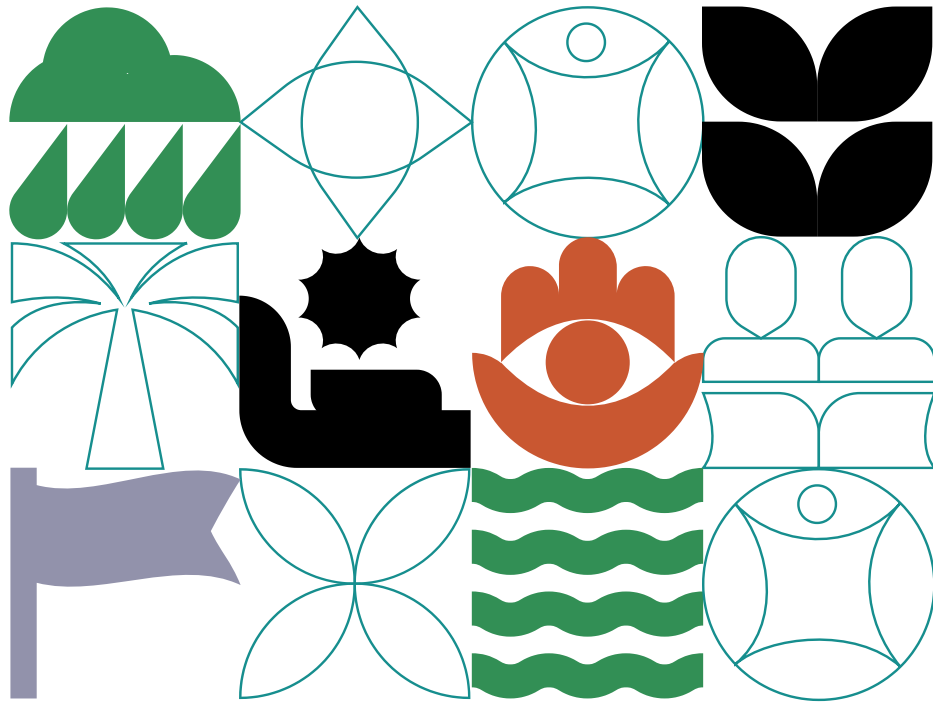




وزارة التخطيط والتنمية الاقتصادية
والتعاون الدولي
Ministry of Planning, Economic
Development & International
Cooperation



EGYPT'S GDP DEVELOPMENTS FOR THE FOURTH QUARTER & FY 2023/2024



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GDP growth rate released by the Ministry of Planning, Economic Development and international Cooperation on October 3, 2024, records 2.4% in Q4 of FY 2023/24, bringing the annual GDP growth rate to 2.4%, down from 3.8% in the previous year. This occurred amid ongoing geopolitical tensions and global economic uncertainty, coupled with the government's contractionary policies aimed at restoring macroeconomic stability—strengthening the governance of public investments being a key policy.

Regional geopolitical tensions and instability took their toll on the Suez Canal's activity, leading to a 30% drop during 2023/2024, compared to the previous year, with a sharp 68% contraction recorded in the last quarter alone.

The extraction sector saw a 4.7% decline, primarily driven by reduced oil and gas production, which can be attributed to a decline in foreign investments in new well discoveries, as well as a slowdown in the development and enhancement of existing wells. Nevertheless, this trend has been reversed following the gradual payment to foreign oil and gas companies over the past few months. Moreover, these developments are prompting greater investments in energy efficiency and renewable energy projects, accelerating the green transition and providing opportunities for private sector investments.

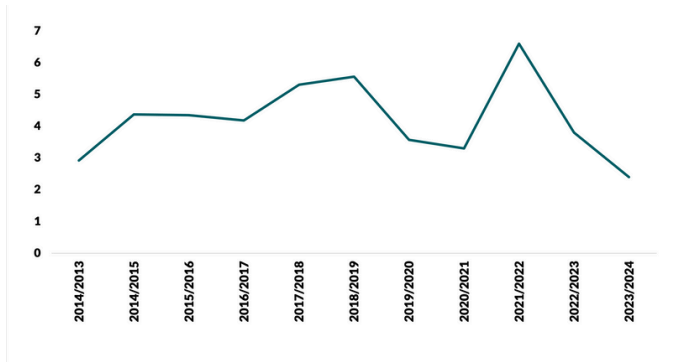
This was offset by positive growth in select sectors including communications and information technology, tourism (reflected in restaurants and hotels), wholesale and retail trade, and transport and storage, along with social services such as education and health.

Looking ahead, an improvement in economic activity is anticipated as the government implements prudent macroeconomic measures and strengthens public investment governance, focusing on creating space for private sector participation while ensuring efficient resource allocation to key sectors. These efforts are further supported by ongoing implementation of structural reforms, underpinned by 3 main pillars: building macroeconomic resilience and stability; enhancing competitiveness of the economy and improving the business environment; and supporting the green transition.

This positive outlook is reinforced by high-frequency data which signal tentative signs of improvement. The Purchasing Managers' Index (PMI) rose to 50.4 points in August 2024, marking an improved outturn for several months, and surpassing the neutral threshold for the first time since November 2020, primarily driven by expansions in manufacturing activities.

I. ANNUAL REAL GDP GROWTH RATE

FIGURE 1: ANNUAL REAL GDP GROWTH RATE (FY 2013/14 – 2023/24)



The Arab Republic of Egypt's GDP growth rate records 2.4% in Q4 of FY 2023/24, bringing the annual rate to 2.4%, down from 3.8% in the previous year. This is primarily driven by consecutive external shocks and the government's contractionary policies.

An improvement in economic activity is anticipated as the government implements prudent macroeconomic measures and strengthens public investment governance, focusing on creating space for private sector participation while ensuring efficient resource allocation to key sectors.

These efforts are further supported by the structural reforms, underpinned by 3 main pillars: building macroeconomic resilience and stability; enhancing competitiveness of the economy and improving the business environment; and supporting the green transition.

II. SECTORAL ANNUAL GROWTH RATE

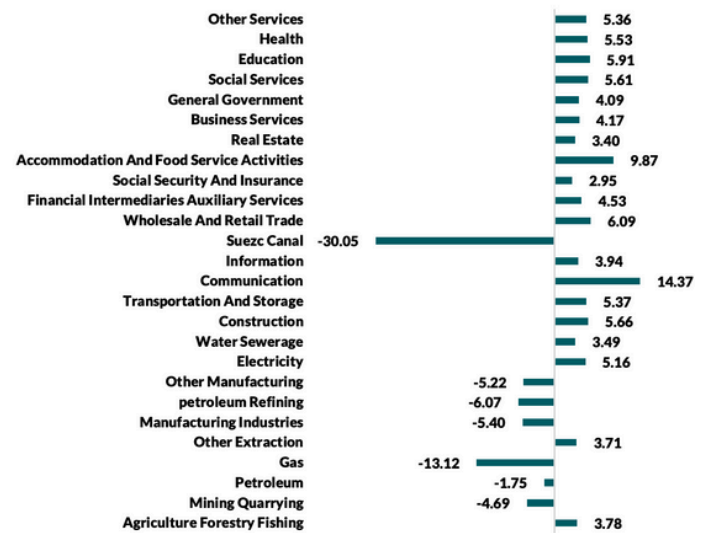
Amid ongoing geopolitical tensions and global economic uncertainty, key sectors of the Egyptian economy have been impacted, leading to a decline in economic activity.

This has been particularly evident in the Suez Canal activity, which dropped by 30% during the year, as shown in Figure 2, largely due to risks associated with threats to international shipping routes in the Red Sea, as shipping companies opted to divert their routes away from the Canal.

The extraction sector, contributing 6.7% to GDP, witnessed a 4.7% decline, with oil and gas productions decreasing by 1.8% and 13.1%, respectively, due to reduced foreign investments in new discoveries, as well as a slowdown in the development of existing wells. Petroleum refining activities also saw a decrease of 6.1%, due to the decline in quantity produced from those wells, which in turn affected the inputs for producing petroleum products, impacting net exports. Nevertheless, this trend has been reversed following the gradual payment to foreign oil and gas companies over the past few months. Moreover, these developments are prompting greater investments in energy efficiency and renewable energy projects, accelerating the green transition and providing opportunities for private sector investments.

The manufacturing sector, which contributes around 11.4% to GDP, contracted by 5.2% over the year, driven by shortages in raw materials. Major industries that experienced the most declines included metals (42%), tobacco (38%), wood products (31%), paper (18%), chemicals (8%), food products (7%), and pharmaceuticals (7%). However, signs of improvement emerged in Q4 of the fiscal year 2023/2024.

FIGURE 2: SECTORAL ANNUAL GROWTH RATE (%) (FY 2023/24)



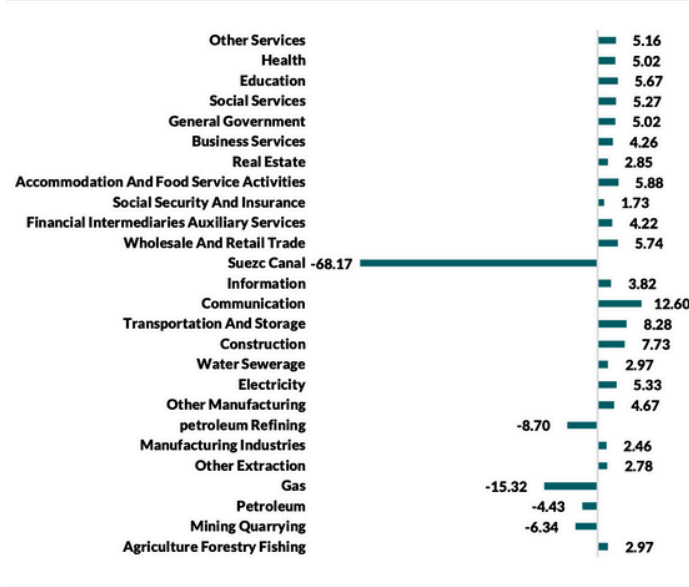
Despite these challenges, a variety of sectors have demonstrated resilience and contributed to positive growth, with the ICT sector growing by 14.4%, tourism (reflected in restaurants and hotels) by 9.9%, wholesale and retail trade by 6.1%, construction by 5.7%, social services (including health and education) by 5.6%, and agriculture by 3.8%.



III. SECTORAL GROWTH RATE IN Q4

Mirroring the annual trend, the Suez Canal activity dropped by 68% in Q4, as illustrated in Figure 3. Similarly, the extraction sector witnessed a 6.3% decline in the same quarter, with oil and gas productions decreasing by 4.43% and 15.32%, respectively. Petroleum refining activities also saw a decrease of 8.7%

FIGURE 3: SECTORAL QUARTERLY GROWTH RATE (%) (Q4 2023/24)



Despite an overall annual contraction, economic reform policies implemented in March 2024 led the manufacturing sector to record a positive growth rate of 4.7% for the first time since Q1 2022/23, driven by increases in the garment (54.2%), computing and electronics (14.9%), textiles (23.8%), and beverages (28.3 %) industries. Additionally, a variety of other sectors have witnessed significant growth rates, such as the construction sector (7.73%), reflecting expansion in building activity.

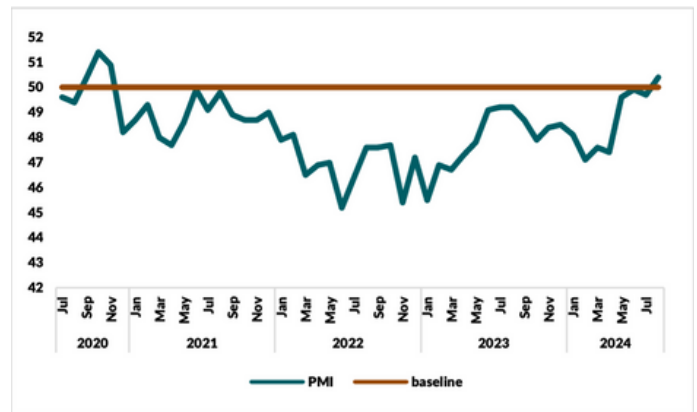
Furthermore, the communications and information technology, wholesale and retail trade, transport and storage as well as financial intermediation sectors grew by 12.6%, 5.74%, 8.28%, and 4.2% respectively.

On another note, social services, including health, education, and agriculture sectors grew by 5.3%, and 3%, respectively. This is in line with the government's vision of diversifying the economy by enhancing the contributions of the manufacturing, agriculture and ICT sectors to GDP.

IV. PURCHASING MANAGERS' & BUSINESS BAROMETER INDICES

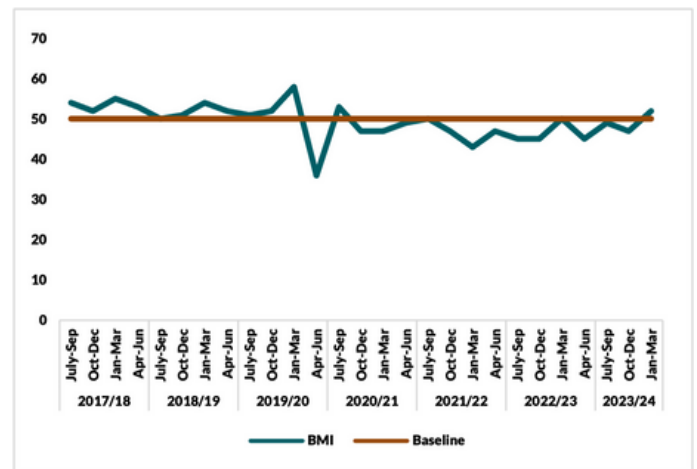
High-frequency data signal tentative signs of improvement in economic activity. As shown in Figure 4, the Purchasing Managers' Index (PMI) rose to 50.4 points in August 2024, marking several months of improvement and surpassing the neutral threshold for the first time since November 2020, primarily driven by expansions in manufacturing activities.

FIGURE 4: PURCHASING MANAGER INDEX (JUL. 2020 – 2024)



Moreover, the Business Barometer Index, issued by the Egyptian Center for Economic Studies, experienced a slight improvement, which reflects a positive trend in overall business performance. These developments suggest a gradual stabilization of the economy as key sectors show signs of renewed activity, particularly with increasing private sector participation.

FIGURE 5: BUSINESS BAROMETER INDEX (FY 2017/18 – 2023/24)



V. GDP BY EXPENDITURE COMPONENTS

Despite rising external challenges, the Arab Republic of Egypt's GDP saw a modest increase.

Nominal GDP grew by EGP 3.75 trillion in FY 2023/24, reaching EGP 13.9 trillion, largely driven by elevated inflation rates over the past two years.

Meanwhile, real GDP increased to EGP 8.3 trillion (Figure 6).

Net exports, affected by geopolitical tensions, recorded a deficit of EGP 952.1 billion during the fiscal year 2023/2024, a substantial increase from EGP 227.3 billion in the previous fiscal year, thus contributing negatively to GDP growth rate by 3 percentage points (Figure 7).

This is largely attributed to a significant decline in petroleum exports, particularly natural gas and petroleum products, along with a decrease in transit fee revenues from the Suez Canal, as per CBE's report released on October 1, 2024.

FIGURE 6: GDP COMPONENTS IN CONSTANT PRICE – TRILLION EGP (FY 2021/22 - 2023/24)

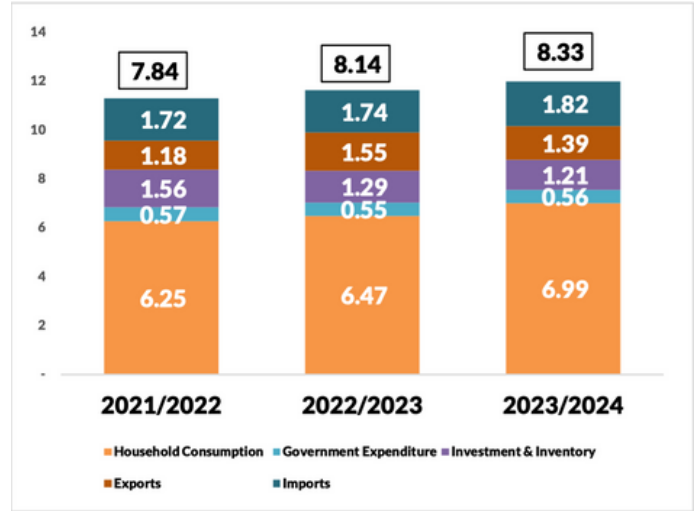
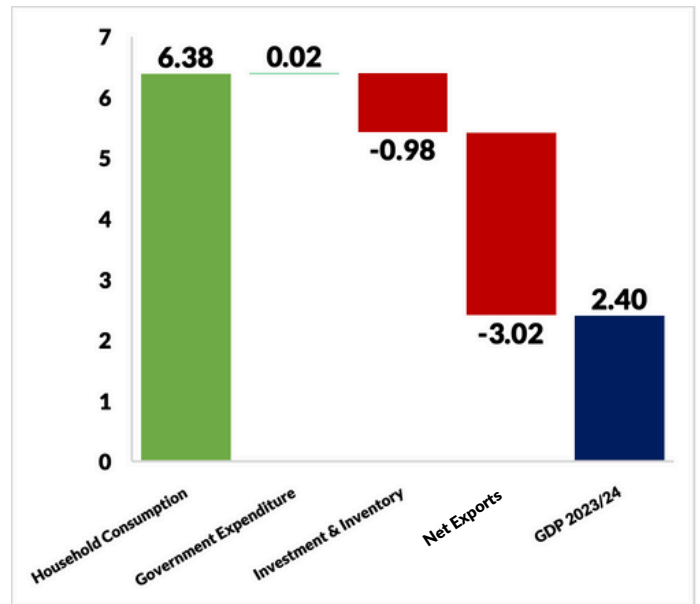


FIGURE 7: CONTRIBUTION TO GDP GROWTH BY EXPENDITURE COMPONENT IN PERCENTAGE POINT (FY 2023/24)



**TABLE 1: GDP AT FACTOR COST FOR Q4 AND FY 2023/2024
(AT CURRENT PRICES) (MILLION EGP)**

ECONOMIC ACTIVITIES	2023/2024	
	Q4	TOTAL YEAR
AGRICULTURE FORESTRY FISHING	427,633.15	1,906,346
MINING QUARRYING	299,706.82	1,020,734
A. PETROLEUM	162,274.02	517,150
B. GAS	70,407.07	298,081
C. OTHER EXTRACTION	67,025.73	205,502
MANUFACTURING INDUSTRIES	449,778.56	1,931,558
PETROLEUM REFINING	59,133.80	362,717
OTHER MANUFACTURING	390,644.76	1,568,841
ELECTRICITY	50,404.35	190,887
WATER SEWERAGE	15,298.06	59,640
CONSTRUCTION	360,410.44	1,324,225
TRANSPORTATION AND STORAGE	178,902.69	636,508
COMMUNICATION	77,430.56	328,928
INFORMATION	11,500.93	47,991
SUEZ CANAL	46,031.28	225,269
WHOLESALE AND RETAIL TRADE	458,433.13	1,904,896
FINANCIAL INTERMEDIARIES AUXILIARY SERVICES	101,650.29	447,206
SOCIAL SECURITY AND INSURANCE	25,248.10	86,005
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	171,570.88	454,655
REAL ESTATE ACTIVITIES	300,489.76	1,134,411
A. REAL ESTATE OWNERSHIP	186,436.46	734,140
B. BUSINESS SERVICES	114,053.30	400,271
GENERAL GOVERNMENT	210,233.05	718,709
SOCIAL SERVICES	210,584.59	818,324
A. EDUCATION	67,519.27	256,192
B. HEALTH	85,431.29	339,168
C. OTHER SERVICES	57,634.04	222,964
TOTAL GDP (TOTAL GROSS VALUE ADDED)	3,395,306.64	13,236,293

**TABLE 2: GDP GROWTH RATE FOR Q4 AND FY 2023/2024
(AT CONSTANT PRICES) (%)**

ECONOMIC ACTIVITIES	2023/2024	
	Q4	TOTAL YEAR
AGRICULTURE FORESTRY FISHING	2.97	3.78
MINING QUARRYING	-6.34	-4.69
A. PETROLEUM	-4.43	-1.75
B. GAS	-15.32	-13.12
C. OTHER EXTRACTION	2.78	3.71
MANUFACTURING INDUSTRIES	2.46	-5.40
PETROLEUM REFINING	-8.70	-6.07
OTHER MANUFACTURING	4.67	-5.22
ELECTRICITY	5.33	5.16
WATER SEWERAGE	2.97	3.49
CONSTRUCTION	7.73	5.66
TRANSPORTATION AND STORAGE	8.28	5.37
COMMUNICATION	12.60	14.37
INFORMATION	3.82	3.94
SUEZ CANAL	-68.17	-30.05
WHOLESALE AND RETAIL TRADE	5.74	6.09
FINANCIAL INTERMEDIARIES AUXILIARY SERVICES	4.22	4.53
SOCIAL SECURITY AND INSURANCE	1.73	2.95
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	5.88	9.87
REAL ESTATE ACTIVITIES	3.36	3.65
A. REAL ESTATE OWNERSHIP	2.85	3.40
B. BUSINESS SERVICES	4.26	4.17
GENERAL GOVERNMENT	5.02	4.09
SOCIAL SERVICES	5.27	5.61
A. EDUCATION	5.67	5.91
B. HEALTH	5.02	5.53
C. OTHER SERVICES	5.16	5.36
TOTAL GDP (TOTAL GROSS VALUE ADDED)	2.37	2.33

**TABLE 3: GDP BY EXPENDITURE APPROACH FOR Q4 AND FY 2023/2024
(AT CURRENT PRICES IN BILLIONS)**

COMPONENT	Q4 23/24	TOTAL YEAR 23/24
HOUSEHOLD CONSUMPTION	3063	12176
GOVERNMENT EXPENDITURE	248	872
GROSS FIXED CAPITAL FORMATION	584	1807
EXPORTS	737	2277
IMPORTS	1104	3229
GDP AT MARKET PRICES	3529	13903

**TABLE 4: GDP BY EXPENDITURE APPROACH FOR Q4 AND FY 2023/2024
(AT CONSTANT PRICES IN BILLIONS)**

COMPONENT	Q4 23/24	TOTAL YEAR 23/24
HOUSEHOLD CONSUMPTION	1655.7	6992
GOVERNMENT EXPENDITURE	125.1	555
GROSS FIXED CAPITAL FORMATION	366.9	1213
EXPORTS	452.1	1389
IMPORTS	546.7	1817
GDP AT MARKET PRICES	2053.0	8333



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