

MASHREQ GLOBAL DIGEST

Egypt

October 5 – October 11



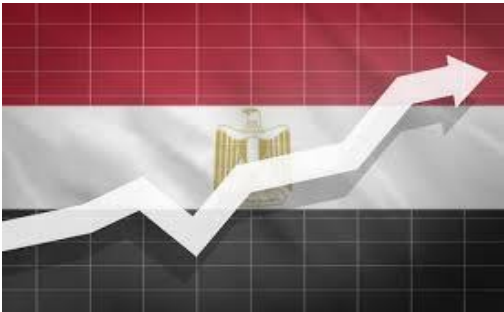
This edition of Market Digest highlights Egypt's macro trends, along with financial updates, providing a snapshot of its economic momentum.

Macroeconomic News

World Bank Upgrades Egypt's Growth Forecasts

The World Bank has raised its projections for Egypt's economic growth in its latest “Jobs and Women: Untapped Talent, Unrealized Growth” report. It now expects Egypt's GDP to expand by 4.3% in FY2025/2026, up 0.1% from its June estimate, and 4.8% in FY2026/2027, marking a 0.2-point upward revision. The improved outlook reflects growing optimism about Egypt's economic recovery amid ongoing structural reforms and investment initiatives.

Reference: [Zawya](#)



Egypt Inflation Eases to Lowest Level Since 2022

Egypt's annual urban inflation slowed to 11.7% in September 2025, marking the fourth consecutive monthly decline and the lowest rate since March 2022, according to Bloomberg. The moderation was largely driven by a stronger Egyptian pound, which eased import costs in the highly import-dependent economy. Nationwide headline inflation also eased to 10.3%, reflecting a broader decline in prices across both urban and rural areas. The slowdown in price growth provides some relief to households and policymakers as Egypt continues implementing economic reforms and stabilizing its currency.

Reference: [Bloomberg](#), [Zawya](#)

Reforms Fuel Egypt's Drive for Higher FDI

Egypt expects foreign direct investment to grow by 20–30% in 2025 to around \$12 billion, supported by IMF-backed reforms. In the first nine months of the last fiscal year, Arab countries invested about \$4.2 billion—42% of total inflows—with the UAE leading through the landmark Ras El-Hekma real-estate project. The project's cumulative investments could exceed \$110 billion by 2045, potentially adding over \$25 billion to Egypt's GDP. Analysts say these inflows reflect renewed investor confidence following recent financial and monetary reforms, as Egypt targets \$30 billion in annual FDI by 2030 and GDP growth of 6–7%.

Reference: [Zawya](#), [Al-Arabiya](#)



World Bank to Release \$500M to Egypt by End-2025

The World Bank plans to disburse a second \$500 million tranche to Egypt before end-2025, contingent on continued reforms to improve the business climate and strengthen the private sector. While the Bank remains optimistic, noting average growth of ~4.5% over the next three years, it cautions that current momentum is still insufficient to generate enough jobs. It is worth noting that France and Egypt earlier renewed a €4 billion cooperation agreement through 2030 to support education, sustainable infrastructure, and climate-focused projects—reinforcing international confidence in Egypt's reform path.

Reference: [Zawya](#), [Ahram Online](#)

Egypt's Balance of Payments Records \$2.1B Deficit

Egypt's balance of payments slipped into a \$2.1 billion deficit in FY 2024/25, reversing last year's surplus of \$9.7 billion, as weaker trade and lower Suez Canal revenues weighed on external balances. The current account deficit narrowed to \$15.4 billion, showing some improvement despite rising import costs. Meanwhile, foreign investment inflows remained solid, helping cushion the impact of wider trade gaps. Overall, the figures highlight an economy in transition, with ongoing reforms and capital inflows supporting gradual stabilization amid external challenges.

Reference: [Zawya](#)



Egypt's Fuel Imports Surge to \$15B in Nine Months

Egypt's fuel import bill climbed to \$15 billion between January and September 2025, up \$4 billion from the same period last year due to higher import volumes. The Egyptian General Petroleum Corporation imported \$5 billion worth of fuel in Q3 alone, meeting up to 25% of daily demand. The rise reflects higher summer consumption, especially by fuel-powered electricity plants. The government, which allocated 150 billion pounds in subsidies for fuel and electricity, plans to review fuel prices in Q4 while working to boost domestic oil and gas output to reduce import dependency.

Reference: [Al-Arabiya](#)

Egypt's Non-Oil Private Sector Contracts in September

Egypt's non-oil private sector contracted modestly in September, as new orders declined at the fastest pace in five months, according to the S&P Global PMI, which slipped to 48.8 from 49.2 in August. Firms cited weaker demand, rising costs, and wage pressures as key challenges, while employment growth stalled after two months of gains. Input cost inflation eased to its lowest level since March thanks to a stronger pound, yet staff costs rose sharply amid higher living expenses. Export sales also fell, extending a ten-month decline, and business confidence weakened to one of its lowest readings on record, reflecting persistent uncertainty despite signs of easing price pressures.

Reference: [Reuters](#)

Rise every day

Financial/Rating News

CBE Launches Banking Reform and Development Fund

The Central Bank of Egypt (CBE) has launched the Banking Reform and Development Fund to modernize the banking sector and align it with global standards. Chaired by Governor Hassan Abdalla, the Fund’s 11-member board includes leading bankers and independent experts. It will support projects that enhance digital transformation, cybersecurity, and professional development while promoting financial inclusion. Established under Law No. 194 of 2020, the Fund operates independently to strengthen infrastructure, boost innovation, and reinforce Egypt’s position as a regional financial hub.

Reference: [Daily News Egypt](#)



Scaled-Rate Mortgage Proposal Seeks to Ease Home Costs

Egypt’s Real Estate Development Chamber proposed state-backed housing loans with interest rates linked to unit size—8% for homes up to 100 sqm, 10% for 100–150 sqm, and 12% for larger units—to help low- and middle-income families afford housing. The plan aims to ease high mortgage costs, boost demand, and support the real estate sector, which contributes over 20% to GDP. Officials dismissed property bubble fears, noting developers’ modest profits and limited market leverage, while foreign real estate sales rose sharply to \$1.5 billion in 2025, signaling growing investor confidence.

Reference: [Zawya](#)

S&P Upgrades Egypt’s Credit Rating and Fitch Reaffirms Stability

S&P Global Ratings has upgraded Egypt’s long-term sovereign credit rating to ‘B’ with a stable outlook, marking its first upgrade since 2024, while Fitch Ratings maintained the same rating, both reflecting confidence in Egypt’s reform-led recovery. The agencies cited stronger growth prospects, rising reserves, easing inflation, and continued Gulf and IMF support as key drivers of stability. Despite progress, both agencies warned that high debt levels, external financing needs, and governance challenges remain key risks to Egypt’s long-term credit profile.

Reference: [The National](#), [Egypt Today](#)

Egypt’s Foreign Reserves Hit Record \$49.5B in September 2025

Egypt’s net international reserves rose by \$2.8 billion over the past year to a record \$49.5 billion in September 2025, reflecting stronger external finances and growing investor confidence. Fitch projects reserves will surpass \$50 billion by year-end, supported by higher exports, remittances, tourism, and Suez Canal revenues — reinforcing the Central Bank’s capacity to meet external obligations and cushion against global shocks.

Reference: [Daily News Egypt](#)

Markets

Market Dashboard

- U.S. markets plunged on Friday after President Trump warned of a “100% tariff” on Chinese imports, erasing nearly \$2 trillion in market value in a single session, reigniting fears of a trade war. On Friday, the Dow Jones fell 1.9%, the S&P 500 dropped 2.7%, and the Nasdaq plunged 3.6%, marking their worst single-day declines since April and erasing all weekly gains. Tech giants including Nvidia, Tesla, and Amazon led the selloff. The renewed tensions between the world’s two largest economies triggered volatility, pushing the VIX to its highest level since June and raising investor caution ahead of next week’s major bank earnings releases. For the week, the S&P 500 lost 2.4%, snapping a multi-week winning streak.
- Bitcoin and Ethereum tumbled sharply after President Trump announced 100% tariffs on Chinese imports and export controls on critical software, escalating trade tensions between the world’s two largest economies. Bitcoin dropped over 12% to below \$110,000 before slightly rebounding, while Ethereum fell 11% to \$3,878 amid record \$19 billion in crypto liquidations as investors fled to safer assets.
- Gold surged past \$4,000 per ounce for the second time this week after President Trump’s renewed tariff threats on China fueled a rush toward safe-haven assets. Analysts said escalating trade tensions, expectations of two Fed rate cuts by year-end, and geopolitical risks — including the potential collapse of France’s government and a U.S. shutdown — have driven demand for bullion. Traders cautioned that after such a rapid rally, gold could face short-term pullbacks, but its long-term outlook remains bullish amid global uncertainty.
- Oil prices tumbled on Friday, with Brent crude falling to \$62.73 and WTI sliding to \$58.90, their lowest levels since May, as President Trump’s threat to impose massive tariffs on China rattled global demand expectations. Analysts said the sell-off reflected a broader “risk-off” sentiment amid fears of an economic slowdown, compounded by rising OPEC production and a Gaza ceasefire that eased geopolitical risk premiums. The shift in focus from war-driven supply fears to a potential oil surplus — alongside U.S. output gains and concerns over a prolonged government shutdown — weighed further on sentiment, underscoring market vulnerability to renewed trade tensions and excess supply pressures.
- The U.S. dollar slipped on Friday after President Trump’s announcement of steep new tariffs on Chinese goods shook global markets and pushed investors toward safe-haven assets. The greenback weakened against major currencies such as the euro and yen, reflecting renewed risk aversion. However, it still closed the week stronger overall, supported by earlier softness in European and Japanese currencies amid regional fiscal concerns.

Indicators	3-Oct-25	10-Oct-25	% Change
S&P 500	6,715.79	6,552.51	-2.43%
Bitcoin	122,266.53	113,214.37	-7.40%
Gold	3,886.83	4,018.30	3.38%
Crude Oil	64.53	62.73	-2.79%
EUR/USD	1.1725	1.1631	-0.80%