

# MASHREQ GLOBAL DIGEST

## Egypt

December 1 – December 7



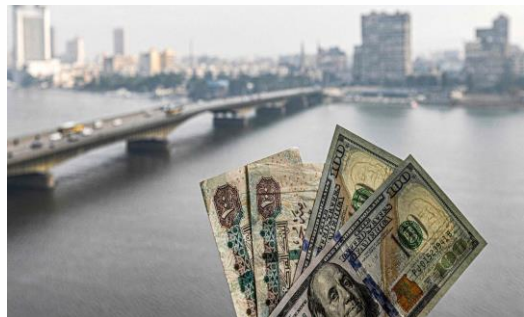
This issue of Market Digest delves into key macroeconomic indicators and recent economic developments in Egypt, along with insights into notable deals and latest financial updates.

### Macroeconomic News

#### Egypt's Debt Payments for 2025 Total \$22.4B

Egypt's central bank has raised its estimate for debt principal and interest payments due in 2025 to \$22.4 billion, an increase of \$900 million from its August forecast of \$21.523 billion. The payments are expected to be split, with \$13.799 billion due in the first half of the year and \$8.663 billion in the second half. Arab deposits in the central bank fell to \$9.3 billion by the end of 2024, with significant reductions attributed to the UAE converting deposits into investments, including in the Ras El-Hikma project.

Reference: [CNN Business](#)



#### Egypt to See Gradual Inflation Decline by 2025

According to a CNBC Arabia survey of 11 experts, Egypt's inflation is expected to continue rising in November, driven by the impact of fuel price hikes, but the increase is likely to be limited to around 1.5%. However, inflation is expected to decline significantly in 2025, aided by tighter monetary policies, exchange rate stability, and continued dollar liquidity inflows. The Central Bank targets an inflation rate of around 10% by the end of the fiscal year, with a gradual downward trend beginning in the first quarter of 2025.

Reference: [CNBC Arabia](#)

#### Egyptian Pound Falls Past 50 per Dollar

Egypt's pound weakened past 50 per dollar for the first time since March's devaluation, underscoring the challenges of transitioning to a flexible exchange rate under an \$8 billion IMF program. This decline, attributed to year-end seasonal pressures and global dollar strength, follows a period of relative stability around 48 per dollar since June. Recent policy shifts, including greater freedom for banks to provide foreign currency, have added pressure to the pound. Despite the currency's decline, the IMF has acknowledged substantial progress in Egypt's reform efforts, with further talks needed to unlock a \$1.3 billion loan tranche.

Reference: [Bloomberg](#)



#### Egypt's Net Foreign Assets Drop by \$1.12 Billion in October

Egypt's net foreign assets fell by \$1.12 billion in October, dropping to \$9.21 billion from \$10.33 billion in September. This decline follows a previous increase in September and reflects ongoing challenges in managing foreign reserves. While the central bank's foreign assets rose, those of commercial banks decreased, and both banks saw an increase in foreign liabilities. This continuous decline since February 2022 highlights Egypt's struggles with inflation and foreign exchange shortages.

Reference: [Al-Arabiya](#)

#### Egypt's Tourism Contribution to GDP Hits 8.1% in 2024

In 2024, tourism contributed 8.1% to Egypt's GDP, generating \$32.2 billion, marking a slight increase from 8% in 2023. This growth was fueled by a rise in tourists, with the number reaching 16.3 million, positioning Egypt 35th globally. The country's tourism sector saw substantial investment, with \$6 billion directed into infrastructure development. Leisure tourism continued to dominate, accounting for 92.5% of total spending, which totaled \$24.3 billion. Business tourism also contributed \$3.1 billion, underscoring Egypt's appeal for both relaxation and business events. With the government's strategic initiatives, Egypt is poised to meet its ambitious goal of attracting 30 million tourists annually by 2028.

Reference: [Ahran Online](#)

### Financial/Technology News

#### Egypt's Central Bank Launches 24/7 Instant Remittance Service

The Central Bank of Egypt has launched a new service enabling instant remittance transfers from abroad directly to customer accounts at all Egyptian banks. This initiative supports the CBE's goal of advancing Egypt's digital financial services and reducing cash dependency. Enabled by the Instant Payment Network (IPN) and available 24/7, the system ensures real-time fund transfers. Following a successful pilot in June, the service is now operational, encouraging digital financial service adoption. With over 11.5 million users on the InstaPay platform, transaction volumes are expected to surpass EGP 2.7 trillion by the end of 2024.

Reference: [State Information Service](#), [Zawya](#)

#### E& Egypt Launches Nationwide eSIM Service

E& Egypt has officially launched its eSIM service nationwide, marking a significant advancement in telecommunications by eliminating the need for traditional removable SIM cards. This move aligns with the company's strategy to transform into a technology services group. Activation is simple through scanning a QR code. The service launch follows approval from the National Telecom Regulatory Authority (NTRA), after technical tests by Egypt's four mobile operators.

Reference: [Zawya](#)

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### Egypt Plans to Float Military-Owned Companies

Egypt plans to list up to four military-owned companies on the stock market as part of a broader privatization strategy to attract investment and boost the economy. Prime Minister Mostafa Madbouly announced that the offerings, which will also include state-owned companies in sectors such as banking, industrial, pharmaceutical, and investment, will be revealed next week. This move aligns with Egypt's commitments under an IMF bailout package and is expected to attract both foreign and domestic investment, stimulate economic growth, and improve the efficiency of state-owned companies.

Reference: [Barron's](#)

## Projects/Deals

### ExxonMobil to Drill New Gas Well in Egypt

ExxonMobil will begin offshore gas drilling on December 15 in the North Marakia block of Egypt's Western Mediterranean, marking a significant step in enhancing its exploration activities in the country. Currently, 57 foreign companies operate in Egypt's oil and gas sector, with the government aiming to increase the sector's GDP contribution from 1% to 5-6%. This comes amidst a broader push to maximize resource utilization and infrastructure value.

Reference: [Asharq el Awsat](#)



### Egypt to Boost Gold Mining Investments

Egypt's Ministry of Petroleum and Mineral Resources signed a framework agreement with Canadian mining giant Barrick Gold to boost gold investments in Egypt. The agreement allows Barrick to invest in gold ore exploitation across Egypt once legal approvals are completed. Minister Karim Badawi encouraged Barrick to join Egypt's upcoming gold exploration bid in Q1 2025. Barrick officials showed commitment to expanding their presence in Egypt under the new framework.

Reference: [Zawya](#)

### Egypt Considers Exporting Electricity to Syria via Jordan

Egypt is considering exporting electricity to Syria via Jordan, with the project dependent on Syria's political and security stability. The electricity would be transmitted through the existing Egypt-Jordan grid. Additionally, Egypt is expanding its electricity grid, including a connection to Saudi Arabia set to begin in May or June 2025, with an initial capacity of 1,500 MW out of a total 3,000 MW. Egypt has also signed an agreement with Greece for an undersea cable to link the two countries. These efforts are part of broader plans to enhance electricity integration within the Arab region. In related developments, Egypt has agreed with Jordan to use its infrastructure for receiving and regasifying LNG to ensure Jordan's supply.

Reference: [Asharq Business](#), [Asharq Business](#)

### Egypt Considers Airport Deal with French Consortium

Egypt is considering a partnership with a local-French consortium, including Hassan Allam Group and Paris Airports Group (ADP), to manage and operate airports as part of its plan to privatize some airport services. The government is looking to enhance services, boost capacity, and increase revenue from airports. ADP, which manages 26 airports in 18 countries and served 336.5 million passengers in 2023, aims to modernize Egypt's airports according to global standards. This partnership reflects Egypt's ongoing efforts to modernize its infrastructure by leveraging global expertise to improve airport operations, boost tourism, and drive economic growth.

Reference: [Sky News](#)

## Markets

### Market Dashboard

- For the week, the Nasdaq gained 3.3%, the S&P 500 rose about 1%, and the Dow declined 0.6%. The S&P 500 and Nasdaq reached record closing highs, fueled by positive earnings forecasts from Lululemon and other companies, along with strong U.S. jobs data. Lululemon's stock surged 15.9%, and Ulta Beauty saw a 9% increase after raising its profit forecast. The data supported expectations that the Federal Reserve may cut interest rates at its December meeting. The Dow underperformed, primarily due to a 5.1% drop in UnitedHealth Group shares.
- Bitcoin briefly crossed the \$100,000 mark, its highest level ever, amid growing institutional interest, particularly with ETF inflows. It experienced a slight pullback, ending the week just under \$100,000. Analysts from Standard Chartered predict it could reach \$200,000 by the end of 2025, driven by growing institutional interest and limited supply.
- Gold prices remained subdued this week, but expectations point to a potential rise to around \$3,000 by March 2025. This outlook is driven by geopolitical tensions, de-dollarization, and increased central bank buying. Notably, China's central bank resumed gold purchases in November after a six-month pause, signaling strong confidence in the metal's value. Despite recent dips, gold has surged 28% this year, highlighting its robust performance.
- This week, oil prices declined due to concerns over a potential supply surplus in 2025, despite OPEC+ extending production cuts until 2026. Rising U.S. oil production and weak global demand, particularly from China, pressured prices. Goldman Sachs forecasts Brent oil to average \$76 per barrel in 2025, citing a balanced market with lower OPEC+ supply offsetting inventory increases.
- The euro rebounded this week as French government bonds stabilized, easing concerns about political instability in France.

Indicators	29-Nov-24	6-Dec-24	% Change
S&P 500	6,032.38	6,090.27	0.96%
Bitcoin	97,461.52	99,920.71	2.52%
Gold	2,653.55	2,632.91	-0.78%
Crude Oil	72.94	71.12	-2.50%
EUR/USD	1.0563	1.0586	0.22%

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