

S&P Global Egypt PMI®

Egypt's non-oil sector contraction deepens to near three-and-a-half-year record

June 2026

New orders decline at fastest pace since late-2022 amid liquidity issues and supply disruption

Delivery times lengthen again, whilst soft demand squeezes purchasing activity

Inflationary pressures ease from near-record highs but

Egypt's non-oil private sector experienced its sharpest contraction in nearly three-and-a-half years during June, as demand weakness intensified and supply chain disruptions persisted. The deterioration was broad-based, with new orders falling at the fastest pace since late-2022, alongside decreases in output, purchasing and staffing.

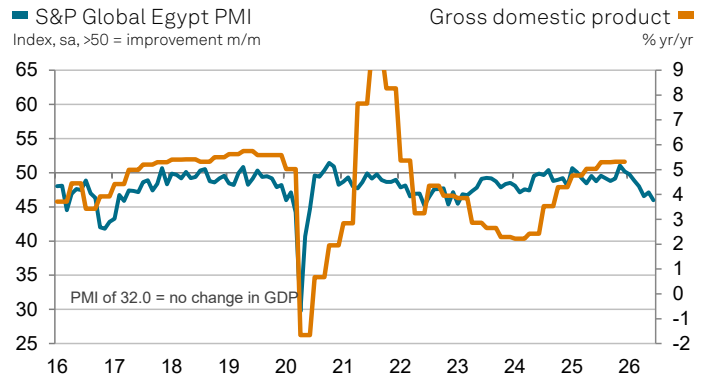
Businesses pointed to multiple headwinds including liquidity constraints, raw material shortages, and elevated price pressures that were collectively closely tied to the Middle East conflict. However, there was a cooling in input cost and output price inflation from the multi-year highs recorded in May, as well as optimism that easing tensions will support a recovery in activity.

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.

At 46.0 in June, dropping from 47.1 in May, the headline PMI registered below its neutral 50.0 threshold for the sixth consecutive month. This also marked the lowest index reading since January 2023, signalling a relatively marked contraction in business conditions across the non-oil economy and pointing to annual GDP growth falling to approximately 3.8% at the end of the second quarter.

The demand environment deteriorated markedly in June, with new orders declining at the sharpest pace since November 2022. Nearly 27% of monitored companies reported weaker sales compared to just 11% indicating an improvement. Businesses attributed weak demand to multiple factors such as liquidity issues at clients, raw material shortages, slower supply chains, and rising prices. The external market also weakened, largely due to the Middle East conflict's impact on regional trade conditions.

As a consequence, non-oil business activity fell sharply and for the fifth straight month, with the pace of decline the most pronounced since the start of 2023. Employment also



Data were collected 11-22 June 2026.

Sources: S&P Global PMI, MPED via S&P Global Market Intelligence. ©2026 S&P Global.

Note: Although a PMI reading of 50.0 indicates no change in output compared to the prior month among the survey panel, historical comparisons suggest that a reading of 32.0 is consistent with no change in annual growth in the broader economy (as measured by GDP in real terms). Any PMI reading above 32.0 therefore signals rising GDP in annual terms and readings below 32.0 signal deteriorating GDP.

Comment

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

"The PMI declined to 46.0 in June, lending greater confidence to forecasts of a softening of GDP growth in Q2. The historical PMI-GDP relationship suggested that the latest reading correlated with growth of 3.8%, markedly lower than 5% recorded in Q2 last year. The Middle East conflict has exacted a toll on the domestic non-oil sector, with the latest data signalling the steepest decline in new work in over three-and-a-half years.

"The contraction partly reflects an inflation story, with survey respondents frequently commenting that rising price pressures had deterred client spending. The moderation in inflationary pressures recorded in the June survey data therefore offers some relief to firms. Whilst businesses continued to face heightened material prices, the rate of increase in overall purchasing costs softened considerably from the previous month. Further easing appears possible should global energy prices decline and regional tensions cool, which would add support to the improved outlook for output seen over the past couple of months."

continued its downward trajectory, although the rate of job losses eased slightly from May. Companies reported that natural wastage generally drove staffing reductions rather than active job cuts.

Purchasing levels decreased in June, although firms were still able to increase their stocks in a bid to build reserves as a hedge against anticipated price rises and ongoing supply disruptions. Supplier delivery times lengthened solidly, though at a slightly softer pace than in May, with raw material shortages, shipping disruption in the Strait of Hormuz, and rising fuel prices cited as key factors.

Whilst staying elevated, inflationary pressures moderated considerably from May's near-record levels. Output price inflation cooled substantially, and input cost inflation also softened. Nevertheless, firms cited that the Middle East conflict continued to exert upward pressure on fuel and raw material costs. Wage pressures persisted, with companies reporting the second-quickest increase in staff costs since January 2018 (after that seen in May).

Despite current challenges, future output expectations remained higher than the levels seen earlier in the year. A number of businesses expressed optimism regarding reduced disruption from the conflict and increased government support, although sentiment softened slightly from May.

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.

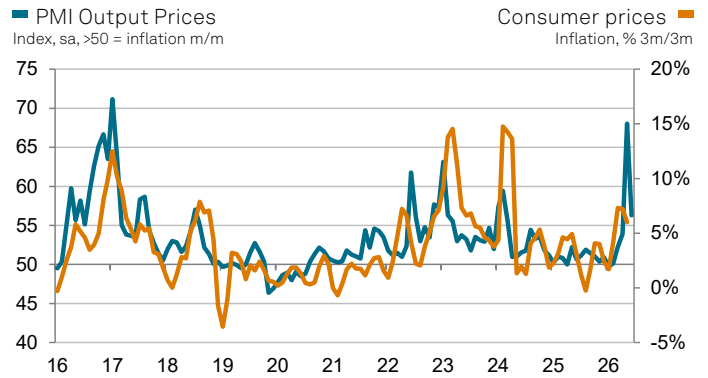
PMI by S&P Global

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Using PMI to estimate growth

PMI data are available faster than official GDP figures and at a higher frequency, providing an accurate advance guide to economic growth. Comparing the average of the headline Egypt Whole Economy PMI for each calendar quarter with annual GDP growth rates since 2014 shows a correlation of 42%, with the PMI acting as a coincident indicator of economic growth.

With this correlation as the basis of PMI-implied GDP growth rates, we can build a simple OLS regression model where the annual rate of change in GDP is explained by a single variable: the headline Egypt Whole Economy PMI. The model therefore allows us to estimate GDP using the following formula:

$$\text{Annual \% change in GDP} = (\text{PMI} \times 0.269) - 8.62$$

Using this formula, a headline PMI reading of 32.0 is comparable to a zero annual growth rate of GDP. Each index point above (below) is roughly the same as 0.27 percentage points of GDP growth (decline) such that: Annual % change in GDP = (PMI x 0.269) – 8.62

$$\text{PMI} = 40, \text{GDP \%yr/yr} = 2.1; \text{PMI} = 50, \text{GDP \%yr/yr} = 4.8; \text{PMI} = 60, \text{GDP \%yr/yr} = 7.5$$

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