

AFRICA RISK CONSULTING

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Egypt Summary 31 July 2025

The International Monetary Fund (IMF) confirms on 3 July that it will combine the fifth and sixth reviews of Egypt's \$8 billion Extended Fund Facility (EFF) support programme to give authorities more time to complete key objectives of the economic reform programme. The Central Bank of Egypt (CBE) opts to hold interest rates, breaking two rounds of monetary easing, as concerns over regional tensions and the fallout from United States (US) President Donald Trump's (2016-2020; 2025-present) tariffs outweighed slowing inflation. Diesel imports surge to record levels in July, as the country scrambles to secure alternative fuels for power generation amid ongoing regional energy disruptions, further tightening supplies in Europe.

IMF to combine reviews of Egypt's \$8 billion loan programme

The **International Monetary Fund (IMF)** confirmed on 3 July that it would combine the fifth and sixth reviews of **Egypt's \$8 billion Extended Fund Facility (EFF)** support programme to give authorities more time to complete key objectives of the economic reform programme.¹ The IMF in March approved its fourth review of Egypt's expanded EFF programme, unlocking a disbursement of \$1.2 billion and bringing the country's total disbursements to about \$3.5 billion (*see ARC Briefing Egypt Mar 2025*).² The 46-month facility was signed in March 2024 following more than a year of foreign currency shortages and inflation that peaked at 38% in September 2023.

IMF spokesperson **Julie Kozack** also informed a regular briefing that the lender's staff were working with Egyptian authorities on finalising key policy measure, particularly on the state's role in the economy.³ Economists say the IMF's decision to combine the reviews could potentially delay the disbursement of funds to Egypt, but Kozack said it was still premature to discuss the level of any expected payout related to the combined reviews. She further revealed that IMF staff had met with Egyptian officials in **Cairo** from 6 to 10 May for "productive" discussions.

The IMF further said on 15 July, following the release of its long-delayed staff report for the fourth review of Egypt's \$8 billion programme, that structural reforms under the country's loan agreement had been mixed, citing the public sector's continued dominance of the economy as an issue.⁴ The global lender further noted that Egyptian authorities had made limited headway in curbing the role of state and military owned companies, which also enjoy preferential treatment in the form of tax exemptions, cheap labour and access to prime land, adding that these firms remain largely shielded from public scrutiny with "very limited transparency about their financial condition".⁵ The lender stressed that Egypt's dependence on a state-led growth model, centred on public investment and mega projects, was hindering job creation and stifling the private sector in an increasingly unstable global environment, noting:

"The resulting financial and resource distortions have left Egypt with a large informal economy and few buffers against growing global financial, geopolitical and climate shocks".⁶

The IMF projects that Egypt's external debt will increase from \$162.7 billion in 2024/25 to \$202 billion by 2029/2030, warning that these levels pose a high risk of sovereign stress. The IMF called on

¹ IMF, 3 Jul 2025

² IMF, 11 Mar 2025

³ Reuters, 3 Jul 2025

⁴ IMF, 15 Jul 2025

⁵ IMF, 15 Jul 2025

⁶ IMF, 15 Jul 2025

authorities to broaden the tax base, phase out untargeted subsidies and strengthen oversight of off-budget entities such as the state-owned, **Egyptian General Petroleum Corporation (EGPC)** and **New Urban Communities Authority (NUCA)**.⁷ The staff report also highlighted a series of “*persistent and successive external shocks*” that have complicated policy implementation. These include the war in **Sudan**, which has sparked a large inflow of refugees into Egypt, and disruptions to **Red Sea** trade, which cut **Suez Canal** revenues by \$6 billion in 2024.

Finance minister, **Ahmed Kouchouk**, addressed these concerns on 16 July that he was confident the country would achieve its key economic reform targets and pledged that government will complete the delayed review of its IMF loan programme by September or October this year.⁸ Kouchouk also said he expects the government to complete three to four privatisations, that started earlier this month, before the end of the current financial year. Ultimately, it is crucial that Egyptian authorities have a successful review and subsequent sign off by the IMF's executive board as that will unlock roughly \$2.5 billion to bolster the country's finances.

Egypt halts rate cuts as inflation drops to 14.9% in June from 16.8% in May

The **Central Bank of Egypt (CBE) Monetary Policy Committee (MPC)** voted to maintain its benchmark deposit rate at 24% and the lending rate at 25%, breaking two rounds of monetary easing, as concerns over regional tensions and the fallout from **United States (US)** President **Donald Trump's** (2016-2020; 2025-present) tariffs outweigh slowing inflation.⁹ The MPC said in its statement on 10 July that while the “*recent favourable dynamics*” in both headline and core inflation resulted to an improvement of inflation expectations, a “*wait-and-see approach*” is necessary before resuming the monetary easing cycle, particularly to allow time to assess the potential impact of recently announced legislative changes, such as value-added tax reforms.¹⁰

The MPC on 22 May decided to cut the interest and lending rates by 100 basis points to 24% and 25% respectively in a bid to boost economic growth before a probable new round of fiscal reforms this summer spurs renewed caution (*see ARC Briefing Egypt May 2025*).¹¹ This was the MPC's second consecutive cut after it slashed the benchmark deposit rate by 225 basis points to 25% and the lending rate by the same amount to 26% in April.¹² Before the April cut, the MPC had maintained interest rates at a record high of 27.25% since March 2024 when it sharply devalued the pound. Lowering rates was aimed at allowing Egypt to push ahead with its plans for an economic revival and to ease some of the **Middle East's** highest debt-servicing costs.

US multinational investment bank and financial services company, **Goldman Sachs**, which had predicted that the CBE would enact a cut of 100 basis points this month, said on 10 July that the Egypt's monetary policy is “*excessively tight and there remains ample scope for rates to come down*”.¹³ The same sentiment was voiced by **Cairo-based** investment bank **EFG Hermes'** head of macro analysis, **Mohamed Abu Basha** who said that while a case could be made for holding rates, including the latest US tariff announcements, an argument could equally be made for a 100-basis point cut, pointing to factors such as lower oil prices, a strengthening pound and a sizable margin of real interest rates.¹⁴ However, the IMF on 1 May urged Egyptian authorities to tread carefully and “*be vigilant*” as it reduces rates due to the global uncertainty and potential inflationary impact from Trump's trade tariffs.¹⁵ Significantly, Egypt is also a magnet for foreign investors looking to invest in local debt due to the country having one of the world's highest interest rates.¹⁶

⁷ IMF, 15 Jul 2025

⁸ Reuters, 16 Jul 2025

⁹ CBE, 10 Jul 2025

¹⁰ CBE, 10 Jul 2025

¹¹ CBE, 22 May 2025

¹² Bloomberg, 22 May 2025

¹³ Goldman Sachs, 10 Jul 2025

¹⁴ EFG Hermes, 1 Jul 2025

¹⁵ IMF, 1 May 2025

¹⁶ Bloomberg, 10 Jul 2025

The decision to hold rates was surprising, especially given the view that the recent slowdown in inflation in June had strengthened the case for the CBE to continue its monetary easing in July. While headline inflation had accelerated for three consecutive months earlier this year, the slowdown in June was seen by many as creating room for the CBE to resume its monetary-easing cycle. The **Central Agency for Public Mobilization and Statistics (CAPMAS)** reported on 9 July that core consumer price index (CPI) inflation had slowed to 14.9% in June from 16.8% in May and 13.9% in April.¹⁷

The decline in inflation seemed mainly linked to an easing in the acceleration of food and beverage prices, the largest single component of Egypt's inflation basket, which stood at an annual 6.9% in June from 11.2% in May. Overall consumer prices increased by 0.1% month-on-month in June, compared to 1.9% in May. Annual core inflation, which strips out volatile and regulated items such as energy, eased to 11.4% in June from 13.1% in the previous month. Goldman Sachs has forecast that Egypt's inflation would reach between 13% and 14% by end-2025.¹⁸ The CBE has set an inflation target of 7%, plus or minus two percentage points by the end of 2026.¹⁹

Despite the drop in inflation in June, which is less than half of Egypt's peak of 38% registered in September 2023, price pressures are expected to resurface in July. This comes after the government on 17 July passed amendments to its Value-Added Tax (VAT) law, including a 12% increase on cigarettes, a 15% increase on alcoholic beverages and the introduction of a flat tax of 10% on crude oil.²⁰ These measures are aimed at boosting revenues under Egypt's programme but the VAT increases could also lead to higher inflation.

Egypt's diesel imports hit new hits records in July

Diesel imports surged to record levels in July, as the country scrambles to secure alternative fuels for power generation amid ongoing regional energy disruptions, further tightening supplies in **Europe**.²¹ Statistics from **United Kingdom (UK)**-based energy analytics firm **Vortexa Ltd** shows that Egypt's imports averaged over 370,000 barrels per day in the first half of the month, 65% higher than a year ago and 35% higher than June, surpassing all monthly records since 2016.²² The sharp spike in energy imports comes after pipeline gas supplies from **Israel** were cut off due to regional conflict, placing additional strain on Egypt's already declining domestic gas production. With limited liquified natural gas (LNG) import infrastructure, authorities have turned to cheaper, more accessible fuels like diesel and fuel oil to mitigate electricity shortages during the peak summer months. Most of Egypt's additional diesel has come from the **Middle East** and **Russia**, tightening supplies in Europe by diverting flows away from northwest markets.²³ Looking ahead, analysts warn that diesel could stay tight into winter due to seasonal refinery maintenance in September, though reduced demand for power generation may ease some pressure.

In a positive development, two new LNG floating terminals, **Energos Eskimo** and **Energos Power**, came online at **Ain Sokhna** port (**Suez Governorate**) on 21 July, offering much-needed relief as the country that last year turned into a net importer of the fuel due to declining domestic gas production and rising demand.²⁴ Until recently, Egypt had relied on a single terminal, the **Hoegh Galleon** vessel, also docked in Ain Sokhna to meet its LNG import needs. The additional capacity is expected to help ease pressure on power generation and industrial supply, particularly as summer demand spikes due to cooling needs.

¹⁷ CAPMAS, 7 Jul 2025

¹⁸ Goldman Sachs, 4 Jun 2025

¹⁹ Bloomberg, 4 Jun 2025

²⁰ Bloomberg, 17 Jul 2025

²¹ Business Insider Africa, 17 Jul 2025

²² Bloomberg, 16 Jul 2025

²³ Business Insider Africa, 17 Jul 2025

²⁴ Bloomberg, 21 Jul 2025

While the new LNG terminals offer some relief, Egypt's record diesel imports are placing renewed pressure on its foreign exchange reserves, draining US dollars at a time when the country is still recovering from its worst financial crisis in decades and trying to stabilise its external position.

Planner

Sep/Oct 2025 **Cairo (Egypt) International Monetary Fund (IMF)** to complete fifth and sixth review of Egypt's \$8 billion EFF programme

2025 **Ras El-Hekma (Egypt)** Construction to begin on the \$35-billion Ras El-Hekma project;

2025 **Cairo (Egypt)** Further subsidy reductions expected;

Chronology

28 Jul 2025 **Cairo (Egypt) Daily News Egypt. Suez Canal Economic Zone** is exploring cooperation with **Singapore** to drive digital transformation of its ports, focusing on integrating smart port technologies to improve efficiency and cargo handling;

27 Jul 2025 **Cairo (Egypt) Daily News Egypt.** Petroleum minister **Karim Badawi** meets with Cairo-based **International Pipe Industry Company** chairperson **Abdulkarim Abdullah Al-Mutawa** to discuss expanding investment in the petroleum sector and strengthening local industrial capabilities;

26 Jul 2025 **Cairo (Egypt) Reuters.** Aid trucks started moving towards **Gaza (Palestine)** from Egypt, after months of international pressure and warnings from relief agencies of starvation spreading in the Palestinian enclave;

25 Jul 2025 **Cairo (Egypt) Middle East Monitor.** Egypt's leading Islamic authority, **Al-Azhar**, comes under criticism after it abruptly removed a strongly worded statement condemning **Israel's** military actions in **Gaza (Palestine)** from its official social media accounts, reportedly following pressure from Egypt's foreign ministry;

24 Jul 2025 **Cairo (Egypt) Daily News Egypt.** Foreign minister **Badr Abdelatty** meets with **Niger's** junta leader, General **Abdourahamane Tchiani**, to deliver a message from President **Abdel Fattah El-Sisi** focused on deepening security and economic cooperation;

24 Jul 2025 **Cairo (Egypt) Middle East Monitor.** President **Abdel Fattah El-Sisi** underscores the urgent need to commence the reconstruction of **Gaza (Palestine)** as soon as a ceasefire agreement is reached between **Israel** and the Palestinian resistance movement **Hamas**;

24 Jul 2025 **Cairo (Egypt) Anadolu Agency.** **United States (US)** state department approves the possible sale to Egypt of a national advanced surface-to-air missile system and related elements of logistics and program support for an estimated cost of \$4.67 billion;

23 Jul 2025 **Cairo (Egypt) Daily News Egypt.** **Egyptian Drug Authority (EDA)** meets with a delegation from **United States**-headquartered **Johnson & Johnson** to explore expanding investment in Egypt's pharmaceutical sector, focusing on training, innovation and access to advanced medicines;

22 Jul 2025 **Cairo (Egypt) CBE.** **Central Bank of Egypt (CBE)** announces that remittances from Egyptians working abroad surged by 82.7% during the first nine months of the 2024–2025 fiscal year, reaching \$26.4 billion from \$14.5 billion during the same period last year;

22 Jul 2025 **Cairo (Egypt) Reuters.** **Central Bank of Egypt (CBE)** says that Egypt's current account deficit narrowed to \$2.1 billion in January to March 2025 from \$7.5 billion in the same period a year earlier;

22 Jul 2025 **Cairo (Egypt) Daily News Egypt.** Public enterprises minister **Mohamed El-Shimy** meets with **India's** ambassador, **Suresh Reddy**, to discuss expanding industrial and investment cooperation between the two countries;

20 Jul 2025 **New Alamein (Egypt)** *Daily News Egypt*. Prime minister **Moustafa Madbouly** meets with **Germany's** new development minister **Reem Alabali-Radovan** to deepen bilateral cooperation, particularly in sustainable development and their **Gaza** crisis response;

20 Jul 2025 **Cairo (Egypt)** *Bloomberg*. Authorities say that Egyptian security forces have killed two suspected **Islamist** militants in a shootout in a Greater Cairo neighborhood;

18 Jul 2025 **Cairo (Egypt)** *Bloomberg*. Egypt plans to issue \$4 billion of international bonds over the next 12 months, seeking to diversify its financing sources while overhauling the economy after the worst crisis in a generation;

17 Jul 2025 **Cairo (Egypt)** *Daily News Egypt*. Prime minister **Mostafa Madbouly** witnesses the signing of a contract to develop 2.86km² of industrial land within the **Ain Sokhna Industrial Zone**, part of the **Suez Canal Economic Zone**, including \$100m in new infrastructure investments aimed at attracting diverse industrial projects and fostering sustainable industrial communities;

17 Jul 2025 **Cairo (Egypt)** *Middle East Monitor*. President **Abdel Fattah El-Sisi** instructs foreign minister **Badr Abdelatty** to launch intensive diplomatic talks with international and regional officials in an effort to de-escalate tensions in the region;

16 Jul 2025 **London (United Kingdom)** *Daily News Egypt*. At the **EgyptDay** event held at the **London Stock Exchange**, Egypt's finance minister, **Ahmed Kouchouk**, outlines new pro-investment policies aimed at building a more competitive and open economy;

15 Jul 2025 **Cairo (Egypt)** *Daily News Egypt*. Egypt, the **European Union** and **Italy** launch a \$26m **Integrated Rural Development Project** targeting smallholder farmers in the governorates of **Sohag**, **Assiut** and **Beni Suef** to improve agricultural services, livestock, irrigation and livelihoods;

15 Jul 2025 **Cairo (Egypt)** *Reuters*. The presidency says Egypt plans to launch a revamped national commodity exchange to oversee imports and exports of essential agricultural goods, as it strives to secure consistent supplies and keep prices steady;

15 Jul 2025 **Cairo (Egypt)** *Middle East Monitor*. Authorities expresses strong opposition to **Israeli** plans to create a "tent city" for hundreds of thousands of displaced **Palestinians** in the **Rafah** area, near the border with Egypt;

15 Jul 2025 **Cairo (Egypt)** *Anadolu Agency*. Egypt welcomes **United States (US)** President **Donald Trump's** call for reaching "a just agreement" on the dispute with **Ethiopia** on a dam project on the **Nile River**;

12 Jul 2025 **Cairo (Egypt)** *Daily News Egypt*. Civil aviation minister, **Sameh El-Hefny**, meets with **Sierra Leone's** transport and aviation minister, **Alhaji Fanday Turay**, to deepen bilateral cooperation in civil aviation, focusing on training, maintenance, airport infrastructure and technical expertise exchange;

12 Jul 2025 **Cairo (Egypt)** *Daily News Egypt*. The **Central Bank of Egypt (CBE)** and the **People's Bank of China (PBOC)** sign a memorandum of understanding to deepen financial cooperation;

9 Jul 2025 **Cairo (Egypt)** *Anadolu Agency*. **China's** premier **Li Qiang** arrives in Cairo for his first official visit to Egypt, marking a major step in strengthening the **China-Egypt** strategic partnership;

8 Jul 2025 **Cairo (Egypt)** *Daily News Egypt*. **Central Bank of Egypt** temporarily raises the daily cash withdrawal limit at bank branches to EGP 500,000 (\$10,000) and extends banking hours nationwide in response to ongoing disruptions in telecommunications services;

8 Jul 2025 **Cairo (Egypt)** *Bloomberg*. A fire breaks out in a Cairo central telecommunications exchange, disrupting some mobile phone and internet services in Egypt and briefly delaying flights taking off from the country;

6 Jul 2025 **Cairo (Egypt)** *Daily News Egypt*. Finance minister **Ahmed Kouchouk** calls on the **BRICS** bloc to take a stronger role in addressing the global debt crisis, especially for middle-income nations, by developing innovative financing tools like debt-for-investment swaps;

3 Jul 2025 **Cairo (Egypt)** *Reuters*. The **International Monetary Fund (IMF)** says it will combine the fifth and sixth reviews of Egypt's \$8 billion support programme to give authorities more time to meet critical objectives of its economic reform program;

2 Jul 2025 **Cairo (Egypt)** *Daily News Egypt*. Egypt and **Oman** strengthen their bilateral relations by signing seven new agreements covering investment, labour, regional security, media cooperation and other sectors during the 16th session of their **Joint Committee** in Cairo;

1 Jul 2025 **Algiers (Algeria)** *Algeria Press Service*. Prime minister **Nadir Larbaoui** holds bilateral talks with his **Egyptian** counterpart, **Moustafa Madbouli** during the **4th International Conference on Financing for Development (FfD4)**;

1 Jul 2025 **Cairo (Egypt)** *Middle East Monitor*. Foreign minister **Badr Abdelatty** holds a phone conversation with his **Qatari** counterpart, **Mohammed bin Abdulrahman Al Thani**, to discuss joint efforts to resume negotiations for a lasting ceasefire in **Gaza (Palestine)**;

29 Jun 2025 **Cairo (Egypt)** *Bloomberg*. **Israeli** natural gas flows to Egypt return to normal levels after a truce with **Iran** allowed Israel to reopen facilities shuttered by the 12-day conflict;

29 Jun 2025 **Cairo (Egypt)** *Daily News Egypt*. Egypt launches a national clean technology initiative supported by the **United Nations Industrial Development Organisation** and funded by the **Green Climate Fund** to strengthen its leadership in climate innovation and energy transition;

28 Jun 2025 **Cairo (Egypt)** *Anadolu Agency*. Egypt condemns **Israeli's** forces killing of three **Palestinians** in the occupied **West Bank** (Palestine), calling the attacks a "*flagrant violation*" of international law and urging international intervention;

25 Jun 2025 **Cairo (Egypt)** *Daily News Egypt*. **HSBC Egypt**, the **Egyptian-British Chamber of Commerce** and **United Kingdom (UK) Export Finance** jointly host an investment and infrastructure forum to promote collaboration and investment in Egypt's evolving infrastructure sectors;

24 Jun 2025 **Cairo (Egypt)** *Daily News Egypt*. Planning and economic development minister **Rania Al-Mashat** highlights the country's ongoing economic reforms and resilience during a meeting with **World Economic Forum** President **Børge Brende** in **Tianjin (China)**;

About Africa Risk Consulting:

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