# ECONOMIC PULSE

## OF EGYPT

Cairo | Riyadh | Dubai

August

2026

# SYNTHESIS

Egypt's macroeconomic outlook remained broadly resilient in July 2026, supported by strengthening external buffers and continued monetary stability, although inflationary pressures showed signs of renewed persistence and private-sector activity remained subdued. The Central Bank of Egypt's (CBE) net international reserves (NIRs) increased by approximately **2.2% to a record USD 56.29 billion at the end of July 2026, up from USD 55.07 billion at the end of June 2026**, further strengthening Egypt's external position and its capacity to meet external financing needs.

At the same time, inflationary pressures partially reversed their recent downward trend. Annual headline inflation accelerated to **13.0% in July 2026, from 12.2% in June 2026**, reflecting renewed increases in several food and household-related price categories. In response to the evolving inflation outlook, the CBE maintained its key policy rates unchanged at its August 2026 meeting, keeping the overnight deposit rate **at 19.0%, the overnight lending rate at 20.0%**, and the main operation and discount rates at **19.5%.** This marked the fourth consecutive meeting at which rates were left unchanged following the February rate cut, indicating a continued cautious monetary stance.

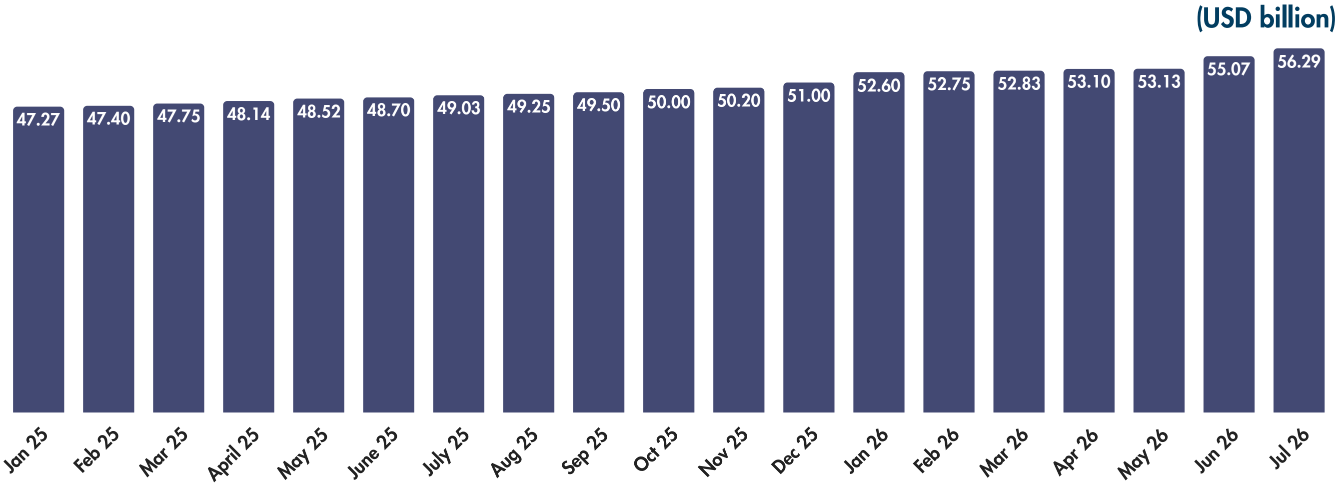
# SYNTHESIS

Economic activity also showed only a modest improvement. The S&P Global Egypt PMI rose to **46.8 in July 2026 from 46.0 in June 2026**, indicating that the non-oil private sector remained in contraction for the seventh consecutive month, although the pace of deterioration eased. New orders continued to decline amid subdued demand, elevated prices, shipping disruptions, and limited new project activity, while business confidence improved to its highest level since June 2022.

**Overall, Egypt enters the second half of 2026 with significantly stronger foreign-exchange buffers and continued monetary stability, but the outlook remains mixed. The record level of reserves provides greater external resilience, while the recovery in selected export sectors offers evidence of improving competitiveness. Nevertheless, the renewed increase in inflation and continued contraction in the non-oil private sector underscore persistent domestic pressures. Going forward, sustaining export growth, strengthening private-sector activity, attracting investment, and advancing structural reforms will be critical to translating improved macroeconomic stability into stronger, more sustainable, and private-sector-led economic growth.**

# UPDATES IN FIGURES

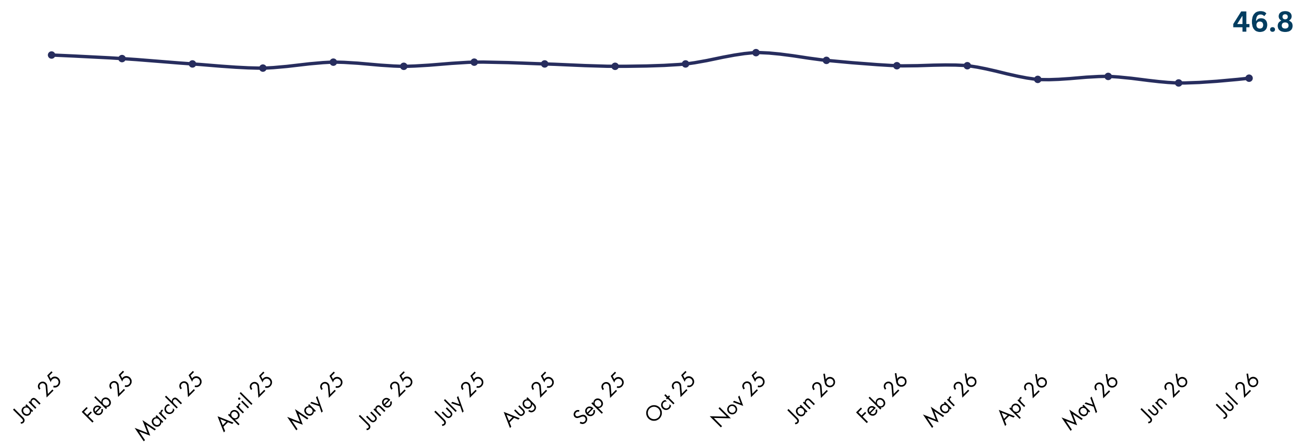
## Net International Reserves




**Source: CBE**

Egypt's net international reserves (NIRs) increased by approximately **2% to a record USD 56.29 billion at the end of July 2026**, compared to **USD 55.07 billion** at the end of June, according to the Central Bank of Egypt (CBE).

## Private Sector Performance (Purchasing Managers' Index)

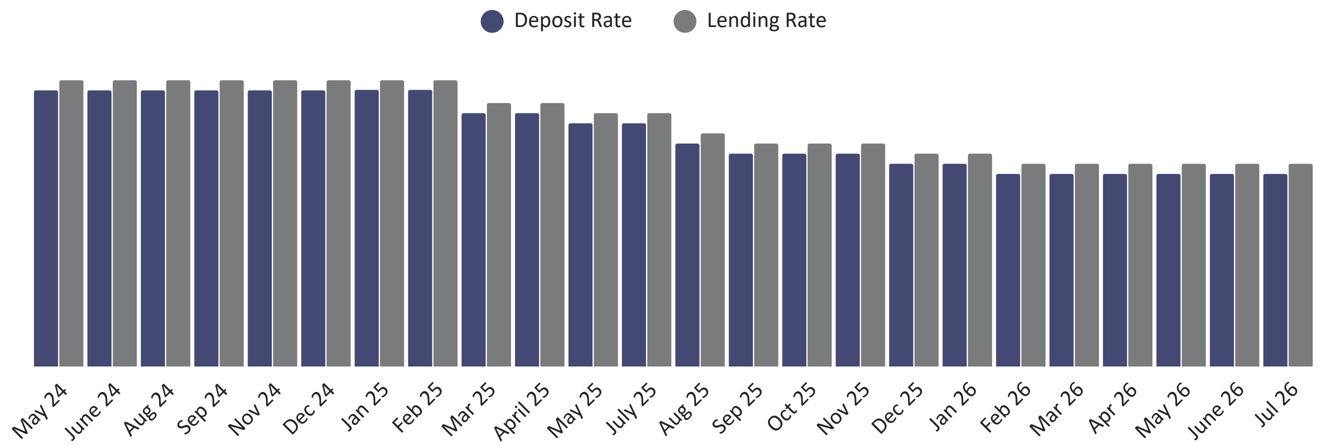



**Source: S&P Global PMI**

The Purchasing Managers' Index (PMI) increased from **46** in June 2026 to **46.8** in July 2026. The index has remained below the neutral 50.0 threshold for seven consecutive months in 2026, though the gap is narrowing.

# UPDATES IN FIGURES

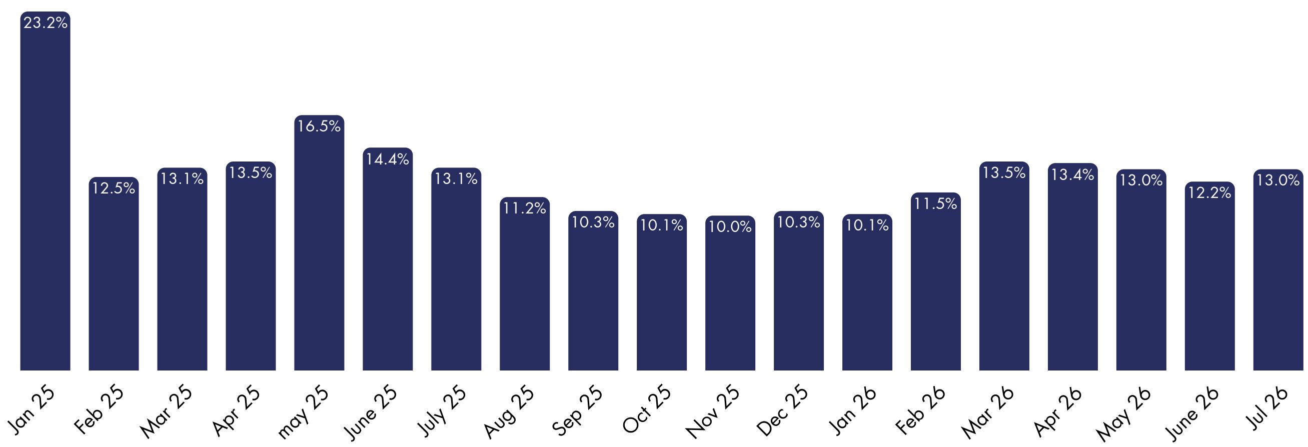
## Interest Rates




**Source: CBE**

The Central Bank of Egypt (CBE) maintained its policy rates unchanged in July 2026, keeping the overnight **deposit rate at 19.0%, the overnight lending rate at 20.0%, and the main operation and discount rates at 19.5%.**

## Monthly Inflation Trends




**Source: CAPMAS**

Egypt's annual headline inflation rate accelerated to **13.0% in July 2026**, compared to **12.2% in June 2026**, marking a reversal from the previous month's moderation.

ECONOMIC PULSE
OF EGYPT

# Egypt’s Processed Food Exports
## (Jan-Jul 2026)

## Exports Value

**USD 4.47 bn**

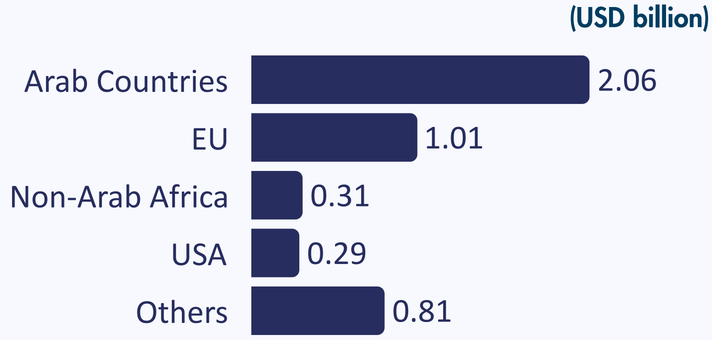
Egypt’s Processed food exports increased by USD 433 million from USD 4 billion in (Jan-Jul 2025), to USD 4.47 billion in (Jan-Jul 2026) marking the highest export value recorded by Egypt’s food industries sector for the January-July period

**11%**

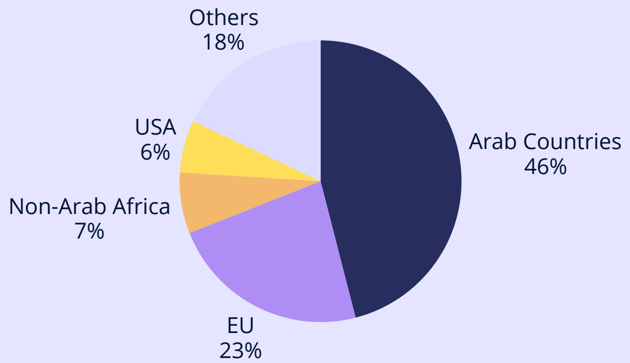
## Growth Rate Compared to Jan-Jul 2025

Source: Food Export Council

## Top Importers from Egypt by Value (Jan-Jul 2026)




## Share of Egypt’s Exports by Destination (Jan-Jul 2026)




# POLICY UPDATES

## DISCUSSIONS ON EXPORT SUPPORT MEASURES

Egypt extended the current Export Burden Rebate Program **until December 31, 2026**, maintaining financial support for exporters, including subsidies for international quality and sustainability certifications, with support rates of **up to 50%** depending on company size and certification stage.

## INTERNATIONAL TRADE COOPERATION

Egypt signed **17 export contracts worth an estimated USD 168 million** with Chinese companies to support and expand Egyptian exports to the Chinese market.

## DISCUSSIONS ON ECONOMIC POLICY COORDINATION

The government and Central Bank are coordinating to finalize a National Economic Transformation Program for the post-IMF phase, with completion targeted for **September 2026.**

## DIGITAL BANKING DEVELOPMENTS

The Central Bank of Egypt approved new rules governing **the Digital Financial Identity (eKYC) system**, enabling remote account opening and digital banking services while strengthening data protection, cybersecurity, and financial inclusion.

# ROAD AHEAD

Egypt's near-term economic outlook remains shaped by heightened geopolitical uncertainty and the trajectory of the ongoing conflict. Inflation is expected to temporarily accelerate through **Q3 2026** before gradually resuming its downward path, although at a slower pace than previously projected. Depending on the intensity and duration of the conflict, average annual inflation could reach **15.2%–17.8% in FY26/27,** before easing to **7.7%–8.3% in FY27/28**, with the baseline scenario seeing inflation gradually move toward the CBE's target range of **7% ±2** percentage points during 2027.

Beyond fiscal policy, Egypt continues to strengthen its position as an energy and investment hub, through major transactions and investment opportunities in the oil and gas sector. Recent developments include Energean's reported negotiations to acquire BP's Egyptian upstream assets, potentially generating around **USD 1 billion** for BP. Meanwhile, efforts to attract investment into renewable energy and modernize electricity infrastructure remain central to Egypt's longer-term growth strategy. the government also continued preparations for a post-IMF national economic program, expected to focus on structural reforms and private-sector-led growth as the current IMF program approaches its December 2026 conclusion.

In September, Egypt will host several major economic, investment, and regional events. The Cityscape Egypt Summit **(7 September)** will convene government officials and real estate developers to discuss urban development and investment opportunities. The Egypt Mining Forum **(28–29 September)** will bring together global mining companies, investors, and policymakers, with a focus on mineral exploration and sector reforms.

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Expertise is leveraged by our seasoned professionals to shape government policies and foster meaningful stakeholder communication. Beyond conventional roles, IPA serves a distinguished think tank, 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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