



بنك الإمارات دبي الوطني
Emirates NBD

Economics

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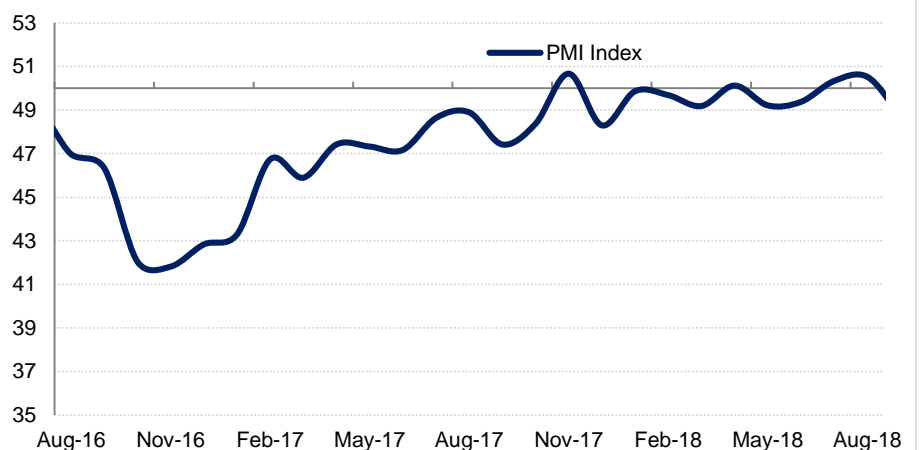
Egypt PMI: Back below 50.0

The Emirates NBD Purchasing Managers' Index (PMI) for Egypt fell to 48.7 in September, compared to 50.5 in August. This represents a return to contractionary territory for the non-oil private sector in Egypt, indicating that despite the two months of consecutive 50-plus readings in July and August, there remains some weakness in the recovery. That being said, it remains higher than the average reading since the IMF reform programme began in November 2016 (47.9), and the outlook remains positive. Output registered just 47.8 – the lowest level in 2018 – as respondents identified unfavourable market conditions and 18% of firms saw a decline compared to the previous month. New orders also fell to a 2018 low, at 47.7 compared to 50.8 in August, with new export orders only moderately less weak at 48.1. 17.3% of firms saw orders fall, though this was mitigated somewhat by 12.7% of respondents enjoying stronger demand. **The contraction in new orders will weigh on future output, indicating that the headline PMI figure will remain under pressure.**

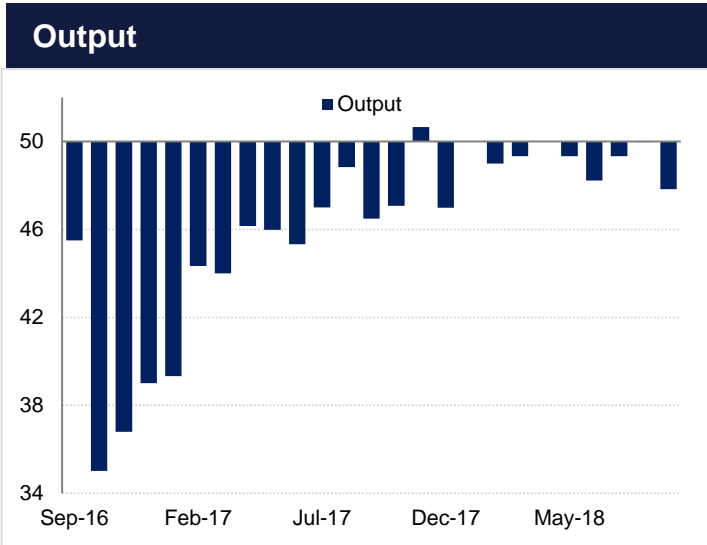
Firms continue to contend with rising price pressures, in part driven by the ongoing subsidy reform programme which has seen fuel and utilities costs rise significantly for businesses since the start of the new fiscal year in July. Purchase costs recorded 63.0, a three-month low but still indicating fairly strong price growth. Owing to a higher cost of living, staff costs also exerted pressure at 53.2, and while firms passed on some of these costs to customers – output prices were 52.2 – margins will have remained under pressure. This is reflected in a neutral employment index at 50.0, indicating **a stagnation in job numbers following the series-high of 51.7 seen in August.** Further, the quantity of purchases index fell from 51.3 to 47.5, a 12-month low, as firms cited a lack of liquidity alongside slower demand.

Looking ahead, the future output index rose to 64.0 in September, climbing from the near two-year low of 60.7 recorded in August. Only 6.7% of respondents expected that conditions would deteriorate over the next 12 months, with 34.7% anticipating an improvement. Although this remains off the 80.0 seen at the start of the year, there is still significant optimism among Egyptian private sector firms that conditions will continue to improve as the economy stabilises following the reforms implemented over the past two years.

Emirates NBD Egypt PMI



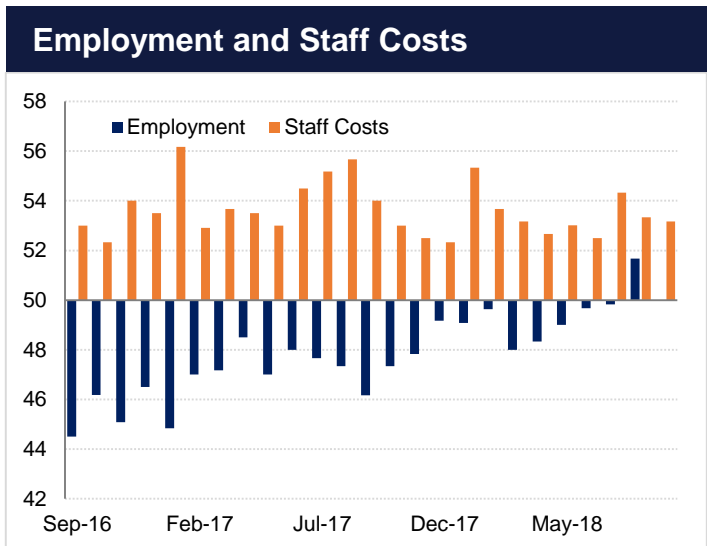
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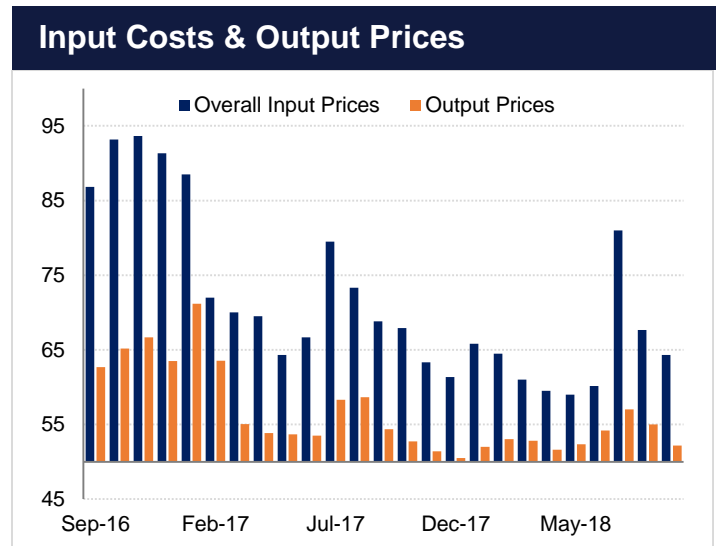
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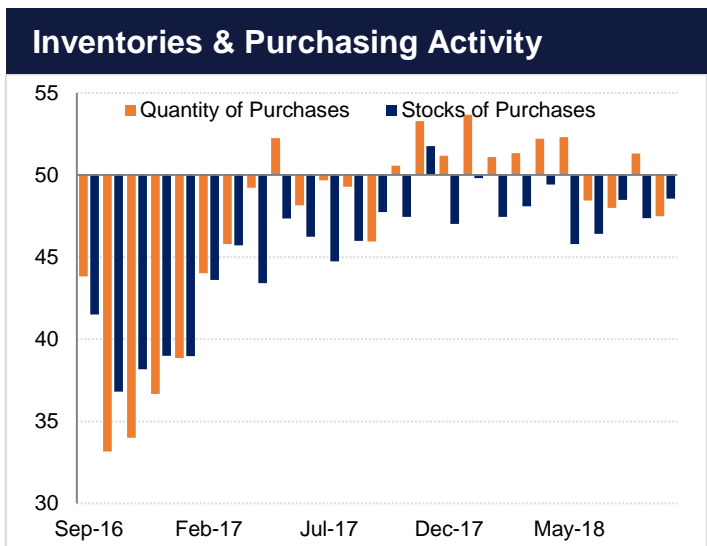
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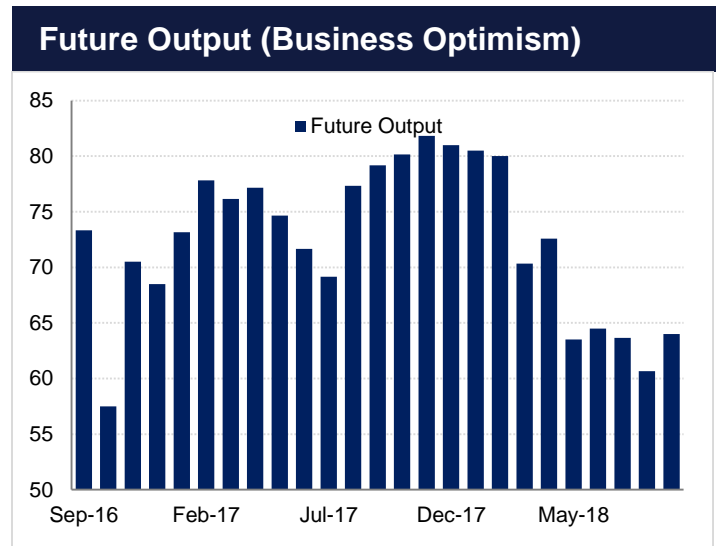
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