

Business Barometer

Issue 76

July – September 2025



**Performance Evaluation during the period July – September 2025
and Outlook for the period October – December 2025
from the Business Community's point of view**

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Business Barometer

Issue 76

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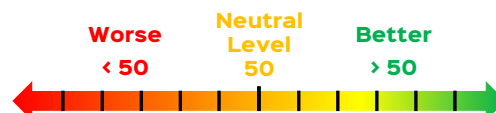
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Executive Summary

This report presents the results of a periodic assessment conducted by the Egyptian Center for Economic Studies of a sample of 120 private sector firms representing various sectors and sizes, reflecting the business community's views on developments in a range of variables, specifically: Production, domestic sales, exports, inventory, capacity utilization, prices, wages, employment, and investment during July-September 2025, and its outlook for October-December 2025. It also compares the results with the previous quarter (April-June 2025) and the corresponding quarter (July-September 2024). The following is a brief overview of the key findings of the report for the quarter under study (July - September 2025).

Evaluating performance and exploring the outlook based on the overall index



- The business performance index improved during the quarter under review and relative to the previous quarter. The outlook index for the next quarter has also increased.

According to size:

- The business performance index for all firms of different sizes exceeded the neutral level.

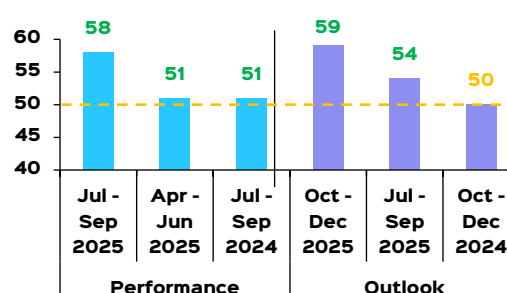
Sectorally:

- The business performance index improved across all sectors during the quarter under review compared to the previous one. The tourism sector reported the best performance, while the construction sector experienced the least recovery.

Challenges:

- The challenges of securing qualified labor intensified, particularly in the telecommunications sector, high inflation continued, and energy and water tariffs remain among the leading constraints facing all firms.
- The constraints related to the lack of clarity regarding future economic policy directions have alleviated, and a slight improvement in the tax and customs systems has been reported.

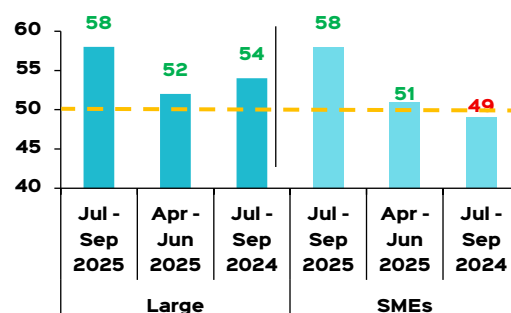
The **Business Performance Index** continued rising in the quarter under study (July-September 2025), exceeding the neutral level by 8 points—a better performance than the previous and the corresponding quarters by 7 points. This could be due to the recovery of production, domestic sales, exports, and capacity utilization for all firms across sectors.



The **Performance Expectation Index** for the quarter October-December 2025 registered values higher than neutral level by 9 points and better than the previous and corresponding quarters, reflecting expectations of continued improved performance.

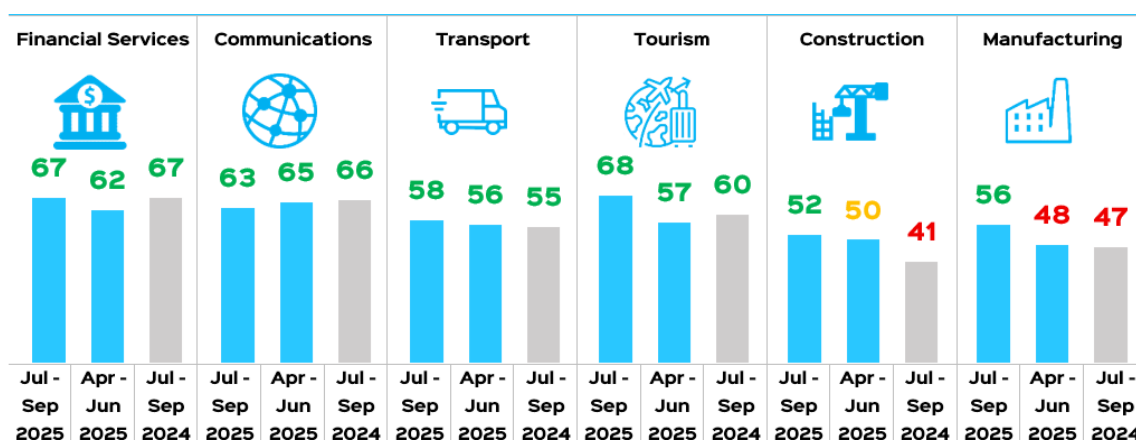
According to size:

The business performance and expectations indices exceeded the neutral level for all firms, registering values higher than the previous and corresponding quarters. This reflects improved performance across all sub-indices for all firms.



Sectorally:

The business performance index improved for all sectors during the quarter under review and compared to the previous quarter. The **tourism sector** reported the best performance, while the construction sector reported the lowest performance among all sectors.



The **manufacturing industries sector** rose above the neutral level, with a 6-point over the previous and corresponding quarters. This is due to improved production and export indicators, and higher seasonal domestic sales in the ready-made garment and food industries sectors. This could be a result of a decrease in monetary pressures following the stabilization of geopolitical conditions in the Middle East and availability of foreign currencies for securing raw materials.

The **tourism sector** reported the best performance among sectors, posting values 18 points higher than the neutral level and better than the previous and corresponding quarters. This could be attributed to the recovery of inbound tourism during the quarter under study, higher occupancy rates in hotels and tourist villages, increased demand for flight bookings, as well as the rise in outbound tourism due to the Umrah season. It could be attributed also to the increase in domestic tourism during the summer and following the end of the school year, in addition to government's efforts to promote Egyptian tourism in global markets through the launch of huge promotional campaigns, including the opening of the new Egyptian Museum (GEM).

Challenges and priorities from the perspective of the business community:

The recurring increases in energy and water tariffs continue to top the list of constraints facing all firms during the quarter under study.

The current quarter saw an exacerbation of constraints related to the difficulty of securing qualified labor, particularly in the telecommunications sector, while the constraints related to the lack of clarity regarding future economic policy directions decreased. A slight improvement was reported in the tax and customs systems. High inflation and energy and water tariffs continued to top the list of obstacles facing all firms.

Small and medium-sized enterprises (SMEs) still face greater challenges compared to large firms, particularly with regard to the tax system and the difficulty of securing qualified labor.

The telecommunications sector faces the greatest number of challenges compared to other sectors; most importantly, the difficulty in securing qualified labor, challenges of the tax system, in addition to financing challenges.

Main Macroeconomic Developments:

Globally: Global growth continues to recover, albeit at a slower pace, and risks remain high due to uncertainty stemming from geopolitical tensions, renewed trade tensions, immigration restrictions, and financial weakness due to increasing financial pressures, particularly for low-income countries.

Domestically: Economic growth has improved and inflationary pressures have eased, supported by a conducive monetary policy. However, external debt remains high, and dependence on hot money is still strong.

For more details on global, regional, and local financial conditions, see the Egyptian Center for Economic Studies report, "Financial Markets Snapshot," Issue 23 (2025), <https://eces.org.eg/wp-content/uploads/2025/11/Financial-Markets-Snapshot-Issue-23.pdf?ver=1764513611>



About ECES

The Egyptian Center for Economic Studies (ECES) is an independent, non-profit think tank that conducts specialized economic research, drawing on international experience and constructive discussions among various stakeholders. ECES's main objective is to propose sound economic policies, and institutional and legislative reforms that contribute to sustainable development in Egypt, all on the basis of combined economic efficiency and social justice.



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Report Details

Business Barometer Methodology

To complement its efforts in providing integrated information that reflects the developments witnessed by the Egyptian economy in general and the business community in particular, the Egyptian Center for Economic Studies (ECES) has been issuing its Business Barometer (BB) since 1998. The BB provides a quarterly assessment of the performance of a sample of private firms covering various sectors and sizes. This assessment reflects the opinion of the business community regarding developments across a set of variables during the quarter under review, and sheds light on its outlook for the development of the same set of variables in the next quarter.

1. Production and Sales Indicators



2. Prices and Costs Indicators



3. Investment and Employment Indicators



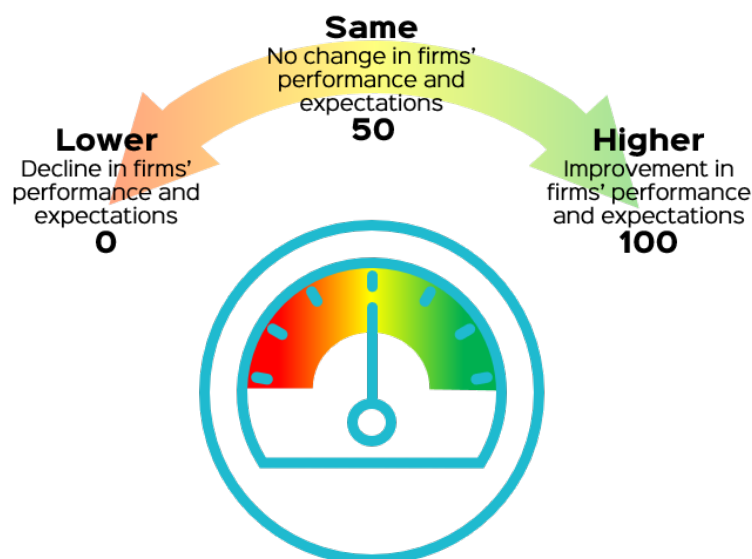
The significance of this issue of the Business Barometer increases in light of the challenges the business community has faced since early 2020, starting with the COVID-19 pandemic, followed by a recovery accompanied by many challenges in 2021, the Russian-Ukrainian war in early 2022, and most recently, the war in Gaza and geopolitical unrest in the Red Sea since October 2023, which has exacerbated these challenges. Therefore, it is important to track the impact of these developments.

This report presents an evaluation of the sample firms' performance during the quarter (April-June 2024) and their expectations for the quarter (July-September 2024).

The report begins with an overview of the macroeconomy at both the global and local levels, it then presents the performance evaluation and expectations at the level of the overall index, followed by to the constraints faced by the business community during the study period, and the priorities for improving the business climate from the sample firms' perspectives. Finally, the report concludes with an evaluation of performance and expectations at the level of the sub-indices.

The Business Barometer is based on the results of a periodic survey conducted by the center every three months on a fixed sample of 120 private sector firms distributed as follows:

- The analysis evaluates the performance of the sample firms during the study period and their expectations for the next quarter, compared to the results of the previous quarter and the corresponding quarter of the previous year.
- Performance and expectations are evaluated on two levels: the overall index results and the sub-indices' results.
- The Business Barometer Index represents a simple average of a set of sub-indices for the variables mentioned in the questionnaire. The overall index takes values greater than, less than, or equal to the neutral level (50 points).



The index is calculated for each variable using this equation:

$$X = \frac{I + S}{100 + S} \times 100$$

where I is the share of firms reporting an increase and S the share of firms reporting "same."

Regarding the constraints and priorities for improving the business climate:

Firms evaluate the severity of each constraint, with the rating ranging from zero (not impactful) to four (highly impactful). Firms are allowed to choose more than one constraint. Regarding the priorities for improving the business climate, firms rate the priorities, with the rating for each axis ranging from zero (not important) to four (high priority). Firms are allowed to choose more than one axis as a priority for improving the business climate.

Next, a weighted average is calculated based on the number of firms and their evaluation of the constraint/priority across the entire sample.

All averages for constraints/priorities are re-evaluated to range between zero and one, followed by normalization of the new averages for all constraints/priorities. This allows for ranking the constraints/priorities in descending order according to their severity, with 100% being the most severe constraint and the highest priority.



Macroeconomic Overview

Globally: Global growth continues to recover, albeit at a slower pace, amid ongoing risks and uncertainties.

The slow recovery of the global economy is expected to continue, with a growth rate of around 3.2% by the end of 2025, compared to 3.3% in 2024. This is due to the slowdown in the growth of advanced economies to 1.5% by end of 2025 and stabilization of growth in emerging and developing markets at 4.0%. The volume of global trade is expected to grow at an average of 2.9% during the period 2025-2026, a slower rate than the 3.5% growth rate posted in 2024, due to continued trade fragmentation. Global inflation is expected to decelerate to 4.2% in 2025 and 3.7% in 2026, reflecting the decline in global commodity and energy prices and the implementation of contractionary monetary policies, with inflation in the US economy expected to rise above target. Risks remain high due to uncertainty stemming from geopolitical tensions, renewed trade tensions, immigration restrictions, and financial vulnerability resulting from increasing fiscal pressures, particularly for low-income countries.¹

The global composite Purchasing Managers' Index (PMI) reached 52.9 points in October 2025, up 0.5 points from September 2025, and 0.6 points from October 2024. This rise reflects an improvement in the Purchasing Managers' Index (PMI) for services and manufacturing, albeit manufacturing has seen the highest growth. This improvement came on the back of increased demand as inflationary pressures eased globally, but the recovery was offset by a slowdown in new export orders and restrictive trade policies, along with risks surrounding the global economy that weaken investor confidence in the sustainability of the economic recovery.²

Commodity prices saw mixed results: crude oil prices stabilized at high levels, supported by continued supply constraints and strategic storage, while agricultural commodity prices declined as a result of improved harvest prospects and easing supply pressures in major producing countries. Gold continued rising, supported by demand for it as a safe haven amid geopolitical tensions and rising inflation expectations.³

Domestically: Economic growth has improved and inflationary pressures have eased, supported by a conducive monetary policy. However, external debt remains high, and dependence on hot money is still strong.

The following section includes a brief overview of developments in the most important macroeconomic indicators, based on the latest data available up to the date of this report.

I. GDP Growth

Gross domestic product continued to grow during Q4 FY 2024/2025 (April - June 2025), recording about 5%—double the growth rate during the corresponding quarter of the previous fiscal year. This growth was driven by the continued recovery of the non-oil manufacturing, trade, communications and information technology sectors. The tourism sector was the fastest growing during Q4 of FY 2024/2025, as Egypt received more than 17 million tourists thanks to more investment in tourism infrastructure. Meanwhile, the extractive sector continued to decline and Suez Canal activity was negatively affected by geopolitical tensions, although less severely than in the previous quarter.⁴

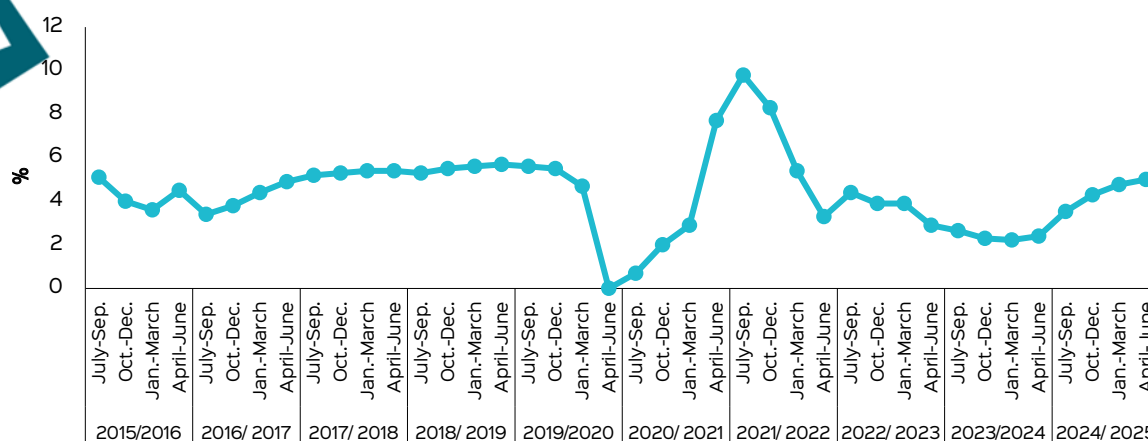
¹ International Monetary Fund, *World Economic Outlook: October 2025* (Washington, DC: IMF, 2025)

² https://cdn.ihsmarkit.com/www/pdf/6114987_6114888_01.pdf

³ For more information on global, regional, and local financial conditions, see: Egyptian Center for Economic Studies, *Financial markets Snapshot*, Issue 21 (2025), <https://eces.org.eg/wp-content/uploads/2025/09/Financial-Markets-Snapshot---Q3-2025.pdf>

⁴ [https://mped.gov.eg/adminpanel/sharedFiles/\[GDP_Note_Q4_FY24-25\]_Arabic_version_-_30_Sept.__430.pdf](https://mped.gov.eg/adminpanel/sharedFiles/[GDP_Note_Q4_FY24-25]_Arabic_version_-_30_Sept.__430.pdf)

Figure 1: Real GDP Growth (2015/2016 – Q2 2024/2025)



Source: Ministry of Planning and Economic Development

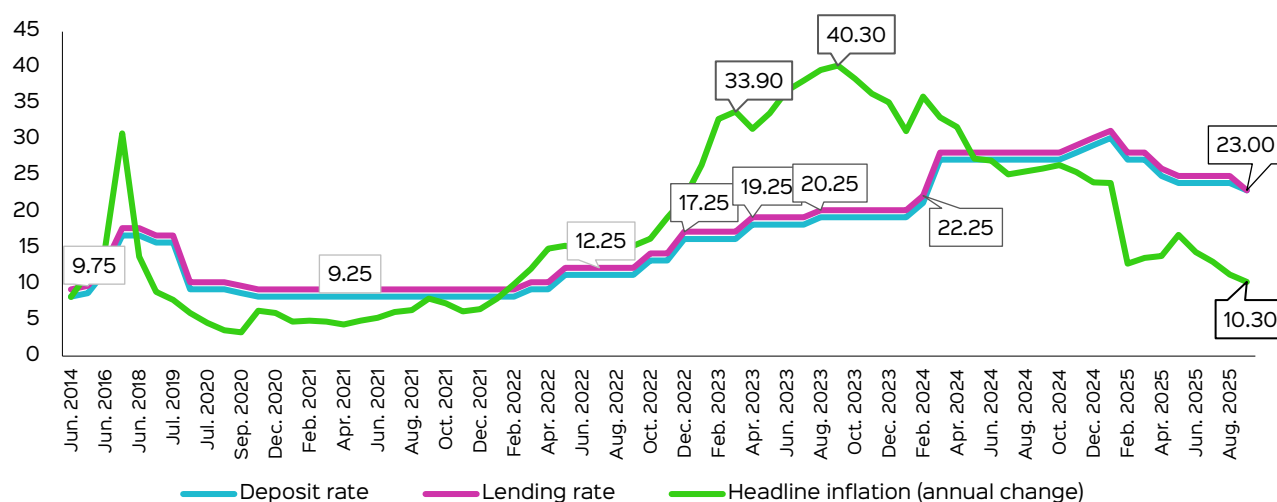
II. Inflation

The annual rate of headline inflation rose in September 2025 to 11.3%, compared to 10.7% in August, driven by higher service prices, mainly a 12% increase in rents.⁵

The third quarter of July-September 2025 saw both the headline and core inflation rates slow to 12.5% and 11.2% respectively, reflecting the easing of inflationary pressures and the fading impact of shocks.⁶

With inflation continuing its downward trajectory, the Central Bank of Egypt (CBE) continued to cut key interest rates, slashing them by 100 basis points in October 2025, bringing the overnight deposit and lending rates and the main operation rate to 21%, 22% and 21.5%, respectively. The CBE's Monetary Policy Committee also decided to cut the credit and discount rate to 21.5%.⁷ Thus, the total reductions during 2025 amount to approximately 625 basis points. However, monetary policy remains contractionary, as real interest rates remain positive.⁸

Figure 2: Inflation and Key Interest Rates



Sources: Central Bank of Egypt, Monthly Statistical Bulletin; Press release on the exceptional meeting of the Monetary Policy Committee on March 6, 2024; CAPMAS, Monthly Bulletin of Consumer Price Indices, various issues.

⁵ https://www.cbe.org.eg/-/media/project/cbe/listing/publication/2025/september/in_sep_2025--ar.pdf

⁶ Central Bank of Egypt (CBE), Monetary Policy Report, Q3 2025. (Cairo: CBE, 2025).

⁷ <https://www.cbe.org.eg/ar/news-publications/news/2025/10/02/14/43/mpc-press-release-2-october-2025>

⁸ CBE, Monetary Policy Report, Q3 2025, 2025.



III. External Transactions

The **balance of payments** recorded a total deficit of approximately \$2 billion during FY 2024/2025, compared to a surplus exceeding \$9 billion during FY 2023/2024. This reflects a decline in the surplus of the capital and financial account from \$29.9 billion in FY 2023/2024 to approximately \$10 billion during FY 2024/2025. Meanwhile, the current account deficit improved, decreasing from a deficit of \$20.8 billion in FY 2023/2024 to \$15 billion in FY 2024/2025. The following are the most prominent changes in the two accounts (Central Bank of Egypt, 2025).⁹

Current Account Transactions:

- Remittances from Egyptians working abroad increased by 66% compared to the previous year, reaching \$36.5 billion during FY 2024/2025.
- Non-oil exports rose by approximately 29% to reach \$34.6 billion.
- Tourism revenues are expected to increase by 16.3% in FY 2024/2025, reaching \$16.7 billion.
- The oil trade deficit rose to \$13.9 billion, compared to \$7.6 billion during the previous fiscal year.
- Suez Canal revenues are expected to decrease by 45.5% to reach approximately \$3.6 billion during the year 2024/2025.

Capital and financial transactions:

- Foreign direct investment recorded a net inflow of approximately \$12.2 billion, down about 73% compared to FY 2023/2024, which was driven by the one-off Ras El Hekma investment deal.
- Net portfolio investments decreased by approximately 88% to reach approximately \$1.6 billion in FY 2024/2025.

Accordingly, Egypt's net international reserves rose to \$49.3 billion during July-September 2025, an increase of 6% compared to the same period last year, driven by higher export earnings, improved performance of the tourism sector, increased remittances from Egyptians working abroad, and record highs in the prices of gold, which is one of the components of the Central Bank's international reserves.¹⁰

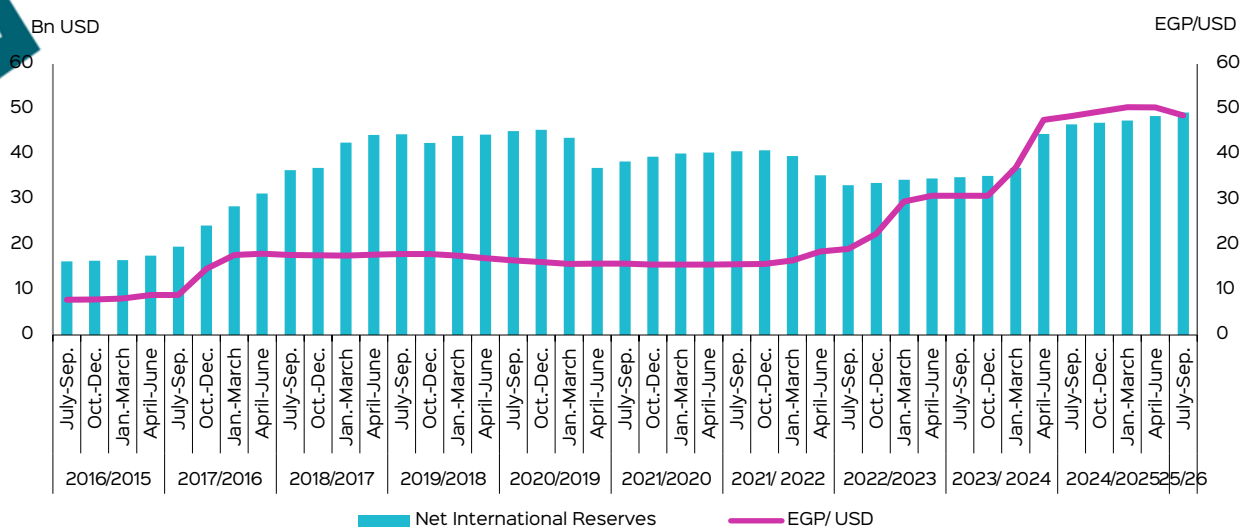
Improved foreign exchange flows, continued global weakening of the US dollar, and a return of portfolio investments following recent regional tensions¹¹ led to a slight appreciation of the Egyptian pound by 3.5% during July-September 2025 compared to the previous quarter of FY 2024/2025, as the exchange rate reached 48.6 during July-September 2025 (Figure 3).

⁹<https://www.cbe.org.eg/-/media/project/cbe/page-content/rich-text/bop/fy-2024-2025/%D8%A7%D9%84%D8%A8%D9%8A%D8%A7%D9%86-%D8%A7%D9%84%D8%B5%D8%AD%D9%81%D9%8A-%D8%A8%D8%B4%D8%A3%D9%86-%D8%A3%D8%AF%D8%A7%D8%A1-%D9%85%D9%8A%D8%B2%D8%A7%D9%86-%D8%A7%D9%84%D9%85%D8%AF%D9%81%D9%88%D8%B9%D8%A7%D8%AA-%D8%AE%D9%84%D8%A7%D9%84-%D8%A7%D9%84%D8%B3%D9%86%D8%A9-%D8%A7%D9%84%D9%85%D8%A7%D9%84%D9%8A%D8%A9---2024-2025.pdf>

¹⁰ <https://www.cbe.org.eg/en/news-publications/news/2025/10/06/06/31/net-international-reserves-at-the-end-of-september-2025>

¹¹ For more details on the latest global, regional and local financial developments, refer to the monthly financial report ([Financial Markets Snapshot](#), Issue 21).

Figure 3: Net International Reserves and Exchange Rate



Sources: Central Bank of Egypt, Monthly Statistical Bulletin, various issues; Ministry of Finance, Monthly Financial Report, various issues.

External debt:

Egypt's external debt increased by about \$6 billion since the beginning of 2025, reaching about \$161.2 billion in Q4 2024/2025 (April-June 2025). This represents an increase of about 3% compared to the previous quarter, and an increase of about 5.5% compared to the corresponding quarter of the previous fiscal year.

Net foreign assets in the banking system continued to show remarkable improvement, recording \$17.9 billion at the end of August 2025, which is about \$3 billion more than in June 2025. This came against the backdrop of increased remittances from workers abroad and increased foreign investment in government debt instruments.¹²

IV. Public Finance

The overall deficit in the state's general budget as a percentage of GDP during July-September 2025/2026 registered around 2.5%, representing an increase of 19% compared to the same period of the previous year. This is due to revenues increasing by about 37.2% to reach EGP 644.9 billion in July-September 2025/2026, driven by tax revenue growth of about 37%, while expenditures grew by about 39.1% to reach about EGP 1,151.1 billion, driven by interest payments growth of 54%, and increased spending on subsidies and social benefits by about 31%.¹³

In October 2025, Standard & Poor's (S&P Global Ratings) and Fitch Ratings upgraded Egypt's long-term sovereign credit rating from "B -" to "B" with a stable outlook, reflecting higher economic growth rates, improved external indicators, particularly international reserves and foreign direct investment, and a decline in inflation.

¹²The Central Bank of Egypt. Monetary Policy Report. Q3 2025 (Cairo: Central Bank of Egypt, October 2025)

¹³ <https://assets.mof.gov.eg/files/25572ec0-b4bb-11f0-aaf7-15d3964f4add.pdf>



Business Barometer Index (BBI)

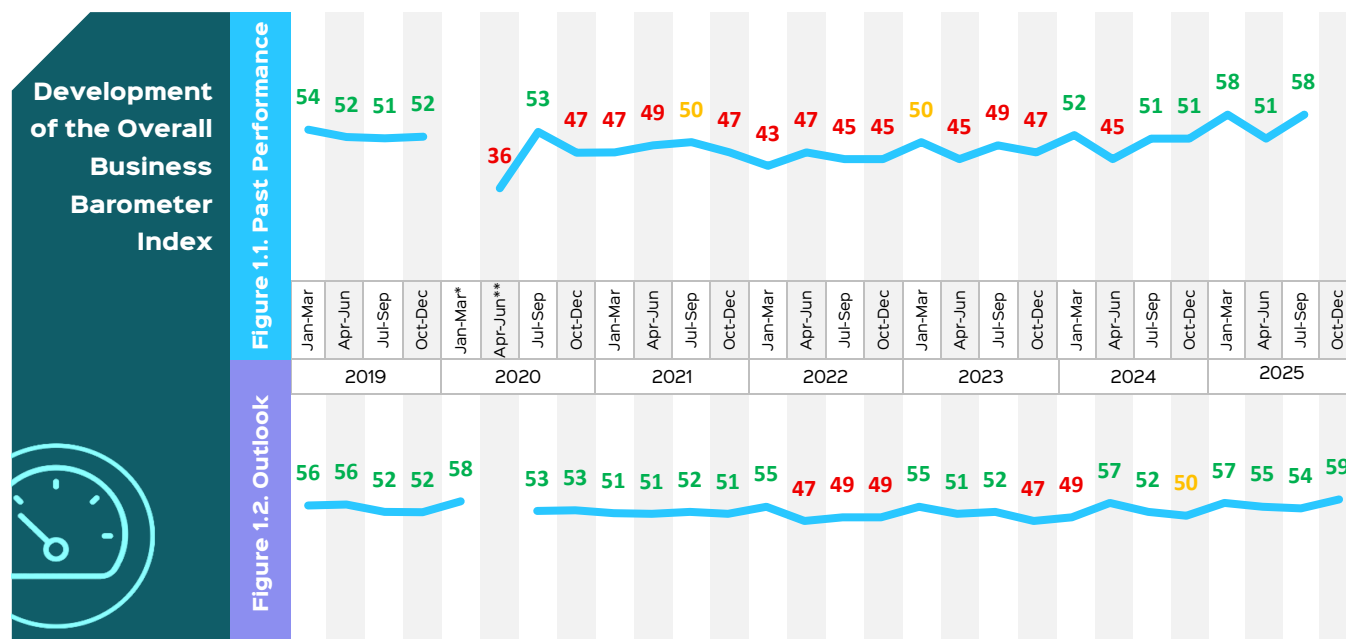
I. Performance evaluation and expectations according to the overall index

The business performance index improved during the quarter under review and compared to the previous quarter, with performance varying across sectors.

1-1 Overall index

The business performance index for the quarter under review (July-September 2025) exceeded the neutral level by 8 points, performing better than the previous and corresponding quarters by 7 points. This is due to the recovery of production, domestic sales, exports, and capacity utilization for all firms and across sectors, with all recording values higher than the neutral level and the previous quarter. This recovery reflects the alleviation of financial pressures with the availability of foreign currencies and the stability of their prices for longer periods, relative stability of the geopolitical situation in the Middle East, increased demand for Egyptian products in foreign markets, in addition to the improvement of many macroeconomic indicators for Egypt's credit rating. All these combined led to an increase in confidence compared to the situation in the previous quarter (Figure 1-1).

The performance expectations index for October-December 2025 also recorded higher values than neutral by 9 points, and better than the previous and corresponding quarters. This reflects expectations of continued improved performance in all sectors and firms during the upcoming period (Figure 1-2).



Source: Survey results.

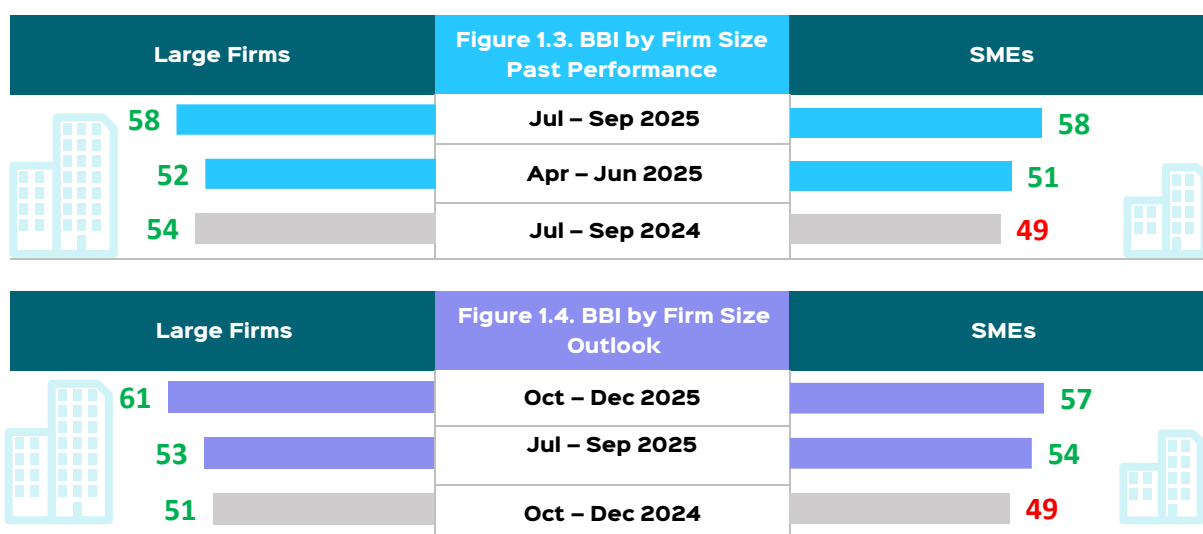
* Data for January-March 2020 are unavailable due to the pandemic-related lockdown.

** Data for April-June 2020 are unavailable due to the pandemic-related lockdown.

1-2 Index according to firm size

The business performance and expectations indices for all surveyed firms exceeded the neutral level. The performance index during the quarter under review recorded higher values than the previous and corresponding quarters, reflecting improved performance of the various sub-indices across all firms (Figure 1-3).

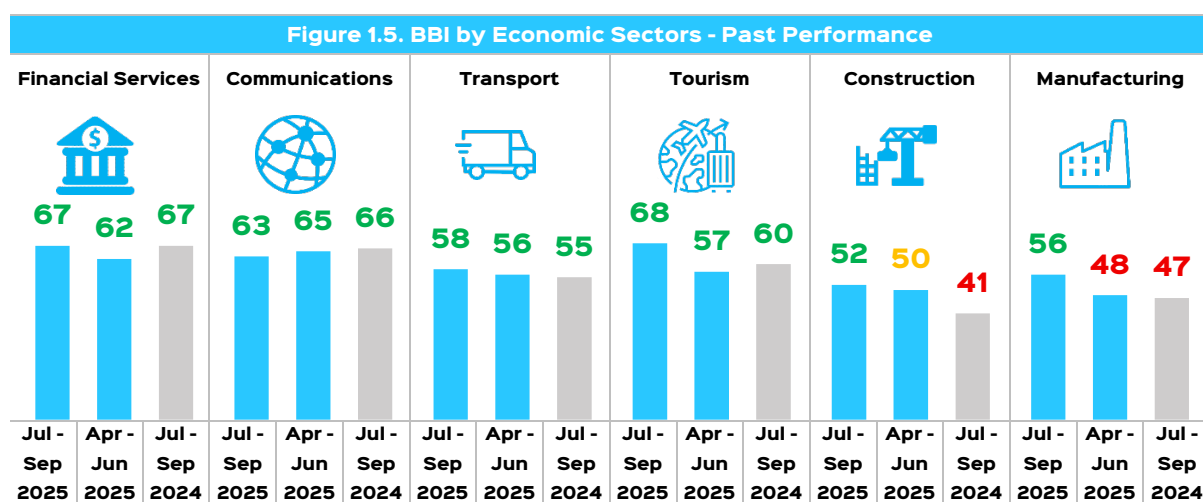
Similarly, the expectations index for October-December 2025 rose above the neutral level for all firms, albeit greater optimism was observed among large firms compared to small and medium-sized firms. The expectations index for large firms recorded values 11 points higher than the neutral level, and higher than the previous and corresponding quarters. As for small and medium-sized enterprises (SMEs), the expectations index recorded 7 points higher than the neutral level, and higher than the previous and corresponding quarters. This reflects expectations of continued recovery in production, domestic sales, and capacity utilization for all firms, and continued recovery of the export index for large firms and stability for SMEs (Figure 1-4).



Source: Survey results.

1-3 The Index according to economic sectors

The business performance index improved across sectors during the quarter under review and compared to the previous quarter. The tourism sector reported the best performance (Figure 1-5).



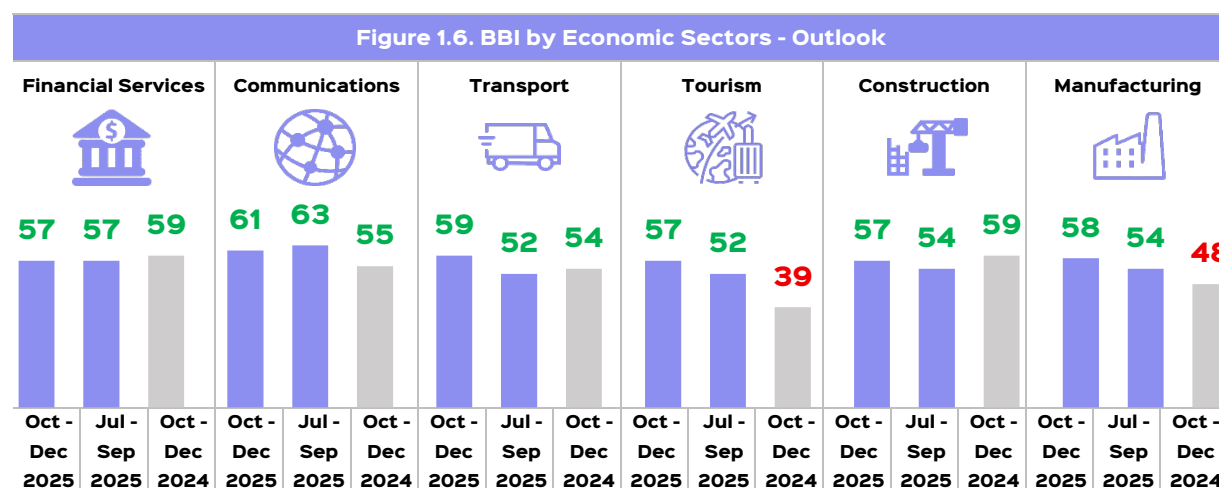
Source: Survey results.

The following is an analysis of the performance of economic sectors during the quarter under study, according to the views of the sample of firms, and compared with the performance reported during the previous and corresponding quarters:

- The **manufacturing industries sector** exceeded the neutral level by 6 points, with a better performance than in the previous and corresponding quarters. This is due to improved production and export indicators, and increased seasonal domestic sales in the ready-made garment and food industries. This reflects a decline in financial pressures following the stabilization and availability of foreign currencies, which enabled the securing of raw materials, and stabilization of geopolitical conditions in the Middle East.
- The **construction sector** is the least sectors reporting a recovery, recording values higher than neutral by two points only, although faring better than the previous and corresponding quarters. This improvement is attributed to the rise in all indicators during the quarter under study, driven by continued demand for properties in resorts and new cities, and the start of implementation of new projects in El-Wahat and North Coast regions. State projects in infrastructure, roads and new cities have also contributed to revitalizing the sector, in addition to the impact of enforcing the new reconciliation law.
- **Tourism was the best performing sector**, reporting 18 points above neutral. This represents a remarkable improvement compared to the previous and corresponding quarters, and reflects a strong recovery in the sector. In particular, inbound tourism has clearly increased, leading to higher occupancy rates in hotels and tourist villages, in parallel with the growth in demand for flight bookings, and a rise in outbound tourism due to the Umrah season. This has been coupled with the increase in domestic tourism during the summer and following the end of the school year, and the government's efforts to promote Egyptian tourism in global markets through launching huge promotional campaigns, most notably in connection with the opening of the new Egyptian Museum (GEM).
- The performance of the **transport sector** during the quarter under study was positive, exceeding the neutral level by 8 points. This sector achieved better results compared to the previous and corresponding quarters. This improvement is due to increased import and export activity as a result of the stability of regional geopolitical conditions, especially the return of relative calm to navigation in the Red Sea, which encouraged importers to scale up their import operations to cover their needs during this period. The overall improvement in the performance of the Egyptian economy also contributed to boosting the sector's activity, in addition to the indirect impact of the recovery in construction, tourism, and manufacturing sectors, which played a key role in the sector's improvement.
- The **telecommunications sector** continued its recovery path during the quarter under review, but at a relatively slower pace than the previous and corresponding quarters. It exceeded the neutral level by 13 points; a positive value but lower than the previous and corresponding quarters. This could be attributed to the continued growth in demand for information technology services, as the State continues to expand digital infrastructure projects, develop railway facilities, and upgrade communication networks, especially after the Ramses Central fire. It could also be explained by continued maintenance work with the increase in mobile phone service subscribers. The increase in government tenders in this field, as well as growing demand for educational and training programs and new contracts with firms to provide accounting services—such as preparing financial and tax reports, opening new markets and outsourcing information technology services and smart solutions to provide training based on modern technologies—contributed to revitalizing the sector.
- The **financial services sector** continued its path of recovery, recording 17 points above the neutral level, with a performance 5 points higher than the previous quarter, albeit similar to the corresponding

quarter. This is due to the higher trading volumes resulting from the continuation of monetary easing through interest rate reductions, in addition to the elimination of the capital gains tax on stock exchange transactions to encourage investment in the financial market. The market also received a substantial boost in the quarter under review, driven by increased liquidity, improved economic environment, higher investor confidence in the Egyptian economy, and Egypt's upgraded credit rating.

The expectations index also exceeded the neutral level across all sectors, reflecting a general sense of optimism among the business community regarding performance in the upcoming quarter. The telecommunications sector outlook index reported the best values across sectors. The following is an analysis of the economic sectors' expectations regarding performance during the upcoming quarter, according to the opinions of the firm sample, and compared to the previous and corresponding quarters:



Source: Survey results.

- The expectations index for the manufacturing sector exceeded the neutral level by 8 points, recording better performance compared to the previous and corresponding quarters. This improvement is due to expectations of continued growth in production, domestic sales and export indicators during the upcoming quarter, driven by continued economic reforms. In particular, these reforms include improved tax and customs procedures, stability of the exchange rate, monetary easing, and attracting new investments in light of the relative calm in the Red Sea, which led to faster shipping and adherence to deadlines with the development of procedures and services at ports. Seasonal promotions, such as "Black Friday" and "Carrefour Anniversary," are expected to result in a significant increase in sales. The tourism and construction sectors also played a supporting role in the recovery of manufacturing industries, due to increased demand for inputs, which reinforces optimism for the sector during the upcoming period.
- Expectations for the construction sector exceeded the neutral level by 7 points, and the previous quarter by 3 points, but came lower than the corresponding quarter by 2 points. This is due to the continued implementation of the reconciliation law, expectations of lower interest rates, attracting more foreign investments in the real estate sector, and an increase in expected sales during the upcoming period, in addition to the State's infrastructure and social housing projects.
- The expectations of the tourism sector were optimistic, with values exceeding the neutral level by 7 points, and higher than the previous and corresponding quarters. This increase is due to expectations of continued activity in the tourism sector, especially domestic tourism, and a rise in the number and days of tourists from Arab and foreign countries, coinciding with the opening of the Grand Egyptian Museum, which is expected to become a major attraction for lovers of Egyptian civilization. The stable political situation and its positive effects have

also contributed to strengthening confidence in Egyptian tourism, thus supporting the continued recovery of the sector in the upcoming period.

- Expectations from the **transport sector exceeded the neutral level** by 9 points, with an improvement over the previous and corresponding quarters. This is due to continued growth in import activity as a result of the calm the region is witnessing following the cessation of hostilities, in addition to the reduction of Suez Canal fees to encourage the passage of ships, as well as the customs reforms the government recently introduced. The improved performance of the other economic sectors has contributed to enhancing the sector's increased activity.
- The expectations index for the **telecommunications sector** registered the best performance across all sectors, exceeding the **neutral level** by 11 points, which is two points lower than the previous quarter but six points higher than the corresponding quarter. This is due to expectations of continued export of services to foreign markets, sustained development of infrastructure and facilities, with expansions in new cities and increased post offices and their need for more information technology services, and increased demand on information technology products across all sectors.
- The expectations index for **financial services** recorded 7 points higher than the neutral level, with performance similar to the previous quarter but 2 points lower than the corresponding quarter. This is due to high investor confidence in light of the improved business environment, continuation of economic reforms, and the government's intention to offer new firms on the stock exchange, which is expected to boost trading rates, with expectations of a significant increase in hot money flows to the market in the upcoming period (Figure 1-6).

II. Constraints that faced the business community during the quarter under review, and priorities for improving the business environment from the perspective of the sample of firms



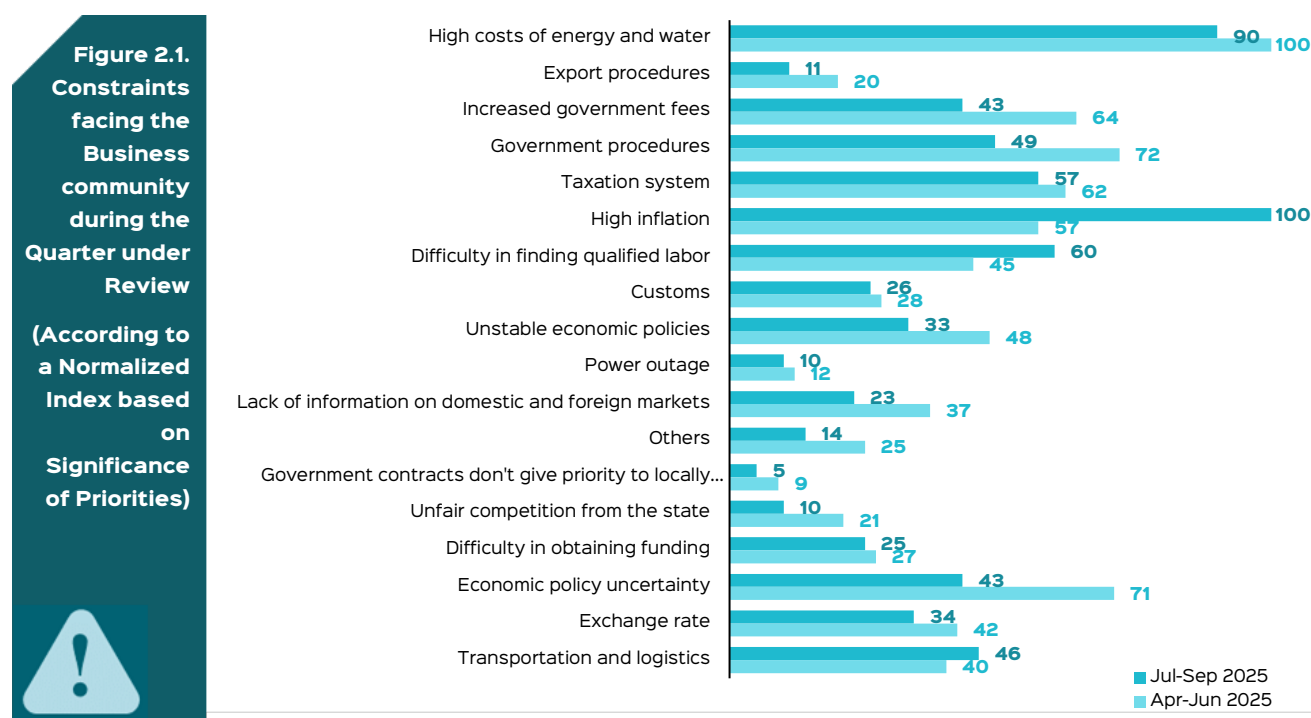
2-1 Constraints faced by the business community during the quarter under study

High inflation and energy and water tariffs topped the list of constraints faced by all firms during the quarter under review.

Constraints related to the difficulty of securing qualified labor worsened during the quarter reviewed, while the lack of clarity regarding future economic policy directions declined. A slight improvement in the tax and customs system was reported. Figure 2-1 illustrates the most significant constraints faced by the business community during the quarter under study (July-September 2025), ranked according to their severity from the perspective of the sampled firms.

The challenges associated with high **inflation** have increased to top the list of constraints facing **all firms** during the quarter under study. High inflation impacts the business community negatively on both the supply and demand sides, and results in continuous demands from workers for higher wages. A lack of liquidity required for investment has also been reported. **High energy and water tariffs** came in second, as their continuous rise leads to higher production costs, especially for energy and water-intensive activities, and productive activities in general, which represents an additional burden on firms.

Difficulty in securing qualified labor came in third, as it increases firms' spending on training and rehabilitation as a result of the gap between the outputs of the education and training system on the one hand, and the needs of the labor market on the other. The **tax system** came in fourth place, including the multiplicity of tax authorities and the tax audit procedures for previous years, which is one of the most important challenges.



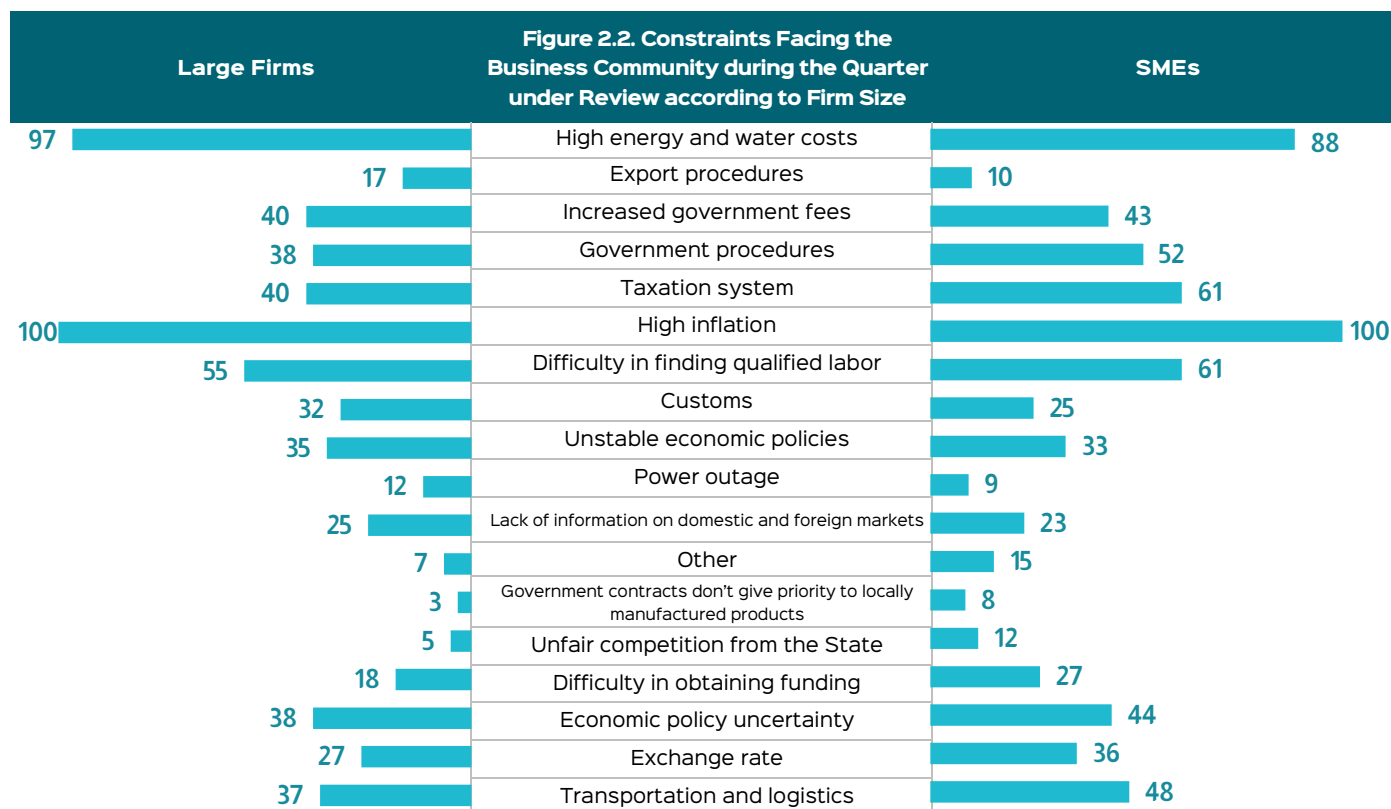
Source: Survey Results.

Note: Some indicators were newly introduced starting from the study quarter.

The numbers refer to the percentage of firms that identified specific obstacles, and firms could select more than one obstacle.

2-1-1 Constraints according to the size of firms

High inflation, and energy and water tariffs topped the list of constraints for all firms during the quarter under study, while small and medium-sized enterprises faced greater challenges regarding the tax system and securing qualified labor. Figure 2-2 illustrates the key constraints faced by large, small and medium-sized firms during the quarter under study (July-September 2025), ranked according to their severity from the point of view of the sampled firms.

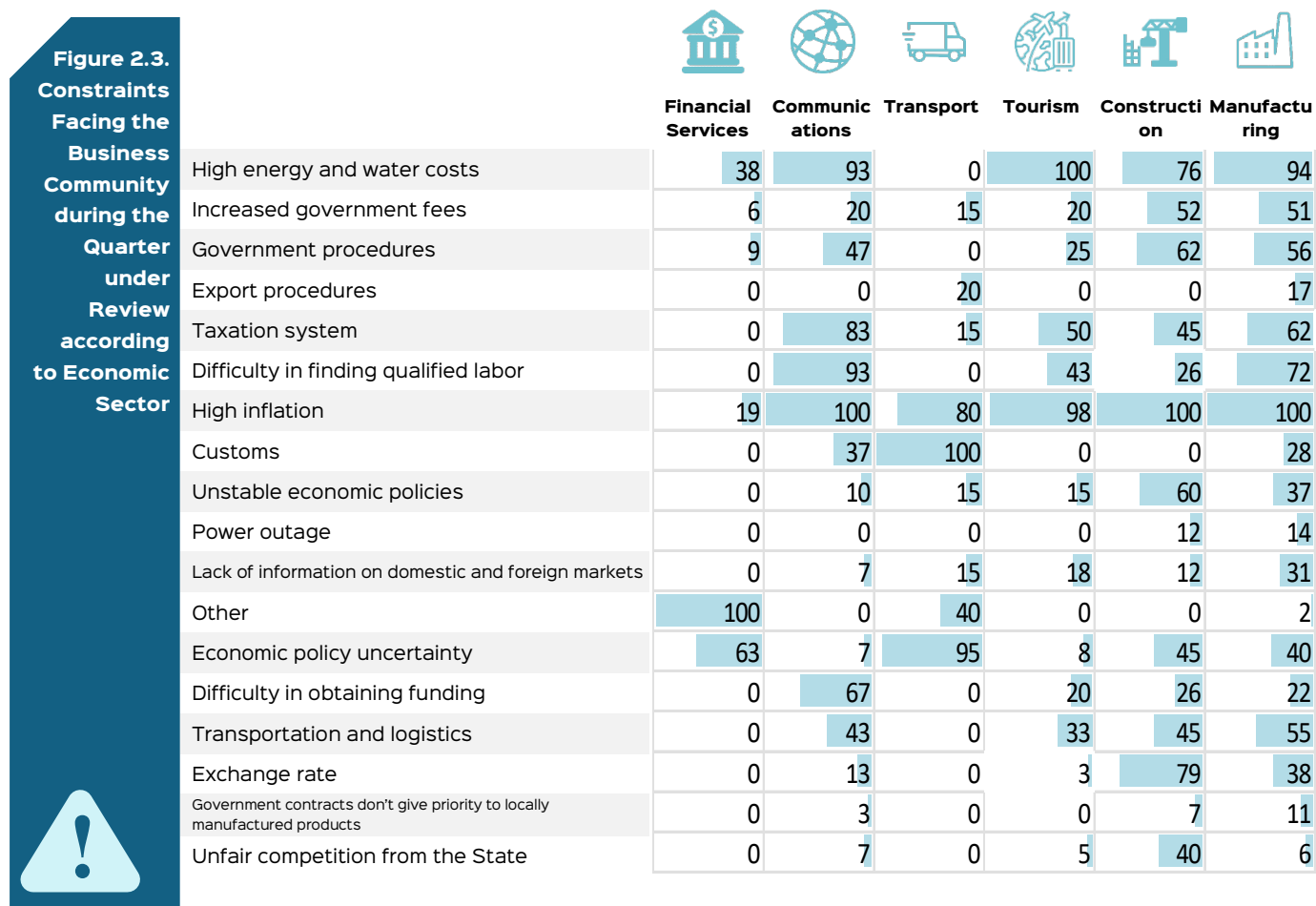


Source: Survey Results.

Note: Some indicators were newly introduced starting from the study quarter.

2-1-2 Constraints according to economic sectors

Inflation was among the key constraints that faced the manufacturing industries, construction, building, and communications sectors. While customs system problems topped the list of constraints for the transport sector. High energy and water tariffs topped the list of constraints faced by the tourism sector. The lack of proper crisis management was the most severe constraint faced by the financial services sector, as solutions are often sought after the crisis rather than proactively, as happened in the case of the Ramses Central fire, besides the lack of adherence to the previously announced IPO program. Figure (2-3) illustrates the key constraints during the quarter under study, ranked according to their degree of severity and impact on each sector.



Source: Survey Results.

The telecommunications sector faced the greatest number of challenges compared to all other sectors.

2-2 Priorities for improving the business climate in Egypt (according to the views of the sample of firms)

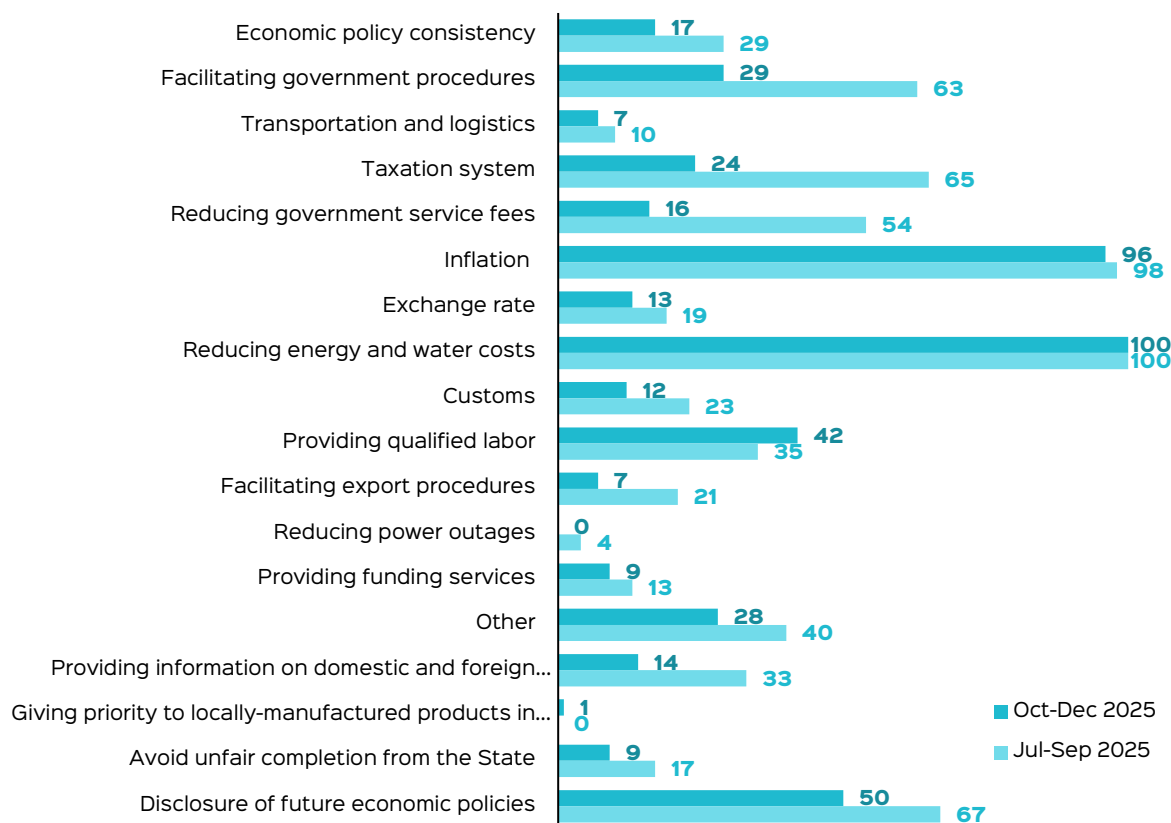


The key priorities to focus on from a corporate perspective: Revisiting energy and water tariffs, controlling inflation, disclosing future economic policy directions, and making greater efforts to facilitate securing qualified labor and government procedures.

Reducing “energy and water tariffs” was among the top priorities for the sample of firms, given their frequent increases over short periods, and the resulting rise in costs and decline in business volume. This is followed by addressing high **inflation**, because of its negative impact on all sectors, along with the need to disclose **future economic policy directions**, so that firms can develop future project plans. Then comes the need to solve the problems of availing **qualified labor** through leveraging government training centers, and facilitating **government procedures** with the aim of promoting economic growth (Figure 2-4).

Figure 2.4.
Priorities to
Improve the
Business
Environment in
Egypt

(A Normalized
Index based on
Significance of
Priorities)



Source: Survey Results.

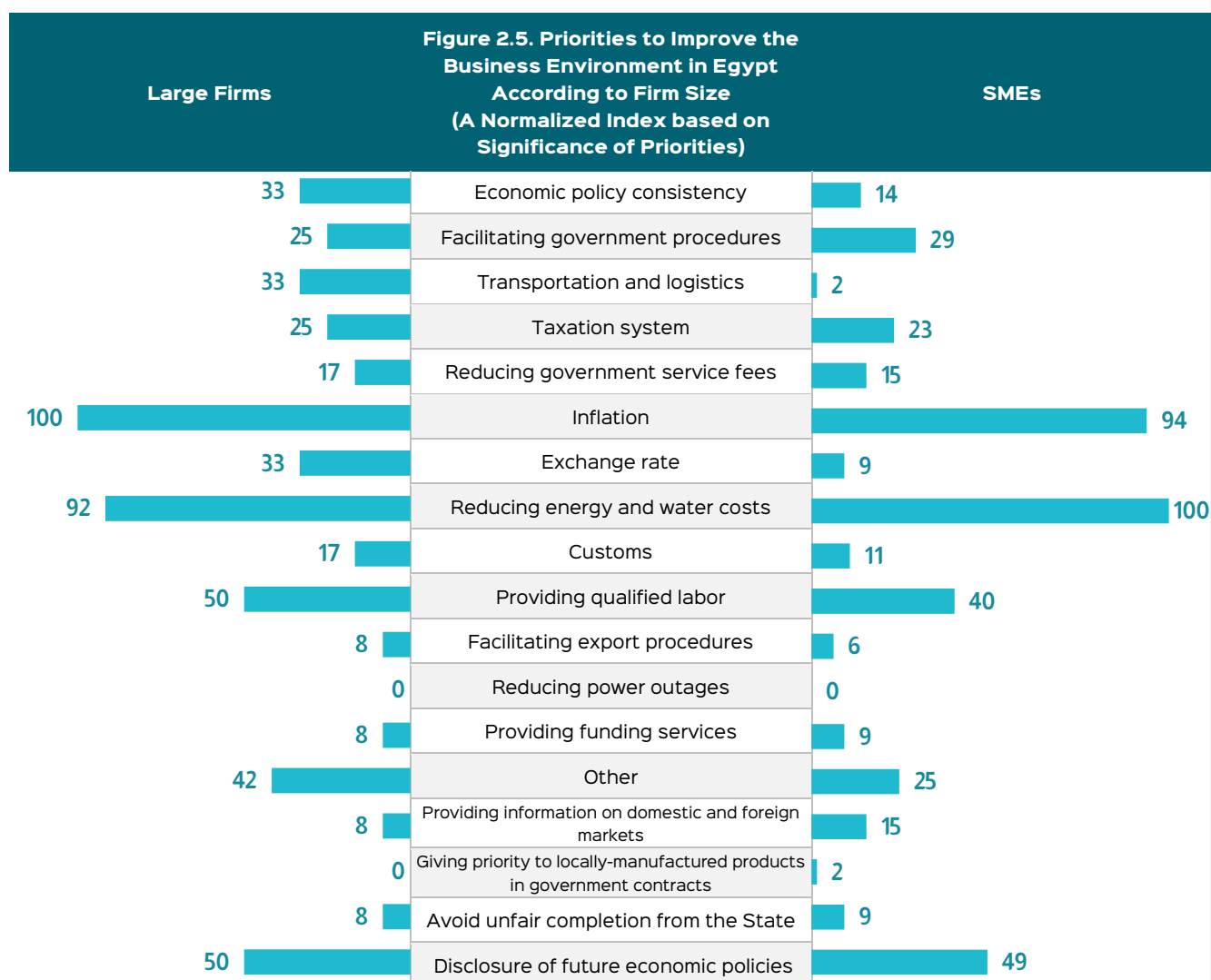
Compared to the previous quarter, availing qualified labor has become a priority, while a clear improvement was reported with regard to **the tax system, government procedures, and disclosure of future economic policy directions.**

2-2-1 Priorities according to firm sizes

Comparing priorities according to firm sizes reveals the following:

Priorities varied according to firm size. For large firms, addressing high inflation is a top priority, followed by a review of energy and water tariffs in second place, then availing qualified labor and disclosure of future economic policy directions in third place. Large firms pointed to the need for proper crisis management and adherence to the previously announced government IPO program for the financial services sector.

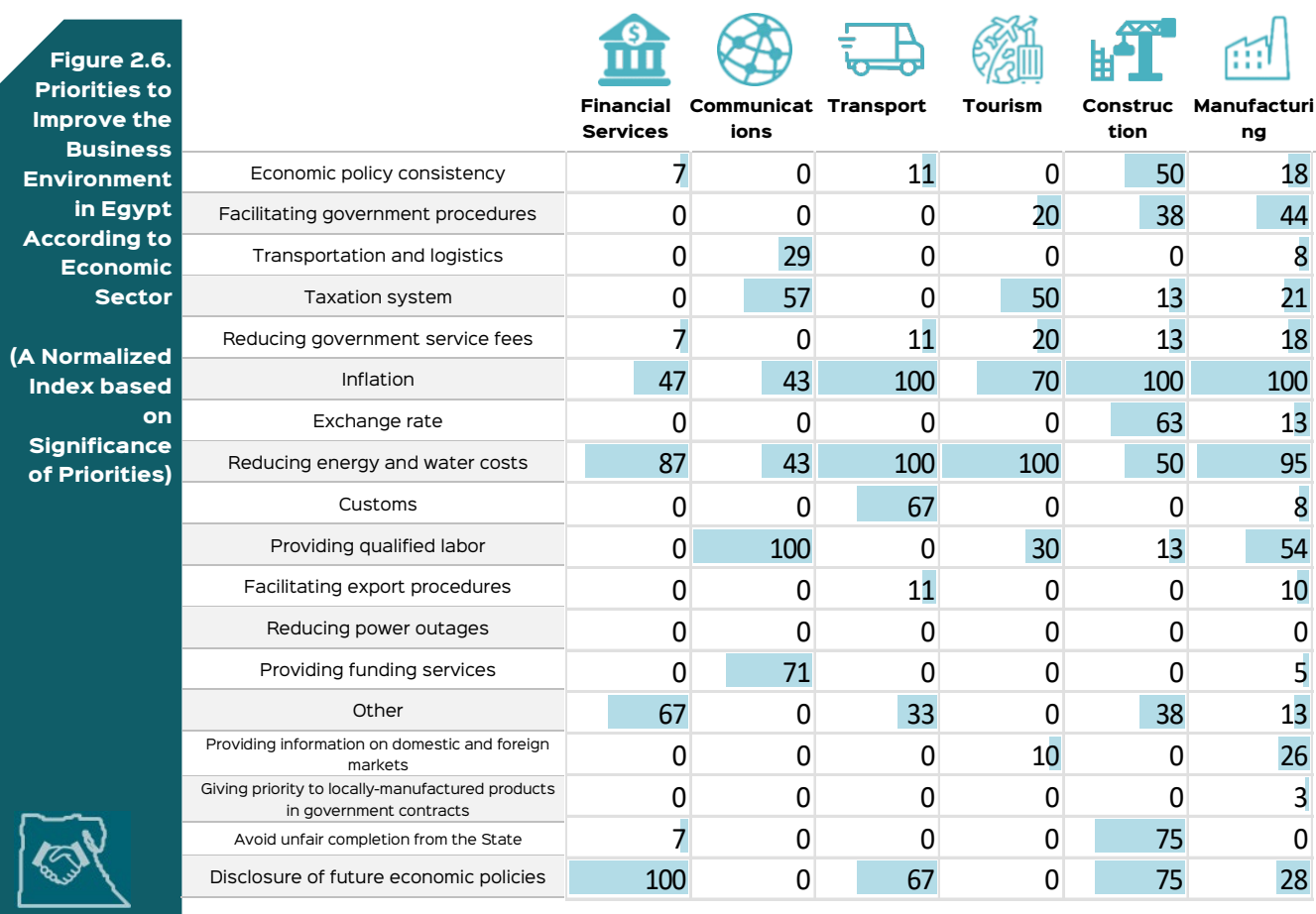
Small and medium-sized enterprises believe that revisiting energy and water tariffs should be a top priority, followed by the need to address high inflation, then disclosure of future economic policy directions in third place. The problems of availing qualified labor came in fourth place (Figure 2-5).



Source: Survey Results.

2-2-2 Priorities according to economic sectors

The **manufacturing, construction, and transportation sectors** agreed that their top priority is finding solutions for high **inflation**, while **energy and water tariff reductions** were among the priorities for the **tourism sector**, while being an additional priority for the **transport sector**. Addressing the problems of availing **qualified labor** came as a key priority for the **communications sector**, while the results showed the need to **disclose future economic policy directions** as a key priority for the **financial services sector** (Figure 2-6).



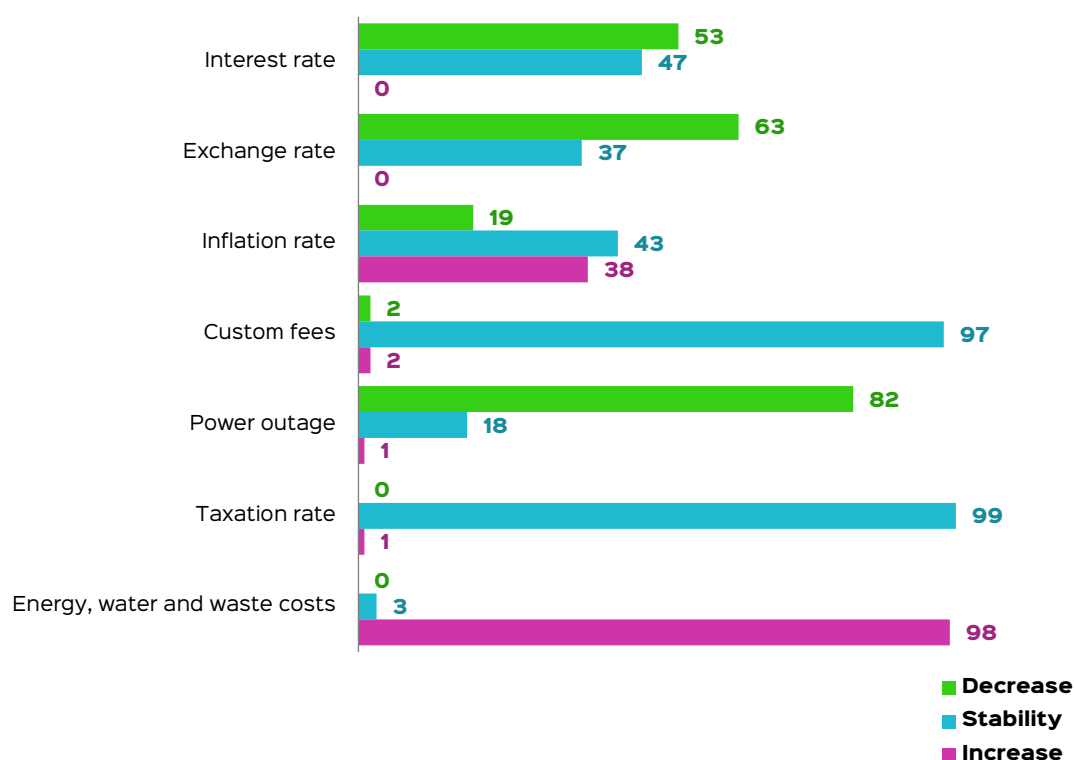
Source: Survey results.

Business community expectations based on its vision regarding the government's directions over the coming period.



The sample of firms expected energy and water tariffs to rise over the coming quarter, along with a decrease in the duration of power outages, the exchange rate, and the interest rate, with the rest of the variables remaining stable at current levels (Figure 2-7).

Figure 2.7.
Outlook of the Business Community toward Aspects of Improvement, based on Current Government Orientation (According to the same Methodology of the Business Barometer)



Source: Survey results.

III. Performance evaluation and expectations according to sub-indices

3.1. Performance evaluation

All indices are above the neutral level and compared to the previous quarter for all firms.

All firms scored higher values than neutral in the production, exports, and capacity utilization indices, and compared to previous and corresponding quarters.

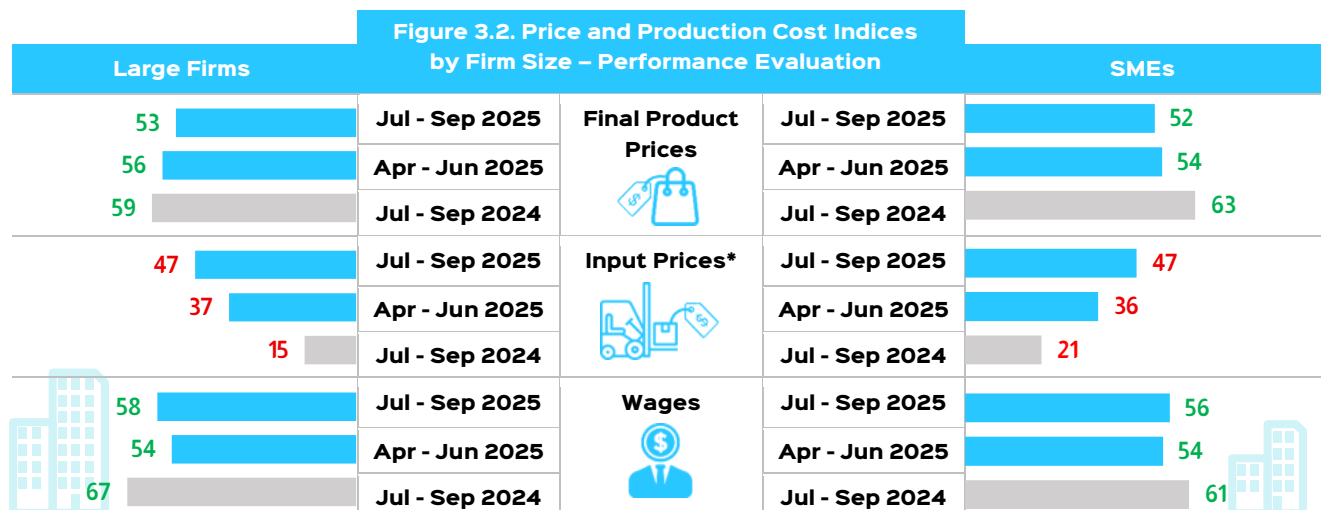


Source: Survey results.

* The index for inventory is inverted to indicate the negative impact of its increase on businesses. Hence, a higher inventory index indicates lower inventory and vice versa.

The final product price index and the wage index for all firms exceeded the neutral level.

The final product prices for all firms exceeded the neutral level, reflecting stable input prices and wages during the quarter under review, driven by a rise in the input price index compared to the previous and corresponding quarters. The wage index exceeded the neutral level, recording better values than the previous quarter, although it remained lower than the corresponding quarter (Figure 3-2).



Source: Survey results.

* The index for inputs is inverted to indicate the negative impact of price increases on the overall index. Hence, a lower index indicates higher prices and vice versa.

The investment and employment indices exceeded the neutral level for all firms, driven by stable performance rather than improvement.

- For large firms, the investment index during the quarter under study scored values higher than neutral level by 4 points, 3 points higher than the previous quarter, and a similar level compared to the corresponding quarter. The employment index registered higher values than neutral and one point higher compared to the previous and corresponding quarters.
- With regards to small and medium-sized enterprises, the investment index registered higher values than neutral, one point higher than the previous quarter, and two points higher than the corresponding quarter. Meanwhile, the employment index registered higher values than neutral by one point and similar to the previous quarter, although better than the corresponding quarter by 4 points (Figure 3-3).

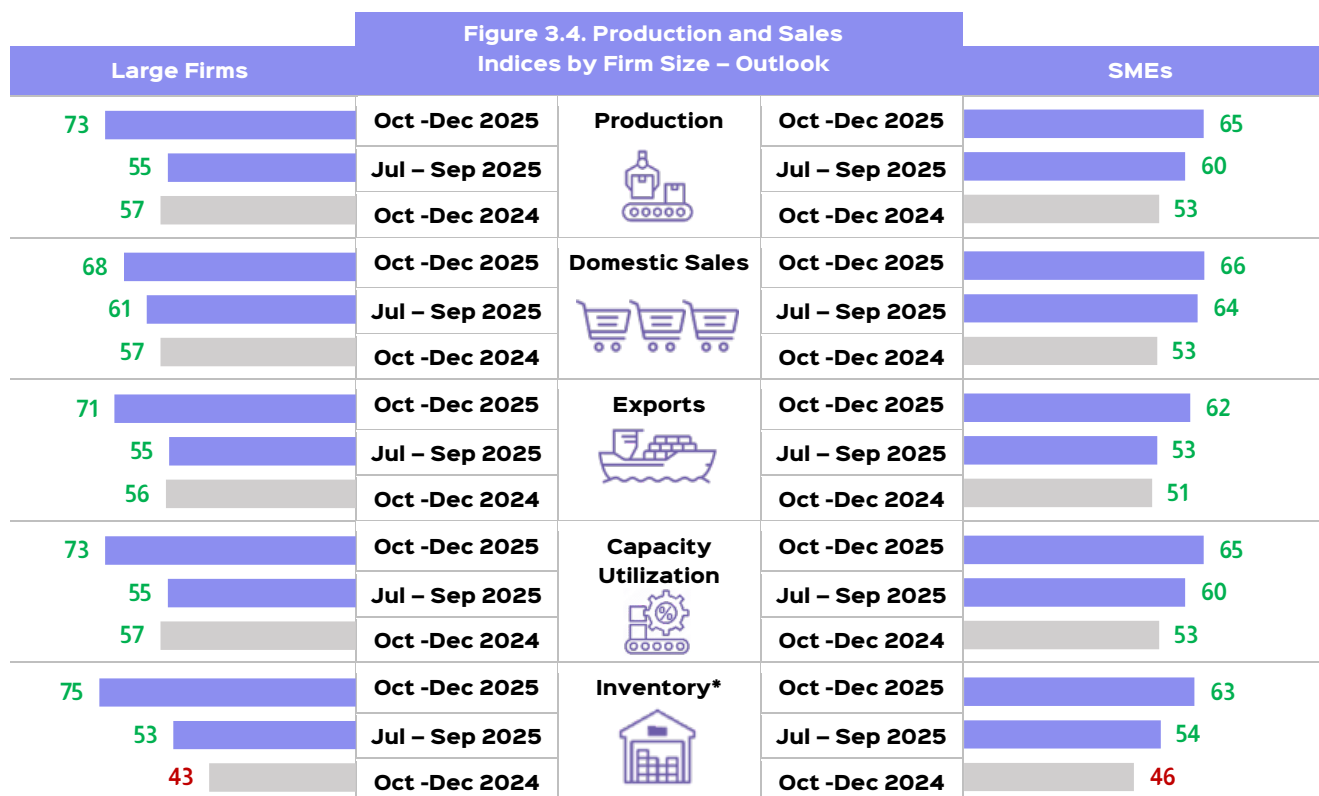


Source: Survey results.

3.2. Performance Expectations

Expectations indicate that all firms will perform better in the upcoming quarter than the neutral level, with values exceeding those of the previous and corresponding quarters.

The expectations of all firms regarding production, domestic sales, exports, capacity utilization, and commodity inventory during the next quarter (October-December 2025) were higher than neutral, and with values exceeding the previous and corresponding quarters. This reflects expectations of continued performance improvement across all indices (Figure 3-4).



Source: Survey results.

* The index for inventory is inverted to indicate the negative impact of its increase on businesses. Hence, a higher inventory index indicates lower inventory and vice versa.

All firms expect final product prices and wages to rise above the neutral level.

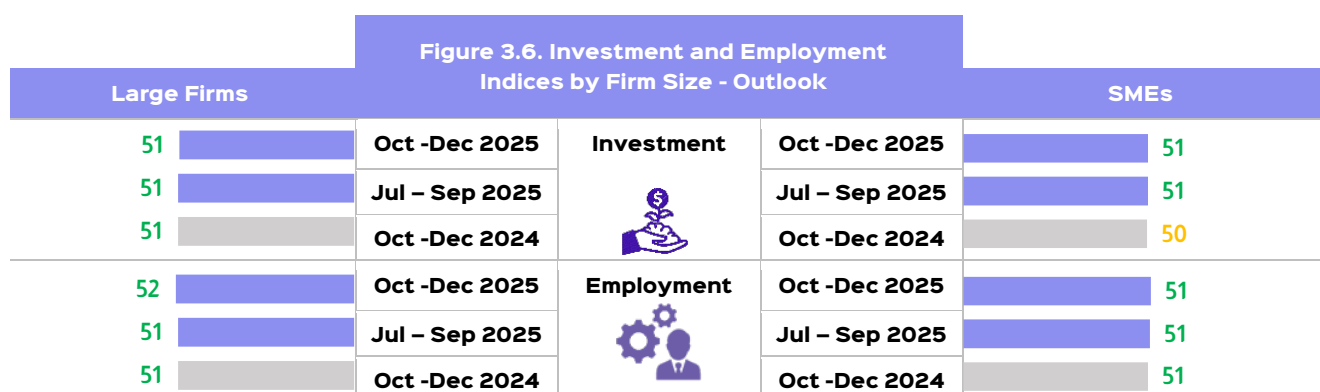
All firms expect an increase in final product prices and wages during the upcoming quarter, to exceed the neutral level and both the previous and corresponding quarters, driven by higher input prices, although lower than the corresponding quarter. Energy prices are also expected to rise, which will affect production costs. Therefore, a rise is expected in the final product price index as a result of increasing cost pressures and a decrease in the input index (Figure 3-5).



Source: Survey results.

* The index for inputs is inverted to indicate the negative impact of price increases on the overall index. Hence, a lower index indicates higher prices and vice versa.

Expectations indicate that the investment and employment indices for all firms will remain stable at the same levels of the previous and corresponding quarters. (Figure 3-6).



Source: Survey results.

Tables Index

Table A1: Survey Results: Summary of all firms' performance evaluation at the sectoral level (July - August - September 2025)¹

Indicator	Manufacturing			Construction			Tourism			Transportation			Communications			Financial Services								
	Percentage	Index ²	Index ²	Percentage	Index ²	Index ²	Percentage	Index ²	Index ²	Percentage	Index ²	Index ²	Percentage	Index ²	Index ²	Percentage	Index ²	Index ²						
Economic activity																								
Production	50	37	13	63	21	71	7	54	90	10	0	91	58	25	17	67	75	25	0	80	88	13	0	89
Domestic sales	39	45	16	58	29	71	0	58	100	0	0	100	58	25	17	67	63	25	13	70	88	13	0	89
Exports	48	37	15	62	—	—	—	—	50	50	0	67	—	—	—	—	67	33	0	75	—	—	—	—
Inventory	20	40	40	57	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Capacity utilization	50	37	13	63	21	71	7	54	90	10	0	91	58	25	17	67	75	25	0	80	88	13	0	89
Prices																								
Final product prices	15	80	5	53	0	100	0	50	20	80	0	56	8	92	0	52	0	100	0	50	0	100	0	50
Intermediate product prices	18	80	2	45	0	100	0	50	0	100	0	50	—	—	—	—	0	100	0	50	—	—	—	—
Wage level	35	65	0	61	14	86	0	54	0	100	0	50	8	92	0	52	38	63	0	62	0	100	0	50
Primary inputs																								
Investment	5	95	0	51	0	100	0	50	10	90	0	53	8	92	0	52	13	88	0	53	0	100	0	50
Employment	5	92	3	50	0	93	7	48	20	80	0	56	8	83	8	50	0	100	0	50	13	88	0	53

Table A2: Survey Results: Summary of all firms' outlook at the sectoral level (October - November - December 2025)¹

Indicator	Manufacturing				Construction				Tourism				Transportation				Communications				Financial Services			
	Percentage		Index ²		Percentage		Index ²		Percentage		Index ²		Percentage		Index ²		Percentage		Index ²		Percentage		Index ²	
Economic activity																								
Production	52	42	7	66	50	43	7	65	60	40	0	71	50	33	17	63	75	25	0	80	56	31	13	67
	52	41	7	66	43	43	14	60	56	44	0	69	50	33	17	63	75	25	0	80	56	31	13	67
	Exports	52	44	4	67	—	—	—	25	75	0	57	—	—	—	—	33	67	0	60	—	—	—	—
	Inventory	4	47	49	65	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Capacity utilization	52	42	7	66	50	43	7	65	60	40	0	71	50	33	17	63	75	25	0	80	56	31	13	67
Prices																								
Final product prices	60	32	8	70	64	36	0	74	90	10	0	91	58	42	0	71	0	100	0	50	0	100	0	50
Intermediate product prices	67	27	7	26	64	36	0	26	100	0	0	0	—	—	—	—	0	100	0	50	—	—	—	—
Wage level	20	80	0	56	29	71	0	58	0	100	0	50	0	100	0	50	0	100	0	50	0	100	0	50
Primary inputs																								
Investment	3	97	0	51	0	100	0	50	0	100	0	50	8	92	0	52	0	100	0	50	0	100	0	50
Employment	7	93	0	52	14	86	0	54	0	100	0	50	0	100	0	50	0	100	0	50	6	94	0	52

¹ Numbers represent percent of total responses. Higher, same, and lower may not add up to 100 due to rounding.

² Equal to the simple average of the variables' indices. The index's method of calculation is provided in the appendix.

Tables Appendix

Table A3: Survey Results: Summary of all firms' past performance (by size)
(July - August - September 2025)¹

Variable	SMEs				Large Firms				
	Percentage			Index ²	Percentage			Index ²	
	Higher	Same	Low	54	Higher	Same	Low	57	
Economic activity									
Production	41	50	9	61	64	36	0	73	
Domestic sales	43	49	7	62	59	36	5	70	
Exports	32	63	5	58	25	75	0	57	
Inventory	10	76	15	51	13	75	13	50	
Capacity utilization	41	50	9	61	64	36	0	73	
Prices									
Final product prices	56	44	0	70	50	45	5	66	
Intermediate product prices	66	34	0	26	65	29	6	27	
Wage level	8	92	0	52	5	95	0	51	
Primary inputs									
Investment	1	99	0	50	0	100	0	50	
Employment	1	98	1	50	0	100	0	50	

Table A4: Survey Results: Summary of all firms' outlook (by size)
(October - November - December 2025) ¹

Variable	SMEs				Large Firms				
	Percentage			Index ²	Percentage			Index ²	
	Higher	Same	Low	57	Higher	Same	Low	61	
Economic activity									
Production	52	39	9	65	64	36	0	73	
Domestic sales	53	38	10	66	55	41	5	68	
Exports	41	55	5	62	58	42	0	71	
Inventory	6	50	44	63	0	33	67	75	
Capacity utilization	52	39	9	65	64	36	0	73	
Prices									
Final product prices	53	43	4	67	41	55	5	62	
Intermediate product prices	67	28	6	26	47	53	0	35	
Wage level	12	88	0	53	18	82	0	55	
Primary inputs									
Investment	2	98	0	51	5	95	0	51	
Employment	5	95	0	51	9	91	0	52	

¹ Numbers represent percentage of total responses. Higher, same, and lower may not add up to 100 due to rounding.

² Equal to the simple average of the variables' indices. The index's method of calculation is provided in the appendix