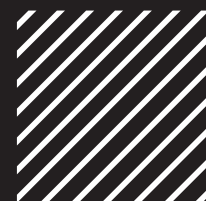


MONTHLY MONITOR

FEBRUARY 2024



The monthly monitor sections mainly track the performance of the local and international oil and gas sectors. Yet, the monitor provides a balanced blend of economics, politics, investments, and security, offering a clear reflection of Egypt's current status. Additionally, it includes survey results on various topics related to the oil and gas sector's performance. Occasionally, additional sections are added, such as the one covering the reassignments and new appointments within the sector or a section that highlights the annual achievements and results or plans of national oil & gas companies

CONTENTS

	Page
01 Oil and Gas News Summary	4
02 Production, Rigs and Drilling Updates	8
03 Transfers and Reassignments	16
04 Egypt's Economic Summary	19
05 Investors Insight	24
06 Political and Foreign Affairs Review	27
07 Statistics and Facts	30
08 Opinions and Expectations	34
09 Global Energy Dynamics	36
10 Energy Security	40
11 Global Economic Briefing	42

SPOTLIGHT ON THE INDUSTRY

Approving a Draft Law on Oil Exploration

On January 17, the Egyptian cabinet approved a draft law authorizing oil exploration to boost pumping more investments to continue development operations and increase production rates in the Western Desert.



Location

Ras Qattara Development Area



Partners

The MoPMR, EGPC, Apex International Energy, and INA-Industrija nafte, d.d.

Oil & Gas Sector Plans by 2030

The oil and gas sector has set forth prominent targets for the period spanning from 2024 to 2030. These targets encompass expanding exploration activities to enhance production capacities and promote exports, as well as achieving the net zero emission targets. Furthermore, the sector aims to attract more investors by developing efficient bidding systems and creating an attractive investment climate.

 Doubling Oil and Gas Exports

\$36 billion

 Emissions Reduction

65%

IOCS UPDATES

UOG's Successful Drilling Updates

United Oil & Gas PLC (UOG) has announced the successful drilling of the ASD S-1X exploration well and achieved promising initial well test results. It is worth noting that the drilling of the ASD S-1X well started on November 11, 2023, and reached total depth on December 12, 2023.

Announcement Date	January 2
Total Depth Reached	3,450 m
License	Abu Sennan
UOG's WI	22%

IPR's New Oil Discovery in the Western Desert

IPR Energy Group announced on January 8, the discovery of the exploration well "West AY-1X". This is in addition to the successful testing and production from the new formation, Kharita, in Alamein-44, within the Yidma-Alamein Western Desert Development Lease.



Added Production **2,850** bbl/d



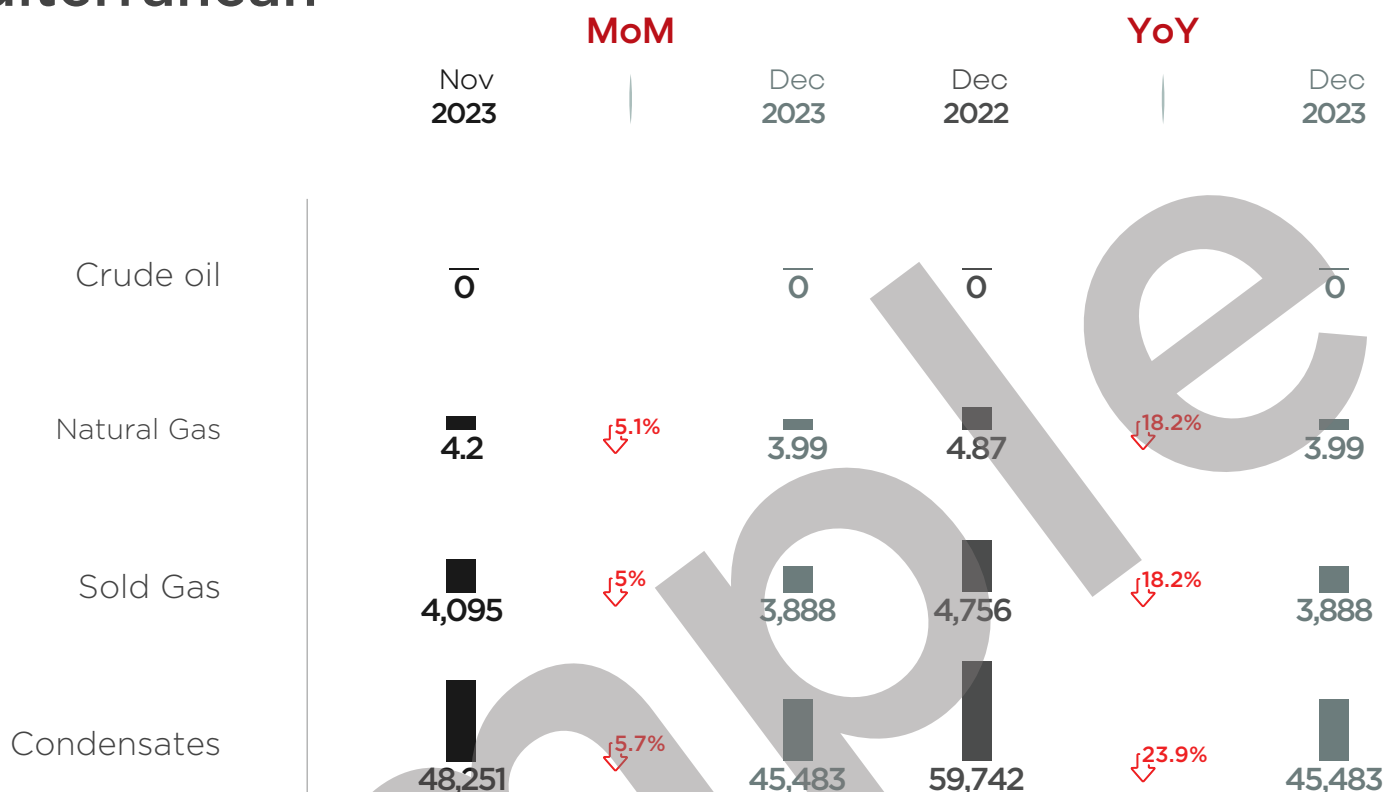
Well Depth **13,166** ft



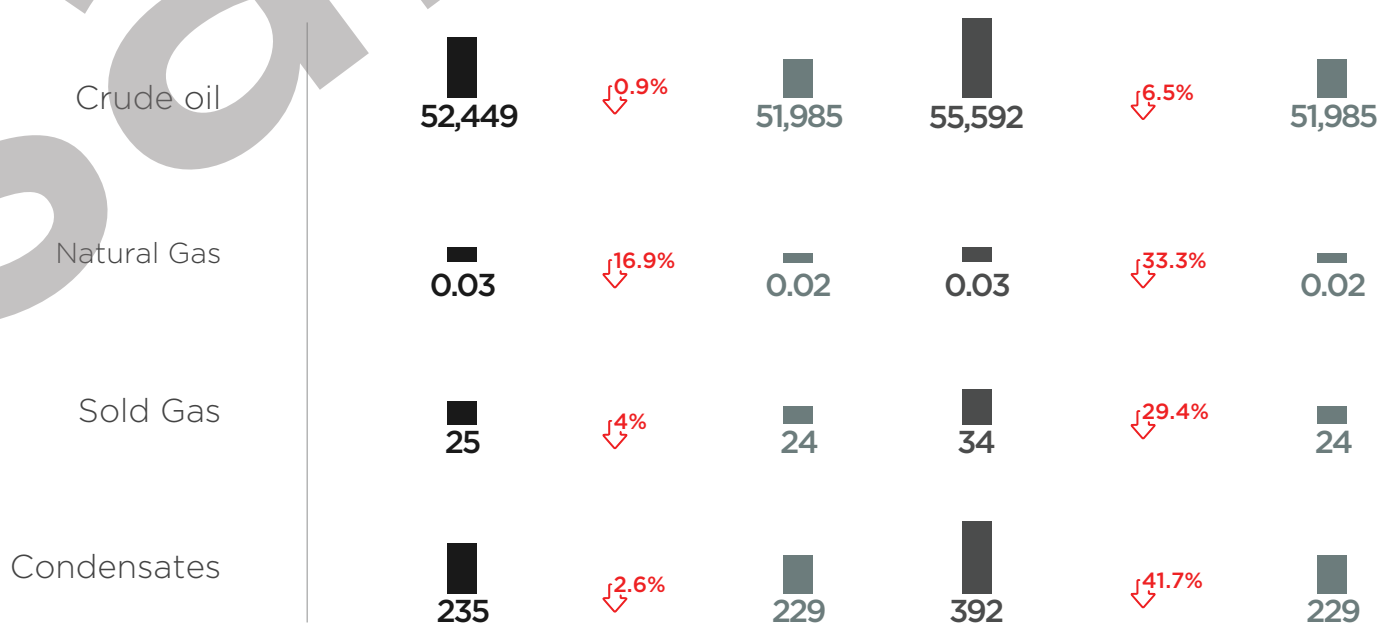
Drilling Rig **1500** HP

PRODUCTION PER AREA

Mediterranean Sea



Eastern Desert

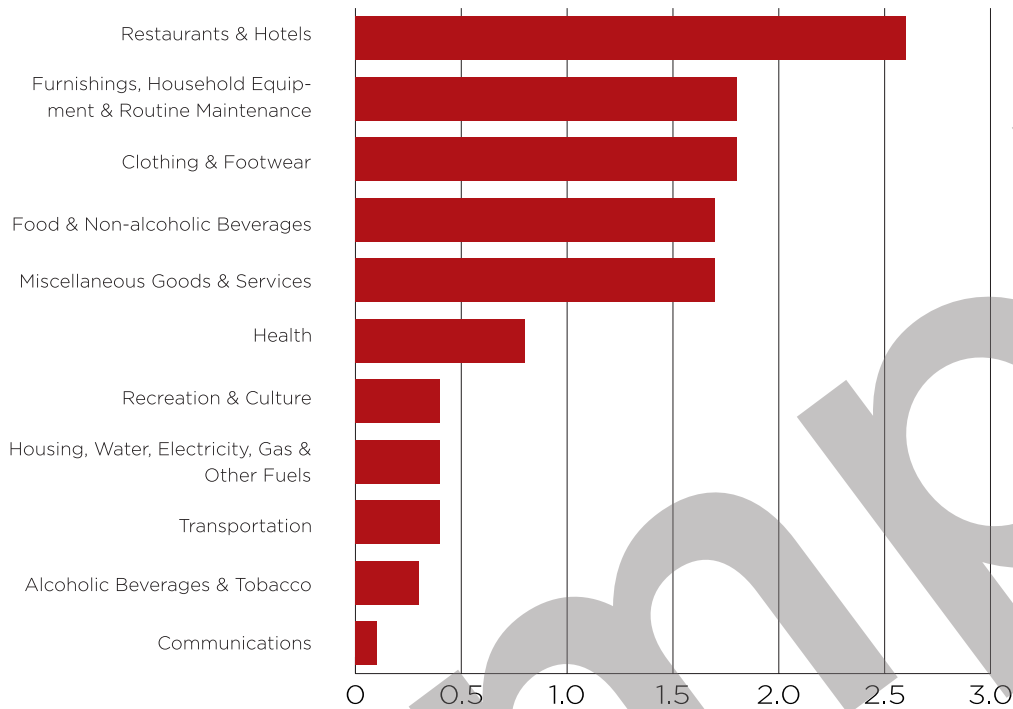


MAIN ECONOMIC INDICATORS

Annual Inflation Headline CPI (%)



Inflation Breakdown for December 2023 (MoM)* (%)



Egypt's inflation rates continued to decline in December 2023, falling 3.3% from November 2023. A slowdown in the annual food inflation rate for the third consecutive month primarily drove this decline. Notably, the price of meat and poultry decreased by 1.5%, while fruits and vegetables declined by 3.5% and 4.7% respectively.

*November-December 2023

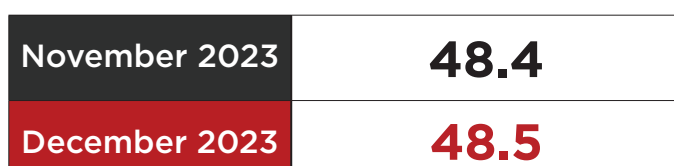
Net International Reserves (\$ billion)



Gross Official Reserves for December 2023 (\$ billion)



Non-Oil Private Sector PMI (Point)



Despite the slight increase in December 2023 to 48.5, Egypt's PMI stayed below 50. This was due to worsening conditions for businesses across the non-oil private sector, driven by slowing demand that led to sharper falls in activity and new orders. New orders decreased at the sharpest rate since May 2023, with firms in the wholesale & retail sector reporting a particularly steep decline.

STATE'S EFFORTS TO PROMOTE INVESTMENTS



Cabinet Approves Decisions to Boost Investments in Egypt

During meeting No. 270, the Egyptian Cabinet approved several decisions to foster investment opportunities in Egypt.

The 1st one was a draft decision to establish a public free zone on an area of 150,000 m², deducted from the Damietta Furniture City investment zone area. In an attempt to rehabilitate the industrial city, and contribute to developing the furniture industry.

The 2nd one was concerned with the establishment of a project under the name of Red Sea Company for Container Terminals within the borders of the Suez Canal Economic Zone (SCZONE) to work within the special free zones system in the Ain Sokhna port, on a total area of 720,000 m². The project aims to build and develop the superstructure, and to operate, exploit, maintain, and redeliver the container terminal at the Ain Sokhna port, at an investment cost of \$379.6 million, producing 1.6 million containers.

EGYPT DIVERSIFIES ITS INVESTMENTS PORTFOLIO

GAFI Inaugurates First 100% Vietnamese Investments in Egypt



In the presence of Chairman of the Board of Directors of EUP Europe Plastics Hoang Quoc Huy, GAFI CEO Hossam Heiba has inaugurated the EUP Egypt factory to produce petrochemicals in El Sadat City, representing the first Vietnamese investments in Egypt's petrochemicals sector, paving the way for the flow of Vietnamese investments into the Egyptian market.

The factory will specialize in producing filler masterbatch, used in the manufacture of plastic pipes, bags, and other plastic products, adding 300,000 tons to Egypt's petrochemical production, at an investment cost of \$30 million in the first phase.

The factory is an extension of EUP factories in Vietnam, with a production capacity of 600,000 tons, and annual revenues amounting to \$250 million.

Egypt to Establish the Largest Agri-Food Industries Complex in the Middle East



Prime Minister Mostafa Madbouly has witnessed the signing of contracts to establish the largest agri-food industries complex in the Middle East. The contracts were signed between MAFI for Agricultural

Produce Industries, and representatives of international companies supplying the latest agricultural food industry technologies.

The project's total investments approached \$300 million. The complex includes five factories, providing more than 7,000 direct and indirect job opportunities. The project aims to export more than 80% of its production abroad. It is built on an area of 154,000 m², in the Developers Area in Sadat City.

The complex will produce more than 100,000 tons of agricultural food products annually in the first phase. It is considered a part of Egypt's strategy to boost Egyptian industrial capabilities by increasing exports and reducing dependence on imports.

SCZONE Signs 5 Agreements for Industrial Projects



Prime Minister Mostafa Madbouly has witnessed the signing of five framework agreements between the Suez Canal Economic Zone (SCZONE) and private companies in various industrial sectors, promoting public-private partnerships.

The CEO of SCZONE Waleid Gamal El Dein emphasized that these agreements aimed to maximize the utilization of the state's resources, noting it is the beginning of 50 agreements already negotiated.

These agreements include a PET plastic recycling and production project and other projects implemented by Dayra company with a \$15 million investment, a ready-made cloths factory with a \$150 million investment by Aurajlo Company for Garment Industry, and a textile and dyeing project by Jade Textile with investments of \$65 million. The other agreements included a pharmaceutical factory by Orchidia Pharmaceutical Industries with over EGP 1 billion in investments, as well as a wood industry project worth EGP 129 million in investments by El-Hamd company.

Egypt Stresses its Full Support to Somalia's Security



The Minister of Foreign Affairs Sameh Shoukry has affirmed Egypt's support to Somalia warning against the consequences of Ethiopia's unilateral policies that violate the rules of international law and the principles of good neighbourliness.

This came during his participation in the extraordinary ministerial meeting of the League of Arab States on January 17.

He stated that Ethiopia is imposing a fait accompli policy without caring about the interests of African governments and people, especially after it has signed an agreement with Somaliland to access the Red Sea.

In the same context, Egyptian President Abdel Fattah El-Sisi, during a joint press conference with Somali President Hassan Sheikh Mohamud at the Ittihadiya Palace in Cairo held on January 22, stressed that Egypt will not allow any threats to Somalia's security. He confirmed his opposition to the agreement signed between Somaliland and Ethiopia regarding the acquisition of a port in the Red Sea.

Egypt, China to Boost Comprehensive Strategic Partnership



Egyptian President Abdel Fattah El-Sisi has met with Member of the Political Bureau of the Communist Party of China (CPC) Central Committee and

Foreign Minister, Wang Yi, where they discussed how to strengthen frameworks of cooperation especially in developing economic projects at both the bilateral level and within the framework of their membership of the BRICS grouping as well as the "Belt and Road" Initiative.

The two parties also exchanged views on some of the regional and international developments, especially in Gaza and the effective role of Egypt in mobilizing, receiving, and assembling humanitarian assistance from all over the world in order to deliver them.

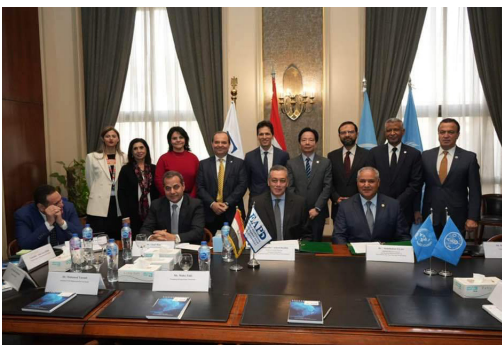
Shoukry Emphasizes Bilateral Relations with US



The Minister of Foreign Affairs Sameh Shoukry has received American Senators in the frame of their regional visit. He held two separate meetings; one with a delegate of eight members chaired by Joni Ernst and another one including Chris Van Hollen, and Jeff Merkley, members of the Appropriations Committee at US Senate.

During the meetings, Shoukry highlighted the necessity of the strategic partnership between the two countries and Egypt's desire to develop it especially in the political, economic, trading, and military fields. They also discussed the latest development of regional issues especially in Gaza.

EAPD, FAO Sign MoU for Cooperation in Africa

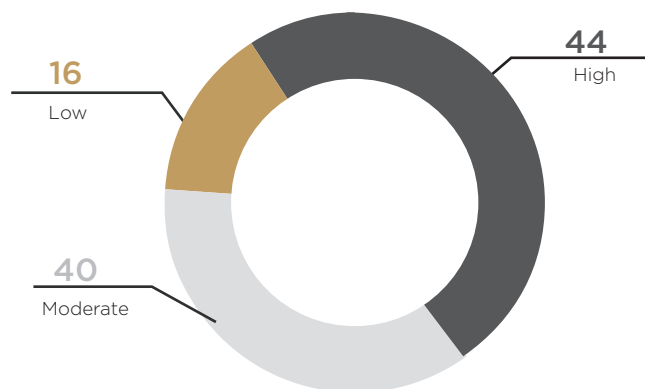


The Egyptian Agency of Partnership for Development (EAPD) has signed a Memorandum of Understanding (MoU) with the Food and Agriculture Organization of the United Nations (FAO) for promoting south-south and triangular cooperation (SSTC).

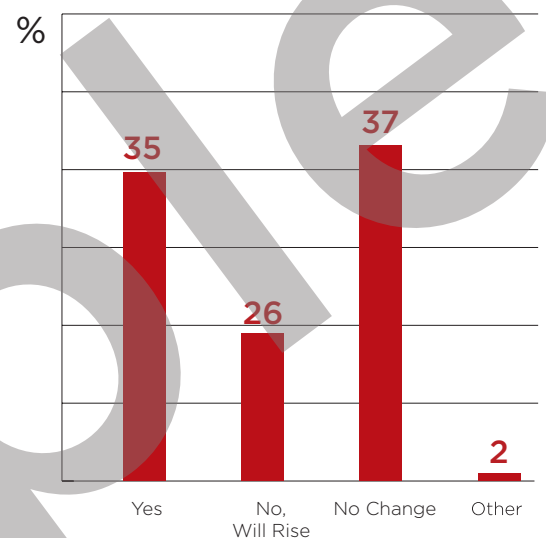
The MoU aims at supporting the transfer of knowledge within the agricultural

sector between Egypt and African Countries, improving food security, and confronting the issues of climate change. According to the agreement, the two sides will cooperate also on building capacities and providing training in order to boost Africa's development.

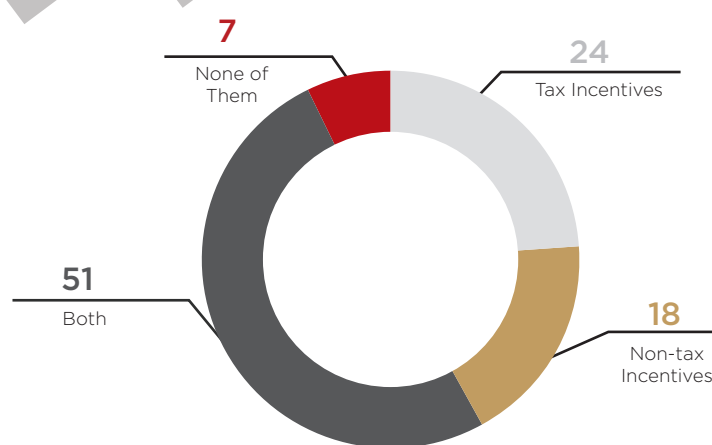
How severely will the global oil and gas market be impacted if Houthi attacks in the Red Sea continue? (%)



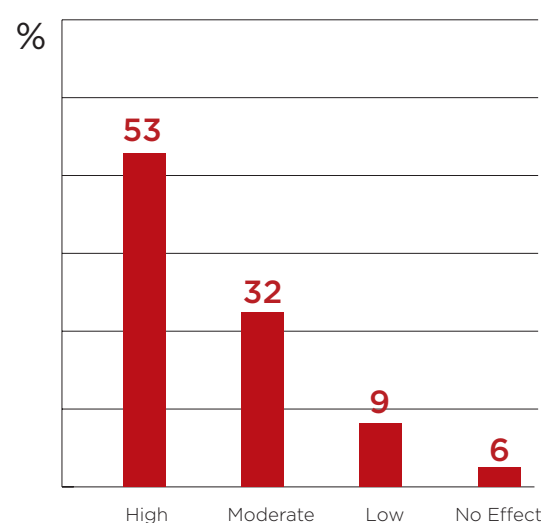
Do you anticipate a measurable decrease in global CO2 emissions from fossil fuels in 2024?



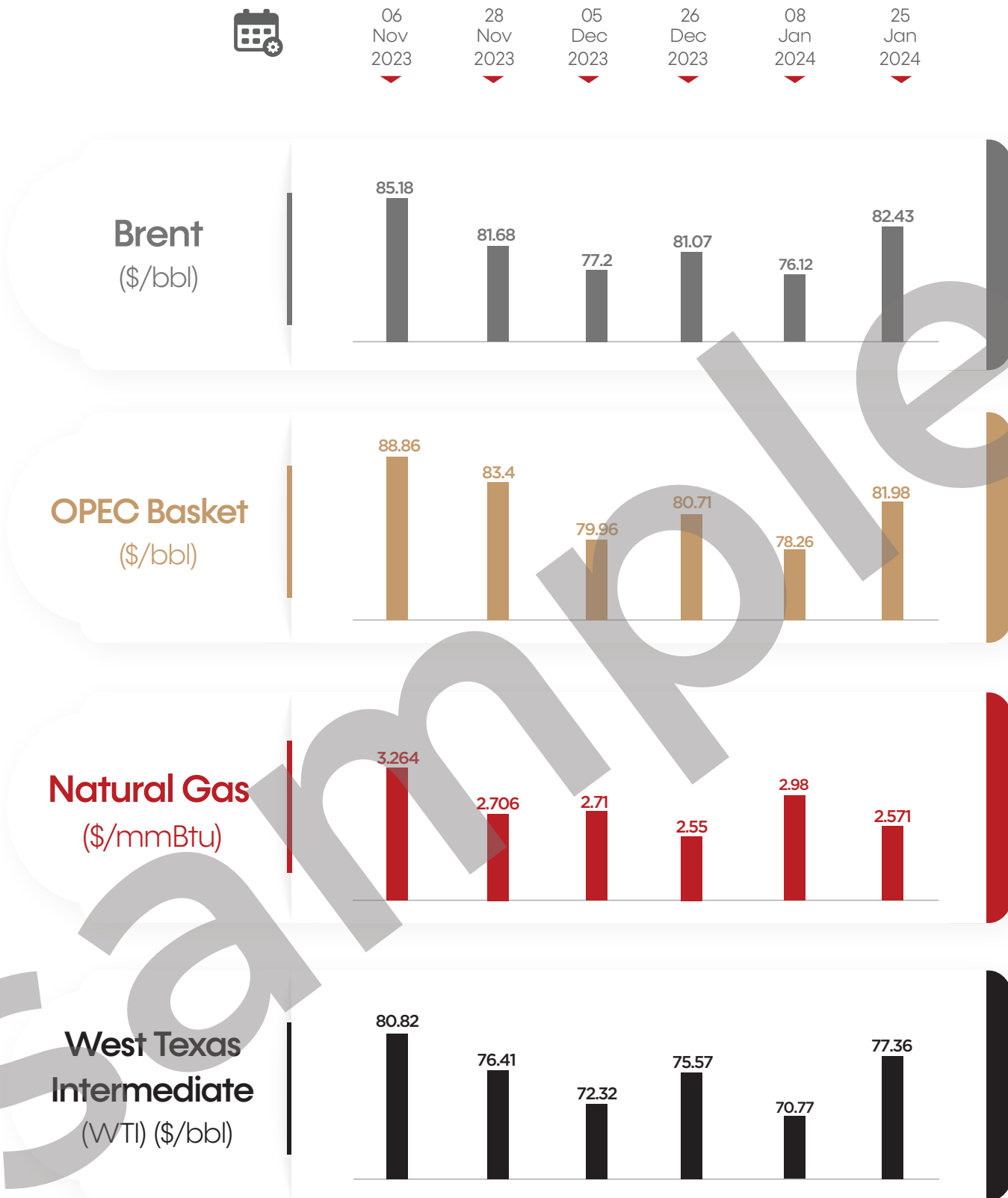
What type of incentives will have the greatest impact on the growth of Egypt's green hydrogen plan? (%)



To what extent will the recent conflict in the Gaza Strip impact European natural gas prices in the next quarter?



INTERNATIONAL CRUDE OIL AND NATURAL GAS PRICES



Over the past three months, there have been fluctuations in oil prices. By the end of January, Brent crude prices witnessed a decline of 3.2%, and OPEC basket prices fell by 7.7%. Natural gas prices also declined by 21% during the same period.

The oil price declines were primarily influenced by abundant United States (US) stockpiles supplies and the persistent demand concerns surrounding the global economy. Over the period from November to late January, the world witnessed a deterioration in the security situation in the Red Sea, where Yemen-based Houthi have disrupted global trade, which poses a key geopolitical risk for energy commodities this year. These concerns offset the impact of the Organization of the Petroleum Exporting Countries and its allies (OPEC+) decision to voluntarily cut oil production, by a total of 2.2 million barrels per day in the first quarter of 2024, to raise prices.

MAJOR INDICATORS

1 Purchasing Managers Index (PMI)

More sectors recorded output growth than a contraction for the second month in a row. Some manufacturing sectors experienced recovery in December 2023. Basic Materials remained under pressure in December as both the Metals & Mining and Forestry & Paper Products sectors have indicated noticeable and considerable decreases. Insurance, Pharmaceuticals & Biotechnology, and Software & Services were the top three performing sectors in terms of activity in December 2023, according to S&P Global Sector [PMI](#).

2 US Unemployment Rate

The US unemployment rate held at 3.7% in December 2023, and the number of unemployed persons was constant at 6.3 million. Job growth was observed in the government, health care, social assistance, and construction sectors, with a decline in employment seen in the transportation and warehousing industry, according to the U.S. Bureau of Labor Statistics ([BLS](#)) report

3 US Consumer Price Index (CPI)

The CPI for all Urban consumers increased 0.3% in December 2023 on a seasonally adjusted basis, after rising 0.1% in November 2023. Over the last 12 months, all items index increased by 3.4% before seasonal adjustment, as stated in the U.S. Bureau of Labor Statistics ([BLS](#)) report.

MONETARY UPDATES

1. The Federal Open Market Committee ([FOMC](#)) decided on January 31 to maintain the target range for the federal funds rate at 5.25% to 5.5% as the risks to achieving employment and inflation goals are moving into better balance. The European Central Bank ([ECB](#)) opted to maintain unchanged interest rates on January 25, in response to the decreasing trend in underlying inflation. Similarly, the People's Bank of China ([PBoC](#)) has chosen to keep benchmark lending rates without alterations for the fifth consecutive month on January 22. Also, [the Bank of Canada](#) announced on January 24 holding its target for the overnight rate at 5%, with the Bank Rate at 5.25% and the deposit rate at 5% to continue its policy of quantitative tightening.
2. The People's Bank of China ([PBOC](#)) announced a cut on January 24, 2024, in the required reserves ratio (RRR) for financial institutions by 0.5%, excluding those with an existing RRR of 5%. This decision will be effective from February 5, 2024, and bring the weighted average RRR to about 7%. It is expected to inject about \$140 billion of cash into the banking system and potentially boost stock markets.

ECONOMIC INDICATORS PROJECTIONS

1. The International Monetary Fund (IMF) projected global growth at 3.1% in 2024 and 3.2% in 2025. Advanced economies are expected to experience a growth rate of 1.8% in 2025, whereas emerging markets and developing economies will grow at 4.2% in 2025. Moreover, global headline inflation is anticipated to fall to 5.8% in 2024 and further decrease to 4.4% in 2025, according to the IMF World Economic Outlook [Update](#).
2. The World Bank anticipated global growth to decelerate for the third consecutive year, declining from 2.6% in 2023 to 2.4% in 2024. Developing economies are projected to grow just 3.9%. Despite the resilient performance of the global economy in navigating recessionary risks in 2023, the emergence of escalated geopolitical tensions is expected to pose new obstacles in the short term, according to the World Bank's January 2024 [Global Economic Prospects report](#).
3. Global inflation is projected to fall to 2.5% in 2024, which is in close proximity to the average inflation rate of 2.3% observed during the period spanning from 2015 to 2019. The unexpected stagnation in demand brought the global inflation down, according to the World Bank's January 2024 [Global Economic Prospects report](#).

GLOBAL TRADE

1. Global trade growth in 2023, excluding global recessions, reached its slowest pace in the past 50 years, with a contraction in goods trade aimed at weak global industrial production, as stated in the World Bank's latest [Global Economic Prospects report](#). However, global trade growth is projected to pick up to 2.3% in 2024, driven by a demand recovery for goods, particularly in advanced-economy trade.
2. China's foreign trade reached about \$5.94 billion in 2023. Trade between China and Russia hit a high record of \$240 billion in 2023. In contrast, trade between China and the

United States (US) fell for the first time since 2019 to record \$664 billion, down 11.6% from 2022, according to the General Administration of Customs ([GAC](#)).

3. Japan's trade deficit halved in 2023 to ¥9.29 trillion compared to 2022, as robust auto shipments to the United States lifted exports to a high record, according to the Japanese [Ministry of Finance](#). Exports to the United States (US) reached ¥20.27 trillion in 2023, up 11% from 2022. However, exports to China declined by 6.5% to a record ¥17.76 billion in 2023.



EGYPT
OIL & GAS
RESEARCH & ANALYSIS