

Weekly Insights 6 May 2021: What do PMIs, Consumer Spending & Domestic Credit Tell us about Economic Activity?

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Manufacturing PMI rises globally; but, widespread vaccination required for confidence 1. boost going forward

Heatmap of Manufacturing PMIs

	US	Germany	EU	UK	Japan	China	India
Jan-19	54.9	49.7	50.6	52.8	50.3	48.3	53.9
Feb-19	53.0	47.6	49.5	52.1	48.9	49.9	54.3
Mar-19	52.4	44.1	48.3	55.1	49.2	50.8	52.6
Apr-19	52.6	44.4	48.4	53.1	50.2	50.2	51.8
May-19	50.5	44.3	47.9	49.4	49.8	50.2	52.7
Jun-19	50.6	45.0	47.6	48.0	49.3	49.4	52.1
Jul-19	50.4	43.2	46.6	48.0	49.4	49.9	52.5
Aug-19	50.3	43.5	47.1	47.4	49.3	50.4	51.4
Sep-19	51.1	41.7	46.0	48.3	48.9	51.4	51.4
Oct-19	51.3	42.1	46.2	49.6	48.4	51.7	50.6
Nov-19	52.6	44.1	47.0	48.9	48.9	51.8	51.2
Dec-19	52.4	43.7	46.4	47.5	48.4	51.5	52.7
Jan-20	51.9	45.3	48.1	50.0	48.8	51.1	55.3
Feb-20	50.7	48.0	49.1	51.7	47.8	40.3	54.5
Mar-20	48.5	45.4	44.3	47.8	44.8	50.1	51.8
Apr-20	36.1	34.5	33.4	32.6	41.9	49.4	27.4
May-20	39.8	36.6	39.5	40.7	38.4	50.7	30.8
Jun-20	49.8	45.2	47.4	50.1	40.1	51.2	47.2
Jul-20	50.9	51.0	51.7	53.3	45.2	52.8	46.0
Aug-20	53.1	52.2	51.6	55.2	47.2	53.1	52.0
Sep-20	53.2	56.4	53.5	54.1	47.7	53.0	56.8
Oct-20	53.4	58.2	54.8	53.7	48.7	53.6	58.9
Nov-20	56.7	57.8	53.8	55.6	49.0	54.9	56.3
Dec-20	57.1	58.3	55.2	57.5	50.0	53.0	56.4
Jan-21	59.2	57.1	54.8	54.1	49.8	51.5	57.7
Feb-21	58.6	60.7	57.9	55.1	51.4	50.9	57.5
Mar-21	59.1	66.6	62.5	58.9	52.7	50.6	55.4
Apr-21	60.5	66.2	62.9	60.9	53.6	51.9	55.5

Source: Refinitiv Datastream, Nasser Saidi & Associates

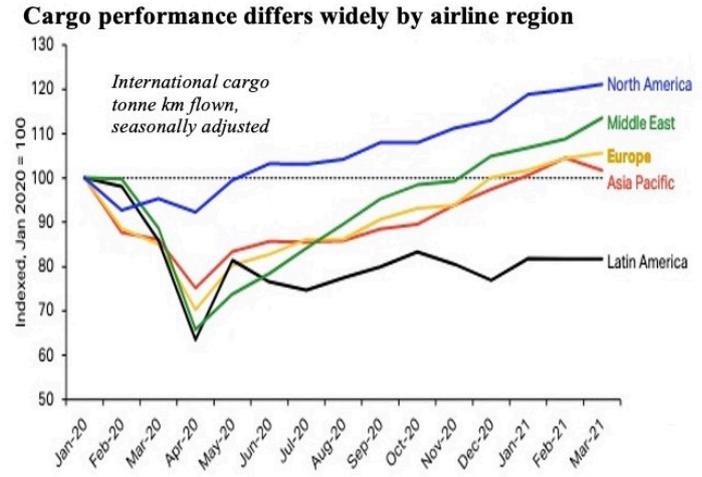
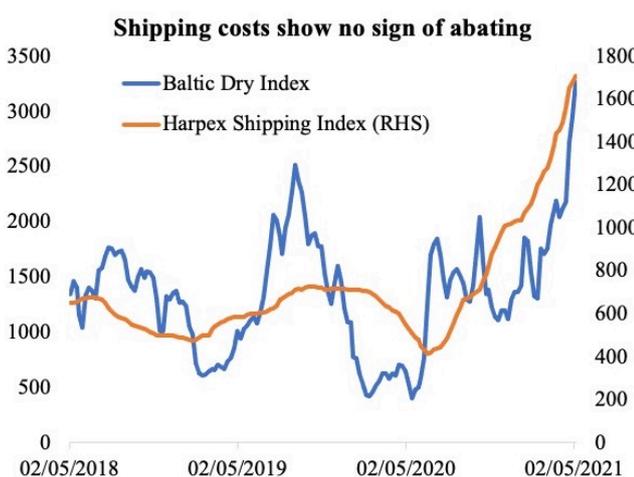
vaccination pace has been steadily increasing in many advanced The •
including the US and UK – allowing the nations to reduce and/or remove nations

return in confidence, evident in recent PMI severe restrictions. This has resulted in a **data.**

However, the **recent surge in Covid cases in India and Brazil could result in** •
 (Singapore reverted to Phase 2 restrictions); the only way out seems to be to **spillovers** •
 vaccinating a vast majority of the global population. •
 : in Africa, **in vaccination lagging behind countries are severely poor** Unfortunately, •
 just 1% of the population has received at least one jab and 4.4% in Asia. This compares •
 to 22% and 44% in Europe and America respectively. Vaccine shortages are still a •
 problem (India's Serum Institute is said to be severely behind on production) •
 , record **global manufacturing PMI hit a 11-year high** Another word of caution : while •
input costs rose at the supply chain delays are leading to production constraints; •
fastest rate in a decade

Shipping costs climb as demand increases, while air cargo struggles to keep up2.

Container ship port calls are in many regions back to pre-pandemic numbers or •
 (UNCTAD). But, high demand alongside shortage of containers has led to a **higher** •
 surge in shipping costs (especially on long-distance routes). The recent Suez Canal •
vulnerability of trade chokepoints.blockage calls into question the •
 : long-haul flights are still **Demand for commercial air traffic remains depressed** •
 bearing most of the brunt as domestic travel is slowly picking up (as seen in China and •
 the US). Travel bookings indicate strong domestic travel intentions and Europe could •
 also witness a boost when it opens in summer for vaccinated tourists. •
 (revenue **Closure of long-haul routes continue to affect Middle Eastern airlines** •
strong passenger kilometers were down by 81.7% yoy in Feb vs 74.7% globally); but, •
 (growing by 8.7% yoy in Feb 2021 vs the 9.5% drop in **cargo growth was recorded** •
 2020; Middle East-Asia route grew the most – by 26.7% in Feb vs -7% in 2020)



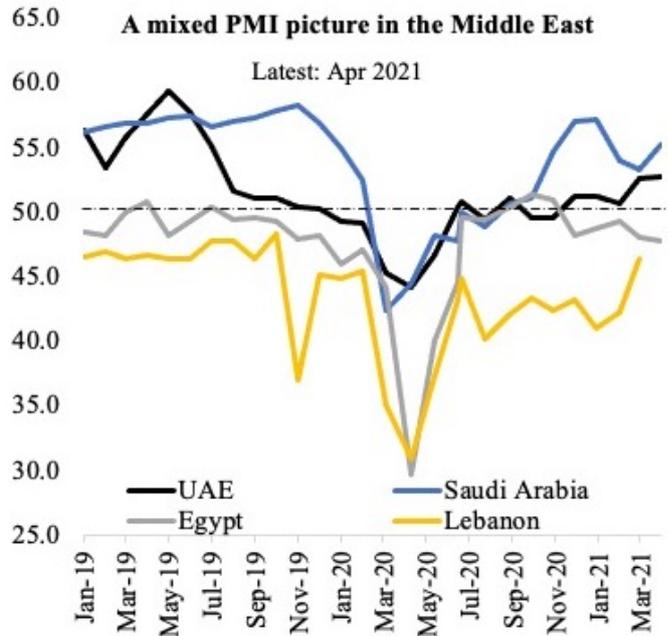
Source: Refinitiv Datastream, IATA Economics

April PMIs edged up in UAE & Saudi Arabia: but employment sub-index diverges (as 3.

Heatmap of non-oil private sector PMIs in Middle East

	UAE	Saudi Arabia	Egypt	Lebanon
Jan-19	56.3	56.2	48.5	46.5
Feb-19	53.4	56.6	48.2	46.9
Mar-19	55.7	56.8	49.9	46.3
Apr-19	57.6	56.8	50.8	46.7
May-19	59.4	57.3	48.2	46.3
Jun-19	57.7	57.4	49.2	46.3
Jul-19	55.1	56.6	50.3	47.7
Aug-19	51.6	57.0	49.4	47.8
Sep-19	51.1	57.3	49.5	46.4
Oct-19	51.1	57.8	49.2	48.3
Nov-19	50.3	58.3	47.9	37.0
Dec-19	50.2	56.9	48.2	45.1
Jan-20	49.3	54.9	46.0	44.9
Feb-20	49.1	52.5	47.1	45.4
Mar-20	45.2	42.4	44.2	35.0
Apr-20	44.1	44.4	29.7	30.9
May-20	46.7	48.1	40.0	37.2
Jun-20	50.4	47.7	44.6	43.2
Jul-20	50.8	50.0	49.6	44.9
Aug-20	49.4	48.8	49.4	40.1
Sep-20	51.0	50.7	50.4	42.1
Oct-20	49.5	51.0	51.4	43.3
Nov-20	49.5	54.7	50.9	42.4
Dec-20	51.2	57.0	48.2	43.2
Jan-21	51.2	57.1	48.7	41.0
Feb-21	50.6	53.9	49.3	42.2
Mar-21	52.6	53.3	48.0	46.4
Apr-21	52.7	55.2	47.7	n.a.

Source: Refinitiv Datastream. Table by Nasser Saidi & Associates (UAE stays below 50)



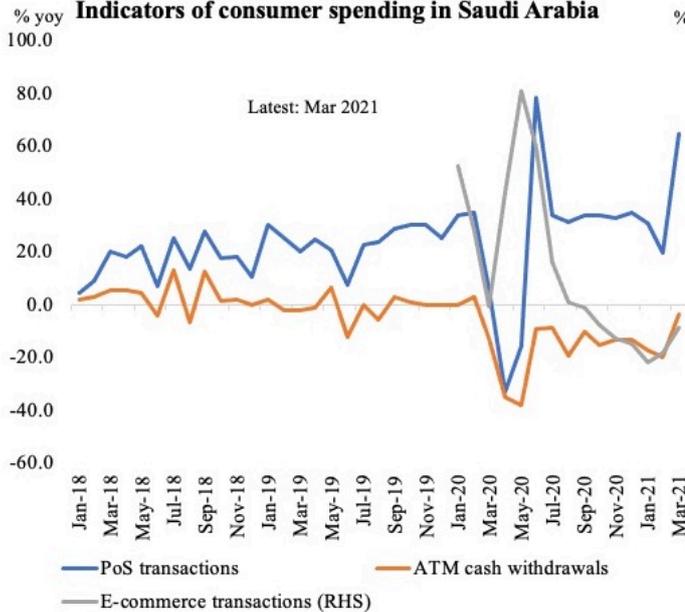
Source: Refinitiv Datastream. Chart by Nasser Saidi & Associates

- **both Saudi Arabia and UAE posted higher PMI readings in Apr; Egypt** In MENA, , falling below-50 for the 5th consecutive month.**declined further**
- While vaccination pace is quite varied in the region, it seems to have a significant impact on business confidence and the expectations of continued economic recovery. **administering 108.99 UAE has been the leader in vaccinating its residents**, doses per 100 persons, versus Saudi Arabia's 28.2 and Egypt's 0.64. This confidence has translated into the PMI readings.
- **With UAE's major export markets still rattled by Covid19, near-term outlook has** ; employment sub-index also fell for the 3rd month in a row. Though export orders **risks** rose, demand was largely domestic based.

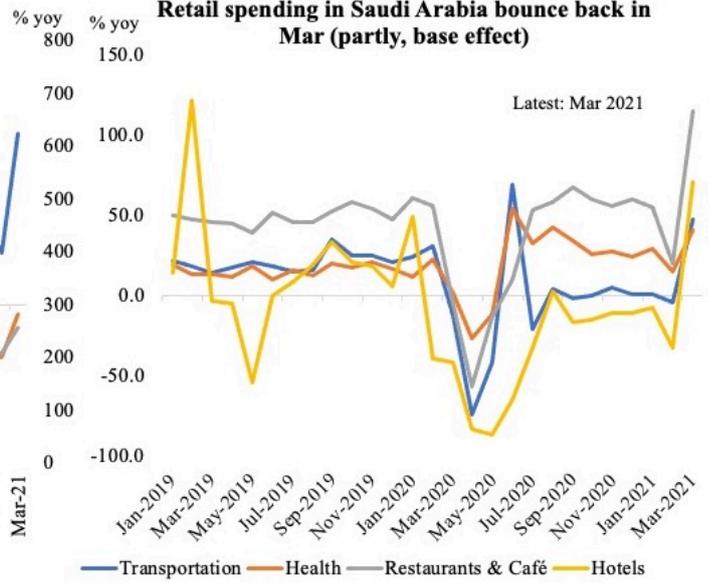
Saudi Arabia Consumer Spending Rebounds in S4.

- **consumer spending showed a rebound in** Central Bank's monthly data on **Saudi** The , **transactions continue to risePoS** , partly due to the low base in Mar 2020.**Mar ATM cash withdrawals fell by just** accelerating by 64.7% yoy and 31.5% mom in Mar. , and by 21% mom., **following 7 months of double-digit declinesyoy4%**

Indicators of consumer spending in Saudi Arabia



Retail spending in Saudi Arabia bounce back in Mar (partly, base effect)

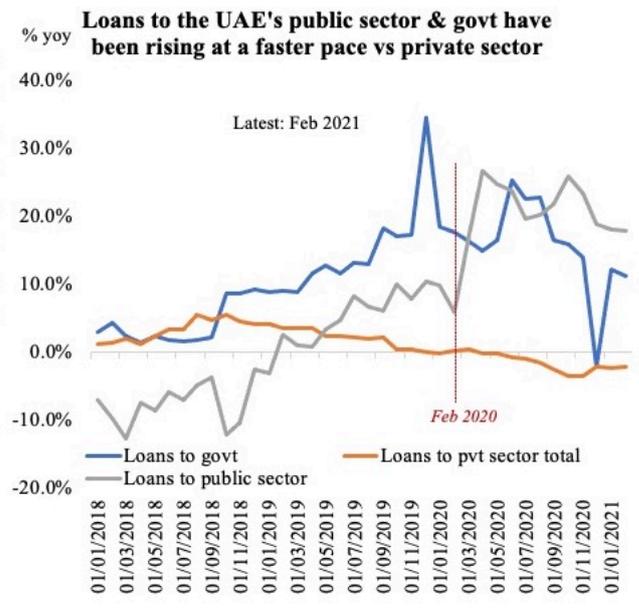
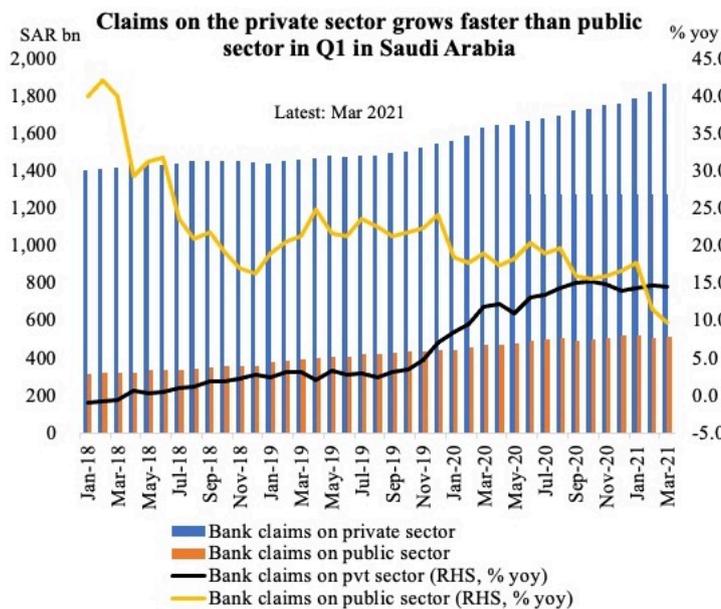


Source: Saudi Central Bank. Charts created by Nasser Saidi & Associates

(-2% mom and -18.3% **education** showed a decline only in **Retail spending by sector** and footwear posted the highest pickup in mom terms (+68.2%). **clothing** yoy); a few sectors ahead of the month of Ramadan (when **Spending has been slower in .food and beverages, and electronics** many discount offers are available) like

Varied patterns of domestic credit growth in Saudi Arabia & the UAE 5.

Loans disbursed in both Saudi Arabia and the UAE has been ticking up in 2021. grew by 2.1% yoy in Jan-Feb 2021; the uptick **UAE** Total domestic credit disbursed in has been in claims to the public sector (+17.9%), government (+11.6%) and private **loans to** financial institutions (+8.8%) vs loans to the private sector (-2.3%). Together, **.the government & public sector accounted for 30% of total in Feb 2021** by 14.6% yoy in Q1 **claims on the private sector grew** meanwhile, **Saudi Arabia In** (+13% yoy). **faster than claims on the public sector**2021 -



Source: Saudi Central Bank, UAE Central Bank. Charts created by Nasser Saidi & Associates