Regional PMIs, December 2025

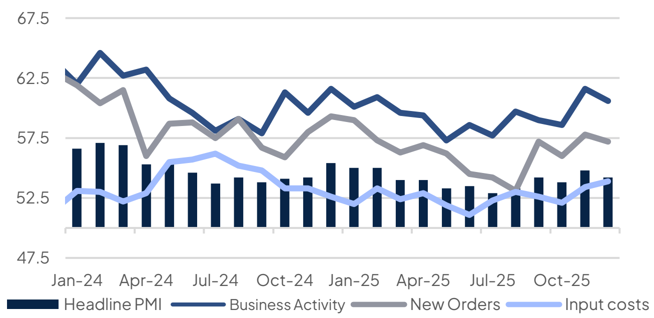
6 January 2026 – Economics

- The S&P Global PMI survey for the UAE slipped to 54.2 in December, down from 54.8 in November.
- The S&P Global PMI survey for Dubai fell to 54.3, down from 54.5 in November.
- The Riyad Bank PMI survey for Saudi Arabia dipped to 57.4 in December, down from 58.5.
- The S&P Global PMI survey for Egypt came in at 50.2 in December, down from 51.1 the previous month.

UAE

The S&P Global PMI survey for the UAE slipped to 54.2 in December, down from 54.8 the previous month. This remains comfortably above the neutral 50.0 line, indicative of positive momentum in the non-oil private sector heading into 2026. The PMI averaged 54.0 over the year with the fourth quarter averaging 54.3, the strongest reading since Q1 as the survey rebounded from a summer lull. Output rose at a slightly softer rate in December compared with the 11-month high seen in November, but the pace of expansion remained robust with over 20% of respondents noting an uptick in business activity compared with only 7% seeing a decline.

UAE PMI survey



Source: S&P Global, Emirates NBD Research

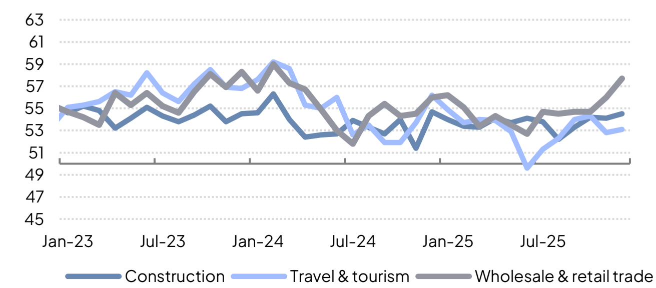
Orderbooks suggest that this strong growth will be maintained through the start of 2026, with new orders growing at a faster pace than the 12-month average, albeit slightly slower than in November. The expansion continues to be driven by the domestic market, with firms noting government policies as being supportive of growth. New export orders saw a much softer pace of growth, albeit marginally stronger than was registered the previous month.

Business optimism declined in December and was low compared to historic averages, with panelists citing concerns around competition and cost pressures. Firms raised headcount despite this, but at a slower pace than November's 18-month high and only modestly overall. Price rises accelerated last month, with businesses noting ongoing pressure from higher materials costs and elevated salary demands as staff coped with higher living costs. Prices charged to customers were raised accordingly.

Dubai

There was a marginal decline in the S&P Global PMI survey for Dubai in December as it fell to 54.3, down from 54.5 in November. The index has picked up from the dip seen in the middle of the year to end with strong momentum heading into 2026, with the final quarter averaging 54.4, compared with a 2025 average of 53.8 – down from 55.1 in 2024. Output strengthened in December to expand at the fastest pace since March 2024, and while new order growth slowed from November it continued to expand strongly, indicating positive growth in output over the start of 2026. Cost pressures for businesses were more acute in December, and they passed these on to customers with output charges rising at the fastest pace since May.

Dubai PMI survey, sectors



Source: S&P Global, Emirates NBD Research

Wholesale & retail trade was the fastest growing of the three sectors individually covered by the survey last month, expanding at the fastest pace since February 2024, bolstered by a marked uptick in new orders, while output growth slowed from November. Business expectations rose in this environment, and firms expanded headcount and increased their stocks of purchases.

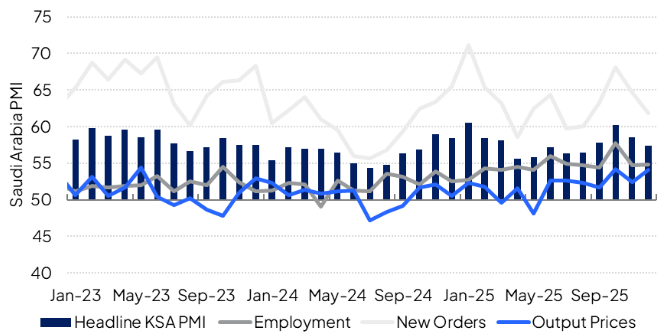
Travel & tourism saw slightly stronger growth in December compared with the previous month as output rose, though a slightly softer pace of expansion in new orders weighed on the headline reading. Input prices rose at a faster pace, and firms passed much of these on to customers. Business optimism declined but remained positive, and there was a modest expansion in headcount.

Construction expanded at the fastest pace since December 2024 last month, with output still expanding at a rapid rate. New orders growth accelerated from November, but business expectations fell compared with the previous month. Input price growth softened slightly from November but remained meaningful, with firms absorbing these costs themselves as prices charged declined for the second month in a row.

Saudi Arabia

The Riyad Bank PMI survey for Saudi Arabia dipped to 57.4 in December, down from 58.5 the previous month. This was the slowest headline reading in four months but remains indicative of a non-oil private sector that is expanding rapidly, and the economy clearly maintained positive momentum heading into 2026. The index averaged 57.7 in 2025, up from 56.5 in 2024, contributing to our estimate of real non-oil GDP growth of 4.9% last year. We expect similarly strong non-oil growth this year, buttressed by positive momentum in oil GDP also as production curbs are rolled back.

Saudi Arabia PMI survey



Source: Riyad Bank, Emirates NBD Research

Output expanded at the slowest pace since August but remained in line with the 2025 trend of rapid growth, with new projects amongst the factors respondents cited as supporting business. The pipeline for new work remains positive with new orders continuing to expand at a rapid clip, although they have slowed somewhat over the past several months, with some firms noting that competition was curbing growth. New orders growth continues to be driven by the domestic market as new export orders expanded at only a marginal pace.

Firms continued to boost headcount in order to cope with the anticipated workflow, with the employment subcomponent expanding at a marginally faster rate in December than seen the previous month. They also boosted their purchases, with over a third of firms reporting higher buying activity, and stocks of purchases rose at a faster pace. Business optimism fell, however, dipping to the lowest level since July last year as firms noted high levels of competition.

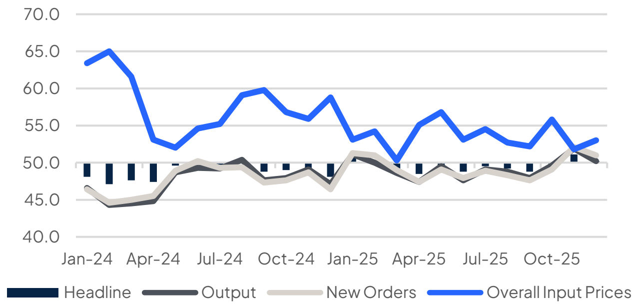
Saudi Arabian businesses saw input costs rise at a faster pace in December after the slowdown in November. This was driven primarily by higher purchase costs, with respondents noting higher import costs being passed on by suppliers, as well as higher costs for new technology. Staff costs also rose but at the slowest pace since April 2024 and most firms noted no change to overall salaries. Firms largely passed on their higher input cost pressures to customers, with output prices rising at a faster pace than in November. Nevertheless, we expect CPI inflation in Saudi Arabia to remain low in 2026 – we forecast an average 1.8% y/y this year, compared with an estimated 1.6% in 2025.

Egypt

The S&P Global PMI survey for Egypt came in at 50.2 in December, down from 51.1 the previous month. While the index declined, it remained in 50.0-plus growth territory for the second month in a row, only the second time in five years that there have been consecutive expansionary readings. Over 2025 as a whole, the survey averaged 49.6, compared with 48.7 in 2024 and 47.9 in 2023. We hold a positive view on Egypt as calendar 2026 begins, with the stronger PMI surveys in recent months confirming our expectation that the improvement in Egypt's financial position would start to generate improvements in the wider economy.

Output remained positive in December after returning to growth the previous month, although the pace of this slowed to marginally positive and there was a mixed performance between sectors, with manufacturing and construction firms expanding while service providers and wholesale & retail firms saw declines. A second month of positive growth in new orders points towards continued gains in output over the coming months, although the pace of growth softened from that in November. New export orders rose at a similar pace to that seen in the previous month and appear to be outpacing those from the domestic market.

Egypt PMI survey



Source: S&P Global, Emirates NBD Research

Input prices rose more swiftly in December, with higher purchase costs driving the increase as they picked up from an eight-month low in November. Respondents noted that higher raw material costs such as cement and fuel were contributing to this – the government implemented another fuel price hike in October but has said that there will be no further rises for 12 months following that, suggesting that input price pressures could soften. Staff costs rose at a similar pace to in November, with cost-of-living pressures driving this. Firms did pass on higher prices to customers at a faster pace in December than the previous month, but at a rate in line with the annual average and we do not expect overt pressures to pass through to CPI inflation from here.

Despite the improvement in output and new orders, business optimism declined in December, with a neutral reading for the subcomponent. This was the first time in the series history that panelists did not expect an uptick in output over the next year. Employment fell for the first time since September and at the fastest pace since November 2024.

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