

# MASHREQ GLOBAL DIGEST

## Egypt

August 10 – August 16



This edition of Market Digest highlights key macroeconomic indicators in Egypt, recent financial developments, and notable deals—providing valuable insights into the country’s current economic trends.

### Macroeconomic News

#### Egypt’s Economy Shows Resilience Amid Global Turbulence

According to Standard Chartered, Egypt’s economy is defying global uncertainties, supported by strong foreign investment and policy reforms. Pledges from Qatar and Kuwait totaling \$12.5 billion are expected to see at least 50% disbursed by year-end, while remittances surged 60% year-on-year in March. Confidence in the pound, FX convertibility, and projects like the Suez Canal Economic Zone support growth, with GDP projected at 4.5% in 2026 and inflation around 11%. It is worth noting that Egypt’s unemployment rate fell to 6.1% in Q2 2025, with total employment rising to 31.559 million. These trends point to steady improvement in Egypt’s economic fundamentals.

Reference: [Arab News](#), [Business Today Egypt](#)



#### Egypt’s Core Inflation Edges Up to 11.6% in July

According to the Central Bank of Egypt, annual core inflation rose slightly to 11.6% in July from 11.4% in June. Monthly core inflation improved to -0.3% from -0.5%, signaling gradual stabilization. Urban headline inflation fell to -0.5% for the month, with year-on-year urban inflation declining to 13.9% from 14.9% in June, CAPMAS reported. These trends reflect a shifting economic landscape amid broader global downward trend, driven by lower demand and energy prices. The government plans to gradually adjust fuel prices by December 2025 to create fiscal space for social programs under its \$8 billion IMF loan arrangement.

Reference: [Ahram Online](#)

#### Egypt Records EGP 629B Surplus Despite Suez Drop

Egypt achieved its highest-ever primary budget surplus in FY 2024/2025, totaling EGP 629 billion (\$13.2 billion), or 3.6% of GDP, marking an 80% increase from the previous year despite a 60% decline in Suez Canal revenues. Strong tax collection, up 35% to EGP 2.2 trillion, drove the surplus, aided by a broader tax base, electronic systems, and settlement of old disputes. Government spending prioritized healthcare and education, funding over 80,000 critical medical cases, 160,000 new teachers, and nationwide school meals. President Al-Sisi emphasized fiscal discipline and strengthening social programs.

Reference: [Daily News Egypt](#)



#### Egypt Plans Price Cuts and Development Projects

Following the cabinet meeting, Prime Minister Mostafa Madbouly announced efforts to reduce commodity prices and implement the old rental law, while transforming underused state lands in Cairo into tourism, residential, and administrative projects that preserve heritage sites. Madbouly also mentioned that on Tuesday, August 12, 2025, Egypt recorded a peak electricity demand of 39,500 MW. He highlighted growth in exports, remittances, and tourism, despite lower Suez Canal revenues, reflecting the government’s ongoing push to strengthen the economy and improve citizens’ lives.

Reference: [Zawya](#)

#### Egypt Aims to Boost Natural Gas Production by 2027

Egypt’s natural gas production is projected to reach 6.6 billion cubic feet per day (bcf/d) by 2027, up from the current 4.1 bcf/d. This growth is expected to result from resumed foreign investments following the government’s repayment of arrears to international oil companies. Egypt has already paid \$1 billion and plans to pay another \$1.4 billion by year-end, aiming to restore domestic production and reduce reliance on imports.

Reference: [Asharq Al Awsat](#)

### Financial News

#### Egypt’s Startup Funding Slows Amid Regional Surge

According to Wamda, Egypt’s startups raised just \$4 million across seven deals in July 2025, dropping from its usual top-three position to fifth place in MENA, while Saudi Arabia and the UAE led with \$396.5 million and \$359 million respectively. Analysts attribute Egypt’s decline to macroeconomic challenges, including currency instability, which have slowed capital inflows.

Reference: [Arab News](#)

#### Egypt’s FRA-Supervised Financing Reaches \$13B by Mid-2025

The Financial Regulatory Authority (FRA) announced that total financing under its supervision hit EGP 640.1 billion (\$13 billion) by June 2025. This included EGP 334.8 billion in equity issuances, EGP 52.5 billion in securities other than shares, and EGP 84.4 billion in leasing contracts, with financing for SMEs at EGP 49.2 billion, consumer financing at EGP 38.1 billion, and mortgage finance at EGP 22.1 billion, among others. These figures highlight the growing role of non-banking financial services in supporting Egypt’s economy.

Reference: [Zawya](#)



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### Egypt Issues Basel III Standards for Non-Banking Finance

Egypt's Financial Regulatory Authority (FRA) has issued new solvency standards for non-banking finance institutions, aligning them with Basel III. The rules cover capital adequacy, operational and market risks, liquidity, and concentration risks, applying to microfinance, leasing, factoring, consumer, real estate, and SME financing. Pilot implementation starts January 2026, with full compliance required by January 2027, aiming to strengthen financial stability and risk management.

Reference: [Zawya](#)

## Deals / Projects

### Egypt Signs \$1B Tire Factory Deal with China's Sailun Group

Egypt has signed a \$1 billion agreement with China's Sailun Group to build an automotive tire factory in the Suez Canal Economic Zone. The facility, expected to be completed in three years, will eventually produce 10 million tires annually, with the first phase due in 2026. The SCEZ offers special legal and tax advantages to attract investors. This project highlights Egypt's ongoing push to expand industrial capacity and strengthen ties with Chinese investors.



Reference: [Reuters](#)

### Egypt and Jordan Activate Trade Deals

Egypt and Jordan will implement several MoUs in health, industrial zones, and SMEs, following a 33% rise in bilateral trade to over \$1 billion in 2024, Egypt's Planning Minister said. The agreements also cover energy, civil aviation, and SME cooperation, with technical committees addressing standards, consumer protection, and transport, to further strengthen economic ties.

Reference: [Zawya](#)

### Egypt to Tender \$309M Upgrade for Cairo Metro Line 2

Egypt is preparing to launch a tender for the \$309 million upgrading of Cairo Metro Line 2, a project to be financed by the National Authority for Tunnels. The five-year upgrade will include installing platform doors, improving station facilities, renovating tracks, and upgrading elevators and drainage systems. Operational since 1996, Line 2 connects Shubra El-Kheima to El-Monib, serving over one million passengers daily across 20 stations.

Reference: [Zawya](#)

### Egypt Strengthens Trade and Industrial Partnerships

Egypt is expanding international trade and industrial cooperation through two initiatives: in Cairo, the Egypt-Uganda Business Forum aims to double \$133 million in 2024 trade, focusing on agriculture, pharmaceuticals, building materials, and electrical appliances; in Ain Sokhna, discussions with Hungary at the Suez Canal Economic Zone explored investment in automotive, data centers, railways, and electricity projects, leveraging SCZONE's infrastructure, seaports, incentives, and skilled labor to attract European companies and strengthen Egypt's regional and global role.

Reference: [Daily News Egypt](#), [Daily News Egypt](#)

## Markets

### Market Dashboard

- US stock indexes posted gains despite mixed economic signals and uncertainty over a potential Federal Reserve rate cut. The S&P 500 rose 0.94%, the Dow Jones gained 1.74%, and the Nasdaq increased 0.81%, while the Russell 2000 advanced 3.13%. Markets were supported by expectations that the Fed may ease policy with a possible 25-basis-point cut in September, although recent data showed higher-than-expected inflation and uneven consumer confidence. Among notable movers, UnitedHealth surged nearly 12% on Friday after Berkshire Hathaway increased its stake, Intel rose 2.9% on potential government involvement, and Applied Materials fell 14% following weak forecasts.
- Bitcoin steadied at \$117,398 on Friday after a record high above \$124,000, as higher-than-expected U.S. producer inflation tempered expectations for aggressive Fed easing. Experts predict it could reach \$140,000–\$150,000 by year-end, driven by institutional ETF inflows and demand from sovereign wealth funds, pensions, and corporate treasuries. Ethereum, while recently strong, may cool as newer networks like Solana and Sui gain attention, though its robust developer ecosystem could sustain long-term relevance.
- Gold prices ended the week lower, down around 1.9%, after U.S. inflation data tempered expectations for a near-term Federal Reserve rate cut. Despite the decline, gold's appeal as a safe-haven remains, supported by geopolitical uncertainties, low interest rates, and global economic risks.
- Oil prices fell this week, with Brent down 1.1% to \$65.85 and WTI down 1.7% to \$62.80, pressured by weaker Chinese demand and expectations of easing U.S. sanctions on Russia after the Trump-Putin Alaska summit. The agreement to pursue a full Ukraine peace deal, rather than a ceasefire, kept Russian supply flowing, leaving prices in a narrow range as markets await further geopolitical developments.
- The U.S. dollar eased this week, weighed down by expectations of a September Fed rate cut despite mixed inflation data. Investors also monitored the Trump-Putin summit on Ukraine. Major currencies strengthened against the dollar, with the euro, yen, and pound all posting gains.

Indicators	8-Aug-25	15-Aug-25	% Change
S&P 500	6,389.45	6,449.80	0.94%
Bitcoin	116,688.73	117,398.35	0.61%
Gold	3,398.78	3,335.39	-1.87%
Crude Oil	66.59	65.85	-1.11%
EUR/USD	1.1677	1.1708	0.27%

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