



Press Release

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Emirates NBD Egypt PMI™

Output price inflation eases to ten-month low

Cairo, November 5th, 2018: Today sees the release of October 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:

“The Emirates NBD Purchasing Managers' Index (PMI) for Egypt fell modestly to 48.6 in October, compared to 48.7 in September. This is the second consecutive month of contraction for the index after having enjoyed a brief period in expansionary 50-plus territory in July and August. It is also the lowest reading of 2018, and the data suggests that private sector firms remain under pressure as Egypt's IMF-sponsored economic reform programme continues. That being said, the reading is still far higher than those seen at the start of the process in November 2016, and future expectations remain robust.”

The main findings of the October survey were as follows:

- Softer falls in output and new orders in October
- Inflationary pressures ease
- Purchasing activity rebounds after fall in September

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 – fell fractionally from 48.7 in September to 48.6 in October. The latest reading indicated a slightly quicker, but still modest, deterioration in business conditions at Egyptian non-oil private sector companies.



The sustained downturn reflected another decline in new orders during October. That said, the rate of decline was less marked than in September. Panellists frequently mentioned that challenging market conditions led to the drop in new orders. Foreign demand also fell, albeit at a marginal rate.

Similarly, business activity contracted across Egypt's non-oil private sector in October. This marked the second successive month where output decreased, with respondents citing a lack of market demand.

As such, employment levels dropped during October. The rate of job shedding was the fastest since March and partly attributed to a number of employees leaving for new positions. At the same time, backlogs of work grew for the fourth successive month, albeit marginally.

On the price front, firms increased their output charges at the weakest rate in ten months. This was linked to a softer rate of input price inflation, although many still observed a rise in raw material costs, gasoline prices and staff wages.

Despite the decline in output, businesses increased purchasing activity in October. This followed a modest drop in September. However, falling production levels and order book volumes meant that input stocks also rose. Meanwhile, supplier delivery times shortened for the first time in seven months.

Looking ahead, Egyptian non-oil private sector firms remained confident that output would rise over the coming year. Almost one-third of businesses expected activity to expand, with some forecasting increases in contracts and investment over the next 12 months.

-Ends-

The next *Egypt PMI Report* will be published on December 6th 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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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.

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