

News Release

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S&P Global Egypt PMI®

PMI edges closer to 50.0 growth threshold

Key findings

Declines in activity and sales ease

Slowest rise in charges since July

Employment cut as optimism fades

The latest PMI® business survey data signalled a further decline in operating conditions across the Egyptian non-oil sector in November. Output levels fell in response to weaker order inflows, but the downturn softened to its least marked in three months.

Input prices rose at the slowest pace since July, despite some pressure on material costs from a stronger US dollar. Output charges likewise rose to a more modest degree.

Nevertheless, firms were less confident about future business activity in November, which contributed to a renewed drop in headcounts.

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 PMI edged up for the second month running in November and moved closer to the 50.0 mark that separates growth from contraction. At 49.2, increasing from 49.0 in October, the index was indicative of a marginal decline in business conditions.

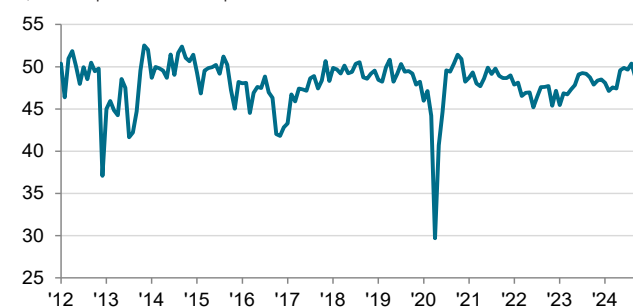
Non-oil private sector activity fell for the third month in a row, which survey panellists generally attributed to persistently weak customer demand. New order volumes also decreased, following the trend since July. However, rates of contraction softened from the previous month, as some firms reported a pick-up in new work amid some signs of recovery.

Sector data revealed a hint of growth in the manufacturing industry, as goods orders rose modestly, driving an increase in output. This helped offset further declines across construction, wholesale & retail and services.

Employment numbers decreased in November, after a four-

S&P Global Egypt PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 12-21 November 2024.

Comment

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

"Declines in output and new business slowed across the non-oil sector in November, indicating that business conditions are close to stabilising. Some firms even reported an uptick in orders, offsetting weak demand elsewhere, with manufacturing a particular area of growth. Nevertheless, a slump in the wholesale & retail sector especially meant that the PMI data was indicative of a decline in overall operating conditions.

"Reductions in purchasing activity and employment hint that firms are not expecting capacity levels to be challenged too much in the months ahead. Lower sentiment towards future activity also reflects a strong degree of uncertainty in the market.

"The latest mark-up in the US dollar value underscored further pressure on purchasing prices in November. However, with wage pressures easing, the rates of input cost and output charge inflation dropped to four-month lows, suggesting downwards potential to consumer price inflation in the coming months."

PMI®

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month run of expansion. The reduction in jobs was also the quickest since February, albeit marginal. Lower staffing levels were mostly linked to firms not replacing voluntary leavers amid reduced sales volumes and weaker confidence. Indeed, output expectations for the year ahead were only just positive, representing the second-lowest degree of confidence in the series history.

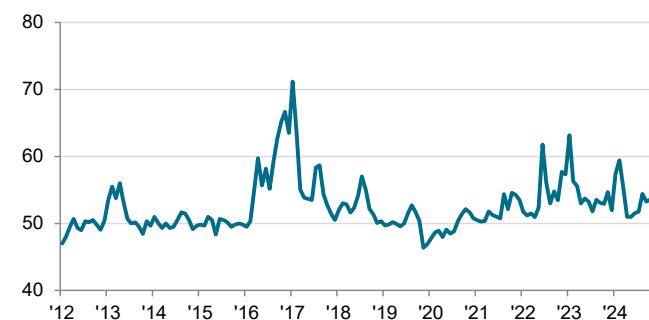
Reduced output contributed to some excess stocks at companies, in turn leading to a further curtailment of input purchases. A lack of pressure on vendors supported the first, albeit slight, shortening of delivery times in a year.

Non-oil businesses also highlighted a softening of input cost inflation during November, as the degree of price pressures slid to a four-month low. This was mainly due to lower wage growth, with overall staff pay rising at the slowest rate in 16 months. Nevertheless, purchase prices continued to rise strongly, which survey evidence partly attributed to a strengthening of the US dollar.

Softer cost pressures led to a moderation of output price inflation. Selling charges increased modestly and to the least extent for four months. There was even a slight drop in average output prices across the construction sector, contrasting with higher charges elsewhere.

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.

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