



Press Release

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Emirates NBD Egypt PMI™

Cost inflationary pressures at Egyptian firms ease to record low

Cairo, December 6th, 2018: Today sees the release of November 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, **Khatija Haque, MENA Economist at Emirates NBD**, said:

“The recovery in the headline PMI in November to a three-month high is encouraging, although the overall survey still points to soft business conditions for the private sector in Egypt. Although the declines in output and new work were relatively modest, the employment index fell to its lowest level since March. More positively, inflationary pressures appear to be easing.”

The main findings of the November survey were as follows:

- Output prices unchanged in November as cost inflation moderates
- Softer declines in output and new orders
- Employment falls at joint-quickest rate in 12 months

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 48.6 in October to 49.2 in November, signalling the softest worsening of business conditions during the recent three-month sequence of deterioration.

The downturn was led by a further decline in new orders during November, as Egyptian firms found that challenging economic conditions continued to weigh on demand. However, the drop in orders was slower than in October and only marginal overall. Similarly, output contracted for the third consecutive month but at a weaker pace. New export orders also fell, with the rate of decrease slightly quicker than in October.



Despite falling demand, capacity pressures continued to build, as backlogs of work rose for the fifth month in a row. Some firms highlighted skill shortages, which was captured by the Employment Index dropping to its joint-lowest reading in a year. That said, other respondents actively reduced staff due to falling demand.

In regard to prices, Egyptian non-oil private sector firms recorded the slowest uptick in input costs seen across the series, which began in April 2011. While firms mentioned increased raw material, electricity and transport costs, the majority of panellists experienced no change in outlays in November.

As a result, output prices were relatively unchanged, with the index posting only fractionally above the neutral 50.0 mark. Anecdotal evidence revealed that some companies refrained from price hikes amid efforts to boost new work.

Looking ahead, sentiment moderated to its weakest position in 25 months. Following a more optimistic start to the year, recent survey periods suggested a less upbeat outlook at Egyptian firms. That said, overall sentiment was positive, with many companies hoping that market stability will encourage demand to pick-up in the future, boosting business activity.

-Ends-

The next *Egypt PMI Report* will be published on January 10th 2019 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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