



Press Release

Under strict embargo until: 06:15 (CAIRO) / 04:15 (UTC), September 4th 2018

Emirates NBD Egypt PMI™

PMI signals further improvement in business conditions

Cairo, September 4th, 2018: Today sees the release of August data from the Emirates NBD Purchasing Managers' Index® (PMI®) for Egypt. The survey, sponsored by Emirates NBD and produced by IHS Markit, contains original data collected from a monthly survey of business conditions in the Egyptian private sector.

Commenting on the Egypt PMI™ survey, **Daniel Richards, MENA Economist at Emirates NBD**, said:

Egypt's headline PMI reading of 50.5 in August was the first time since September 2015 that two consecutive months have returned positive readings, suggesting that the Egyptian non-oil private sector is beginning to see the protracted recovery we had projected would take hold in the new fiscal year.

The main findings of the August survey were as follows:

- Headline PMI increases to 50.5 in August
- New orders and exports continue to rise
- Jobs growth accelerates to fastest in survey history

The seasonally adjusted Emirates NBD Egypt **Purchasing Managers' Index™ (PMI)** – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – rose from 50.3 in July to 50.5 in August. The latest reading highlighted a further improvement in operating conditions across Egypt's non-oil private sector, albeit one that was only marginal.

The above-50.0 PMI reading was supported by new orders rising for the second consecutive month in August. There were reports that greater demand from both domestic and international markets underpinned the latest rise in new business. That said, the expansion was marginal and softened from the preceding month. Meanwhile, although marginal, the latest gain in new export orders quickened from the prior survey period.



Latest survey data indicated that output stabilised during August, thereby ending a three-month period of contraction.

In response to greater inflows of new work, firms raised their staffing levels during August, thereby ending a 38-month sequence of job shedding. Furthermore, the rate of employment growth was the most pronounced since the inception of the survey in April 2011.

Despite easing from July's recent high, overall input cost inflation remained sharp in August, driven by rises in both salaries and purchases costs. The latter was the primary factor behind overall cost pressures, with survey respondents commenting on higher fuel, electricity and iron ore prices. In line with the trend for input cost inflation, firms raised their output charges at a sharp, but slower pace than in the previous month.

Reflecting a rise in new business, Egyptian non-oil companies raised their purchasing activity in August. That said, the latest rise was marginal.

Firms retained optimism towards the 12-month outlook for output amid hopes of stability. However, reflecting expectations of high prices and a potential market slowdown over the year ahead, positive sentiment eased to the weakest since October 2016.

-Ends-

The next *Egypt PMI Report* will be published on October 3rd 2018 at 06:15 (CAIRO) / 04:15 (UTC)

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Notes to Editors

The Emirates NBD Egypt Purchasing Managers' Index is based on data compiled from monthly replies to questionnaires sent to purchasing executives in approximately 450 private sector companies, which have been carefully selected to accurately represent the true structure of the Egyptian non-oil 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. IHS 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.

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Emirates NBD is a leading banking Group in the region. As at 30th June 2018, total assets were AED 477.5 Billion, (equivalent to approx. USD 130 Billion). The Group has a significant retail banking franchise in the UAE and is a key participant in the global digital banking industry, with over 90 per cent of all financial transactions and requests conducted outside of its branches. The bank was declared the Most Innovative Financial Services Organization of the Year at the 2017 BAI Global Innovation Awards.

The bank currently has 227 branches and 1065 ATMs and SDMs in the UAE and overseas and a large social media following, being the only bank in the Middle East ranked among the top 20 in the 'Power 100 Social Media Rankings', compiled by The Financial Brand. It is a major player in the UAE corporate and retail banking arena and has strong Islamic Banking, Global Markets & Treasury, Investment Banking, Private Banking, Asset Management and Brokerage operations.

The Group has operations in the UAE, the Kingdom of Saudi Arabia, Egypt, India, Singapore, the United Kingdom and representative offices in China and Indonesia.

The Group is an active participant and supporter of the UAE's main development and community initiatives, in close alignment with the UAE government's strategies, including financial literacy and advocacy for inclusion of People with Disabilities under its #TogetherLimitless platform. Emirates NBD Group is an Official Premier Partner of Expo 2020 Dubai. For more information, please visit: www.emiratesnbd.com



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