QUELLES PERSPECTIVES ECONOMIQUES POUR L’EGYPTE?

Allianz Research
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AFRICA: -3.1% RECESSION, FIRST IN 25 YEARS

COVID-19

Most affected by the sanitary crisis:
Egypt, South Africa, Morocco, Ghana, Nigeria and Algeria

Economic impact by
• Trade channel: Weaker world demand
• Oil and other commodity price (copper and platinum) decline
• Cessation of tourism activity and revenues
• Capital outflows and low remittances
• Disruption of supply chains
• Food shortages and food inflation
• Social unrest

GDP growth (%)

<table>
<thead>
<tr>
<th>Region</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>1.9</td>
<td>-3.1</td>
<td>4.0</td>
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<tr>
<td>Angola</td>
<td>-0.5</td>
<td>-4.7</td>
<td>2.5</td>
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<tr>
<td>Algeria</td>
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<td>-6.7</td>
<td>4.9</td>
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<tr>
<td>Nigeria</td>
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<td>-3</td>
<td>4.9</td>
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<tr>
<td>Gabon</td>
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<td>-1</td>
<td>3</td>
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<td>-1.2</td>
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<td>Tunisia</td>
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<tr>
<td>Namibia</td>
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<td>Morocco</td>
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<td>5</td>
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<tr>
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<td>-1.1</td>
<td>5.7</td>
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<tr>
<td>Kenya</td>
<td>5.4</td>
<td>1.5</td>
<td>5.4</td>
</tr>
<tr>
<td>Ghana</td>
<td>6.5</td>
<td>-2.5</td>
<td>5</td>
</tr>
<tr>
<td>Egypt</td>
<td>5.6</td>
<td>-0.5</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Source: Euler Hermes, Allianz Research

In 2020 we expect the continent to enter into recession -3.1%, for the first time in 25 years. In 2021, we expect the GDP to rebound by +4%.
COVID-19 PUTS GOVERNMENT REVENUES AND DEBT SUSTAINABILITY AT RISK

Remittances as a share of GDP in 2019 (%)

Depreciation vs. USD (Index, jan 2020=100) – Jan 1/June 17 2020

Government debt and overall budget balance (% GDP)

Remittances in Egypt (26 billion USD per year) cover up to 30% of the foreign currency revenues for the Government.

In 2020, strong exchange rate depreciations hit many African currencies while the Egyptian Pound remained fairly stable.

Sources: Euler Hermes, Allianz Research, World Bank

Zambia, Egypt, Kenya, Ghana and Mauritius already had high budget deficits before the COVID-19 outbreak.

Source: Macrobond, Euler Hermes

Source: Various sources, Euler Hermes, Allianz Research
EGYPT – REVIVING CREDIT TO PRIVATE SECTOR IS KEY FOR THE RECOVERY

Credit to private sector (% of GDP)

In Egypt, credit to private sector has been declining since 2004 to stand at 24% of GDP in 2019.

Inflation and policy interest rates (%)

CPI inflation decelerated to 5.3% y/y in February 2020 from 30% y/y in 2017.

Sources: Euler Hermes, Allianz Research, World Bank

Sources: Euler Hermes, Allianz Research, IMF, Central Bank of Egypt
MERCI!

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