News Release
Embargoed until 0715 EEST 3 September 2026 / 0415 UTC 3 September 2026

S&P Global Egypt PMI®

Egypt PMI jumps to seven-month high in August, but inflationary pressures accelerate

August 2026

Operating conditions decline at softest pace since January

Second-fastest employment growth on record

Price pressures quicken for the first time since May

Egypt's non-oil private sector showed encouraging signs of stabilisation in August, with business conditions deteriorating at only a marginal pace following seven consecutive months of contraction. The improvement was broad-based, with softer declines in both output and new orders, whilst employment rose at a near-record rate and business confidence reached its highest in over four years.

At the same time, inflationary pressures intensified in August, following marked cooldowns in June and July. Material shortages and liquidity concerns were also highlighted, with firms often reducing their purchases in response.

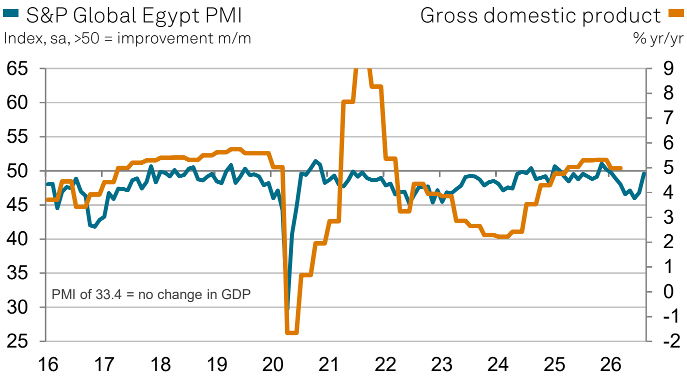
The headline seasonally adjusted S&P Global Egypt Purchasing Managers' Index™ (PMI®) is a composite gauge designed to give a single-figure snapshot of operating conditions in the non-oil private sector economy. It is calculated from measures of new orders, output, employment, supplier delivery times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

The headline PMI climbed nearly three points from 46.8 in July to 49.6 in August. The latest reading was the highest recorded in seven months and signalled only a marginal decline in business conditions.

The easing contraction was most visible in the survey's output and demand metrics. Although new business continued to fall during the month, the pace of decline was modest and the least marked since February, as a number of companies commented on signs of improving market activity. Output levels also fell to a lesser extent, helped by a much slower downturn in service sector activity.

Another notable development in August was an uplift in employment levels. Not only was this the first increase since October 2025, but the rate of job creation was the second-fastest since the survey began over 15 years ago. Anecdotal evidence suggested the rise in workforce numbers was partly a response to capacity pressures that built up over recent months. The hiring spree appeared effective, as backlogs of work broadly stabilised after three months of accumulation.

Purchasing activity contracted for the fifth consecutive month



Data were collected 12-20 August 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 33.4 is consistent with no change in annual growth in the broader economy (as measured by GDP in real terms). Any PMI reading above 33.4 therefore signals rising GDP in annual terms and readings below 33.4 signal deteriorating GDP.

Comment

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

"The Egypt PMI demonstrated increased signs of economic recovery across the non-oil sector in August, with the headline index rising nearly three points on the month and settling just below the 50.0 no-change threshold.

"Over the past few months, we've seen business confidence return – expectations are now the highest seen in over four years – which has certainly helped the domestic economy to rebound. Firms were sufficiently encouraged to resume hiring, resulting in an increase in employment that was the second-fastest in the survey's history.

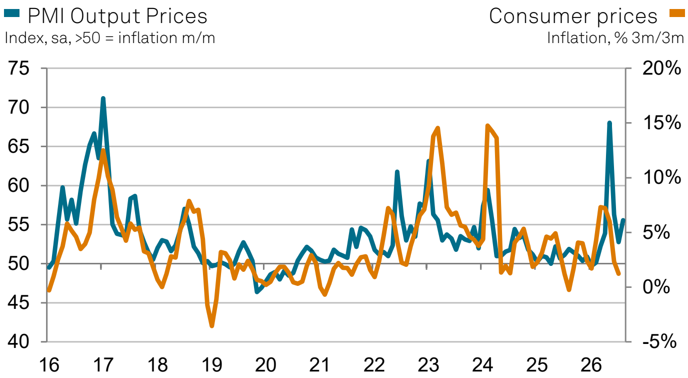
"Moreover, this was all achieved despite a slight uptick in input cost inflation in August, linked to the recent rebound in global oil prices, although we may see a lagged effect on business activity if customers respond negatively to the sharp increase in output charges.

"The leading nature of the PMI data means that we may still see a slowdown in GDP growth in the upcoming figures for the second quarter, but the outlook for Q3 looks more encouraging, with the latest PMI reading historically consistent with a year-on-year growth rate of approximately 5%."

in August. Moreover, the rate of reduction was the steepest in nearly three years, with around 29% of companies reducing purchases—more than double the proportion reporting increases. The accelerated downturn occurred in spite of a softer sales decline, pointing to structural constraints rather than demand-driven cutbacks. Material scarcity and cash flow limitations were frequently cited as key impediments, while supplier delivery times deteriorated modestly after July's brief improvement. Disruption in the Strait of Hormuz and delayed payments to suppliers were also cited as factors that compounded these challenges.

Price pressures reaccelerated for the first time in three months, with both input costs and output charges rising at faster rates. Approximately 23% of firms reported higher purchasing costs, driven by increases in material prices, oil prices and transportation costs, according to anecdotal evidence. Wage inflation remained steep and well above the historical trend, as companies enacted salary hikes to address cost-of-living pressures.

Despite these challenges, business sentiment improved markedly, reaching its highest level since June 2022. More than 21% of respondents expect growth in the coming year, which they linked to anticipated new projects, tourism expansion and branch openings.



Sources: S&P Global PMI, CAPMAS. ©2026 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

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:

Annual % change in GDP = (PMI x 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

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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