

S&P Global Egypt PMI®

Business conditions continue to soften, but cost pressures ease

August 2025

Activity and new orders fall for the sixth month running

Headcounts rise again, but purchases decline

Rate of input cost inflation slips to five-month low

The S&P Global Egypt PMI® signalled another modest contraction in the non-oil private sector during August, as businesses curtailed their output amid weak demand. However, the latest findings were accompanied by a softening of cost pressures.

The rate of input price inflation was one of the weakest recorded in the past four-and-a-half years, which, alongside a faster uplift in selling charges, helped to reduce the squeeze on margins. Meanwhile, employment levels were raised for the second month in a row, but purchases of inputs declined further.

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 49.2 in August, below the 50.0 neutral threshold, the PMI indicated a deterioration in operating conditions at non-oil companies. The rate of contraction accelerated from July (49.5) but was less steep than the average observed over the survey's history (48.2).

For the sixth month running, non-oil businesses registered lower volumes of output and new orders. Output decreased at a modest pace, reflecting lower activity across all monitored sectors. Survey comments indicated that the downturn was closely linked to subdued customer demand, stemming from a combination of weak economic conditions and concerns about persistent inflation. The rates of decline in both output and new orders quickened from the previous month but remained slower than their long-run averages.

Egyptian non-oil companies remained cautious in their purchasing habits in August. The volume of inputs bought fell for the sixth month in a row, and there was also a further reduction in stocks. This latest decrease in purchasing contributed to shorter average delivery times for the first time since March.

In contrast to buying trends, employment rose for the second month running in August, following the first expansion in nine months during July. Businesses reported increasing staffing

S&P Global Egypt PMI
Index, sa, >50 = improvement m/m



Data were collected 12-20 August 2025.
Source: S&P Global PMI. ©2025 S&P Global.

Comment

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

"The Egypt PMI data signalled another dip in business conditions in August, although the rate of contraction was relatively soft compared to historical trends. Employment was also up for the second consecutive month, after a lack of hiring in the first half of the year. However, staffing gains were only mild, while firms remained reluctant to commit to new purchases, particularly as confidence in the year-ahead outlook remains weak."

"Persistent inflationary pressures appear to be a key factor holding back company sales and output projections over recent months. While official CPI inflation has fallen from 2024 levels, it was still at a marked rate of 13.9% in July. However, the latest PMI data signalled that business cost pressures were at one of their lowest levels since early-2021. If this can be sustained and passed onto customers in the form of lower prices, firms could see client appetite stage a recovery."

levels to enhance capacity and support backlog completion. Although, the overall rise in workforce numbers remained marginal.

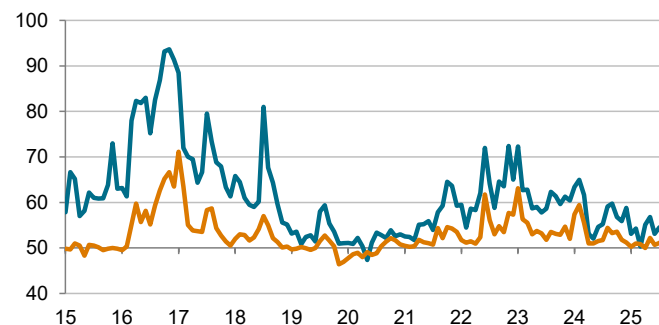
On the pricing front, the latest survey data indicated a notable easing of input cost pressures. Overall operating expenses rose at their slowest pace since March, marking one of the least pronounced increases in the past four-and-a-half years. Where cost increases were reported, firms often cited rising import prices and staff salaries, the latter aimed at accommodating workers facing higher living costs.

Meanwhile, prices charged by non-oil firms increased at their fastest rate since May, narrowing the gap between input and output price inflation to its smallest in five months. This suggests that companies were better positioned to support their margins in August.

When assessing the year-ahead outlook, Egyptian non-oil companies remained relatively subdued. The degree of optimism was unchanged from July and only marginally higher than June's record low.

PMI Input Prices PMI Output Prices

Index, sa, >50 = inflation m/m



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.

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PMI by S&P Global

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