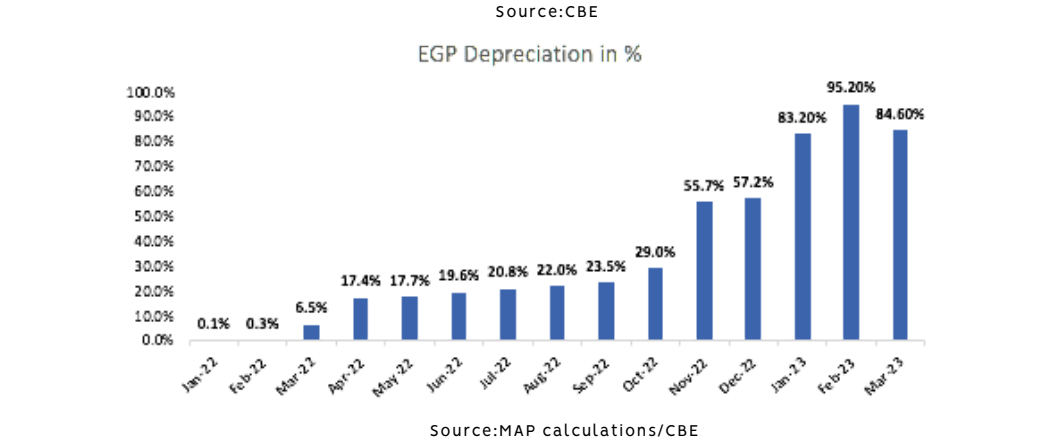
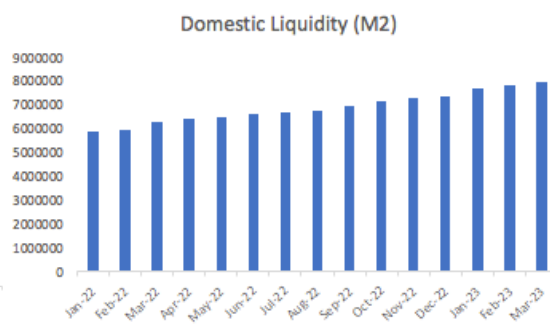
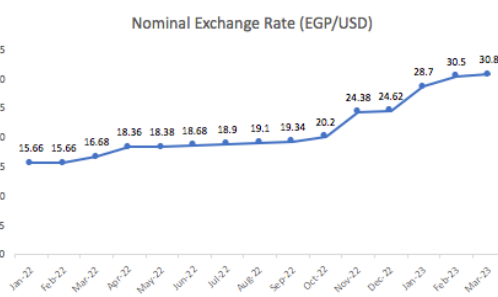
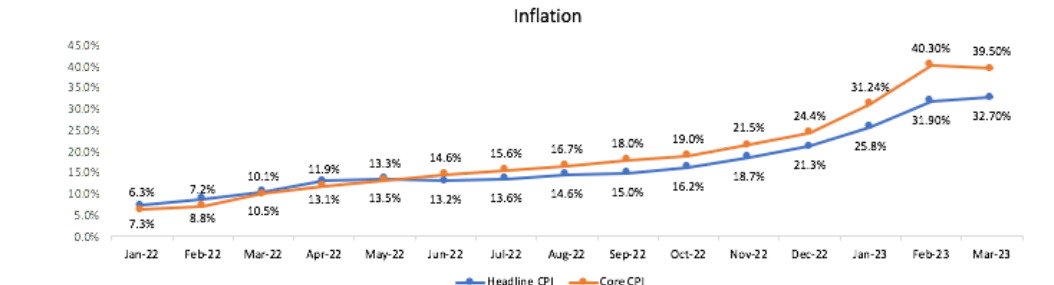




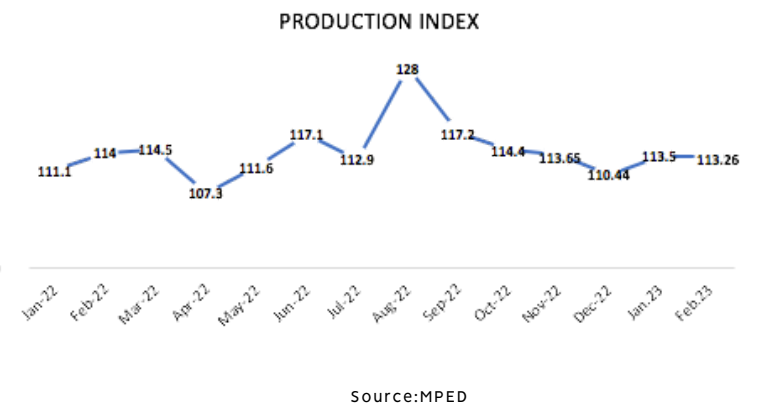
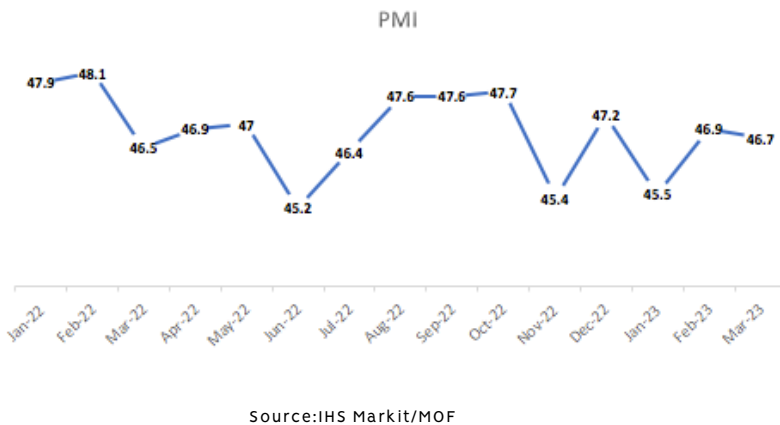
# MONTHLY ECONOMIC REVIEW

## Ongoing inflationary pressure exacerbated by high seasonal demand during the holy month of Ramadan

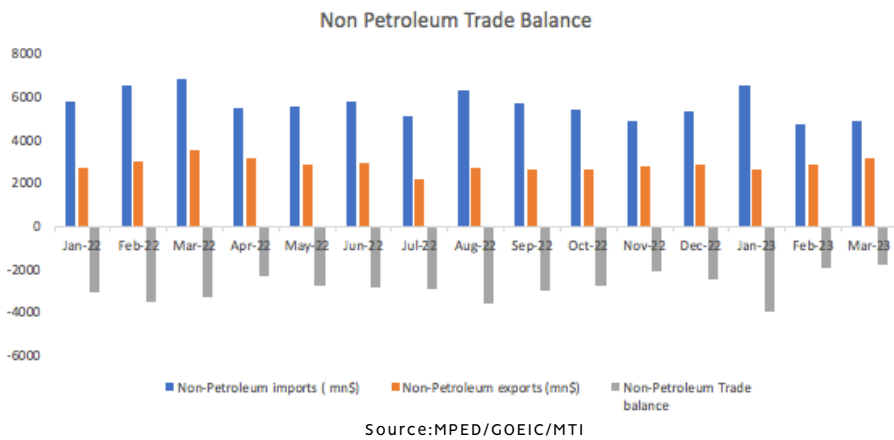
The annual urban inflation rate in Egypt increased in a slower path in March 2023 compared to the previous month where it reached 32.7% up from 31.9% in the February, The biggest upward pressure came from prices of food & non-alcoholic beverages which register 62.9% compared to 61.8% in the previous month, which is mainly driven by high seasonal demand during the holy month of Ramadan along with ongoing exchange rate fluctuation whereas The Egyptian pound weakened against the dollar over the course of February, bringing its total depreciation to almost 84.6% this month. (pass-through effect) Whereas the prices of the cereals and bread group rose by 6.5 percent, meat and poultry group by 5.0 percent, while fish and seafood group rose by 4.9 percent, milk, cheese and eggs group increased by 2.5 percent, fruit group rose by 6.2 percent, vegetables group increased by 14.0 percent, coffee, tea and cocoa group climbed by 4.4 percent, Mineral and carbonated water and natural juices group increased by 3.2 percent, smoke group increased by 0.1 percent. Furthermore, Egypt's annual core inflation rate eased to 39.50% down from 40.26% in the previous month.



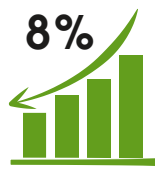
## The Performance of the Non-oil Private Sector



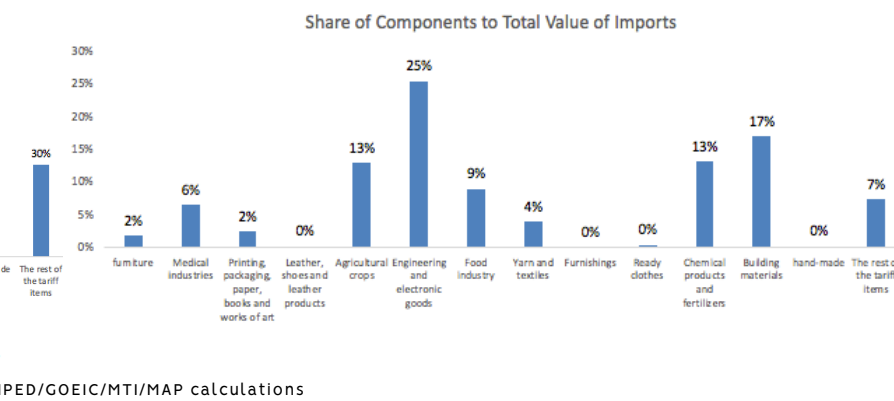
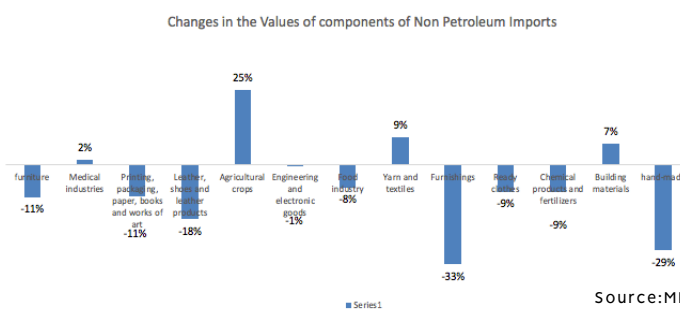
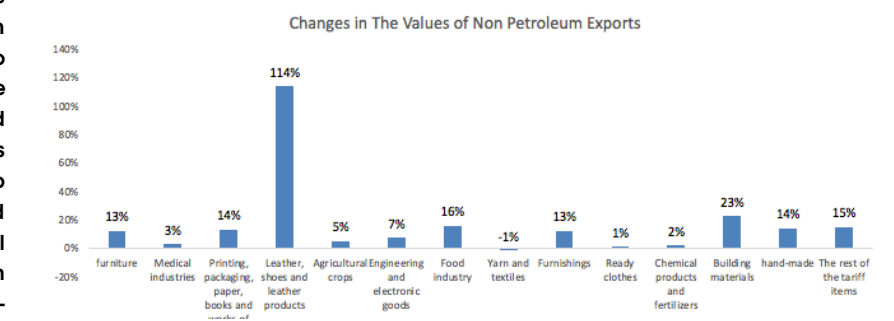
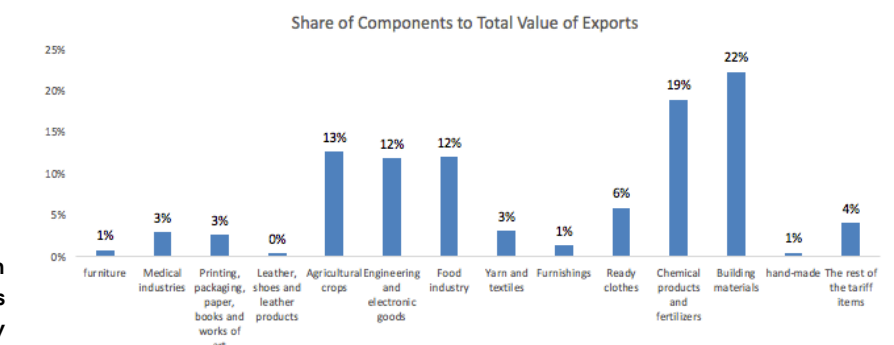
PMI moved further below the 50. whereas, PMI slightly declined to 46.7 this month down from 46.9 in February 2023, the downturn in March was primarily brought on by a significant reduction in new orders because of mounting inflationary pressures which reduced customer demand. along with challenges to secure key inputs as a result of import restrictions and currency restrictions, contributed to a sharp decline in output levels. The aforementioned factors pushed businesses to reduce employment levels in March for the fourth successive month. On the positive side, the services economy had its first uptick in activity since August 2021. Furthermore, the rise in output prices in March was at the softest path in five months. which is mainly driven by the businesses' efforts to sustain demand.



On monthly basis the non-petroleum trade balance deficit decreased by 8%



The non-petroleum trade balance deficit reached \$1745 mn during March 2023 down from \$1894mn for the previous month a decrease of 8%.the value of exports increased by 10%, reaching \$3175mn, up from \$2883mn in the previous month due to the increased value of some commodities such as Building materials which rose by 23% and it's worthy to mention that they contribute with the largest share to the value of total non-petroleum exports by around 22%.Meanwhile, the value of non-petroleum imports increased by only 3%, reaching \$4920mn in February 2023 up from \$4777mn in February 2023 due to the decreasing trend in the values of some commodities including Chemical products and fertilizers which declined by 9% and it's worth noting that they contribute to the value of total non-petroleum Imports by around 13% .



## External Sector

Egypt's net foreign reserves increased by \$0.1 billion, bringing the total to \$34.4 billion by the end of March 2023. However, net international reserves had not fully recovered compared to its level in February 2022 of \$41 billion. Net international reserves cover approximately 4.5 months of imported goods and 3.8 months of imported goods and services. As the net international reserves coverage decreased significantly from more than 7 months in March 2021 to around 4 months in March 2023 owing that to skyrocketing global inflation caused by the Russian-Ukraine war, combined with supply-chain disruption.

