MULTILATERAL INTERNATIONAL
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ECONOMIC AFFAIRS DEPARTMENT

ECONOMIC BRIEF

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ECONOMY

Central Bank of Egypt Maintains Key Interest Rates Amid Receding Monthly Inflation

The Central Bank of Egypt's (CBE) Monetary Policy Committee has held its key policy rates for a third consecutive meeting, keeping the overnight deposit rate at 19%. This decision follows "better-than-expected macroeconomic developments," including negative monthly headline inflation of -0.4% in June.

Annual headline inflation eased for a third month to 14.3%, driven largely by significant price drops in food items such as vegetables (-12.1%) and poultry (-14.0%). While core inflation ticked up slightly to 14.3% due to base effects, the CBE expects inflation to reach its 7% (±2%) target by the second half of 2027.

ECONOMY

Egypt's FX Reserves Reach Record $55bn, Surpassing Key IMF Program Target

Egypt's net international reserves surged by 55.07 billion. This milestone clears the primary metric for the IMF's Extended Fund Facility, which required a buffer of $55–56 billion before year-end. The build-up was driven by a significant rise in foreign currency assets to $37.85 billion, providing enhanced protection as the currency absorbs economic shocks.

Experts emphasise that maintaining this record strength depends on continued real foreign currency inflows, including anticipated macro-financial assistance from the European Union.

ECONOMY

14 Nations Represent Nearly 70% of Egypt's Foreign Trade in H1 FY2025/26

According to a report by the Central Bank of Egypt (CBE), fourteen countries accounted for 68.8% of the nation's total foreign trade during the first half of fiscal year 2025/26.

Bilateral trade with these partners reached $50.6 billion, within a total trade volume of 8.7bn), followed by the United Arab Emirates (6.8bn), and Saudi Arabia ($5.5bn). The report highlights that imports during this period amounted to $52.6 billion, while total exports reached $20.9 billion.

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INVESTMENT

Four EU-Backed Local Development Projects in Egypt Reach 25% Completion

Minister of Local Development Manal Awad announced that four significant local economic development projects in Fayoum, Beni Suef, Luxor, and Aswan have reached 25% completion. Funded by the European Union and implemented with UNDP technical assistance, these projects aim to leverage each governorate's comparative advantages.

Key facilities under construction include an urban market in Luxor to formalise street trading, a medicinal plants center in Beni Suef, a dates center in Aswan, and an olive industrial complex in Fayoum. These initiatives are designed to enhance product value, strengthen competitiveness in international markets, and increase foreign currency earnings.

INVESTMENT

Ministerial Strategic Coordination to Expand Egyptian Economic Presence in Africa

The Ministers of Foreign Affairs and Investment met to coordinate efforts for supporting Egyptian companies expanding into African markets, a key priority for enhancing the nation's regional economic footprint.

The strategy focuses on establishing a dedicated Egyptian investment entity and providing financial and guarantee mechanisms to mitigate investment risks. A central pillar of this initiative is empowering the private sector to deepen trade integration and leverage preferential trade agreements. The government also aims to create an integrated database of priority projects to ensure the efficient movement of Egyptian firms across the continent.

ECONOMY

Maersk Restores Suez Canal Transits for Key India-Middle East-US Route

Danish shipping giant Maersk has announced the return of its India-Middle East-US East Coast (MECL) service to the Suez Canal, rerouting away from the Cape of Good Hope.

The carrier described the Suez and Red Sea route as the fastest and most efficient connection, estimating transit time improvements of up to 14 days. This move, alongside a similar decision by Hapag-Lloyd, serves as an early indicator of recovery for Suez Canal revenues, which rose 23% y-o-y to $4.8 billion in FY 2025/26 despite regional disruptions. To enhance service, Maersk will also add a new port of call in Jeddah starting in August.