

## SABB HSBC Purchasing Managers' Index™ Press Release

compiled by markit

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# SABB HSBC Saudi Arabia PMI™

PMI hit series record high in November, pointing to sharp improvement in business conditions

### Summary

The headline index climbed to 62.2 in November – its highest level to date – up from 59.9 in October. The reading signalled another sharp improvement in the health of Saudi Arabia's non-oil private sector economy. Underlying the improvement in the PMI were faster increases in output, new orders, employment and input stocks as well as a slower shortening of supplier lead times.

New order receipts at Saudi Arabian non-oil private sector companies grew substantially during November, and at the fastest rate for five months. Panellists linked stronger demand to an improved economic environment and good company reputations. Data suggested that the domestic market remained the key driver of total new business growth, although new export work rose at a slightly sharper rate than in October.

Further growth of new orders spurred firms to raise output again during November. Activity levels rose rapidly since October and at a series record rate. However, this was not sufficient to clear work-in-hand, which continued to accumulate, and at a faster rate.

Companies hired extra staff, acquired additional inputs and built up stocks of purchases in November to accommodate new order growth and expectations of further expansion in the near future. All three increased at faster rates - the latter noticeably.

Despite greater demand for inputs from the KSA non-oil private sector, supplier delivery times continued to shorten during the latest survey period. This suggests that workloads at vendors remained manageable. However, the rate of improvement moderated since October.

Input cost inflation across the Saudi Arabian non-oil private sector eased during November to a moderate pace. The slowdown reflected weaker rises in both purchasing and staff costs. While the latter eased to only a modest rate, the former remained marked. Anecdotal evidence highlighted greater raw material and fuel prices as the key factors behind increased purchasing costs. Where wages were raised, panellists commented on better business conditions.

To compensate for rising input costs, but also to improve profit margins, KSA non-oil private sector companies increased their charges in November.

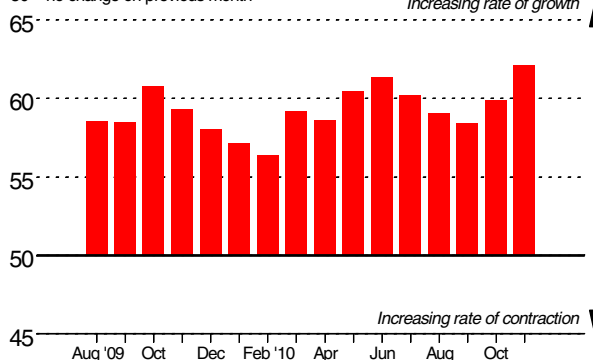
### Key points

- Activity and new orders rose sharply.
- Job creation picked up to robust pace.
- Weaker rise in wages tempered marked increase in purchasing costs.
- Output prices continued to increase.

### Historical Overview

#### SABB HSBC Saudi Arabia PMI

50 = no change on previous month



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## Notes to Editors:

### About SABB HSBC Saudi Arabia Purchasing Managers' Index™

The Purchasing Managers' Index is based on data compiled from monthly replies to questionnaires sent to purchasing executives in approximately 400 private sector companies, which have been carefully selected to accurately represent the true structure of the Saudi Arabia economy, including manufacturing, services, construction and retail. The panel is stratified by Standard Industrial Classification (SIC) group, based on industry contribution to GDP. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The Purchasing Managers' Index (PMI) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact [economics@markit.com](mailto:economics@markit.com).

### SABB:

SABB is a Saudi joint stock company, quoted on the Saudi stock exchange (Tadawul). The HSBC Group has a 40% stake in SABB.

SABB is one of the largest banks in Saudi Arabia, which operates through a large network of branches throughout the country and offers a comprehensive portfolio of personal, corporate and private banking services, both conventional and Islamic.

SABB provides specialist corporate finance services including investment banking advisory, debt and project finance through its associate, HSBC Saudi Arabia Limited. In addition, SABB offers insurance products through SABB Takaful and equity brokerage services through SABB Securities Limited.

### HSBC:

Headquartered in London, HSBC is one of the largest banking and financial services organisations in the world. Its international network comprises some 8,000 offices in 87 countries and territories in Europe; Hong Kong; Rest of Asia-Pacific; the Middle East; North America and Latin America. With assets of US\$2,418 billion at 30 June 2010, HSBC is one of the world's largest banking and financial services organisations. HSBC is marketed worldwide as 'the world's local bank'.

### About Markit:

Markit is a leading, global financial information services company with over 1,900 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information please see [www.markit.com](http://www.markit.com).

### About PMIs:

Now available for 26 countries and key regions including the Eurozone and BRIC, Purchasing Managers' Indexes™ (PMIs™) have become 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.

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