

EGYPT'S ECONOMIC OUTLOOK

May 2020



FOREWORD

Since we issued our previous outlook in December 2019, the world has been swept by tremendous headwinds. Undoubtedly, the COVID-19 pandemic is shaping a new reality and future that is quite different than that foreseen a few months ago. It is different not just by being less optimistic, but also -and more importantly- by being less visible.

This issue of our biannual outlook is predominantly focused on analysing the effect of the COVID-19 pandemic on the Egyptian economy. While these are times of unprecedented uncertainty, we have strived to provide you with a 360° analysis of the current situation that helps, as much as possible, inform your business decisions in such extraordinary circumstances. While we have made every possible effort to draw inference from past shocks, combine top-down and bottom-up approaches to forecasting and complement our usual model with other tools, we remain aware of the limited capacity of all such endeavours combined to produce forecasts with the usual precision.

Given the invisibility surrounding the possible evolution of the current pandemic, we have opted to provide a single (baseline) scenario only in this edition of our outlook report, covering a two fiscal year forecast horizon. This scenario assumes that the economy will gradually recover starting the first quarter of FY 2020/21 and will reach pre-crisis levels by the first quarter of the following fiscal year. This was based on the announcement made by the government that economic activity will be resumed after Ramadan, and on the assumption that there will be no further major outbreak of the virus in the short term.

While we are conscious that recent indicators of the virus spread in Egypt may suggest a more belated recovery, the implications of such trends are still unknown. We have thus preferred to provide you with a timely analysis, based on the available information and on our educated guess, which would be updated in due course. We will thus keep monitoring the situation very closely, and pledge to provide you with updated forecasts should the situation become less foggy or in the event of rapid developments towards a more profound crisis. We believe that the latter case will have an exacerbated effect on the global and domestic economies that has a wider ripple effect than the picture provided in this report; let's pray we all stay safe.

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