

S&P Global Egypt PMI®

Business activity falls at softest rate in eight months in October

October 2025

Output contracts slightly as order book decline softens

Input purchases and employment broadly stable

Faster wage inflation helps drive increased cost pressures

The S&P Global Egypt PMI® improved in October, as non-oil private sector companies recorded the slowest decline in output volumes for eight months. New orders also decreased at a softer pace amid some reports of improving market conditions. However, input cost pressures intensified, driven in part by rising wage inflation.

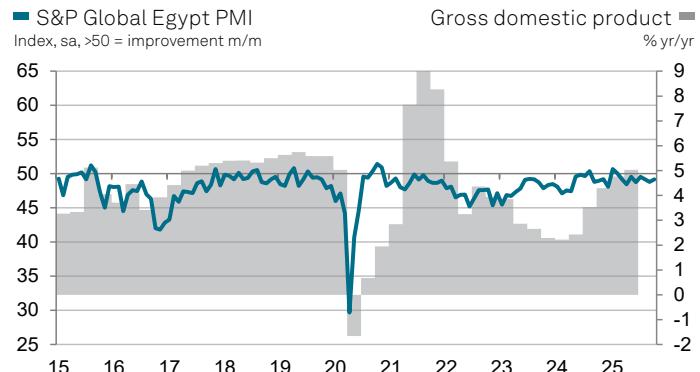
The headline seasonally adjusted S&P Global Egypt Purchasing Managers' Index™ (PMI) is a composite gauge designed to give a single-figure snapshot of operating conditions in the non-oil private sector economy. It is calculated from measures of new orders, output, employment, supplier delivery times and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

The headline Egypt PMI rose from 48.8 in September to 49.2 in October, remaining above the series average of 48.2, to signal only a marginal decline in overall business conditions. Given the historical relationship between the PMI and official GDP data, the latest figures suggest that GDP growth seen throughout 2025 so far has been maintained at the start of the final quarter.

Egyptian non-oil businesses reported a more stable level of output in October. The contraction slowed from September and was the mildest seen in the current eight-month downturn. Growth in the manufacturing sector cushioned the impact of weaker activity in sectors such as services, wholesale & retail, and construction.

Firms also noted a softer drop in new business during the latest survey period, amid reports from some businesses of an improvement in overall market conditions. The reduction was only mild and the least pronounced in five months. Notably, manufacturing was the only sector to see an increase in new order volumes.

As the decline in new orders eased, non-oil private sector firms showed more positive trends in purchasing, employment and activity expectations. After seven months of contraction, purchases of new inputs were broadly stable in October. However, some companies reported stock withdrawals to meet incoming orders, leading to a sharp decrease in total inventories.



Data were collected 9-23 October 2025.

Sources: S&P Global PMI, MPED via S&P Global Market Intelligence. ©2025 S&P Global.

Comment

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

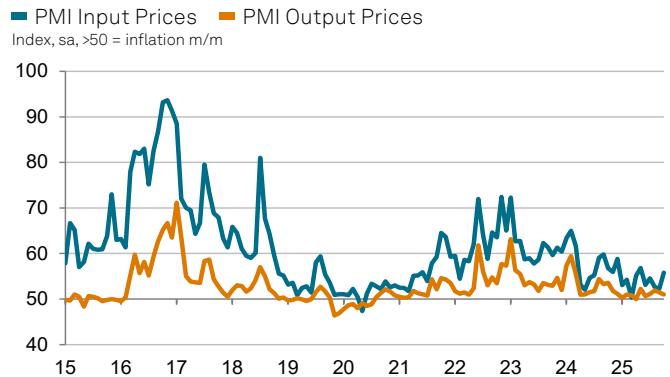
"The Egypt PMI stayed above its long-term trend in October, pointing to a year-on-year GDP growth rate of about 4.6%. At the same time, overall business activity moderated at its slowest pace in eight months, while demand indicators are picking up, hinting that momentum in domestic markets has improved slightly at the start of the fourth quarter.

"This has boosted firms' optimism for the year ahead, while keeping staffing and purchases fairly steady. However, rising cost pressures could slow things down if companies struggle to absorb these costs in the months ahead."

On employment, businesses reported the third increase in workforce numbers over the past four months, although the rate of job creation was minimal. At the same time, backlogs of work rose for the second consecutive month, and at a faster pace than in September.

Expectations for future activity strengthened in October, though they remained below the long-term trend. Firms expressed optimism regarding client demand and overall domestic economic conditions.

Price pressures emerged as a greater concern in the non-oil private sector during October. Overall input costs rose at the fastest rate in five months, driven notably by the sharpest increase in wage costs since October 2020. Firms highlighted that rising living costs had led to staff pay revisions. Inflation was also supported by higher supplier prices and increased fuel costs. However, the rate of selling price inflation remained modest and even eased slightly from the previous month, as firms absorbed much of the cost increases to support sales volumes.



Source: S&P Global PMI. ©2025 S&P Global.

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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

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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 = $(\text{PMI} \times 0.269) - 8.62$
PMI = 40, GDP %yr/yr = 2.1; PMI = 50, GDP%yr/yr = 4.8; PMI = 60, GDP %yr/yr = 7.5

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