

Egypt Business Forecast Report Q2 2014

<https://marketpublishers.com/r/E530BB78CB1EN.html>

Date: February 2014

Pages: 51

Price: US\$ 1,195.00 (Single User License)

ID: E530BB78CB1EN

Abstracts

Includes 3 FREE quarterly updates

Core Views

One the whole, 2014 will be a relatively positive year for the Egyptian economy, as the currency stabilises and investment returns to the county. Sporadic outbursts in public unrest and ongoing 'policy drift' will undermine a more pronounced economic recovery. Egypt will have little choice but to make more pronounced reforms to its domestic energy subsidy system. That said, we do not expect any major reforms ahead of parliamentary elections, which we expect to take place in June 2014. Hikes to domestic energy prices will push consumer price inflation back into the double digits by the end of the year.

Egypt's geopolitical importance will ensure that even if an IMF agreement is delayed for longer than expected, further foreign aid commitments will materialise over early 2014. Western powers such as the US and EU have an interest in ensuring the North African country does not experience a more pronounced economic and political crisis. However, it will be donations from the GCC which keep Egypt afloat this year. We do not expect an IMF deal before H214, as the economic rationale has waned somewhat since the influx of foreign aid and an agreement is politically unpalatable at present.

Major Forecast Changes

Following an influx in foreign aid in July and October 2013, it appears as though Egypt will be spared a more pronounced balance of payments crisis until mid-2014. That said, as the aid inflows are likely to weaken the government's resolve to push ahead with necessary subsidy and tax reforms, we do not expect an IMF agreement to be signed in the near term. We are forecasting real GDP growth of 2.7% and 4.2% in FY2013/14 and

FY2014/15 respectively.

Key Risks To Outlook

A failure to secure external financing (whether through the IMF or bilateral aid) raises the risks of a disorderly devaluation of the Egyptian pound. Egypt may become stuck in a protracted democratic transition, in which case long-term growth would fall well below potential.

Contents

Core Views
Major Forecast Changes
Key Risks To Outlook

CHAPTER 1: POLITICAL OUTLOOK

SWOT Analysis
BMI Political Risk Ratings
Domestic Politics
Referendum A Vote Of Confidence For Interim Government the results of Egypt's constitutional referendum point to broad support for the interim government and the army. Looking ahead, we expect defence minister General Abdel Fattah el-Sisi will announce his candidacy for presidential elections in the coming weeks.
Egypt - Political Outlook
Long-Term Political Outlook
Four Scenarios For The Coming Decade
Egypt's transition to a fully fledged democracy is likely to take several years at least, and there is no guarantee that it will achieve this goal.

CHAPTER 2: ECONOMIC OUTLOOK

SWOT Analysis
BMI Economic Risk Ratings
Economic Activity I
Turnaround In Economic Growth
We are forecasting an acceleration in Egyptian real GDP growth over the coming quarters, with our baseline scenario seeing the economy expand 2.7% in FY2014 and 4.2% in FY2015 (fiscal year running from July-June), up from 1.9% in FY2013. Much of this growth is predicated on our expectation for continued improvements in political stability as well as the impact of low base effects.
Table: GDP BY EXPENDITURE
Full Resumption Of US Aid To Occur in Q214 the United States' decision to resume assistance to Egypt was not unexpected in our view. We expect the rest of the cancelled aid to flow back to Cairo following elections in Q214.
Fiscal Policy
Subsidy Reform: Economics To Outweigh The Politics
We believe the Egyptian government will undertake subsidy reform in the coming

quarters given the unsustainable nature of its current fiscal position. Whilst reform will likely be slow to begin with, we believe reform can be undertaken without a significant popular backlash.

Table: FISCAL EXPENDITURE BREAKDOWN

Balance Of Payments

Outlook Turning Increasingly Positive

Egypt's balance of payments position is moving in the right direction for the first time in several years. We see minimal likelihood of balance of payments crisis in the country in 2014 following financial assistance given by the Gulf States.

Monetary Policy inflation Has Peaked

We believe Egypt's headline CPI has reached a peak and expect moderate disinflation over the coming months. This view is primarily on the back of our agribusiness team's belief that food prices are nearing their top and that the Egyptian pound recent depreciation has ended.

Table: MONETARY POLICY

Regional: Islamic Banking

Islamic Banking: New Markets To Emerge

We expect 2014 to be a key year for the global Islamic finance industry as several new markets come to the fore. It has been our longheld view that rather than becoming an integrated global financial system, Islamic banking will see the creation of regional hubs. Even with this slightly fragmented outlook, we still expect significant growth for the sector.

Table: Islamic Bonds & Loans (2013)

CHAPTER 3: 10-YEAR FORECAST

the Egyptian Economy to 2023

Policy Uncertainty Weighs On Outlook

Egypt has a lot to look forward to with its many inherent advantages, including a strategic and cultural position in the world, a large and growing population and an underdeveloped private sector providing ample room for expansion.

Table: Long -Term Macroeconomic Forecasts

CHAPTER 4: BUSINESS ENVIRONMENT

SWOT Analysis

BMI Business Environment Risk Ratings

Business Environment Outlook institutions

Table: BMI BUSINESS AND OPERATION RISK RATINGS

Table: BMI LEGAL FRAMEWORK RATING infrastructure

Table: LABOUR FORCE QUALITY

Table: MENA – ANNUAL FDI INFLOWS

Market Orientation

Table: TRADE AND INVESTMENT RATINGS

Table: Top Export Destinations , 2001-2009 (US\$MN)

Operational Risk

Autos

CHAPTER 5: KEY SECTORS

Table: Autos Sales, 2010-2017

Table: Autos Production, 2010-2017

Food & Drink

Table: Autos Trade, 2010-2017

Table: Food Consumption Indicators –Historical Data & Forecasts , 2010-2017

Table: Alcoholic Drinks Value /Volume Sales , Production & Trade –Historical Data & Forecasts , 2010-2017

Table: Mass Grocery Retail Sales –Historical Data & Forecasts , 2010-2017

Other Key Sectors

Table: Defence & Security Sector Key Indicators

Table: Infrastructure Sector Key Indicators

Table: Freight Sector Key Indicators

Table: Pharma Sector Key Indicators

Table: Oil and Gas Sector Key Indicators

Table: Telecoms Sector Key Indicators

CHAPTER 6: BMI GLOBAL ASSUMPTIONS

Global Outlook

Fairly Benign Prognosis... With Risks

Table: Global Assumptions

Table: Developed States , Real GDP Growth, %

Table: BMI VERSUS BLOOMBERG CONSENSUS REAL GDP GROWTH FORECASTS, %

Table: Emerging Markets , Real GDP Growth , %

I would like to order

Product name: Egypt Business Forecast Report Q2 2014

Product link: <https://marketpublishers.com/r/E530BB78CB1EN.html>

Price: US\$ 1,195.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:

info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page <https://marketpublishers.com/r/E530BB78CB1EN.html>