



## **Press Release**

**Under strict embargo until: 06:15 (CAIRO) / 04:15 (UTC), June 5<sup>th</sup> 2018**

# **Emirates NBD Egypt PMI™**

## *PMI registers above survey average*

**Cairo, June 5<sup>th</sup>, 2018:** Business conditions in the Egyptian non-oil private sector declined during May, with marginal declines observed for output and new orders. Meanwhile, purchasing activity remained in expansion territory, with panel members often mentioning that planned business expansions and product developments boosted input buying.

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 for Egypt slipped back below the neutral 50.0 mark in May, after moving to expansion territory in April. Nevertheless, the index continues to hover around the 50.0 mark, a vast improvement on the trends observed prior to the November 2016 reforms, and while the forward-looking data is not quite as positive as it has been in recent months, it continues to point towards an ongoing improvement in the Egyptian economy.”*

## **Key Findings**

- Job shedding eases
- Purchasing activity continues to expand
- Input price inflation softens to three-year low

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 to 49.2 in May from 50.1 in April. Despite slipping into contraction territory, the headline figure signalled only a marginal deterioration in the health of the sector, with the headline figure remaining above its average.

May data indicated that a decline in new orders formed the basis for the contraction in the Egyptian non-oil private sector, with panel members citing weaker demand. Subsequently, a fall in business activity was reported, following stabilisation in April. Reductions in both output and new business were only marginal, however, and slower than their respective averages.

As has been the case for three years, staffing levels fell further during May. However, job shedding eased to a three-month low with, the rate of decline slower than the average across the survey history.

Elsewhere, non-oil private sector businesses expanded their purchasing activity for the eighth consecutive month during May. Panel members largely attributed the increase to planned business expansions. Moreover, the rate at which buying levels rose accelerated from April to a four-month high. May also saw a contraction in stock levels in the sector, with panellists pointing to product developments as a factor behind the fall.

On the price front, firms continued to increase their average selling prices midway through the second quarter. Moreover, the rate of charge inflation accelerated from April. Cost pressures and the stronger US dollar were key factors behind the rise in output charges, according to respondents.

Overall input prices rose, as has been observed since the inception of the survey. Anecdotal evidence attributed the rise to higher purchase and staff costs. That said, the rate of overall input price inflation softened from April to a three-year low.

Meanwhile, firms remained confident that output would increase over the coming 12 months. Planned business expansions combined with expectations of stronger underlying demand underpinned positive sentiment. However, the degree of optimism eased during May.

-Ends-

**The next *Egypt PMI Report* will be published on July 3<sup>rd</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 31<sup>st</sup> December 2017, total assets were AED 470.4 Billion, (equivalent to approx. USD 128 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 230 branches and 1040 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. Emirates NBD Group is an official premier partner of EXPO 2020. 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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