News Release
Embargoed until 0715 EET 3 February 2026 / 0515 UTC 3 February 2026

S&P Global Egypt PMI®

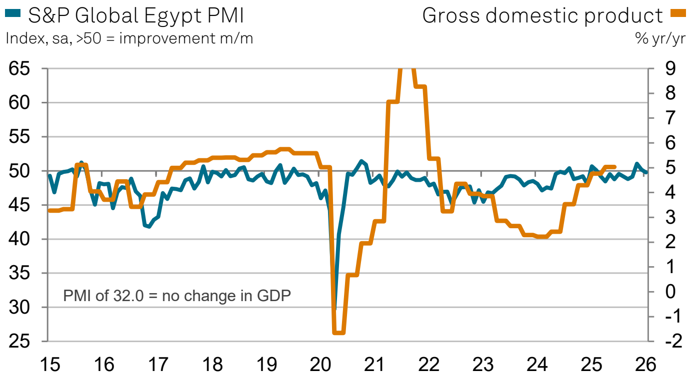
Activity rises for third month running, but demand conditions ease

January 2026

Output increases for third month in a row

Dip in sales leads to backlog reduction and lower employment

Charges fall for first time since mid-2020



Data were collected 12-22 January 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.

Business activity across the Egyptian non-oil private sector continued to rise at the start of the year, extending the longest streak of expansion seen since late-2020. However, the expansion came amid easing demand conditions, with firms putting more work into clearing backlogs. Rising spare capacity resulted in cuts to staffing and purchases, while a slowdown in cost pressures contributed to the first drop in prices charged in five-and-a-half years.

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 was slightly below the 50.0 no-change mark in January, dropping from 50.2 in December to 49.8, to signal that operating conditions had weakened marginally. Upturns in business activity and stocks of purchases helped to elevate the PMI, but this was offset by decreases in orders and employment, and a slight improvement in supplier lead times.

Nevertheless, the headline PMI remained higher than its long-run average and consistent with a strong pace of non-oil GDP growth. Furthermore, with output increasing for the third consecutive month, firms have experienced their longest period of activity growth since the second half of 2020.

Where output was reported to have risen, some firms attributed this to stronger demand from abroad. However, other companies indicated that order volumes were not as strong as seen in December, with overall sales in fact decreasing slightly after two months of expansion.

With output levels rising but new work falling, a number of businesses were able to fulfil outstanding orders in January. Although marginal, the rate of contraction in backlogs of work was the quickest in nearly three years. In response, several companies opted to leave work positions open during January, resulting in the largest decline in employment since October 2023.

Comment

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

"Although the Egypt PMI eased slightly at the start of 2026, it remained at a level indicative of growth in non-oil GDP. Output increased for the third month running, albeit fractionally, as several firms highlighted that sales intakes from abroad were rising, although setbacks in demand at other companies meant that total order books slipped slightly.

"A note of caution was sounded by a decline in backlogs of work in January, which indicates that firms may have less room to expand in the coming months if sales volumes remain broadly stable. Notably, this reduction in outstanding business encouraged firms to lower employment at the fastest rate in over two years, another sign that businesses expected to have spare capacity going forwards.

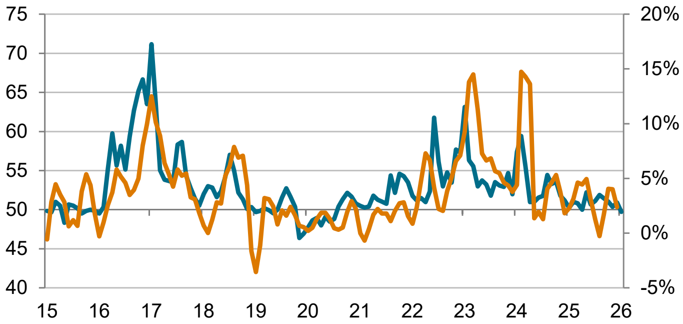
"Positively, cost pressures remain weak and even softened in January, with total input costs rising at the joint-slowest pace in ten months. This enabled firms to cut their own charges for the first time in five-and-a-half years, which will hopefully instil greater confidence in clients to release spending."

PMI® by S&P Global

Similarly, non-oil companies took a more cautious stance with their purchases. After growing for the first time in ten months in December, overall input purchasing quantities fell modestly. Nevertheless, the arrival of prior purchases, and softer demand levels, meant that stock volumes were up for the first time since last September.

Meanwhile, the latest data signalled that non-oil firms reduced their selling prices in January, which marked the first decline since July 2020. Prices were tempered as businesses also reported a softer increase in their operating expenses, with both purchasing prices and staff costs rising to lesser degrees than those observed one month ago. While some panellists noted higher prices for items such as metals and fuel, the overall rate of input price inflation was much weaker than the series trend.

Looking ahead, Egyptian non-oil companies continued to have a cautious view of activity levels over the coming 12 months. Expectations were positive overall, but only marginally.



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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