

MASHREQ GLOBAL DIGEST

Egypt

February 2 – February 8



This edition of Market Digest highlights Egypt's key macroeconomic indicators, financial updates, and major deals, providing insights into current economic trends.

Macroeconomic News

World Bank Launches Phase 2 of Egypt's \$6B Program

The World Bank is preparing for the second phase of Egypt's budget support program, following the successful completion of the \$500 million first phase in mid-2024. This program is part of a larger \$6 billion support package announced in March 2024, aimed at assisting Egypt's economic reforms. Half of the total funding supports the national budget, while the other half strengthens the private sector. The bank's projects in Egypt are valued between \$6 and \$7 billion, focusing on the private sector, human development, and green transformation. The partnership with the Micro, Small, and Medium Enterprise Development Agency (MSMEDA) has helped 200,000 beneficiaries, with a focus on women and young entrepreneurs.



Reference: [Zawya](#)

IMF to Consider New Loan for Egypt

The IMF plans to present a new loan agreement for Egypt, along with a package of reforms, in the coming weeks. This will be part of the Resilience and Sustainability Facility, aimed at strengthening economic resilience. The loan amount has not been specified. In December 2024, the IMF agreed to provide Egypt \$1.2 billion to support fiscal space for social programs and debt sustainability. Egypt's economy faces challenges like regional instability, declining Suez Canal revenues, and the war in Ukraine. The IMF is urging reforms to lower inflation and improve the business environment.

Reference: [The National](#)



Egypt Inflation Forecast to Have Dropped to 23% in January

Egypt's inflation is forecast to have decreased to 23.0% in January, down from 24.1% in December, helped by a base effect, which occurs when high inflation in the previous year makes the current inflation appear lower. Analysts predict urban inflation will slow due to stable food and pharmaceutical prices, despite fluctuations in building materials. Inflation had previously surged to a high of 38% in September 2023 before easing in November and December. Core inflation is also expected to drop to 21.8% in January, from 23.2% in December.



Reference: [Reuters](#)

Egypt's Non-Oil Trade Deficit Drops 4.6% in 2024

Egypt's non-oil trade deficit decreased by 4.6% YoY in 2024, reaching \$37.3 billion, thanks to a 14.5% rise in exports, which totaled \$40.9 billion. This marks the third consecutive year of improvement in the deficit. In comparison, the deficit was \$39.1 billion in 2023, down from \$48.4 billion in 2022 and \$49.5 billion in 2021. Imports grew by 4.6% YoY to \$78.3 billion, driven by higher wheat purchases, despite government efforts to cut back on imports, especially cars and mobile phones. The government aims to increase exports to \$145 billion annually by 2030.

Reference: [Zawya](#)



Egypt to Increase Oil Production by 18% By June

Egypt's General Petroleum Corporation (EGPC) plans to increase crude oil production by 18% by June 2025, boosting daily output to 565,000 barrels from 475,000. The increase will come from developing brownfields (40%) and new exploratory wells (60%) with foreign partners. Key contributors include Gulf of Suez Petroleum and Khalda Petroleum. Egypt aims to reduce oil imports by expanding local production and refineries while improving the investment climate to attract more local and international investments in the oil and gas sector. Additionally, Egypt recently approved five petroleum deals worth \$225.3 million, committing to drill 40 wells to further enhance oil and gas exploration and production.



Reference: [Zawya](#), [African Energy Council](#)

Egypt Pushes for Suez Canal Traffic Resumption After Ceasefire

Egypt is urging major shipping companies to resume transits through the Suez Canal after the Gaza ceasefire. The Suez Canal Authority (SCA) has held discussions with 23 maritime companies, offering flexibility in pricing and maintaining pre-crisis policies. Despite the efforts, some shipping giants like Maersk and MSC continue to avoid the route due to ongoing security concerns. In 2024, Suez Canal revenue fell by 60%, losing \$7 billion, which significantly impacted Egypt's foreign currency reserves. The canal generates around 10% of Egypt's current account income, making its recovery crucial.

Reference: [AGBI](#)

Egypt's Reserves Rise to \$47.26 Billion in January 2025

Egypt's net international reserves rose to \$47.265 billion in January 2025, up from \$47.109 billion in December 2024. This marks a continued rise since June 2024, when reserves started growing from \$46.126 billion in May. However, Egypt's net foreign assets fell by \$592.1 million in December, marking the third consecutive monthly decline. This decrease is attributed to increased foreign currency liabilities, such repaying loans, including a \$1 billion IMF payment and natural gas imports.

Reference: [Economy Middle East](#)

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Egypt's Tourism Revenues Double Over the Past Decade



Egypt is prioritizing tourism as a key economic driver with its National Tourism Development Strategy, aimed at boosting global competitiveness, promoting its heritage, and attracting new markets. Tourism revenues more than doubled, reaching \$15.3bn in 2024 compared to \$7.2bn in 2014. Egypt's global tourism ranking improved by 22 spots. Key initiatives include an EGP 50bn tourism investment program, along with expansions in Nile, religious, medical, and yacht tourism. The country is also revitalizing archaeological sites, hosting major global events, and promoting investment opportunities through a unified digital platform. The goal is to attract 30 million tourists by 2032.

Reference: [Daily News Egypt](#)

Egypt Unveils New Social Package Before Ramadan

Egypt plans to launch a new social protection package before Ramadan to support citizens facing rising prices. Prime Minister Mostafa Madbouly announced that the government will take "exceptional measures" during the holy month and Eid but did not specify details. Previous packages included wage and pension increases, and officials suggest further raises may be considered. Inflation is expected to ease slightly, providing some economic relief.

Reference: [Asharq News](#)

Financial News

Foreign Currency Deposits in Egypt's Banks Rise 15.2% in 2024

Foreign currency deposits in Egypt's banks (excluding the Central Bank) rose by 15.2% in 2024, reaching \$58.17 billion by December. This growth was driven by deposits from the public business, private business, and household sectors. The dollar exchange rate also saw a significant increase, rising to EGP 50.88 in December 2024 from EGP 30.94 in December 2023.

Reference: [Zawya](#)



Egypt Launches Initiative to Boost Startups

Egypt is considering a unified financing initiative to support over 5,000 startups, with 500 of them receiving over \$1 million each in investments. The initiative aims to position Egypt as a leading innovation hub in the Middle East and Africa, creating 500,000 jobs and promoting sustainable development. The initiative includes simplified registration, financial incentives, tax breaks, and enhanced global promotion to attract investors and strengthen Egypt's startup ecosystem.

Reference: [Zawya](#), [Ahrum](#)

Deals

Egypt-EBRD Deal to Boost Projects

Egypt has signed a cooperation agreement with the European Bank for Reconstruction and Development (EBRD) to create a new mechanism called "Egypt Account" with a capital of €10 million to fund feasibility studies for public-private partnership projects. The initiative aims to reduce the time required to secure funding from one year to just two months. The agreement focuses on supporting private sector involvement in infrastructure, utilities, and public services projects. The EBRD invested €1.5 billion in Egypt through 26 projects in various sectors last year.

Reference: [CNBCArabia](#)

Markets

Market Dashboard

- All three major U.S. stock indexes ended the week lower, with the Dow breaking a three-week winning streak and falling 0.54%. The S&P 500 decreased by 0.24%, while the Nasdaq dropped 0.53%. The week's losses were driven by escalating trade tensions, weak economic data, and a dip in consumer sentiment, alongside concerns about inflation expectations. Despite strong earnings from some companies, the overall market sentiment remained cautious.
- Bitcoin's performance showed a decline as President Trump's warning about new tariffs added pressure to risk assets, including cryptocurrencies. Despite the recent drop, Bitcoin continues to benefit from growing mainstream adoption and expectations of favorable regulatory developments, but analysts expect continued volatility in the near term, given the current macroeconomic uncertainties and market trends.
- Gold prices rose Friday, set for a sixth weekly gain, as U.S.-China trade tensions drove investors to safe-haven assets. Prices hit a record \$2,882.16 on Wednesday amid trade war fears.
- Oil prices finished with daily gains on Friday after new sanctions were imposed on Iran's crude exports, but prices were down for the week as investors worried about U.S. President Donald Trump's renewed trade war on China and threats of tariffs on other countries.
- The dollar strengthened due to a mixed U.S. jobs report, where job growth slowed but the unemployment rate dropped to 4.0%, reassuring investors that the Fed might delay rate cuts. Additionally, President Trump's comments about imposing new tariffs on various countries heightened trade war concerns, prompting investors to flock to the dollar as a safe-haven asset.

Indicators	31-Jan-25	7-Feb-25	% Change
S&P 500	6,040.53	6,025.99	-0.24%
Bitcoin	102,405.02	96,529.09	-5.74%
Gold	2,801.00	2,860.39	2.12%
Crude Oil	76.76	74.70	-2.68%
EUR/USD	1.0397	1.0386	-0.11%

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