



# Financial Markets Snapshot

Issue 29  
 May 2026

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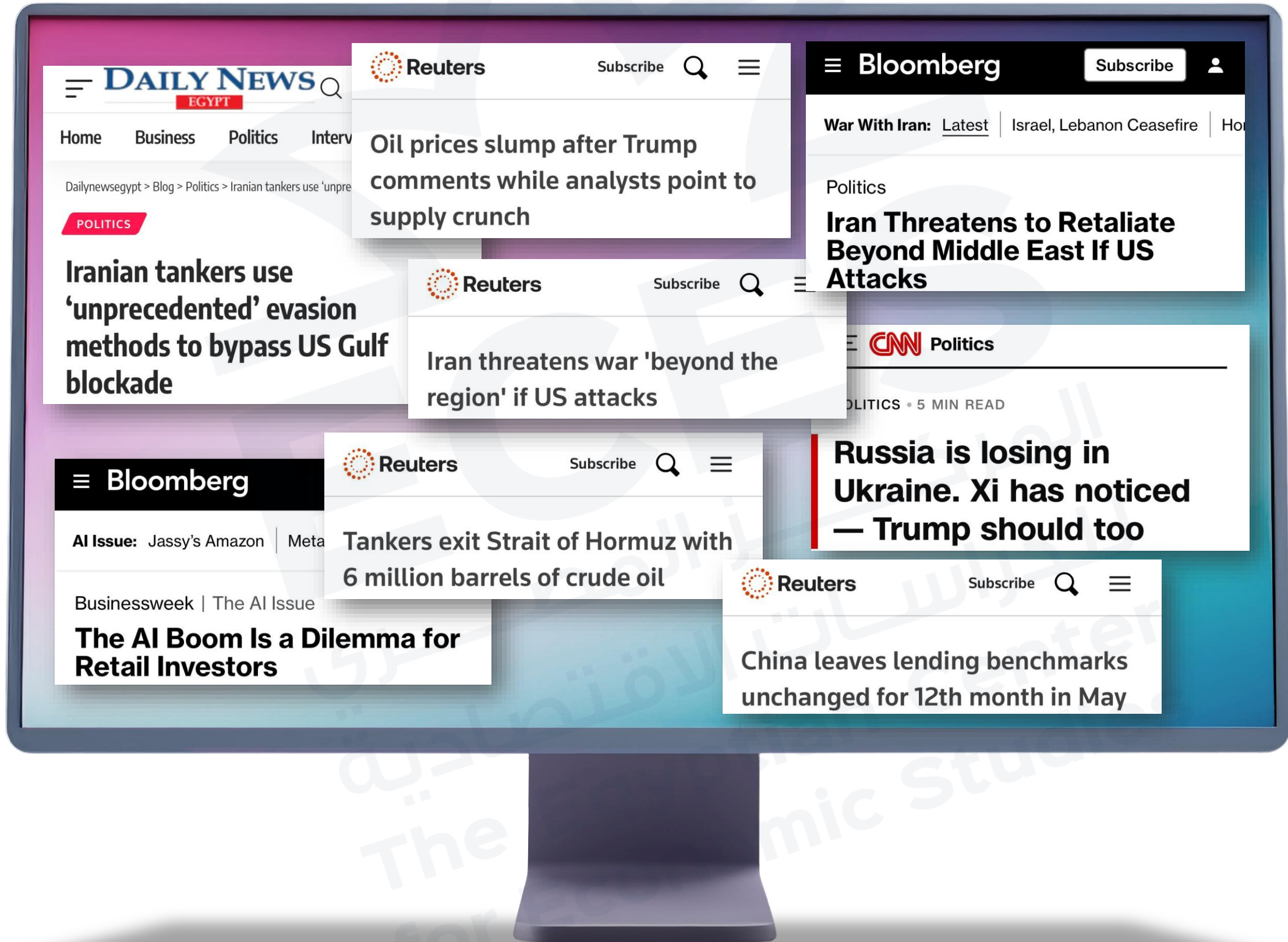
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## About The Report

- 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, particularly energy commodities, witnessed mixed movements over the past month due to the attack initiated by the US and Israel on Iran and what followed (hereafter referred to as the 'Middle East war'), while most other commodities remained relatively stable or recorded slight increases.
- Global inflation dynamics showed renewed upward pressure over the past month, with inflation rates increasing across most major economies. Against this backdrop, major Central banks continued to adopt a cautious wait and see approach, maintaining relatively tight monetary conditions.
- Global equity markets recorded mixed performance over the past month. While some markets, especially US market, continued to benefit from resilient investor sentiment, others witnessed slight corrections following previous strong gains.
- Sovereign bond yields increased across major economies amid persistent inflation concerns and uncertainty surrounding the timing of monetary policy easing. At the same time, sovereign risk perceptions showed a mixed performance across markets.

## Emerging Markets



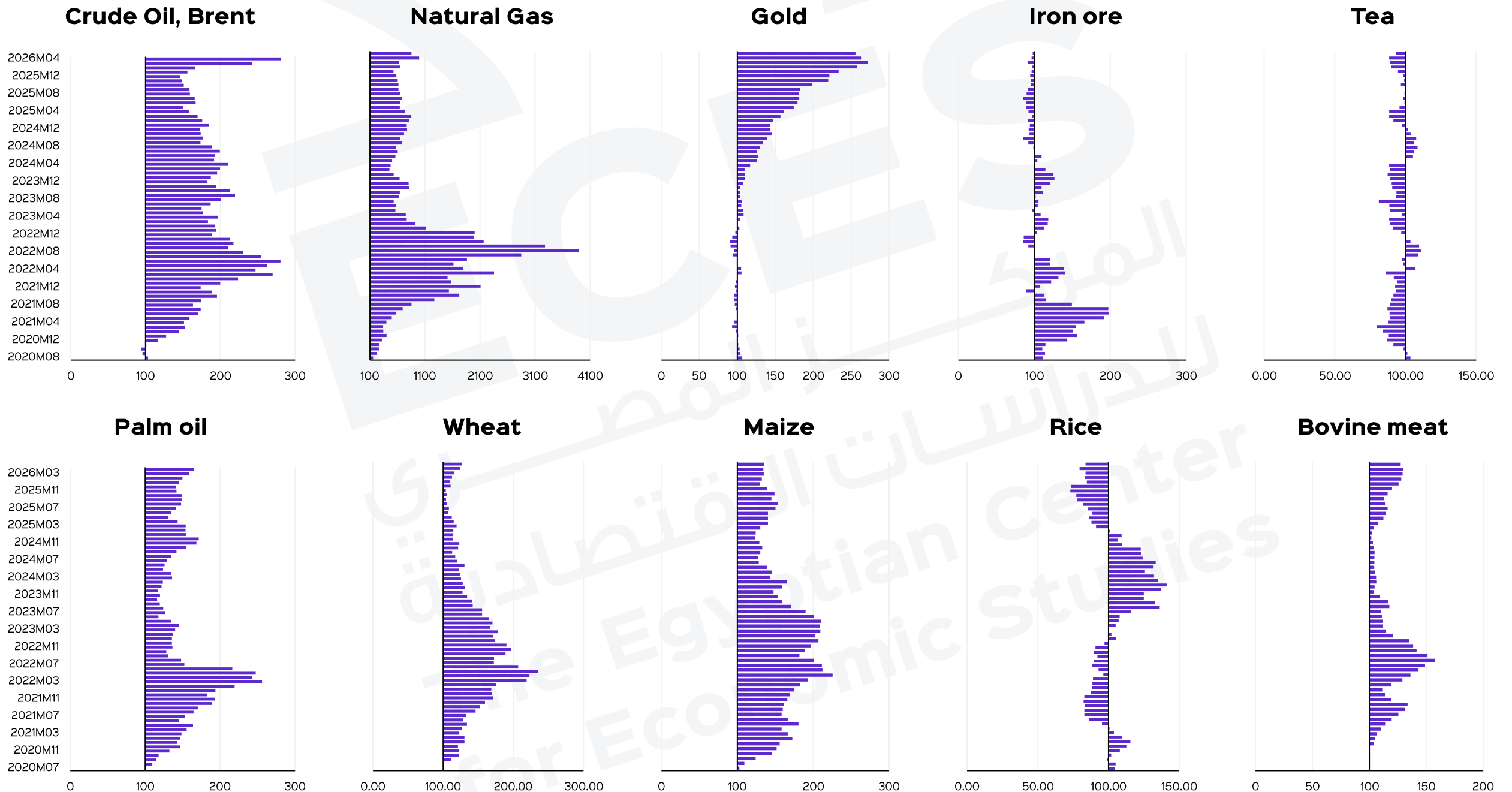
- Inflation trends across emerging markets showed broad upward pressure over the past month, as most economies experienced accelerating price pressures driven by higher energy costs, persistent domestic demand, and ongoing global uncertainty.
- Monetary policy across emerging markets remained broadly cautious over the past month, as most Central banks maintained policy rates unchanged amid persistent inflation pressures and continued uncertainty surrounding global financial conditions.
- Emerging markets currencies showed broadly weaker performance against the US Dollar over the past month, reflecting stronger demand for safe-haven assets amid ongoing geopolitical tensions and rising global uncertainty.
- Emerging markets equities showed mixed to weaker performance over the past month, as investor sentiment remained pressured by ongoing geopolitical tensions, stronger US Dollar conditions, and continued uncertainty surrounding global growth prospects.
- Sovereign bond yields increased across most major emerging economies amid persistent inflation concerns and continued uncertainty surrounding global financial conditions. Investor sentiment, however, remained relatively mixed across emerging debt markets.

## Egyptian Local Market



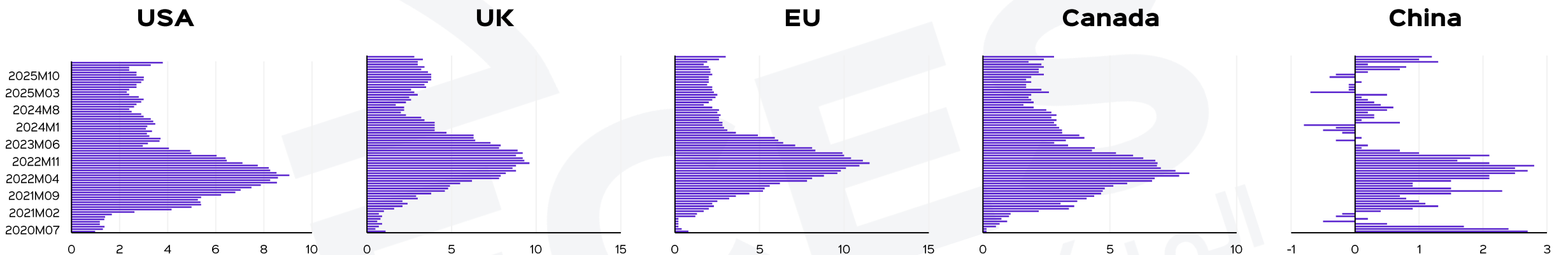
- Egypt 10-year government bond yield increased further over the past month, driven by continued increase in total external debt and elevated upcoming debt service obligations, as well as increased risks due to Middle East war. While CDSs stay stable and contained.
- Despite continued external pressures and ongoing geopolitical tensions, Egypt macroeconomic indicators showed broadly stable performance. Economic activity remained relatively resilient, while monetary conditions continued to reflect a cautious policy stance amid evolving inflation dynamics.
- The Middle East war continued to influence short-term capital flows, leading to renewed volatility in portfolio movements. The overall external position remained broadly contained, while the pound has fluctuated in line with the movement of hot money.

**Commodity markets, particularly energy commodities, witnessed mixed movements over the past month due to the attack initiated by the US and Israel on Iran and what followed (hereafter referred to as the 'Middle East war'), while most other commodities remained relatively stable or recorded slight increases.** Energy prices moved in mixed directions, as crude oil prices remained relatively high, while natural gas prices declined notably after previous increases with the shipment of some tankers. Agricultural commodities also showed varied performance, with palm oil and wheat prices rising moderately, whereas rice prices continued to decline. Meanwhile, gold prices surprisingly got lower, as the markets expect the US Fed tightening or at least suspended monetary expansion.

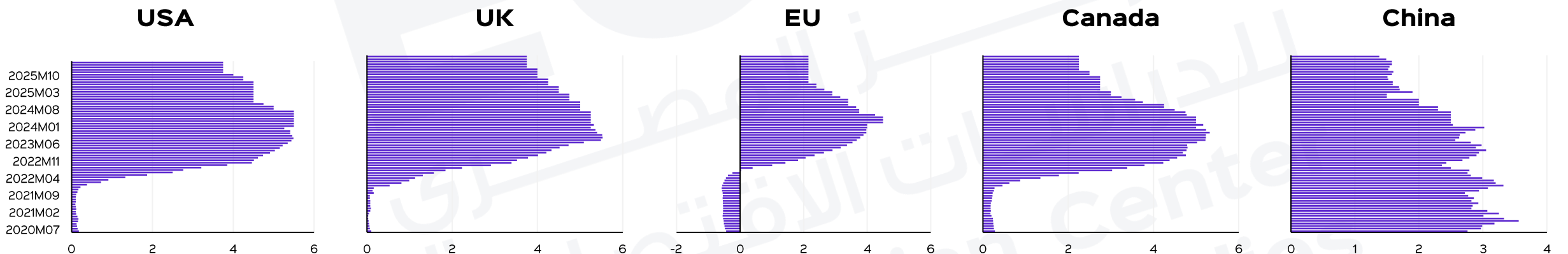


**Global inflation dynamics showed renewed upward pressure over the past month, with inflation rates increasing across most major economies. Against this backdrop, major Central banks continued to adopt a cautious wait and see approach, maintaining relatively tight monetary conditions.** Inflation rates rose across most global markets due to rising energy prices and supply shocks. Despite renewed inflationary pressures, policy rates remained broadly unchanged across major economies, signaling continued caution regarding inflation and growth prospects. Meanwhile, currency markets reflected weaker performance against the US Dollar, particularly for the Euro and Chinese Yuan, while movements in the British Pound and Canadian Dollar remained relatively limited.

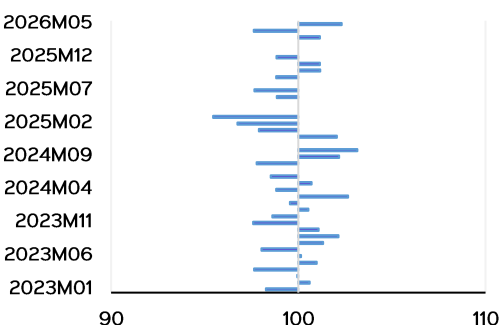
**Inflation Rate**



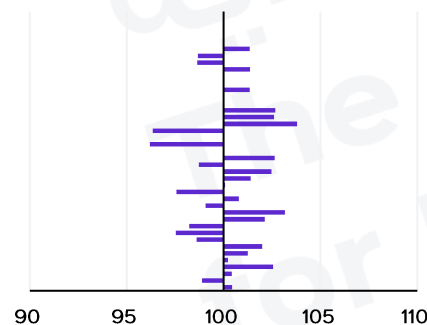
**Policy Rate**



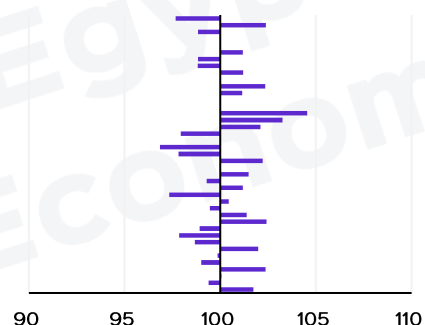
**LCU / USD**



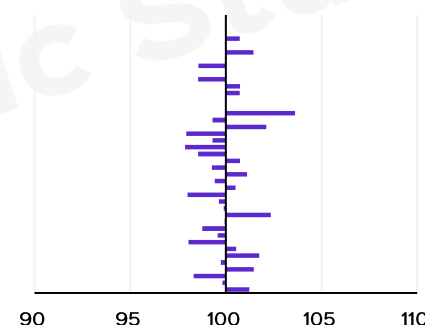
**UK Pound**



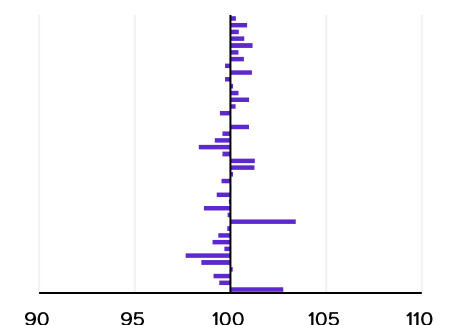
**Euro**



**Canadian Dollar**



**Chinese Yuan**



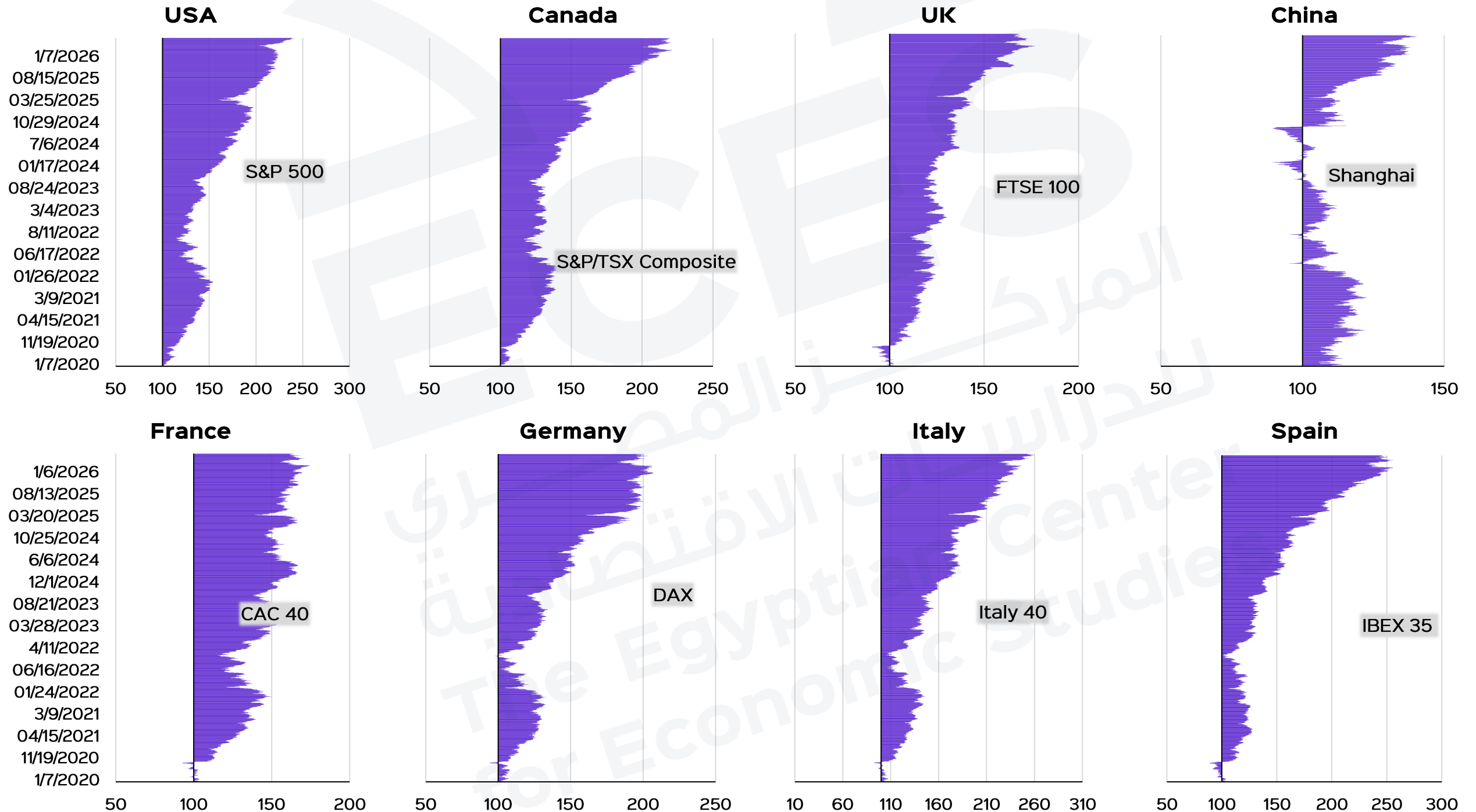
Commodity Markets  
Main Rates

Stock Market

Bond Market

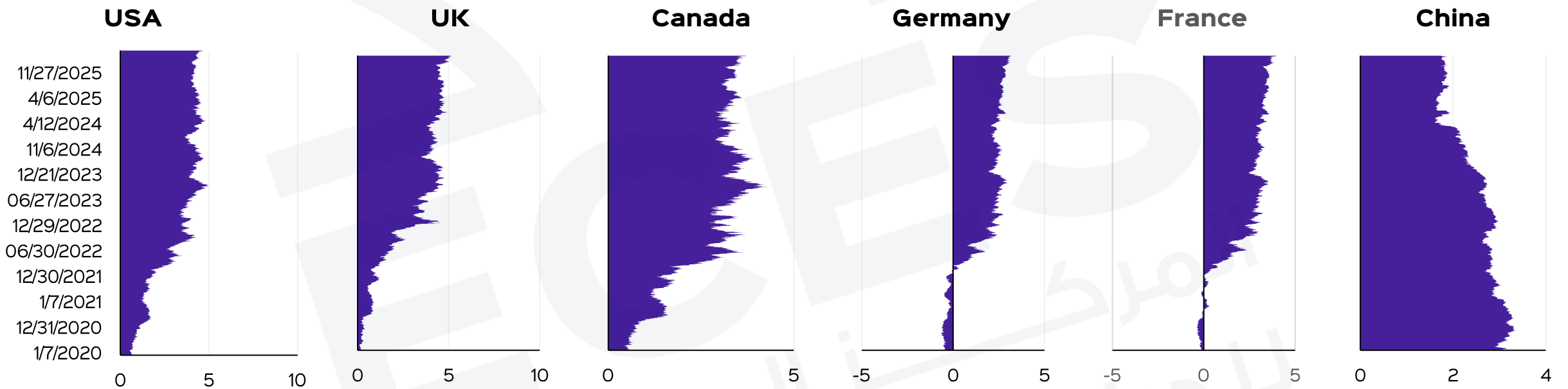
**Global equity markets recorded mixed performance over the past month. While some markets, especially US market, continued to benefit from resilient investor sentiment, others witnessed slight corrections following previous strong gains.** US equities continued to record relatively solid performance, supported by strong corporate results and continued market momentum, also Canadian and Italian markets moved higher. In contrast, European equities witnessed slight declines after recent gains, reflecting cautious investor sentiment and weaker economic expectations. While Chinese equities showed volatile but broadly weaker performance amid continued concerns over domestic economic conditions.

Commodity Markets  
Main rates  
Stock Market  
Bond Market

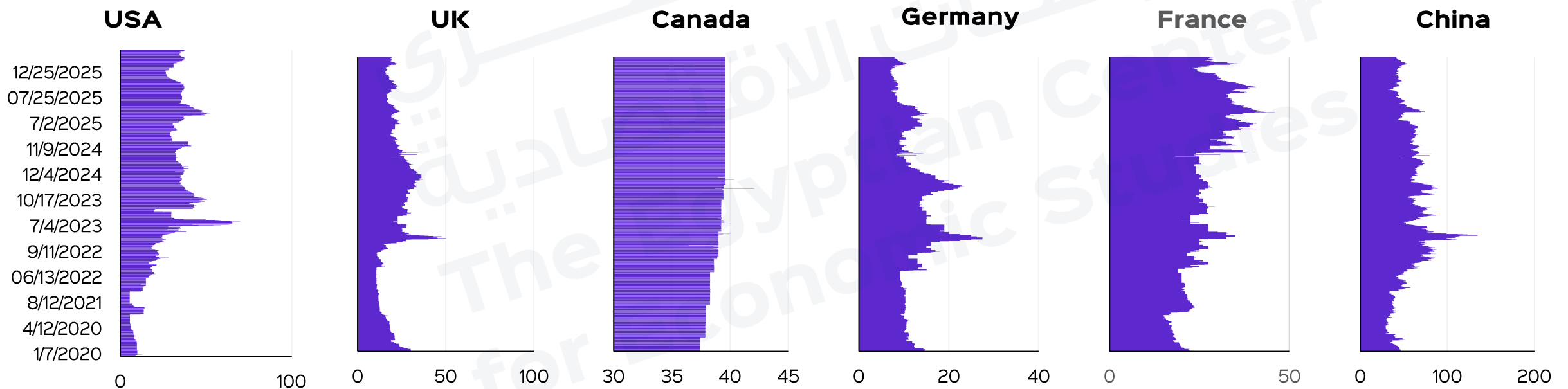


**Sovereign bond yields increased across major economies amid persistent inflation concerns and uncertainty surrounding the timing of monetary policy easing. At the same time, sovereign risk perceptions showed a mixed performance across markets.** Ten-year government bond yields rose in the US, UK, Canada, Germany, France, and China, reflecting continued repricing of interest rate expectations and cautious investor sentiment regarding future policy easing. Meanwhile, credit default swaps (CDSs) increased in the US and the UK, pointing to slightly higher perceived sovereign risk, while CDSs declined across Germany, France, and China, indicating relatively improved investor confidence and more stable market sentiment in these economies.

10-Year Bond Yield

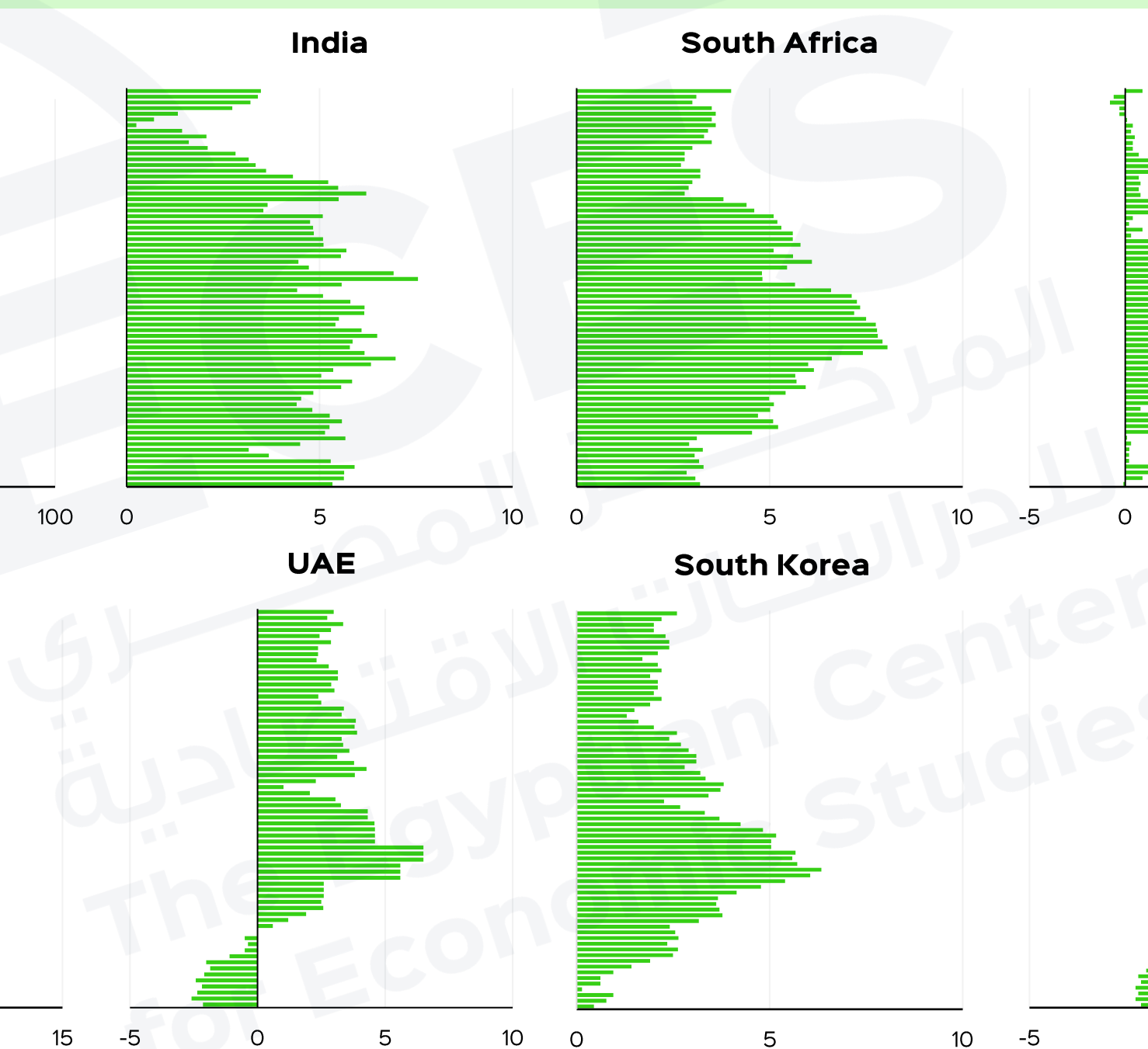


5-Year CDS



Commodity Markets  
Main Rates  
Stock Market  
Bond Market

**Inflation trends across emerging markets showed broad upward pressure over the past month, as most economies experienced accelerating price pressures driven by higher energy costs, persistent domestic demand, and ongoing global uncertainty.** Inflation rates increased across most emerging markets, reflecting rising food and energy costs alongside continued domestic demand pressures in several markets. Turkey continued to record by far the highest inflation level among the selected economies, highlighting the persistence of underlying structural and monetary pressures despite some moderation from previous peaks. Meanwhile, inflation data for the UAE remained unavailable since the beginning of 2026 due to delays in official data publishing.



**Monetary policy across emerging markets remained broadly cautious over the past month, as most Central banks maintained policy rates unchanged amid persistent inflation pressures and continued uncertainty surrounding global financial conditions.** Policy rates remained stable across Turkey, India, South Africa, Morocco, South Korea, and the UAE, reflecting a continued wait-and-see approach by Central banks despite renewed inflationary pressures in several economies. Meanwhile, Brazil was the only major market among the selected economies to record a slight policy rate cut, signaling improving confidence in the inflation outlook and allowing for limited monetary easing.

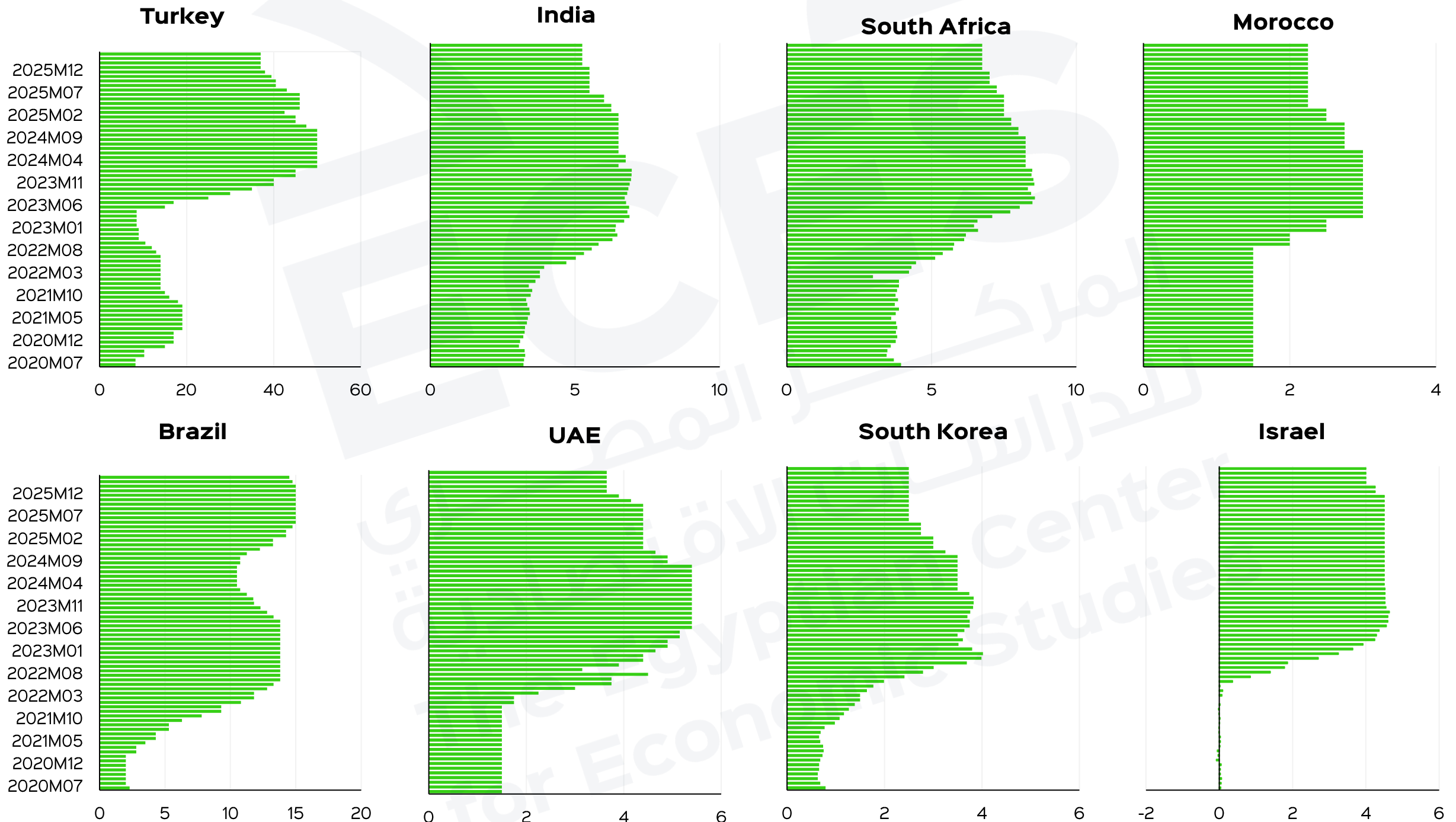
Inflation Rate

**Policy Rate**

LUC/UDS

Stock Market

Bond Market



**Emerging markets currencies showed broadly weaker performance against the US Dollar over the past month, reflecting stronger demand for safe-haven assets amid ongoing geopolitical tensions and rising global uncertainty.** Most emerging markets currencies weakened against the US Dollar, including the Turkish Lira, Indian Rupee, South African Rand, Moroccan Dirham, Brazilian Real, and South Korean Won. The depreciation reflected stronger US Dollar momentum alongside continued external pressures and cautious investor sentiment toward emerging economies. Meanwhile, the UAE Dirham remained broadly stable given its peg to the US Dollar. In total, currency markets across emerging economies reflected increased pressure from global risk aversion and persistent geopolitical uncertainty.

Inflation Rate

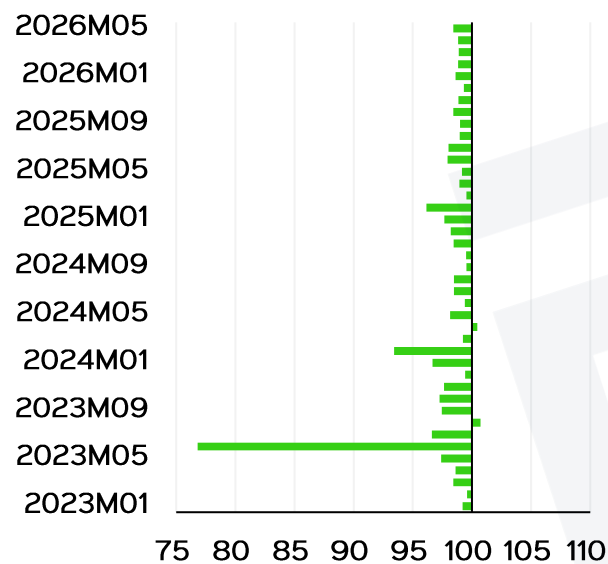
Policy Rate

**LUC/UDS**

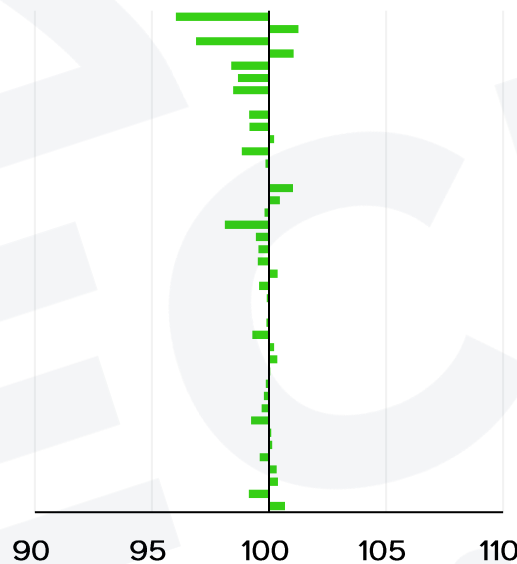
Stock Market

Bond Market

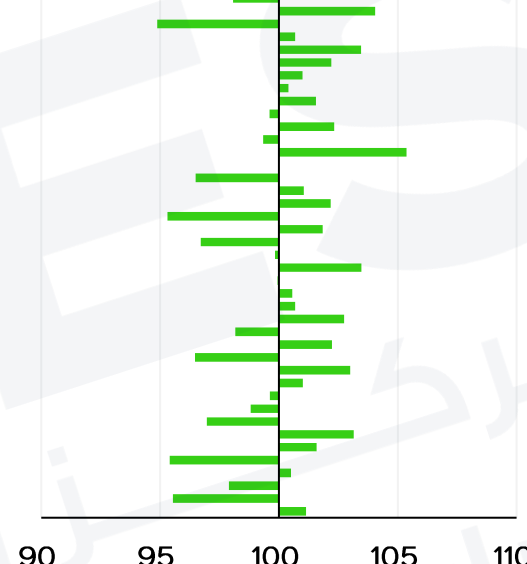
**Turkish Lira**



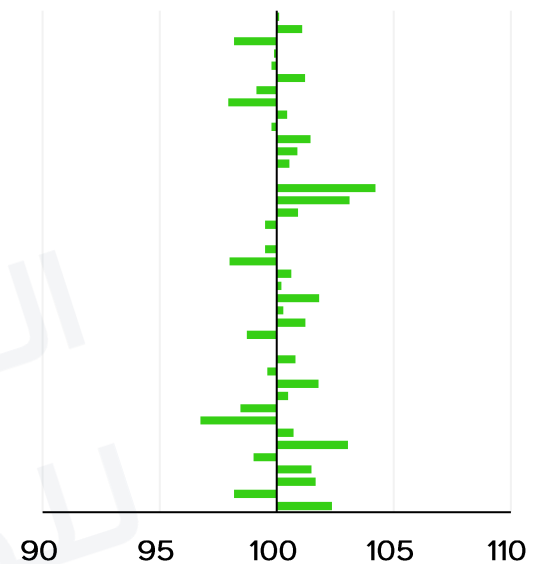
**Indian Rupee**



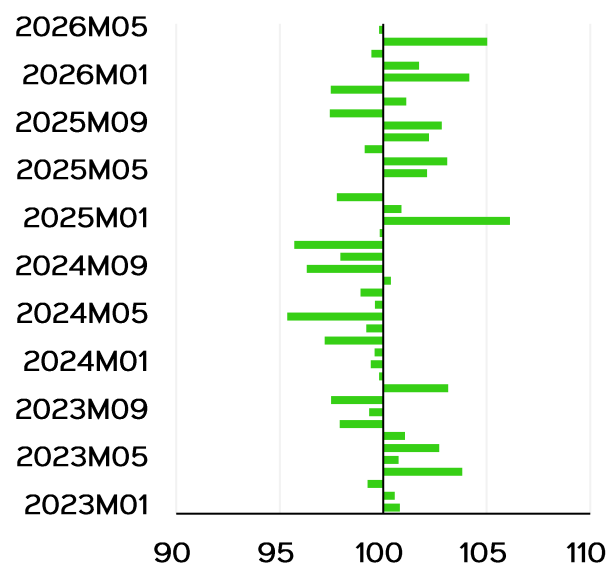
**South African Rand**



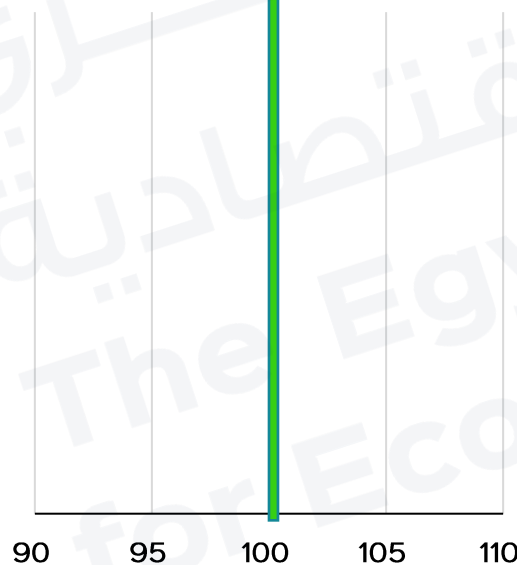
**Moroccan Dirham**



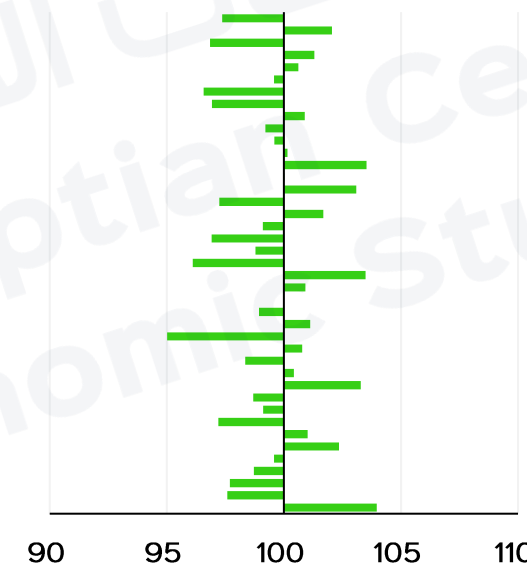
**Brazilian Real**



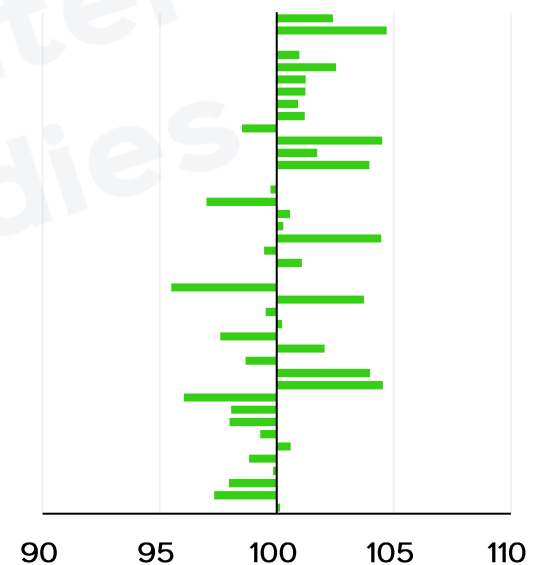
**UAE Dirham**



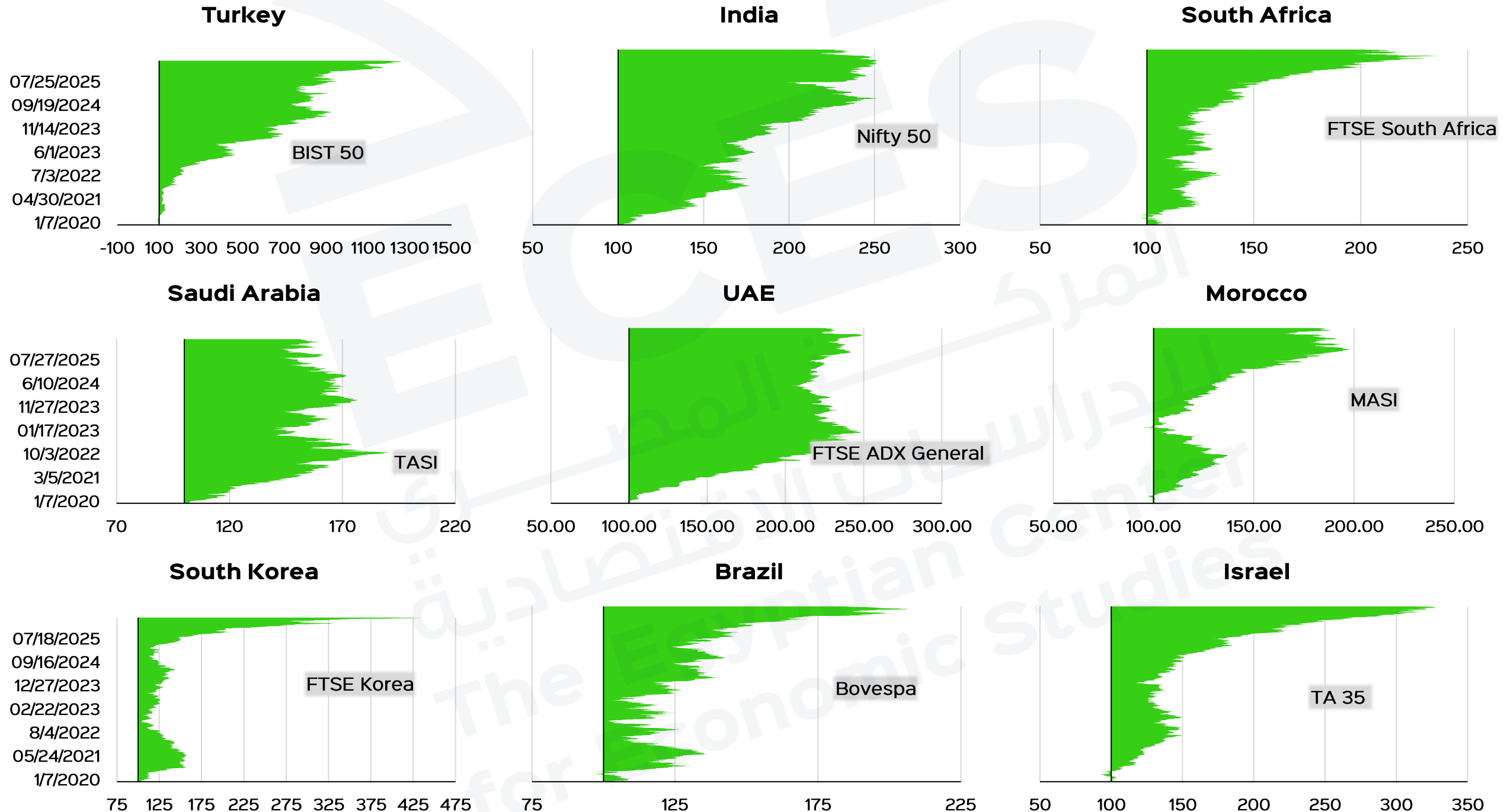
**Korean Won**



**Israeli New Shekel**



**Emerging markets equities showed mixed to weaker performance over the past month, as investor sentiment remained pressured by ongoing geopolitical tensions, stronger US Dollar conditions, and continued uncertainty surrounding global growth prospects.** Equity markets in Turkey, India, South Africa, Saudi Arabia, the UAE, Morocco, and Brazil witnessed mild declines, reflecting cautious investor sentiment and weaker risk appetite across emerging economies. In contrast, South Korean equities recorded relatively stronger performance and continued to move higher, supported by improved market momentum and stronger performance in technology-related sectors.



Inflation Rate

Policy Rate

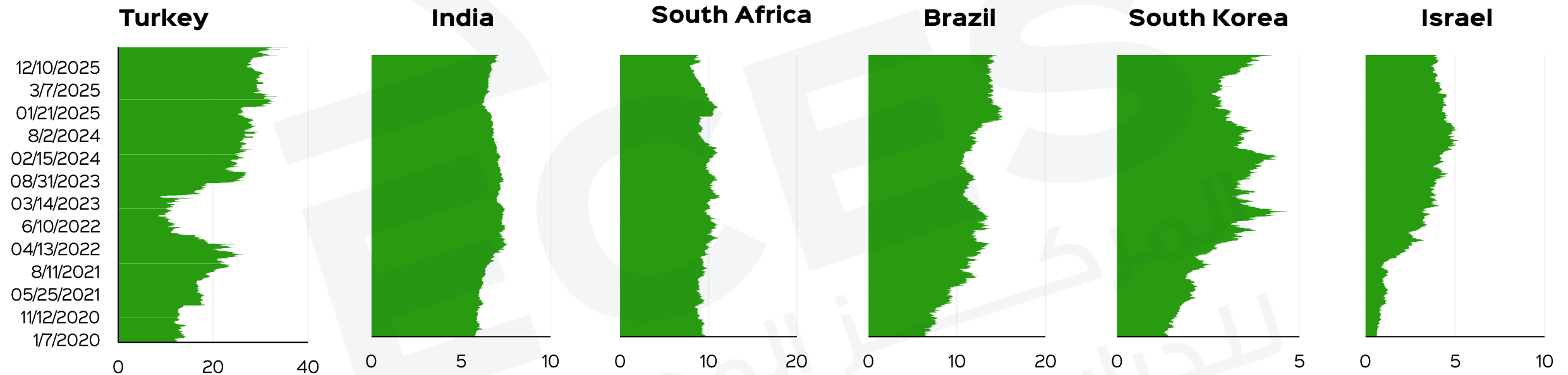
LUC/UBS

Stock Market

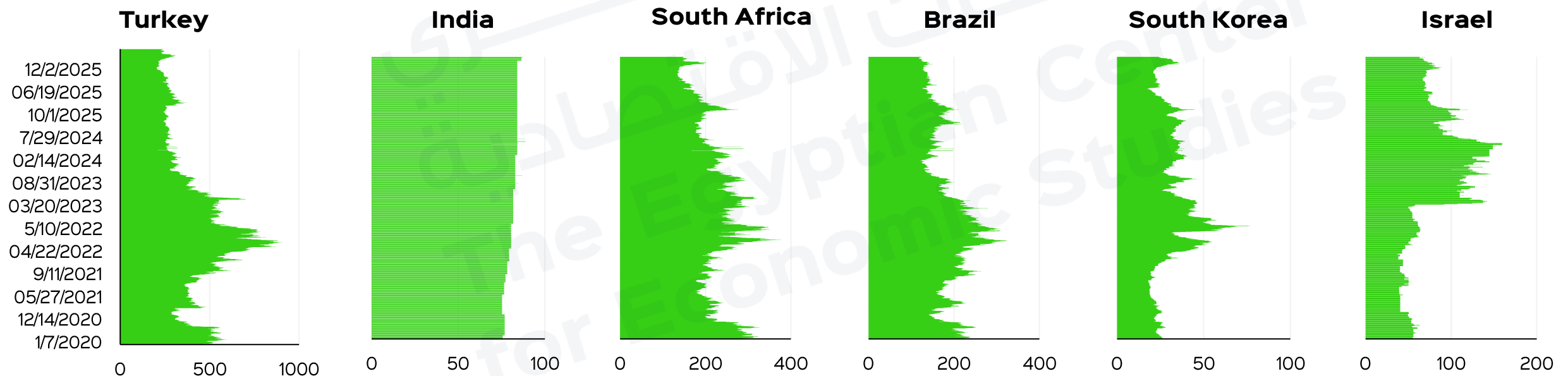
Bond Market

**Sovereign bond yields increased across most major emerging economies amid persistent inflation concerns and continued uncertainty surrounding global financial conditions. Investor sentiment, however, remained relatively mixed across emerging debt markets.** Ten-year government bond yields increased across most emerging markets, reflecting continued repricing of interest rate expectations and cautious investor sentiment toward emerging markets assets. Meanwhile, credit default swaps (CDSs) increased notably in Turkey, pointing to higher perceived sovereign risk and continued market concerns. In contrast, CDS movements in South Africa, Brazil, and South Korea remained broadly stable or recorded slight declines, indicating relatively contained changes in sovereign risk perceptions.

**10-Year Bond Yield**



**5-Year CDS**



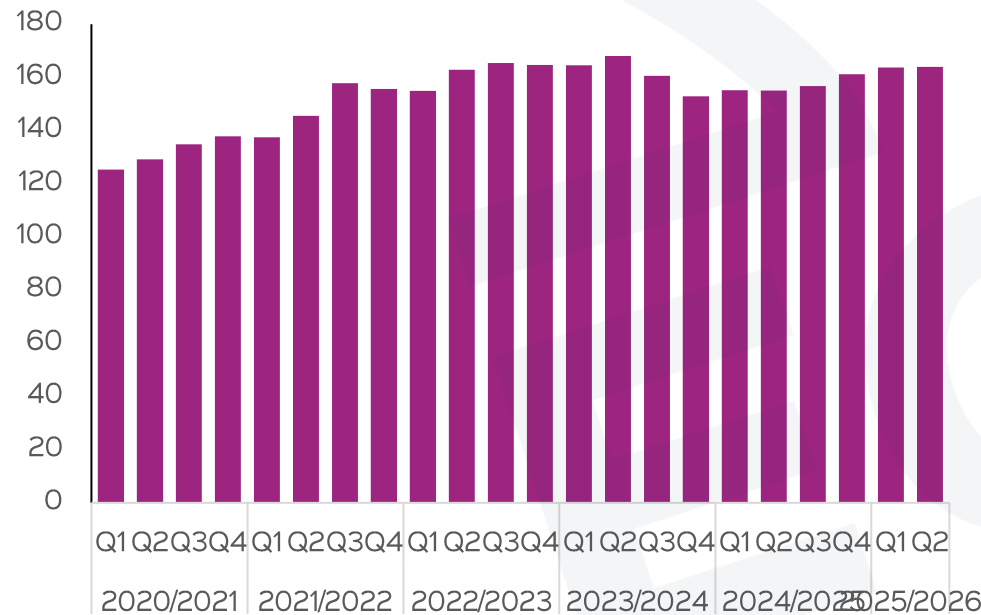
Inflation Rate  
Policy Rate  
LUC/UDC  
Stock Market  
Bond Market

**Egypt 10-year government bond yield increased further over the past month, driven by continued increase in total external debt and elevated upcoming debt service obligations, as well as increased risks due to Middle East war. While CDSs stay stable and contained.** Egypt total external debt continued to increase, while external debt service obligations also moved higher, reflecting persistent borrowing needs and elevated financing costs. At the same time, Egypt 10-year government bond yield increased, pointing to higher risk premiums and continued pressure on financing conditions. Meanwhile, CDSs declined slightly, indicating limited improvement in perceived sovereign risk despite ongoing external and fiscal pressures.

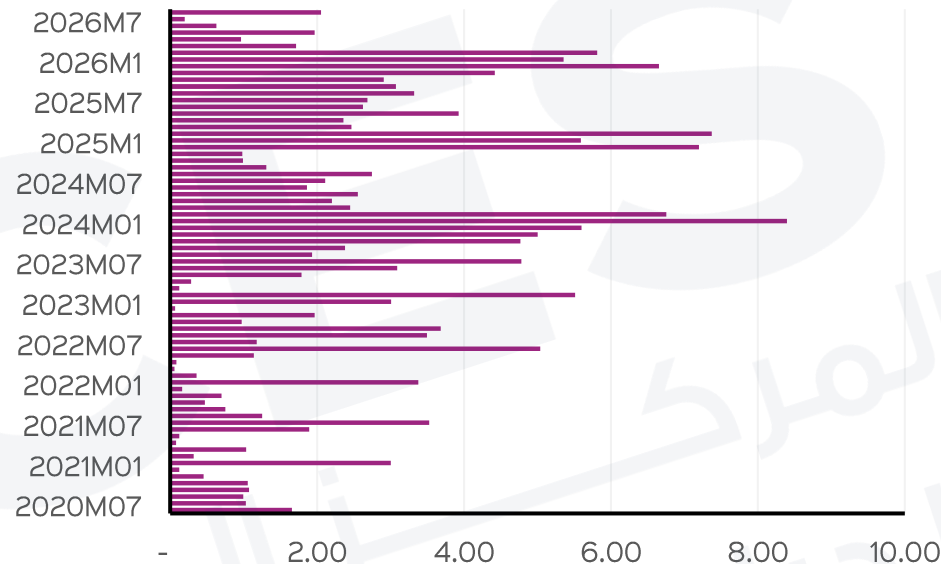
External Position

Local Developments

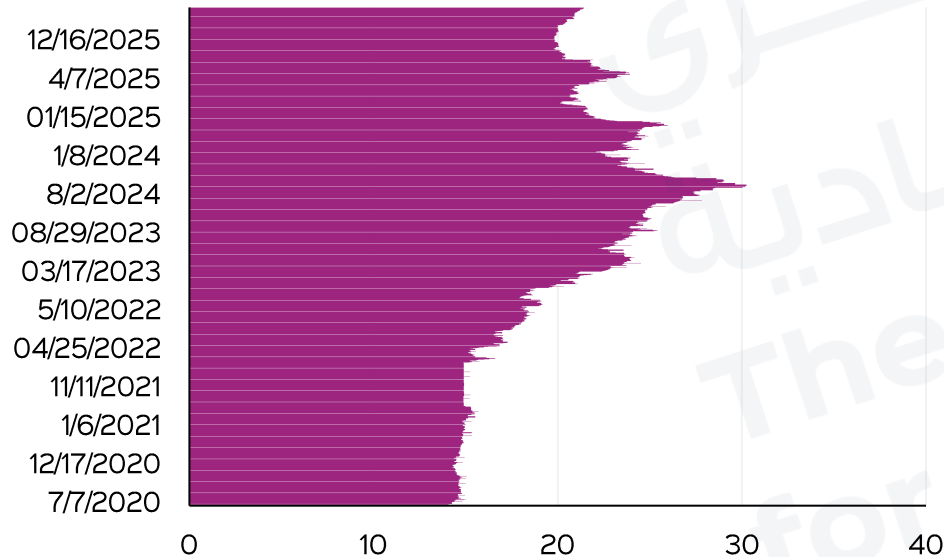
**Total External Debt (bn \$)\***



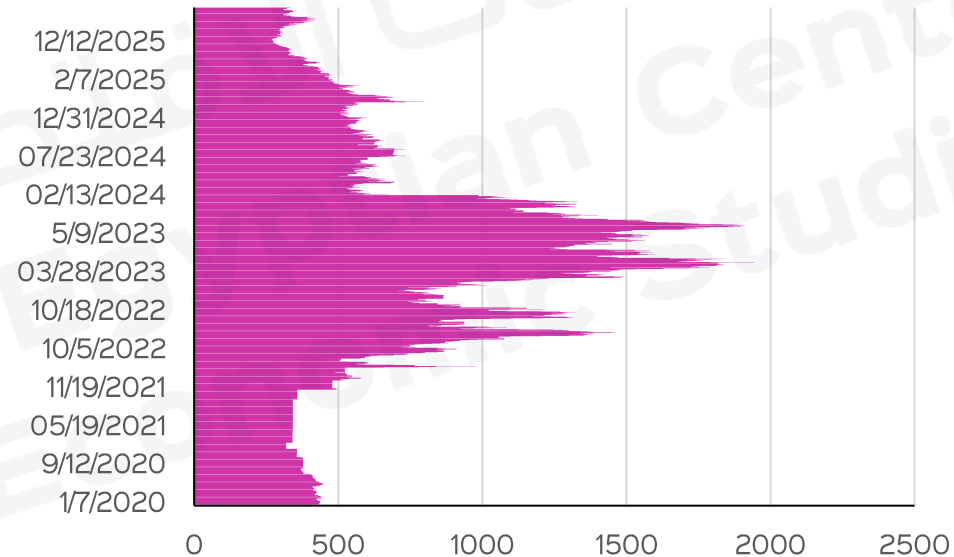
**External Debt Service (bn \$)\***



**Egypt 10-Year Bond Yield**



**5Y CDS, Egypt**



**S&P Global Ratings**  
**B Stable**

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

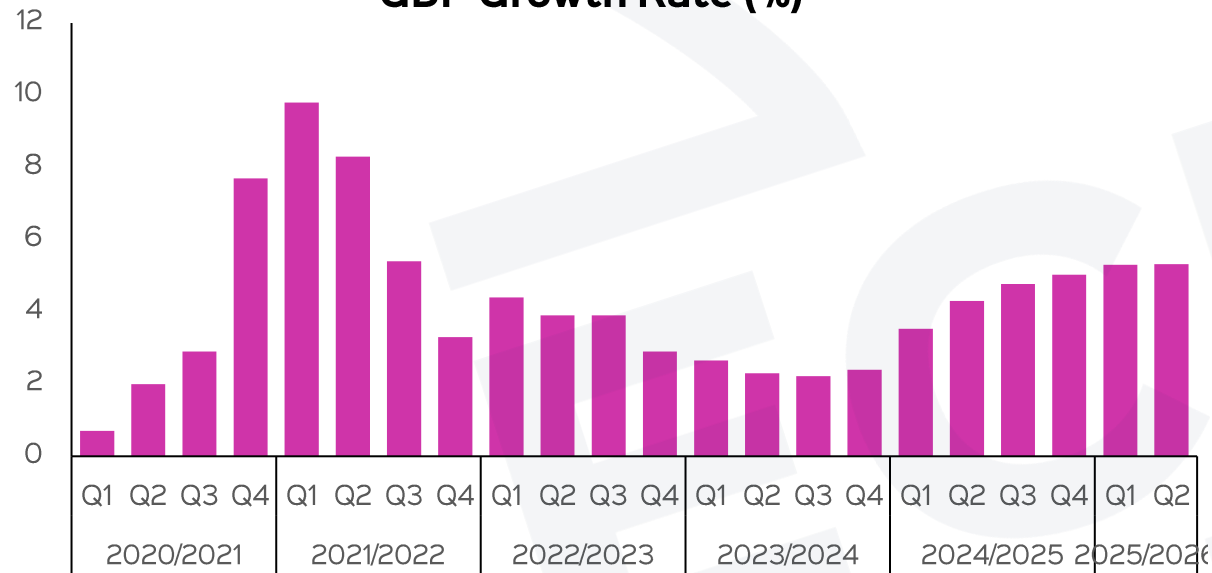
**MOODY'S INVESTORS SERVICE**  
**Caa1 Positive**

**Despite continued external pressures and ongoing geopolitical tensions, Egypt macroeconomic indicators showed broadly stable performance. Economic activity remained relatively resilient, while monetary conditions continued to reflect a cautious policy stance amid evolving inflation dynamics.**

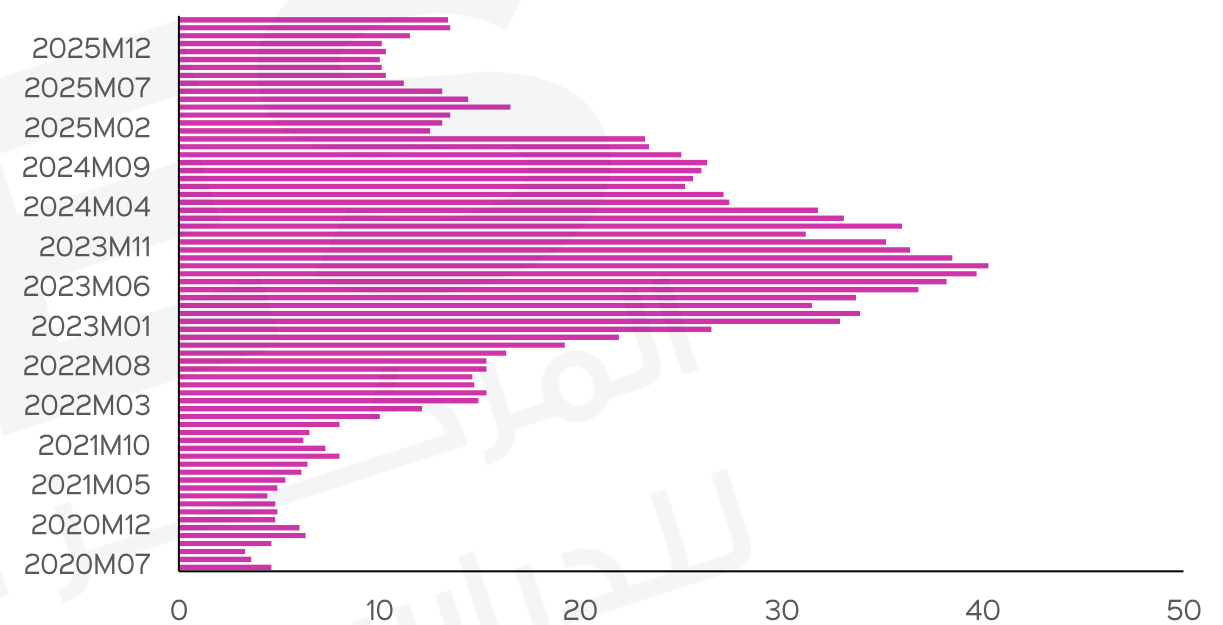
GDP growth remained broadly stable, indicating continued resilience in economic activity. Inflation rates recorded a marginal decline, suggesting very limited easing in price pressures while inflation levels remained relatively elevated. Meanwhile, the growth rate of money supply continued to moderate and the Central bank kept policy rates unchanged, maintaining a cautious and balanced monetary stance amid persistent inflation and external pressures.

External Position  
  
Local Developments

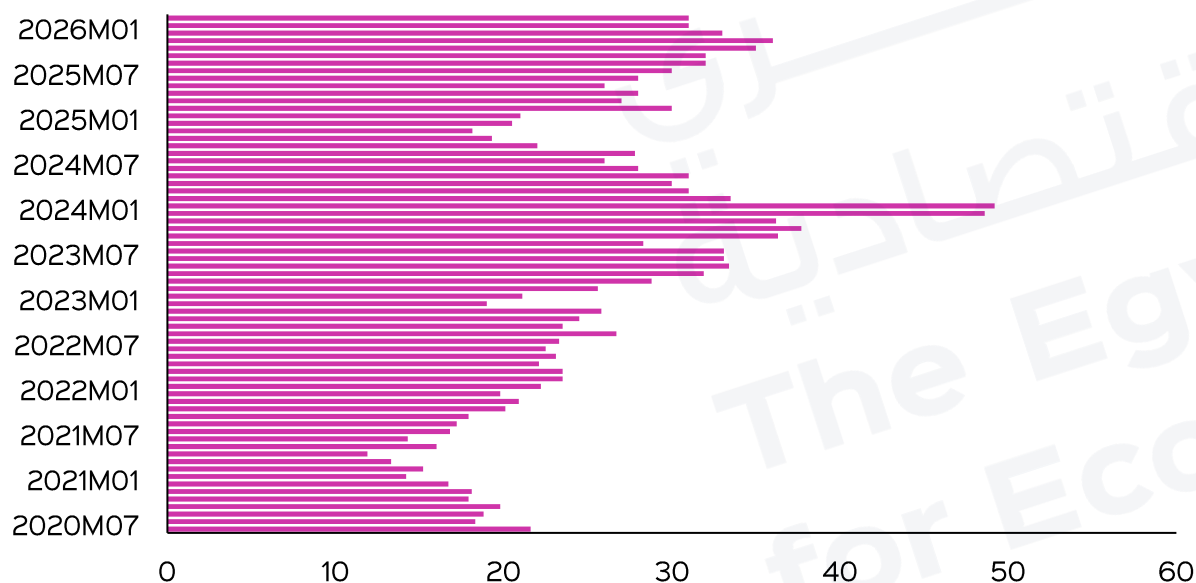
**GDP Growth Rate (%)\***



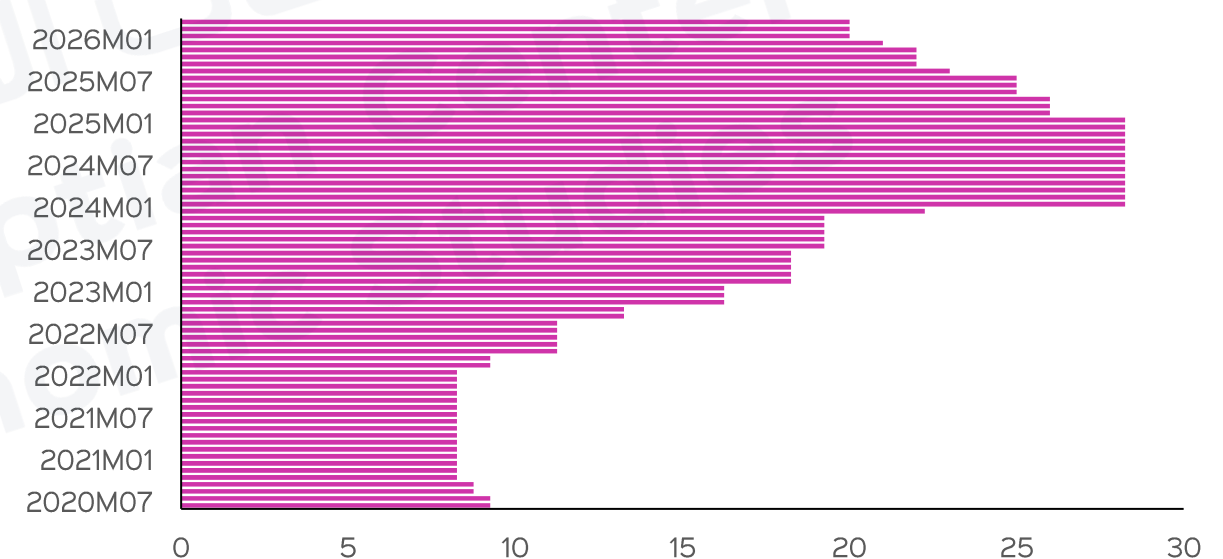
**Inflation Rate (%)**



**Growth Rate of Money Supply (M1)\***



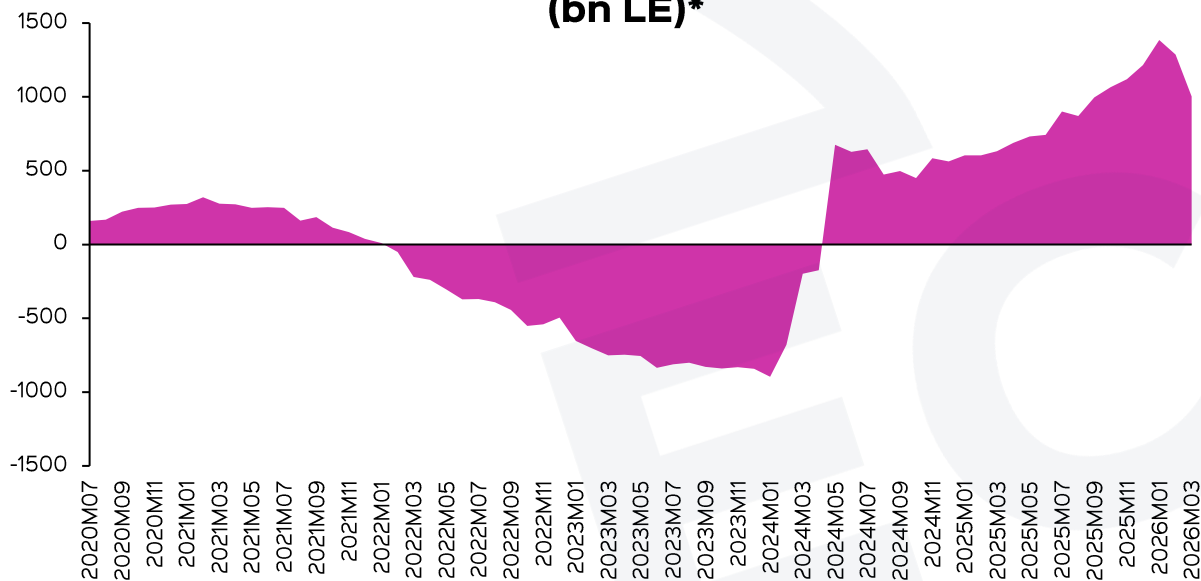
**Policy Rate (%)**



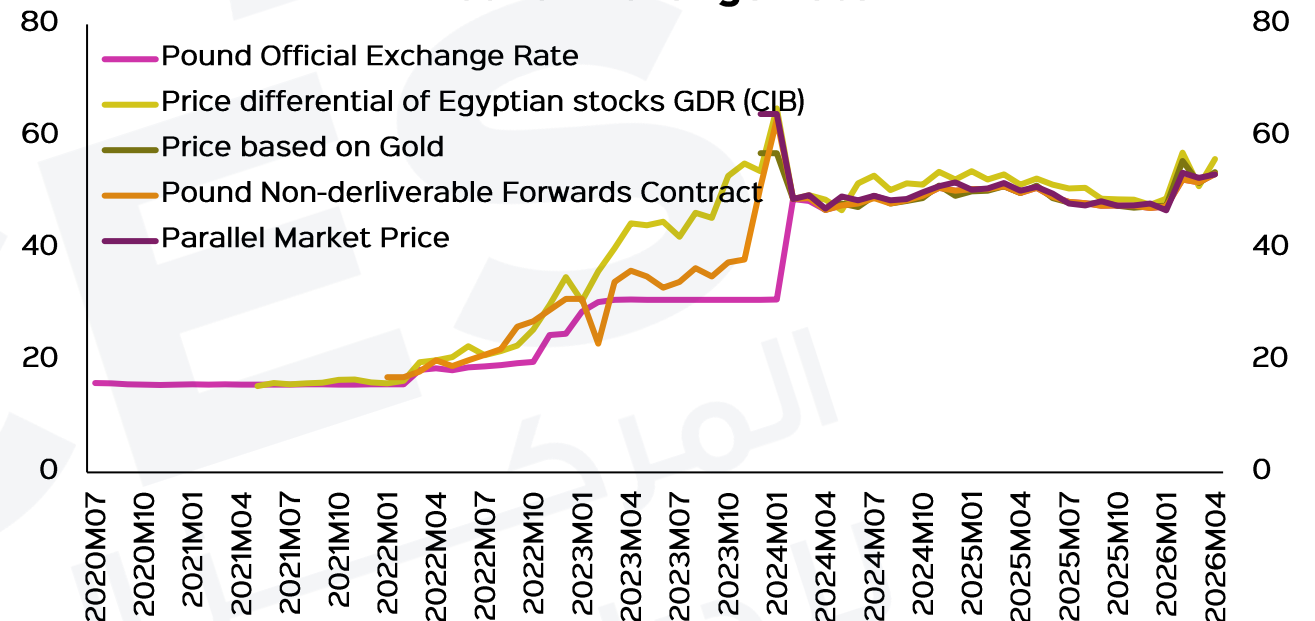
**The Middle East war continued to influence short-term capital flows, leading to renewed volatility in portfolio movements. The overall external position remained broadly contained, while the pound has fluctuated in line with the movement of hot money.** Net foreign assets of the banking system declined notably over the month, reflecting recent portfolio outflows and tighter foreign liquidity conditions. At the same time, the Egyptian Pound weakened significantly against the US Dollar, in line with ongoing pressures in foreign exchange markets and hot money movements. Meanwhile, net international reserves recorded a slight increase, indicating continued support from external financing inflows and stable reserve management.

External Position  
Local Developments

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



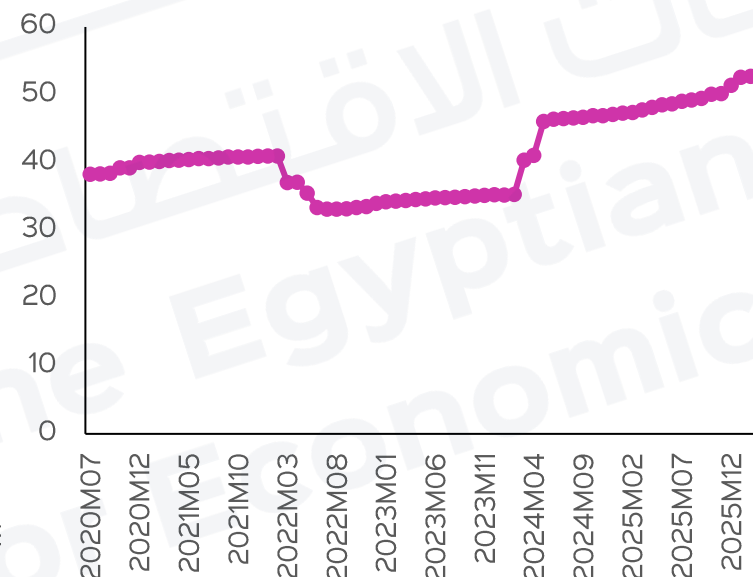
**Pound Exchange Rate**



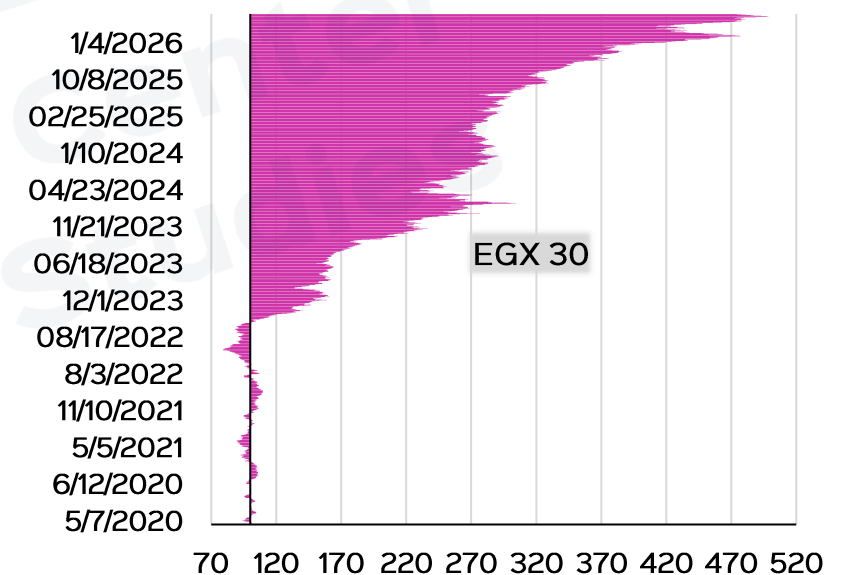
**Remittances of Egyptians working abroad (bn \$)**



**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.

...one high...  
...und is still suffering huge pro...  
...at due to the high negative net foreign assets...  
...external debt, negative net foreign assets, low credit rating and high...  
...ancing needs are all putting more pressure on the pound and makin...  
...national financial markets



• Egypt Grapples With Impact of Red Sea Hits on Suez Canal Revenue  
• The Central Bank of Egypt (CBE) imposed restrictions on credit cards issued on or after December 21 regarding foreign exchange (FX) transaction.  
• The Egyptian government is in talks with the International Monetary Fund (IMF) for a new timeline for the loan deal.  
• Egypt Media witnesses new wave of prices  
• AlShaya Group trims Egypt operations due to economic conditions  
• Moody's Changes Outlook On Egypt To Negative Affirms Caa1 Ratings

• After a long rising streak, commodities prices started getting...  
• and inflation started to be contained...  
• Global central banks are signaling the start of the easing...  
• cycle of tightening to curb inflation...  
• Global stock markets have reached record level and debt...  
• are subsiding across most global markets.



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