News Release

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S&P Global Egypt PMI®

Egypt PMI strengthens to 50-month high in January

Key findings

Output and sales grow at start of 2025...

...with fastest rates of expansion since November 2020

Cost pressures fall to eight-month low

The Egyptian non-oil private sector began the year in growth mode, according to the latest PMI® survey data, enjoying its best expansion for more than four years as output and sales volumes increased. The first set of results for 2025 marked a notable rebound for the private sector economy, which has recorded a protracted slump for the last few years.

Surveyed firms widely signalled that a pick-up in domestic market conditions had driven sales higher, supported by a softening of cost pressures as some material prices fell. This helped to cool the rate of output price inflation to its lowest in four-and-a-half years. However, uncertainty over the longevity of the market upturn appeared to weigh on expectations and hiring.

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.

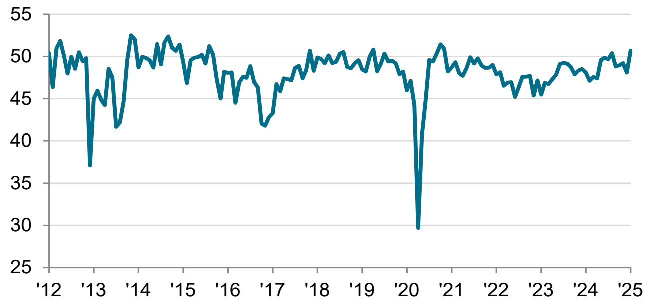
Any reading above 50.0 indicates growth in operating conditions since the previous survey period. At 50.7 in January, up from 48.1 in December, the headline PMI thereby signalled a renewed improvement in the health of the Egyptian non-oil economy at the beginning of the year.

Furthermore, the index was at its highest level since November 2020, having risen above the 50.0 neutral mark only twice in this period (the other being August 2024). Four out of the five PMI sub-components offered a positive steer on the headline figure in January, the exception being employment as staffing was unchanged.

Total business activity and new orders rose modestly in January, with rates of growth the quickest observed in over four years. Panellists often signalled that an improvement in economic conditions and falling inflationary pressures

S&P Global Egypt PMI

sa, >50 = improvement since previous month



Source: S&P Global PMI.
Data were collected 9-23 January 2025.

Comment

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

"Growth at the start of 2025 was welcome news for Egypt's non-oil private sector, which has struggled in recent times amid rampant inflation and the wider effects of regional instability. A reduction in some input prices helped to soften cost pressures and fuel a pick-up in sales for only the second time in over three years.

"The ceasefire deal between Israel and Hamas likely added confidence to markets in January. That said, business expectations for the next 12 months remain subdued, showing that firms are still uncertain about economic stability over the longer term.

"The survey's price metrics gave some hopeful signs for inflation. The official CPI rate dropped to a two-year low of 24.1% in December, and our findings suggest that this should continue to fall in the months to come. Output prices at non-oil firms rose at their softest pace in four-and-a-half years, showing that firms are facing a lack of pressure to increase their fees in the current business environment."

PMI® by S&P Global

had given clients greater confidence to place new orders. This was the case in the manufacturing, construction and wholesale & retail sectors, according to granular data, while services was the only category to post lower sales. Increased customer demand often led firms to expand their output.

Purchases of inputs also rose, contributing to a fresh (albeit slight) increase in input inventories. Stable supply chains were also signalled, as delivery times were little-changed since December.

After a two-month run of job cuts, total employment stabilised across the non-oil economy in January. Although some firms hired additional workers due to rising sales, this was countered by reductions elsewhere.

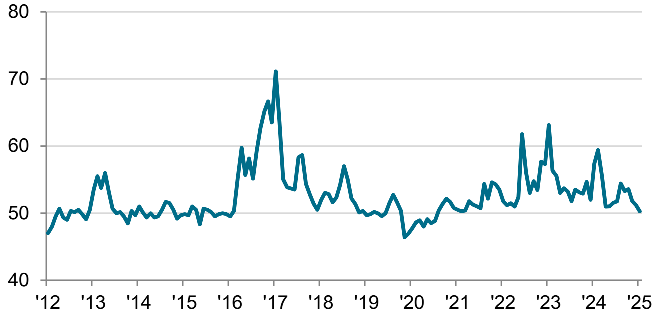
Overall input prices rose at a solid pace at the start of 2025. However, the rate of inflation softened markedly from December and was the weakest recorded for eight months. This was widely attributed to a slower uptick in purchase prices. Whilst some respondents signalled greater cost pressures due to a stronger US dollar, others mentioned a reduction in material prices. The construction sector bucked the wider trend and recorded a fall in purchase costs over January.

Subsequently, non-oil firms raised their output prices only slightly in January. The increase was the softest observed in four-and-a-half years.

Despite business conditions improving, firms were restrained in their outlook of future activity in January, with expectations slipping from December to a historically low level.

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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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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