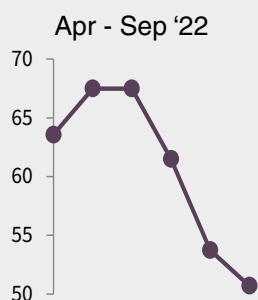




QATAR FINANCIAL CENTRE PMI



Output expands at marked and accelerated pace, but demand falters

Headcounts fall for the second month running

Output charge inflation quickens to near-record high

The latest Purchasing Managers' Index™ (PMI™) survey data from Qatar Financial Centre (QFC) continued to indicate growth in the non-oil private sector at the end of the third quarter. The rate of expansion in total activity gained momentum with output rising markedly in September. New orders fell for the first time in 27 months, however, while back-to-back contractions were seen in employment and inventories. Nevertheless, the fast-approaching FIFA World Cup supported optimism with sentiment improving to a 12-month high.

On the price front, a fall in purchase costs contrasted with higher wage expenses, leading to only a marginal increase in overall input prices. Meanwhile, firms sought to boost profits by hiking their selling prices at a near-record rate.

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 50.7 in September, down from 53.7 in August the latest PMI pointed to a softer improvement in business conditions in Qatar's non-energy sector.

Central to the moderation was a renewed decline in new orders. The fall was broad-based with all monitored sectors registering lower sales, led by construction. Panel comments indicated that client projects were placed on hold due to the upcoming World Cup.

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



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OVERVIEW CONTINUED...

Despite weaker demand, firms sought to boost their output in September. Business activity increased for the twenty-seventh month running with the latest uptick marked. Moreover, the rate of output growth was quicker than the long-run series average amid expectations of greater activity in the coming months.

Firms continued purchasing inputs at the end of the quarter, albeit at a softer pace. Inventory holdings meanwhile fell fractionally.

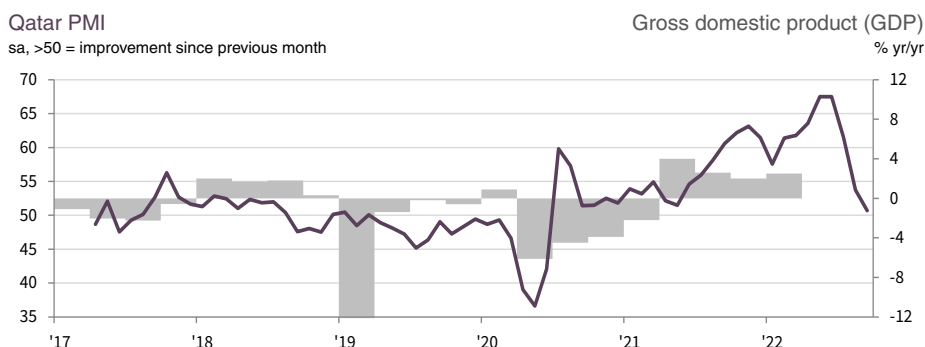
Overall input price inflation rose only marginally, and at a pace that was below than the long-run series average. Despite this, firms hiked their selling prices at the second-quickest rate in

the survey's history with comments indicating a greater emphasis on their profit margins.

Headcounts were also cut amid cost saving efforts, but a fall in backlogs suggested spare capacity persisted in the non-oil economy.

Vendor performance improved in September with lead times now shortening in each of the last five months.

Looking ahead, the FIFA World Cup continued to underpin optimism with firms hopeful that greater tourist activity in the coming months would support output growth. In fact, sentiment improved the highest for a year.



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

COMMENT

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

"Qatar's non-oil economy continued to grow in September, rounding off another solid quarterly performance. There were, however, divergences in latest data with a sharp and substantial increase in output contrasting with a renewed fall in demand. Anecdotal evidence suggested clients were placing orders on hold in preparation of the World Cup while Qatari businesses were at the same time increasing output in anticipation of greater demand.

"With demand retreating, firms cut their headcounts in September. Panel

comments suggested that Qatari firms were placing more emphasis on their profit margins which was further highlighted in prices data where despite a marginal uptick in overall input costs, firms hiked their selling charges at the second-quickest rate in the survey's history. This will serve firms well as demand temporarily falters."

OUTPUT AND DEMAND

Output

September data indicated sustained increases in non-energy private sector activity in Qatar. The rate of expansion was substantial, quickened from that seen in August and was much faster than the long-run series average. Panellists noted efforts to boost output ahead of the upcoming FIFA World Cup.

At sector level, wholesale & retail registered the strongest increase in output.

New orders

Non-energy private sector firms in Qatar registered a second successive fall in new orders in September. Almost two-thirds (64%) of companies indicated no change in demand while over a quarter (26%) recorded a fall. Those reporting a decline indicated the World Cup led clients to pause projects.

Output Index

sa, >50 = growth since previous month



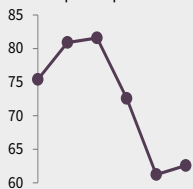
New Orders Index

sa, >50 = growth since previous month



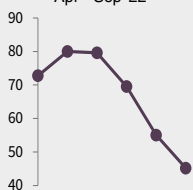
Output Index

Apr - Sep '22



New Orders Index

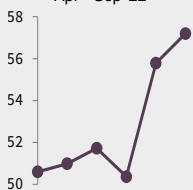
Apr - Sep '22



BUSINESS EXPECTATIONS

Future Output Index

Apr - Sep '22

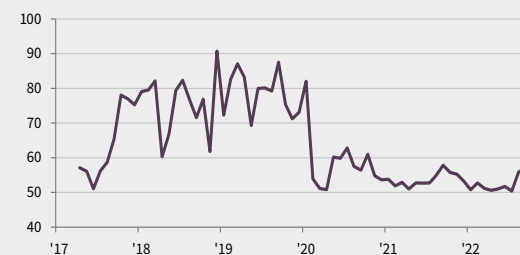


Firms remained upbeat about their outlook for output in September with sentiment improving from August. In fact, the degree of optimism was the strongest for a year amid hopes of greater tourist activity and demand over the next 12 months.

Companies operating in the construction sector were the most upbeat.

Future Output Index

>50 = growth expected over next 12 months



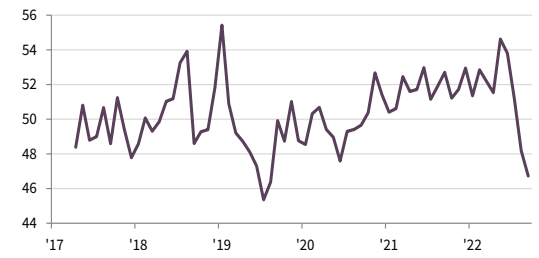
EMPLOYMENT AND CAPACITY

Employment

September data indicated back-to-back falls in headcounts in Qatar's non-oil sector, with the decline quickening from August. Firms reduced workforces in line with lower output requirements and to protect profits.

Employment Index

sa, >50 = growth since previous month

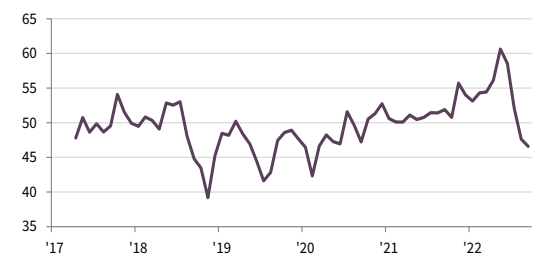


Backlogs of work

Non-oil private sector firms in Qatar signalled another month of spare capacity, as indicated by the respective seasonally adjusted index dipping below the 50.0 neutral value and for the second month running. The fall was solid and the quickest for over two-and-a-half years.

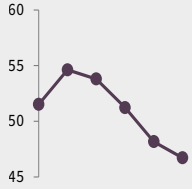
Backlogs of Work Index

sa, >50 = growth since previous month



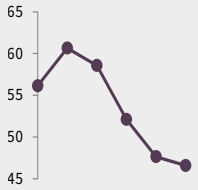
Employment Index

Apr - Sep '22



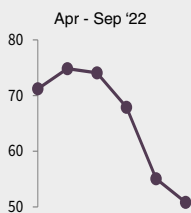
Backlogs of Work Index

Apr - Sep '22



PURCHASING AND INVENTORIES

Quantity of Purchases Index



Quantity of purchases

Qatari non-oil firms recorded another increase in purchasing activity in September, thereby extending the run of growth to 27 months. The latest uptick was mild, however.

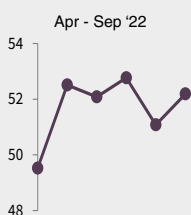
Wholesale & retail drove the overall increase in purchases at the end of the quarter.

Quantity of Purchases Index

sa, >50 = growth since previous month



Suppliers' Delivery Times Index



Suppliers' delivery times

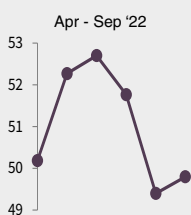
Lead times shortened once again in Qatar's non-oil sector, with vendor performance now improving in each of the last five months. Good vendor relations led to quicker delivery times, according to panel comments.

Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



Stocks of Purchases Index



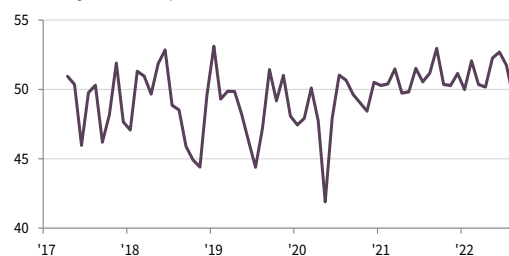
Stocks of purchases

Latest data signalled a second successive depletion in stocks of inputs in Qatar's non-oil sector. However, the overall rate of decline eased from August and was only slight.

Underlying data revealed two of the four monitored sectors recorded growth, including manufacturing and services.

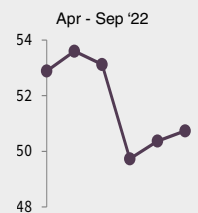
Stocks of Purchases Index

sa, >50 = growth since previous month



PRICES

Overall Input Prices Index



Overall input prices

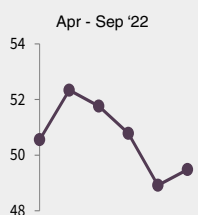
Overall input costs incurred by Qatari non-oil firms rose for the second month in a row, though the latest uptick was mild and softer than the long-run series average. A fall in purchase costs and an increase in wages resulted in only a marginal overall rate of inflation.

Overall Input Prices Index

sa, >50 = inflation since previous month



Purchase Prices Index



Purchase prices

Average purchase costs in Qatar's non-oil sector fell at the end of the quarter, as indicated by the seasonally adjusted index registering below the 50.0 no-change value for the second month in a row. The rate of reduction was mild, however.

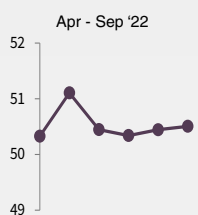
Purchase costs rose at construction and manufacturing firms and fell in the wholesale & retail and service sector.

Purchase Prices Index

sa, >50 = inflation since previous month



Staff Costs Index

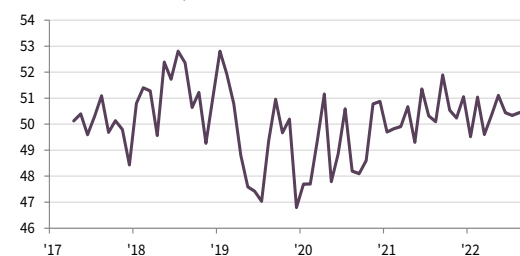


Staff costs

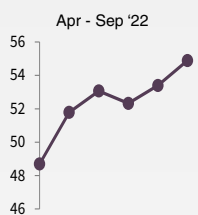
Staff costs paid by Qatari non-energy firms increased for the sixth month running during September. The increase was only slight, and broadly in line with those seen in the previous three months.

Staff Costs Index

sa, >50 = inflation since previous month



Output Prices Index



Output prices

Average selling prices levied by non-oil companies in Qatar rose at the end of the third quarter, extending the current run of inflation to five months. Moreover, the rate of increase was the quickest for ten months and the second-strongest on record.

Output Prices Index

sa, >50 = inflation since previous month



FINANCIAL SERVICES

Strong business growth continues in Qatar's financial sector

Activity and new contracts expand for the fifteenth month in a row

Back-to-back decline in headcounts

Firms remain upbeat about growth expectations

The latest PMI data on Qatar's financial services sector signalled further marked improvement during September. Business activity increased sharply, but the rate of growth eased slightly from August. New orders, meanwhile, rose only slightly, and at the softest pace for 15 months.

At the same time, Qatari financial service firms cut their headcounts for the second month in a row, but the rate of decline was only mild.

On the price front, overall input prices fell, albeit only fractionally. Meanwhile, selling prices rose only slightly.

Businesses remained optimistic of activity growth in the year-ahead with sentiment firmly in positive territory, despite easing notably from that seen in August.

Business Activity Index

sa, >50 = growth since previous month



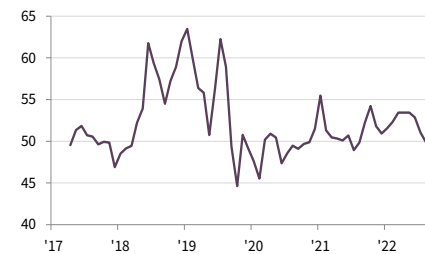
New Business Index

sa, >50 = growth since previous month



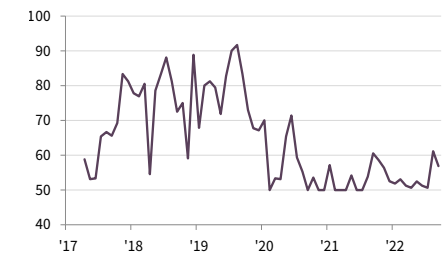
Employment Index

sa, >50 = growth since previous month



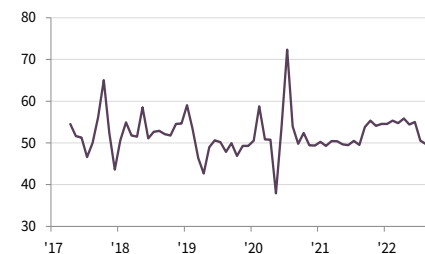
Future Activity Index

>50 = growth expected over next 12 months



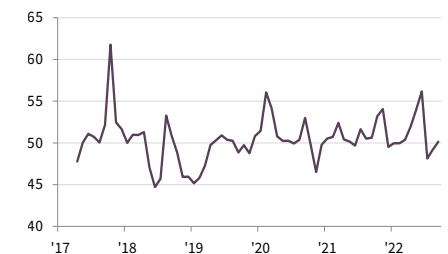
Input Prices Index

sa, >50 = inflation since previous month



Prices Charged Index

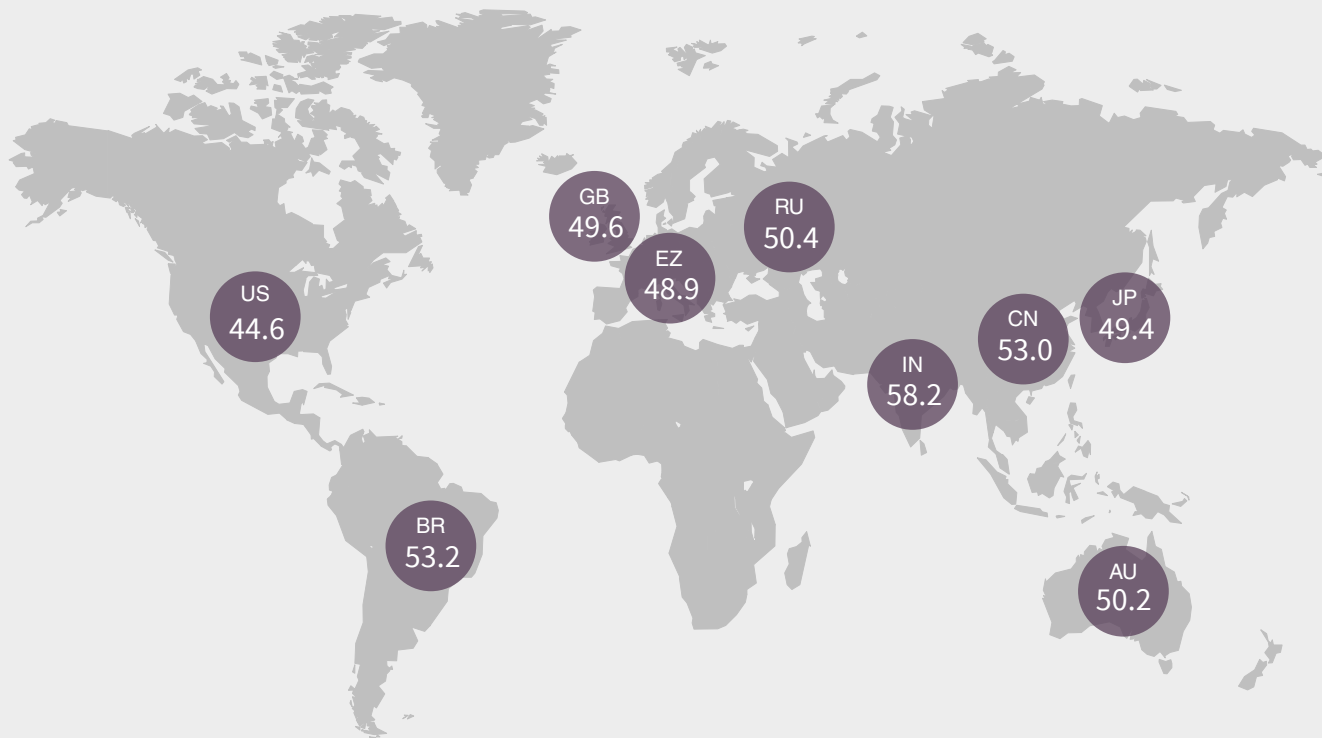
sa, >50 = inflation since previous month



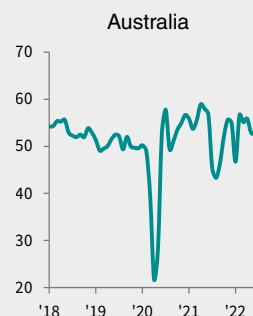
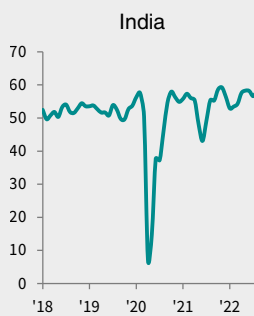
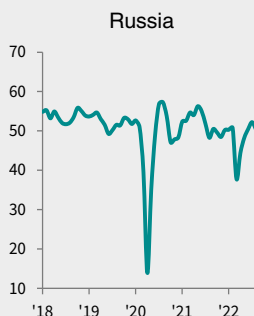
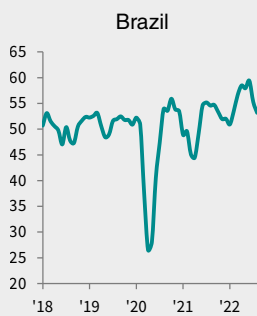
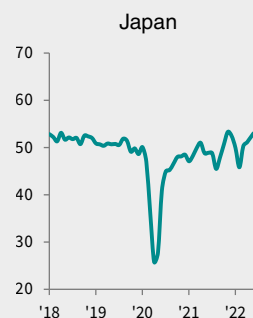
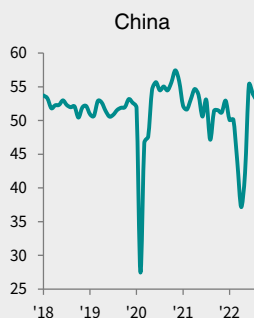
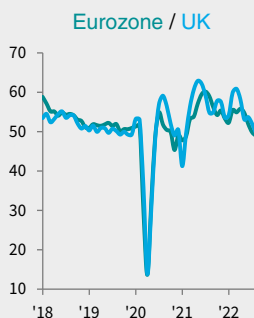
INTERNATIONAL PMI

Composite Output Index, Aug '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

% '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@ihsmarkit.com.

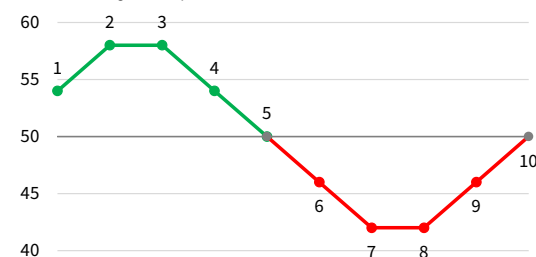
Survey dates and history

Data were collected 12-23 September 2022.

Survey data were first collected in April 2017.

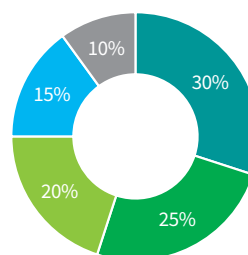
Index interpretation

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™

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.
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.

ihsmarkit.com/products/pmi.html