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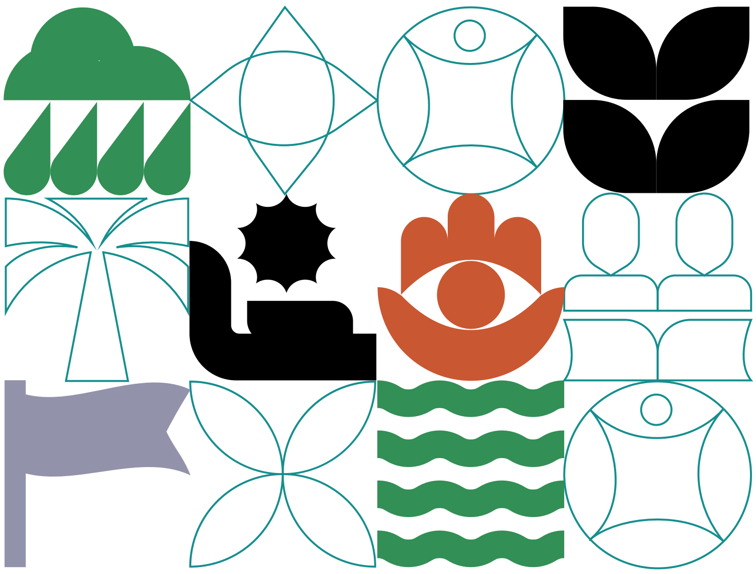


THE QUARTERLY GDP NOTE - Q1 FY 2025/2026

ANALYZING GROWTH MOMENTUM, SECTORAL PERFORMANCE, & INVESTMENT TRENDS

FOR THE 1ST TIME IN MORE THAN THREE YEARS, EGYPT'S QUARTERLY GDP GROWTH EXCEEDED 5% IN THE 1ST QUARTER OF FY2025/2026, REACHING 5.3%

- Egypt's growth momentum continued to strengthen in the first quarter of FY 2025/2026, with Gross Domestic Product (GDP) expanding by 5.3 percent, up from 3.5 percent a year earlier and marking the strongest quarterly performance in over two years. This acceleration reflects the tangible impact of ongoing economic and structural reforms that are bolstering the real economy, crowding in private-sector activity, and steering the growth model toward tradable, high-productivity sectors such as manufacturing, tourism, and telecommunications.

- Growth in the first quarter of FY2025/2026 was driven by a notable acceleration in several tradable sectors, most prominently non-oil manufacturing, information and communications technology, and tourism. In addition, activity in the Suez Canal recorded a positive growth rate for the first time since the second quarter of FY2023/2024, reflecting a gradual recovery in transit flows.

- It is worth noting that this positive performance reflects an economic model anchored in high-productivity tradable sectors with strong export potential, capitializing on Egypt's robust infrastructure. This model is underpinned by the National Structural Reform Program, as detailed in as outlined in detail in "Egypt's Narrative for Economic Development: Reforms for Growth, Jobs, and Resilience."[1] Since July 2024, more than 60 structural reforms have been implemented across the various pillars of the structural reform program, reinforcing the shift toward a more competitive and export-oriented growth path.

- In this context, non-oil manufacturing, communications and information technology, and tourism recorded growth rates of 14.5%, 14.5%, and 13.8%, respectively, during the first quarter. Other sectors also witnessed notable improvements, including financial intermediation, insurance, electricity, wholesale and retail trade, and construction, which collectively reinforced the quarter's overall growth performance.

- Regarding the non-oil manufacturing activity, which is one of the key drivers of Egypt's economic growth, particularly given its ability to convert production expansion into actual exports, the sector continued to grow during the first quarter of fiscal year 25/2026, recording a growth rate of 14.5%. The achieved growth reflects improvements in both domestic and external demand, an expansion of production capacity, and a more favorable industrial business environment, particularly in light of the implementation of relevant structural reforms.

[1] To access "Egypt's Narrative for Economic Development: Reforms for Growth, Jobs and Resilience": https://mped.gov.eg/NationalNarrative

- The communications and information technology activity recorded a growth rate of 14.5% during the first quarter, driven by the government's strategy to transform it from a service-oriented sector into a technology-based, production-oriented sector focused on outsourcing, as well as its role in boosting Egypt's digital exports.

- Tourism activity recorded robust growth of 13.8 percent in the first quarter compared to the same period of the previous fiscal year. This strong performance reflects the continued support provided to the sector through enhancements to service quality, upgraded tourism-related infrastructure, improvements in transport systems, and sustained efforts to promote Egypt as a global destination. This upward trend is expected to continue following the official opening of the Grand Egyptian Museum, which is projected to attract around 5 million visitors annually, further strengthening Egypt's position as a major international tourism hub and supporting sectoral growth in the period ahead.

- For the first time since the second quarter of fiscal year 23/2024, Suez Canal activity achieved positive growth of approximately 8.6%, supported by the gradual return of stability in the Red Sea region. This contributed to the restoration of confidence among global shipping companies, which resumed relying on the Suez Canal as a primary route, in addition to the Suez Canal Authority's efforts to provide incentives to encourage navigation through the Canal.

- On the other hand, extraction activities continued to decline in the first quarter of fiscal year 25/2026, contracting by 5.3% due to a 6.6% decrease in petroleum activity and a 10.9% contraction in natural gas activity. However, the pace of decline has started to slow compared to the same quarter of the previous fiscal year, when the extraction sector contracted by 8.9%, reflecting recent gas field discoveries and exploratory drilling efforts.

- On the expenditure side, investment contributed a positive 2.45 percentage points to growth, reflecting the notable improvement in capital formation. This development signals a recovery in investor confidence and highlights the growing role of capital accumulation in supporting Egypt's economic expansion.

- Total investment rose to EGP 278.7 billion at constant prices, up from EGP 224.3 billion in the previous year, recording a growth rate of 24.2 percent. Real private investment expanded markedly by 25.9 percent, accounting for 66 percent of total investment, its highest share in comparable periods, while public investment represented the remaining 34 percent. This composition reflects a clear policy shift toward stronger governance of public investment, while creating greater space for private-sector participation.

- Although net exports continued to weigh on growth, contributing -1.78 percentage points, this nonetheless represents a significant improvement compared to the -3.25 percentage points recorded in the corresponding quarter of the previous fiscal year, indicating a gradual rebalancing in external sector dynamics.

- Regarding the structure of merchandise exports, the first quarter of FY 25/2026 exhibited mixed performance across commodity groups. Exports of finished goods grew, including ready-made garments (24.8%) and processed food products (29.9%). Semi-finished goods also recorded a strong growth of 21.4%, driven by an increase in exports of oils and fats.

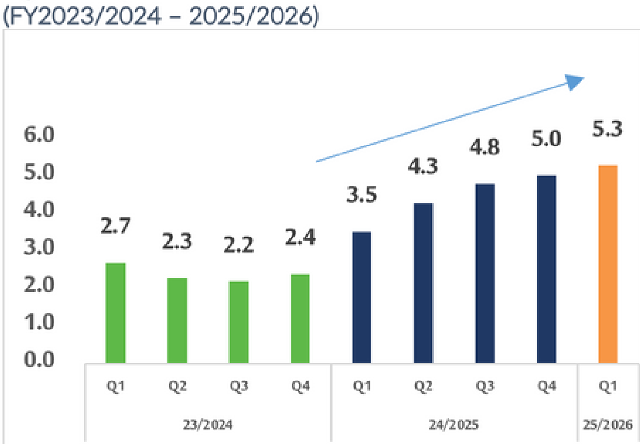
- As for merchandise imports, performance varied across categories. Imports of intermediate goods fell by 16.7% due to sharp declines in imports of iron and steel raw materials (–35.4%) and raw sugar (–56.5%). Imports of raw materials decreased by 9.9%, led by a notable decline in wheat imports (–21.5%). Meanwhile, durable consumer goods recorded strong growth of 34.9%, supported by a significant increase in passenger car imports (60.3%).

- Preliminary economic indicators point to a positive outlook for GDP growth in FY2025/2026, with projections placing growth at no less than 5 percent and upside risks tilted toward even stronger performance. This outlook is supported by improving macroeconomic stability and the continued implementation of economic and structural reforms aimed at strengthening the real economy and expanding productive capacity, where “macroeconomic stability enables structural reforms, while reforms reinforce stability, laying the foundation for sustainable growth.” Moreover, a more stable regional environment, bolstered by the efforts of the political leadership, is expected to further enhance confidence and support economic activity in the period ahead.

GDP growth rose to 5.3 percent in the first quarter of FY2025/2026, compared with 3.5 percent in the corresponding quarter of FY2024/2025. This accelerated performance was supported by the continued implementation of economic and structural reforms aimed at strengthening the real economy, empowering the private sector, and shifting the growth model toward higher-productivity sectors such as manufacturing, tourism, and telecommunications.

It is worth noting that this positive performance reflects an economic model anchored in high-productivity, tradable sectors with strong export potential, supported by the significant progress made in upgrading Egypt's infrastructure. This model is underpinned by the National Structural Reform Program, as detailed in the "National Economic Development Narrative: Policies for Growth and Employment." In this context, more than 60 structural reforms were implemented between July 2024 and October 2025. Table 2 in the annex provides examples of the structural reforms carried out across the various pillars of the National Structural Reform Program.

Figure 1: Quarterly Growth Rates of GDP at Constant Prices (FY2023/2024 – 2025/2026)



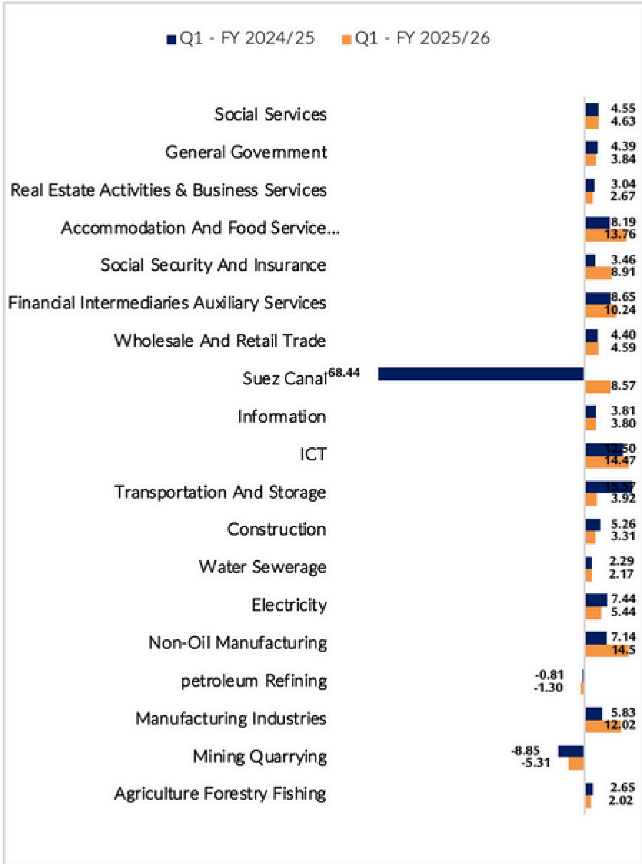
Source: Ministry of Planning, Economic Development and International Cooperation

Non-oil manufacturing and communications and information technology activities recorded the highest growth in the first quarter, with a growth rate of 14.5%. This was followed by the restaurants and hotels activity, which grew by 13.8%, reflecting the government's strategy to shift the economy toward higher-productivity sectors.

Sectoral Growth Rate in Q1 25/2026

In light of economic policies aimed at enhancing macroeconomic stability, the Egyptian economy recorded notable growth across a number of sectors, which has positively contributed to the recent evolution of GDP (Figure 2).

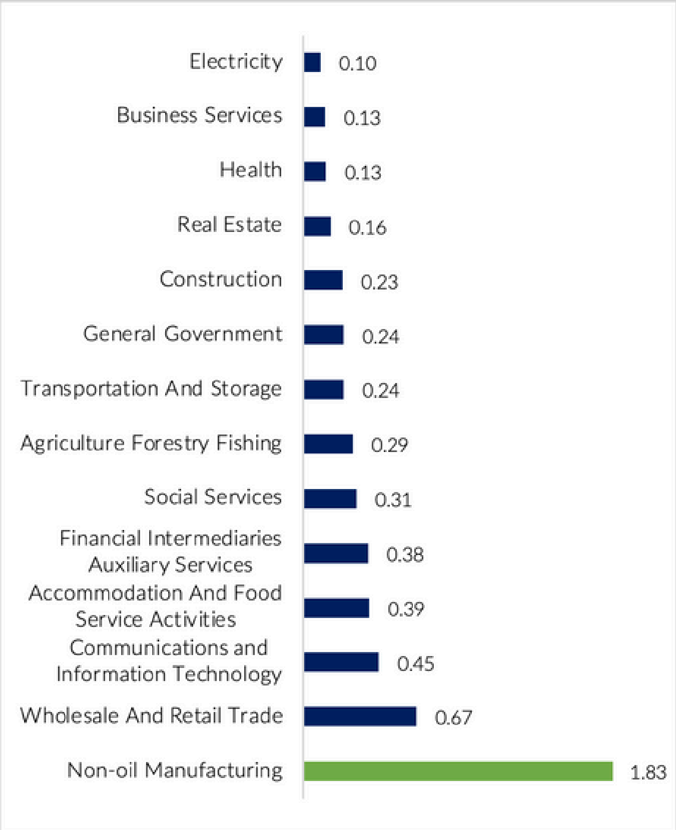
Figure 2: Sectoral Growth Rate (%) (Q1_FY2024/2025 - 2025/2026)



In the first quarter of fiscal year 25/2026, the **non-oil manufacturing activity** continued to grow, achieving a growth rate of 14.5% compared to the same period of the previous fiscal year, when it recorded a growth rate of approximately 7.1%. The growth reflects improvements in both domestic and external demand, an expansion of production capacity, and a more favorable industrial business environment, particularly supported by ongoing structural reforms. Non-oil manufacturing remained the largest contributor to GDP growth during the quarter, accounting for approximately 1.8 percentage points of the total growth of 5.3% (Figure 3).

Figure 3: Contribution to GDP Growth (pp) during Q1 FY2025/2026

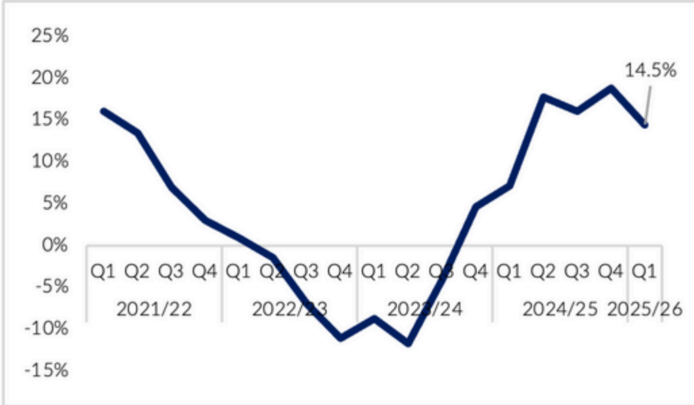
Source: Ministry of Planning, Economic Development and International Cooperation



The growth in the manufacturing activity was driven by an increase in industrial production, as reflected in the growth of the non-oil industrial production index, which averaged 14.5% during the first quarter of fiscal year 25/2026 (Figure 4). Motor vehicle manufacturing, the chemical products industry, beverages, furniture, pharmaceuticals and medicinal chemicals, and ready-made garments recorded growth rates of 50%, 44%, 37%, 34%, 19%, and 17%, respectively. It is worth noting that the rise in the index reflects a real increase in production volume, rather than merely price changes, underscoring the genuine performance of the sector.

This industrial growth is expected to continue, particularly driven by the mobile phone industry, with projections of manufacturing more than 10 million mobile devices in 2025, compared to only 3.3 million devices in the previous year. This reflects the government's efforts to localize various industries, especially high-tech sectors.

Figure 4: Industrial Production Index Growth Rate



Source: CAPMAS

Moreover, the robust performance of the non-oil manufacturing activity in the first quarter of fiscal year 25/2026 was driven by strong results in several exportable activities, which successfully converted production expansion into actual exports. Semi-finished exports grew by 8.4% and 34.1% in July and August, respectively, while finished exports recorded growth rates of 2.8% and 2.4% during the same months.

At the sub-industry level, pharmaceutical and medicinal products exports increased by 1.3% in July 2025, while sanitary paper exports rose by 48% in July and by 51.6% in August. Ready-made garments also showed exceptional performance, with exports increasing by 29.1% in July 2025 and by 20.6% in August, representing some of the highest growth rates among finished goods.

This performance reflects the sector's ability to directly translate production expansion into exports, benefiting from the flexibility of domestic supply chains and stable demand in Gulf and European markets.

Wholesale and retail trade emerged as the second-largest contributor to growth in the first quarter of FY2025/2026, supported by continued improvements in domestic demand and higher market activity. The strong rebound in the tourism sector during the quarter also boosted demand for consumer goods and retail services in key tourist destinations. In addition, the sector benefited from the expanding role of e-commerce, which continued to support trading volumes and distribution activity.

The communications and information technology activity achieved notable growth of 14.5% during the first quarter of fiscal year 25/2026, driven by the government's strategy to transform it from a service-oriented sector into a technology-based, production-oriented industry focused on outsourcing, as well as its role in boosting Egypt's digital exports. Substantial investments in digital infrastructure, alongside significant increases in average internet speed, have further supported the expansion of digital services and the broadening of the user base.

As a result of these sectoral developments, Egypt was awarded the Regional Leadership Award for Internet Domain Development by the Arab Information and Communication Technologies Organization during the Telecommunications Sector Regulators Conference, recognizing its efforts in implementing and adopting plans for the transition to Internet Protocol Version 6 (IPv6).

Several other economic activities also recorded positive growth during the first quarter of fiscal year 25/2026. In this context, **the restaurants and hotels (tourism) sector grew by 13.8%,** benefiting from sustained support aimed at enhancing service quality and tourism infrastructure, improving transportation systems, attracting tourist arrivals, and promoting Egypt as a tourism destination.

Digital transformation has further reinforced growth in the sector, as the Ministry of Tourism and Antiquities adopted a modern strategy leveraging artificial intelligence to enhance the promotion of Egyptian tourist destinations, aiming to improve the visitor experience and attract a broader range of tourists through innovative marketing campaigns.

These efforts to strengthen tourism growth were reflected in Egypt's international rankings. Egypt continued to top the list of leading tourist destinations in Africa for the third consecutive year, according to the 24/2025 Nation Brand Performance ranking issued by the World Economic Forum's consulting firm, Bloom. Similarly, Egypt jumped six positions in the global ranking, to become one of the top 25 countries in the international ranking in terms of tourism performance, reflecting Egypt's success in overcoming the effects of geopolitical tensions and the return of Egyptian tourism to the global scene.

These efforts have also translated into tangible sectoral indicators. The number of tourist nights reached 58.7 million nights, compared to 51.6 million nights in the corresponding quarter of the previous fiscal year, representing growth of 13.8% (Figure 5). Tourist arrivals also increased to 5.1 million visitors during the first quarter of the current fiscal year, compared to 4.3 million visitors in the same quarter of the previous year.

It is worth noting that tourist nights saw a clear surge, averaging 44.8 million nights per quarter during the previous fiscal year, with the highest quarter reaching 51.6 million nights (first quarter). In the first quarter of the current fiscal year, tourist nights reached 58.7 million, indicating the sector's strong momentum. Tourist nights are expected to continue rising over the coming quarters, particularly following the opening of the Grand Egyptian Museum, which is projected to attract around 5 million visitors annually. This is likely to result in a significant increase in both visitor numbers and tourist nights.

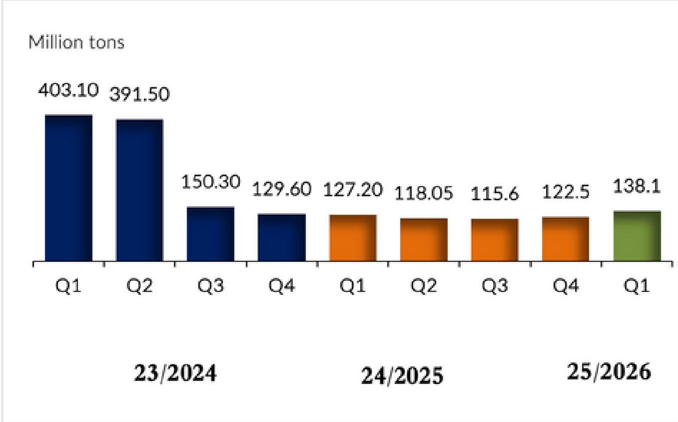
Figure 5: Number of tourist nights

Suez Canal activity recorded positive growth for the first time since the second quarter of fiscal year 23/2024. Negative growth had begun in the third quarter of 23/2024 due to geopolitical tensions in the Red Sea region, which negatively affected the number of vessels transiting the canal. The sector achieved a growth rate of approximately 8.6% in the first quarter of fiscal year 25/2026, supported by the gradual return of stability in the Red Sea, helping to restore the confidence of global shipping companies and resume relying on the Suez Canal as a primary route.

In this context, navigation indicators showed relative improvement in the number of vessels and their tonnage compared to the same period in the previous year. This followed ongoing efforts by the Suez Canal Authority to encourage transit through the canal, including incentives and discounts of up to 15% for container ships with a net tonnage exceeding 130,000 tons. Infrastructure development in the southern part, including expansion and dual tracking, increased capacity by 6–8 additional vessels, enhanced navigational safety, and reduced the impact of water currents on vessel movement, thereby strengthening the canal's operational capability.

Furthermore, the total tonnage of vessels transiting the canal in the first quarter increased by 8.6%, reaching 138.1 million tons compared to approximately 127.2 million tons in the same quarter of the previous fiscal year (Figure 6). Canal revenues at current prices rose by 13.1%, reaching 1.1 billion USD in the first quarter of fiscal year 25/2026, compared to approximately 975 million USD in the corresponding quarter of fiscal year 24/2025. The number of vessels also increased by 2.5% during the quarter, reaching 3277 vessels, compared to 3196 vessels in the same quarter of the previous fiscal year.

Figure 6: Tonnage of vessels passing through the Suez Canal

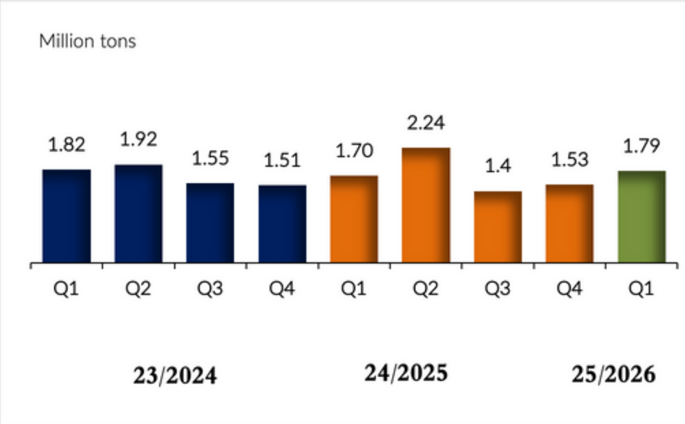


The insurance activity recorded notable growth during the quarter, reaching approximately 8.9%, driven by an increase in total insurance premiums at current prices, which rose to 31 billion EGP compared to around 25 billion EGP in the same quarter of the previous fiscal year, representing a growth rate of 22%.

This growth reflects efforts in financial and insurance inclusion and digital transformation within the sector, including the establishment of the first digital platform for investment in real estate fund policies and the launch of the first electronic payment platform for non-banking financial institutions, aiming to quadruple the size of the insurance sector in the coming period. Additionally, efforts were made to expand insurance coverage, integrating Egyptians abroad and their families into social insurance networks through personal accident insurance policies and the "Your Insurance in Egypt" initiative.

The construction activity also recorded growth of approximately 3.3%. In specific, regarding building materials, steel sales rose by 5.5% to 1.8 million tons in the first quarter of fiscal year 25/2026, compared to 1.7 million tons in the corresponding quarter of the previous fiscal year (Figure 7). Cement sales, however, experienced a slight decline of 1.3%, reaching 11.3 million tons in the quarter, compared to 11.4 million tons in the same quarter of the previous fiscal year.

Figure 7: Quantity of steel sales

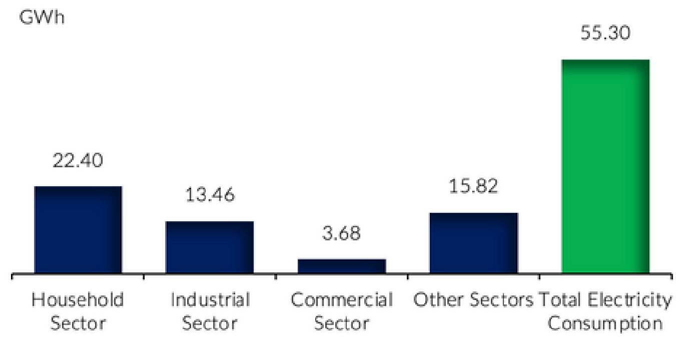


As a result of the continued investments in infrastructure, housing, and new energy projects, employment in the construction sector accounted for 11.8% of total workers during the first quarter of the current fiscal year, reaching 3.8 million out of a total workforce of 32.5 million.

The electricity activity recorded a growth rate of 5.4%, driven by an increase in electricity consumption across various sectors, reaching 55.3 GWh during the first quarter compared to 52.5 GWh in the corresponding quarter of the previous fiscal year. Consumption levels are typically higher in the first quarter as it covers the summer months, during which production and demand rise noticeably compared to other quarters of the year.

In this regard, electricity consumption in the commercial sector increased by 12.6% to reach 3.7 GWh during the quarter, while household consumption rose by 4.3% to 22.4 GWh, reflecting an expansion in service and retail activities as well as population growth and urban development. The industrial sector recorded moderate growth of 3.2%, with consumption reaching 13.5 GWh, while other entities witnessed a growth rate of 7.3%, reaching 15.8 GWh (Figure 8).

Figure 8: Electricity consumption during Q1 25/26

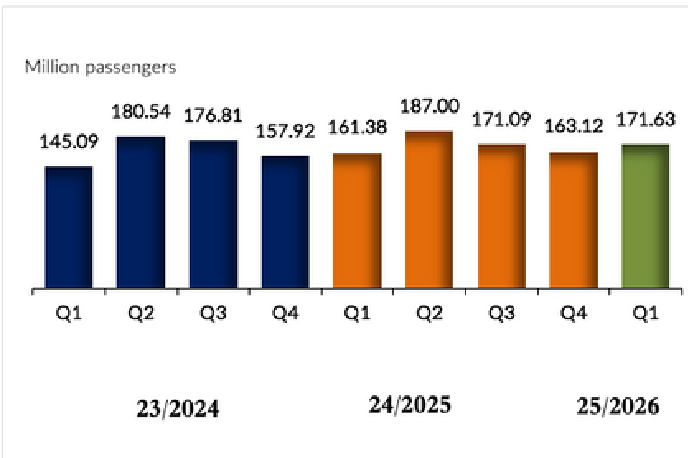


Source: Egypt Electricity Holding Company.

The transportation and storage activity achieved positive growth during the first quarter of fiscal year 25/2026, reaching 3.9%, supported by substantial investments in infrastructure and ongoing efforts to develop road networks, railways, ports, and logistics hubs.

The sector's growth was driven by an improvement in several key indicators: the number of railway passengers increased by 2.5% to reach 58.4 million passengers during the first quarter of the current fiscal year, compared to 57 million in the same quarter of the previous year. Road passengers also increased, reaching 60.1 million passengers compared to 59.9 million in the corresponding quarter of the previous fiscal year. In addition, metro passengers rose to 171.6 million passengers compared to 161.4 million, marking a growth rate of 6.4% (Figure 9).

Figure 9: Number of metro passengers



In addition to the above, the activities of financial intermediation, social services, wholesale and retail trade, and general government recorded positive growth rates of 10.2%, 4.6%, 4.6%, and 3.8% respectively. This reflects the diversified sources of Egypt's economic growth, in line with the state's vision to broaden the economic structure and promote development across all sectors.

On the other hand, the output of the **extractive activity continued to contract,** declining by 5.3%, driven by a contraction of 6.6% and 10.9% in oil and natural gas activities, respectively, during the first quarter of FY 25/2026 compared to the corresponding quarter of the previous fiscal year. In this context, domestic production of crude oil, condensates, and butane fell to 6.5 million tons during the quarter, down from 6.9 million tons in the corresponding quarter of FY 24/2025, reflecting a decline of 6.6%. Domestic natural gas production also decreased to around 8 million tons, compared to 9 million tons in the same quarter of FY 24/2025, with a contraction of 10.9%.

It is worth noting that the pace of contraction has begun to ease, supported by recent gas field discoveries, exploratory drilling activities, and the addition of two new wells in the Mediterranean (West Delta) to the natural gas production map, with a combined production of up to 60 million cubic feet per day. Moreover, domestic crude oil production is expected to increase in the coming period following a new petroleum discovery in the Gulf of Suez, with an initial production estimated at around 3,000 barrels of crude oil per day from the exploratory well "Crystal North East Ramadan."

In addition, 75 new oil and gas discoveries have been made since August, and 383 new wells have been added to the production map. These developments have contributed to increasing production capacity by 1.1 billion cubic feet of natural gas and about 200,000 barrels of crude oil per day, while saving approximately USD 6.7 billion in petroleum and gas import costs.

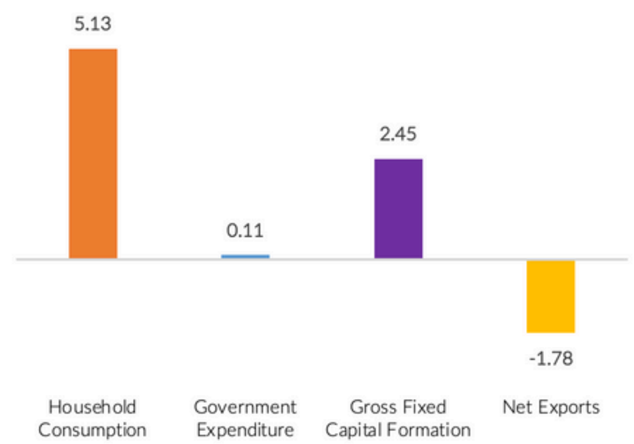
GDP by Expenditure Components

The first quarter of FY 25/2026 indicates that **real GDP** reached approximately EGP 2.34 trillion, compared to EGP 2.23 trillion in the first quarter of FY 24/2025. This level of growth is significantly higher than that recorded in the corresponding period of the previous year and reflects the beginning of the expansionary phase in economic activity at the start of the fiscal year.

It is worth noting that investment and changes in inventories recorded a positive contribution of 2.45 percentage points, reflecting the improvement in capital formation, an indicator of the recovery of investor confidence and the strengthening role of capital formation in supporting Egypt's economic growth. Meanwhile, the contribution of government consumption remains limited at 0.11 percentage points (Figure 10).

This occurred despite net exports continuing to indicate a negative contribution of –1.78 percentage points, regardless of the relative improvement observed in some export components.

Figure 10: Contribution to GDP Growth by Expenditure Components in Percentage Points (Q1 FY25/2026)



Source: Ministry of Planning, Economic Development, and International Cooperation.

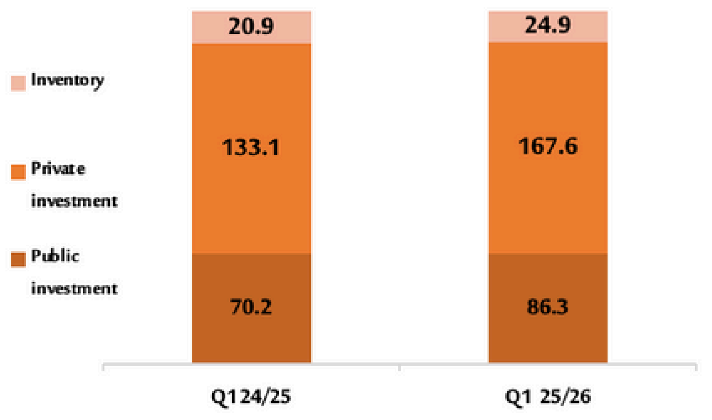
The first quarter of FY 25/2026 indicates a notable improvement in **investment**, with total executed investments rising to approximately EGP 278.7 billion, compared to about EGP 224.3 billion in the corresponding period of the previous year, achieving a growth rate of 24.3%.

It is evident that private investment was the main driver of this growth, recording a growth rate of 25.9% and reaching EGP 167.6 billion, accounting for roughly 66% of total investment, the highest level recorded in comparable periods. This performance reflects the private sector's increasing tendency toward expanding investment projects, alongside growing confidence in the economic environment (Figure 11).

Conversely, public investment recorded a more moderate growth rate rising to approximately EGP 86.3 billion, which reduced its share of total investment to around 34%. This trend indicates a clear shift toward rationalizing public investment and limiting broad expansion in favor of prioritizing high-impact projects, while allowing greater room for the private sector to strengthen its role in investment activity (Figure 12).

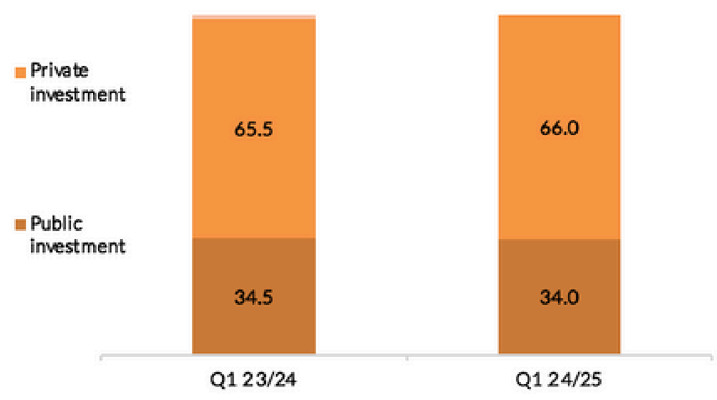
This improvement in investment, particularly private investment, constitutes one of the key factors supporting economic growth at the beginning of the fiscal year. It also reflects a positive structural shift in the distribution of roles between the public and private sectors, in favor of enhancing investment efficiency and securing more sustainable growth in the period ahead. This direction is consistent with ongoing reform policies aimed at reducing pressures on the public budget and broadening the base of economic participation.

Figure 11: Total investments at constant prices (billion pounds)



Source: Ministry of Planning, Economic Development, and International Cooperation.

Figure 12: Investments implemented (%)



Source: Ministry of Planning, Economic Development, and International Cooperation.

External trade data for the first quarter of FY 25/2026 indicate that exports of goods and services increased by 1.3%, while imports of goods and services grew by 9.4%.

The structure of **merchandise exports** in the first quarter of FY 25/2026 shows a significant level of diversification; however, the largest share remains concentrated in a limited number of commodity groups. Finished goods represent the main component of total exports, accounting for approximately 56.2%, followed by semi-finished goods at nearly 25%, fuel at around 10.9%, while raw materials represent only about 7.7%. This indicates that the export structure has become largely dependent on manufacturing industries, with a relatively limited contribution from raw materials and energy to total export revenues.

The growth rate of exports of finished goods reached around 2.6% during the first quarter of FY 25/2026. Processed food preparations recorded a notable increase of 29.9%, and ready-made garments posted a growth rate of 24.8%. In contrast, some industrial items saw declines in their export performance, such as fertilizers, which decreased by 39%, and iron bars, whose exports fell by around 42.5% due to rising domestic demand from the construction sector accompanying its expansion. Meanwhile, semi-finished goods achieved substantial growth of 21.4%, driven by vegetable and animal oils and fats, which recorded a strong increase of 18.4%.

As for fuel products, most components witnessed declines: crude oil exports fell by 22.7%, petroleum products by 1%, and natural gas and gas by 0.2%.

On the imports side during the first quarter of FY 25/2026, it is evident that intermediate goods constitute the largest component of the import structure, accounting for approximately 30.4% of the total, followed by fuel at around 27.2%. Non-durable consumer goods represent about 14.8%, while capital goods account for 13.7%. Raw materials make up roughly 9.2% of total imports, whereas durable consumer goods constitute the smallest share at only 4.58%.

This composition points to a notable expansion in imports associated with direct consumption, alongside a relatively limited role for raw materials and durable goods within the overall import structure.

Despite their relatively high importance, intermediate goods recorded a significant decline of 16.7% in import value. This contraction reflects broad-based decreases across most components of the group: imports of primary plastics fell by 8.4%; raw sugar imports dropped sharply by 56.5%; and imports of iron and steel, and copper and their products decreased by 35.4% and 31.1%, respectively. Conversely, fuel imports increased by 31.1%, driven by a substantial 185.8% sharp increase in crude oil imports and a 66% rise in natural gas imports.

Raw materials also experienced a notable decline in import value, falling by 9.9%, mainly due to a significant 21.5% decrease in wheat imports. In contrast, imports of corn and soybeans rose by 30.6% and 27.1%, respectively.

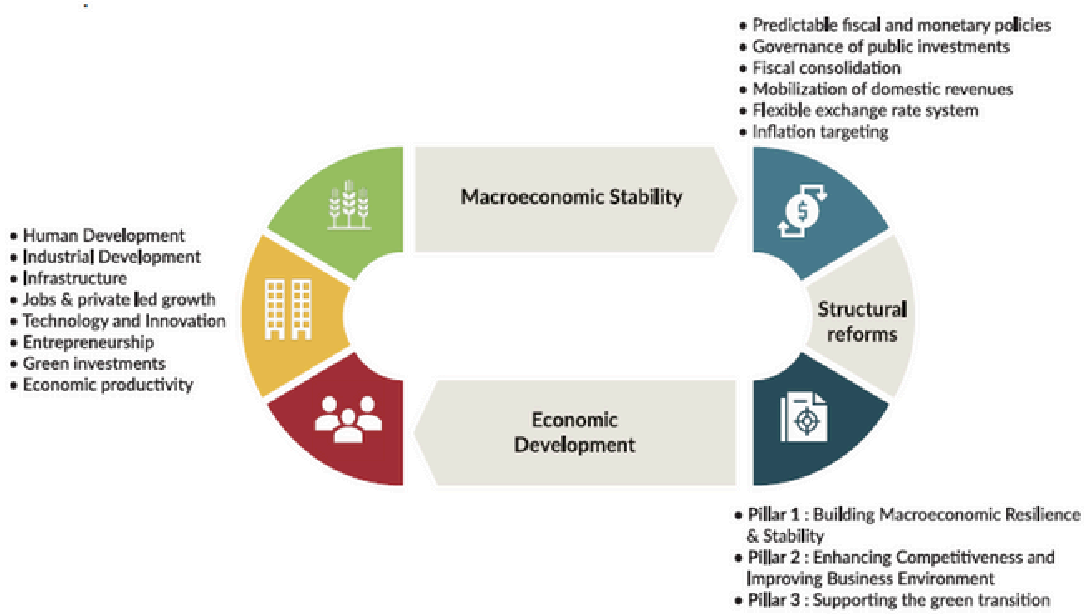
Import data also reveal an overall decline in capital goods of 3.1%, reflecting a clear contraction in demand for machinery and equipment. This trend is particularly evident in the imports of electric motors and generators, which fell by 17.5%.

Regarding consumer goods, imports of durable consumer goods recorded a strong growth of 34.9%, driven by a sharp increase in passenger car imports, which increased by 60.3%. On the other hand, non-durable consumer goods decreased by 7.7%, as imports of meat fell by 21.5% and dairy products by 10.7%. Pharmaceuticals and medical preparations also declined significantly, by 40.7%. Conversely, refined oil imports grew to a large extent by 50.2%.

Macroeconomic Stability Enables Structural Reforms, While Reforms Reinforce Stability

In conclusion, preliminary economic indicators point to a favorable outlook for GDP growth in FY2025/2026, with projections suggesting that the economy will achieve a growth rate of no less than 5 percent, supported by upside factors that could lift growth even further. This outlook is underpinned by sustained macroeconomic stability and the continued implementation of economic and structural reforms aimed at strengthening the real economy and expanding productive capacity. Moreover, the relatively calmer and more stable regional environment, supported by the efforts of the political leadership, is expected to bolster confidence and improve economic prospects in the period ahead.

Figure 13: Stability Enables Reforms, And Reforms Reinforce Stability -together, they lay the groundwork for sustainable growth



Source: Ministry of Planning, Economic Development, and International Cooperation.

Table 1: GDP Growth Rate (at constant prices) (%)

Economic Activities	Q1 2025/2026	Q1 2024/2025
Agriculture Forestry Fishing	2.02	2.65
Mining Quarrying	-5.31	-8.85
A. Petroleum	-6.56	-6.16
B. Gas	-10.90	-18.77
c. Other Extraction	4.43	3.41
Manufacturing Industries	12.02	5.83
petroleum Refining	-1.30	-0.81
Other Manufacturing	14.46	7.14
Electricity	5.44	7.44
Water Sewerage	2.17	2.29
Construction	3.31	5.26
Transportation and Storage	3.92	15.57
Communication	14.47	12.50
Information	3.80	3.81
Suez Canal	8.57	-68.44
Wholesale and Retail Trade	4.59	4.40
Financial Intermediaries Auxiliary Services	10.24	8.65
Social Security and Insurance	8.91	3.46
Accommodation and Food Service Activities	13.76	8.19
Real Estate Activities	2.67	3.04
A. Real Estate Ownership	2.22	2.38
B. Business Services	3.58	4.42
General Government	3.84	4.39
Social Services	4.63	4.55
A. Education	4.57	3.72
B. Health	4.78	4.92
C. Other Services	4.47	5.03
Total GDP (Total Gross Value Added)	5.27	3.49

Table (2). Sample of Structural Reforms Implemented During the Period July 2024 - October 2025

Pillar 1: Enhancing Macroeconomic Stability	
Implemented Measures	**Implementing Entity**
Promulgated Law 159/2023 that eliminates tax and fees exemptions to state entities in economic and investment activities. In addition, MOF issued Decrees No 137/2023 and No 175/2023 to gradually roll-out the system that standardizes the principles and criteria for the calculation of wages and salaries tax.	Ministry of Finance
Activate the amendment of the PFM Law to establish an annual cap on general government debt, including the 59 economic authorities, through the creation of a dedicated unit at MOF.	
Develop a guidance note for line ministries, setting out new criteria for evaluating public investment projects.	Ministry of Planning, Economic Development & International Cooperation
Continue to build a sustainable social safety net by (a) expanding the 'Takaful and Karama' cash transfer program by 100,000 households (from 4.6 million to 4.7 million), and (b) increasing the number of microfinance projects by 20,000 projects (from 561,000 to 581,000).	Ministry of Social Solidarity

Pillar 2: Strengthening Economic Competitiveness and Improving Business Environment

Implemented Measures	**Implementing Entity**
Issuing the Prime Minister's Decree on the amendment of the executive regulations of Investment Law No. 17, to simplify procedures, and facilitate issuing and/or implementing the Golden License.	وزارة الاستثمار والتجارة الخارجية Ministry of Investment and Foreign Trade
Issuing a Decree by the Prime Minister to amend certain provisions of the executive regulations of the Competition Protection and Prohibition of Monopolistic Practices Law No. 175/2022.	IDA Industrial Development Authority الهيئة العامة للتنمية الصناعية
Improving implementation of competitive neutrality by issuing three guidelines by the Egyptian Competition Authority (ECA) on competitive neutrality: relevant market definitions, assessment of dominance, and vertical restraints).	جهاز حماية المنافسة EGYPTIAN COMPETITION AUTHORITY
Issuance of Law No. 170 of 2025 regulating provisions related to state ownership in companies that are fully state-owned or those in which the state holds shares.	مجلس الوزراء مركز المعلومات ودعم اتخاذ القرار
To enhance SOEs governance, the State-Owned Enterprises Unit (SOEU) was established, reporting directly to the Prime Minister, through the approval of the law establishing this unit by the Parliament.	
The new Labour Law No. 14 of 2025 has been issued as part of reform efforts aimed at addressing challenges related to improving the work environment and enhancing workers' rights. Implementation of the law has begun, along with issuing the related ministerial decisions.	وزارة العمل Ministry of Labour
Simplified tax system for any startup with revenues not exceeding EGP 20 million annually, will receive new incentives, exemptions and concessions, including a proportional income, ranging from 0.4% to 1.5%, based on annual business volume. Those joining the system will also be exempt from taxes "capital gains resulting from the disposal of fixed assets, machinery, or production equipment," "dividends," "stamp duty," and registration and documentation fees, while also being exempt from the application of the discount system or advance payment.	وزارة المالية Ministry of Finance
Submitting VAT returns every three months instead of every month, and the first tax inspection will take place after five years.	

Pillar 3: Green Transition	
Implemented Measures	**Implementing Entity**
Issuance of Law No. 2 of 2024 providing incentives for green hydrogen production projects and their derivatives.	
A circular regulating direct supply of renewable sources of electricity between private producers and consumers (private to private) will be issued.	وزارة الكهرباء والطاقة المتجددة Ministry of Electricity and Renewable
climate change criteria and procedures for project selection will be published, and project evaluation procedures will also be updated and published along with the standardized assumptions for climate change mitigation and adaptation, demonstrating that these criteria and procedures have been applied to all new projects with a value exceeding EGP 500M.	Ministry of Planning, Economic Development & International Cooperation
CBE issued a directive to banks to conduct a review of their credit portfolios to identify exporting companies in the sectors covered by CBAM mechanism and collect information on their export activities to assess the risks associated with CBAM implementation in the European Union and the United Kingdom. The directive also required all banks to submit this data to CBE semi-annually.	البنك المركزي المصري CENTRAL BANK OF EGYPT