

News Release

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S&P Global Kuwait PMI®

Growth moves up a gear in November

Key findings

Strongest improvement in business conditions since July 2020

Output and new orders rise at second-sharpest rates on record

Firms ramp up purchasing and take on extra staff

Business activity in Kuwait's non-oil private sector increased rapidly in November on the back of a sharp rise in new orders. In fact, growth rates were among the strongest on record, bettered only by the rebound seen in July 2020 following the loosening of COVID-19 restrictions.

Meanwhile, rates of increase in purchasing activity and stocks of inputs were the sharpest on record, and firms raised their staffing levels at the joint-fastest pace since the survey began in September 2018, equal with June.

The Kuwait Purchasing Managers' Index™ (PMI®) 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 rose to 55.9 in November, well up from the reading of 52.7 in October and pointing to an improvement in non-oil business conditions for the third month running. In fact, operating conditions strengthened to the largest extent since the survey record posted in July 2020.

Companies were again able to generate growth of new business in November amid competitive pricing and successful advertising. Moreover, the pace of expansion quickened sharply and was the second-fastest since the survey began in September 2018, behind only that seen in July 2020.

A similar picture was seen with regards to business activity, which increased rapidly. As well as the rise in sales as a result of price discounting and advertising work, some firms also mentioned that extended working hours had contributed to higher activity. Non-oil output has now risen in each of the

S&P Global Kuwait PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12 - 25 November 2024.

Comment

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

"Companies in Kuwait saw growth accelerate sharply in November. In fact, excluding the COVID-19 pandemic period when business conditions were affected by the imposition and loosening of restrictions on movement, the latest month was the best we have seen since the PMI survey began in September 2018."

"The strength of demand meant that companies took on extra staff, expanded purchasing and extended working hours to try to keep up. The fact that backlogs of work continued to rise despite these efforts suggests that further increases in output will follow in the months ahead."

"The particularly strong growth rates seen in November are unlikely to be sustained, but the non-oil private sector is clearly in good shape as the end of 2024 nears."

PMI®

by S&P Global

past 22 months.

Paying employees for working overtime contributed to a rise in staff costs, with the pace of inflation quickening to a four-month high.

As well as extending working hours, companies took on extra staff for the third month running in response to greater workloads. In fact, the rate of job creation was the joint-strongest on record, equal with that seen in June.

The rise in employment was insufficient to prevent a further build-up of backlogs of work, however, given the strength of the expansion in new orders.

Efforts to keep on top of order requirements led companies to ramp up their purchasing activity. Input buying increased at the sharpest pace on record, as did inventories. Some firms indicated that they had taken advantage of discounts offered by suppliers to secure inputs. Meanwhile, suppliers' delivery times shortened again.

The rate of purchase cost inflation was little changed from that seen in October, but remained marked. Companies noted higher prices for a range of items, including machinery maintenance, marketing, stationery, transportation and utilities. Output price inflation ticked up to a four-month high, but remained broadly in line with the series average and well below that seen for input costs as some firms lowered prices to attract customers.

Finally, business confidence strengthened for the third month running to the highest since June.

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.

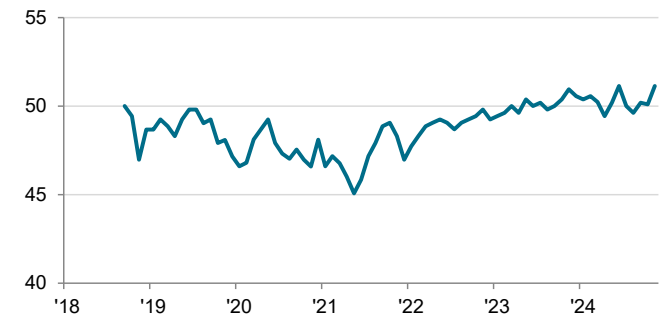
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PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

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