

# News Release

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## S&P Global Egypt PMI®

### New business grows for first time in nearly three years

#### Key findings

Output levels almost stable

Purchasing activity expands

Price pressures tick higher but remain soft

Egyptian non-oil companies saw an increase in sales volumes in June for the first time since August 2021, according to the latest S&P Global Egypt PMI® survey. The uplift followed recent signs of a stabilising of economic conditions, as policy moves supported a relaxation of price pressures and improved demand prospects. Output levels fell at the softest rate in nearly three years, while the volume of input purchases rose for the first time since December 2021. Input cost inflation remained soft despite accelerating to a three-month high, leading to another modest rise in selling charges.

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.

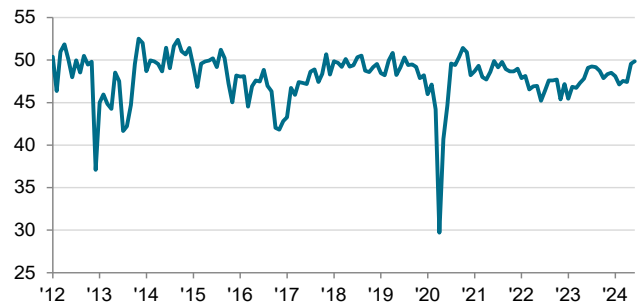
The headline PMI ticked up from 49.6 in May to 49.9 in June, posting only fractionally below the 50.0 mark which separates growth from contraction. The reading was indicative of broadly stable operating conditions at the end of the second quarter. Notably, the index was at its highest level in exactly three years.

New business intakes at non-oil firms rose for the first time since August 2021 in June, as the proportion of firms seeing demand improve started to outweigh those seeing a reduction. Of the sectors covered by the survey, manufacturing and services saw new orders start to increase. However, declines in the construction and wholesale & retail sectors painted a mixed picture overall.

Surveyed firms signalled that the sales upturn came from improving conditions in both domestic and international markets. With regards to the latter, firms reported a sharp increase in new export orders in June, the strongest recorded in two-and-a-half years.

S&P Global Egypt PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.  
Data were collected 7-20 June 2024.

#### Comment

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

"Egypt's non-oil economy ended the first half of 2024 on a high according to the latest PMI data. With the headline PMI reaching 49.9 and total new order volumes rising for the first time in nearly three years, businesses appear to be heading on the road to recovery.

"Although output levels continued to fall on average, they were also close to growth territory, as business capacity was helped by a fresh increase in the buying of inputs. If we see further rises in sales and purchases in the second half of this year, firms should have the motivation and need to expand their output.

"Another positive is that price pressures have remained much cooler than in the first quarter of this year during the country's foreign currency crisis. While June saw the fastest rise in input prices for three months, firms generally commented that this was due to a high degree of volatility in market prices rather than an accelerating inflation trend."

PMI®

by S&P Global

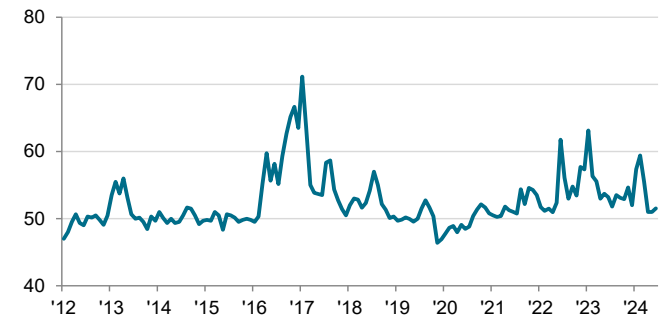
With total sales rising, non-oil firms reported greater efforts to expand their capacity. Notably, purchases of inputs increased in June for the first time since December 2021. Some companies also boosted their activity, though this was outweighed by declines elsewhere. Nevertheless, the overall rate of contraction in output slowed for the fourth straight month and was the softest recorded in nearly three years.

Employment numbers across the Egyptian non-oil economy were relatively stable in June. Although some firms opted to boost their workforces amid rising sales, many companies reported layoffs and the non-replacement of leavers. This was observed as confidence in future activity dipped and was only slightly positive - in fact the lowest seen on record - as firms remained uncertain about economic prospects following recent volatility in financial conditions.

Meanwhile, the June survey data confirmed that inflationary pressures on businesses had been greatly suppressed in the second quarter of the year. Although rising material prices drove the fastest uptick in costs for three months, the rate of input price inflation was still much slower than at the start of the year during Egypt's foreign currency crisis. Businesses raised their output charges modestly, with the speed similarly the quickest for three months but slower than typically seen over the past couple of years.

### 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](mailto:economics@spglobal.com).

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