



بنك الإمارات دبي الوطني
Emirates NBD

Economics

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

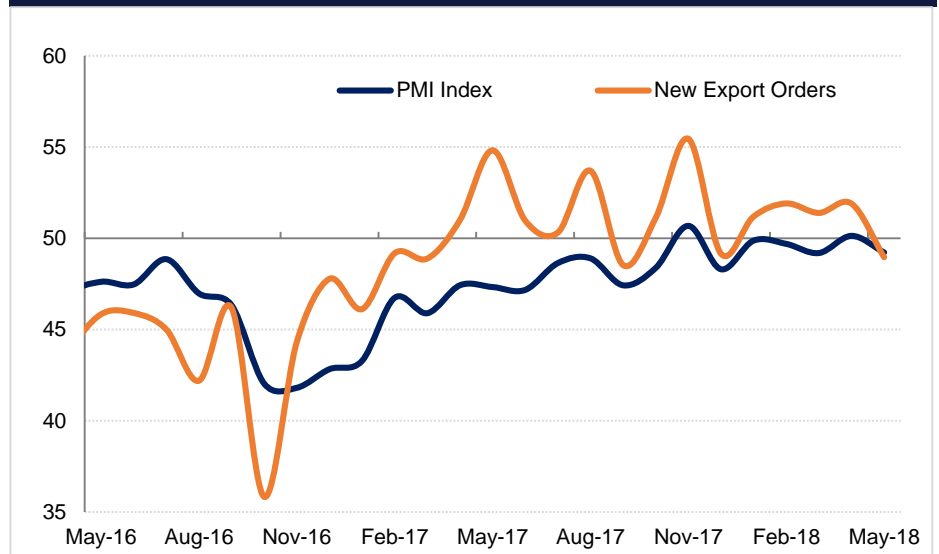
Egypt PMI: Back into contractionary territory

The Emirates NBD Purchasing Managers' Index for Egypt slipped back into contractionary territory in May, with a reading of 49.2 compared to the previous month's 50.1. The index has been above the neutral 50.0 mark which delineates contraction and expansion in the non-oil private sector just twice in the past 32 months, and hasn't managed two consecutive months of positive readings since H2 2015. New orders and new export orders were both under 50.0 (just, at 49.5 and 49.0 respectively), suggesting that output could remain under pressure over the coming months, albeit marginally. Nonetheless, the PMI score for May remained well above the long-term average, and while the forward-looking data is not quite as positive as it has been in recent months, it continues to point towards an ongoing improvement in the Egyptian economy.

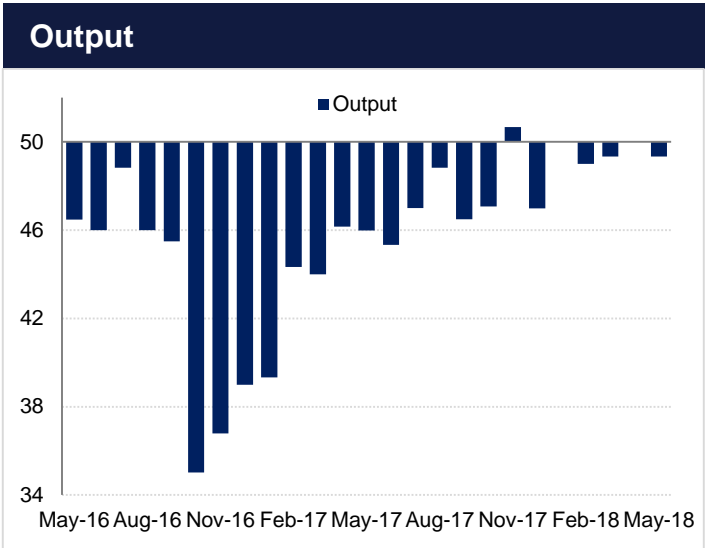
Although the headline reading remained contractionary, there was positive news in that purchasing activity recorded its eighth consecutive expansionary month, with 16.9% of respondents noting an increase in buying levels, owing in part to business expansion and product development. This supports the fact that most businesses expect conditions to be better or the same in 12 months' time, with the future output index reading 63.5 in May. This is a 19-month low, but this is indicative more of how much the Egyptian economy has already improved rather than an expectation that there would be a renewed deterioration. Indeed, only 2.3% of respondents expected conditions to be worse next year.

The employment index also showed signs of improvement, with the May score of 49.0 indicating the slowest pace of job-shedding since February. Respondents indicated that ongoing efforts to curb costs lay behind the decline, which has now run to three years. However, input price inflation fell to a three-year low in May at 59.0, suggesting that firms may soon be able to afford to maintain their staffing levels should the current trends continue.

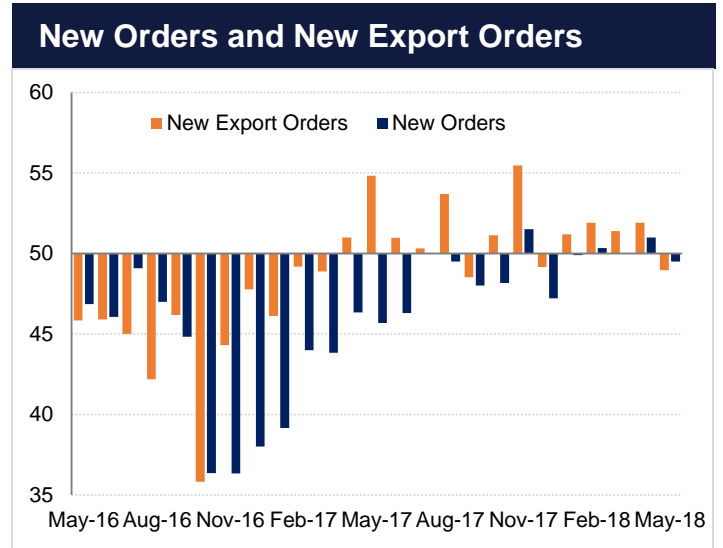
Emirates NBD Egypt PMI



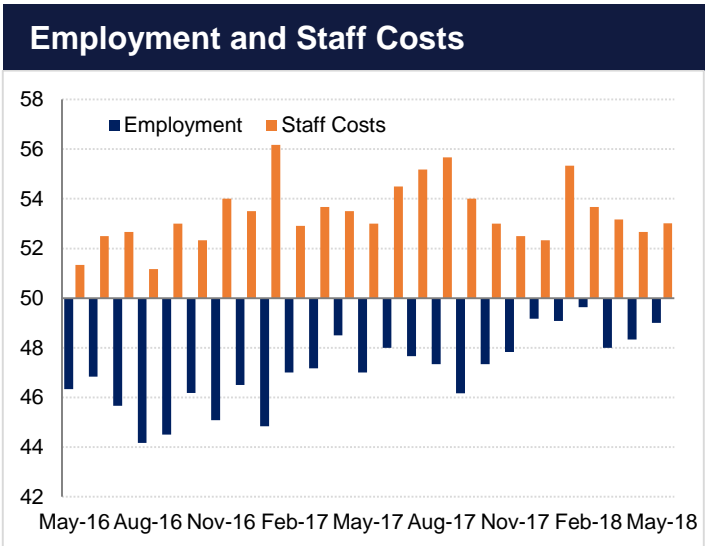
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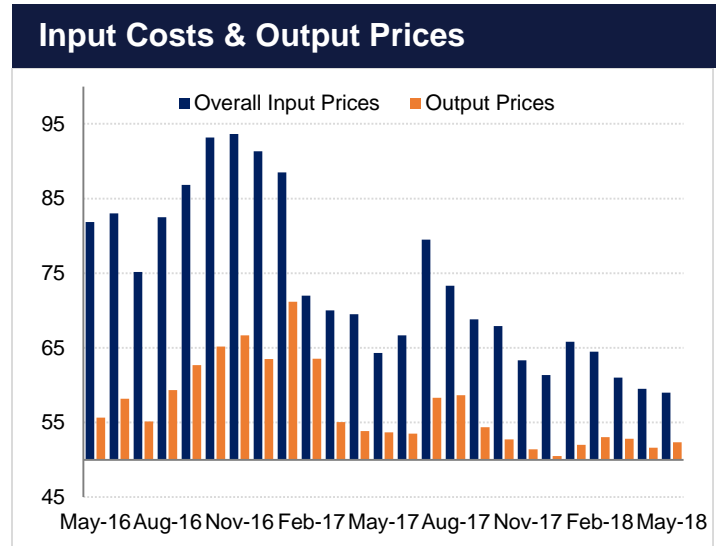
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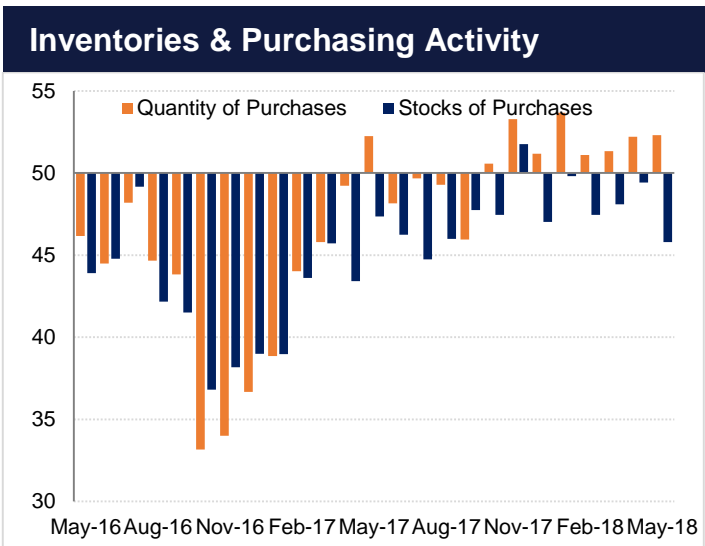
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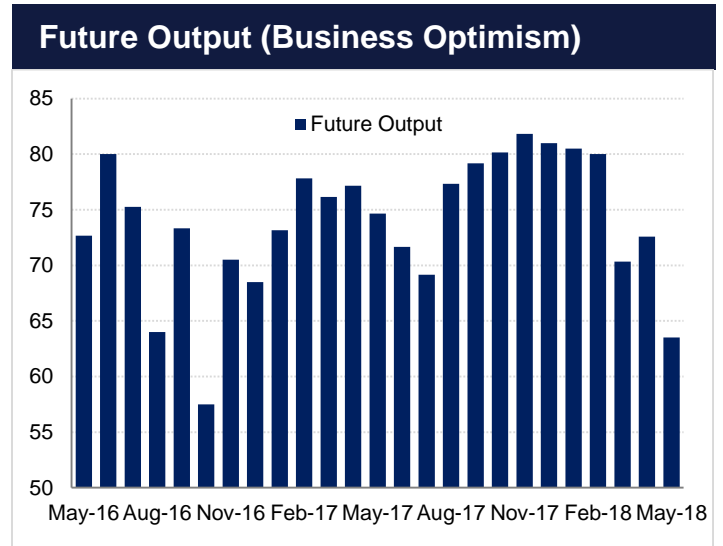
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Emirates NBD Research & Treasury Contact List

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