



Financial Markets Snapshot

Issue 21
September 2025

Contents

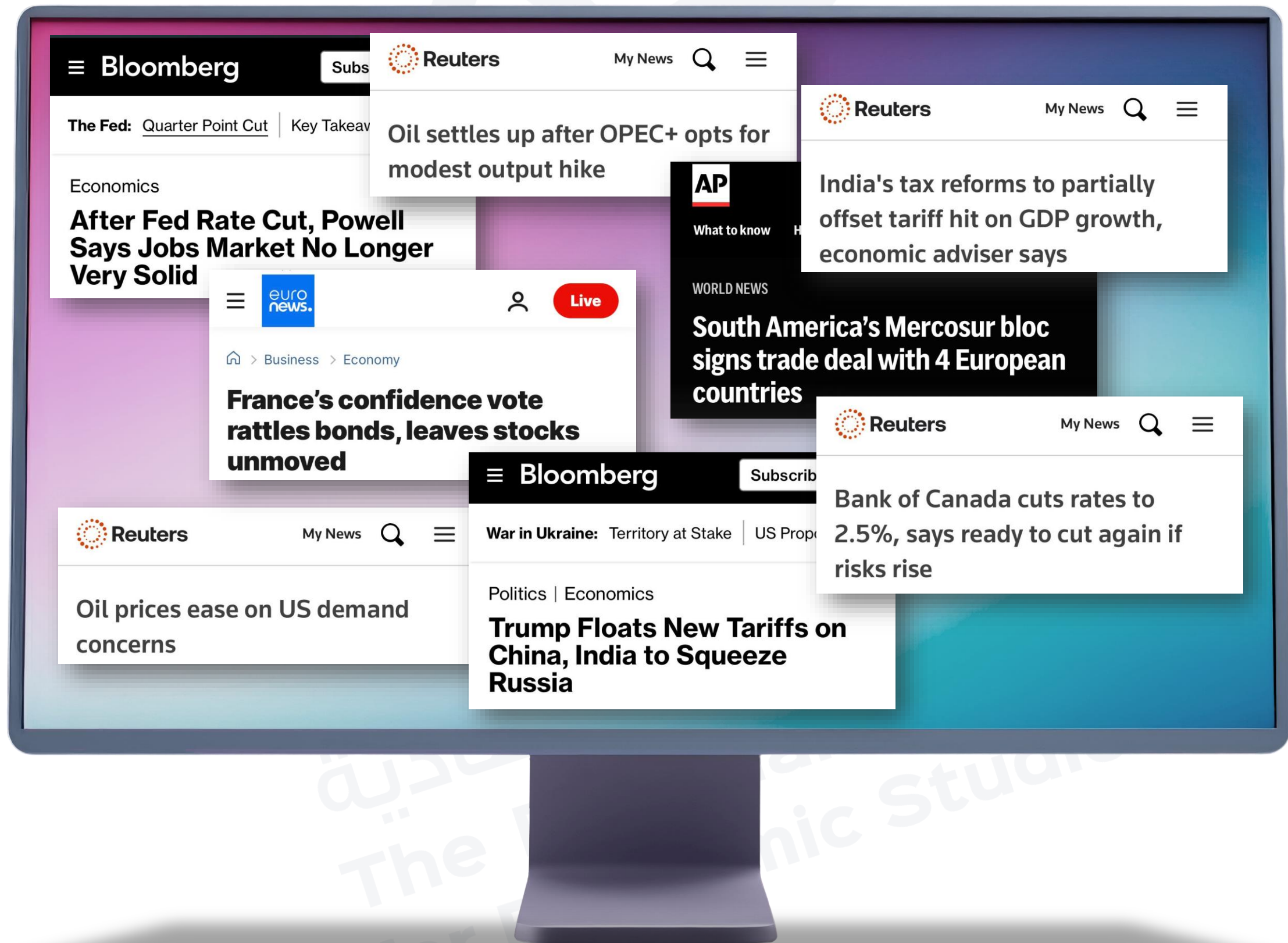
<u>About The Report</u>	<u>3</u>
<u>Latest News – Key Headlines</u>	<u>4</u>
<u>Analysis – Key Takeaways</u>	<u>5</u>
<u>1. Global Markets</u>	<u>6</u>
<u>2. Emerging Markets</u>	<u>10</u>
<u>3. Egyptian Local Market</u>	<u>15</u>
<u>Sources</u>	<u>18</u>
<u>Annex 1: Methodology</u>	<u>19</u>
<u>Annex 2: Terminology</u>	<u>20</u>



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 mixed performance over last month, with Crude Oil edging higher and Gold rallying on geopolitical concerns, while Iron Ore and Rice are declining on abundant supply and demand concerns.
- Inflation trends remained mixed for yet another month, with US, UK and Canada witnessing heightened inflation as opposed to Eurozone which is witnessing cooling inflation. On the other hand, China is witnessing deflationary fears.
- Global stock markets kept their divergence trend, with the US market leading the gains on the back of continued strong Tech earnings and the Fed rate cut.
- Bond yields of the US and Canada have gone down with the rate cuts confirming monetary easing. CDSs stayed contained reflecting a more balanced global risk sentiment despite the never-ending geopolitical uncertainties.

Emerging Markets



- Inflation rates across emerging markets remained generally contained with many markets witnessing stable inflation levels, while others still experiencing sticky and persistent inflation.
- 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. Turkey comes as an exception as its Central bank proceeded by cutting rate to stimulate the economy.
- Emerging markets currencies have witnessed continued mixed performance against the weakening US Dollar.
- Stock markets in emerging markets have extended their rally for another month supported by easing local inflation concerns, growing investor's appetite, foreign inflows and the normalization of geopolitical risks.
- Bond yields in most emerging markets remained broadly stable or edged lower over last month, supported by easing local inflation. Besides, CDSs have generally declined across emerging markets reflecting easing geopolitical risks and reduced trade tensions.

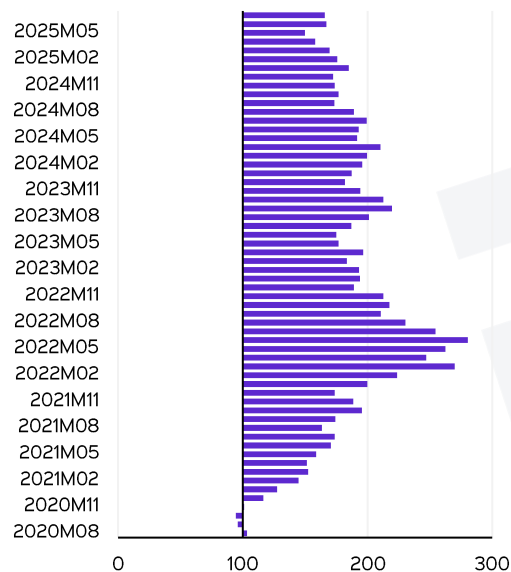
Egyptian Local Market



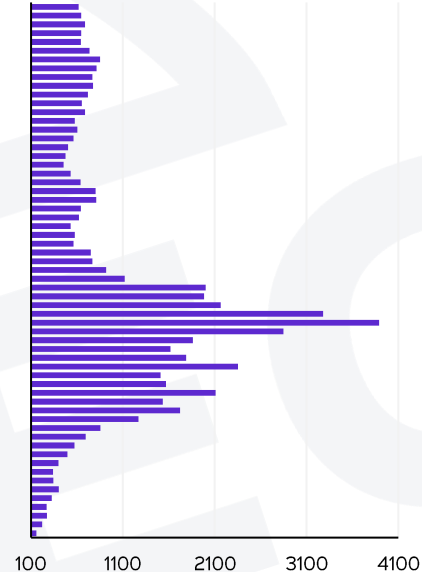
- Total external debt continued its upward trend due to new borrowing and accumulated debt servicing cost. Bond yields declined as the Central bank proceeded with cutting rates. CDSs also declined further due to perceived monetary stability and short-term resilience.
- GDP growth has kept momentum for the fourth consecutive quarter, highlighting the partial economic recovery continuing. Inflation rate declined for the third month in a row, giving room for the Central bank to cut rate lately and confirm the monetary easing outlook.
- Central bank reserves of foreign currency have increased further, and net foreign assets in the banking system have edged higher. Remittances kept climbing for few months in a row now, and official exchange rate kept its gradual recovery trend.

Commodity prices witnessed mixed performance over last month, with Crude Oil edging higher and Gold rallying on geopolitical concerns, while Iron Ore and Rice are declining on abundant supply and demand concerns. Crude Oil prices increased due to supply concerns and strategic stockpiling. Gold resumed its massive rally with prices crossing 3,800 USD/Ounce, supported by persistent inflation fears and increasing geopolitical risks. On the other hand, rice prices declined significantly, driven by abundant global supply following a strong harvest and easing export restrictions. Iron Ore also extended its weakness amid uncertain Chinese demand.

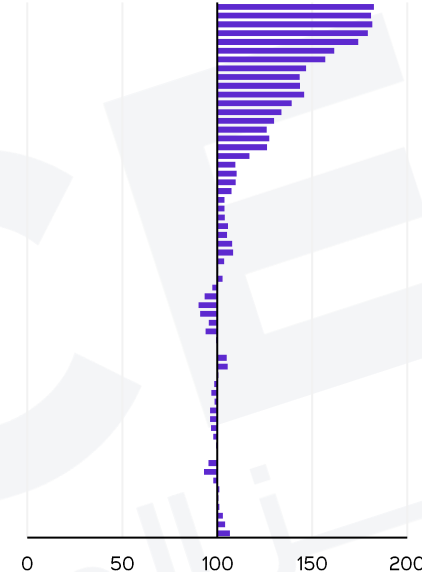
Crude Oil, Brent



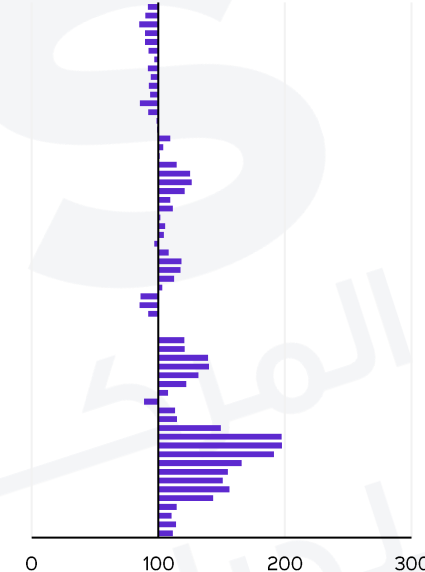
Natural Gas



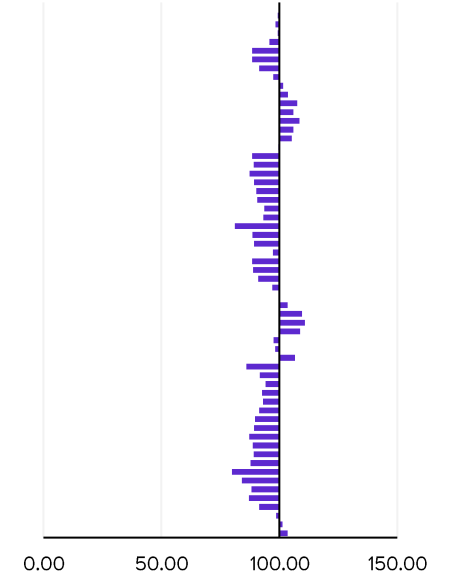
Gold



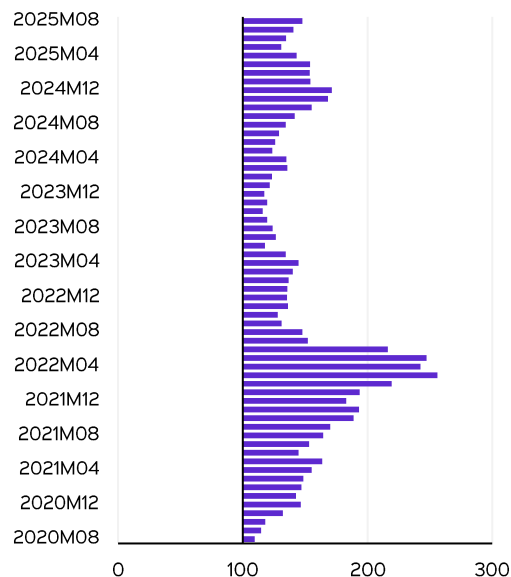
Iron ore



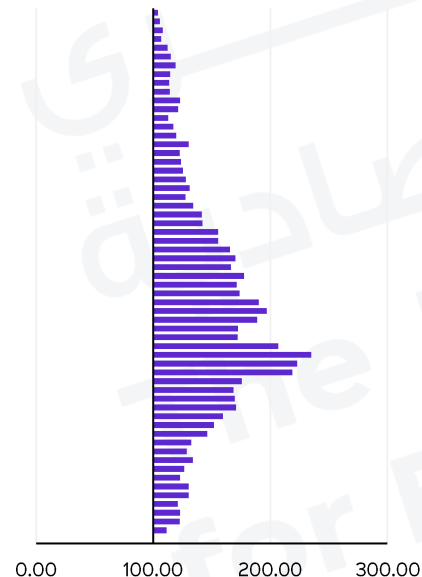
Tea



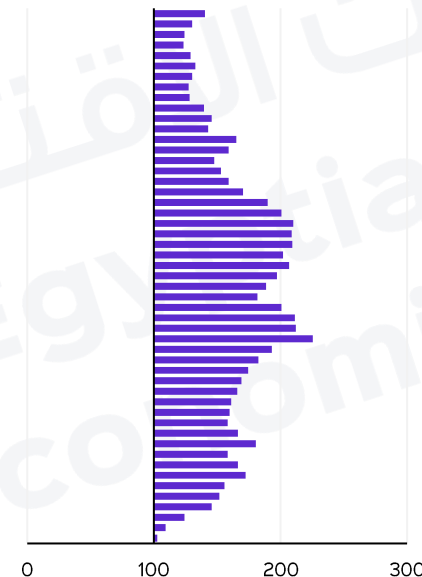
Palm oil



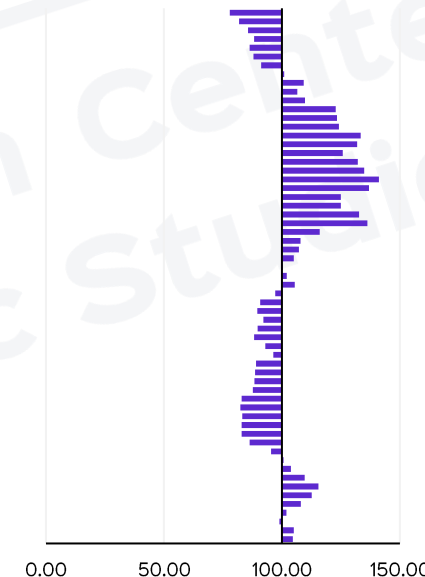
Wheat



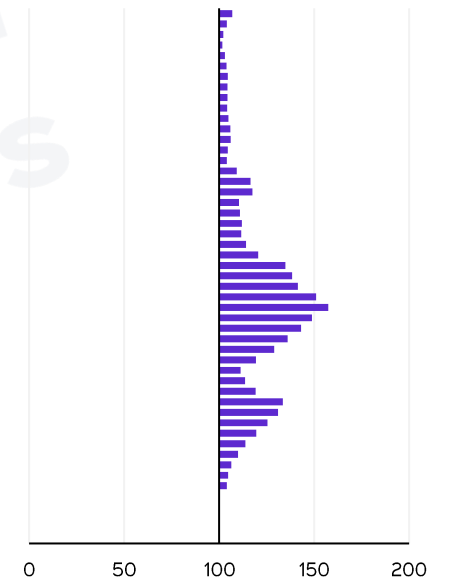
Maize



Rice

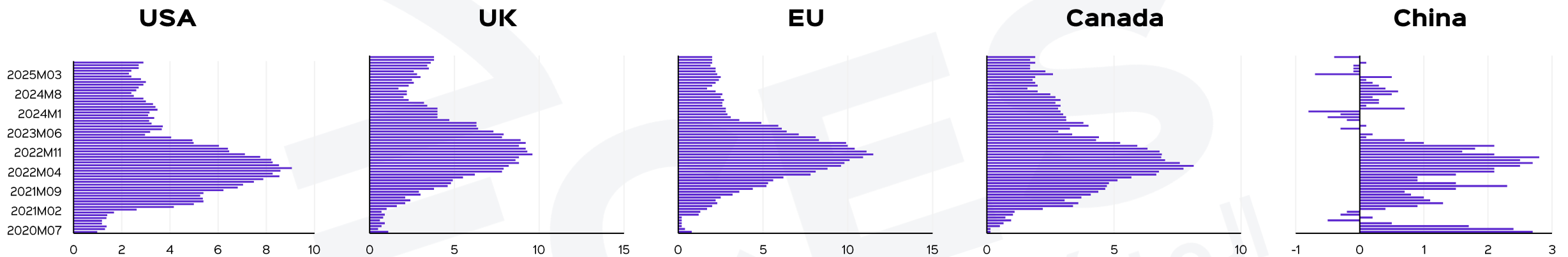


Bovine meat

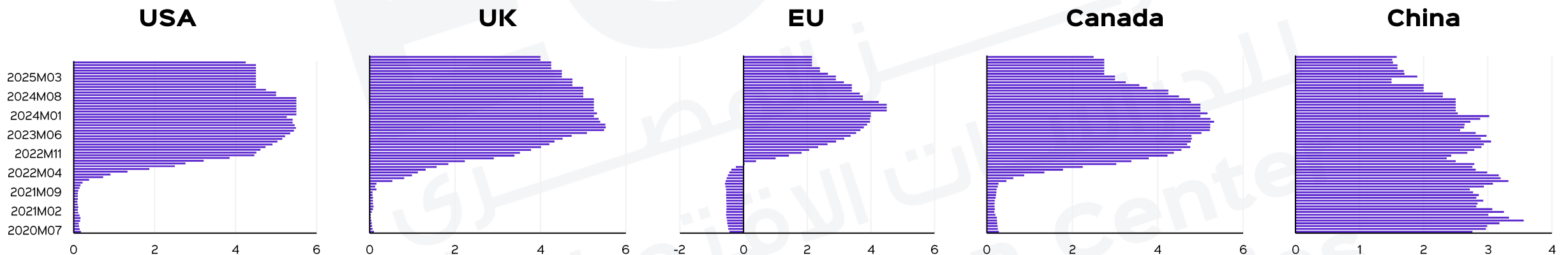


Inflation trends remained mixed for yet another month, with US, UK and Canada witnessing heightened inflation as opposed to Eurozone which is witnessing cooling inflation. On the other hand, China is witnessing deflationary fears. The US, UK and Canada witnessed persistent inflation, while Eurozone started to see inflation softening. Despite this situation, the US and Canada have cut interest rate to stimulate their slowing economies, confirming the monetary easing cycle, while the UK has kept its interest rate unchanged. China, on the contrary, is facing deflationary fears with weak domestic demand. Such trends have been reflected into an even weaker US Dollar against most global currencies.

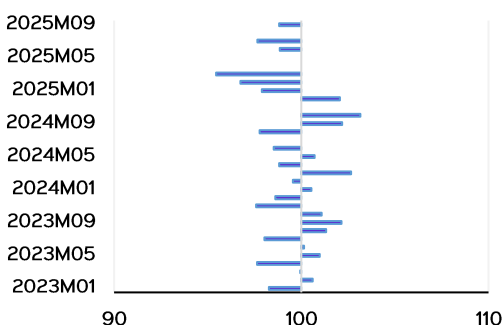
Inflation Rate



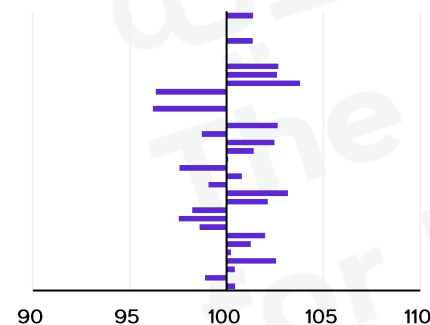
Policy Rate



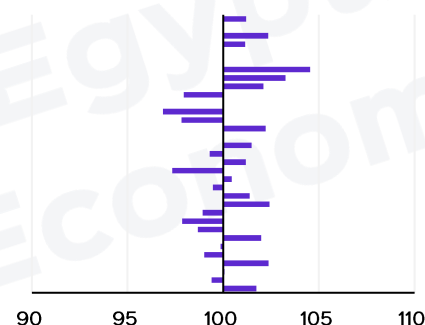
LCU / USD



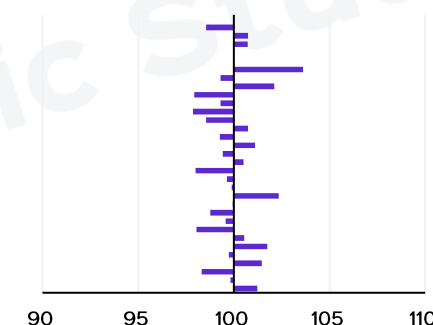
UK Pound



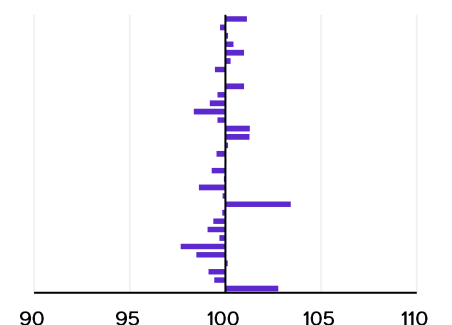
Euro



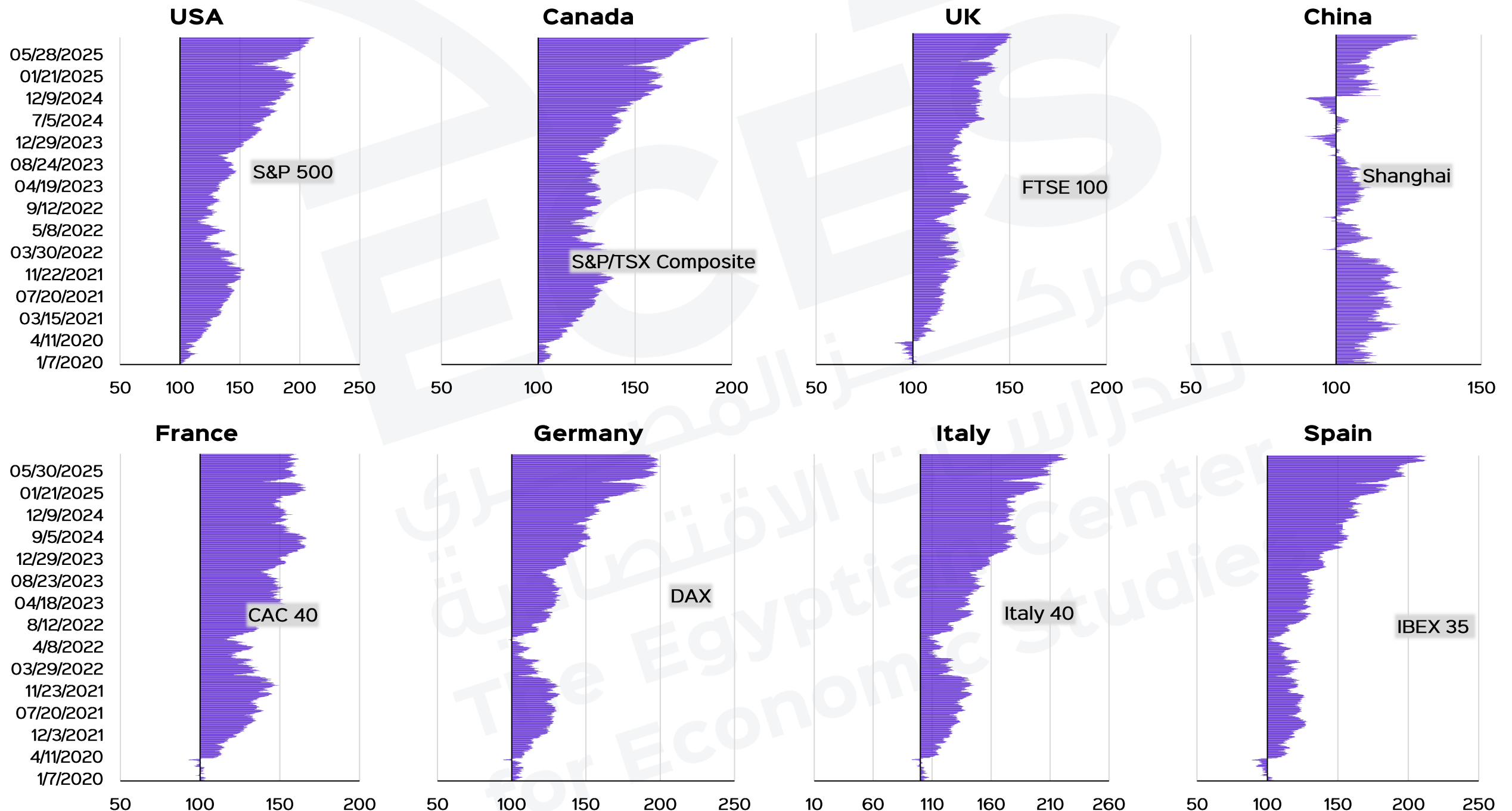
Canadian Dollar



Chinese Yuan

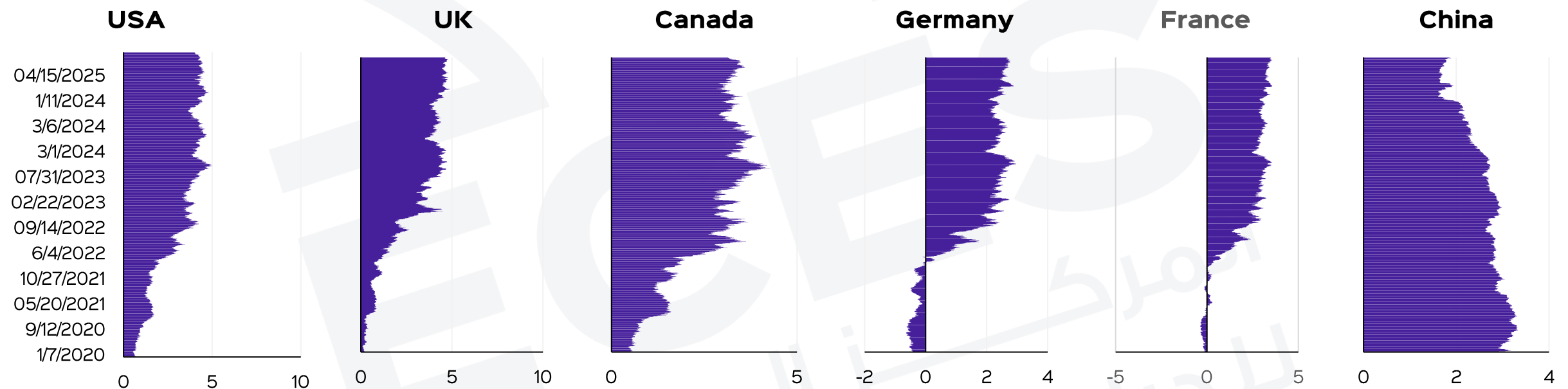


Global stock markets kept their divergence trend, with the US market leading the gains on the back of continued strong Tech earnings and the Fed rate cut, while UK and EU markets remain relatively subdued with a cautious stance though progressing upwards in general. The US rally kept momentum thanks to big Tech earnings beating expectations and continuously improving market outlook. Besides, the rate cut by the US Fed has helped the market rally further. Other global markets such as UK and EU have witnessed subdued performance and caution, though in general such markets have progressed upwards. Chinese market has lagged due to weak demand signals.

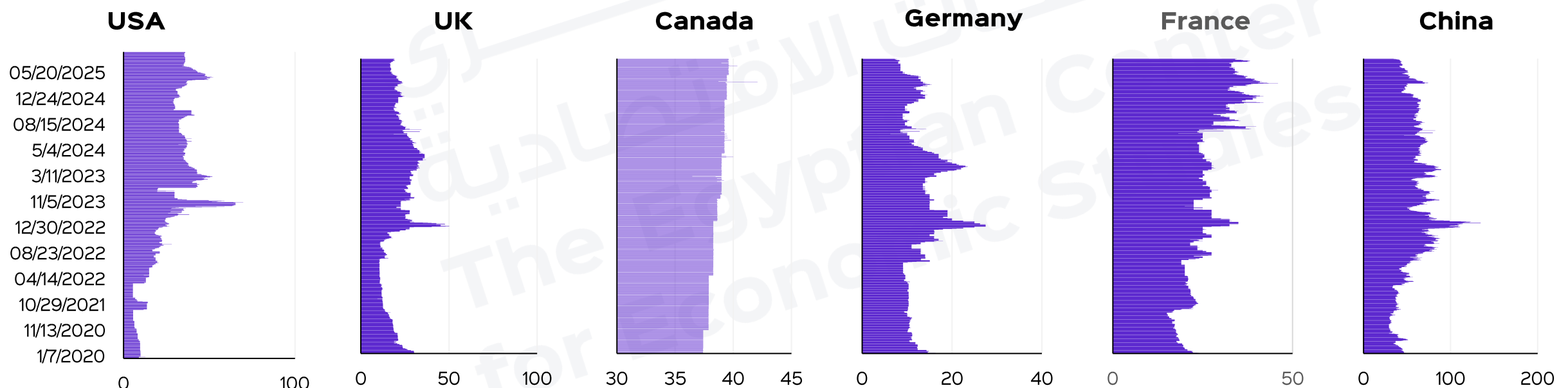


Bond yields of the US and Canada have gone down with the rate cuts confirming monetary easing, while they have stabilized across EU to a very large extent. CDSs stayed contained reflecting a more balanced global risk sentiment despite the never-ending geopolitical uncertainties. The interest rate cuts in the US and Canada have been reflected into lower bond yields, while EU bond yields have stayed stable generally. On another front, the global risk sentiment seem to be contained allowing CDSs to decline across most global markets, despite the continuous global geopolitical uncertainties. This reflects the market coping with the new normal geopolitical situation.

10-Year Bond Yield



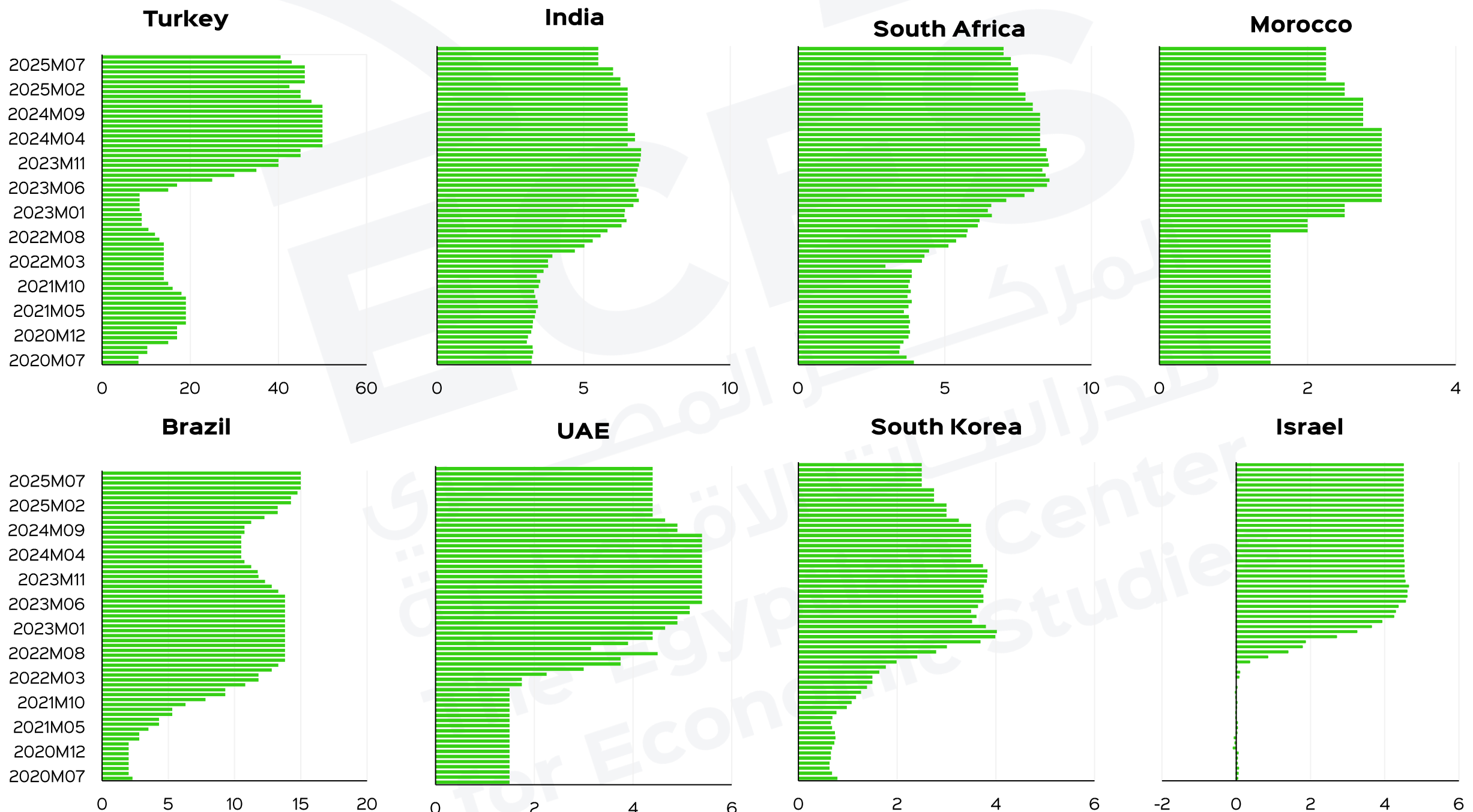
5-Year CDS



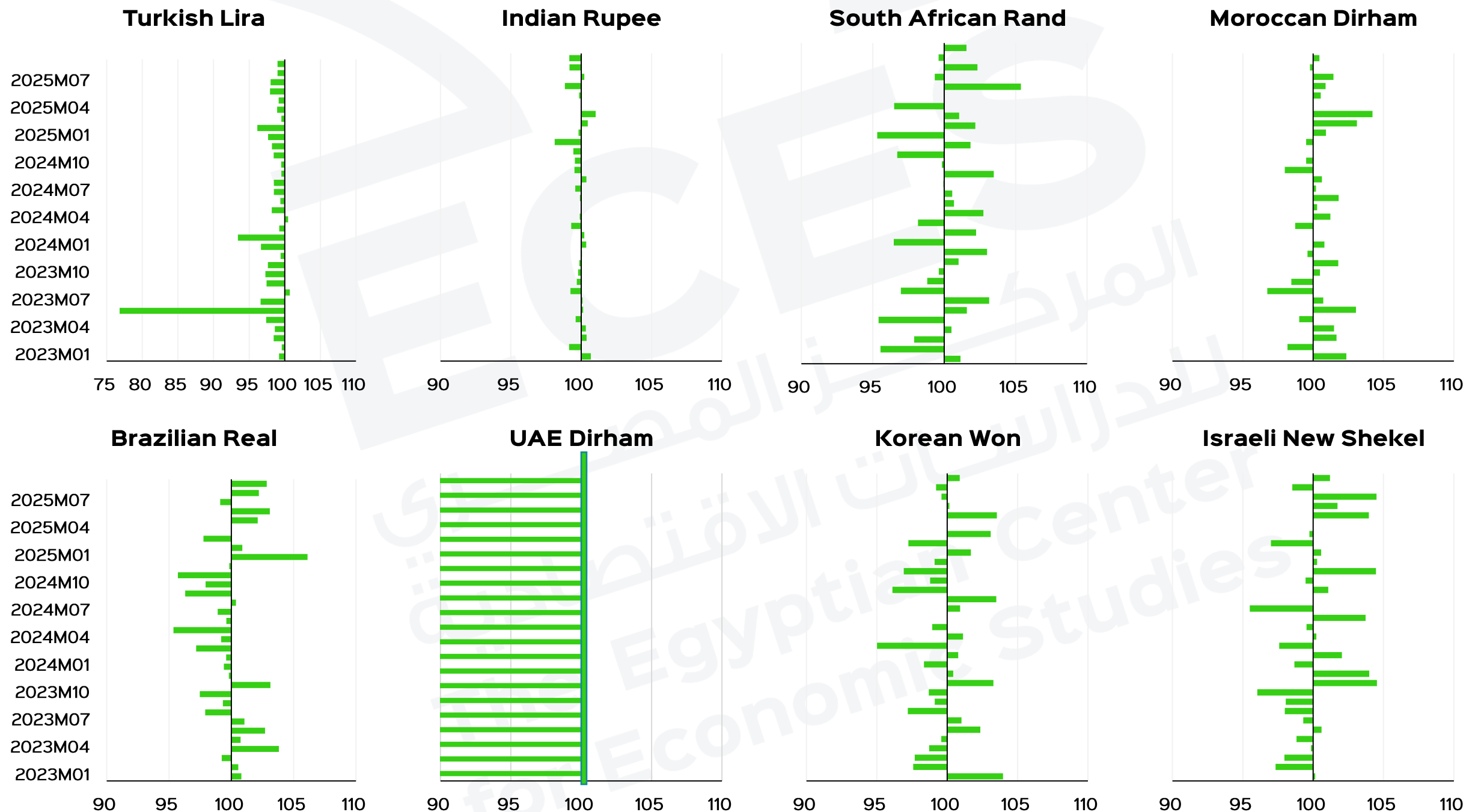
Inflation rates across emerging markets remained generally contained with many markets witnessing stable inflation levels, while others still experiencing sticky and persistent inflation. India as an exception to the group witnessed an uptick in inflation driven by food prices. Emerging markets inflation rates have generally stayed contained for yet another month. Countries have seen inflation declining due to lower energy prices. While some other emerging markets such as Turkey and South Africa still suffer from a high and sticky inflation, which remains unchanged for few months now. India comes as an exception, where its inflation rate spiked due to higher food prices.



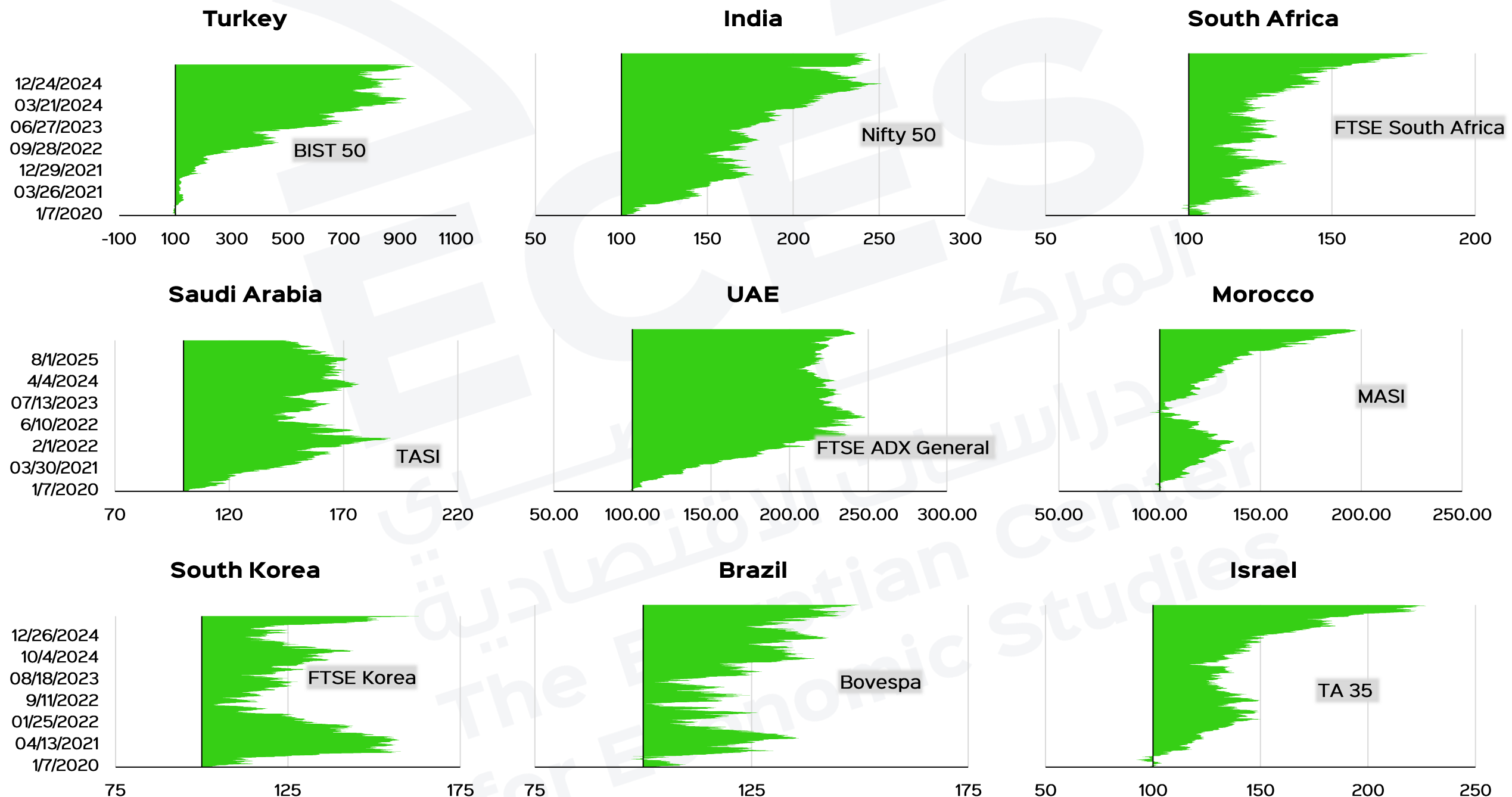
Despite inflation moderation and a weakening US Dollar, most emerging markets Central banks have adopted a “wait and see” approach and kept their interest rates fixed until there is clarity on global economy. Turkey comes as an exception as its Central bank proceeded by cutting rate to stimulate the economy. 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 and the US Dollar has weakened against most global currencies. An exception to this trend is the direction adopted by Central banks of Turkey, which have cut rate to stimulate growth of the local economy.



Emerging markets currencies have witnessed continued mixed performance against the weakening US Dollar, with some gaining further strength while others getting much weaker. The Indian Rupee lost part of its earlier strength as inflation ticked up, while the South Korean Won gained ground supported by lower local inflation and stable inflows. On the other hand, the Turkish Lira and South African Rand remained under heavy pressure due to persistent inflation and weakening investor confidence, especially following recent monetary easing measures. This divergence underscores how domestic fundamentals and policy choices are increasingly shaping currencies performance despite the US Dollar weakness.

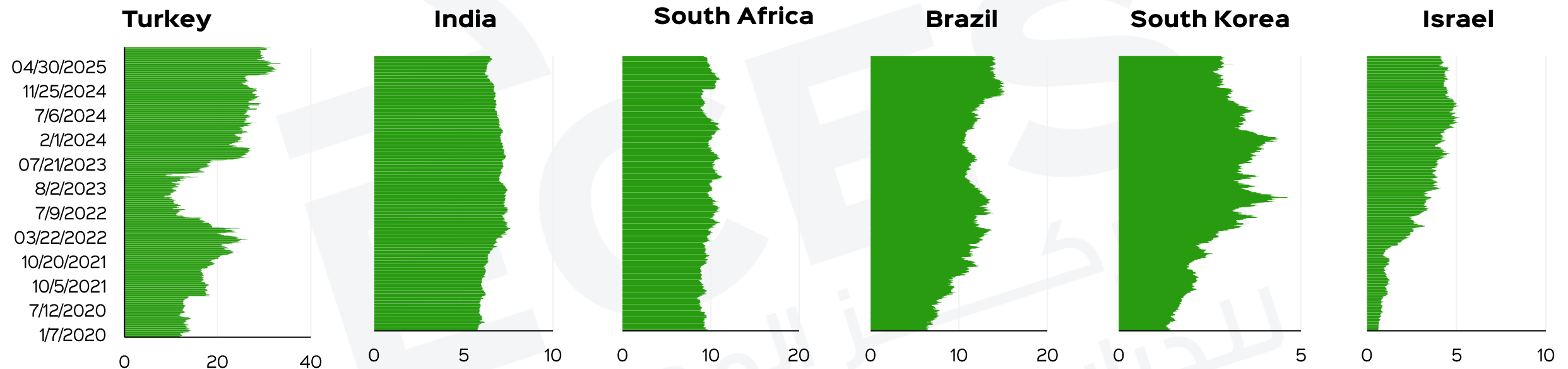


Stock markets in emerging markets have extended their rally for another month supported by easing local inflation concerns, growing investor's appetite, foreign inflows and the normalization of geopolitical risks. Indian and South Korean markets continued to post strong gains supported by Tech sector performance and resilient capital inflows. Equity market in the UAE also strengthened as inflation eased and investor sentiment improved. On the other hand, Turkey and South Africa advanced more modestly, with investors remaining cautious despite recent rate cuts aimed at stimulating growth. Overall, the rally reflects improving local fundamentals and easing geopolitical risks.

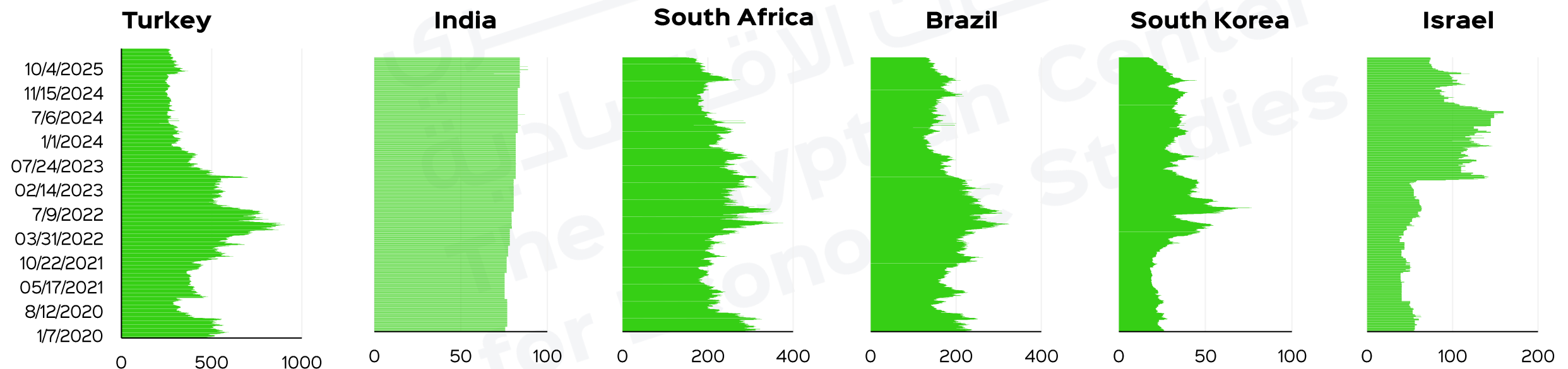


Bond yields in most emerging markets remained broadly stable or edged lower over last month, supported by easing local inflation and cautious monetary policy. Besides, CDSs have generally declined across emerging markets reflecting easing geopolitical risks and reduced trade tensions. The easing approach on monetary policy by global Central banks accompanied by the still tightened monetary policy in emerging markets and low local inflation have decreased pressure on bond yields in emerging markets, which stayed stable. Besides, CDSs in emerging markets have generally declined with the perceived decline in global trade war risks and normalized geopolitical tensions.

10-Year Bond Yield

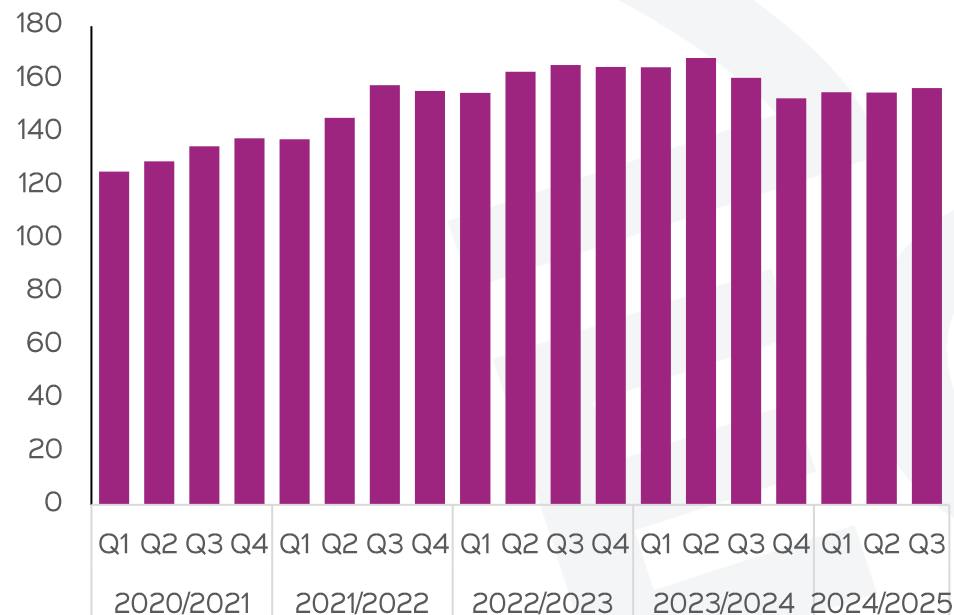


5-Year CDS

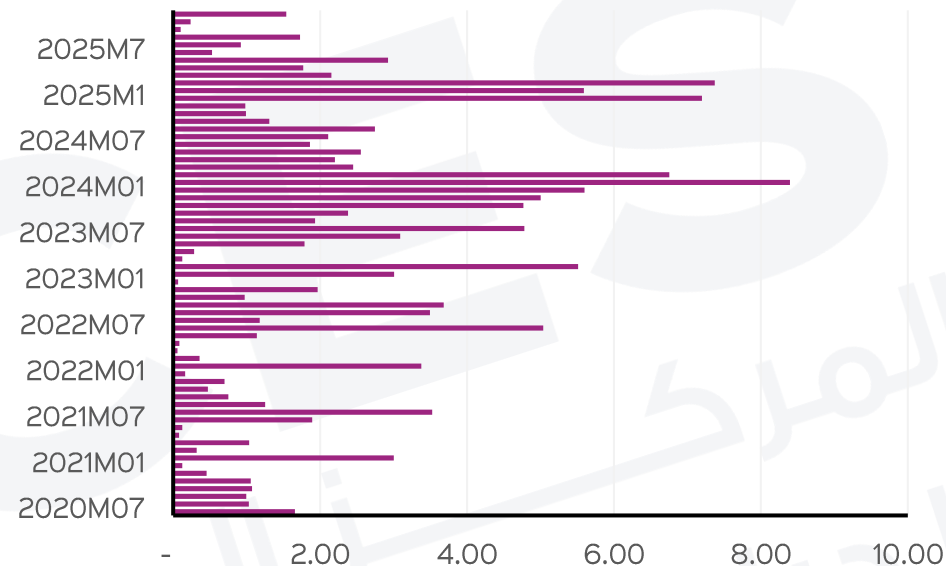


Total external debt continued its upward trend due to new borrowing and accumulated debt servicing cost. Bond yields declined as the Central bank proceeded with cutting rates. CDSs also declined further due to perceived monetary stability and short-term resilience. External debt kept its upward trend thanks to external borrowing and accumulated debt servicing cost. Bond yields reversed trend and declined lately as the Central bank proceeded with cutting rates, signalling monetary easing outlook. CDSs went down further as investors perceive the country as stable and hedged in the short term from a monetary standpoint as compared to other emerging markets.

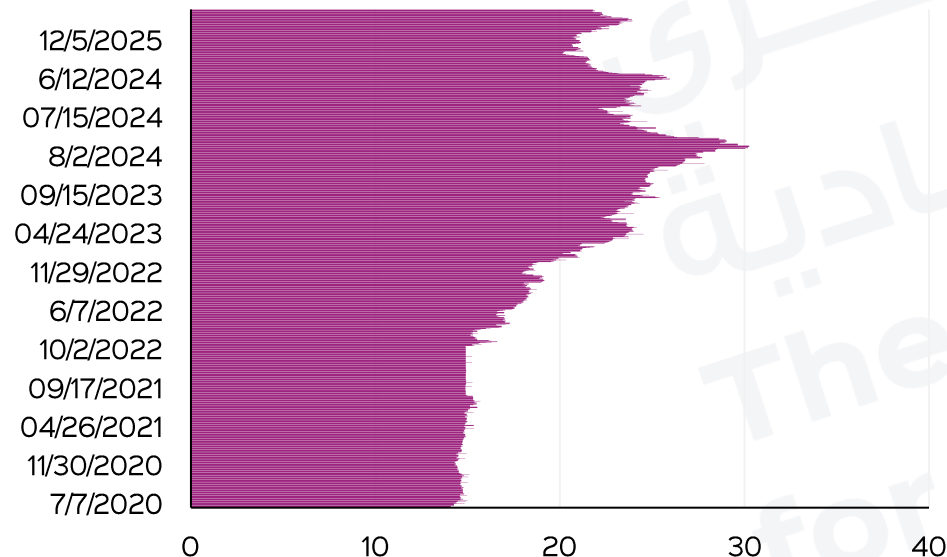
Total External Debt (bn \$)*



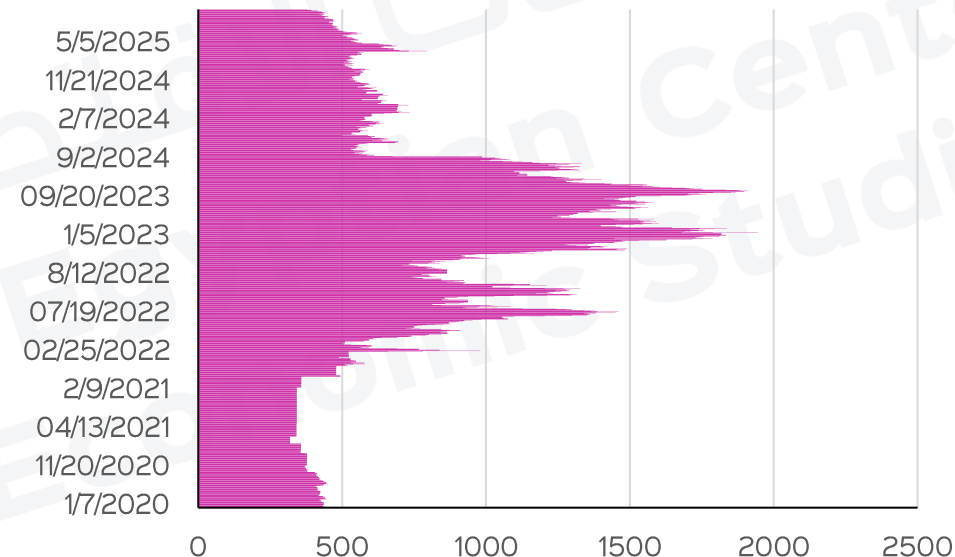
External Debt Service (bn \$)*



Egypt 10-Year Bond Yield



5Y CDS, Egypt



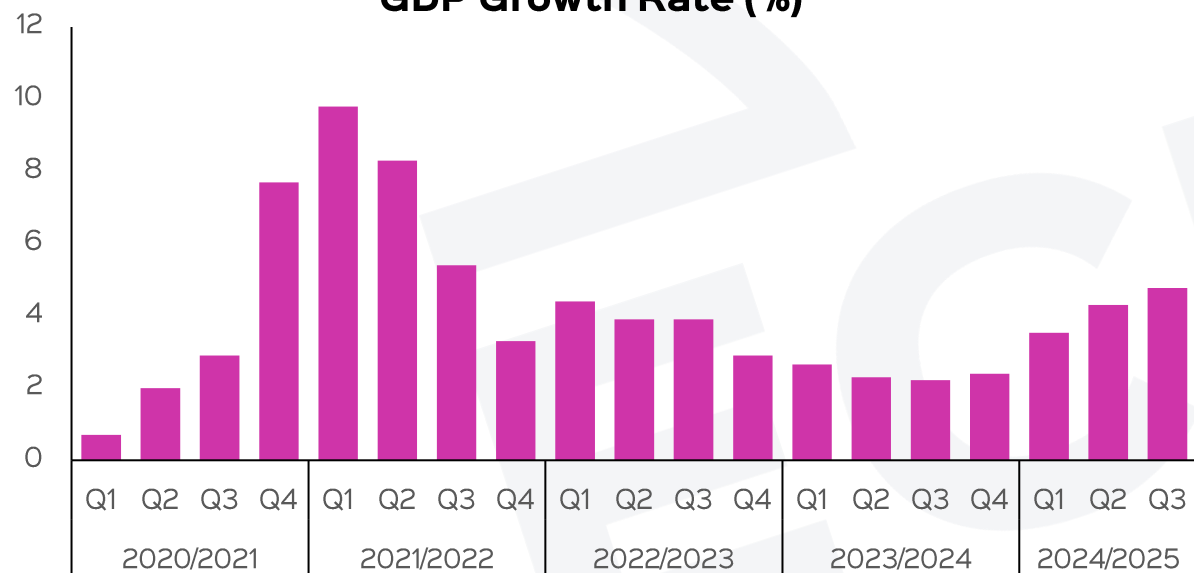
S&P Global
Ratings
B- Positive

Fitch Ratings
B Stable

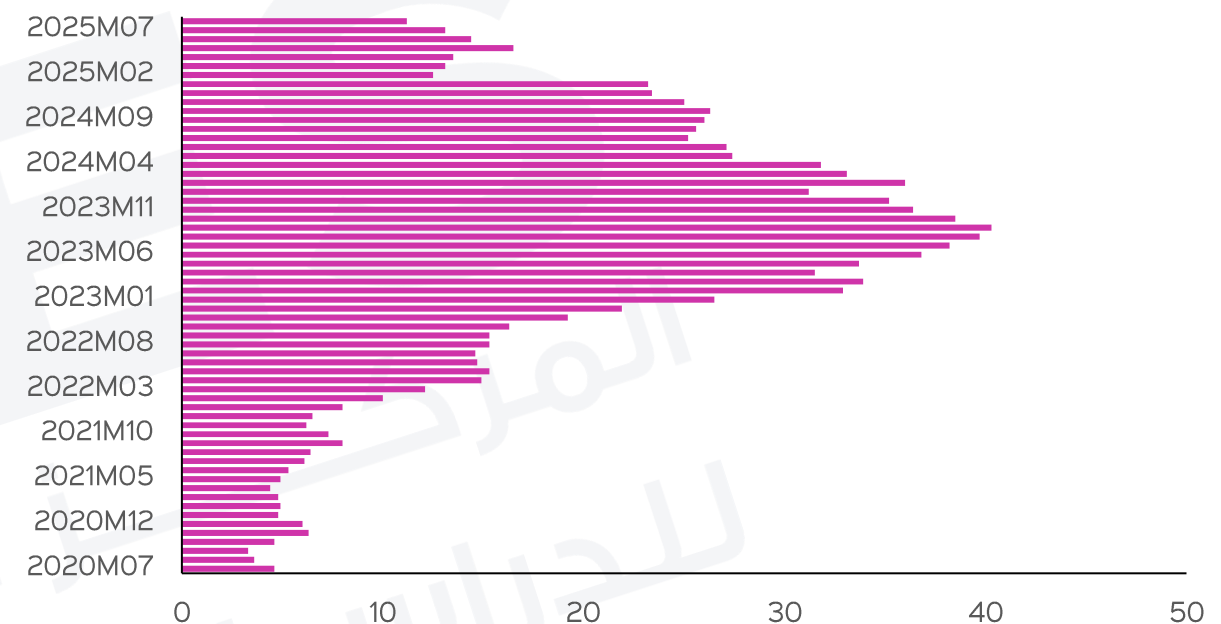
MOODY'S
INVESTORS SERVICE
Caa1 Positive

GDP growth has kept momentum for the fourth consecutive quarter, highlighting the partial economic recovery continuing. Inflation rate declined for the third month in a row, giving room for the Central bank to cut rate lately and confirm the monetary easing outlook. The economy has kept its growth momentum for the fourth quarter in a row showing an increase in GDP growth rate. On the monetary side, growth of money supply has increased yet inflation rate has declined for the third month in a row. The Central bank has moved into the monetary easing mode by cutting interest rate and hinting about further rate cuts in the future amid declining inflation rate.

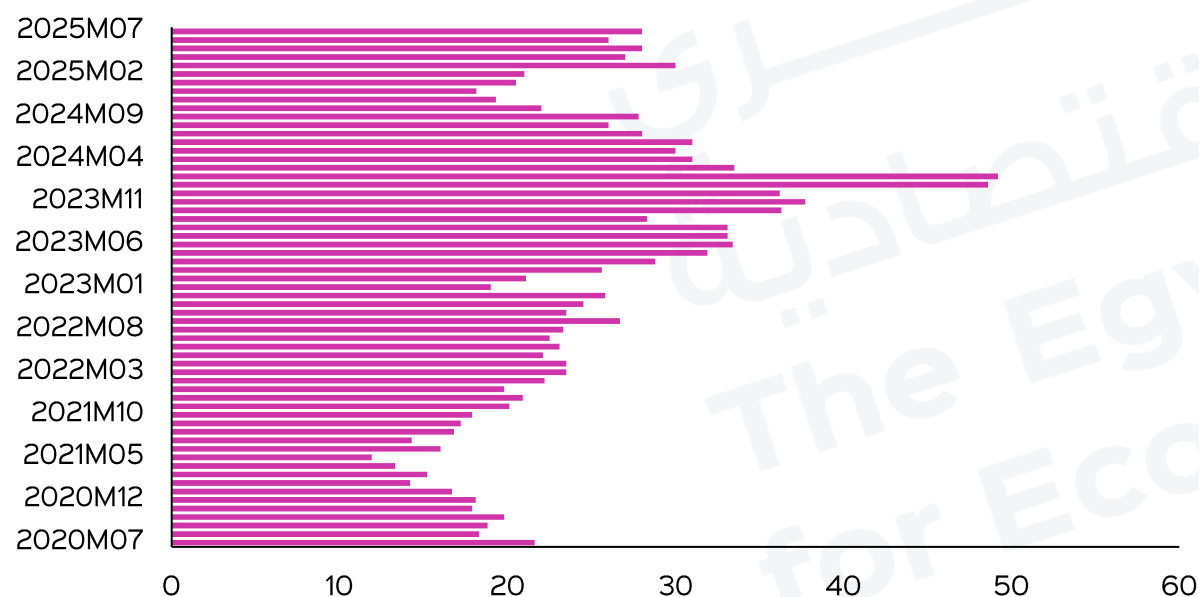
GDP Growth Rate (%)*



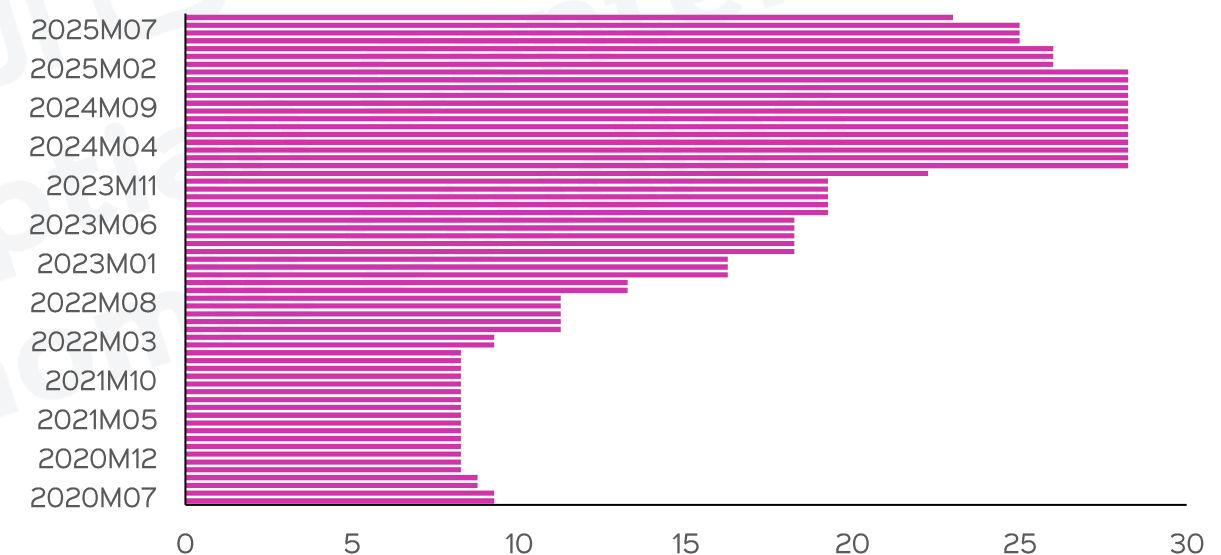
Inflation Rate (%)



Growth Rate of Money Supply (M1)*

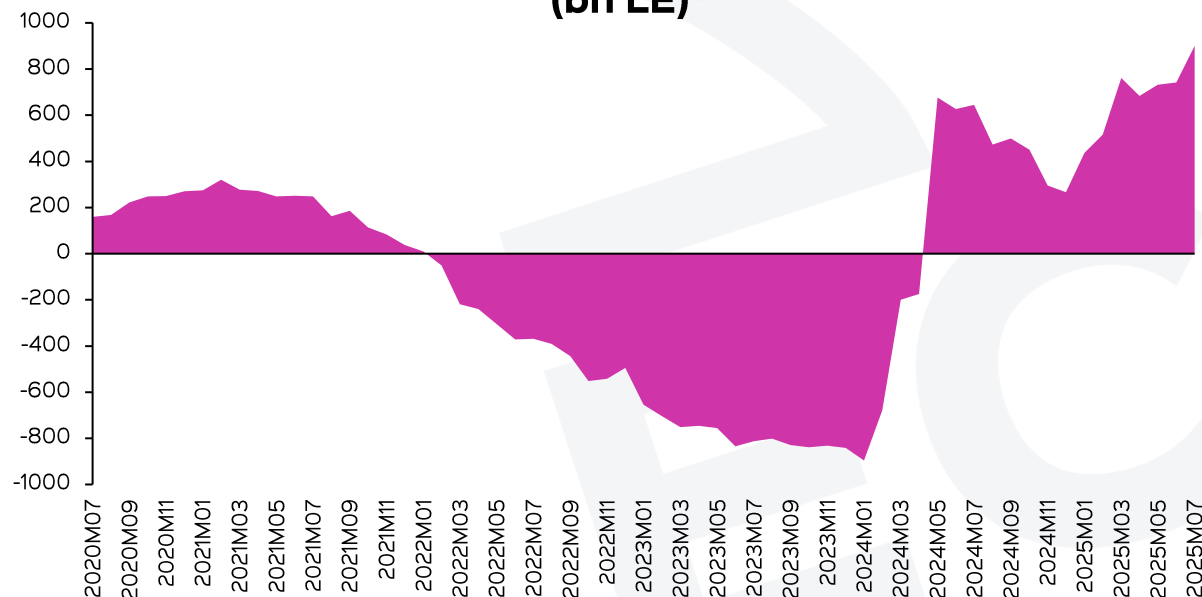


Policy Rate (%)

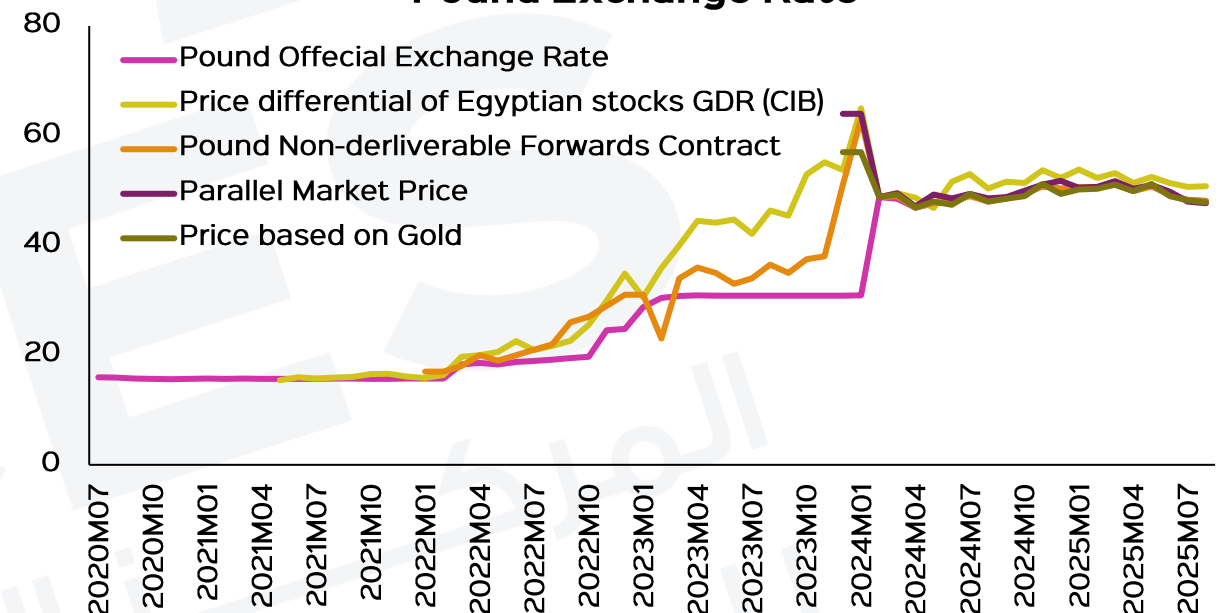


Central bank reserves of foreign currency have increased further, and net foreign assets in the banking system have edged higher. Remittances kept climbing for few months in a row now, and official exchange rate kept its gradual recovery trend. Currency inflows from remittances have stayed stable for few months in a row allowing for a unified exchange rate in the market. Besides, hot money returned to the market after the heightened regional tensions, thus enhancing the net foreign assets in the banking system. Such position as well as the weakening US Dollar globally have resulted into a continued recovery of the official exchange rate of the Pound.

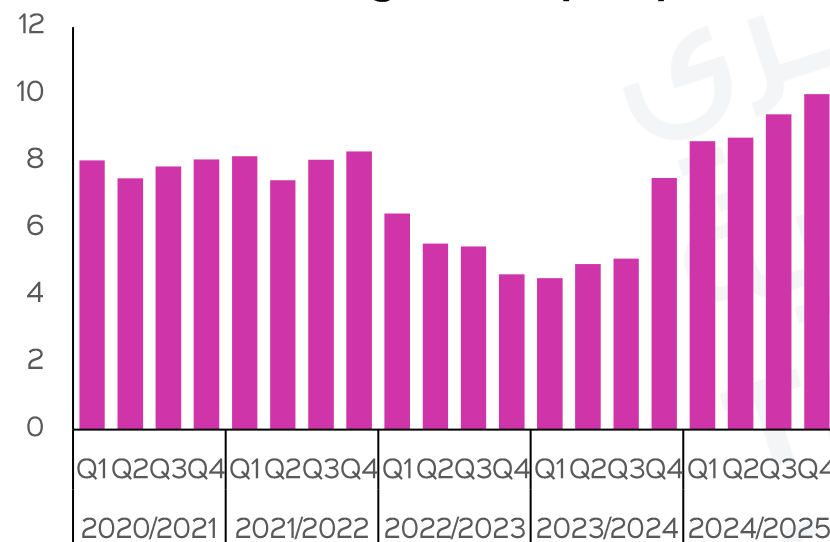
**Net Foreign Assets of the Banking System
(bn LE)***



Pound Exchange Rate



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

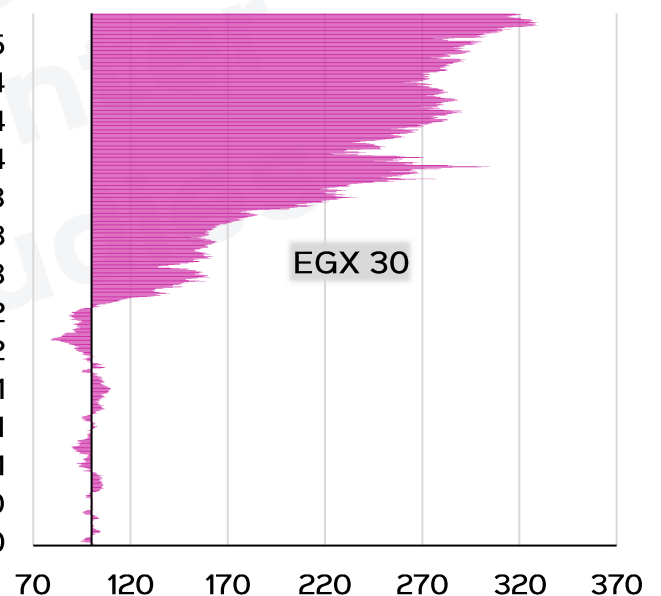


Net International Reserves



Egypt

05/18/2025
12/29/2024
08/20/2024
03/25/2024
11/14/2023
4/7/2023
9/2/2023
09/29/2022
05/17/2022
12/28/2021
08/19/2021
03/29/2021
11/18/2020
5/7/2020



Sources

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- 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.

