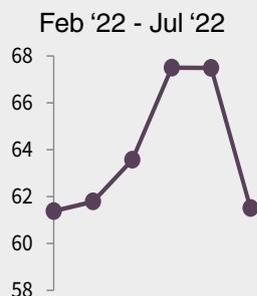




QATAR FINANCIAL CENTRE PMI



While output and new order growth soften, overall activity measure remains historically elevated

Renewed reduction in overall input prices

Headcounts rise marginally

The latest Purchasing Managers' Index™ (PMI™) survey data from Qatar Financial Centre (QFC) continued to signal rapid growth in the non-energy private sector in July. The rates of expansion in total activity, new work and outstanding business all eased slightly compared with June but were still among the fastest registered throughout the survey's more than five-year history. Headcounts meanwhile rose marginally while sentiment moderated somewhat.

Positively for businesses, overall input prices fell slightly in July while firms continued to raise selling prices.

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.

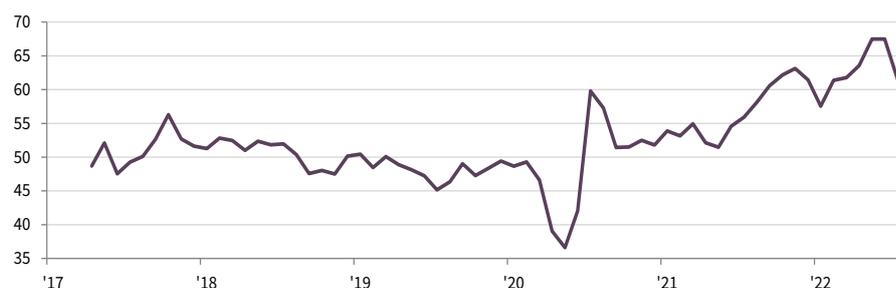
The PMI remained well within expansion territory in July at 61.5. This eased notably from June's previous record high but was still among the strongest in the survey, which began in April 2017.

The two largest components of the PMI by weight – new orders and output – were behind the month-on-month dip in the headline figure in July. Output and new orders rose sharply, albeit at the softest pace for four and five months, respectively.

Wholesale & retail firms recorded the steepest increase in activity levels followed by manufacturing, construction and services.

With demand and output expanding

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



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OVERVIEW CONTINUED...

rapidly in July, non-energy private sector firms in Qatar raised their workforces. Employment levels have now increased for 22 months in a row.

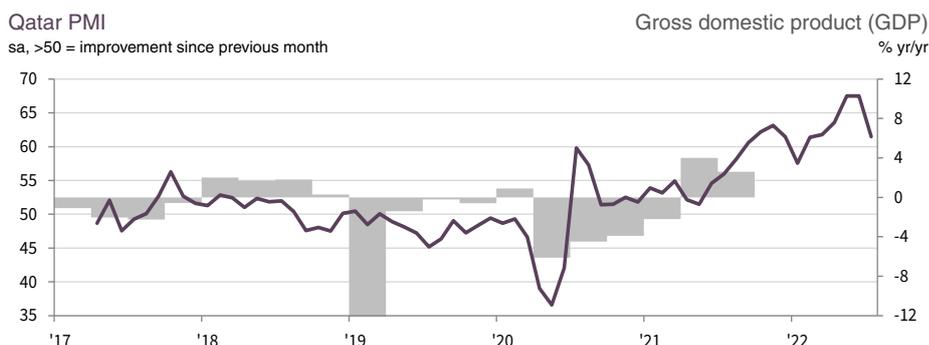
Robust demand conditions continued to exert pressure on capacity with backlogs rising moderately during the month. However, the rate of accumulation slowed notably from June, and was modest overall.

Sustained new order growth led firms in Qatar's private sector to raise their buying activity. Purchases have now risen in each of the last 25 months with the latest uptick among the strongest

in the survey's history. Subsequently, stocks of inventories rose, albeit only moderately amid improving vendor performance.

On the price front, purchase prices increased at the softest pace in three months while overall input prices fell fractionally. Firms opted to raise selling prices at a softer pace, but at a rate that was still among the quickest in the survey's history.

Firms remained optimistic that their output levels would improve over the coming 12 months amid the upcoming FIFA World Cup.



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

COMMENT

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

"Despite correcting from record highs in May and June, latest PMI data pointed to continued strong performance in Qatar's non-energy sector. Output and new orders expanded markedly, while headcounts rose once again. At the same time, delivery times improved at the greatest extent for over a year and firms were keen to purchase and store items.

"Positive news also came on the price front with overall input prices falling slightly in July. Robust demand conditions allowed firms to focus on

their profits by raising their selling prices for the third month running.

"Companies have their sights set on higher output over the coming months, with the FIFA World Cup still a key factor underpinning positive sentiment."

OUTPUT AND DEMAND

Output

The total level of non-energy private sector output in Qatar expanded rapidly in July. The seasonally adjusted Output Index eased from June's record high, the first correction in six months. The latest figure was still the fourth-highest since the survey began in April 2017, however, indicating marked growth.

Output Index

sa, >50 = growth since previous month



New orders

Demand for Qatari goods and services rose rapidly in July, despite a slight softening in the rate of expansion since June. The seasonally adjusted New Orders Index eased for the second month running but was still among the highest in the survey's history. Demand increased markedly in all four sectors, led by manufacturing.

New Orders Index

sa, >50 = growth since previous month

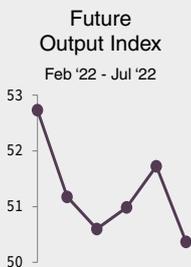
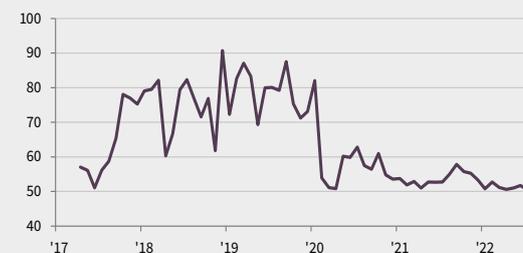


BUSINESS EXPECTATIONS

Companies in Qatar's non-energy private sector remained optimistic of higher output in 12 months' time during July. Firms continued to report business opportunities in 2022 as a result of the FIFA Football World Cup. Confidence was strongest among manufacturing firms.

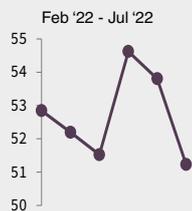
Future Output Index

>50 = growth expected over next 12 months



EMPLOYMENT AND CAPACITY

Employment Index

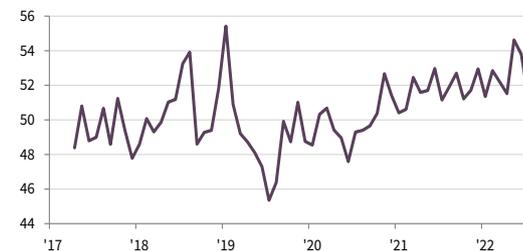


Employment

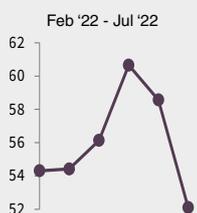
The level of employment in the non-energy private sector economy continued to rise in July. Workforces have now expanded in each month since October 2020 with the latest uplift quicker than the long-run series average. Hiring activity was strongest in the manufacturing sector, followed by services.

Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index



Backlogs of work

Strong demand led to another increase in the volume of outstanding business in July. Backlogs have now risen in each of the last 22 months, but the rate of accumulation eased considerably from that seen in June.

Capacity pressures were most evident in the manufacturing sector.

Backlogs of Work Index

sa, >50 = growth since previous month



PURCHASING AND INVENTORIES

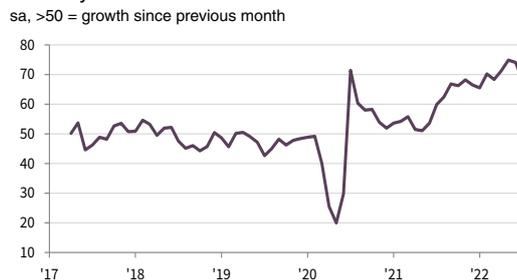
Quantity of Purchases Index



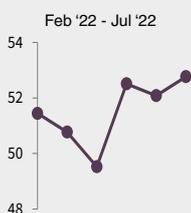
Quantity of purchases

The seasonally adjusted Quantity of Purchases Index remained at an elevated level in July, signalling further marked growth in the volume of inputs purchased by non-energy private sector firms. The rate of expansion eased from June, but was still among the strongest in the series history.

Quantity of Purchases Index



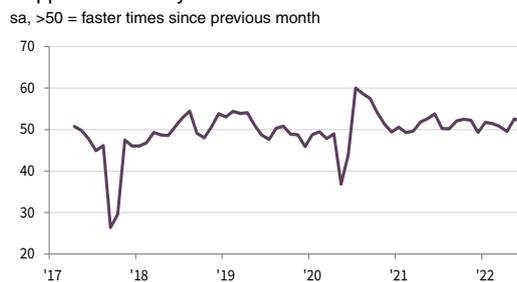
Suppliers' Delivery Times Index



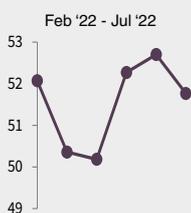
Suppliers' delivery times

July data signalled another shortening of lead times at non-energy companies in Qatar, bringing the period of improvement to three months. In fact, vendor performance improved at the strongest rate for just over a year.

Suppliers' Delivery Times Index



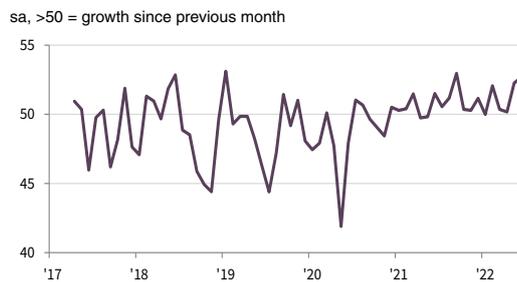
Stocks of Purchases Index



Stocks of purchases

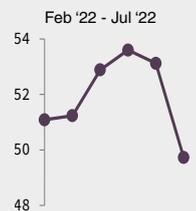
The volume of inputs held in stock at non-energy private sector firms continued to rise in July, extending the current survey-record growth sequence to fourteen months. The rate of expansion eased from June but was still quicker than the average for 2022 so far.

Stocks of Purchases Index



PRICES

Overall Input Prices Index



Overall input prices

Average input prices paid by non-energy private sector firms in Qatar fell in July, thereby bringing an end to eleven months of inflation. The overall rate of deflation was only slight, however.

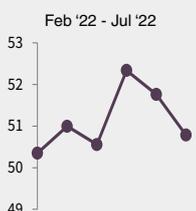
Three of the four sectors recorded a fall in costs, the exception being services.

Overall Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index



Purchase prices

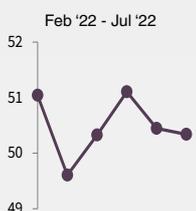
The seasonally adjusted Purchase Prices Index signalled inflation for the sixth month in succession during July. That said, the rate of increase eased for the second month running and was mild overall. Moreover, purchase prices fell in the construction sector.

Purchase Prices Index

sa, >50 = inflation since previous month



Staff Costs Index



Staff costs

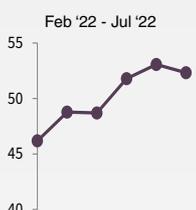
Pressure on wages and salaries rose in July, signalled by an increase in the seasonally adjusted Staff Costs Index. Average labour costs have risen five times in the six months, but the latest increase was only modest overall.

Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index

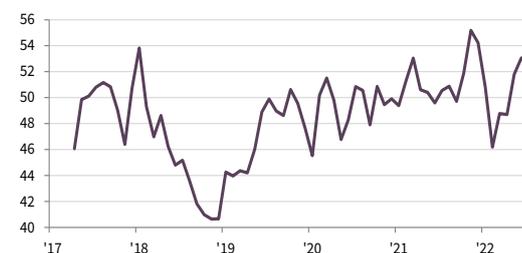


Output prices

Pricing power among non-energy private sector firms remained solid in July. Despite easing from that seen in the previous survey period, the rate of inflation was among the fastest in the survey's history. Manufacturing and construction firms registered the sharpest increases in their prices charged.

Output Prices Index

sa, >50 = inflation since previous month



FINANCIAL SERVICES

Financial sector maintains rapid growth

Growth rates for activity and new business ease, but remain markedly high

Headcounts rise for the eleventh month in succession

Prices charged for financial services fall modestly

The latest PMI data on Qatar's financial services sector signalled further marked growth in July. Business activity increased at a slower pace to that seen in the previous five months, but growth was marked compared to the historical average. New business followed a similar trend, easing to a five-month low but remaining robust overall.

Employment at financial services firms rose marginally, although at a softer pace, while business expectations remained positive.

On the price front, average input costs at financial services firms rose marginally, and at the softest pace in the current eleven-month sequence of inflation. By contrast, prices charged for financials services fell moderately and at the quickest pace for 20 months.

Business Activity Index

sa, >50 = growth since previous month



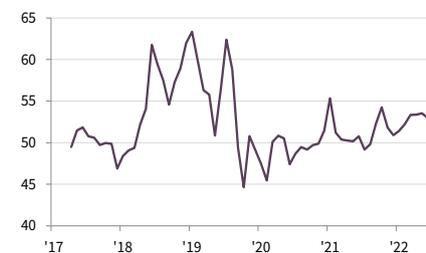
New Business Index

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

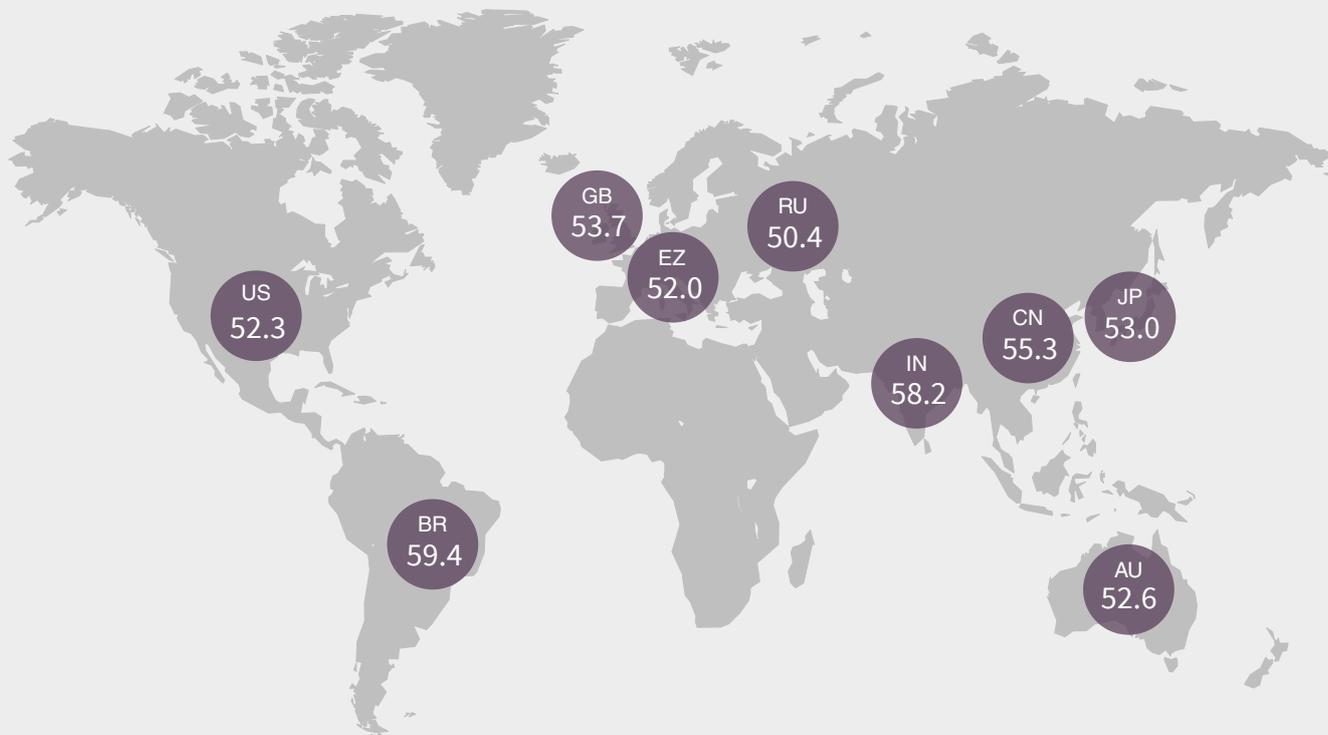
sa, >50 = inflation since previous month



INTERNATIONAL PMI

Composite Output Index, Jun '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

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

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.

Survey dates and history

Data were collected 12-22 July 2022.

Survey data were first collected in April 2017.

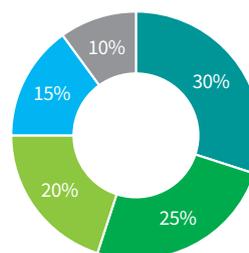
Index interpretation

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

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PMI™

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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