News Release

Embargoed until 0715 EET (0515 UTC) 5 November 2024

S&P Global Egypt PMI®

Non-oil business activity declines again in October

Key findings

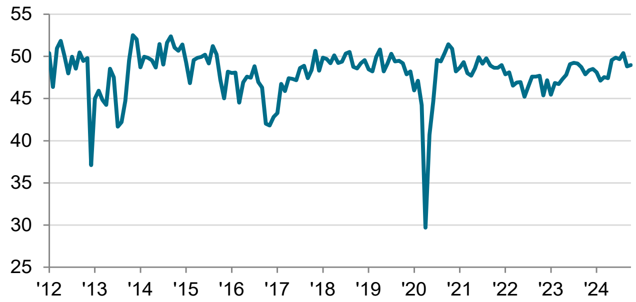
New order volumes drop further

Selling price inflation remains above trend

Stock building and employment growth continue

S&P Global Egypt PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 10-23 October 2024.

Egyptian firms across the non-oil private sector continued to see a decline in business activity as the final quarter of 2024 began, latest PMI® survey data from S&P Global signalled. Strong cost pressures led to another increase in overall selling prices, which firms indicated had a dampening effect on new order volumes.

Nevertheless, the data signalled further mild expansions in firms' stock levels and employment during October. The rate of input cost inflation also eased back from September's six-month high, as firms saw reduced pressure on purchase prices and staff costs.

The headline seasonally adjusted S&P Global Egypt Purchasing Managers' Index™ (PMI) is a composite gauge designed to give a single-figure snapshot of operating conditions in the non-oil private sector economy. It is calculated from measures of new orders, output, employment, supplier delivery times and stocks of purchases.

At 49.0 in October, up fractionally from 48.8 in September, the headline PMI recorded below the 50.0 neutral threshold for the second month running, signalling a deterioration in overall conditions. However, the sub-components to the PMI offered a mixed picture, with only the Output and New Orders indices keeping the headline measure below the neutral mark.

Much like the signals given in the previous survey, business activity and new orders decreased at solid rates across the non-oil private sector in October. Firms often saw sales decline due to weak market conditions, as well as further pressure from rising prices. Business activity dropped for the second month in a row, following August's brief expansion which was the first seen for three years. Sector data also suggested that the downturn was relatively widespread, with the most pronounced cuts in activity and sales seen among construction firms.

Comment

David Owen, Senior Economist at S&P Global Market Intelligence, said:

"The decline in non-oil private sector conditions extended into October, with firms showing that price pressures had continued to restrain the sector from returning to growth territory. Furthermore, this contraction was observed in all sectors covered by the survey, especially in construction where rising material costs appeared to hit total activity.

"That said, with the PMI at 49.0 in October, Egypt's non-oil economy is not too far from growing again, and a lessening of cost pressures in the latest month provides some hope that economic headwinds could ease."

PMI® by S&P Global

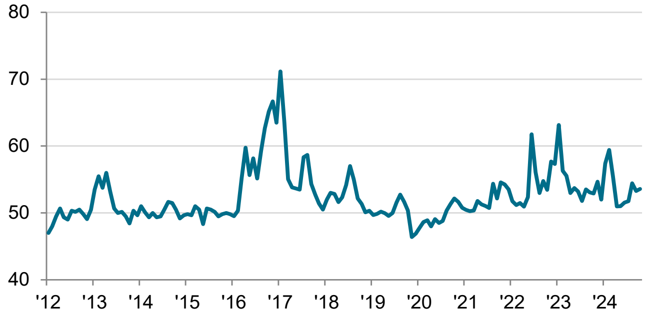
Average prices charged by non-oil firms rose solidly in October, with the increase quicker than the series trend for the third month running. Selling prices were mainly raised due to another sharp uptick in the cost of inputs such as raw materials and utilities, which in turn often arose due to the impact of a strong US dollar value on import prices. That said, the pace of overall input cost inflation slipped from September's six-month high and was the softest since July.

Despite a further contraction in activity, non-oil businesses expanded their staffing levels for the fourth consecutive month, with the pace of job creation even picking up to the fastest since May. There were also continued reports of firms building inventories in order to hold items in reserve amid cost concerns.

Total input purchases fell for the first time in three months, however, which helped to ease some pressure on supply chains. Although supplier delivery times lengthened for a third successive month in October, they did so only fractionally and at the softest pace in the current period.

Looking ahead, non-oil companies projected business activity to rise in the coming 12 months in October. The degree of confidence was particularly weak though, as the respective index dropped to one of its lowest readings in the survey's history.

PMI Output Charges Index
sa, >50 = inflation since previous month



Source: S&P Global PMI.

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Survey methodology

The S&P Global Egypt PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 private sector companies. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. The sectors covered by the survey include manufacturing, construction, wholesale, retail and services. Data were first collected April 2011.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.