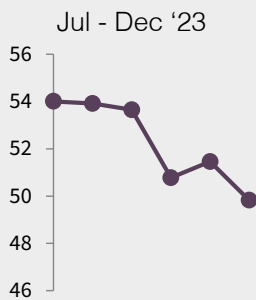




QATAR FINANCIAL CENTRE PMI



Activity, new orders and outstanding business broadly stable

Solid non-energy sector growth recorded across 2023 as a whole

Financial services activity continues to expand

Qatar's non-energy private sector registered broadly stable business conditions in the last month of 2023, according to the latest Purchasing Managers' Index™ (PMI®) survey data from Qatar Financial Centre (QFC). Volumes of output, new business and backlogs of work were all largely stable compared with November levels, while employment growth was maintained, and the 12-month business outlook remained positive. Financial services remained a key source of growth at the end of the year. Price pressures were still subdued, and supply chains continued to improve.

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 49.8 in December, from 51.5 in November. The latest figure was close to the no-change mark of 50.0 and thereby signalled broadly stable business conditions in the non-energy private sector economy. Across 2023 as a whole the PMI trended at 52.4, mainly in line with the solid long-run average since 2017 (52.3).

Of the five components of the headline figure, output, new orders and stocks

Qatar Financial Centre PMI

sa, >50 = improvement since previous month



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of purchases all registered similar index readings, indicative of stable volumes compared with November. A positive contribution from employment was offset by shorter suppliers' times.

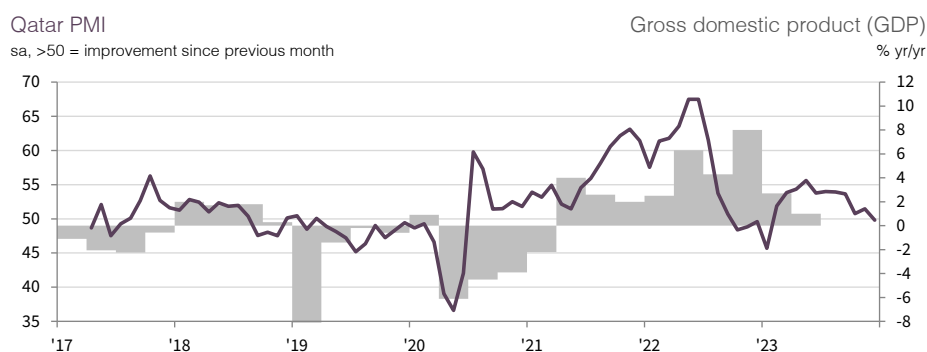
Demand for goods and services in Qatar's non-energy economy was mostly stable in the final month of 2023, completing a year of solid overall growth on average. Firms reported new customers during the month. By sector, manufacturing continued to see comparatively strong new business, as did financial services.

Similar to new orders, total activity was broadly unchanged in December since the previous month. Again, financial services remained a source

of growth. Meanwhile, the overall level of outstanding business remained stable in December.

Qatari firms continued to raise employment in December, extending the current sequence of growth that began in March. Purchases of inputs also rose, albeit only slightly, while suppliers' delivery times shortened.

Average input prices rose slightly in December, driven mainly by wages and salaries as purchase prices fell. Output prices declined marginally again. Finally, Qatari firms ended 2023 with positive expectations for activity in 2024, although overall confidence was softer than the long-run survey trend.



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

COMMENT

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

"The final PMI data for 2023 signalled stable business conditions for Qatari non-energy firms, completing a year of solid economic expansion. Survey data for the second half of the year suggest that annual growth in official GDP will have been maintained.

"Financial services continued to expand in December, and manufacturing also registered rising demand. The overall level

of employment rose for the tenth month running and wages continued to increase, which should support consumer demand in the coming months.

"The business outlook for the year ahead remains positive, although unsurprisingly optimism has softened somewhat compared with the peak seen in the aftermath of the World Cup."

OUTPUT AND DEMAND

Output

The December survey data signalled a broad stabilisation in the volume of business activity in the Qatari non-energy private sector. The seasonally adjusted Output Index registered close to the neutral mark of 50.0 and trended at 54.9 over the course of 2023, broadly in line with the long-run average. Financial services continued to outpace the wider economy in the latest period.

Output Index

sa, >50 = growth since previous month

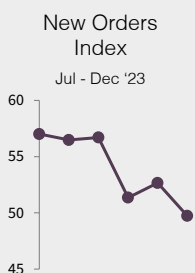
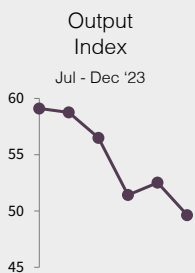


New orders

Inflows of new business were broadly stable in December, following a ten-month sequence of solid growth. A number of firms reported new customers during the month. Manufacturing continued to perform relatively well in terms of new orders, as did financial services.

New Orders Index

sa, >50 = growth since previous month

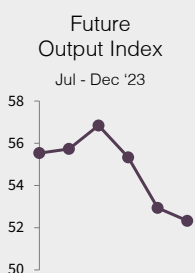
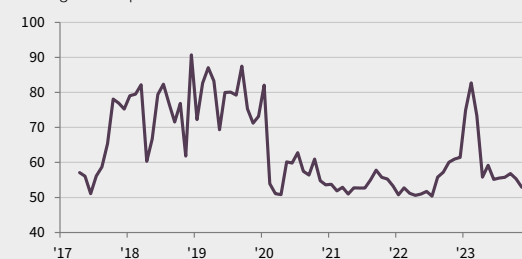


BUSINESS EXPECTATIONS

Business sentiment in the Qatari non-energy private sector economy remained positive in December, despite easing to the softest since July 2022. Companies mentioned planned marketing campaigns to attract new customers and also higher profits forecasts. Output expectations were strongest in the manufacturing sector.

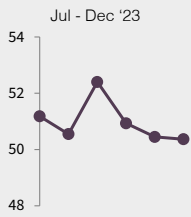
Future Output Index

>50 = growth expected over next 12 months



EMPLOYMENT AND CAPACITY

Employment Index



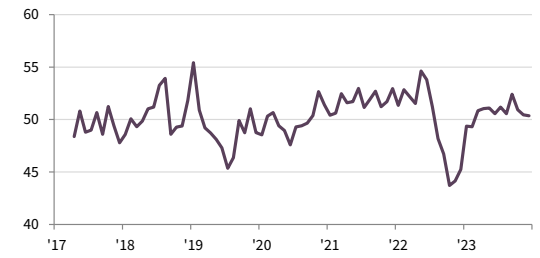
Employment

Companies continued to expand their workforces on average in December, as the seasonally adjusted Employment Index signalled growth for the tenth straight month. That said, the rate of job creation in the latest period was only marginal and the joint-weakest over this sequence.

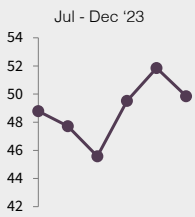
Sub-sector data signalled recruitment growth in manufacturing and construction.

Employment Index

sa, >50 = growth since previous month



Backlogs of Work Index



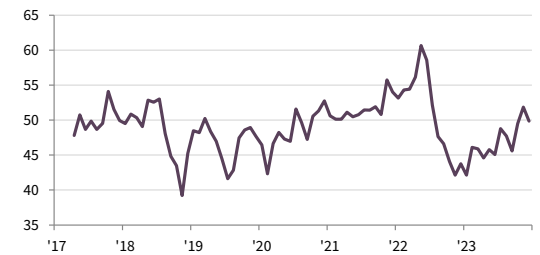
Backlogs of work

Non-energy private sector firms in Qatar registered a similar level of outstanding business in December compared with one month ago.

Levels of incomplete work fell in construction and manufacturing but rose in services and wholesale & retail.

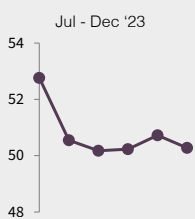
Backlogs of Work Index

sa, >50 = growth since previous month



PURCHASING AND INVENTORIES

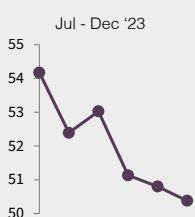
Quantity of Purchases Index
Jul - Dec '23



Quantity of purchases

The volume of inputs ordered by non-energy private sector firms rose for the tenth month running in December. The rate of growth in the latest period slowed, however, and was only marginal.

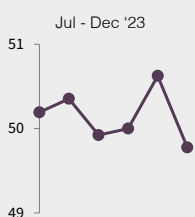
Suppliers' Delivery Times Index
Jul - Dec '23



Suppliers' delivery times

Supplier performance continued to improve in December. Average lead times have fallen every month since May 2022, the longest sequence on record. That said, the seasonally adjusted Suppliers' Delivery Times Index fell to a sequence low, signalling only a fractional rate of improvement at the end of 2023. Supplier performance improved across three of the four main sectors, the exception being wholesale & retail.

Stocks of Purchases Index
Jul - Dec '23



Stocks of purchases

The level of inputs held in stock in the non-energy private sector fell very slightly in December compared with one month previously, with the seasonally adjusted Stocks of Purchases Index registering just below the no-change threshold of 50.0. Inventory growth was sustained in the construction sector, however.

Quantity of Purchases Index

sa, >50 = growth since previous month



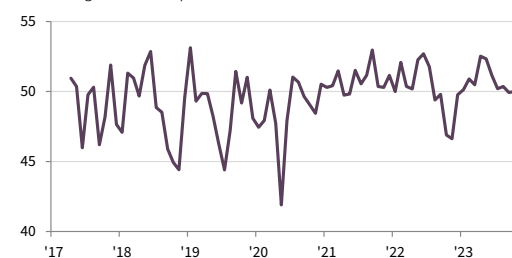
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



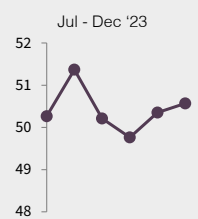
Stocks of Purchases Index

sa, >50 = growth since previous month



PRICES

Overall Input Prices Index
Jul - Dec '23



Overall input prices

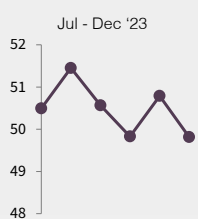
Average input prices paid by Qatari non-energy private sector firms rose in December. Costs increased in every month of 2023 except for October. That said, the overall rate of inflation remained only marginal in December. Cost pressures were strongest in manufacturing and weakest in wholesale & retail.

Overall Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index
Jul - Dec '23

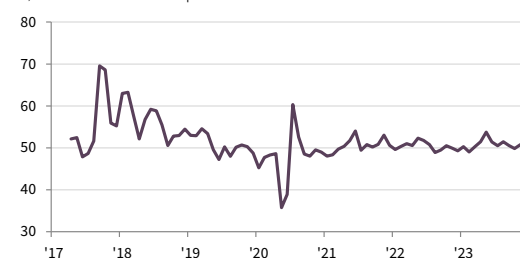


Purchase prices

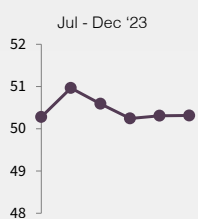
Average purchase prices paid by non-energy private sector firms in Qatar were little-changed in December compared with the previous month. The seasonally adjusted Purchase Prices Index registered close to the 50.0 threshold and remained below the long-run trend level of 51.6.

Purchase Prices Index

sa, >50 = inflation since previous month



Staff Costs Index
Jul - Dec '23

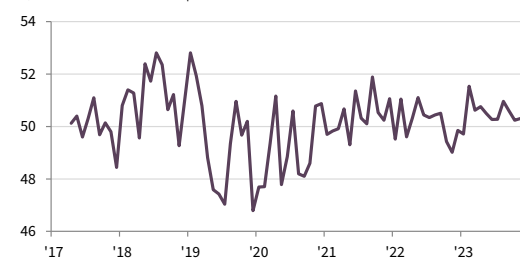


Staff costs

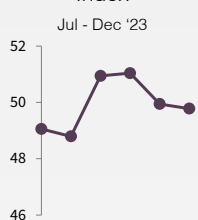
Average wages and salaries paid by private sector non-energy companies in Qatar rose for the eleventh month running in December. That said, the rate of wage inflation in the latest period remained only marginal. Service providers registered the strongest pay growth at the end of 2023.

Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index
Jul - Dec '23

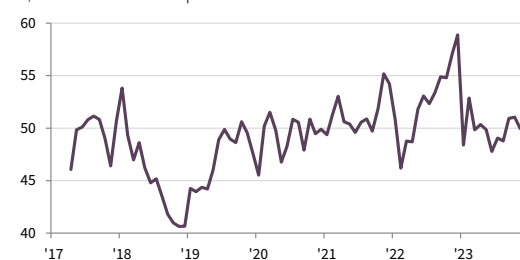


Output prices

Prices charged for goods and services by private sector firms in Qatar fell slightly in December, following broadly no change in November and successive increases in September and October. Higher output prices in the manufacturing and wholesale & retail sectors were offset by discounting in services and construction.

Output Prices Index

sa, >50 = inflation since previous month



FINANCIAL SERVICES

Financial services continues to expand in December

Growth of activity and new business remain faster than wider economy

Financial services employment continues to increase

Fastest rise in charges for financial services since April

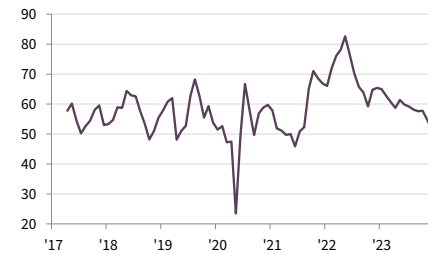
Qatari financial services companies recorded further increases in total business activity and new contracts in December. The seasonally adjusted Financial Services Business Activity Index posted 51.6, still comfortably above the overall private sector figure of 49.6 albeit the lowest in over two years.

The weaker increase in total activity reflected the slowest increase in new business since September 2022. That said, demand was solid overall and more robust than the non-energy sector average, and the 12-month outlook for activity remained positive. Meanwhile, employment at financial services firms rose for the ninth month running.

In terms of prices, average charges set by financial services companies rose to the greatest degree since April, while cost inflation in the sector eased.

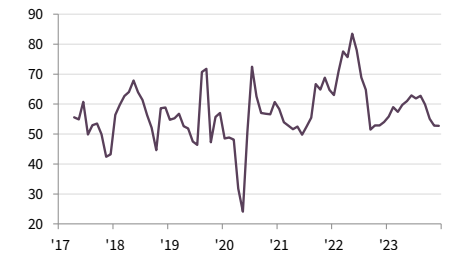
Business Activity Index

sa, >50 = growth since previous month



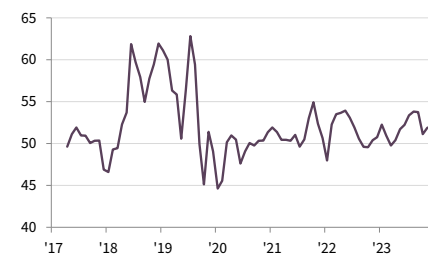
New Business Index

sa, >50 = growth since previous month



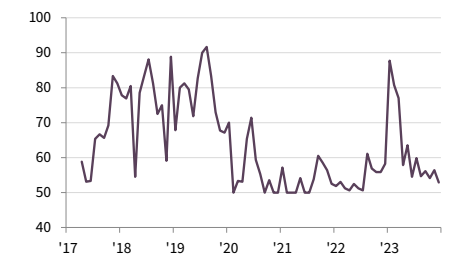
Employment Index

sa, >50 = growth since previous month



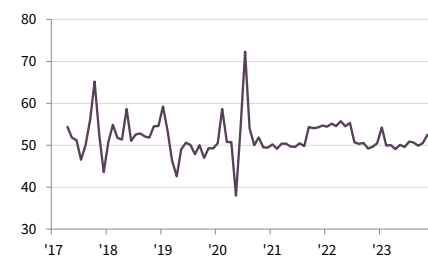
Future Activity Index

>50 = growth expected over next 12 months



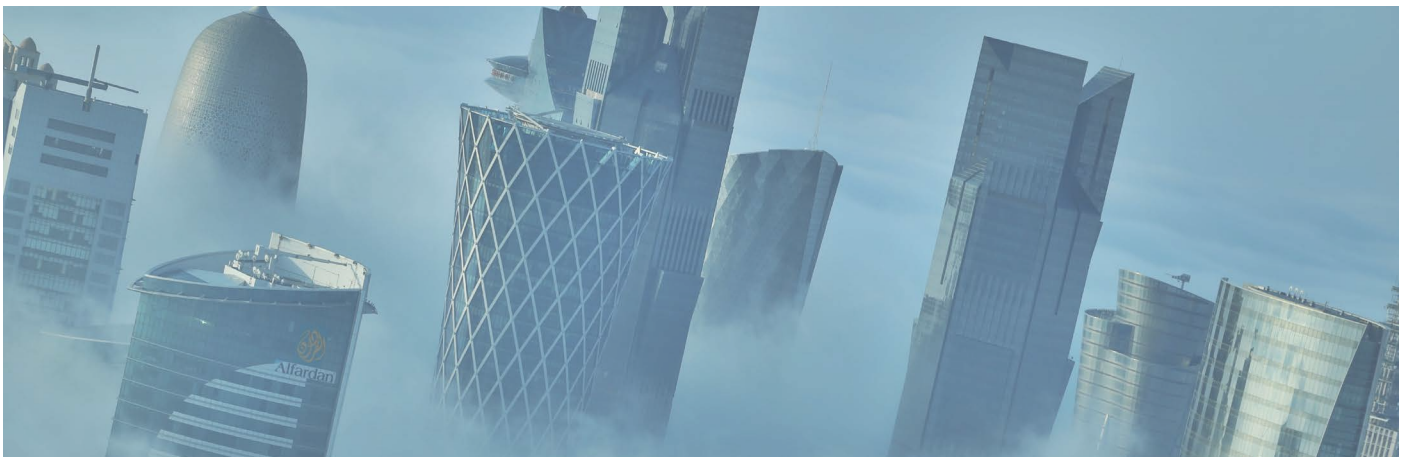
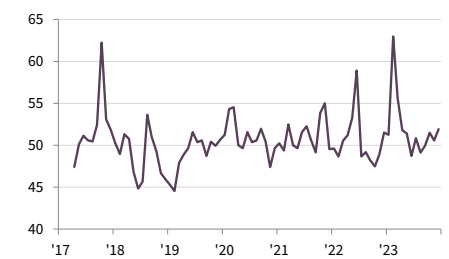
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

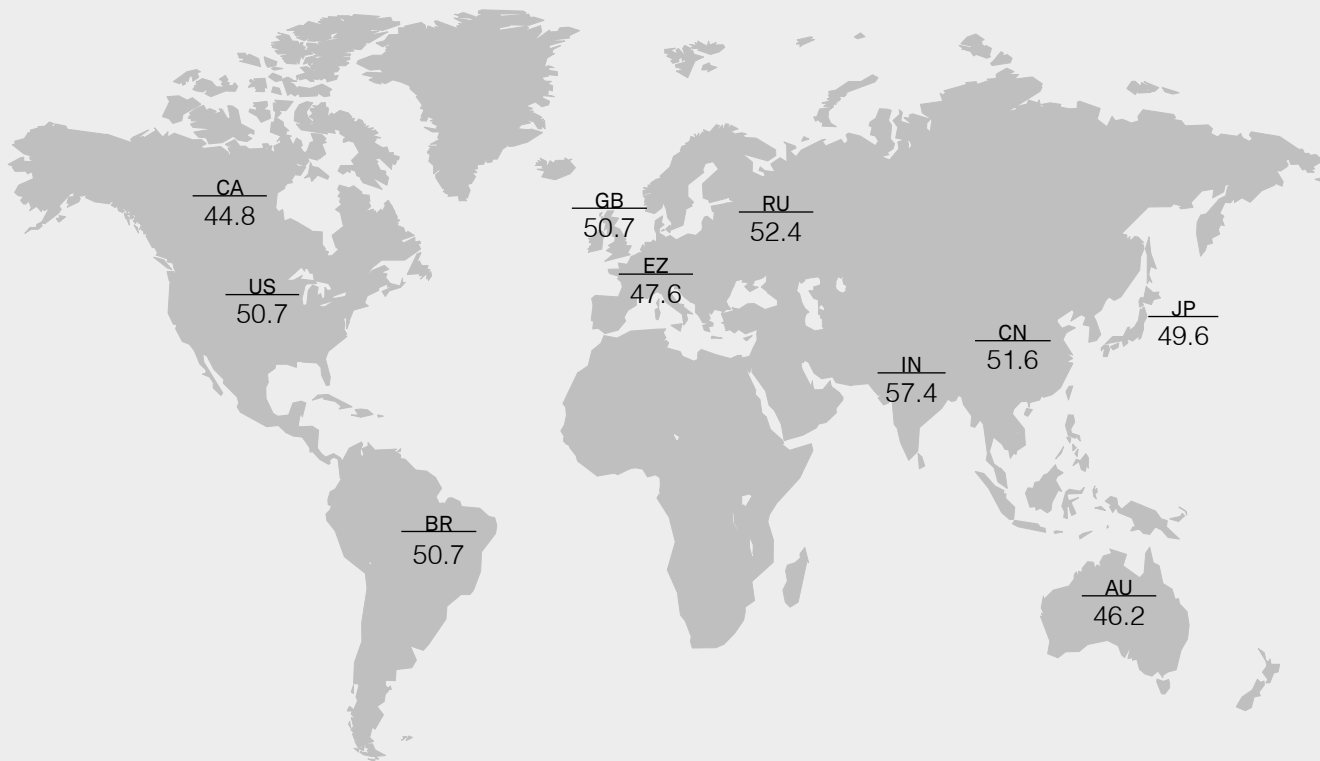
sa, >50 = inflation since previous month



INTERNATIONAL PMI

Composite Output Index, Nov '23
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.

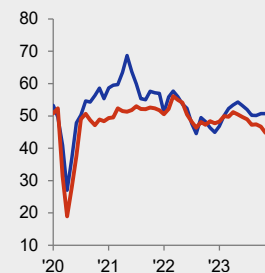


Composite Output Index

■ USA

■ Canada

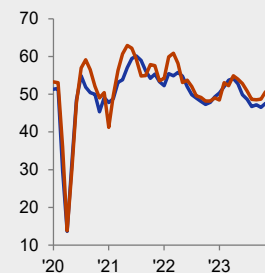
sa, >50 = growth



■ Eurozone

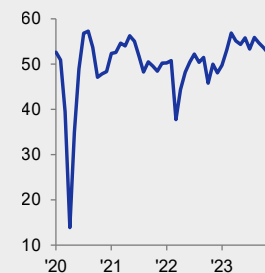
■ UK

sa, >50 = growth



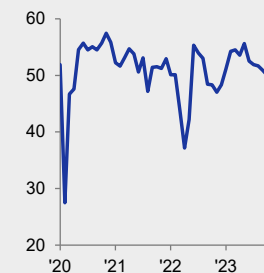
■ Russia

sa, >50 = growth



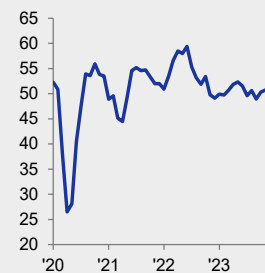
■ China

sa, >50 = growth



■ Brazil

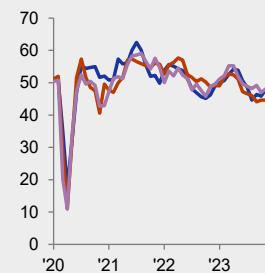
sa, >50 = growth



■ Germany ■ Italy

■ France

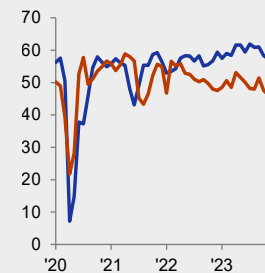
sa, >50 = growth



■ India

■ Australia

sa, >50 = growth



■ Japan

sa, >50 = growth



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@spglobal.com.

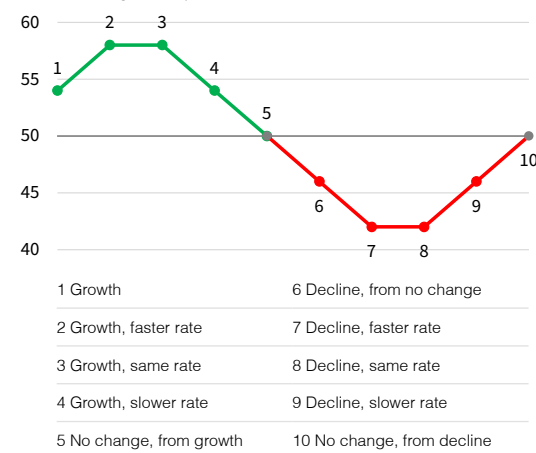
Survey dates and history

Data were collected 6-15 December 2023.

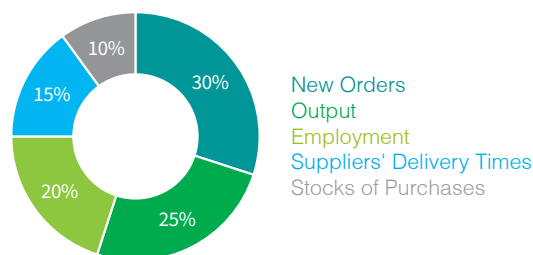
Survey data were first collected in April 2017.

Index interpretation

50.0 = no change since previous month



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 | 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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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.

www.spglobal.com/marketintelligence/en/mi/products/pmi

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