



بنك الإمارات دبي الوطني
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Egypt PMI: Signs of stabilisation

The latest Purchasing Managers' Index (PMI) for Egypt suggests that while the non-oil private sector economy continues to contract, it is doing so at a slower rate. The headline PMI rose to a 9-month high of 47.4 in April, as output, new orders and employment declined at a slower rate on average last month.

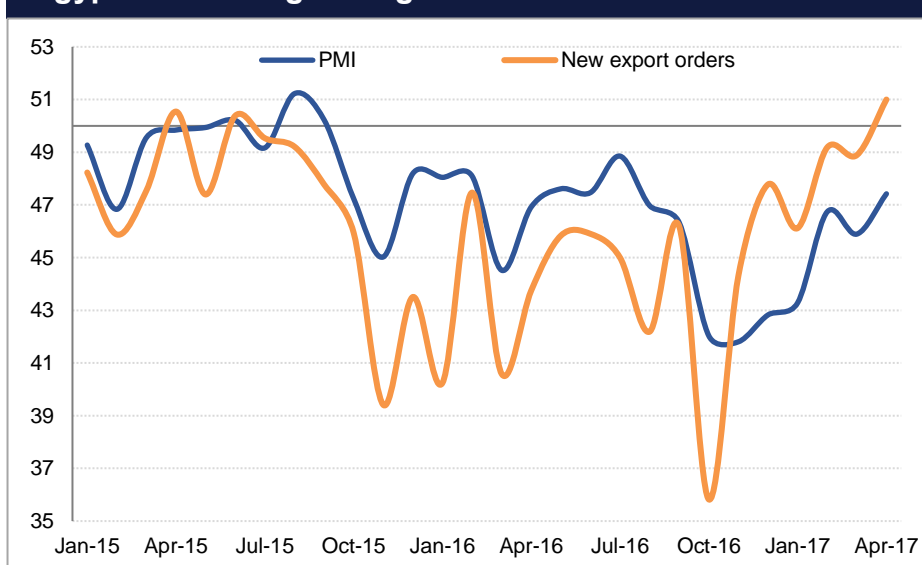
A silver lining in April was a modest rise in new export orders (51.0) – the first rise in this component of the survey since June 2015, and the highest reading since December 2014. This suggests that the export sector is starting to see some benefit from the devaluation of the pound in November last year. Tourism data supports this view: tourist arrivals surged 25% y/y in December and grew more than 50% y/y in Q1 2017 after contracting since mid-2015. Foreign exchange reserves at the central bank have continued to recover and portfolio investment into Egypt has increased over the last four months.

Inflationary pressure remains high with the input price index at 69.5 in April, but there is evidence of stabilisation here as well – the April reading was the lowest since February 2016. Encouragingly, the **rate of output price inflation has eased sharply**, with this index declining to 53.8 in April from 55.0 in March and 71.2 in January. High inflation has been cited as one of the key factors constraining domestic demand in Egypt, so as selling prices stabilise, this should further support a recovery in domestic demand in the coming months.

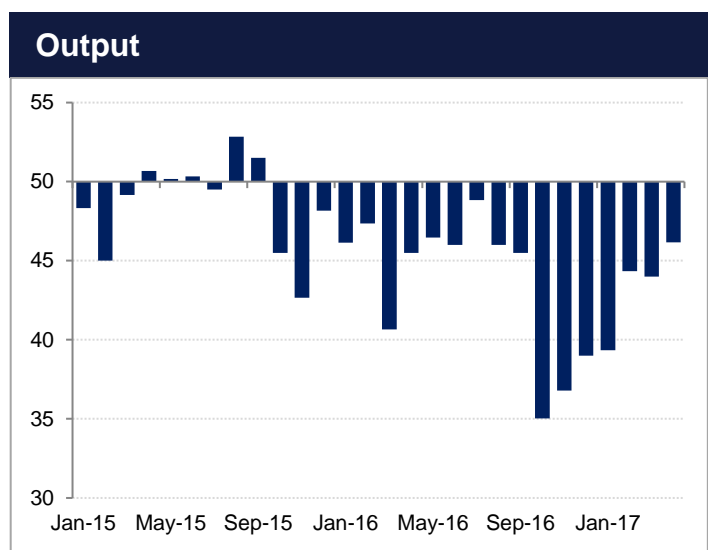
Employment continued to decline in April, but at the slowest rate in 19 months. Firms reported that some of the decline in jobs was due to natural attrition (retirement) or individuals leaving voluntarily to pursue other opportunities.

Business optimism remains high in Egypt as more than 91% of firms surveyed in April expected their output to be higher or the same as current levels in a year's time.

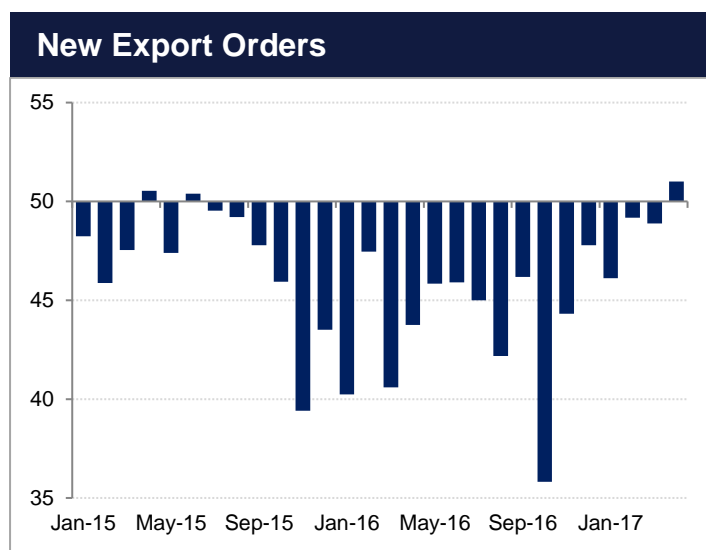
Egypt Purchasing Managers' Index



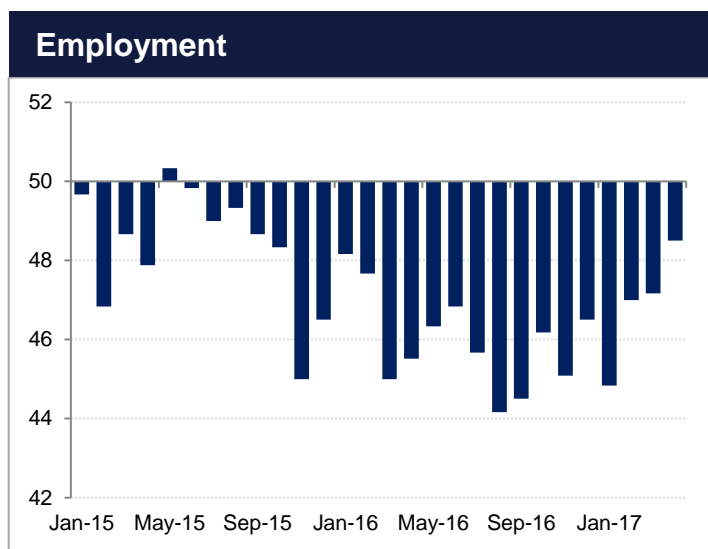
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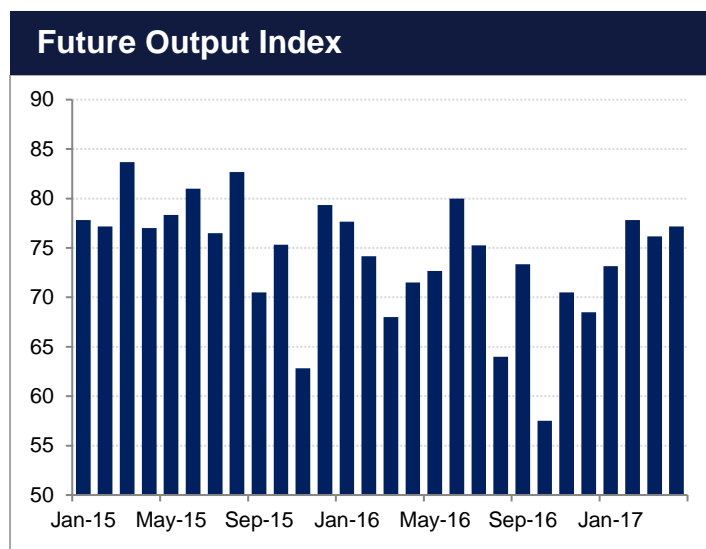
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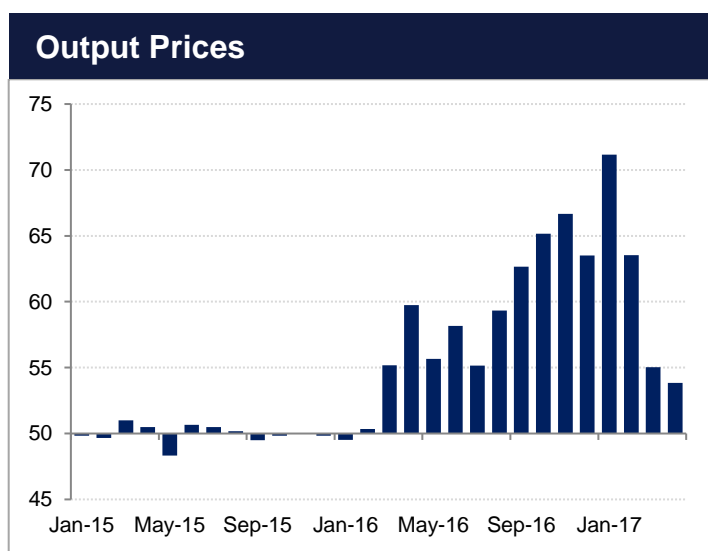
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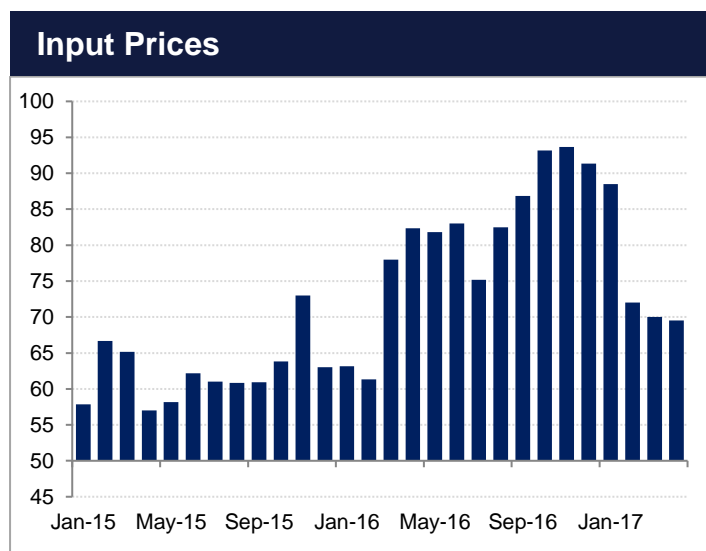
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