



بنك الإمارات دبي الوطني
Emirates NBD

Economics

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Egypt PMI rises to seven-month high

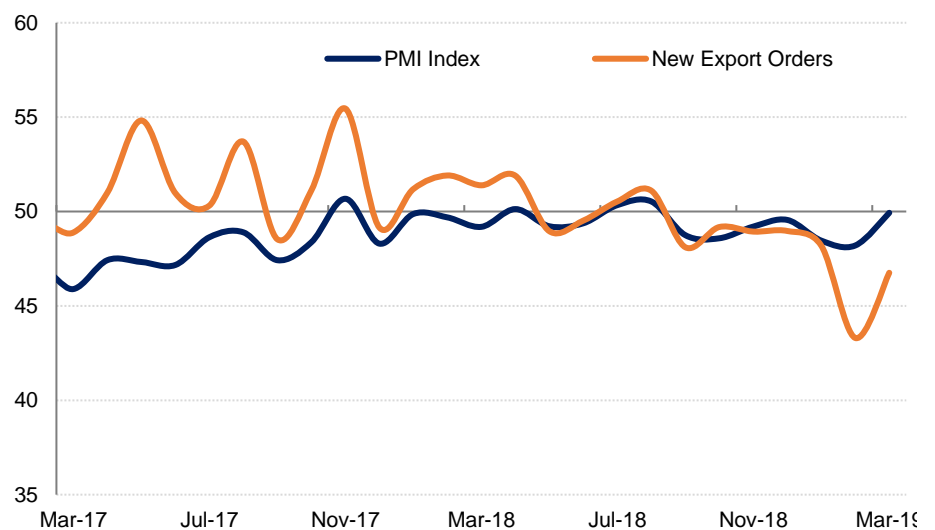
Egypt's Emirates NBD Purchasing Managers' Index (PMI) rose to a seven-month high of 49.9 in March, just shy of the neutral 50.0 level which delineates contraction and expansion in the non-oil private sector economy. This represents a significant improvement from the 17-month low of 48.2 recorded in February, though the continued negative performance of the private sector reaffirms our decision to downgrade our 2018/19 real GDP growth forecast from 5.5% to 5.3%.

New orders turned positive in March for the first time since August last year, which in turn saw output contract only marginally. The boost in orders appears to have been domestically driven, as export orders remained contractionary, albeit at a slightly slower pace than the multi-year low recorded in February.

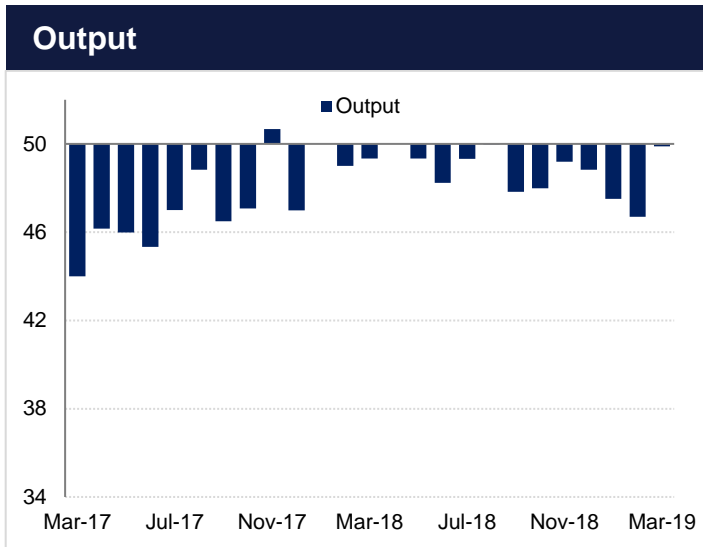
Firms were able to raise output prices for the first time this year, while input prices were at a series-low, reducing pressure on firms' margins. Nevertheless, the employment index remained in negative territory for the sixth month running.

Our expectation remains that there will be an improvement in the PMI reading over the remainder of the year, and that the index will begin to broach the 50.0 level more consistently, having done so just three times in 2018. This will in part be fueled by easing monetary policy; the CBE implemented its first cut of 2019 in February and we anticipate two more over the course of 2019. Survey respondents remain broadly positive, although future output expectations did drop moderately in March. Firms anticipate that improved tourism will be one of the contributing factors to increased output.

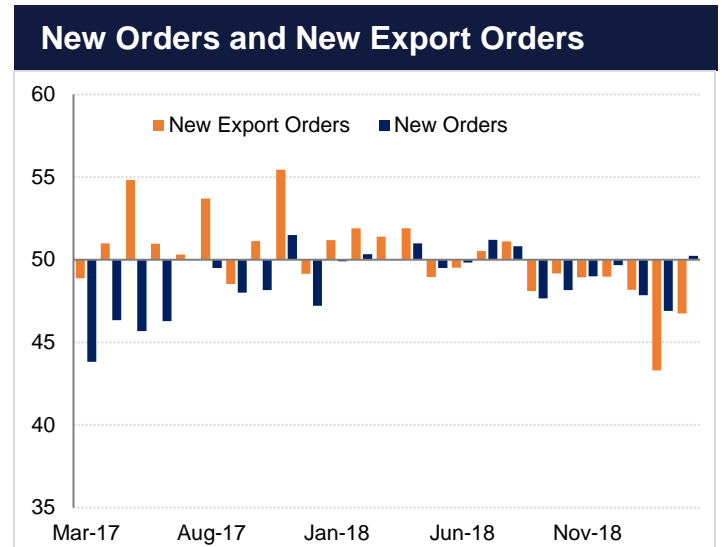
Emirates NBD Egypt PMI



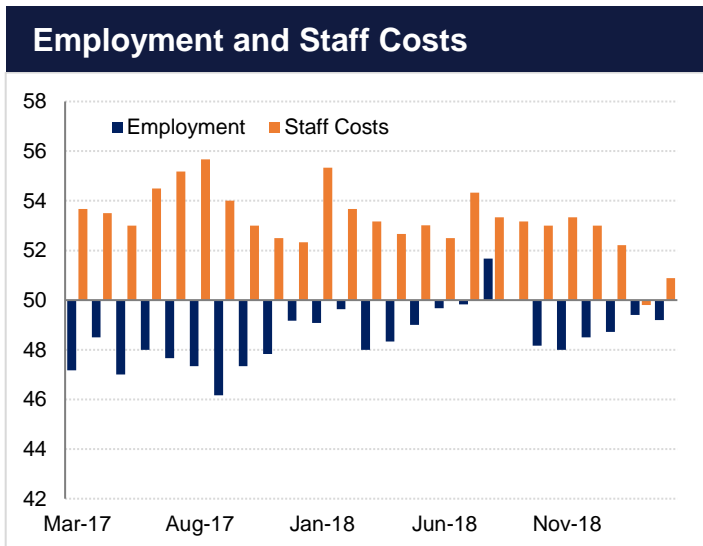
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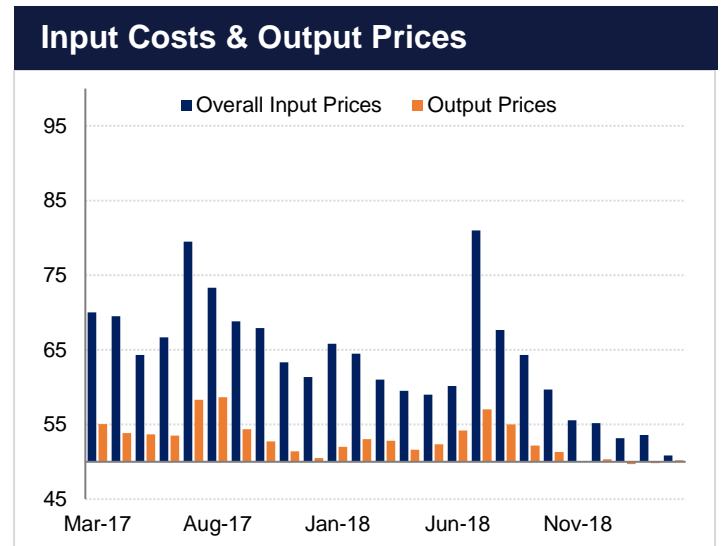
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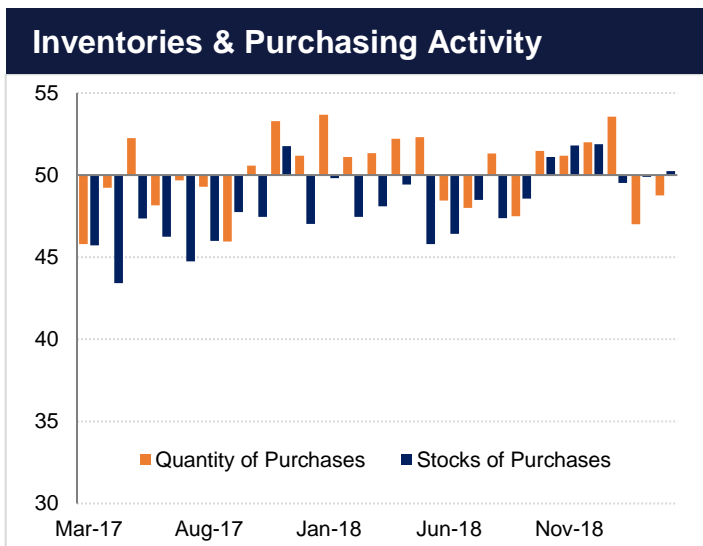
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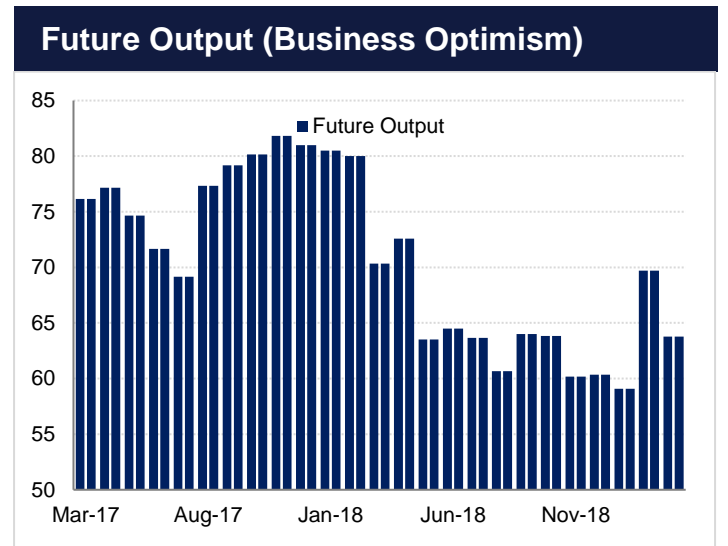
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