

INVESTOR BRIEFING | Q1 2026

Egypt Macro Outlook

CBE Monetary Policy Report Q1 2026

What Investors Should Know

JUNE 2026 | PRIVATE & CONFIDENTIAL

EXECUTIVE SUMMARY

Three Messages That **Matter**

01

Stabilisation → Growth

Egypt transitioning from crisis management to sustainable growth. GDP 4.3%, targeting ~5%.

02

Real Assets Attractive

Infrastructure, energy, logistics — tangible assets with inflation-linked returns outperform.

03

Patient Capital Rewarded

T-bill arbitrage fading. FDI mindset and long-term institutional capital captures upside.

ECONOMIC GROWTH

GDP Recovery Accelerating

4.3%

Real GDP Growth Q1 2026

~5%

FORECAST FY27-28



TREND DIRECTION

Manufacturing

Trade

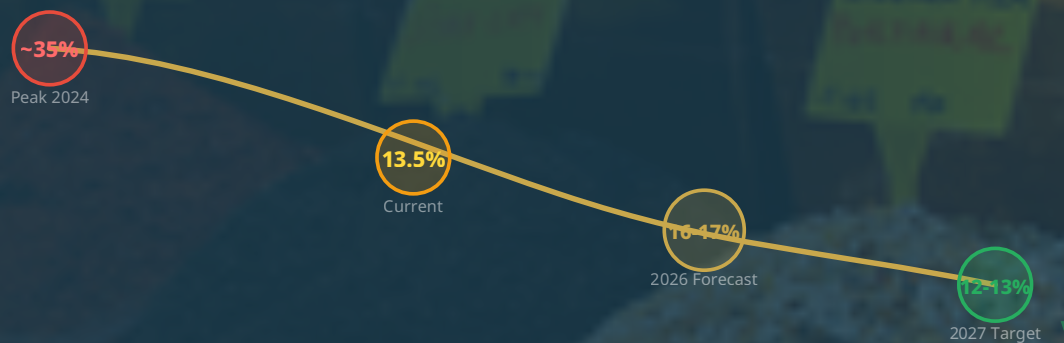
Tourism

ICT

Private Sector

INFLATION TRAJECTORY

Declining, But **Slower Than Expected**



Key Insight: Temporary uptick to 13.5% driven by Ramadan demand, energy adjustments, and geopolitical supply chain pressures. Medium-term trajectory remains downward but pace is slower than earlier CBE forecasts.

INTEREST RATE OUTLOOK

Gradual Easing, Not Aggressive Cuts

DO NOT expect rapid rate cuts

CBE Priority

Inflation control over growth stimulation. Monetary easing will be measured and data-dependent.

Investor Implication

Borrowing costs stay elevated. Fixed income entry timing critical. Real rates remain positive — opportunity for patient capital.

27.25%
PEAK RATE

Gradual
EASING PATH



EXTERNAL POSITION

Fortress Balance Sheet

\$52.8B

FX RESERVES

Flexible

EXCHANGE RATE REGIME

Strong

FDI INFLOWS

Secured

GULF SUPPORT PACKAGES

PORTFOLIO FLOWS

Managed Outflows — Controlled Decline

\$25.5B

NFA START OF QUARTER



-\$4.1B

\$21.4B

NFA END OF QUARTER

MANAGEABLE

CBE views as controlled given reserve buffers

BUFFERED

\$52.8B reserves provide significant cushion

STRUCTURAL

Decline is orderly, not crisis-driven

RISK ASSESSMENT

What Could **Derail** the Outlook



Regional Geopolitical Tensions

Suez Canal disruption, tourism impact, supply chain stress

HIGH



Energy Price Volatility

Subsidy reform sensitivity, import cost pressures

MEDIUM



Global Trade Disruptions

Supply chain disruptions affecting manufacturing & exports

MEDIUM



Food Inflation Resurgence

Major food importer — vulnerable to global commodity spikes

MEDIUM



Tight Global Financial Conditions

Higher-for-longer global rates pressure EM capital flows

WATCH

INVESTOR IMPLICATIONS

What This Means for **Investors**

1 **Egypt Is Moving from Stabilisation to Growth**
Focus shifting from crisis management → attracting long-term investment & private-sector expansion

2 **Real Assets Remain Attractive**
Infrastructure, renewables, logistics, trade finance, industrial & income-producing real estate benefit from elevated inflation

3 **Patient Capital Will Be Rewarded**
Short-term T-bill arbitrage fading — CBE focused on FDI, long-term institutional capital, strategic investors

ACTION FRAMEWORK

What to DO

1 Favour Real Assets
Infrastructure, energy, logistics, industrial, real estate — tangible assets with inflation-linked returns

2 Think Long-Term (FDI Mindset)
Strategic investor approach — align with government priorities for preferential treatment

3 Hedge Inflation
Target assets with inflation-linked cash flows — toll roads, utilities, CPI-indexed leases

4 Diversify Currency Exposure
Export-oriented businesses generate USD — natural hedge against EGP depreciation

5 Watch for Rate-Cut Timing
Entry point for fixed income — lock in high yields before easing cycle accelerates

RISK MANAGEMENT

What to **AVOID**



Short-Term T-Bill Carry Trades

Fading opportunity — rates declining, FX volatility increases risk-adjusted returns



Pure EGP-Denominated Assets Without Inflation Hedge

Inflation at 16-17% erodes nominal EGP returns — need real return protection



Import-Dependent Sectors Without FX Revenue

Businesses reliant on imports but earning only in EGP face margin compression

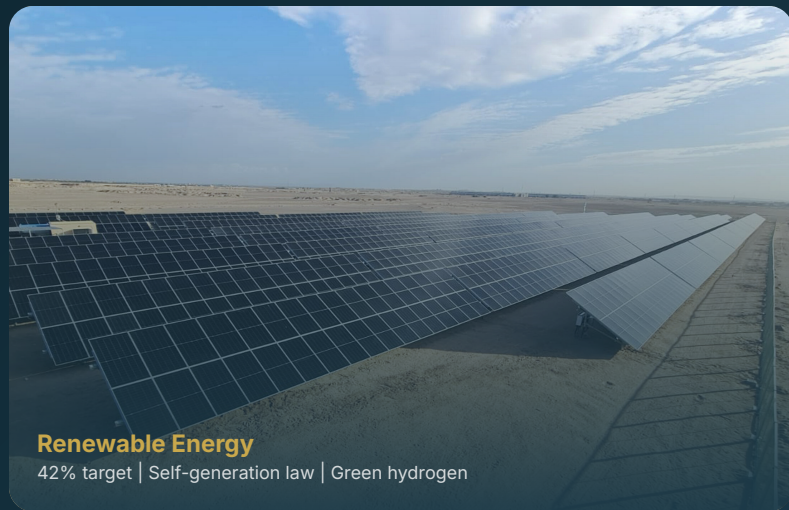


Overleveraged Positions Expecting Rapid Rate Cuts

CBE will ease gradually — high borrowing costs persist longer than consensus expects

SECTOR ALLOCATION

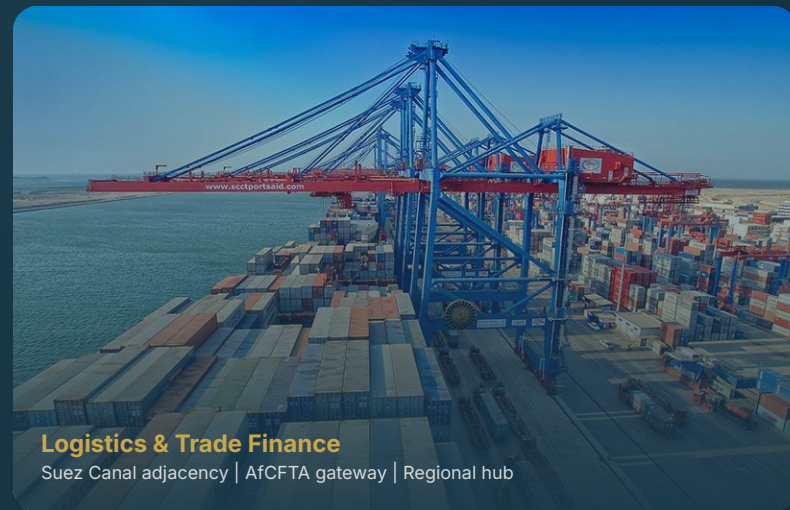
Where to **Allocate**



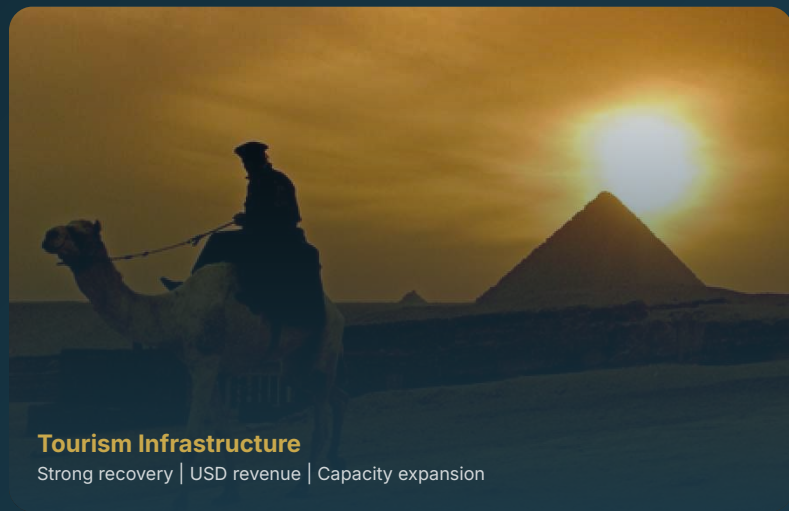
Renewable Energy
42% target | Self-generation law | Green hydrogen



Industrial / Manufacturing
GDP growth driver | Export potential | Import substitution



Logistics & Trade Finance
Suez Canal adjacency | AfCFTA gateway | Regional hub



Tourism Infrastructure
Strong recovery | USD revenue | Capacity expansion



Income-Producing Real Estate
Inflation-linked rents | Supply-demand gap | Demographics



Healthcare & Education
Demographic demand | Defensive cash flows | PPP

KEY TAKEAWAY

"The worst is behind us, but **inflation remains a challenge.**

Fundamentals improving. Growth returning.

Patient, real-asset-focused capital will be rewarded."

4.3%

GDP GROWTH

\$52.8B

FX RESERVES

~5%

GROWTH
FORECAST

12-13%

INFLATION 2027F

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