



بنك الإمارات دبي الوطني
Emirates NBD

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Egypt PMI climbs in December

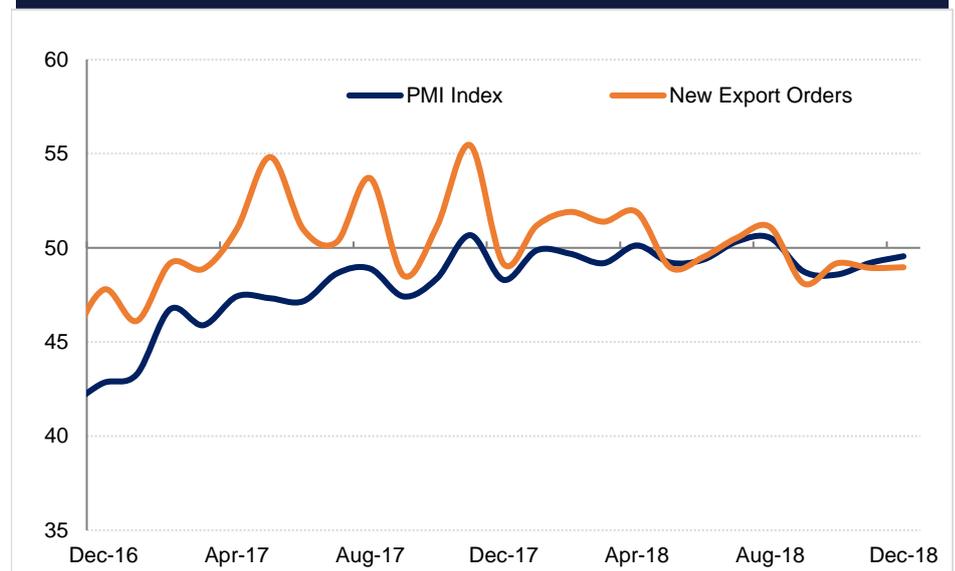
The Emirates NBD Purchasing Managers' Index (PMI) for Egypt is closing the year on a positive note as it climbed to 49.6 in December, compared to 49.2 the previous month. While this is still short of the neutral 50.0 level which delineates contraction and expansion in the non-oil private sector, it is nevertheless a four-month high for the index, and there are other factors within the survey data which suggest that the Egyptian economy will begin 2019 in a relative position of strength. The annual average PMI scores have improved from 46.0 in 2016 (Egypt entered into its IMF-sponsored reform programme in November that year) to 47.5 in 2017 and 49.5 this year, and indications are that this improvement will continue in 2019.

While output weakened at a more rapid pace in December than in November – 48.8 from 49.2 – new orders showed the highest reading since August, boding well for future output levels. There was also an increase in firms' purchasing activity from 51.2 in November to 52.0, the highest reading since May, as respondents cited increased business requirements. While external rebalancing and public investment have driven the growth recovery in Egypt to date, private sector activity has lagged somewhat, but the expectation is that it will see something of a recovery in 2019. This will be supported by the World Bank which has reaffirmed its commitment to the Egyptian private sector.

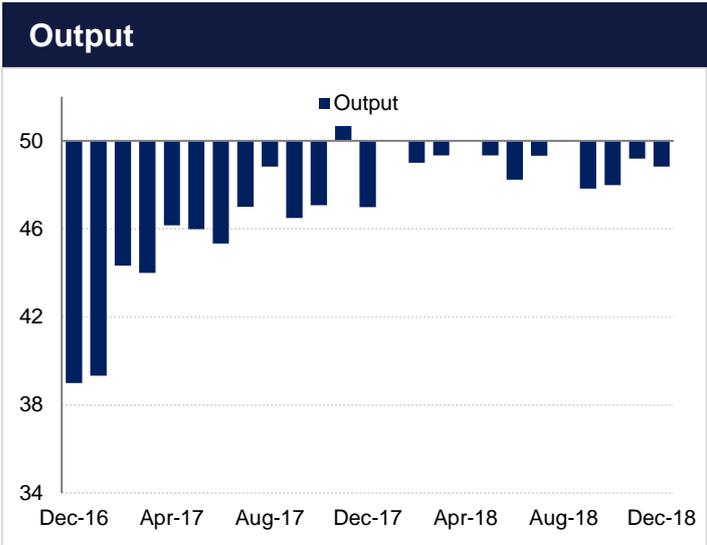
In a positive for firms' margins, input costs rose at the slowest pace in the history of the series in December, scoring 55.2, compared to 55.6 the previous month and a 2018 average of 62.8. Having climbed to 76.5 in July as new subsidy cuts were introduced at the start of the new fiscal year, purchase costs fell to just 54.5 in December. Output prices were expansionary also, though only marginally, at 50.3.

Confidence in future output improved marginally in December, from 60.2 to 60.3. This has fallen from the 80.5 seen in January, but is likely a reflection on the improvements already seen in the economy rather than any negative sentiment. Indeed, the bulk of firms expected the volume of output to be the same or higher in 12 months' time, with 24% of firms surveyed expecting an improvement.

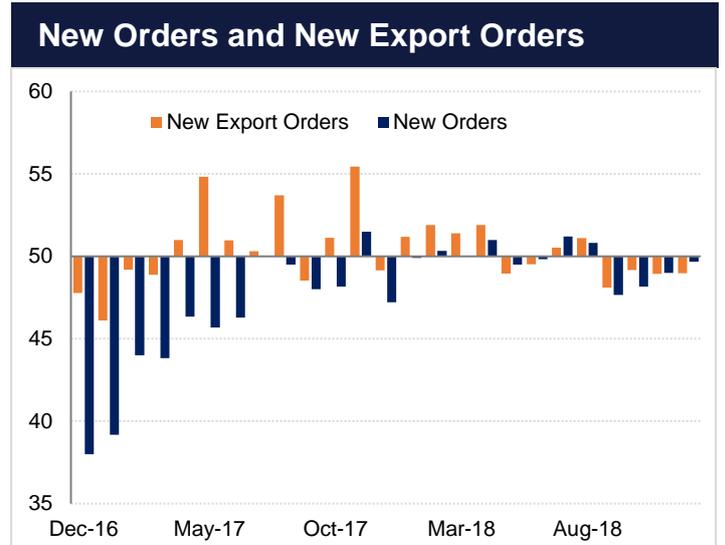
Emirates NBD Egypt PMI



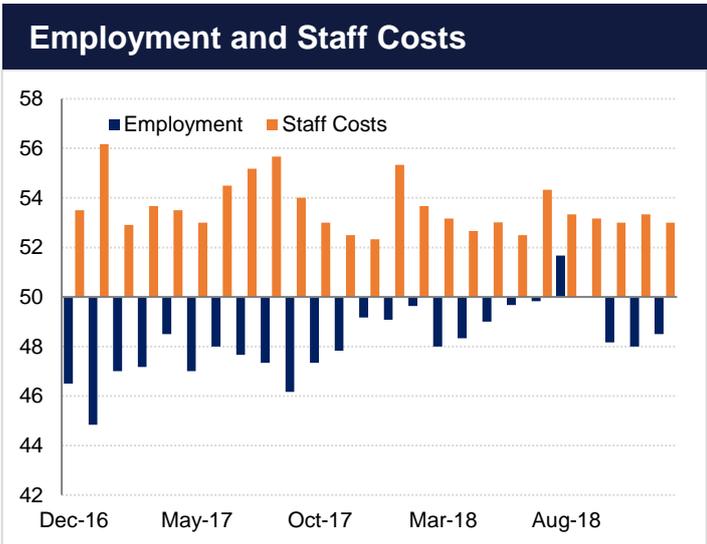
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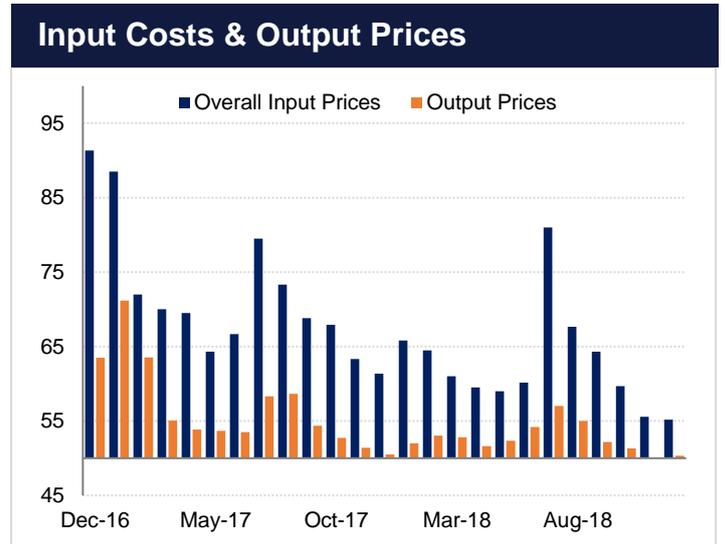
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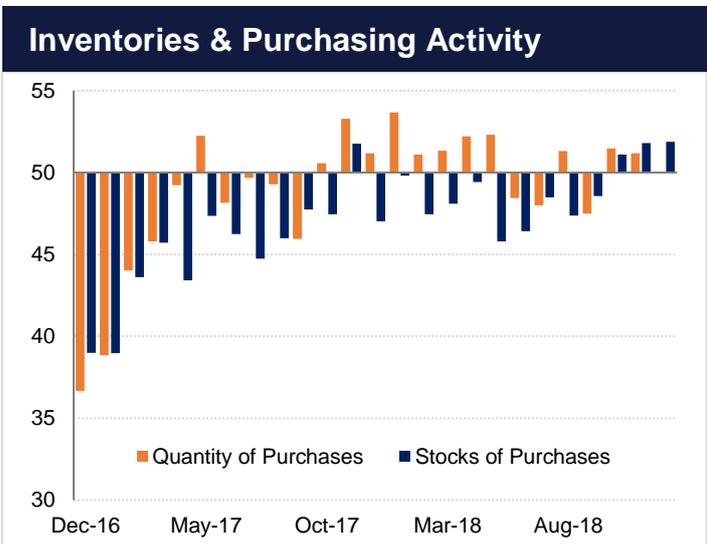
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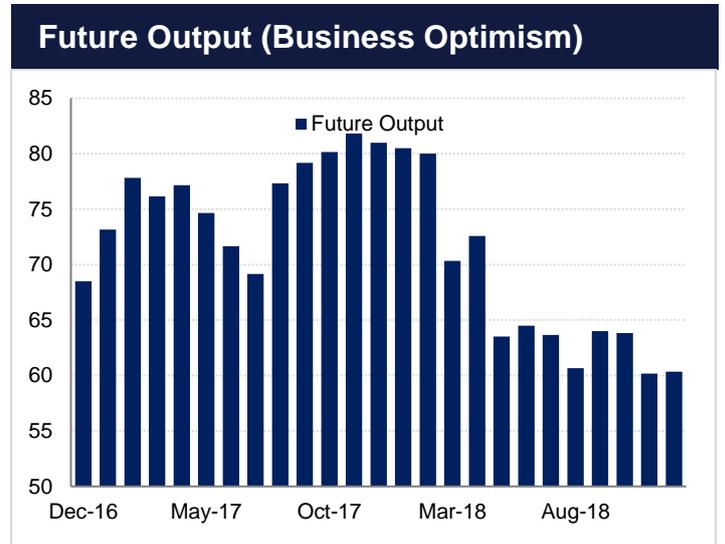
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