

Ethiopia's Year-End Macroeconomic Performance: Stabilization Gains and Emerging Pressures, FY2025/26

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This macroeconomic report provides a concise overview of Ethiopia's economic performance during FY2025/26, covering key developments in GDP growth, inflation, banking and monetary conditions, investment dynamics, the external sector, and public debt. It also highlights recent reforms and key domestic and external developments, including external shocks, geopolitical tensions, and disruptions in global energy and trade markets.

SUMMARY

Ethiopia's FY2025/26 ended with strong macroeconomic stabilization and robust economic growth, with real GDP expanding by 10.2%. External sector performance also strengthened, with exports reaching a record of \$11.2bn, up 34%, while international reserves increased to around 2.5 months of import cover. Progress towards debt restructuring with China and the Paris Club, alongside the agreement in principle on the Eurobond reprofiling further strengthened the country's external position. Continued implementation of the IMF program also supported the stabilization process, with 74% of the total program amount disbursed by the end of the fiscal year. However, during the fiscal year, rising foreign-exchange demand continued to exert pressure on the FX market despite improved inflows, as import goods increased by approximately 18% to \$22bn and services imports rose by around 20% to \$8bn, reflecting continued dependence on imported goods and services, particularly fuel, capital goods, and production inputs. Meanwhile, inflation declined significantly during much of the year, reaching a low of 9.4% in March 2026 before reaccelerating to 13.9% in June and 15.1% in August 2026. The renewed increase was driven in part by external shocks stemming from the US–Iran conflict, which contributed to higher fuel and import prices, alongside supply disruptions. This highlights the continued vulnerability of domestic prices to external shocks and imported cost pressures.

Fiscal performance also improved, with revenue collection strengthening significantly during FY2025/26 reaching Birr 1.5trn, a 68% increase year-on-year. However, the increase in tax collection also raised the tax burden on businesses, adding to existing operating-cost pressures. In addition to stronger revenue mobilization, the government continued to rely on additional funding from sale of Treasury bills (T-bills) following the cessation of direct financing from the central bank. Greater reliance on T-bills initially pushed yields above the NBE's 15% policy rate, reaching around 20% in some auctions. Following the July 2026 policy measures and the lifting of the credit-growth cap, improved liquidity and stronger competition for T-bills drove yields below 10%. The sustainability of lower yields will depend on

FY2025/26 AT A GLANCE

→ Real GDP growth	10.2%
→ Inflation, June 2026	13.9%
→ Total exports	\$11.2bn
→ Merchandise imports	\$22bn
→ Revenue collected (ETB), up 68%	1.5trn
→ Birr depreciation vs USD	~17%
→ Fiscal deficit, expected (% of GDP)	~2%

private-sector credit growth, banking-system liquidity, and government financing needs. The combination of stronger revenue mobilization and continued reliance on T-bills is expected to keep the fiscal deficit relatively contained at around 2% of GDP. However, continued use of T-bills to finance government expenditure could place upward pressure on domestic interest rates, particularly if government financing needs remain elevated.

The foreign-exchange market also became more stable, with, broadly keeping pace with domestic price increases, while the official–parallel market gap narrowed substantially to the mid-teens. Stronger export and remittance inflows, together with the credit-growth cap and improved FX market functioning, supported this adjustment. However, FX market stability will need to be closely monitored as the NBE has begun relaxing its tighter monetary policy, which could increase liquidity and foreign-currency demand and potentially place renewed pressure on the birr.

Despite meaningful stabilization gains, significant concerns remain around inflation, high domestic financing costs, import dependence, and exposure to external commodity-price and geopolitical shocks, as well as supply disruptions arising from internal conflict. The rising tax burden on the private sector is an additional concern, particularly as businesses face higher financing and operating costs. The next phase of reforms will therefore need to balance continued macroeconomic stabilization with preserving private-sector investment and business activity, while ensuring that fiscal and tax measures do not further constrain private-sector growth and competitiveness.

GDP Growth

Strong economic momentum has been maintained in FY2025/26, with real GDP growth estimated at 10.2%, the strongest growth rate in a decade. This compares with the IMF's 9.2% growth projection, with both estimates pointing to a strong pace of economic expansion. Growth was broad-based, led by industry at 13.2%, followed by services at 9.3% and agriculture at 7.9%. The strong performance reflects continued economic activity amid the government's ongoing macroeconomic reform program, including exchange-rate liberalization, monetary and fiscal reforms, and measures to strengthen private-sector participation. The government has highlighted the robust growth outcome as evidence of positive momentum from the reform agenda.

Fig. 1: GDP Growth by Sector

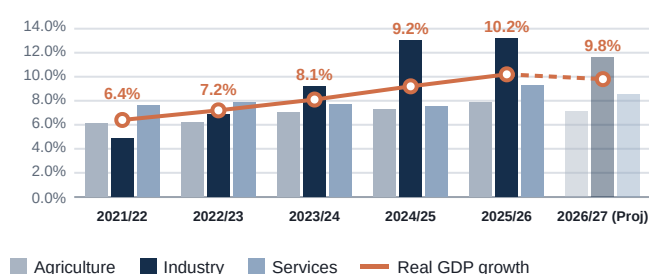
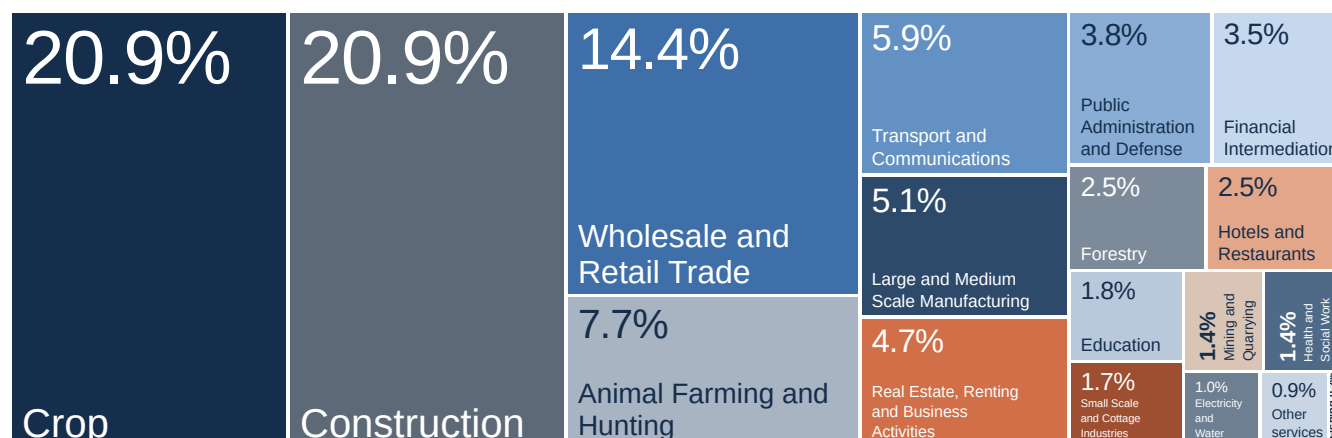


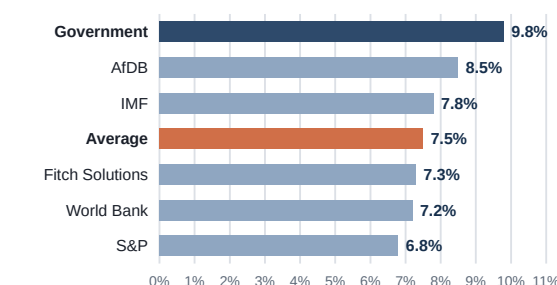
Fig. 2: Percentage Distribution of GDP (FY2024/25)



Looking ahead, the government projects growth to moderate slightly from 10.2% to 9.8% in FY2026/27, reflecting, among other factors, the potential impact of higher global energy prices and disruptions associated with the Iran conflict and tensions in the Middle East. The conflict has already affected global fuel and fertilizer prices, with Ethiopia experiencing some supply pressures during 2026.

While the detailed sectoral composition of GDP for FY2025/26 has not yet been released, the FY2024/25 structure provides a useful indication of the economy's main growth drivers. Crop production and construction were the largest contributors, each accounting for approximately 20.9% of the total GDP, followed by wholesale and retail trade at 14.4%. Together, these sectors accounted for around 56% of the total GDP composition. This underscores the continued importance of agricultural output, investment, and domestic demand to overall economic activity. At the same time, sustaining high growth over the medium term will require greater diversification of the economy toward manufacturing, high valued services, and export-oriented sectors.

Fig. 3: 2026/27 Real GDP Growth Forecasts



Source: MoPD, IMF, WB, AfDB, S&P, Fitch Solutions

International institutions also continue to project relatively strong growth, although their forecasts are more conservative than the government's. The IMF's latest July 2026 projection is 7.8% for FY2026/27, while the World Bank projected 7.1% growth, which is 2.0–2.7 percentage points below the government's 9.8% projection. Despite these differences, the institutional forecasts remain above the Sub-Saharan African average of around 4.5%, underscoring the country's relatively high projected growth rate within the region.

Inflation

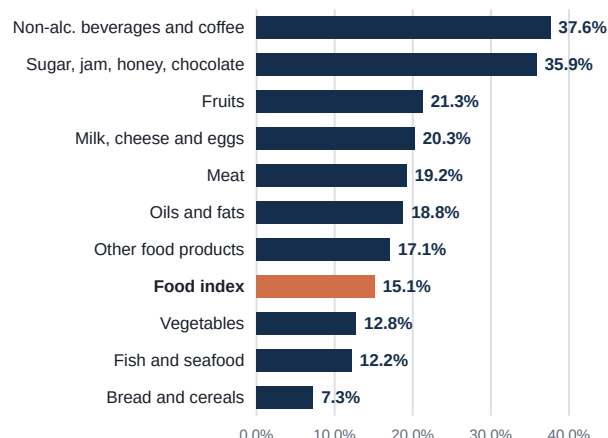
General inflation ended FY2025/26 at 13.9% in June 2026, unchanged from the previous year, despite a significant moderation during the year, with year-on-year headline inflation reaching a low of 9.4% in March 2026. Inflation subsequently increased to 15.1% in August 2026 driven mainly by external shocks associated with the Iran–U.S. conflict and broader Middle East tensions, contributing to higher global fuel, transport, and import costs. Other factors included supply disruptions affecting key food and essential goods and the gradual easing of monetary and credit conditions, may have also contributed to the renewed price pressures.

Inflation pressures shifted increasingly towards food during FY2025/26. Food inflation rose to 15.1% in June 2026 from 11.7% a year earlier, while non-food inflation slowed significantly from 17.3% to 12.2%, indicating that persistent overall inflation was increasingly driven by food rather than broad-based non-food price pressures. Given food's 53.5% weight in the CPI basket, sustained increases in food prices had a significant impact on headline inflation and household purchasing power. Price pressures were particularly pronounced in non-alcoholic beverages and coffee (37.6%), sugar, jam, honey and chocolate (35.9%), as well as fruits, dairy, meat, and oils & fats (18.8–21.3%). The concentration of inflation in essential food categories suggests that supply-side constraints, higher input and transport costs, and disruptions across agricultural supply chain remained important sources of price pressure.

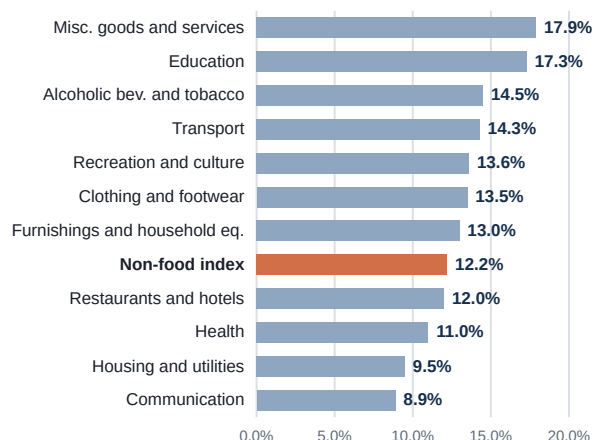
Table 1: Inflation Outturns by Key Analytical Categories, June 2026

CATEGORY	WEIGHT IN CPI	WEIGHT IN CATEGORY	M-O-M	Y-O-Y
A. Domestically produced and consumed				13.4%
Bread and cereals	17.1%	47%	0.9%	7.3%
Alcoholic beverages and tobacco	4.9%	13%	0.6%	14%
Other food products	5.6%	15%	0.7%	17%
Meat	4.2%	12%	0.5%	19%
Milk, cheese, eggs	3.1%	9%	2.0%	20%
Sugar, jam, honey and others	1.4%	4%	-0.1%	36%
Sub-total	36.5%	100%		
B. Domestically produced but also heavily exported				20.1%
Vegetables	12.3%	70%	1.2%	13%
Non-alcoholic beverage and coffee	5.1%	29%	0.0%	38%
Fruits	0.2%	1%	4.5%	21%
Sub-total	17.6%	100.0%		
C. Import-heavy commodities				15.3%
Clothing and footwear	5.7%	33%	0.3%	14%
Furnishings, household equipment, and others	4.7%	27%	0.7%	13%
Oils and fats	4.3%	25%	1.4%	19%
Miscellaneous goods	2.5%	15%	0.7%	18%
Sub-total	17.2%	100.0%		
D. Services				
Housing, water, electricity, gas, other fuels	16.8%	59%	1.0%	9%
Restaurants and hotels	5.3%	18%	3.3%	12%
Transport	2%	9%	0.4%	14%
Health	1%	5%	0.4%	11%
Communication	2%	7%	-0.2%	9%
Recreation and culture	0%	1%	1.1%	14%
Education	0%	1%	2.6%	17.3%
Sub-total	28.7%	100.0%		
Overall inflation	100%		1.0%	13.9%

Source: ESS and Cepheus Research. Shaded figures are those items with highest weight in CPI index

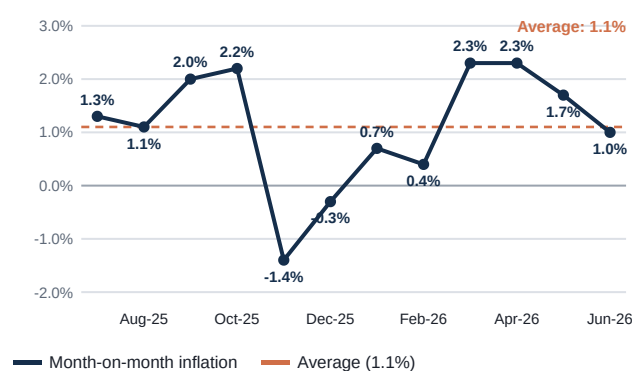
Fig. 4: Year-on-Year Food Inflation, June 2026


Source: ESS

Fig. 5: Year-on-Year Non-Food Inflation, June 2026


Source: ESS

Month-on-month inflation remained volatile during FY2025/26, with most months recording price increases above the approximately 1.1% average monthly rate. Prices moderated during November–December, largely reflecting seasonal harvest effects, before pressures resumed in early 2026 and accelerated sharply to around 2.3% in both March and April, coinciding with higher global energy prices and external supply shocks linked to the escalation of the Iran–US/Middle East conflict, which increased domestic fuel, transport, and imported-input costs. Inflation subsequently moderated to 1.7% in May and approximately 1.0% in June; however, the persistence of elevated monthly price increases through much of the year suggests a slower pace of price increases rather than broad-based price stabilization, highlighting the continued sensitivity of domestic prices to external shocks.

Fig. 6: Month-on-Month Inflation


Source: ESS

Table 2: Price Level Data for Addis Ababa, June 2025 vs June 2026

GROUP	ITEM	UNIT	JUN 2025 (BIRR)	JUN 2026 (BIRR)	CHANGE
Staples	Injera	325 g	20.84	23.37	+12.1%
	Teff, mixed	kg	124.17	125.76	+1.3%
	Wheat bread (bakery)	350 g	40.09	48.51	+21.0%
Coffee and sugar	Coffee beans	kg	712.34	1,091.55	+53.2%
	Sugar	kg	115.63	154.95	+34.0%
Meat	Beef	kg	764.03	1,079.13	+41.2%
Oils and fats	Edible oil (local)	litre	324.86	410.02	+26.2%
	Butter (unrefined)	kg	888.52	1,277.63	+43.8%
Vegetables	Onions	kg	67.99	78.67	+15.7%
	Tomatoes	kg	35.53	66.00	+85.7%
Fuel and transport	Benzene	litre	122.53	143.98	+17.5%
	Charcoal	kg	50.81	65.67	+29.2%
	Taxi fare	per trip	10.00	10.48	+4.8%

Source: ESS

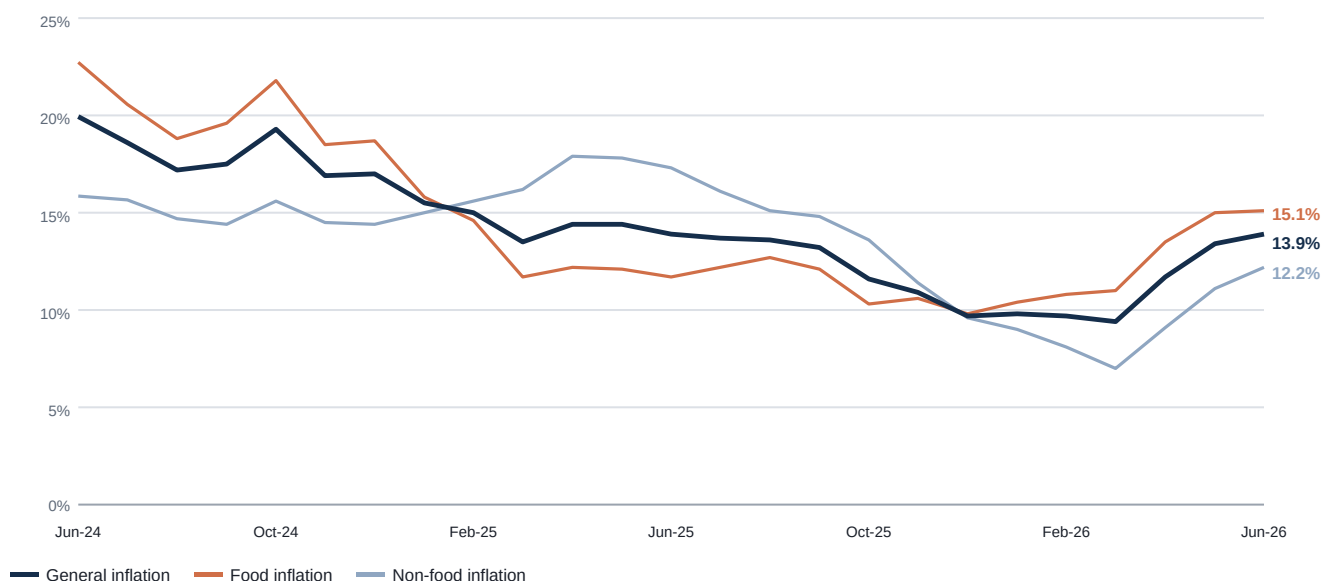
Inflation Forecast

Since the start of FY2026/27, the NBE has shifted from 24% credit growth cap to indirect instrument such as targeted reserve requirement while raising the policy rate to 16%, allowing credit and broad money growth to accelerate. While improved FX availability and broader macroeconomic stabilization have supported lower inflation, faster monetary expansion could, with a lag, increase domestic liquidity and demand and hence potentially putting renewed pressure on prices. The inflation outlook is also vulnerable to external supply shocks, particularly elevated global oil prices. The escalation of the U.S.–Iran/Middle East conflict has increased uncertainty in global energy markets, with Brent crude rising to around \$114 per barrel in May 2026 and remaining elevated at approximately \$104 per barrel in September 2026. Sustained higher oil prices could feed into domestic inflation through fuel, fertilizer, transport and production costs, while increasing the cost of imported goods and intermediate inputs.

In response to higher fuel and fertilizer costs linked to geopolitical tensions in the Middle East, the government has allocated Birr 100bn for fertilizer subsidies and Birr 20bn for fuel subsidies to mitigate inflationary pressures and support agricultural production. In addition, Birr 116bn has been earmarked through T-bill financing to strengthen the capital base of the Ethiopian Petroleum Supply Enterprise (EPSE) and help ensure adequate fuel supply. These measures may help contain the immediate pass-through of external price shocks, but also increase fiscal and financing requirements.

The NBE therefore faces a delicate trade-off between supporting credit and private-sector activity and maintaining price stability. Although the IMF projects average inflation of 12.3% in FY2026/27 before easing to 9.2% in FY2027/28, achieving this will depend on maintaining monetary and exchange-rate discipline, managing food-price pressures, and containing the pass-through from higher global commodity prices while carefully managing the inflationary and fiscal implications of the support measures.

Fig. 7: General, Food and Non-Food Inflation, Year-on-Year (Jun 2024 to Jun 2026)



Source: ESS

Monetary

Following the NBE's adoption of a tighter monetary policy stance in August 2024, broad money growth initially slowed as liquidity and credit conditions were tightened. Monetary expansion remained relatively contained before accelerating in 2025, reaching approximately 35% year-on-year in June 2025. This increase was driven in significant part by a sharp rise in net foreign assets, reflecting stronger foreign-exchange inflows associated with record gold exports, rather than by domestic credit expansion. Supported by the continued accumulation of net foreign assets and stronger foreign-exchange inflows, broad money growth increased further, peaking at approximately 42% year-on-year in December 2025 before moderating to around 33% by June 2026. Although the increase has largely reflected improved FX inflows rather than domestic credit expansion, the sustained pace of monetary growth warrants close monitoring for its potential implications for domestic liquidity, demand, and inflation.

Broad Money Growth and Inflation

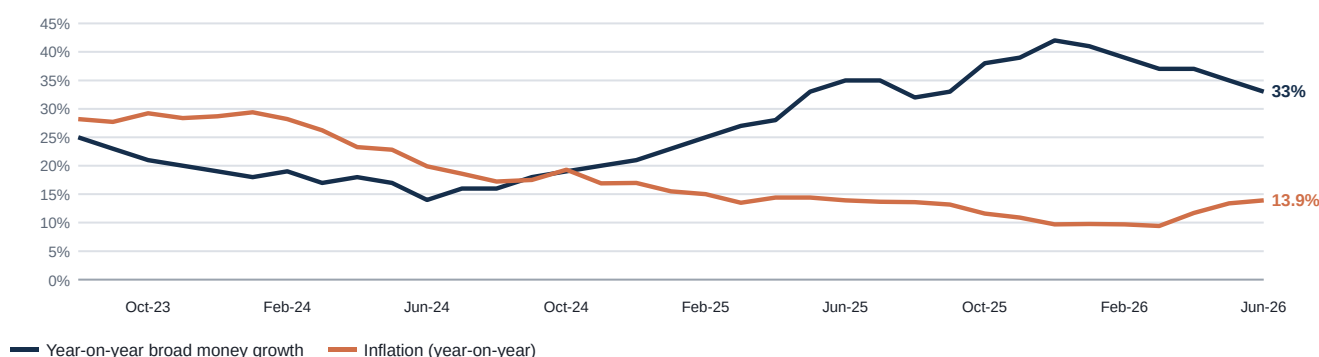
The relationship between broad money growth and inflation appears to be lagged and relatively moderate, rather than immediate or one-to-one. The acceleration in broad money growth during 2025, may have contributed to the subsequent increase in inflationary pressures, but the continued decline in inflation rate through early 2026 indicates that the transmission to consumer prices was not immediate. The subsequent rebound in inflation during April–May 2026 may partly reflect these delayed monetary effects, while also coinciding with significant external and domestic supply-side pressures, including higher global energy and import costs, food-price increases, and supply disruptions. This suggests that specifically to FY2025/26 inflation trend, monetary expansion is an important, but not standalone, determinant of inflation, with exchange-rate movements, food supply conditions, global commodity prices, and broader macroeconomic policies also playing significant roles. Given the potential lag in monetary transmission, the currently elevated pace of broad money growth warrants close monitoring, particularly as the relaxation of credit conditions could strengthen domestic demand and FX demand and generate additional inflationary pressure over the coming quarters.

Fig. 8: Year-on-Year Broad Money Growth



Source: NBE

Fig. 9: Broad Money Growth and Inflation



Source: NBE, ESS

Banking Sector

The banking sector continued to expand strongly during FY2025/26, supported by robust deposit mobilization, improved liquidity conditions, and continued growth in credit. Total deposits increased by around 37% year-on-year, reaching approximately Birr 4.8trn, while outstanding loans also grew by around 37% to approximately Birr 2.6trn. The strong growth in both deposits and lending reflects the continued expansion of the banking system's funding base and its increasing capacity to support credit provision, investment, and broader economic activity. At the same time, banks' liquidity positions improved during the year, while asset quality remained relatively stable, with the sector-wide non-performing loan (NPL) ratio remaining below the NBE's 5% regulatory threshold.

However, private-sector credit growth remained constrained by the 24% credit-growth cap in effect during FY2025/26. With lending opportunities restricted, banks increasingly channeled excess liquidity into government securities, particularly T-bills, as an alternative means of deploying their expanding deposit base. This supported strong demand for T-bills, while the government's substantial domestic financing requirements and prevailing liquidity conditions kept yields elevated, with 365-day T-bill yields reaching around 20% in some auctions.

The lifting of the credit-growth cap in July 2026 marked a shift in the allocation of bank liquidity, giving banks greater flexibility to expand private-sector lending. Although this likely reduced the relative attractiveness of government securities for some banks, the subsequent decline in T-bill yields also reflected improved banking-system liquidity, changes in market demand, and evolving government

financing requirements. The combination of these factors contributed to a significant easing in T-bill yields, which subsequently fell below 10%.

Bank profitability also strengthened significantly during the fiscal year, with several major banks reporting strong preliminary results. The improvement appears to have been supported by rapid balance-sheet expansion, strong deposit growth, higher investment income from government securities, and favorable monetary and interest-rate conditions. The state-owned Commercial Bank of Ethiopia (CBE), the largest bank in the sector, reportedly recorded gross profit of more than Birr 80bn. Among private banks, Awash Bank reported a record gross profit of Birr 40.7bn, alongside significant balance-sheet expansion, with total assets reaching Birr 623.9bn. Other large private banks, including Dashen Bank, also reported substantial increases in preliminary profits.

The banking sector is also entering a period of significant structural change following the opening of the sector to foreign investment, including allowing foreign investors to acquire stakes of up to 49%. The reform is likely to alter the competitive dynamics of the sector by introducing new sources of capital, technology, management expertise, products, and risk-management practices. Over time, greater foreign participation could also increase competitive pressure on domestic banks, particularly in areas such as digital banking, corporate lending, trade finance, and customer services. For existing banks, the opening of the sector could therefore increase the need to strengthen capital, governance, technology, operational efficiency, and product innovation.

External Sector

Following the adoption of the floating exchange rate regime, Ethiopia's total goods exports reached \$11.2bn in FY2025/26, representing a 34% year-on-year increase. The strong performance was primarily driven by gold and coffee, which together accounted for 79% of total export earnings. Gold remained the largest export earner, surpassing coffee for the second consecutive year.

Gold export earnings benefited primarily from higher international gold prices rather than increased export volumes. Gold export volumes increased by 12.4% year-on-year to 44mn grams, while the average export price rose by approximately 45%. Export receipts were also supported by the NBE's higher domestic gold purchasing price, which strengthened incentives for formal gold supply and collection.

During FY2024/25 export volume increased by more than 800% while in FY2025/26 by 12.4%. This suggests that, following the sharp expansion in physical gold exports in the previous year, the latest increase in gold-related FX earnings was increasingly driven by higher prices rather than further volume growth. At the same time, maintaining gold export volumes at the significantly elevated levels, without a decline, represents an important achievement in itself.

Table 3: Gold Exports, FY2024/25 vs FY2025/26

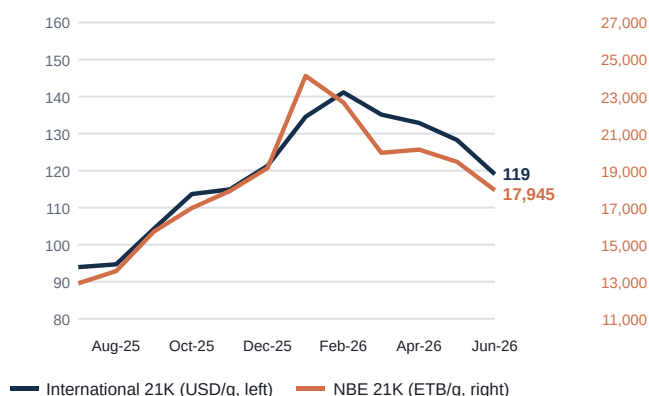
PARTICULARS	2024/25	2025/26	CHANGE
Gold exports (USD million)	3,480.9	5,689.9	+63.5%
Volume (million grams)	38.9	43.7	+12.4%
Unit price (USD per gram)	89.4	130.1	+45.5%

Source: NBE

This trend has implications for the sustainability of gold-led export growth. The increase in both international gold prices, which rose by 27% between July 2025 and June 2026, and domestic gold purchasing prices, which increased by 45% year-on-year in birr terms, provided a significant boost to foreign-exchange earnings during the year while also strengthening incentives for formal gold supply and collection. However, these gains remain sensitive to global commodity-price conditions and may not be

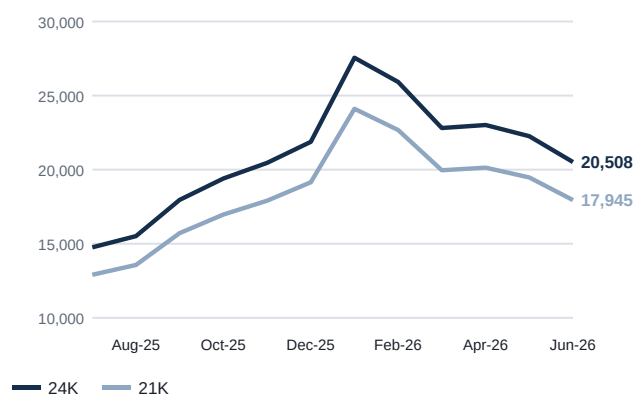
sustained if international gold prices moderate. Sustaining gold's contribution to the export earnings will therefore be strengthened with continued improvements in production, traceability, and export volumes. At the same time, diversifying FX earnings across coffee, manufactured goods, services, and other export sectors would reduce reliance on gold and strengthen the resilience of the external position to commodity-price fluctuations.

Fig. 10: 21K Gold Price Trend, Jul 2025 to Jun 2026



Source: NBE, goldprice.org

Fig. 11: Monthly Average Gold Purchasing Price (NBE, ETB per gram)



Source: NBE

Table 4: Exports by Major Commodity (USD million)

COMMODITY	2024/25	2025/26	CHANGE	VOLUME 2025/26
Gold	3,480.9	5,689.9	+63.5%	43.7 m grams
Coffee	2,665.1	3,139.8	+17.8%	440.5 000 t
Electricity	336.4	472.8	+40.5%	12,764.5 kWh
Flower	489.7	412.3	-15.8%	91.9 000 t
Oil seeds	332.7	285.9	-14.1%	220.1 000 t
Pulses	273.7	285.0	+4.1%	328.3 000 t
Electronics	20.4	163.3	+700.5%	8.9 000 t
Chat	121.5	131.8	+8.5%	11.8 000 t
Meat and meat products	109.7	116.6	+6.3%	18.7 000 t
Textile and textile products	118.8	115.7	-2.6%	31.9 000 t
Live animals	112.9	104.5	-7.5%	117.3 000 t
Fruits and vegetables	75.2	77.6	+3.2%	192.0 000 t
Cereals and flour	35.8	43.7	+22.1%	82.5 000 t
Leather and leather products	17.4	25.8	+48.3%	2.0 000 t
Spices	14.9	16.4	+10.1%	7.2 000 t
Natural gum	2.6	3.3	+26.9%	1.0 000 t
Chemicals and construction inputs	2.3	1.8	-21.7%	2.8 000 t
Bees wax	0.8	0.5	-37.5%	0.1 000 t
Wheat	0.0	0.0		0 000 t
Others	136.2	95.5	-29.9%	
Total exports	8,347.2	11,182.1	+34.0%	

Source: NBE

On the other hand, performance across several other major export categories remains weak, raising concerns about the sustainability and diversification of export earnings. Several traditional export items recorded declines, including oilseeds, which fell by 14%; flowers, by 15.8%; live animals by 7.5%; and textiles by 3%, partly reflecting the continued absence of AGOA reinstatement. Pulses recorded only a modest 4% increase, following a 20% decline in the previous year. This uneven export performance

highlights the concentration of recent export growth in gold and coffee and the limited recovery across several traditional export sectors. Sustaining the recent increase in export earnings will therefore require renewed efforts to strengthen and diversify traditional exports, including addressing production constraints, improving export competitiveness and market access, and restoring the capacity of sectors such as horticulture, textiles, livestock, and oilseeds to generate foreign-exchange earnings.

FX Inflows and Outflows

Other sources of foreign-exchange inflows have also strengthened following the July 2024 macroeconomic reform, which included the transition to a market-determined exchange-rate regime. Private transfer increased by 14% to \$8bn, while FDI rose by a more moderate 11% to \$4.4bn for FY2025/26. The relatively modest increase in FDI suggests that the restoration of investor confidence may take time as investors continue to assess the evolving macroeconomic and policy environment. Meanwhile, service exports increased by 18% to \$9.7bn, providing an additional source of foreign-exchange earnings. The combined improvement in these inflows has contributed to a significant narrowing of the current account deficit, which declined to \$1.8bn from \$7.1bn two years earlier,

marking a substantial improvement in the external-sector position.

Foreign-exchange outflows, on the other hand, were expected to moderate following the reform, as the shift to a market-based exchange rate substantially increased the local-currency cost of imports. However, this adjustment has yet to translate into a meaningful reduction in import demand. Total imports goods increased by 18% to \$22bn in FY2025/26, ending June 2026. The continued growth in imports despite the higher cost of foreign currency underscores the difficulty of compressing import demand through exchange-rate adjustment alone, particularly given the structural dependence on imported fuel, capital goods, intermediate inputs, and consumer products.

Table 5: Balance of Payments (USD million)

PARTICULARS	2023/24	2024/25	2025/26
Exports, f.o.b.	3,798.7	8,347.2	11,182.1
Imports	18,441.1	18,793.5	22,096.3
Trade balance	-14,642.4	-10,446.3	-10,914.2
Services, net	1,278.0	1,342.2	1,067.3
Private transfers, net	6,211.1	7,037.2	7,997.9
Current account (excl. official transfers)	-7,153.3	-2,066.9	-1,848.9
Official transfers, net	1,236.4	1,777.6	838.7
Current account (incl. official transfers)	-5,916.9	-289.3	-1,010.2
Capital account	4,128.3	5,316.6	6,315.2
Errors and omissions	440.6	-2,197.2	-2,956.5
Overall balance	-1,347.9	2,830.0	2,348.5

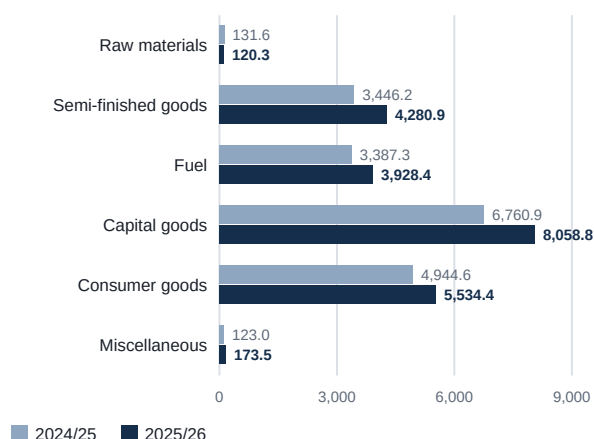
Source: NBE

The composition of imports provides a more nuanced picture of the increase in foreign-exchange demand. Capital goods accounted for the largest share of total imports at 36%, followed by consumer goods at 25% and semi-finished goods at 19%, while fuel accounted for 18%. The high share of capital goods suggests that a substantial portion of FX demand is linked to infrastructure investment, productive-capacity expansion, and other investment-related activities rather than being driven solely by consumption. While this contributes to short-term pressure on foreign-exchange availability, capital-goods imports could support future productivity, import substitution, and export capacity if they translate into higher domestic production. At the same time, the significant shares of consumer and semi-finished goods highlight persistent gaps in domestic supply and leave businesses exposed to higher exchange-rate-related costs for imported inputs.

Despite government efforts to promote import substitution, there is limited evidence so far of a significant reduction in import dependence over the past two years. Instead, higher import costs have

increasingly been transmitted into domestic prices, contributing to persistent inflation in import-intensive categories. Inflation in these categories reached 15.3% (June 2026), including clothing and footwear, furnishings and household equipment, and oils & fats. This suggests that, in the near term, the exchange-rate adjustment is operating more strongly through higher domestic prices than through a substantial reduction in import demand. For businesses, this translates into higher input and operating costs, which may weigh on margins and investment decisions, particularly where locally produced substitutes are limited.

Fig. 12: Imports by End-Use (USD million)



Source: NBE

Service imports added further pressure to FX demand, increasing by 20% to \$8bn during the year. The continued strength of both goods and services imports (mainly transport i.e. Ethiopian Airlines

payments) despite higher foreign-currency costs highlights the structural nature of the foreign-exchange requirements. Import demand is likely to remain relatively resilient until domestic production capacity, manufacturing, and local supply chains expand sufficiently to provide competitive alternatives. While the exchange-rate reform may gradually improve the competitiveness of domestic producers, its impact on import dependence will ultimately depend on how quickly productive capacity and domestic supply chains respond.

These gaps can be addressed, import substitution could gradually reduce structural FX pressures while creating investment opportunities in manufacturing, agro-processing, intermediate inputs, and other import-dependent sectors. Until domestic capacity expands sufficiently, however, sustained growth in export earnings, remittances, FDI, and service exports will remain important for financing the substantial FX requirements and supporting external-sector stability.

Investment Trends

Despite 11% increase in FDI inflows, the number of investment licenses issued remained broadly unchanged in FY2025/26, with 520 licenses issued compared with 518 in the previous fiscal year.

Foreign investors accounted for 63% of total licenses, while joint ventures involving domestic investors accounted for 20%, with the remaining 17% issued to domestic investors. The sectoral composition of investment approvals shows a strong concentration in manufacturing, which accounted for 53% of total licenses, followed by wholesale and retail trade at 30%, reflecting the recent opening of these sectors to greater foreign investor participation. By country of origin, Chinese investors accounted for the largest share at 54% of total licenses, with 44% involving wholly Chinese-owned investments and the remaining 10% structured as joint ventures with domestic investors and other foreign nationals.

The strong concentration of investment licenses in manufacturing is encouraging, given the sector's potential to generate employment, raise productivity, facilitate technology transfer, strengthen import substitution, and diversify exports. However, the 30% share of licenses in wholesale and retail trade

warrants monitoring. While greater participation can improve competition, distribution efficiency, and consumer access, it may also channel capital and foreign exchange toward trading activities rather than the expansion of domestic productive capacity.

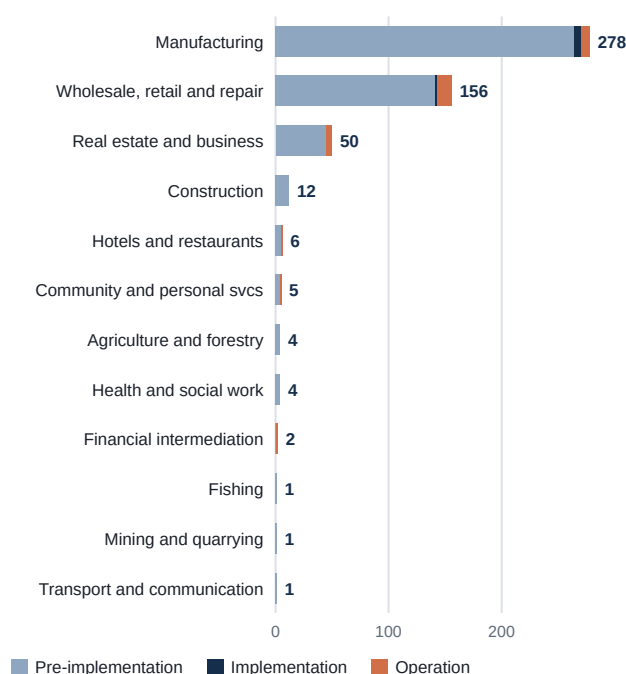
The investment environment remains closely linked to the ease of doing business, administrative efficiency, and manufacturing competitiveness. Constraints related to access to finance and foreign exchange are improving as a result of the reforms but infrastructure, industrial inputs, and trade facilitation continue to influence the cost and feasibility of investment. Greater alignment of investment incentives with productive capacity, domestic value addition, employment creation, and export generation could support a stronger contribution from investment to economic transformation. Continued expansion of foreign participation across sectors, meanwhile, is likely to increase competition and market opportunities, while its broader impact on domestic production will depend on the extent to which foreign investment contributes to local supply chains, technology transfer, and productive capacity.

Fig. 13: Investor Type Distribution (share of 520 licenses)



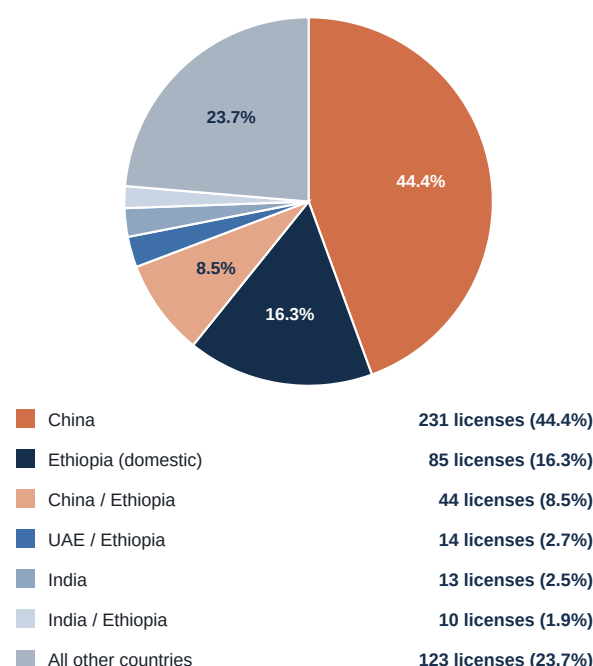
Source: EIC

Fig. 14: Investment Licenses by Sector and Project Status



Source: EIC

Fig. 15: Investment Licenses by Country of Origin



Source: EIC

Public Sector Debt

Ethiopia's public debt dynamics are gradually improving, but the composition and cost of government financing are changing. Total public debt stood at around \$52bn, equivalent to approximately 45% of GDP, as of December 2025, with external debt accounting for about 66% and domestic debt for 34%. The share of external financing has gradually increased following the decline recorded during the debt restructuring period. With direct advances from the NBE now at nil, T-bills have become increasingly important as a source of domestic financing, which reached around Birr 206bn in FY2025/26.

The government's growing reliance on domestic borrowing, particularly through T-bills, initially came at a relatively high cost. Following the cessation of direct central bank financing, T-bills became an increasingly important instrument for meeting the government's domestic financing needs. Elevated yields helped attract sufficient demand from banks and mobilize the required funding but also increased the cost of borrowing and debt-service pressures. With direct

NBE financing no longer available, the Ministry of Finance (MoF) has strengthened its domestic financing framework by publishing quarterly T-bill issuance schedules, improving market visibility and supporting more predictable liquidity management. In Q1 FY2026/27, the government issued approximately ETB 197.2 billion in T-bills, highlighting the growing importance of T-bills as a source of domestic financing.

This creates a policy trade-off between supporting the expansion of private-sector credit and maintaining adequate demand for government securities, particularly as direct central-bank financing has been discontinued. Meanwhile, external debt remains a key vulnerability because of foreign-currency exposure, exchange-rate depreciation, and substantial debt-service obligations. Overall, the improvement in debt indicators needs to be considered alongside the evolving financing mix, borrowing costs, and the government's ability to mobilize domestic and external financing on sustainable terms.

Fig. 16: Public Sector Debt (share of total)

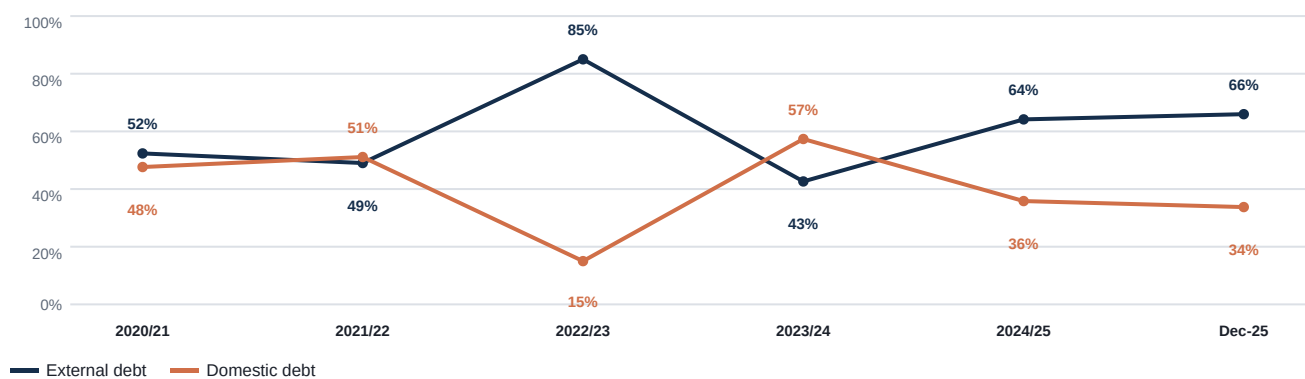
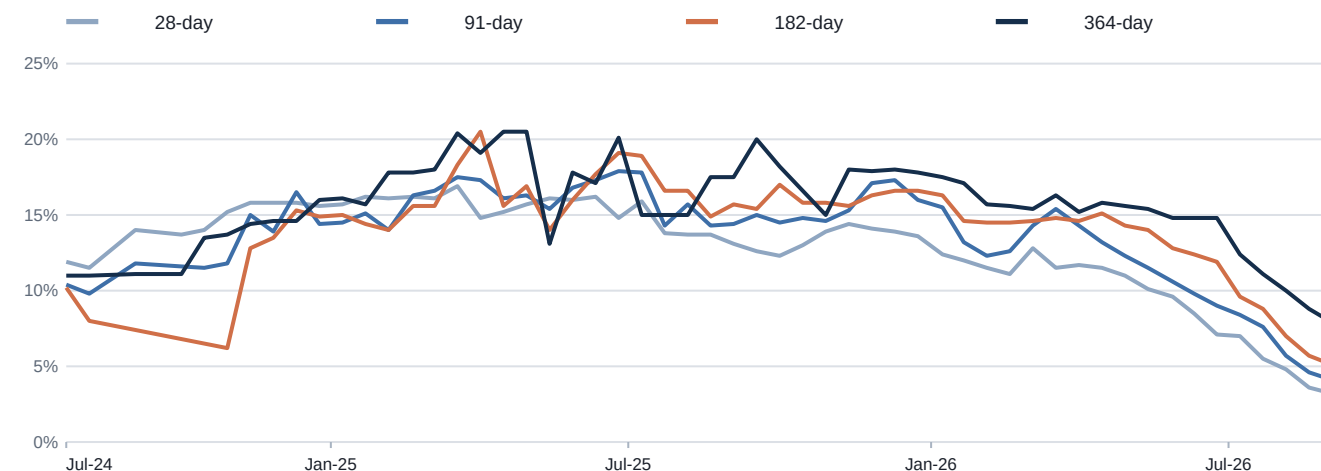


Fig. 17: T-Bill Weighted Average Yield by Tenor



Source: NBE

Fiscal Stance

The Ministry of Revenues (MoR) collected Birr 1,518 trn in FY2025/26, 68.7% higher in nominal terms than the previous year (about 48% in real terms, deflating by the 13.9% year-end inflation rate) and slightly above the revised target. The strong performance reflected improvements in tax administration and enforcement, alongside the introduction of new taxes such as the Disaster Risk Management Fund contribution, improvements in excise tax, and Minimum Alternative Tax (MAT), which broadened the effective tax base and strengthened domestic revenue mobilization. The tax-to-GDP ratio increased to around 8% during the fiscal year, with the government targeting 10% by the end of the IMF program in FY2027/28.

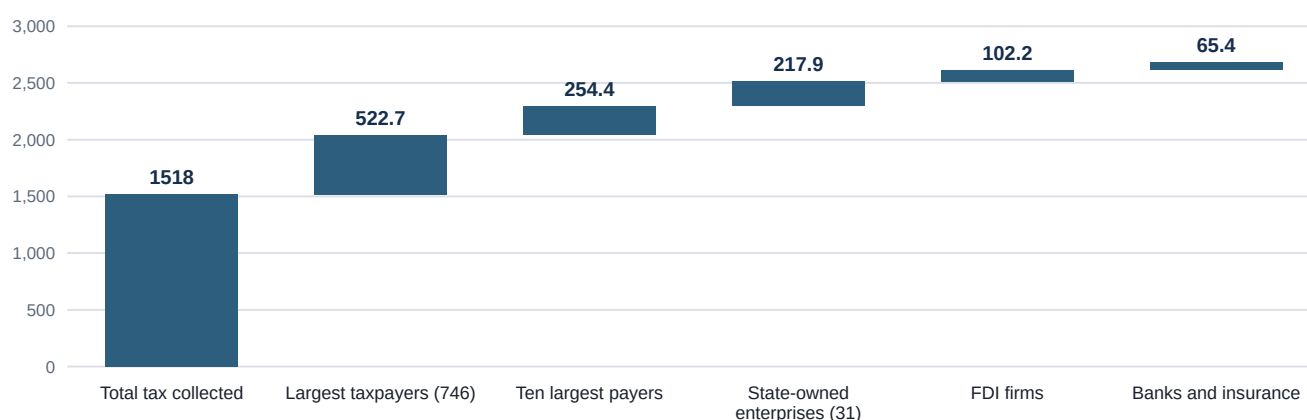
However, the stronger revenue effort is also placing additional pressure on the private sector. Businesses are facing higher tax burdens and new taxes alongside elevated financing and operating costs, as well as continued foreign-exchange constraints. While stronger revenue mobilization is important for fiscal consolidation, a rising tax burden could constrain business investment, profitability, and expansion if it is not accompanied by broader tax-base expansion and improvements in the business environment. The key policy challenge is therefore to strengthen domestic revenue mobilization by broadening the tax base while avoiding excessive pressure on formal businesses and preserving private-sector investment capacity.

Revenue collection remains highly concentrated among large taxpayers. The Ministry of Revenue's Large Taxpayers Branch Office collected Birr 522.7bn from 746 registered taxpayers in FY2025/26, with just 29% of these taxpayers accounting for around 80% of

the Branch's total collections. The concentration is even more pronounced at the top end, with the ten largest taxpayers contributing Birr 254.4bn, equivalent to 48.7% of the Branch's total collections. State-owned enterprises accounted for the largest share, with 31 entities contributing Birr 217.9bn, or 42% of total collections, while 127 foreign-invested companies contributed Birr 102.2bn (20%). Banks and insurance companies also made a significant contribution, with 50 institutions accounting for Birr 65.4bn (12%). By contrast, the 532 domestically owned private companies, which represented 71% of taxpayers within the Branch, contributed Birr 104.6bn, or 20% of collections. The figures highlight the high concentration of tax revenue among a relatively small number of large enterprises and the comparatively lower contribution from the broader domestic private-sector taxpayer base.

The strong growth in revenue therefore represents a significant improvement in domestic revenue mobilization, but the composition of collections highlights an important structural vulnerability: revenue collection is concentrated among a relatively small number of large corporates, financial institutions, and foreign-invested firms, making collections sensitive to sector-specific shocks, weaker profitability, or lower private investment. A more sustainable approach would focus on broadening the tax base and improving compliance across a wider range of economic actors rather than increasing the burden on existing formal businesses. Overall, the strong FY2025/26 revenue performance strengthens fiscal capacity, but balancing continued revenue mobilization with private-sector financial health and investment capacity will be critical to supporting sustainable, private-sector-led growth.

Fig. 18: Revenue Breakdown with the Major Taxpayers (Birr bn)



Source: MoR

Exchange Rate

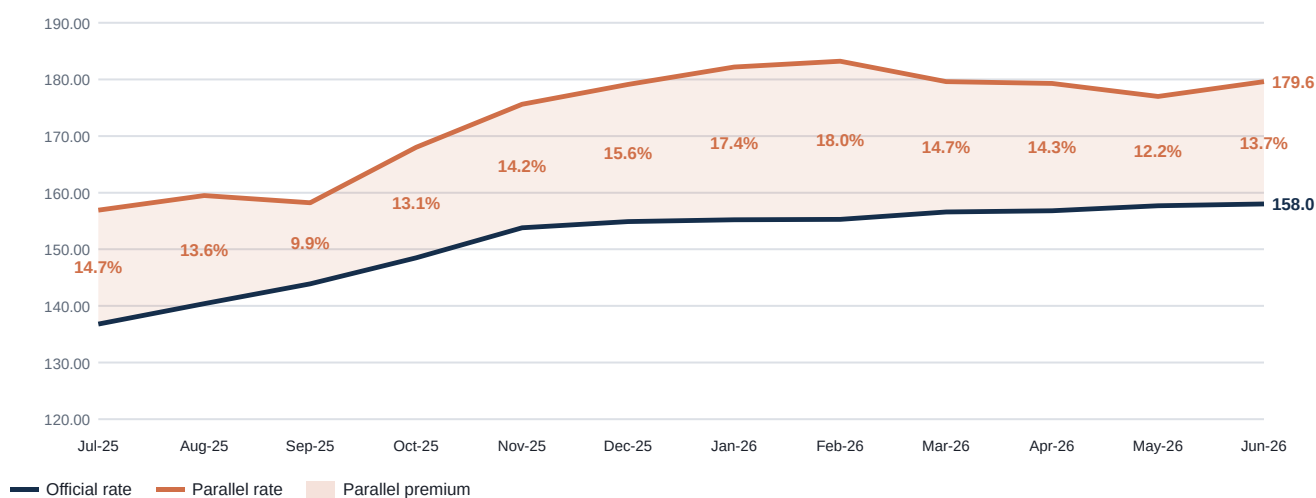
Following the adoption of the market-based exchange-rate regime in July 2024, the birr price of the US dollar rose by around 174% over two years, reflecting a major correction from the previously overvalued official rate. However, the pace of depreciation has moderated significantly, with the Birr price of the dollar rising by only around 17% between June 2025 and June 2026. This moderation coincided with a sharp narrowing of the official-parallel market gap, from over 100% before the reform to the mid-teens by June 2026, indicating improved FX market functioning. The premium has, however, been

broadly flat within FY2025/26, ranging between about 10% and 18% (about 14% in June 2026).

The stabilization has been supported by stronger foreign-exchange inflows, particularly from exports and remittances, alongside a modest increase in FDI. Tighter monetary policy and credit controls have also helped contain domestic liquidity and demand for foreign currency. While the remaining parallel-market premium indicates continued FX shortages, the recent trend suggests a shift from the initial sharp exchange-rate correction toward greater market convergence and relative stability.

Fig. 19: Official and Parallel Rate (birr per USD) and Parallel Premium

Parallel premium (%), shaded gap): average 14.3%, June 2026 13.7%



Source: NBE, Cepheus Research

The Impact of the US-Iran Conflict

During FY2025/26, the Iran-US conflict contributed to higher fuel, transport and import costs, which fed into the rise in monthly inflation in March-April, but its full economic impact did not fully materialize during the fiscal year, with the initial shock having been partly absorbed through existing buffers, the rapid reopening of trade routes, and continued strength in gold exports and remittance inflows. However, the conflict creates several important second-round risks, particularly if disruptions to energy and trade routes persist into the FY2026/27 agricultural season.

The most important medium-term risk is fertilizer availability and cost. Fertilizer imports account for approximately 1% of GDP. Most of the annual fertilizer requirement has already been delivered, which is sufficient for the planting season (the rainy season, June–August 2026) and therefore limits the immediate food-security impact. However, a new procurement round is expected to begin in late 2026, meaning that prolonged disruption or higher international fertilizer prices could affect procurement costs and availability for the subsequent agricultural season. Given the importance of fertilizer to agricultural productivity, this could eventually feed into food prices, farm incomes and overall inflation.

The conflict is also creating trade and logistics risks. The Middle East accounts for approximately 19% of Ethiopia's non-gold goods exports, making the region an important market and logistics corridor. Although around half of the cargo-flight routes that were initially suspended have been restored and the impact on exports has so far been relatively limited, a renewed escalation of the conflict could disrupt cargo routes again, raising freight and insurance costs, delaying shipments, and limiting market access.

Gold exports have so far provided an important offset. Ethiopia has continued using chartered flights to transport raw gold to Dubai, its principal refinery and export destination. Higher international gold prices have also helped offset some of the adverse effects of the conflict on the external position. This support, however, depends on the continued ability to transport gold to international markets without significant disruption.

For Ethiopian Airlines, the impact is mixed. Some services to Gulf destinations have been suspended, but the airline has benefited from passenger and cargo rerouting and has not significantly reduced its wider network. The more immediate concern is therefore the sharp increase in jet-fuel costs and potential supply constraints, which could place pressure on operating margins and foreign-exchange requirements.

Remittances represent another important transmission channel. Approximately 35% of Ethiopia's remittance inflows originate from the Gulf, exposing a significant portion of foreign-exchange inflows to economic and employment conditions in the region. While remittance flows have remained relatively resilient so far, a prolonged conflict that affects employment, incomes or financial transfers in the Gulf could weaken this source of FX.

So far, exchange-rate expectations have remained relatively stable supported in part by reduced demand for parallel-market FX associated with the suspension of informal Gulf trade may have also contributed to this improvement. However, this stability could come under pressure if the conflict persists and the country faces a deterioration in its terms of trade, particularly through higher fuel and fertilizer costs or weaker remittance and export receipts.

On the other hand, a potential closure or a renewed disruption of Red Sea shipping route would create additional risks for the external trade and foreign-exchange position. Given the country's reliance on the Djibouti corridor for international trade, a sustained disruption could increase shipping distances, freight and insurance costs, and delivery times, particularly for imports from Asia and the Middle East. The overall impact would depend on the duration of the disruption and the availability of alternative shipping routes.

Overall, the conflict's direct near-term impact on Ethiopia's external position has so far been manageable, with the immediate fertilizer supply position relatively secure for the upcoming agricultural season and gold exports, remittances, and service exports providing important support. However, the U.S.–Iran conflict remains unresolved, with diplomatic efforts continuing while uncertainty persists around the Strait of Hormuz and regional shipping routes. Although Gulf oil flows have recovered substantially from the initial disruption, maritime risks remain elevated and the outlook remains uncertain.

The main downside risk would therefore arise from a renewed escalation or further disruption of regional trade and energy routes. Such developments could push up global fuel and fertilizer prices, increase shipping and insurance costs, disrupt export markets or remittance flows, and place additional pressure on foreign-exchange liquidity. These effects could also feed into domestic food and transport prices, putting pressure on household purchasing power and creating simultaneous risks for the balance of payments, inflation, and the broader external position.

Recent Reforms

MONETARY

Interest Rates

Key Change: Banks can freely set deposit and lending rates.

Potential Impact: Market-based pricing and greater competition.

July 2026 NBE Package

Key Change: Credit cap removed; targeted reserve requirement introduced; policy rate raised to 16%; FX commission and export surrender reduced.

Potential Impact: More flexible credit allocation, stronger monetary-policy transmission and improved FX retention.

FOREIGN EXCHANGE

FX Directive – 2nd Amendment

Key Change: Services export surrender removed; FX rules further liberalised.

Potential Impact: Improves FX availability and reduces administrative bottlenecks.

FX Directive – 3rd Amendment & LC Fees

Key Change: Forwards allowed without NBE approval; external loans and LCs delegated to banks; LC fees rationalised.

Potential Impact: Faster FX processing and more flexible trade financing.

Franco Valuta

Key Change: Eligible importers can use their own FX held abroad.

Potential Impact: Facilitates trade and investment and increases FX flexibility.

Customs Indicative Prices for Selected Imports

Key Change: Banks must use customs reference prices for selected imports.

Potential Impact: Improves trade data, FX monitoring and compliance.

Gold-Market Reform

Key Change: Gold premium to be phased out and market-based system strengthened.

Potential Impact: Reduces market distortions and supports formal FX mobilisation.

FISCAL

Investment Incentives & MAT

Key Change: Tax exemptions replaced with time-limited reduced rates; MAT introduced.

Potential Impact: Broadens the tax base while changing investment incentives and after-tax returns.

Excise Tax Control System

Key Change: Digital tracking, stamping and production monitoring strengthened.

Potential Impact: Improves tax collection, transparency and compliance.

FINANCIAL SECTOR

Collective Investment Schemes

Key Change: Framework introduced for mutual funds, MMFs, REITs, ETFs and alternative funds.

Potential Impact: Supports capital-market development and financial-sector diversification.

PUBLIC DEBT

Debt Restructuring

Key Change: Agreements reached with official and major commercial creditors, including Eurobond holders.

Potential Impact: Reduces debt-service pressures and supports debt sustainability and fiscal space.

Appendix

Table A1 Addis Ababa Average Retail Prices and Weights, June 2025 vs June 2026 (birr)

ITEM	WT	JUN 2025	JUN 2026	CHANGE	ITEM	WT	JUN 2025	JUN 2026	CHANGE
A House with 2 bed rooms a...	9.97	9,724.45	11,155.65	+14.7%	Cup of coffee	0.41	26.98	34.86	+29.2%
Telephone charges, per minute	4.99	0.23	0.22	-4.6%	T - Shirt	0.40	1,069.54	1,266.41	+18.4%
Beef	4.83	764.03	1,079.13	+41.2%	Shoes, Leather (local), men	0.40	1,924.38	2,275.91	+18.3%
Teff' mixed	4.64	124.17	125.76	+1.3%	Sofas, Wanza, 7 seat	0.39	33,262.62	40,233.97	+21.0%
Taxi fare (Trip)	3.31	10.00	10.48	+4.8%	"Tibs", beef , Yebere	0.38	328.78	405.00	+23.2%
Teff' white	3.06	138.11	139.96	+1.3%	Toilet soaps (gram), GIV	0.38	53.32	64.96	+21.8%
Charcoal (gram)	2.68	50.81	65.67	+29.2%	Laundry soaps, imported (gr...	0.37	43.86	43.86	0.0%
Mutton (Sheep alive)	2.07	9,587.48	12,805.41	+33.6%	Ethiopian Kale	0.36	52.65	62.75	+19.2%
Pepper whole	2.04	526.67	686.34	+30.3%	Modess, (Roll)	0.35	62.81	93.79	+49.3%
Injera	1.88	20.84	23.37	+12.1%	Yebeg Tibs', mutton roasted, ...	0.33	364.39	464.18	+27.4%
Lentils	1.88	275.10	324.45	+17.9%	Jeans trousers for boys	0.32	1,242.06	1,734.01	+39.6%
Wheat bread (bakery)	1.87	40.09	48.51	+21.0%	Color Television 23/24 Inch F...	0.31	10,401.01	14,504.86	+39.5%
Fasting meal without fish	1.80	212.31	241.82	+13.9%	Spaghetti (pasta) with bread	0.31	169.95	209.56	+23.3%
Salary for servants, maid	1.78	3,280.61	3,813.76	+16.3%	Shoes, Leather (Local), boys	0.29	1,194.82	1,534.06	+28.4%
Electricity	1.75	0.52	0.78	+49.7%	Zenit (cc), liquid	0.29	144.54	189.53	+31.1%
Peas	1.71	135.39	163.08	+20.5%	Refrigerator, medium size, 7...	0.28	37,162.13	50,474.97	+35.8%
Edible oil (Imported) (cc)	1.70	163.33	162.45	-0.5%	Cooking pan	0.28	482.03	635.66	+31.9%
Onions	1.56	67.99	78.67	+15.7%	Exercise books, 50 leaves	0.28	52.52	59.37	+13.1%
Coffee beans	1.41	712.34	1,091.55	+53.2%	Banana	0.27	61.91	125.29	+102.4%
Edible oil local (cc)	1.36	324.86	410.02	+26.2%	Kerosine (cc)	0.27	117.44	189.47	+61.3%
Jeans trousers	1.32	2,083.09	2,758.17	+32.4%	Rice	0.26	131.87	137.39	+4.2%
Laboratory fee (Excluding HI...	1.22	119.84	151.14	+26.1%	Candles (No.)	0.26	15.88	19.87	+25.1%
Toyota Corolla Used Imported	1.06	769,741.22	1,151,837.76	+49.6%	Barley White	0.23	121.56	124.56	+2.5%
Yebere Keywot', Beef stew	1.06	299.63	377.81	+26.1%	Macaroni	0.23	122.88	148.06	+20.5%
Tomato	0.94	35.53	66.00	+85.7%	Cabbage	0.23	46.01	43.40	-5.7%
Titution Fee (Private)For chli...	0.93	2,059.30	3,047.61	+48.0%	Toilet paper (Roll)	0.23	46.01	49.03	+6.5%
Sugar	0.91	115.63	154.95	+34.0%	'Chat'	0.22	635.39	805.78	+26.8%
Chicken, Cock alive	0.89	1,001.42	1,172.39	+17.1%	Shoes, Canvas (imported), w...	0.22	1,756.06	1,471.46	-16.2%
Cow Milk (pasteurized) Lt	0.86	111.00	273.65	+146.5%	Kitfo', Minced and spiced Beef	0.22	752.73	972.79	+29.2%
Beer, (St George, Bedele, H...	0.82	67.60	80.99	+19.8%	Rings, 4gm 18 Karat Gold, L...	0.22	53,435.39	87,829.14	+64.4%
Potato	0.77	42.83	43.14	+0.7%	Pepper green	0.21	132.31	183.06	+38.4%
Laundry soaps, local (gram)	0.77	58.56	74.13	+26.6%	Tea leaves	0.21	41.94	52.48	+25.1%
Liquide Soups (cc), Largo	0.74	143.91	212.32	+47.5%	Keywot' mutton/Goat, stew	0.21	275.92	351.54	+27.4%
Coca Cola	0.71	32.83	32.83	0.0%	Firewood chopped, KG	0.20	10.65	11.95	+12.2%
Motor Fuels, Benzene	0.69	122.53	143.98	+17.5%	Detergent soaps, imported (g...	0.20	35.26	47.50	+34.7%
"Tegamino"	0.69	166.97	201.56	+20.7%	Amoxycillin (No)	0.20	136.20	141.76	+4.1%
Butter unrefined (gram)	0.68	888.52	1,277.63	+43.8%	School Uniform For Boys	0.20	1,413.06	1,348.69	-4.6%
Teff' black	0.66	115.11	116.95	+1.6%	Cough syrup (Bottle), Ephadex	0.19	139.97	153.84	+9.9%
"Kornis/ Obama" meal	0.66	367.43	422.27	+14.9%	"Bozena shiro"	0.19	246.96	273.19	+10.6%
Spaghetti	0.65	177.91	214.79	+20.7%	Salt	0.18	32.46	42.50	+30.9%
Hair dressing, normal without...	0.65	179.81	245.61	+36.6%	Deodorant for men/female	0.18	335.79	429.97	+28.0%
Eggs/indigenous (No.)	0.63	217.26	182.67	-15.9%	Woolen suit	0.17	12,571.52	13,946.86	+10.9%
Water 1st Tariff (Gov't)	0.62	1.75	1.75	0.0%	Shoes, Canvas (imported), ...	0.17	1,975.03	2,153.19	+9.0%
Garlic	0.57	298.37	219.11	-26.6%	Gov't University Fee(Night)	0.17	200.00	277.41	+38.7%
Mixed pulses, milled	0.55	318.09	403.57	+26.9%	Doro "wot" (Chicken stew)	0.17	190.08	190.08	0.0%
'Kemis' and Netela'	0.51	5,417.06	5,837.71	+7.8%	Cottage cheese (gram)	0.16	379.55	341.96	-9.9%
Bus fare (within town),10 km,...	0.50	10.00	12.54	+25.4%	Carrot	0.16	63.96	89.35	+39.7%
Barbery, men	0.48	111.31	156.09	+40.2%	Shoes, Leather (imported), ...	0.16	5,785.34	5,074.65	-12.3%
Shoes, Leather (local), women	0.47	1,339.08	2,120.62	+58.4%	Sand	0.16	2,829.18	4,144.26	+46.5%
Shirts (long sleeved imported)	0.43	1,349.32	1,630.25	+20.8%	Broom (No)	0.16	129.67	158.25	+22.0%
Mobile Apparatus(Techno)	0.43	2,518.42	2,845.33	+13.0%	Text books (No), Grade 8 Ma...	0.16	280.24	313.30	+11.8%
Wheat Flour (factory process...	0.42	100.13	256.86	+156.5%	"Kikil" mutton /Goat (No)	0.16	324.76	409.17	+26.0%
Doctor's fee, Private	0.41	157.06	161.18	+2.6%	Perfume (cc)	0.16	460.79	574.11	+24.6%

Source: ESS

Table A1 Addis Ababa Average Retail Prices and Weights (continued)

ITEM	WT	JUN 2025	JUN 2026	CHANGE	ITEM	WT	JUN 2025	JUN 2026	CHANGE
Cup of tea (No)	0.15	26.69	34.64	+29.8%	Door set complete with glass	0.08	8,508.88	8,508.88	0.0%
Tooth pastes (gram)	0.15	68.82	80.74	+17.3%	Bed covers (No.)	0.08	2,548.07	3,109.07	+22.0%
Powdered Milk or Nestle	0.14	1,216.70	870.72	-28.4%	Bed sheet - Kombolcha, patt...	0.08	1,667.77	2,117.60	+27.0%
Chick peas	0.14	121.63	139.98	+15.1%	Day School Fee-Private(Gr.1...	0.08	2,891.59	4,082.10	+41.2%
Lettuce	0.14	120.96	145.12	+20.0%	Private University Fee(Day)	0.08	273.12	398.96	+46.1%
Detergent soaps, local (gram...	0.14	74.55	90.90	+21.9%	Macaroni with bread	0.08	97.52	97.52	0.0%
Pants	0.13	341.62	391.05	+14.5%	Horse bean sauce("Ful,Ful s...	0.08	134.23	162.41	+21.0%
Bufee, Chest of Drawers	0.13	9,279.81	11,490.22	+23.8%	Paraffin (cc)	0.08	180.38	230.64	+27.9%
Shampo any type (cc)	0.13	142.95	183.14	+28.1%	'Netela'	0.07	1,083.90	1,316.34	+21.4%
'Tella', refined, home prepared	0.12	70.33	76.56	+8.9%	Cement	0.07	656.59	828.50	+26.2%
Unskilled daily Labourer	0.12	355.66	1,391.64	+291.3%	Plastic mat, medium, China	0.07	275.44	323.24	+17.4%
Beds, Wanza, 120 cm	0.12	19,701.23	23,665.12	+20.1%	Curtains (No.)	0.07	654.27	862.43	+31.8%
Salary for guards	0.12	3,114.13	3,781.72	+21.4%	Blanket -debre Birhan 160cm...	0.07	1,271.18	1,671.14	+31.5%
"Kikil" (beef), Yebere	0.12	299.63	377.81	+26.1%	Electric mitad, full aluminium	0.07	6,903.06	8,370.30	+21.3%
Shoe Polish (Service)	0.12	29.46	35.91	+21.9%	Incense (gram)	0.07	1,183.39	1,347.55	+13.9%
Conditioner any type (cc)	0.12	143.89	183.08	+27.2%	Laptop Computer HP CORE ...	0.07	103,225.35	123,815.11	+19.9%
Lotion any type for men and ...	0.12	354.47	515.06	+45.3%	Cinema ticket (Ticket)	0.07	66.94	183.81	+174.6%
Biscuits	0.11	35.17	51.02	+45.1%	Night School Fee-Gov't(Gr.1...	0.07	410.00	410.00	0.0%
Socks	0.11	155.63	195.44	+25.6%	Scrabled egg (Enkual firfir)	0.07	177.25	208.47	+17.6%
"Quanta firfir with Injera"	0.11	265.70	325.96	+22.7%	Burger/ Club sandwich	0.07	356.86	424.11	+18.8%
Wheat white	0.10	81.69	96.43	+18.0%	Nyala	0.06	154.96	173.82	+12.2%
Goat Meat	0.10	856.61	1,017.90	+18.8%	Shirts (short sleeved imported)	0.06	1,177.07	1,411.74	+19.9%
Whisky	0.10	6,096.85	7,555.81	+23.9%	Sweater (Imported)	0.06	1,651.91	1,858.16	+12.5%
Tight	0.10	625.32	724.78	+15.9%	Mekermia / Yeaderye netela ...	0.06	715.06	821.05	+14.8%
Electric stove, China	0.10	1,488.27	2,025.02	+36.1%	Shoes, Canvas (local), men	0.06	669.44	920.45	+37.5%
Motor oil (kg)	0.10	658.35	802.92	+22.0%	Walking shoes (imported) no...	0.06	2,593.72	2,309.22	-11.0%
"Dulet", mutton (No), yebeg	0.10	265.80	336.45	+26.6%	Nifas silk paint, Normal	0.06	1,055.90	1,421.16	+34.6%
Charges for money transfers	0.10	33.00	33.00	0.0%	Car Washing and Greasing	0.06	247.42	300.38	+21.4%
Orange local	0.09	205.75	275.74	+34.0%	Football matches entrance fe...	0.06	11.00	31.31	+184.7%
Mineral water, Ambo	0.09	39.73	46.94	+18.1%	Bed room rent (accommodati...	0.06	588.12	750.59	+27.6%
Tables	0.09	10,827.52	13,963.30	+29.0%	Wheat bread (traditional)	0.05	43.40	51.28	+18.2%
Cupboards, wanza, Twin door	0.09	16,860.69	20,116.20	+19.3%	Maize	0.05	52.71	65.58	+24.4%
Mattress-Sponge (Local) 120...	0.09	10,119.80	11,982.13	+18.4%	Fish fresh without internal or...	0.05	297.47	429.46	+44.4%
"Dulet" (beef), Yebere	0.09	234.64	234.64	0.0%	Spinach	0.05	48.47	61.04	+25.9%
Hand bag for women, synthetic	0.09	1,658.00	2,110.17	+27.3%	Beet root	0.05	53.43	56.34	+5.5%
Emmur wheat (cotted), unsh...	0.08	239.96	219.88	-8.4%	"Bula" flour	0.05	286.77	346.02	+20.7%
Avacado	0.08	95.53	102.81	+7.6%	Shirts (long sleeved local)	0.05	843.05	1,024.86	+21.6%
Horse beans	0.08	149.36	163.31	+9.3%	Matches (Box)	0.05	5.00	5.76	+15.2%
Wine (bottle) (cc), Saris wine	0.08	359.27	443.29	+23.4%	Umbrella for women, imported	0.05	559.81	682.50	+21.9%
Corrugated iron sheets	0.08	662.74	892.97	+34.7%					

Table A2 Monetary Survey, June 2024 to June 2026 (birr billion)

PARTICULARS	JUN 2024	JUN 2025	JUN 2026
Foreign assets (net)	-245.3	-211.5	473.4
National Bank	-288.9	-469.4	-21.4
Commercial banks	43.6	258.0	494.7
Domestic credit	2,797.8	3,448.1	3,949.9
Claims on government	744.5	1,586.7	1,363.8
Claims on other sectors	2,053.2	1,861.4	2,586.2
Broad money	2,477.8	3,349.2	4,459.2
Money (currency outside banks and demand deposits)	822.5	1,129.0	1,462.3
Currency outside banks	205.4	289.2	377.4
Demand deposits	617.1	839.7	1,084.9
Quasi-money (savings and time deposits)	1,655.3	2,220.2	2,996.9
Savings deposits	1,461.9	1,976.7	2,674.2
Time deposits	193.4	243.5	322.7
Other items (net)	74.7	-112.5	-35.9

Source: NBE

Table A3 Imports by End-Use, Detailed (USD million)

PARTICULARS	2023/24	2024/25	2025/26
Raw materials	118.7	131.6	120.3
Semi-finished goods	3,802.3	3,446.2	4,280.9
Chemicals	623.4	513.8	510.5
Fertilizers	1,315.3	1,047.4	1,422.8
Textile materials	166.4	191.4	200.3
Iron and steel		620.2	902.6
Paper and paper boards		78.1	86.9
Plastics		590.3	668.4
Other	1,697.2	405.0	489.5
Fuel	3,608.7	3,387.3	3,928.4
Petroleum products	3,530.9	3,316.2	3,909.9
Other	77.8	71.1	18.5
Capital goods	5,636.4	6,760.9	8,058.8
Transport	1,212.7	1,983.8	2,992.1
o/w aircraft		1,260.3	2,064.1
Agricultural	64.7	125.3	142.8
Industrial	4,359.0	4,651.7	4,923.8
Consumer goods	5,140.2	4,944.6	5,534.4
Durables	1,397.8	1,470.5	1,566.6
o/w cars and other vehicles		641.6	579.4
Non-durables	3,742.4	3,474.1	3,967.7
Cereals	678.6	705.3	816.7
Other food	837.6	673.0	804.4
Medical	633.4	666.0	684.1
Textiles	475.3	359.9	424.8
Other	1,117.5	1,070.0	1,237.7
Miscellaneous / unidentified	134.7	123.0	173.5
Total imports, c.i.f.	18,441.1	18,793.5	22,096.3

Source: Ethiopian Custom Commission

Table A4 Investor Type Distribution (number of licenses)

TYPE OF INVESTOR	LICENSES	SHARE
Wholly foreign	321	61.7%
Joint with domestic	106	20.4%
Domestic	86	16.5%
Foreign but domestic	7	1.3%
Total	520	100%

Source: EIC

Table A5 Project Summary by Sector (number of licenses)

SECTOR	TOTAL	PRE-IMPL.	IMPL.	OPER.
Manufacturing	278	264	7	7
Wholesale, retail trade & repair service	156	141	2	13
Real estate, renting and business activities	50	45	0	5
Construction	12	12	0	0
Hotels and restaurants	6	5	0	1
Other community, social and personal service activities	5	4	0	1
Agriculture, hunting and forestry	4	4	0	0
Health and social work	4	4	0	0
Financial intermediation	2	1	0	1
Fishing	1	1	0	0
Mining and quarrying	1	1	0	0
Transport, storage and communication	1	1	0	0
Total	520	483	9	28

Pre-impl. = pre-implementation; Impl. = implementation; Oper. = operation.

Source: EIC

Table A6 Project Summary by Region of Investment (number of licenses)

REGION	TOTAL	PRE-IMPL.	IMPL.	OPER.
Addis Ababa	309	290	3	16
Oromia	134	126	4	4
Dire Dawa	30	22	1	7
Amhara	16	16	0	0
Afar	9	9	0	0
Sidama	5	5	0	0
Benishangul-Gumuz	4	3	0	1
Central Ethiopia	3	3	0	0
Somali	3	2	1	0
Tigray	3	3	0	0
South Ethiopia	2	2	0	0
South West Ethiopia	2	2	0	0
Total	520	483	9	28

Pre-impl. = pre-implementation; Impl. = implementation; Oper. = operation.

Source: EIC

Table A7 Project Summary by Country of Origin (number of licenses)

COUNTRY	TOTAL	PRE-IMPL.	IMPL.	OPER.	COUNTRY	TOTAL	PRE-IMPL.	IMPL.	OPER.
China	231	210	7	14	China / Britain	1	1	0	0
Ethiopia	85	78	1	6	China / Canada	1	1	0	0
China / Ethiopia	44	43	0	1	China / Hong kong	1	1	0	0
UAE / Ethiopia	14	14	0	0	China / India	1	1	0	0
India	13	13	0	0	Djibouti	1	1	0	0
India / Ethiopia	10	9	1	0	Eritrea / Ethiopia	1	1	0	0
UAE	5	5	0	0	France	1	1	0	0
USA	5	5	0	0	France / Ethiopia	1	1	0	0
Netherlands / Ethiopia	4	4	0	0	Germany / Ethiopia	1	1	0	0
Saudi Arabia	4	4	0	0	Germany / Kosovo	1	1	0	0
Singapore / Ethiopia	4	4	0	0	Ghana / Ethiopia	1	1	0	0
Britain	3	2	0	1	Indonesia	1	1	0	0
China / Japan	3	3	0	0	Italy	1	1	0	0
Pakistan	3	3	0	0	Japan	1	1	0	0
Singapore	3	3	0	0	Japan / Ethiopia	1	1	0	0
Sudan / Ethiopia	3	3	0	0	Jordan / Ethiopia	1	1	0	0
Turkey	3	3	0	0	Kenya / Britain	1	1	0	0
Britain / Ethiopia	2	2	0	0	Kenya / Ethiopia	1	1	0	0
Britain / Kenya	2	2	0	0	kenya / USA / Ethiopia	1	1	0	0
Cyprus	2	2	0	0	Korea / Ethiopia	1	1	0	0
Grenada	2	2	0	0	Lebanon / Ethiopia	1	1	0	0
Hong Kong	2	2	0	0	Lebanon / Zambia	1	1	0	0
Ireland	2	2	0	0	Mauritius	1	1	0	0
Japan / USA	2	2	0	0	Mauritius / Britain / Cameroon / Ethiopia	1	1	0	0
Kenya	2	2	0	0	Mauritius / India	1	1	0	0
Kenya / Seychelles	2	2	0	0	Mauritius / Uganda	1	1	0	0
Nigeria / Ethiopia	2	2	0	0	MOROCCO	1	1	0	0
Pakistan / Tanzania	2	0	0	2	Netherlands / Hong Kong	1	0	0	1
Russia / Ethiopia	2	2	0	0	Netherlands / Israel	1	1	0	0
Sudan	2	2	0	0	Nigeria	1	1	0	0
Switzerland / Ethiopia	2	2	0	0	Norway / Ethiopia	1	1	0	0
USA / Ethiopia	2	2	0	0	Pakistan / Ethiopia	1	1	0	0
Australia / Seirra leone / USA / Ethiopia	1	0	0	1	Portugal	1	1	0	0
Bahrain / Pakistan	1	1	0	0	Russia	1	1	0	0
Bangladish / China	1	0	0	1	Senegal / Iran	1	1	0	0
Bangladish / Ethiopia	1	1	0	0	South korea	1	1	0	0
Belgium / Ethiopia	1	1	0	0	Spain	1	0	0	1
Benin	1	1	0	0	Switzerland	1	1	0	0
Britain / Ethiopia / Nigeria	1	1	0	0	Switzerland / USA / Ethiopia	1	1	0	0
Britain / Mauritius / Ethiopia	1	1	0	0	Uganda	1	1	0	0
Britain / USA / Ethiopia	1	1	0	0	USA / American	1	1	0	0
Canada	1	1	0	0	Yemen / Ethiopia	1	1	0	0
Canada / India	1	1	0	0	Total	520	483	9	28

Pre-impl. = pre-implementation; Impl. = implementation; Oper. = operation.

Source: EIC

Table A8 Top 40 Investment Activities (number of licenses)

INVESTMENT ACTIVITY	LICENSES	SHARE
Manufacture of plastic products excluding plastic bags	18	3.5%
Importing of electric vehicles	16	3.1%
Manufacture of electrical products	13	2.5%
Others import trade	13	2.5%
Manufacture of textile apparels (including sportswear) and other accessories	12	2.3%
Others import activity	11	2.1%
Export of coffee	9	1.7%
Manufacturing of electrical products	9	1.7%
Export of coffee and tea	8	1.5%
Import trade in food products	8	1.5%
Real estate development	7	1.3%
Manufacture of clay and cement products	6	1.2%
Manufacture of communication equipment or consumer electronics (television, dvd, radio and simi	6	1.2%
Import trade in construction material, metal and non metals and scraps	5	1.0%
Manufacture of basic precious and other non-ferrous metals	5	1.0%
Manufacture of paints, varnishes or similar coatings and/or non-basic chemicals	5	1.0%
Manufacture of paper products	5	1.0%
Manufacture of sanitary and cosmetics products and inputs	5	1.0%
Other import trade	5	1.0%
Software development	5	1.0%
Construction contracting grade one	4	0.8%
Consultancy service on information and communication technology	4	0.8%
Export of oilseeds	4	0.8%
Finishing of fabrics, yarn, warp and weft, apparel and other textile products by bleaching, dye	4	0.8%
Import of household and office appliances and furnishings	4	0.8%
Import trade in human health medical supplies and equipments	4	0.8%
Manufacture of different made-up textile articles, fibers, spinning, knitting and/or finishing	4	0.8%
Manufacture of wood products (excluding saw milling timber making and assembling of semi-finish	4	0.8%
Consultancy service for economic development, business and investment	3	0.6%
Cutting, shaping and finishing of stone products, marble and limestone excluding quarrying	3	0.6%
Export of oil seeds	3	0.6%
Import trade in communication, computer and related equipment	3	0.6%
Import trade in communication, computer and related equipments	3	0.6%
Import trade in materials, metals and non-metals and scraps	3	0.6%
Manufacture of basic chemicals	3	0.6%
Manufacture of basic iron and steel	3	0.6%
Manufacture of glass and/or glass or ceramic products	3	0.6%
Manufacture of medical equipment and supplies	3	0.6%
Manufacture of soft drink	3	0.6%
Other export trade activities	3	0.6%

272 distinct activities in total; top 40 shown.

Source: EIC

Table A9 24K Gold: International Price, Exchange Rate and NBE Price, July 2025 to June 2026

MONTH	GOLD SPOT (USD/OZ)	USD/ETB	24K (USD/G)	24K (ETB/G)	NBE PRICE W/ PREMIUM (ETB/G)
Jul-25	3,341.70	136.93	107.40	14,705.61	16,176.17
Aug-25	3,368.25	139.91	108.25	15,145.03	16,659.53
Sep-25	3,710.34	142.68	119.24	17,013.51	18,714.86
Oct-25	4,043.25	147.02	129.94	19,103.99	21,014.38
Nov-25	4,085.92	152.40	131.31	20,012.06	22,013.27
Dec-25	4,313.53	154.21	138.63	21,377.77	23,515.54
Jan-26	4,784.56	154.42	153.77	23,744.47	26,118.92
Feb-26	5,018.53	154.97	161.28	24,994.31	27,493.74
Mar-26	4,805.13	155.44	154.43	24,004.07	26,404.48
Apr-26	4,725.48	155.96	151.87	23,685.15	26,053.67
May-26	4,562.21	156.53	146.62	22,950.38	25,245.42
Jun-26	4,232.43	158.93	136.02	21,617.86	23,779.64
Jun-26 vs Jul-25	+26.7%	+16.1%	+26.7%	+47.0%	+47.0%

Source: NBE, goldprice.org

Table A10 Bank Gross Profits, FY2025/26 (birr billion)

BANK	GROSS PROFIT	SOURCE
Commercial Bank of Ethiopia (CBE)	80.0	StockMarket.et
Awash Bank	40.7	StockMarket.et
Bank of Abyssinia	15.9	Ethiopian Business Review
Siinqee Bank	10.7	Siinqee Bank annual newsletter
Zemen Bank	10.2	Zemen Bank official announcement
Abay Bank	6.2	Ethiopian Business Review
Hibret Bank	5.5	The Rio Times
Berhan Bank	5.1	Ethiopia Today
Oromia Bank	4.4	Annual report
Tsedey Bank	4.3	StockMarket.et
Wegagen Bank	4.3	Annual report
Nib International Bank	4.2	Banks Ethiopia.com
Amhara Bank	2.0	newsaddis.com
Hijra Bank	1.9	Capital Newspaper
Ahadu Bank	1.2	StockMarket.et
Gadaa Bank	1.1	Capital Newspaper
Shabelle Bank	0.2	Addis Fortune

Source: Newspapers