MASHREQ GLOBAL DIGEST
Egypt
July 12 – July 18

This edition of the Market Digest highlights Egypt's latest macroeconomic and financial developments, alongside recent deals and key trends influencing the country's economic outlook.

Macroeconomic News

IMF Revises Egypt's FY2026 Growth Forecast to 4.4%

The IMF lowered its forecast for Egypt's economic growth in the current fiscal year to 4.4% from 4.8%, citing the impact of regional geopolitical tensions and disruptions to global energy trade. Despite the downgrade, the Fund raised its estimate for the previous fiscal year to 4.6%, suggesting that Egypt's economy has performed better than previously expected. Overall, the revised forecasts point to a resilient economy, although external risks continue to weigh on the growth outlook.

Reference: Egypt Today

Egypt's Urban Inflation Eases to 14.3% in June

Egypt's annual urban inflation eased to 14.3% in June from 14.6% in May, driven by slower food inflation, which fell to 5.4% from 7.6% as prices for poultry, eggs, and vegetables declined. However, higher housing and service costs kept non-food inflation elevated at 19.9%, suggesting underlying price pressures remain and the Central Bank of Egypt is likely to stay cautious on further interest rate cuts.

Reference: Daily News Egypt

Egypt's Current Account Deficit More Than Doubles in Q1 2026

Egypt's current account deficit widened to $5.1 billion in Q1 2026, compared with $2.3 billion a year earlier, primarily due to a larger merchandise trade deficit driven by higher imports, particularly oil. Despite the deterioration, the external balance was partially supported by stronger inflows from worker remittances ($12.8 billion) and tourism revenues ($4.2 billion), while foreign direct investment remained broadly stable at $3.7 billion. The data highlights ongoing pressure on Egypt's external accounts despite improving foreign currency inflows.

Reference: Reuters

Egypt's Foreign Exchange Reserves Hit Record High of $55.1B

Egypt's net foreign exchange reserves rose to a record $55.1 billion at the end of June 2026, increasing by nearly $2 billion in one month, according to the Central Bank of Egypt. The record reserve level strengthens Egypt's external position by enhancing its ability to meet foreign currency obligations, support the Egyptian pound, and reassure investors amid ongoing regional uncertainty. The increase also reflects improving macroeconomic conditions and continued accumulation of hard currency inflows.

Reference: Egypt Independent

Egypt's FDI Climbs to $13B in FY2025/26

Egypt's net FDI rose to $13 billion during the first nine months of FY2025/26, up from $9 billion a year earlier, driven by an initial $3.5 billion payment from Qatar for its $29 billion North Coast project. The increase helped offset capital outflows and underscores Egypt's ability to attract long-term foreign investment despite external challenges.

Reference: AGBI

Egypt Unveils New Tax Incentives to Boost Investment

Egypt announced a second package of tax reforms aimed at boosting investment and easing the burden on businesses. Key measures include replacing the capital gains tax on stock market transactions with a stamp duty, reducing VAT on medical devices to 5% from 14%, extending VAT exemptions on industrial machinery from 2 years to 4 years, and introducing a 3-year incentive for companies listing on the Egyptian Exchange. The reforms are intended to deepen capital markets, attract investment, and support private sector growth.

Reference: Zawya

SCZone Revenue Jumps 37% in FY2025/26

The Suez Canal Economic Zone (SCZone) generated a record EGP 15.9 billion ($314 million) in revenue during FY2025/26, up 37% year-on-year and 51% above budget. The zone also attracted 117 new projects worth $7.26 billion, expected to create 73,500 direct jobs, reflecting continued growth in industrial activity and investment. The strong performance reinforces SCZone's role as a key driver of Egypt's industrial development and foreign investment.

Reference: Arab News

Egypt's Chemical Exports Reach $4.8B in 5 Months 2026

Egypt's chemicals and fertilizer exports rose 17% year-on-year to $4.8 billion during the first five months of 2026, accounting for around 25% of the country's non-oil exports. Fertilizer exports increased 6% to $1.4 billion, supported by government efforts to enter new markets. The strong export growth supports Egypt's strategy to boost foreign currency earnings and reduce its trade deficit.

Reference: AGBI

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Financial/Tech News

Barclays Expects Egypt to Keep Interest Rates at 19% in 2026

Barclays expects the Central Bank of Egypt to maintain its 19% overnight deposit rate in 2026, despite easing inflation, as policymakers adopt a cautious approach amid geopolitical and domestic risks. The bank expects inflation to reach 17.5% in September before easing in 2027, paving the way for 800 basis points of rate cuts next year. The outlook suggests the CBE will prioritize inflation control over near-term monetary easing.

Reference: Zawya

83% of Egyptian SMEs Back Digital Payments

According to Mastercard's 2026 SME Confidence Index, 83% of Egyptian SMEs see digital payments as essential for growth, while 64% now operate across both physical and online channels. The findings highlight the accelerating digitalization of Egypt's SME sector and its role in enhancing competitiveness.

Reference: IBS Intelligence

Deals

Egypt Reviews Expansion Plans with 22 French Companies

Egypt reviewed expansion plans with 22 major French companies, as France remains the country's largest European investor outside the oil and gas sector, with $8.5 billion in cumulative investments over the past 20 years. The discussions focused on facilitating new investments, improving business procedures, and supporting projects across manufacturing, technology, logistics, and renewable energy. The move reinforces Egypt's efforts to strengthen foreign direct investment and private sector growth.

Reference: Zawya

Egypt Attracts Up to $2B in Chinese Investment in H1 2026

Chinese investments in Egypt reached an estimated $1.5–2.0 billion in H1 2026, driven mainly by expansions of existing projects. Egypt is also negotiating with more than 50 Chinese companies on new investments, reinforcing its position as a regional manufacturing hub and supporting future FDI growth.

Reference: Arab Finance

Egypt Seeks to Expand World Bank Partnership to Support Growth

Prime Minister Mostafa Madbouly reaffirmed Egypt's commitment to strengthening cooperation with the World Bank Group to support economic reforms, private sector growth, and sustainable development. Discussions focused on expanding collaboration in areas including investment, digital transformation, infrastructure, healthcare, and SMEs.

Reference: Egypt Independent

Markets

Market Dashboard

- Global equity markets ended the week lower as investors pulled back from semiconductor and AI-related stocks amid concerns over stretched valuations and the sustainability of AI spending. Escalating Middle East tensions further dampened risk appetite, with the Dow Jones falling 0.93%, the S&P 500 declining 1.55%, the Nasdaq dropping 2.90%.
- Cryptocurrencies ended the week lower as escalating tensions in the Middle East reduced investor appetite for risk assets. Bitcoin fell 0.36% to around $63,899, as renewed conflict involving Iran and disruptions around the Strait of Hormuz weighed on market sentiment.
- Gold fell 2.5% during the week to $4,017.6 per ounce, marking its biggest weekly decline in six weeks. Although escalating U.S.–Iran tensions typically increase demand for safe-haven assets, the sharp rise in oil prices fueled concerns that inflation could reaccelerate, leading investors to expect the Federal Reserve to keep interest rates higher for longer. A stronger U.S. dollar and higher bond yields further reduced the appeal of non-yielding assets such as gold, outweighing its traditional safe-haven support.
- Oil prices posted a sharp weekly gain as escalating hostilities between the U.S. and Iran heightened fears of supply disruptions in the Middle East. Brent crude rose around 16% during the week to $88.10 per barrel, while WTI gained about 16% to $82.49 per barrel. Prices were driven higher by concerns over reduced traffic through the Strait of Hormuz, which normally carries about 20% of global oil supplies, and growing risks that the Red Sea shipping route could also face disruptions, threatening global energy supplies.
- The U.S. dollar remained largely flat during the week, ending slightly lower, as softer-than-expected U.S. inflation data reduced expectations of an immediate Federal Reserve rate hike. However, escalating U.S.–Iran tensions, a global flight to safety, and resilient U.S. economic data helped support demand for the greenback, offsetting much of the downward pressure and leaving the dollar broadly unchanged by the end of the week.

Indicators	10-Jul-26	17-Jul-26	% Change
S&P 500	7,575.39	7,457.69	-1.55%
Bitcoin	64,127.14	63,899.46	-0.36%
Gold	4,121.08	4,017.60	-2.51%
Crude Oil	76.01	88.10	15.91%
EUR/USD	1.1433	1.1446	0.11%

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