

Ministry of Planning issues its report on the views of international institutions on the economic situation of Egypt during the Coronavirus pandemic

The implemented economic and structural reforms gave the Egyptian pound a degree of flexibility and resistance to being able to cope with shocks: Says Hala El-Said

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The Ministry of Planning and Economic Development issued a report on the views of international institutions on the economic situation of Egypt during the Coronavirus pandemic.

Egypt's Minister of Planning and Economic Development Dr. Hala El-Said explained that most international reports praise the status of the Egyptian economy and the measures taken by the state to confront the current crisis of the Coronavirus, referring to the expectations of international institutions for an improvement in Egypt's economic indicators in the coming periods.

El-Said pointed to the report of Capital Economics (One of the leading independent economic research companies), which expects to ease pressure on the Egyptian pound after Egypt overcomes the greatest pressure on the balance of payments as tourism is heading on its way to recovery again with the removal of restrictions related to the Coronavirus pandemic.

El-Said also drew attention to Fitch's expectations of Egypt's success in increasing foreign exchange reserves in the coming years, sufficient to cover imports for at least 6 months until 2024, which also expected the total value of goods and services exports to reach \$ 47.7 billion in 2020 and to continue to rise until it reaches \$ 55.3 billion in 2024.

El-Said addressed the discussion about international institutions' view of the Egyptian pound's performance against the dollar, as it is one of the best performing emerging market currencies against the dollar, explaining that over the past years, the economic and structural reforms implemented have given the Egyptian pound a degree of flexibility and resistance to being able to face crises.

According to a report by the Ministry of Planning and Economic Development, Capital Economics explained that the Egyptian pound has witnessed a 2% rise against the dollar since July, with the Central Bank of Egypt keeping interest rates unchanged to encourage the flow of capital.

The report reviewed the outlook of some international institutions of the Egyptian pound, as (The Economist) expects an improvement in the performance of the pound against the dollar in the coming years, compared to the levels before the Corona crisis in 2019, when the dollar exchange rate reached EGP 16.82.

According to the report, it is expected that the performance of the Egyptian pound will improve by 4.5%, to reach the dollar to EGP 16.06 in 2020, and 4.3% to reach EGP 16.10 in 2021, and it is expected to improve by 5.1% to reach EGP 15.97 in 2022, and 5.8% to reach EGP 15.85 in 2023, and 6.4%, and to reach EGP 15.74 in 2024.

The report mentioned that (The Economist) praised the stability of net international reserves in June 2020, stressing that it led to an improvement in the performance of the Egyptian pound against the dollar, expecting at the same time that the tourism, export and services sectors would begin to gradually recover after 2021, indicating that restoring confidence in the availability of hard currency will contribute in attracting foreign investors, especially with the beginning of 2022.

According to the report of the Ministry of Planning and Economic Development, Fitch pointed out that the Egyptian pound was among the best performing emerging market currencies until August of 2020, confirming that it witnessed stability against the dollar, expecting it to remain relatively stable until the end of 2020, despite the decline emerging market currencies sharply.

The report showed the rate of change in the performance of emerging market currencies against the dollar, as the performance of the Egyptian pound improved by 4.9% against the dollar, until August of 2020, compared to 2019.

Regarding the opinion of the International Monetary Fund, the report referred to the Fund's expectations of an improvement in international reserves and foreign exchange sources. It is expected that the total international reserves will reach 40.1 billion dollars in 2020/2021, rising to 51 billion dollars in 2024/2025.

The Fund also expected that exports of goods and services would reach \$ 34.7 billion during the year 2020/2021, up to \$ 76.2 billion during the year 2024/2025, with private transfers rising to \$ 18.7 billion during the year 2020/2021, to reach \$ 25 billion during the year 2024/2025.

The fund also expected that net foreign direct investment will reach \$ 5.5 billion during 2020/2021, and it will reach \$ 17.1 billion during 2024/2025.

The report pointed to the expectations of EFG Hermes that Egypt will achieve an economic growth rate of 3% during the current fiscal year 2020/2021.

According to the report of the Ministry of Planning and Economic Development, Al-Monitor newspaper believes that emerging Egyptian technology companies offer hope to the economy in the post-Corona world, noting that while the Egyptian economy is facing pressures from several factors, such as preventive measures from the Coronavirus, and a sudden stop in tourism, But one of the bright spots in the economy is the technological boom that has continued even throughout the global pandemic.

The International Monetary Fund praised the developments of the Central Bank of Egypt in various sectors, according to the report.

The World Tourism Organization also expressed its willingness to support Egypt to return the rates of incoming tourist movement to its previous state before the emerging Coronavirus crisis, and as the organization indicated to the seriousness of the precautionary measures applied in hotels in Egypt.