News Release

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S&P Global Egypt PMI®

Businesses experience setback in December as cost pressures rise

Key findings

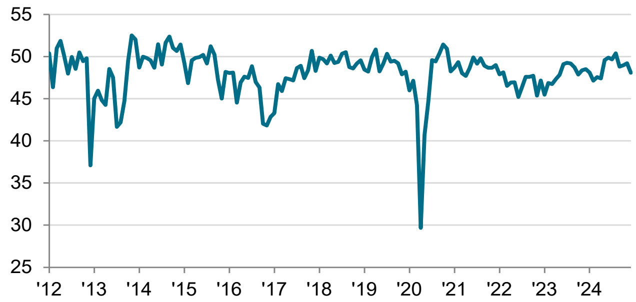
Output and new orders fall at sharpest rates in eight months

Employment numbers cut

Input cost inflation quickens as US dollar appreciates

S&P Global Egypt PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.

Data were collected 5-13 December 2024.

Egyptian non-oil business conditions deteriorated at the end of 2024, as output contracted at the sharpest rate for eight months amid subdued client demand. The latest survey data from S&P Global signalled that rising price pressures, underpinned by a weakening exchange rate to the US dollar, softened market conditions and led firms to take on a greater share of their cost burden. Confidence in future output strengthened, however.

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 dropped from 49.2 in November to 48.1 in December, to signal a decline in the health of the non-oil private sector for the fourth month running. The rate of deterioration was modest but the strongest since April 2024.

December data indicated a contraction in output at non-oil companies, and the pace of decline was the sharpest for eight months. Reports from survey panellists indicated that the downturn was mainly due to subdued new order volumes, which also fell to the greatest extent in eight months. In turn, firms associated weaker demand with challenging economic conditions for clients and rising price pressures.

The downturn in private sector activity was especially marked across the construction and wholesale & retail sectors, according to sub-sector data. Activity was meanwhile little-changed in the service economy, as this segment enjoyed a stabler level of new business than the other monitored sectors.

Anecdotal evidence from panellists signalled that a worsening of the exchange rate between the Egyptian pound and the US dollar led to increased inflationary pressures in

Comment

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

"The latest Egypt PMI data showed that the non-oil private sector's anticipated recovery is unlikely to be without its setbacks in 2025. With the Egyptian pound deteriorating against the US dollar, breaching the 50-per-dollar mark in early December, businesses reported higher prices and a slump in demand, leading to the fastest decline in operating conditions since last April.

"The downturn meant that firms were less keen to raise their own charges in the face of accelerating cost burdens, instead tightening their margins in a bid to salvage orders. While this supported a pick-up in optimism towards future business activity, others suggested that exchange rate movements could be a decisive factor in how output and profits fare in the coming months."

December. Material costs rose sharply, driving the quickest rate of input price inflation in three months. However, with firms struggling to achieve growth of sales, output prices were raised to the least extent since last May.

Concerns over rising purchasing costs led some companies to withdraw from their stocks. Total inventories fell for the first time in six months. Purchases of new inputs rose, albeit just in the manufacturing and services sectors.

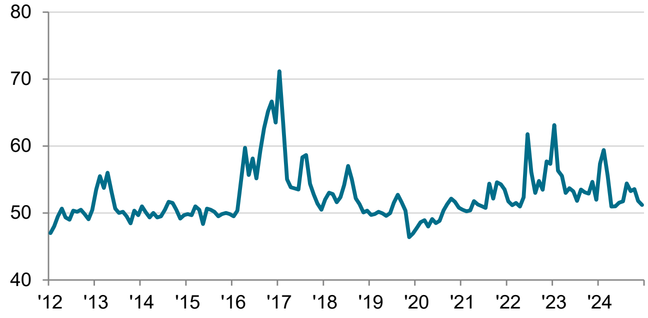
Non-oil businesses cut employment for the second month running. The reduction was mainly achieved through the non-replacement of departing staff, according to panellists, which offset some mentions of capacity improvements. The drop in payroll numbers was however only slight.

Sustained efforts to reduce workforces came amid a faster increase in salary costs. After falling to a 16-month low in November, the rate of staff pay inflation ticked up to a four-month high, which firms mainly linked to cost-of-living challenges.

In terms of future business activity, non-oil companies were more optimistic at the end of 2024, as sentiment recovered from a near-record low in November. Many firms signalled hopes of a strengthening of domestic and geopolitical conditions in 2025, although inflationary concerns led to pessimism at some companies.

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.

About PMI

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

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