



Press Release

Under strict embargo until: 06:15 (CAIRO) / 04:15 (UTC), February 5th 2018

Emirates NBD Egypt PMI™

Egyptian non-oil private sector stabilises during January

Cairo, February 5th, 2018: Following a deterioration in December, business conditions in the Egyptian non-oil private sector broadly stabilised in January. This mainly reflected stabilisation in both output and new orders. Concurrently, new export orders registered a renewed rise amid reports of greater demand from international markets. Furthermore, firms engaged in input buying, with growth picking up to the fastest since August 2014. On the price front, rates of both input cost and output charge inflation accelerated.

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:

“While Egypt’s headline PMI reading remained just shy of the 50.0 neutral mark in January, the signs are encouraging as we begin 2018. A pick-up in new export orders in particular stands as an indication that the difficult economic reforms enacted in late 2016 are starting to pay off.”

Key Findings

- Headline PMI rises to 49.9
- Business activity stabilises
- New export orders expand

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 – rose from 48.3 in December to 49.9 in January. This was consistent with a broad stabilisation of business conditions across Egypt’s non-oil private sector. Notably, the latest reading was above its long-run average (48.1).

The headline PMI reading mainly reflected a broad stabilisation in new business and output. Both indices registered close to the neutral 50.0 threshold, following reductions in the previous month. Where increases were reported firms commented on new client wins, while those companies that registered lower new orders and output mentioned unfavourable economic conditions and high prices.

At the same time, Egypt's non-oil private sector recorded a renewed expansion in new export orders during January. Stronger demand for Egyptian goods and services from international markets was cited as the key reason behind the latest increase in new export orders. That said, the rate of growth was marginal.

Continuing the trend observed since June 2015, staffing levels fell during January. However, the pace of job shedding was marginal and slower than the series trend.

Private sector firms continued to face higher input costs. Despite accelerating to a three-month high, inflation remained below the series trend. According to anecdotal evidence, currency weakness contributed to greater cost pressures.

Amid reports of expected improvements in demand, firms were encouraged to engage in purchasing activity at the start of the year. Furthermore, the rate of expansion accelerated to the strongest since August 2014 and was marked overall. Nonetheless, input stocks declined, albeit fractionally.

Lastly, companies retained optimism towards the 12-month outlook for output. Furthermore, the degree of positive sentiment was stronger than the series average. Anticipated improvements in demand conditions and market stability were cited as the key factors behind optimism.

-Ends-

The next *Egypt PMI Report* will be published on March 5th 2018 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

Daniel Richards
MENA Economist, Emirates NBD
Email: DanielRICHA@emiratesnbd.com

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

Aashna Dodhia
Economist
IHS Markit
Tel: +44-1491-461-003
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 31st 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

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 © 2018 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](#).