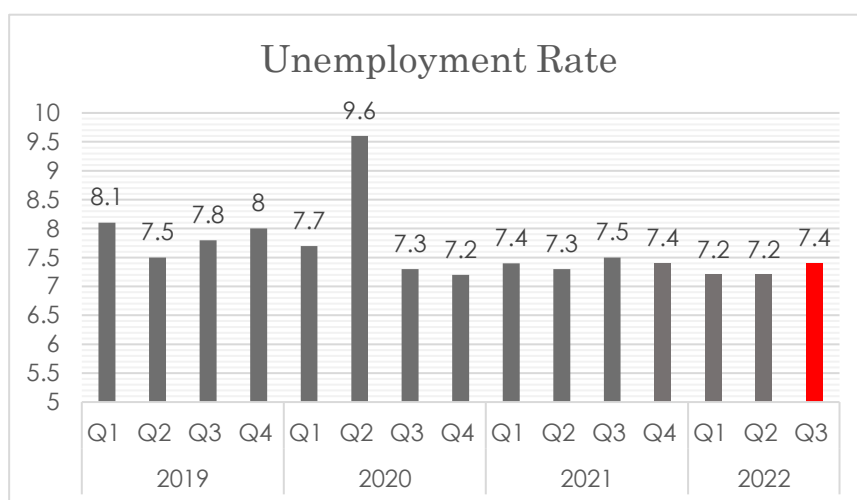


Higher Unemployment Rates in Q3 2022

December 1st, 2022

Unemployment Rates Increased in Q3 2022...

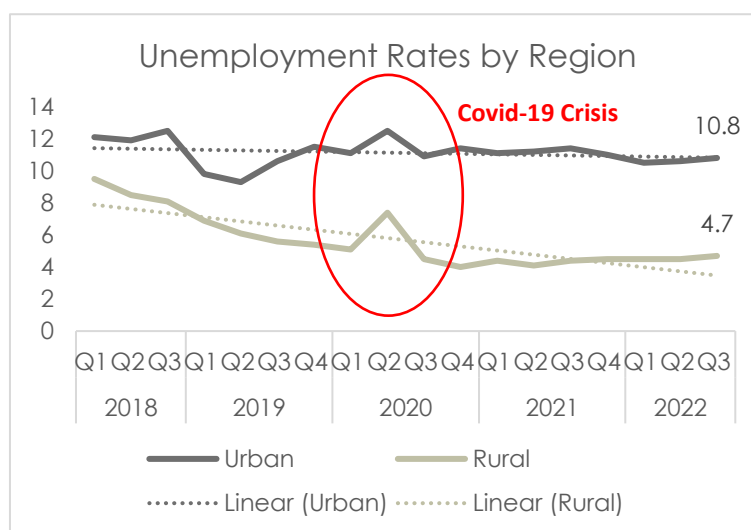
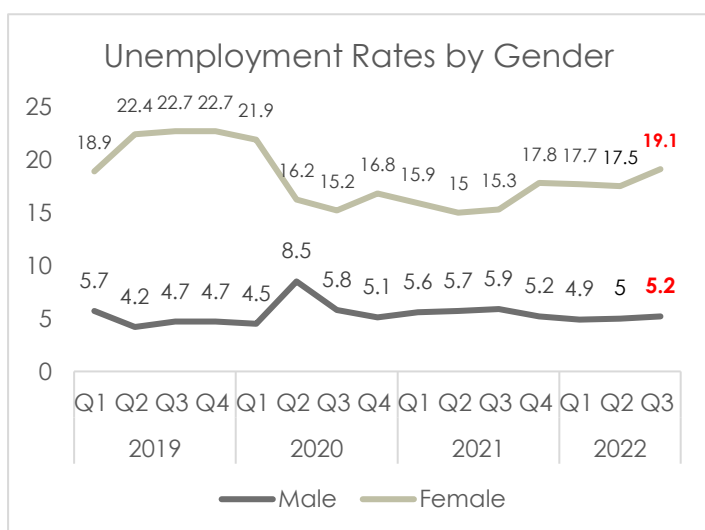
Unemployment figures in Q3 2022 increased to 7.4%, up from 7.2% in the previous quarter, and slightly behind 7.5% in Q3 2021. This was mainly driven by higher unemployment rates for both male and female. As total unemployed persons rose by 4.6% in Q3 2022 compared with the previous quarter.



Source: CAPMAS, Press release, Q3 2022

Considerable Rise in Female Unemployment Rate in Q3 2022...

Female unemployment rate raised significantly in Q3 2022 by 1.6 percentage points registering 19.1%, the highest rate since 2019 leading to a wider labor market gender gap. Additionally, male unemployment rate registered a slight increase of about 0.2 percentage point reaching 5.2% in Q3 2022. However, on an annual basis, the latter decreased by 0.7 percentage point from 5.9% in the same quarter of 2021. While, female rate increased considerably in Q3 2022 by 3.8 percentage points compared to 15.3% registered in Q3 2021.

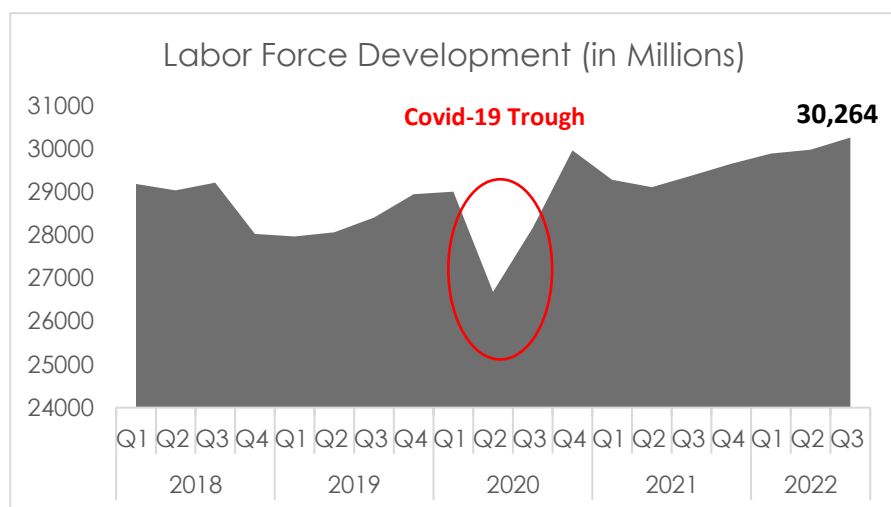


Both Rural and Urban Unemployment Rates Followed an Upward Trajectory in Q3 2022...

Urban unemployment rate recorded approximately at 11% in Q3 2022 up from 10.6% in the previous quarter and down from 11.4% in Q3 2021. Similarly, rural unemployment rate reached 4.7% versus 4.5% in Q2 2022 and 4.4% in Q2 2022. Such dynamics reflect that rural and urban were both affected in Q3 2022.

Labor Force Dynamics...

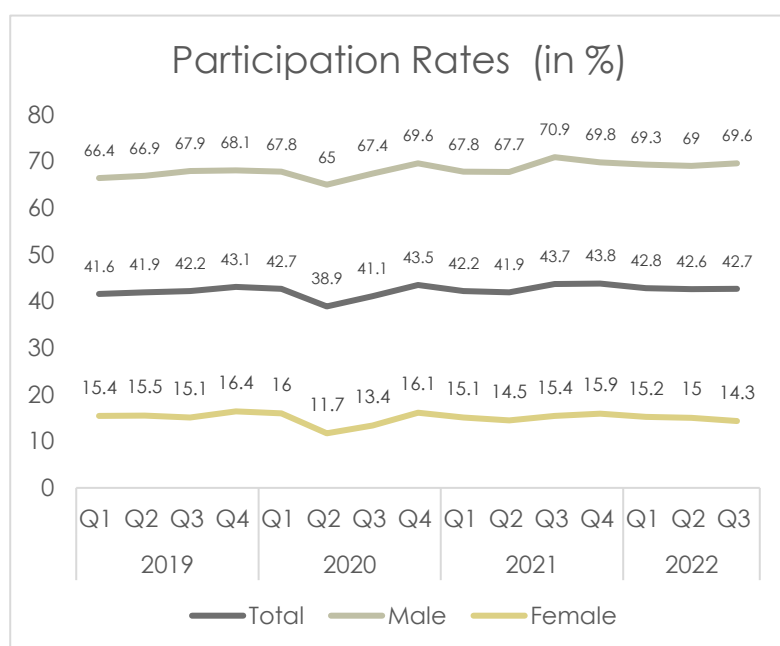
The labor force marginally inched up in Q3 2022 by 0.9% registering approximately 30.3 million for Q3 2022 compared to 29.9 million during the previous quarter, and recorded a 3% Y-o-Y increase.



Source: CAPMAS, Press release, Q3 2022

Female Participation rate Retreated Continuously...

Total participation rate rose slightly to 42.7% in Q3 2022 compared to 42.6% in Q2 2022. As male participation rate approached 70% in Q3 2022 up from 69% in Q2 2022. While female participation rate declined continuously since Q4 2021 from approximately 16% reaching 14.3% in Q3 2022.



Source: CAPMAS, Press release, Q3 2022

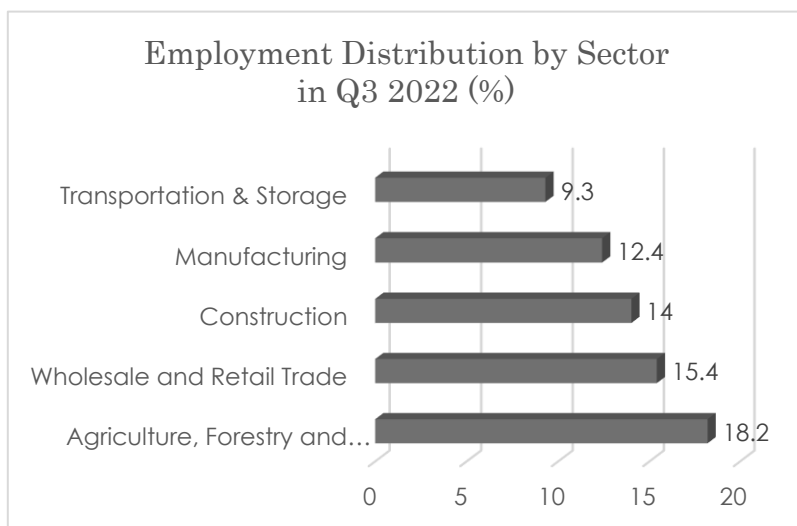
Construction Sector: Most Labor-Attractive Sector in Q3 2022...

The construction sector had the lion share among the labor attractive sectors during Q3 2022, absorbing about 239 thousand workers. The wholesale and retail sector followed, intaking 131 thousand workers. Then, the food and accommodation sector which accounted for 92 thousand workers. The list missed the productive sectors like manufacturing and agriculture.



Source: CAPMAS, Press release, Q3 2022

Same Sectoral Employment Share Rankings in Q3 2022



Source: CAPMAS, Press release, Q3 2022

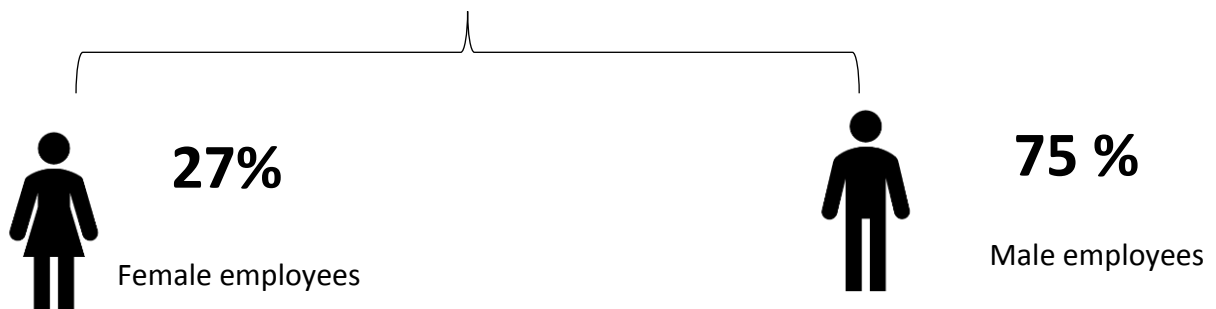
When comparing the sectoral employment shares with the previous quarter, the rankings did not change. However, the percentages were not the same. The agriculture sector remained at first place with a share of 18.2% approximately. Wholesale and retail came second accounted for 15.4% of workers. Construction accounted for 14% and manufacturing share registered only 12.4%.

New Features Unfolded from the Tertiary Graduates Survey 2021...

ILO and Baseera conducted a survey using novel data from the 2021 employment of tertiary education graduate survey. The aim of the study is to support the development of evidence-based policies and programs to ensure that all young university graduates have the opportunity to realize their full potential.

➤ Persistent Gender employment Gap Scheme:

The employment status highlighted the persistent gender gap employment crisis in Egypt's labor market.

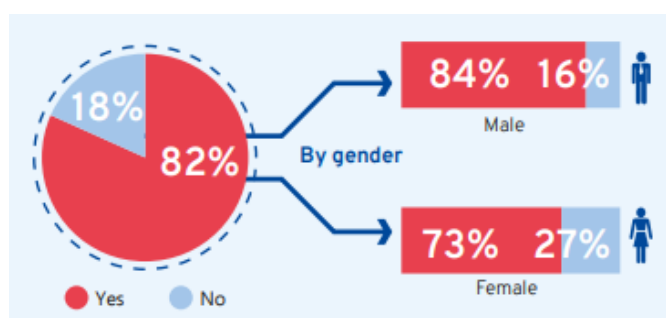


➤ Employed graduates by Field of Specialization (The top 3):



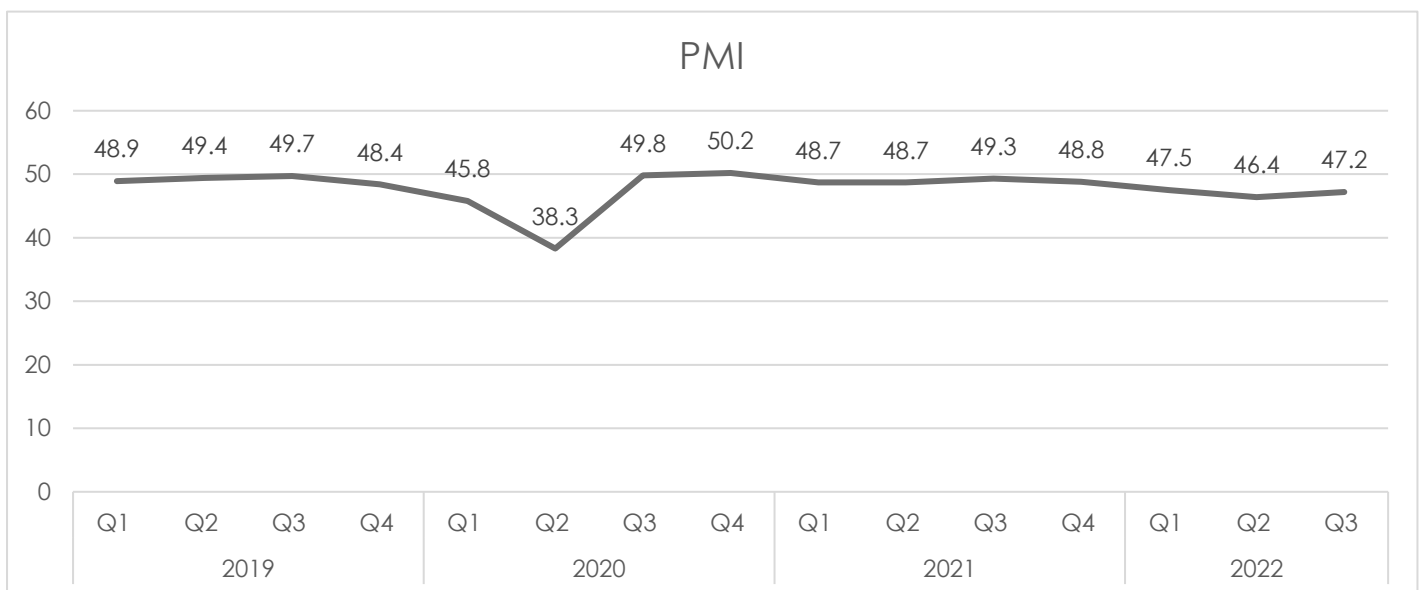
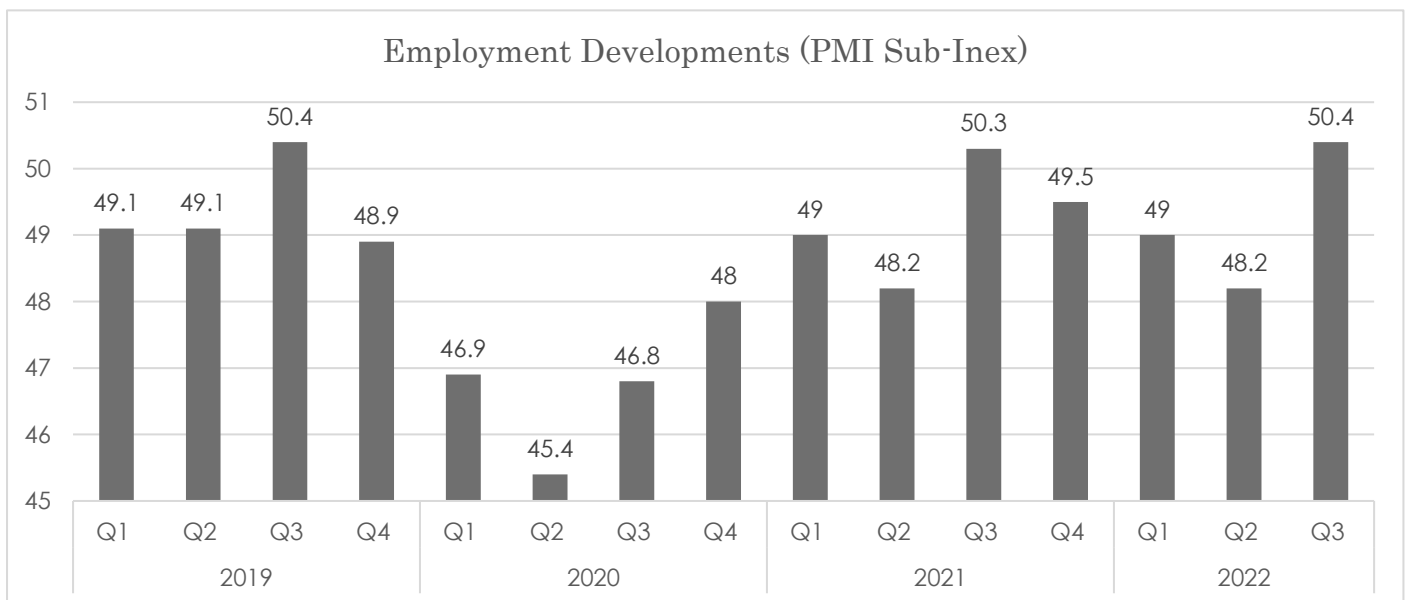
➤ Entrepreneurial Appetite Among Graduates, Yet No Concrete Steps:

Have you thought about opening your own business?



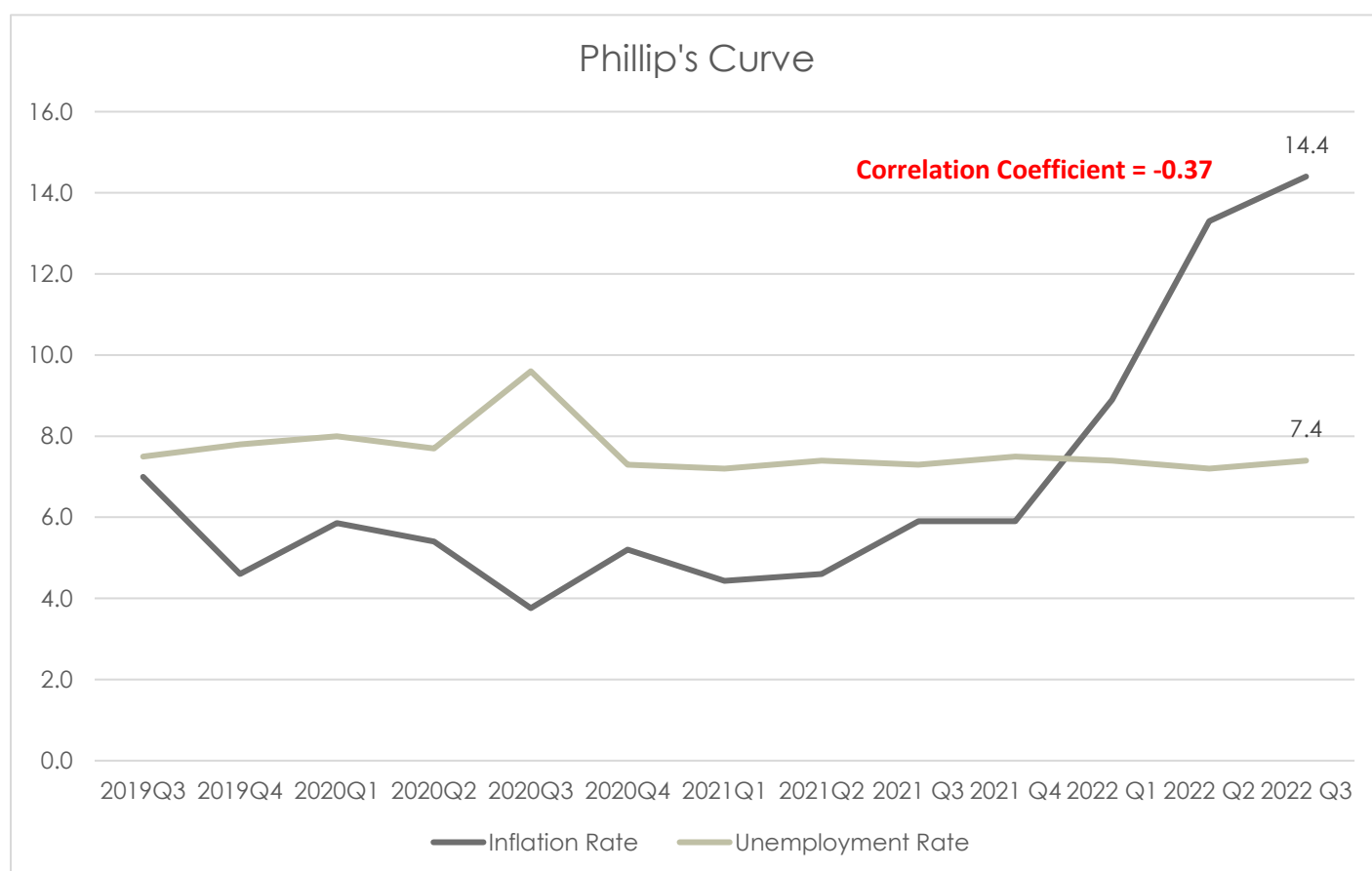
Hike in the Non-oil Private Sector Employment Dynamics during Q3 2022...

On a positive note, the latest non-oil private sector employment data signal the improvement of employment conditions during Q3 2022 where the index reached 50.4. This hike was accompanied by a relative recovery of the overall PMI during the same period registering 47.2, yet still behind the pre-crisis average, which was 49.1 in 2019. That being said, more efforts needed to be implemented in order to improve and enlarge the non-oil private sector real productivity. Along with a set of serious structural changes with special focus on high-tech industries and SMEs through the enhancement of investments climate, exports performance and manufacturing value added.



The Phillip's Curve in Q3 2022...

The Phillip's curve was manifested in Q3 2022, as the inflation rate continue to rise to 14.4% in Q3 2022, while unemployment registered 7.4%. Both are moving in opposite directions, over the period under study. The correlation coefficient between them was negatively significant, taking into consideration the time lag, registering -0.40 approximately, which is theoretically and evidently intuitive. It has been observed that inflation rate has remarkably surged since Q4 2021, even before the Russian-Ukrainian war. Thus, it's safe to say that the crisis had a partial effect on the domestic economic. Whereas, most of the impact as produced from economic fundamentals. In other word, higher liquidity and less production with high imports dependency are considered to be main drivers of inflation.

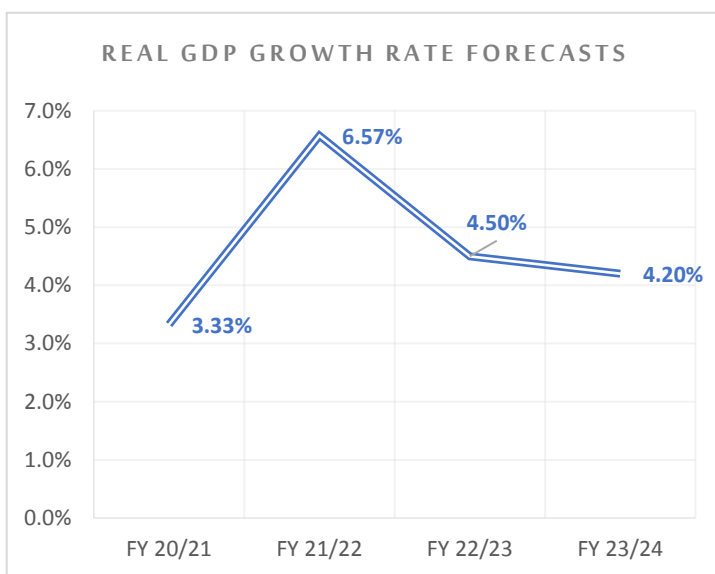


Source: CBE, CAPMAS

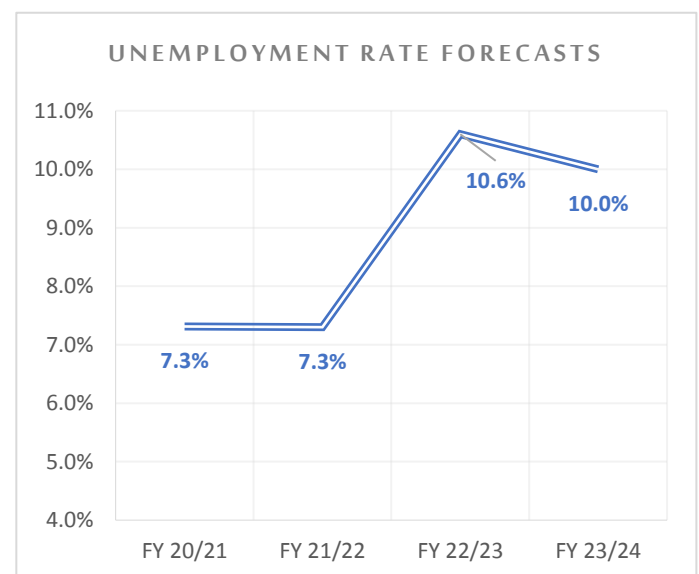
Unemployment, and Economic Growth Forecasts...

The baseline scenario assumes that free floatation of exchange rate measure would have some adverse economic implications in the sense that EGP would depreciate by 36% by June 2023, in comparison to June 2022 ceteris paribus, this will be accompanied by retreatment in real GDP growth rate to 4.5% during FY2022/23, and with the assumption of further depreciation in the EGP, the real GDP growth rate will slightly decline to 4.2% during FY2023/24.

Against this background, the unemployment rate is projected to increase to reach a double-digit during the upcoming two fiscal years, to register on average about 10.6% and 10.0% during FY 2022/23 and FY 2023/24 respectively.



Source: MAP's estimates



Source: MAP's estimates

In the same context, participation rate is also projected to decline considerably to a range between 34% and 36% during the two upcoming fiscal years, compared to about 43% during the FY 2021/22.

Also, the inflation rate either headline or core will be on the upward trajectory and are expected to register double digits during FY2022/23 and FY2023/24, affected primarily from the unfavorable pass-through effect from the recent EGP devaluation.