



Financial Markets Snapshot

Issue 24
December 2025

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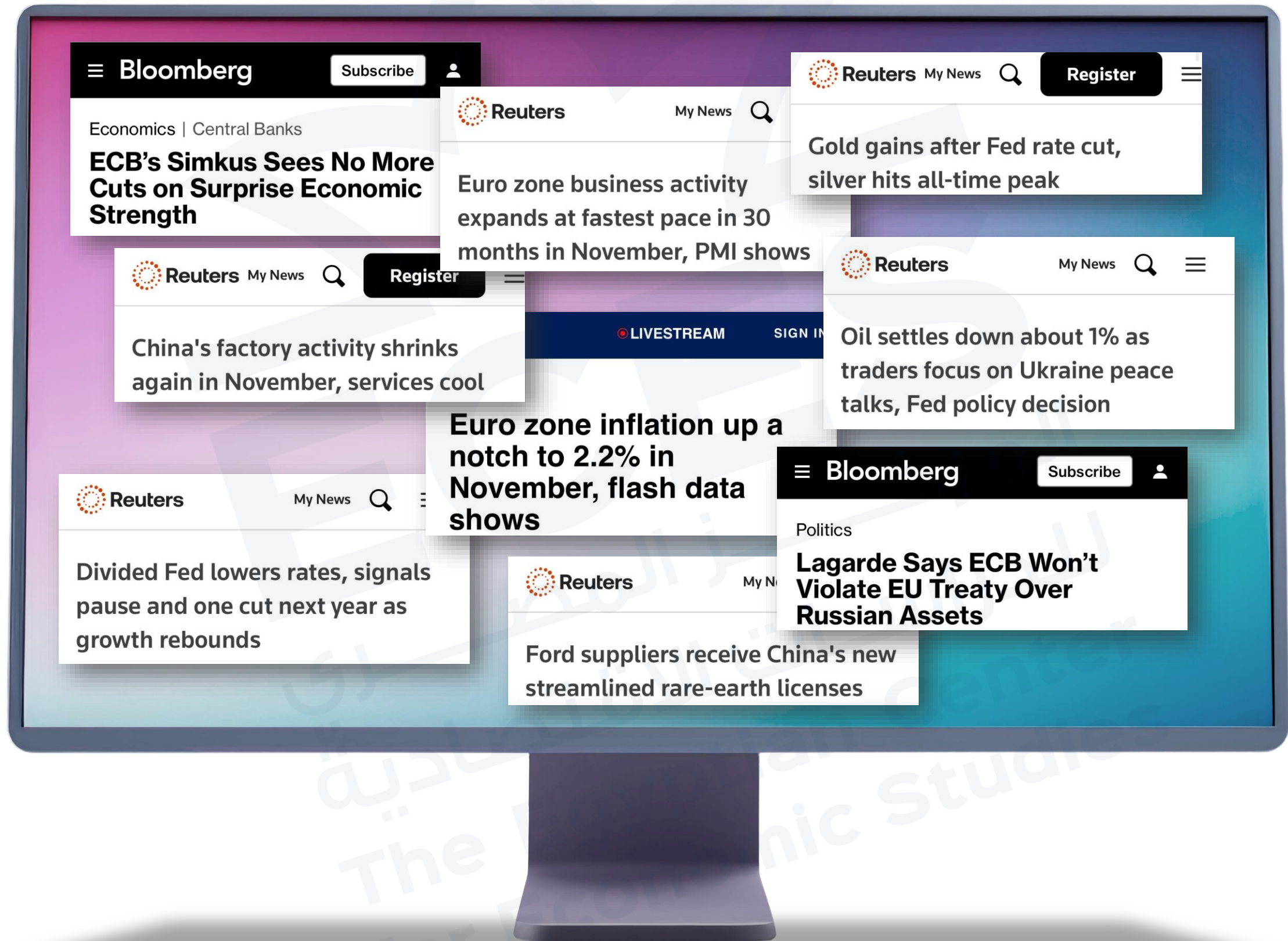
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About The Report

- 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 markets continued to display divergent trends over the past month, reflecting varying supply-demand dynamics across key commodities with energy prices softening further and precious metals gaining more strength.
- Global inflation dynamics continued to diverge over the past month, reflecting uneven disinflation progress and cautious monetary policy signals across major economies, with US Dollar losing further value against global currencies.
- Global stock markets continued to show divergent performance over the past month, reflecting differences in economic momentum and policy expectations across major economies.
- Global bond markets remained broadly stable over the past month as investors continued to adjust to the ongoing monetary easing cycle and clearer inflation trends across major economies, with CDSs declining further across most markets.

Emerging Markets



- Inflation across emerging markets showed a mixed but generally easing pattern over the past month, reflecting divergent country-specific dynamics, but an overall easing trend.
- Amid mixed inflation dynamics and a broadly moderating US Dollar, monetary policy across emerging markets remained cautious over the past month, yet some Central banks started acting by cutting rates slowly amid ongoing global uncertainty.
- Emerging markets currencies broadly strengthened against the US Dollar over the past month, reflecting improved investor sentiment and stabilizing global conditions, with the notable exception of the Brazilian Real.
- Emerging markets stock markets continued to post generally positive performance over the past month, supported by improving investor sentiment, ongoing foreign inflows, and mixed inflation dynamics.
- Bond yields across most emerging markets remained broadly stable over the past month, supported by easing local inflation and cautious monetary policy stance followed by Central banks.

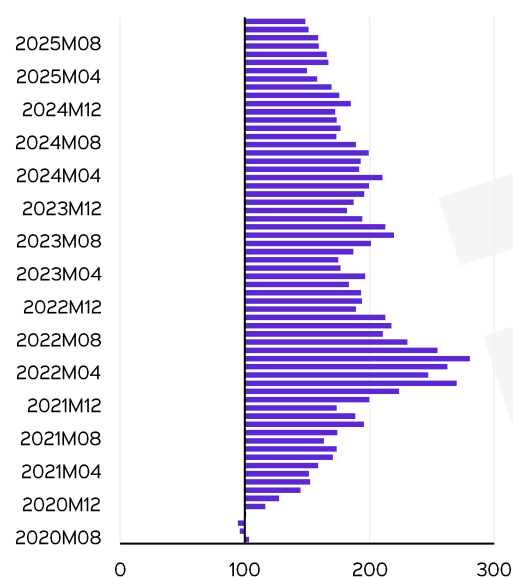
Egyptian Local Market



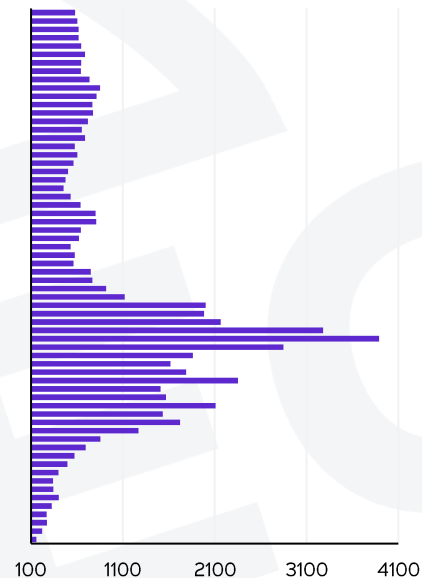
- Despite the continuous increase of total external debt and upcoming debt service, Egypt bond yield declined and CDSs have even declined further to the lowest ever in many years, reflecting improving investor confidence in the short term, which doesn't necessarily grant long term sustainability.
- Egypt macroeconomic indicators reflected a gradually improving outlook over the past month, with growth momentum strengthening and inflationary pressures moderating.
- Egypt external position continued to show gradual improvement over the past month, supported by sustained foreign currency inflows and stronger market confidence.

Commodity markets continued to display divergent trends over the past month, reflecting varying supply-demand dynamics across key commodities with energy prices softening further and precious metals gaining more strength. Energy prices stabilized, precious metals remained elevated, and agricultural commodities showed mixed performance. Crude Oil prices held broadly steady at their recent levels, as balanced market conditions offset lingering geopolitical risks. Gold continued to trade at elevated levels, supported by persistent uncertainty and sustained investor demand for safe-haven assets. Wheat prices moved higher, reflecting tighter market conditions, while other agricultural commodities showed limited directional momentum.

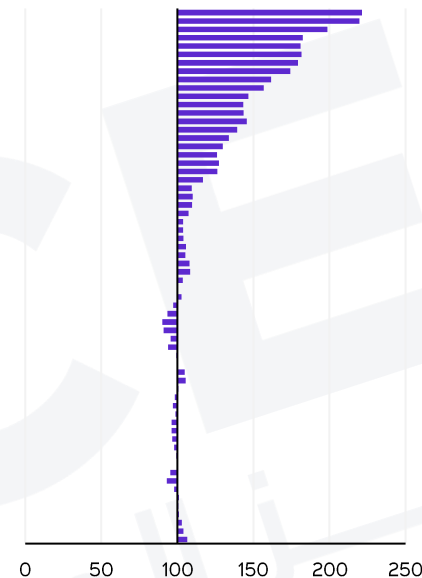
Crude Oil, Brent



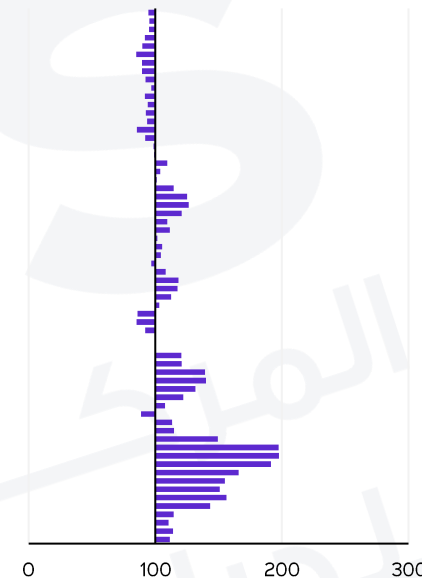
Natural Gas



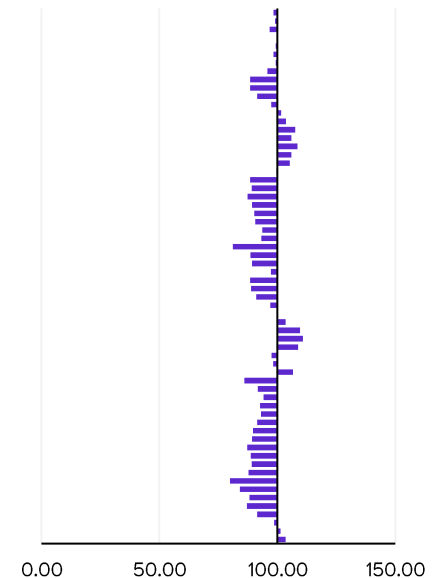
Gold



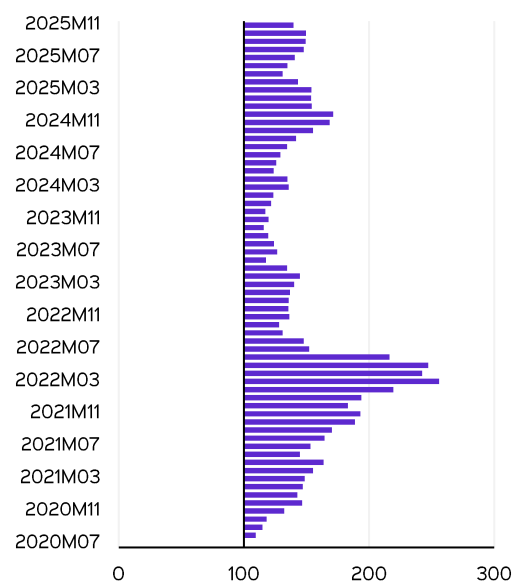
Iron ore



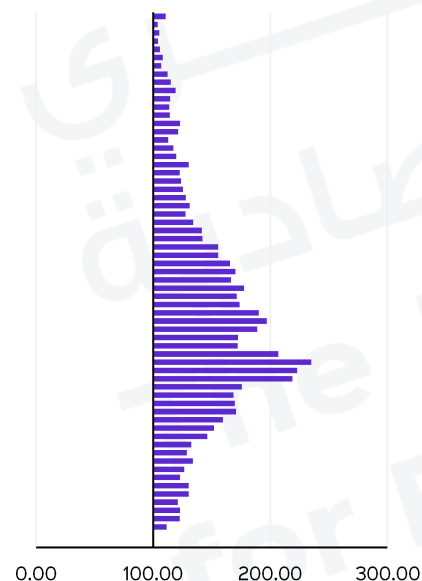
Tea



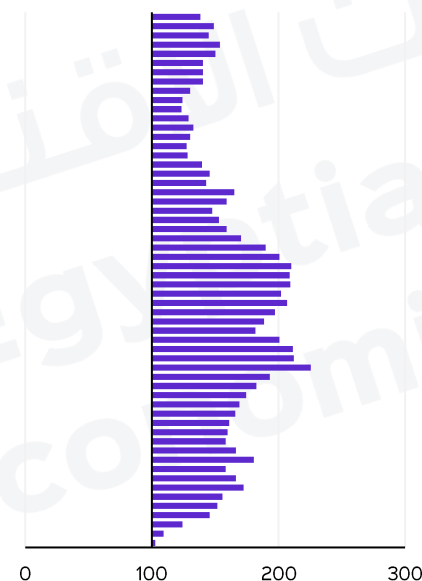
Palm oil



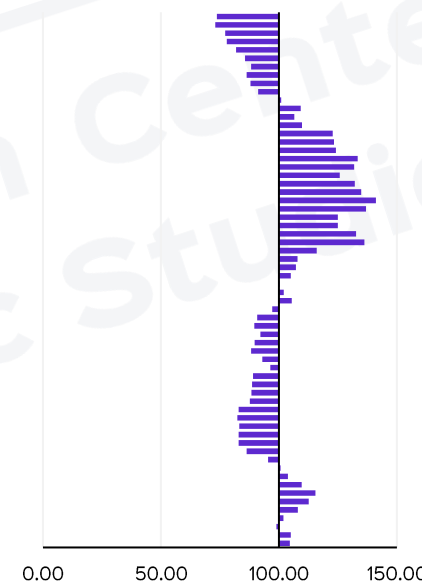
Wheat



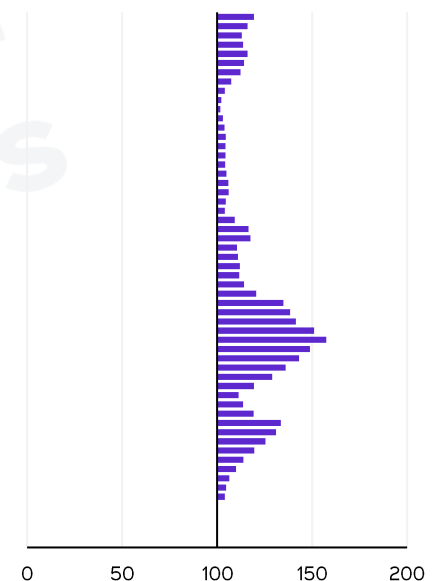
Maize



Rice

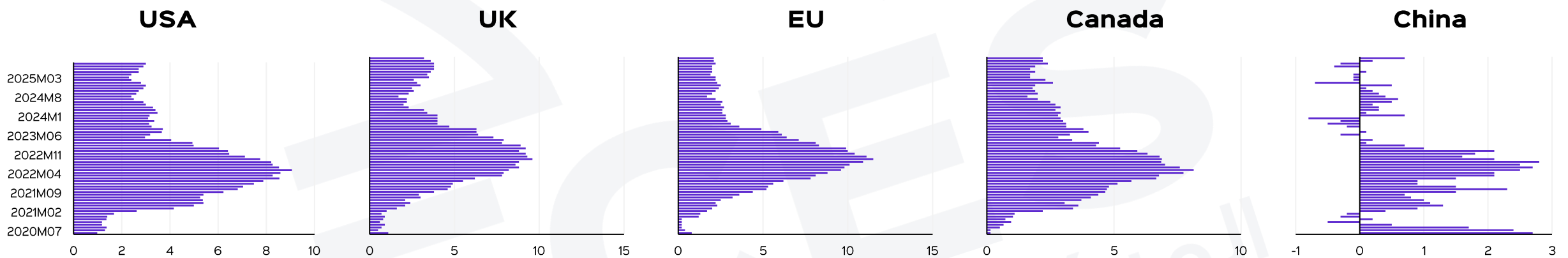


Bovine meat

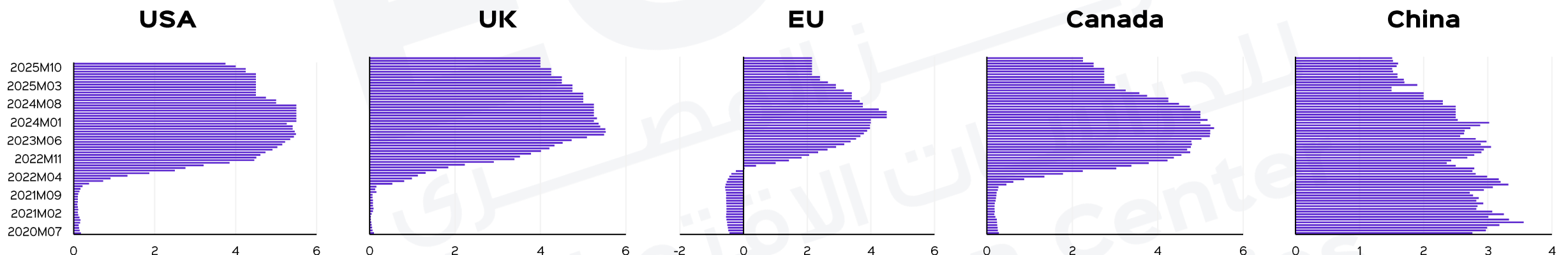


Global inflation dynamics continued to diverge over the past month, reflecting uneven disinflation progress and cautious monetary policy signals across major economies, with US Dollar losing further value against global currencies. Inflation showed further moderation in the US and Eurozone, while remaining relatively sticky in the UK, prompting a more restrained policy stance. China remained close to deflation, highlighting persistent weakness in domestic demand. Against this backdrop, the US Federal and the Bank of Canada proceeded with interest rate cuts, while other major central banks largely held policy rates steady. These shifts fed into mixed movements in global currency markets, with the US Dollar softening against global currencies.

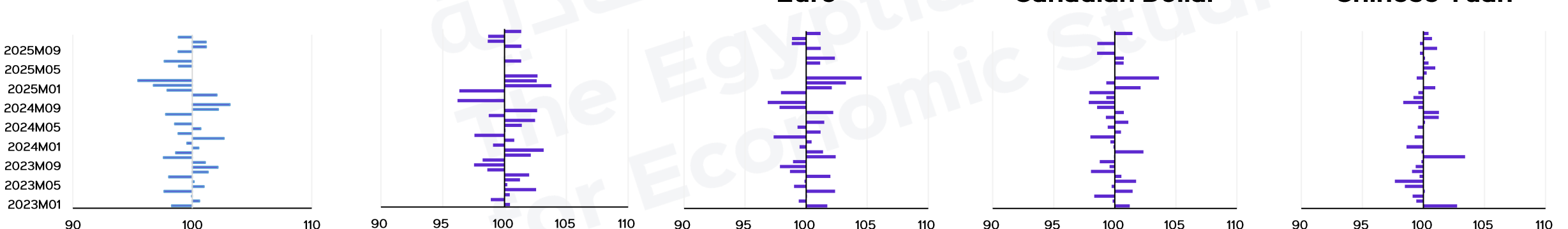
Inflation Rate



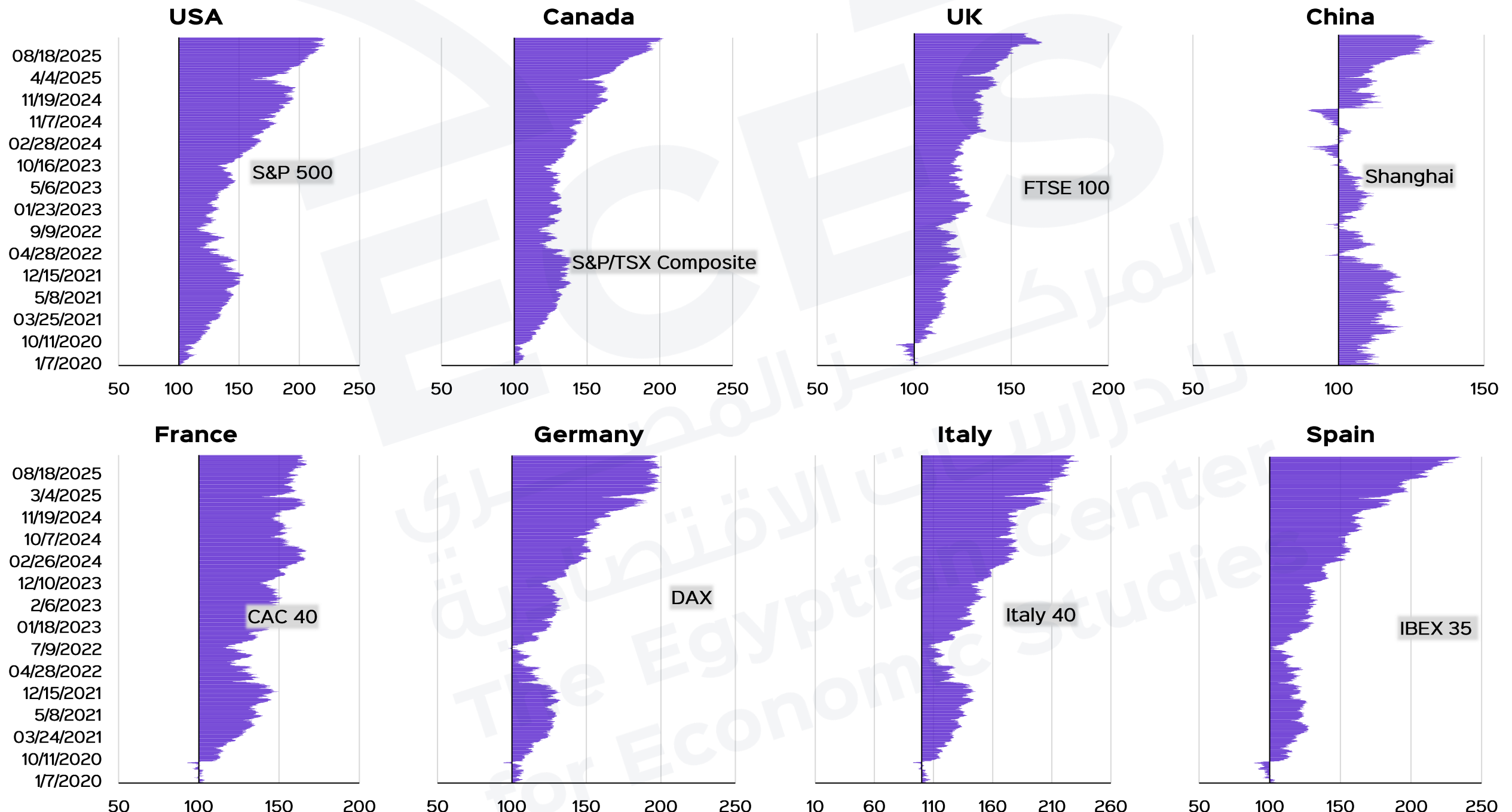
Policy Rate



LCU / USD

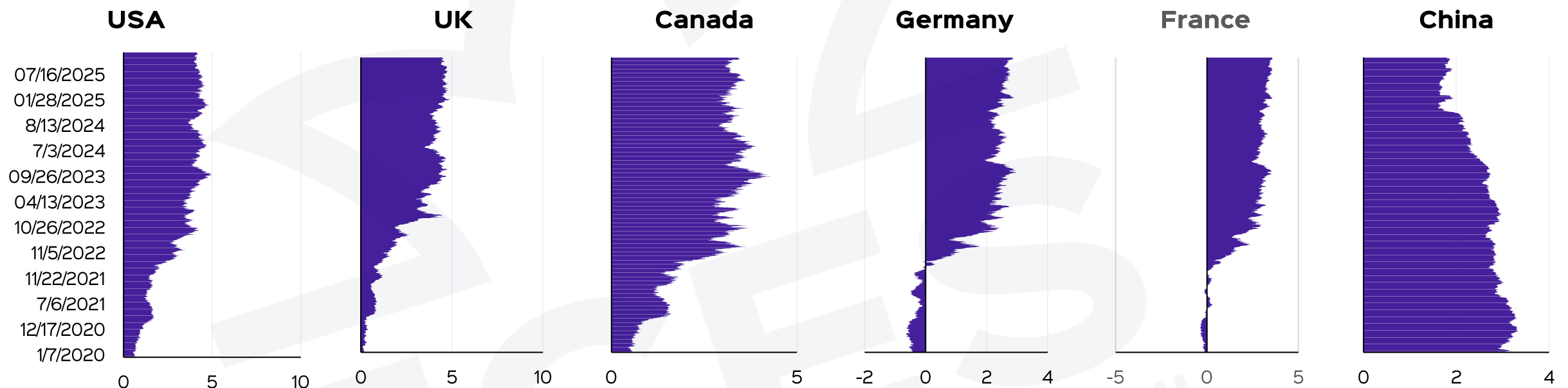


Global stock markets continued to show divergent performance over the past month, reflecting differences in economic momentum and policy expectations across major economies. US equities largely stabilized at elevated levels, as the positive impact of earlier rate cuts was tempered by more cautious earnings outlooks. Canadian markets showed modest gains, supported by easing monetary conditions and relatively resilient domestic fundamentals. European equity markets remained mixed to slightly subdued, weighed down by persistent growth concerns. Meanwhile, Chinese equities continued to underperform, as weak household demand, fragile business confidence, and limited policy stimulus weighed on investor sentiment.

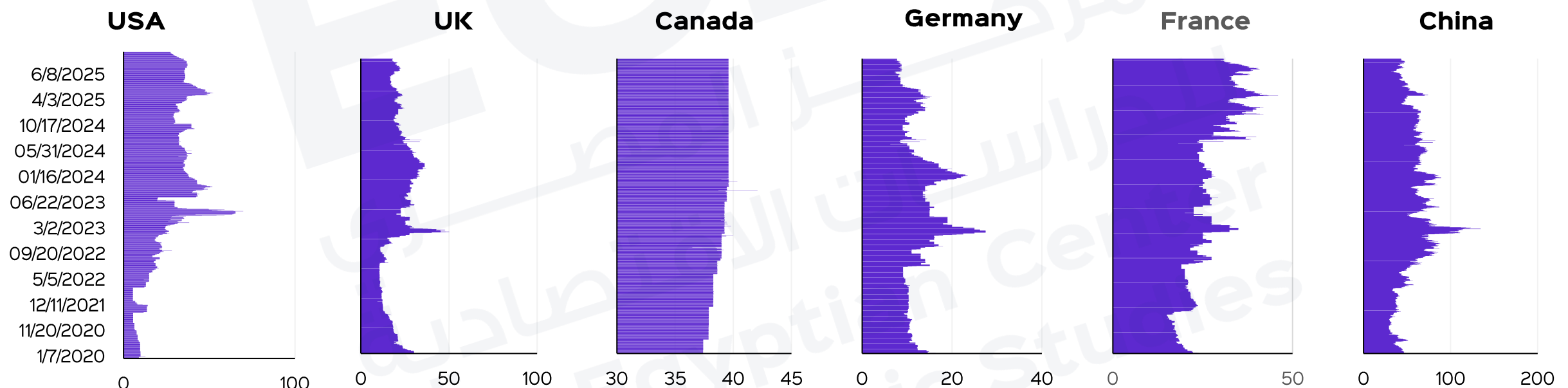


Global bond markets remained broadly stable over the past month as investors continued to adjust to the ongoing monetary easing cycle and clearer inflation trends across major economies, with CDSs declining further across most markets. Market sentiment stayed relatively calm, with improved risk appetite offsetting lingering geopolitical uncertainty. Bond yields in the US and Canada continued to edge lower following recent interest rate cuts. Across major European markets yields largely stabilized amid easing inflation pressures and subdued growth. Meanwhile, CDS spreads across key economies hovered near recent lows, reflecting sustained investor confidence and a greater ability to absorb geopolitical risks.

10-Year Bond Yield



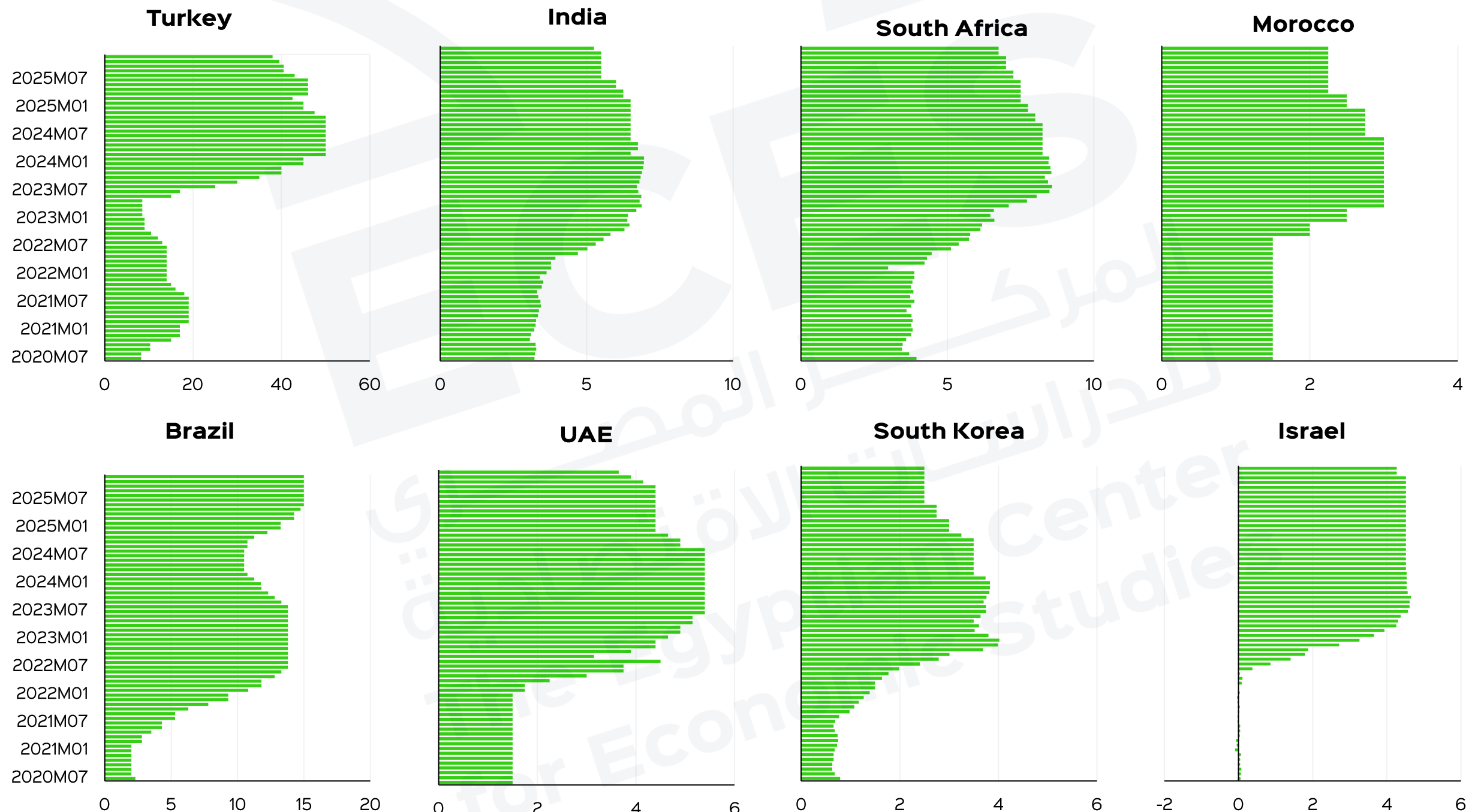
5-Year CDS



Inflation across emerging markets showed a mixed but generally easing pattern over the past month, reflecting divergent country-specific dynamics, but an overall easing trend. Inflation edged higher in India, driven by renewed food price pressures, while inflation moderated across most other emerging economies. Brazil, South Africa, South Korea, and the UAE recorded easing inflation, supported by softer energy costs and improving supply conditions. Turkey continued to face elevated inflationary pressures, though the pace showed signs of stabilization. Overall, inflation dynamics across emerging markets remained uneven, shaped by local structural factors despite broadly contained global price pressures.

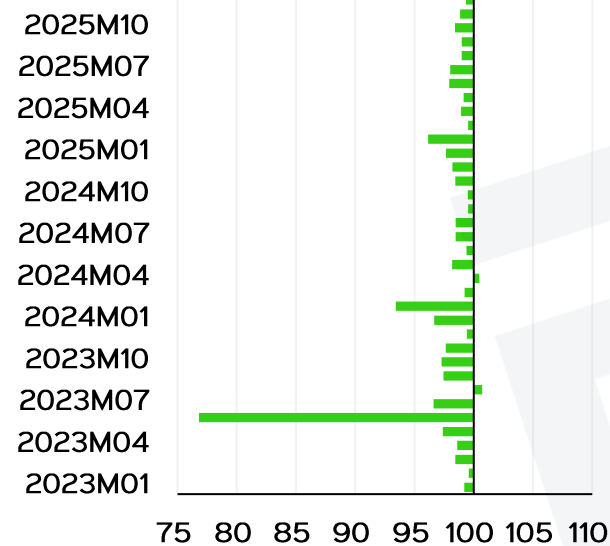


Amid mixed inflation dynamics and a broadly moderating US Dollar, monetary policy across emerging markets remained cautious over the past month, yet some Central banks started acting by cutting rates slowly amid ongoing global uncertainty. Several countries moved toward policy easing, as India, Turkey, and the UAE proceeded with interest rate cuts to support domestic liquidity and economic activity. Elsewhere, Central banks largely held rates steady, balancing the need to support growth against lingering inflation risks. Overall, emerging market monetary policy continued to reflect a selective and data-dependent easing cycle, shaped by both domestic conditions and evolving global financial trends.

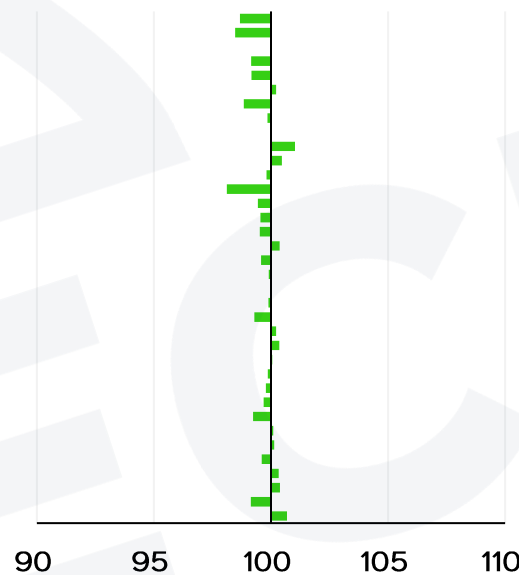


Emerging markets currencies broadly strengthened against the US Dollar over the past month, reflecting improved investor sentiment and stabilizing global conditions, with the notable exception of the Brazilian Real. The Indian Rupee, Turkish Lira, UAE Dirham, and South African Rand showed gains, supported by easing domestic risks and improving economic outlooks. The Brazilian Real has been a clear exception due to sticky and rising inflation rate. Overall, emerging market currencies exhibited selective resilience, as markets adjusted to a more stable global environment while the US Dollar maintained a moderate tone.

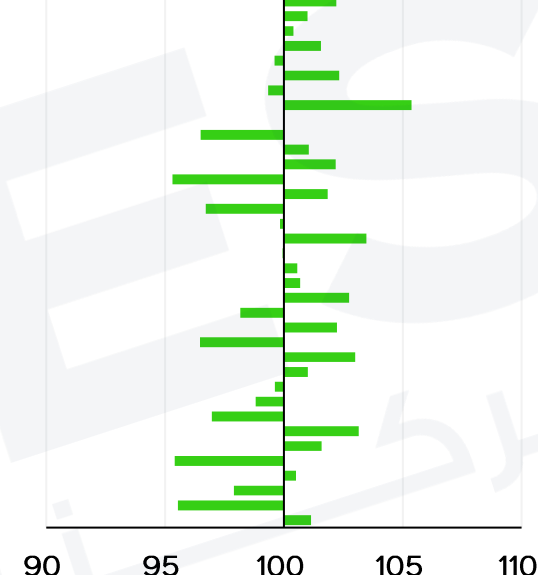
Turkish Lira



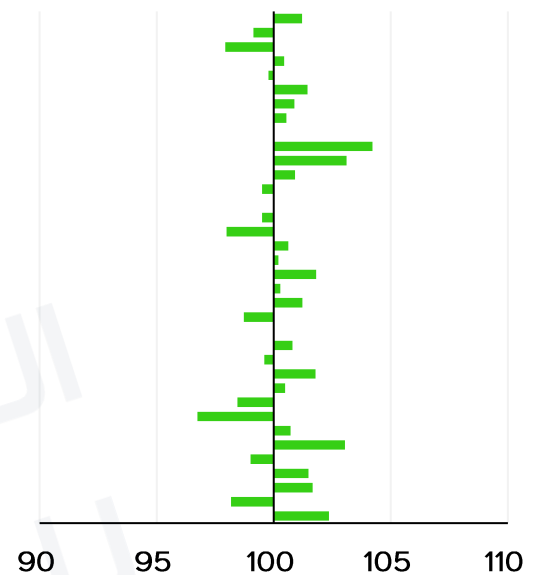
Indian Rupee



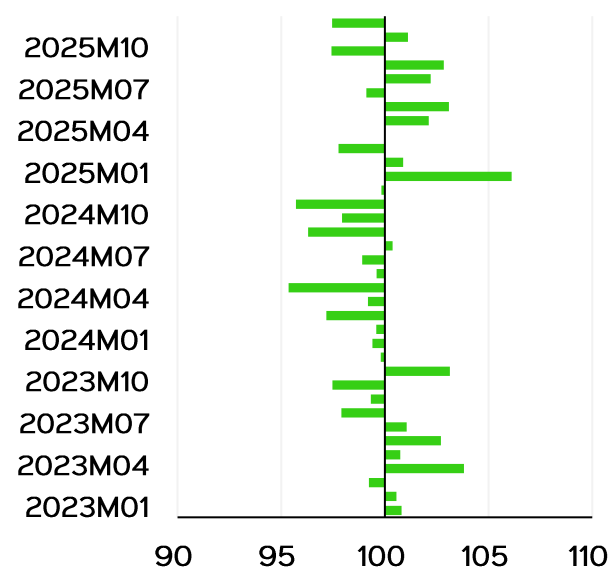
South African Rand



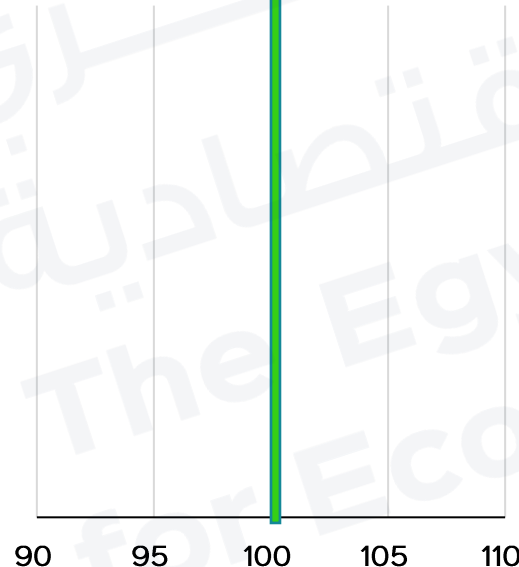
Moroccan Dirham



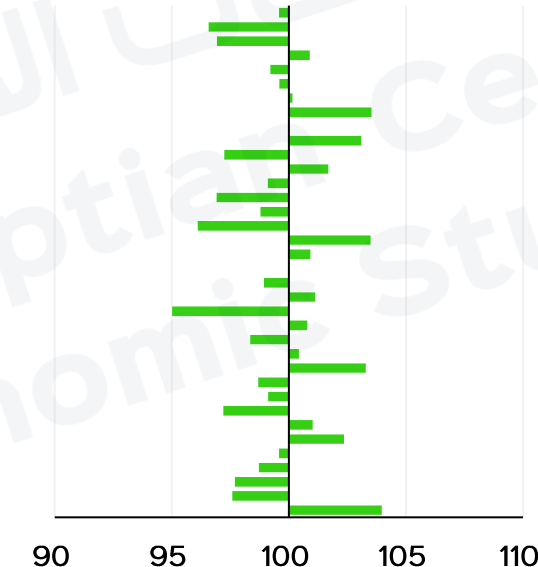
Brazilian Real



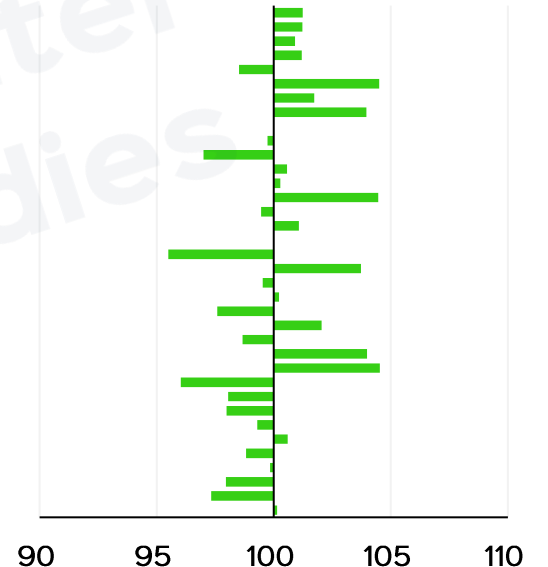
UAE Dirham



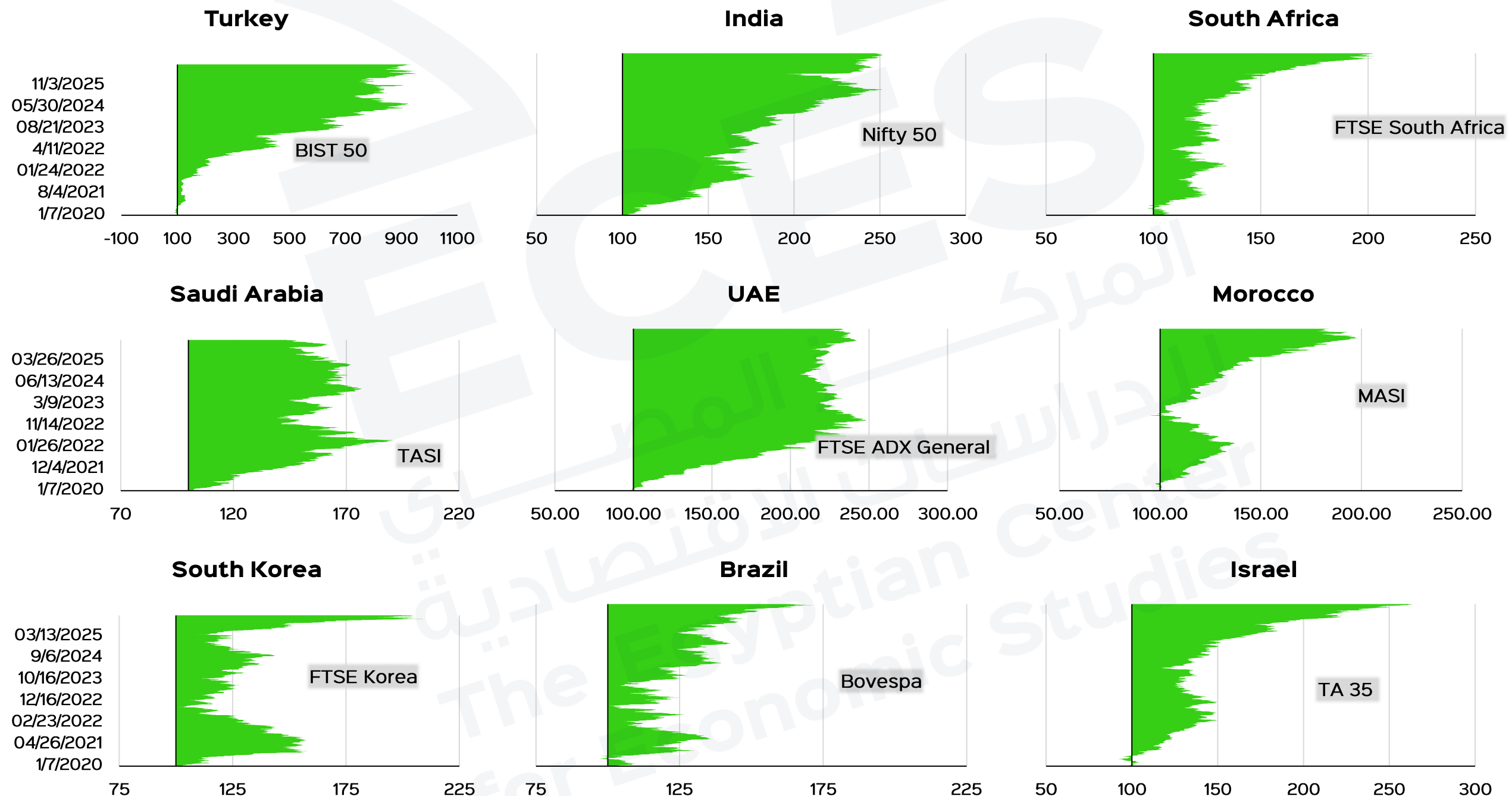
Korean Won



Israeli New Shekel

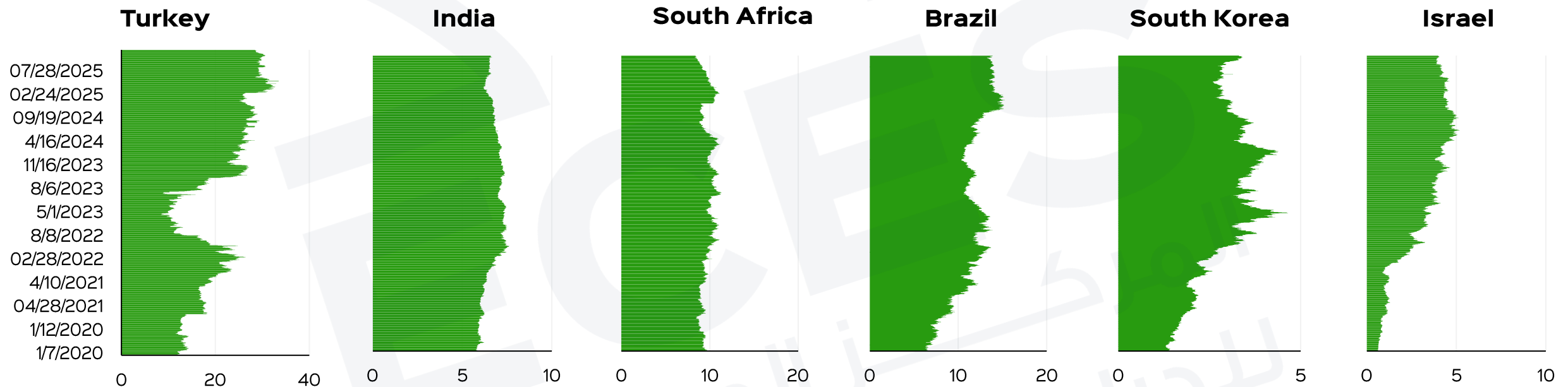


Emerging markets stock markets continued to post generally positive performance over the past month, supported by improving investor sentiment, ongoing foreign inflows, and mixed inflation dynamics. India and South Korea led the gains, driven by strong technology sector performance and resilient capital inflows. UAE and Saudi Arabia also advanced, benefiting from easing domestic risks and a more favorable investment climate. Meanwhile, Turkey, South Africa, and Morocco recorded more moderate gains, as investors remained cautious amid local economic and policy uncertainties. Overall, emerging market stock markets demonstrated selective strength, reflecting improving fundamentals and a gradual stabilization of global and regional risk factors.

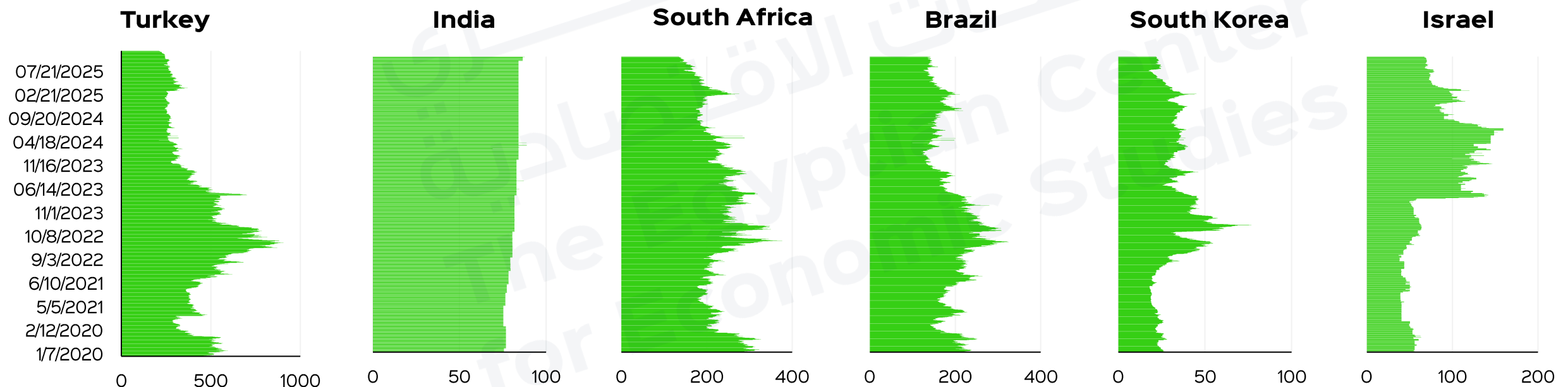


Bond yields across most emerging markets remained broadly stable over the past month, supported by easing local inflation and cautious monetary policy stance followed by Central banks. Yields in Turkey, India, South Africa, South Korea, Israel, and Brazil held largely steady, reflecting limited pressure on local debt markets. However, credit default swaps (CDSs) edged slightly higher, signaling that investors remain attentive to external risks, including geopolitical tensions and global financial volatility. Overall, emerging markets continue to balance improving domestic conditions with sensitivity to global risk factors, maintaining resilience while remaining vulnerable to shifts in international capital flows.

10-Year Bond Yield

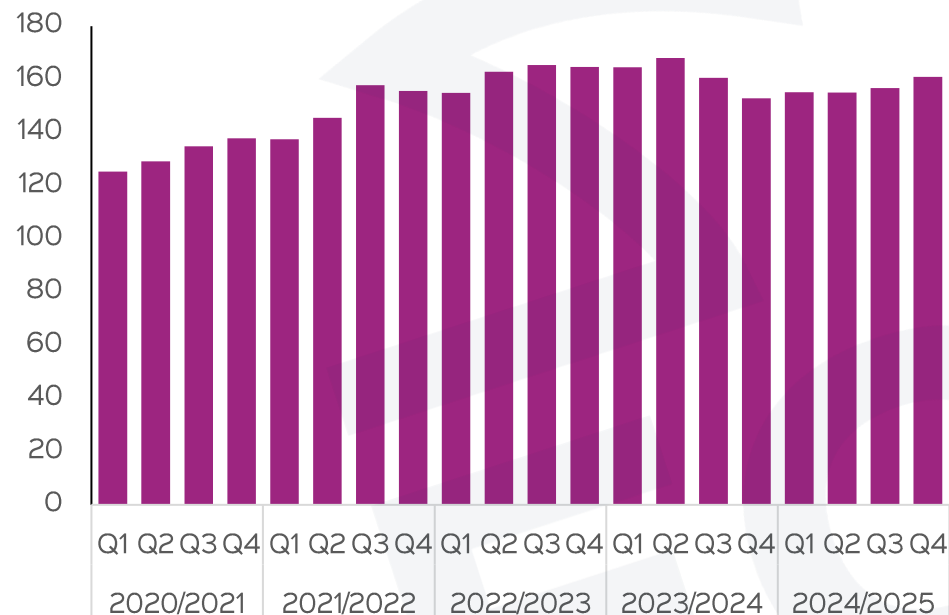


5-Year CDS

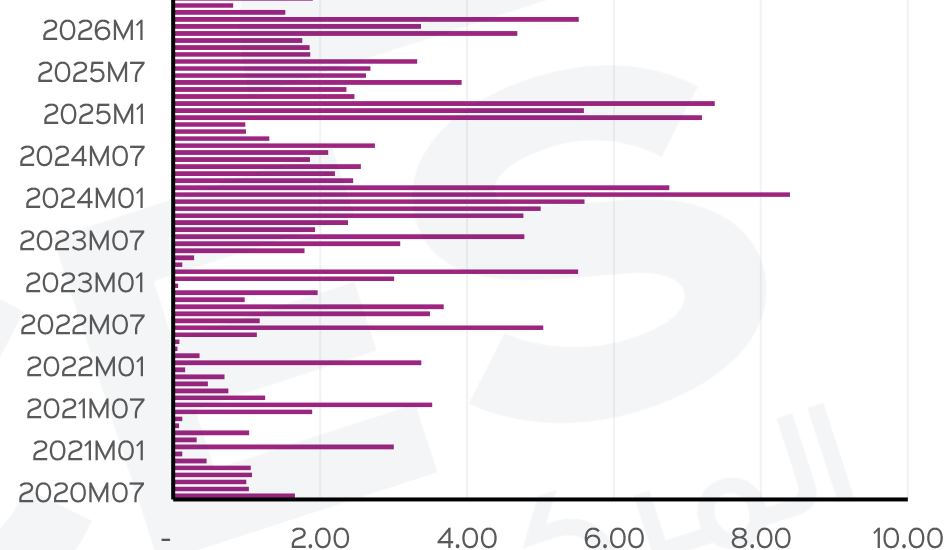


Despite the continuous increase of total external debt and upcoming debt service, Egypt bond yield declined and CDSs have even declined further to the lowest ever in many years, reflecting improving investor confidence in the short term, which doesn't necessarily grant long term sustainability. Total external debt and debt service remained elevated due to new borrowing requirements and higher servicing costs. At the same time, Egypt 10-year bond yield held broadly steady following recent Central bank rate cuts, indicating easing monetary conditions and stable market sentiment. CDSs also stayed lower, reflecting reduced perceived risk and sustained investor confidence after the latest rating upgrade by S&P Global.

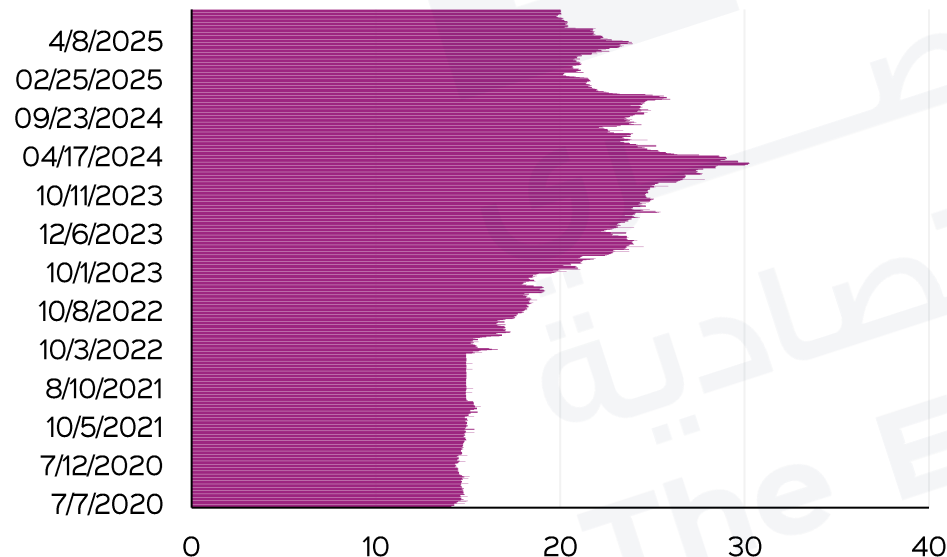
Total External Debt (bn \$)*



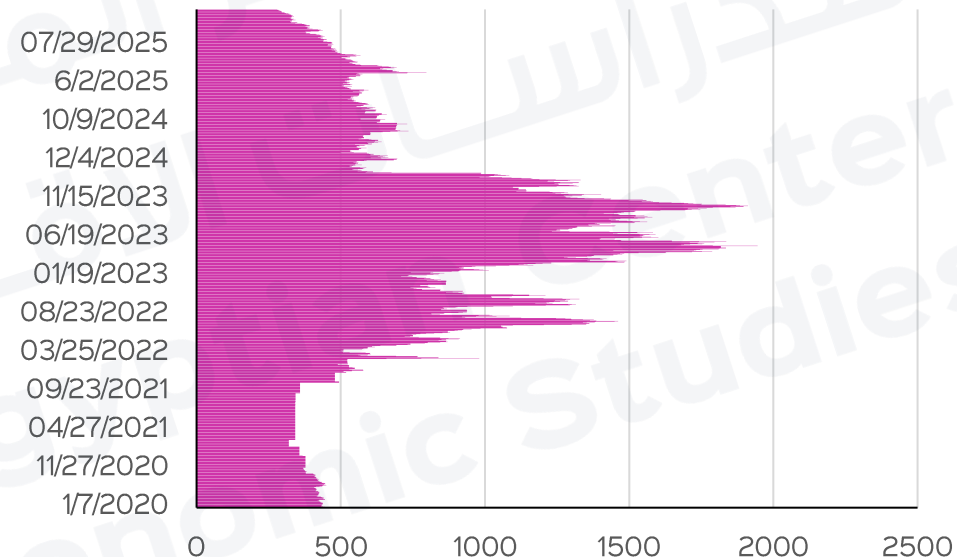
External Debt Service (bn \$)*



Egypt 10-Year Bond Yield



5Y CDS, Egypt



S&P Global
Ratings

B Positive

Fitch Ratings

B Stable

MOODY'S
INVESTORS SERVICE

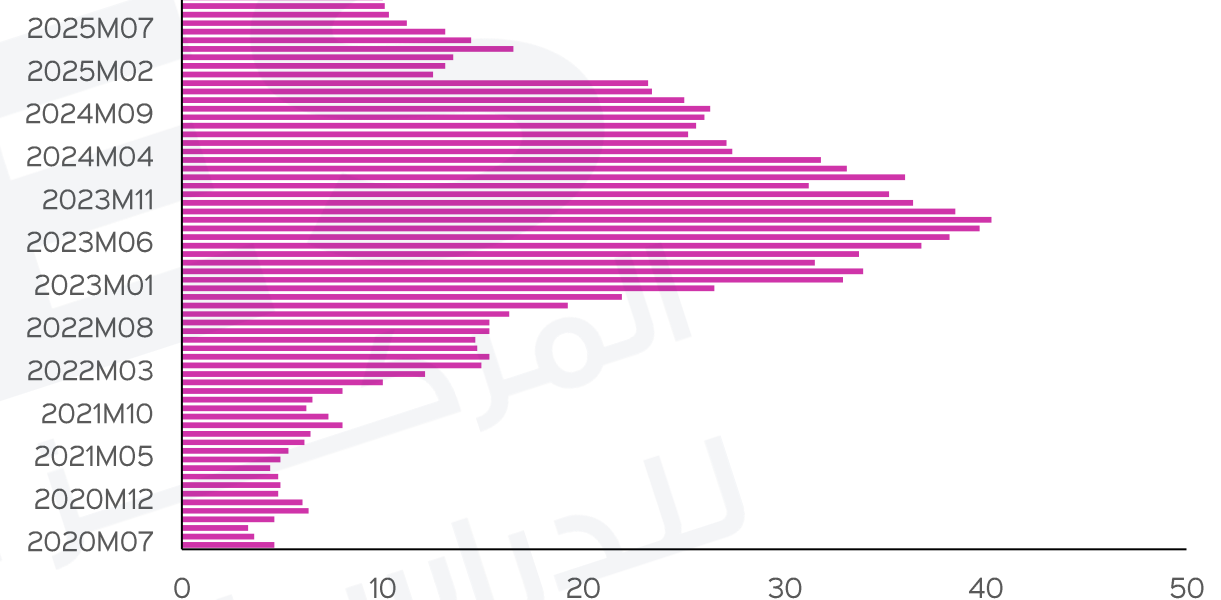
Caa1 Positive

Egypt macroeconomic indicators reflected a gradually improving outlook over the past month, with growth momentum strengthening and inflationary pressures moderating. GDP growth continued to rise in the most recent quarter, signaling ongoing economic recovery supported by stronger domestic activity. Inflation declined in the past month, creating a more favorable price environment, while the Central bank kept interest rates unchanged following the previous month cuts. Meanwhile, the growth rate of money supply remained steady, supporting liquidity conditions. Overall, resilient growth, moderating inflation, and a stable monetary stance point to a gradual recovery, albeit with continued sensitivity to both domestic and external risks.

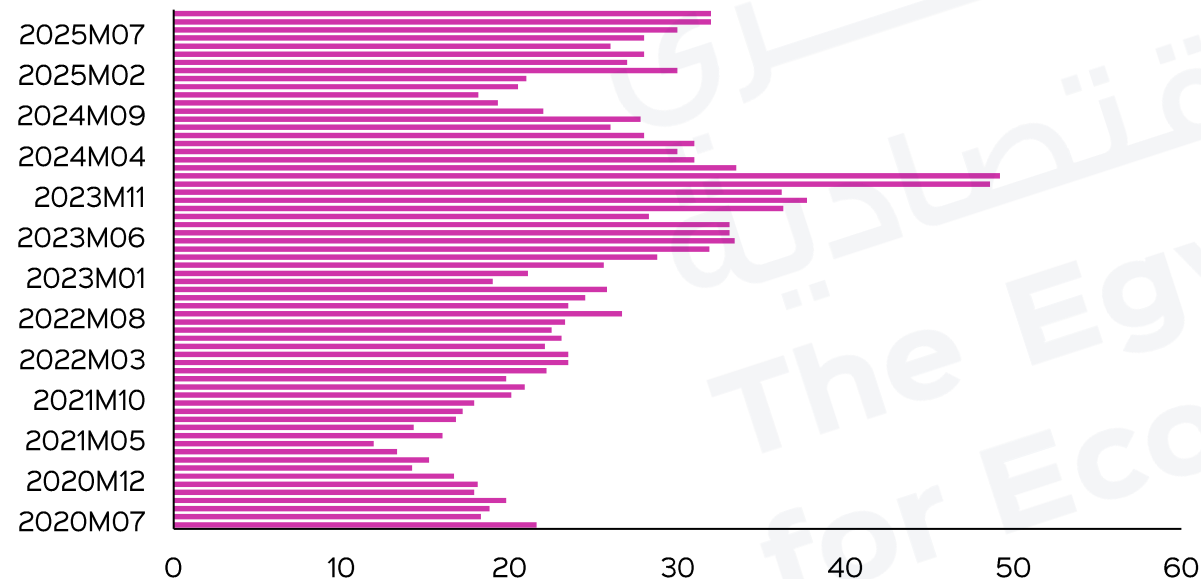
GDP Growth Rate (%)*



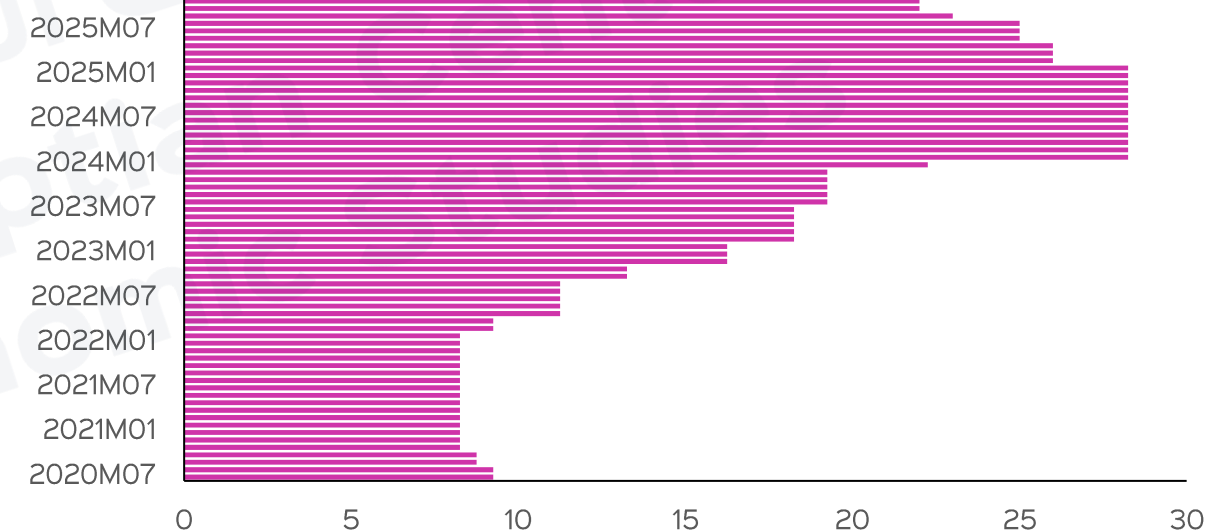
Inflation Rate (%)



Growth Rate of Money Supply (M1)*

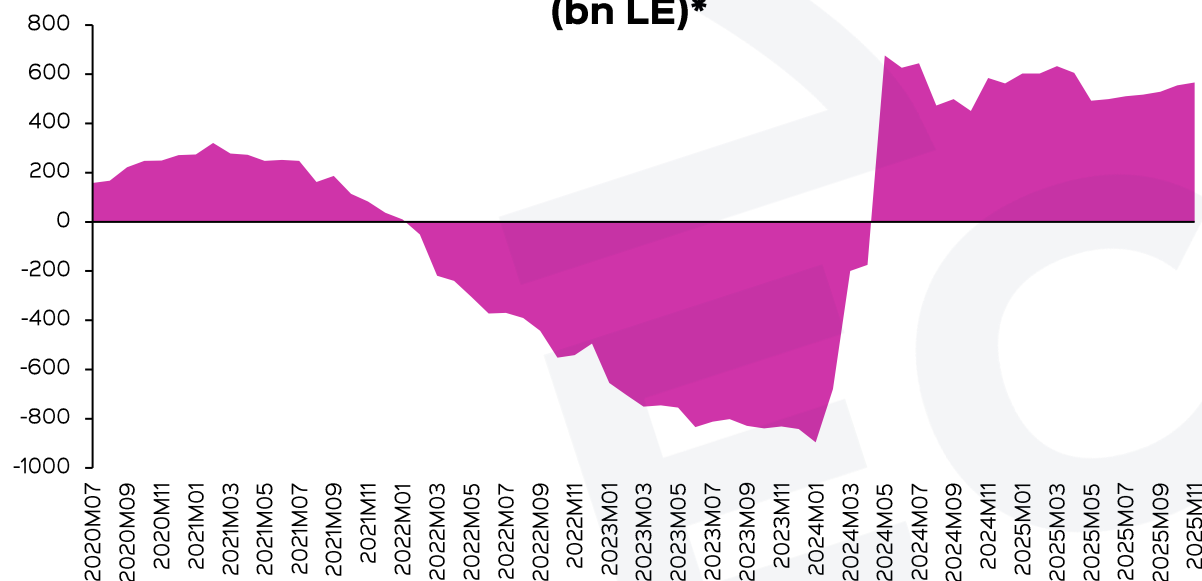


Policy Rate (%)

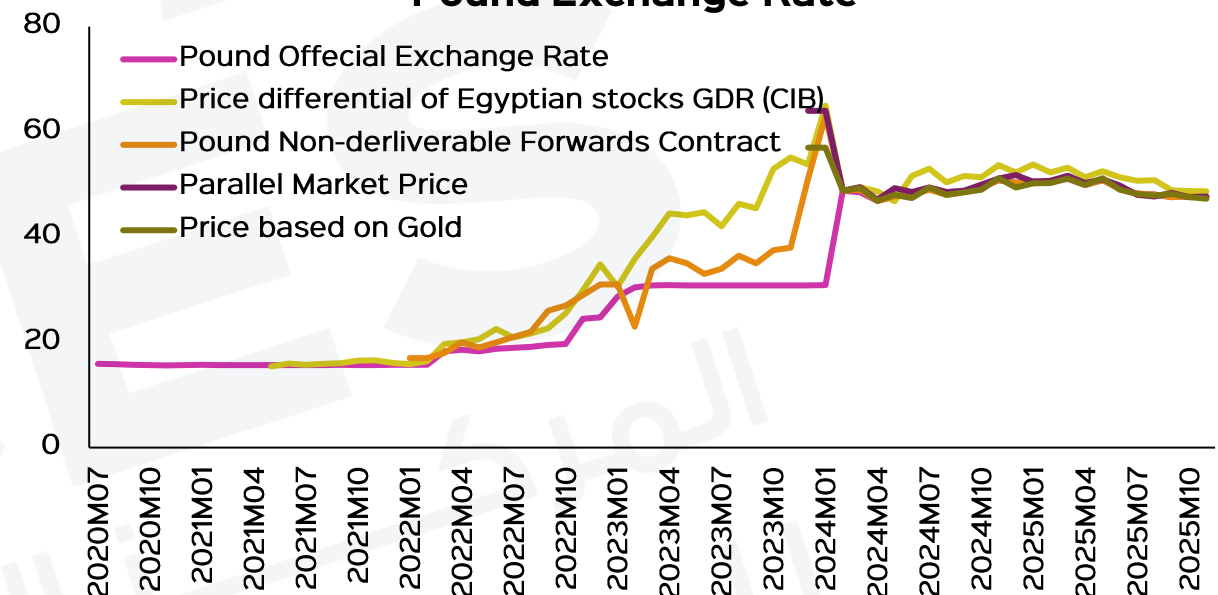


Egypt external position continued to show gradual improvement over the past month, supported by sustained foreign currency inflows and stronger market confidence. The Central Bank foreign reserves increased further, while net foreign assets in the banking system edged higher, reflecting renewed capital inflows and improved foreign liquidity. Remittances from Egyptians abroad remained robust, contributing to external stability. The official exchange rate continued its gradual recovery, supporting a slightly stronger Egyptian Pound amid a generally softer US Dollar and returning portfolio investments. Meanwhile, the EGX 30 index maintained positive momentum, benefiting from improved investor sentiment and a more favorable external environment.

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



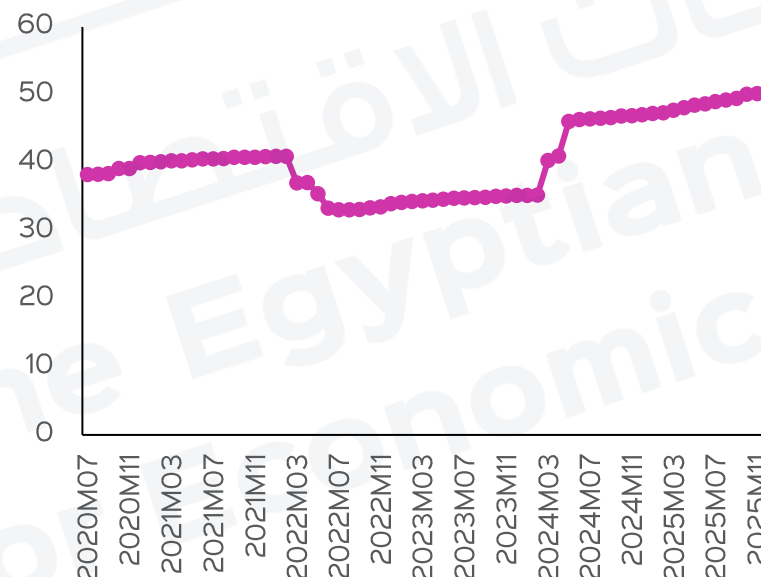
Pound Exchange Rate



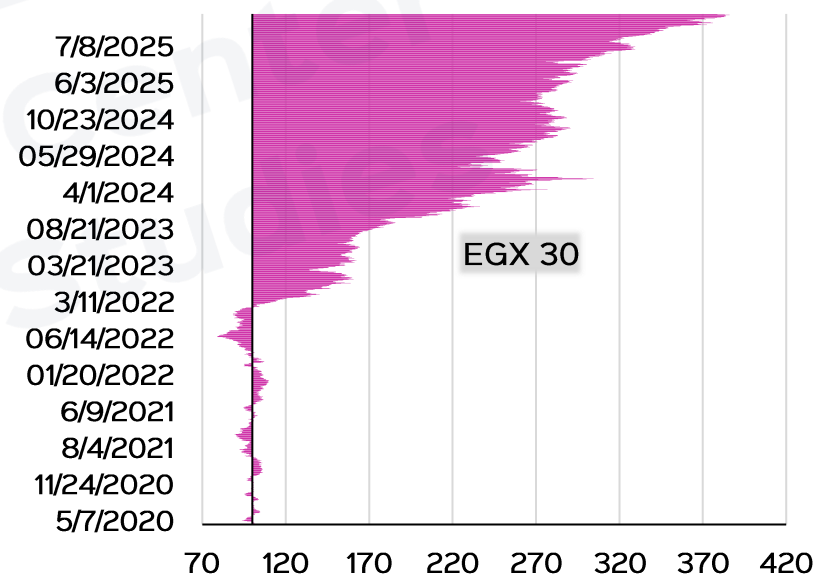
**Remittances of Egyptians
working abroad (bn \$)**



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.

