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ECONOMIC PULSE
OF EGYPT

July 2026

SYNTHESIS

Egypt's macroeconomic outlook continued to strengthen during mid-2026, supported by improving external buffers, easing inflationary pressures, and stronger public sector performance despite ongoing regional and global uncertainties. The Central Bank of Egypt's net international reserves (NIRs) rose to a record **USD 55.07 billion at the end of June 2026**, reinforcing the country's external resilience and enhancing its capacity to manage external financing needs and exchange rate stability.

The improvement in external stability was accompanied by a gradual moderation in inflation. Annual headline inflation declined to **12.2% in June 2026**, extending its downward trend from previous months as food price pressures eased. Against this backdrop, the Central Bank of Egypt maintained its policy rates unchanged for the third consecutive meeting, keeping the **overnight deposit rate at 19.0% and the lending rate at 20.0%,** reflecting a cautious approach to balancing price stability with supporting economic activity.

On the fiscal and investment front, government entities continued to deliver positive results. The Suez Canal Economic Zone (SCZONE) reported record **revenues of EGP 15.9 billion in FY 2025/2026—37% higher than the previous fiscal year and 51% above budget projections**—highlighting the growing contribution of industrial development, logistics services, and investment activity to Egypt's economic performance.

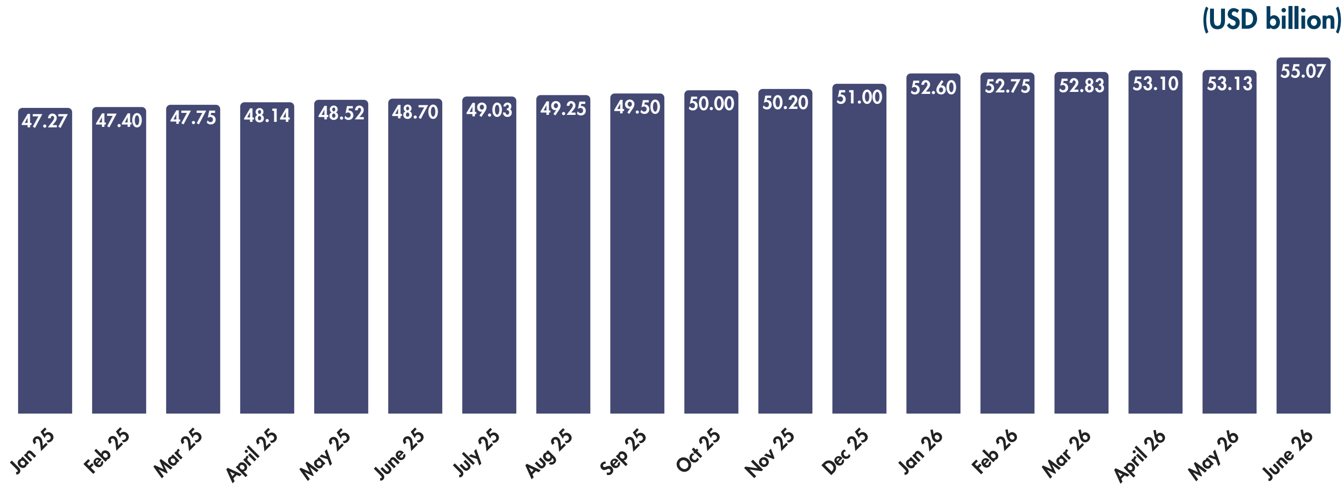
SYNTHESIS

Despite these positive macroeconomic developments, external trade remains a key challenge. Egypt's non-oil trade deficit widened by **50% year-on-year to USD 22.6 billion during the first half of 2026**, as imports **expanded by 21% to USD 48 billion**, significantly outpacing the **2.9% growth in non-oil exports**, which reached **USD 25.5 billion**. The widening deficit underscores the importance of accelerating export diversification, enhancing industrial competitiveness, and expanding the country's exporter base.

Overall, Egypt enters the second half of 2026 with stronger foreign exchange reserves, easing inflation, and improving fiscal performance. Going forward, sustaining export growth, attracting private investment, and maintaining the momentum of structural reforms will be critical to translating macroeconomic stability into stronger, private sector-led and sustainable economic growth.

UPDATES IN FIGURES

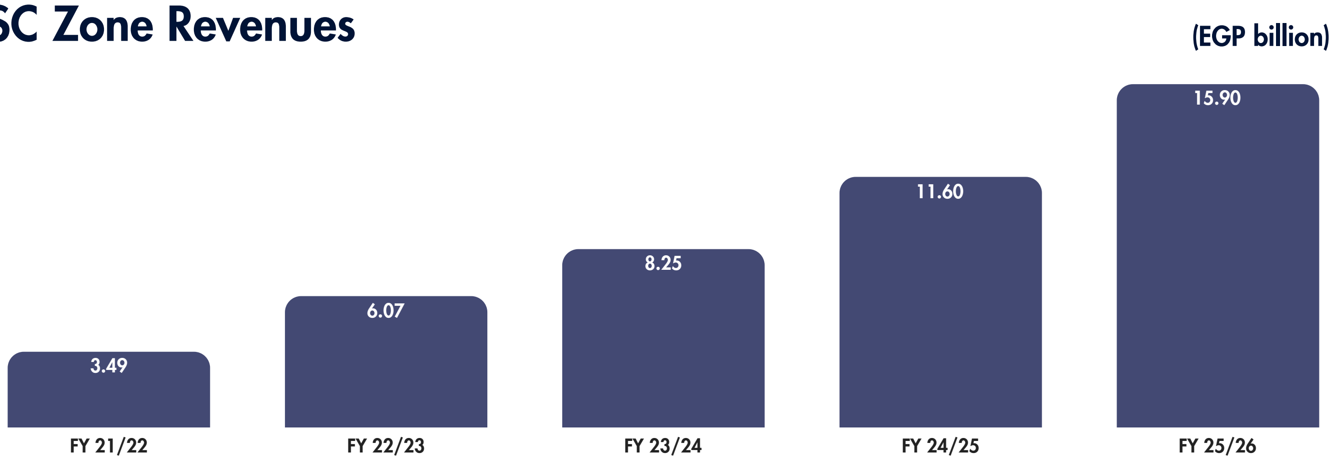
Net International Reserves



Source: CBE

Egypt's net international reserves (NIRs) increased by approximately 3.6% to a record USD 55.07 billion at the end of June 2026, compared to USD 53.13 billion at the end of May, according to the Central Bank of Egypt (CBE).

SC Zone Revenues

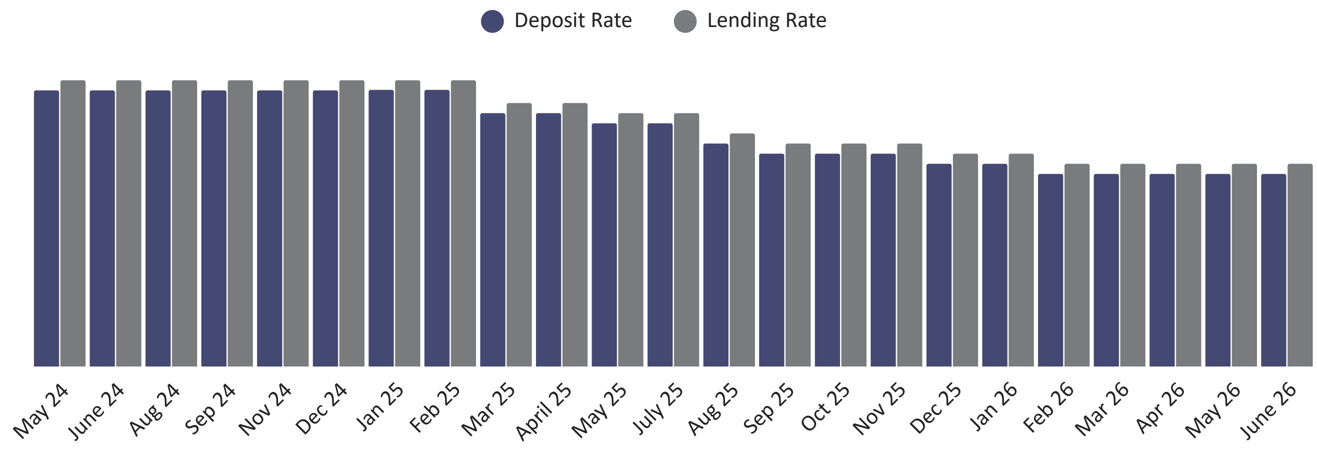


Source: Egyptian Cabinet

The SCZONE reported total revenues of **EGP 15.9 billion in FY 2025/2026**, exceeding its budget target of **EGP 10.5 billion by 51%**.

UPDATES IN FIGURES

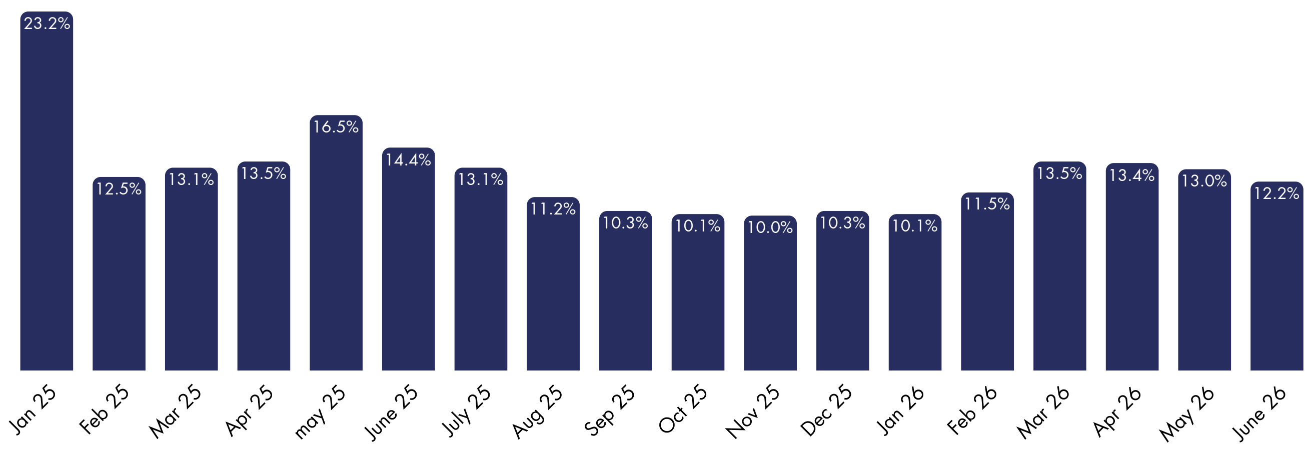
Interest Rates



Source: CBE

The Central Bank of Egypt (CBE) maintained its policy rates unchanged for the Third consecutive meeting in June 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 continued its downward trajectory in **June 2026, easing further to 12.2%, compared to 13.0% in May 2026**. The decline reflects the continued impact of favorable base effects alongside easing price pressures in key food categories.

Egypt's Non-Oil Trade Balance

(H1 2026)

Total Trade Deficit

USD 22.6 bn

(50%YoY)

According to the Ministry of Investment and foreign trade, Egypt's non-oil trade deficit widened to USD 22.6 billion in H1 as imports rose 21% to USD 48 billion, while exports grew just 2.9% to USD 25.5 billion.

2.9%

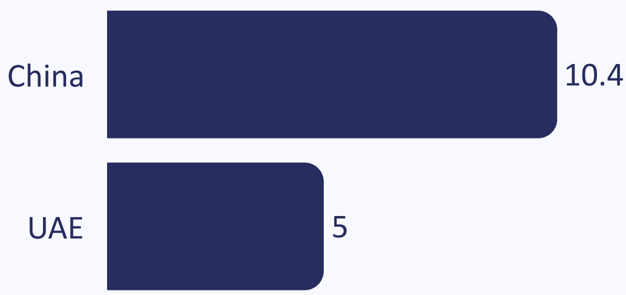
Exports Growth Rate in H1 2026

21%

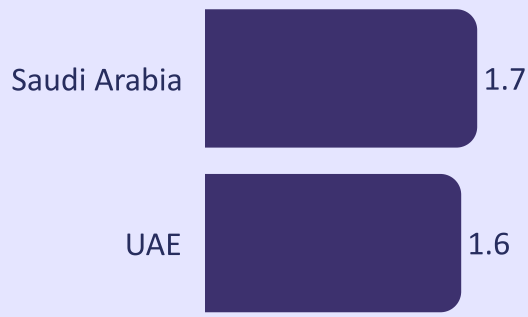
Imports Growth Rate in H1 2026

Source: Ministry of Investment and Foreign Trade

Top Exporters to Egypt in H1 2026 (USD billion)



Top Importers from Egypt in H1 2026 (USD billion)



POLICY UPDATES

EGYPT'S INVESTMENT FUNDS MARKET PERFORMANCE

The Financial Regulatory Authority (FRA) reported strong growth in Egypt's investment funds sector in **Q2 2026**, with the number of funds rising to **224 and assets under management increasing to EGP 479 billion.**

EU MACRO-FINANCIAL ASSISTANCE TO EGYPT

The European Commission disbursed **€1.5 billion** to Egypt under its **Macro-Financial Assistance program** after confirming progress on economic reforms and IMF commitments.

GOVERNMENT EFFORTS TO EXPAND EGYPTIAN EXPORTS

The Ministry of Investment and Foreign Trade launched the "**Egypt starts with Exports**" initiative to expand Egypt's exporter base by delivering export support services directly to businesses across governorates and industrial clusters.

EGYPT'S NATIONAL DEVELOPMENT FRAMEWORK

President El-Sisi issued a law expanding the Future of Egypt Authority's mandate, granting it greater independence to advance sustainable development, strengthen food, water, and energy security, and support long-term economic growth.

ROAD AHEAD

Looking ahead, **FY 2026/2027** will be a pivotal year for Egypt's fiscal consolidation and structural reform agenda. Under the newly approved budget, the government targets **EGP 4.056 trillion in revenues against EGP 5.188 trillion in expenditures, within total budget uses of EGP 8.186 trillion, while allocating EGP 550 billion for public investments, EGP 840 billion for social support, and EGP 820 billion for employee compensation. The budget also aims to achieve a primary surplus of 5% of GDP, reduce the overall fiscal deficit to 4.9% of GDP, and lower the government debt-to-GDP ratio to 78% by the end of the fiscal year** through continued fiscal discipline and enhanced revenue mobilization.

Beyond fiscal policy, the government is expected to accelerate the implementation of the State Ownership Policy, expand its privatization program, and increase the share of green public investments to **around 60% of total public investments.** On the external financing front, the recent **€1.5 billion** EU Macro-Financial Assistance (MFA) disbursement provides additional support for Egypt's reform agenda, while continued efforts to boost exports, attract foreign investment, and advance digital and industrial transformation are expected to strengthen economic resilience and support sustainable growth in line with Egypt Vision 2030.

In August, Egypt will host two major regional events. **IDEX Egypt 2026 (13–15 August)** will bring together healthcare companies, investors, and medical technology providers, while **the Pan African Lawyers Union (PALU) Annual Conference (31 August–2 September)** will convene legal and policy leaders from across Africa to discuss trade, investment, governance, and regional integration.

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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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