

# News Release

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## S&P Global Kuwait PMI<sup>®</sup>

### Output growth eases to 19-month low

#### Key findings

Marginal rise in new orders amid competitive pressures

Selling price inflation softest in year-to-date

Staffing levels down for first time in four months

There were signs of a slowdown in the Kuwaiti non-oil private sector during August amid strong competitive pressures. Output and new orders continued to rise, but the respective rates of expansion eased and were only marginal. Meanwhile, employment decreased for the first time in four months.

The aforementioned competitive pressures meant that firms increased their output prices at a softer pace, with overall input cost inflation also easing from July.

The Kuwait Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>) indices are compiled from survey responses from a panel of around 350 private sector companies. The panel covers the manufacturing, construction, wholesale, retail, and services sectors.

The headline S&P Global Kuwait PMI is a composite single-figure indicator of non-oil private sector performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases.

The headline PMI dipped below the 50.0 no-change mark for the first time in just over a year-and-a-half in August. At 49.7, the reading was down from 51.5 in July and signalled a marginal decline in the health of the non-oil private sector midway through the third quarter of the year.

Business activity continued to rise, extending the current sequence of growth to 19 months. The rate of expansion was only marginal, however, and the weakest in this period.

The same was true of new orders. While competitive pricing and advertising helped lead to a rise in new business again in August, the rate of growth softened as some firms reported having lost business to cheaper alternatives. The rate of expansion in new business from abroad held up better than that seen for total new orders, with sales to clients in neighbouring countries helping to drive a marked increase in new export orders.

Employment decreased for the first time in four months,

S&P Global Kuwait PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

#### Comment

Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

*"The intense competition in the Kuwaiti non-oil private sector took a toll on growth in August, with new orders and business activity up only marginally during the month. While hopefully just a blip rather than the start of a more prolonged slowdown, the data highlight the challenges faced by firms. Confidence also waned, in part due to the effects competing for new business could have on profit margins."*

*"Overall cost inflation eased in August, providing some room for firms to offer discounts, but input prices were still up sharply and so companies will be looking to save more in the months ahead if they are to win the battle to secure new business."*

PMI<sup>®</sup>

by S&P Global

after having been unchanged in July. Slower growth of new orders led some firms to reduce workforce numbers.

The drop in employment meant that backlogs of work continued to rise, although the pace of accumulation softened and was only marginal.

The offer of discounts by some firms to secure new business meant that output prices increased only slightly in August, and at the softest pace in 2024 so far. Charges continued to rise, however, amid increases in input costs.

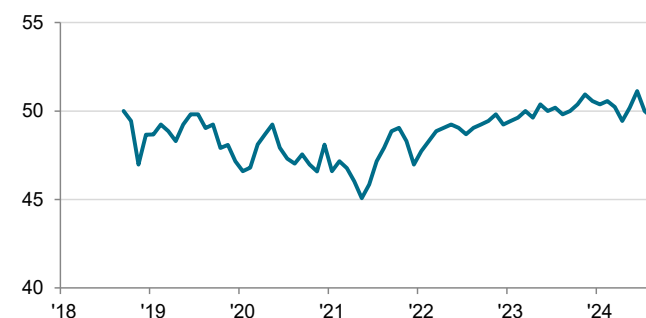
Purchase prices rose sharply, amid reports of higher costs for a range of items including advertising, air conditioning, computer and printing equipment, maintenance and transportation. Meanwhile, the pace of staff cost inflation eased from the series record posted in July.

Purchasing activity continued to rise, but the rate of growth slowed in line with those seen for output and new orders. Stocks of inputs were unchanged, ending a 28-month sequence of accumulation. Meanwhile, suppliers' delivery times shortened again during August.

Competitive pressures caused a drop in business sentiment, with some companies concerned about the impact on new order volumes and profit margins. Firms predicted growth of output amid plans for new marketing strategies, but confidence eased to a seven-month low.

## PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

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### Survey methodology

The S&P Global Kuwait PMI® is compiled by S&P Global from responses to questionnaires sent to executives in a panel of around 350 private sector companies. Depending on the type of company responding to the questionnaire, the respondents themselves are either specific purchasing managers, senior executives, finance directors, or someone in a senior position that is best placed to answer the various questions included in the survey. Interviews are conducted by a local research agency who contact respondents by telephone to record their answers to the questionnaires.

The panel of companies is generally stable from month to month and panel attrition low. Changes might occur if companies or individuals decide to leave the panel, or firms go out of business. In these instances, new companies are recruited from the same industry sector as those being replaced. The panel structure is also reviewed on an annual basis to ensure that it continues to replicate the actual structure of the economy.

The panel is stratified by detailed sector and company workforce size, based on contributions to non-oil GDP. The sectors covered by the survey include manufacturing, construction, wholesale, retail and services. Data were first collected September 2018.

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](mailto:economics@spglobal.com).

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