



## **Press Release**

**Under strict embargo until: 06:15 (CAIRO) / 04:15 (UTC), April 3<sup>rd</sup> 2018**

# **Emirates NBD Egypt PMI™**

## *Price pressures ease in the non-oil private sector*

**Cairo, April 3<sup>rd</sup>, 2018:** March data pointed to easing inflationary pressures across the Egyptian non-oil private sector, with both input prices and output charges increasing at softer rates. Moreover, average cost burdens rose at the slowest pace registered for 30 months. Meanwhile, new export orders improved for the third month running.

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 we still anticipate an improvement in the Egyptian economy this year as the negative effects of its IMF-sponsored reforms pass through, the latest PMI data implies that this is taking longer than the authorities might have hoped. Nevertheless, the index has consistently threatened to turn expansionary over recent readings, which is a vast improvement on the months just prior to the economic reforms.”*

## **Key Findings**

- Headline PMI at 49.2 in March, above its long-run average
- Input cost inflation softens to 30-month low
- New export orders improve for third month running

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 – fell to 49.2 in March, from 49.7 in February. That said, the figure remained above its historical average, despite signalling a deterioration in business

conditions. The fall represented downward movements in sub-components such as new orders and employment as well as improving delivery times.

Non-oil private sector companies continued to report falling output during the latest survey period. Some firms linked the deterioration to softening domestic demand. That said, the rate of contraction in business activity eased since February and was marginal overall.

The level of incoming new business in the Egyptian non-oil private sector was unchanged since the previous month. The finding followed marginal growth registered in February.

The latest data signalled an improvement in new export orders for the third month in a row. The rate of growth was modest overall, with the upturn reflecting increased demand from neighbouring Middle East economies.

In terms of inflation, both input and output price pressures softened during March. Average cost burdens increased at the slowest pace since September 2015, with the rate of inflation registering well below the series' historical average. Some firms reported higher prices paid for imported raw materials. Meanwhile, despite easing since the preceding survey, selling prices continued to rise solidly.

Continuing the sequence seen since June 2015, job shedding was registered in March. Furthermore, the rate of contraction accelerated since February and was moderate overall. Some firms noted that retiring members of staff were not replaced.

Supplier delivery times improved in March, thereby ending a five-month sequence of vendor performance deterioration. The shortening of lead times partly reflected an easing of supply chain pressures in the Egyptian non-oil private sector.

Sentiment towards growth prospects slipped to an eight-month low during March. Although business confidence was positive overall, the degree of optimism was subdued in the context of historical data.

-Ends-

**The next *Egypt PMI Report* will be published on May 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.



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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)

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