

# ECONOMIC PULSE

OF EGYPT

A white graphic element consisting of a horizontal line with a pulse-like waveform in the center, positioned to the right of the text 'OF EGYPT'.

**August**

**2025**



# SYNTHESIS

**Egypt's economy in August 2025 continued to show signs of cautious stabilization as policymakers balanced growth momentum, inflation control, and reform commitments under the IMF-supported program.**

Inflation has eased significantly, with July's annual headline rate at 13.9%, supported by a stronger EGP. Against this backdrop, the Central Bank of Egypt (CBE) cut policy rates by 200 bps, bringing YTD cumulative cuts to 5.25%. Corridor rates now stand at 22–23% — still elevated in real terms, but signaling a shift toward growth support.

Unemployment stands at 6.1%, with notable disparities between men (3.5%) and women (15.8%), and higher rates in urban areas compared to rural regions. Growth remains moderate, underpinned by stronger foreign inflows, a rebound in tourism, rising Suez Canal receipts, and steady remittances. Debt sustainability remains a concern, with public debt hovering above 90% of GDP, but a stronger reform track record and recent debt reprofiling discussions have improved investor sentiment.

Capital markets are becoming a central part of Egypt's economic strategy. The government is getting ready for a new wave of privatization through the local stock exchange, focusing on selling minority stakes to increase liquidity instead of fully selling off state assets.

Upcoming initial public offerings (IPOs) are expected before the end of the fiscal year 2025/26 and include a major bank, a company in the water bottling industry, and a fuel distribution company. Additionally, a food manufacturer, another fuel retailer, and a national roads company are being restructured for potential listings, which will depend on market conditions.

To attract investors, authorities are preparing several financial incentives. These include tax breaks on IPO earnings, more exemptions for investment funds, and clearer regulations for stamp duty for both local and foreign investors. These changes are designed to bring more money into the equities market and support separate efforts to encourage state institutions to invest their extra funds into the market.



# SYNTHESIS

Egypt's legislative agenda focused on amendments to the Income Tax Law, the Investment Laws to ease compliance burdens, encourage foreign capital inflows, and foster a more competitive business environment. Parliament also advanced discussions on a new tax break package for IPOs to support the government's privatization drive, while the National Election Authority prepared regulations and held elections for the Senate in August 2025.

Fiscal policies during this period balanced the introduction of targeted incentives for strategic industries with the goal of ensuring debt sustainability under IMF performance reviews. On the policy front, the government confirmed its privatization target of \$3 billion in proceeds by June 2026, a figure that reflects a more realistic implementation strategy. Regulatory bodies emphasized reforms to strengthen debt management transparency and improve oversight of state-owned enterprises.

Egypt held its Senate elections, managed by the National Election Authority (NEA). Voting took place on August 4-5, with a modest turnout of 17.1%, followed by runoff elections for the remaining seats on August 27-28. The focus now shifts to the upcoming House of Representatives elections, anticipated to be held in October or November of this year.

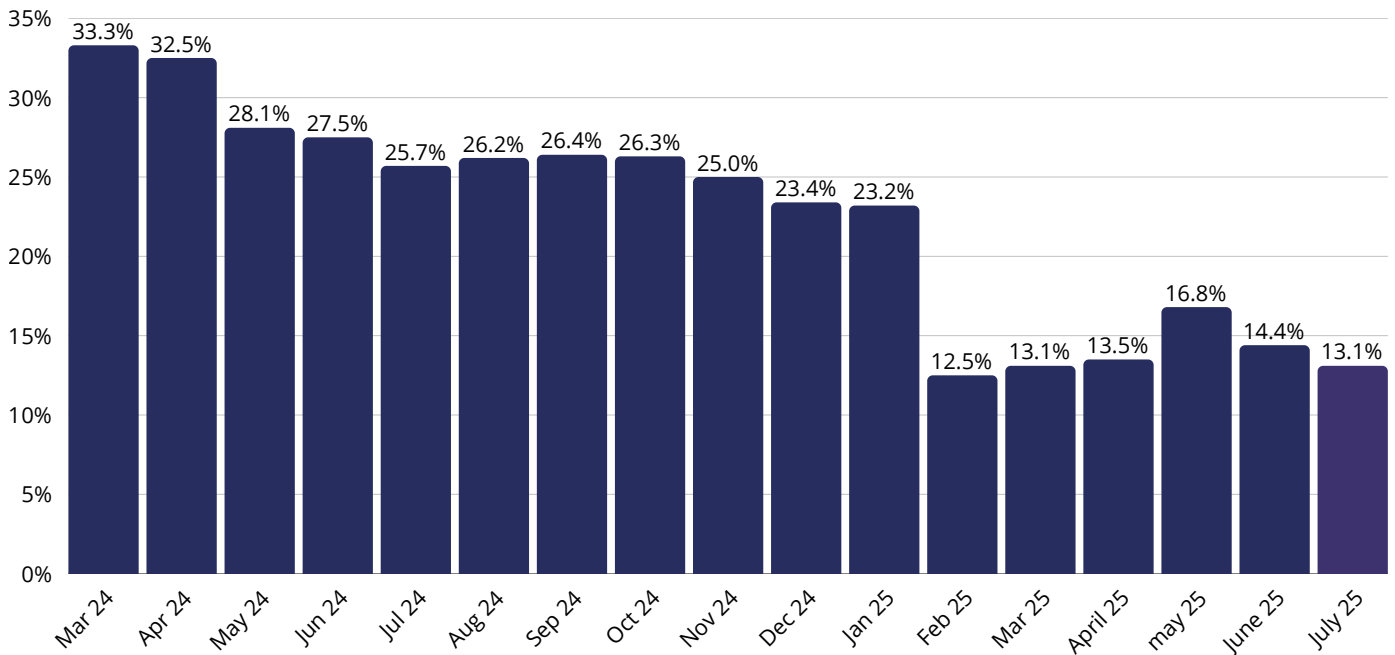
In parallel, August saw renewed momentum in Egypt's digital economy, as the Central Bank pushed for new digital banking regulations and Parliament passed the long-anticipated Digital Bank Law. This legislation is expected to pave the way for a new licensing framework that could reshape financial inclusion in the country.

**Overall, August 2025 underscored a critical month of legal reforms, fiscal adjustments, and structural policy initiatives. While challenges around debt and inflation persisted, the combination of new tax frameworks, digital banking regulation, privatization-linked incentives, and energy reforms marked a decisive step toward investor confidence and long-term growth.**



# UPDATES IN FIGURES

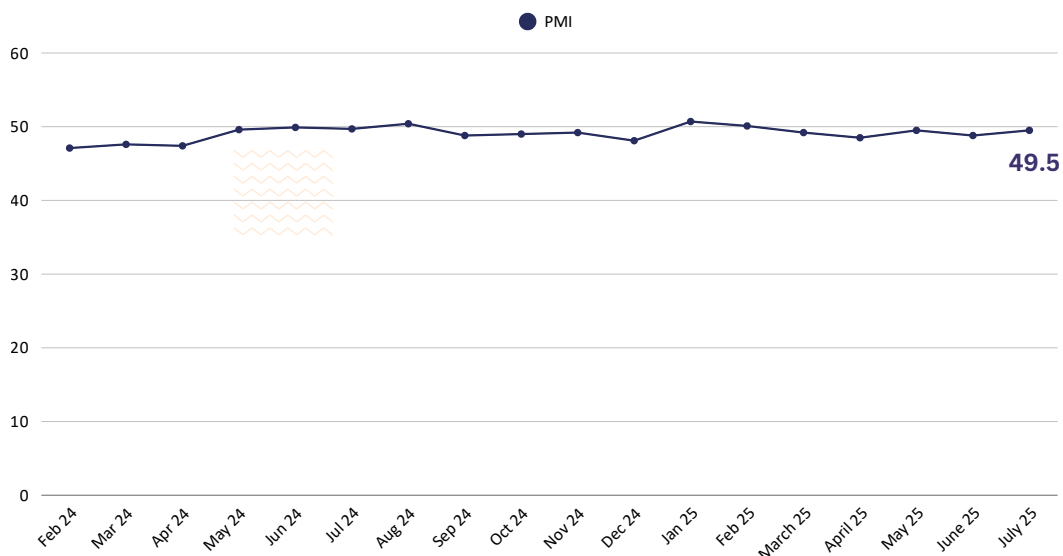
## ➤ Monthly Inflation Trends



Source: CAPMAS

According to CAPMAS, Egypt’s annual headline **urban inflation** slowed for the second consecutive month in **July**, dropping to **13.9%** from **14.9%** in **June**, its lowest level since March 2025. At the same time, **overall inflation** eased to **13.1%**, underscoring a broader cooling trend. The disinflation was primarily driven by a sharp decline in food prices and a beneficial appreciation of the Egyptian Pound (EGP).

## ➤ Private Sector Performance



Source: S&P Global PMI.

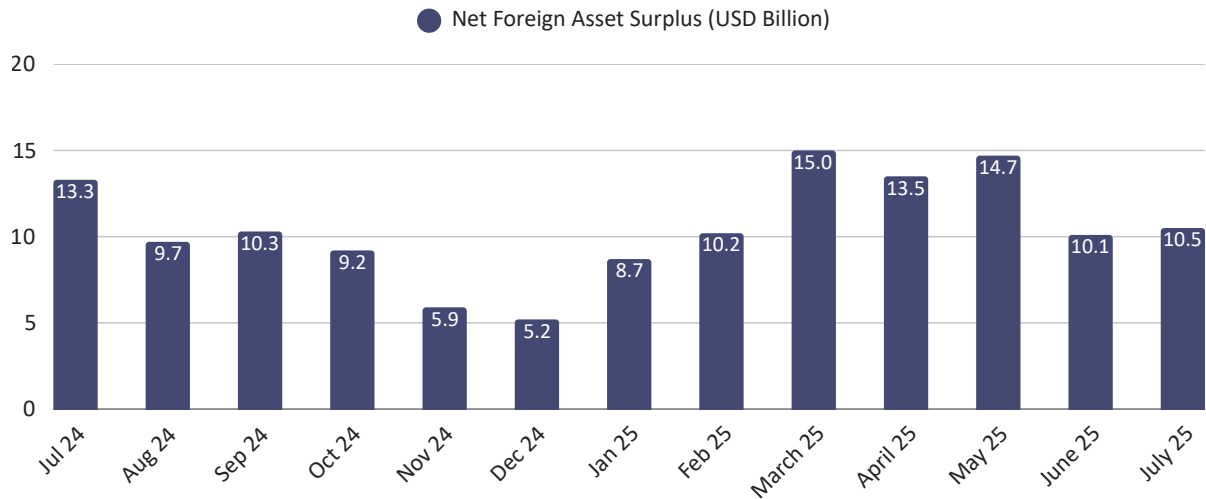
Egypt’s non-oil private sector showed tentative signs of stabilisation in **July 2025**, with the headline PMI rising to **49.5** from **48.8** in **June**. Although still below the neutral **50.0** threshold, the reading was at its joint-highest in five months, indicating only a marginal deterioration in operating conditions.



# UPDATES

# IN FIGURES

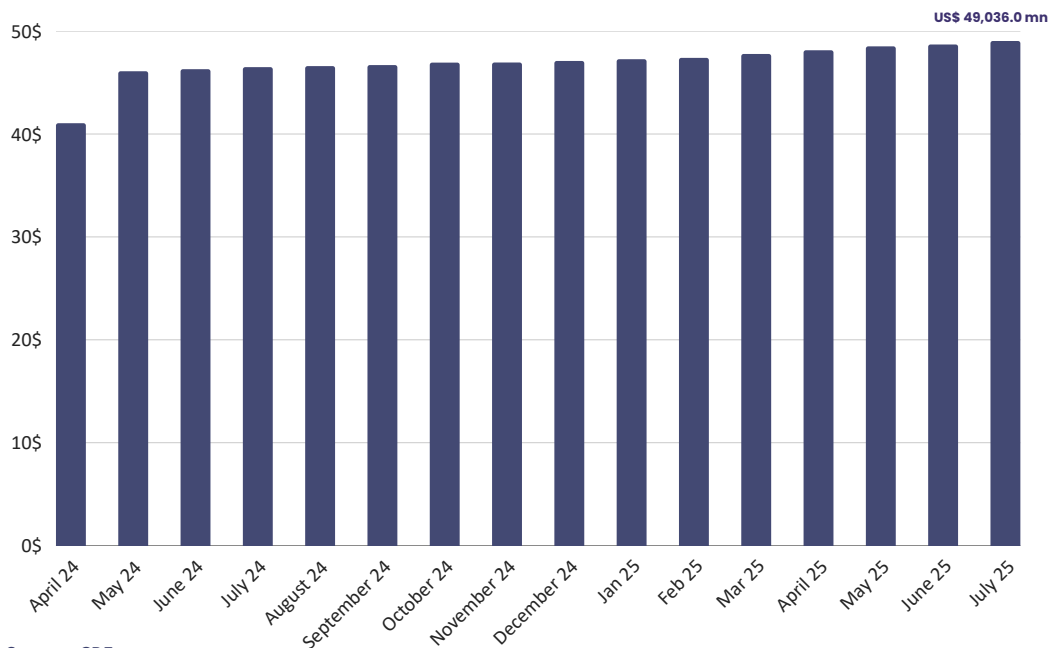
## ➤ Net Foreign Asset



Source: CBE

The Central Bank of Egypt’s net foreign assets (NFA) rose to USD 10.5 bn (EGP 511 bn) in July 2025, up from USD 10.1 bn (EGP 500 bn) in June, underscoring improving external sector resilience. NFAs are a key gauge of banking sector stability, reflecting the balance of foreign currency assets against liabilities.

## ➤ Net International Reserves



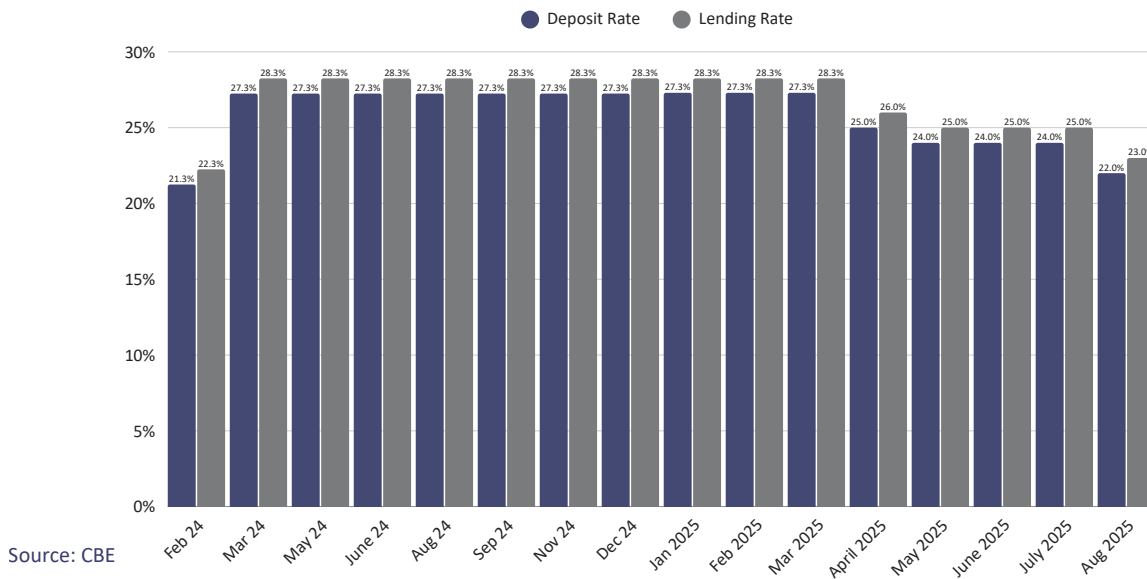
Source: CBE

Egypt’s net international reserves (NIR) reached an all-time high of \$49.04bn in July 2025, according to the Central Bank of Egypt (CBE). This represents a \$336m monthly increase from June, underscoring improved foreign currency inflows and stronger external buffers.

# UPDATES

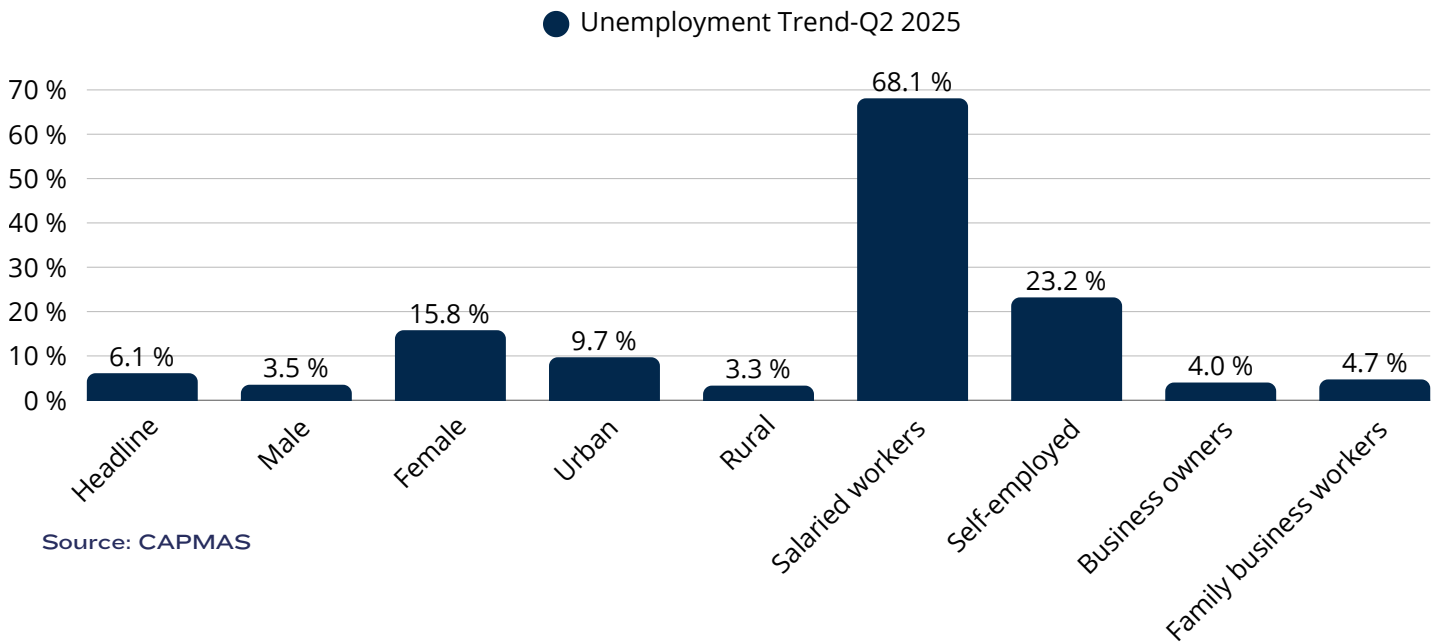
## IN FIGURES

### ➤ Interest Rates



The Central Bank of Egypt cut interest rates by 200 bps on Aug 28, 2025, lowering the deposit rate to 22%, lending to 23%, and main operation to 22.5%. The move follows easing global and domestic inflation, improved growth, and lower risks.

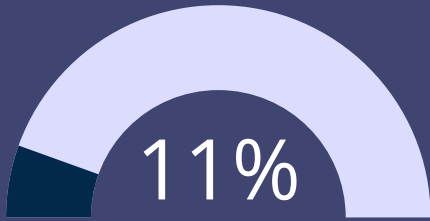
### ➤ Egypt Unemployment Snapshot – Q2 2025



Egypt’s unemployment rate eased to 6.1% in Q2 2025, showing resilience in the labor market. Female unemployment remains significantly higher at 15.8% compared to 3.5% for males, underscoring gender gaps. Urban areas continue to face greater pressure with 9.7% unemployment, while rural regions fare better at 3.3%. Employment is still dominated by salaried workers at 68.1%, though self-employment is gradually rising.

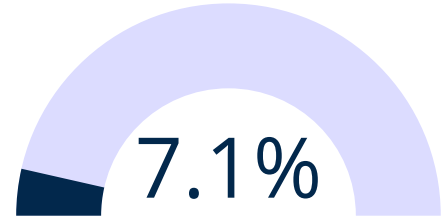
# Trade Figures Q2-2025

## Non-Oil Exports



Exports Growth Rate in  
Q2 of 2025

## Building materials Exports



Building materials Exports  
Growth Rate in Q2 of  
2025

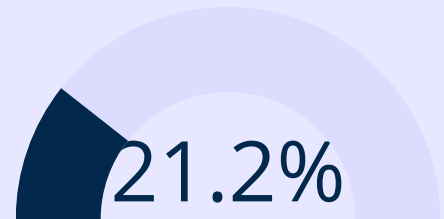
## Non-Oil Imports



4.5%

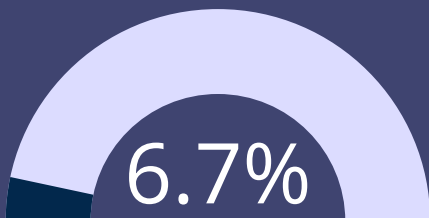
Imports Decline Rate in  
Q2 of 2025

## Textiles Exports



Textiles Exports Growth  
Rate in Q2 of 2025

## Engineering Exports



Engineering Exports  
Growth Rate in Q2 of  
2025

Source: Expolink - Egyptian Exporters Association





# POLICY UPDATES

## EGYPT'S NEW LABOUR LAW: BALANCING WORKER PROTECTION



Effective September 2025, Egypt's Labour Law modernizes employment by ending forced resignations, guaranteeing equal pay, expanding protections for women and informal workers, and introducing labour courts. It also supports investment via certified private inspections and fairer, flexible regulations.

## EGYPT'S FIRST FULLY DIGITAL BANK WITH CBE APPROVAL



The Central Bank of Egypt has approved the first fully digital bank. Backed by Banque Misr and set to launch in 2026, OneBank will provide secure, branchless services exclusively online. The move supports Egypt's digital economy strategy, expanding financial inclusion and positioning the nation as a regional leader in fintech innovation.

## SENATE RENEWAL COMPLETED AS EGYPT PREPARES FOR HOUSE ELECTIONS IN LATE 2025



Egypt has successfully concluded its Senate elections. Attention now turns to the House of Representatives elections, anticipated in October or November 2025. Political parties and independents are preparing for a highly competitive race, with candidate papers expected to be submitted soon to the National Election Authority.

## EGYPT PREPARES IPO TAX BREAKS TO BOOST EGX LIQUIDITY, ADVANCE PRIVATIZATION DRIVE



Egypt is drafting tax incentives to attract investors ahead of its next privatization phase, including full exemptions on IPO proceeds. Banque du Caire, Safi, and Wataneya are expected to lead listings, with more state firms to follow as the government retools its EGX strategy.



# ROAD AHEAD

**Egypt's macroeconomic outlook is entering a phase of cautious optimism, supported by moderating inflation, stronger growth projections, and structural reforms.**

The Central Bank of Egypt's (CBE) decision to cut interest rates by 200 basis points in August 2025 signals confidence in economic fundamentals and provides room for private sector expansion. With annual headline inflation easing to 13.9% in July 2025 and core inflation at 11.6%, consumer and investor sentiment is gradually stabilizing, paving the way for renewed business activity.

Growth is expected to rebound to 4.5% in FY 2024/25, up from 2.4% the year before, driven by rising foreign inflows, improved external conditions, and targeted government investment.

Political developments will play a key role in shaping Egypt's economic climate. The upcoming parliamentary and local elections are expected to test public sentiment on the reform agenda, with policy continuity seen as crucial for sustaining investor confidence. Clear political signals on governance, fiscal policy, and private sector engagement will be central to shaping both domestic expectations and international perceptions.

At the same time, November 2025 will mark a historic cultural milestone with the long-awaited opening of the Grand Egyptian Museum (GEM) near the Giza Pyramids.

**Looking forward, Egypt's trajectory will hinge on the effective execution of reforms and its capacity to mitigate external shocks, from regional instability to currency pressures.**

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Dedicated to the economic and public policy landscape of Egypt and MEA region, invaluable insights and strategic guidance are provided by IPA. Our expertise is seen as a beacon of knowledge, guiding through the evolving business environment, ensuring endeavors are rooted in wisdom and poised for success



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