News Release
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S&P Global Egypt PMI®

Egypt's non-oil sector remains under pressure as cost inflation surges to multi-year high

May 2026

Demand weakens further as cost pressures intensify

Employment cuts accelerate to fastest pace in nearly six years

Supply chain disruptions worsen amid ongoing global shipping challenges

Egyptian non-oil companies experienced another solid contraction in operating conditions during May, as spiralling inflationary pressures constrained demand. Input prices surged at the fastest rate since January 2023, driven by higher fuel and electricity costs alongside currency depreciation.

Firms responded to deteriorating conditions by cutting employment at the fastest pace since June 2020, whilst raising their selling prices at one of the fastest rates on record. Supply chain disruptions meanwhile intensified markedly amid ongoing impacts from the Middle East conflict.

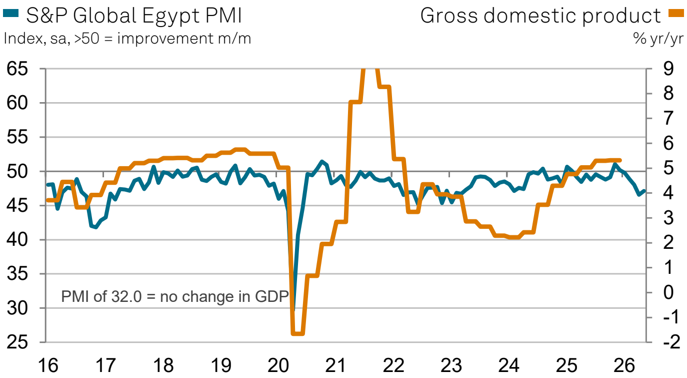
The headline seasonally adjusted S&P Global Egypt Purchasing Managers' Index™ (PMI®) is a composite gauge designed to give a single-figure snapshot of operating conditions in the non-oil private sector economy. It is calculated from measures of new orders, output, employment, supplier delivery times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

The Egypt PMI recorded at 47.1 in May, sitting above its previous reading of 46.6 in April, but below the 50.0 neutral threshold for the fifth straight month. The index signalled that business conditions contracted solidly in May and implied a softer rate of GDP growth in the second quarter compared to the rates seen at the end of 2025.

New orders contracted for the fifth consecutive month in May, with the rate of decline remaining near April's 37-month record, as elevated inflation reportedly deterred customers. Output also fell steeply, though the pace moderated slightly from April, with wholesale & retail and services bearing the brunt while manufacturing and construction showed slight rebounds following declines in prior months.

Cost pressures intensified, with nearly half of surveyed firms reporting rising input costs driven by higher diesel and electricity prices, currency weakness, and wage pressures that hit their strongest level since January 2018. Companies responded with a near record-breaking increase in selling prices, as anecdotal evidence highlighted firms' needs to offset margin compression.

Supply chain disruptions worsened considerably in May, with



Data were collected 12-20 May 2026.

Sources: S&P Global PMI, MPED via S&P Global Market Intelligence. ©2026 S&P Global.

Note: Although a PMI reading of 50.0 indicates no change in output compared to the prior month among the survey panel, historical comparisons suggest that a reading of 32.0 is consistent with no change in annual growth in the broader economy (as measured by GDP in real terms). Any PMI reading above 32.0 therefore signals rising GDP in annual terms and readings below 32.0 signal deteriorating GDP.

Comment

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

"Businesses took tangible actions in response to the sharp uplift in cost pressures during May. The principal move was an historic surge in selling charges, with the rate of output price inflation reaching its second-highest in the survey's history, suggesting that the comparatively subdued reactions seen in March and April – when output prices rose far less than costs – were unsustainable.

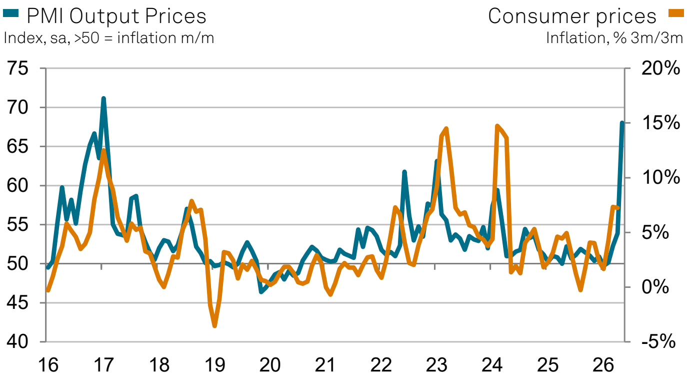
"Job cuts also accelerated to their fastest pace since June 2020, with firms commenting on both active redundancies and decisions to leave vacant positions unfilled. The decline indicated that the sustained fall in business activity, combined with intensifying cost pressures, was starting to have a heavy impact on firms' labour requirements.

"The May PMI findings added to signs that the Middle East conflict is likely to depress GDP growth in the second quarter. Companies nevertheless looked to the future with markedly improved confidence, suggesting that the outlook is still hopeful despite the challenges firms face."

delivery times lengthening at the fastest pace in nearly four years. Survey comments pointed to shipping route disruptions and supplier hesitancy amid price volatility.

Employment cuts meanwhile accelerated as firms responded to declining sales through both the non-replacement of voluntary departures and active redundancies. This workforce reduction, combined with supply difficulties, created notable capacity constraints, leading to the quickest rise in backlogs of work since September 2023.

Despite weaker demand, firms reduced purchasing activity only modestly in May, while recording the largest expansion in inventories in nearly three years to hedge against anticipated future price rises. Business sentiment improved markedly to its highest level since August 2024, with firms expressing hopes for improved economic conditions and exchange rate recovery, although inflationary concerns remained prominent.



Sources: S&P Global PMI, CAPMAS. ©2026 S&P Global.

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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. Data collection began in 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.

PMI by S&P Global

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

Using PMI to estimate growth

PMI data are available faster than official GDP figures and at a higher frequency, providing an accurate advance guide to economic growth. Comparing the average of the headline Egypt Whole Economy PMI for each calendar quarter with annual GDP growth rates since 2014 shows a correlation of 42%, with the PMI acting as a coincident indicator of economic growth.

With this correlation as the basis of PMI-implied GDP growth rates, we can build a simple OLS regression model where the annual rate of change in GDP is explained by a single variable: the headline Egypt Whole Economy PMI. The model therefore allows us to estimate GDP using the following formula:

Annual % change in GDP = (PMI x 0.269) – 8.62

Using this formula, a headline PMI reading of 32.0 is comparable to a zero annual growth rate of GDP. Each index point above (below) is roughly the same as 0.27 percentage points of GDP growth (decline) such that: Annual % change in GDP = (PMI x 0.269) – 8.62

PMI = 40, GDP %yr/yr = 2.1; PMI = 50, GDP%yr/yr = 4.8; PMI = 60, GDP %yr/yr = 7.5

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