



بنك الإمارات دبي الوطني
Emirates NBD

Economics

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Egypt PMI slips to 3-month low in September

Egypt's headline PMI declined to 47.4 in September, the lowest reading since June, signalling a sharper contraction in the private non-oil economy last month. All components of the headline index deteriorated last month, except for inventories, which declined at a slower rate than in August.

Output fell at the sharpest rate in four months, with this index declining to 46.5 in September. Panellists attributed this to "weak underlying demand". **New orders** also contracted at a slightly faster rate last month. Disappointingly, **new export orders** fell for the first time in six months, suggesting that external demand was weaker in September as well. Survey respondents highlighted "political and economic uncertainty in neighbouring countries" as a factor hampering foreign demand.

Perhaps unsurprisingly given the weakness in output and new orders, **employment declined at the sharpest rate since November 2016**. However, rising staff costs may also have contributed to fewer jobs. Wage inflation has accelerated in recent months in response to the higher cost of living, although the rate of increase slowed slightly in September.

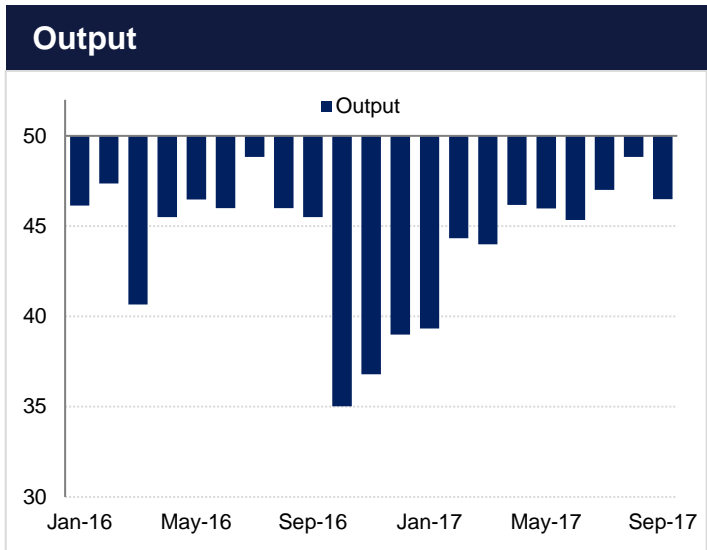
Overall **input cost inflation** eased in September, but producer price pressures remain high with the index at 68.8. Higher VAT was one reason given for both higher input costs and higher selling prices. **Output prices** increased at a slower rate last month (54.3) however, suggesting that the official CPI is likely to continue to ease.

Despite the apparent deterioration in economic conditions in September, businesses optimism improved to the highest level since June last year. Nearly 70% of firms surveyed said they expect their output to be higher in 12 months' time, while only 11% expected their output to decline over the same period.

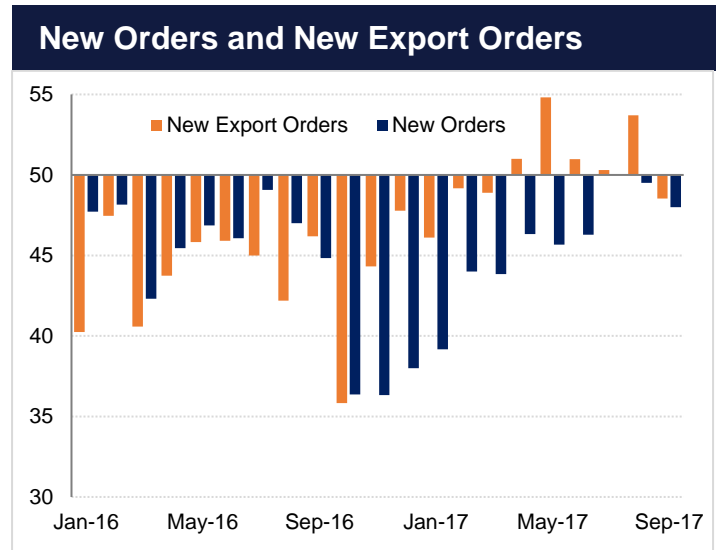
Emirates NBD Egypt Purchasing Managers' Index



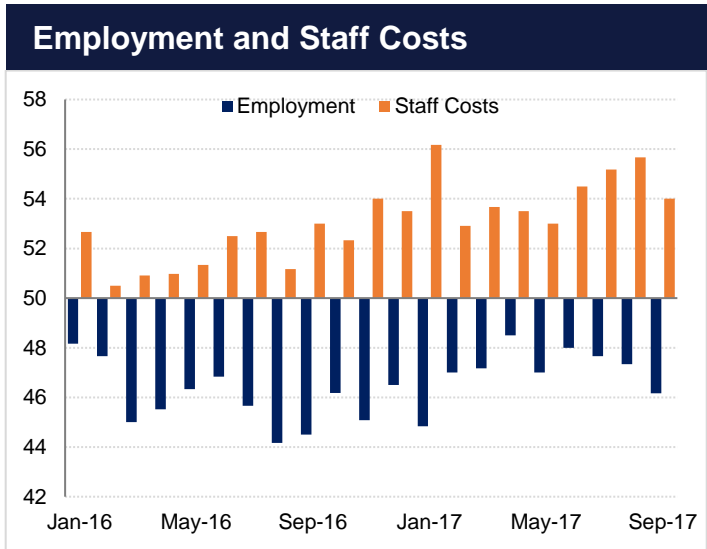
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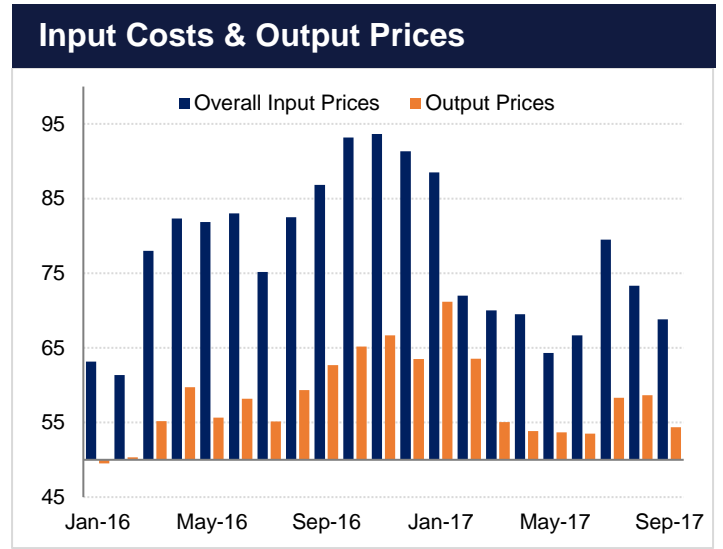
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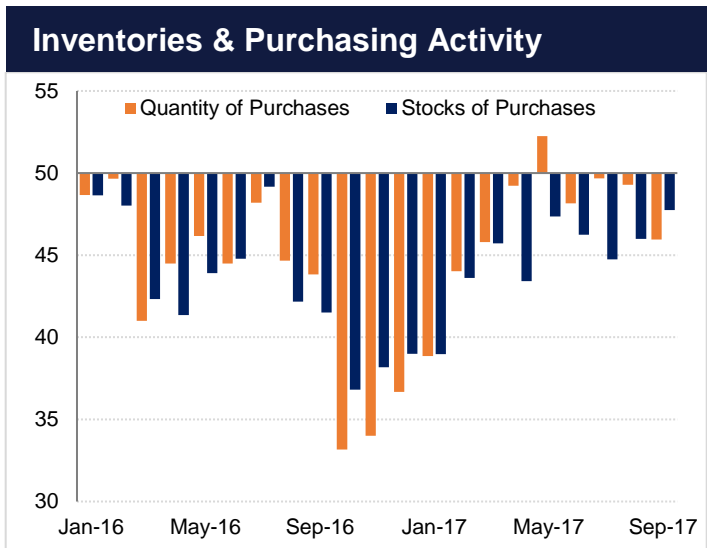
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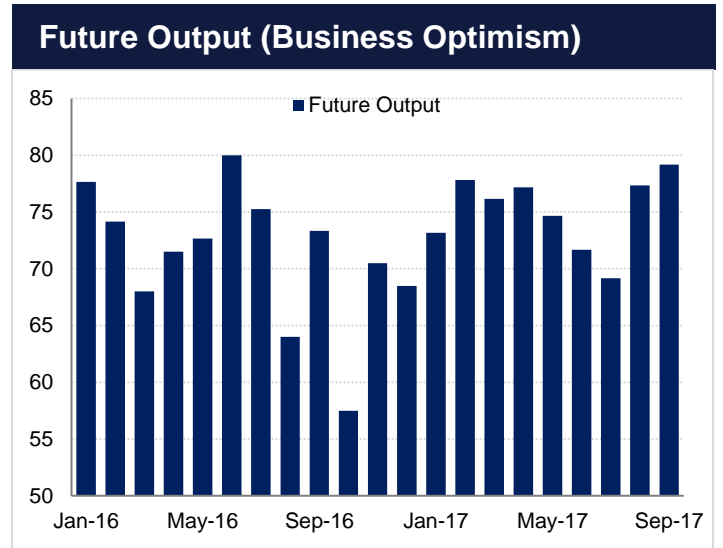
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