



# Financial Markets Snapshot

Issue 19  
July 2025

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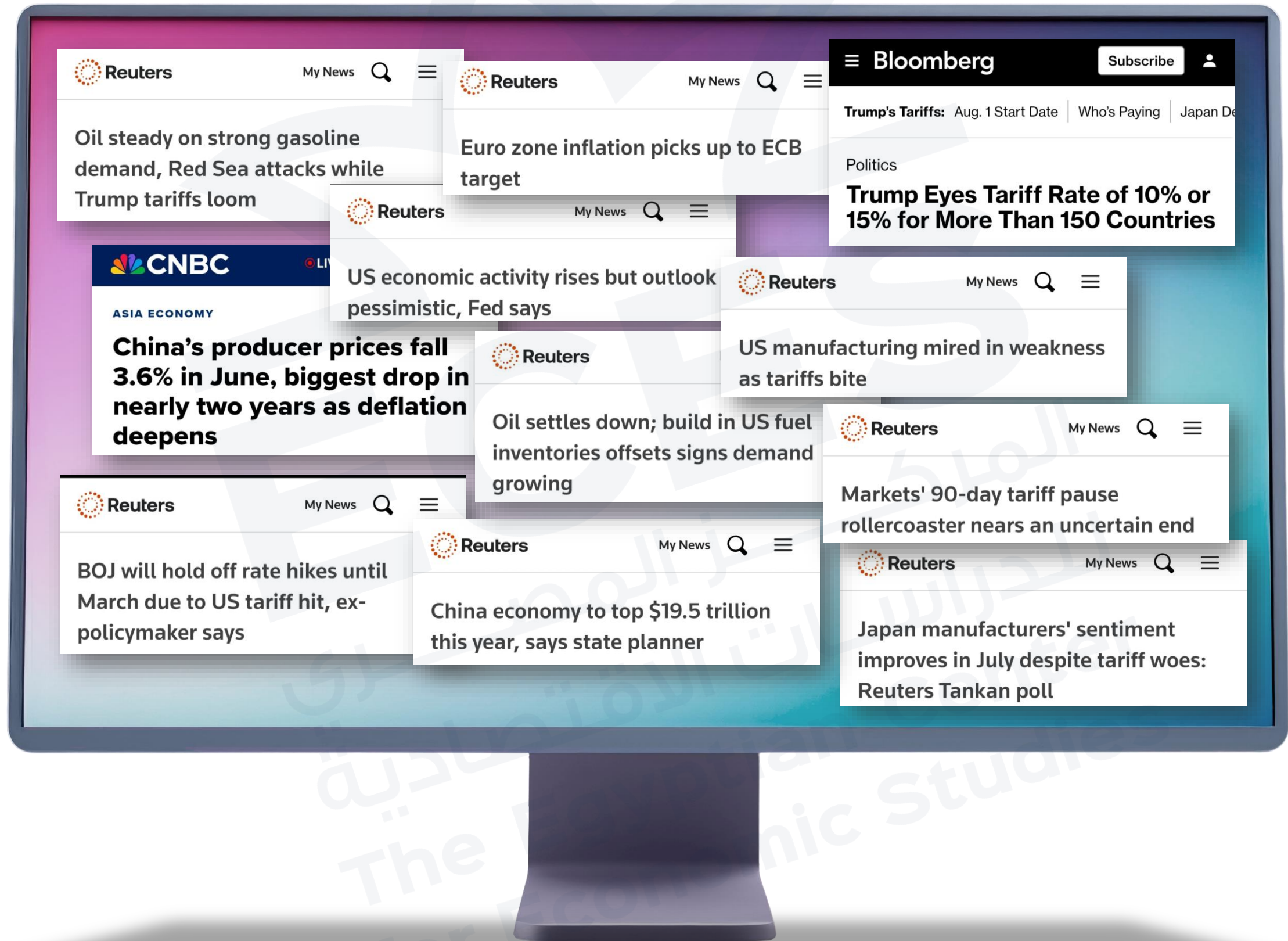




# About The Report

- The report explores the linkages between global, emerging and local financial markets, trying to examine the changes taking place in the global markets, and how they reflect on emerging markets, which in turn have implications on the local Egyptian economy and its financial markets. The cascading impact is one of the most prevalent characteristics of financial markets.
- The report targets economic policy makers, the business community, financial institutions, economic actors and the public in general, thus, the report uses simple terminology and tries to explain different economic and financial terms in layman's terms as much as possible.
- The report is descriptive, aiming at plotting the current state of the Egyptian economy as a result of the different financial market dynamics. It is not in any way prospective, thus no future forecasts are provided for the different economic indicators. The report is not prescriptive either, thus no policy advice is provided to policy makers or economic actors.
- The report is issued on a monthly basis and tries to highlight the changes across the different markets and across the different indicators and their interlinks.
- Data in the report is presented mainly in rates such as inflation rates or interest rates or in an indexed format, with base points at 100 to ease comparison and analysis across different countries and indicators.

# Latest News – Key Headlines





# Analysis – Key Takeaways

## Global Markets



- Commodity prices witnessed a notable shift last month, with a broad-based increase across several key commodities, especially oil due to supply concerns and gold due to inflation fears.
- Inflation trends remained mixed last month, with an upward trend in the US and UK. This trend has pushed most Central banks to keep rates fixed, especially at a time when the US Dollar is losing further value against most global currencies.
- Global stock markets witnessed mixed performance for another month, with the US market leading the gains on the back of strong Tech earnings and speculation of Fed Chair change, while UK and EU markets remain relatively subdued.
- Bond yields of global markets have generally edged higher last month as expectations of rate cuts scaled down. On the other hand, the conclusion of the 12-day war have pushed CDSs downwards and contained their spreads.

## Emerging Markets



- Inflation rates across emerging markets stayed generally contained.
- Despite stable inflation rates and a weakening US Dollar, most emerging markets Central banks have adopted a “wait and see” approach and kept their interest rates fixed until there is clarity on global economy.
- Emerging markets currencies have witnessed mixed performance against the weakening US Dollar.
- Stock markets in emerging markets have witnessed a broad-based rally this month supported by easing local inflation concerns, growing investors appetite and the quick conclusion of the 12-day Middle East war.
- Bond yields have remained stable across most emerging markets for another month and even declined due to decreased local inflationary pressures and cautious monetary policy. CDSs have generally declined as trade tensions and geopolitical risks decline.

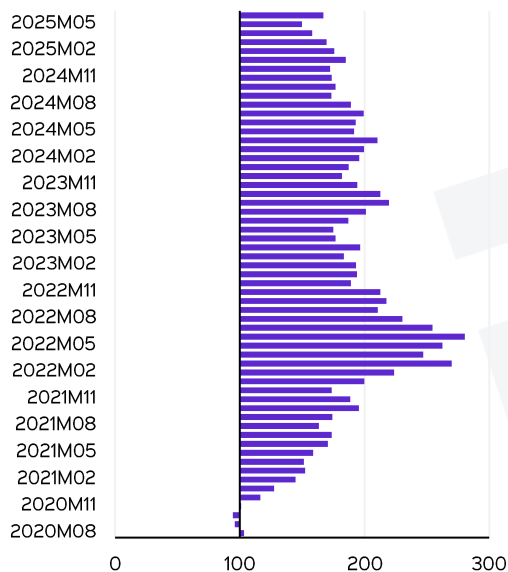
## Egyptian Local Market



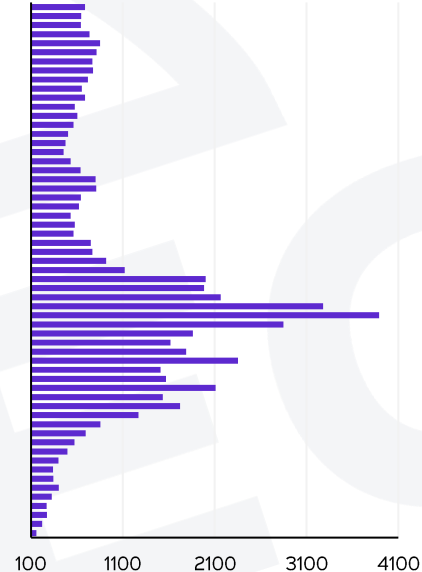
- Total external debt continued its upward trend due to new borrowing and accumulated debt servicing cost. Bond yields spiked due to regional geopolitical risks. CDSs have declined due to perceived monetary stability and conclusion of the 12-day war.
- GDP growth has kept momentum, highlighting a partial economic recovery continuing. The rate of growth of money supply has slowed a bit, which resulted into lower inflation rate after four months of increasing trend. While the Central bank mimicked others in following a “wait and see” approach.
- Central bank reserves of foreign currency have increased a bit and net foreign assets in the banking system have recovered after the quick conclusion of the 12-day war. Remittances kept climbing and official exchange rate kept its gradual recovery trend.

**Commodity prices witnessed a notable shift last month, with a broad-based increase across several key commodities, especially oil due to supply concerns and gold due to inflation fears.** After few months of relative stability and sometimes divergence, a broad-based increase across several commodities commenced last month due to supply issues, inflation fears and geopolitical tensions. Notably, oil prices increased even after the 12-day war in the region came to an end, due to supply shortages resulting from shipping routes disruptions. Gold also increased further due to inflation fears and increased purchases by Central banks.

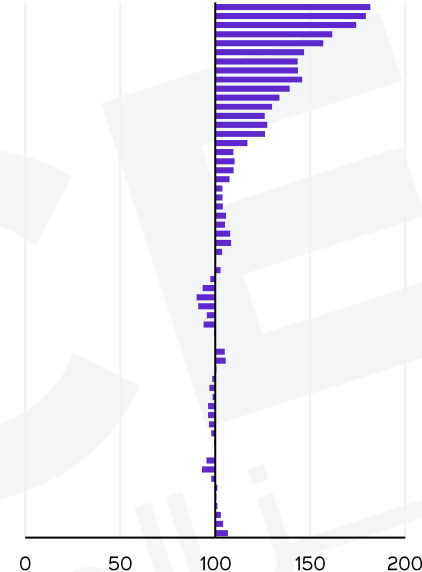
Crude Oil, Brent



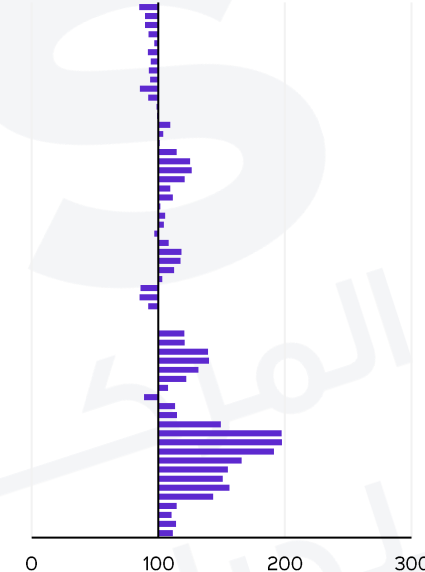
Natural Gas



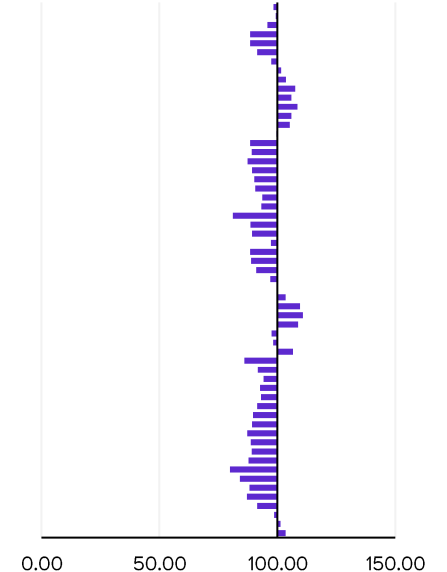
Gold



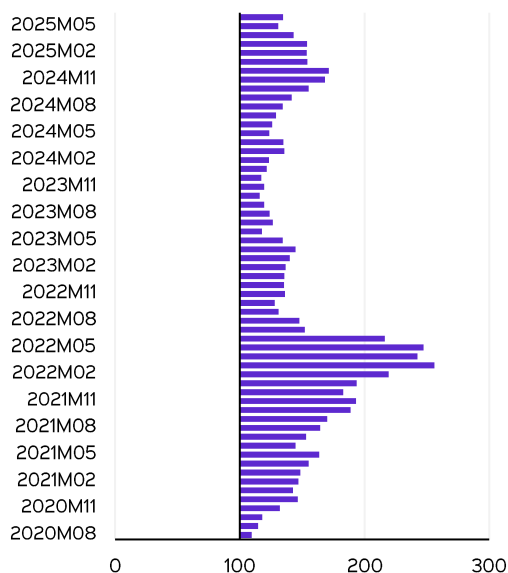
Iron ore



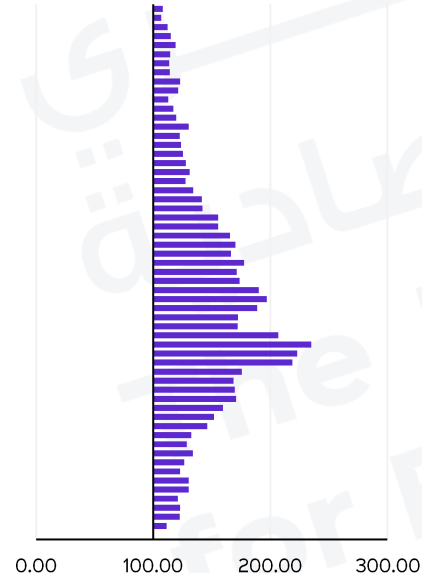
Tea



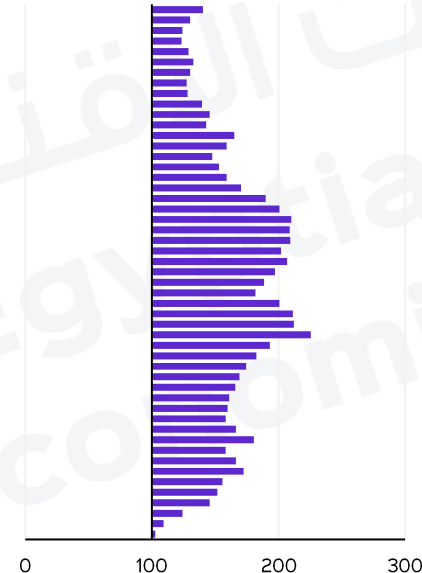
Palm oil



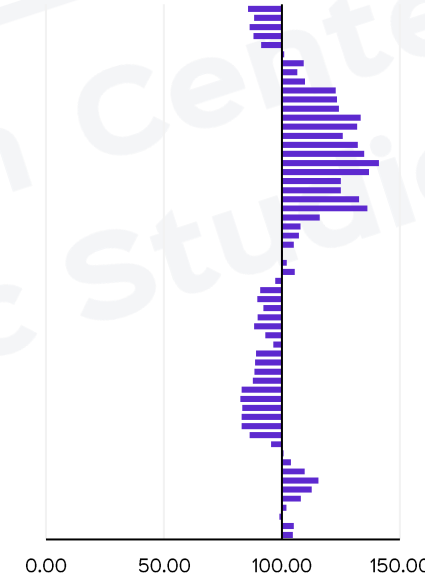
Wheat



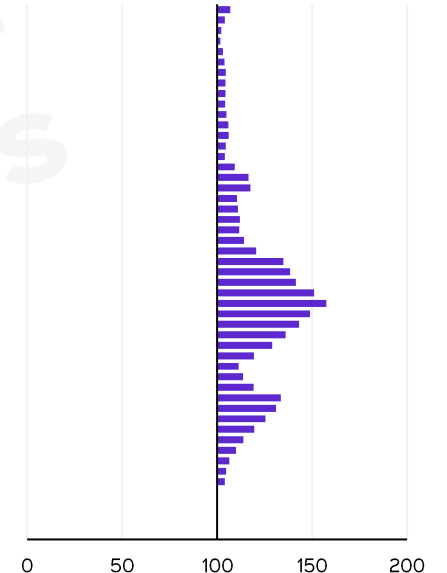
Maize



Rice

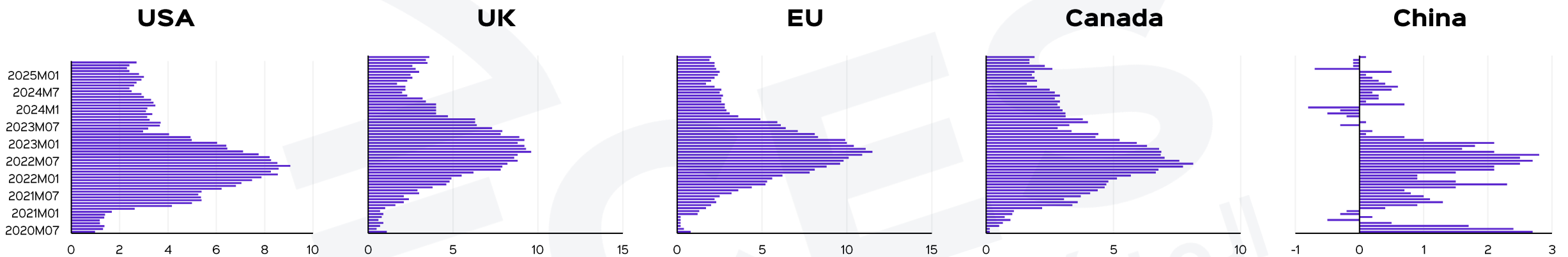


Bovine meat

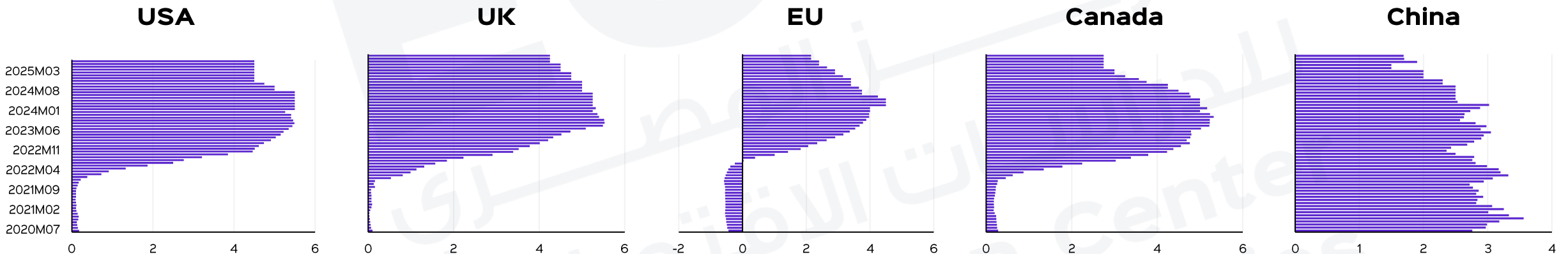


**Inflation trends remained mixed last month, with an upward trend in the US and UK. This trend has pushed most Central banks to keep rates fixed, especially at a time when the US Dollar is losing further value against most global currencies.** The rise of inflation rates across many global markets especially the US and UK, coupled with the uncertainty of the tariffs effects has led global markets Central banks to adopt a more cautious approach. This happens at a time when the US Dollar is losing valuing against most global currencies. Thus, the monetary easing cycle is expected to slowdown with most Central banks following a wait and see approach especially the US Fed, which is assessing the impact of Trump tariffs.

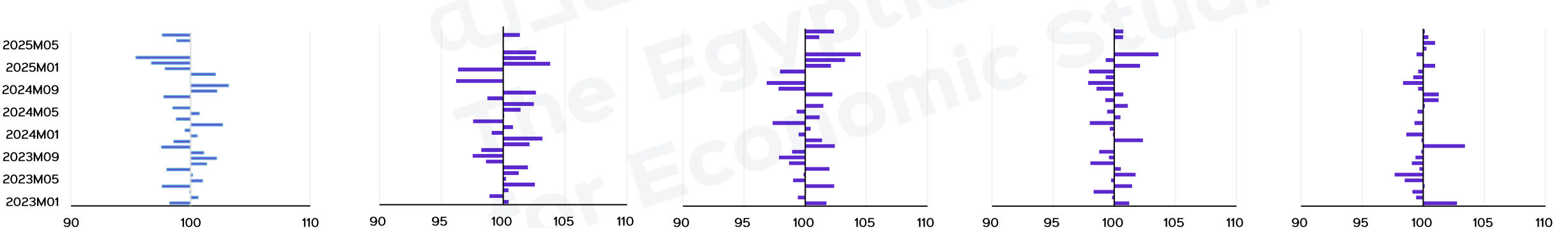
## Inflation Rate



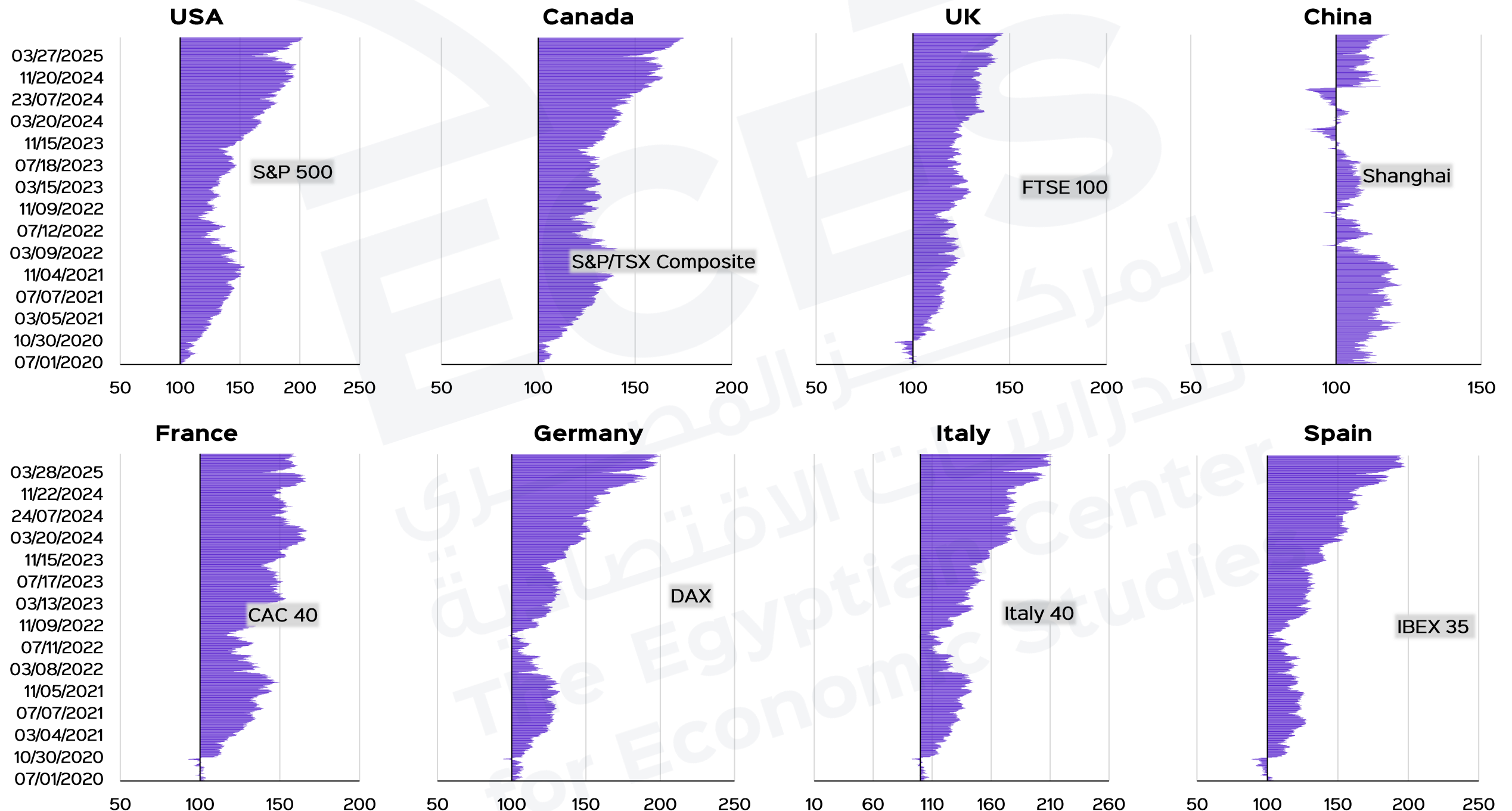
## Policy Rate



## LCU / USD



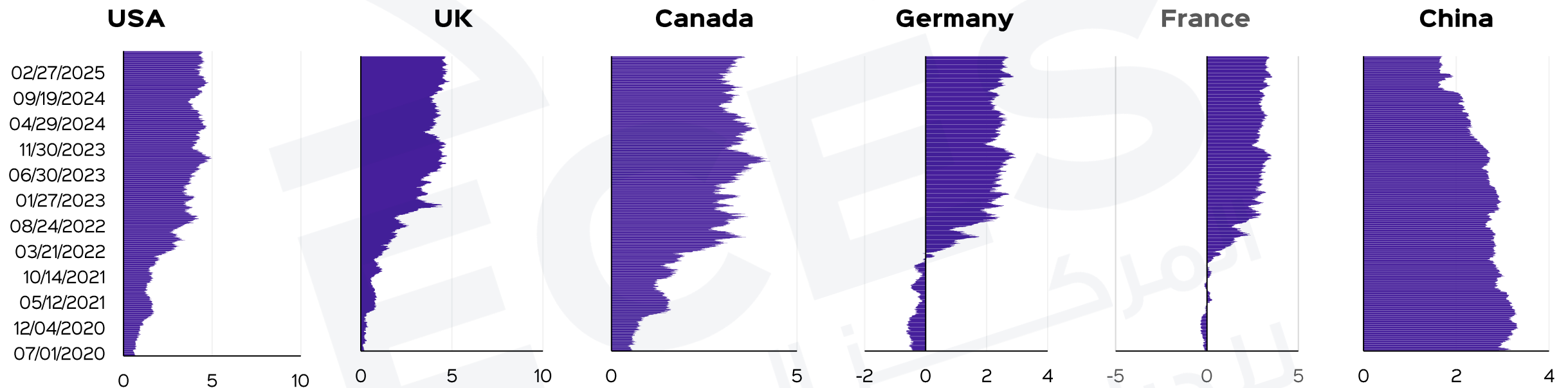
**Global stock markets witnessed mixed performance for another month, with the US market leading the gains on the back of strong Tech earnings and speculation of Fed Chair change, while UK and EU markets remain relatively subdued with a cautious stance.** The US rally kept momentum thanks to big Tech earnings beating expectations. There have also been expectations that the US Fed will cut rates soon plus the growing discussion about Fed Chairman succession. Other global markets such as UK and EU have witnessed subdued performance and caution. Chinese market kept the same weak trend with concerns over weak domestic demand and lackluster investors confidence.



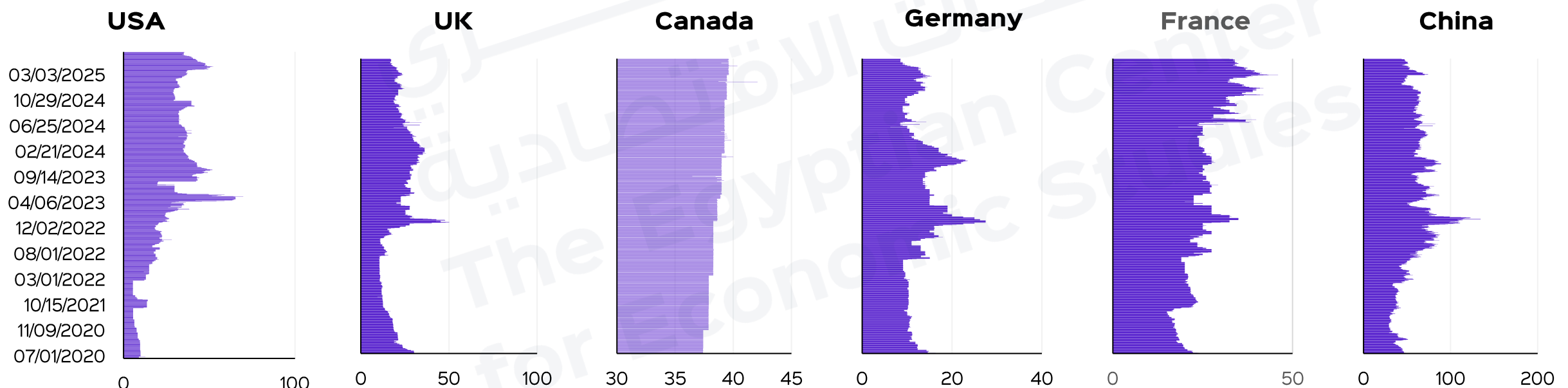


**Bond yields of global markets have generally edged higher last month as expectations of rate cuts scaled down. On the other hand, the conclusion of the 12-day war have pushed CDSs downwards and contained their spreads.** The increase in inflation across global markets have diminished the odds of further monetary easing and rate cuts, which reflected into higher bond yields across global markets. On the other hand, the conclusion of the 12-day war in the Middle East has outweighed the geopolitical and economic risks, resulting into a containment of CDSs across most global markets as markets started to adjust to a generally higher level of risk tolerance.

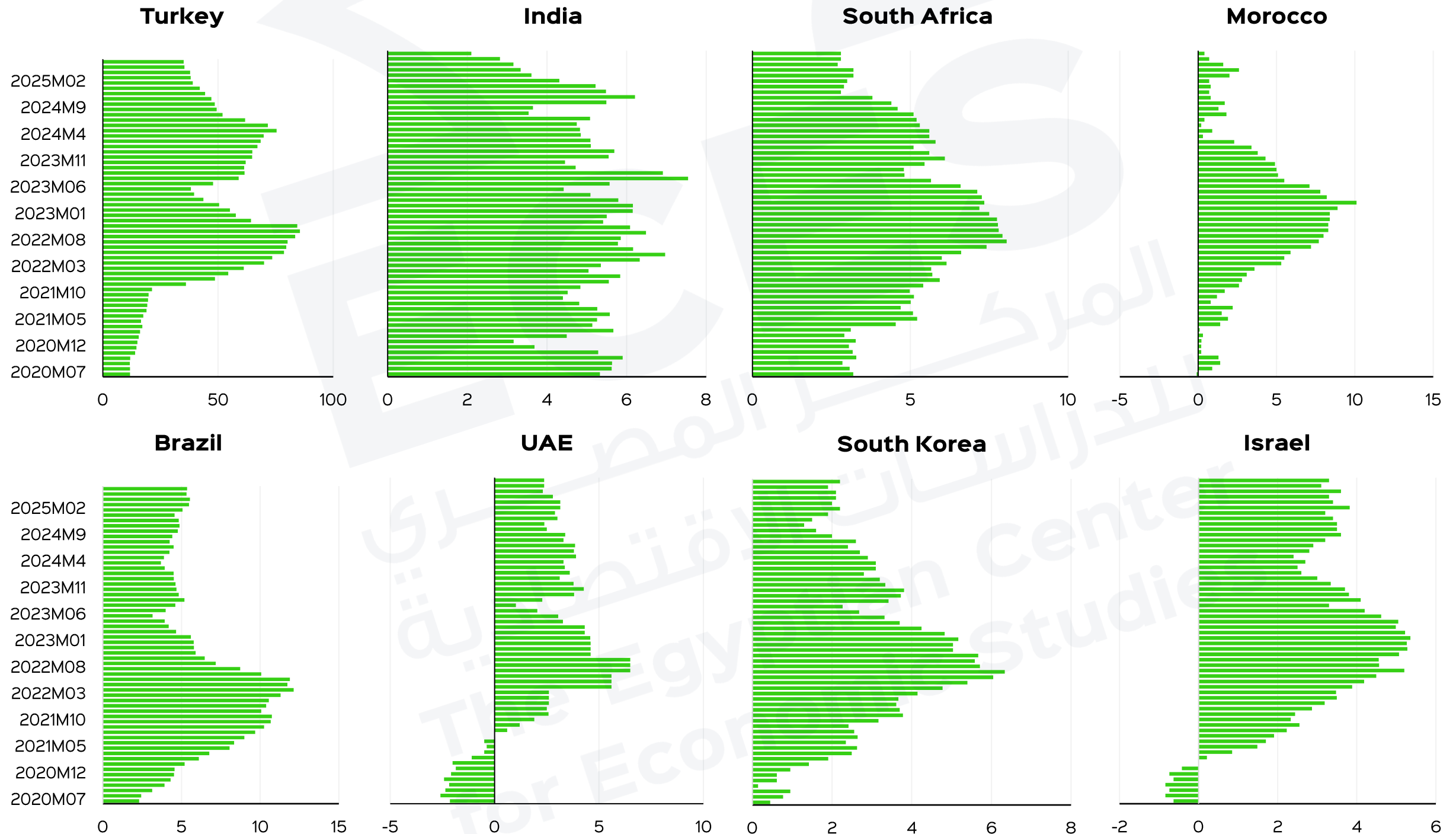
## 10-Year Bond Yield



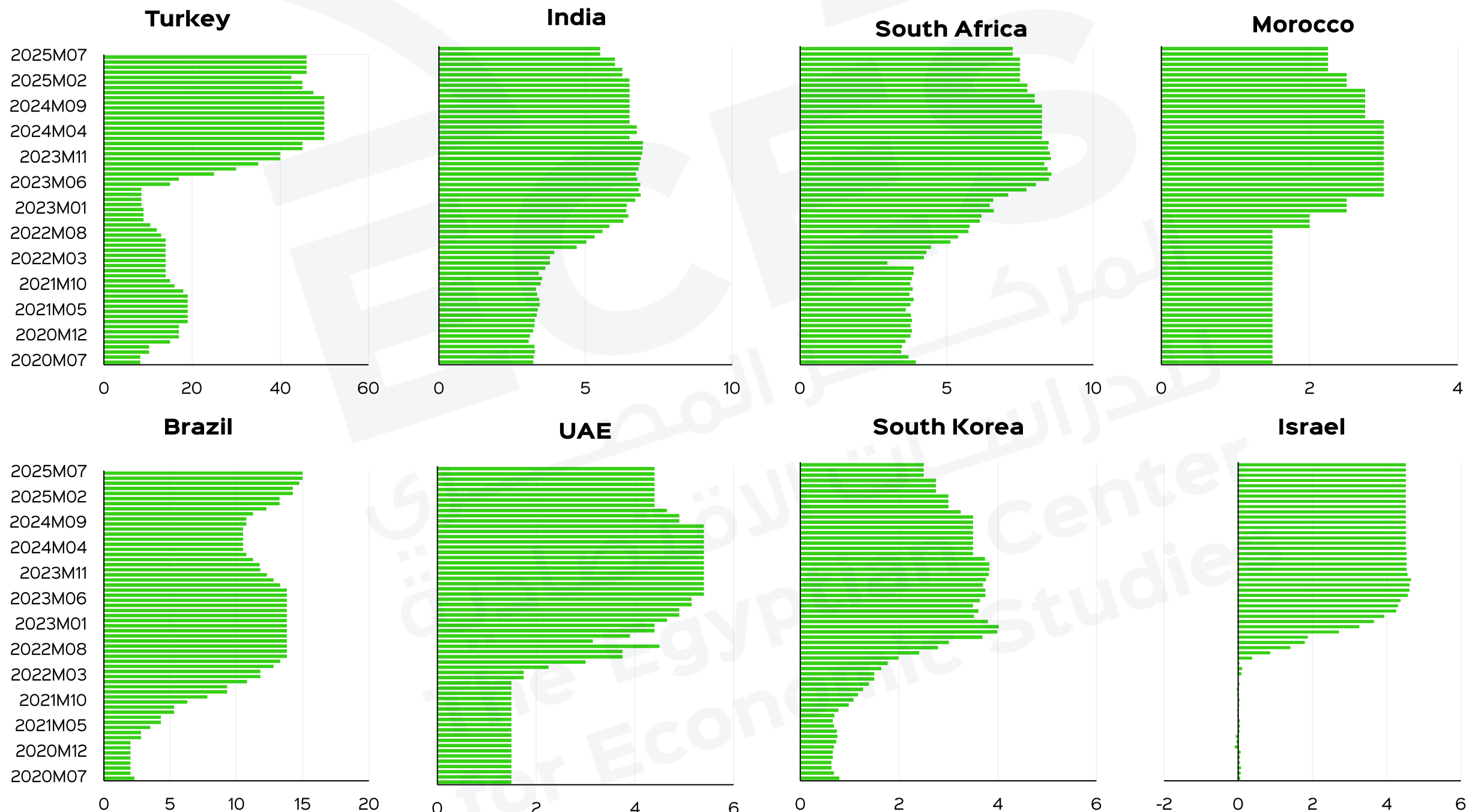
## 5-Year CDS



**Inflation rates across emerging markets stayed generally contained with many emerging markets witnessing a stable inflation, while others still experiencing sticky inflation, even if it is stable and not increasing.** Emerging markets inflation rates have generally got contained. Countries like India and UAE have seen inflation declining due to lower food and energy prices. While others such as Turkey and South Africa still suffer from a high and sticky inflation, even if it is sustained at relatively the same level of last month. Despite this, emerging markets remain vulnerable to commodity shifts and exchange rate fluctuations globally.



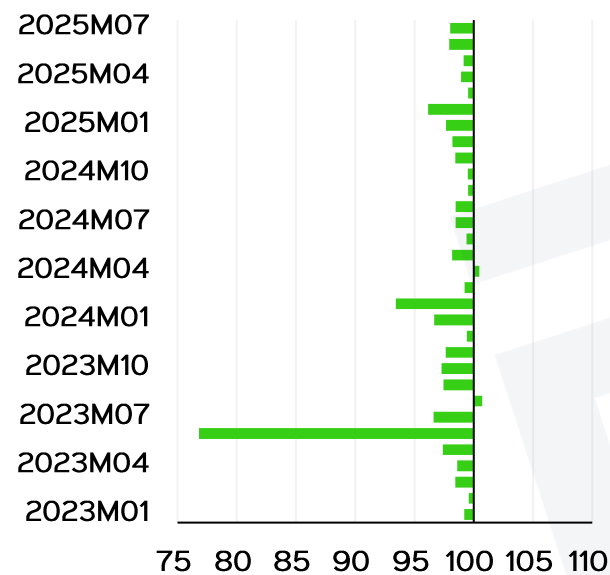
**Despite stable inflation rates and a weakening US Dollar, most emerging markets Central banks have adopted a “wait and see” approach and kept their interest rates fixed until there is clarity on global economy, global interest rate trends, trade war and Middle East ongoing risks.** With the global volatility and uncertainty taking place, most emerging markets Central banks have adopted a wait and see approach until they get clarity, though local inflation rates in emerging markets have stabilized. Despite a weakening US Dollar, most emerging markets Central banks have opted for a cautious wait and see approach, mirroring the main global Central banks in such uncertain time.



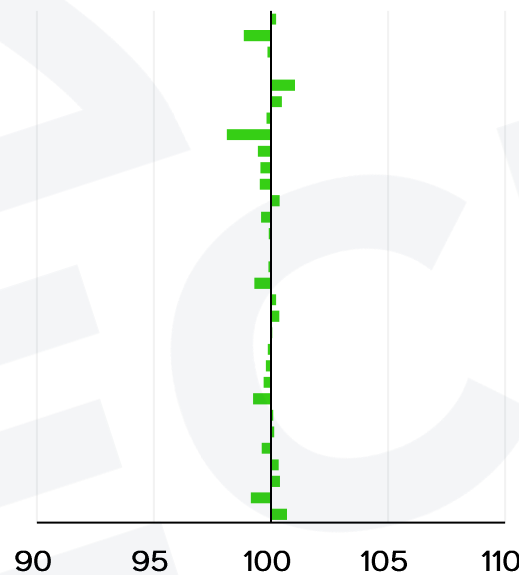


**Emerging markets currencies have witnessed mixed performance against the weakening US Dollar, with some such as India getting stronger while other such as Turkey and South Africa getting weaker.** Despite the noticeable and extended weakness of the US Dollar, emerging markets currencies have experienced mixed performance. Some countries such as India witnessed currency appreciation supported by lower local inflation and stable monetary policy, while others such as Turkey and South Africa remain exposed to big pressure thanks to persistent inflation and weak investors confidence. This trend strengthens the cautious approach of emerging markets Central banks.

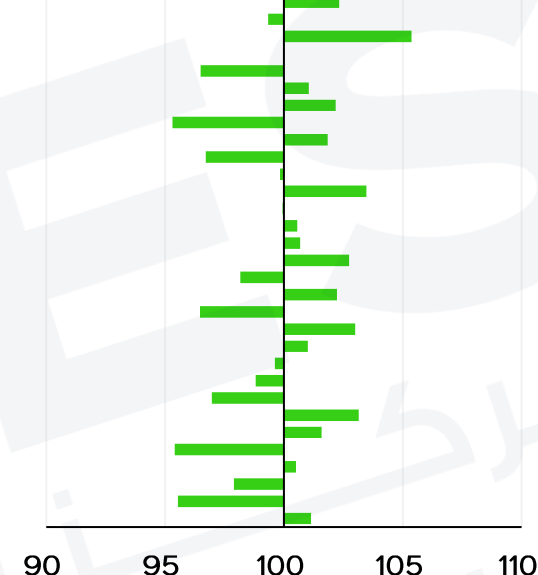
Turkish Lira



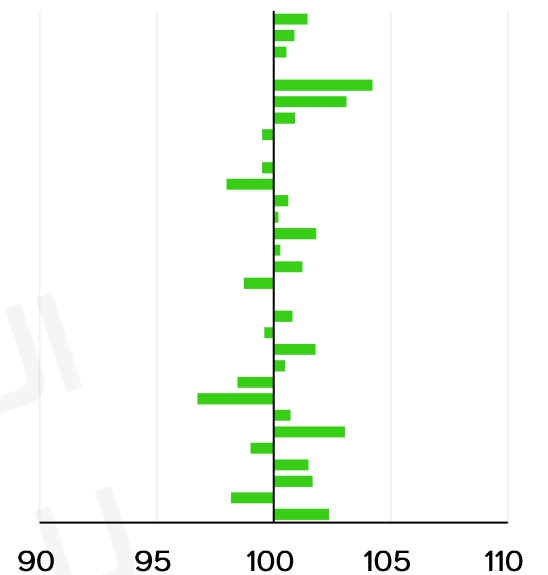
Indian Rupee



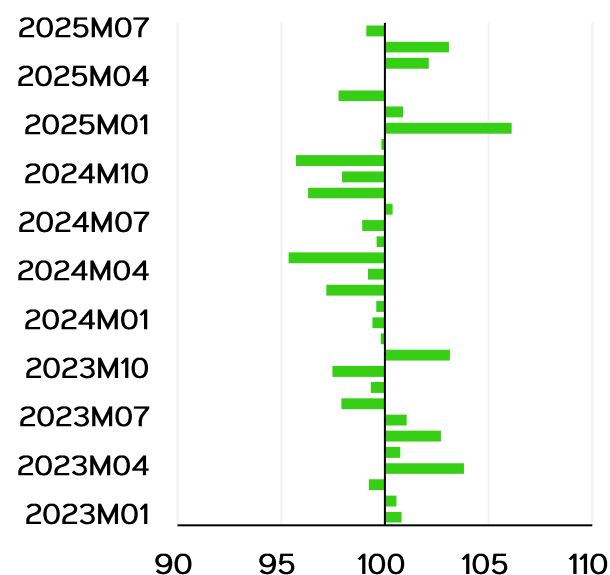
South African Rand



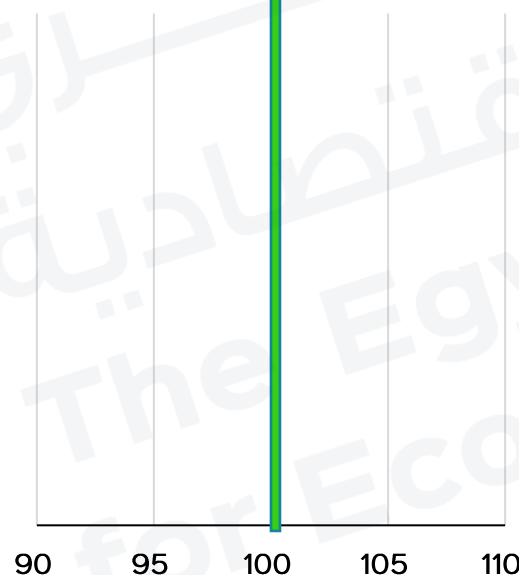
Moroccan Dirham



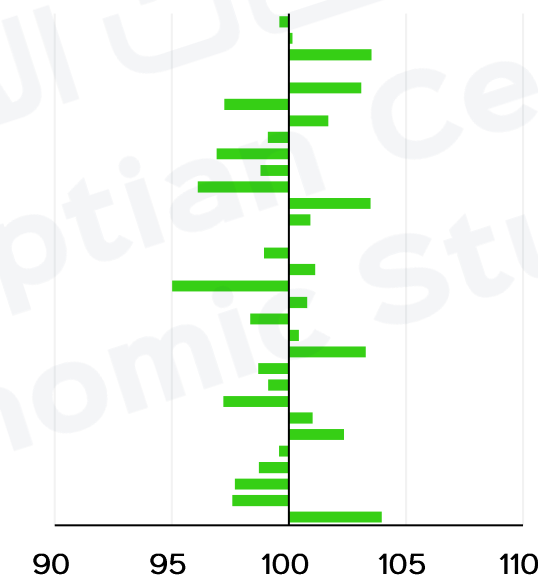
Brazilian Real



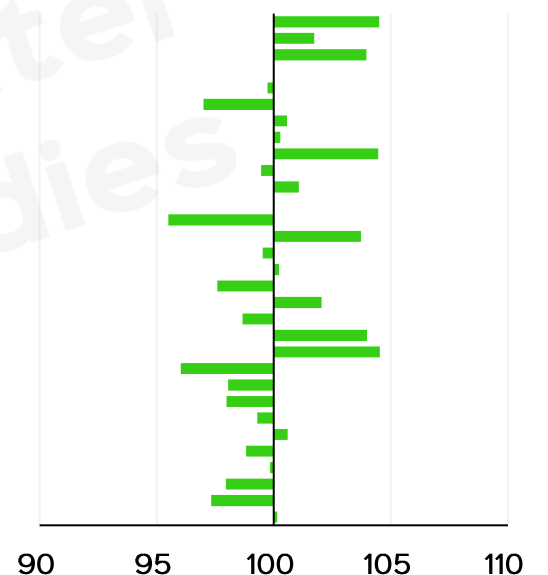
UAE Dirham



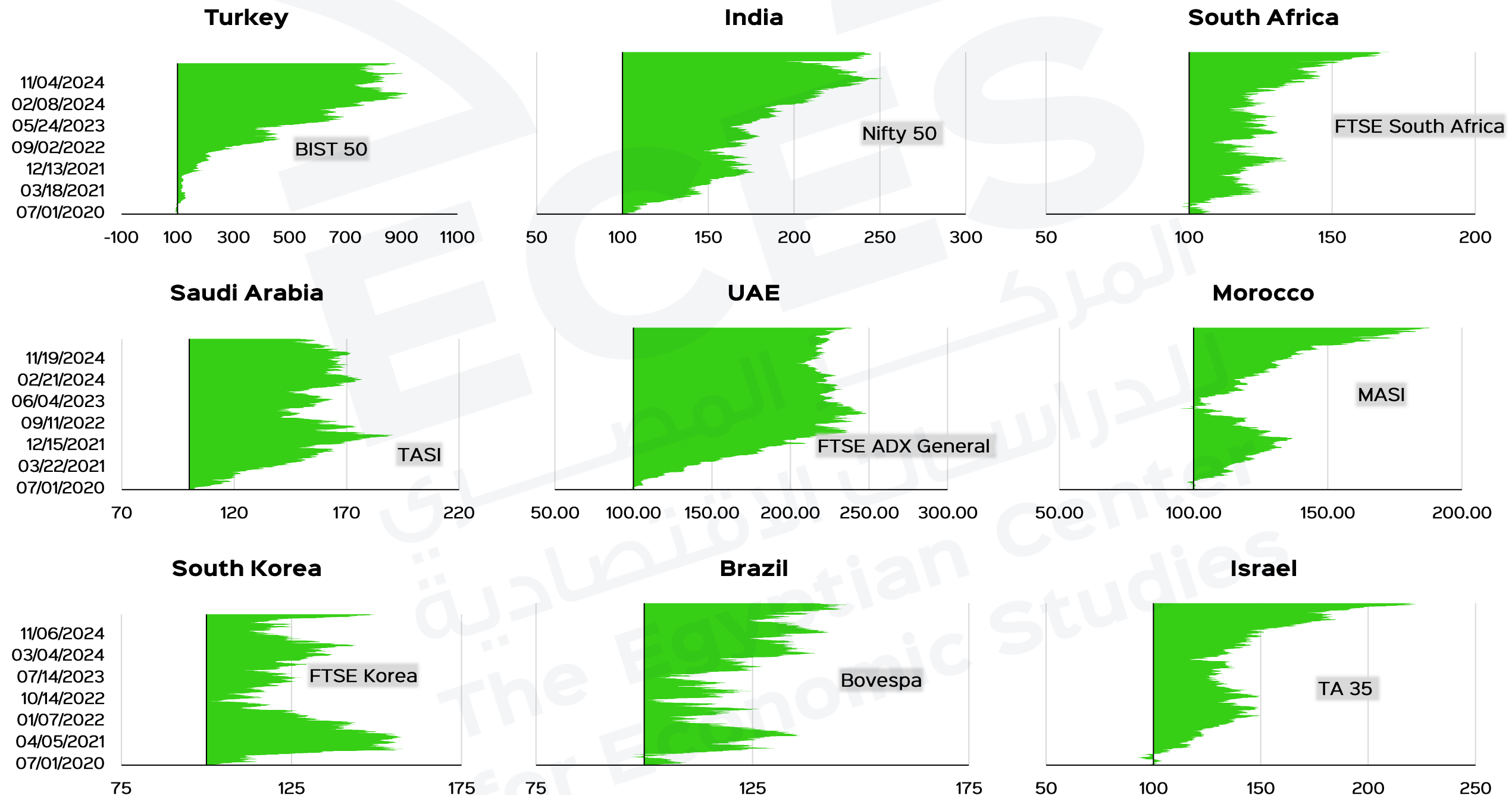
Korean Won



Israeli New Shekel

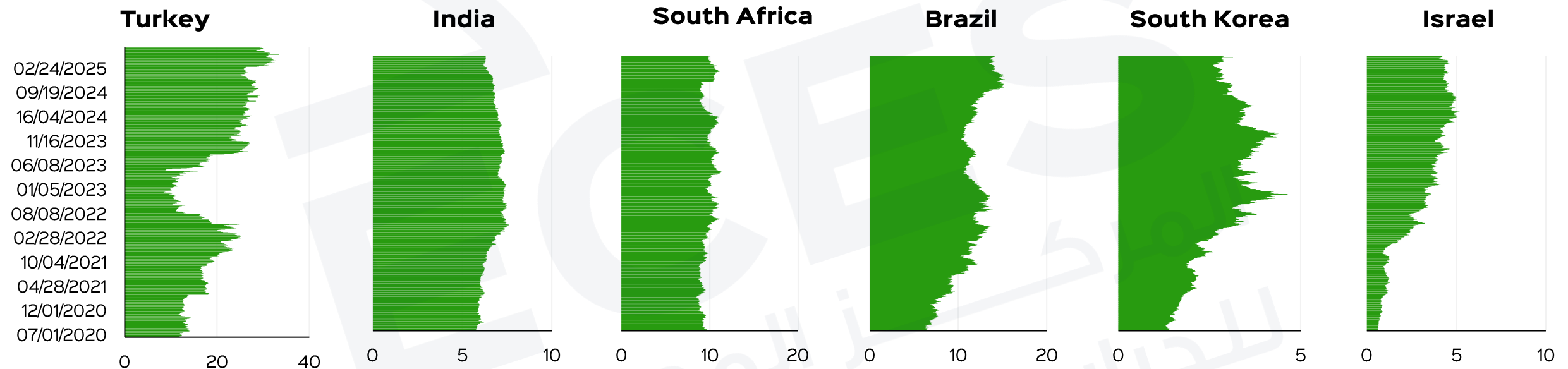


**Stock markets in emerging markets have witnessed a broad-based rally this month supported by easing local inflation concerns, growing investors appetite and the quick conclusion of the 12-day Middle East war.** With extension of the relief rally in global markets for another month, emerging markets stock markets have witnessed their own rally on the back of easing inflation concerns and increasing investor appetite as well as quick end of the Middle East war. Indian and South Korean markets posted solid gains driven by strong Tech performance and capital inflows. Turkey and Morocco also advanced as inflation started to moderate, and investors confidence increased.

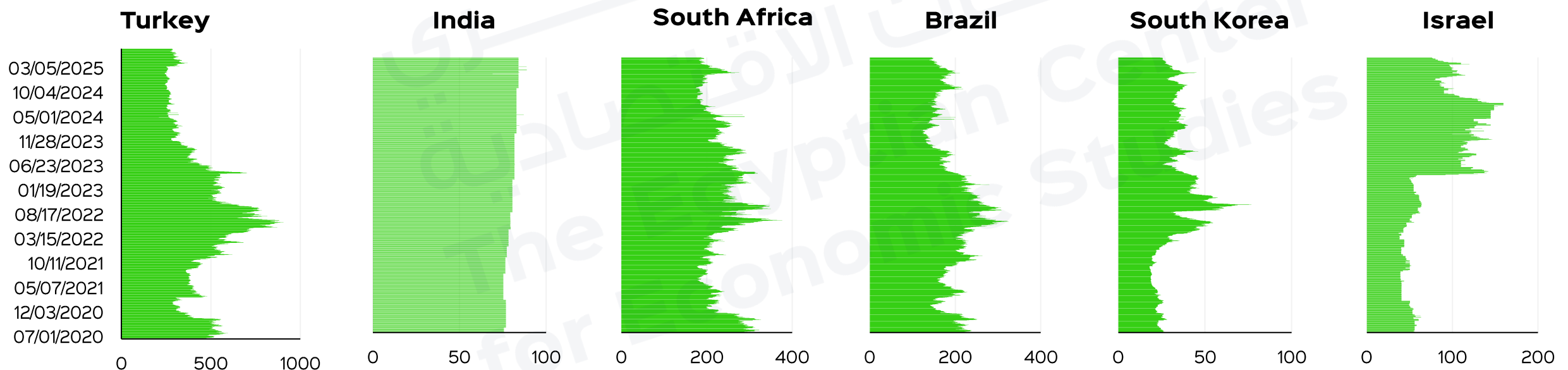


**Bond yields have remained stable across most emerging markets for another month and even declined due to decreased local inflationary pressures and cautious monetary policy, except for countries with high inflation like Turkey. CDSs have generally declined as trade tensions and geopolitical risks decline.** The wait and see approach on monetary policy by global Central banks accompanied by the still tightened monetary policy in emerging markets have decreased pressure on bond yields in emerging markets, which stayed stable. An exception to this is Turkey due to its high local inflation rate. Besides, CDSs in emerging markets have generally declined with the perceived decline in global trade war risks and geopolitical risks as the Middle East war got concluded swiftly.

### 10-Year Bond Yield



### 5-Year CDS



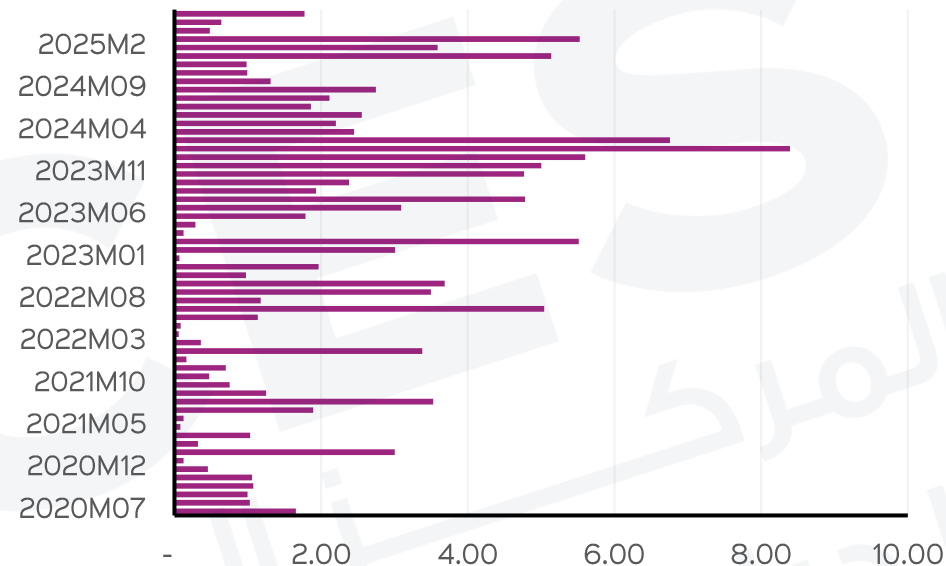


**Total external debt continued its upward trend due to new borrowing and accumulated debt servicing cost. Bond yields spiked due to regional geopolitical risks. CDSs have declined due to perceived monetary stability and conclusion of the 12-day war.** External debt kept its upward trend thanks to external borrowing and accumulated debt servicing cost. Bond yields spiked once again due to increased geopolitical risks and the never-ending regional tensions, despite the local monetary stability. CDSs have showed a noticeable decline as investors perceive the country as stable and hedged in the short term from a monetary standpoint as compared to other emerging markets, especially with the conclusion of the short 12-day regional war.

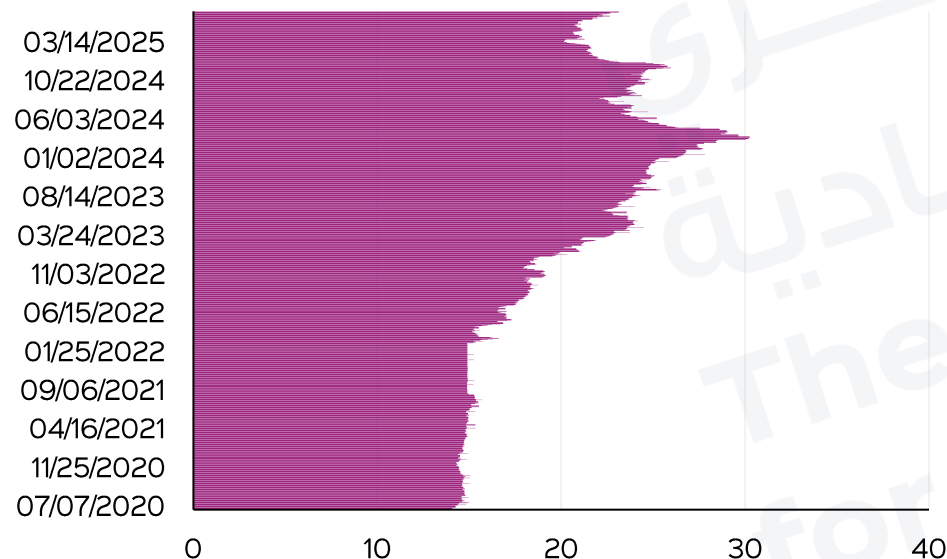
Total External Debt (bn \$)\*



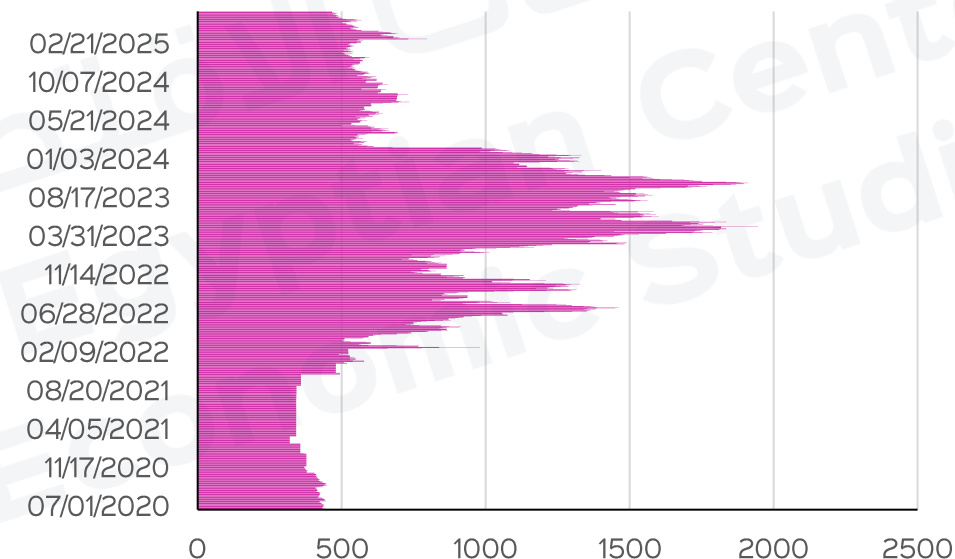
External Debt Service (bn \$)\*



Egypt 10-Year Bond Yield



5Y CDS, Egypt

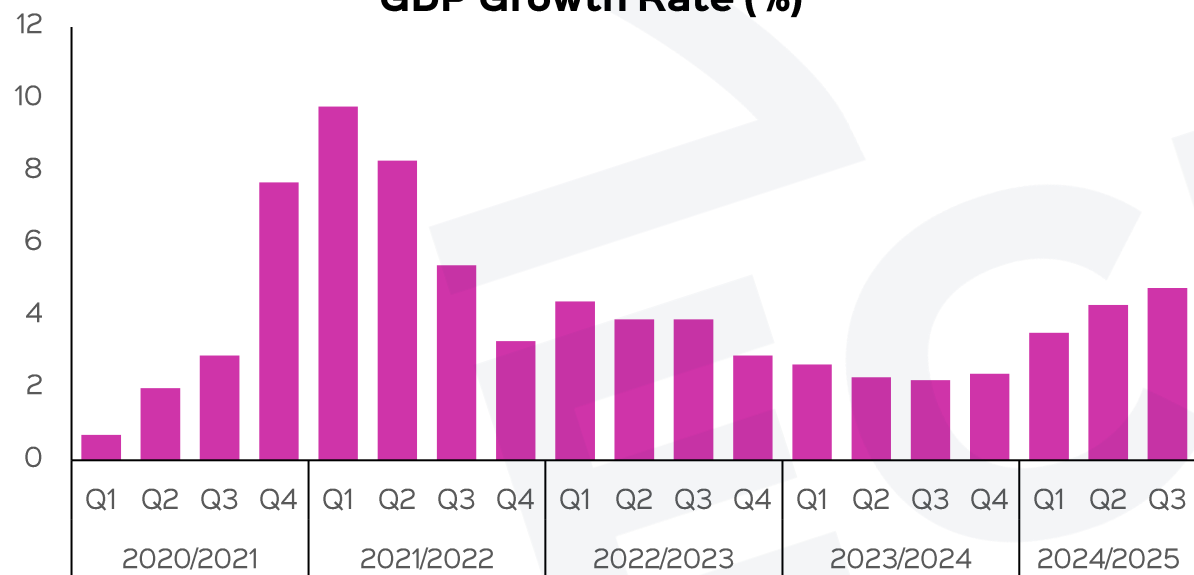
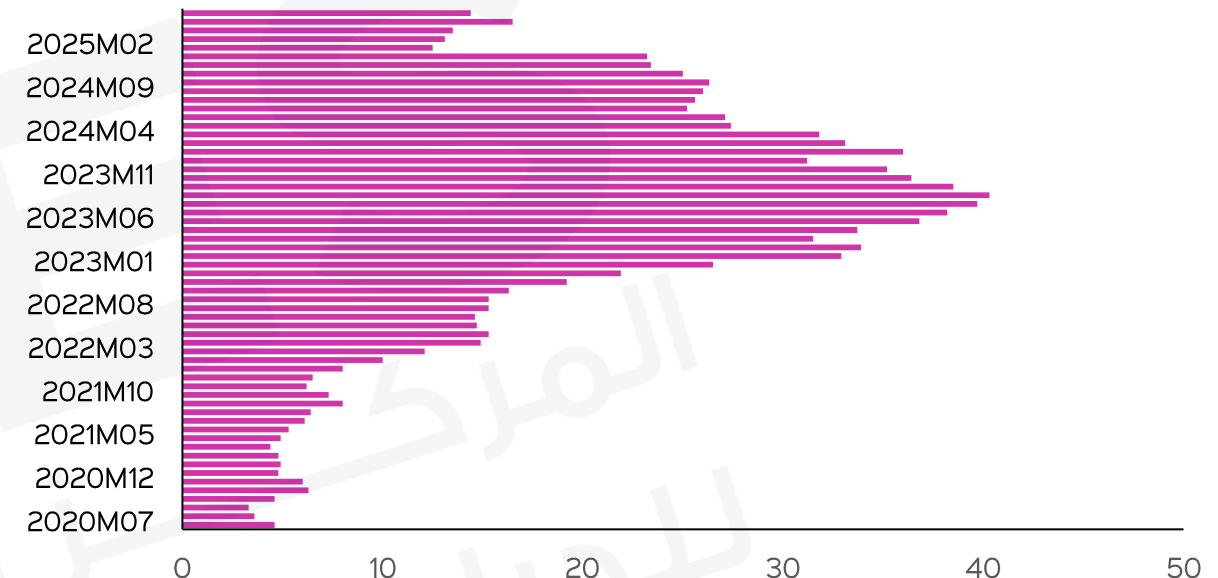
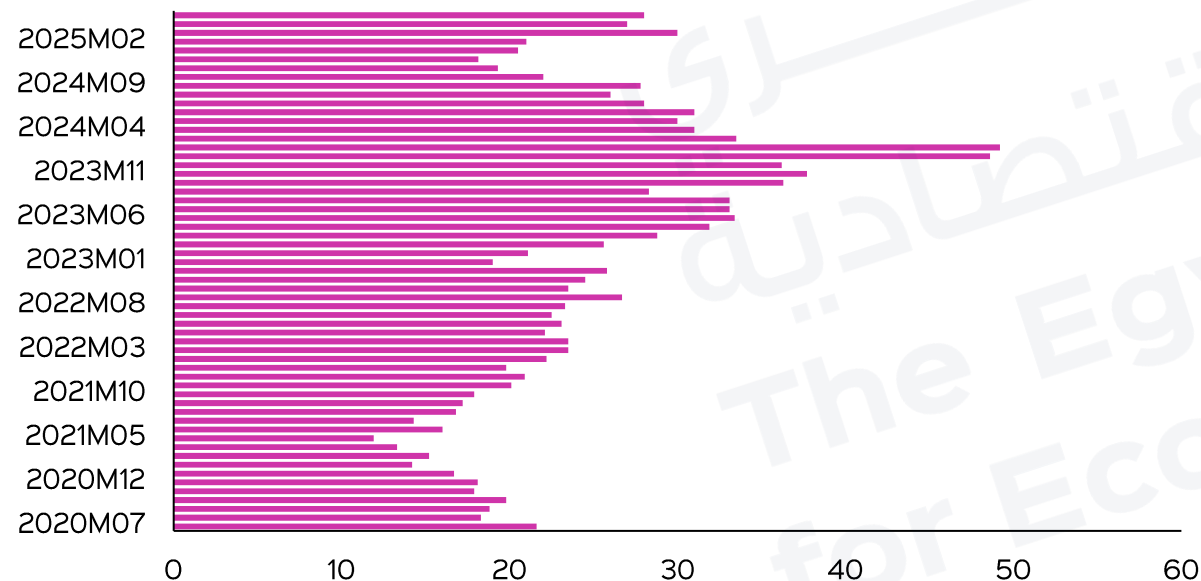
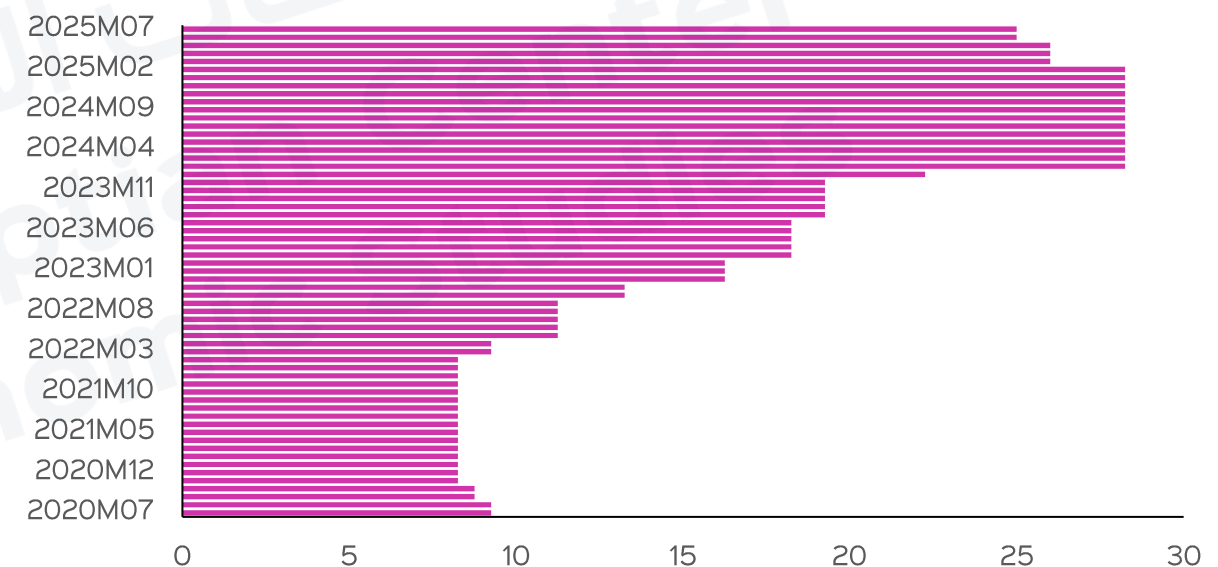


**S&P Global**  
Ratings  
**B-** Positive

**Fitch Ratings**  
**B** Stable

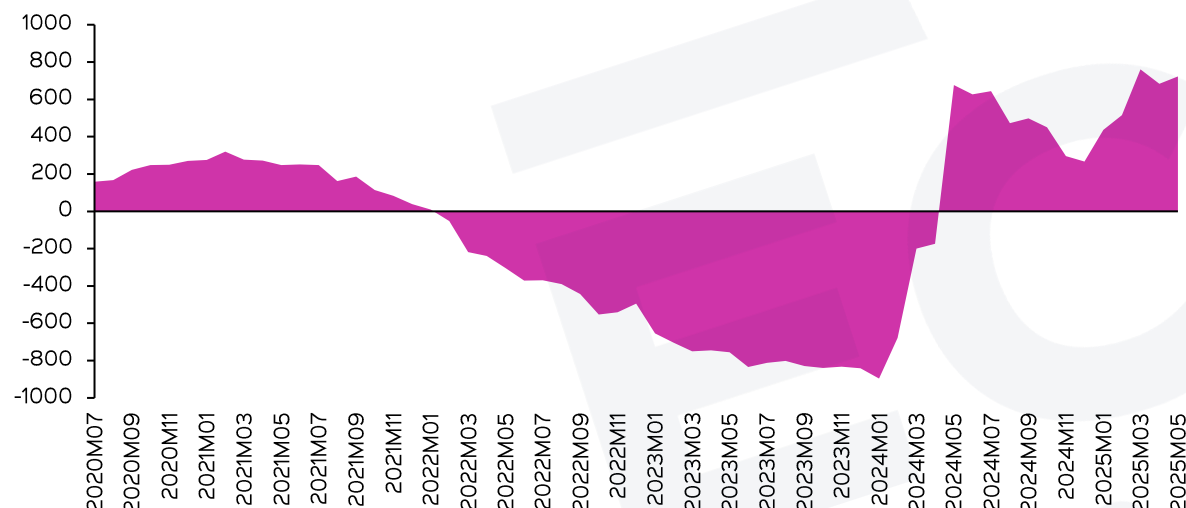
**MOODY'S**  
INVESTORS SERVICE  
**Caa1** Positive

**GDP growth has kept momentum, highlighting a partial economic recovery continuing. The rate of growth of money supply has slowed a bit, which resulted into lower inflation rate after four months of increasing trend. While the Central bank mimicked others in following a “wait and see” approach. The economy has kept its growth momentum for the third quarter in a row showing an increase in GDP growth rate. On the monetary side, growth of money supply has slowed for the second month resulting into lower inflation rate. The Central bank has mimicked other global and emerging markets Central banks by adopting a cautious “wait and see” approach in such uncertain time.**

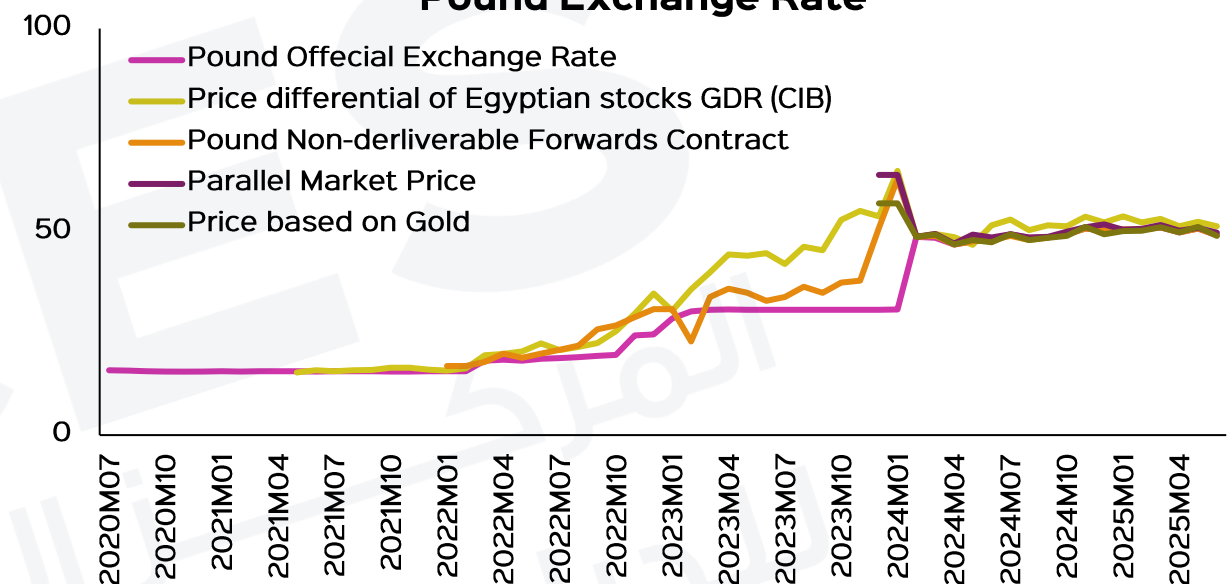
**GDP Growth Rate (%)\*****Inflation Rate (%)****Growth Rate of Money Supply (M1)\*****Policy Rate (%)**

**Central bank reserves of foreign currency have increased a bit and net foreign assets in the banking system have recovered after the quick conclusion of the 12-day war. Remittances kept climbing and official exchange rate kept its gradual recovery trend.** Currency inflows from remittances have stayed stable allowing for a unified exchange rate in the market. Besides, hot money returned to the market after the conclusion of the 12-days war, thus enhancing the net foreign assets in the banking system. Such position as well as the weakening US Dollar globally and end of the 12-day regional war have all resulted into a continued recovery of the official exchange rate of the Pound. In addition, the gap between the official and other prevailing rates in the market have narrowed down further.

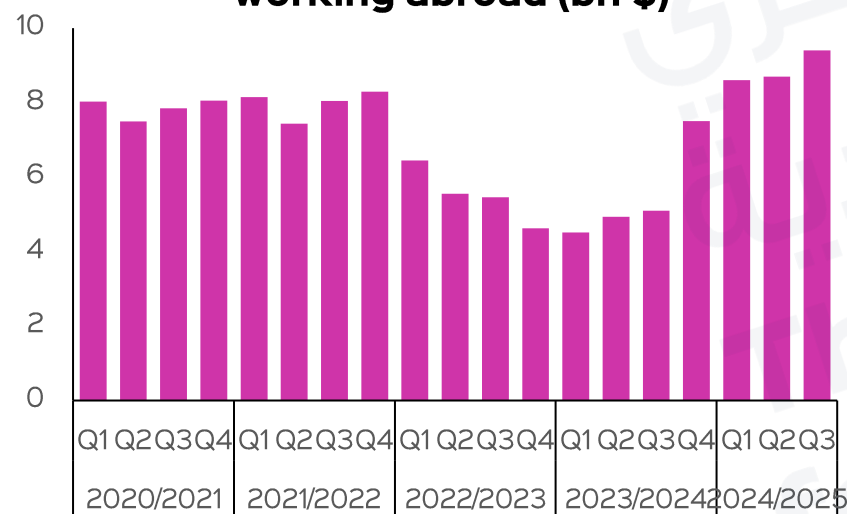
**Net Foreign Assets of the Banking System  
(bn LE)\***



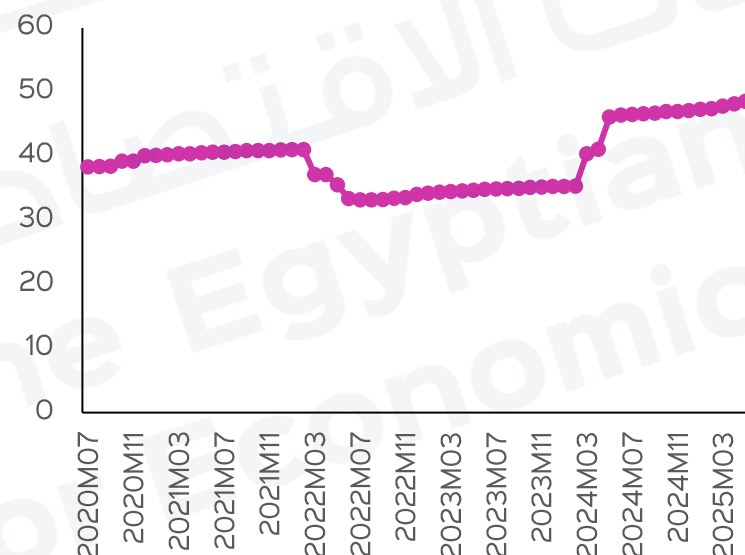
**Pound Exchange Rate**



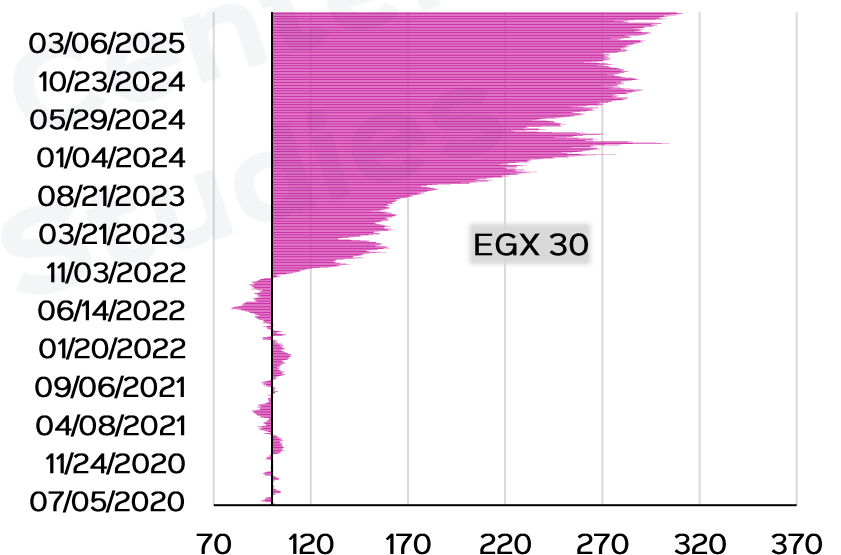
**Remittances of Egyptians  
working abroad (bn \$)**



**Net International Reserves**



**Egypt**





# Sources

## Global Markets



- Food and Agriculture Organization of the United States
- OECD.Stat
- International Monetary Fund
- Corporate Finance Institute
- World Bank
- Investing.com

## Emerging Markets



- OECD.Stat
- Central Bank of Saudi Arabia
- Central Bank of Morocco
- Central Bank of UAE
- Investing.com

## Egyptian Local Market



- Central Bank of Egypt
- World Bank
- Ministry of Planning and Economic Development
- Egyptian Exchange
- Central Bank Of Egypt
- Investing.com

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# Annex 1: 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.

# Annex 2: Terminology

Term	Explanation
Policy Rate	The central bank policy rate (CBPR) is the rate used by the Central Bank to signal or implement its monetary policy stance.
LCU / USD	The change in the value of one currency in comparison to another currency (the US Dollar) in the free-floating exchange rate regime.
CDS	A credit default swap (CDS) is a type of credit derivative that provides the buyer with protection against default and other risks. The buyer of a CDS makes periodic payments to the seller until the credit maturity date. In the agreement, if the debt issuer defaults, the seller commits to paying the buyer all premiums and interest that would've been paid up to the date of maturity.
Credit Rating	A credit rating is an opinion of a particular credit agency regarding the ability and willingness of an entity (government, business, or individual) to fulfill its financial obligations in full and within the established due dates. A credit rating also signifies the likelihood a debtor will default. It is also representative of the credit risk carried by a debt instrument – whether a loan or a bond issuance.
Net Foreign Assets of the Banking System	Net foreign assets are the sum of foreign assets held by monetary authorities and deposit money banks, less their foreign liabilities. Data is in current local currency.
External Debt Service	The external debt to be paid in a certain period, is composed of the sum of principal installments and interest.



