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Egypt Summary 22 August 2025

Palestinian militant group Hamas announces on 18 August that it has accepted a ceasefire proposal Egypt and Qatar put forward to end the war in Gaza. The Central Agency for Public Mobilization and Statistics (CAPMAS) reports on 10 August that core consumer price index (CPI) inflation in Egypt decreased for a second month, with annual urban inflation in urban areas decreasing to 13.9% in July from 14.9% in June. Egypt signs a new deal to boost its purchases of natural gas from Israel's Leviathan natural gas field, underlining how deeply dependent it has become on imports to meet its rising energy needs.

Egypt and Qatar present ceasefire proposal to Hamas and Israel

Palestinian militant group **Hamas** [announced](#) on 18 August that it had accepted a ceasefire proposal that Egypt and **Qatar** had proposed, potentially paving the way for the most significant breakthrough yet in efforts to pause the war with **Israel** in **Gaza**. The proposed deal would see a temporary halt to military operations for two months, Hamas releasing half of the remaining hostages it has held since its October 2023 attack on Israel, in exchange for the release of Palestinian prisoners, and a partial withdrawal of Israeli forces from Gaza. The terms are reportedly broadly aligned with a previous plan floated by the **United States (US)** special envoy, **Steve Witkoff**, in May.

While the agreement is envisioned as a step toward a more comprehensive truce, there was uncertainty over whether Israeli prime minister **Benjamin Netanyahu's** (2022-present) government would agree to a phased deal. Netanyahu's office released a video [statement](#) on 18 August in which he said only that Hamas is "*under enormous pressure*," without confirming Israel's stance on the latest proposal. Others in his government also echoed that view, including defence minister, **Israel Katz**, who [said](#) in a statement that Hamas is only coming to the table because it fears a full Israeli occupation of **Gaza City**. The US' position is in line with that of Israel, particularly after its ambassador to Israel, **Mike Huckabee**, said on 18 August that talks may be resuming because Hamas sees that Israel is ready to "*go in very hard*". He further stressed that Hamas has "*no future in Gaza*" and must be eliminated as an armed governing entity.

However, on 21 August, Netanyahu officially responded to Egypt and Qatar's proposal, [noting](#) that Israel will resume talks for the release of all captives and an end to the war, but only on Israel's terms, indicating that his push to seize control of Gaza City will continue, since Hamas is unlikely to accept Israeli conditions.

Previous ceasefire talks have collapsed, with each side accusing the other of altering terms or acting in bad faith. The last round of negotiations collapsed in July when the US and Israel walked out, accusing Hamas of bad faith. Since then Israel has pushed deeper into Gaza City with its actions there raising major controversy and pushing [France](#), and possibly the **United Kingdom (UK)**, to say it will recognise a Palestinian state in September. Israel has consistently maintained that the war can only end once Hamas is fully disarmed and all hostages are returned, while Hamas has demanded a complete Israeli withdrawal from Gaza. A local source commented that as of now, it is "*unlikely*" that the Egypt/Qatar proposal will be implemented, as "*Israel is committed to its objective of eliminating Hamas*" and still actively pursuing military control over Gaza City. Meanwhile, the humanitarian crisis in Gaza continues to [escalate](#), with more than 62,000 Palestinians killed and the **United Nations (UN)** warning that 500,000 people are on the brink of famine.

Egypt is playing a prominent role in the ceasefire negotiations as the conflict threatens its national security. Egypt is hesitant to allow Palestinian refugees into the country because of the public protests it could trigger - the Egyptian public sentiment is supportive of Palestinian rights but the country has limited resources to support mass refugees, even temporarily. Egypt is thus eager to participate in the negotiations to ensure that all possible measures are followed through to prevent further escalation of the conflict. However, as mentioned, negotiations involving several parties have proved fruitless thus far due to irreconcilable core demands from both parties and it is unlikely that this latest ceasefire proposal will move forward.

Inflation cools for a second month to 13.9%

The **Central Agency for Public Mobilization and Statistics (CAPMAS)** [reported](#) on 10 August that core consumer price index (CPI) inflation in Egypt decreased for a second month, with annual urban inflation in urban areas decreasing to 13.9% in July from 14.9% in June and 16.8% in May. This marked the lowest inflation rate since April and it was driven by a sharp decline in prices for poultry (-4.9%), fruits (-11%) and vegetables (-7%). Food and beverage prices, the largest single component of Egypt's inflation basket, increased by an annual 3.4% year-on-year in July - the lowest since June 2021 - compared with the previous month's 6.9%.

Price increases moderated across several categories, including transport (41.5% vs 42.2%), restaurants and hotels (15.2% vs 17.3%), clothing (14.9% vs 16.0%), furnishings (12.9% vs 13.8%), communications (12.1% vs 12.2%), and miscellaneous goods and services (13.6% vs. 13.7%). Overall consumer prices increased by 0.5% month-on-month in July, compared to a 0.1% contraction in June. Annual core inflation, which strips out volatile and regulated items such as energy, rose to 11.6% in July from 11.4% in June.

The drop in inflation in July, which is less than half of Egypt's peak of 38% registered in September 2023, defied expectations as price pressures were expected to resurface in July 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. While these measures were aimed at boosting revenues under Egypt's programme, it was thought the VAT increases could lead to higher inflation. However, this second consecutive month of deflation and the steepest drop since May 2024, potentially gives the country scope to resume a monetary-easing cycle.

At its last meeting, 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 US President **Donald Trump's** (2016-2020; 2025-present) tariffs outweighed slowing inflation. 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 the VAT reforms.

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 the implementation of new fiscal reforms between May and September. spurs renewed caution (*see ARC Briefing Egypt May 2025*). May marked 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. 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 further will 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. However, Egypt is also notably a magnet for foreign investors looking to invest in local debt due to the country having one of the world's highest interest rates. But as things stand, analysts [predict](#) that the inflationary deceleration in July raises the chances of an interest-rate cut at the MPC's next monetary policy meeting, scheduled for 28 August.

Notably, President **Abdel Fattah el-Sisi** (2014-present) on 18 August [extended](#) CBE chief **Hassan Abdalla**'s leadership of the institution into a fourth year, signalling stability to foreign investors as the country works through its deepest currency crisis in decades. Abdalla's mandate began in August 2022 and his tenure has coincided with multiple pound devaluations and the securing of an **International Monetary Fund (IMF)** loan central to Egypt's \$57 billion bailout last year. Abdalla's continuation reassures markets that existing policies will remain in place, helping sustain the recent return of foreign capital and maintaining business community support. Looking ahead, his priorities include shoring up foreign-currency reserves and managing risks to the current account, from weak **Suez Canal** revenues due to **Red Sea** disruptions to higher energy imports. Interest-rate cuts are also expected, offering relief for domestic investors and industries.

Egypt signs \$35 billion natural gas supply deal with Israel

While el-Sisi on 5 August [accused](#) Israel of committing a "systematic genocide" in Gaza during a press conference in Cairo, it has not slowed economic relations between the two countries. Egypt on 6 August signed a [new deal](#) to boost its purchases of natural gas from Israel's **Leviathan** natural gas field, underlining how deeply dependent the country has become on imports to meet its rising energy needs. Starting in 2026, Egypt will take delivery of 130 billion cubic metres of Israeli gas through 2040, in a deal worth about \$35 billion, the largest export agreement in Israel's history.

Current exports to Egypt are about 4.5 billion cubic metres a year, but under the new terms this could climb gradually to 12.5 billion cubic metres annually by 2033. The first phase, beginning next year, will see Israel delivering 20 billion cubic metres to Egypt. The second phase, totalling around 110 billion cubic metres, is dependent on the completion of the Leviathan expansion project and the construction of a new pipeline from Israel to Egypt via **Nitzana** (Israel).

The contract [reflects](#) Egypt's struggle with surging domestic demand and falling output from its own fields. Once an ambitious gas exporter, Egypt became a net importer in 2024 and has been buying large volumes of liquified natural gas (LNG) on the global market. However, LNG costs more than twice as much as pipeline gas from Israel. The Leviathan agreement is therefore seen as attractive, with prices are tied to Brent crude, offering Egypt significant savings and greater supply security. **NewMed Energy**, one of Leviathan's partners, said on 6 August the deal could cut Egypt's import costs by about 50% compared to LNG. For Israel, the agreement reinforces its position as a key energy supplier to the region. For Egypt, it secures cheaper, long-term gas at a moment when energy security is critical for keeping its economy afloat.

However, vulnerabilities remain. Gas flows from Israel were briefly interrupted during its June conflict with **Iran**, forcing Egypt to cut supplies to industries like fertiliser producers. That disruption highlighted the risks of relying so heavily on a single source.

Planner

28 Aug 2025 **Cairo (Egypt) Central Bank of Egypt (CBE) Monetary Policy Committee (MPC)** meeting;

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

21 Aug 2025 **Cairo (Egypt) Daily News Egypt**. Foreign ministry says it welcomes recent international diplomatic efforts aimed at resolving the **Ukraine** crisis, including the **United States (US)-Russia Summit** on 15 August and a **US-Ukraine** meeting on 18 August;

21 Aug 2025 **Cairo (Egypt)** *Middle East Monitor*. **Israeli** media reports that a recent naval exercise conducted by Israel in the **Red Sea** has sparked anger and concern in Egypt, amid escalating regional tensions;

20 Aug 2025 **Cairo (Egypt)** *Anadolu*. Egypt calls on **Israel** to approve a **Gaza (Palestine)** ceasefire and prisoner swap proposal accepted by Palestinian militant group **Hamas**;

19 Aug 2025 **Cairo (Egypt)** *Daily News Egypt*. **Japan's** economy, trade and industry minister, **Yuichiro Koga**, highlights Egypt's growing importance for Japanese investments, citing significant economic progress in recent years;

18 Aug 2025 **Cairo (Egypt)** *Bloomberg*. **Qatar's** prime minister Sheikh **Mohammed bin Abdulrahman Al-Thani** meets with Egyptian President **Abdel-Fattah El-Sisi** to discuss a ceasefire between **Israel** and **Palestinian** militant group **Hamas**;

18 Aug 2025 **Cairo (Egypt)** *Daily News Egypt*. President **Abdel Fattah El-Sisi** meets with **Central Bank of Egypt** governor **Hassan Abdalla** to emphasise efforts to boost foreign currency reserves, maintain a flexible and unified exchange rate and reduce inflation;

18 Aug 2025 **Cairo (Egypt)** *Middle East Monitor*. Foreign minister **Badr Abdelatty** rejects **Israeli** official statements about the so-called "*Greater Israel*" as he visited the **Rafah** border crossing with the blockaded **Gaza Strip (Palestine)**;

17 Aug 2025 **Cairo (Egypt)** *Daily News Egypt*. **Central Bank of Egypt (CBE)** grants Egypt-based **Misr Digital Innovation** approval to transition into **onebank**, the nation's first fully digital bank;

13 Aug 2025 **Cairo (Egypt)** *Mmegi*. **Afreximbank** president **Benedict Oramah**, speaking ahead of the **Intra-African Trade Fair (IATF 2025)**, stresses that boosting intra-African trade is essential for unlocking the continent's industrial potential, creating jobs and achieving inclusive growth;

13 Aug 2025 **Cairo (Egypt)** *Daily News Egypt*. Military production minister, **Mohamed Salah El-Din**, meets with **India's** ambassador **Suresh K. Reddy** to enhance cooperation in military and civilian manufacturing, focusing on technology transfer and local production;

13 Aug 2025 **Cairo (Egypt)** *Reuters*. Cabinet confirms that Egypt signed a \$1 billion agreement with **China's Sailun Group** to build an automotive tire factory in the **Suez Canal Economic Zone**;

12 Aug 2025 **Cairo (Egypt)** *Middle East Monitor*. Egyptian and **Qatari** mediators, with **Turkish** participation, are preparing a new proposal to be presented to **Palestinian** militant group **Hamas** leadership, aiming to remove what they described as **Israeli** prime minister **Benjamin Netanyahu's** pretexts for occupying **Gaza City (Palestine)**;

10 Aug 2025 **Cairo (Egypt)** *Reuters*. **Central Agency for Public Mobilization and Statistics** indicates that annual urban consumer price inflation decreased to 13.9% in July from 14.9% in June, driven by declines in prices for meat, poultry, fruits and vegetables;

9 Aug 2025 **Cairo (Egypt)** *Middle East Monitor*. **Turkish** foreign Minister **Hakan Fidan** is received by President **Abdel Fattah el-Sisi** during his visit to Cairo but no further details are released regarding the discussions;

8 Aug 2025 **Cairo (Egypt)** *Bloomberg*. Egypt gives up on more than two million barrels of petroleum cargoes it offered to buy when gas supplies from **Israel** were briefly cut, after securing massive amounts of liquified natural gas (LNG) to help meet its electricity generation needs;

6 Aug 2025 **Cairo (Egypt)** *Middle East Monitor*. **Israeli** media reports say Egypt has initiated training for hundreds of **Palestinians** to take on security responsibilities in the **Gaza Strip** as soon as a ceasefire deal is brokered with Israel;

7 Aug 2025 **Cairo (Egypt)** *Africanews*. President **Abdel Fattah El-Sisi** hosts **Sudan's** prime minister **Kamil al-Taib Idris** to discuss cooperation and the ongoing issues between Egypt, Sudan and **Ethiopia** over the **Nile River** and water rights;

6 Aug 2025 **Cairo (Egypt)** *Daily News Egypt*. **Central Bank of Egypt** reports net international reserves reached a record high of \$49.04 billion in July 2025, up from June's \$48.7 billion;

6 Aug 2025 **Cairo (Egypt)** *Bloomberg*. Egypt will formally open its billion-dollar **Grand Egyptian Museum (GEM)** on 1 November, after the war between **Israel** and **Iran** delayed plans to hold the long-awaited event;

5 Aug 2025 **Cairo (Egypt)** *Al Jazeera*. President **Abdel Fattah el-Sisi** accuses **Israel** of committing a "systematic genocide" in **Gaza** during a press conference in Cairo;

3 Aug 2025 **Cairo (Egypt)** *Daily News Egypt*. Prime minister **Mostafa Madbouly** inaugurates the **6th Expatriates Conference** with participation from over 1,200 expatriates, senior government officials, parliamentarians, and private sector representatives;

1 Aug 2025 **Cairo (Egypt)** *Bloomberg*. Tourism revenue grew by 22% to \$8 billion in the first half of 2025, with authorities predicting a record 18 million visitors by year end;

31 Jul 2025 **Cairo (Egypt)** *Daily News Egypt*. Petroleum minister **Karem Badawi** meets with **China**-headquartered **United Energy Group (UEG)** CEO **Song Yu** to discuss expanding energy trade and investment cooperation;

31 Jul 2025 **Cairo (Egypt)** *Middle East Monitor*. **United States (US)** secretary of state **Marco Rubio** meets Egyptian foreign minister **Badr Abdelatty** to discuss regional security and efforts to promote stability in the **Middle East**;

31 Jul 2025 **Cairo (Egypt)** *Reuters*. The petroleum ministry says Egypt has signed an agreement with oil giants, **Italy's Eni** and the **United Kingdom's (UK) BP** to start exploration activities in the **Mediterranean Sea**;

31 Jul 2025 **Cairo (Egypt)** *Daily News Egypt*. Prime minister **Mostafa Madbouly** chairs a meeting to review major investment projects under negotiation with **Gulf** countries, focused on attracting foreign direct investment, expanding foreign currency inflows, and improving Egypt's investment climate through incentives and reforms;

30 Jul 2025 **Cairo (Egypt)** *Daily News Egypt*. Electricity ministry announces the completion and activation of a new power cable for the **Dahab Island** transformer station in **Giza**;

29 Jul 2025 **Cairo (Egypt)** *Daily News Egypt*. Petroleum minister **Karem Badawi** meets **United Arab Emirates (UAE)** energy minister **Suhail Mohamed Al Mazrouei** to discuss expanding energy cooperation and advancing regional integration;

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 **Dakar (Senegal)** *Daily News*. **Egypt's** foreign minister, **Badr Abdelatty**, leads a business delegation to Senegal, during which he opens the **Egypt-Senegal Business Forum** and a new factory in a bid to deepen economic ties;

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