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Egypt Summary 17 December 2025

The International Monetary Fund (IMF) mission, which was in Cairo on 6 December to conduct the fifth and sixth reviews of Egypt's \$8 billion Extended Fund Facility (EFF), praises the country's progress on investment, trade, and broader structural reforms. The Central Agency for Public Mobilisation and Statistics (CAPMAS) announces on 10 December that annual urban consumer price inflation slowed to 12.3% in November from 12.5% in October, primarily driven by easing food prices. Egypt's non-oil private sector is showing its strongest signs of recovery in more than five years, supported by improving demand conditions and a firmer local currency.

IMF praises Egypt's notable progress on investment, trade reforms

The **International Monetary Fund (IMF)** mission, which was in **Cairo** on 6 December to conduct the fifth and sixth reviews of **Egypt's \$8 billion Extended Fund Facility (EFF)**, [praised](#) the country's progress on investment, trade, and broader structural reforms. According to the IMF, Egypt's economic strategy has become clearer and more coherent, with recent measures signalling a more serious and credible state effort to restore investor confidence and attract higher value-added investment. IMF officials also indicated that discussions are advancing constructively and expressed appreciation for the pace of reform and the gradual improvement in the business environment

These assessments emerged from discussions with investment and foreign trade minister, **Hassan El-Khatib**, who expressed confidence that the economy remains broadly on track under the IMF-supported programme. El-Khatib [said](#) that several macroeconomic and reform indicators are performing better than expected, suggesting that recent policy interventions are beginning to yield tangible results. El-Khatib emphasised that these reforms are designed to position Egypt as a regional export and supply-chain hub, reduce the trade deficit, and increase domestic value addition. Progress in digitalisation was also highlighted, particularly the rollout of online platforms for licensing and economic activities, which aim to reduce excessive bureaucracy, improve transparency, and enhance administrative efficiency.

The government's [approach](#) is focused on maintaining macroeconomic stability while gradually expanding the private sector's role. Improving the investment climate and increasing the efficiency of the trade system have been framed as key pillars of Egypt's longer-term growth strategy. In this context, Egyptian authorities are pursuing a more open trade policy intended to expand productive capacity, improve market access, and strengthen linkages between trade and investment.

Taken together, these developments highlight cautious optimism regarding the outcome of the ongoing programme reviews, even as sustained implementation remains vital to consolidating gains. Successful completion of the combined reviews would unlock \$2.5 billion in additional loan tranches.

Inflation unexpectedly slows down to 12.3%

Central Agency for Public Mobilisation and Statistics (CAPMAS) [published](#) Egypt's latest inflation data on 10 December, indicating annual urban consumer price inflation slowed to 12.3% in November from 12.5% in October, while monthly inflation fell sharply to 0.3% from 1.8%, primarily driven by easing food prices, which remain the single largest component of the inflation basket.

Although inflation initially slowed after the currency adjustment, subsequent IMF-supported measures have once again increased price pressures. Specifically, fuel prices rose by as much as 13% in October, while reforms to a decades-old rent control law led to a temporary rise in inflation that

same month. Despite these developments, food and beverage inflation decreased significantly in November, rising only 0.7% year-on-year, down from 1.5% previously, and dropping 2.6% month-on-month.

Containing inflation has been a central policy challenge for government as it attempts to stabilise and rebalance the economy following its most severe foreign-currency crisis in decades. Although headline inflation remains well below the 38% peak recorded in September 2023, progress toward single-digit inflation has been complicated by the delayed pass-through of structural reforms. These include a near-40% devaluation of the pound in March 2024, implemented as part of an expanded IMF programme tied to a broader \$57 billion international financing package.

Attention has turned to the **Central Bank of Egypt's (CBE)** upcoming policy meeting on 25 December. After pausing its easing cycle last month, the latest inflation data may reopen the door to further rate cuts. The CBE has already reduced rates by a cumulative 625 basis points this year, following aggressive tightening in early 2024 in an effort to lower debt-servicing costs and support investment-led growth. Despite that, policy rates stay high at 21%, supporting portfolio inflows into local debt markets and reflecting the authorities' cautious effort to balance inflation control, currency stability, and growth objectives.

Egypt business gauge reaches five-year peak after pound gains

Recent business survey data suggest that Egypt's non-oil private sector is showing its strongest signs of recovery in more than five years, supported by improving demand conditions and a firmer local currency. The **United States (US)**-based **S&P Global's Purchasing Managers' Index (PMI)**, [revealed](#) on 3 December that business activity in Egypt expanded to 51.1 in November, up from 49.2 in October and above the 50 threshold that separates growth from contraction. This marks the first expansion since February 2025 and the highest PMI reading since October 2020.

The improvement reflects a broad-based uptick across much of the economy. Output [levels](#) rose for the first time since January, with manufacturing, construction and services all recording stronger activity. New business intakes also increased, ending eight months of contraction, as easing price pressures helped stimulate demand. Wholesale and retail were the only major segments to underperform, highlighting that the recovery remains uneven.

A key [factor](#) underpinning the rebound has been reduced cost pressure, particularly for import-dependent firms. After a sharp devaluation in March 2024 as part of Egypt's IMF-backed reform programme, the pound has stabilised and strengthened at points during 2025, broadly tracking global and regional trends. Having hit a record low of 51.4 per US dollar in April, the currency appreciated through June to August on the back of improved portfolio inflows, stronger tourism revenues and higher import earnings, and is currently trading around 47.5 per US dollar. This has helped lower import costs and slow overall inflation, which fell to its lowest level in eight months in November (see above).

Despite increased output and new orders, firms have remained cautious in hiring, with employment levels largely unchanged. This indicates that, although confidence has improved, businesses remain hesitant to commit to longer-term cost rises amid persistent macroeconomic uncertainty. Price increases imposed by non-oil firms were also slight, reinforcing the idea that demand is recovering gradually rather than overheating.

Looking ahead, expectations for future activity [remain positive](#), though expectations softened slightly from October and point to only modest confidence gains. Nevertheless, the latest PMI reading has historically been associated with stronger growth outcomes, with S&P Global noting that it could signal year-on-year GDP growth exceeding 5% in the fourth quarter. Taken together, the data points to a more supportive near-term outlook for Egypt's non-oil economy, even as the durability of the recovery will depend on continued currency stability, reform implementation and sustained demand momentum.

Key things to watch in 2026...

As Egypt moves into 2026, the key question will be whether recent signs of macroeconomic stabilisation can be maintained as the country advances with IMF-supported reforms. Monetary policy will continue to be a primary focus – with inflation dropping to around 12% after peaking at 38% in 2023, attention will shift to whether the CBE resumes rate cuts in a way that supports growth without reigniting inflation or destabilising the currency. The balance between easing financial conditions and retaining investor confidence in local debt markets will be delicate.

Progress under Egypt’s \$8 billion IMF programme will also be crucial. Successful completion of the recent programme reviews would unlock a further \$2.5 billion in funding and boost confidence in Egypt’s reform path, especially regarding privatisation, reducing the state’s economic role, and enhancing the business environment. While the IMF has praised recent progress, ongoing implementation, particularly on asset sales, will continue to be closely monitored, but has not published the official outcomes of the reviews

Gulf-backed investment will continue to play an outsized role in 2026. Large-scale tourism and real-estate developments on Egypt’s northern coast, including **Qatari** and **Emirati** projects, are becoming central to the government’s strategy for attracting foreign exchange and boosting growth. However, reliance on such inflows also exposes Egypt to shifts in Gulf capital allocation priorities. Regionally, Egypt’s diplomatic role, particularly in managing the fragile **Gaza** ceasefire and restoring **Red Sea** shipping, will remain closely linked to economic outcomes, including **Suez Canal** revenues.

The upcoming year will assess whether Egypt can turn stabilisation into sustained, private-sector-led growth whilst managing reform fatigue, regional volatility, and ongoing social pressures.

Planner

2025/2026 **Cairo (Egypt) International Monetary Fund (IMF)** to complete fifth and sixth review of Egypt’s \$8 billion **Extended Fund Facility (EFF)** programme;

25 Dec 2025 **Cairo (Egypt) Central Bank of Egypt’s (CBE) Monetary Policy Committee (MPC)** meeting

2025/2026 **Cairo (Egypt)** Further subsidy reductions expected;

Chronology

16 Dec 2025 **Cairo (Egypt) Bloomberg**. The **Suez Canal** and **Red Sea** may reportedly reopen in 2026, reducing transportation costs and easing strain on global supply chains, after effectively being closed since November 2023 due to **Yemeni Houthi** attacks;

14 Dec 2025 **Cairo (Egypt) Daily News Egypt**. Investment and foreign trade minister **Hassan El-Khatib** inaugurates the **Egypt-Qatar Business Forum**, noting that Qatari investments in Egypt amount to around \$3.2 billion across more than 266 companies;

14 Dec 2025 **Ain Sokhna (Egypt) Reuters**. Egypt signs a contract with Qatar’s **Al Mana Holding** for a first-phase investment of \$200m to produce sustainable aviation fuel from used cooking oil in the **Suez Canal Economic Zone**;

10 Dec 2025 **Cairo (Egypt) Reuters**. **FIFA World Cup** organisers in **Seattle (United States)** on say Pride events will go ahead as planned outside a June 2026 match in the city between Egypt and **Iran** despite objections from sports officials in the two countries where homosexuality is criminalised;

10 Dec 2025 **Hurghada (Egypt) Africa News**. The civil aviation ministry announces the opening of bids for private companies to manage, operate and develop the **Hurghada International Airport**;

9 Dec 2025 **Cairo (Egypt) Daily News Egypt**. Egypt and **France** hold an expanded meeting with senior officials and **French** business representatives to strengthen investment cooperation, streamline customs procedures, and improve Egypt’s business environment;

6 Dec 2025 **Cairo (Egypt)** *Daily News Egypt*. **International Monetary Fund**

(IMF) praises Egypt for making strong progress on investment and trade reforms as part of its **Extended Fund Facility (ECF)** programme, saying the government's economic vision has become clearer and more coherent;

3 Dec 2025 **Addis Ababa (Ethiopia)** *Anadolu Agency*. Foreign affairs ministry releases a statement accusing **Egypt** of destabilising the **Horn of Africa** to maintain a “colonial” monopoly over the **Nile River**;

3 Dec 2025 **Cairo (Egypt)** *France24*. Egypt denies it has agreed to a deal with **Israel** that would open the **Rafah Crossing** for **Gazans** to enter Egypt, noting that if an agreement is reached, it will be to both enter and exit the **Gaza Strip**;

3 Dec 2025 **Cairo (Egypt)** *Daily Maverick*. **Israel** says it will coordinate with Egypt on the opening of the **Rafah Crossing** over the next few days to allow **Gazans** to cross into Egypt;

30 Nov 2025 **Cairo (Egypt)** *Daily News Egypt*. Foreign ministry confirms three Egyptian citizens kidnapped in **Mali** have been released following “intensive coordination” with the Malian government, with no further details released;

26 Nov 2025 **Cairo (Egypt)** *Daily News Egypt*. Cabinet confirms Egypt and **Algeria** signed an extensive package of cooperation agreements in various sectors at the conclusion of the ninth session of the **Egyptian-Algerian High Joint Committee**;

25 Nov 2025 **Cairo (Egypt)** *Daily News Egypt*. Communications and information technology minister **Amr Talaat**, reports that Egypt is accelerating its economic transformation by integrating artificial intelligence, cybersecurity, and sustainability, with AI projected to contribute 7.7% of GDP by 2030 and supported by major investments in digital infrastructure and talent development;

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