



# ECONOMIC PULSE

OF EGYPT

**November**

**2025**



# SYNTHESIS

**Egypt's economy is demonstrating robust momentum in FY 2025/26, driven by structural reforms, private-sector participation, and targeted sectoral strategies. In the first quarter of the fiscal year, GDP growth reached 5.3%, the highest quarterly expansion in over two years and up from 3.5% during the same period last year.**

This performance reflects the tangible impact of ongoing economic and structural reforms aimed at strengthening the real economy, crowding in private-sector activity, and promoting tradable, high-productivity sectors such as non-oil manufacturing, communications and information technology (CIT), and tourism. Suez Canal activity, which had been underperforming, recorded positive growth of 8.6% for the first time since FY 2023/24, highlighting recovery in strategic transport channels.

Growth was broad-based, anchored in high-productivity sectors with strong export potential. Non-oil manufacturing and CIT each grew 14.5%, while tourism expanded 13.8%. The surge in non-oil manufacturing reflects higher domestic and external demand, expansion in production capacity, and a more favorable industrial environment due to structural reforms. Key sub-sectors performed strongly: motor vehicles (+50%), chemicals (+44%), beverages (+37%), furniture (+34%), pharmaceuticals (+19%), and ready-made garments (+17%).

These figures signal that Egypt is successfully steering its growth model toward export-oriented, productive industries. CIT growth is driven by a strategy to transform the sector from service-oriented to production-based, promoting outsourcing and digital exports. Tourism benefited from improved service quality, upgraded infrastructure, transport enhancements, and sustained promotion campaigns, with the Grand Egyptian Museum projected to attract 5 million visitors annually.

Investment continues to be a central driver of growth. Total investment at constant prices rose 24.2% year-on-year to EGP 278.7 billion, with real private investment surging 25.9% and accounting for 66% of total investment, its highest share in comparable periods. Public investment made up the remaining 34%, reflecting a clear policy shift toward stronger governance of public capital and creating more space for private-sector participation. This composition demonstrates the government's efforts to foster private investment while maintaining public investment discipline.



# SYNTHESIS

On the fiscal front, Egypt recorded a budget deficit of 3.2% of GDP in the first four months of FY 2025/26, up from 2.6% in the same period last year. Despite the widening deficit, the primary surplus—excluding interest payments—jumped 81% year-on-year to EGP 236.8 billion (1.1% of GDP), driven by higher tax revenues and fiscal discipline. Total revenues rose 33.3% to EGP 863.9 billion, with a 35% increase in tax collection, while spending increased 37.3%, primarily due to interest payments. Analysts project a gradual narrowing of the deficit over the coming fiscal years.

External accounts remain broadly stable. Egypt's total external debt reached USD 161.2 billion by FY 2024-25, with debt service climbing to USD 38.7 billion. The external debt-to-GDP ratio stands at a manageable 44.2%, and the majority of debt (80.8%) is long-term. Foreign reserves improved to USD 48.7 billion, supported by a USD 4.1 billion increase in gold reserves. Commercial banks' net foreign assets rose to USD 14.9 billion, while foreign currency deposits increased 18.5% year-on-year to USD 62.3 billion. The current account deficit narrowed to USD 15.4 billion, reflecting higher remittances, tourism revenues, and non-oil exports.

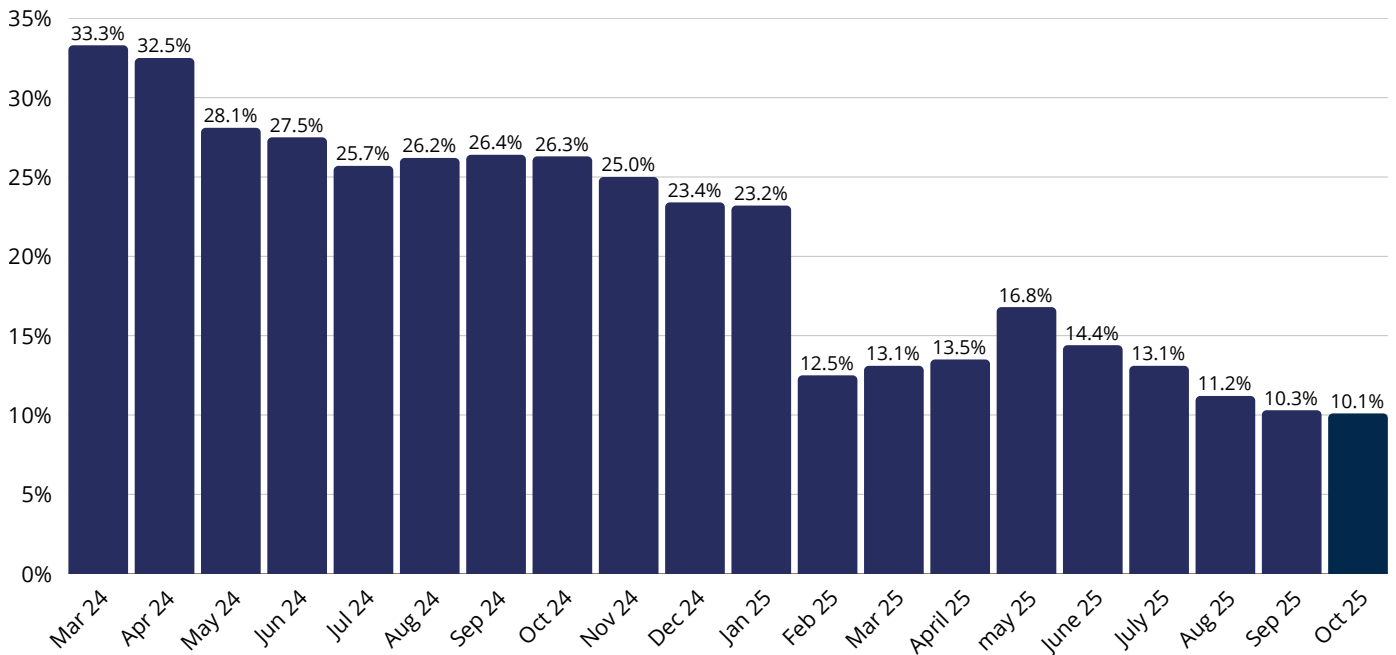
Several policy and institutional initiatives are supporting these economic developments. The Central Bank of Egypt launched the Haweya platform, the country's first integrated national digital financial identity system, aimed at expanding financial inclusion and facilitating seamless access to banking services for both local and foreign residents.

By reducing the need for physical branch visits, the platform enhances efficiency and supports anti-money laundering efforts. Egypt is also preparing a new income tax law, which will broaden the tax base, improve administration, rationalize spending, and align domestic taxation with global standards. The law includes progressive taxation, preferential treatment for sectors targeted for localization, new rules for corporate restructuring, and a 2–5% carbon tax aligned with the EU Carbon Border Adjustment Mechanism (CBAM).

**Overall, Egypt's economy shows strong growth potential supported by structural reforms, strategic investments, fiscal discipline, and digital transformation, while ongoing policy measures aim to ensure sustainability, inclusivity, and investor confidence. The combination of private-sector-led expansion and forward-looking reforms positions the country for sustained, export-driven, and high-productivity economic growth.**

# UPDATES IN FIGURES

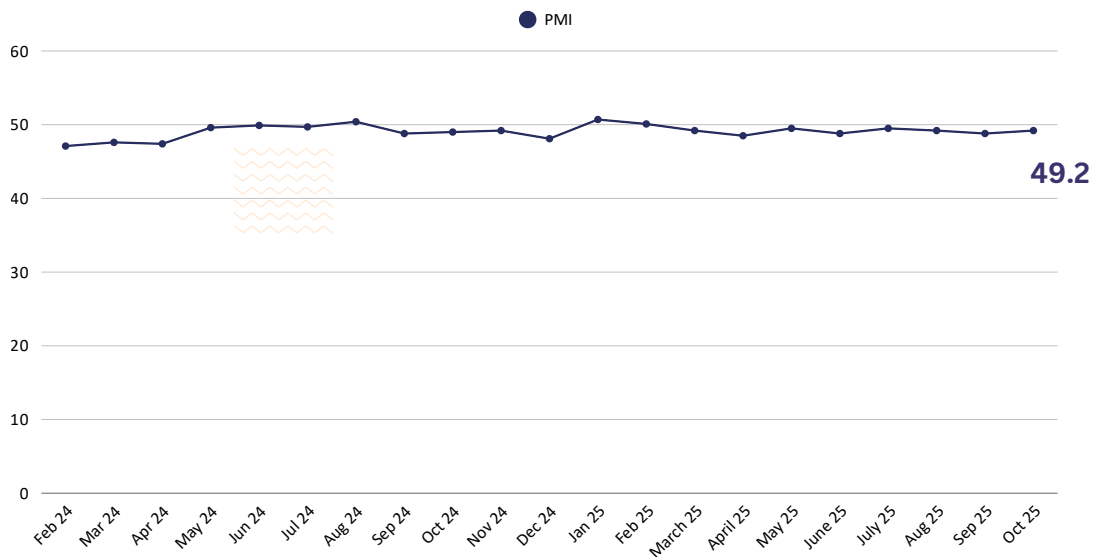
## ➤ Monthly Inflation Trends



Source: CAPMAS

CAPMAS reported that the country’s monthly inflation rose by 1.3% in October 2025, up from 1.1% in October 2024 and 1.8% in September 2025, reflecting higher costs across essential goods and services. The nationwide Consumer Price Index (CPI) reached 264.3 points, up from 260.9 in September.

## ➤ Private Sector Performance



Source: S&P Global PMI.

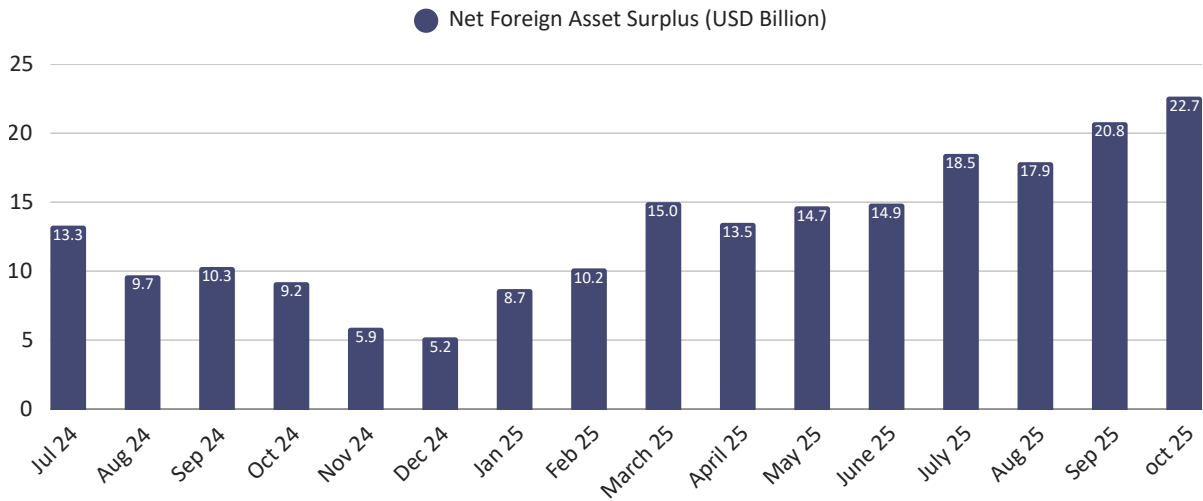
Egypt’s non-oil private sector showed signs of stabilization in October 2025, with the S&P Global Egypt PMI rising to 49.2, up from 48.8 in September and above the long-term average of 48.2. Although still below the 50-point threshold, the latest reading points to the mildest contraction in eight months, supported by a softer decline in output and a noticeable easing in the fall of new orders.



# UPDATES

# IN FIGURES

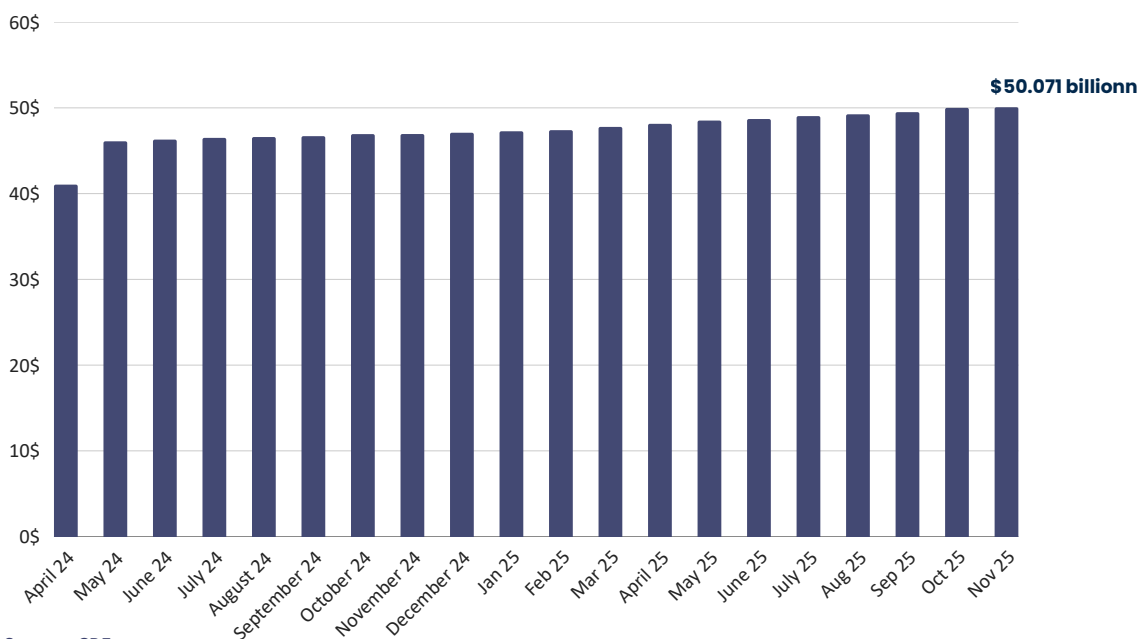
## ➤ Net Foreign Asset



Source: CBE

The Central Bank of Egypt (CBE) announced that net foreign assets (NFAs) in the banking sector rose to **\$22.656bn**, equivalent to **EGP 1.070tn**, in October 2025, compared to **\$20.783bn** (around EGP 996.148bn) in September.

## ➤ Net International Reserves



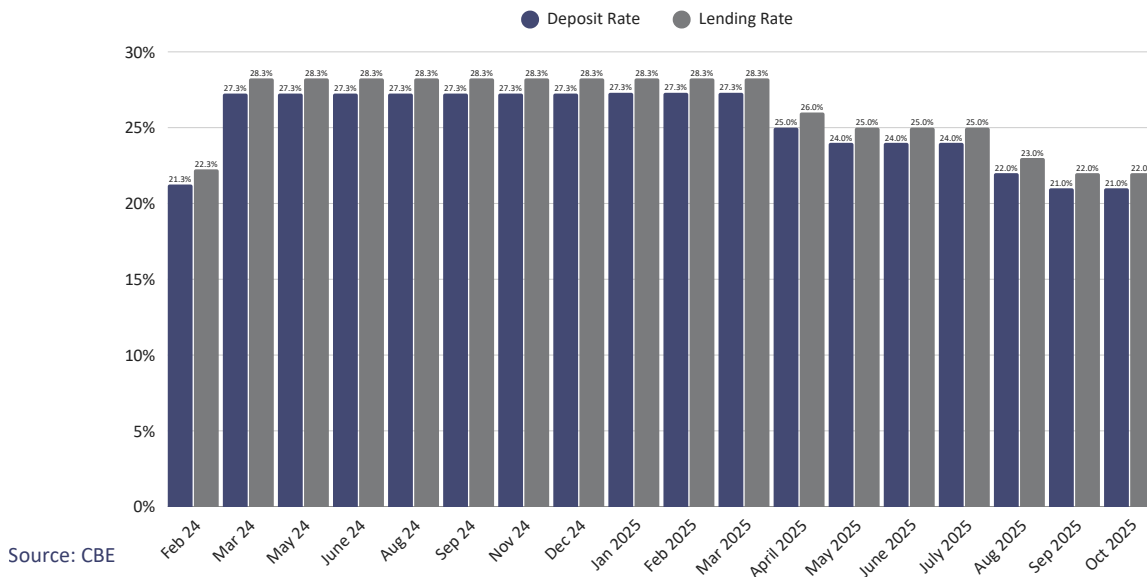
Source: CBE

Egypt's NIRs rose 0.29% in November to \$50.216B and grew 6.2% over 11 months. The government's tighter fiscal/monetary policies and focus on private-sector growth, investment climate, and trade efficiency aim to strengthen reserves and attract foreign investment.



## IN FIGURES

### ➤ Interest Rates

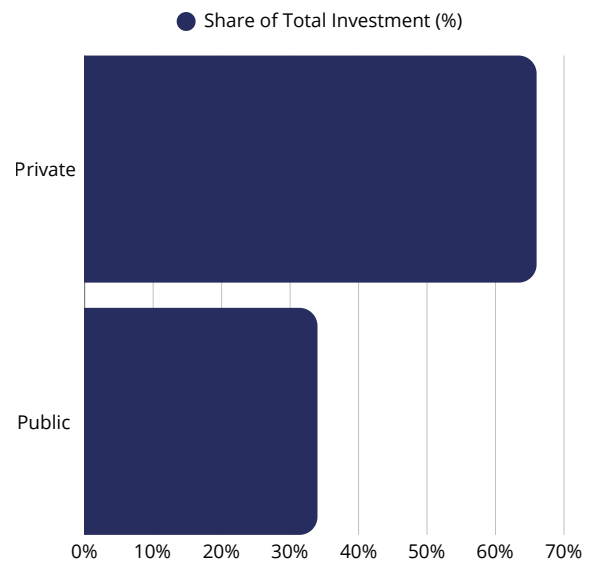


The Central Bank of Egypt (CBE) maintained its key interest rates during its seventh Monetary Policy Committee meeting of 2025, leaving the overnight deposit rate at 21.0%, the lending rate at 22.0%, and the main operation and discount rates at 21.5%.

### ➤ Private vs Public Investment in Egypt – Q1 FY2025/2026

This table illustrates the share of total executed investment in Egypt during the first quarter of fiscal year 2025/2026, highlighting the prominent role of the private sector in driving economic growth. Private investment accounted for 66% of total investment, while public investment represented 34%.

Private investment recorded a strong growth of 25.9% compared to the same period in the previous fiscal year, reflecting increased confidence and participation from the private sector in Egypt's economic expansion.

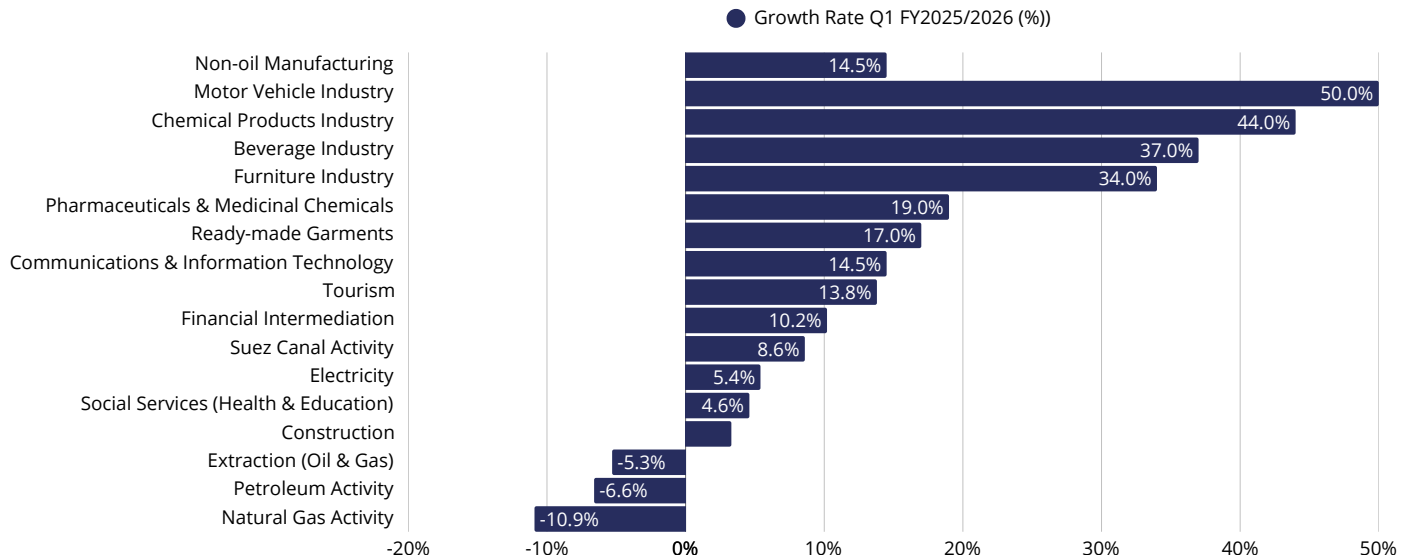


Source: Ministry of Planning, Economic Development, and International Cooperation



## IN FIGURES

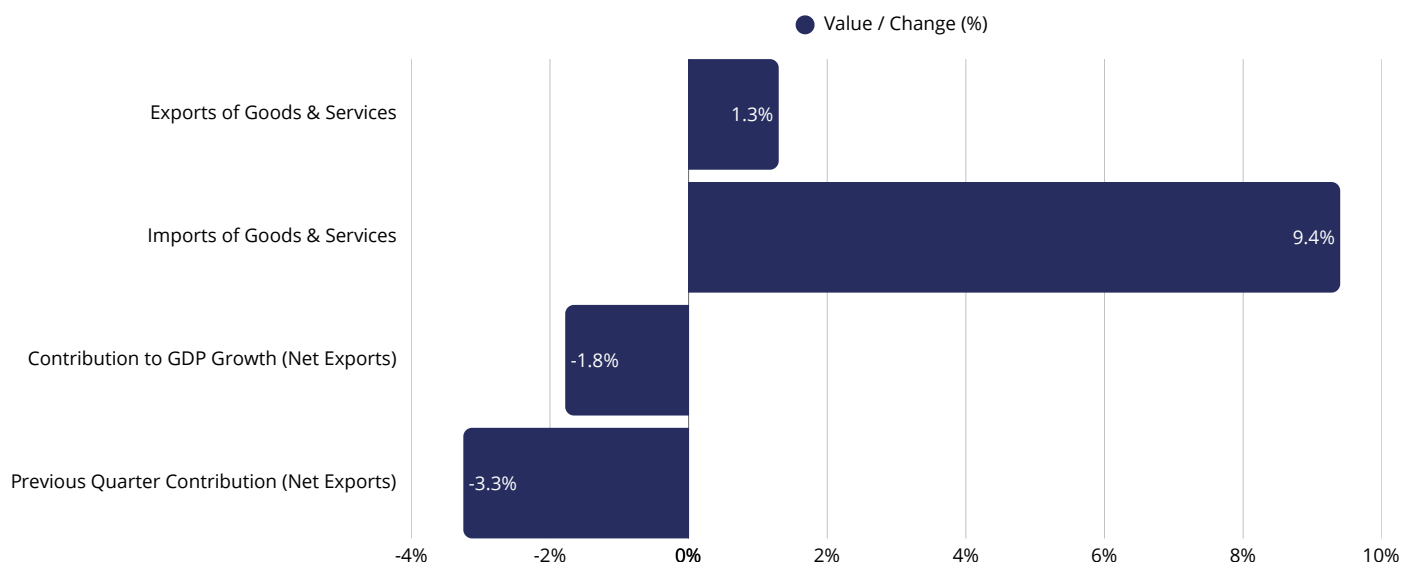
### ➤ Sectoral Growth Rates in Egypt – Q1 FY2025/2026



Source: Ministry of Planning, Economic Development, and International Cooperation

This table presents the growth rates of key economic sectors in Egypt during the first quarter of fiscal year 2025/2026, highlighting the performance of high-productivity and export-oriented industries, as well as other major sectors contributing to GDP growth.

### ➤ External Trade Performance Q1 FY2025/2026



Source: Ministry of Planning, Economic Development, and International Cooperation

Egypt's external trade performance for the first quarter of FY2025/2026, showing a 1.3% increase in exports of goods and services, a 9.4% rise in imports, and a net contribution of -1.78 percentage points to GDP growth, reflecting an improvement from -3.25 percentage points in the same quarter of the previous fiscal year.



# POLICY UPDATES

## FRA INTRODUCES NEW AUDIT STANDARDS



Egypt issued its first major audit standards overhaul in 17 years. The new framework—effective 2027—aligns with global practices, strengthens quality control, enhances fraud detection requirements, and expands reporting obligations for EGX-listed companies.

## GOVERNMENT UNVEILS NEW TAX FACILITIES



The Finance Ministry launched a second tax facilities package, including faster VAT refunds, incentives for compliant taxpayers, support for strategic projects, changes to real estate tax, and plans for stock market incentives and a unified stamp duty.

## FINANCE MINISTRY TO ALLOCATE EGP 10 BN TO STARTUPS IN 2026



The Finance Ministry, in coordination with the CBE and MSMEDA, plans a EGP 10 bn financing initiative for startups and entrepreneurs in 2026. The program will offer concessional funding, technical support, and simplified procedures to boost entrepreneurship and strategic sector growth.

## NEW CRIMINAL PROCEDURES LAW RATIFIED



The President ratified the revamped Criminal Procedures Law after final amendments by the House. The law modernizes investigations, prosecution, and appeals, and will take effect at the start of the 2026 judicial year to allow full implementation.



# ROAD AHEAD

**Egypt is strategically positioning itself as a hub for high-productivity, technology-driven, and sustainable sectors. The country is advancing industrial diversification through targeted investments and localization strategies.**

In the automotive sector, a major European manufacturer unveiled a \$240 million plan to expand electric car production, leveraging local supply chains and training programs. The project will build domestic technical expertise, increase exports, and generate over 2,100 direct and 4,000 indirect jobs, contributing to GDP growth and regional competitiveness.

Similarly, Egypt signed its first production license for sustainable aviation fuel, converting used cooking oil into aviation-grade fuel with an annual capacity of 120,000 tons, reducing CO<sub>2</sub> emissions by around 400,000 tons per year. These initiatives underscore the nation's commitment to integrating low-carbon technologies into its industrial roadmap.

In technical education is being expanded through 89 Applied Technology Schools, in partnership with international institutions, targeting skills development aligned with industrial growth and digital transformation priorities.

These measures collectively create a strategic environment for private-sector participation, sustainable industrialization, and investment-led growth. By enhancing human capital, modernizing infrastructure, and adopting green technologies, Egypt is reinforcing its position as a competitive regional hub while ensuring economic resilience and environmental sustainability.

**Forward-looking investments in technology, localized manufacturing, and education serve as the foundation for a more diversified and productive economy, integrated with global value chains and positioned for long-term growth.**

In 2015, IPA was established as the vital arm of Influence Communications Group, a renowned marketing communications consultancy in MEA since 2007 with a robust portfolio boasting over 90 local and regional clients. IPA is regarded as a premier public policy and public affairs firm.

Expertise is leveraged by our seasoned professionals to shape government policies and foster meaningful stakeholder communication. Beyond conventional roles, IPA serves a distinguished think think, delving deep into MEA's political landscape, regulatory frameworks, and socioeconomic dynamics to enact positive societal change.

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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