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Egypt Summary 30 June 2025

The Central Agency for Public Mobilization and Statistics (CAPMAS) reports on 4 June that core consumer price index (CPI) inflation in Egypt accelerated for a third month, with annual urban inflation in urban areas increasing to 16.8% in May from 13.9% in April. Cabinet announces plans on 25 June to import liquefied natural gas (LNG) to cover demand from July 2025 to June 2026, as Egypt ramps up purchases to meet power demand despite strained government finances. Qatar is in advanced negotiations to invest \$3.5 billion in a major tourism project along Egypt's Mediterranean coast, marking the latest potential injection of Gulf capital into the country.

Inflation quickens to 16.8% in May as central bank mulls rate cuts

The **Central Agency for Public Mobilization and Statistics (CAPMAS)** reported on 4 June that core consumer price index (CPI) inflation in Egypt accelerated for a third month, with annual urban inflation in urban areas increasing to 16.8% in May from 13.9% in April and 13.6% in March.¹ Food and beverage prices, the largest single component of Egypt's inflation basket, increased by an annual 11% in May, up from 6.6% in April. Overall consumer prices increased by 1.9% month-on-month in May, compared to 1.3% in April. Annual core inflation, which strips out volatile and regulated items such as energy, accelerated to 13.1% in May from 10.4% in April the previous month. Despite the ongoing upward trend, inflation remains less than half of its September 2023 peak of 38%.

While an acceleration in inflation was expected due to an unfavourable comparison to last year's reading, May's figures exceeded most economists' expectations, who expected a rise to between 14% to 14.9%.² Taming quickening prices has been a key concern for authorities as Egypt overcomes its worst economic crisis in a generation. Egypt devalued the pound by 40% in March 2024 and has cut subsidies for power, fuel and other items to secure a global economic bailout totalling \$57 billion from the **International Monetary Fund (IMF)**, **European Union (EU)**, **United Arab Emirates (UAE)** and other lenders.

Despite the slight inflationary increases over the past few months, the **Central Bank of Egypt's (CBE) Monetary Policy Committee (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*).³ 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, the country's first monetary easing in almost five years.⁴ 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.

The CBE's next interest-rate decision is due 10 July and the quickening of inflation in May will potentially make the MPC more cautious about extending its current monetary easing cycle. **United States (US)** financial institution **Goldman Sachs Group** said on 4 June that Egypt's May inflation reading did not derail its forecast that inflation would slightly cool this year, predicting a rate of

¹ CAPMAS, 4 Jun 2025

² Reuters, 4 Jun 2025

³ CBE, 22 May 2025

⁴ Bloomberg, 22 May 2025

between 13% and 14% by end-2025.⁵ The CBE has set a inflation target of 7%, plus or minus two percentage points by the end of 2026.⁶ However, Egypt is facing the prospect of further fuel-price increases this summer, a move that will likely spike inflation higher.

Egypt signs major LNG supply deals with global energy suppliers

Cabinet announced plans on 25 June to import liquefied natural gas (LNG) to cover demand from July 2025 to June 2026, as it ramps up purchases to meet power demand despite strained government finances.⁷ The government signed long-term liquefied natural gas (LNG) import agreements with major global energy suppliers with including:

- **Saudi Arabia's Saudi Aramco;**
- **Singapore-headquartered Trafigura Group;**
- **Switzerland-headquartered Vitol Group;**
- **United Kingdom (UK)- headquartered Shell;**
- **Azerbaijan-headquartered Socar;**
- **US-headquartered Hartree Partners LP; and**
- **Swiss-headquartered BGN.**⁸

The deals come as part of a strategic shift prompted by declining domestic gas production and surging local demand. These deals, finalised by the state-run **Egyptian Natural Gas Holding Co. (EGAS)**, will see Egypt receive up to 290 LNG cargoes over the next two and a half years, beginning as early as July.

This marks a sharp reversal for Egypt, which only a year ago was a net LNG exporter. The country's shift to a net importer status has severely impacted its economy, resulting in the loss of tens of billions of dollars in export revenue and adding pressure on foreign currency reserves.⁹ The decision to lock in medium-term contracts is part of Egypt's strategy to avoid exposure to the highly volatile spot market and ensure a more stable and predictable energy supply, particularly during peak summer months when power demand spikes and blackouts have historically occurred.

Hartree and BGN were reportedly awarded more than 100 of the total 290 cargoes, indicating their expanding presence in a market traditionally dominated by longer-established traders.¹⁰ The LNG cargoes are priced at a premium of about \$0.80 to \$0.95 per million British thermal units over the European gas benchmark, with payment terms allowing deferrals of up to 180 days. While individual contract durations vary among suppliers, Egypt received 14 offers covering delivery terms from 18 months to three years. The final volume may still be adjusted depending on changes in the country's energy demand.

To support these imports, Egypt is boosting its infrastructure by adding several floating regasification units. This expansion will enhance Egypt's capacity to handle the steady flow of LNG and ensure a consistent power supply during high-demand periods.¹¹ The government hopes these measures will help avoid the rolling blackouts that have plagued the country in recent summers. Despite the strategic benefits, the increased energy consumption comes with a steep cost. Egypt's monthly summer energy bill is projected to rise to around \$3 billion in July, up from \$2 billion in the same period last year. The country is also seeking additional long-term gas supply agreements, including potential deals with Qatar.

Qatar considers \$3.5 billion tourism deal on Egypt's north coast...

⁵ Goldman Sachs, 4 Jun 2025

⁶ Bloomberg, 4 Jun 2025

⁷ Egypt cabinet, 25 Jun 2025

⁸ Oil Price, 12 Jun 2025

⁹ Reuters, 25 Jun 2025

¹⁰ Bloomberg, 12 Jun 2025

¹¹ Reuters, 25 Jun 2025

Qatar is in advanced negotiations to invest \$3.5 billion in a major tourism project along Egypt's **Mediterranean** coast, marking the latest potential injection of **Gulf** capital into the country.¹² While specific details such as the exact location and size of the project remain undisclosed, the deal is expected to be finalised by the end of 2025. Although Egyptian and Qatari officials have not commented publicly, both countries previously agreed in April to pursue a broader \$7.5 billion investment package for Egypt.

The potential Qatari investment follows a landmark \$35 billion agreement with the UAE in early 2024, which includes a large-scale development along the same coastline in **Ras El-Hekma**. The UAE deal was vital in helping Egypt navigate a prolonged economic crisis, worsened by the fallout from **Israel's** conflict in **Gaza**. The Qatari investment, if concluded, would provide an immediate \$1 billion cash injection, with the remaining \$2.5 billion to be delivered over the following year.¹³

The Qatari initiative comes at a time of heightened regional instability. Israel's recent military escalation against **Iran** has triggered financial shocks in Egypt, with the country's US dollar-denominated bonds falling, the Egyptian pound weakening, and the stock market experiencing its steepest drop in five years.¹⁴ Adding to these issues, disruptions to natural gas imports from Israel forced Egypt to curtail industrial energy supplies and revert to diesel-powered electricity to stave off power outages.

In a related development, Egypt is aiming to replicate the UAE's multibillion Ras El-Hekma initiative, which includes plans for a new city and airport.¹⁵ President **Abdel-Fattah El-Sisi** (2014-present) on 11 June allocated 174.4 square kilometres of strategic **Red Sea** coastline to the finance ministry to be used as collateral to issue sovereign Islamic bonds and also will involve tourism and real estate projects.¹⁶

Notably, Qatar's proposed funding differs from other **Gulf** investments by offering fresh liquidity rather than converting existing deposits, as seen in the UAE's approach and **Kuwait's** potential \$4 billion conversion plan. However, Saudi Arabia, despite previous pledges, appears reluctant to engage at this stage. Though a \$5 billion Saudi investment was announced in 2023, no concrete deals have followed, and nothing is expected from the kingdom this year.

Planner

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

Chronology

25 Jun 2025 **Cairo (Egypt)** *Bloomberg*. Egypt sells \$1 billion in Islamic bonds to **Kuwait's** largest bank, **Kuwait Finance House**, in its latest bid to diversify financing after emerging from its worst economic crisis in decades;

25 Jun 2025 **Cairo (Egypt)** *Reuters*. Egypt awards four blocks in the **Mediterranean**, one in the **Nile** delta, and one in **North Sinai** to international companies which will invest \$ 245m to drill at least 13 new exploratory wells during the exploration period;

22 Jun 2025 **Cairo (Egypt)** *Daily News Egypt*. **Chemicals and Fertilizers Export Council** reports an 18% year-on-year increase in sector exports during the first four months of 2025, with total exports reaching \$3.14 billion, up from approximately \$2.73 billion during the same period in 2024;

¹² Bloomberg, 19 Jun 2025

¹³ Middle East Observer, 20 Jun 2025

¹⁴ Bloomberg, 19 Jun 2025

¹⁵ Middle East Observer, 20 Jun 2025

¹⁶ Reuters, 11 Jun 2025

20 Jun 2025 **Cairo (Egypt)** *Bloomberg*. **Israel** starts to export small quantities of natural gas to Egypt, ending a six-day halt in supplies;

19 Jun 2025 **Cairo (Egypt)** *Daily News Egypt*. **United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2025** shows Egypt surged to ninth place globally in foreign direct investment (FDI) rankings for 2024, becoming the top FDI destination in **Africa** and the primary driver of the continent's 75% rebound in inflows;

18 Jun 2025 **Cairo (Egypt)** *Daily News Egypt*. The **Higher Institute of Transport Technology** launches trial operations at the **Cheng He Institute for Smart Railway Signal Control**, a key step in modernising Egypt's railway infrastructure;

17 Jun 2025 **Cairo (Egypt)** *Daily News Egypt*. **Serbia's** prime minister, **Guro Macut**, hails a new free trade agreement with Egypt as a major step forward in bilateral relations, aimed at boosting trade, investment and joint manufacturing;

16 Jun 2025 **Cairo (Egypt)** *Daily News Egypt*. Prime minister **Moustafa Madbouly** establishes a crisis committee to monitor and respond to the fallout from the military conflict between **Iran** and **Israel**;

14 Jun 2025 **Cairo (Egypt)** *Bloomberg*. Egypt postpones the long-anticipated inauguration of its flagship antiquities museum amid the ongoing military confrontation between **Israel** and **Iran**;

13 Jun 2025 **Cairo (Egypt)** *Bloomberg*. **Israel** shuts down production at its biggest natural gas field after it launched airstrikes against **Iran**, stopping supplies to import-dependent Egypt and raising concerns about fuel shortages there;

11 Jun 2025 **Cairo (Egypt)** *Egypt Today*. **Central Bank of Egypt** reports foreign trade reached approximately \$64.923 billion in the first half of the 2024/2025 financial year, with imports dominating at \$46.212 billion and exports totalling \$18.711 billion;

10 Jun 2025 **Cairo (Egypt)** *Daily News Egypt*. **Swedish** telecommunications company **Ericsson's** vice president **Iwan Stella** states that Egypt is well-positioned to lead the regional rollout of 5G, but emphasises the need to accelerate spectrum allocation and encourage adoption among small and medium enterprises (SMEs) to fully harness the technology's potential;

7 Jun 2025 **Cairo (Egypt)** *Bloomberg*. The pyramids of **Giza** undergo a \$30m revamp, which includes a network of buses, improved facilities and fine dining options, aiming to provide a more attractive experience for visitors;

7 Jun 2025 **Cairo (Egypt)** *Egypt Today*. Foreign minister **Badr Abdelatty** holds phone calls with his **Nigerian** and **Cypriot** counterparts, **Yusuf Maitama Tuggar** and **Constantinos Kombos**, to strengthen bilateral ties and coordinate on regional issues such as boosting economic cooperation, counterterrorism efforts, **African Union** collaboration and the **Gaza** crisis;

5 Jun 2025 **Cairo (Egypt)** *Egypt Today*. President **Abdel Fattah El-Sisi** meets with **United Arab Emirates (UAE)** President **Mohammed bin Zayed** to strengthen economic, investment, and trade cooperation;

3 Jun 2025 **Cairo (Egypt)** *Daily News Egypt*. **Egyptian Drug Authority** chairperson **Ali Ghamrawy** says the pharmaceutical market reached EGP 309 billion (\$10.5 billion) in 2024, marking a 43% increase from EGP 216 billion (\$7.3 billion) in 2023;

3 Jun 2025 **Cairo (Egypt)** *Bloomberg*. **Germany's Volkswagen AG** is considering producing cars in Egypt, part of plans to tap new **African** markets as it grapples with weaker demand at home;

1 Jun 2025 **Cairo (Egypt)** *Reuters*. Egypt unveils plans to build a desert city that will see about 7% of Egypt's annual **Nile River** quota rerouted from fertile delta land to pass by upscale glass-fronted housing units and eventually a large agricultural project;

31 May 2025 **Algiers (Algeria)** *Algeria Press Service*. Foreign affairs minister **Ahmed Attaf**, attends a ministerial meeting alongside his **Egyptian** counterpart **Badr Abdel-Atty** and **Tunisian** counterpart **Mohamed Ali**, as part of a tripartite consultation mechanism between Algeria, Egypt, and Tunisia;

31 May 2025 **Cairo (Egypt)** *Daily News Egypt*. Finance minister **Ahmed Kouchouk** announces a new export support programme in collaboration with the investment and foreign trade ministry will be introduced in the coming days;

31 May 2025 **Cairo (Egypt)** *Daily News Egypt*. **Central Bank of Egypt** announces that local currency loans to the private sector have increased by an average of 10.1% in the first quarter of 2025;

29 May 2025 **Cairo (Egypt)** *Daily News Egypt*. Deputy prime minister **Kamel Al-Wazir** meets with **Sweden's** migration minister **Johan Forssell** to strengthen bilateral cooperation in transport and industrial development, with a focus on road safety, green technology, and infrastructure;

28 May 2025 **Cairo (Egypt)** *Daily News Egypt*. Investment and foreign trade minister **Hassan El-Khatib**, meets with **Belarusian** parliamentary speaker **Igor Sergeenko** to discuss strengthening bilateral trade and investment relations;

28 May 2025 **Cairo (Egypt)** *Morocco World News*. Moroccan foreign minister **Nasser Bourita** meets with his Egyptian counterpart **Badr Abdelatty** to discuss taking steps to deepen their strategic partnership by establishing new bilateral mechanisms aimed at enhancing cooperation across multiple sectors;

27 May 2025 **Cairo (Egypt)** *Daily News Egypt*. Prime minister **Mostafa Madbouly** meets with representatives from **South Korea**-headquartered **Samsung Electronics** to emphasise Egypt's focus on localising advanced technology industries and offering exceptional incentives;

27 May 2025 **Cairo (Egypt)** *Reuters*. The **International Monetary Fund (IMF)** says Egypt has made progress towards macroeconomic stability and has been streamlining tax and customs procedures, but still needs to widen its tax base, after a review mission to the country;

25 May 2025 **Cairo (Egypt)** *Reuters*. Transport minister Kamel al-Wazir says Egypt is working to integrate the country into a railway network connecting **Asia** and **Europe**, but a long-planned bridge that would link **Saudi Arabia** to Egypt's **Sinai Peninsula** has yet to be finalised;

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