

Press Release

Under strict embargo until: 06:15 (CAIRO) / 04:15 (UTC), August 3rd 2017

Emirates NBD Egypt PMI™

New orders stabilise during July

Cairo, August 3rd, 2017: The downturn in the overall health of the non-oil private sector eased in July, with the latest deterioration in business conditions the weakest in a year. New orders stabilised during July, thereby ending a 21-month sequence of decline. Output declined at the slowest pace in 12 months, thereby leading to only a marginal fall in input buying. In response to lower output requirements, firms reduced their staffing levels. New export orders rose for the fourth consecutive month, but only marginally during July. Meanwhile, firms saw a sharp pick-up in input cost inflation.

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, Head of MENA Research at Emirates NBD**, said:

“Egypt’s economy appears to be stabilizing, with new orders unchanged in July following nearly 2 years of contraction. However, firms saw input costs rise sharply on the back of higher fuel costs as subsidies were cut further at the end of June. Inflationary pressure is likely to remain elevated as higher electricity tariffs came into effect this month.”

Key Findings

- No change in new orders, ending 21-month sequence of decline
- Weakest contraction in output seen in 12 months
- Sharp input price pressures

At 48.6 at the start of the third quarter, 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 – increased from 47.2 in

June. The latest deterioration was the second-weakest since the contraction in business conditions started in October 2015 and was modest overall. Moreover, the headline PMI was slightly above the long-run average.

The decline in operating conditions in the non-oil private sector showed signs of moderating, reflecting a slowdown in the contraction of output and new orders stabilising for the first time in 22 months. There were some reports of new clients wins, but this was negated by reports of higher prices continuing to weigh on underlying demand conditions.

New export orders increased for the fourth successive month during July. The rate of growth was marginal, however, and slowed to the weakest in the current sequence of expansion.

The decline in purchasing activity slowed to a marginal pace during July. Where a decline in buying activity was reported, firms linked this to lower demand levels. Due to lower buying activity, firms reduced inventories for the thirty-first consecutive month.

The ongoing downturn in output continued to feed into the labour market, as firms reduced their payroll numbers. The pace of job shedding was solid. Other panellists commented on staff either retiring or leaving in search for better job opportunities.

Input cost inflation accelerated to the fastest since January. According to underlying data, price pressures emanated from higher purchasing prices, and to a lesser extent, staff costs. Anecdotal evidence pointed to greater prices for raw materials, and energy. Reflecting higher input costs, firms raised output charges at the strongest pace since February.

Despite easing to the lowest in seven months, firms remained optimistic with regards to output growth over the next 12 months. Some companies mentioned hopes of stability in currency markets and economic conditions.

-Ends-

The next *Egypt PMI Report* will be published on September 6th 2017 at 06:15 (CAIRO) / 04:15 (UTC)



For further information, please contact:

Ibrahim Sowaidan
Senior Vice-President, Head - Group Corporate Affairs
Emirates NBD
Telephone: +971 4 609 4113 / +971 50 6538937
Email: ibrahims@emiratesnbd.com

Shaleen Sukthankar
ASDA'A Burson-Marsteller; Dubai, UAE
Tel: +971 50 9547834
Email: shaleen.sukthankar@bm.com

Khatija Haque
Head of MENA Research, Emirates NBD
Email: KhatijaH@emiratesnbd.com

Joanna Vickers
Corporate Communications
IHS Markit
Tel: +44-207-260-2234
Email: joanna.vickers@ihsmarkit.com

Aashna Dodhia
Economist
IHS Markit
Tel: +44 1491 461003
Email: aashna.dodhia@ihsmarkit.com

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 June 2017, total assets were AED 456.2 Billion, (equivalent to approx. USD 124 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 currently has 221 branches and 1023 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, Singapore, the United Kingdom and representative offices in India, 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

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2017 IHS Markit Ltd. All rights reserved.

The intellectual property rights to the Emirates NBD Egypt PMI™ provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Emirates NBD use the above marks under licence. IHS Markit is a registered trade mark of IHS Markit Limited.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).