

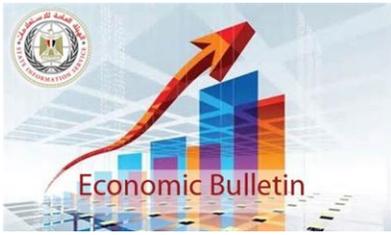


# **STATE INFORMATION SERVICE**

## **Weekly Economic Bulletin**

**(1-7 July 2017)**

**Mohammad Saleh**



## **PM says gov keen on completing economic reform**

The ministerial economic committee reviewed during a meeting under Prime minister Sherif Ismail the most important features of the economic reform program in the light of the measures taken by the government recently.

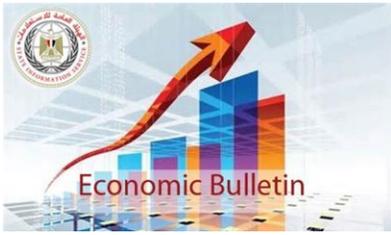


The meeting was attended by the governor of the Central Bank of Egypt, as well as the ministers of communications, investment, public business sector, irrigation and local development.

The prime minister asserted the importance of transparency adopted by the government with sharing the viewpoints of the public opinion, adding the government is keen on completing the economic program.

PM Ismail pointed out to the measures adopted by the government including the foreign exchange liberalization and the new value-added tax to deliver subsidies to the needy and low-income brackets.

He said the benefits from economic reform measures will appear within two or three years, the matter which will reflect positively



on services in many sectors such as health, education, sanitary drainage, drinking water, electricity, oil and housing.

The prime minister directed monitoring agencies to follow up markets to make sure that goods are sold at affordable prices.

### **Investment Minister takes part in Crans Montana Forum**

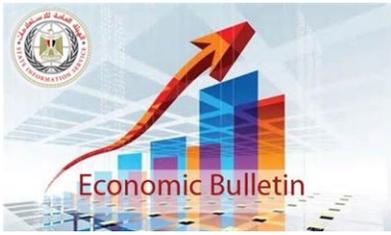
Investment and International Cooperation Minister Sahar Nasr started a visit to Barcelona, Spain, to take part in the Crans Montana Forum, which kicked off on Wednesday.



The four-day event is attended by 600 heads of state, prime ministers and heads of international companies.

Nasr is scheduled to deliver a speech on the role of African women in development, and hold a meeting with Founder of Crans Montana Forum Jean-Paul Carteron.

She will also meet heads of Spanish companies investing in Egypt.



## **Launch of Egypt's Government IPO Program**

---

Ministry of Investment and International Cooperation, the Ministry of Petroleum and Mineral Resources and NI Capital announced today that the consortium led by CI Capital, comprising of Jefferies International Limited and Emirates NBD Capital Limited was declared winner and its members to act as lead managers and bookrunners for the potential ENPPI IPO.

The Ministry of Investment and International Cooperation along with the Ministry of Petroleum and Mineral Resources are eager to see this transaction succeed, affording it all the support it merits.



The Minister of Investment and International Cooperation, H.E. Dr. Sahar Nasr said, “We are keen to see the success of this IPO Program in broadening the ownership base in state-run companies through private sector participation, offered to both retail and institutional investors in Egypt and beyond.

The ENPPI IPO is only the beginning of a pipeline of state-run companies to offer minority shares publicly over the next year, while keeping majority stakes owned by the government in these enterprises, increasing the overall width and liquidity of Egypt’s stock market”.



Minister of Petroleum and Mineral Resources, Eng. Tarek El-Molla stated, “We believe that ENPPI is the best fitted company to inaugurate the IPO Program. ENPPI provides a good proxy to the thriving Egyptian oil and gas industry and will act as a flagship company to the government IPO program and to increase the overall sector diversification of the Egyptian stock market. The proceeds of the IPO will be efficiently utilized to expand existing and inject new investments into the oil and gas sector.”

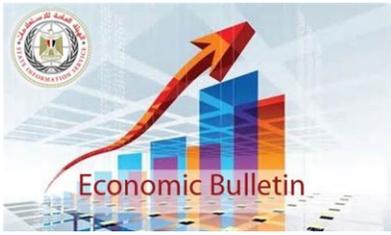
### **Fawry to provide electronic payment services to investors**

Ministry of Investment and International Cooperation signed an agreement with electronic payments firm Fawry to provide online payment solutions to the recently-launched Investors Service Center, Minister of Investment and International Cooperation Sahar Nasr said.



Nasr explained in her statement that the move comes as part of applying the new investment law that entails easing business procedures.

The ministry will prioritize facilitating payment methods for investors and reducing the time needed to formally establish companies, Nasr said.



In the same regard, the ministry signed cooperation agreements with the Egyptian Financial Supervisory Authority, the Federation of Egyptian Chambers of Commerce, ALEXBANK and the Syndicate of Lawyers to finish all procedures related to electronically establish companies.

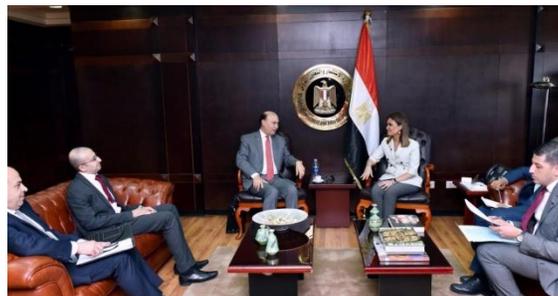
The Investors Service Center was launched in June to reduce bureaucratic measures and offer electronic services to investors.

The center would also respond to investors' inquiries about establishing companies electronically, investment opportunities in different governorates, free zones and settlement measures of investment disputes.

Located on the premises of the General Authority for Investment and Free Zones (GAFI), the center would provide investors with updates on government economic reform measures.

### **Investment Minister, Mamish discuss implementation of promotional plan for SCZone projects**

Minister of Investment and International Cooperation, Dr. Sahar Nasr met with Chairman of the Suez Canal Economic Zone (SCZone) Mohab Mamish.





The two sides agreed to remove any obstacles facing investors in the Suez Canal axis development project. They stressed importance of providing all services and infrastructure in the zone.

The meeting discussed injection of fresh investments within the framework of the plan to develop ports in the Suez Canal economic zone in order to enhance their competitiveness through implementation of a promotional plan for SCZone projects and presentation of the available investment opportunities.

### **Minister of Investment forms two new units**

Minister of Investment and International Cooperation, Dr. Sahar Nasr issued two decrees to form two units to investigate and solve investors' problems, in addition to following up on and analyzing the global indices for enhancing business and investment environments.



Nasr noted that the two decisions aim to help Egypt advance in the international business practices, which contributes to attracting investors and promoting the Egyptian economy internationally.

The investor problem-solving unit will be affiliated to the Ministry and will be responsible for forming an integrated system to receive, follow up on and solve the problems of the local and



foreign investors, in addition to setting a unified system for the follow-up procedures and mechanisms.

The unit will be issuing a monthly report on the development of businesses and will be presented to the minister. The minister's counselor Ahmed Rezk Abdel Moneim will be supervising the unit.

The mission of the second unit will be investigating and analyzing the performance of the state, regarding all the reports issued by the international finance institutions, which affects the investment environment.

The second unit will be divided into three groups for coordinating with the international institutions and organizations, doing researches and handling media and external communication.

### **Minister: Increasing social protection program funding**

Investment and International Cooperation Minister Sahar Nasr called on investors and businessmen to support Tahya Misr (Long live Egypt) fund as part of their social responsibility.



Nasr said in a statement to reporters on Wednesday following the committee meeting that Tahya Misr's executive committee has



decided to increase funding of the social protection program package upon directives by President Abdel Fattah El Sisi.

Nasr said that meeting was attended by Mohamed el Ashmawy, the executive director of Tahya Misr (Long live Egypt) fund, Major General Mohamed Amin, the secretary of the committee and former Grand Mufti Ali Gomaa.

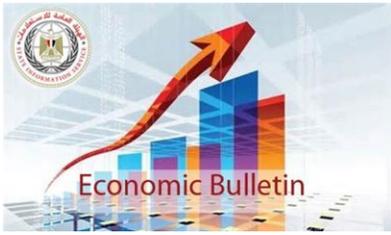
The committee members were briefed on the rate of development of the most needy villages project, currently being implemented in 14 governorates.

Developing of 7,254 houses in 232 villages is going on in cooperation with Al Orman Charity Association in line with the directives of President Sisi to allocate EGP 200 million for the project, she added.

As many as 3,734 houses in 104 villages were already developed at costs reaching EGP 89 million in addition to developing 250 houses in North Sinai governorates, the statement added.

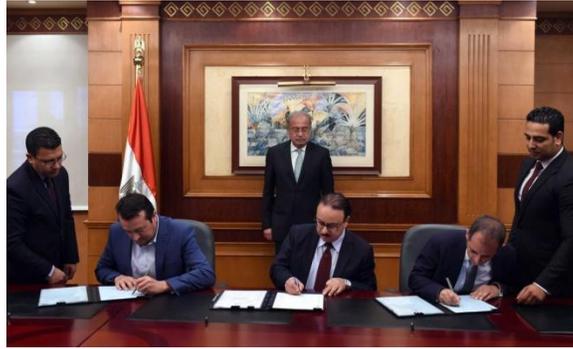
Nasr pointed out that field visits will be held in the coming period to monitor the implementation of current projects as well as increasing Tahya Misr Fund resources for the youth projects, giving priority to the most needy governorates particularly in Upper Egypt and Sinai.

Nasr further added that Holding Tahya Misr Company for Investment and Development has been established to cope with Tahya Misr Fund plan in the coming period that will be concerned with the investment domain.



## **Egypt, Greece, Cyprus sign cooperation agreement**

Prime Minister Sherif Ismail attended the signing ceremony of an agreement among Egypt, Greece and Cyprus on setting up a center for training and innovation in the technological zone in Borg el Arab along with establishing telecommunications and information technology companies.



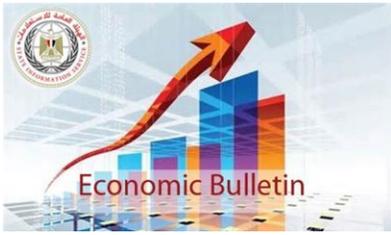
The ceremony was held on the sidelines of a Cabinet meeting, said Minister of Communications and Information Technology Yasser el Qady in press statements.

The move comes as an outcome of cooperation among the three countries, he added.

The training center will be inaugurated by President Abdel Fattah El Sisi in September, he said.

The Greek minister of communication lauded close relations between his country and Egypt especially in the communications sector.

For his part, the Cypriot minister of communication lauded the agreement, pointing out that it will contribute to the development process in the three countries.



## **Fitch Affirms Egypt at 'B'; Outlook Stable**

Fitch Ratings has affirmed Egypt's Long-Term Foreign- and Local-Currency Issuer Default Ratings (IDRs) at 'B' with a Stable Outlook.



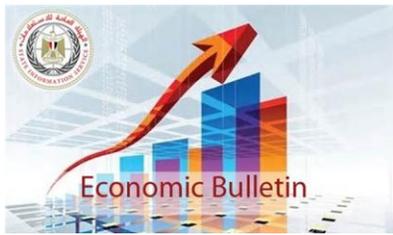
The issue ratings on Egypt's senior unsecured foreign- and local-currency bonds are also affirmed at 'B'.

The Country Ceiling and the Short-Term Foreign- and Local-Currency IDRs are all affirmed at 'B'.

## **Four local, int'l companies win Egypt's tender on gold, minerals exploration**

Four local and international companies won the Egyptian gold mining exploration tender on the right to exploit five areas in the Eastern Desert and the Sinai Peninsula, Petroleum Minister Tareq El Mulla said.

In a statement, the Petroleum Ministry said Resolute Egypt won two concessions, while Britain's Veritas Mining Limited, Ghassan Spain Investment, and Egypt's East Gas Company copped one concession each.



Mulla said the ministry's top priority is developing the mineral wealth sector via forging new strategies for the optimal economic use of mineral wealth.



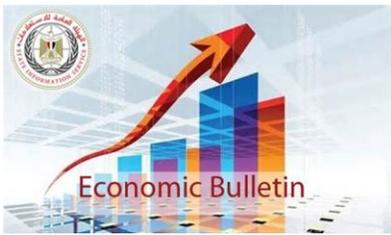
The ministry is looking forward to making this sector one of the pillars of the Egyptian economy, noting that tenders encourage investments in the mineral wealth sector in Egypt.

### **German tourism: Greece and Egypt are the main winners this summer**

German tour operators are generally happy with summer 2017 bookings, with Greece and Egypt as the main winners and Turkey making a late comeback, according to fvw.com.



Germany's leading tour operators are growing again this year after diverse trends last year. "Summer 2017 is going better than 2016," said Thomas Cook Germany chief Stefanie Berk. Alltours chief Markus Daldrup expects a 4.5% rise in bookings this summer after a heavy drop last year.



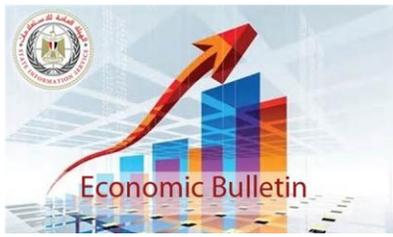
TUI Germany's new chief Marek Andryszak noted: "We're winning market share in important destinations such as Spain, Greece and Portugal." TUI has a 20% booking increase for Greece, for example. TUI claims it has increased its market share to 23% so far this year.

Tour operators agree on the main destination winners this year, including Greece, Egypt, Croatia and Portugal. But there are already the first signs of capacity shortages in some places. "Capacity is getting tight in particular on Greek islands such as Corfu and Kos for certain dates in certain hotels," Berk confirmed.

In contrast, TUI's tourism chief Stefan Baumert stated: "At the moment there is still capacity everywhere." And Schauinsland Reisen's tourism chief Andreas Rüttgers added: "The Balearics have significantly more capacity available than the media suggested before the start of the summer holidays."

However, the big Mediterranean destinations are more expensive this summer. FTI director Ralph Schiller commented: "After the boom in 2016 the Balearics, the Canaries and mainland Spain along with the Greek islands are significantly more expensive than last year."

In response, many German clients are booking summer holidays instead in Egypt, Tunisia and Turkey, which are all competing strongly on price to win back business. Most tour operators have high growth rates for Egypt this summer as German holidaymakers regain confidence in the destination. "Demand for this summer is very strong," said Thomas Cook's Stefanie Berk. Schauinsland-Reisen, with a 30% increase, is adding more flight capacity from Düsseldorf and Munich this summer.



## **CBE raises interest rate by 2 percent**

Central Bank of Egypt (CBE) decided to raise the overnight deposit rate and overnight lending rate 200 basis points to 18.75 and 19.75 percent respectively.

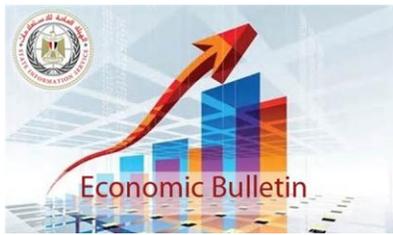


It also decided to raise the CBE main operation and the discount rate by 200 basis points to 19.25 percent, according to a statement by the CBE.

Excluding effects of transitory shocks, underlying inflation remained somewhat higher than consistent with achieving the CBE's target, affected by price-setting behavior in line with annual inflation of 10 percent historically, which has been further magnified recently due to second-round effects of the economic reform measures, the statement added.

This has been reflected especially in food components of core consumer as well as producer prices. Additionally, higher prices of hydrocarbon products effective June 29, 2017, higher value added taxes effective July 1, 2017, higher electricity prices scheduled for July 2017 as well as other potential regulated price adjustments further increase inflationary pressures.

Against this background, the balance of risks surrounding the inflation outlook has tilted more strongly to the upside with recent economic and monetary developments. Consequently, the MPC



decided that tightening monetary conditions is warranted to achieve the inflation target of 13 percent in 2018 Q4.

Annual headline inflation in May 2017 fell for the first time since October 2016 to record 29.7 percent compared to 31.5 percent in the preceding month. The drop was partly due to a favorable base effect stemming from the exchange rate depreciation in March 2016 that strongly impacted prices in May 2016.

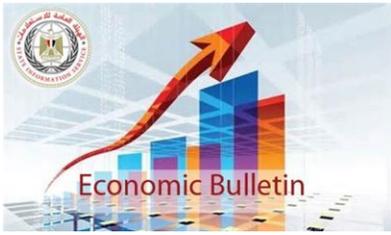
### **CBE: Egypt's foreign currency inflows hit \$2 bln last week**

The Central Bank of Egypt (CBE) does not intervene at all in the foreign exchange market, CBE deputy governor Gamal Negm said.



The latest decline of the US dollar exchange rate against the Egyptian pound is due to the increase in the foreign currency inflows that recorded nearly \$2 billion during the past week, Negm told MENA.

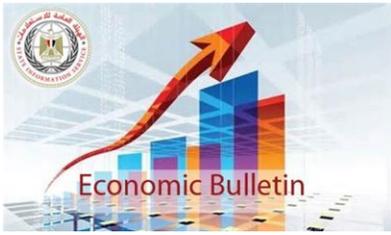
The official's remarks were made on the sidelines of promoting financial stability forum, organized by the Union of Arab Banks in Sharm el Sheikh.



## United States Dollar to Egypt Pound



By the end of this week, the average buy price for the US dollar reached 17.86 pounds, while the average sell price reached 17.90 pounds.



## Gold Price



The following table shows gold price per gram:

Carat	Gold price per gram in Egyptian Pound (EGP)
24K Gram	704 EGP
21K Gram	616 EGP
18K Gram	528 EGP