

Dubai Business Survey Q2, 2024

Glossary

- **Business Performance:** It refers to the actual performance of the business during the **same quarter** in which the survey is conducted. This includes the financial and operational results achieved by the business during that specific period.
- **Business Outlook:** It represents the expectations and forecasts of the business for the **upcoming quarter**. This focuses on the anticipated performance and projections for the future, taking into account indicators such as sales, profitability, market conditions, and other relevant factors.
- **Composite BCI:** The **Business Confidence Index** (BCI) is calculated as a weighted average score of the following 'business outlook' indicators: Selling Prices, Volumes Sold, Number of Employees, Profits.
- **SMEs:** The definition of SMEs, according to the **DET**, is as follows:
 - In the **trading** sector, a company is considered an SME if it has 200 employees or fewer and a total turnover of 250 million or less.
 - In the **manufacturing** sector, a company is classified as an SME if it has 250 employees or fewer and a total turnover of 250 million or less.
 - In the **service** sector, an SME is defined as a company with 200 employees or fewer and a turnover of less than 200 million.
- **Large Company:** The definition of a large company, according to the DET, is as follows:
 - In the **trading** sector, a company is considered large if it has more than 200 employees and a total turnover exceeding 250 million.
 - In the **manufacturing** sector, a company is classified as large if it has more than 250 employees and a total turnover more than 250 million.
 - In the **service** sector, a large company is defined as having more than 200 employees and a turnover exceeding 200 million.

Key Highlights

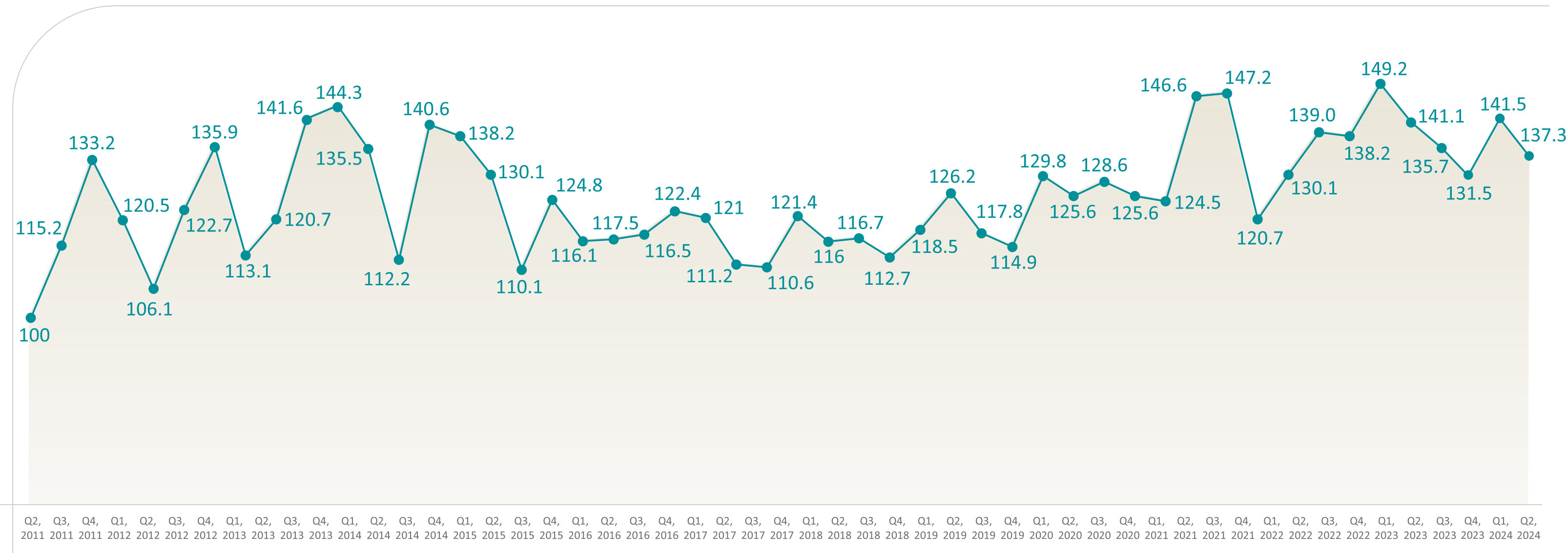
- The Composite Business Confidence Index (BCI) slipped 4.2 points q-o-q from 141.5 points in Q1, 2024 to 137.3 points in Q2, 2024, suggesting a slight moderation in business activity in Dubai.
- Large companies continued to maintain stronger projections in Q2, 2024 as compared to SMEs with Composite BCI scores of 143.3 and 128.2 points, respectively. Large companies fared much better than the SME counterpart on all parameters.
- The exporting community in Dubai is optimistic with a composite BCI score of 124.2 points in Q2, 2024 from 122.1 points in Q1, 2024.
- Manufacturing firms continued to be more optimistic in Q2, 2024 compared to trading and service sector firms with BCI scores of 186.4, 112.9 and 120.3 points, respectively.
- In Q2, 2024, the survey highlighted the most pressing challenges, with competition, costs (raw materials, rentals, and energy), and demand being the primary issues impacting businesses in Dubai.
- In Q2, 2024, respondents were largely seeking government support in reducing government fees, rental costs and fuel costs.



OVERALL BUSINESS OUTLOOK – Q3, 2024

Business Confidence Index Trend (Q2, 2011 to Q2, 2024)

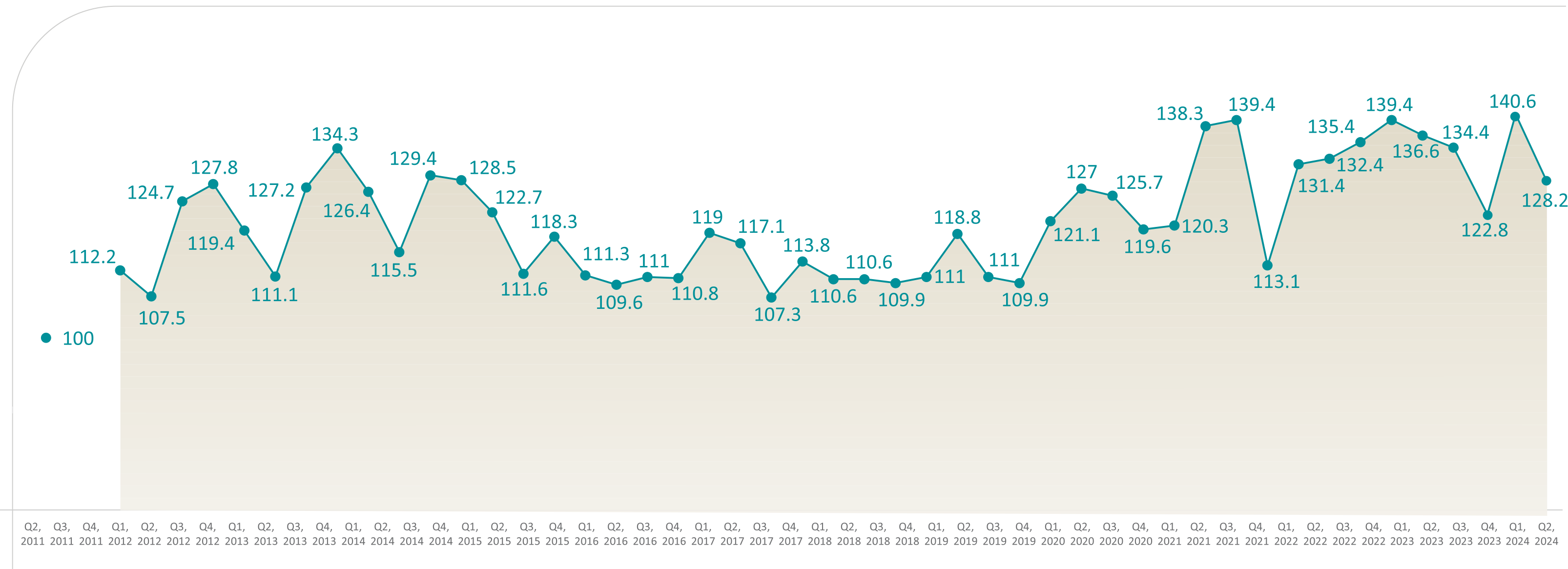
Composite Business Confidence Index



Over the years, the Composite Business Confidence Index (BCI) has consistently shown an upward trajectory, reflecting a favorable outlook among business owners. The Composite BCI in Q1, 2024 marked a notable increase compared to the previous quarter, rising 10 points q-o-q to 141.5 points. However, in Q2, 2024, the BCI slightly decreased to 137.3 points, suggesting a slight moderation in business activity in Dubai.

SME Index Trend (Q2, 2011 to Q2, 2024)

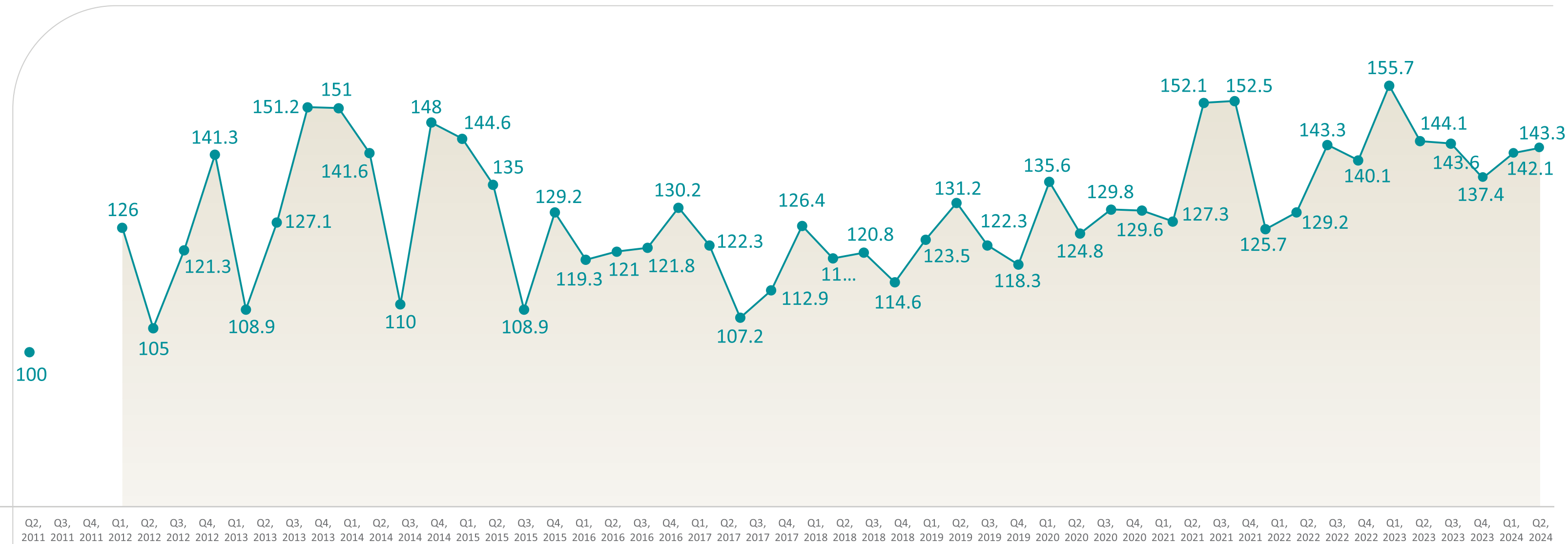
SME Index



Dubai's SME sector demonstrated a consistently positive trajectory in the Business Confidence Index (BCI). In line with the overall positive sentiments, Dubai's SME sector also experienced an uptick in business activity. The SME Index touched a high in the series at 140.6 points in Q1, 2024. However, the BCI for Q2, 2024 saw a decline to 128.2 points, which, while lower than the previous quarter, still represents a strong performance compared to historical data.

Large Company Index Trend (Q2, 2011 to Q2, 2024)

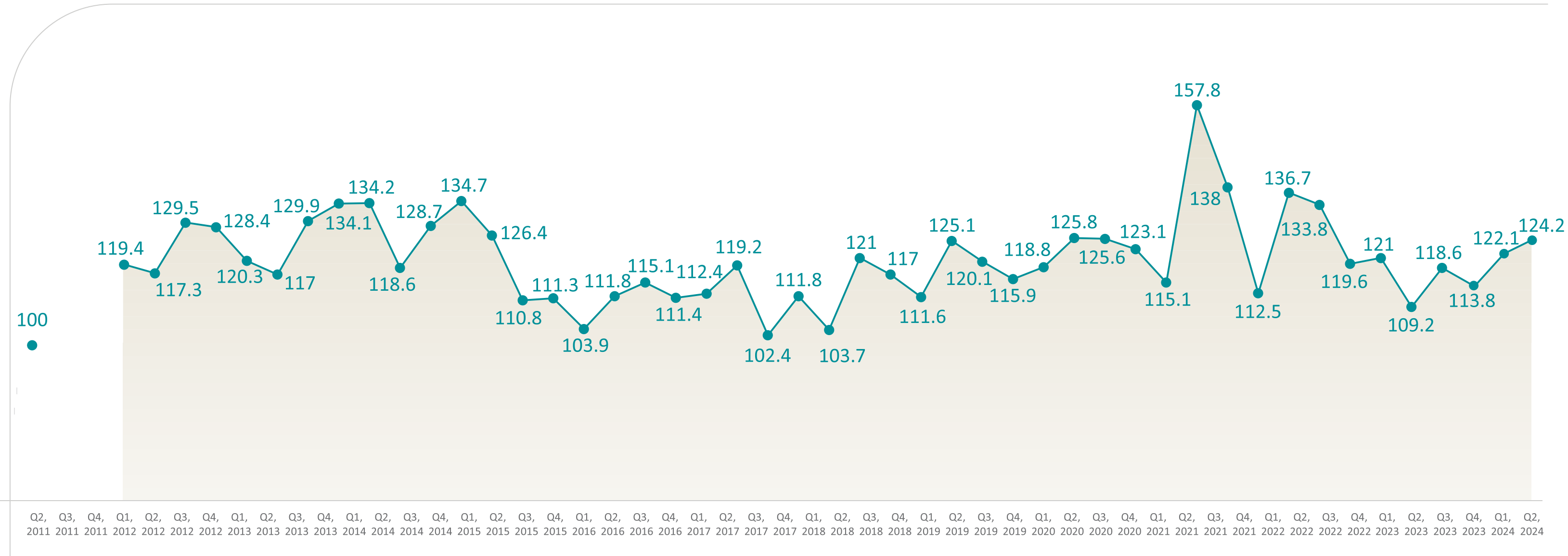
Large Index



In line with the overall sentiments, the large company index was recorded at 143.3 points in Q2, 2024, up from 142.1 points in Q1, 2024, up 1.2 points over the quarter. Large companies in Dubai have stronger projections compared to SMEs across all parameters.

Exporters Confidence Index Trend (Q2, 2011 to Q2, 2024)

Exporters Confidence Index

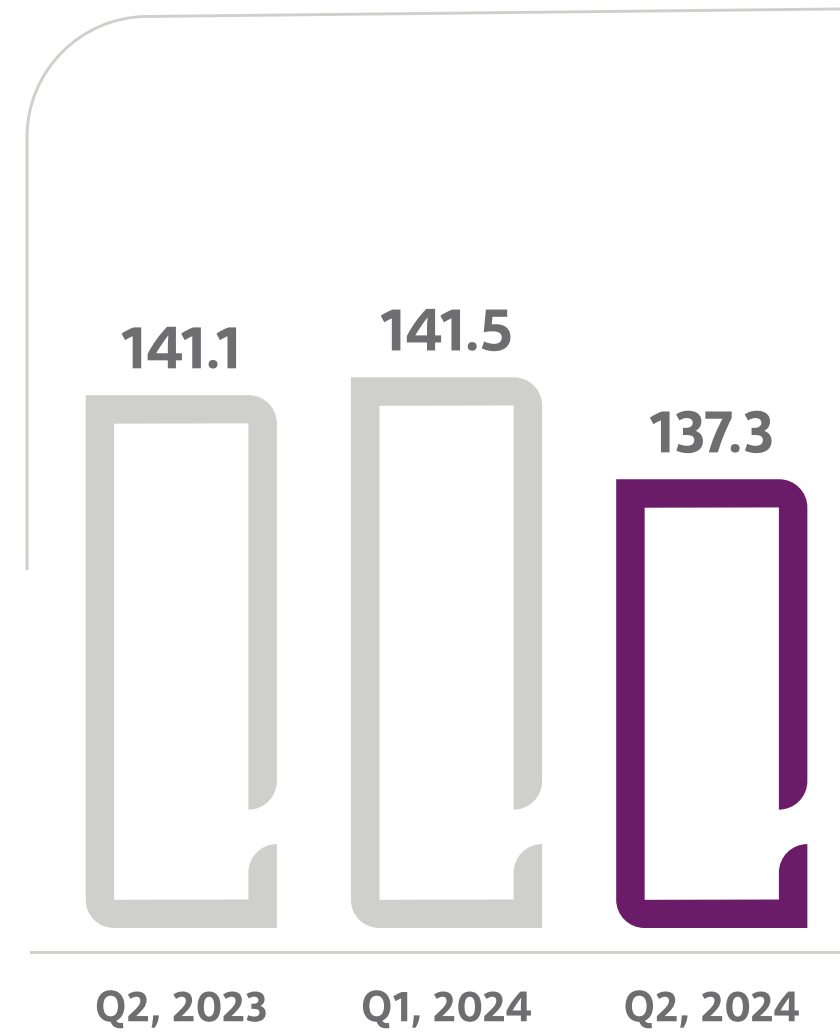


The exporting community recorded a BCI score of 124.2 points in Q2, 2024 up 2.1 points over the previous quarter's score of 122.1 points, reflecting an optimistic outlook within the exporting community.

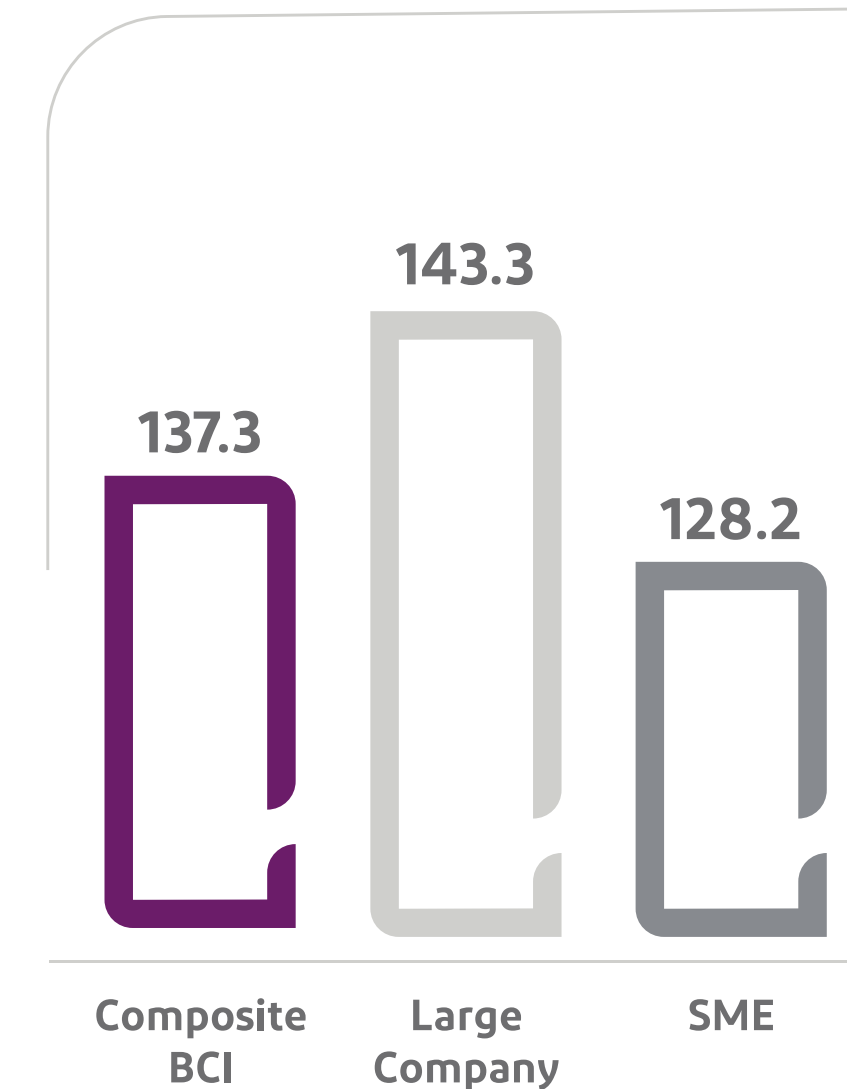
Business Confidence Index

- The Composite Business Confidence Index (BCI) slipped 4.2 points q-o-q from 141.1 points in Q1, 2024, and 3.8 points y-o-y from 141.1 points in Q2, 2023 to 137.3 points in Q2, 2024.
- Large companies maintained stronger projections in Q2, 2024 as compared to SMEs with Composite BCI scores of 143.3 and 128.2 points, respectively.
- Manufacturing firms continued to be more optimistic in Q2, 2024 compared to trading and service sector firms with BCI scores of 186.4, 112.9 and 120.3 points, respectively.

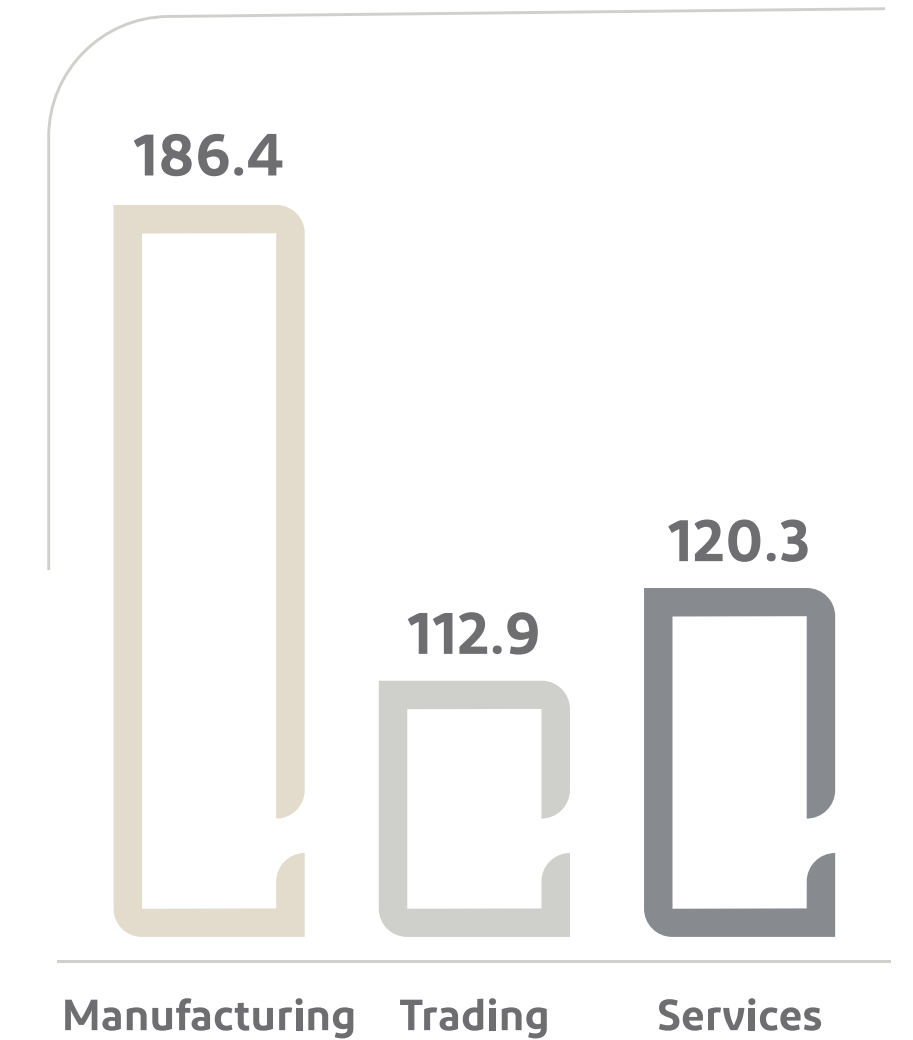
Composite Business Confidence Index
Q2, 2024



Composite Business Confidence Index by Size
Q2, 2024

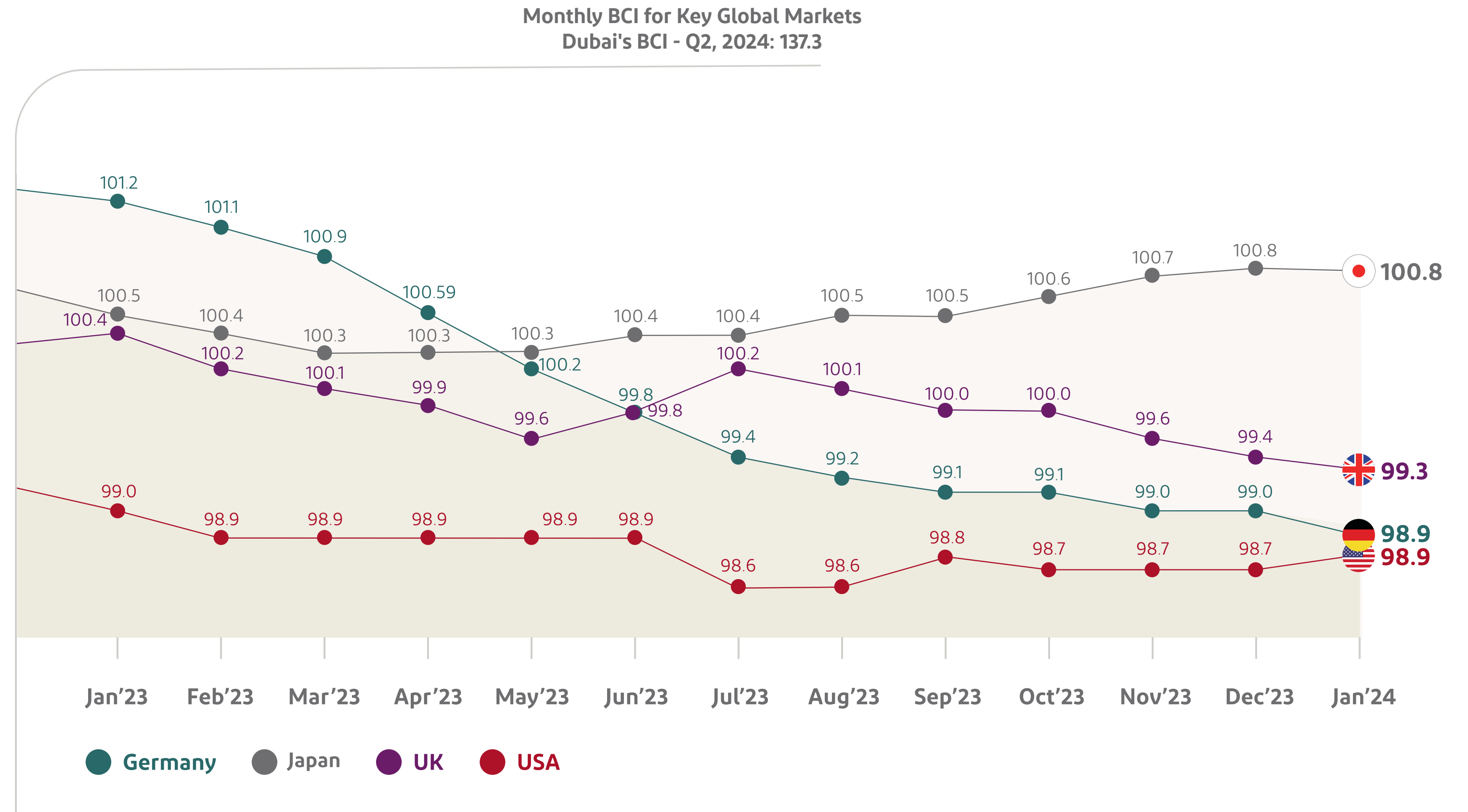


Composite Business Confidence Index by Sectors
Q2, 2024



Global Business Confidence Index Trends

- The OECD projects steady global growth for 2024 and 2025, with declining inflation and improving labor markets, although challenges remain, particularly in advanced economies and due to geopolitical uncertainties.
- Japan's BCI rose from 100.5 points in January 2023 to 100.8 points in January 2024, marked by a cautious optimism regarding growth and employment, alongside persistent challenges related to inflation and external economic pressures.
- UK's BCI slipped below the 100-point mark to 99.3 in January 2024, with the OECD projecting the UK to have the slowest growth in 2024 at 0.4%.
- Germany's BCI slipped from 101.2 points in January 2023 to 98.9 points in January 2024, indicating a slow economic recovery, with modest GDP growth (growth by 0.2% in 2024 and 1.1% in 2025), declining inflation, and stable employment.
- The BCI for the US climbed slightly with a projected GDP growth to be 2.6% in 2024, before slowing to 1.8% in 2025 as the economy adjusts to high borrowing costs and moderating domestic demand.



Overall Outlook – Q3, 2024

	Q3, 2023				Q2, 2024				Q3, 2024			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	51%	1%	48%	50%	57%	2%	41%	55%	45%	3%	52%	42%
Selling Prices	29%	2%	69%	27%	35%	1%	64%	34%	26%	1%	73%	25%
Volumes Sold	51%	1%	48%	50%	57%	2%	41%	55%	45%	3%	52%	42%
No. of Employees	26%	0%	74%	26%	25%	0%	75%	25%	15%	0%	85%	15%
Profits	51%	1%	48%	50%	57%	2%	41%	55%	45%	3%	52%	42%
New Purchase Orders	51%	1%	48%	50%	49%	1%	50%	48%	31%	0%	69%	31%

- On a yearly basis, the net balances of all parameters slipped.
- Over 40% of the respondents expect volumes to increase in Q3, 2024 backed by expectations of improving market conditions, and expectations of securing new projects and contracts.
- A significant 73% of the respondents expect their selling prices to remain stable, with 26% increasing prices of their products due to rising cost of services, higher demand of products, expectations of improved business conditions, general inflationary conditions and competition.
- A majority 85% will keep employee count at their current level, with 15% increasing the count amid expectations of positive market conditions, and the expansion and improvement of service offerings.

OVERALL BUSINESS PERFORMANCE – Q2, 2024

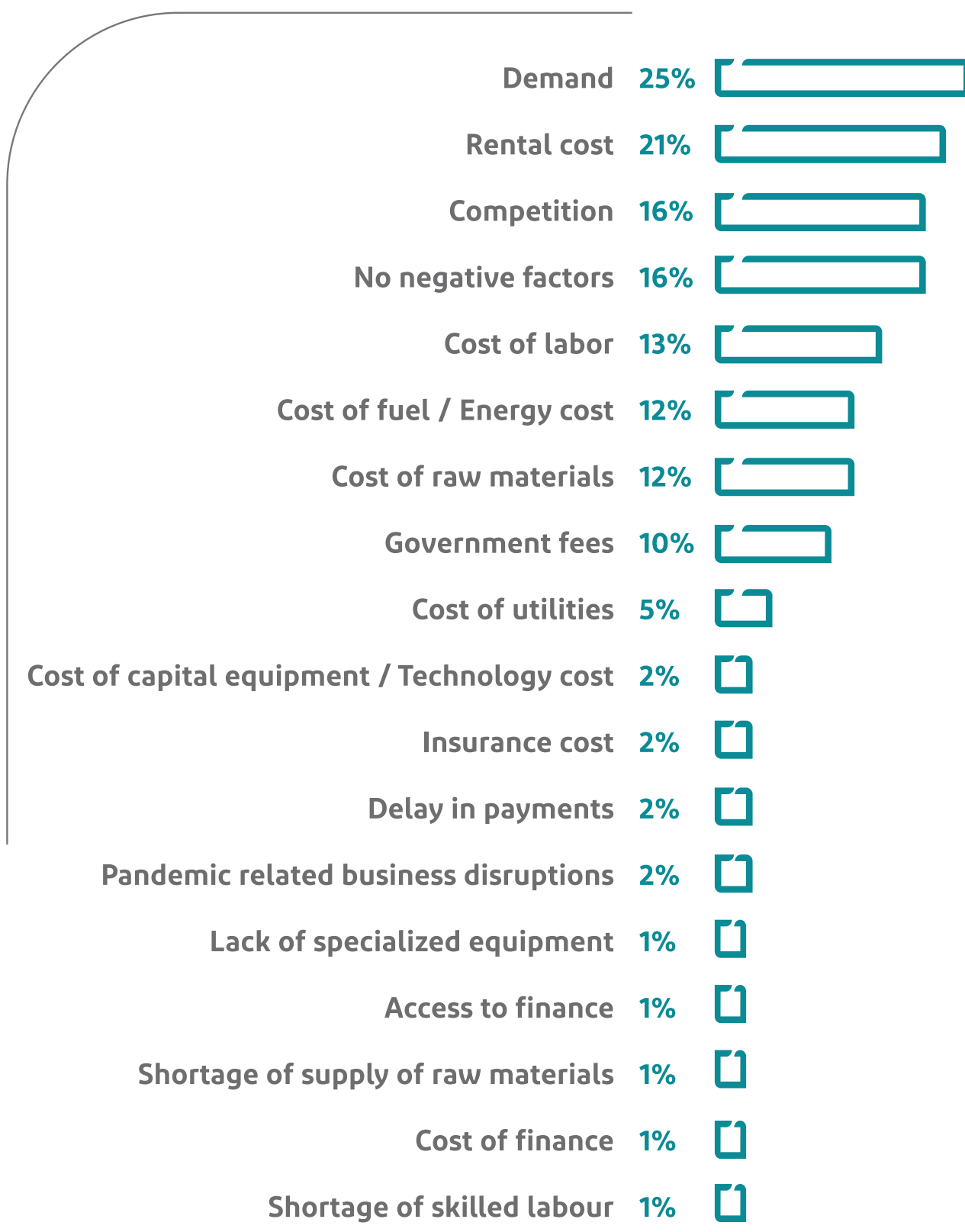
Overall Actual Performance – Q2, 2024

	Q2, 2023				Q1, 2024				Q2, 2024			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	50%	6%	44%	44%	52%	2%	46%	50%	45%	4%	51%	41%
Selling Prices	30%	2%	68%	28%	36%	2%	62%	34%	22%	1%	77%	21%
Volumes Sold	50%	6%	44%	44%	52%	2%	46%	50%	45%	4%	51%	41%
No. of Employees	21%	0%	79%	21%	16%	0%	84%	16%	14%	2%	84%	12%
Profits	50%	6%	44%	44%	52%	2%	46%	50%	45%	4%	51%	41%
New Purchase Orders	50%	6%	44%	44%	41%	6%	53%	35%	32%	1%	67%	31%

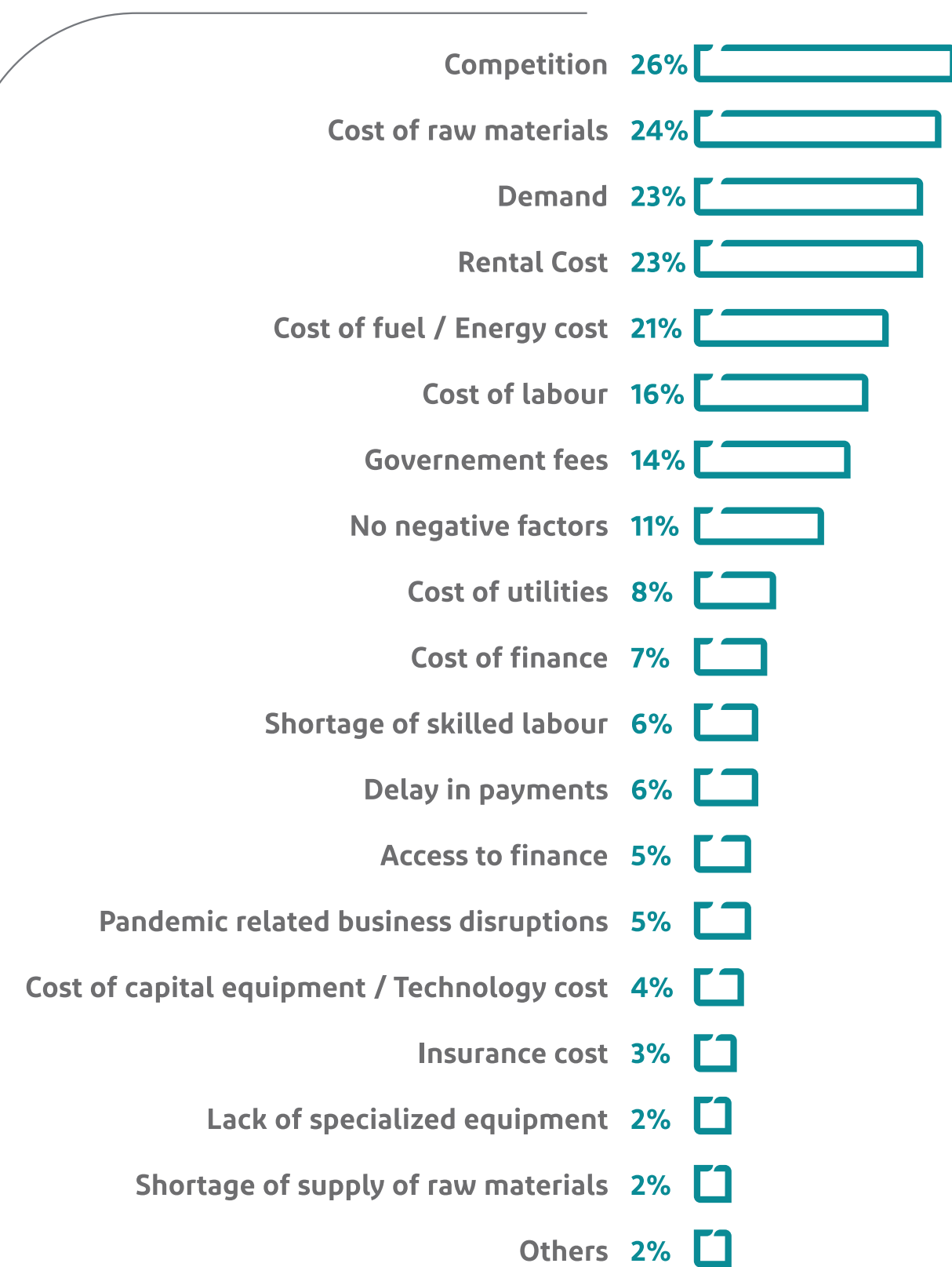
- On a y-o-y basis, all parameters trended lower.
- In terms of volumes sold, 45% of the respondents reported an increase due to stable economic and market conditions, and increased demand and customer base.
- A majority 77% kept selling prices at the same level, while 22% increased prices due to the rising costs of services, fuel, raw materials, and increased demand of their products.

Key Business Challenges

Key Business Challenges – Q1, 2024



Key Business Challenges – Q2, 2024



- Competition (26%) was the most significant challenge in Q2, 2024, up from 16% in Q1, 2024.
- Cost of raw materials (24%) became a major concern, significantly increasing from 12% from the previous quarter.
- Lack of demand (23%) continued to be a significant issue, consistent with the previous quarter.
- Rental cost (23%) remained a substantial challenge, slightly up from 21% in Q1, 2024.
- In Q2, 2024, cost of fuel/energy (21%) impacted businesses more, rising from 12% in Q1, 2024.
- Cost of labor (16%) grew as a concern, up from 13% in Q1, 2024.
- In Q2, 2024, government fees (14%) also increased, up from 10% in the previous quarter.

DUBAI SME OUTLOOK & PERFORMANCE

SME Outlook – Q3, 2024

	Q3, 2023				Q2, 2024				Q3, 2024			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	50%	0%	50%	50%	56%	2%	42%	54%	43%	3%	54%	40%
Selling Prices	28%	2%	70%	26%	35%	2%	63%	33%	25%	1%	74%	24%
Volumes Sold	50%	0%	50%	50%	57%	2%	41%	55%	43%	3%	54%	40%
No. of Employees	26%	0%	74%	26%	25%	0%	75%	25%	14%	0%	86%	14%
Profits	50%	0%	50%	50%	57%	2%	41%	55%	43%	3%	54%	40%
New Purchase Orders	50%	0%	50%	50%	48%	1%	51%	47%	30%	0%	70%	30%

- The overall BCI for SMEs slipped 12.4 points on a q-o-q basis and 8.4 points over the year to 128.2 points in Q2, 2024, as all parameters trended lower.
- Large companies fared better in terms of all parameters in Q2, 2024 compared to SMEs.
- A substantial 43% of the respondents anticipate higher sales volumes in Q3, 2024 due to positive market conditions, new marketing strategies, product diversity, and anticipated business growth in Q3.
- While a substantial proportion expect stability in their hiring numbers, 14% foresee an increase due to higher customer demand, improved market conditions, and expectations of business growth.

Actual SME Performance – Q2, 2024

	Q2, 2023				Q1, 2024				Q2, 2024			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	49%	6%	45%	43%	50%	2%	48%	48%	44%	4%	52%	40%
Selling Prices	30%	2%	68%	28%	37%	2%	61%	35%	20%	1%	79%	19%
Volumes Sold	49%	6%	45%	43%	50%	2%	48%	48%	44%	4%	52%	40%
No. of Employees	20%	0%	80%	20%	16%	0%	84%	16%	12%	2%	86%	10%
Profits	49%	6%	45%	43%	50%	2%	48%	48%	44%	4%	52%	40%
New Purchase Orders	49%	6%	45%	43%	39%	6%	55%	33%	30%	2%	68%	28%

- The SME community witnessed a downward trend y-o-y and q-o-q in Q2, 2024 across all parameters.
- Large companies performed better than SMEs across all parameters in Q2, 2024.
- Due to the rising costs of services, products, fuel, raw materials, and inflation, alongside higher demand, competition, 20% of the respondents increased selling prices in Q2, 2024.
- A majority 44% reported an increase in their sales volumes due to stable economic growth, higher customer and order volumes, seasonal Eid sales boosts, improved market conditions, and high demand for products and services.
- Rising cost of rentals and raw materials, and lack of demand, were top concerns cited by SMEs.



DUBAI EXPORTERS BUSINESS OUTLOOK & PERFORMANCE

Exporters Outlook – Q3, 2024

	Q3, 2023				Q2, 2024				Q3, 2024			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	30%	0%	70%	30%	46%	0%	54%	46%	47%	0%	53%	47%
Selling Prices	15%	3%	82%	12%	22%	3%	75%	19%	29%	4%	67%	25%
Volumes Sold	30%	0%	70%	30%	46%	0%	54%	46%	47%	0%	53%	47%
No. of Employees	10%	0%	90%	10%	16%	0%	84%	16%	18%	0%	82%	18%
Profits	30%	0%	70%	30%	46%	3%	51%	43%	47%	0%	53%	47%
New Purchase Orders	30%	0%	70%	30%	41%	0%	59%	41%	44%	0%	56%	44%
Export Sales	15%	5%	80%	10%	38%	0%	62%	38%	36%	0%	64%	36%

- In Q2, 2024, the exporting community's BCI stood at 124.2 points, up 2.1 points over the quarter, and 15 points higher y-o-y. However, the BCI was lower when compared to the overall business community's score of 137.3 points.
- Most parameters gained on a q-o-q and y-o-y basis, with respondents expecting stability in most parameters.
- However, the export sales parameter reversed this trend and turned lower over the quarter but gained over the year.

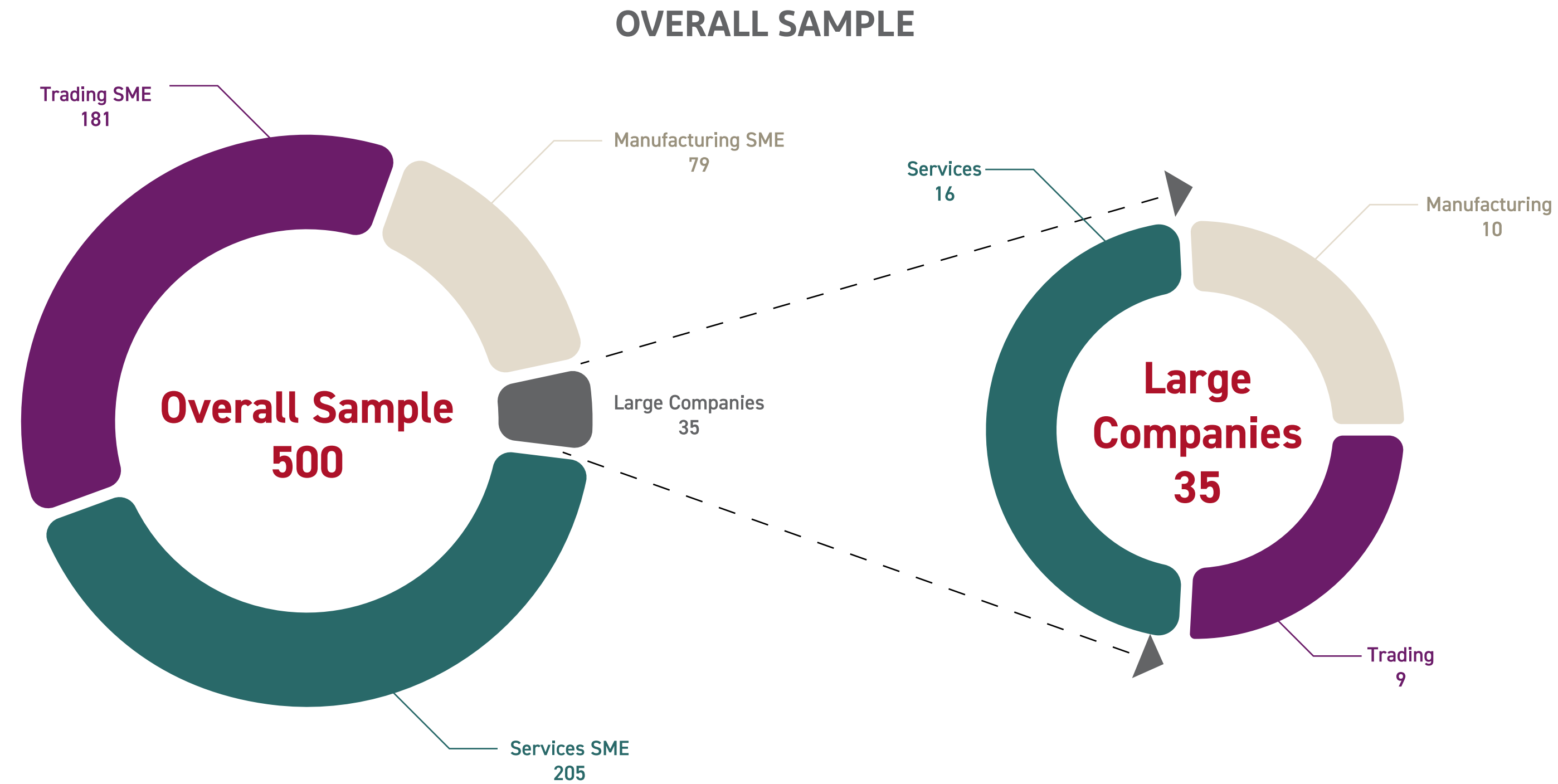
Actual Exporters Performance – Q2, 2024

	Q2, 2023				Q1, 2024				Q2, 2024			
	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance	Increase	Decrease	No Change	Net Balance
Sales Revenue	55%	5%	40%	50%	65%	3%	32%	62%	38%	2%	60%	36%
Selling Prices	13%	5%	82%	8%	16%	3%	81%	13%	7%	0%	93%	7%
Volumes Sold	55%	5%	40%	50%	65%	3%	32%	62%	38%	2%	60%	36%
No. of Employees	13%	0%	87%	13%	11%	0%	89%	11%	13%	7%	80%	6%
Profits	55%	5%	40%	50%	65%	3%	32%	62%	38%	2%	60%	36%
New Purchase Orders	55%	5%	40%	50%	59%	5%	36%	54%	24%	2%	74%	22%
Export Sales	18%	3%	80%	15%	3%	3%	95%	0%	4%	0%	96%	4%

- The actual performance of exporter sales in Q2, 2024 witnessed a decrease on a q-o-q and y-o-y basis.
- The non-exporting community fared far better than exporting businesses in Q2, 2024.
- GCC countries, India, Europe other Arab countries were the top export markets in Q2, 2024.
- Respondents are concerned with lack of demand and intense competition in Q2, 2024.

SAMPLE SIZE

Sample Size



The quarterly business survey for Q2, 2024 was conducted with a total sample of 500 companies across the Emirate of Dubai. The sample included a mix of small, medium, and large enterprises and has adequate representation from the Manufacturing, Trading, and Services sectors in proportion to their respective value-added contribution to Dubai's GDP.

For More Information

Economic Information Division

Department of Economy and Tourism

Tel: +971 600 555559

Email: info@dubaidet.ae