News Release
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S&P Global Egypt PMI®

Business confidence strongest since mid-2022, but demand weakness persists

July 2026

Outlook brightens as price pressures ease

New orders and output decline further

Backlogs rise amid workforce constraints, material shortages and purchasing cuts

Egypt's non-oil private sector witnessed a notable uplift in business sentiment in July, despite operating conditions remaining firmly in contraction territory.

Business confidence reached its highest level since June 2022, as firms demonstrated greater optimism towards future demand, as well as price pressures, which softened markedly in July. However, total order books continued to fall, leading to reductions in output, employment and purchases.

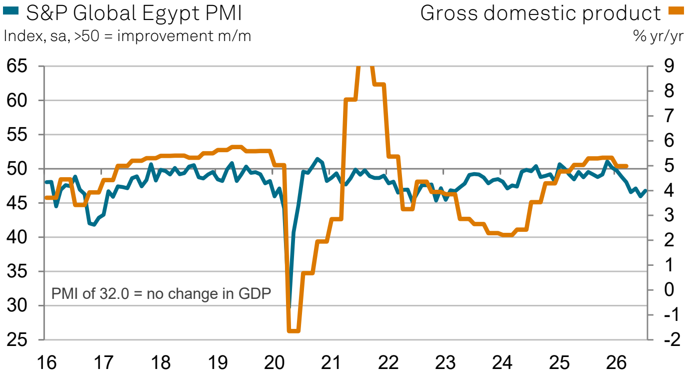
The headline seasonally adjusted S&P Global Egypt Purchasing Managers' Index™ (PMI®) is a composite gauge designed to give a single-figure snapshot of operating conditions in the non-oil private sector economy. It is calculated from measures of new orders, output, employment, supplier delivery times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

The headline PMI improved to 46.8 in July, up from June's 41-month low of 46.0. Nevertheless, the latest figure indicated a sharp decline in overall operating conditions, and the seventh consecutive month of contraction. These early signals for the third quarter of 2026 correlate with GDP growing at an annual rate of 4%.

New business intakes fell for the seventh straight month in July, driven by stagnant market conditions, price pressures deterring customer spending, maritime shipping delays, and a shortage of new projects, according to the survey's qualitative evidence. Consequently, firms cut back on their total activity, with the pace of contraction remaining sharp but easing slightly to the least marked in four months.

Egyptian non-oil businesses continued to lower employment, although the rate of decline slowed to a marginal pace. This deceleration occurred alongside a notable build-up in backlogs of work, which grew at the second-fastest rate in nearly three years. The accumulation of outstanding business reflected both personnel shortages and raw material constraints, creating output bottlenecks for some firms.

Purchasing activity contracted at the sharpest rate since September 2023, with approximately one-third of firms reducing input buying in part due to weakening new orders.



Data were collected 9-23 July 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.

Comment

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

"The upshift in business confidence in July showed that firms saw some light at the end of the tunnel. Although the current demand slump continued to pressurise businesses to reduce their operating capacity, a much softer increase in input prices signalled that spending levels may start to turn.

"That said, the slowing of inflationary pressures largely relied on the cooling of global oil prices that was most apparent at the start of July, a trend that reversed somewhat as the Middle East conflict flared up again. As such, we may see renewed upside risks to domestic cost pressures that could scupper predictions of a recovery in new business."

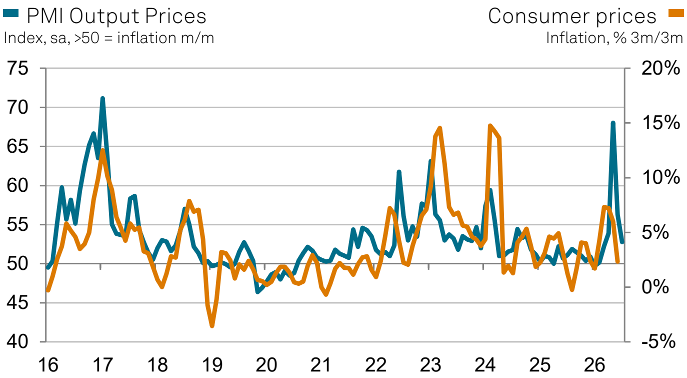
PMI®
by S&P Global

This led to the first decline in pre-production inventories in five months, as businesses operated with leaner stock levels amid limited material availability and liquidity constraints.

On a positive note, supply chain performance improved for the first time since March. Delivery times shortened marginally as the impact of the Middle East conflict on local supply lines eased.

Inflationary pressures continued their downward trajectory, with overall input costs rising at the softest pace in six months and well below the long-run trend. The rate of purchase price inflation decelerated, amid reports of lower oil prices and a weaker US dollar, though the cost of some items remained elevated due to regional tensions. Output price inflation consequently moderated to a four-month low.

July's standout development came in business confidence, with the Future Output Index climbing to its highest level since June 2022. This marked the third increase in four months, signalling growing optimism about year-ahead prospects. Firms expressed greater bullishness about customer demand, though this remained conditional on regional developments and their impact on both confidence and pricing dynamics.



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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