News Release
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S&P Global Egypt PMI®

Operating conditions in non-oil economy weaken for the first time in 2025 so far

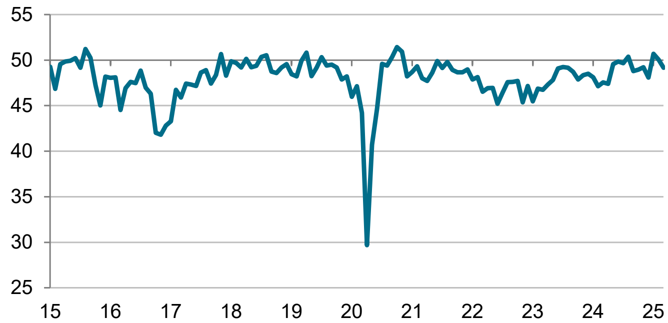
Sales volumes decline for the first time in three months

Output, purchases and staffing levels decrease

Input prices nearly stabilise

S&P Global Egypt PMI

Index, sa, >50 = improvement m/m



Data were collected 5-21 March 2025.
Source: S&P Global PMI. ©2025 S&P Global.

Egypt's non-oil private sector entered contraction territory in March, following improvements in business conditions in January and February. The latest PMI® survey data indicated that weaker demand levels prompted firms to cut back on activity and purchases, leading to a further reduction in headcounts.

Alongside this downturn, the survey data revealed a marked easing of inflationary pressures, with input costs rising only marginally and at the slowest rate in nearly five years. Businesses reported only a slight increase in selling prices, suggesting a more stable pricing environment.

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 fell from 50.1 in February to 49.2 in March, the lowest reading in three months. The decline below the neutral threshold of 50.0 signalled a mild deterioration in operating conditions as the first quarter of 2025 concluded.

For the first time this year, non-oil companies in Egypt registered a fall in business activity, primarily driven by a weakening in new order intakes. Demand from local and international sources were both reportedly restrained, leading firms to scale back operations and spending. Total new orders declined, albeit only at a marginal pace that was softer than the historical trend.

One area that performed well in March was the construction sector, with detailed survey data showing robust growth in output and new work. The expansionary tone contrasted with a more subdued market environment elsewhere, particularly in the manufacturing and wholesale & retail segments.

In tandem with lower output and new orders, purchasing activity decreased for the first time in four months. Companies also reported a reduction in headcounts, as weak demand and limited capacity pressures dampened workforce needs. However, the rates of decline in both input purchases and staffing were slight.

Notably, March saw the slowest pace of input price inflation in 58 months. Purchase prices rose only modestly, with

Comment

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

"The non-oil sector suffered a minor setback in March, with a decline in business conditions undermining the more expansionary tone set in the first two months of the year. That said, the PMI remained higher than its long-run trend, suggesting that businesses are still in a good overall position.

"Firms will be particularly buoyed by the improved picture for inflation. Although headline inflation plummeted from 24% to 12.8% in February mostly due to base effects, a softening of input cost increases according to the March PMI data suggest there could be further reductions going forward.

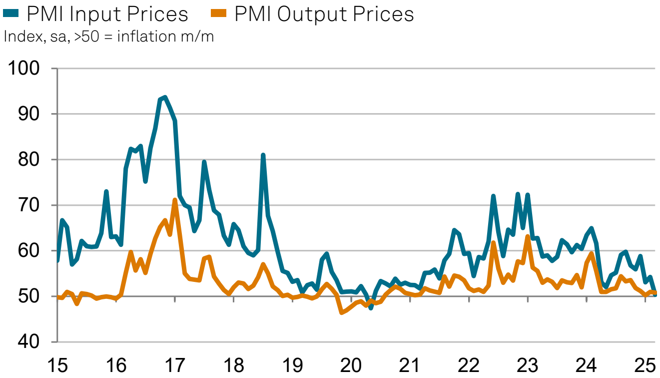
"Part of this softening was linked to a weaker US dollar, which remains greatly influenced by the evolving state of US trade policy. The outlook for the local economy is therefore somewhat unclear, which is reflected in a diminishing level of business expectations."

PMI® by S&P Global

anecdotal evidence signalling that a stabilisation of the Egyptian pound against the US dollar alleviated inflationary pressures. A reduction in staff costs for the second month in a row also contributed to this easing.

Consequently, firms raised their selling prices only slightly, continuing the trend observed throughout the first quarter, which recorded the lowest average selling price increases in four years.

When assessing the outlook, non-oil firms were subdued in March, with output expectations falling to one of the lowest levels in the series history.



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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

S&P Global

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