**SABB HSBC Purchasing Managers' Index™ Press Release**

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compiled by markit

# SABB HSBC Saudi Arabia PMI™

## Operating conditions continue to improve in April

### Summary

**The Saudi British Bank "SABB" has published the results of the headline SABB HSBC Saudi Arabia Purchasing Managers' Index™ (PMI™) for April 2013 – a monthly report issued by the bank and HSBC. It reflects the economic performance of Saudi Arabian non-oil producing private sector companies through monitoring a number of variables, including output, orders, prices, stocks and employment.**

April data suggested a further improvement in operating conditions in Saudi Arabia's non-oil producing private sector, as the headline PMI posted 58.0, down slightly from 58.9 in March. While the latest survey data marked the lowest reading in five months, the rate of improvement remained sharp.

Output levels continued to increase at a solid pace in April, with 31% of respondents indicating a rise in production. Panellists linked the expansion to improving market conditions and increased incoming new business. Driven by improved marketing efforts, order book volumes rose during the latest survey period. The rate of growth moderated slightly from March, but remained sharp. New business from abroad also rose at a slightly weaker rate than in the previous survey period.

Non-oil producing private sector companies in Saudi Arabia indicated a third successive monthly increase in levels of outstanding business. Increased new orders was cited as the main reason for the rise in work-in-hand. Meanwhile, vendor performance improved at the sharpest rate in four months.

Average lead times on inputs have now improved for 21 successive survey periods. Most Saudi Arabian companies in the non-oil producing private sector were reluctant to take on additional staff in April. The rate of job creation was near stagnation, and eased to the weakest in a year-and-a-half.

Overall input costs continued to increase during the latest survey period, but the rate of cost inflation eased slightly from March. While an increase in purchase prices was driven by general inflationary pressures, average staff costs were broadly unchanged from the previous month. Output prices charged by Saudi Arabian non-oil producing private sector companies rose moderately in April, as the majority of respondents indicated unchanged charges from the previous month. Where higher charges were reported, panellists commonly commented on increased input costs.

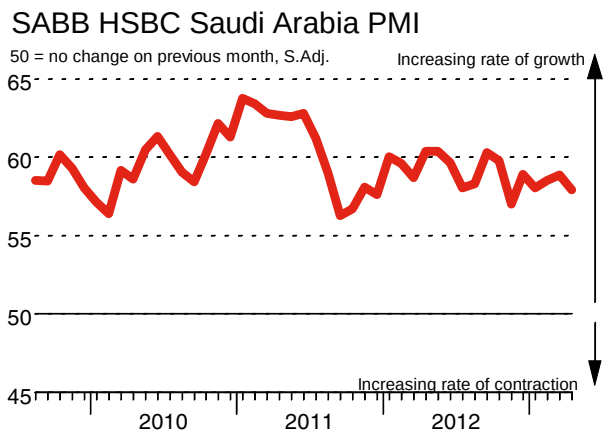
Purchasing activity increased further during April, as 35% of companies recorded a rise in the quantity of inputs purchased. According to anecdotal evidence, the rise was encouraged by increased incoming new business volumes.

Input stocks at Saudi Arabian non-oil producing private sector companies rose during April, as companies predicted growth of incoming new business and production requirements. While pre-production inventories haven risen in every month since data collection began in August 2009, the rate of expansion was the weakest in eight months.

### Key points

- SABB HSBC PMI at 58.0 in April
- Solid rises in both output and new orders recorded
- Employment levels increase at weakest rate in a year-and-a-half
- Rate of expansion of input stocks at eight-month low

### Historical Overview




*Sources: Markit, HSBC.*

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## For further information, please contact:


### SABB

Ibrahim Abo-Mouti, Head of Corporate Communications
Telephone +966-1-276-4041
Email ibrahimabomouti@sabb.com

Yaser M Alamoodi, Manager, Corporate Communications
Telephone +966-1-276-3731
Email yasermalamoodie@sabb.com

### HSBC

Simon Williams, Chief Economist, HSBC Middle East & North Africa
Telephone +971-4-423-6925
Email simon.williams@hsbc.com

### Markit

Oliver Kolodseike, Economist
Telephone +44-1491-461-003
Email oliver.kolodseike@markit.com

Caroline Lumley, Corporate Communications
Telephone +44-20-7260-2047
Mobile +44-7815-812-162
Email caroline.lumley@markit.com


## Notes to Editors:

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.

## 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:

HSBC is one of the world's largest banking and financial services organisations, with around 6,600 offices in both established and faster-growing markets. We aim to be where the economic growth is, connecting customers to

opportunities, enabling businesses to thrive and economies to prosper, and ultimately helping people to fulfil their hopes and realise their ambitions.

We serve around 58 million customers through our four global businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. Our network covers 81 countries and territories in six geographical regions: Europe, Hong Kong, Rest of Asia-Pacific, Middle East and North Africa, North America and Latin America. Our aim is to be acknowledged as the world's leading international bank.

Listed on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc are held by about 220,000 shareholders in 129 countries and territories.

## About Markit:

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## About PMIs:

*Purchasing Managers' Index™ (PMI™)* surveys are now available for 32 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. To learn more go to www.markit.com/economics

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