



Financial Markets Snapshot

Issue 25
January 2026

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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

India expects strong economic growth despite US tariff hit

Gold, silver extend record-breaking rallies as uncertainty persists

Oil settles down 4% as Trump comments ease Iranian supply concerns

US Holds Off on New Chinese Chip Tariffs Amid Trump-Xi Truce

Bank Economists Urge Tax Overhaul to Jumpstart Canada Economy

German finance minister calls for 'European patriotism' to protect economy

Oil settles down more than 1% after Trump statements on Venezuelan oil

Exclusive: Japan likely to cut super-long debt issuance to 17-year low, sources say

India's wholesale prices rise 0.83% y/y in December

Analysis – Key Takeaways

Global Markets



- Commodity markets continued to exhibit divergent trends over the past month, driven by shifting supply-demand conditions and evolving market sentiment across key commodity groups.
- Global inflation dynamics remained uneven over the past month, reflecting differing disinflation trajectories and cautious monetary policy stances across major economies, alongside a continued weakening of the US Dollar against global currencies.
- Global equity markets recorded broadly positive performance over the past month, supported by improving risk sentiment and easing financial conditions across major economies, although gains varied by market.
- Global bond markets remained broadly stable over the past month, as investors continued to digest the ongoing monetary easing cycle and clearer inflation dynamics across major economies, while CDS spreads declined further across most markets.

Emerging Markets



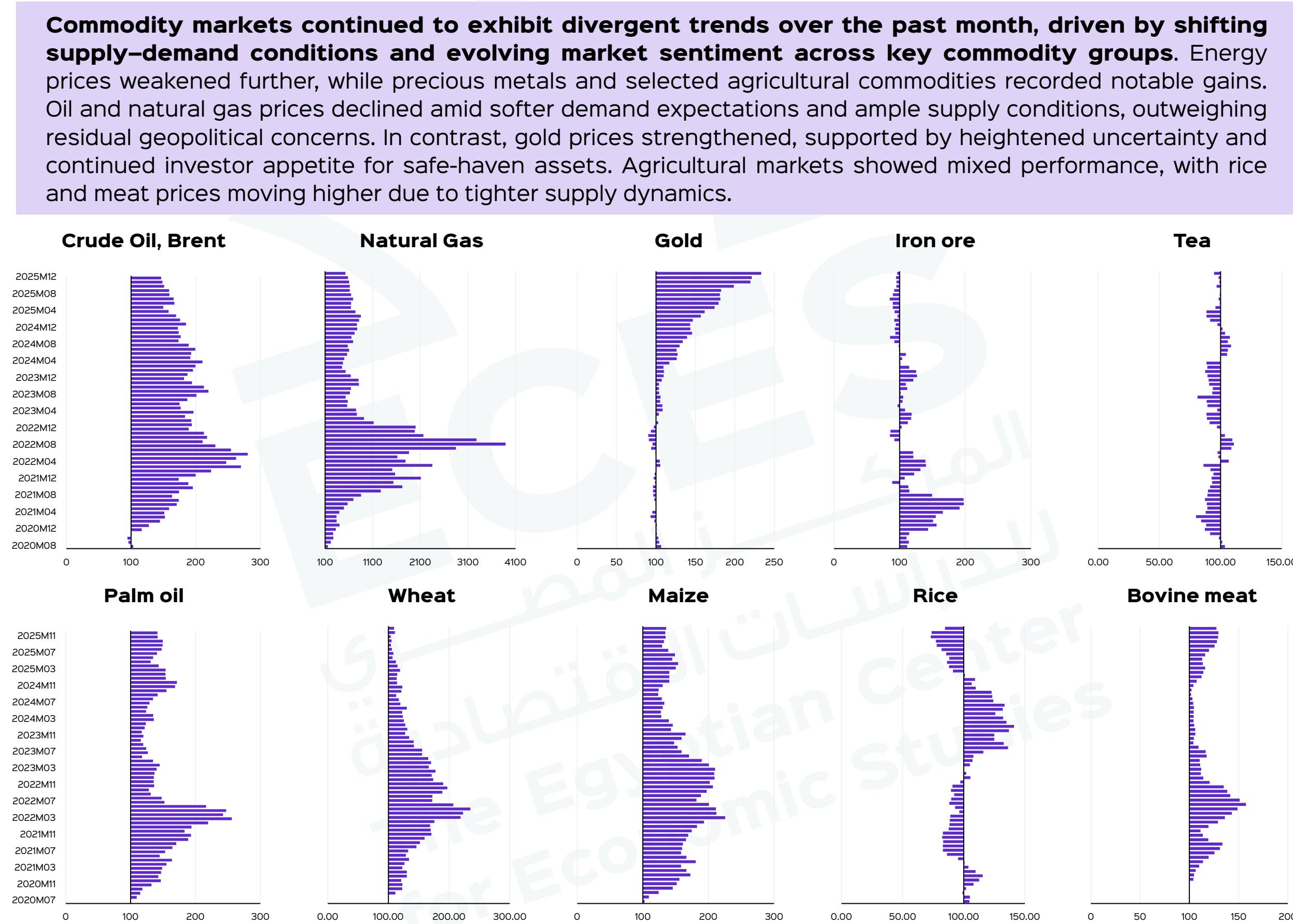
- Inflation dynamics across emerging markets remained mixed over the past month, reflecting divergent country-specific drivers.
- Amid mixed inflation dynamics and a broadly moderating US Dollar, monetary policy across emerging markets remained cautious over the past month, with a selective shift toward policy easing in some countries.
- Emerging markets currencies showed mixed performance against the US Dollar over the past month, reflecting divergent domestic fundamentals despite a broadly softer US Dollar environment.
- Emerging markets stock markets continued to record broadly positive performance over the past month, supported by improving investor sentiment, ongoing foreign inflows, and generally favorable domestic conditions.
- Bond yields across most emerging markets remained broadly stable over the past month, supported by easing local inflation and the cautious monetary policy stance of Central banks.

Egyptian Local Market



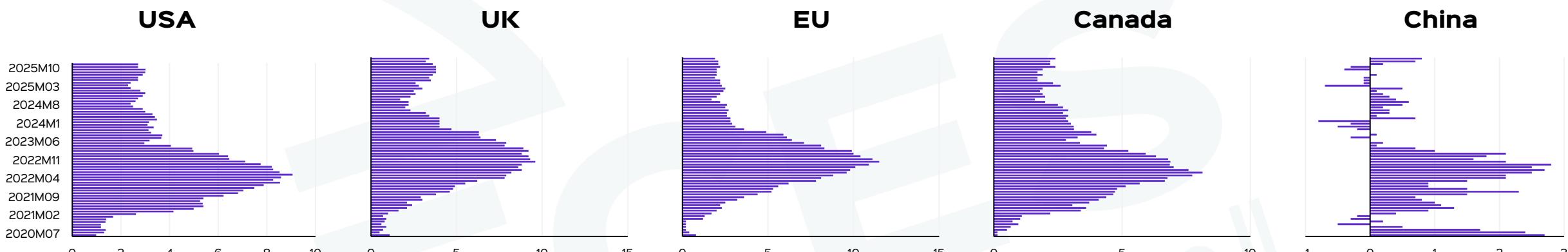
- Despite the ongoing increase in total external debt and upcoming debt service obligations, Egypt bond yields remained broadly steady, reflecting stable short-term market sentiment amid recent Central Bank rate cuts.
- Egypt macroeconomic indicators reflected a cautiously improving outlook over the past month, with GDP growth rising in the most recent quarter, signaling ongoing economic recovery supported by stronger domestic activity, yet inflation is picking up and posing risk to macroeconomic stability.
- Egypt external position continued to show gradual improvement over the past month, supported by sustained foreign currency inflows and strengthening market confidence with unified exchange rate across the market.

Commodity markets continued to exhibit divergent trends over the past month, driven by shifting supply–demand conditions and evolving market sentiment across key commodity groups. Energy prices weakened further, while precious metals and selected agricultural commodities recorded notable gains. Oil and natural gas prices declined amid softer demand expectations and ample supply conditions, outweighing residual geopolitical concerns. In contrast, gold prices strengthened, supported by heightened uncertainty and continued investor appetite for safe-haven assets. Agricultural markets showed mixed performance, with rice and meat prices moving higher due to tighter supply dynamics.

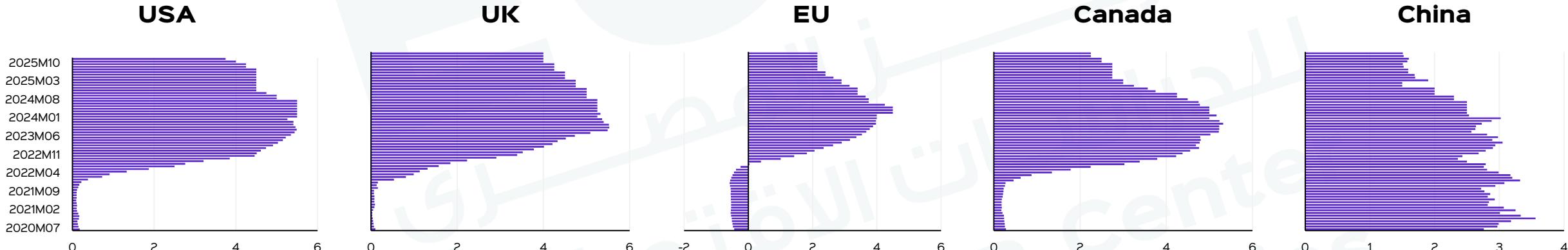


Global inflation dynamics remained uneven over the past month, reflecting differing disinflation trajectories and cautious monetary policy stances across major economies, alongside a continued weakening of the US Dollar against global currencies. Inflation continued to ease across most advanced economies, including the US and EU, while remaining relatively sticky in the UK, reinforcing a more cautious policy outlook. Against this backdrop, major Central banks largely maintained a cautious approach to policy adjustments, supporting mixed movements in global currency markets. The US Dollar extended its downward trend, weakening further against major global currencies amid easing inflation expectations and shifting policy differentials.

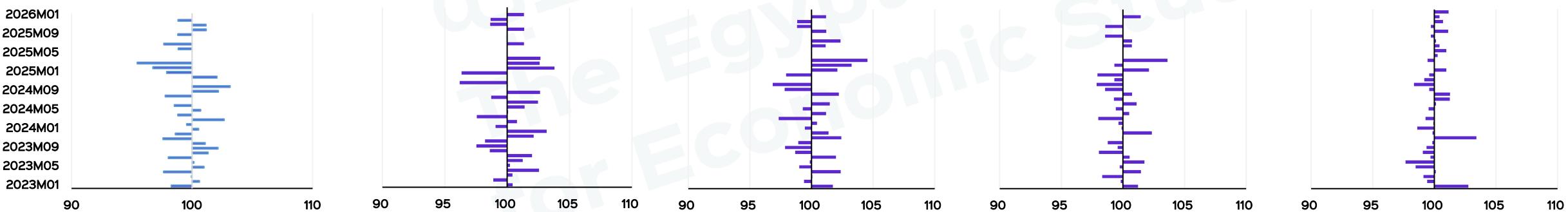
Inflation Rate



Policy Rate

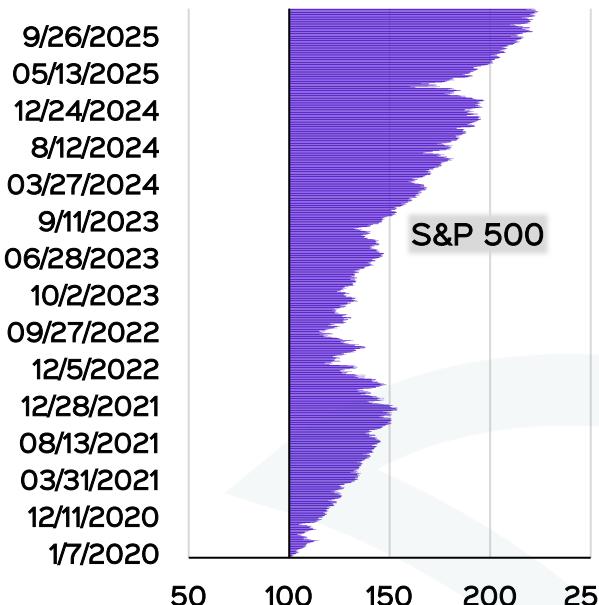


LCU / USD

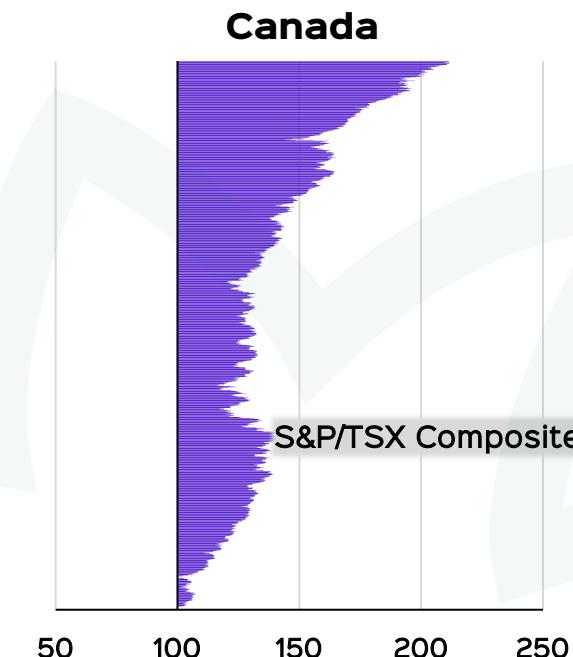


Global equity markets recorded broadly positive performance over the past month, supported by improving risk sentiment and easing financial conditions across major economies, although gains varied by market. US equities continued to trade at elevated levels, extending their upward momentum amid supportive monetary conditions, despite some caution surrounding earnings prospects. European equity markets posted gains, supported by improved investor sentiment and expectations of a gradual recovery, although underlying growth concerns remained. Meanwhile, Chinese equities also moved higher, even as structural challenges and weak domestic demand continued to cap the pace of gains.

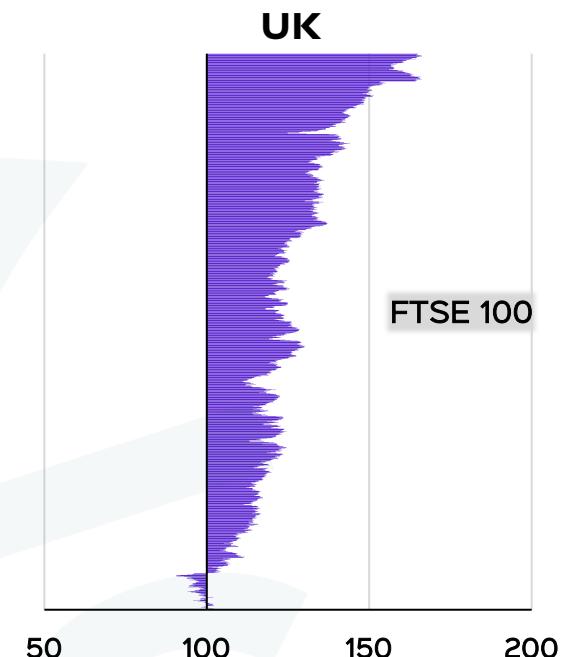
USA



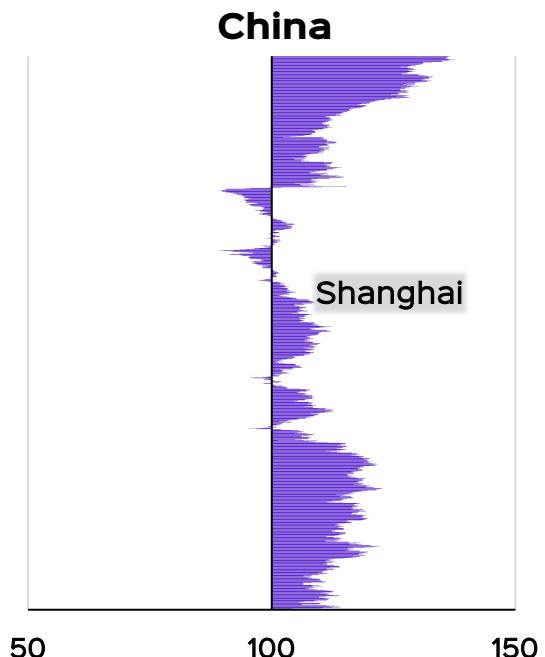
Canada



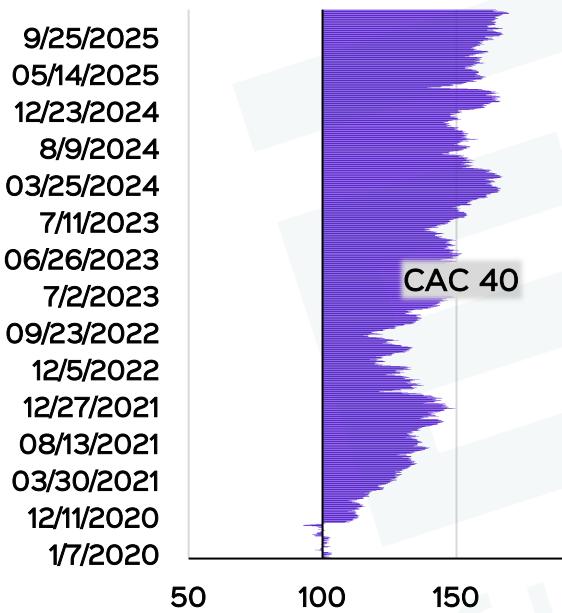
UK



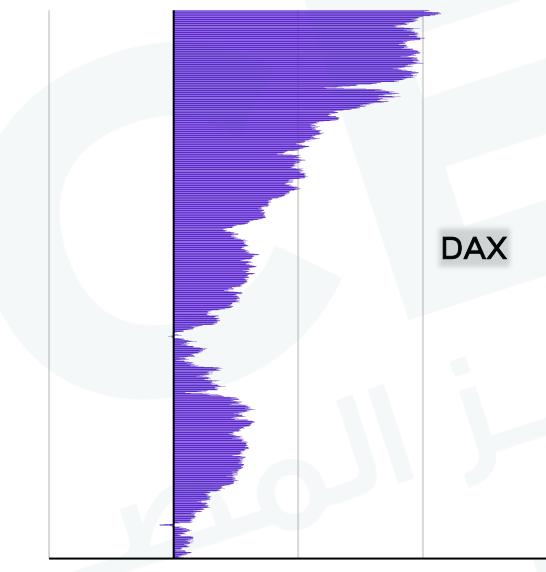
China



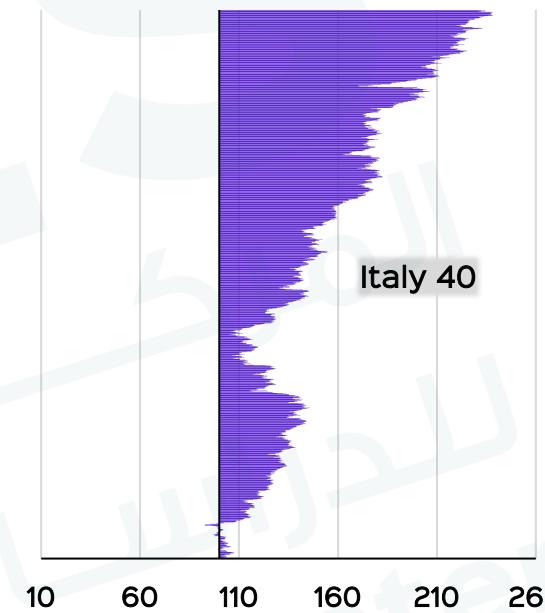
France



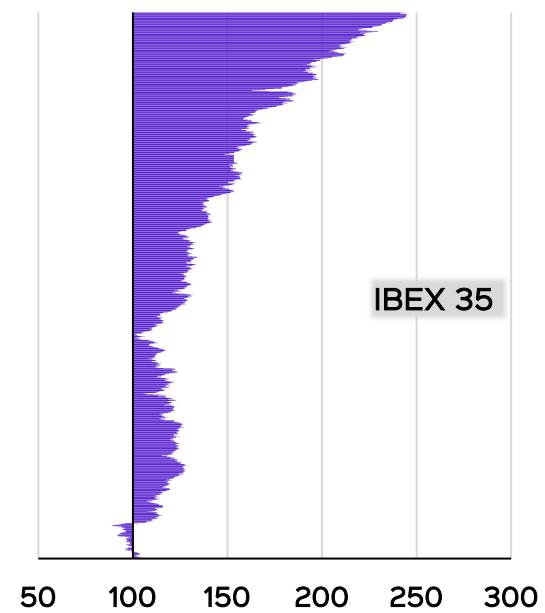
Germany



Italy

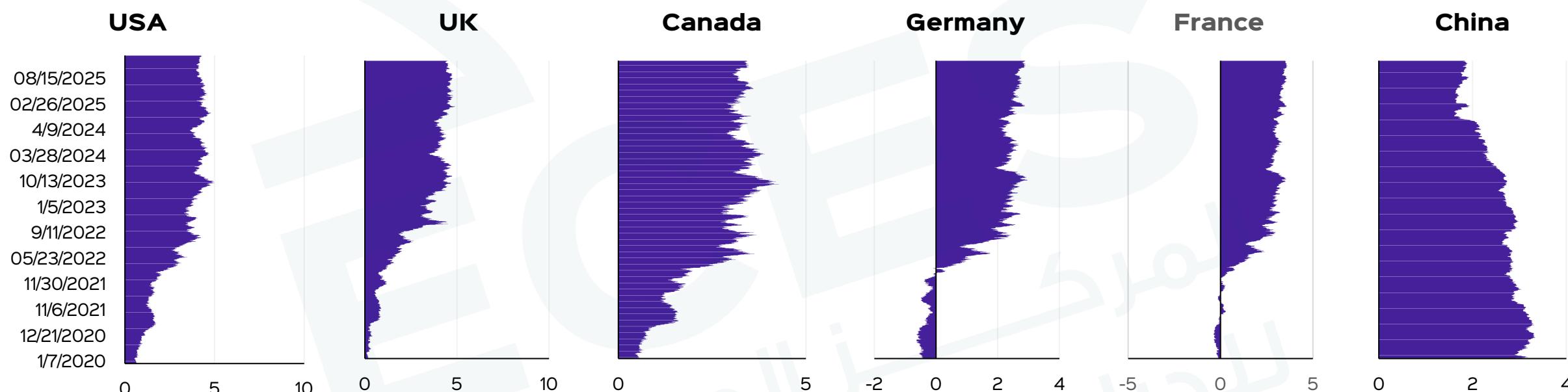


Spain

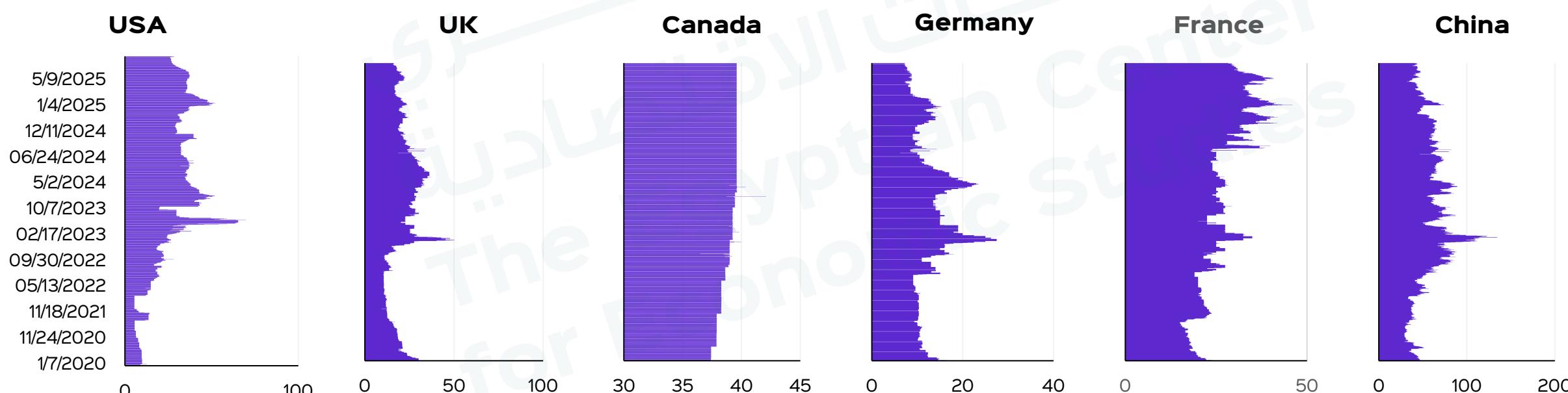


Global bond markets remained broadly stable over the past month, as investors continued to digest the ongoing monetary easing cycle and clearer inflation dynamics across major economies, while CDS spreads declined further across most markets. Ten-year government bond yields in the US and Canada continued to trend lower, reflecting the impact of recent interest rate cuts. In the UK and across major European markets bond yields were broadly stable to slightly lower amid easing inflation pressures and subdued growth expectations. CDS spreads across key markets, including the US, UK, Canada, and core European economies, hovered near recent lows, underscoring sustained investor confidence and improved resilience to geopolitical risks.

10-Year Bond Yield



5-Year CDS



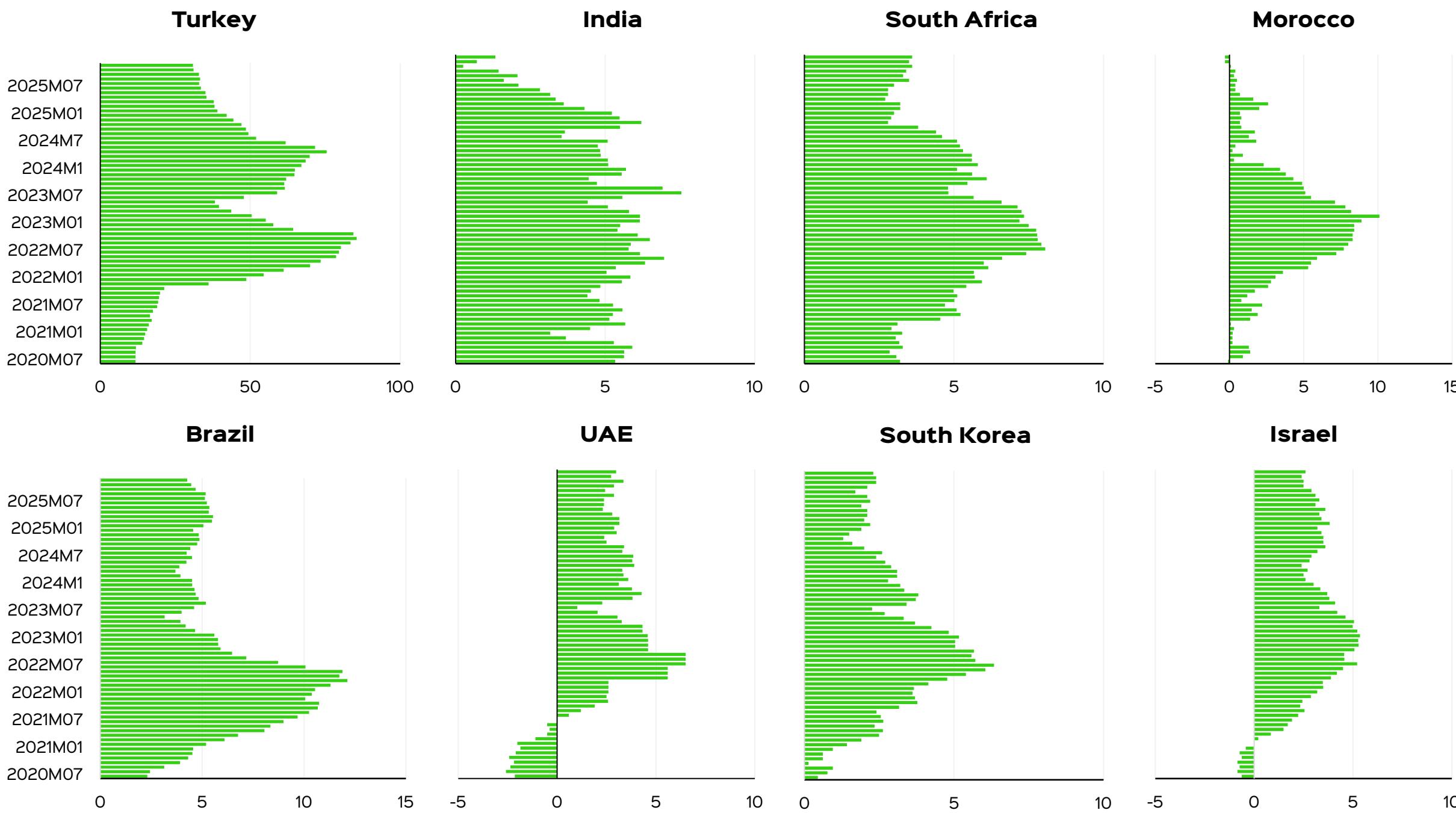
Inflation dynamics across emerging markets remained mixed over the past month, reflecting divergent country-specific drivers despite relatively contained global price pressures. Inflation edged higher in India, driven by renewed food price pressures, while the UAE also recorded increases, reflecting domestic demand conditions and sector-specific price adjustments. In contrast, inflation showed a slight moderation in Brazil and South Korea, supported by softer energy prices and easing supply-side pressures. South Africa's inflation remained broadly stable to slightly lower, benefiting from improving cost conditions, while Morocco recorded relatively contained inflation with limited monthly movement.

Inflation Rate

Policy Rate

Stock Market

Bond Market



Amid mixed inflation dynamics and a broadly moderating US Dollar, monetary policy across emerging markets remained cautious over the past month, with a selective shift toward policy easing in some countries. Several central banks moved to support domestic liquidity and economic activity, as the UAE, and India proceeded with interest rate cuts. Elsewhere, Central banks largely maintained policy rates unchanged, balancing the need to support growth against persistent inflation risks. Overall, emerging market monetary policy continued to reflect a gradual and data-dependent easing cycle, shaped by domestic economic conditions and evolving global financial trends.

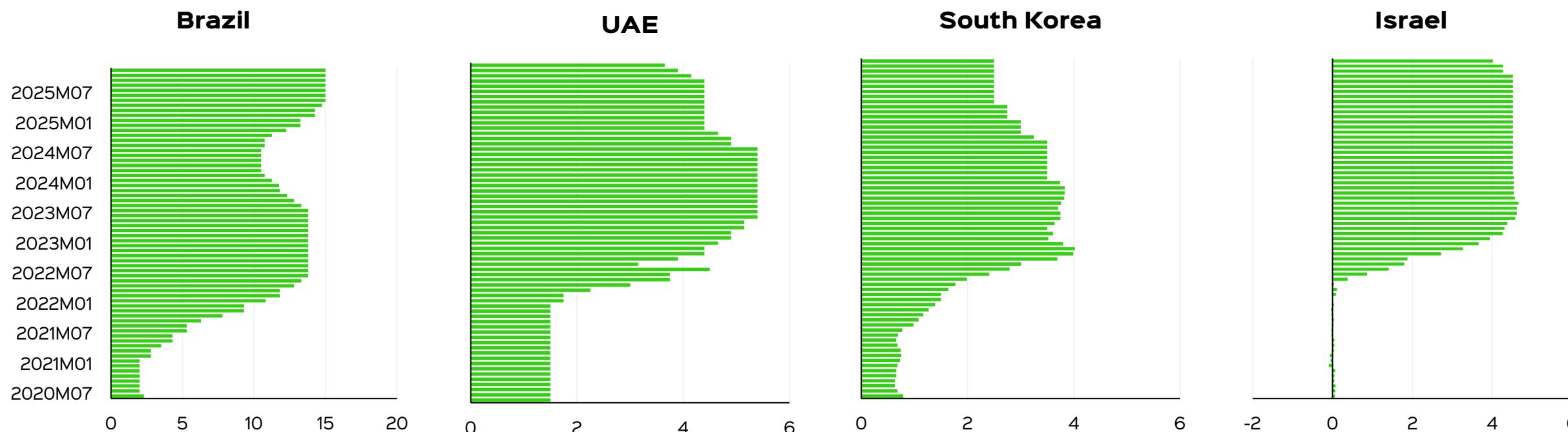
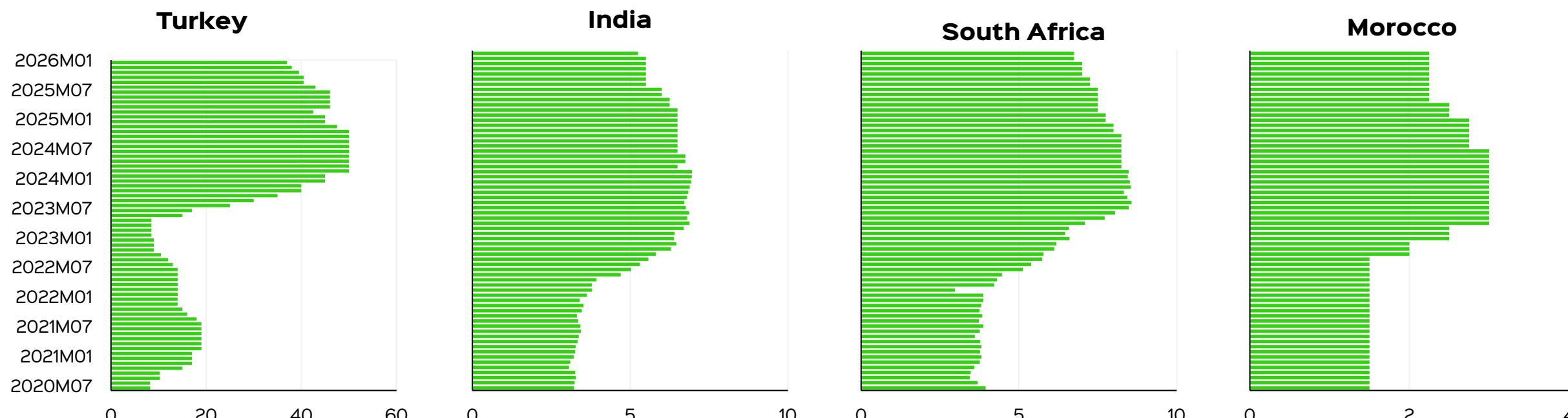
Inflation Rate

Policy Rate

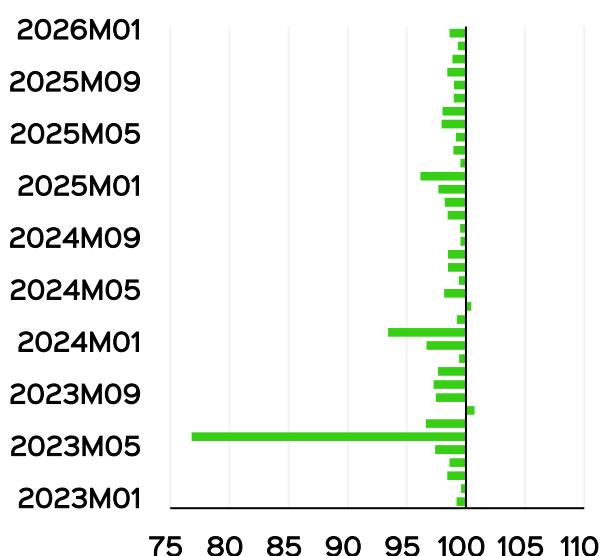
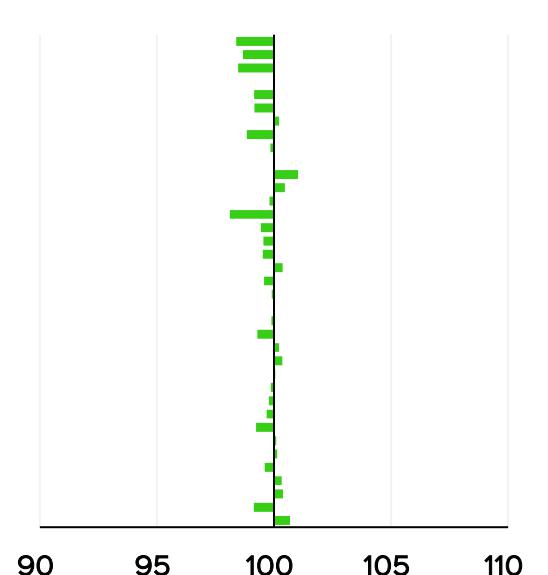
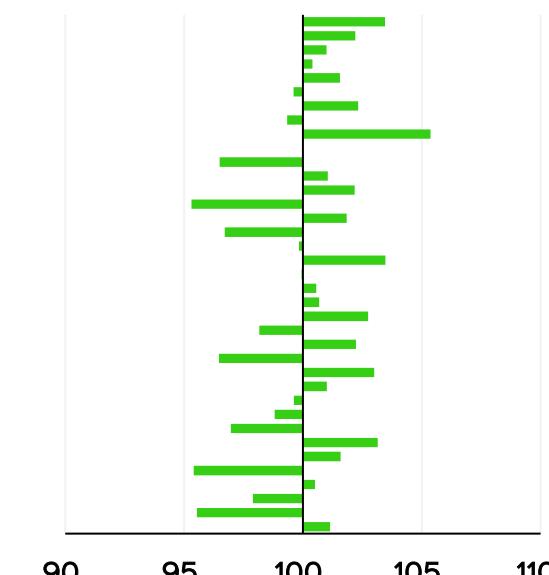
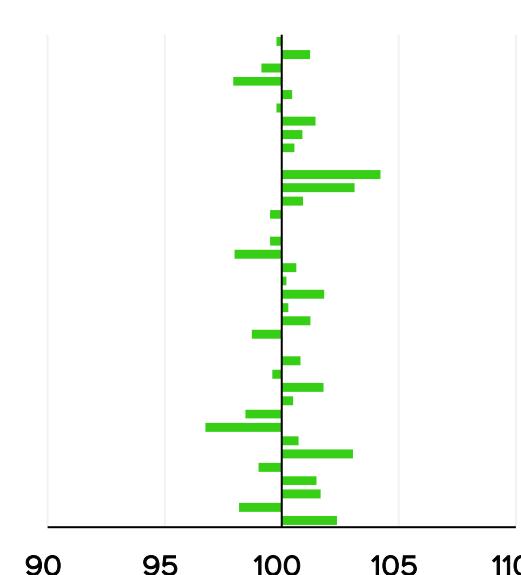
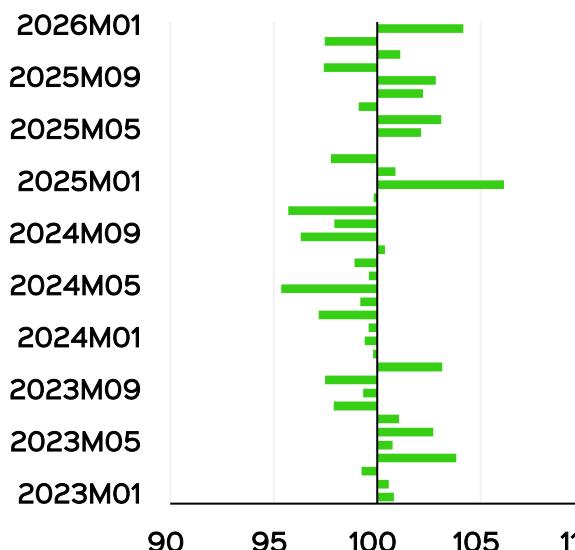
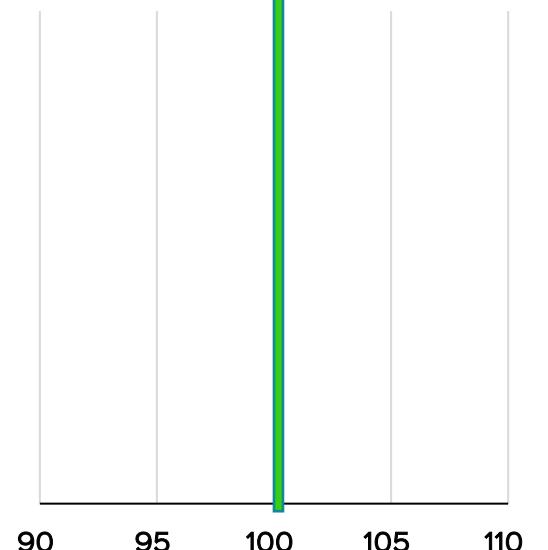
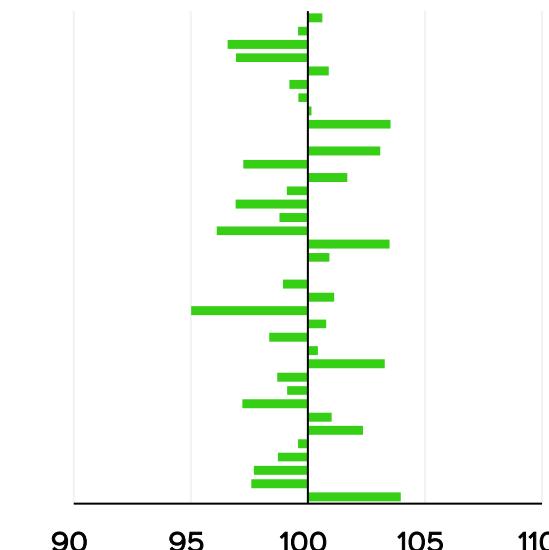
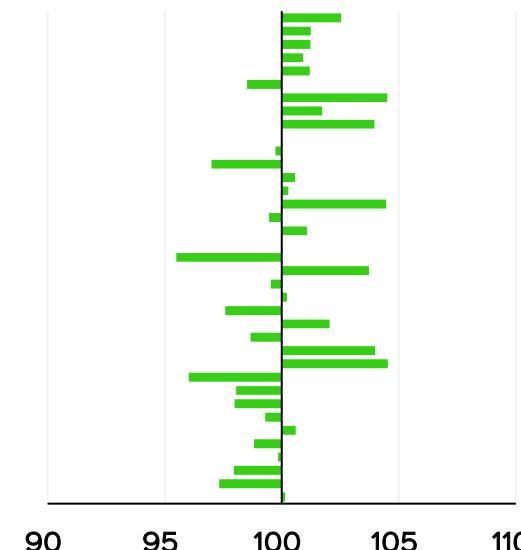
LUC/UDS

Stock Market

Bond Market

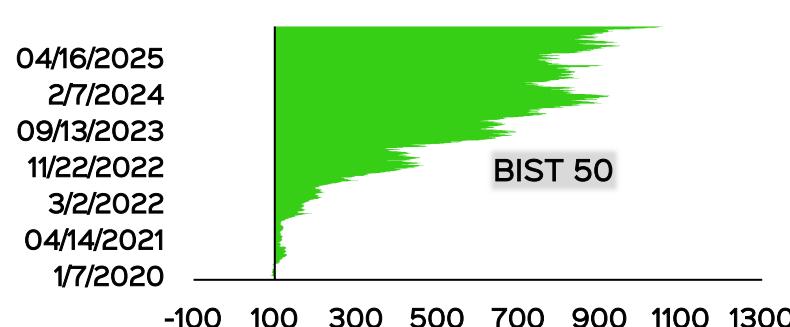


Emerging markets currencies showed mixed performance against the US Dollar over the past month, reflecting divergent domestic fundamentals despite a broadly softer US Dollar environment. Several currencies weakened, with the Indian Rupee, Turkish Lira, and Moroccan Dirham coming under pressure amid country-specific economic and inflationary challenges. In contrast, other emerging market currencies recorded gains, supported by improving investor sentiment and relatively stable domestic conditions. Overall, currency movements across emerging markets remained uneven, shaped by local macroeconomic dynamics and differing policy paths, even as the US Dollar maintained a generally moderate tone.

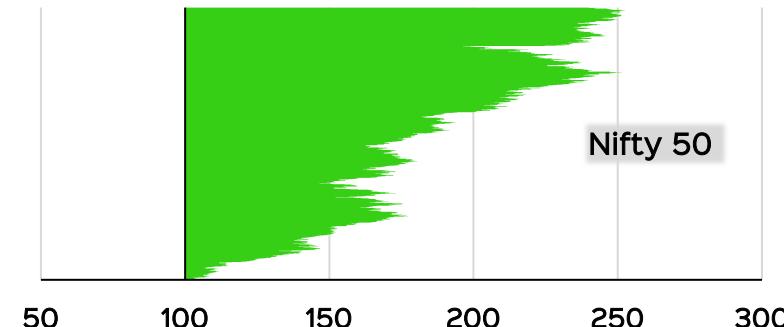
Inflation Rate
Policy Rate
LUC/UDS**Turkish Lira****Indian Rupee****South African Rand****Moroccan Dirham**Stock Market
Bond Market**Brazilian Real****UAE Dirham****Korean Won****Israeli New Shekel**

Emerging markets stock markets continued to record broadly positive performance over the past month, supported by improving investor sentiment, ongoing foreign inflows, and generally favorable domestic conditions. Equity markets across most major emerging economies advanced, with India and South Korea leading gains, driven by strong sectoral performance and resilient capital inflows. UAE, Saudi Arabia, South Africa, Turkey, and Morocco also posted solid increases, reflecting easing domestic risks and a more supportive investment climate. Overall, emerging market equities demonstrated broad-based strength, underpinned by improving fundamentals and a gradual stabilization of global and regional risk factors.

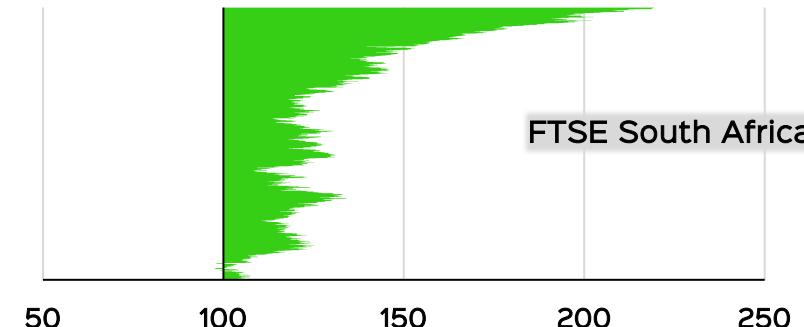
Turkey



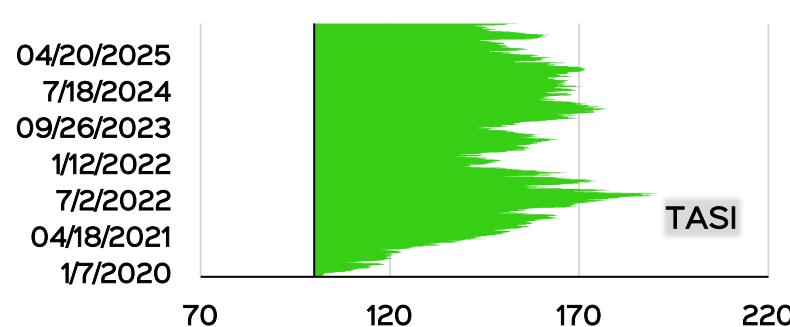
India



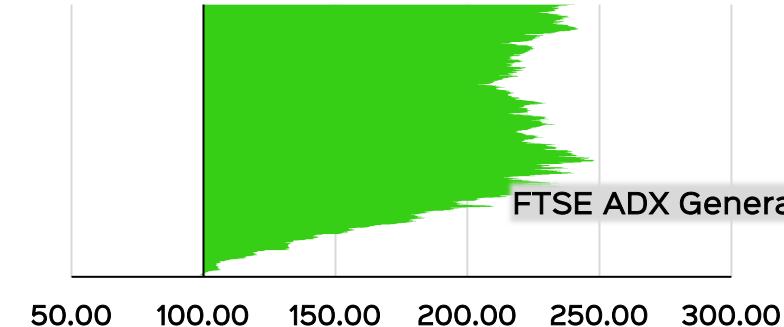
South Africa



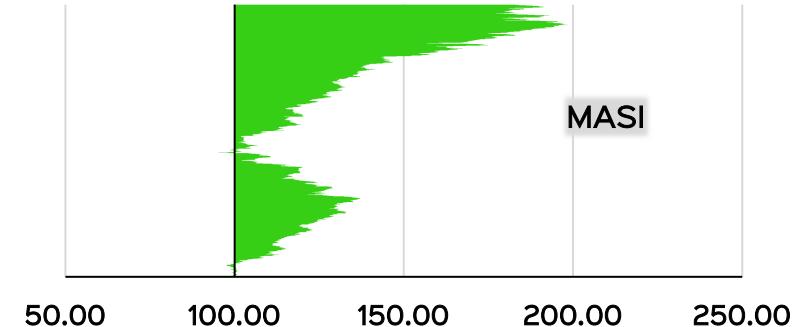
Saudi Arabia



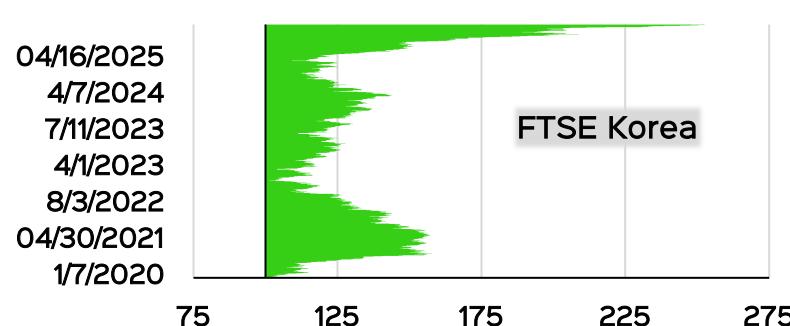
UAE



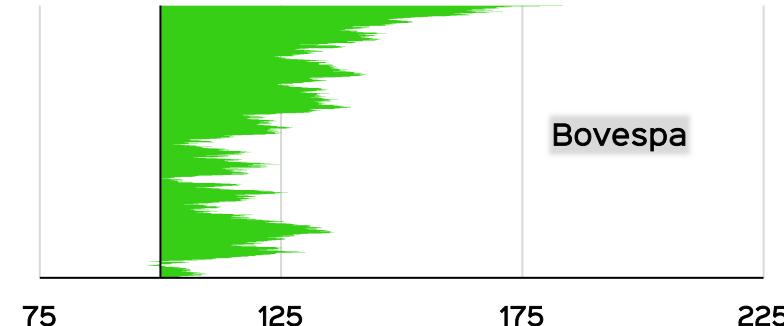
Morocco



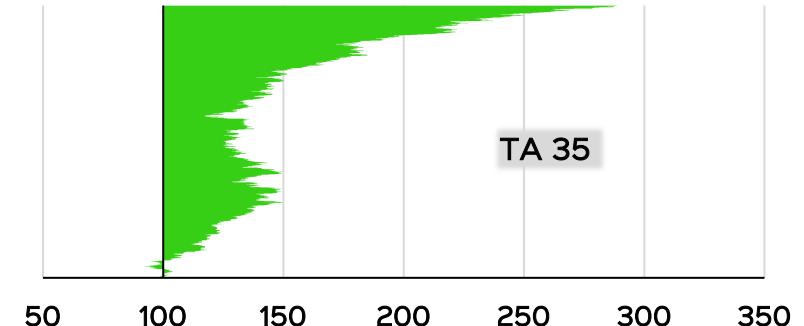
South Korea



Brazil

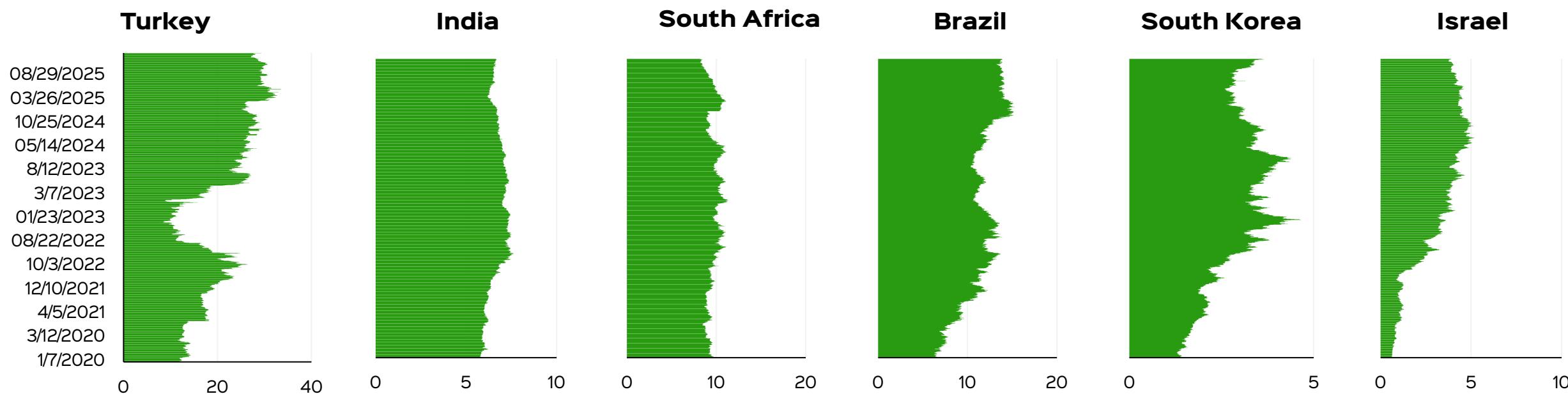


Israel

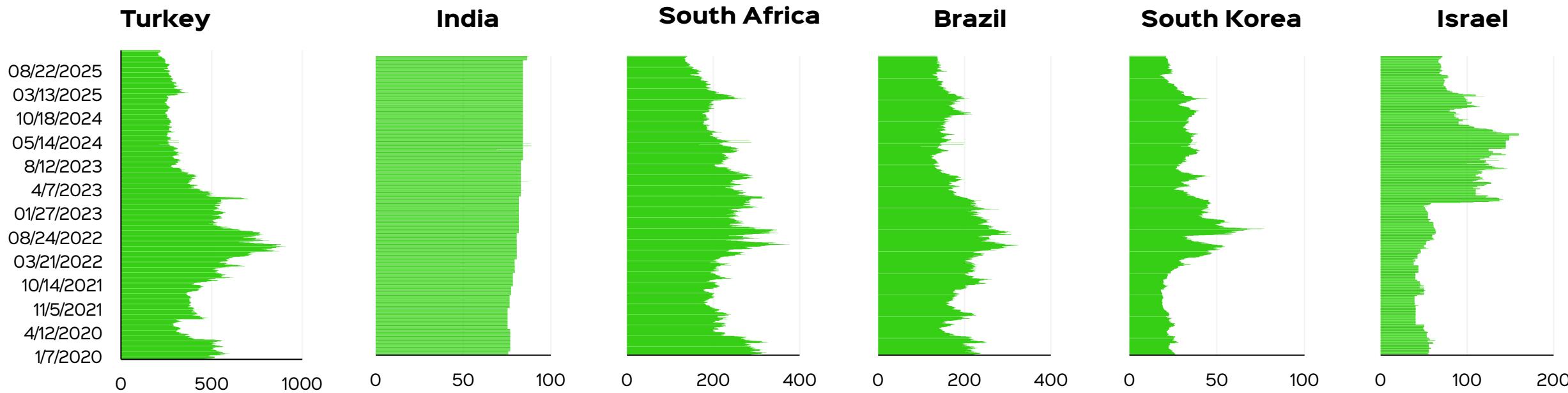


Bond yields across most emerging markets remained broadly stable over the past month, supported by easing local inflation and the cautious monetary policy stance of Central banks. Yields in Turkey, India, South Africa, South Korea, and Brazil held largely steady, reflecting limited pressure on domestic debt markets. Meanwhile, credit default swaps (CDSs) showed a slight increase, indicating that investors remain attentive to external risks, including geopolitical developments and global financial volatility. Overall, emerging market debt markets continued to balance improving domestic fundamentals with sensitivity to global risk factors, maintaining resilience while remaining exposed to shifts in international capital flows.

10-Year Bond Yield

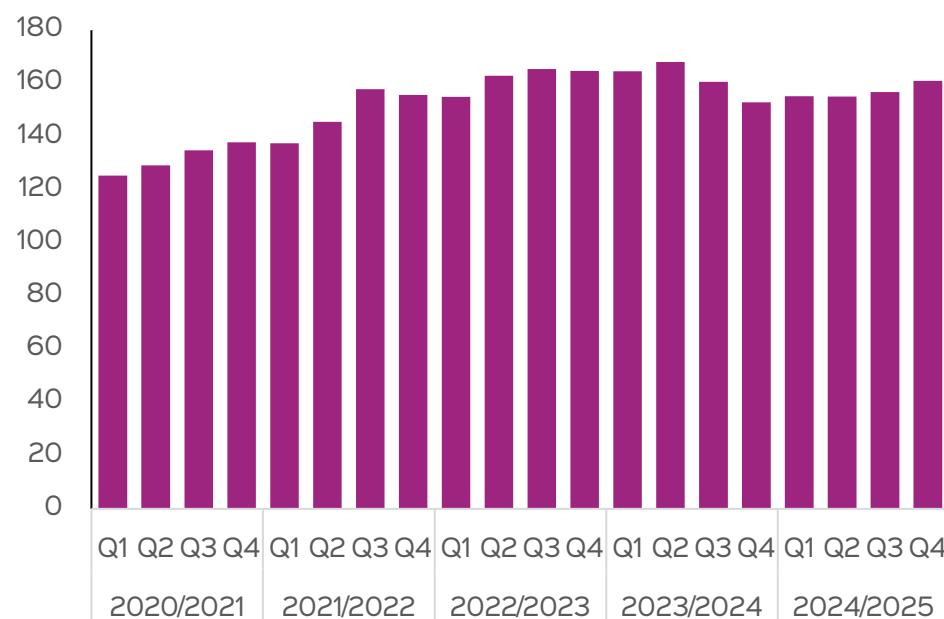


5-Year CDS

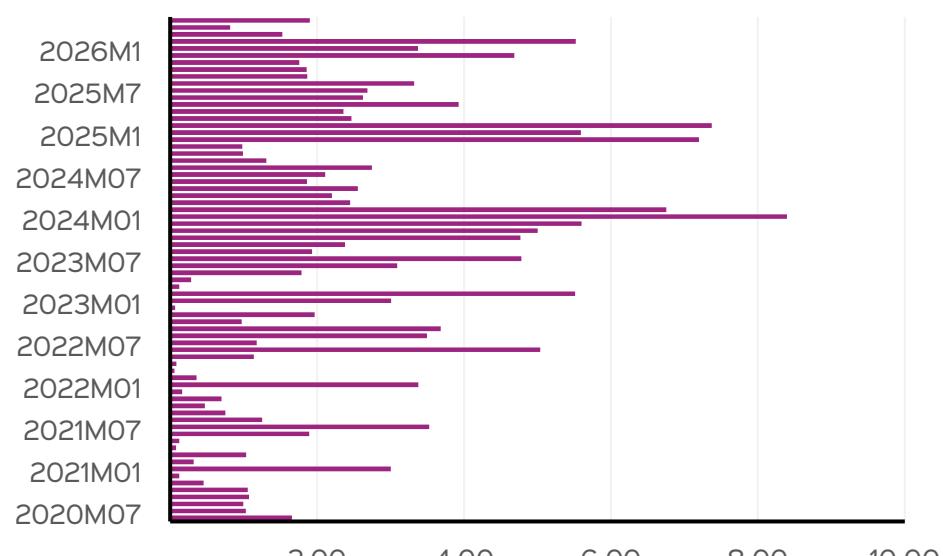


Despite the ongoing increase in total external debt and upcoming debt service obligations, Egypt bond yields remained broadly steady, reflecting stable short-term market sentiment amid recent Central Bank rate cuts. Total external debt and debt service obligations continued to rise due to new borrowing needs and higher servicing costs. At the same time, credit default swaps (CDSs) edged higher, signaling increased perceived risk and cautious investor sentiment, despite ongoing improvements in domestic financial conditions. Overall, Egypt debt markets continue to balance short-term stability with elevated external obligations, highlighting resilience in the near term while underlining challenges for long-term debt sustainability.

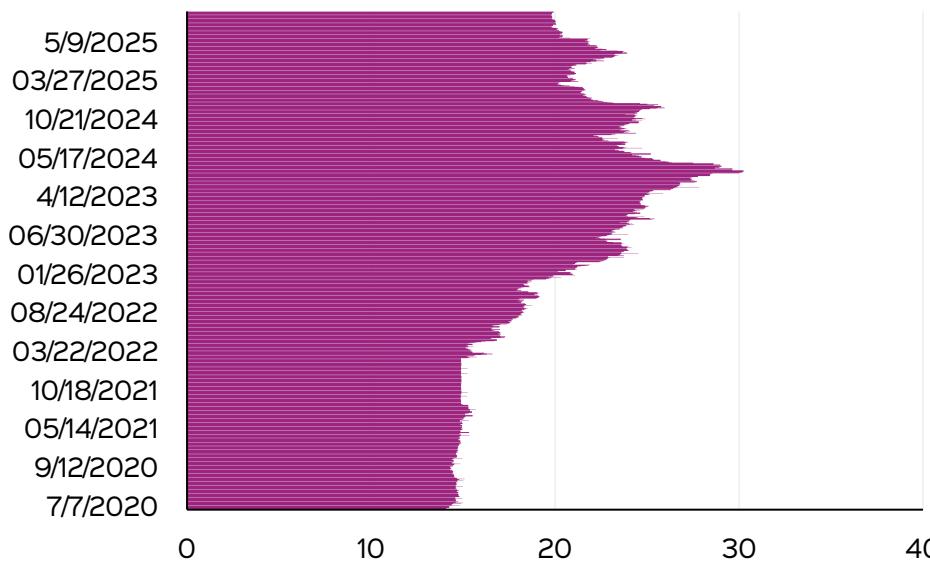
Total External Debt (bn \$)*



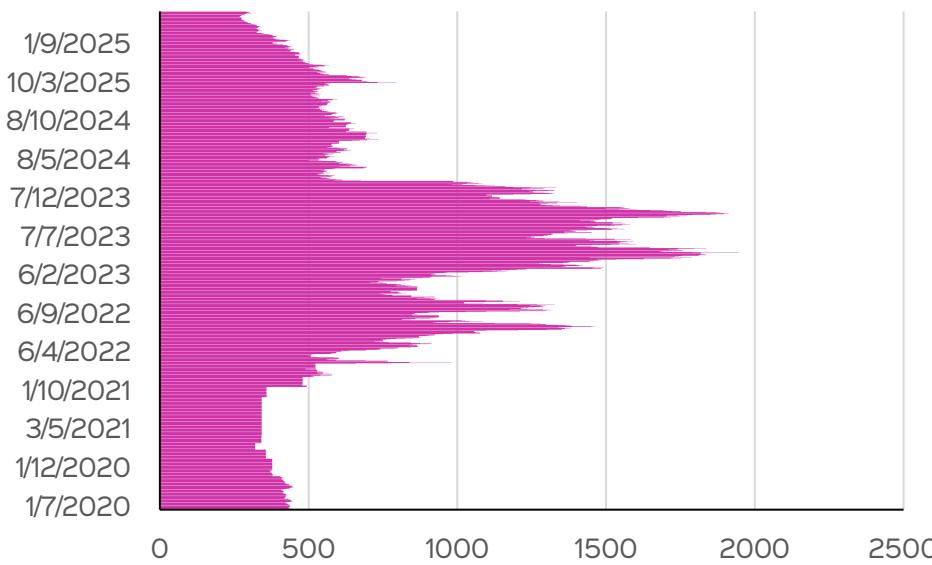
External Debt Service (bn \$)*



Egypt 10-Year Bond Yield



5Y CDS, Egypt



S&P Global
Ratings

B Positive

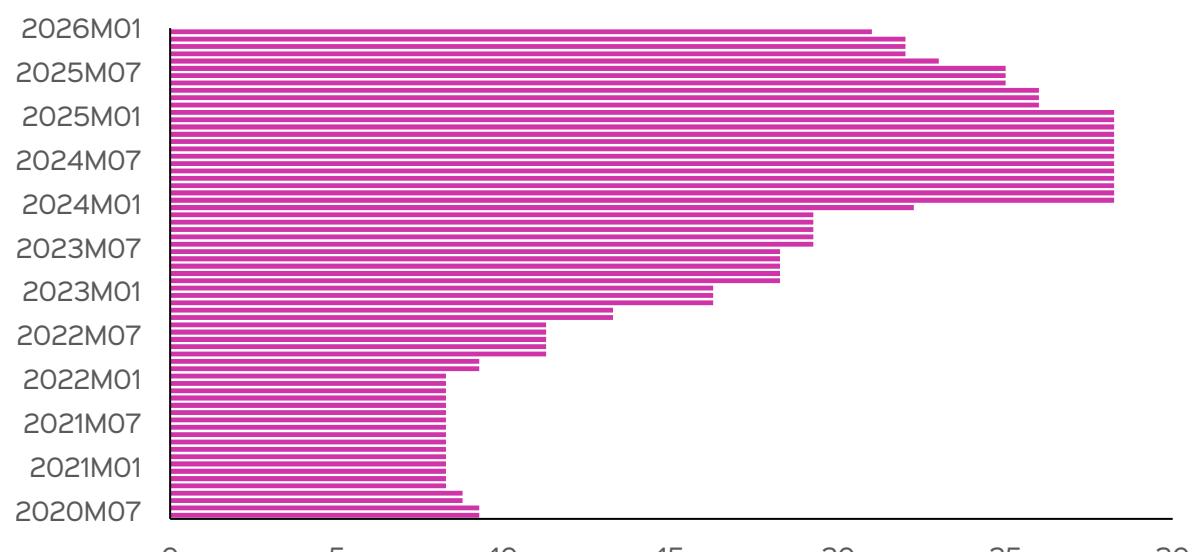
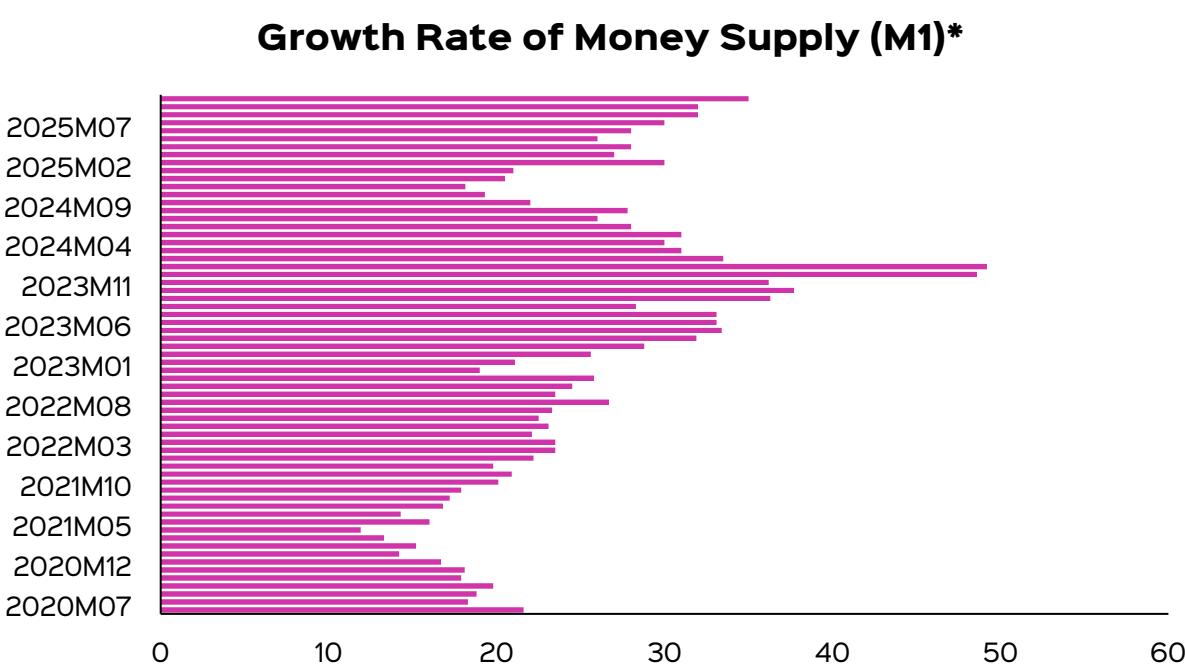
Fitch Ratings

B Stable

Moody's
INVESTORS SERVICE

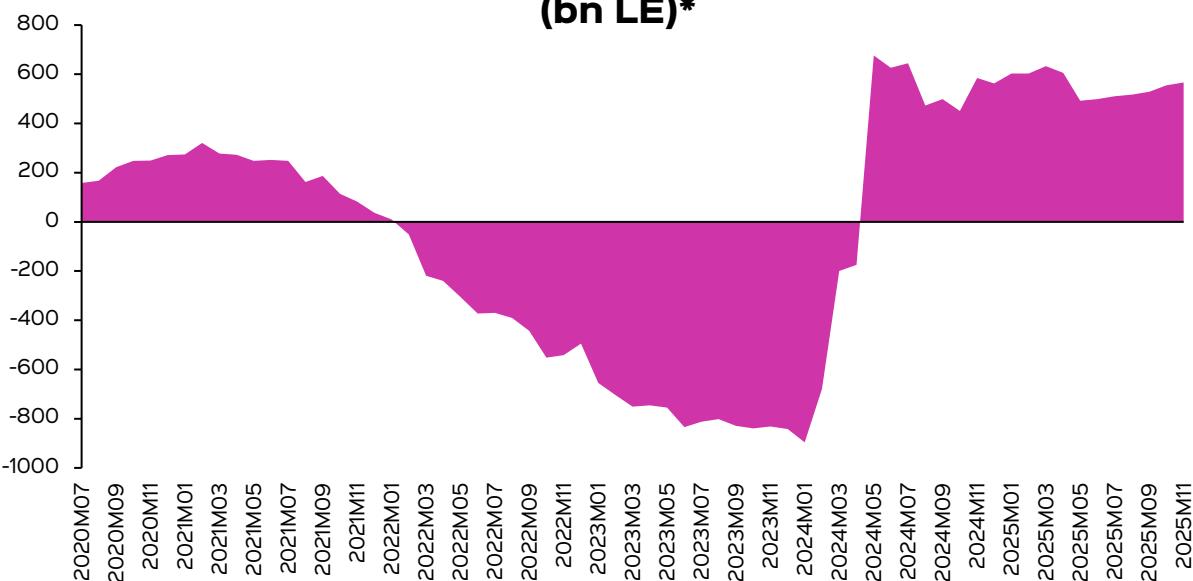
Caa1 Positive

Egypt macroeconomic indicators reflected a cautiously improving outlook over the past month, with GDP growth rising in the most recent quarter, signaling ongoing economic recovery supported by stronger domestic activity, yet inflation is picking up and posing risk to macroeconomic stability. Inflation edged higher, reflecting renewed price pressures, while the Central bank proceeded with a further interest rate cut to support liquidity and economic activity. Meanwhile, the growth rate of money supply increased, reinforcing domestic liquidity conditions. Overall, resilient GDP growth, rising inflation, and a continued accommodative monetary stance point to a gradual recovery, albeit with continued sensitivity to both domestic and external risks.

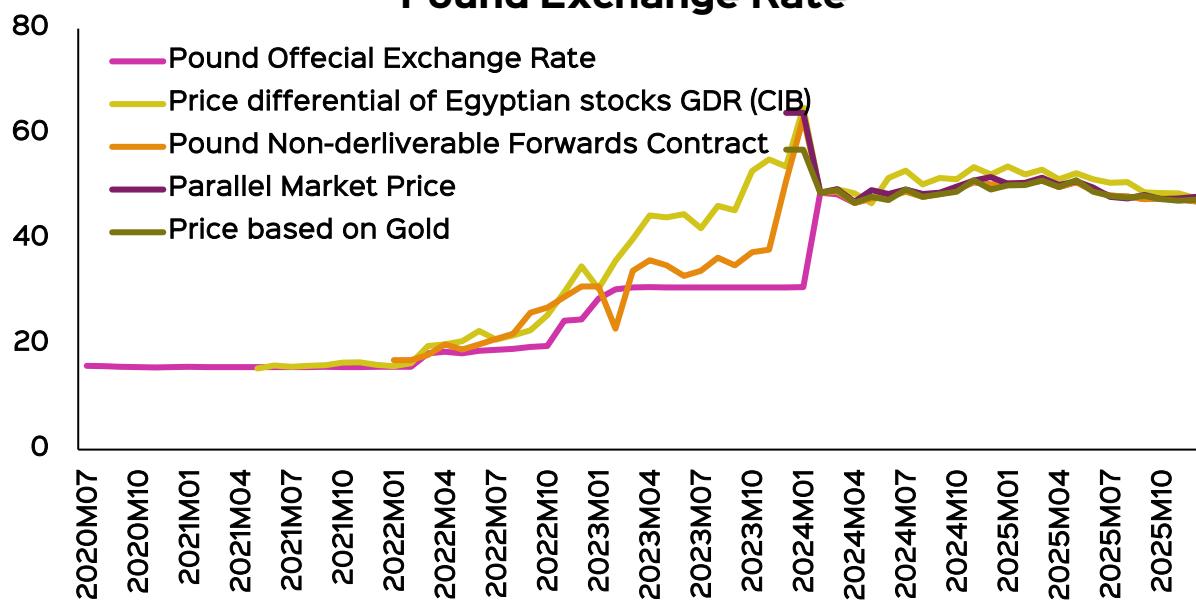


Egypt external position continued to show gradual improvement over the past month, supported by sustained foreign currency inflows and strengthening market confidence with unified exchange rate across the market. Central bank foreign reserves increased further, while net foreign assets in the banking system edged higher, reflecting renewed capital inflows and improved external liquidity. Remittances from Egyptians working 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 rose, benefiting from improved investor sentiment and a more favorable external environment.

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



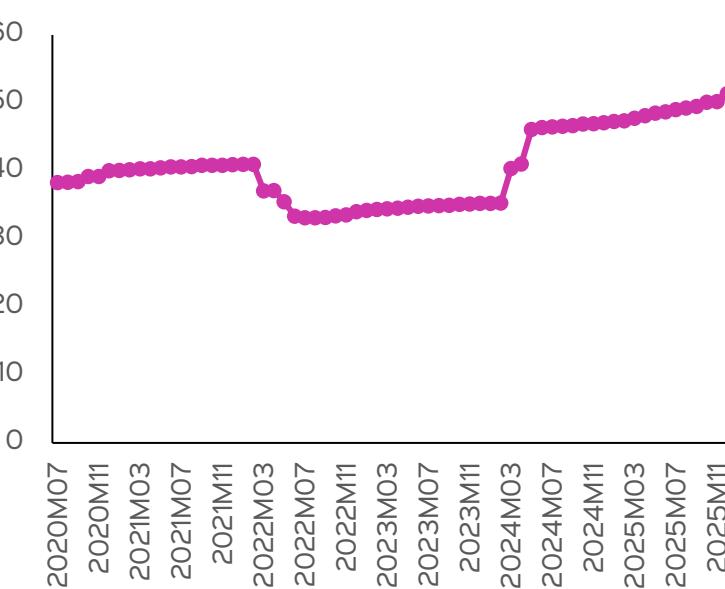
Pound Exchange Rate



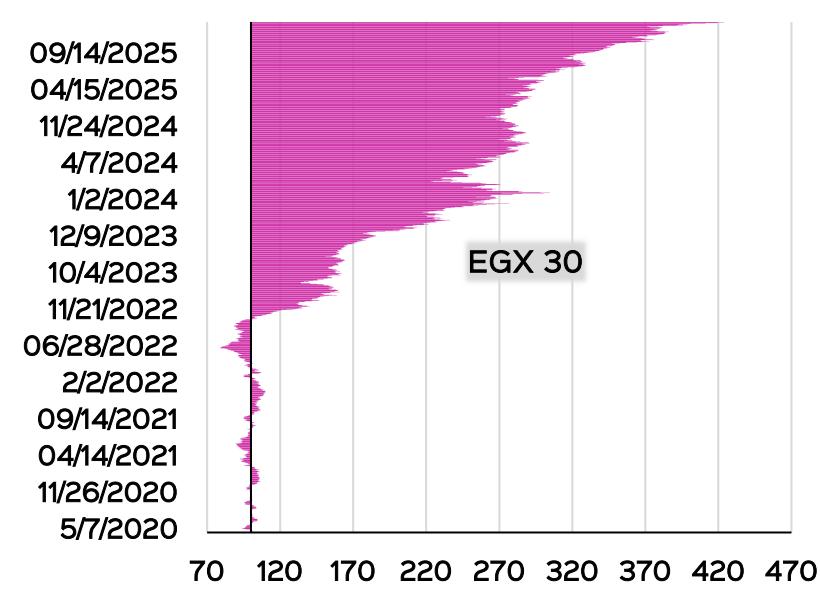
Remittances of Egyptians working abroad (bn \$)



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.



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