



# **STATE INFORMATION SERVICE**

## **Weekly Economic Bulletin**

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## **Economists: Egyptian economy on right track**

International economists underlined that the Egyptian economy is on the beam as its economic reforms has contributed to upping economic growth rates.

In statements to MENA, the economists said the economic and financial reforms carried out by Egypt in tandem with the International Monetary Fund (IMF) contributed to improving Egypt's credit rating.

They expected a boost in foreign investment flow to Egypt in the coming period.

Chairman of Enterprise Greece Grigoris Stergioulis said the economic reforms implemented by Egypt will make the country the best investment destination in the Mediterranean region within the coming years.

He hailed the current financial stability in Egypt.

He said the major challenges facing Egypt are reinforcing the infrastructure, containing inflation, promoting competitiveness and curbing the negative fallout of instability and armed conflicts in a number of Middle East.

The Suez Canal Corridor development project offers a great chance for increasing foreign investment in Egypt in the coming period.

## **EDA nominated for WTPO awards for 2018**

Egypt's Export Development Authority (EDA) was nominated among 11 organizations for the 2018 World Trade Promotion Organization (WTPO) awards, the Geneva-based International Trade Center (ITC) said in a statement.



The winners will be announced at the 12th WTPO conference in Paris, France, on 25 October, the statement added.

The 11 nominees for this year's awards are from Austria, Egypt, Ghana, Mauritius, Mongolia, Nigeria, Palestine, Peru, Qatar, South Korea and Switzerland.

The shortlisted organizations are competing in three categories: best use of trade partnership; best use of information technology; and best initiative to ensure inclusive and sustainable trade.

The WTPO awards are presented as per a number of criteria, including the organizations' excellence in promoting innovative and effective practices of export-development initiatives and their ability to help micro, small and medium-sized enterprises (MSMEs) become competitive in international markets.

### **JPM Morgan: Competitive EGP improves external balances**

On the back of improved security, a more competitive pound, and rising hydrocarbon production, Egypt's current account deficit came in slightly better than our forecast and eased to 2.4% of GDP in the 2017/18 fiscal year which ended in June, from 6.1% of GDP a year earlier, JP Morgan said in a report.

"We are projecting the current account deficit to improve to 0.3% of GDP in 2018/19 and swing to a surplus of 1.4% of GDP in 2019/20, assuming that the security situation remains stable against the background of an improved security environment and much more competitive pound after the sharp devaluation in 2016," it said.

"Egypt's external imbalances have continued to narrow, with the current account deficit declining to 6 billion dollars (2.4% of GDP)



in FY 2017/18, from 14 billion dollars (over 6% of GDP) a year earlier," it added.

"While the trade deficit was roughly unchanged from a year earlier in absolute terms, exports surged by 19% YoY. Value of imports rose by a modest 7% despite robust real GDP growth estimated at 5.3% YoY, checked by a competitive pound and rising hydrocarbon production led by the Zohr gas field," it said.

"At the same time, a rising number of tourists almost doubled the services surplus to 11 billion dollars, from 5.6 billion dollars a year earlier due to an improved security situation and a competitive pound. Transfers surged by 21%, driven by remittances from Egyptian expats in the Gulf. We expect the external balance to continue to improve provided the security situation remains stable," it added.

"Meanwhile, FDI inflows remained strong at 7.7 billion dollars (3.2% of GDP), driven by investments in the hydrocarbon sector, but portfolio investment eased due to heightened global risk aversion," it noted.

"Sharp EM volatility since the first quarter has led to the reversal of some hot money flows which were attracted after the start of reforms. We believe there remains significant scope for attracting FDI, but expect continued pressure on portfolio investment flows against the background of rising global interest rates. Foreign holdings of Tbills have declined from 22 billion dollars in March to about 14 billion dollars in August," it further said.



"Despite a challenging international backdrop, we believe the IMF program remains broadly on track and so we do not see an impediment to the next IMF disbursement in December. An IMF mission is expected to visit Cairo in mid-October for a program review. We believe the stability of the headline FX reserves continues to support confidence, although deposits which are not included in official reserve assets (including foreign funds coming under the repatriation mechanism) have continued to decline. With this cushion, CBE net international reserves have been resilient against EM volatility standing at 42 billion dollars in August, roughly unchanged from July (6.8 months of imports of goods and services), up from 33 billion dollars in December," the report concluded.

### **Balance of payments hits surplus of USD 12.8 billion in FY 2017-2018**

Egypt's balance of payments has reached an overall surplus of USD 12.8 billion during the fiscal year 2017-2018, the Central Bank of Egypt (CBE) said in a statement.

The capital and financial account contributed to a net inflow of USD 22 billion in 2017-2018, compared to USD 31 billion in 2019-2017.

The services surplus doubled to USD 11.1 billion, driven mainly by increases in the surplus of the travel balance (to USD 7.4 billion), Suez Canal receipts (by 15.4% to USD 5.7 billion), and net unrequited current transfers (by 21.2% to USD 26.5 billion), according to the statement.

It noted that the trade deficit remained at USD 37.3 billion while both export proceeds and import payments surged by USD 4.1 billion each.



## **Trade Minister launches program in support of domestic industry**

Trade and Industry Minister Amr Nassar launched a national program in support of the domestic industry.

This industrial initiative is part of President Abdel Fattah El Sisi's directives to increase competitiveness of the Egyptian industries, Nassar said at the opening ceremony of the program.

The program comes in line with Egypt's sustainable development strategy to achieve an industrial growth rate of 10 percent annually by 2030, he added.

Nassar pointed out the the program aims at providing all possible support for Egyptian industries so that they can compete their foreign peers.

He added that his ministry is going to organize a conference to expand the domestic industry before the end of this year.