

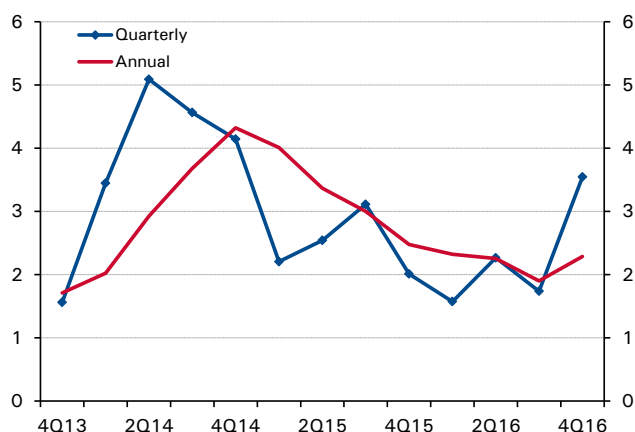
Macroeconomy

Egypt: Growth has been improving slowly; CBE reserves above \$31 billion

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- GDP growth showed some improvement in 4Q16 to 3.5% y/y, though this was not supported by other data.
- The PMI remained weak, steady at 47.3 in May; export orders were the exception showing particular strength.
- Tourist numbers bounced back in 1Q17 from weak figures a year before; the March figure was up 49% y/y.
- Monthly inflation has been abating after a spike following the EGP float; inflation eased to 29.7% y/y in May.
- The fiscal deficit improved, shrinking to 11.2% of GDP during the first nine months of FY16/17.
- CBE reserves rose to their highest level since early 2011, rising to \$31 billion or 7.7 months of imports in May.
- EGP/USD has been stable around 18; with a weaker USD, the pound's trade-weighted value fell by 4% ytd.
- CBE policy rates were hiked 200 bps in May as inflation remained a key concern.
- Equities have done well, with the EGX30 up 10.4% ytd, as economic fundamentals continued to improve.

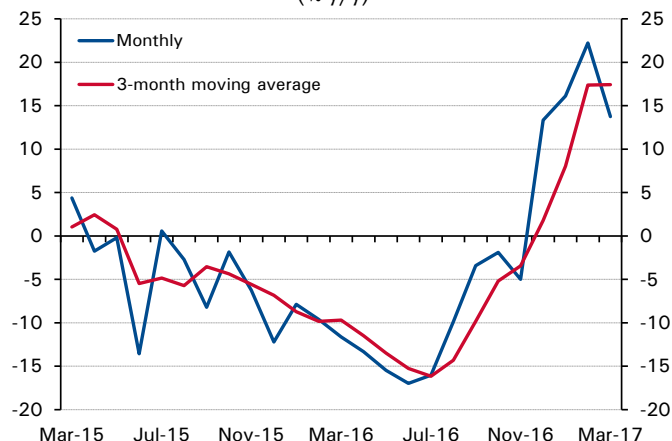
Real GDP
(% y/y)



GDP growth showed some improvement in 4Q16 to 3.5% y/y, though this was not supported by other data.

Source: Ministry of Planning, Central Bank of Egypt, Thomson Reuters Datastream

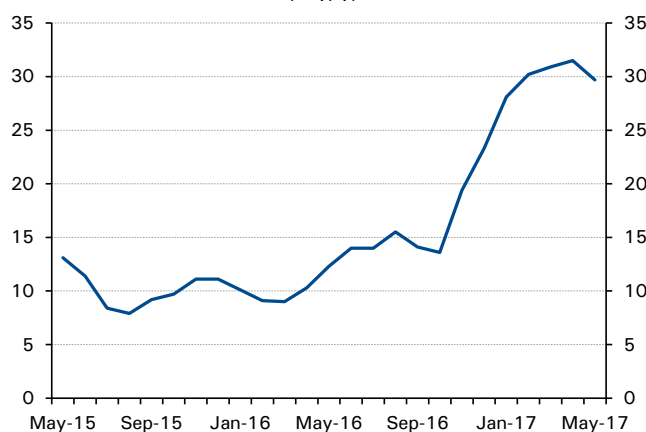
Production index
(% y/y)



The production index continued to show improvement, rising by 17% y/y during 1Q17, driven by manufacturing and tourism.

Source: Ministry of Planning, Thomson Reuters Datastream

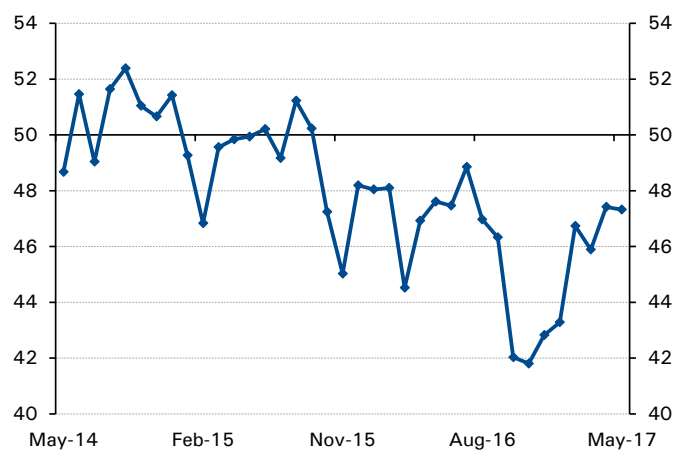
Inflation
(% y/y)



Monthly inflation has been abating after a spike following the EGP float; inflation eased to 29.7% y/y in May.

Source: Central Bank of Egypt, Thomson Reuters Datastream

Purchasing Managers' Index (PMI)

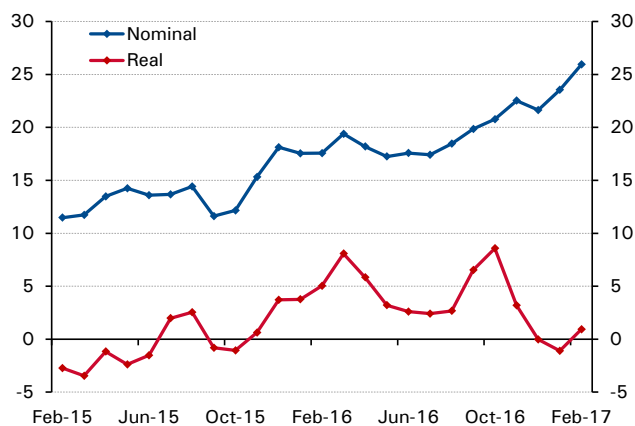


The PMI remained weak, holding steady in May at 47.3; export orders were the exception showing particular strength.

Source: Markit

Private sector credit

(credit in local currency, % y/y)



Nominal credit growth accelerated to 26% y/y in February thanks to high inflation; it grew by only 1% y/y in real terms.

Source: Central Bank of Egypt, Thomson Reuters Datastream, NBK estimates

Money supply

(M1, % y/y)

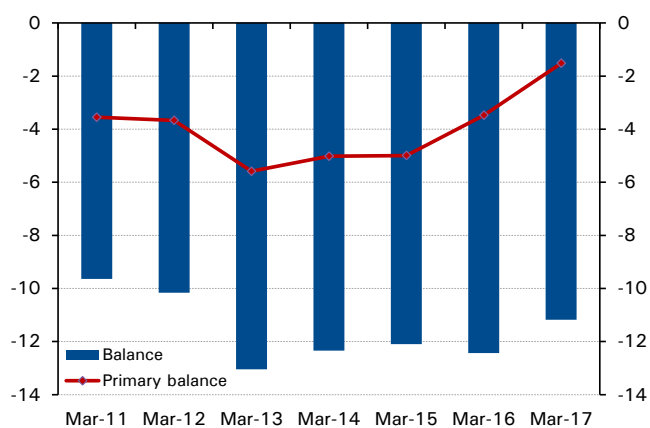


Money supply growth maintained a rapid pace standing at 21% y/y in April.

Source: Central Bank of Egypt, Thomson Reuters Datastream

Fiscal balance

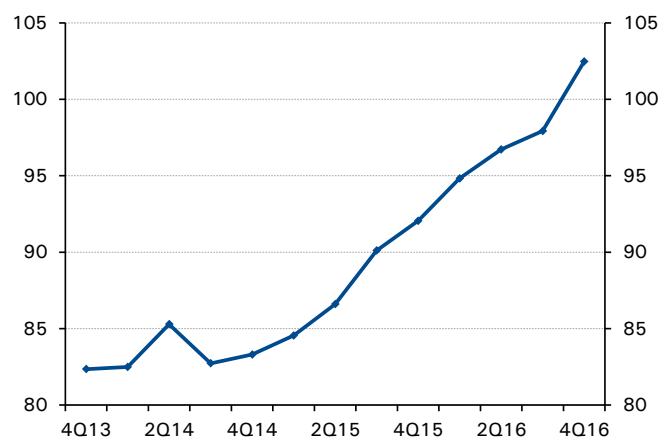
(% of GDP, fiscal-year-to-date, excl. grants)



The fiscal deficit improved, shrinking to 11.2% of GDP during the first 9 months of FY16/17 through March 2017.

Source: Ministry of Finance, Thomson Reuters Datastream, NBK estimates

Government debt

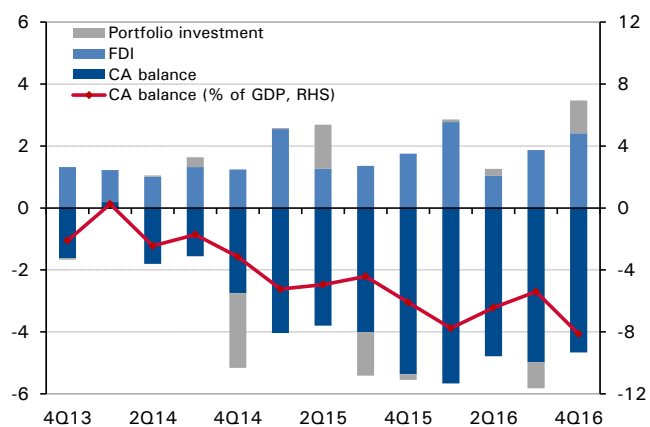


Government debt rose to 102% of GDP in 4Q16.

Source: Central Bank of Egypt, Ministry of Finance, Thomson Reuters Datastream, NBK estimates

Balance of payments

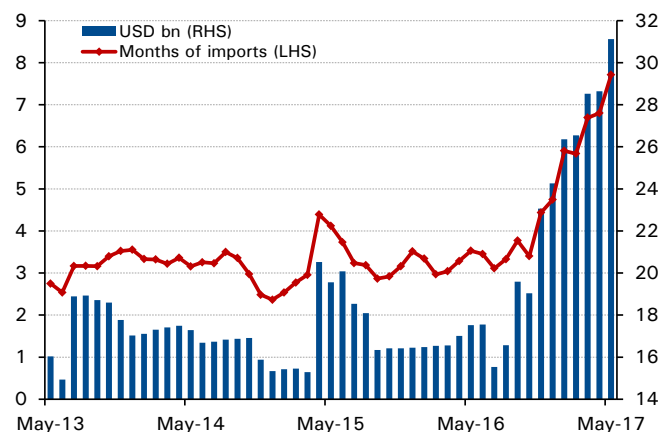
(USD billions)



The current account deficit widened in 4Q16 to \$4.7 billion, or 8% of GDP; FDI inflows remained healthy during the quarter.

Source: Central Bank of Egypt, Thomson Reuters Datastream

Official reserves of the CBE

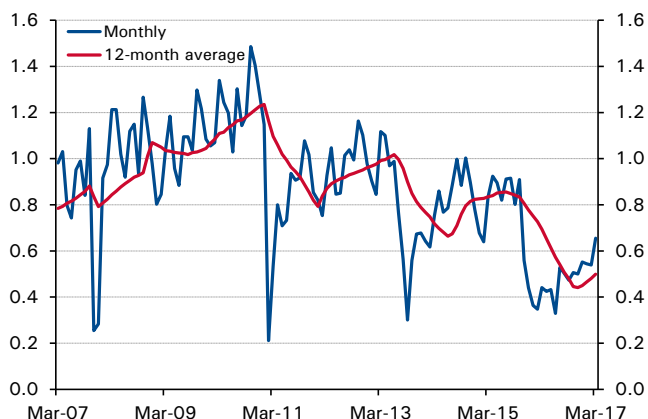


CBE reserves rose to their highest level since early 2011 in May, adding \$2.5 billion to \$31.1 billion or 7.7 months of imports.

Source: Central Bank of Egypt, Thomson Reuters Datastream

Tourism

(number of visitors, million)



Tourist numbers bounced back in 1Q17 from weak figures a year before; the March figure was up 49% y/y.

Source: Central Agency for Public Mobilization and Statistics, Thomson Reuters Datastream

Suez Canal revenues

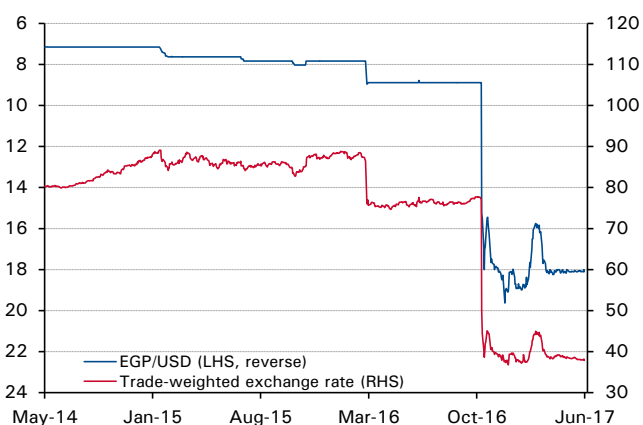
(3-month moving average, % y/y)



Suez Canal revenues improved in recent months, growing by 0.5% y/y in April.

Source: Central Agency for Public Mobilization and Statistics, Thomson Reuters Datastream

Exchange rate



EGP has been stable against the USD around 18; with a weaker USD, the pound's trade-weighted value fell by 4% ytd.

Source: JP Morgan, Thomson Reuters Datastream, press sources

Credit default swaps

(5-year, basis points)

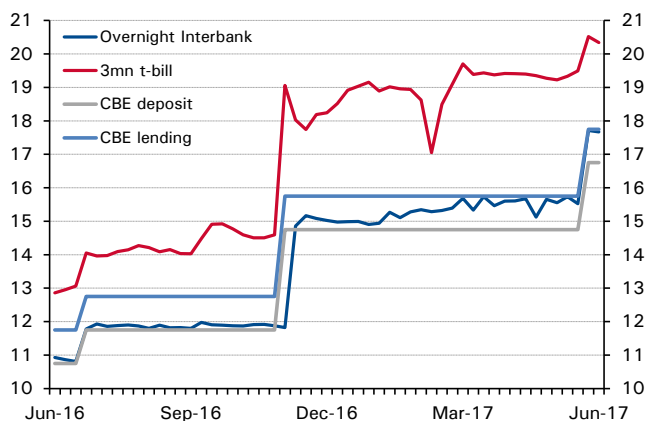


Egypt's 5-year CDS rate remained relatively low at 327 in early June.

Source: Thomson Reuters Datastream

Interest rates

(weekly, %)



CBE policy rates were hiked 200 bps in May as inflation remained a key concern.

Source: Central Bank of Egypt, Thomson Reuters Datastream

Stock market

(EGX30, thousand)



Equities have done well, with the EGX30 up 10.4% thus far in 2017, as economic fundamentals continued to improve.

Source: Egyptian Exchange, Thomson Reuters Datastream

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