



Press Release

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Emirates NBD Egypt PMI™

Inflationary pressures cool during September

Cairo, October 3rd, 2018: Today sees the release of September 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 48.7 PMI figure for September represents a return to contractionary territory for the non-oil private sector in Egypt, indicating that despite the two months of consecutive 50-plus readings in July and August, there remains some weakness in the recovery. That being said, it remains higher than the average reading since the IMF reform programme began in November 2016 (47.9), and the outlook remains positive.”

The main findings of the September survey were as follows:

- Rates of inflation for input prices, staff costs and charges ease
- Confidence towards the 12-month outlook improves
- Private sector employment unchanged 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 from 50.5 in August to 48.7 in September. The latest reading pointed to a marginal deterioration in operating conditions at Egyptian non-oil private sector companies.

The overall downturn reflected the first decline in new business in three months. That said, the latest contraction was modest. Anecdotal evidence pointed to weak client demand. In line with the trend for new orders, new export sales fell during September, although modestly.



Following a broad stabilisation in August, output across Egypt's non-oil private sector declined during September. Where reduction was reported, firms linked this to weak underlying demand. That said, the rate of contraction was modest.

Following a record-rise in staffing levels in August, employment stagnated during September. Meanwhile, outstanding business rose in the latest survey period, albeit marginally.

Amid reports of lower output requirements, firms were discouraged from raising their purchasing activity during September. Concurrently, pre-production inventories declined at the weakest pace since April.

Firms continued to face higher overall input costs during September, reflecting rises in both salaries and purchase costs. The latter was the predominant reason behind inflationary pressures, with panellists reporting higher fuel and gas prices. Nevertheless, the rate of overall input cost inflation eased further from July's recent high and was below its historical average.

Egypt's non-oil private sector companies raised their output charges during September. Where an increase was registered, firms commented on the pass-through of higher cost burdens to clients. That said, the latest rise was modest and the weakest in five months.

Looking ahead, the level of positive sentiment towards the 12-month outlook for output strengthened from August's recent low, but remained below the series average.

-Ends-

The next *Egypt PMI Report* will be published on November 5th 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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Emirates NBD is a leading banking Group in the region. As at 30th June 2018, total assets were AED 477.5 Billion, (equivalent to approx. USD 130 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 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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