



بنك الإمارات دبي الوطني
Emirates NBD

Economics

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Daniel Richards
MENA Economist
+9714 609 3032
danielricha@emiratesnbd.com

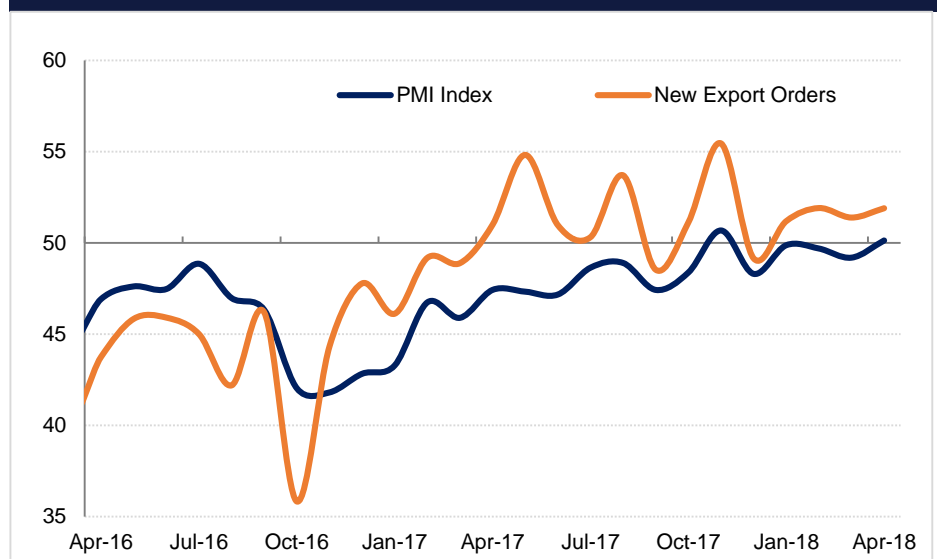
Egypt PMI: Index turned positive in April

The Emirates NBD Purchasing Managers' Index for Egypt rose to a positive 50.1 in April, just above the neutral 50.0 mark which delineates contraction and expansion in the non-oil private sector. This marks an improvement on the 49.2 reading in March, and is only the second time in 31 months that the index has read positively. This is in keeping with real GDP growth, the improvement in which has to now largely been driven by public investment and an external rebalancing. However, **we anticipate that the PMI index will be more consistently positive over the coming quarters, as ongoing economic reforms and loosening monetary policy encourage greater private sector activity.**

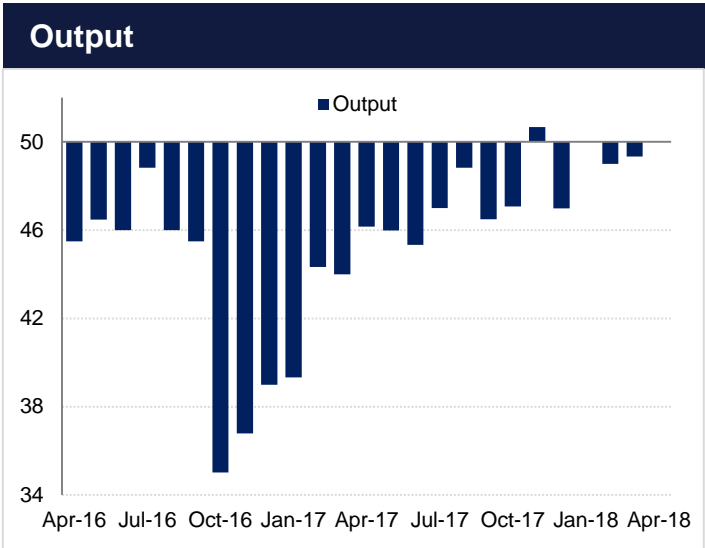
This outlook is supported by the data from the future-looking components of the survey. Although output remained at a neutral 50.0 in April, meaning that a strong recovery in present conditions is yet to take hold, new orders rose from 50.0 to 51.0, boding well for future surveys. Of all the components of the headline reading, new orders has staged the biggest recovery, having fallen to just 36.3 in November 2016, just as Egypt entered into its IMF-sponsored reform programme. **Optimism over future conditions remains high at 72.6** as well. Although this has fallen from an average 79.0 over the previous two quarters, nearly half of all respondents (49.5%) expect output volume to be greater in 12 months' time, compared to only 4.3% expecting a deterioration.

The positive effect of the currency devaluation enacted in November 2016 as part of the IMF reform programme can still be seen in new export orders, as the more competitive currency likely contributed to the fourth consecutive month of 50.0-plus readings in April. **The effect of the devaluation has not been universally positive, as purchase prices have been elevated in the intervening months. However, this is starting to dissipate, with 59.7 in April the lowest reading since April 2015.**

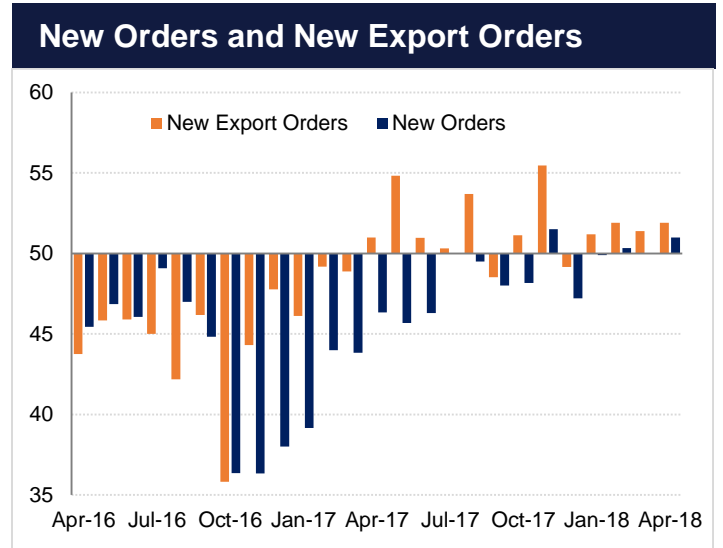
Emirates NBD Egypt PMI



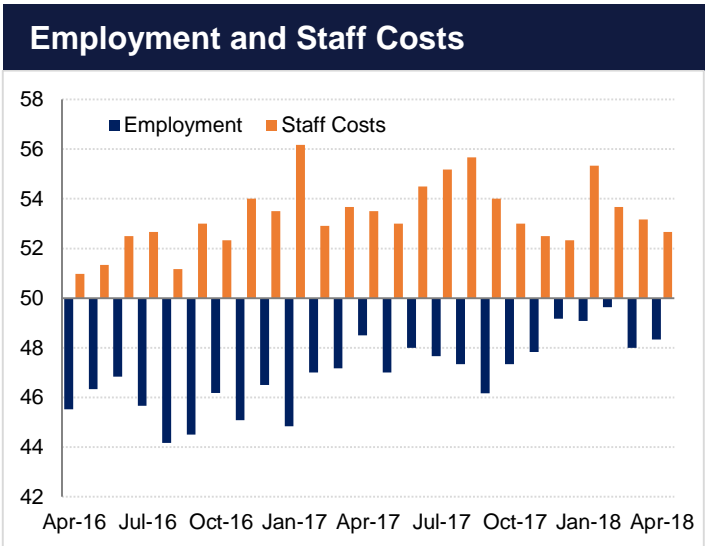
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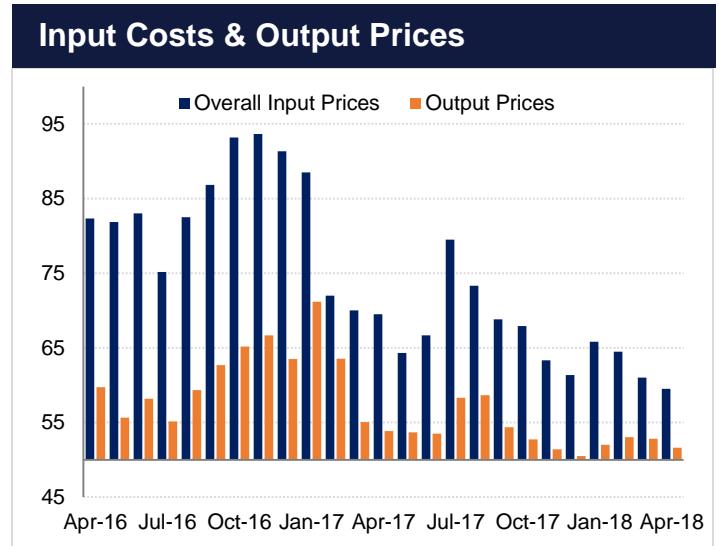
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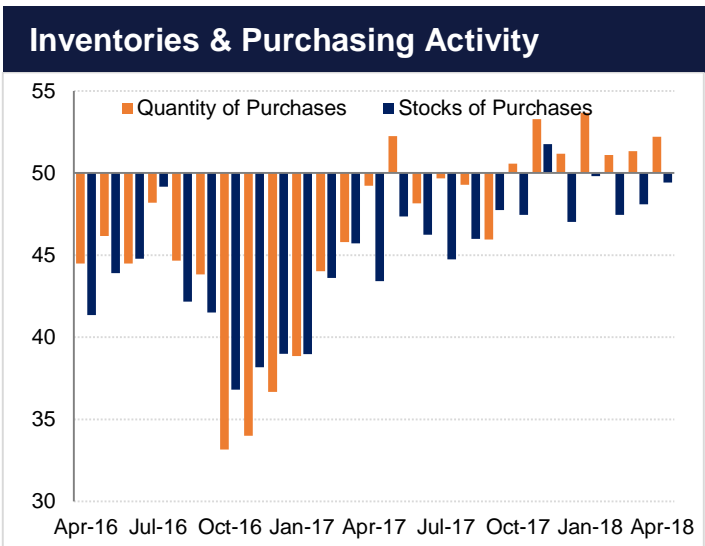
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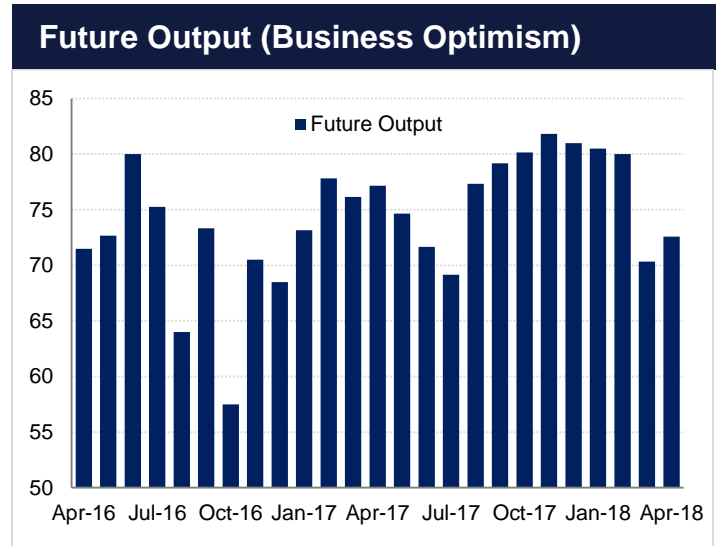
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Emirates NBD Research & Treasury Contact List

Emirates NBD Head Office
12th Floor
Baniyas Road, Deira
P.O.Box 777
Dubai

Jonathan Morris
General Manager Wholesale Banking
JonathanM@emiratesnbd.com

Aazar Ali Khwaja
Senior Executive Vice President
Global Markets & Treasury
+971 4 609 3000
aazark@emiratesnbd.com

Tim Fox
Head of Research &
Chief Economist
+9714 230 7800
timothyf@emiratesnbd.com

Research

Khatija Haque
Head of MENA Research
+9714 230 7803
khatijah@emiratesnbd.com

Anita Yadav
Head of Fixed Income Research
+9714 230 7630
anitay@emiratesnbd.com

Shady Shafer Elborno
Head of Macro Strategy
+9714 2012300
shadyb@emiratesnbd.com

Athanasios Tsetsonis
Sector Economist
+9714 230 7629
athanasiost@emiratesnbd.com

Edward Bell
Commodity Analyst
+9714 230 7701
edwardpb@emiratesnbd.com

Daniel Richards
MENA Economist
+9714 609 3032
danielricha@emiratesnbd.com

Aditya Pugalia
Director, Financial Markets Research
+9714 609 3027
adityap@emiratesnbd.com

Mohammed Altajir
FX Analytics and Product Development
+9714 609 3005
mohammedtaj@emiratesnbd.com

Sales & Structuring

Group Head – Treasury Sales
Tariq Chaudhary
+971 4 230 7777
tariqmc@emiratesnbd.com

Saudi Arabia Sales
Numair Attiyah
+966 11 282 5656
numaira@emiratesnbd.com

Singapore Sales
Supriyakumar Sakhalkar
+65 65785 627
supriyakumars@emiratesnbd.com

London Sales
+44 (0) 20 7838 2241
vallancel@emiratesnbd.com

Egypt
Gary Boon
+20 22 726 5040
garyboon@emiratesnbd.com

Emirates NBD Capital

Ahmed Al Qassim
CEO- Emirates NBD Capital
AhmedAQ@emiratesnbd.com

Hitesh Asarpota
Head of Debt Capital Markets.
+971 50 4529515
asarpotah@EmiratesNBD.com

Investor Relations

Patrick Clerkin
+9714 230 7805
patricke@emiratesnbd.com

Group Corporate Affairs

Ibrahim Sowaidan
+9714 609 4113
ibrahims@emiratesnbd.com

Claire Andrea
+9714 609 4143
clairea@emiratesnbd.com