



ECONOMIC LENS

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Change	%Change
▲+6.26	+3.76%
▲+1.05	▼-3.69%
-1.28	▼-3.14%
+0.63	+2.80%
+0.96	+2.65%
▼-2.36	▼-10.47%
▼-1.47	▲+7.53%
+2.18	▲+5.97%
+1.50	-5.28%
▼-1.24	-4.33%

	Today	84 Wk	Summary	20 Wk
7.85	High 5.27	High 5.8		High
-0.33	Low 9.15	Low 2.3		Low
-4.20%	Volume 172374980	4/U Y 36.682		T/N
	46:33	Return 23.54		Return
		MktCap 98.48E		MktVol.

Markets Under Pressure: When Fear Takes the Driver's Seat



Background

Why stock markets move?

Stock markets move primarily based on how investors price risk not just economic performance. At any point in time, equity prices reflect a balance between expected growth and perceived uncertainty.

Historically, major market declines have often been triggered by shocks that increase uncertainty, particularly geopolitical conflicts. Wars and tensions especially in key regions like the Middle East tend to push markets lower, largely due to fears of rising oil prices, supply disruptions, and broader economic instability. These factors increase costs for businesses and weaken growth expectations, leading investors to pull back from equities.

However, markets do not wait for events to fully unfold. They react to expectations. This means that even before a conflict ends, markets can start to recover if investors believe the situation will stabilize or de-escalate.

What is happening now?

After a period of broad declines, global stock markets are starting to show early signs of recovery particularly in developed economies. On a weekly basis, major indices have turned positive, with the S&P 500 (+2.51%), DAX (+3.90%), FTSE 100 (+3.51%), and Italy 40 (+4.74%) all posting gains, indicating a partial rebound after earlier losses.

This recovery is largely being driven by shifting expectations around geopolitical tensions particularly the Iran war. Markets in the US, in particular, have rallied on growing optimism that the conflict could de-escalate or come to an end. By the close of March, this sentiment helped markets rebound significantly, reversing part of the earlier losses.

However, the picture is not uniform. While developed markets are bouncing back, most emerging markets have yet to fully respond. Several markets remain in negative territory, including Egypt’s EGX30 (-3.57%), South Korea (-3.15%), and slight declines in the UAE and Morocco. This divergence highlights that the recovery is still uneven and fragile.

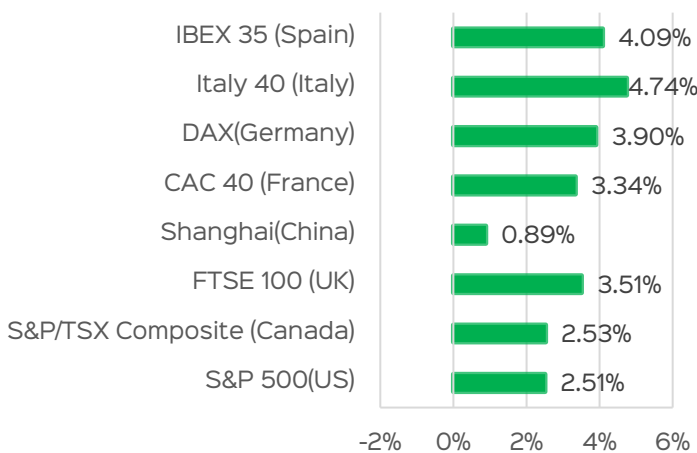
Market movements are currently driven more by political signals than economic fundamentals.

Statements and expectations particularly from Donald Trump are heavily influencing direction.

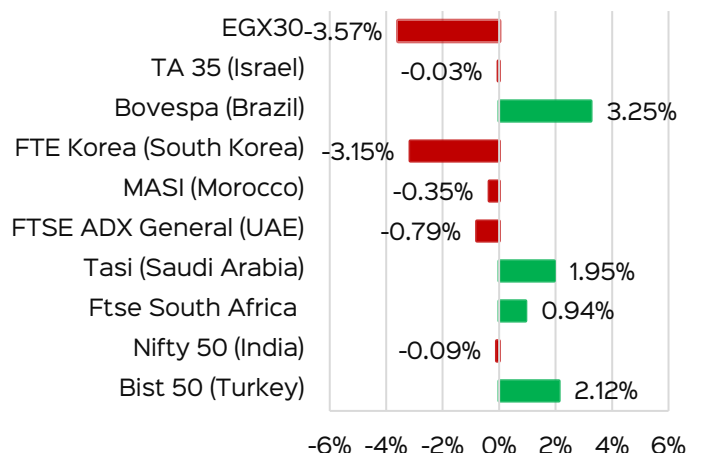
Markets quickly swing between optimism and fear, reacting to any perceived shift in the outlook.

Charts 1 & 2: Weekly Stock Market Performance – Global vs. Emerging

Global Stock Markets



Emerging Stock Markets



Source: [Financial Markets Snapshot, Issue 27](#)

What Does It Mean?

The recent rebound in global stock markets especially in developed economies reflects how strongly investor sentiment is currently tied to geopolitical expectations rather than underlying economic fundamentals. Markets are increasingly forward-looking, reacting not to what is happening now, but to what investors believe might happen next.

In this environment, even the possibility of de-escalation in conflicts like the Iran war can trigger strong upward movements, as investors begin pricing in improved stability, lower risk premiums, and better economic outlooks. At the same time, this also makes markets highly sensitive and volatile as sentiment can quickly reverse if expectations change.

At the same time, the gap between developed and emerging markets highlights a cautious investor approach – with capital flowing first into larger, safer markets, while others like Egypt continue to lag.

In simple terms:

markets fall on fear – and recover on expectations, even before reality fully changes.

Markets today are not just reacting to reality they are reacting to expectations, headlines, and political signals.

As long as geopolitical developments remain uncertain and policy direction continues to shift, markets are likely to stay volatile moving up on optimism and down on fear, often faster than underlying fundamentals would justify.