



بنك الإمارات دبي الوطني  
Emirates NBD

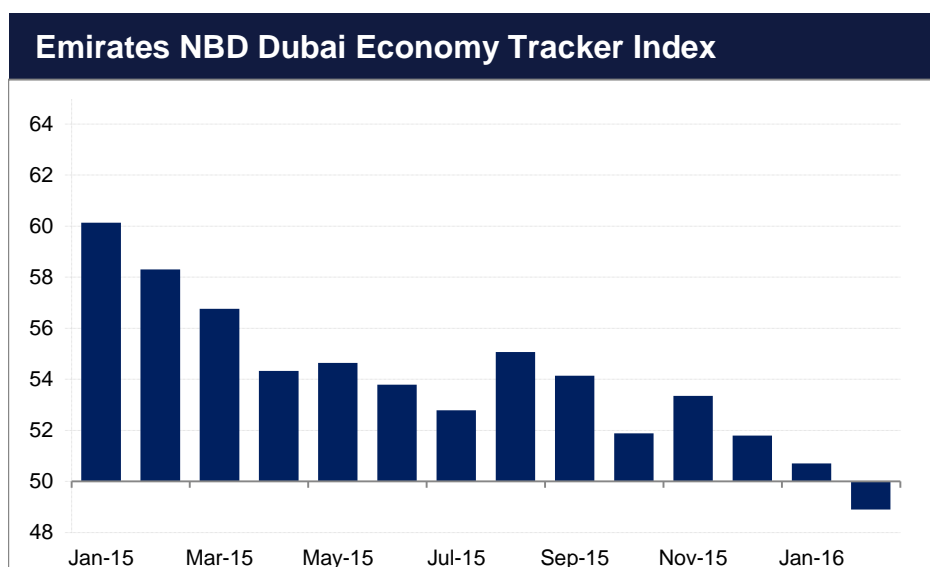
Economics  
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## Dubai Economy Tracker: Business activity declined in February

The Emirates NBD Dubai Economy Tracker Index (DET) declined to 48.9 in February, signaling the first contraction in non-oil private sector activity since the series began in January 2010. Both **output** and **new orders** declined last month, with the output index falling to 48.0 from 51.8 in January, and new orders declining to 49.0 from 51.7.

The extent of the contraction in February was modest overall however. Firms surveyed noted that an uncertain global economic outlook and falling oil prices had made clients more unwilling to commit to spending. Nevertheless, **employment** rose marginally last month, as did **business optimism**, with respondents slightly more upbeat about the outlook over the coming 12 months than they were in January.

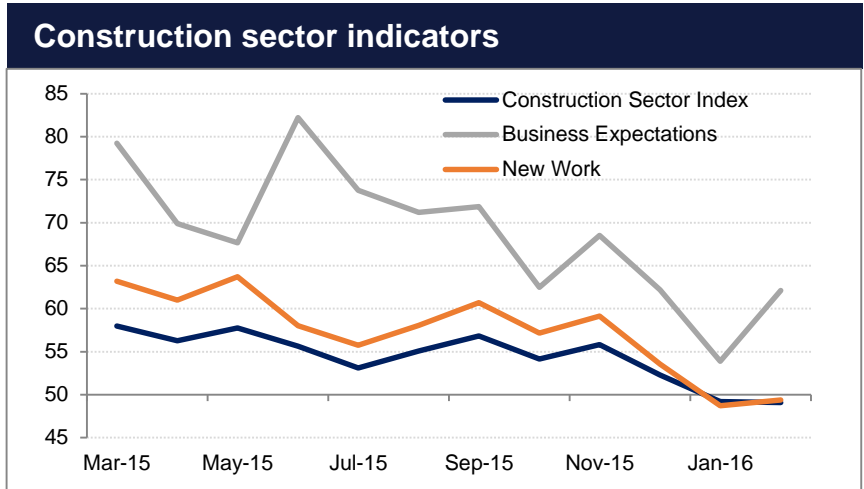


Source: Markit, Emirates NBD Research

The Emirates NBD Dubai Economy Tracker sector indices for construction, travel & tourism and wholesale & retail trade all fell below the neutral 50.0 level in February, indicating modest declines in activity.

### Construction sector index eased to 49.1 in February

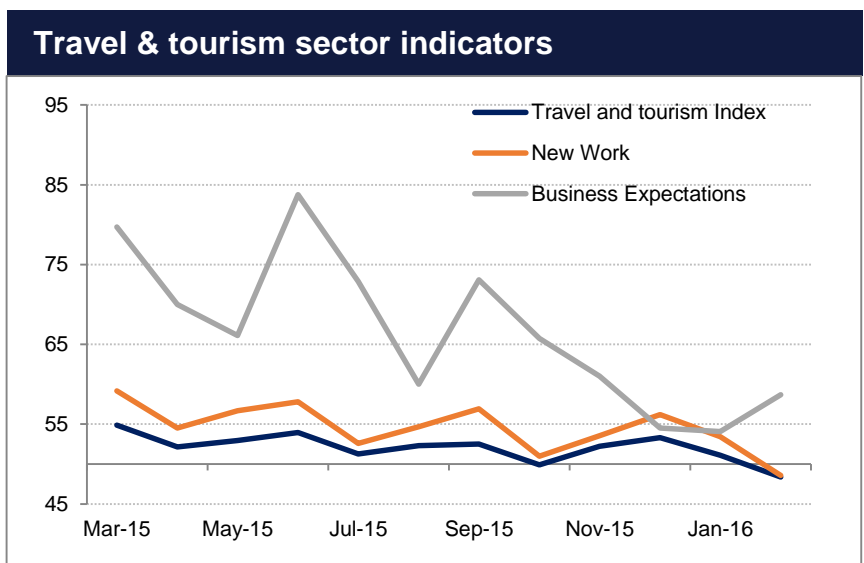
**Output in the construction sector declined at a faster pace in February**, with this sub-index falling to 48.5 from 49.4 in January. However, the **new work** index rose to 49.4 while **business optimism** rose sharply to 62.1. **Employment** was only fractionally above neutral last month. **Input costs** rose at a slowest pace in five months. Firms cut **output prices** for the third month in a row, amid increased competition for new business. The output price index for construction fell to 44.5 in February, the lowest reading since the series began in March 2015.



Source: Markit, Emirates NBD Research

### Travel & tourism sector index fell to 48.4

**Output** in travel & tourism declined to 47.7 in February from 51.7 in January, a series low for this sector. **New work** and **employment** also declined modestly last month. **Input costs** rose at a slightly faster rate than January (51.0) but firms reduced **output prices** marginally. As with the average for the whole of Dubai, **business expectations** in the travel & tourism sector improved in February, but at 58.7 it remains below the series average.



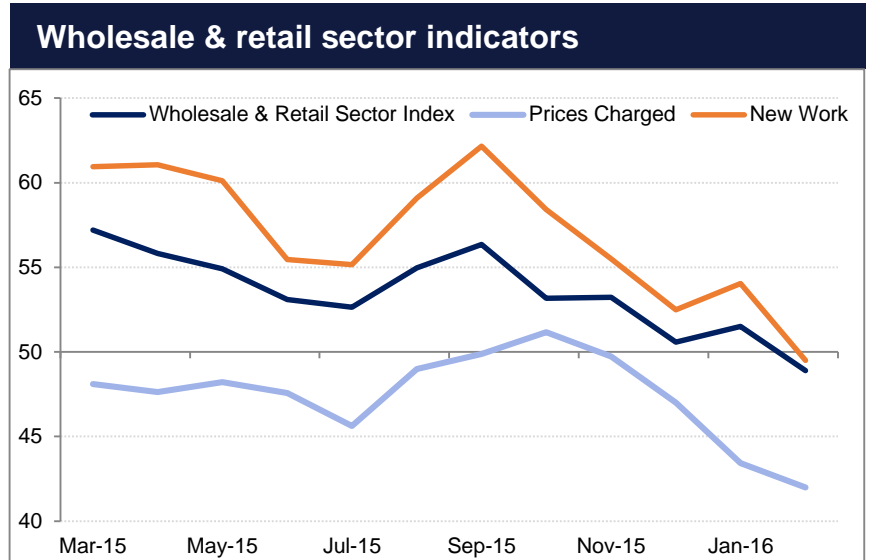
Source: Markit, Emirates NBD Research

### Wholesale & retail trade sector index declined to 48.9

**Output** in the wholesale & retail sector declined 3 points to 48.0, while **new orders** contracted only fractionally last month. Firms cut **employment** on the back of weaker new orders and activity.

That the decline in new work was relatively small last month was likely due to aggressive price discounting by firms in this sector. **Output prices** fell at the fastest rate in survey history, with this sub-index falling to 42.0 from 43.4 in January. Output prices have only risen in one month out of the last eleven. **Input costs** declined for the second month in a row.

While firms were still optimistic about order growth over the next 12 months, the level of **business optimism** was much weaker in February, with this sub-index declining to 55.4 last month from 59.2 in January.



Source: Markit, Emirates NBD Research

The Emirates NBD Dubai Economy Tracker reading in February highlights the challenges faced by Dubai's external-oriented service-based economy. Uncertainty about global economic growth, volatility in financial markets and low oil prices have weighed on sentiment and activity, while tourism and retail trade has also been affected by a strong US dollar.

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