

# News Release

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## S&P Global Egypt PMI®

### Business activity rises for first time in three years

#### Key findings

PMI above 50 as output, employment and inventories grow

New orders drop only slightly

Inflationary pressures quicken further

The S&P Global Egypt PMI® signalled a fresh expansion in the non-oil private sector economy in August, as businesses raised their output levels for the first time in exactly three years. The uplift came amid further reports of a demand recovery, despite new work easing slightly for the second month running. Companies also expanded their inventories and hired additional staff, as optimism towards future business activity improved to the strongest since mid-2022.

At the same time, there was a sharp pick-up in inflationary pressures at non-oil businesses, as firms faced greater costs due to a weakening in the pound against the US dollar. Purchase prices rose markedly, leading to a steep uplift in selling charges as firms sought to protect their margins.

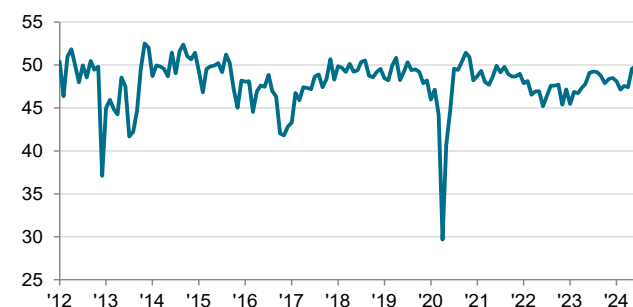
The headline seasonally adjusted S&P Global Egypt Purchasing Managers' Index™ (PMI) is a composite gauge designed to give a single-figure snapshot of operating conditions in the non-oil private sector economy. It is calculated from measures of new orders, output, employment, supplier delivery times and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

Notably, the headline PMI climbed above the neutral threshold of 50.0 in August, rising from 49.7 in July to 50.4, to signal the first improvement in the health of the non-oil private sector since November 2020. Four out of the five sub-components positively influenced the headline index in August, including renewed rises in output and stocks of purchases. New orders was the only negative factor, although firms reported only a marginal drop overall.

Indeed, the past three months of survey data has been broadly indicative of a stabilisation in demand conditions, with many firms commenting on a market recovery amid improved macro-economic factors and rising export business. This stability led firms to increase their activity for the first time in three years in August, although the pace of expansion was only marginal.

S&P Global Egypt PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-21 August 2024.

#### Comment

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

"Business conditions are on the mend according to the August survey data, as the PMI's jump into above-50 territory indicated an improvement at non-oil businesses for the first time since late 2020.

"Notably, several of the PMI sub-indices signalled growth in August, with increases in output, employment and purchasing activity showing that firms were confident enough to expand their activity and capacity. Business expectations were also up, adding to signs that firms are hopeful that economic conditions are set to be more stable.

"Nevertheless, the situation appears mixed, with many companies still reporting weak client demand, leading to another slight drop in total new orders. Rising price pressures are another risk - August data signalled the fastest uplifts in costs and charges for five months - which has the potential to limit spending and weaken the market recovery."

PMI®

by S&P Global

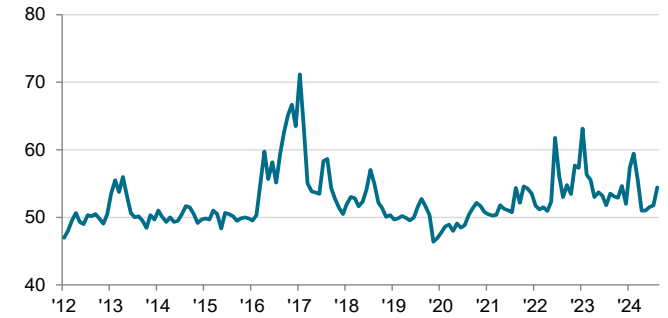
In addition, businesses raised their staffing levels for the second consecutive month and increased their purchases of inputs, which subsequently led to a renewed uplift in stock levels. These expansions often reflected a strengthening of confidence among surveyed firms that sales volumes will grow in the near term. Expectations towards business activity were also robust in August, rising to the highest level in just over two years.

However, the latest PMI data signalled that non-oil firms faced increased challenges on the cost side in August. The rate of input price inflation accelerated for the third month running, largely due to the impact of a weaker exchange rate against the US dollar. Transport costs were also reported to have risen, which contributed to a renewed lengthening of delivery times. Staff wages increased as firms raised salaries further amid cost-of-living pressures.

A number of surveyed businesses noted that increased cost pressures had acted as a headwind to growth in August by dampening the expansion in business activity. Efforts to pass through higher costs to customers also resulted in an increase in average prices charged. Moreover, the rate of charge inflation was sharp and much faster than in July, putting some pressure on client demand.

### 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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