



Financial Markets Snapshot

Q2, 2024 Review

Methodology

Global Markets



Emerging Markets



Egyptian Local Market



Methodology

Global Markets



- Global markets such as the USA, UK, EU, China and Canada set the tone of the global economy.
- The report begins by analyzing the changes in global markets in terms of economic policy directions and financial markets and tries to plot how those dynamics are interlinked.
- The report then tries to examine the ripple effect of changes in global markets on emerging market economies, and the choices available to such markets.

Emerging Markets



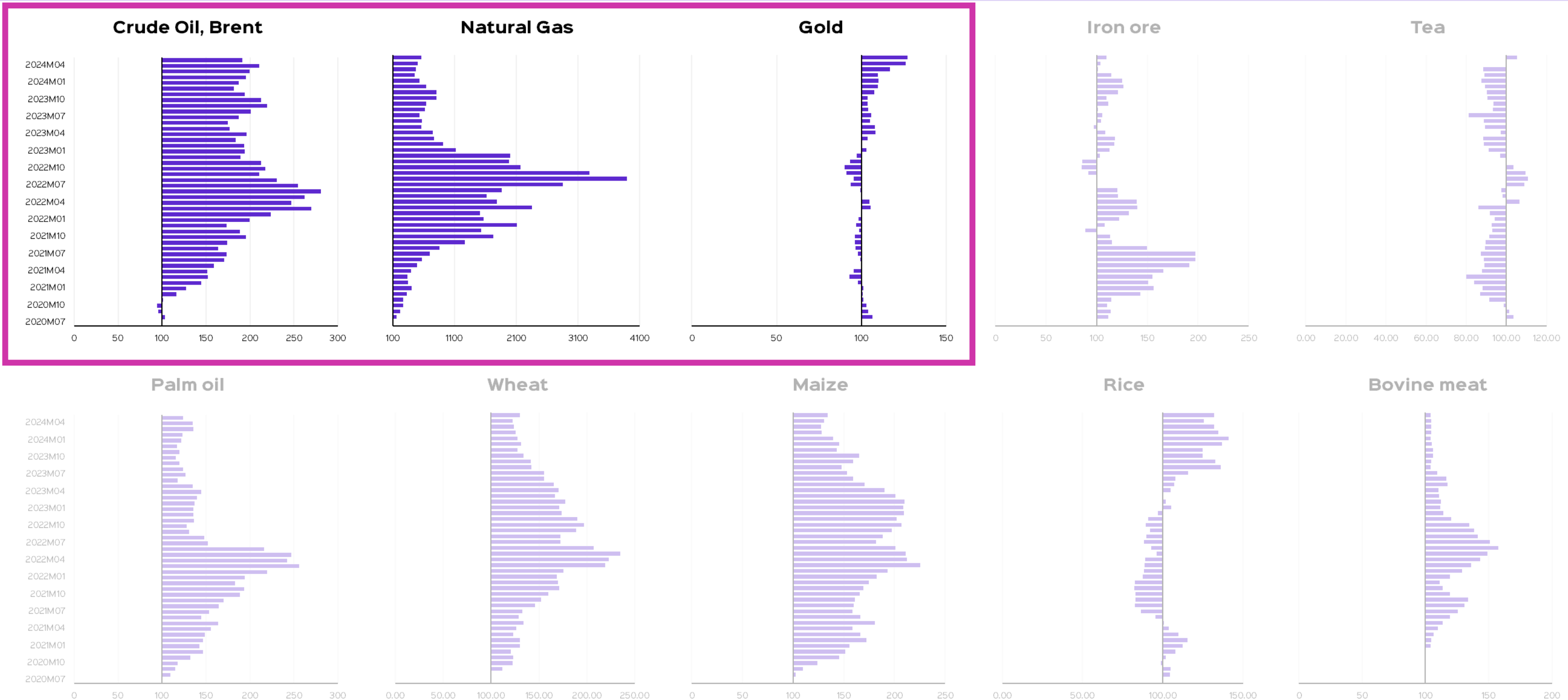
- Emerging markets such as Brazil, India, South Africa, Turkey, and others are widely affected by the tides in global markets.
- The report tries to understand the effects of changes in policies in global markets on the choices available for different emerging markets.
- The report then tries to analyze the progress of different emerging markets in light of global economic changes and the policy options available for emerging markets as a group.

Egyptian Local Market



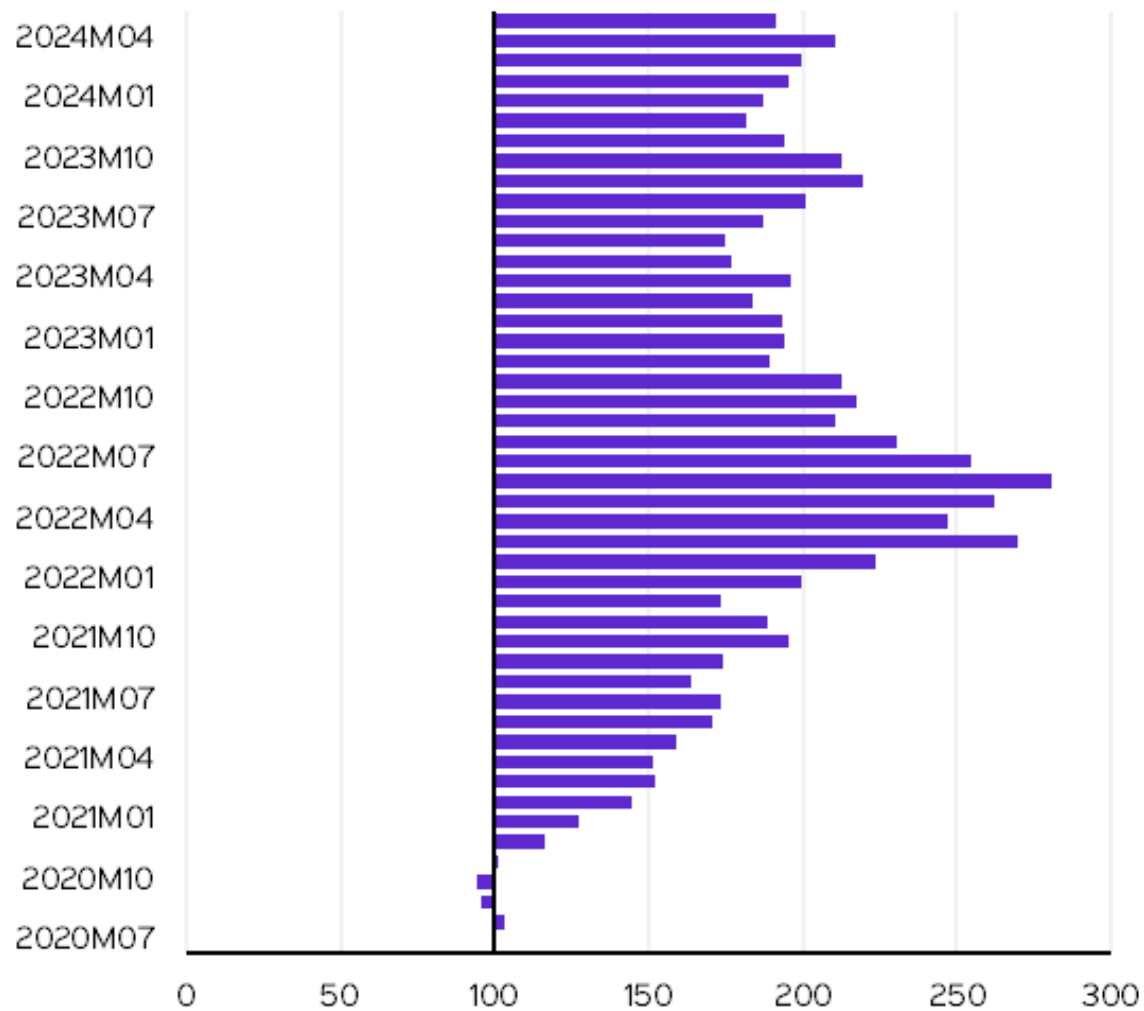
- Like any other emerging market, the local market in Egypt is affected by dynamics in the global markets as well as the policy choices adopted by other emerging markets.
- The report tries to understand the effects of changes in global markets as well as changes in emerging markets on the local market in Egypt.
- The report also tries to link between external factors as well as local policies such as fiscal and monetary policy, and how they interact resulting in the current economic situation.

Commodity prices have diverged in direction with oil price going down while gold, iron, tea and wheat going upwards. Oil price relatively went down after OPEC announced a gradual plan to ease some of its restrictions, while gold, iron, tea, wheat and even maize went up last month due to geopolitical tensions, climate change and changing investor/consumer preferences. Even rice price shot up again after a brief decline to demand from Southeast Asia and Africa.

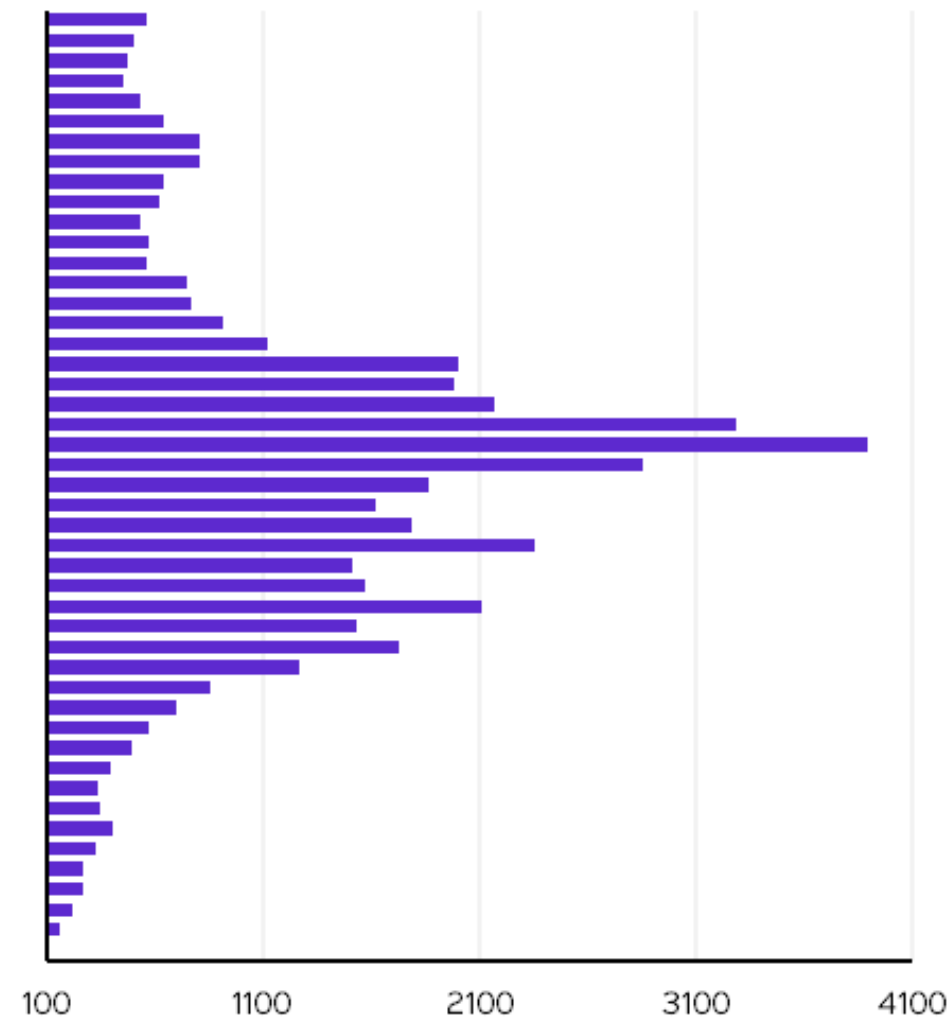


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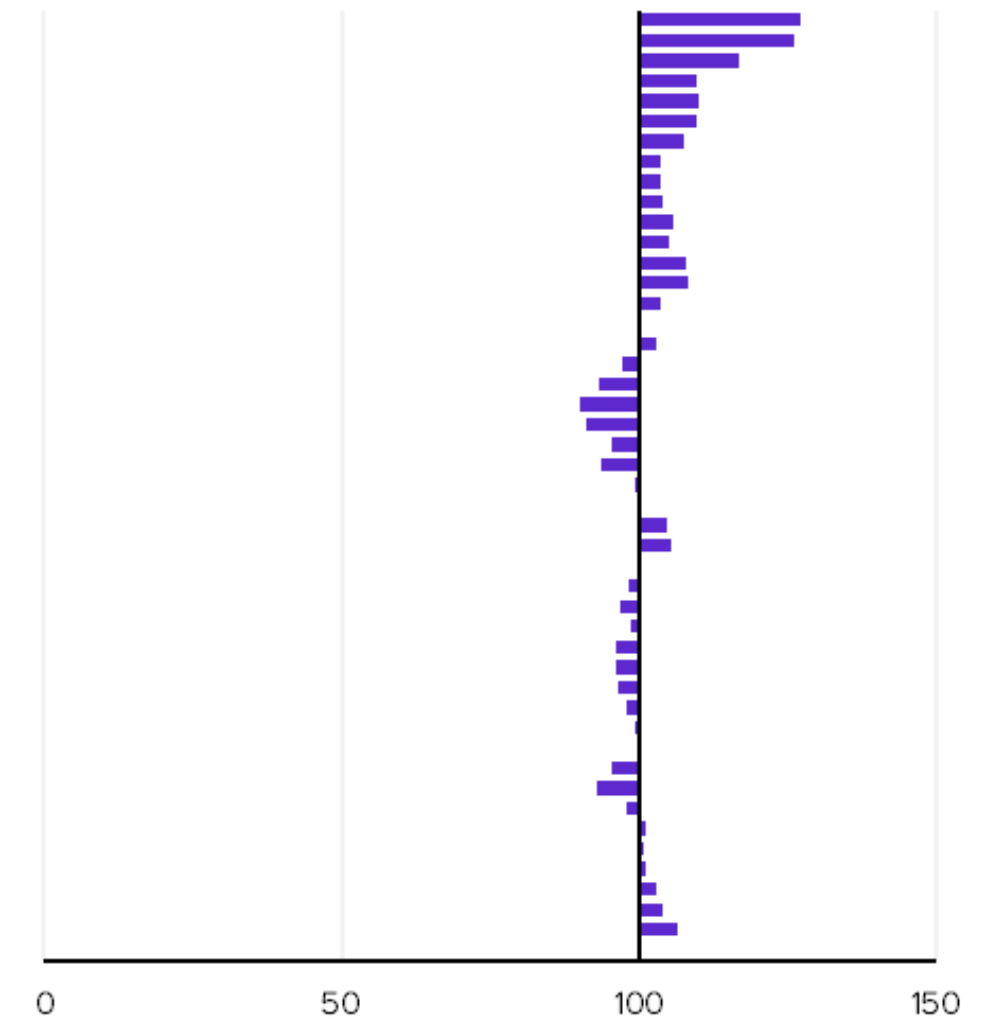
Crude Oil, Brent



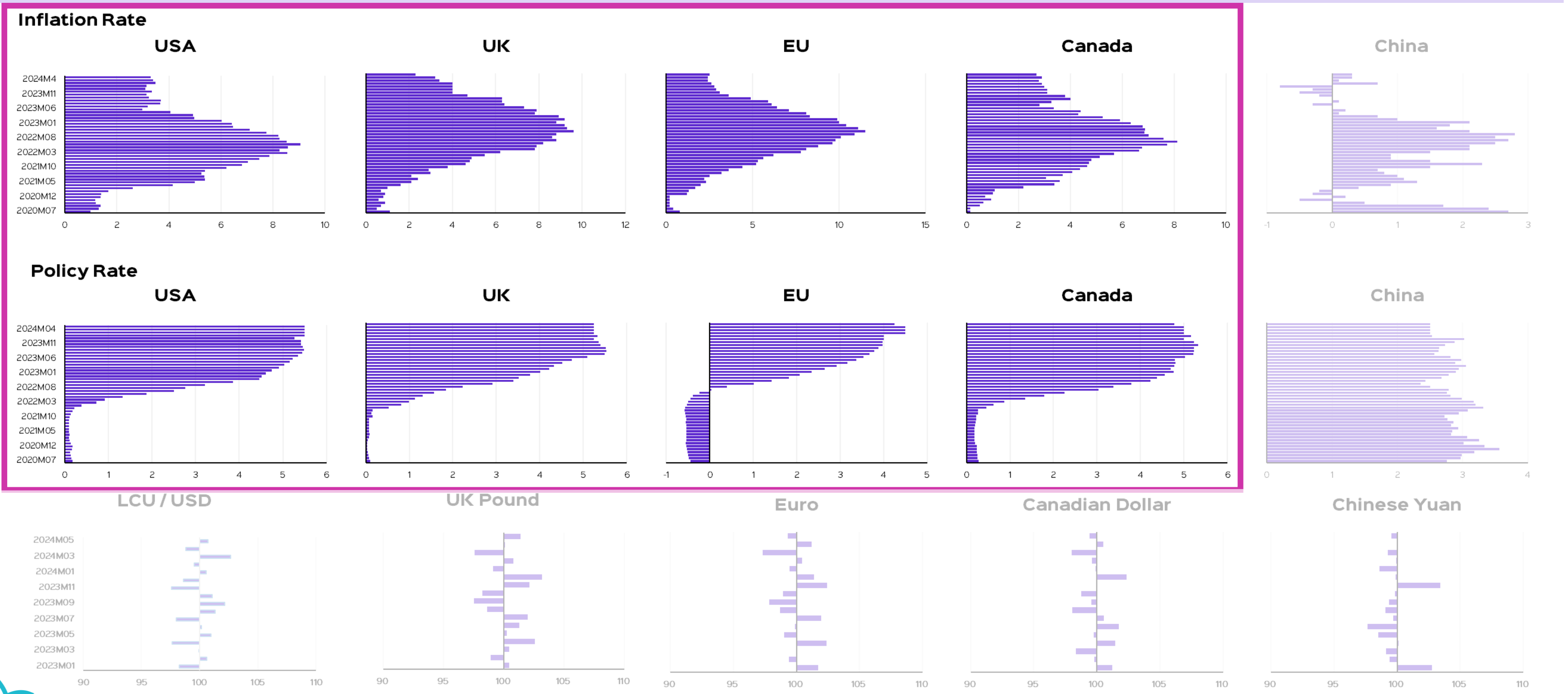
Natural Gas



Gold

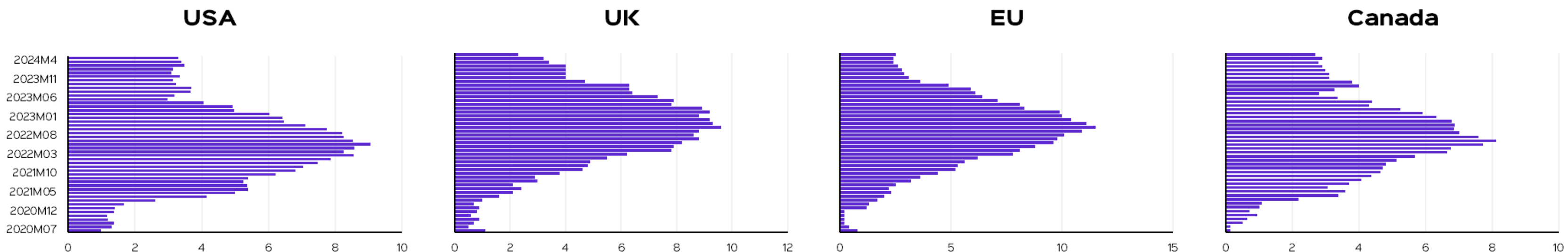


Inflation rates remain stable in global markets with some countries showing declines, while policy rates are still at high levels with expectations for nearby cuts. Inflation rates remain stable for few months in a row without spikes, with some countries such as Canada, UK and EU showing decline, while the US witnessed some stability in inflation rates for the first time in few months. Still Central Banks didn't cut interest rates except in Canada, yet the general forecast is that easing cycle should start this year and probably by end of summer in UK and possibly in the US.

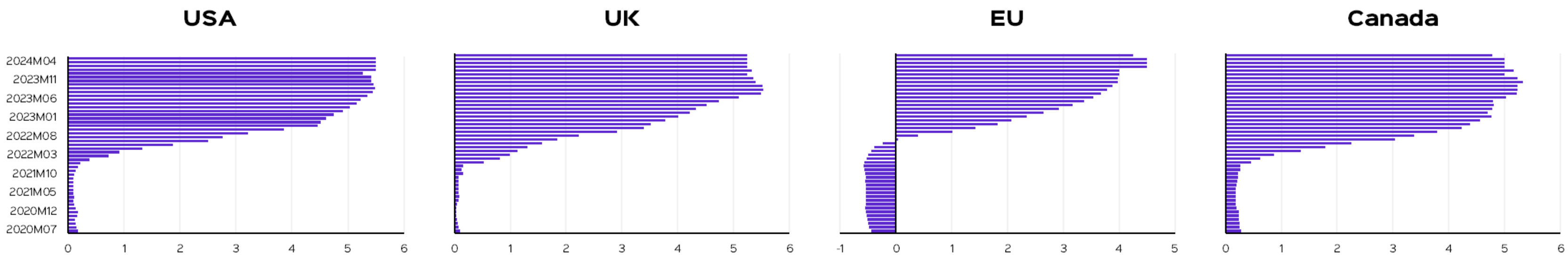


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Inflation Rate



Policy Rate



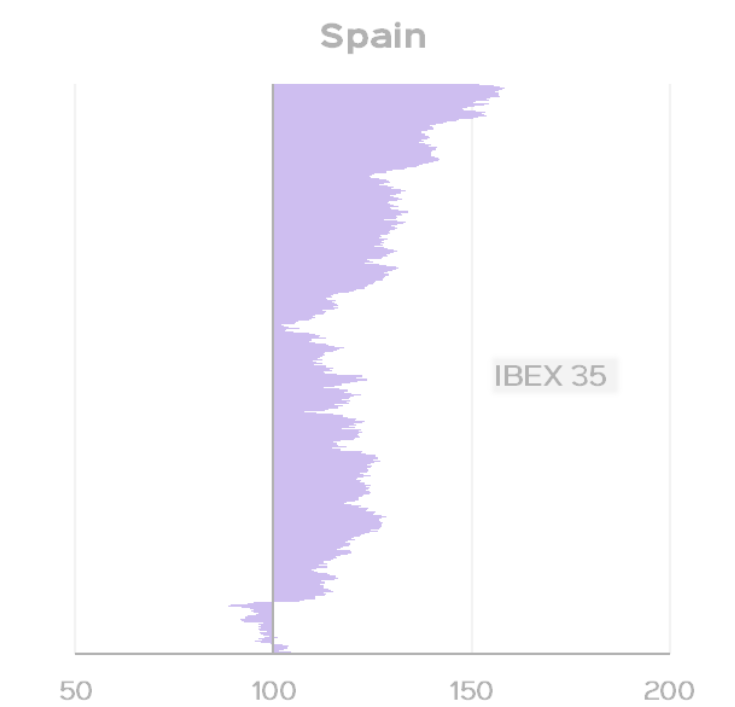
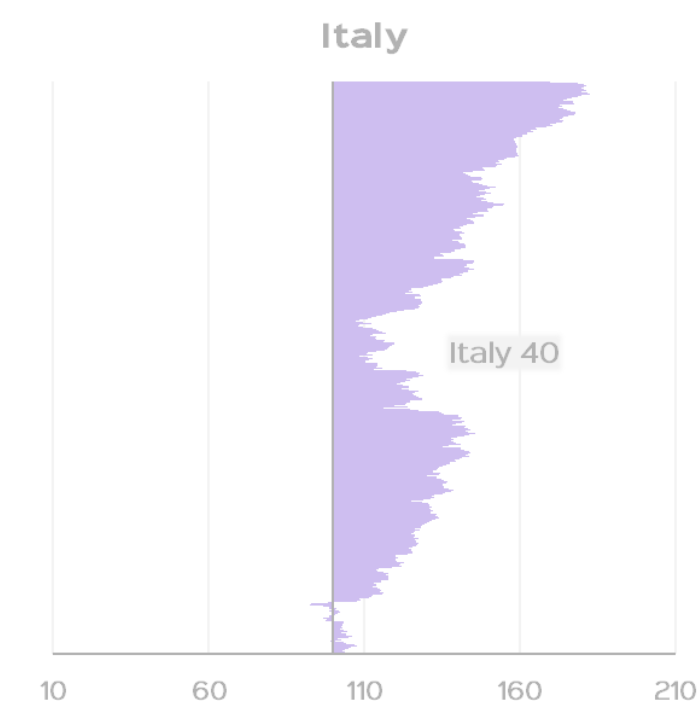
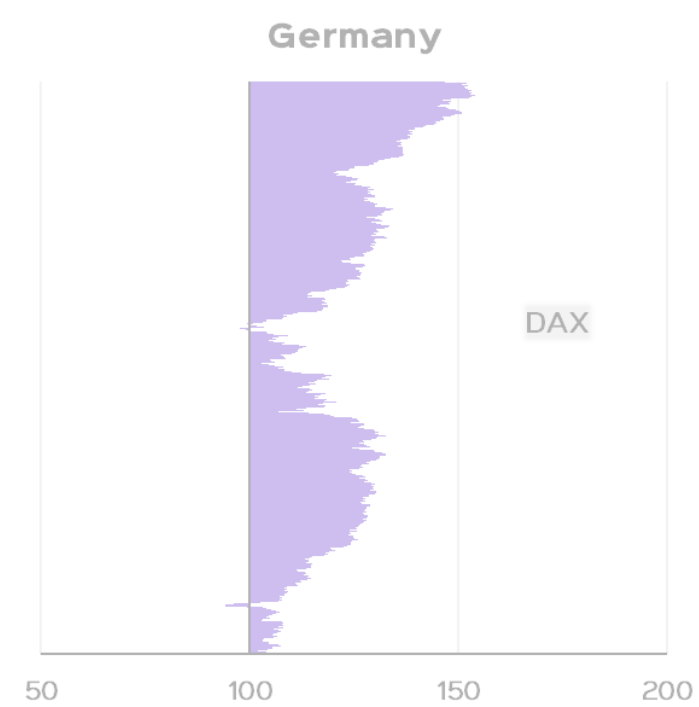
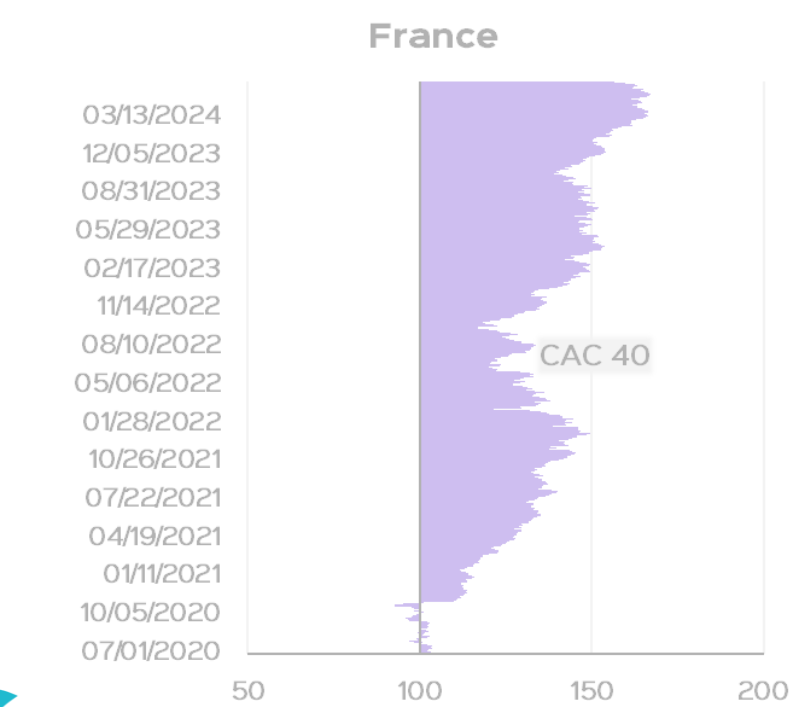
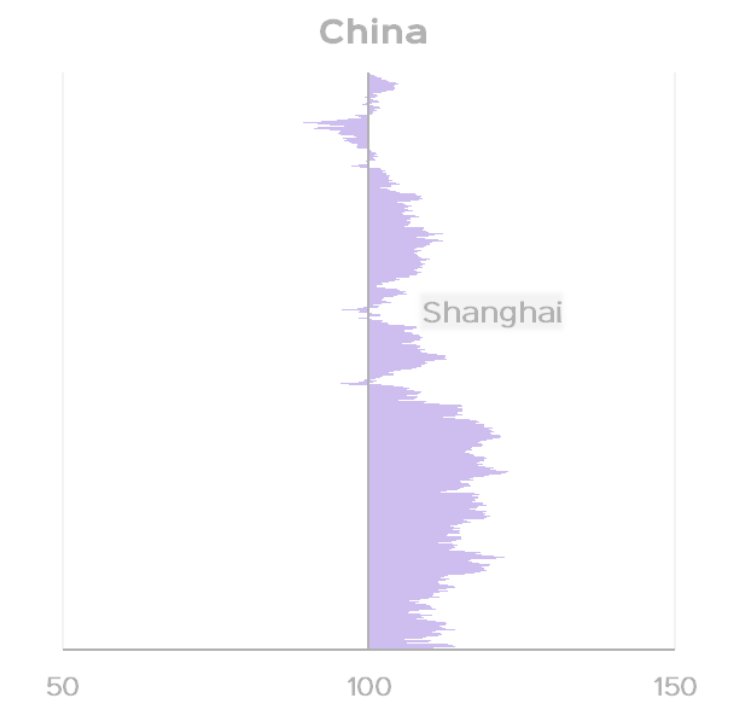
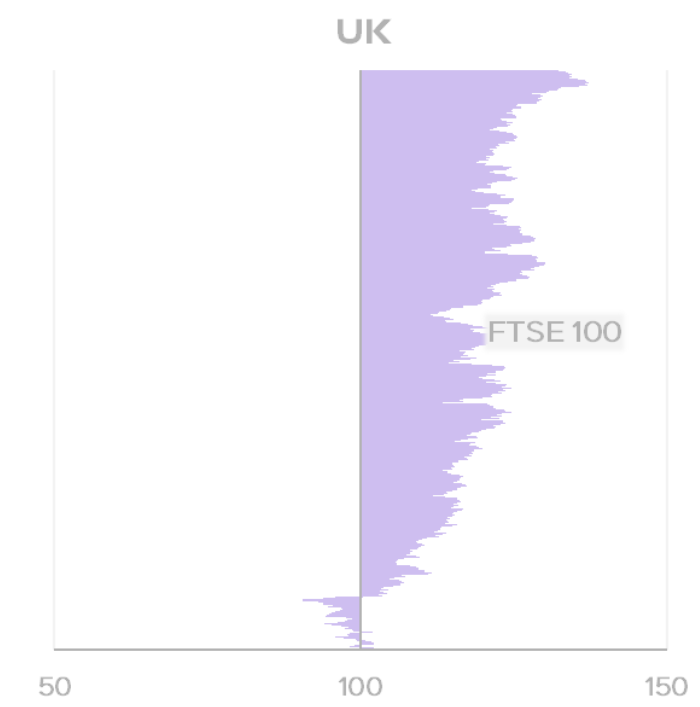
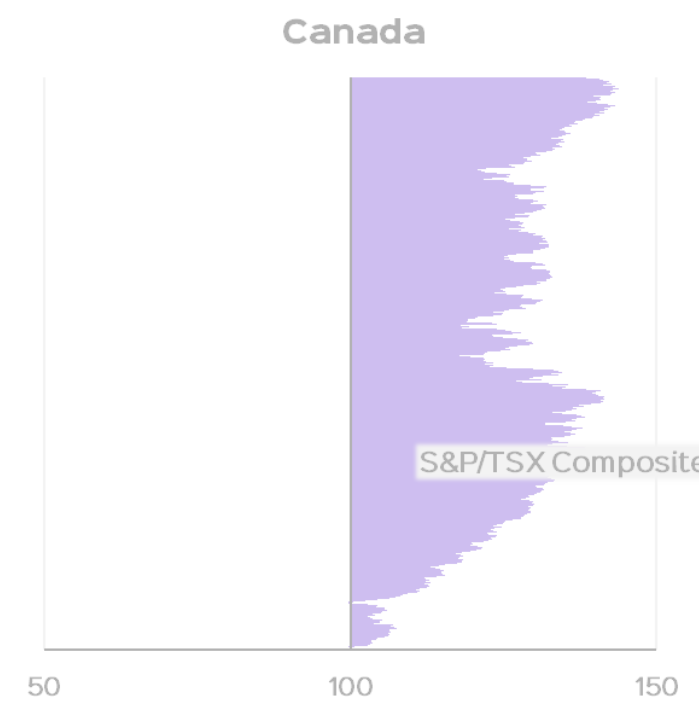
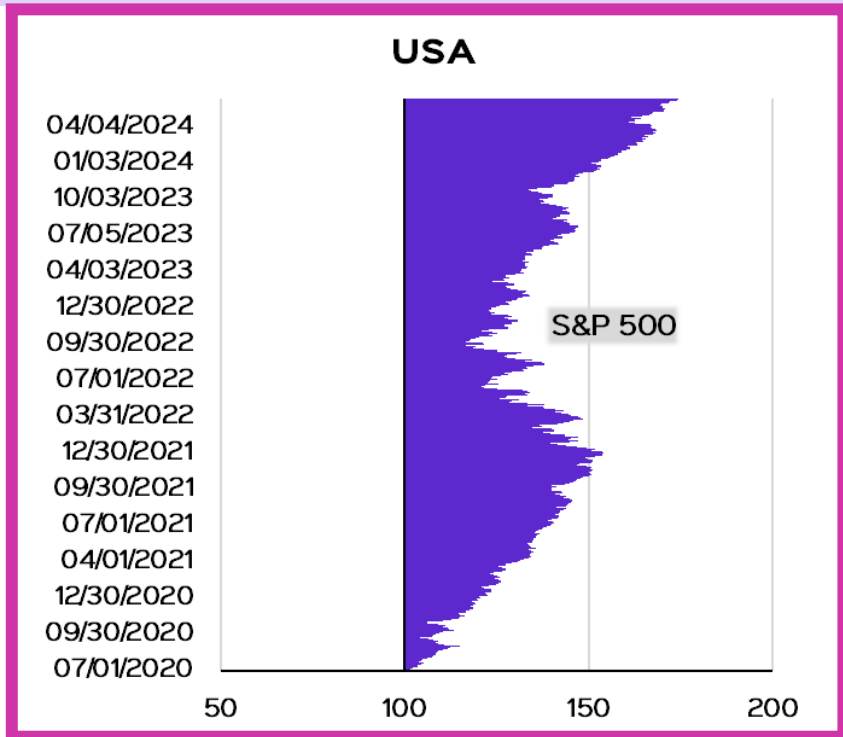
Global stock markets have been very turbulent due to uncertainty about easing cycle kickoff and geopolitical tensions. Global stock markets are still troubled with delaying the easing cycle kickoff due to persistent inflation rates in US even if it is lately stable, as well as global geopolitics resulting from the Middle East crisis and the economic tensions between US and China. Such dynamics are increasing the uncertainty in global markets and increasing the volatility in daily trading, despite some markets such as the US stock market achieving record highs.

Commodities Markets

Main Rates

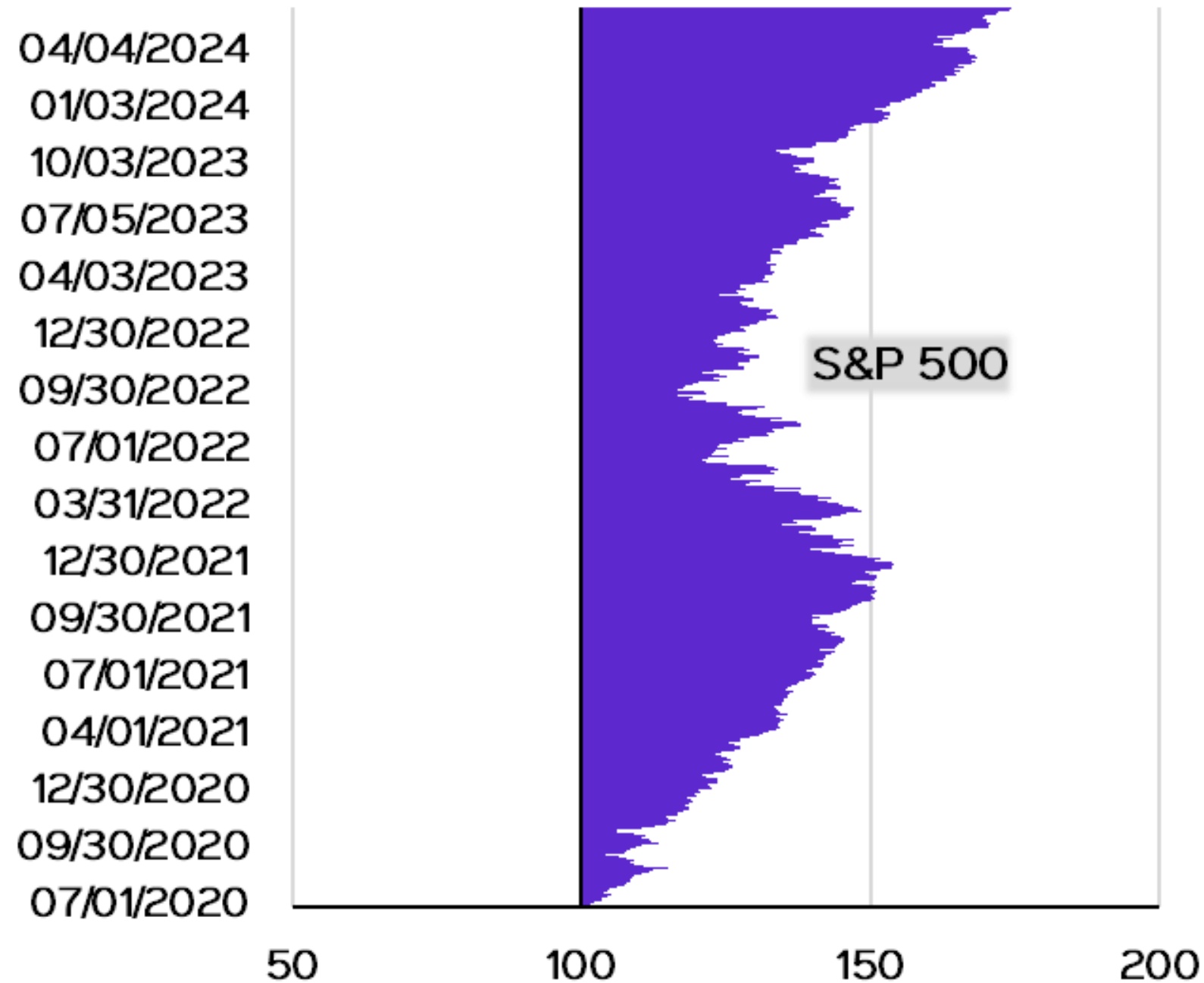
Stock Market

Bond Market



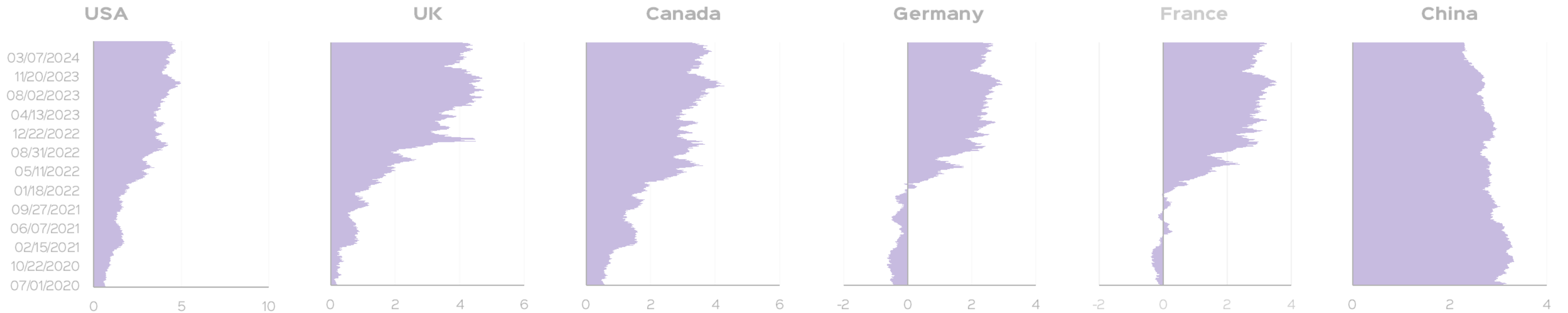
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USA

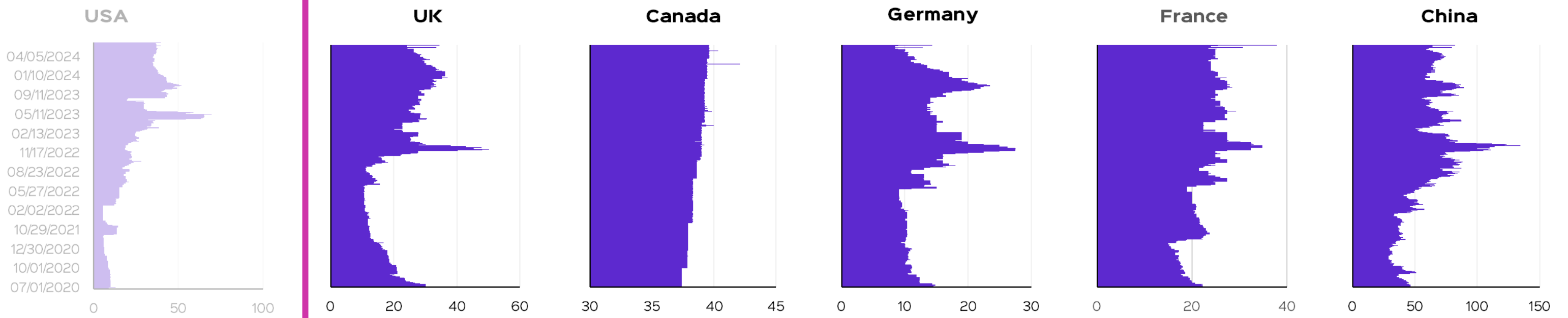


Bond yields remain stable in global markets and CDSs remain contained except for few spikes. With the easing cycle kickoff in sight, bond yields in global markets stabilized and in some markets such as Canada it even declined, while in other markets it just got contained. CDSs as a result were stable in global markets with the decreased risk of default, yet CDSs witnessed some spikes in some days lately due to increased geopolitical tensions globally, causing turbulence in financial markets and affecting CDSs for brief periods of time..

10-Year Bond Yield

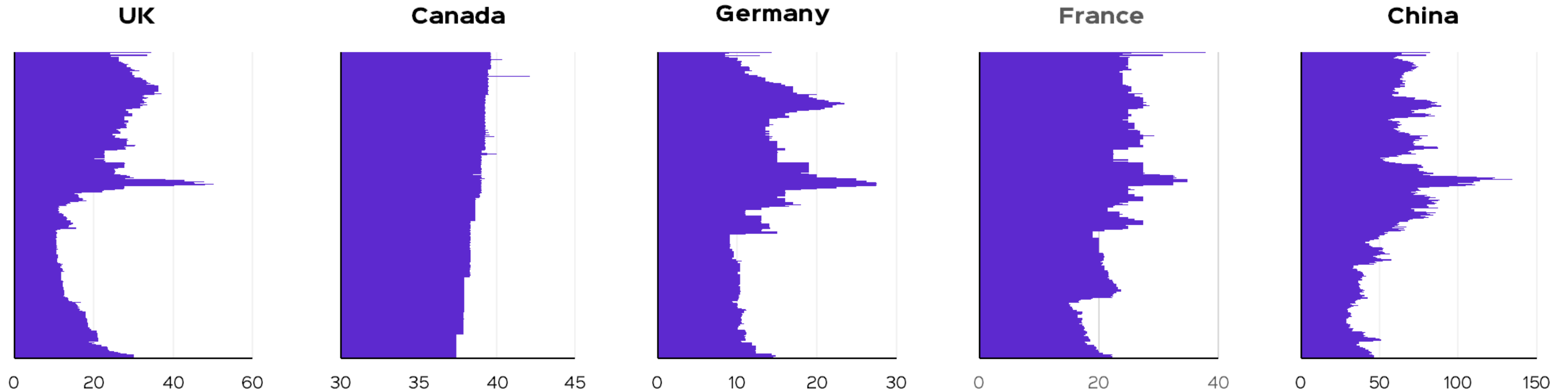


5-Year CDS

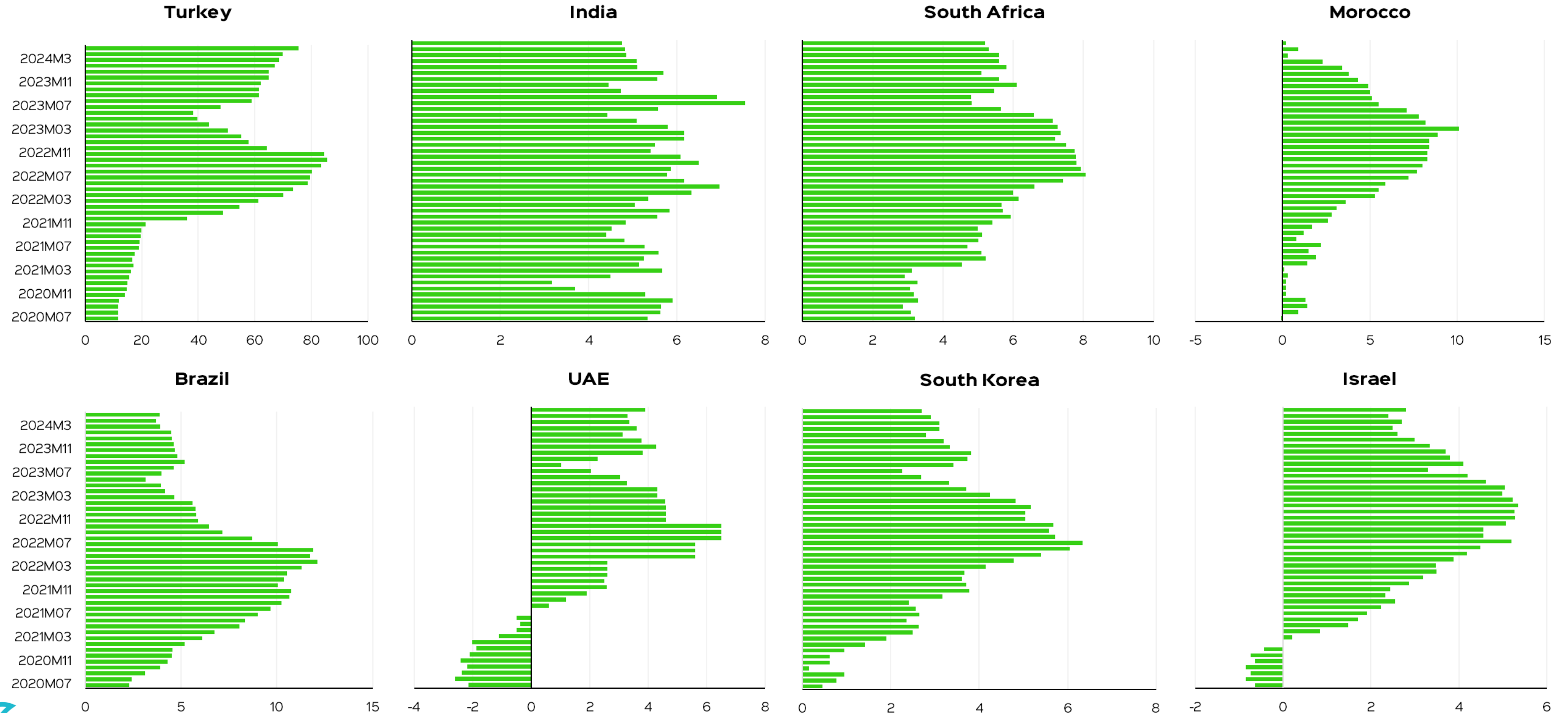


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Commodities
Main Rates
Stock Market
Bond Market



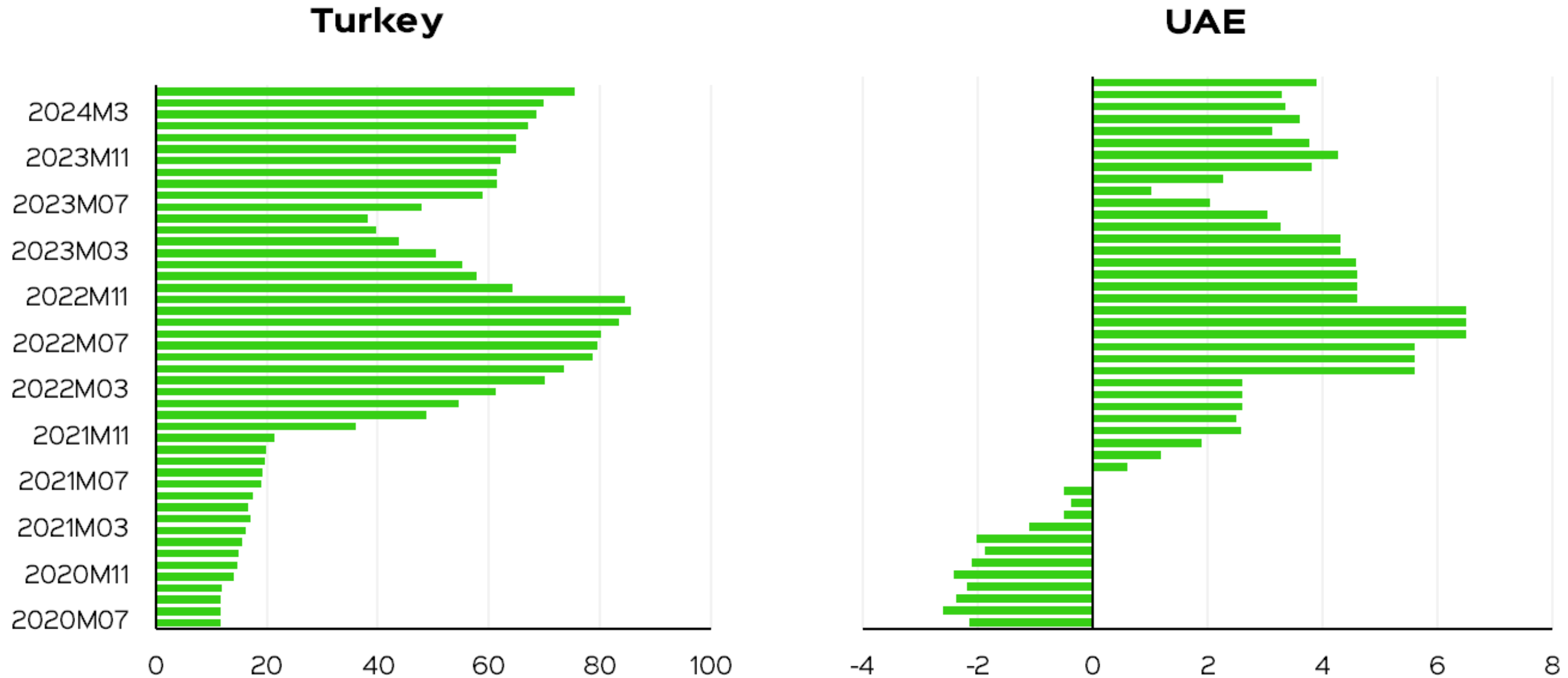
Inflation rates stay high across most emerging markets due to the lagging effect of easing cycle and geopolitical tensions. Most emerging markets have witnessed higher inflation rates such as Turkey and UAE due to the lagging effect of the easing cycle kickoff in global markets as well as the increased geopolitical tensions especially with the Middle East crisis. An exception to this trend is Morocco which witnessed falling food inflation, thanks to its stable economic situation and its detachment from geopolitics.



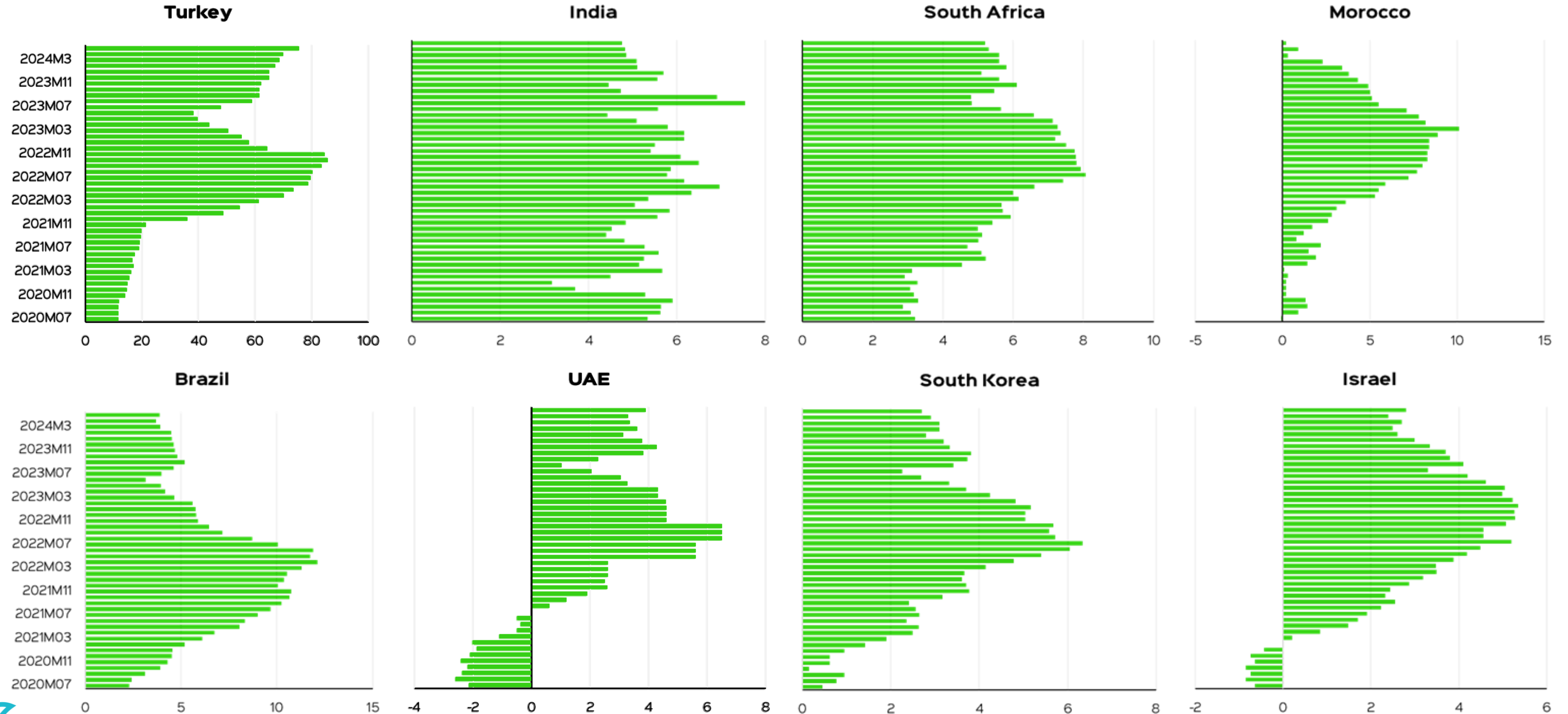
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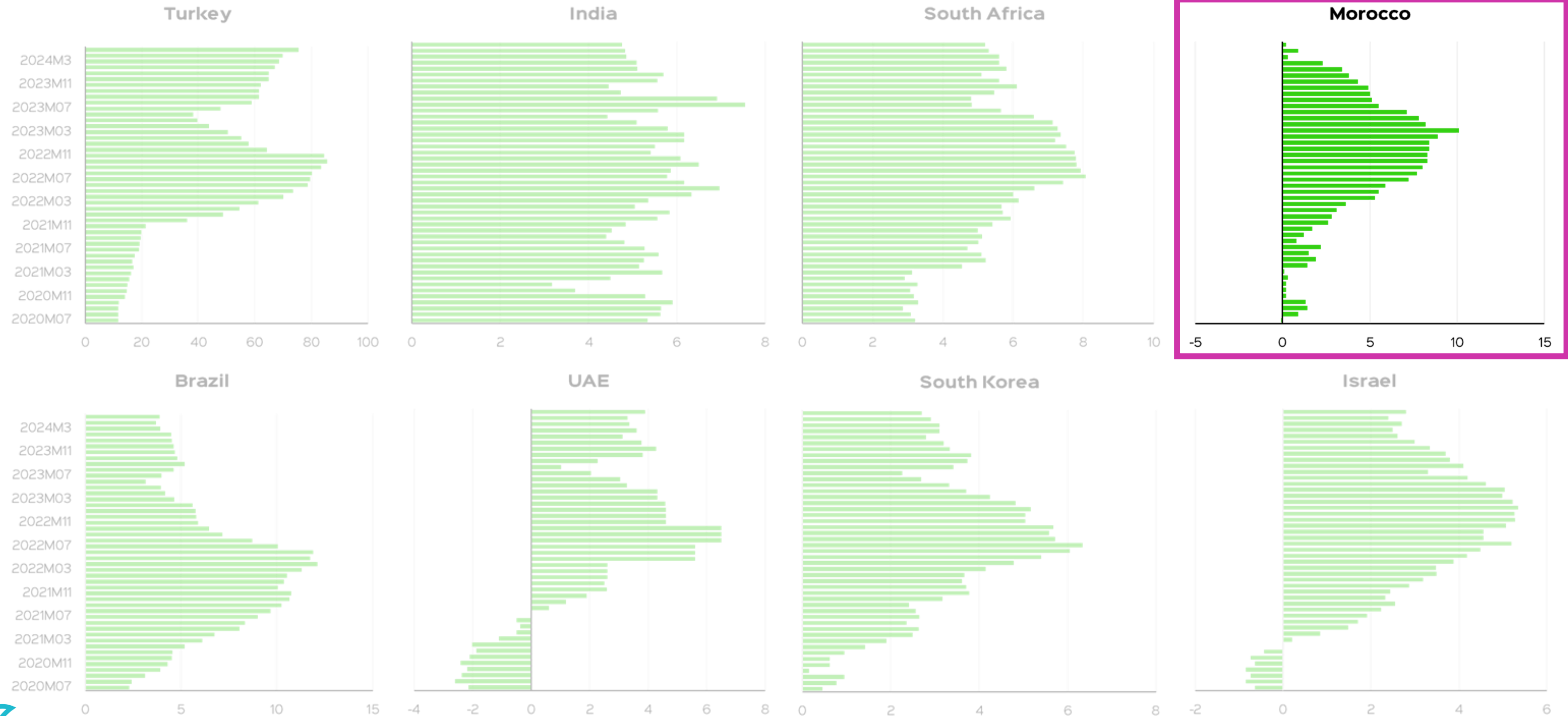
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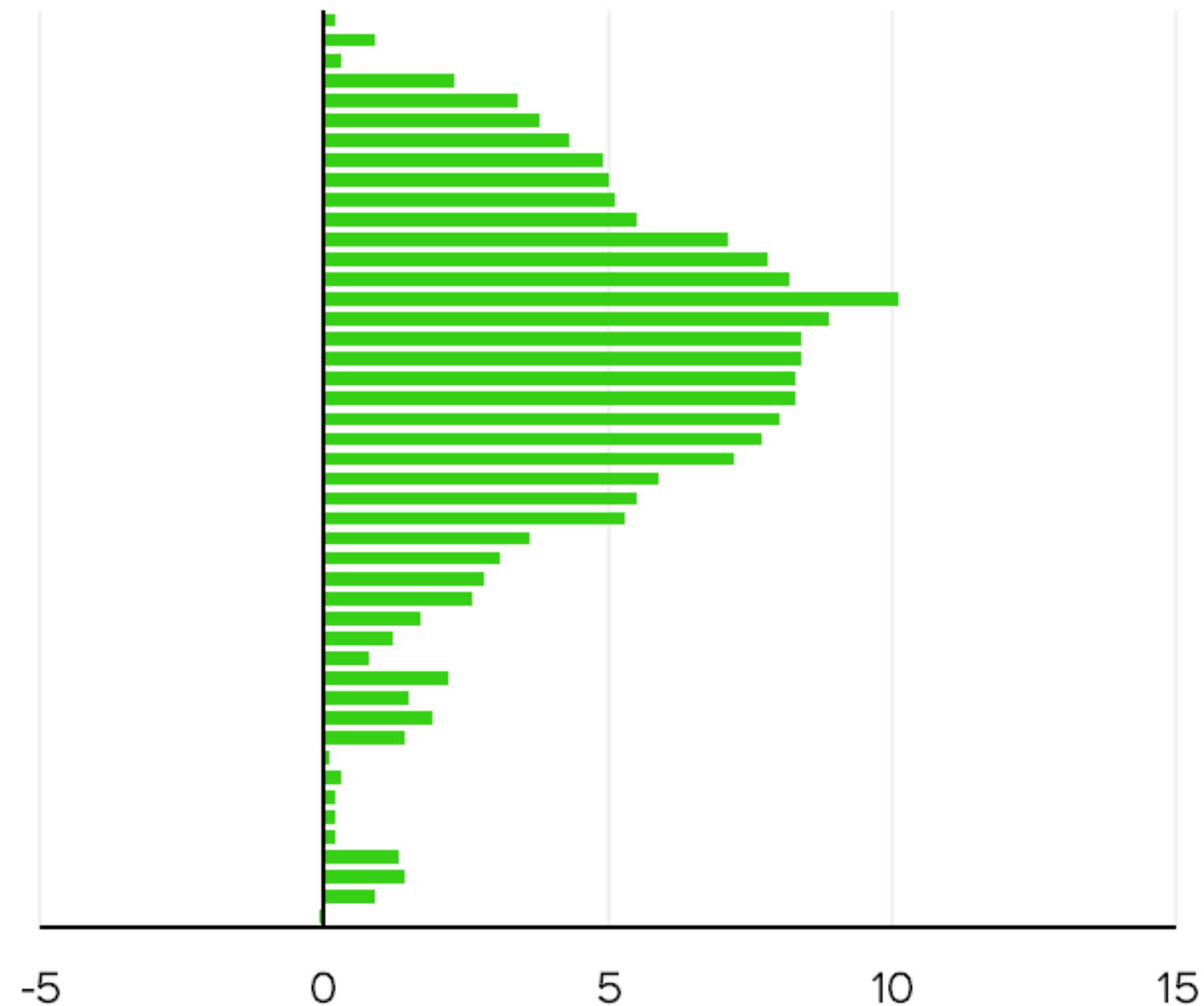


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Morocco



Central banks in emerging markets still maintain very high interest rates to curb inflation and protect their currencies. Despite the having the easing cycle kickoff in sight in global markets, inflation rates in most emerging markets are still high and will likely stay at such high levels for a period of time. Central Banks in emerging markets maintain high interest rates to contain inflation and prevent it from getting out of control as well as protect their currencies by offering high rates on local currency debt and deposits.

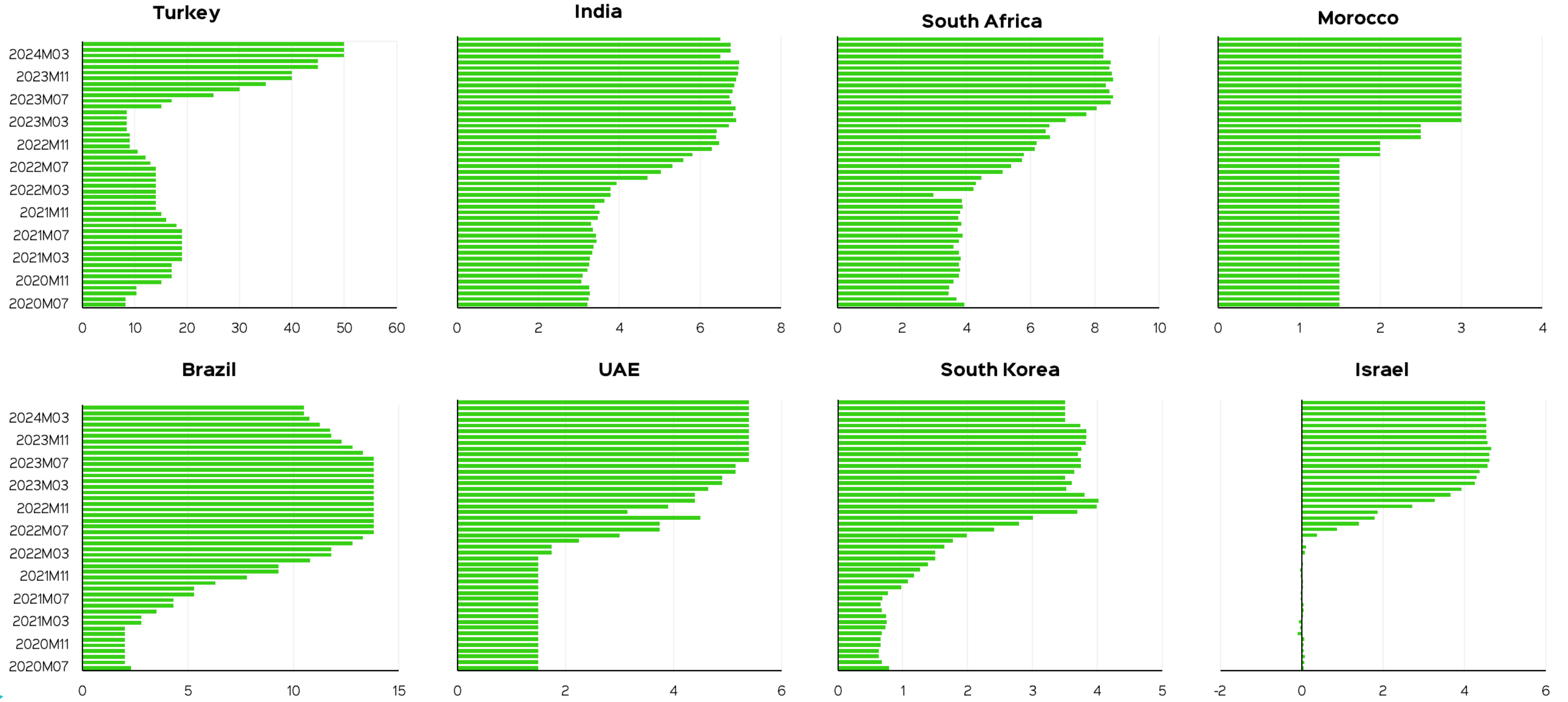
Inflation Rate

Policy Rate

LUCYDS

Stock Market

Bond Market



Inflation Rate

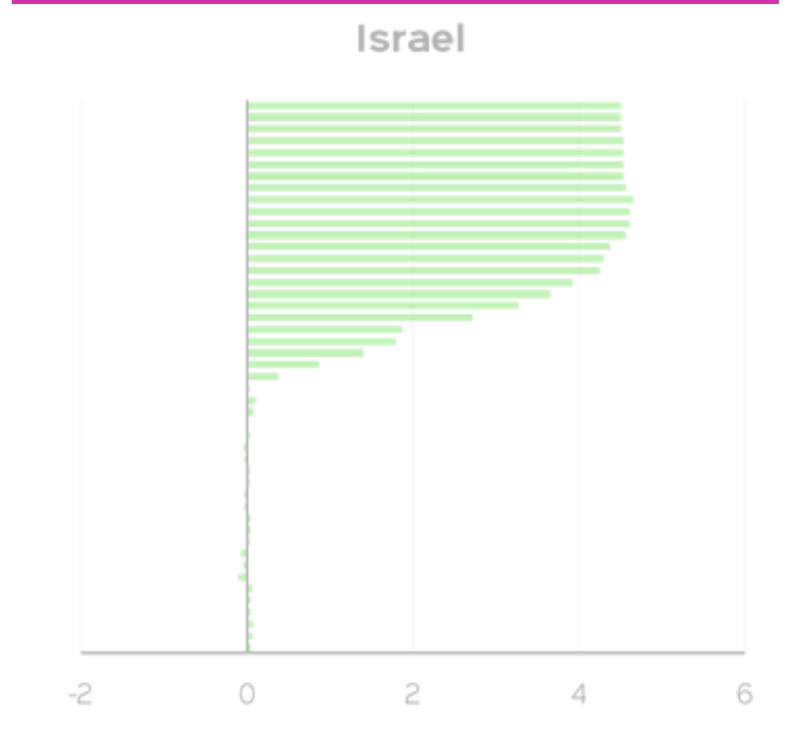
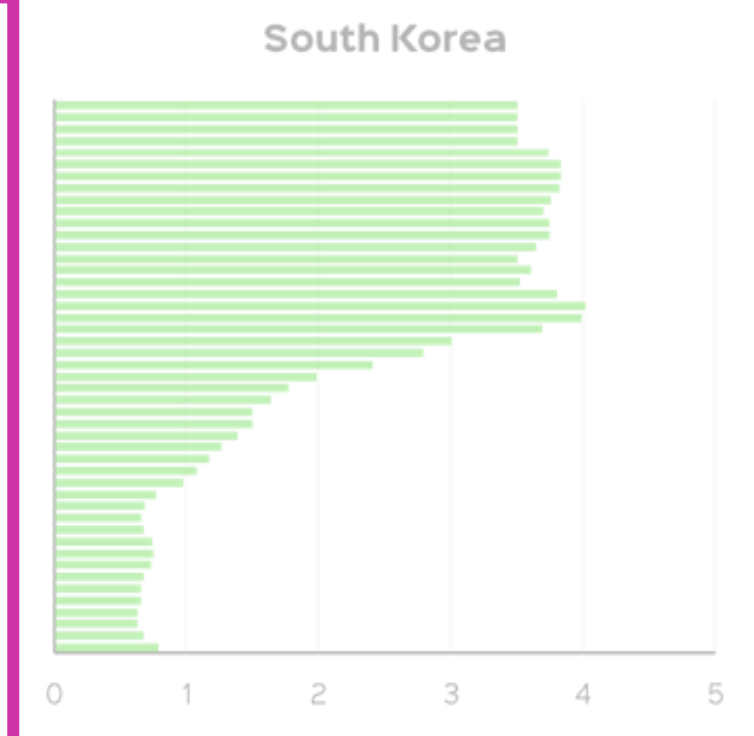
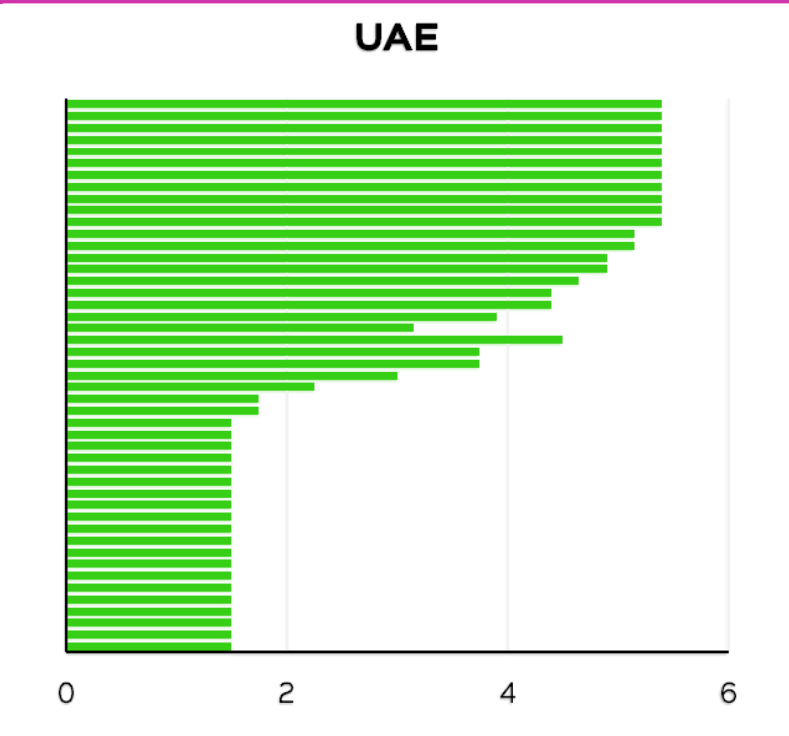
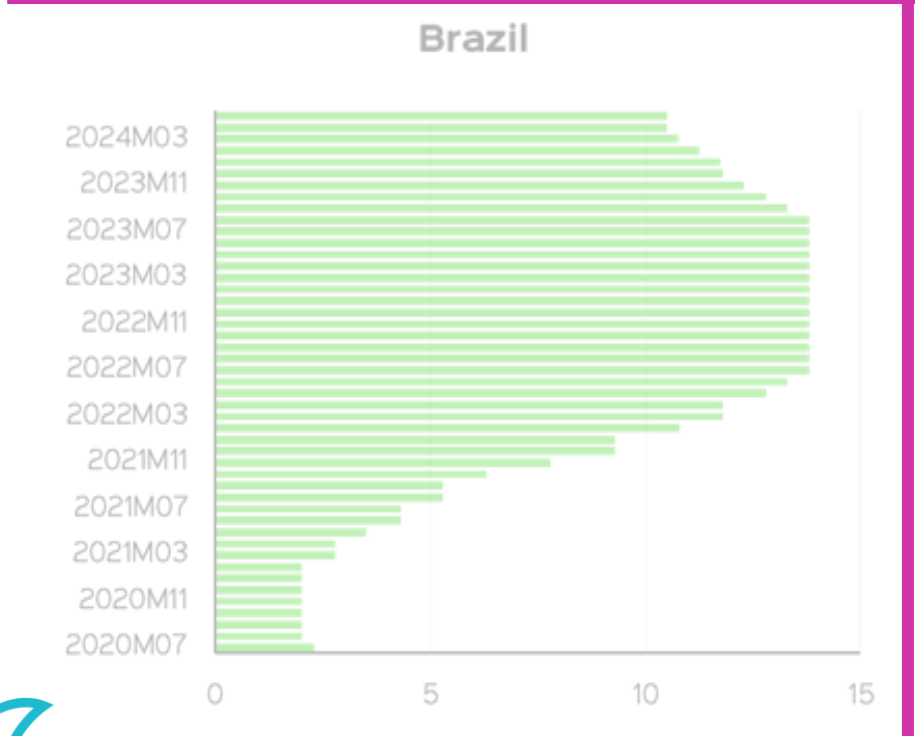
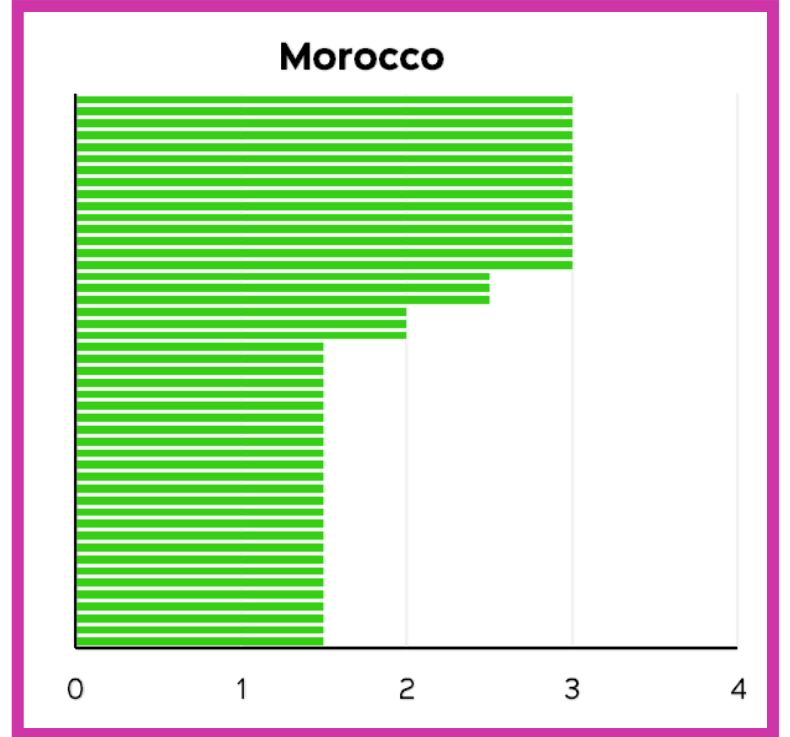
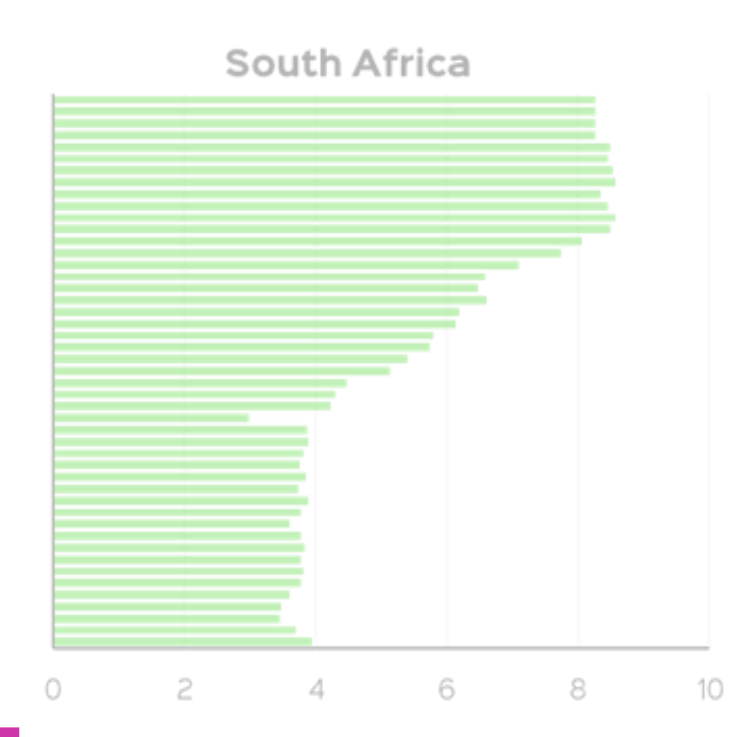
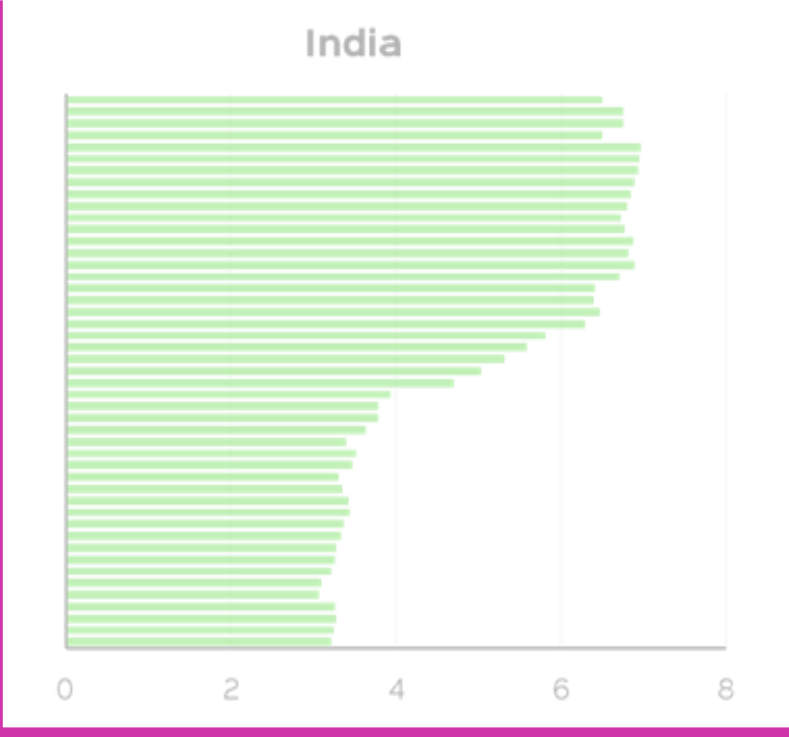
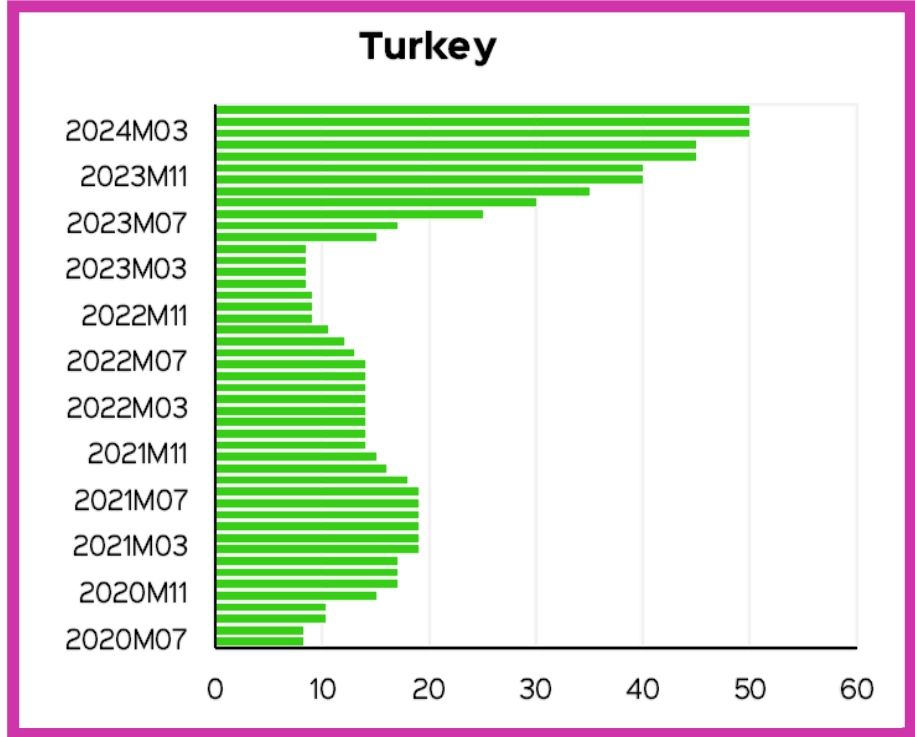
Policy Rate

LUCYDS

Stock Market

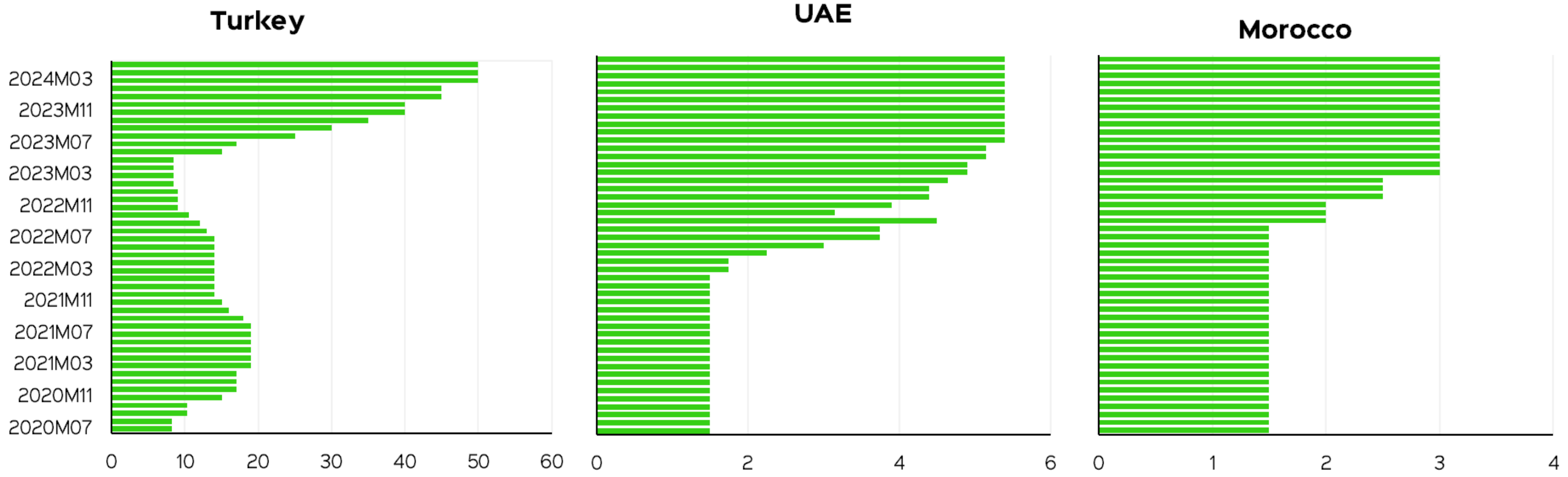
Bond Market

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Inflation Rate
 Policy Rate
 LUC/USD
 Stock Market
 Bond Market



Pressure on emerging markets currencies stays high due to high local inflation rates and still high US interest rates. Emerging markets currencies still face huge pressures with many of them depreciating against the US Dollar thanks to high local inflation in most emerging markets as well as the still high US interest rates creating large interest rate differential between global and emerging markets which results into consistent pressure on emerging markets currencies.

Inflation Rate

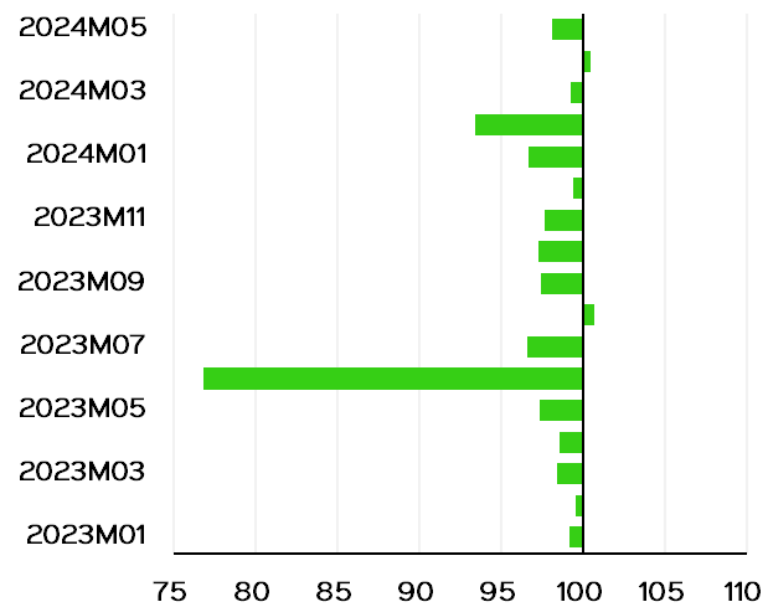
Policy Rate

LUC/USD

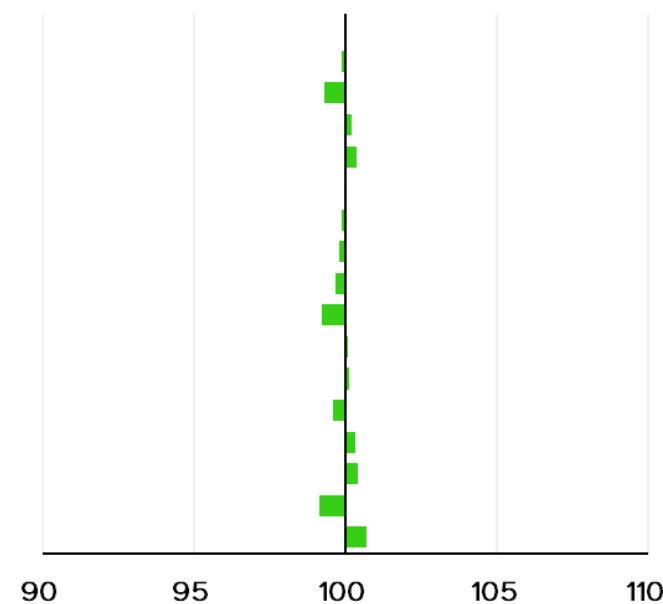
Stock Market

Bond Market

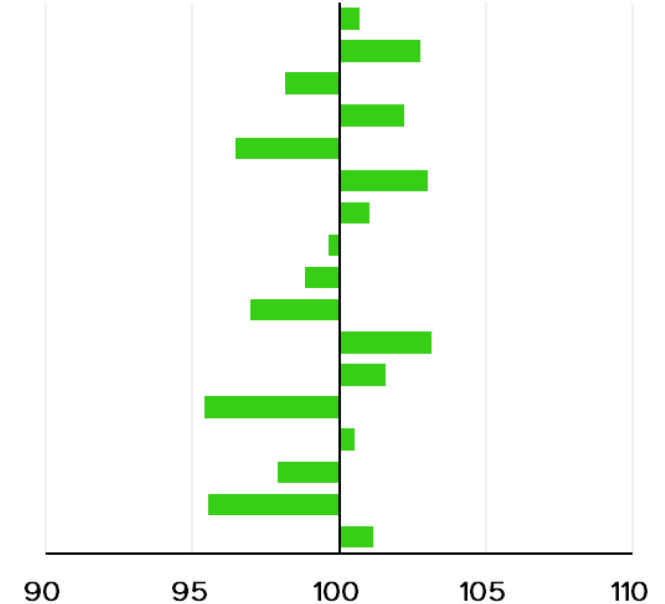
Turkish Lira



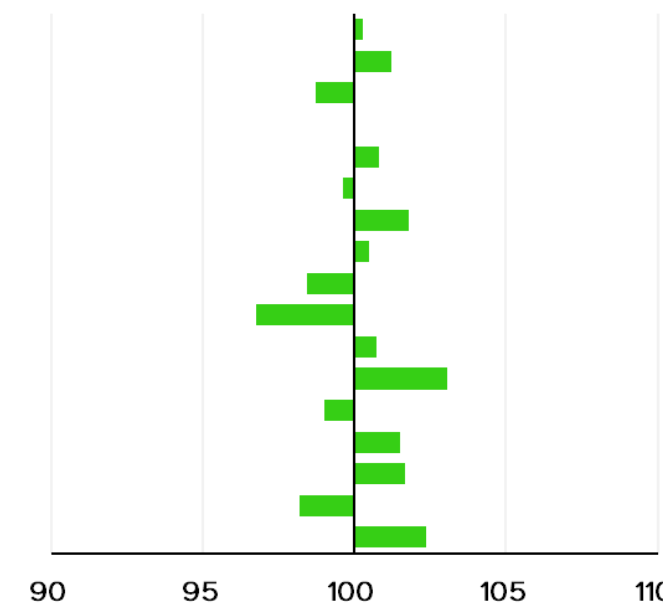
Indian Rupee



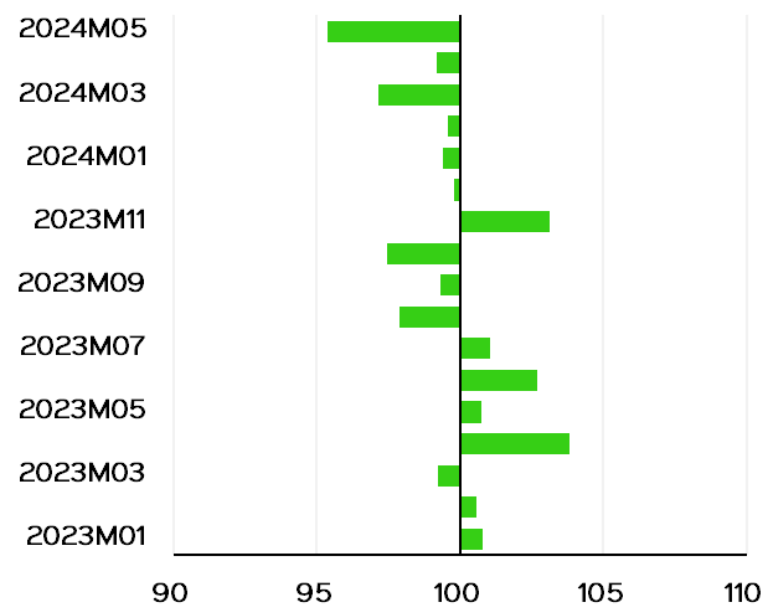
South African Rand



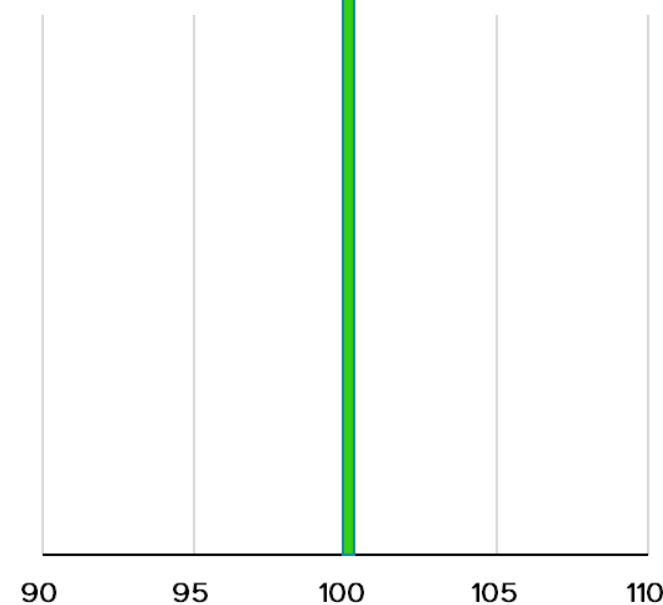
Moroccan Dirham



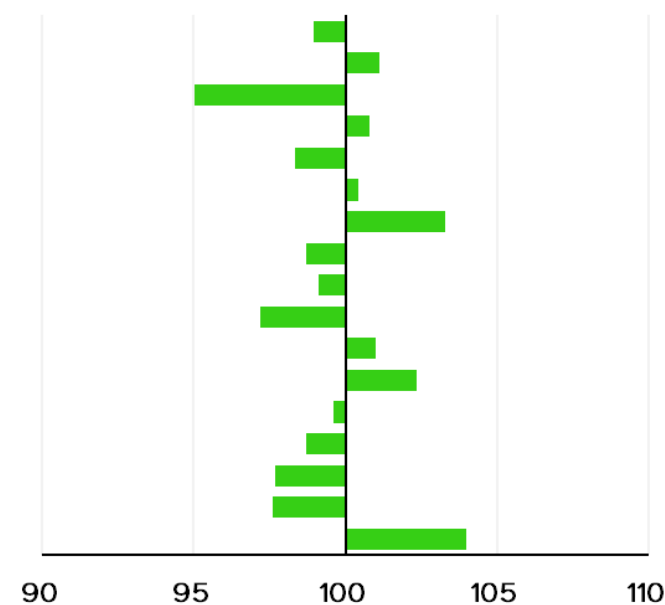
Brazilian Real



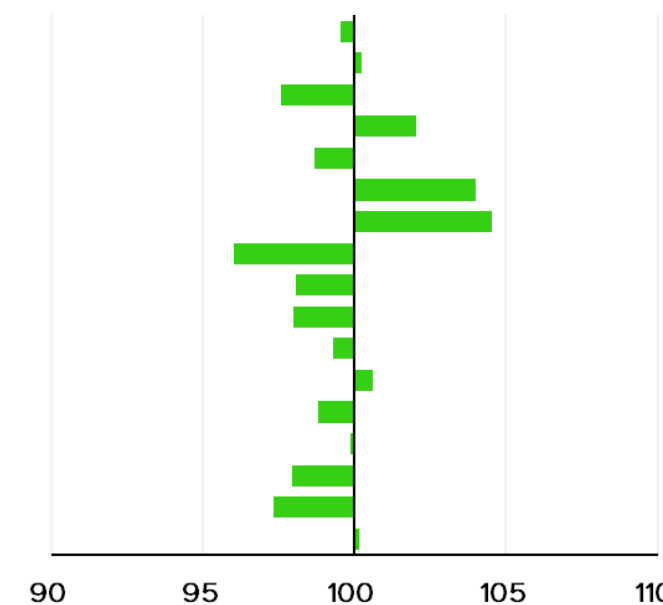
UAE Dirham



Korean Won

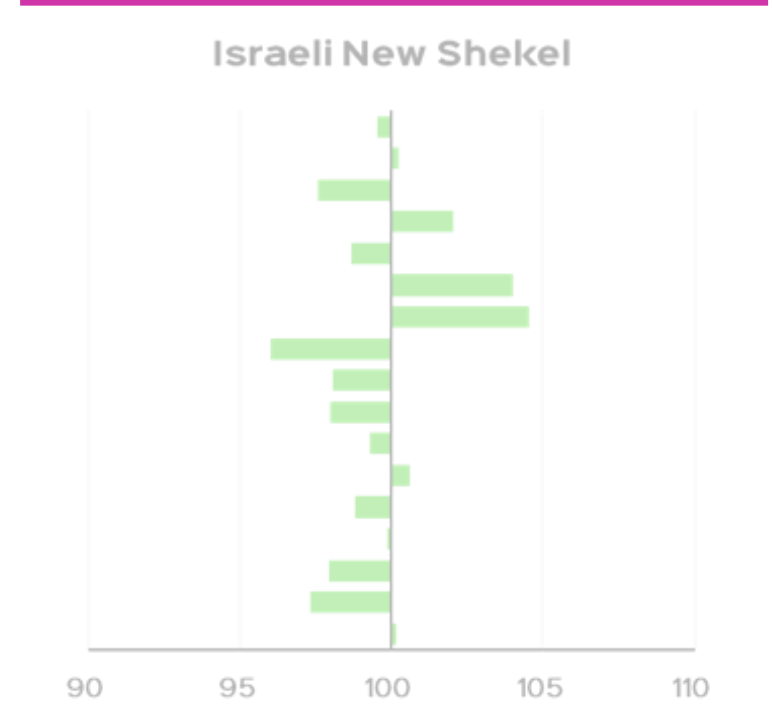
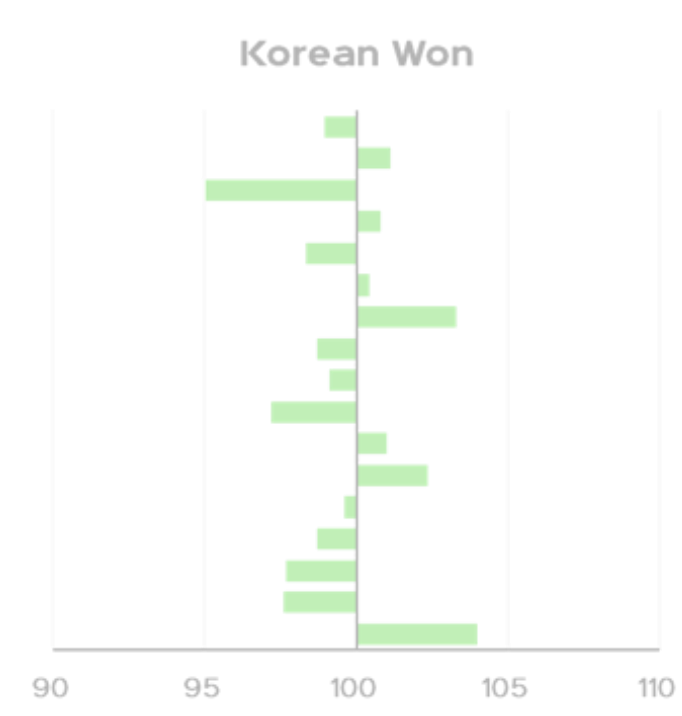
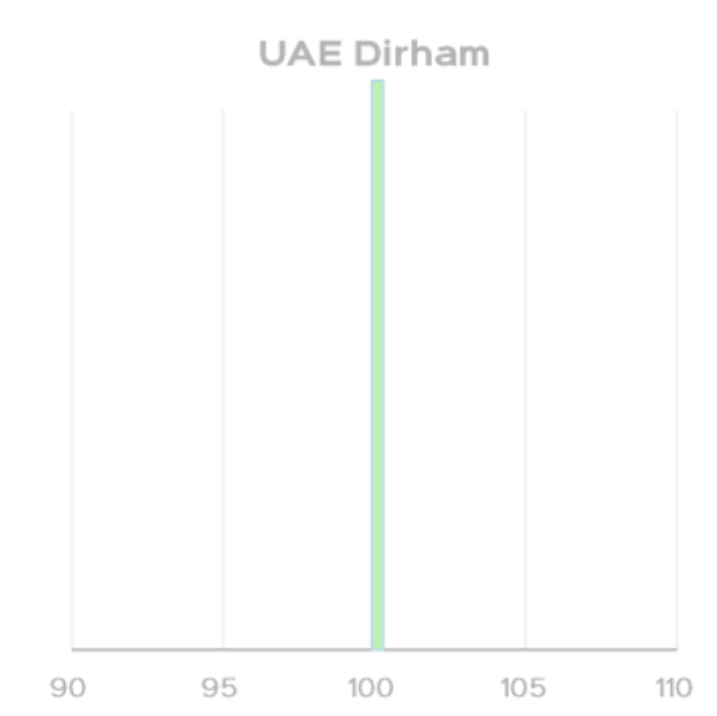
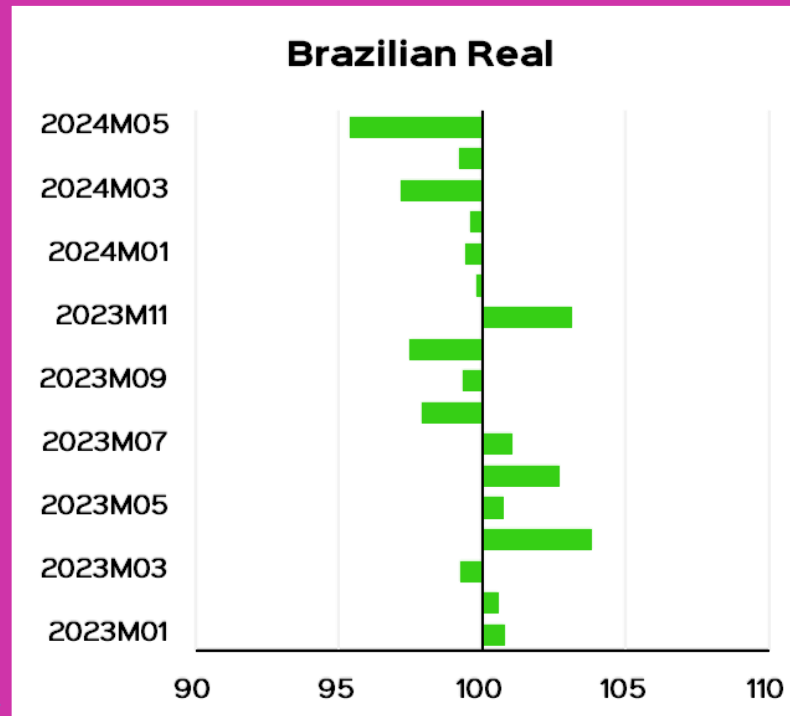
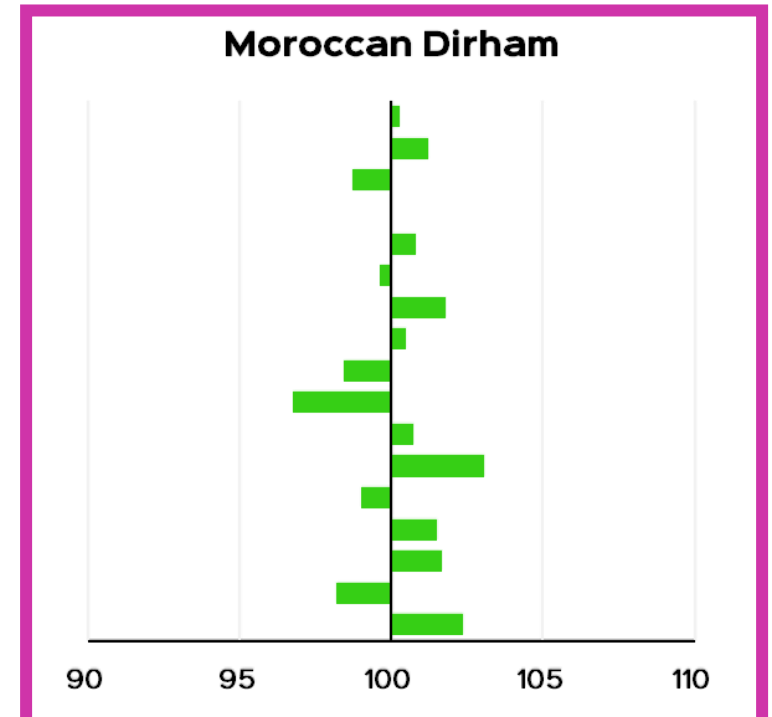
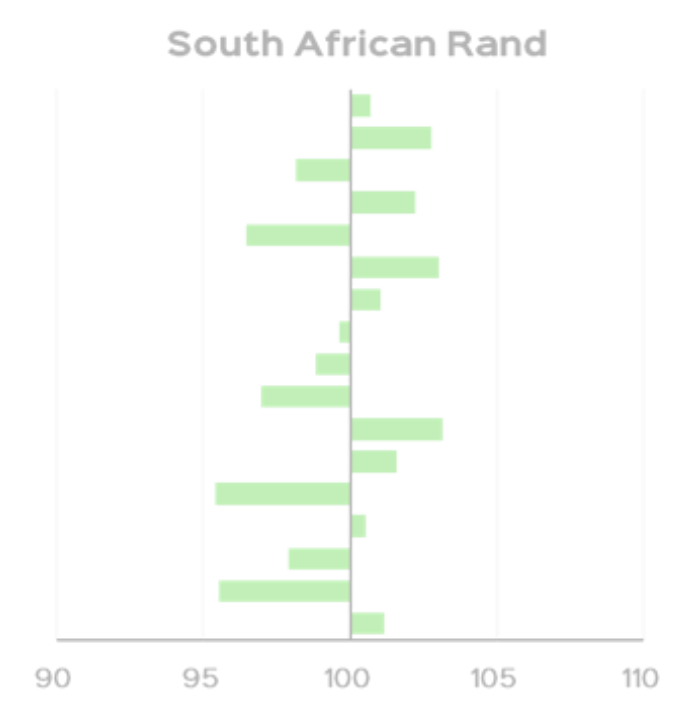
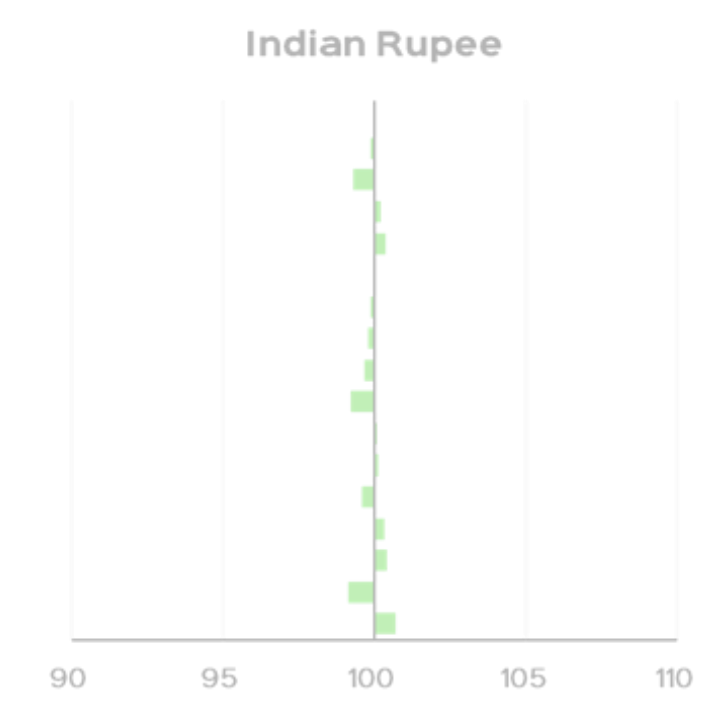
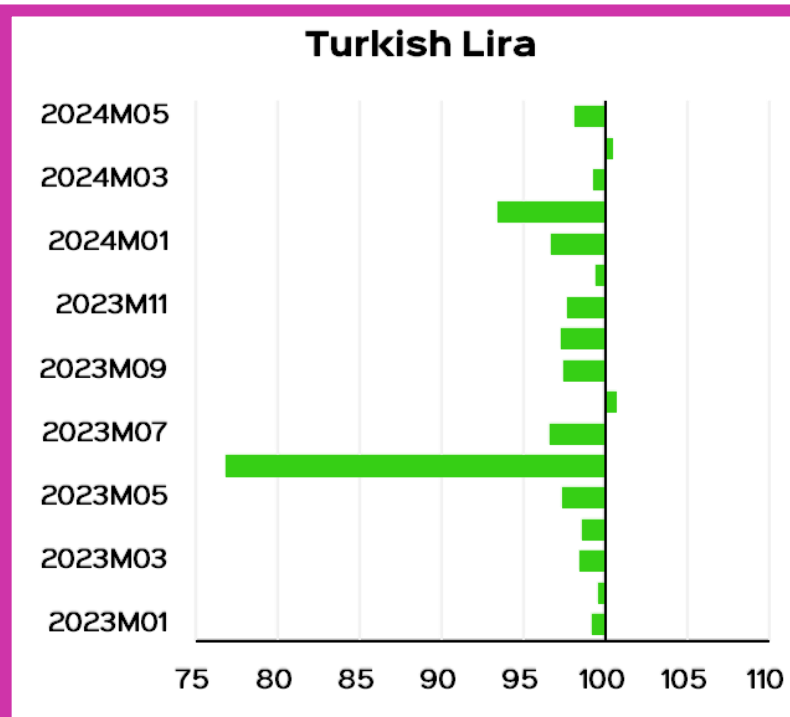


Israeli New Shekel



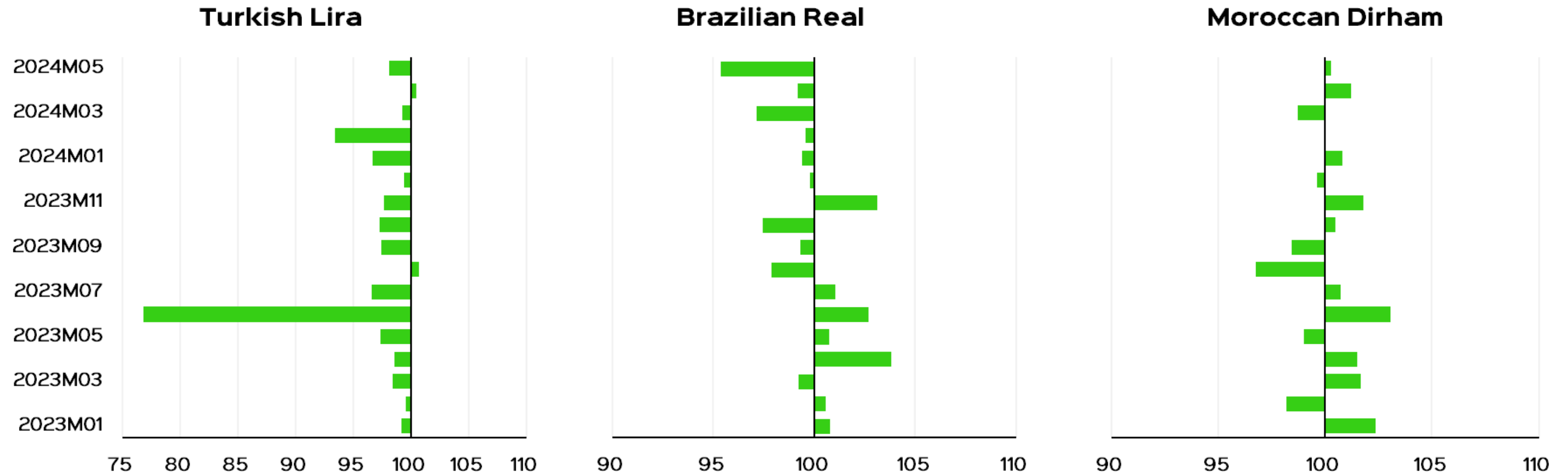
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Policy Rate
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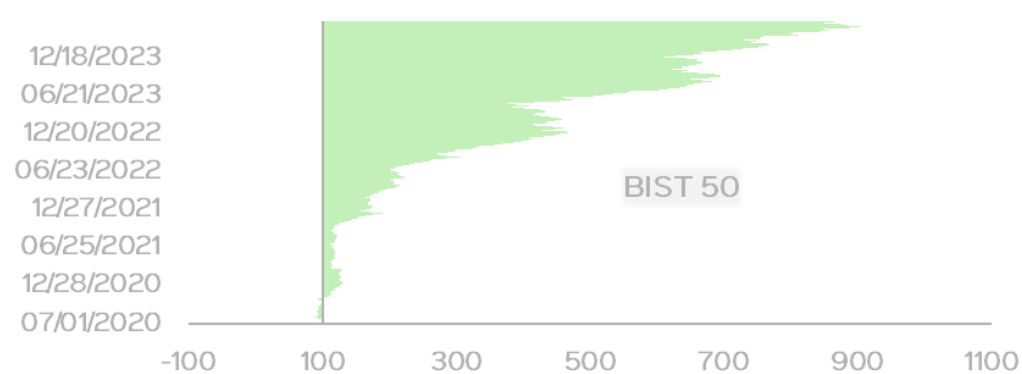
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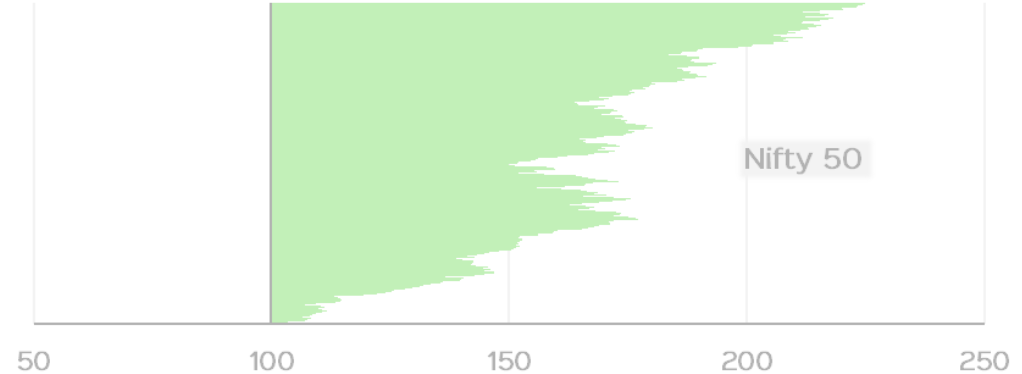
Emerging markets stock markets witnessed another turbulent month with unclear messages about easing kickoff and heightened geopolitical tensions. Despite the big rally in emerging markets stock markets at the beginning of the year, stock markets in emerging markets stayed turbulent for the second month in a row due the uncertainty about easing cycle kickoff in global markets and its cascading to emerging markets as well as the increased global geopolitical tensions that are spanning nearly all the corners of the universe.

Inflation Rate
Policy Rate
LCC/USD
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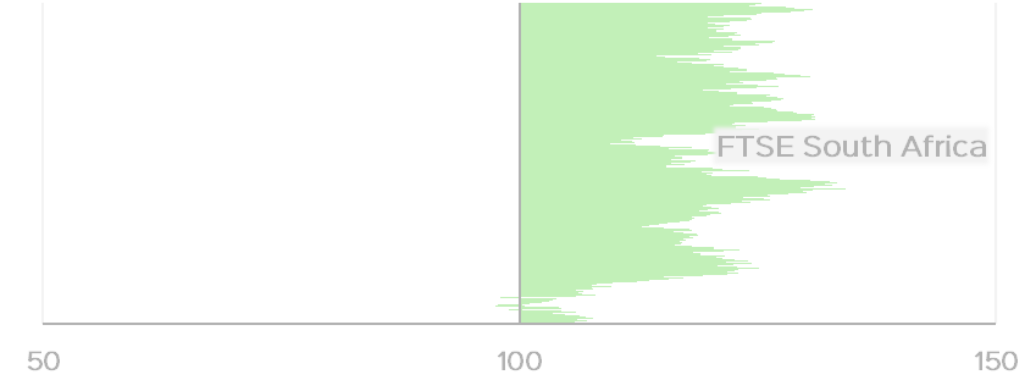
Turkey



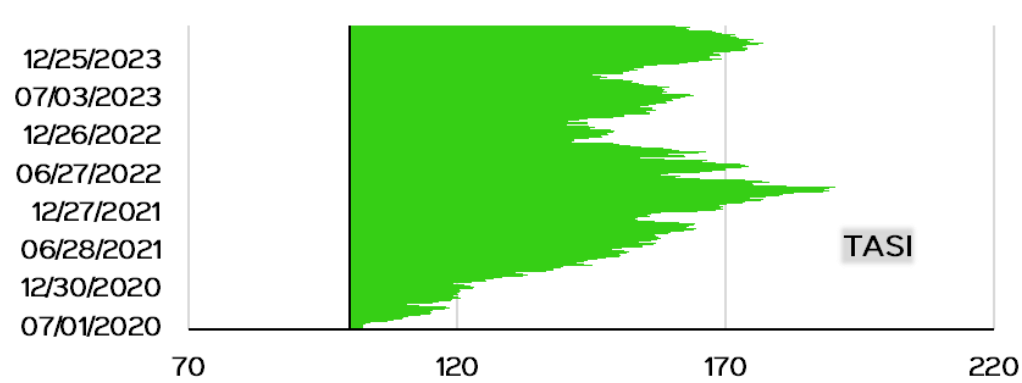
India



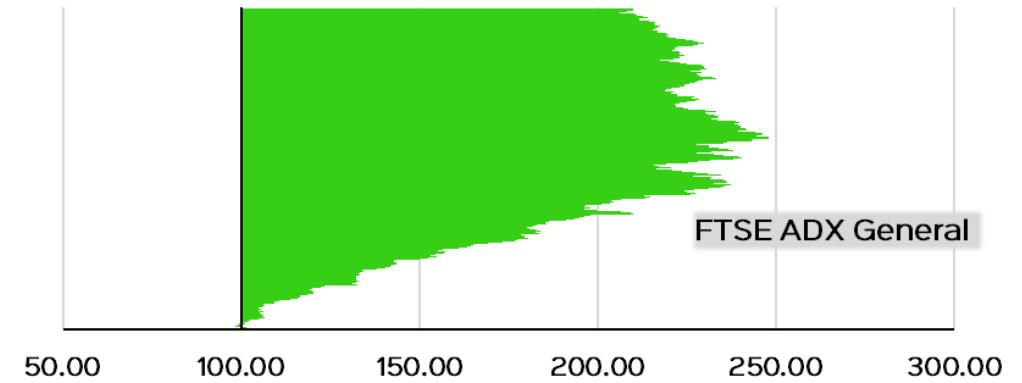
South Africa



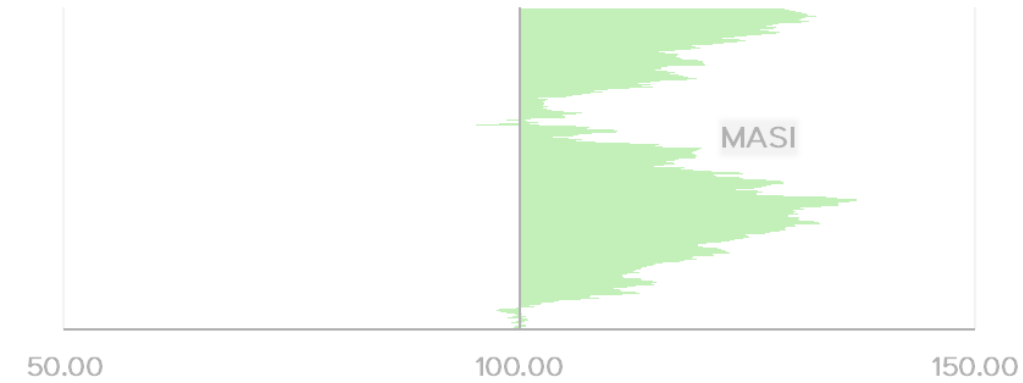
Saudi Arabia



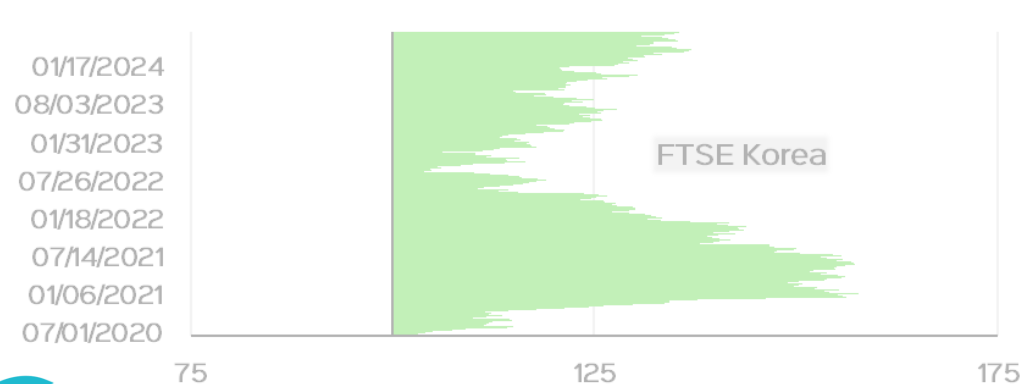
UAE



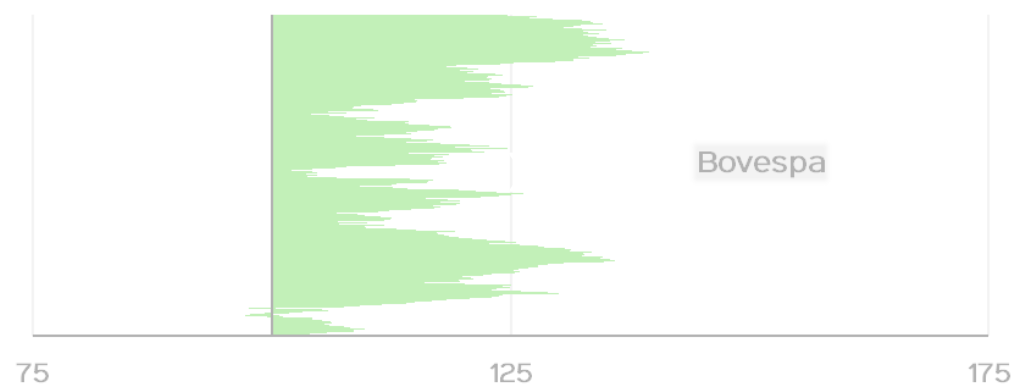
Morocco



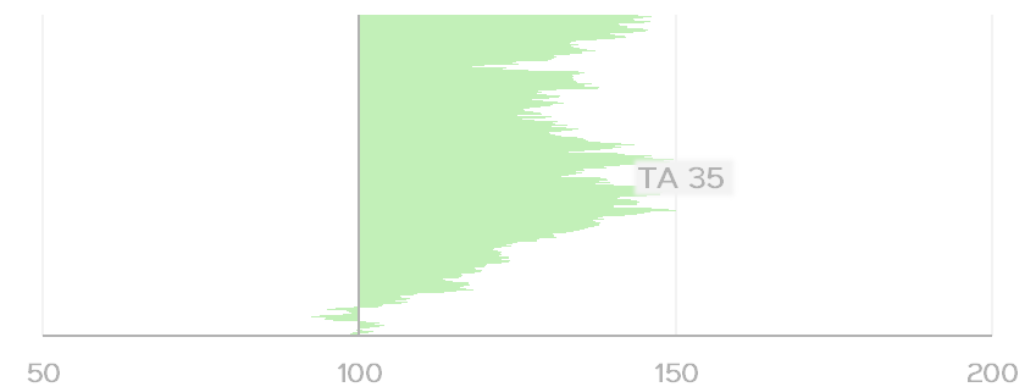
South Korea



Brazil



Israel

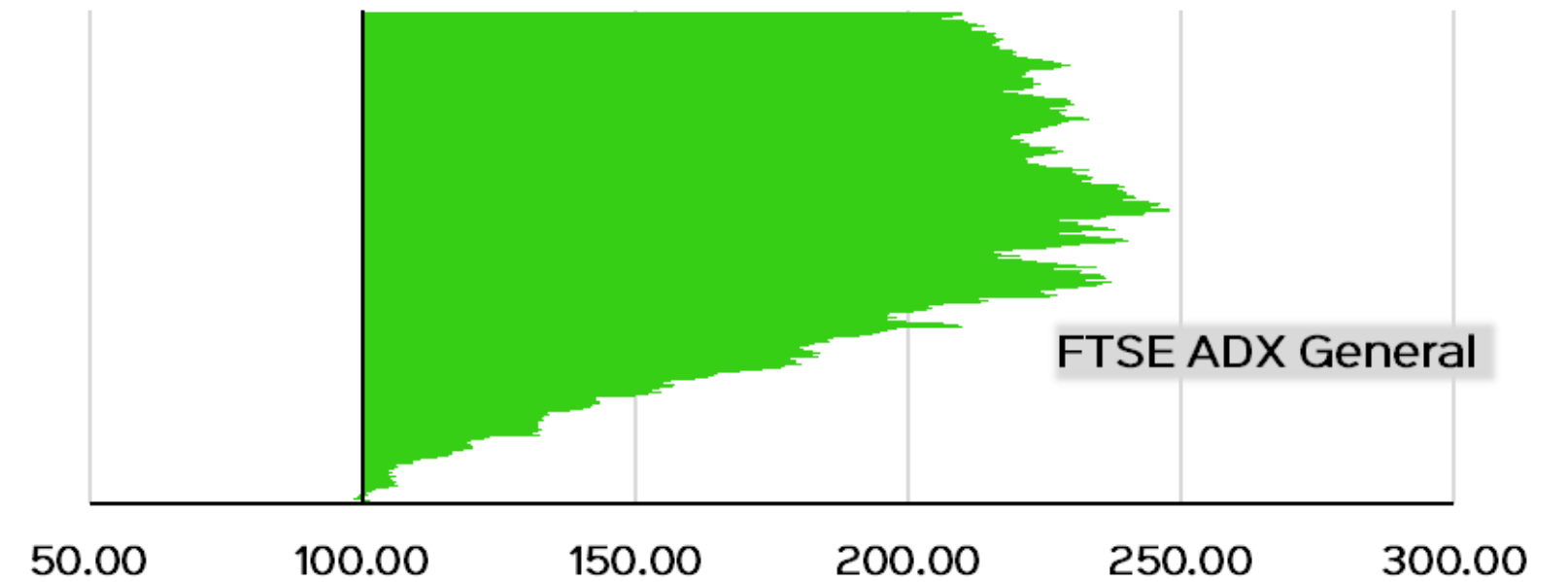
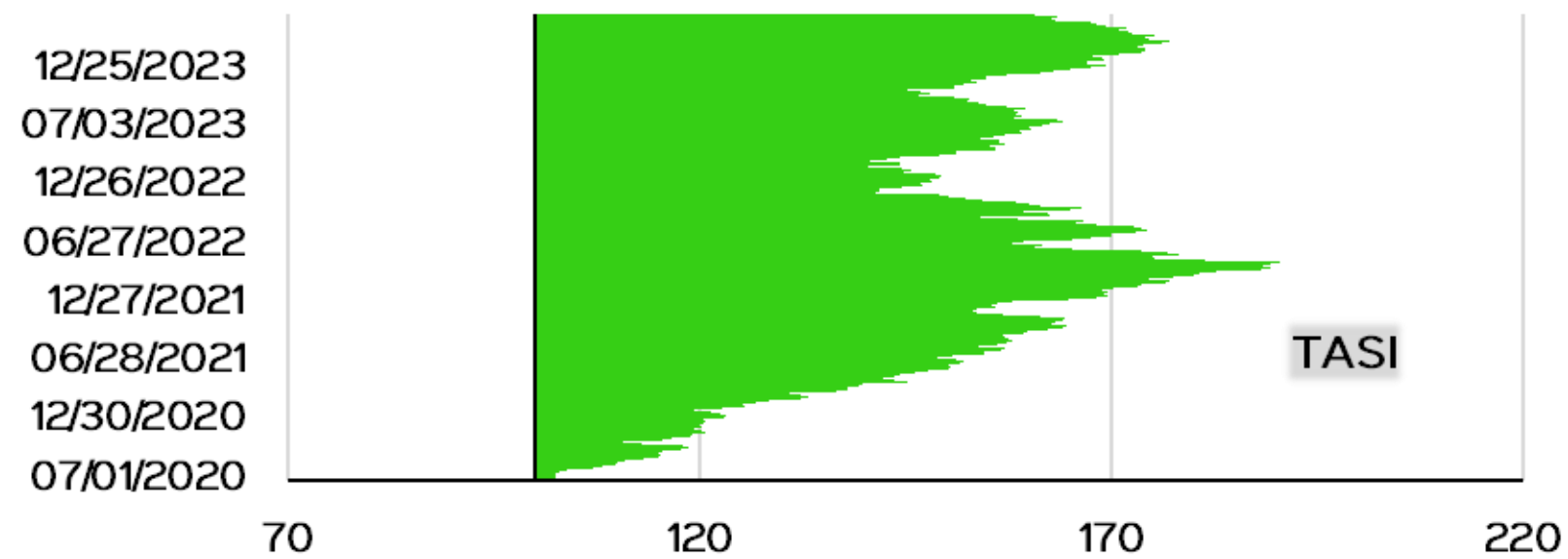


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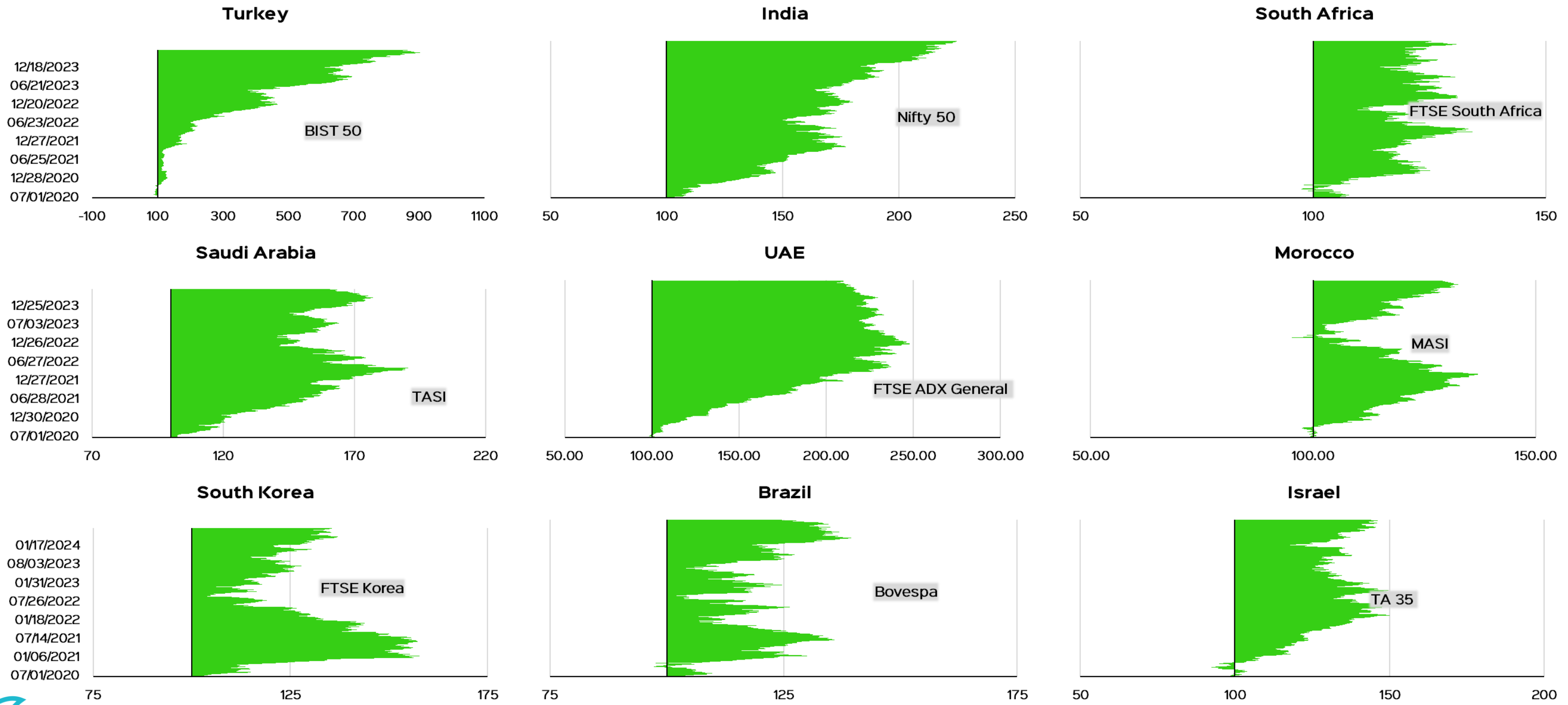
Saudi Arabia

UAE



Emerging markets stock markets witnessed another turbulent month with unclear messages about easing kickoff and heightened geopolitical tensions. Despite the big rally in emerging markets stock markets at the beginning of the year, stock markets in emerging markets stayed turbulent for the second month in a row due the uncertainty about easing cycle kickoff in global markets and its cascading to emerging markets as well as the increased global geopolitical tensions that are spanning nearly all the corners of the universe.

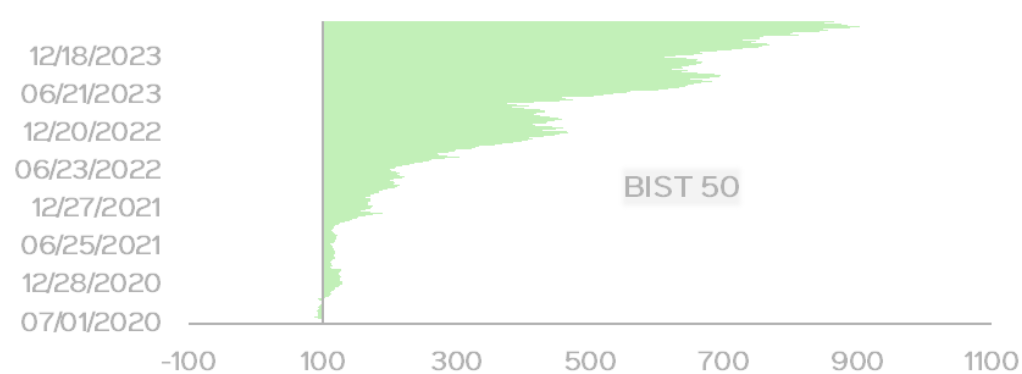
Inflation Rate
 Policy Rate
 LCU/USD
Stock Market
 Bond Market



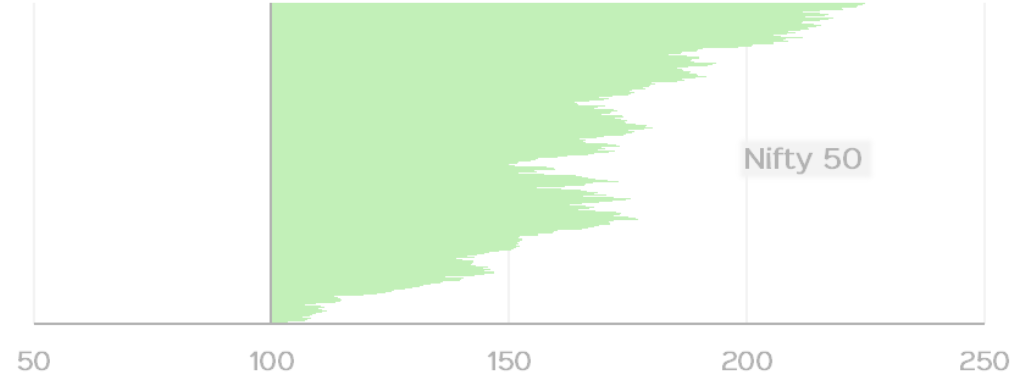
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Inflation Rate
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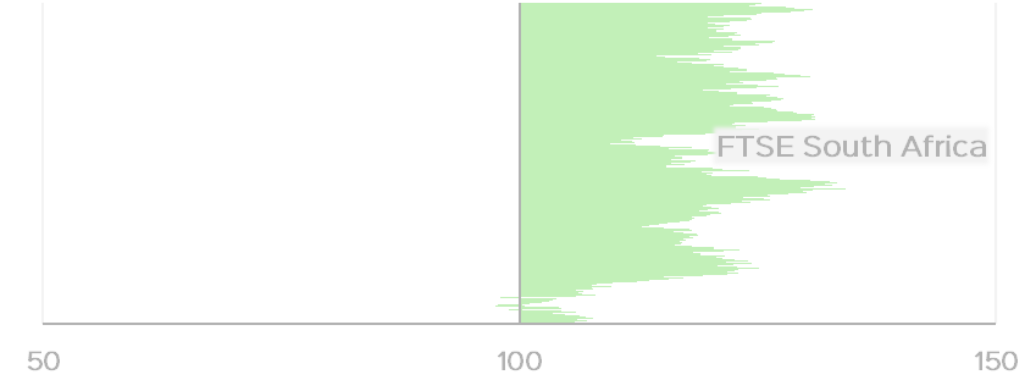
Turkey



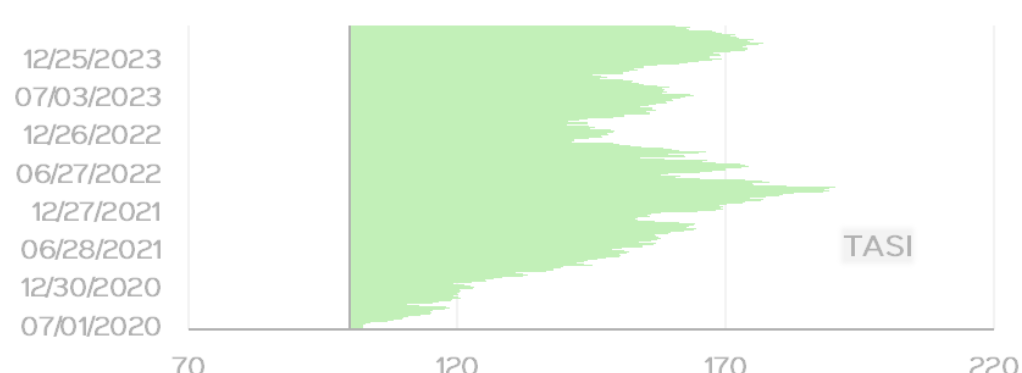
India



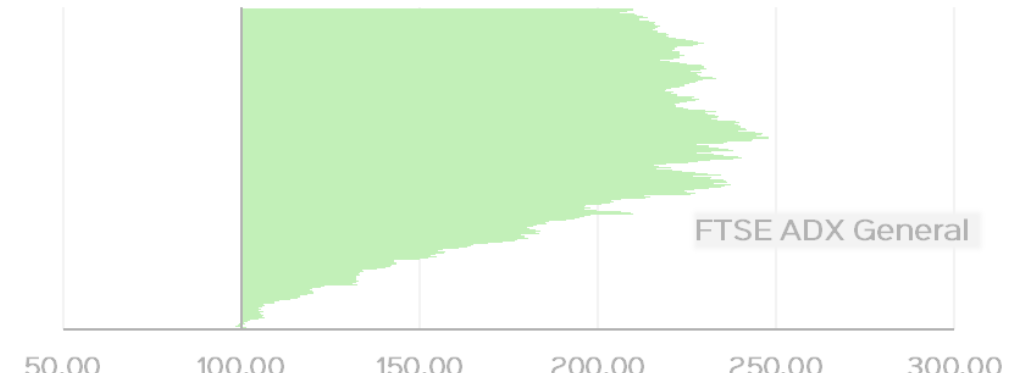
South Africa



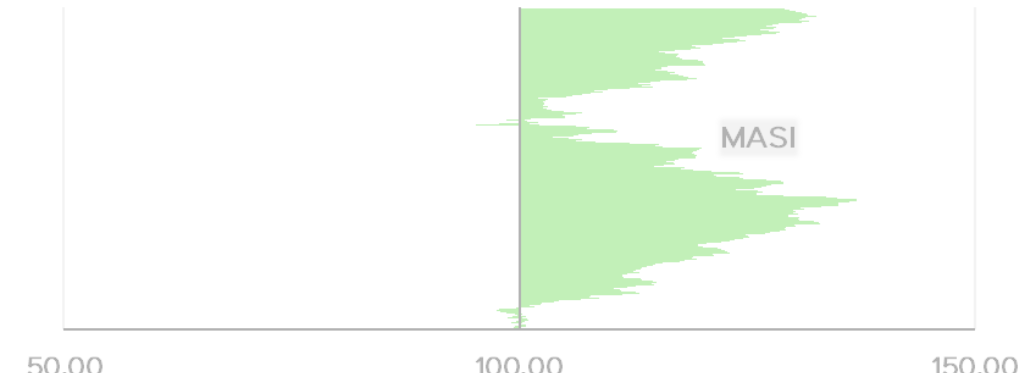
Saudi Arabia



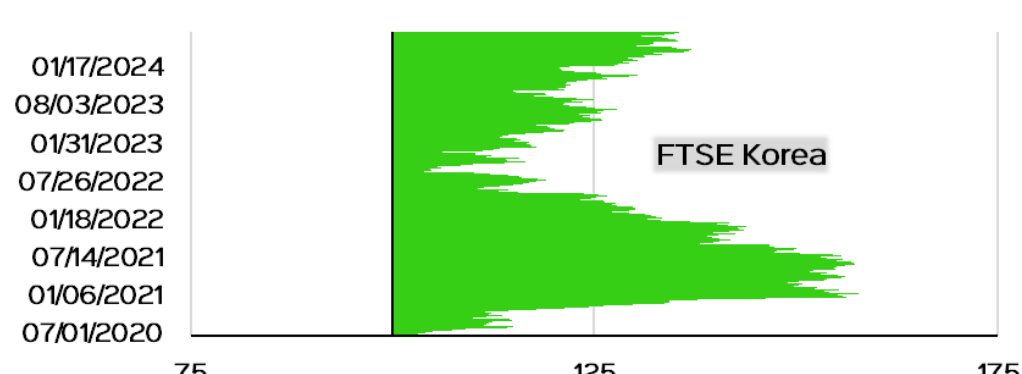
UAE



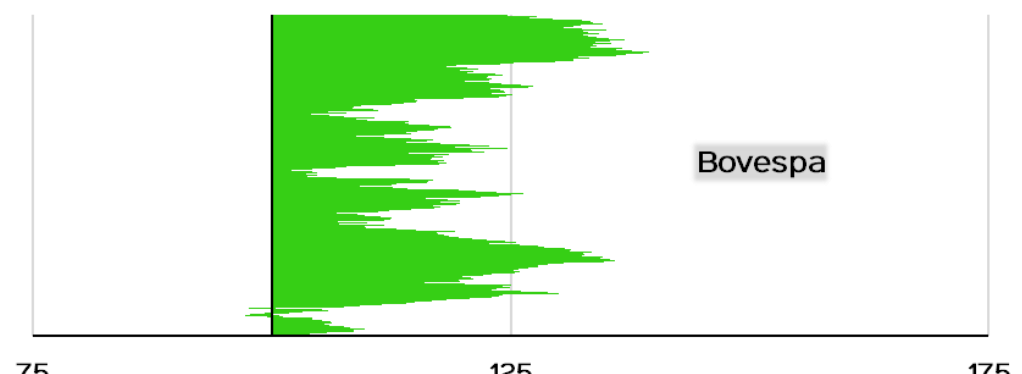
Morocco



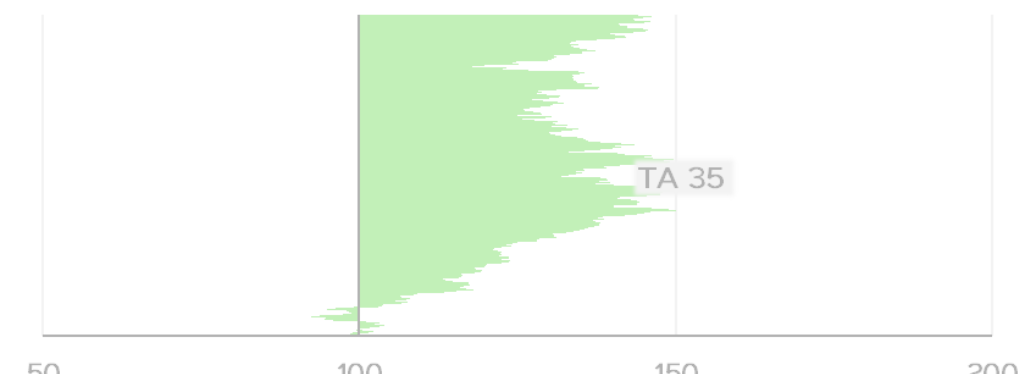
South Korea



Brazil



Israel



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Inflation Rate

Policy Rate

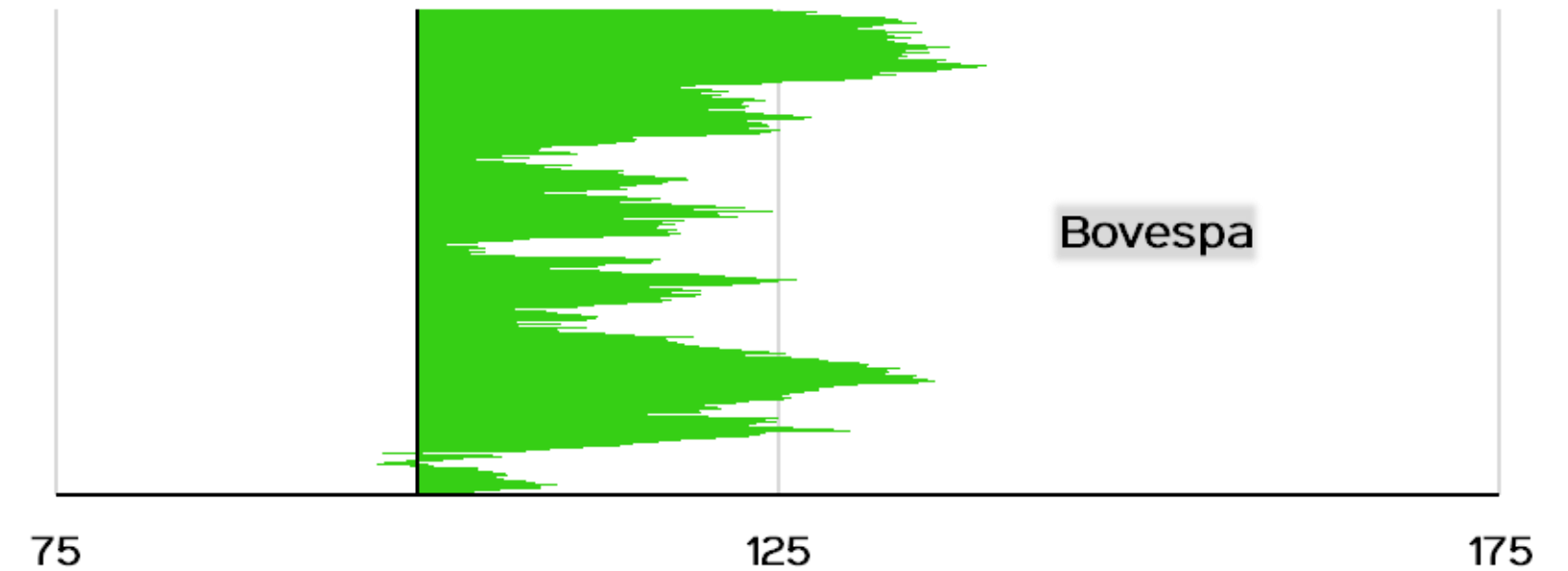
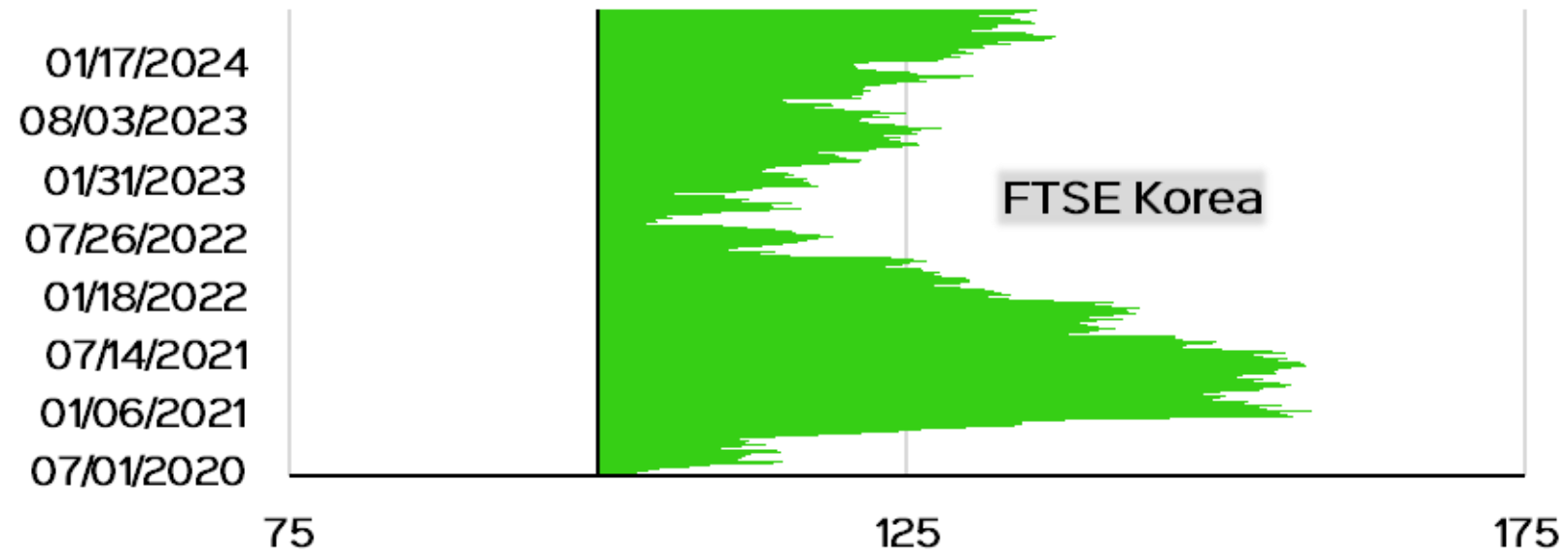
LUC/UDS

Stock Market

Bond Market

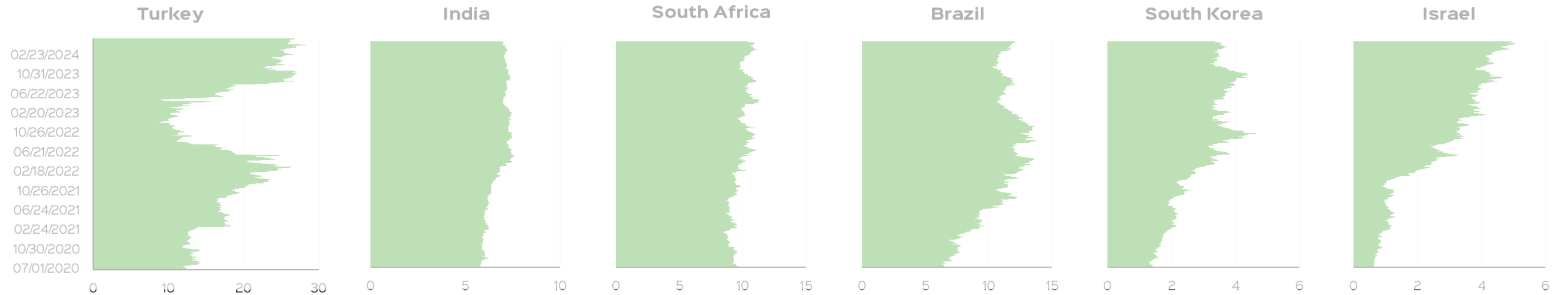
South Korea

Brazil

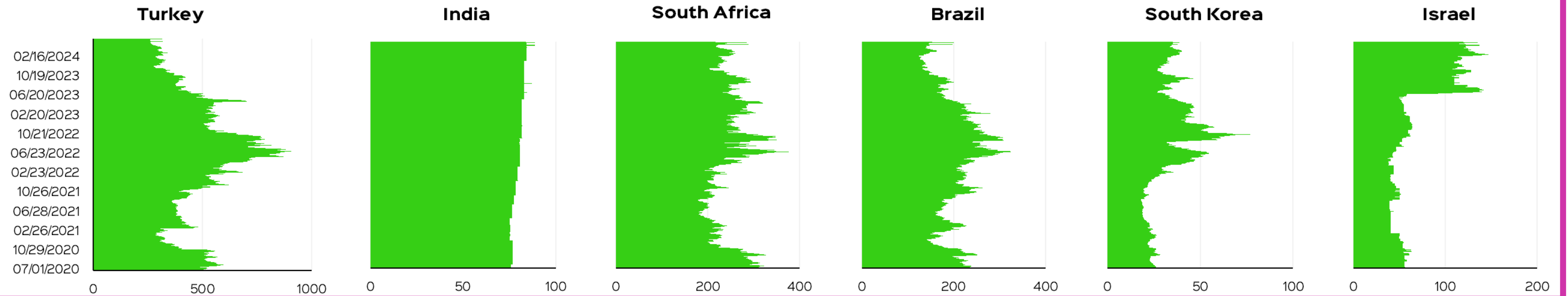


Bond yields in emerging markets stabilized, mirroring global markets with the delayed easing cycle kickoff, and CDSs stayed low with some daily spikes due to geopolitical tensions. With the stabilization of bond yields in global markets as the delayed kickoff of the easing cycle has been factored in, interest rates in emerging markets stabilized for few months in a row now. This has reflected in a clearer way on CDSs which have declined reflecting lower risk of default, yet last month has witnessed spikes in CDSs in some days due to geopolitical tensions that are having their implications on financial markets.

10-Year Bond Yield



5-Year CDS



Inflation Rate

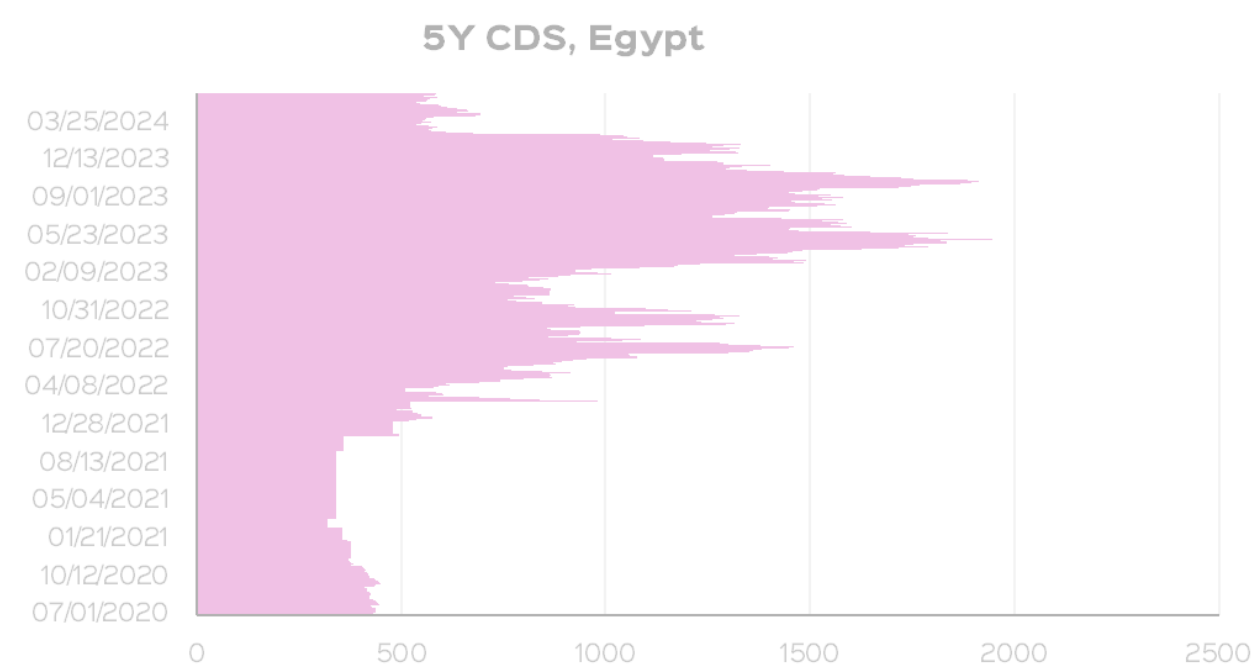
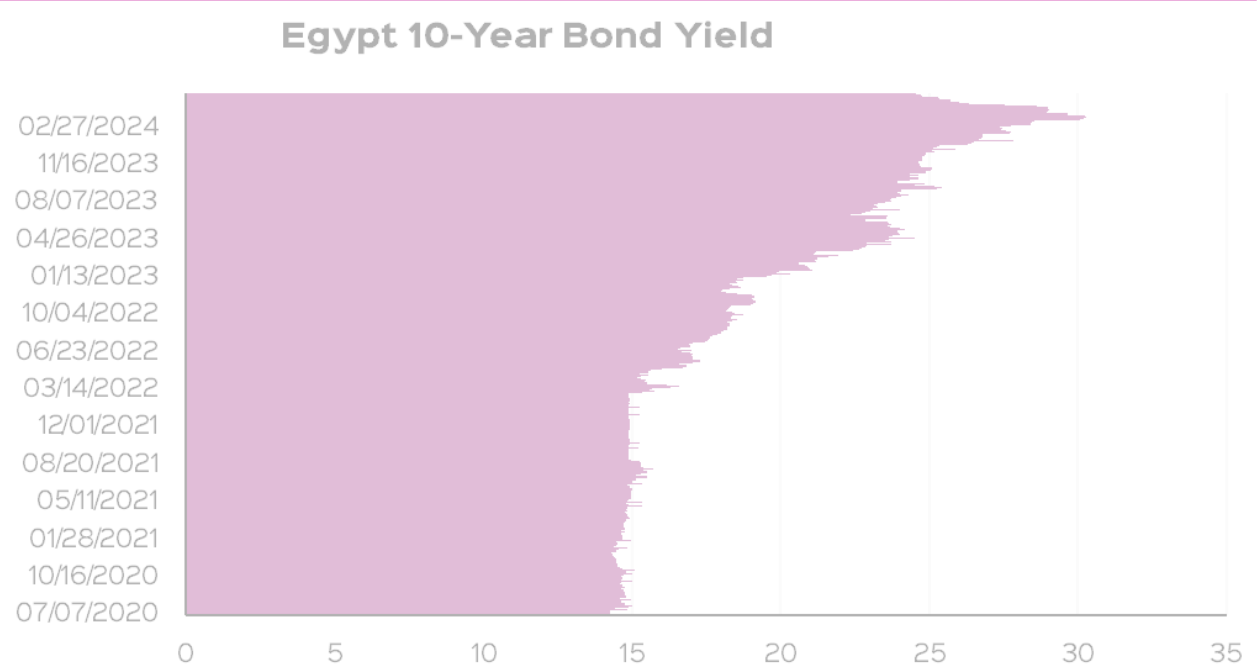
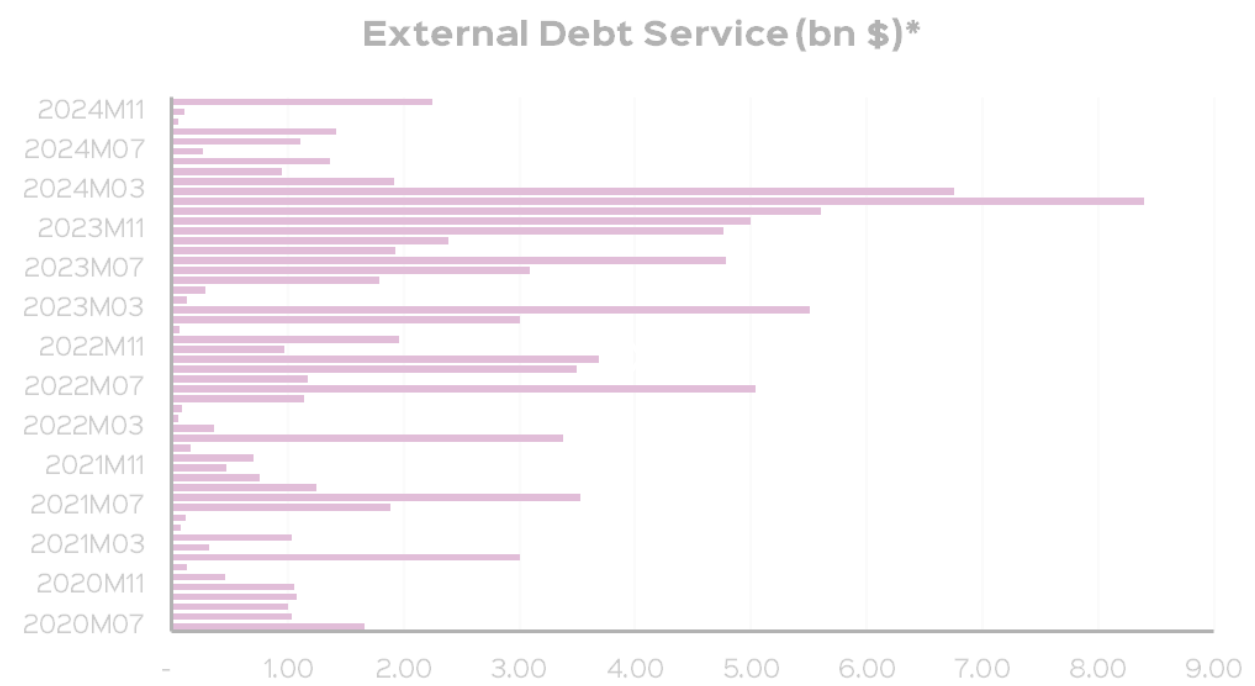
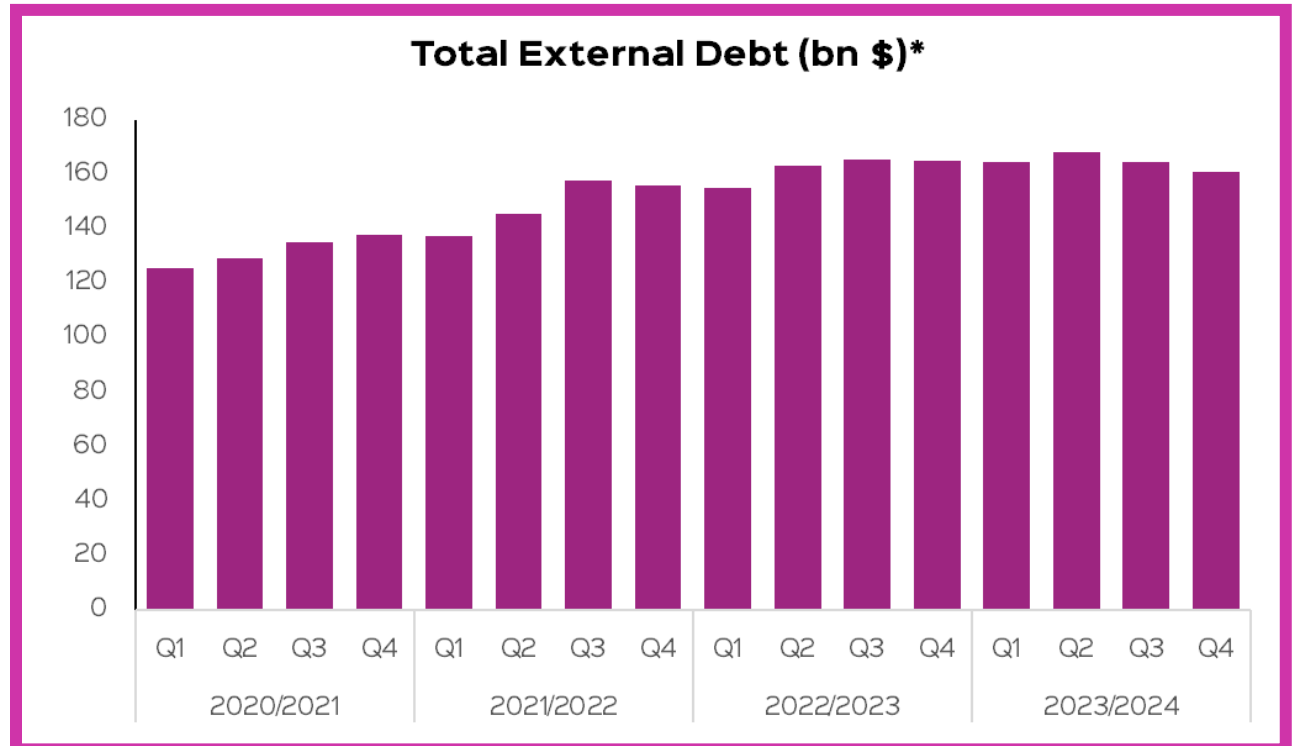
Policy Rate

LCC/UDS

Stock Market

Bond Market

External debt declined as well as bond yields declined, while CDSs stabilized due to huge inflows of foreign currency from mega deals and hot money. The economy keeps showing monetary improvements in the short term post the mega deals such as Ras El-Hekma and IMF deals, resulting into decline of external debt outstanding and subsiding of bond yields due to large inflows of hot money. As a result, the risk of default in the short term got contained thus stabilizing CDSs for few months in a row.



S&P Global Ratings
B- Positive

Fitch Ratings
B- Positive

MOODY'S
INVESTORS SERVICE

Caa1 Positive

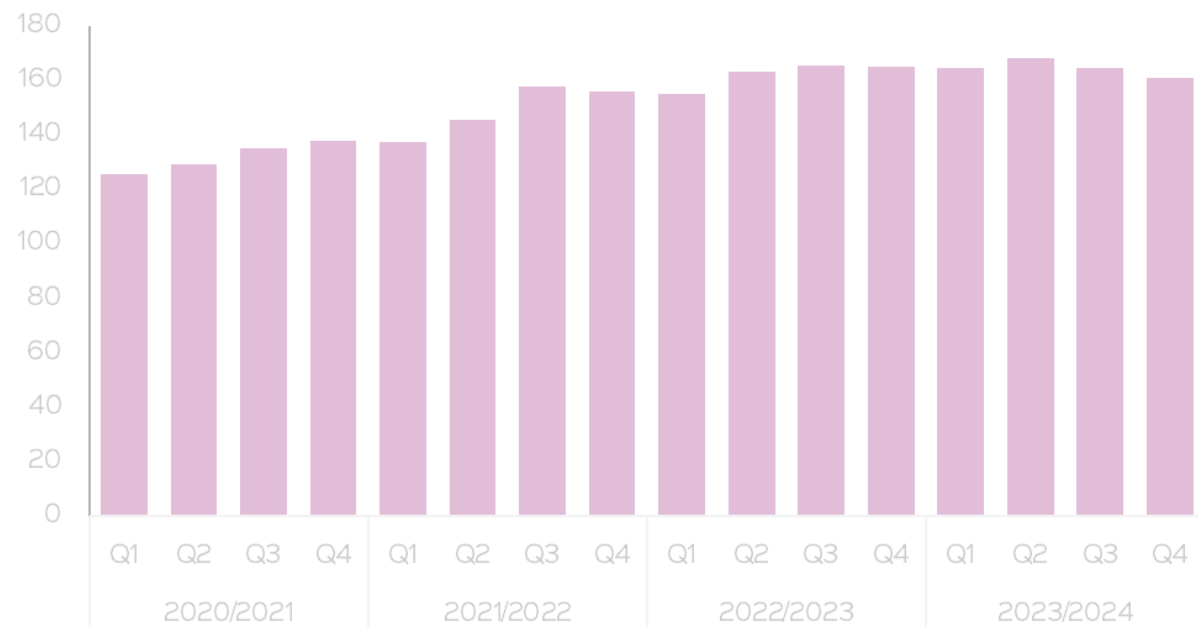
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Total External Debt (bn \$)*

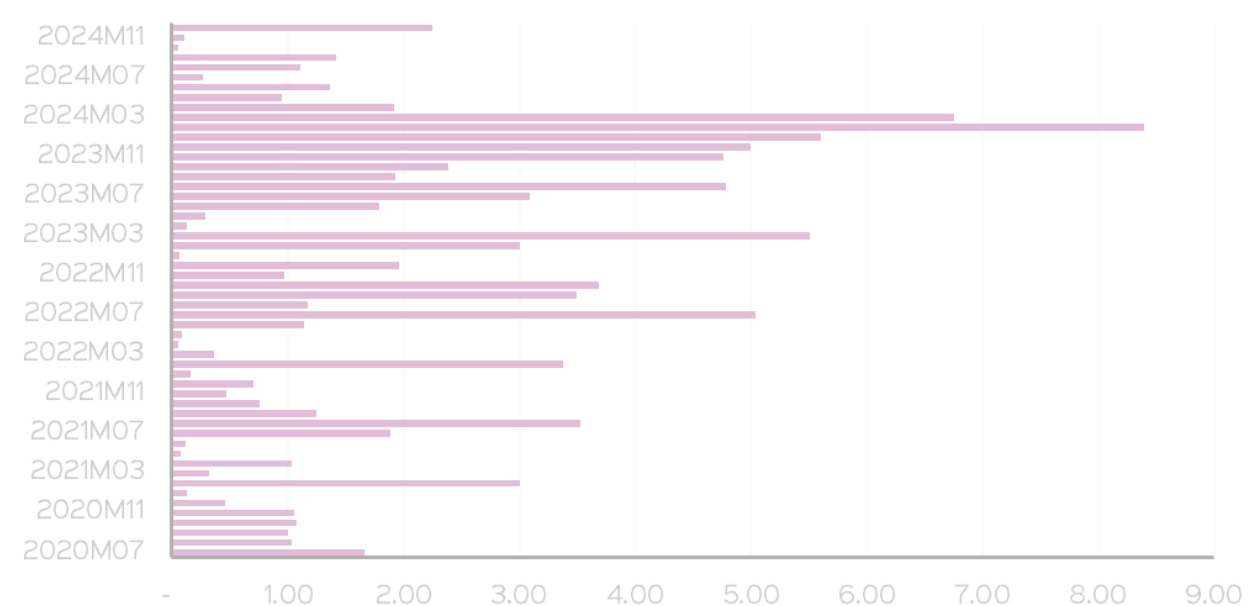


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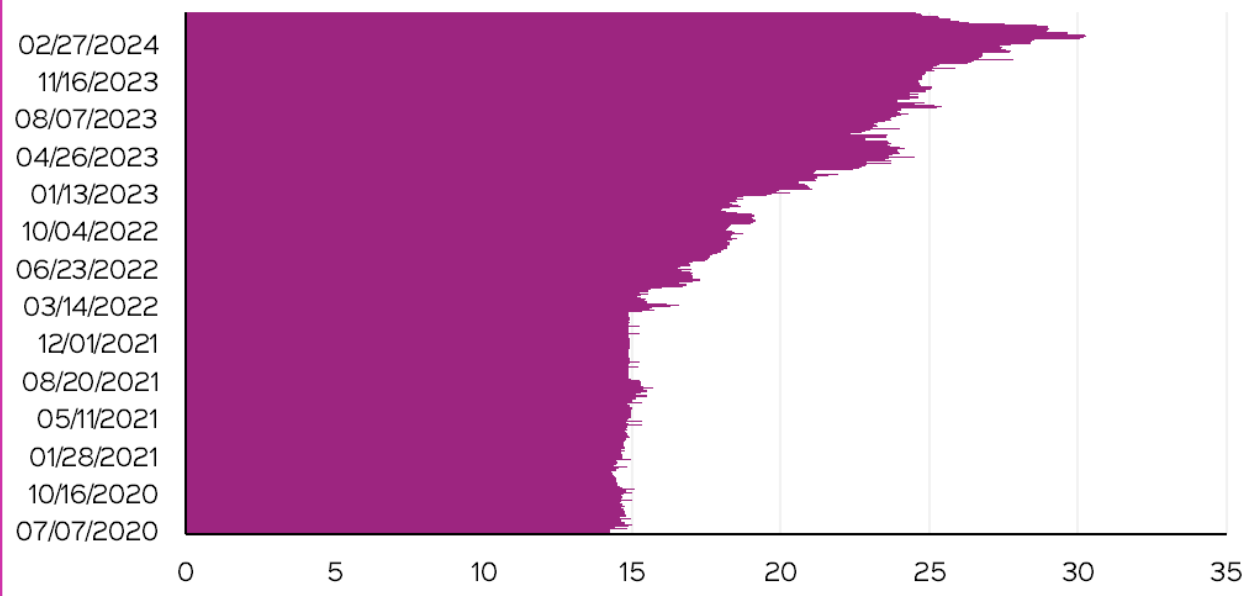
Total External Debt (bn \$)*



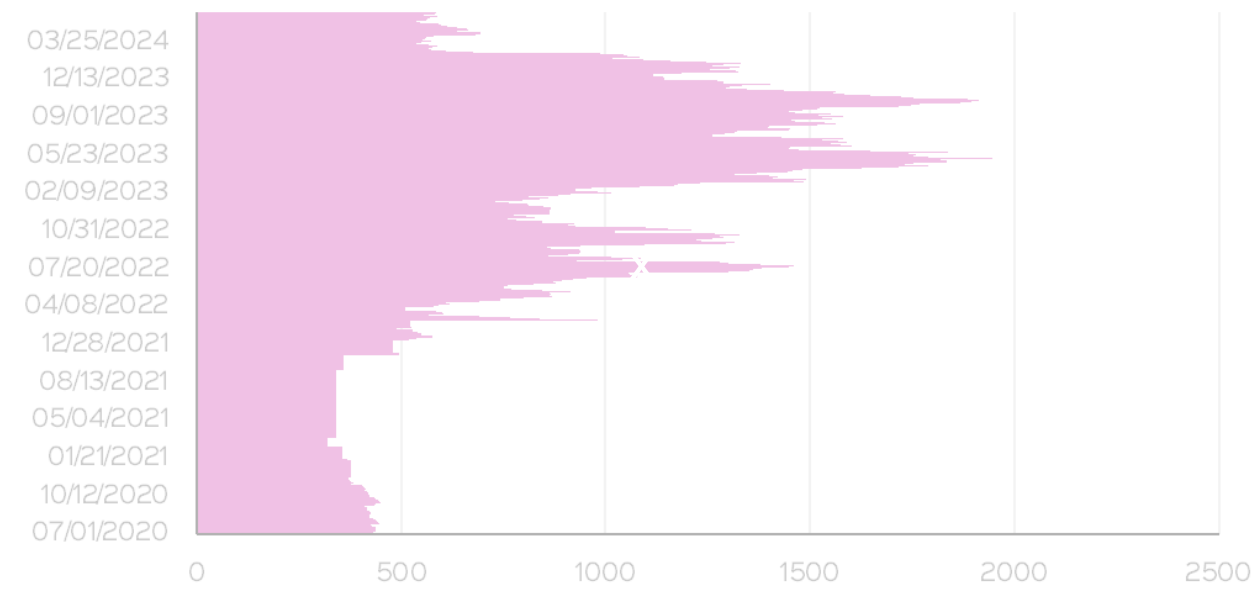
External Debt Service (bn \$)*



Egypt 10-Year Bond Yield



5Y CDS, Egypt



S&P Global Ratings
B- Positive

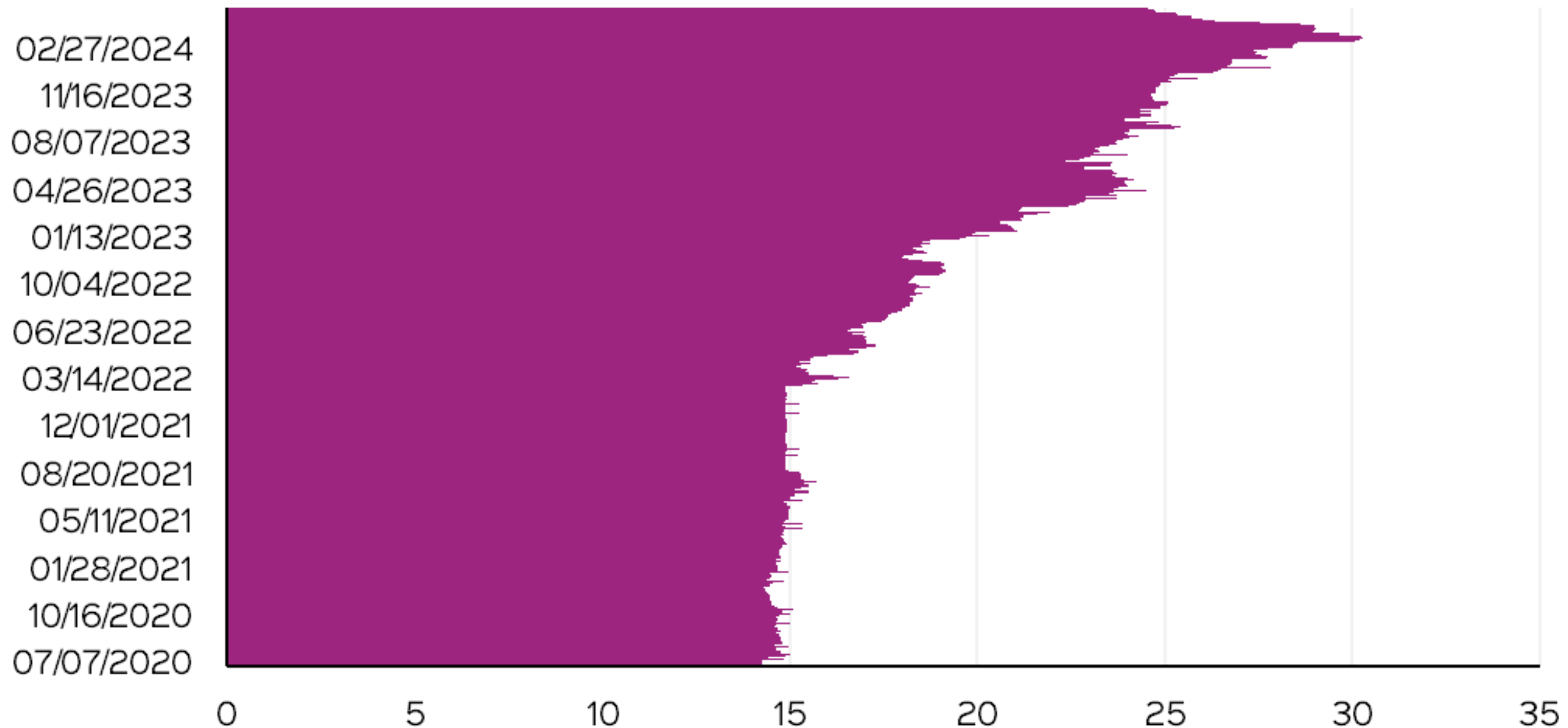
Fitch Ratings
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MOODY'S INVESTORS SERVICE

Caa1 Positive

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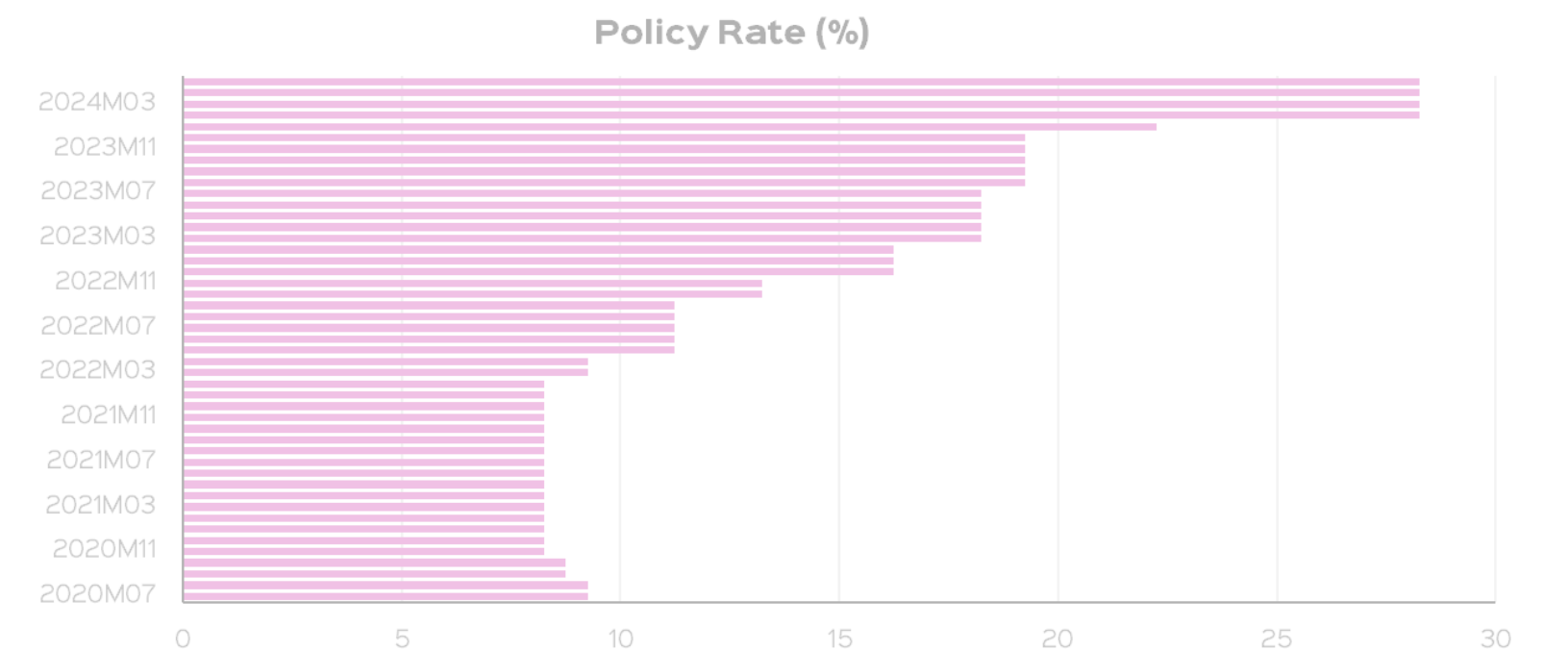
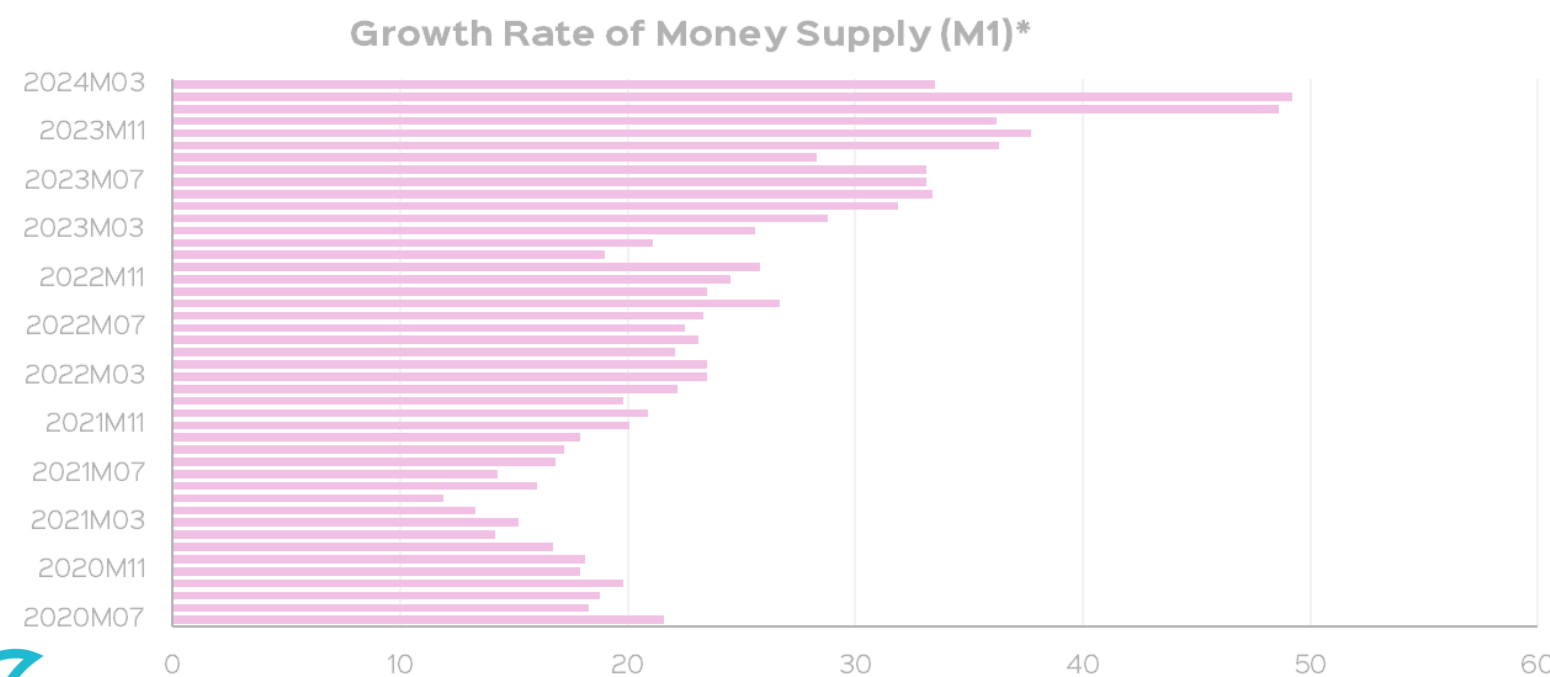
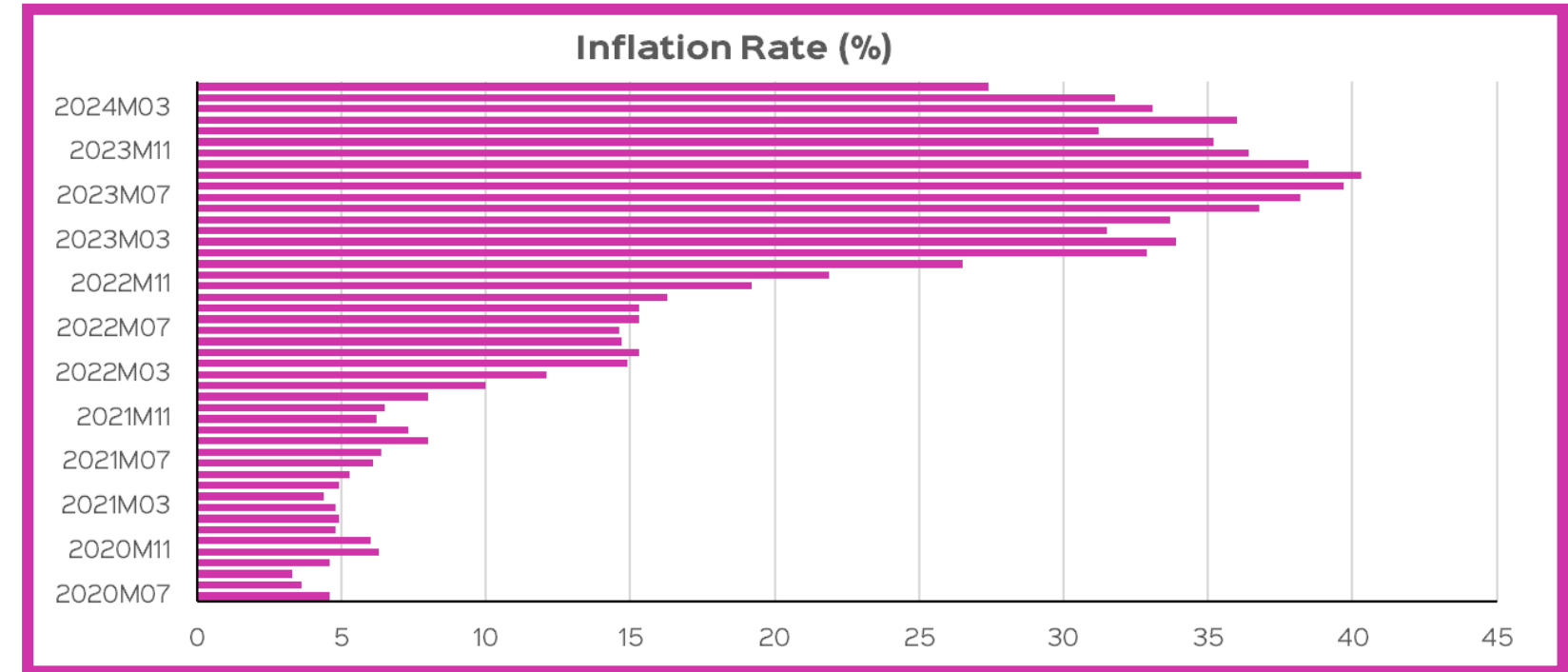
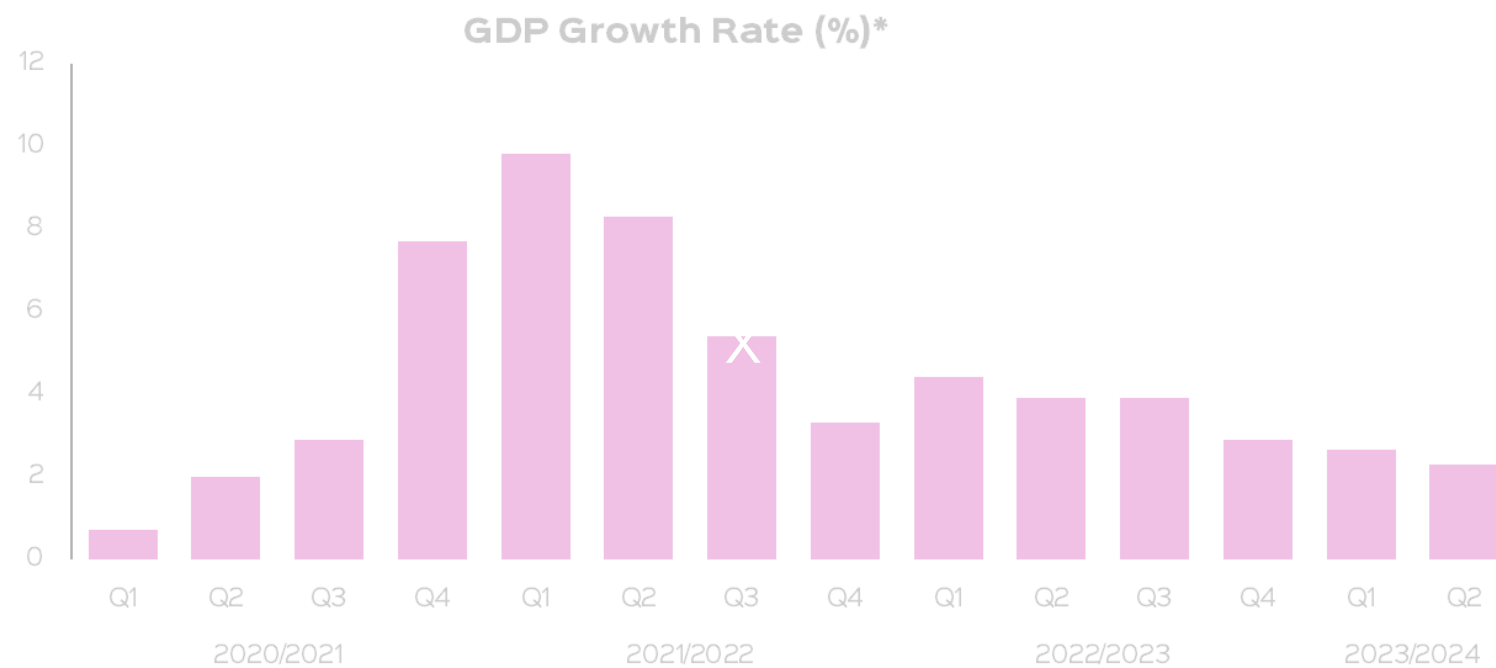
Egypt 10-Year Bond Yield



Inflation rate continues to decline for the third month in a row, though still relatively high due to monetary tightening. Inflation rate spiked earlier this year due to devaluation, energy prices increase and other economic reforms as well as expansion in money supply. Yet for the third month in a row, inflation rate is declining, which means prices are increasing at a slower pace, thanks to aggressive monetary tightening in terms of high policy rate as well as Central Bank measures to absorb liquidity from the market to curb inflation and get it under control.

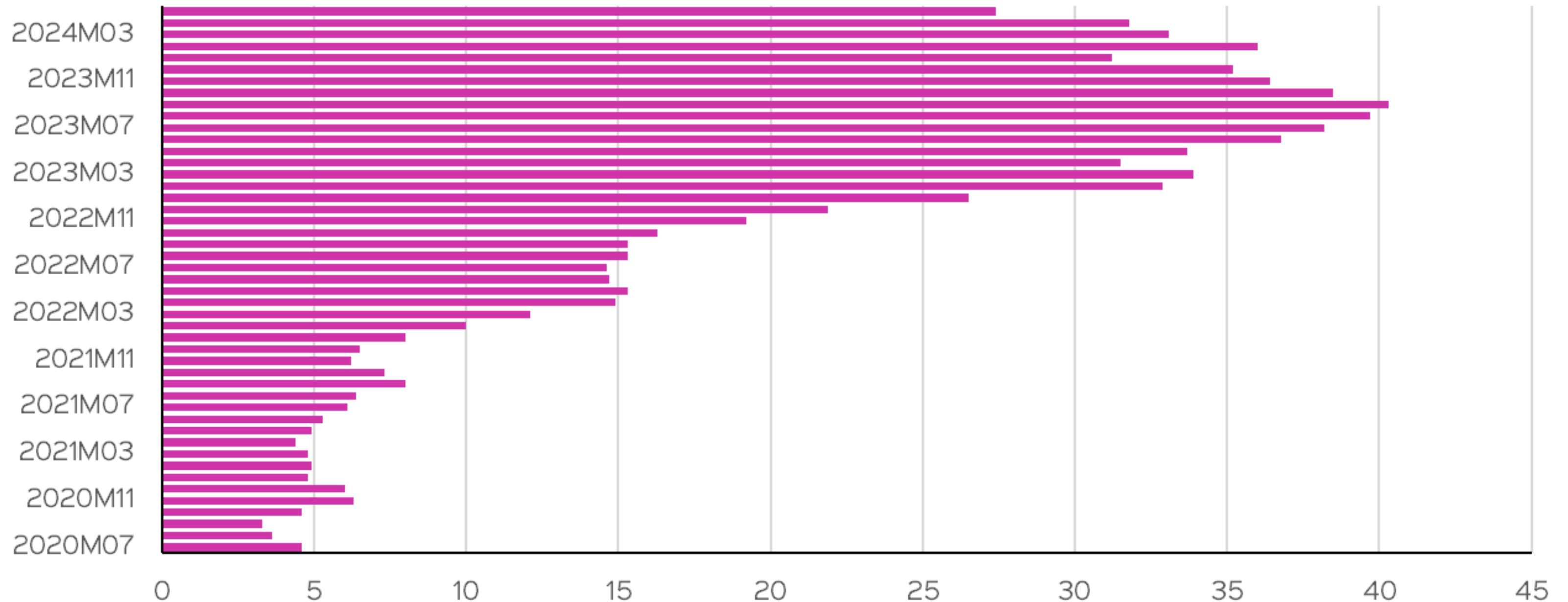
External Position

Local Developments



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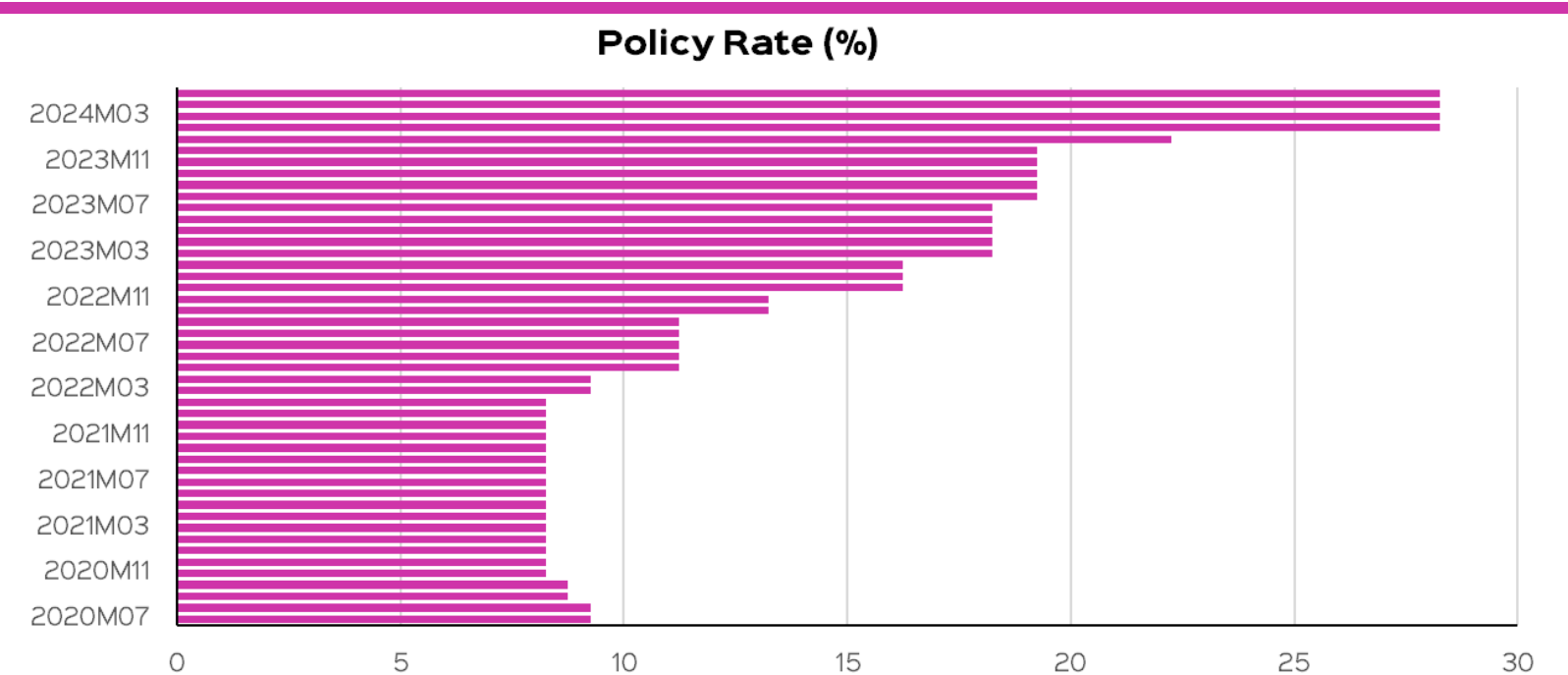
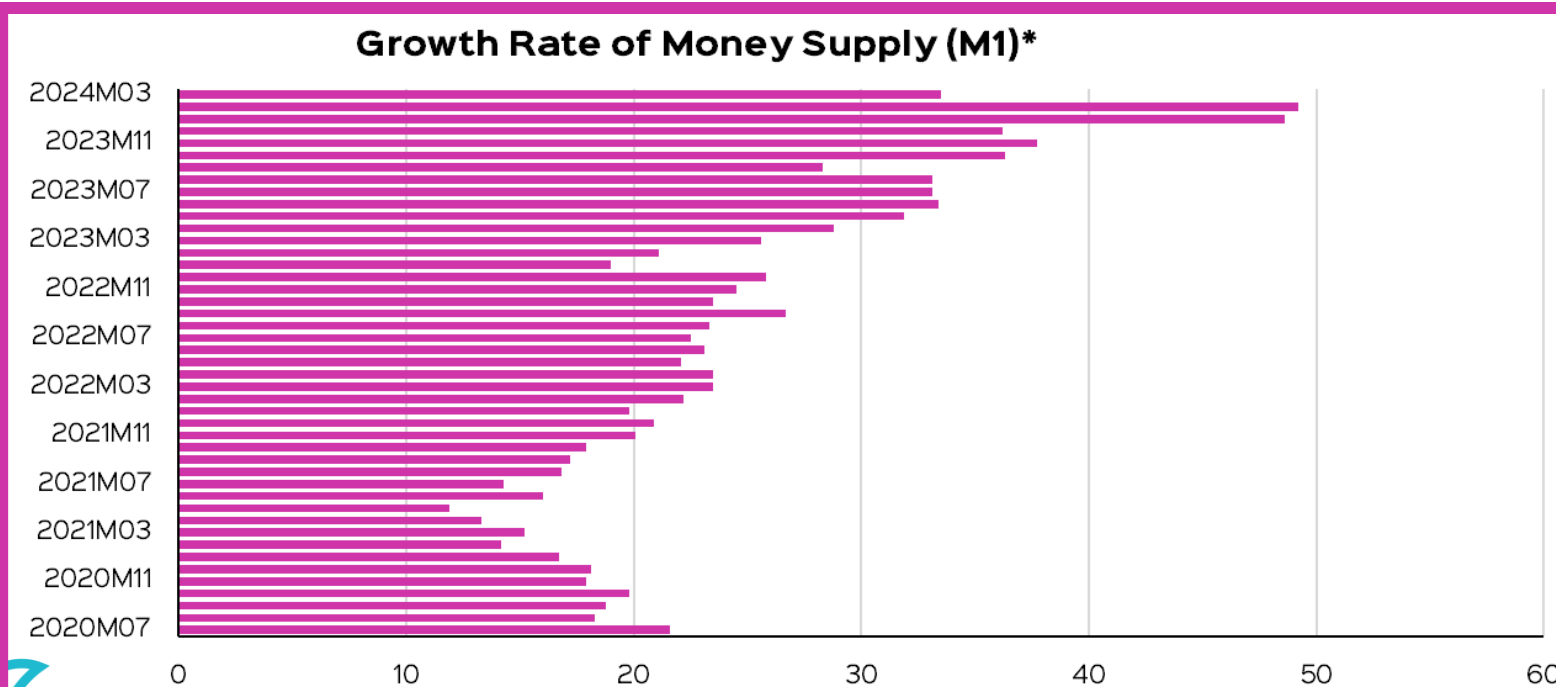
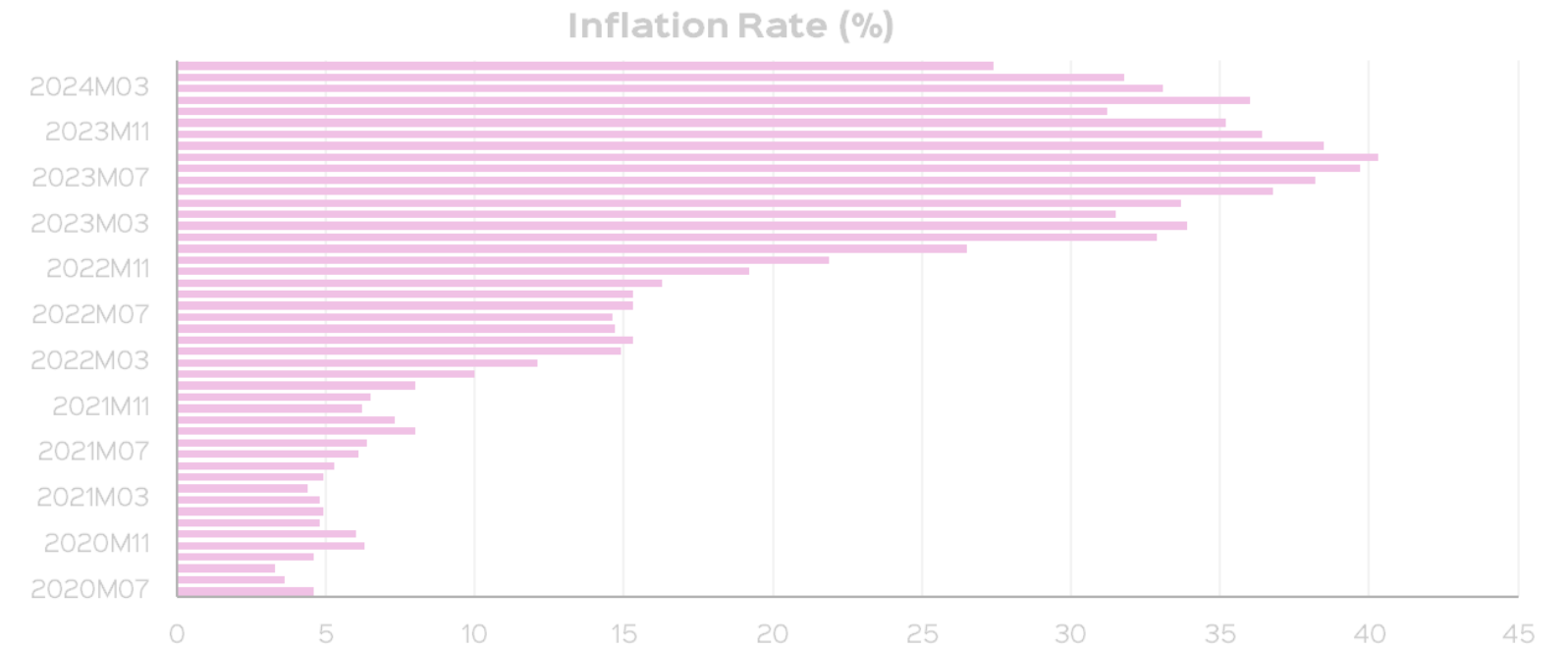
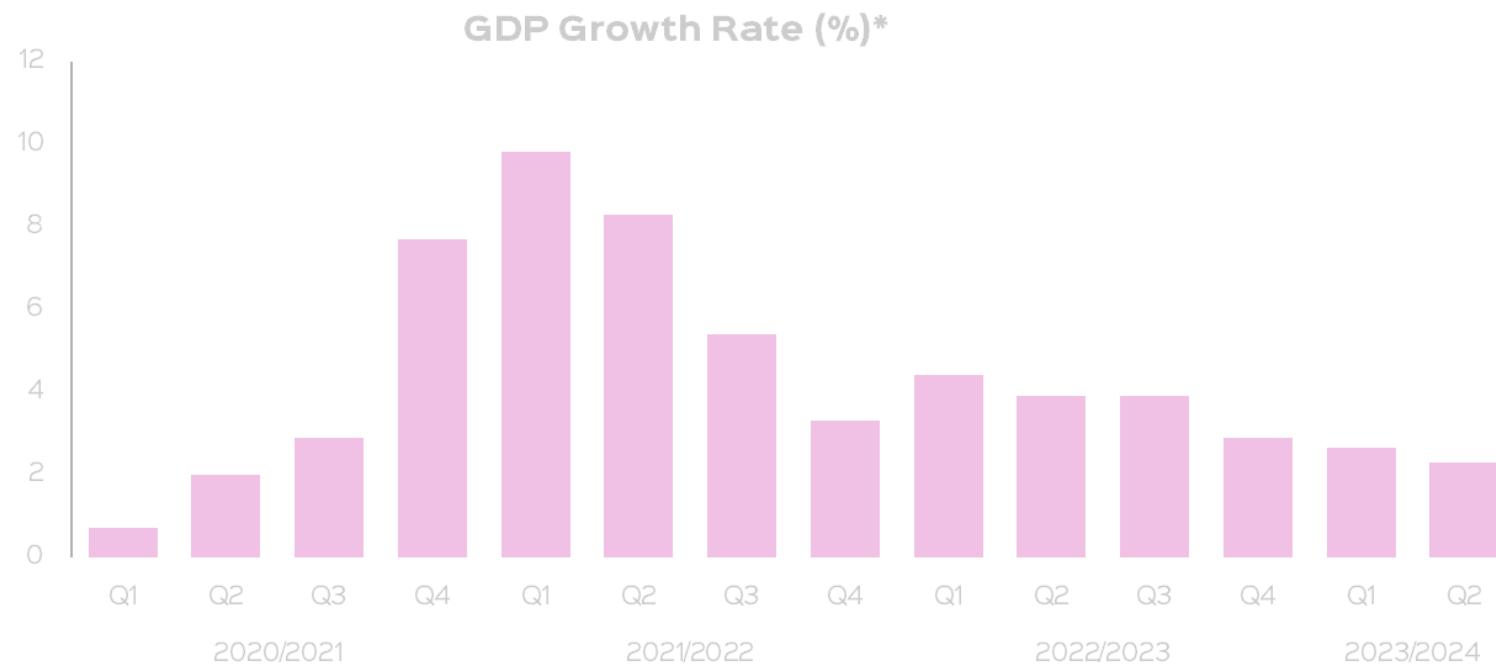
Inflation Rate (%)



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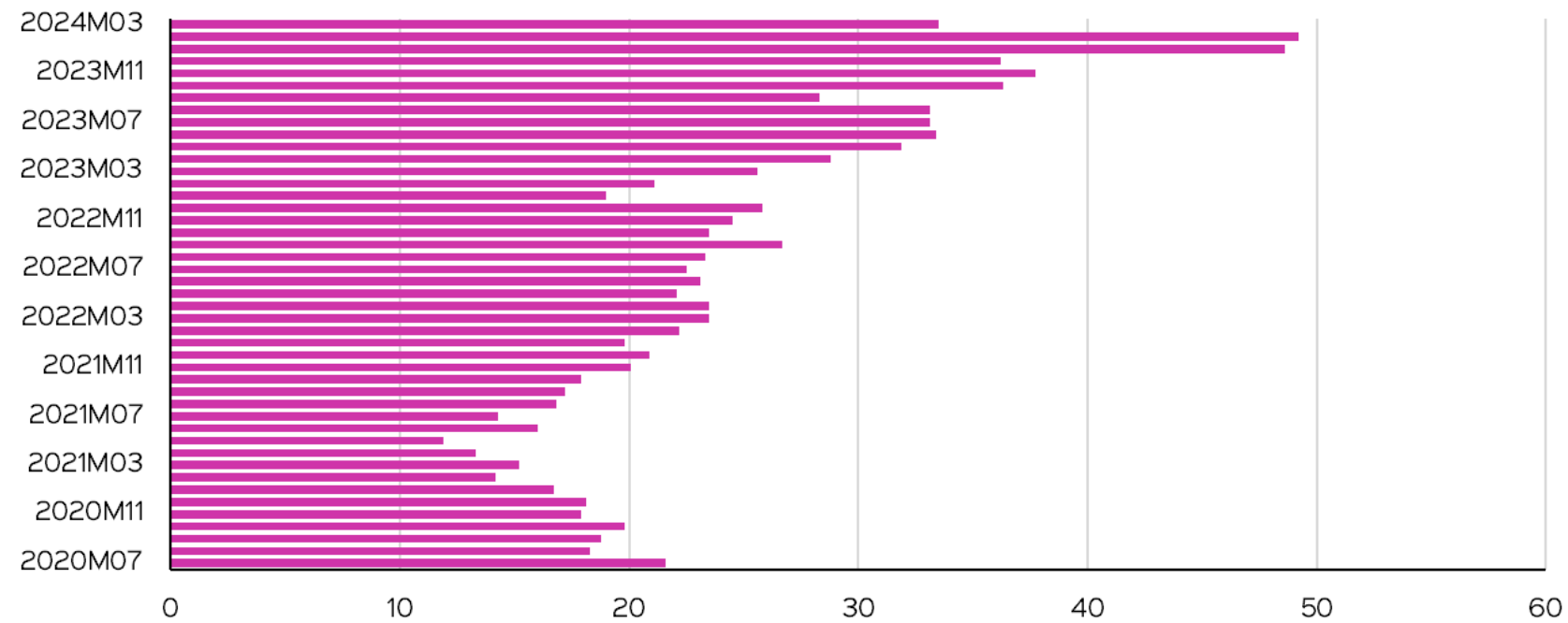
External Position

Local Developments

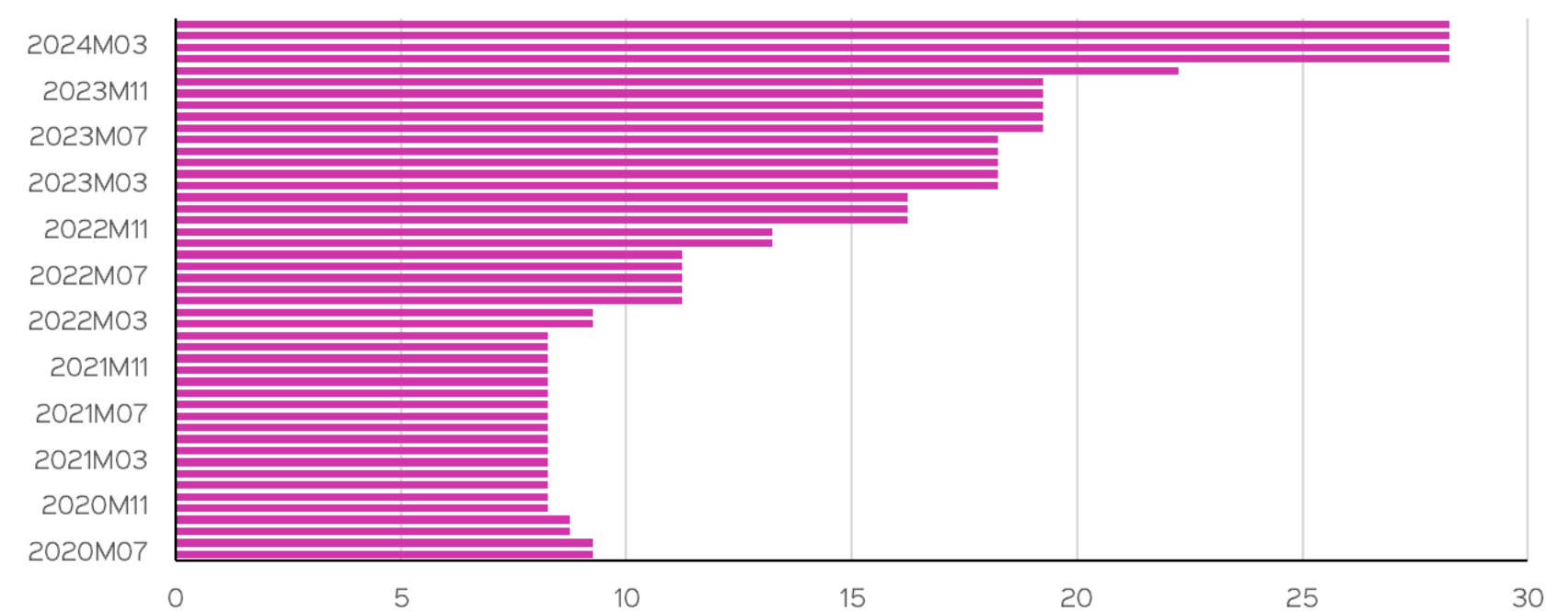


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Growth Rate of Money Supply (M1)*

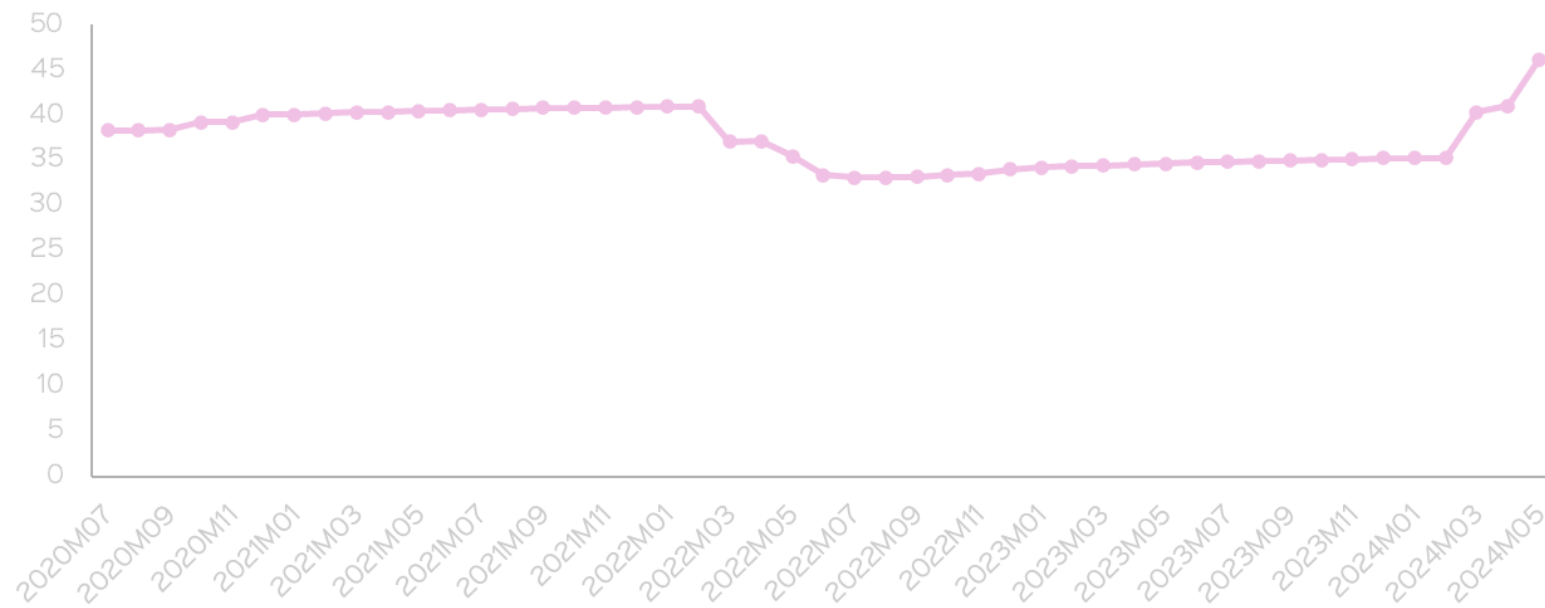


Policy Rate (%)

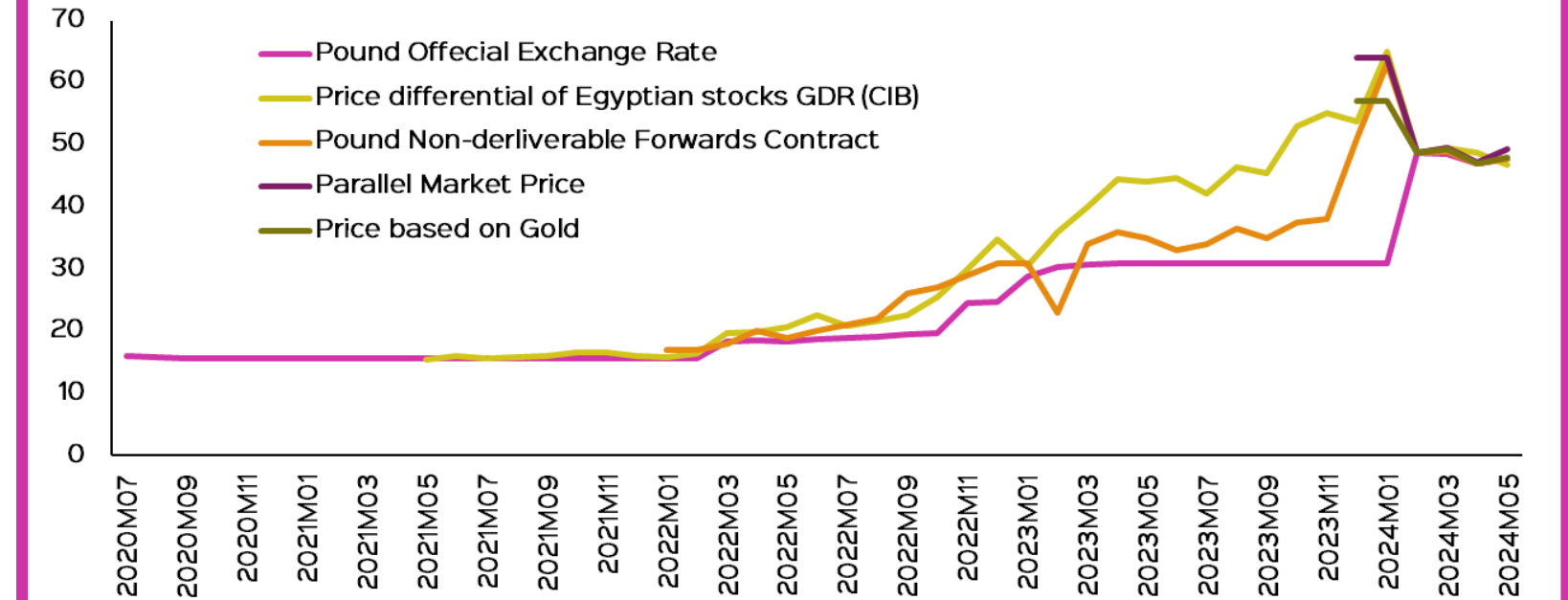


Central Bank reserves increased for the third month in a row and banking system net foreign assets turned positive for the first time in years thanks to inflows from mega deals. Large inflows from mega deals as well as significant inflows of hot money resulted into increase of Central Bank reserves for the third month in a row. Besides, net foreign assets of the banking system turned positive for the first time in years, giving a positive sign and helping the stabilization of the pound exchange rate in the market. Still the stock market is going through a rollercoaster.

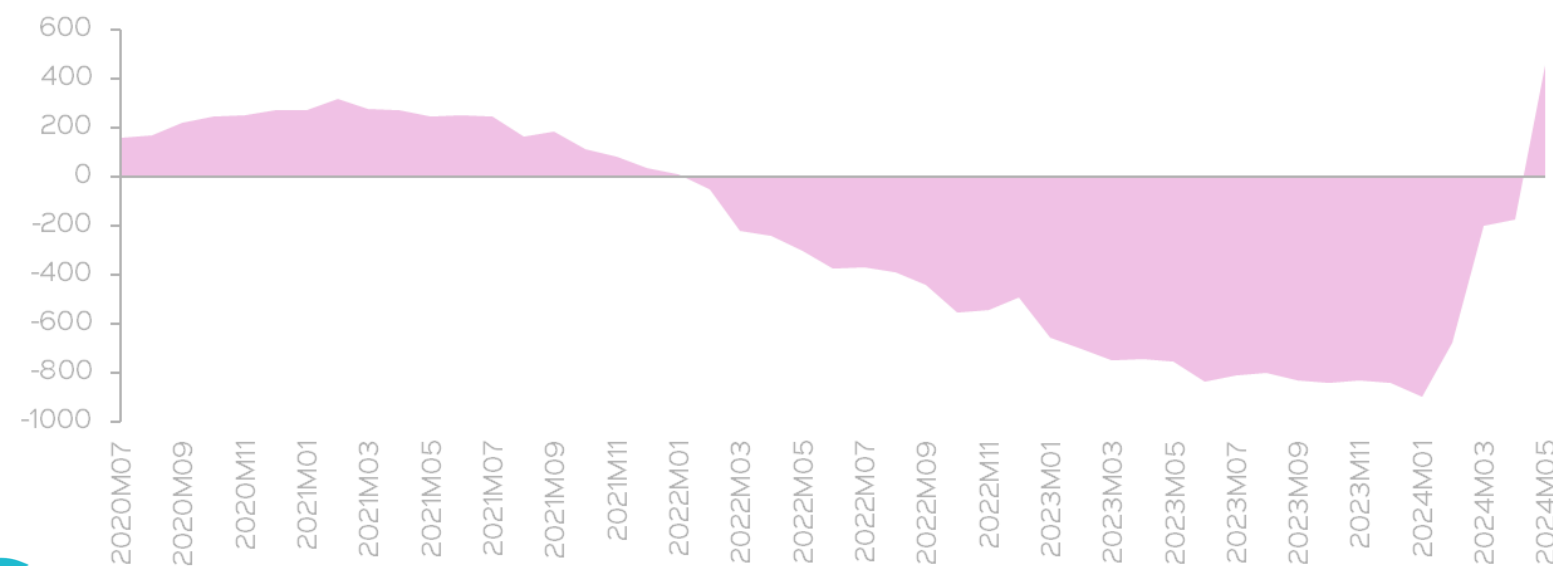
Net International Reserves



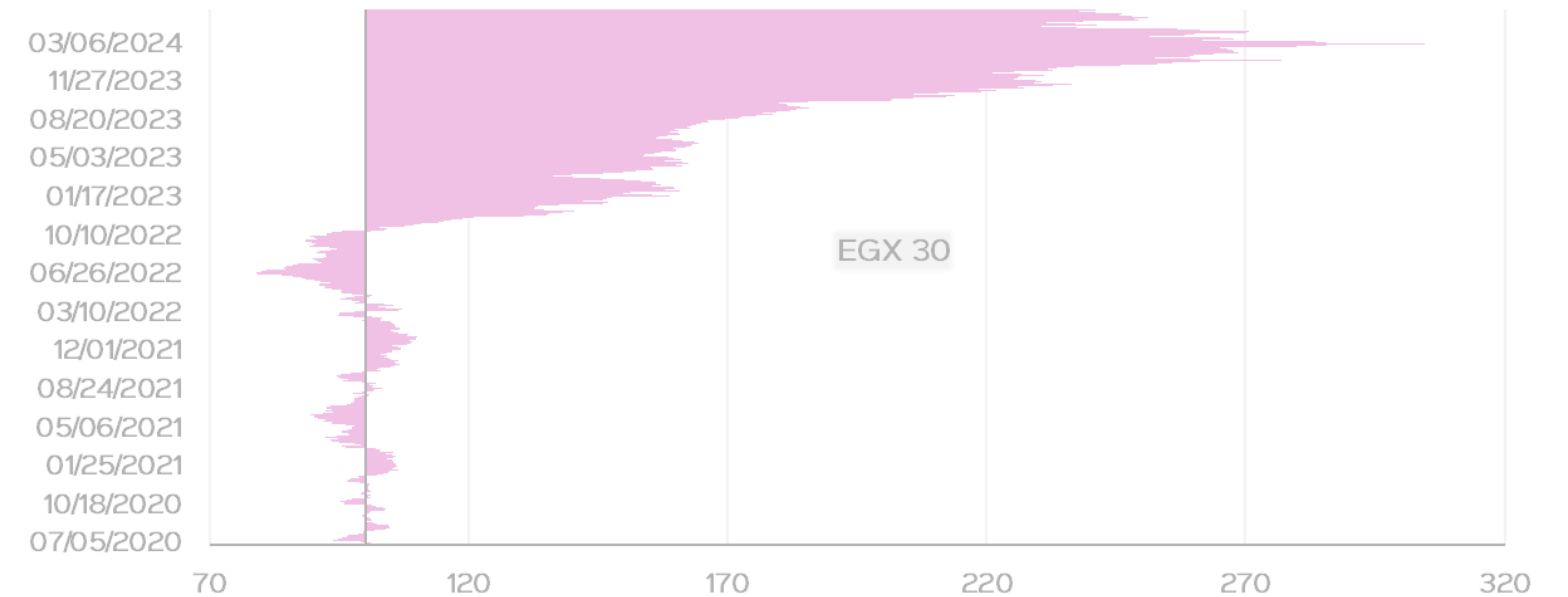
Pound Exchange Rate



Net Foreign Assets of the Banking System (bn LE)*

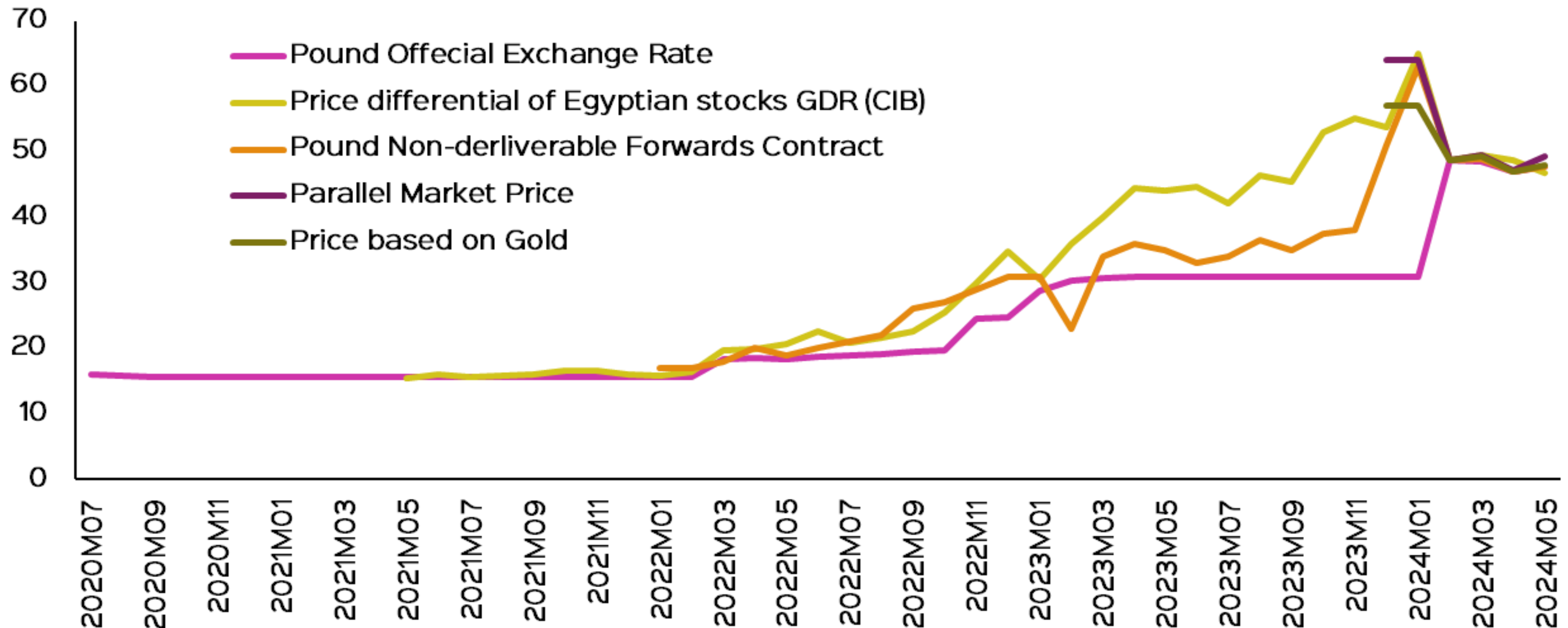


Egypt



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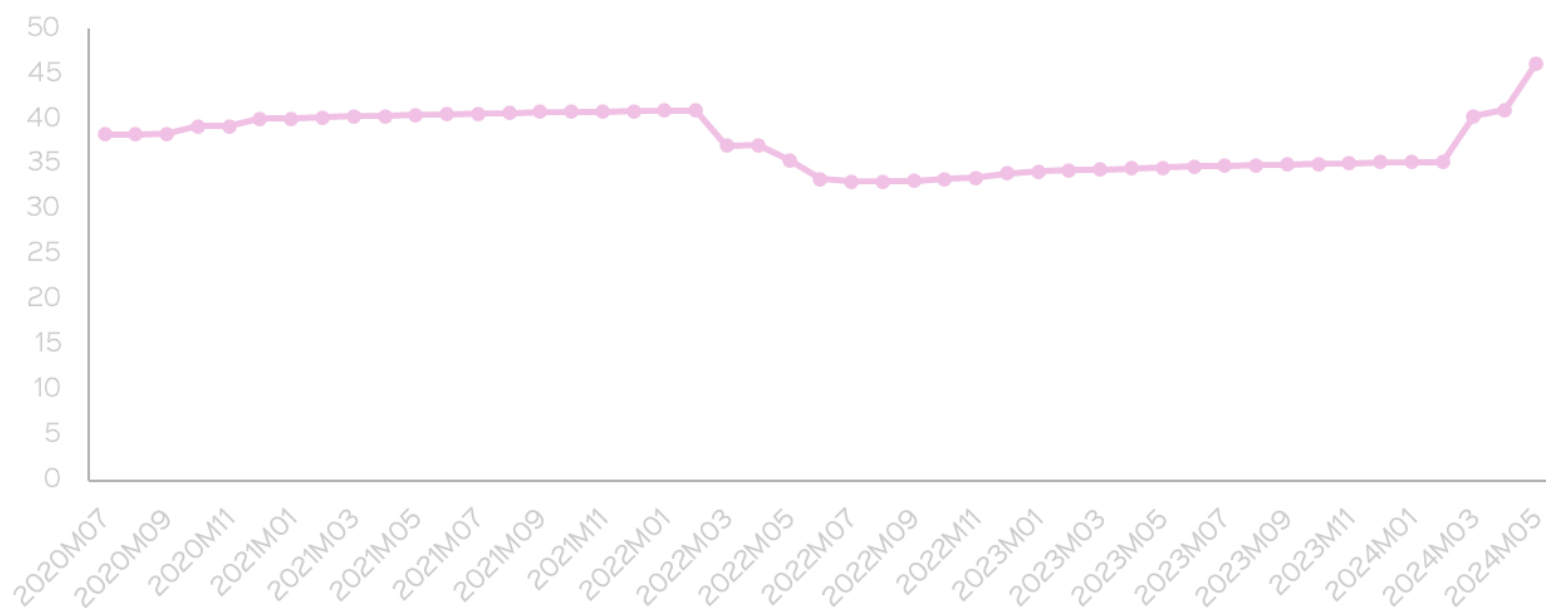


External Position

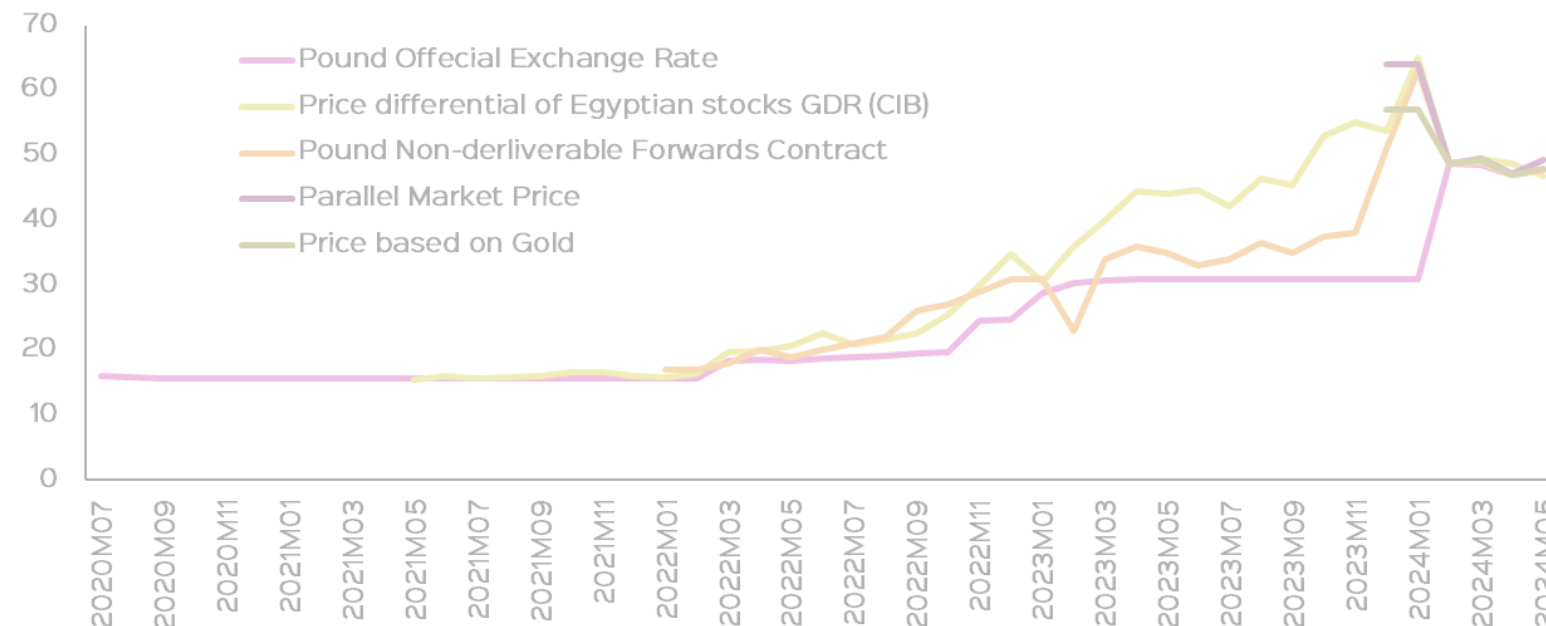
Local Developments

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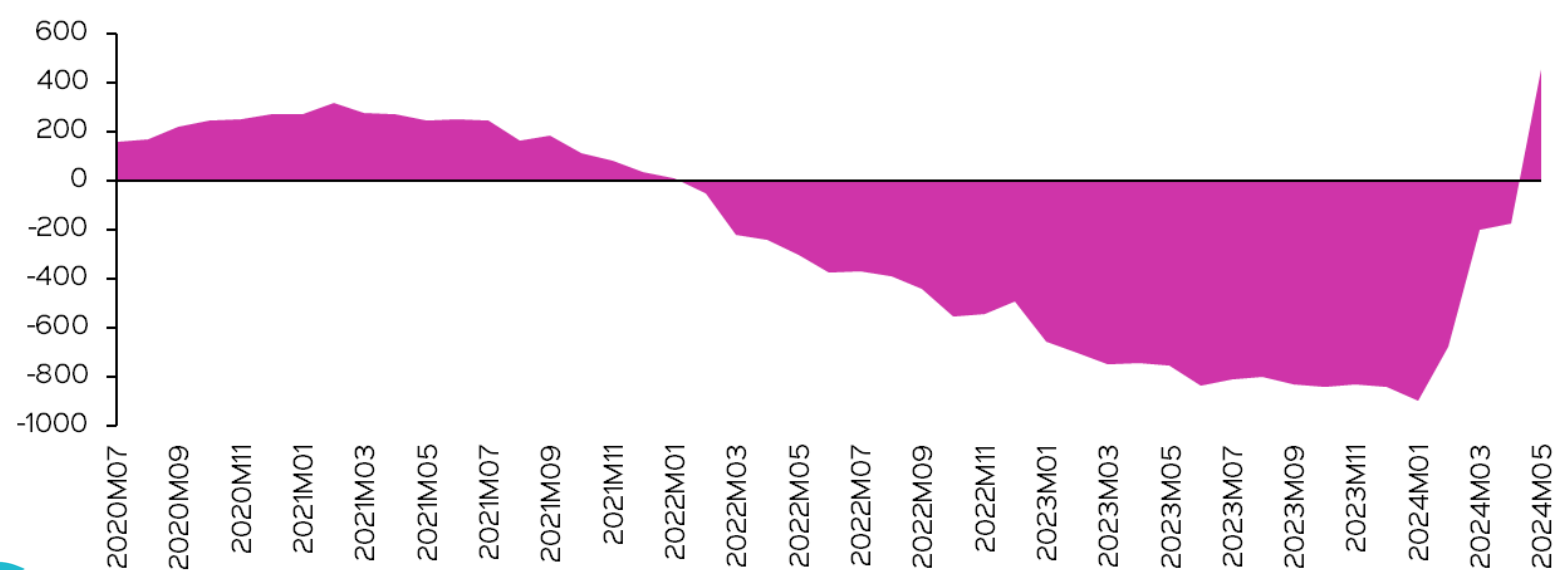
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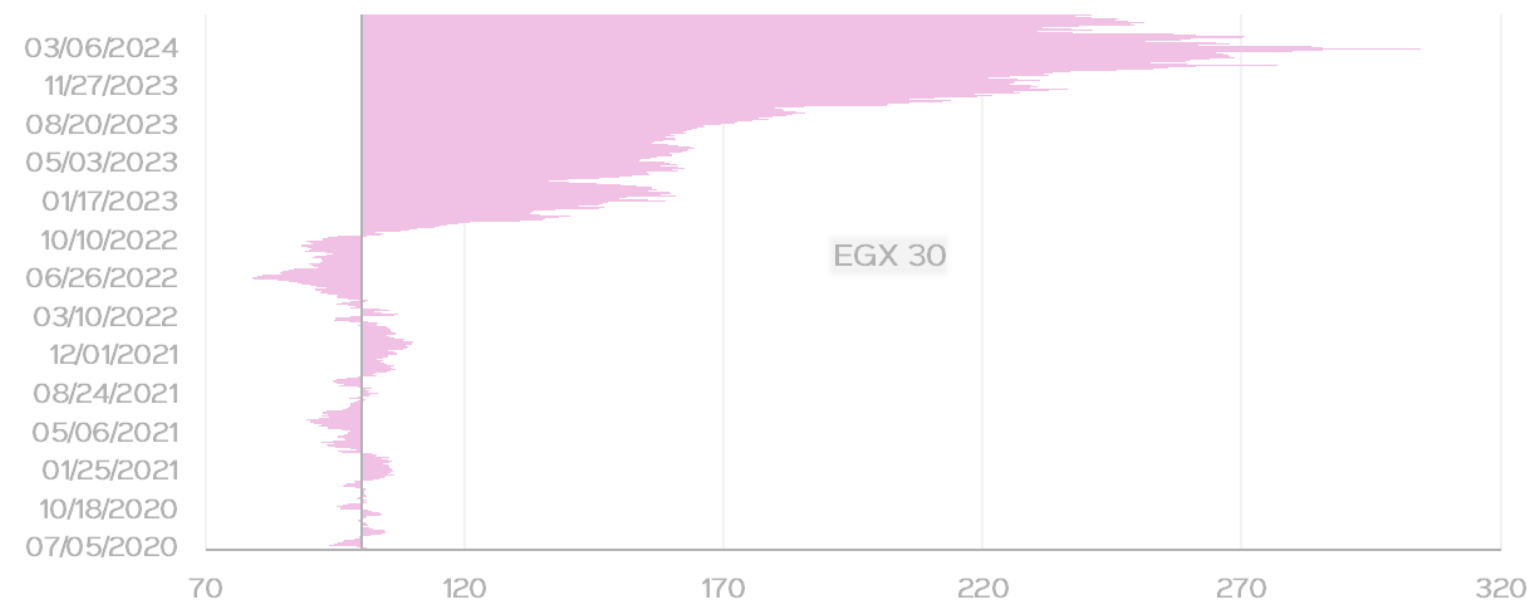
Pound Exchange Rate



Net Foreign Assets of the Banking System (bn LE)*

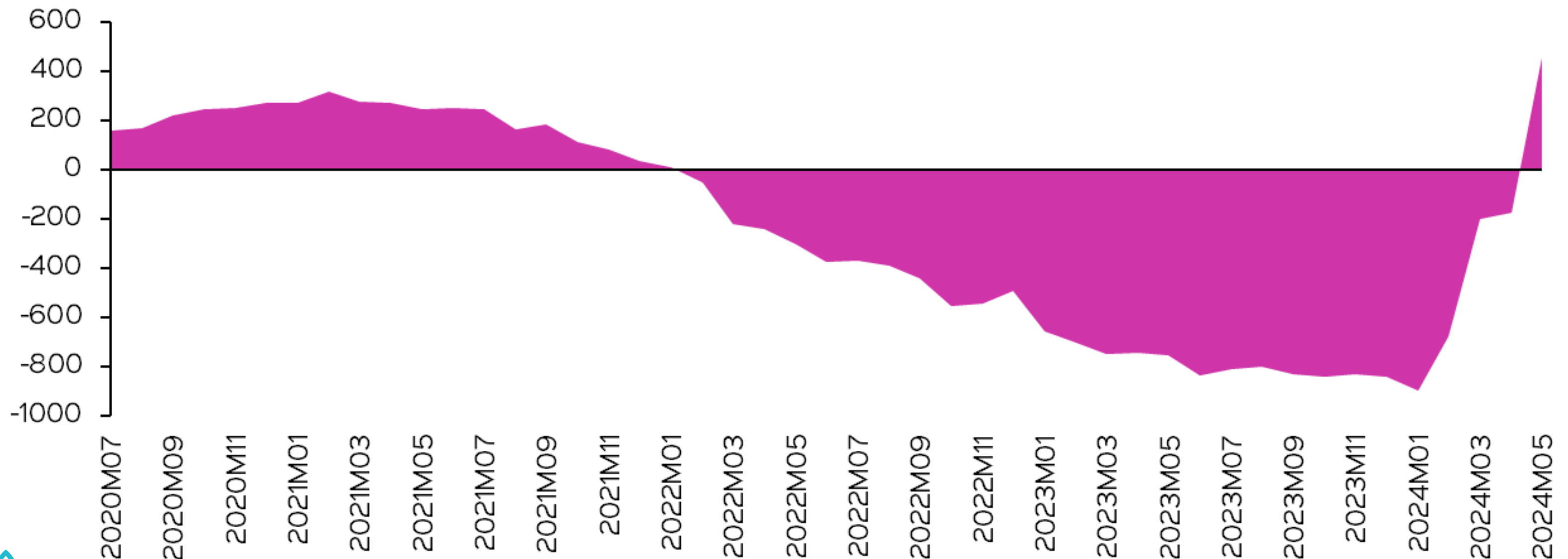


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Thank you