



Press Release

Under strict embargo until: 06:15 (CAIRO) / 04:15 (UTC), August 12th 2018

Emirates NBD Egypt PMI™

PMI signals overall improvement in Egyptian non-oil private sector

Cairo, August 12th, 2018: Today sees the release of June data from the Emirates NBD Purchasing Managers' Index® (PMI®) for Egypt. The survey, sponsored by Emirates NBD and produced by IHS Markit, contains original data collected from a monthly survey of business conditions in the Egyptian private sector.

Commenting on the Egypt PMI™ survey, **Daniel Richards, MENA Economist at Emirates NBD**, said:

“The positive PMI reading for the first month of the new fiscal year supports our view that real GDP growth will strengthen in 2018/19 as there is a greater recovery in the private sector, supported by gradual monetary policy normalisation, improved political stability and a rebound in the tourism sector.”

The main findings of the July survey were as follows:

- Headline PMI posts 50.3, indicating improving business conditions in the sector
- New orders and exports rise
- Future expectations remain positive

The seasonally adjusted Emirates NBD Egypt Purchasing Managers' Index™ (PMI) – a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy – increased from 49.4 in June to 50.3 during July, signalling an improvement in the overall health of the non-oil private sector. Though indicating only a marginal strengthening in business conditions, the headline figure hit an eight-month high as new orders entered expansion territory.

For the first time in three months, firms operating in the non-oil private sector reported greater volumes of new business amid stronger demand from both domestic and foreign sources. According to panel members, improvements in inbound tourism supported the upturn in domestic new orders, while a strong global economic environment underpinned the expansion in new exports.

On a less positive note, shortages of raw materials and higher costs weighed on business activity, causing output to contract for the third month running. Moreover, staffing levels continued to fall despite



the rise in new orders. However, both output and employment fell at marginal and slower rates than in June.

Egyptian non-oil private sector firms continued to lower their purchasing activity, with panel members mentioning a lack of liquidity as a key factor behind the reduction. Consequently, stocks of purchases declined further in July, though at a softer pace than in the previous month. Alongside the decline in buying levels, stronger demand led firms to utilise stocks.

Meanwhile, non-oil private sector firms experienced a sharp increase in input costs at the start of the third quarter. Higher fuel costs and energy prices were overwhelmingly blamed for the marked rise in cost burdens, though greater living costs drove up pay inflation. Accordingly, selling prices were raised further, with the rate of inflation hitting an 11-month high.

Expectations towards output growth over the coming 12 months remained positive in July. A strong global economic picture alongside the rebound in tourism underpinned positive sentiment. However, the degree of optimism softened from June.

-Ends-

The next *Egypt PMI Report* will be published on September 4th 2018 at 06:15 (CAIRO) / 04:15 (UTC)

For further information, please contact:

Ibrahim Sowaidan
Senior Vice-President, Head - Group Corporate Affairs
Emirates NBD
Telephone: +971 4 609 4113 / +971 50 6538937
Email: ibrahims@emiratesnbd.com

Tricia Kaul
ASDA'A Burson-Marsteller; Dubai, UAE
Tel: +971 56 6032673
Email: tricia.kaul@bm.com

Daniel Richards
MENA Economist, Emirates NBD
Email: DanielRICH@emiratesnbd.com

Joanna Vickers
Corporate Communications
IHS Markit
Tel: +44-207-260-2234
Email: joanna.vickers@ihsmarkit.com

Gabriella Dickens
Economist
IHS Markit
Tel: +44 1491 461 008
Email: gabriella.dickens@ihsmarkit.com

Notes to Editors



The Emirates NBD Egypt Purchasing Managers' Index is based on data compiled from monthly replies to questionnaires sent to purchasing executives in approximately 450 private sector companies, which have been carefully selected to accurately represent the true structure of the Egyptian non-oil economy, including manufacturing, services, construction and retail. The panel is stratified by Standard Industrial Classification (SIC) group, based on industry contribution to GDP. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The Purchasing Managers' Index™ (PMI™) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease. IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

About Emirates NBD

Emirates NBD is a leading banking Group in the region. As at 31st December 2017, total assets were AED 470.4 Billion, (equivalent to approx. USD 128 Billion). The Group has a significant retail banking franchise in the UAE and is a key participant in the global digital banking industry, with over 90 per cent of all financial transactions and requests conducted outside of its branches. The bank was declared the Most Innovative Financial Services Organization of the Year at the 2017 BAI Global Innovation Awards.

The bank currently has 230 branches and 1040 ATMs and SDMs in the UAE and overseas and a large social media following, being the only bank in the Middle East ranked among the top 20 in the 'Power 100 Social Media Rankings', compiled by The Financial Brand. It is a major player in the UAE corporate and retail banking arena and has strong Islamic Banking, Global Markets & Treasury, Investment Banking, Private Banking, Asset Management and Brokerage operations.

The Group has operations in the UAE, Egypt, the Kingdom of Saudi Arabia, India, Singapore, the United Kingdom and representative offices in China and Indonesia.

The Group is an active participant and supporter of the UAE's main development and community initiatives, in close alignment with the UAE government's strategies, including financial literacy and advocacy for inclusion of People with Disabilities under its #Together Limitless platform. Emirates NBD



Group is an official premier partner of EXPO 2020. For more information, please visit: www.emiratesnbd.com

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2018 IHS Markit Ltd. All rights reserved.

The intellectual property rights to the Emirates NBD Egypt PMI™ provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Emirates NBD use the above marks under licence. IHS Markit is a registered trade mark of IHS Markit Limited and/or its affiliates.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).