



# ECONOMIC PULSE

OF EGYPT

**September**

**2025**



# SYNTHESIS

**Egypt's economic trajectory showed a mix of resilience, cautious recovery, and a push toward structural transformation. Key indicators highlighted improvements in growth, revenues, and remittances, balanced against persistent trade imbalances and a widening fiscal deficit. At the same time, government reforms, industrial strategies, and legal adjustments signaled an active policy agenda to steer the economy toward sustainability.**

GDP recorded 5% in FY2024/25, nearly doubling from 2.4% a year earlier and outperforming budget expectations of 4.2%. Fiscal management reflected both achievements and risks. The government achieved its largest-ever primary surplus, EGP 629 bn (3.6% of GDP), reflecting improved revenues and tax collection, which rose 35% year-on-year. Total revenues jumped 29% to EGP 2.6 tn.

However, higher spending drove the budget deficit to EGP 1.2 tn (6.5% of GDP), underscoring pressures from subsidies, pensions, and debt servicing. On external debt, Egypt reduced obligations by USD 1 bn in the past fiscal year and USD 4 bn over two years, cutting the debt-to-GDP ratio from 89.4% to 85.6%.

Trade dynamics revealed underlying vulnerabilities. Exports climbed 6.5% to USD 45.3 bn, driven by non-oil exports that grew 14.4% to USD 39.9 bn. By contrast, petroleum and electricity exports contracted 29.1% to USD 5.5 bn. Imports rose faster, increasing 13.2% to USD 95.3 bn, with non-oil imports up 9.2% to USD 79.2 bn and petroleum imports surging 38.3% to USD 16.1 bn. This widened the trade deficit and reinforced Egypt's dependency on imported intermediate goods and energy inputs. China, Saudi Arabia, the US, and Russia remained top import sources, while Saudi Arabia, Turkey, the UAE, and Italy were key export destinations.

Foreign currency inflows provided relief. Remittances surged nearly 50% in the first seven months of 2025, reaching USD 23.2 bn, thanks to exchange rate reforms that redirected flows into official channels. In July alone, inflows hit a record USD 3.8 bn. Combined with improved reserves and tourism receipts, this bolstered Egypt's external position.



# SYNTHESIS

However, Egypt's net foreign assets (NFAs) in the banking sector saw their first decline in three months, falling by nearly USD 583 mn to USD 17.9 bn in August, a 3.3% month-on-month dip. Despite the short-term drop, NFAs have nearly doubled from USD 9.7 bn in August 2024, signaling stronger external liquidity over the year.

Policy and structural reforms gained traction. The Finance Ministry moved to expand the formal tax base through incentives for e-commerce platforms and content creators, building on the success of VAT amendments introduced in 2023. Taxing digital services has already generated over EGP 13 bn in two years, while content creators contributed EGP 2.1 bn in FY2023/24.

Monetary policy developments reinforced this momentum. The Central Bank of Egypt cut key interest rates by 100 basis points in early October, the fourth reduction this year, bringing the deposit rate to 21% and the lending rate to 22%. The decision reflected easing inflation dynamics, supported by stable food and non-food prices.

Private investment also surged, reaching its highest level in five years and accounting for 47.5% of total investment, up from 39.6% a year earlier, while public investment declined to 43.3%. This shift underscores a deliberate government strategy to rationalize public spending and empower the private sector as the main growth engine. The Ministry of Planning expects private investment's share to rise to 66% of total investment by 2030 under Egypt's new "Narrative for Economic Development."

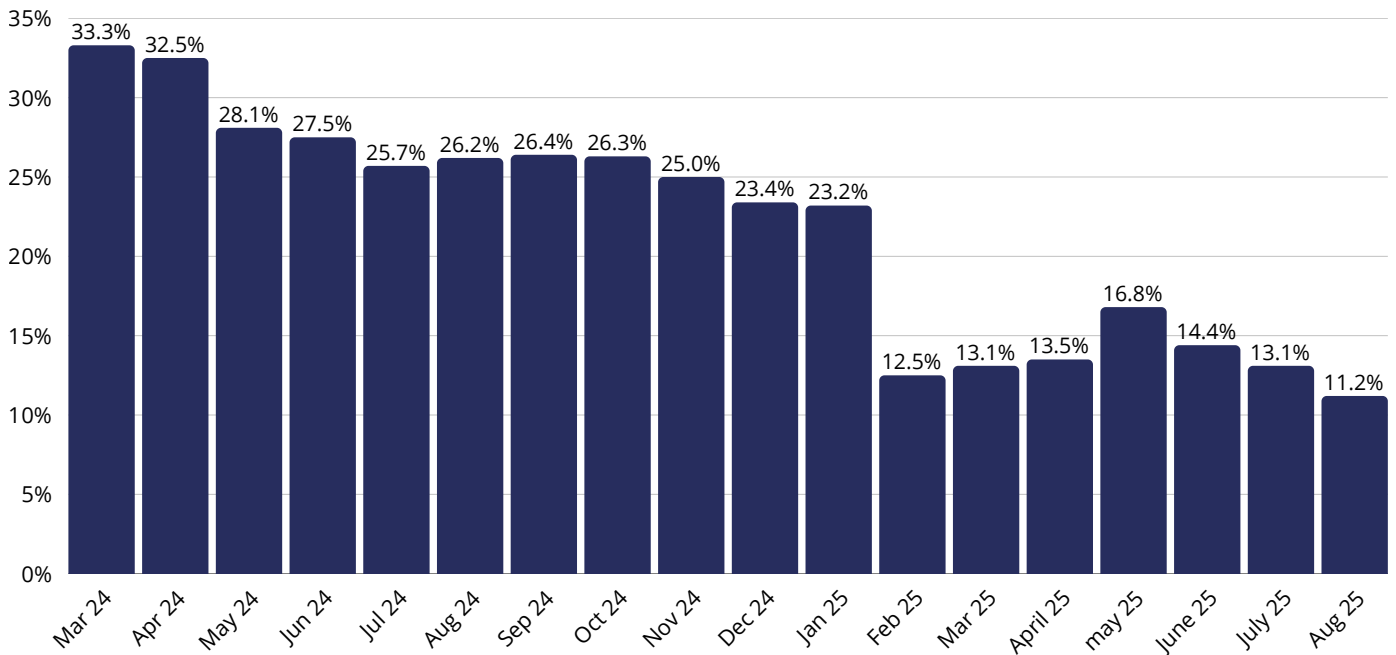
On the industrial front, the Ministry of Industry rolled out a roadmap to enhance domestic production and reduce import dependence, prioritizing 28 key sectors such as renewable energy components, electric vehicles, desalination, pharmaceuticals, green hydrogen, and advanced manufacturing materials.

**Overall, Egypt entered late 2025 with signs of stabilization and reform momentum, marked by stronger growth, fiscal discipline in primary accounts, robust remittance inflows, and concrete plans for industrial renewal. Still, vulnerabilities remain in the form of a high budget deficit, external trade dependence, and the need to accelerate structural reforms to sustain and broaden the gains.**



# UPDATES IN FIGURES

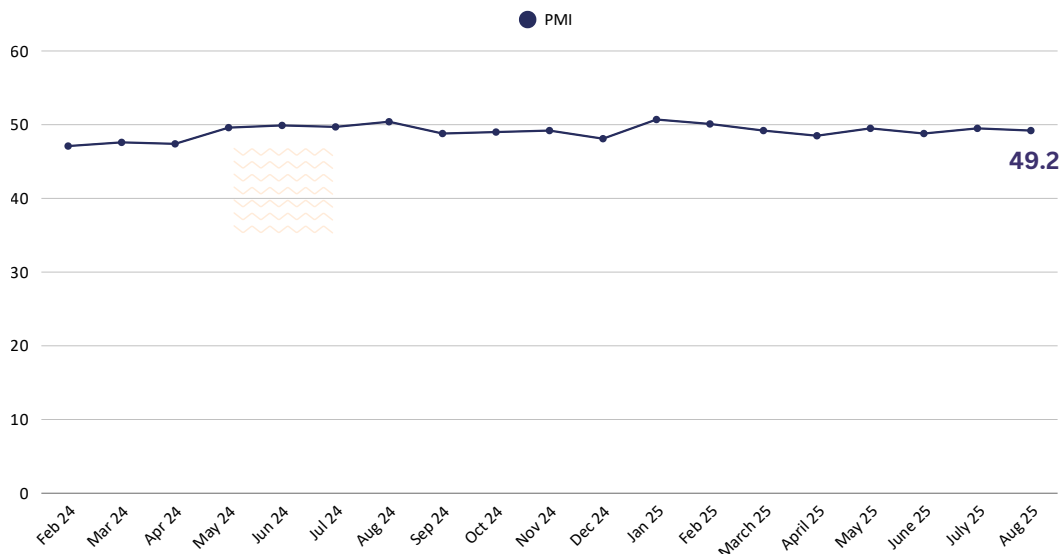
## ➤ Monthly Inflation Trends



Source: CAPMAS

Egypt’s annual inflation eased to **11.2%** in August from **13.1%** in July. Price rises in food staples, tobacco, housing, healthcare, and appliances drove the increase, while declines in meat, fruits, fish, sugar, transport, and tourism partly offset pressures, showing mixed inflation dynamics.

## ➤ Private Sector Performance



Source: S&P Global PMI.

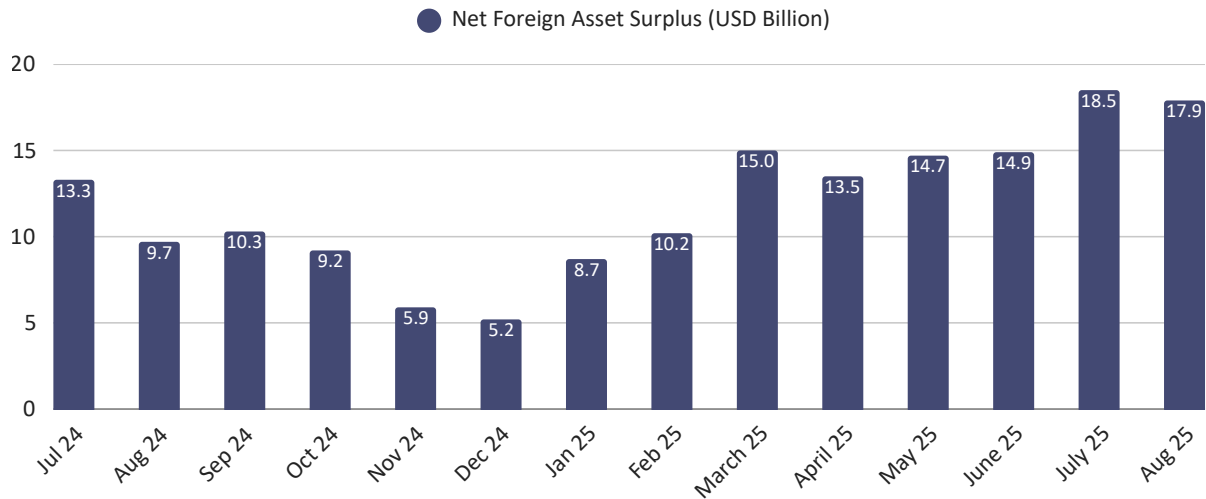
Egypt’s non-oil private sector continued to face contractionary pressures in August 2025. At **49.2**, the headline PMI remained below the neutral 50 mark for the sixth consecutive month, signaling sustained weakness in private-sector activity. Although the pace of decline was modest compared to historical averages, the persistent downturn highlights structural challenges in domestic demand and business sentiment.



# UPDATES

# IN FIGURES

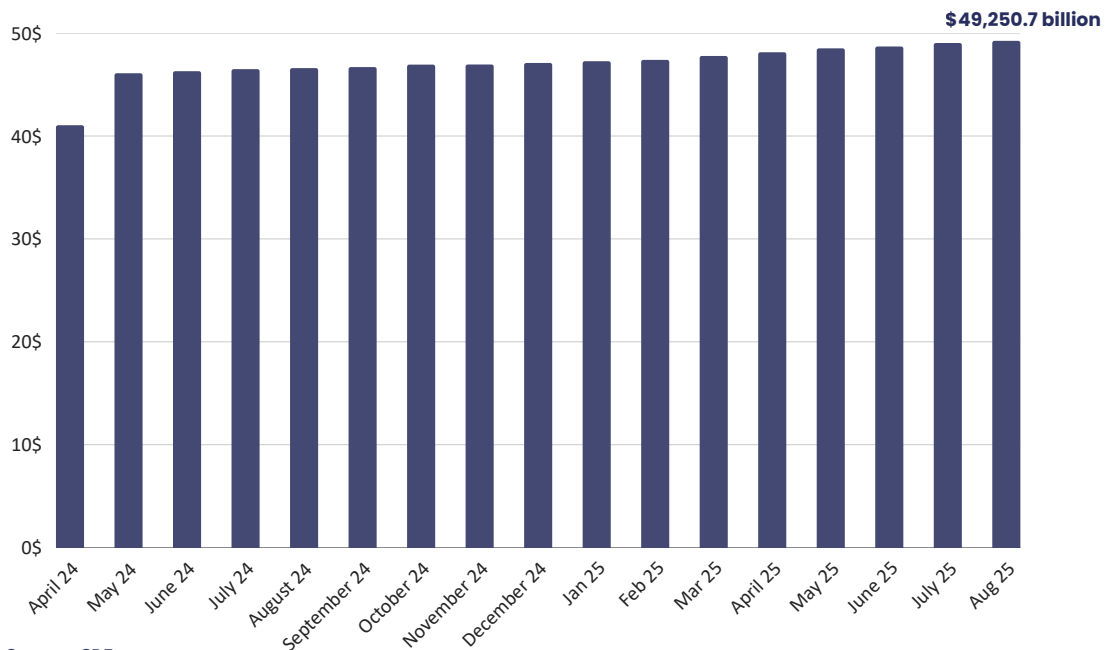
## ➤ Net Foreign Asset



Source: CBE

Egypt’s banking sector saw its net foreign assets (NFAs) decline for the first time in three months, falling by nearly **USD 583 million** to **USD 17.9 billion** in August, a **3.3%** month-on-month drop, according to Central Bank of Egypt data.

## ➤ Net International Reserves

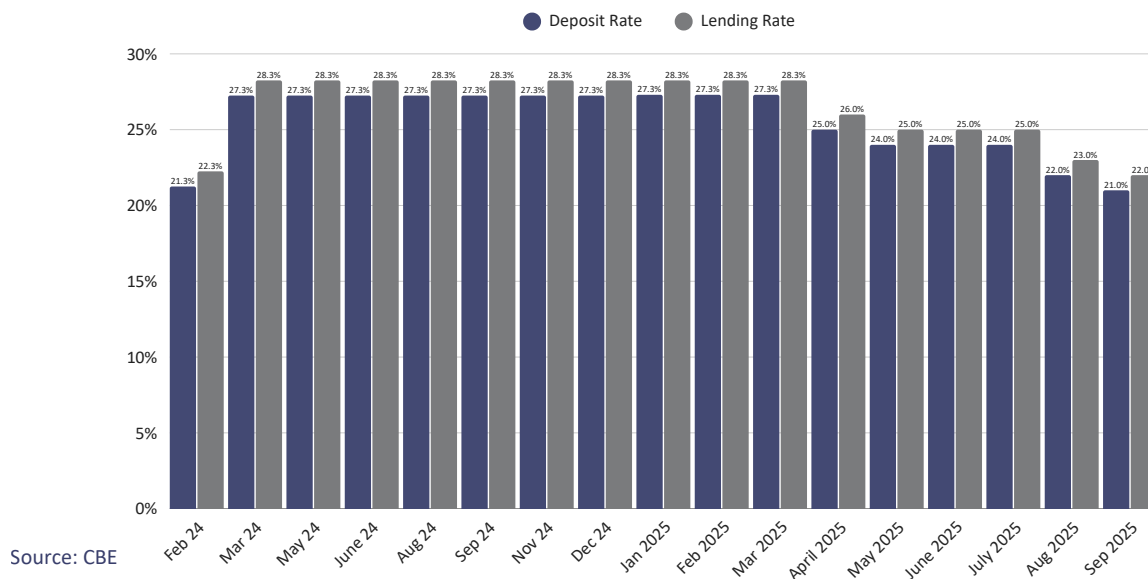


Source: CBE

Egypt’s net international reserves (NIR) rose to **\$49.25 billion** in August 2025, up from **\$49.04 billion** in July, marking a monthly increase of **\$214 million**. This continues the upward trend observed since the beginning of the year, with reserves expanding by **\$2.14 billion** year-to-date after closing 2024 at **\$47.11 billion**.

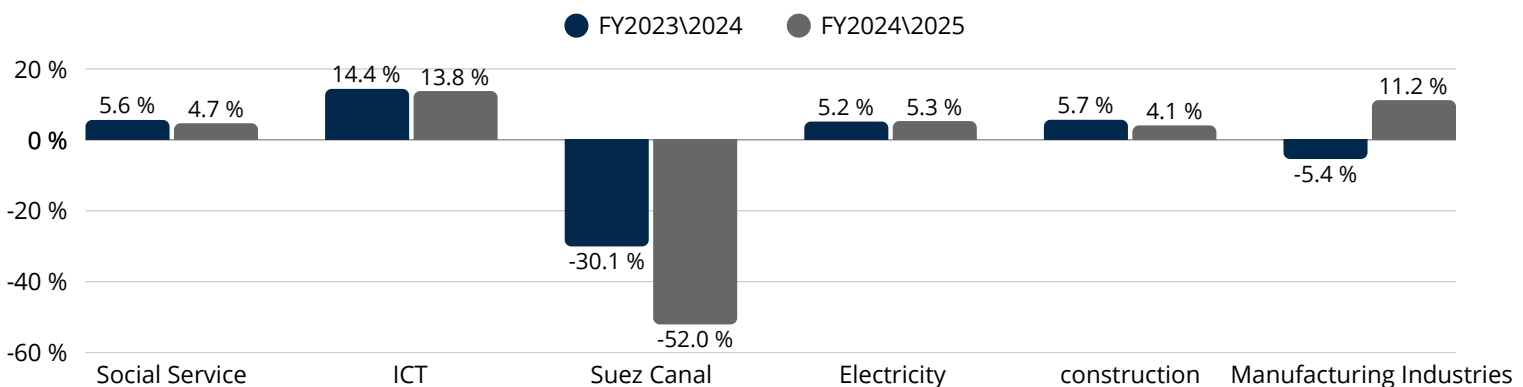
## IN FIGURES

### ➤ Interest Rates



The Central Bank of Egypt cut interest rates by **100 bps** in its sixth meeting this year, marking a second consecutive reduction after a 200 bps cut in August. The overnight deposit rate is now **21%**, the lending rate is **22%**, and the main operation and discount rates are **21.5%**. Since starting its easing cycle in April, the CBE has reduced rates by a total of **625 bps**.

### ➤ Sectoral Growth Rate (%) (FY2023/2024 - 2024/2025)



The graph compares sectoral growth rates between **FY2023/2024** and **FY2024/2025**. The **Suez Canal** sector experienced the sharpest downturn, shifting from a **-30.1%** contraction to a deeper **-52% decline**, while **manufacturing industries** also recovered significantly from **-5.4%** to **11.2%**. The **ICT** and **electricity** sectors maintained steady performance with slight declines, at **13.8%** and **5.3%**, respectively. Meanwhile, social services and construction slowed to **4.7%** and **4.1%**, reflecting moderate activity levels.

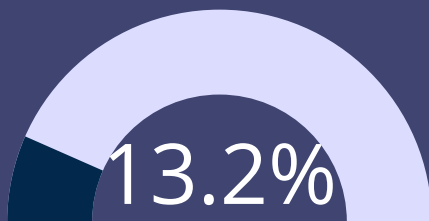
# Egypt Exports 2024

## Total exports



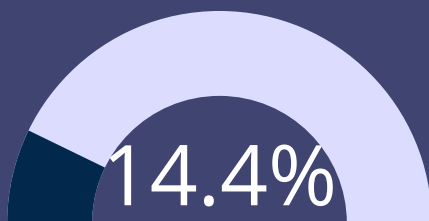
Egypt's total exports reached \$45.3 bn in 2024, marking a 6.5% increase from \$42.6 bn in 2023.

## Total Imports



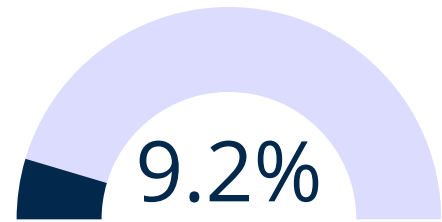
Egypt's total imports rose to \$95.3 bn in 2024, up 13.2% from \$84.2 bn in 2023

## Non-oil exports



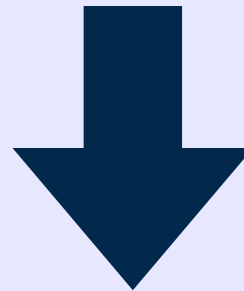
Egypt's non-oil exports rose 14.4% in 2024, reaching \$39.9 bn, up from about \$34.9 bn in 2023

## Non-oil imports



Egypt's non-oil imports climbed 9.2% in 2024, reaching \$79.2 bn, up from about \$72.5 bn in 2023 — an increase of \$6.7 bn y-o-y.

## Petroleum & electricity exports



Egypt's petroleum & electricity exports fell 29.1% y-o-y in 2024, reaching \$5.5 billion

Source: CAPMAS announced in September 2025





# POLICY UPDATES

## RETURN OF THE CRIMINAL PROCEDURES LAW TO THE HOUSE



The President sent the draft Criminal Procedures Law back to the House to address objections on clarity, defendant rights, and pre-trial detention. Parliament will revisit the law, signaling a cautious approach to reform and governance.

## EGYPT UNVEILS NATIONAL NARRATIVE FOR ECONOMIC DEVELOPMENT



Egypt launched its National Narrative for Economic Development, aligning with Vision 2030. The plan targets 7% growth, higher private sector role, 1.5 mn jobs yearly, 20% export growth, and record-low debt, with public consultation ahead of its December release.

## EGYPT IDENTIFIES 28 PRIORITY SECTORS TO BOOST MANUFACTURING, CUT IMPORTS



Egypt's Industry Ministry named 28 priority sectors, including EVs, green tech, pharmaceuticals, and textiles, to strengthen domestic manufacturing and reduce imports. The initiative invites new investments, aligning with Egypt's 2030 Economic Development Narrative for growth and jobs.

## EGYPT'S GDP GROWTH HITS 4.5% IN FY 2024-25 AS DEBT DECLINES



Egypt's economy grew 4.5% in FY 2024-25, nearly doubling last year's rate, the Finance Minister announced. External debt dropped by USD 1 bn, pushing debt-to-GDP to 85.6%. Despite lower FDI and Suez Canal revenues, Egypt posted a record primary surplus of EGP 629 bn amid higher revenues.



# ROAD AHEAD

**Egypt's economic outlook is increasingly shaped by a reform-driven agenda aimed at consolidating stability and accelerating structural transformation.**

The cornerstone of this effort is the National Economic Development Narrative, launched in September, which envisions achieving 7% annual GDP growth by 2030, raising investment levels to 18% of GDP, and expanding the private sector's share to two-thirds of the economy. A public consultation phase is ongoing, with the final framework expected by December 2025.

These initiatives reflect a clear shift toward a more diversified, resilient, and investor-friendly economy. Sustaining this trajectory will require continued fiscal discipline, deeper structural reforms, and the effective alignment of industrial and digital strategies with global trends in technology, green transition, and sustainability.

On the external front, international cooperation is gaining momentum. In September, Egypt signed an MoU with Singapore to strengthen collaboration in trade facilitation, logistics, and technology transfer. Parallel discussions with Gulf and Asian investors are advancing, particularly in green energy, smart manufacturing, and digital transformation.

These partnerships are expected to attract fresh FDI, enhance supply chain integration, and reinforce Egypt's position as a regional transit and production hub.

**Overall, Egypt is charting a reform-heavy, forward-looking roadmap centered on fiscal sustainability, industrial expansion, and private sector empowerment, signaling a gradual but steady transition toward a more competitive, innovation-driven economy.**

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