



## **Press Release**

**Under strict embargo until: 06:15 (CAIRO) / 04:15 (UTC), January 4<sup>th</sup> 2018**

# **Emirates NBD Egypt PMI™**

*PMI falls in December, but posts highest quarterly average in over two years*

**Cairo, January 4<sup>th</sup>, 2018:** The Egyptian non-oil private sector ended 2017 with a deterioration in business conditions, though the decline over the fourth quarter as a whole was the weakest in over two years. Signs of economic stability and increased capital investment plans underpinned strong business confidence during December. In terms of inflation, rates of increase in input and output prices eased and registered comfortably below their respective long-run averages. Declines in output, new orders and new foreign business contributed to the latest deterioration, however.

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 PMI reading dipped back below the neutral 50.0 mark once again in December, dashing hopes that the positive November reading signalled a lasting return to expansion in the Egyptian non-oil private sector. Nevertheless, the pace of contraction was gentler than seen over most of the past several years, future sentiment remains high, and job shedding slowed to a 28-month low, boding well for 2018.”*

## **Key Findings**

- Headline PMI falls to 48.3, from 50.7
- Contractions in output, new orders and new export business
- Business confidence remains strong



At 48.3 in December, the headline 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 – fell from 50.7 in the preceding survey period. The latest reading indicated a modest deterioration of business conditions in the Egyptian non-oil private sector. Nonetheless, the contraction registered throughout the final quarter of 2017 was the slowest recorded in over two years. Furthermore, the rate of deterioration was weaker than the series' historical average since early-2011.

Following the first expansion in output for over two years in November's survey, activity returned to contraction during December. The rate of decline was solid but slower than seen on average over the year as a whole. Panel members in the non-oil private sector commonly cited a deterioration in inflows of new business from both foreign and domestic markets, with both new export orders and total new business returning to contraction in December.

On a more positive note, the rate of job shedding was the slowest seen for 28 months during December, and signalled only a marginal fall in employment. According to anecdotal evidence, some retiring staff were not replaced by new hires; however, these reports were partly negated by firms noting that they employed additional staff to meet output requirements.

On the price front, cost pressures faced by Egyptian non-oil private sector firms softened during December. Moreover, the rate of input price inflation eased to a 22-month low. Similarly, selling prices rose at the slowest pace since February 2016 and only marginally overall.

Stocks of purchases held by companies operating in the non-oil private sector decreased at a solid rate in the latest survey period. Firms were forced to utilise existing stocks as a result of input shortages at suppliers, according to anecdotal evidence.

Despite easing marginally since November, business confidence towards future growth prospects remained strongly positive overall. Increased capital expenditure and expected economic stability underpinned optimism during December.

-Ends-

**The next *Egypt PMI Report* will be published on February 5<sup>th</sup> 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.



## About Emirates NBD

Emirates NBD is a leading banking Group in the region. As at 30th September 2017, total assets were AED 461.1 Billion, (equivalent to approx. USD 125 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 231 branches and 1031 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, Egypt, the Kingdom of Saudi Arabia, 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 #Together Limitless platform. For more information, please visit: [www.emiratesnbd.com](http://www.emiratesnbd.com)

## About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))

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