Index



### Employment

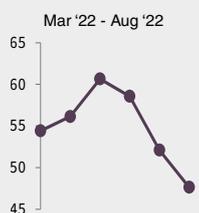
Firms in Qatar cut their headcounts for the first time in 23 months during August. Reports of sufficient capacity allowed firms to reduce their staffing levels. The overall rate of decline was only mild, however.

### Employment Index

sa, >50 = growth since previous month



### Backlogs of Work Index



### Backlogs of work

Non-energy private sector firms in Qatar signalled spare capacity in August with the respective seasonally adjusted index posting below the 50.0 value for the first time in 23 months. Firms were able to work through their existing orders alongside dealing with new business inflows.

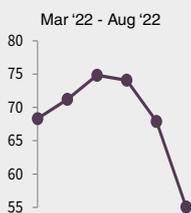
### Backlogs of Work Index

sa, >50 = growth since previous month



## PURCHASING AND INVENTORIES

Quantity of Purchases Index



### Quantity of purchases

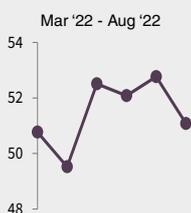
Non-energy private sector firms continued to expand their purchasing activity in August amid rising workloads. Despite moderating from that seen in July, the latest increase was sharp, the twenty-sixth in as many months and above the long-run series average.

Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index

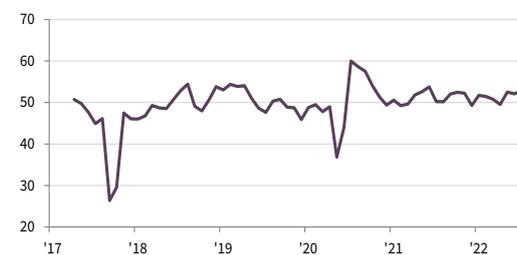


### Suppliers' delivery times

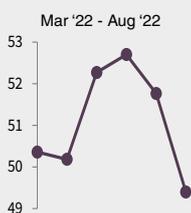
August signalled another shortening of delivery times, thereby extending the current sequence of improving vendor performance to four months. Anecdotal comments indicated that suppliers were keen to protect their customers against delays.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index

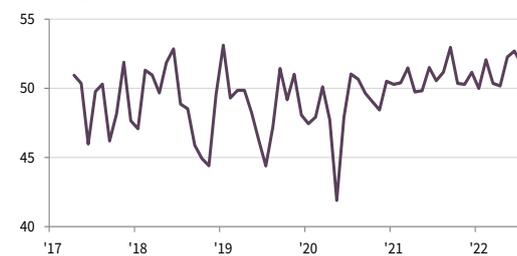


### Stocks of purchases

August data signalled a renewed decline in stocks of purchases held at non-energy firms in Qatar, the first in 15 months. The rate of reduction was only fractional however, and broadly in line with the long-run series average.

Stocks of Purchases Index

sa, >50 = growth since previous month



## PRICES

Overall Input Prices Index  
Mar '22 - Aug '22



### Overall input prices

Average input prices paid by non-energy firms in Qatar rose only slightly midway through the third quarter, as signalled by the respective seasonally adjusted index rising marginally above the 50.0 neutral value. The rise in overall input prices was centred on staff costs as purchase prices fell.

Overall Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index  
Mar '22 - Aug '22



### Purchase prices

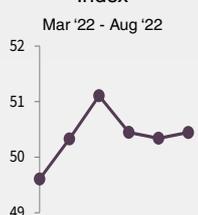
Prices paid for raw materials and other production inputs decreased in August, following increases in the previous six months. The overall rate of deflation was modest, but the quickest for a year-and-a-half. Lower prices for aluminium and other metals were behind the latest fall, according to panel comments.

Purchase Prices Index

sa, >50 = inflation since previous month



Staff Costs Index  
Mar '22 - Aug '22

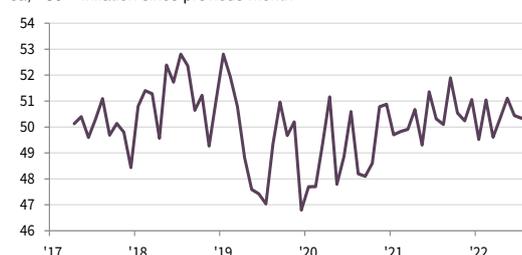


### Staff costs

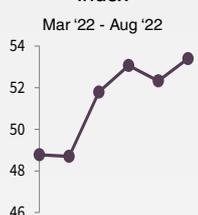
Average wages and salaries at non-energy private sector firms in Qatar rose for the fifth month in succession in August. The increase was only fractional, and broadly in line with the rates seen in the previous two months.

Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index  
Mar '22 - Aug '22



### Output prices

Non-energy private sector firms increased their selling prices for the fourth month in succession midway through the third quarter. In fact, the rate of increase gathered pace and was the quickest for eight months. Sustained upticks in demand allowed firms to hike their prices.

Output Prices Index

sa, >50 = inflation since previous month



## FINANCIAL SERVICES

# Finance sector continues to expand sharply in August

**Growth rates for output and new orders ease, but remain strong**

**Headcounts fall fractionally**

**Sentiment strongest for over two years**

The latest PMI data on Qatar's financial services sector signalled further marked growth in August. Business activity increased at a slower pace to that seen in the previous eight months but was still much stronger than the long-run series average. New business growth followed a similar trend, easing to an eight-month low but remaining marked overall.

At the same time, employment stagnated after 11 consecutive months of expansion.

Nevertheless, firms were hopeful of output growth over the next 12 months. In fact, sentiment reached a 26-month high.

Turning to prices, overall input prices fell marginally in August ending an 11-month sequence of inflation. Selling prices also fell, albeit only fractionally.

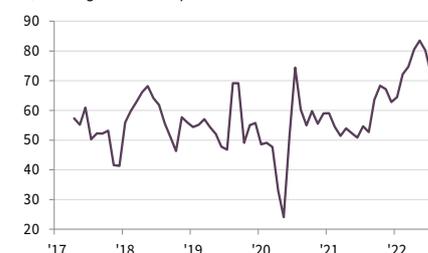
**Business Activity Index**

sa, >50 = growth since previous month



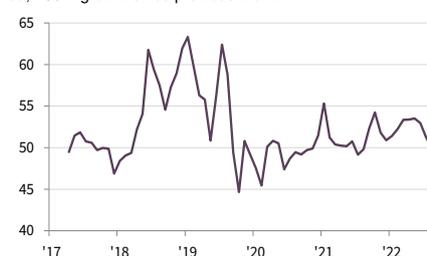
**New Business Index**

sa, >50 = growth since previous month



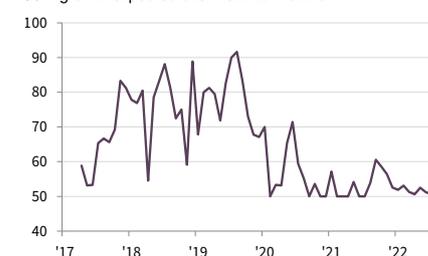
**Employment Index**

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**

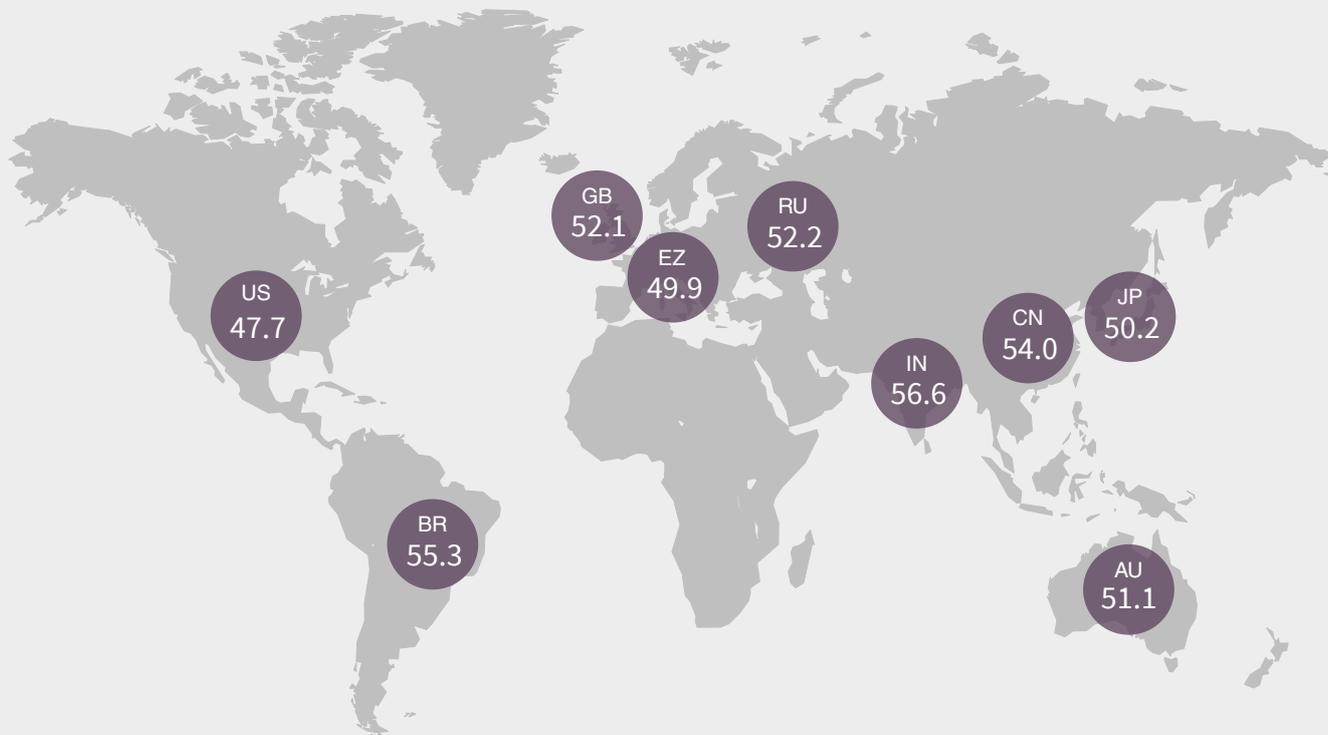
sa, >50 = inflation since previous month



## INTERNATIONAL PMI

Composite Output Index, Jul '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 panel size

**450**  
companies

Index calculation

$\% \text{ 'Higher'}$   
+  
 $(\% \text{ 'No change'})/2$

## 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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

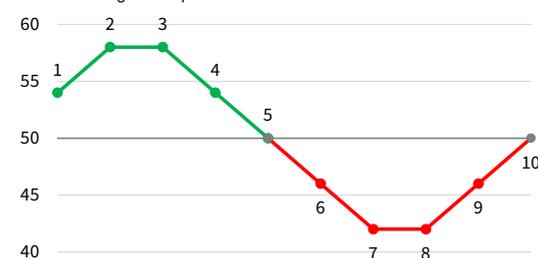
### Survey dates and history

Data were collected 12-24 August 2022.

Survey data were first collected in April 2017.

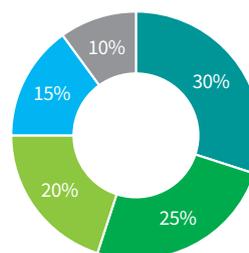
### Index interpretation

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



New Orders  
Output  
Employment  
Suppliers' Delivery Times  
Stocks of Purchases

### Sector coverage

PMI data include responses from companies operating in sectors classified according to the following ISIC Rev.4 codes:

C Manufacturing	M Professional, Scientific and Technical Activities
F Construction	N Administrative and Support Service Activities
G Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	P Education*
H Transportation and Storage	Q Human Health and Social Work Activities*
I Accommodation and Food Service Activities	R Arts, Entertainment and Recreation
J Information and Communication	S Other Service Activities
K Financial and Insurance 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](http://qfc.qa)

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**PMI™**

by **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.  
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### 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](http://ihsmarkit.com/products/pmi.html)